TD Bank Financial Group
Investor Relations

# TD BANK FINANCIAL GROUP ENTERS INTO AN AGREEMENT TO ACQUIRE THE SOUTH FINANCIAL GROUP MAY 17, 2010

## DISCLAIMER



## FORWARD-LOOKING INFORMATION

From time to time, the Bank makes written and oral forward-looking statements, including in this presentation, in other filings with Canadian regulators or the U.S. Securities and Exchange Commission (SEC), and in other communications. In addition, representatives of the Bank may make forward-looking statements orally to analysts, investors, the media and others. All such statements are made pursuant to the "safe harbour" provisions of applicable Canadian and U.S. securities laws, including the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements include, among others, statements regarding the Bank's objectives and priorities for 2010 and beyond and strategies to achieve them, and the Bank's anticipated financial performance. 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 the Bank to make assumptions and are subject to inherent risks and uncertainties, general and specific. Especially in light of the uncertainty related to the current financial, economic and regulatory environments, such risks and uncertainties – many of which are beyond the Bank's control and the effects of which can be difficult to predict – may cause actual results to differ materially from the expectations expressed in the forward-looking statements. Risk factors that could cause such differences include: credit, market (including equity, commodity, foreign exchange and interest rate), liquidity, operational, reputational, insurance, strategic, regulatory, legal and other risks, all of which are discussed in the Management's Discussion and Analysis (MD&A) in the Bank's 2009 Annual Report. Additional risk factors include changes to and new interpretations of risk-based capital guidelines and reporting instructions; increased funding costs for credit due to market illiquidity and competition for funding; the failure of third parties to comply with their obligations to the Bank or its affiliates relating to the care and control of information; the use of new technologies in unprecedented ways to defraud the Bank or its customers and the organized efforts of increasingly sophisticated parties who direct their attempts to defraud the Bank or its customers through many channels; the ability to obtain the approval of the proposed transaction with The South Financial Group, Inc. by its shareholders; the ability to realize the expected synergies resulting from the transaction in the amounts or in the timeframe anticipated; the ability to integrate The South Financial Group, Inc.'s businesses into those of The Toronto-Dominion Bank in a timely and cost-efficient manner; and the ability to obtain governmental approvals of the transaction or to satisfy other conditions to the transaction on the proposed terms and timeframe.

We caution that the preceding list is not exhaustive of all possible risk factors and other factors could also adversely affect the Bank's results. For more detailed information, please see the Risk Factors and Management section of the MD&A, starting on page 65 of the Bank's 2009 Annual Report. All such factors should be considered carefully, as well as other uncertainties and potential events, and the inherent uncertainty of forward-looking statements, when making decisions with respect to the Bank and undue reliance should not be placed on the Bank's forward-looking statements. Finally, there can be no assurance that the Bank will realize the anticipated benefits related to the acquisition of the South Financial Group, Inc.

Material economic assumptions underlying the forward-looking statements contained in this presentation are set out in the Bank's 2009 Annual Report under the heading "Economic Summary and Outlook", as updated in the First Quarter 2010 Report to Shareholders; and for each of the business segments, under the headings "Business Outlook and Focus for 2010", as updated in the First Quarter 2010 Report to Shareholders under the headings "Business Outlook".

Any forward-looking statements contained in this presentation represent the views of management only as of the date hereof and are presented for the purpose of assisting the Bank's shareholders and analysts in understanding the Bank's financial position, objectives and priorities and anticipated financial performance as at and for the periods ended on the dates presented, and may not be appropriate for other purposes. 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 laws.

## ADDITIONAL INFORMATION

The proposed merger transaction involving The Toronto-Dominion Bank and The South Financial Group, Inc. will be submitted to The South Financial Group, Inc.'s shareholders for their consideration. Shareholders are encouraged to read the proxy statement/prospectus regarding the proposed transaction when it becomes available because it will contain important information. Shareholders will be able to obtain a free copy of the proxy statement/prospectus, as well as other filings containing information about The Toronto-Dominion Bank and The South Financial Group, Inc., without charge, at the SEC's internet site (http://www.sec.gov). Copies of the proxy statement/prospectus and the filings with the SEC that will be incorporated by reference in the proxy statement/prospectus can also be obtained, when available, without charge, by directing a request to The Toronto-Dominion Bank, 15th floor, 66 Wellington Street West, Toronto, ON M5K 1A2, Attention: Investor Relations, 1-866-486-4826, or to The South Financial Group, Inc., Investor Relations, 104 South Main Street Poinsett Plaza, 6th Floor, Greenville, South Carolina 29601, 1-888-592-3001.

The Toronto-Dominion Bank, The South Financial Group, Inc., their respective directors and executive officers and other persons may be deemed to be participants in the solicitation of proxies in respect of the proposed transaction. Information regarding The Toronto-Dominion Bank's directors and executive officers is available in its Annual Report on Form 40-F for the year ended October 31, 2009, which was filed with the Securities and Exchange Commission on December 03, 2009, and in its notice of annual meeting and proxy circular for its most recent annual meeting, which was filed with the Securities and Exchange Commission on February 25, 2010. Information regarding The South Financial Group, Inc.'s directors and executive officers is available in The South Financial Group, Inc.'s proxy statement for its most recent annual meeting, which was filed with the Securities and Exchange Commission on April 07, 2010. Other information regarding the participants in the proxy solicitation and a description of their direct and indirect interests, by security holdings or otherwise, will be contained in the proxy statement/prospectus and other relevant materials to be filed with the SEC when they become available.

## CORPORATE PARTICIPANTS

**Ed Clark**
*TD Bank Financial Group - President & Chief Executive Officer*

**Bharat Masrani**
*TD Bank Financial Group - Group Head U.S. Personal & Commercial Banking*

**Colleen Johnston**
*Toronto Dominion Bank - Group Head Finance and Chief Financial Officer*

**Mark Chauvin**
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## CONFERENCE CALL PARTICIPANTS

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

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## PRESENTATION

**ACT Operator:**

Good morning, ladies and gentlemen. Thank you for standing by. Welcome to the TD Conference Call.

At this time, all participants are in a listen-only mode. Following the presentation, we will conduct a question and answer session. Instructions will be provided at that time for you to queue up for questions.

If anyone has any difficulties hearing the conference, please press star, zero for operator assistance at any time.

I would like to remind everyone that this conference is being recorded today, Monday, May 17th, 2010 at 8:30 am Eastern Time.

**Rudy Sankovic *- TD Bank Financial Group - Senior Vice President, Investor Relations***

Good morning, and welcome to TD Bank Financial Group's investor presentation regarding our agreement to acquire the South Financial Group.

We'll begin today's presentation with remarks from Ed Clark, the bank's CEO, after which Bharat Masrani, Group Head US P&C Banking, Mark Chauvin, Chief Risk Officer, and Colleen Johnston, the bank's CFO, will go through the details of the acquisition. After that, we'll entertain questions from prequalified analysts and investors on the phone.

I'd ask you to please turn to slide two for our legal statements. We know that this presentation contains forward-looking statements and actual results could differ materially from what is discussed. Certain material factors or assumptions were applied in making these statements.

For additional information, we refer you to today's Press Release as well as TD's and South Financial's filings with the SEC and TD's filings with the Securities Regulators in Canada.

Please also note that the subject of this presentation will be addressed in the prospectus and proxy statement to be filed with the SEC. We urge you to read it when it becomes available as it will contain important information.

Information about the participants in the solicitation is contained in TD's annual report and proxy circular filed with the SEC and Securities Regulators in Canada and in South Financial's proxy statement for its annual meeting filed with the SEC.

And now, I'd like to turn it over to Ed Clark, the bank's CEO. Ed?

**Ed Clark *- TD Bank Financial Group - President & Chief Executive Officer***

Thank you, Rudy.

Good morning, everyone, and welcome. Today, I am very pleased to announce TD's agreement to purchase the South Financial Group. As I've been saying publicly for some time, TD is interested in growing its U.S. banking franchise, and we have various ways to do that.

As you know, we have an amazing organic growth capability that we continue to support and will use. But, we've also said that we're willing to use FDIC-assisted transactions when they make sense and small unassisted deals where the risks are observable, understandable and manageable.

TD's agreement to purchase South Financial allows us in a shareholder-friendly manner to advance our coordinated Florida growth strategy and complement our recent FDIC-assisted acquisitions in Florida.

The transaction would also position us well in the Southeast by establishing a meaningful presence in the Carolinas.

As Bharat will detail, this transaction is about a few key points. At its core, this deal is about extending and establishing our footprint in desirable promising markets. It's about leveraging TD's legendary customer service and unparalleled convenience. It's about the acquisition of an experienced, confident management team. And it's about deepening market share by delivering a broader suite of retail and commercial banking products to South Financial's customers.

It's also about adding a portfolio of assets which we have appropriately marked, given the uncertainty in the U.S. credit environment.

While I'll leave the financial details of this deal for Colleen to discuss, I'd like to make a few comments. First, while we've agreed to pay less than the market value for the shares of this company, it was a fully negotiated transaction that included participation by the U.S. Treasury.

Second, given the uncertainty around capital reforms, regulators are continuing to ask financial institutions to act prudently with respect to their capital ratios. With this in mind, we've decided to issue approximately $250 million in common shares to demonstrate prudent capital management even though our Tier 1 ratio remains quite high. Colleen will go into more details about our capital at our second quarter 2010 earnings call.

Before I turn the presentation over to Bharat, I would also like to say how pleased I am with the acquisition of South Financial in addition to our recent acquisitions of Riverside, First Federal and American First. Collectively, these transactions will increase our network of stores to approximately 1,300 in 14 states and will meaningfully increase our presence in Florida.

With that, I turn the presentation over to Bharat.

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**Bharat Masrani** - ***TD Bank Financial Group - Group Head, U.S. Personal & Commercial Banking***

Thanks, Ed.

Please turn to slide four.

Let me briefly take you through the highlights of this transaction. First, South Financial will give us additional scale in Florida where we will have 169 stores combined with our recently announced FDIC-assisted transactions and will provide us with a top five position in deposits in South Carolina and a solid entry point in North Carolina.

Second, with South Financial, we will be acquiring a strong management team, in place since 2008, which understands the lending dynamic in the Southeastern United States and has introduced systems and controls to effectively manage risk. Third, as Mark will discuss in more detail, the portfolio will be appropriately marked, given the credit environment, and we are comfortable with the credit risk inherent in the loan book on that basis.

Fourth, the transaction will provide solid financial returns. And lastly, the acquisition will provide us with an opportunity to leverage our proven retail and commercial banking model in the Southeast.

Please turn to slide five.

Headquartered in Greenville, South Carolina, South Financial operates 176 stores in three Southeastern states, including 110 stores in North and South Carolina under the Carolina First brand and 66 stores in Florida under the Mercantile Bank brand. The company has just over 12.4 billion in assets, including 8 billion in loans, 9.8 billion in deposits and serves nearly 250,000 households.

So, why South Financial? Why now? Under the previous management team, South Financial, like many community banks in the U.S., became overexposed to residential development and commercial real estate loans through this credit cycle. Two years ago, the South Financial Board brought in a new management team led by CEO Lynn Harton to address the situation.

Although Lynn and his team have made significant progress, and based on our extensive due diligence, we believe they have taken prudent steps from a risk management perspective, the company effectively ran out of capital and time. On April 30th, Carolina First Bank's Board of Directors entered into a consent order with the FDIC and the South Carolina State Board of Financial Institutions, and on May 4th, South Financial entered into a written agreement with the Federal Reserve. This set of circumstances created an opportunity for TD to leverage the strength of its balance sheet to acquire a very attractive franchise with a strong management team and which led to today's announcement.

Please turn to slide six.

Let's take a look at Florida. With the acquisition of South Financial as well as the FDIC-assisted acquisitions of Riverside, First Federal and American First, on a pro forma basis, we will have over 7.4 billion in deposits and 169 stores, up from just nine stores three years ago. This will position us as a top 10 bank in the state and provide us with critical scale to leverage our brand and continue our organic growth. Florida is and will continue to be an extremely attractive market for us as the fourth largest state in the U.S. based on deposits.

Please turn to slide seven.

In addition, South Financial will give us a solid presence in South Carolina as one of the state's leading community banks with over $6.6 billion in deposits and an 8 percent market share. And although the franchise is less developed in North Carolina, it will provide us with a beachhead from which to grow.

As the home to many Fortune 500 corporations, both North and South Carolina have strong reputations as excellent states in which to do business and are known for their low cost business environment. In addition, they have strong demographics with excellent population growth trends, expected to significantly exceed the national average in the coming years.

Please turn to slide eight.

Historically, South Financial's emphasis was in commercial lending, and as a result, is underpenetrated on the retail side of the house. This will create a significant opportunity for us to apply our proven retail banking model, centered on providing our customers with legendary service and unparalleled convenience across the South Financial footprint.

We will expand store hours to the most convenient in all the markets in which we compete. We will provide South Financial customers with a more comprehensive suite of products, including wealth, insurance, credit cards and mortgages.  And in commercial, we will offer South Financial customers more products, including among others, FX, interest rate swaps and access to corporate banking as they grow and expand.

Please turn to slide nine.

We are well positioned for the acquisition from an overall capacity perspective.  We retain critical integration resources following the Commerce conversion and have a dedicated and experienced team in place to manage the integration.  Our integrations of Riverside, American First and First Federal are on track and should be completed by the end of this fiscal year.

And from a workout perspective at South Financial, management has significantly expanded its working - workout group over the past two years and has a fully staffed department handling problem credit.  We have additional resources available, both from the US and Canada, lined up and ready to assist upon closing.

The transaction is subject to regulatory and shareholder approval with a closing anticipated in fiscal Q3 and a systems conversion in 2011 at which time the South Financial stores will be rebranded as TD Bank, America's Most Convenient Bank.  Until that time, South Financial will continue to operate under the Carolina First and Mercantile Bank brand.

Overall, I'm extremely optimistic about this transaction.  It significantly expands our presence in Florida, gives us a top five position in South Carolina and a solid entry into North Carolina.  It provides us with an opportunity to leverage our proven retail banking model to continue our organic growth, and it allows us to acquire a strong management team, which has take prudent steps to manage the risk inherent in the portfolio.

Now, let me turn the presentation over to Mark.

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**Mark Chauvin** - ***TD Bank Financial Group - Executive Vice President & Chief Risk Officer***

Thank you, Bharat, and good morning.

Please turn to slide 10.

This chart shows South Financial's most recent loan portfolio mix.  As Bharat noted earlier, South Financial's lending is weighted toward commercial real estate.

So, how can we be comfortable with this loan mix, in this geography, and at this stage of the credit cycle?  Well, there are a number of reasons.  First, one of our main reasons is the confidence we have in South Financial's current management team, which has been in place since 2008.  The team includes seasoned credit professionals who have made a lot of progress in improving risk oversight and controls, including the workout of problem loans.  Given the state of the portfolio, they have taken appropriate action.  Our level of comfort with the transaction is based to a large degree on the time spent with management during the extensive due diligence period.

Also, South Financial avoided riskier out-of-footprint lending.  Like TD Bank, as a community based lender, South Financial has an understanding of, and a relationship with, its clients.  Going forward, there is a commitment to continue to reduce the concentration of residential construction in commercial real estate exposure, and over time, grow in other lower risk lending categories.

Lastly, we have spent a lot of time analyzing the portfolio and feel comfortable with our understanding of the risk and expected losses over the remaining life of the existing book.

Please turn to slide 11.
The loan portfolio analysis on slide 11 shows recent loan balances by lending category and our estimate of remaining lifetime credit losses. The amount totals just over 1 billion or approximately 13 percent of the total loan balance.

As you would expect, the majority of losses are expected to occur in the residential construction and commercial real estate development segment. It should be noted that exposure in this segment has been reduced by 37 percent over the past five quarters under the current management team.
We have also provided total loan losses taken for this book since the beginning of 2008. This totals just over 900 million or 11 percent of total loans. As you can see, the combination of our [marking]-to-market of the portfolio and the loan losses taken in the last few years is just under 2 billion or 24 percent of the loan book.

In conclusion, we are satisfied we understand the risk in the portfolio. In our view, possible future losses, even under an adverse economic scenario, would be manageable.

I will now turn the presentation over to Colleen.

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**Colleen Johnston *- TD Bank Financial Group - Group Head Finance & Chief Financial Officer***

Thanks, Mark.

Please turn to slide 12.

This slide is an overview of the key terms and metrics of the transaction. A more detailed summary of transaction terms is available in the appendix of this presentation.

TD has agreed to acquire 100 percent of South Financial in a public market transaction requiring no financial assistance from the Federal Deposit Insurance Corporation. TD has agreed to pay approximately U.S. 61 million for the outstanding common shares of South Financial. South Financial common shareholders are entitled to be paid 28 cents per share in cash or receive shares of TD common stock at a fixed exchange ratio of .004 TD common shares for each South Financial common share. This is at a discount to the current market cap of South Financial common share.

In addition, TD has agreed to purchase the U.S. 347 million of South Financial's outstanding TARP preferred shares and warrants from the U.S. Treasury for U.S. 130.6 million. South Financials trust preferred and REIT preferred securities will remain outstanding.

Additionally, as part of the transaction, TD has agreed to purchase South Financial voting preferred stock representing 39.9 percent voting power after issuance, and TD will issue 1,000 common shares as consideration. With respect to the voting preferred shares, the Audit Committee of South Financial has approved the reliance on the NASDAQ exception, which provides that no shareholder approval is required when the delay in securing shareholder approval would seriously jeopardize the financial viability of the enterprise.

In connection with the transaction, TD intends to issue about Canadian 250 million in common shares in Canada before closing. Restructuring charges incurred will be offset by deal synergies.

The transaction is expected to be accretive in fiscal 2011. The return on invested capital based on adjusted earnings is expected to be greater than 9 percent by 2012. The IRR is expected to be greater than 18 percent.

We expect the impact on Tier 1 capital will be approximately 40 to 50 basis points after taking into account the issuance of common shares. We expect the deal to close in fiscal Q3 of this year subject to required regulatory and shareholder approval - overall, a solid financial deal.

I'll now turn the presentation back to Ed.

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**Ed Clark *- TD Bank Financial Group - President & Chief Executive Officer***

Thanks, Colleen.

To summarize, this is an excellent deal. It's consistent with our strategy and what we've been signaling to the market that we intend to do. The transaction represents another key milestone as we continue to build out our US franchise.

With the acquisition of South Financial, we're getting established commercial banking assets and a solid network of stores in attractive and growing markets within our Maine to Florida footprint. We've acquired excellent management who will help us grow in the South.

This acquisition will not only accelerate our growth in key markets, but also enable us to deepen our market share by offering a broad suite of compelling retail and commercial banking products to South Financial customers and clients. After undertaking extensive due diligence, we're confident that this transaction fits within our framework of only taking risk that we can understand and manage. It is a great opportunity for TD.

With that, let's open up the line for questions.

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**ACT Operator:**

Thank you.

Ladies and gentlemen, we will now conduct the question and answer session. If you have a question, please press the star followed by the one on your touchtone phone. You'll hear a tone acknowledging your request. Your questions will be polled in the order they are received. Please ensure you lift the handset if you're using a speakerphone before pressing any keys.

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

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**Robert Sedran *- CIBC World Markets - Analyst***

Hi there, good morning. Just a quick clarification, and then a question - so, Mark, on your slide 11, those loan balances that are there as of March 31st, is that net of provisions already taken, or is that gross?

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**Mark Chauvin *- TD Bank Financial Group - Executive Vice President & Chief Risk Officer***

That would be - that's gross, I believe, yes. It's gross.

**Robert Sedran** - ***CIBC World Markets - Analyst***

Okay, thank you.

And then, just in terms - I don't know if it's for Bharat or Ed, but, you know, we've talked a lot about Maine to Florida, but there really hasn't been much between the Northeast and Florida in the past. I mean, it seems like there's an awful lot of work to be done to infill that footprint if that's something you're looking to do. Can you talk about, you know, what you need to be in some of these states, or was this deal just more about Florida and you've gotten some other stuff to go with it?

**Ed Clark** - ***TD Bank Financial Group - President & Chief Executive Officer***

I don't think - I'll let Bharat leap in here, but I don't think our intention is to go down to every state and have to do an acquisition so we have a perfectly looking map. I think our focus is where. In fact, as you know, we don't like to be in a place if we can't get ourselves into a top five or six position in the state.

And so, I think what this did was offer a dual opportunity - one, to, you know, significantly anchor our Florida franchise along with the FDIC's acquisitions that we announced two or three weeks ago, and then second, then offer, particularly in South Carolina, a solid market position there.

**Bharat Masrani** - ***TD Bank Financial Group - Group Head, U.S. Personal & Commercial Banking***

The only thing I'd add to that is that in South Carolina, it is attractive in its own right. It's a growing state. It has attracted, you know, lots of businesses over the recent past. So, it is attractive, and we feel that without a model, you know, we can substantially organically grow the franchise there. So, with that and with Florida, this becomes very attractive.

**Ed Clark** - ***TD Bank Financial Group - President & Chief Executive Officer***

The other thing I'd like to underscore is I think what was particularly attractive to us was that we acquired a management team, as well. And I think, you know, if you look at our history, we like that we - with BankNorth, we got a great management team, with Commerce, we got a great management team, and I think with this, we're getting a great management team.

And particularly, as we go out of the Northeast and into the South, we thought it was particularly useful to have a strong management team with good risk skills and good commercial lending skills. I think we're - you know, I think we have a good feel for how you run the deposit side and the retail side, but I think we needed to have local management for the South on the lending side.

**Rudy Sankovic** - ***TD Bank Financial Group - Senior Vice President, Investor Relations***

Operator, next question please.

**ACT Operator:**

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

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

Thank you. I just want to go back to page 11 quickly. The .9 million of losses previously taken, how much of that is allowances against the 8 billion versus loans that have been written off?

**Mark Chauvin** - ***TD Bank Financial Group - Executive Vice President & Chief Risk Officer***

So, that .9 billion is charge-off.

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

Uh-huh.

**Mark Chauvin** - ***TD Bank Financial Group - Executive Vice President & Chief Risk Officer***

That - it's all charge-off. It doesn't include changes in allowances.

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

Okay.

So, why are you suggesting that you've got an 11 percent provision against your 8 billion, or am I reading it wrong?

**Mark Chauvin** - ***TD Bank Financial Group - Executive Vice President & Chief Risk Officer***

No. I guess what we're saying is that, during this period, the portfolio really didn't grow and it was run off. And as you identified, in real estate, as you get the appraisals, you do charge them down. And a large percent of that is charging down against your book.

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

Okay.

So - but, the true number is 13 percent of your existing loan book?

**Mark Chauvin** - ***TD Bank Financial Group - Executive Vice President & Chief Risk Officer***

Of the existing loan book going forward, we believe the cumulative loss would be 13 percent.

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

And that would be marked down at close, I presume?

**Colleen Johnston** - ***TD Bank Financial Group - Group Head Finance & Chief Financial Officer***

Yeah.

**Mark Chauvin** - ***TD Bank Financial Group - Executive Vice President & Chief Risk Officer***

Yeah.

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

Okay.

Just then a quick- last question - why do this now, and why not wait for the bank to be taken over by the FDIC?

**Ed Clark** - ***TD Bank Financial Group - President & Chief Executive Officer***

I think our feeling is that, you know, there is a value destruction that goes on as you move from the - this state through the FDIC process. And so, again, to go back to say, you know, we were looking - what we thought attractive here is that it had a solid management team and it had a viable business.

This team came in a few years ago, have done a terrific job in cleaning this up and holding and attracting really good people. And so, we were worried that if you sat there and said, well, why don't I wait until this goes through the FDIC process, you would actually end up with an entity that was less valuable.

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

Thank you very much.

**Rudy Sankovic** - ***TD Bank Financial Group - Senior Vice President, Investor Relations***

Next question please.

**ACT Operator:**

Your next question comes from Mario Mendonca with Canaccord Genuity. Please go ahead.

**Mario Mendonca** - ***Genuity Capital Markets - Analyst***

Good morning. In looking at page 11 again, is it fair to say that the 40 to 50 basis point decline in the Tier 1 ratio reflects taking that $1 billion charge against the book?

**Colleen Johnston** - ***TD Bank Financial Group - Group Head Finance & Chief Financial Officer***

The amount of - the capital ratio relates to the amount of risk weighted assets that we have in the deal, which is about 10 and a half billion in risk weighted assets - obviously would include the mark and some goodwill, as well.

**Mario Mendonca** - ***Genuity Capital Markets - Analyst***

So, I guess that's what I'm getting at, that you've taken into account the goodwill created by taking this charge -

**Colleen Johnston** - ***TD Bank Financial Group - Group Head Finance & Chief Financial Officer***

Yeah.

**Mario Mendonca** - ***Genuity Capital Markets - Analyst***

- In discussing the 40 to 50 basis points.

**Colleen Johnston** - ***TD Bank Financial Group - Group Head Finance & Chief Financial Officer***

Exactly, yeah.

**Mario Mendonca** - ***Genuity Capital Markets - Analyst***

Okay.

Along just a different sort of way of thinking about it, when you're referring to the returns you expect on this deal, what base are you using as the sort of - is it the 200 million or so that you're paying for this, the 60 plus the 130, or is there some other base you think about when you're referring to the returns?

**Colleen Johnston** - ***TD Bank Financial Group - Group Head Finance & Chief Financial Officer***

Yeah, that's essentially the investment.

**Mario Mendonca** - ***Genuity Capital Markets - Analyst***

The 200 million or so?

**Colleen Johnston** - ***TD Bank Financial Group - Group Head Finance & Chief Financial Officer***

Yeah.

**Ed Clark** - ***TD Bank Financial Group - President & Chief Executive Officer***

[Inaudible.]

**Colleen Johnston** - ***TD Bank Financial Group - Group Head Finance & Chief Financial Officer***

Yeah, sorry, yeah, including the additional - like the goodwill, as well.

**Ed Clark** - ***TD Bank Financial Group - President & Chief Executive Officer***

And it's a total investment that we have to recapitalize the company. So -

**Colleen Johnston** - ***TD Bank Financial Group - Group Head Finance & Chief Financial Officer***

Yeah, sorry, sorry. Yeah. See, it's the amount paid - it's the total amount of capital that we have to hold against this, which is closer to the billion or so.

**Ed Clark** - ***TD Bank Financial Group - President & Chief Executive Officer***

Uh-huh.

**Mario Mendonca** - ***Genuity Capital Markets - Analyst***

And that's what you're using as your base to calculate the return?

**Colleen Johnston** - ***TD Bank Financial Group - Group Head Finance & Chief Financial Officer***

Right.

**Mario Mendonca** - ***Genuity Capital Markets - Analyst***

Thank you.

**Rudy Sankovic** - ***TD Bank Financial Group - Senior Vice President, Investor Relations***

Next question please.

**ACT Operator:**

Your next question comes from Cheryl Pate with Morgan Stanley. Please go ahead.

**Cheryl Pate** - ***Morgan Stanley - Analyst***

Hi, good morning. I think the question's probably for Colleen. Can you talk a little bit about the economic scenario that you're assuming in the base case purchase accounting mark-to-market sort of inline with what type of GDP growth, unemployment, etc., is in that base case?

**Colleen Johnston** - ***TD Bank Financial Group - Group Head Finance & Chief Financial Officer***

Why don't I maybe start with the way we're marking the book, and then I'll maybe turn that back to Bharat to talk about the scenario that we're looking at. So, we - as we mark the book, we think we're marking it appropriately, given the uncertainties in the credit environment right now in the United States.

And, Bharat, in terms of the growth scenario?

**Bharat Masrani** - ***TD Bank Financial Group - Group Head, U.S. Personal & Commercial Banking***

Yeah. So, when we talk about business to expand and what Colleen said, you know, we are expecting, you know, some of these markets to continue to evidence, you know, weakness. And so, we've taken that into account when we have looked at this portfolio.

And as Mark mentioned in his comments that if the economic environment were to turn sour even further, we feel that overall losses are manageable. So, you know, I feel comfortable that we have looked at this in a conservative way, making sure that, you know, we have looked at the portfolio, we've done extensive due diligence on the book, and given the macro situation in this market, you know, this is appropriately marked.

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**Ed Clark *- TD Bank Financial Group - President & Chief Executive Officer***

Cheryl, if I was - it's Ed here. You know, I look at this and say what's the business risk here. I know the market will immediately go to credit losses. I actually don't think that's the - is the business risk.
The business risk is that the US interest rate environment stays weak for a longer period of time, which means, ultimately, we believe, you know, you'll get your returns. But, I think the bigger risk is that you take longer to get your - to make those deposits valuable to you because of the interest rate environment in the US.

I think that's the bigger risk here, and doing any deal where you're adding more to your deposit base. So, we assume the forward curves are realized, but, you know, I think there's always a possibility that they won't be.

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**Cheryl Pate *- Morgan Stanley - Analyst***

Okay.

And is the intention to run down the broker deposits over time?

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**Ed Clark *- TD Bank Financial Group - President & Chief Executive Officer***

Yes.

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**Cheryl Pate *- Morgan Stanley - Analyst***

And just one last question if I can - just, can we get some more color on the synergies that you're expecting with the deal? Expected to sort of offset the restructuring costs, but any further color you can give us there?

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**Colleen Johnston *- TD Bank Financial Group - Group Head Finance & Chief Financial Officer***

Yeah, I think on a pretax basis, we're looking at synergies in the sort of roughly 65 million range, and we'll probably reinvest about half of that in the franchise.

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**Cheryl Pate *- Morgan Stanley - Analyst***

Okay, great. Thank you.

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**Rudy Sankovic *- TD Bank Financial Group - Senior Vice President, Investor Relations***

Next question please?

**ACT Operator:**

Your next question comes from John Reucassel with BMO Capital Markets. Please go ahead.

**John Reucassel - *BMO Capital Markets - Analyst***

Thank you. Colleen, just wanted to confirm the answer to Mario's question. The return on invested capital of 9 percent does include the 250 million equity offering contemplated, so the $1 billion of capital, all that's in there?

**Colleen Johnston - *TD Bank Financial Group - Group Head Finance & Chief Financial Officer***

Yeah, essentially, it includes all of the capital we have to hold against the deal, which is sort of the economic capital as well as the investment, essentially. So, it's - roughly, it's roughly about $1 billion.

**John Reucassel - *BMO Capital Markets - Analyst***

Okay. And - okay.

And then, just two smaller points - questions - what - the TARP preferreds, are you gonna keep them or cancel them or what's the plan there?

**Ed Clark - *TD Bank Financial Group - President & Chief Executive Officer***

Yeah, they'd get canceled as part of this process.

**John Reucassel - *BMO Capital Markets - Analyst***

Okay, so this process will cancel that.

And how does the conversion of the preferred stock, how does that impact your capital going forward, or is there any impact, or could you talk about that?

**Ed Clark - *TD Bank Financial Group - President & Chief Executive Officer***

Are you asking about the trust preferreds that we keep outstanding?

**John Reucassel - *BMO Capital Markets - Analyst***

Yes.

**Ed Clark - *TD Bank Financial Group - President & Chief Executive Officer***

Yeah, I think we're still have discussion with the regulatory agent with OSFI of whether they'll recognize those or not.

**John Reucassel** - ***BMO Capital Markets - Analyst***

Okay, okay.

So, not sure whether that's gonna count for Tier 1 yet?

**Ed Clark** - ***TD Bank Financial Group - President & Chief Executive Officer***

Not sure.

**John Reucassel** - ***BMO Capital Markets - Analyst***

Okay.  Thank you.

**Rudy Sankovic** - ***TD Bank Financial Group - Senior Vice President, Investor Relations***

Next question please.

**ACT Operator:**

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

**Darko Mihelic - Cormark Securities - Analyst**

Oh, hi, good morning.  I want - I'd love to get a little more clarity here on the billion dollar purchase price. We have $60 million payable in cash or TD common stock, $130 million for the U.S. Treasury, another $250 million issue.  That's about 440.  So, the other 560 million, what is that?  Is that the mark, Colleen, on the book?

**Colleen Johnston** - ***TD Bank Financial Group - Group Head Finance & Chief Financial Officer***

No, that's really the amount of capital that we have to hold for the balance sheet, essentially.

**Darko Mihelic - Cormark Securities - Analyst**

Okay.

**Colleen Johnston** - ***TD Bank Financial Group - Group Head Finance & Chief Financial Officer***

So, we have about 10.5 billion in risk-weighted assets that come with this deal.  So, it's essentially the amount of invested capital that we need.

**Darko Mihelic - Cormark Securities - Analyst**

Okay.

And so, the 9 percent return on capital, could you talk a little bit about the tax rate sort of assumed with that and, you know, planning around that to get the 9 percent sort of ROIC?

**Colleen Johnston** ***- TD Bank Financial Group - Group Head Finance & Chief Financial Officer***

Yeah, that's at - essentially, that's at the full corporate rate, which is currently sort of 35 percent or so.

**Darko Mihelic - Cormark Securities - Analyst**

Okay.

So, that's about $90 million of earnings by 2012.

**Colleen Johnston** ***- TD Bank Financial Group - Group Head Finance & Chief Financial Officer***

Yeah.

**Darko Mihelic - Cormark Securities - Analyst**

And this company, I think, in 2006 earned about 112 million.

I guess, lastly - and please don't take this question the wrong way - but, I don't think you guys have ever hit your ROIC in the US on any of the deals that you've so far done. With this extra $1 billion, this is gonna take you up to over - let's call it 18.5 billion for ease of rounding in terms of your invested capital for this.

So, what might be interesting is sort of what would your sort of ROIC look like in 2012 for the entire U.S. division? Internally, I think investors would like to know that. Do you have - is there any - could you guys give us any clarity on what you guys are looking for from your overall combined business for 2012?

**Ed Clark** ***- TD Bank Financial Group - President & Chief Executive Officer***

It's Ed here. And so, we tend to think of it in U.S. dollars. So, we have about US $17 billion invested in this. We'll add - you're right - another approximately $1 billion, just - so, we have about $160 million in goodwill created here net after the writedowns and after the acquisition price, and then what you're really doing is then saying, well, how much do you have to capitalize your assets. That's how we get to the investor base.

So, if you're - you know, the reality is these acquisitions are not going to fundamentally change the ROIC of our U.S. operations. They're not lowering it, but they're not, you know, they're not big enough and the ROIC on them is not high enough, and I don't think you can do deals in the U.S. that would that would alter that.

So, you really have to go back and say, on the existing investment, you know, how do you get the ROIC up. And there really are three core drivers of that, and one is your PCLs come down. And so, we believe that, you know - we can talk about it more in the analyst meeting, but there will be a turning point here where you'll start to see PCLs come down.

Secondly, your interest rates come up, and so you get some margin restoration on the deposit side. And third, can you optimize the franchise? This, as I said before, is a relatively thin franchise in the sense of the number of products that we're selling to the customers, even though we have a phenomenal customer base, and we believe that we can, in fact, sell many more products to the customer base.

What this does is obviously now give us, you know, a strong market share, particularly in South Carolina now, and in Florida, and more branches and deposits and customers where we can, in fact, optimize even more. Those are the ways we're going to change the ROIC.

**Darko Mihelic - Cormark Securities - Analyst**

Right.

And so, taking those drivers - I guess what I'm asking, Ed, is are you prepared to think about talking, at least maybe even by the second quarter conference call, using these same set of assumptions that you're using for this acquisition, which would take into account these same drivers, and be prepared to talk about what your ROIC expectations are for TD Bank, America's Most Convenient Bank in the U.S., by 2012?

**Ed Clark *- TD Bank Financial Group - President & Chief Executive Officer***

I think we're looking towards having an investor meeting in June-.

**Darko Mihelic - Cormark Securities - Analyst**

Okay.

**Ed Clark *- TD Bank Financial Group - President & Chief Executive Officer***

Like we did before and why don't I have Bharat chat. But, we can talk about sort of laying out, you know, what you'd have to believe to get different results.

**Bharat Masrani *- TD Bank Financial Group - Group Head, U.S. Personal & Commercial Banking***

Darko, this is Bharat. We plan to have an investor half day, I guess, in New York some time in June. I'm sure Colleen's team will get the dates out over the next few days. But, the plan is to have half a day where we will go through the drivers that just - Ed talked about. And hopefully, you know, that will give you a sense for how we are looking at the franchise, you know, what our expectation is, and more importantly, you know, how our optimization journey is proceeding. So, hopefully, that'll address some of the issues you're talking about.

**Darko Mihelic *- Cormark Securities - Analyst***

Great. Thanks very much, guys.

**Rudy Sankovic *- TD Bank Financial Group - Senior Vice President, Investor Relations***

Next question please.

**ACT Operator:**

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

**Brad Smith -*Stonecap Securities - Analyst***

Thanks very much. I just had a question about the $250 million equity issue that you're planning to do in the interest of prudence. The - you know, I - it's such a small amount of capital. I just - I'm trying to understand why that's, you know, being linked into this transaction at all. And if it is, you know, in the interest of capital prudence, why wouldn't you actually increase it so that you're - ?

**Ed Clark - *TD Bank Financial Group - President & Chief Executive Officer***

You got cut off there. Are you still there?

**Brad Smith -*Stonecap Securities - Analyst***

Yeah.

**Ed Clark - *TD Bank Financial Group - President & Chief Executive Officer***

Okay.

It's Ed here. Maybe I can try to answer that. I think, you know, we're in a pretty unusual time. As you know, you know, significant amount of regulatory change going on in the world, extensive global discussions of what the capital regimes, you know, ought to prevail going forward.

And I think Canada is an unusual position in that. Because we didn't have the problems that other nations did, I think our governmental officials, you know, want to make sure that we take an aggressive position in the international forum to say we believe in reform, we want to get the capital rules right, and we want to make sure that there's a level playing field, because I think for Canadian banks, what you want to be ensured that in fact everyone actually signs - whatever rules we have, everyone signs up, and in fact, that they're implemented.

So, I think in that context, I think, you know, our government wants to make sure that Canadian banks are not significantly running down their admittedly high Tier 1 ratios through doing acquisitions, that they in a sense have strong ratios in those discussions so that they can take that leadership role. And I think this is a statement of our willingness to support the government of Canada in those positions.

**Brad Smith -*Stonecap Securities - Analyst***

Thank you very much.

**Rudy Sankovic - *TD Bank Financial Group - Senior Vice President, Investor Relations***

Next question please.

**ACT Operator:**

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

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

Thanks. Good morning. I'd just like some clarification on the expected remaining lifetime credit losses in the portfolio. And looking at that number in relation to the purchase equation on this transaction, what will be the mark in the purchase equation, and how much would be remaining after that mark of the $1 billion expected remaining lifetime losses?

**Colleen Johnston *- TD Bank Financial Group - Group Head Finance & Chief Financial Officer***

So, Michael, are you asking - are you backing into sort of the goodwill piece here, or what are you asking?

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

Well, I'm just saying you're buying this company below market, below book. So, there's a mark that's being taken in the purchase equation where, you know - which represents a portion of the $1 billion expected remaining credit losses.

**Colleen Johnston *- TD Bank Financial Group - Group Head Finance & Chief Financial Officer***

Right.

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

I'm just wondering how much is that and how much will be the - will the - how much expected remaining credit losses wouldn't be covered by that mark in the purchase equation?

**Colleen Johnston *- TD Bank Financial Group - Group Head Finance & Chief Financial Officer***

So, this is intended to cover 100 percent of the losses. So, if you look at again the equation, if you look at the net tangible book value of the organization right now, we're obviously gonna put through these marks tax effective plus some other balance sheet adjustments, which gives rise to a relatively small amount of goodwill and intangibles. But, we're really covering 100 percent of the credit mark.

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

Okay.

So, the purchase equation - I just want to be clear - will cover - there will be a haircut of $1 billion on the carried value of the loans.

**Colleen Johnston *- TD Bank Financial Group - Group Head Finance & Chief Financial Officer***

Correct.

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

Okay.

I have one other, I guess one other clarification.  What's the purpose of the voting preferred share acquisition?

**Ed Clark** ***- TD Bank Financial Group - President & Chief Executive Officer***

I guess - it's Ed here again.  You know, when you go into this transaction and you're doing a take under in terms of the offering for the common shares, you like to be as in strong a position, voting position as you can.

So, when we acquire 39.9 percent dilutive voting interest in the company that we can vote those shares in any way we want, that gets us a long way towards getting the 51 percent approval of this transaction.

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

Okay.

Does it - is another way to look at it that it provides you bid protection?

**Ed Clark** ***- TD Bank Financial Group - President & Chief Executive Officer***

Yeah, I think it does that, as well.  But, I think that we think - you know, we believe that when the shareholders step back and they see what the message is of the management team and the company of what the alternatives are, that this will be seen as, in fact, a good transaction for them.  But, we recognize that if you're a shareholder, it is a significant reduction from, you know, what you might have hoped for.

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

Right.

And you said that this was a negotiated transaction.  Was TSFG in discussion with any other parties, potential bidders for the company?

**Ed Clark** ***- TD Bank Financial Group - President & Chief Executive Officer***

If you read their press release, they'll outline that they had an extensive survey of their alternatives before they came to this transaction.

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

Okay, thank you very much.

**Rudy Sankovic** ***- TD Bank Financial Group - Senior Vice President, Investor Relations***

Next question please.

**ACT Operator:**

Your next question comes from Mark Lynch with Wellington Management. Please go ahead.

**Mark Lynch** - ***Wellington Management - Analyst***

It's been asked. Thank you.

**Rudy Sankovic** - ***TD Bank Financial Group - Senior Vice President, Investor Relations***

Okay, next question, then.

**ACT Operator:**

Your next question comes from Sumit Malhotra with Macquarie Capital Markets. Please go ahead.

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

Good morning. First, for Mark, if I look at the financials for TSFG, it looks like they had 375 million in non-performing loans at the end of March. And you're assuming a $1 billion mark - or not assuming - you're telling us you're gonna take a $1 billion mark on the portfolio.

Obviously, you've touched on CRE. Just, is there specific comments you can give us on the other 600 million, which areas of the book do you think are not perhaps marked appropriately or where you want to be more conservative in taking your writedowns.

**Mark Chauvin** - ***TD Bank Financial Group - Executive Vice President & Chief Risk Officer***

Yes. You know, I think the - in going through the analysis and arriving at what we feel the expected loss in the book is, you know, not surprisingly, it's concentrated in the, you know, the residential development and the commercial development part. You know, that's an area that they've been focused on over several years and they're working down. Even just in the last five quarters, as I mentioned, it's down 37 percent. I think that's the major area that kind of is the worst.

The other ones I would put kind of just in generally not a particular outlier other than, you know, given the current economic condition, they are in distress, so there's nothing specifically I would point out in the other category that we're overly worried about other than, you know, just the normal stress you see in those segments.

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

And just -.

**Colleen Johnston** - ***TD Bank Financial Group - Group Head Finance & Chief Financial Officer***

Yeah, but I think it's probably helpful to clarify. So, obviously, the existing allowances are based on audited results. And certainly, everything we've seen would suggest that the South management has been - they have been conservative in the way they've managed the book.

What you get in terms of these additional marks is really more of a remaining life type mark as opposed to the GAAP accounting, which leads you to a shorter timeframe. So, obviously, given the accounting requirements, the book is appropriately valued in their financial statements. But, this really represents the lifetime losses expected, hence the increment.

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

So, you take the billion in what we'll call lifetime losses on close and - .

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**Colleen Johnston** - ***TD Bank Financial Group - Group Head Finance & Chief Financial Officer***

Yeah.

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

Going forward, you're saying this - you close in Q3. So, let's say by Q4 2010 when TD reports, any losses in the TSFG portfolio will be something new that has emerged subsequently. Is that a fair way to think about it?

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**Colleen Johnston** - ***TD Bank Financial Group - Group Head Finance & Chief Financial Officer***

That's right, yeah.

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

Okay.

Very quickly, you know, this was more of the issue for Commerce - I don't think it'll be as much, although there are some non-performing assets in the securities portfolio. Any comments you want to give us, Mark, on the securities book?

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**Mark Chauvin** - ***TD Bank Financial Group - Executive Vice President & Chief Risk Officer***

No, the securities book is supposed to be of high quality, and we can exit, you know, effectively - doesn't have any of the similar problems with the Commerce portfolio.

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**Colleen Johnston** - ***TD Bank Financial Group - Group Head Finance & Chief Financial Officer***

Yeah, it's mainly agency MBF, very high quality.

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**Mark Chauvin** - ***TD Bank Financial Group - Executive Vice President & Chief Risk Officer***

Yeah.

**Colleen Johnston** ***- TD Bank Financial Group - Group Head Finance & Chief Financial Officer***

Highly liquid.

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

And finally, for Ed and Bharat - four deals in the past month in the US Southeast. I think Rob may have been touching on this, as well. Just, I mean, more shorter term, is the bank closed now when considering acquisitions, or if an FDIC-assisted or even unassisted transaction comes up that you like that's in your footprint, are you still open for business having to integrate these four?

**Ed Clark** ***- TD Bank Financial Group - President & Chief Executive Officer***

Well, I figure Bharat's only working half time now, so there's still lots of capacity, but I'll let him address that.

**Bharat Masrani** ***- TD Bank Financial Group - Group Head, U.S. Personal & Commercial Banking***

Yeah. So, you know, we talk about four, but, Sumit, actually, it's two, right? I mean, there were a couple in Florida -.

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

Sure, yeah.

**Bharat Masrani** ***- TD Bank Financial Group - Group Head, U.S. Personal & Commercial Banking***

Very small. Like, one had two store operations. The other one had eight stores. So, we've done two. The great thing in this particular one is that, you know, we are also acquiring talent, and that increases our capacity. And so, you know, I think this is tremendous for us.

Now, obviously, you know, our intention is to integrate the three that we acquired in Florida, or one plus the smaller ones, before the end of our fiscal year. And South Financial would be converted towards the middle part of next year.

So, we feel that this is tremendous. You know, we do have the capacity and, you know, we - one never wants to say never, but we are very happy with the footprint that we have. But, should a compelling opportunity come up, we will certainly look at it and, you know, make sure that we do the right analytics, including our capacity to handle the transaction.

**Ed Clark** ***- TD Bank Financial Group - President & Chief Executive Officer***

But, I think - we're not deal junkies, and so I think, you know, we'll make sure that we optimize what we have here.

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

Thanks, guys.

**Rudy Sankovic** - ***TD Bank Financial Group - Senior Vice President, Investor Relations***

Next question please.

**ACT Operator:**

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

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

Sorry, just one other one I forgot to ask - will there be any addition of non-performing loans when you do, you know, consolidate South Financial?

**Mark Chauvin** - ***TD Bank Financial Group - Executive Vice President & Chief Risk Officer***

You know, you'll take on the ones that they currently have.  So, there would be an addition from that perspective, yes.

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

How much would that be as of now?

**Mark Chauvin** - ***TD Bank Financial Group - Executive Vice President & Chief Risk Officer***

Michael, I don't have that exact figure.

**Ed Clark** - ***TD Bank Financial Group - President & Chief Executive Officer***

375.

**Mark Chauvin** - ***TD Bank Financial Group - Executive Vice President & Chief Risk Officer***

375 million.

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

In effect, the allowance that they have, which will be eliminated through the mark, and the haircut that you take in the purchase equation together could be viewed as sort of a phantom allowance against all the loans since it won't show up as part of your consolidated allowance.  Is that a fair way to look at it?

**Mark Chauvin** - ***TD Bank Financial Group - Executive Vice President & Chief Risk Officer***

Yeah, I would look at it that way.

**Colleen Johnston** ***- TD Bank Financial Group - Group Head Finance & Chief Financial Officer***

Yeah, and I think what's important, Michael, for us is that we do a good job on a go-forward basis on the disclosures on all of this, because now, obviously, we have our - you know, we have the normal impaired loans, we have our debt securities. We've now got covered loans, which is the FDIC piece, and then this additional piece. So, we'll be sure to provide appropriate granularity so that everybody can understand the various components.

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

That's great, thanks.

**Rudy Sankovic** ***- TD Bank Financial Group - Senior Vice President, Investor Relations***

Okay, next question please.

**ACT Operator:**

Ladies and gentlemen, if there are any additional questions at this time, please press the star followed by the one. As a reminder, if you're using a speakerphone, please lift your handset before pressing the keys.

There are no further questions at this time. Please continue.

**Rudy Sankovic** ***- TD Bank Financial Group - Senior Vice President, Investor Relations***

Okay.

So, we'll wrap it up. And I'd like to thank everyone for participating this morning. If you have any further comments or questions, please call our Investor Relations team. And that concludes our call, so thank you very much.

**ACT Operator:**

Ladies and gentlemen, this concludes the conference call for today. Thank you for participating. Please disconnect your lines.