

# TD Agrees to Buy Nordstrom's \$2.2 Billion U.S. Card Balances

by Doug Alexander  
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Toronto-Dominion Bank, Canada's second-largest lender by assets, agreed to buy Nordstrom Inc.'s Visa Inc. and private-label credit-card portfolio in the U.S. as it expands purchases in North American consumer credit.

Nordstrom's holdings include \$2.2 billion in receivables, the companies said Tuesday in a statement that didn't disclose terms. Toronto-Dominion also signed an agreement with the Seattle-based retailer to become the exclusive U.S. issuer of Nordstrom-branded Visa and private-label credit cards, the firms said.

This is the second U.S. card deal within three years for the Toronto-based bank, which acquired \$5.7 billion of card balances from Minneapolis-based retailer Target Corp. in March 2013. The Nordstrom deal is expected to be completed in the second half of the year, the companies said.

"TD is following a well-worn path in its acquisition of credit-card portfolios and we have little doubt that the Nordstrom acquisition and strategic partnership will bear fruit," John Aiken, a Barclays Plc analyst, said in a note to clients. "The acquisition of assets in the U.S. provides for more optimal deployment of its surplus liquidity."

Nordstrom, which operates 304 stores in 38 states and in Canada, will get "a substantial portion" of net revenue from the credit-card accounts, according to the statement. The retailer, which currently issues cards through its own bank, will continue to service accounts. Nordstrom also will fund and manage its loyalty program, debit cards and employee accounts.

## 'Cultural Fit'

"We found TD to be a strong cultural fit, sharing our customer-focused approach and providing capabilities to help us further enhance the customer experience," Nordstrom co-President Blake Nordstrom, 54, said in the statement.

Toronto-Dominion, which has bought about C\$17 billion (\$13.7 billion) of card assets in Canada and the U.S. since 2011, is Canada's largest credit-card issuer by outstanding balances, according to industry newsletter Nilson Report.

The bank acquired about C\$3.3 billion of card receivables from Canadian Imperial Bank of Commerce's Aerogold Visa portfolio in December 2013. Earlier transactions included Bank of America Corp.'s C\$7.36

billion MBNA Canadian MasterCard portfolio in December 2011 and a deal to buy HSBC Holdings Plc's C\$495 million private-label card portfolio in March 2013.

Toronto-Dominion slid 1.6 percent to C\$55.50 at 11:46 a.m. in Toronto, while Nordstrom's climbed 0.2 percent to \$75.39 in New York, the fourth-best performance in the 85-company Standard & Poor's 500 Consumer Discretionary Index.

(An earlier version of this story corrected the transaction's expected completion date.)