



STRATEGIC PLAN

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

December 31, 2011

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

TD Bank USA, N.A.
Charter Number: 22611

Two Portland Square
Portland, ME 04112

Office of the Comptroller of the Currency

Large Bank Supervision
250 E Street, SW
Mail Stop 6-1
Washington, DC 20219

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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INSTITUTION

INSTITUTION'S CRA RATING: This institution is rated **Outstanding** during the review period. The rating is based on the following factors:

- The bank met or exceeded its strategic goal for making qualified community development investments.
- The bank met or exceeded its strategic goals for originating qualified community development loans.
- The bank met or exceeded its strategic goal for providing community development services.
- The bank met its strategic goal for making qualified community development grants.

Please refer to the **Conclusions** section of this Performance Evaluation (PE) for details that support the assigned rating.

Description of the Institution

TD Bank USA, N.A. (TDUSA or bank) is a wholly owned subsidiary of TD Bank US Holding Company (TD), a bank holding company which also owns TD Bank, N.A. (TDNA). TDUSA is headquartered in Portland, Maine.

TDUSA was originally chartered as Waterhouse National Bank to provide attendant financial services to Waterhouse Group's brokerage service customers. In 1996, TD purchased Waterhouse National Bank, and the bank was renamed TD Waterhouse Bank N.A. With the 2006 sale of TD Waterhouse to Ameritrade Holding Corporation, the bank changed its name to TD Bank USA, N.A. and 100 percent ownership of TDUSA was transferred directly to TD Bank US Holding Company. TDUSA maintains no branch offices and stopped offering retail products in 2006.

TDUSA does not offer any retail products. There are a small amount, by dollar and number, of home equity lines of credit which remain on the bank's balance sheet and will be held until they are either paid off or until they mature.

As of September 30, 2011, TDUSA's deposit base was \$11.4 billion, and was comprised primarily of Money Market Deposit Account (MMDA) deposits. Loans outstanding as of September 30, 2011 totaled \$1.4 billion and consisted of \$10.3 million secured by residential and commercial real estate, with the remainder being an intercompany loan with TDNA.

There are no legal, financial, or other factors that impede the bank's ability to help meet credit needs in its assessment areas.

TDUSA's prior CRA examination results were reported in the Public Evaluation dated December 8, 2008 and resulted in a **Satisfactory** rating.

Description of the Assessment Areas

Maine Assessment Area (AA)

TDUSA's main office is located in Portland, Maine. The bank currently maintains no retail offices. The bank delineates its assessment area ("AA") to be contained within the Portland-South Portland-Biddeford, ME Metropolitan Statistical Area (38860). The Maine AA includes Cumberland County, Sagadahoc County, and York County. The AA is in compliance with regulatory requirements and does not arbitrarily exclude low- or moderate-income geographies.

In the Maine AA, employment is primarily in educational and services (45 percent) and retail, (15 percent). Manufacturing employment is low at 5 percent. New job creation has been in lower-paying service sector jobs such as call centers and seasonal tourism. As of June 30, 2011, the unemployment rate in the entire MSA was 6.2 percent, below both the national average of 9.2 percent and state of Maine level of 7.8 percent.

As a result of TDUSA's analysis of demographic data, the Maine AA is in need of affordable housing and housing rehabilitation. The area is also in need of services to low- to moderate-income individuals employed in lower-paying jobs which will promote financial literacy, job training, and homeownership assistance. TDUSA's community outreach activities identified several community development needs that are similar to bank identified needs. Needs exist to support first-time homebuyers and to provide subsidized rental units as government programs in this area have diminished significantly. Additionally, a shortage exists of housing stock available for affordable housing initiatives resulting in increasing costs for these projects.

Through informal inquiries, the bank received recommendations on addressing the needs of this Maine AA. Community development efforts have been impacted by government cutbacks as affordable housing production has slowed and first time homebuyers and subsidized programs have declined. Recommendations included the need for long term financing at below-market rates because of the significant reduction of government programs and the development of more affordable and transitional housing. Recommendations also included the need for increased participation on the Boards and Advisory Councils of community development organizations and for grant money to support the infrastructure of community development organizations. Finally, the recommendations include the need for programs that stabilize, attract or retain new businesses, for low- to moderate-income areas.

Northeast Region

The Northeast Region (Region) is a bank designated area that was OCC approved as part of the bank's strategic plan and is defined to be the Northeast portion of the United States. This includes the entire states of Maine, New Hampshire, Vermont, Massachusetts, Connecticut, Rhode Island and New York. In order to contain a contiguous MSA mostly located in New York (MSA 35620), it also contains the following counties in New Jersey: Bergen, Hudson and Passaic.

Fair Lending or Other Illegal Credit Practices Review

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.

Assessment Areas: Goals versus Actual Performance

Portland-South Portland-Biddeford, ME Metropolitan Statistical Area (38860)

STRATEGIC PLAN GOALS AND ACTUAL PERFORMANCE FOR PORTLAND-SOUTH PORTLAND-BIDDEFORD, MAINE TO OBTAIN SATISFACTORY RATING		
	Strategic Plan Goal	Actual Performance
Qualified Community Development Investments	2008-2009: \$23,514,000	2008-2009: \$25,222,000
	2009-2010: \$23,209,000	2009-2010: \$23,963,000
	2010-2011: \$9,484,000	2010-2011: \$22,690,000
Community Development Loans	2008-2009: \$2,039,000	2008-2009: \$2,300,000
	2009-2010: \$2,109,000	2009-2010: \$2,650,000
	2010-2011: \$908,000	2010-2011: \$910,000
Community Development Services Leadership Positions	2008-2009: 2 positions	2008-2009: 2 positions
	2009-2010: 2 positions	2009-2010: 2 positions
	2010-2011: 2 positions	2010-2011: 2 positions
Community Development Grants	2008-2009: \$65,000	2008-2009: \$65,000
	2009-2010: \$65,000	2009-2010: \$65,000
	2010-2011: \$65,000	2010-2011: \$65,000

Northeast Region: Entire states of Maine, New Hampshire, Vermont, Massachusetts, Connecticut, Rhode Island, New York and Bergen, Hudson and Passaic counties in New Jersey

STRATEGIC PLAN GOALS AND ACTUAL PERFORMANCE FOR NORTHEAST REGION TO OBTAIN OUTSTANDING RATING		
	Strategic Plan Goal	Actual Performance
Qualified Community Development Investments	2008-2009: \$211,625,000	2008-2009: \$237,907,000
	2009-2010: \$208,878,000	2009-2010: \$231,770,000
	2010-2011: \$85,356,000	2010-2011: \$188,293,000
Community Development Loans	2008-2009: \$18,352,000	2008-2009: \$22,000,000
	2009-2010: \$18,980,000	2009-2010: \$19,000,000
	2010-2011: \$8,176,000	2010-2011: \$34,916,000
Community Development Services Leadership Positions	2008-2009: 4 positions	2008-2009: 6 positions
	2009-2010: 4 positions	2009-2010: 5 positions
	2010-2011: 4 positions	2010-2011: 5 positions
Community Development Grants	2008-2009: \$585,000	2008-2009: \$585,000
	2009-2010: \$585,000	2009-2010: \$585,000
	2010-2011: \$585,000	2010-2011: \$585,000

Appendix A - Scope of Examination

TDUSA's CRA performance was evaluated under its strategic plan encompassing the years from October 1, 2008 to September 30, 2011. The 2007-2010 strategic plan covers the same period. The 2010-2013 strategic plan covers the period October 1, 2010-September 30, 2011. In late 2007, TDUSA became a subsidiary of TD Bank US Holding Company and moved its headquarters to Portland, Maine, resulting in a new assessment area. TDUSA submitted a new three-year strategic plan in 2007 to reflect those changes. Both strategic plans include goals for both "satisfactory" and "outstanding" performance. Goals for "satisfactory" performance are applicable to the Maine AA only. Goals for "outstanding" performance are applicable to the Region only. The bank's OCC approved strategic plan goals were set up so that the bank would first have to meet the "satisfactory" goals of the Maine AA, then if the bank met the "outstanding" goals for the Region, the bank would be rated "outstanding." TDUSA is exempt from reporting under the Home Mortgage Disclosure Act and has not asked that any affiliate lending activity be considered in this examination.

SCOPE OF EXAMINATION: Strategic Plan			
TIME PERIOD REVIEWED	October 1, 2008 through September 30, 2011		
FINANCIAL INSTITUTION TD Bank USA, NA			PRODUCTS REVIEWED Community Development Loans Community Development Investments Community Development Services Community Development Grants
FINANCIAL INSTITUTION/ AFFILIATE	AFFILIATE RELATIONSHIP		PRODUCTS REVIEWED
None			
LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION			
ASSESSMENT AREA	TYPE OF EXAMINATION	BRANCHES VISITED	OTHER INFORMATION
Portland-South Portland-Biddeford, ME Metropolitan Statistical Area (MSA 38860) Maine AA	Strategic Plan		
Entire states of Maine, New Hampshire, Vermont, Massachusetts, Connecticut, Rhode Island and New York. Also Bergen, Hudson and Passaic Counties in New Jersey. Region	Strategic Plan		

Conclusions

TDUSA has met or exceeded its strategic plan for community development investments, lending, services and grant funding. TDUSA has defined its goals in light of the bank's limited business model in that it does not have a branch network or offer traditional banking products or services. Annual goals for investments and loans are tied to a percentage of deposit levels ensuring that actual CRA activity reflects the bank's capacity. For 2010-2011, there was a strategic decision made that resulted in a shift of deposits out of TDUSA and into TD Bank, NA. This resulted in a deposit base dollar amount that was considerably less than the 2008-2009 and 2009-2010 deposit bases. Because annual goals for loans and investments are tied to a percentage of deposit levels ensuring that actual CRA activity reflects the bank's capacity, the change in the amount of deposits did not impact the bank's CRA performance.

Community Development Loans

TDUSA met or exceeded its strategic plan goals for making qualified community development loans for all periods under review. During the assessment period, the bank extended 5 loans for \$5.86 million in the Maine AA and 16 loans for \$75.9 million in the Region.

Examples of community development loans include:

- A \$1.7 million loan to a non-profit organization for affordable housing in the Maine AA.
- A \$3 million working capital line of credit to a non-profit organization certified as a Community Development Financial Institution (CDFI) that provides financial products and services to low-income individuals in the counties of New Jersey that are part of the bank's Region.
- A \$10 million working capital line of credit to a housing finance agency that provides mortgage financing for low- and moderate-income borrowers in Vermont that are part of the Region.
- A \$2 million working capital line of credit to a CDFI that assists in small business lending in New York City that are part of the Region.

Community Development Investments

TDUSA met or exceeded its strategic plan goals for making community development investments. As of September 30, 2011, the bank's community development investments were \$22.7 million in the Maine AA and \$188.3 million in the Region. The investment goal includes the book value of municipal bonds, mortgage backed securities, low-income tax credit, new market tax credits, outstanding equity investments, and certificates of deposit.

Examples of community development investments include:

- A \$3.7 million investment in a Low-Income Housing Tax Credit (LIHTC) that will develop elderly low-income housing units in the Maine AA.

- A \$2 million investment to a Community Development Entity (CDE) that makes community development loans to small businesses located within low-to-moderate-income areas in the Maine AA.
- A \$10 million LIHTC investment to a developer for the construction of low income residential units in New York State that are part of the Region.
- A \$10 million investment to a developer to build low-income qualified housing units in Massachusetts that is part of the Region.

Community Development Services

TDUSA met or exceeded its strategic plan goals for the provision of community development services. Bank officers have leadership roles in organizations promoting community development by serving on the Boards and Advisory Councils of organizations that fulfill needs such as affordable housing or financial literacy. These organizations may have broader missions, but must have a significant program that serves low- to moderate- income individuals.

Examples of community development services include:

- A bank officer serves on the Board of Directors' Finance Committee that promotes housing and community development for affordable housing in Maine.
- A bank officer serves on the Board of Directors of a New York City organization that provides financial education and services to low-income communities in the Region.
- A bank officer serves on the Board of Directors of a non-profit organization that offers development services related to affordable housing and economic development projects in a New Jersey county that is part of the Region.
- A bank officer serves as an Advisory Committee Member for a national organization that focuses on economic development by revitalizing neighborhoods and increasing affordable housing in New Jersey counties that are part of the Region.

Community Development Grants

TDUSA met or exceeded its strategic plan goals for making grants during this review period. The bank provided over \$1.9 million in community development grants and contributions to more than 20 community organizations that support the bank's assessment area and meet identified community needs. The missions of these organizations address affordable housing, community service, and economic development.

Examples of community development grants include:

- A grant of \$40 thousand to an organization that manages a low-income heating and energy assistance program for economically disadvantaged individuals and families in Cumberland County, Maine in the Maine AA.

- A grant of \$50 thousand to an organization that revitalizes underserved neighborhoods by creating and preserving affordable housing and providing opportunities for homeownership education and financial assistance. The focus is on low-income neighborhoods throughout the five boroughs of New York City in the Region.

- A grant of \$25 thousand to a CDFI that provides in-depth financial and advisory services, to nonprofit organizations that serve low- to moderate-income communities through the delivery of affordable housing and neighborhood revitalization. Their assistance in New Jersey includes the counties in the Region.