



## PUBLIC DISCLOSURE

March 31, 2014

## 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

400 7th Street SW  
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Washington, D.C. 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 goals 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 goals for providing community development services.
- The bank substantially met its strategic goals for making qualified community development grants.

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

## Conclusions

TD Bank USA, N.A. has met or exceeded its strategic plan goals for community development investments, lending, and services. TDUSA has substantially met its strategic plan goals for 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. Given significant bank organization and geographic changes in March 2013, the OCC granted approval to abbreviate the evaluation period. Refer to additional comments under the **Description of the Institution** for an explanation of these changes. The evaluation period covered within this performance evaluation covers October 1, 2011 through March 13, 2013, which constitutes the entire period for which they remained under a strategic plan for CRA purposes. For the 2012-2013 strategic plan year, prorated goals were calculated based upon pro-rata analysis of approved performance goals.

### Community Development Loans

TDUSA met or exceeded its strategic plan goals for making qualified community development loans. During the assessment period, the bank extended two loans totaling \$2 million in the Maine Assessment Area (AA) and six loans totaling \$27 million in the Northeast (NE) Region.

Examples of community development loans include:

- A \$2 million loan conducted in participation with its affiliate TD Bank, N.A., in a \$9.7 million construction loan to a housing development corporation for the development of a 4-story, 54-unit garden style apartment building to be used for affordable housing within a redevelopment area of the city of Portland, within the Maine AA. The borrower was named one of the top 50 affordable housing developers in the nation by Affordable Housing Finance Magazine in 2013.
- A \$14.1 million construction loan, and the concurrent purchase of low-income housing and historic tax credits, in support of the complete rehabilitation of a 94-unit, Section 8, low-income, senior housing project for the handicapped and mobility-impaired in Troy, NY, within the NE Region.
- TD Bank USA continued to support community-based organizations in New York City with working capital lines of credit to an affordable housing organization (\$2.5 million) and a Community Development Financial Institution (CDFI) (\$4 million).

### **Community Development Investments**

TDUSA met or exceeded its strategic plan goals for making community development investments. As of March 13, 2013, the bank's community development investments were \$24.5 million in the Maine AA and \$129.4 million in the NE Region. The investment goal includes the book value of municipal bonds, mortgage backed securities, low-income tax credits, new market tax credits, outstanding equity investments, and certificates of deposit.

Examples of community development investments include:

- A \$17 million investment in a Low-Income Housing Tax Credit (LIHTC), made in conjunction with a \$14.1 million construction loan, that will develop low-income, senior housing units in the NE Region.
- The bank continued to support three low-income credit unions in New York City with deposits totaling nearly \$200 thousand.
- The bank donated a certificate of deposit in its name to a minority-owned credit union totaling \$88 thousand to capitalize the lending needs of its membership.

### **Community Development Services**

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

Examples of community development services include:

- A bank officer serves on the Board of Directors Advisory and Investment Committee of

a community development organization that promotes the development of affordable housing in the Maine AA.

- A bank officer serves as the Co-Chair of the Board of Directors of an organization that provides food and services to low and moderate-income individuals in the NE Region.
- A bank officer serves on the Board of Directors and Advisory Committee of a non-profit organization that offers financial literacy services to low and moderate-income neighborhoods in the NE Region.
- A bank officer serves as an Advisory Committee Member for a national organization that focuses on affordable housing and community support in New Jersey counties that are part of the NE Region.

### **Community Development Grants**

TDUSA substantially met its strategic plan goals for making grants during this review period. The bank provided over \$900 thousand 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, services for low- and moderate-income individuals, and economic development.

Examples of community development grants include:

- Two grants totaling \$52 thousand to an organization that provides food and nourishment assistance programs for economically disadvantaged individuals and families in Portland, Maine.
- 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 NE Region.
- A grant of \$50 thousand to an organization that provides low cost financing, and financial and advisory services to nonprofit organizations that serve low- and moderate-income communities. The focus within New Jersey includes the counties in the NE Region.

## Description of the Institution

TDUSA is a wholly owned subsidiary of TD Bank US Holding Company (TDBUSHC), a bank holding company which also owns TD Bank, N.A. (TDBNA). TDUSA was headquartered in Portland, Maine during the evaluation period.

TDUSA was originally chartered as Waterhouse National Bank to provide attendant financial services to Waterhouse Group's brokerage service customers. In 1996, TD Bank Group 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 TDUSA was transferred directly to TDBUSHC.

TDUSA maintains no branch offices and did not offer any retail products during the evaluation period. As of February 28, 2013, TDUSA's total assets were \$14.2 billion. The deposit base was \$12.5 billion, and was comprised primarily of Money Market Deposit Account (MMDA) deposits. Loans outstanding as of February 28, 2013, totaled \$1.1 billion and consisted of \$13.3 million secured by residential and commercial real estate, with the vast majority of the remainder (\$1.09 billion) an intercompany loan with its affiliate, TD Bank, NA.

On March 13, 2013, TDUSA acquired the existing credit card portfolio totaling approximately \$5.6 billion from Target, NB and Target Receivables LLC, collectively. As a result of acquiring the credit card portfolio, TDUSA requested and was approved for designation as a limited purpose bank for CRA purposes. TDUSA also relocated its main office, and as a consequence, its assessment area (AA) to Wilmington, Delaware in March 2013. Given these significant organization and geographic changes, and to facilitate the evaluation of TDUSA's CRA performance, the OCC granted approval to abbreviate the current evaluation period under the bank's strategic plan on activities conducted in the Portland-South Portland-Biddeford, ME Metropolitan Statistical Area, which was the bank's AA during the evaluation period. TDUSA's CRA performance for its next evaluation will be under a limited-purpose designation in the Wilmington, Delaware AA.

The evaluation period covered within this performance evaluation covers October 1, 2011 through March 13, 2013, which constitutes the entire period for which the bank remained under a strategic plan for CRA purposes. TDUSA's strategic plan begins on October 1 of each strategic plan year and ends on September 30 of the following year. For the 2012-2013 strategic plan year, goals were re-calculated based upon pro-rata analysis of the approved performance goals contained within the strategic plan.

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

TDUSA's prior CRA examination results were reported in the Public Evaluation dated December 31, 2011, and resulted in an **Outstanding** rating.

## Description of the Assessment Area

### Maine Assessment Area (AA)

TDUSA's main office was located in Portland, Maine during the evaluation period. The bank currently maintains no retail offices. During the evaluation period, the bank delineated its AA to be contained within the Portland-South Portland-Biddeford, ME Metropolitan Statistical Area (38860), referred to as the "Maine AA." 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.

The Maine AA represents approximately 40 percent of the state's population. Employment in the AA is primarily in educational and health services (19 percent); government (14 percent), and retail services (13 percent). Manufacturing employment is approximately eight percent with payroll growth in 2013 of six percent, which is five times that of the national average. New job creation has been primarily in lower-paying service sector jobs such as retail and seasonal tourism. As of March 2013, the unemployment rate in the Maine AA was 6.1 percent, below both the national average of 7.5 percent and State of Maine level of 6.8 percent.

As a result of TDUSA's analysis of demographic data, it was assessed that the Maine AA is in need of affordable housing and housing rehabilitation. The area is also in need of services such as financial literacy, job training, and homeownership assistance for low- and moderate-income individuals who are employed in lower-paying jobs. TDUSA's community outreach activities identified that 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 to acquire limited available space or new construction.

Through informal inquiries, the bank received recommendations on addressing the needs of the Maine AA. Recommendations included the need for long term financing at below-market rates due to 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 these organizations. Finally, the recommendations included the need for programs that stabilize, attract or retain new businesses, in low- and moderate-income areas.

### NE Region

TDUSA's approved strategic plan also allows the bank to respond to the needs of low- and moderate-income individuals and geographies on a broader regional basis. The strategic plan identifies the regional area to be the Northeast portion of the United States that 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.

The bank has established measurable goals for satisfactory performance in the Maine AA based on identified needs and goals for outstanding performance for serving a broader regional area that includes the bank's AA, the NE Region.

## **Fair Lending or Other Illegal Credit Practices Review**

Pursuant to 12 C.F.R. 25.28(c), or 12 C.F.R. 195.28(c), in determining a national bank's (bank) or Federal savings association's (FSA) CRA rating, respectively, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank or FSA, or in any assessment area by an affiliate whose loans have been considered as part of the bank's or FSA's lending performance.

The OCC did not identify evidence of discriminatory or other illegal credit practices with respect to this institution.

Further, section 1025 of the Dodd–Frank Wall Street Reform and Consumer Protection Act (Pub. L. 111-203) assigns to the CFPB exclusive examination authority, and primary enforcement authority, to ensure compliance by banks and FSAs with Federal consumer financial laws, if the bank or FSA has more than \$10 billion in assets. The CFPB has not provided the OCC with any information about, or other evidence of, discriminatory or other illegal credit practices relative to this institution with respect to the Federal consumer financial laws.



## 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
<b>Qualified Community Development Investments</b>	2011-2012: \$13,645,000 2012-2013: \$6,864,000	2011-2012: \$24,400,144 2012-2013: \$24,478,000
<b>Community Development Loans</b>	2011-2012: \$1,304,000 2012-2013: \$596,000	2011-2012: \$1,400,000 2012-2013: \$600,000
<b>Community Development Services Positions</b>	2011-2012: 2 positions 2012-2013: 2 positions	2011-2012: 4 positions 2012-2013: 2 positions
<b>Community Development Grants</b>	2011-2012: \$65,000 2012-2013: \$30,000	2011-2012: \$65,000 2012-2013: \$27,000

**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	2011-2012: \$122,801,000 2012-2013: \$61,782,000	2011-2012: \$125,670,702 2012-2013: \$129,394,000
Community Development Loans	2011-2012: \$11,738,000 2012-2013: \$5,366,000	2011-2012: \$12,916,000 2012-2013: \$14,100,000
Community Development Services Positions	2011-2012: 4 positions 2012-2013: 2 positions	2011-2012: 8 positions 2012-2013: 3 positions
Community Development Grants	2011-2012: \$585,000 2012-2013: \$268,000	2011-2012: \$585,000 2012-2013: \$245,000

## Appendix A - Scope of Examination

TDUSA's CRA performance was evaluated under its strategic plan encompassing the years from October 1, 2011 to March 13, 2013, including the plan goals for the years 2011-12 and 2012-13. The strategic plan establishes measurable goals for a combination of Community Development Loans and Investments, both for originations or purchases, and for the maintained balance. In addition, measurable goals are listed for community development Services. The strategic plan was approved by the OCC in August 2010. The strategic plan established goals for "satisfactory" performance applicable to the Maine AA only and goals for "outstanding" performance applicable to the NE Region only. The bank substantially met or exceeded its goals in the Maine AA and NE Region. TDUSA is exempt from reporting under the Home Mortgage Disclosure Act. TDUSA requested the OCC consider grants, made by the TD Charitable Foundation and tax credit investments made through TD Community Capital Group, in its evaluation. Both entities are affiliates of the bank.

<b>SCOPE OF EXAMINATION:</b> Strategic Plan			
<b>TIME PERIOD REVIEWED</b>	October 1, 2011 through March 13, 2013		
<b>FINANCIAL INSTITUTION</b>			<b>PRODUCTS REVIEWED</b>
TD Bank USA, NA			Community Development Loans Community Development Investments Community Development Services Community Development Grants
<b>FINANCIAL INSTITUTION/ AFFILIATE</b>	<b>AFFILIATE RELATIONSHIP</b>		<b>PRODUCTS REVIEWED</b>
TD Charitable Foundation TD Community Capital	Affiliate Affiliate		Grants Tax Credit Investments
<b>LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION</b>			
<b>ASSESSMENT AREA</b>	<b>TYPE OF EXAMINATION</b>	<b>BRANCHES VISITED</b>	<b>OTHER INFORMATION</b>
Portland-South Portland-Biddeford, ME Metropolitan Statistical Area (MSA 38860) Portland MSA	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. NE Region	Strategic Plan		