



## **United Services Automobile Association**

**Federal Savings Bank (FSB)**

**Community Reinvestment Act (CRA) Strategic Plan**

# USAA CRA Strategic Plan



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# USAA CRA Strategic Plan



## Introduction

United Services Automobile Association, a mutual, reciprocal interinsurance exchange organization (USAA) was founded in 1922 in San Antonio, TX, providing auto insurance to its military members. Since its inception, USAA has expanded the services it provides to an increasing membership base to include various consumer and retail products, including an array of consumer banking products offered through its subsidiaries USAA Federal Savings Bank (FSB) and USAA Savings Bank (USB), wholly owned by FSB.

FSB is a midsize, interstate federally chartered stock institution headquartered in San Antonio, Texas. Per FSB's Consolidated Report of Condition and Income (Call Report) dated December 31, 2020, FSB had total assets of \$108 billion, total capital of \$8.8 billion, and total Tier 1 capital of \$7.9 billion.

USAA is committed to fulfilling its responsibility to meet the needs of the communities it proudly serves and to ensuring that FSB fulfills its responsibilities under the Community Reinvestment Act (CRA). FSB has elected to have its CRA performance evaluated for the 2022-24 period under a CRA Strategic Plan, pursuant to 12 CFR 25.18, due to FSB's unique nature, product offerings, and business strategy. This CRA Strategic Plan details the guiding strategies that will help FSB meet the needs of its members (which include members of the military and their families). The effective dates of the CRA Strategic Plan shall be January 1, 2022 – December 31, 2024. If material changes occur during the evaluation period, FSB may request an amendment, as allowed by 12 C.F.R. 25.18(i).

## Business Strategy and Product Offerings

FSB's primary business strategy is to meet the unique needs of the military community and their families by providing a full range of retail deposit and loan products. USAA and its subsidiaries have a membership-based business model, serving members comprised of retired, veteran, and active duty servicemembers; reserves; National Guard; U.S. Foreign Service officers; FBI, Secret Service, and Naval Investigative Service agents; and their families. USAA's members are located throughout the United States and at military installations around the world.

Since opening for business on December 30, 1983, FSB has a record of superior financial strength and outstanding service, providing a full range of highly competitive products and services. Over the years, development of new products and expanded services through industry leading innovation helped the Bank serve its members and continue the tradition of anticipating and meeting the needs of its members.

FSB has been consistently recognized in various market studies over the last several years as a leading provider of quality products and services. Forbes ranked USAA's bank No. 1 out of 60 US banks in 2018 using a global survey of 40,000 customers. Banks were rated on general satisfaction and key attributes such as trustworthiness, fees, digital services, and financial advice. In 2020, Forbes conducted the same survey and again rated FSB No. 1, this time in an expanded field of 75 traditional and nontraditional banks.<sup>1</sup> Using the

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<sup>1</sup>Gara, Antoine, "The World's Best Banks: The Future of Banking is Digital After Coronavirus," *Forbes*, June 8, 2020, <https://www.forbes.com/sites/antoinegara/2020/06/08/the-worlds-best-banks-the-future-of-banking-is-digital-after-coronavirus/#69b0c6eb2993> (accessed July 2020).

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same criteria for their Best Banks in Each State list, Forbes surveyed 25,000 US customers. Of the 5,117 banks in the US, only 2.6% made the list; Forbes ranked FSB No. 2 Best-in-State in Texas.<sup>2</sup>

**Delivery** FSB is primarily a digital bank serving members via [usaa.com](http://usaa.com), call centers, and its award-winning mobile app. In addition, FSB provides services and products via its head office location and three branches providing limited services, 115 deposit-taking ATMs, 494 branded ATMs located in retail/convenience stores, and a network of more than 65,000 contracted ATMs. FSB also rebates up to \$15 in surcharges a month when using an ATM owned by a non-affiliated financial institution.

**Personal Banking** Traditional products offered include various deposit accounts; savings accounts; certificates of deposit; youth banking accounts; credit cards (provided through USB); and other specialized products.

**Consumer Loans** FSB provides a variety of personal loan products to meet member needs, including mortgages, auto, personal unsecured/secured, boat, and motorcycle products.

## USAA Commitment to CRA

FSB has established a comprehensive CRA program that includes direction from the FSB President and Board of Directors. The FSB Community Reinvestment Act Policy establishes parameters for FSB to assess its record of helping meet the needs of its members consistent with safe and sound operations of the institution. FSB has a CRA Committee that is responsible for execution of CRA activities as set forth by the CRA Policy. The committee consists of the senior leadership from the lines of business, finance, risk, compliance, corporate responsibility, and legal departments. The CRA Officer is responsible for coordinating all CRA related activities, which include, but are not limited to identifying community needs, capturing and qualifying bank activities for CRA credit, adhering to data collection and integrity procedures, annual goal setting, performance analysis, partnering with lines of business to drive CRA performance and reporting to key stakeholders, including the CRA Committee, FSB President and Board of Directors.

In addition to the above mentioned lending products, FSB provides significant levels of CRA qualified investments and service activities that help meet the needs of its community, including providing affordable housing units; facilitating job creation and economic development; and delivery of financial literacy programs to its military community.

USAA provides an excellent level of CRA-qualified investment activity through contributions, various tax credit programs, and the purchase of bonds and mortgage-backed securities. In response to the challenges presented by COVID-19, USAA invested over \$50 million in military-focused, national, and local nonprofit organizations across the nation and USAA matched employee donations up to \$1,000 per employee. In October 2020, USAA pledged \$50 million over three years to support nonprofit organizations that work to improve racial inequity in education, employment, and income.

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<sup>2</sup> Gara, Antoine, "America's Best Banks in Each State," *Forbes*, June 24, 2021, <https://www.forbes.com/best-in-state-banks/#495ade915873> (accessed June 2021).

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To fully serve its members through sponsored events, initiatives, and services, USAA and FSB have partnered with various organizations that directly serve military members, families, and veterans. USAA, partnering with FSB, provides several financial literacy and financial planning tools on USAA.com, such as the Financial Readiness Score and Money Manager to assist in developing a financial plan. In addition, the USAA Educational Foundation also supports Financial Readiness Programs that are delivered to the Department of Defense (DoD) for use at military installations worldwide.

USAA has created a Military Affairs team that advocates for current and retired military members and their families. Military Affairs continually creates and maintains relationships between the Bank and its strategic partners, military leaders, and military-related organizations so that USAA can engage, serve, and advocate for the military community. The team regularly volunteers CRA qualified service hours by providing financial management programs to military members on U.S. military installations.

## Assessment Area Delineation

In general, the geographies in which a bank has its main office, branches and deposit-taking ATMs, as well as the surrounding geographies in which a bank has originated or purchased a substantial portion of its loans, are used by the regulatory agencies to assess a bank's record of helping to meet the credit needs of the community it serves, including low- and moderate- income (LMI) neighborhoods under the CRA. Pursuant to the provisions of 12 CFR 25.09(e), as a military bank, USAA FSB's assessment area consists of the entire United States and its territories. FSB's products and services meet the needs of the community it serves and virtually 100% of all lending, investment and service activities are within the assessment area.

Although a nationwide military assessment area gives FSB a broad reach to serve the needs of its members, FSB's opportunities to responsibly lend to the LMI segments of the military at the same levels as other large financial institutions lend to the general population are limited given servicemembers' unique makeup and needs. CRA large bank exam procedures leverage US Census data metric standards that do not reflect the same characteristics of USAA membership. For example, in the most recent US Census, Owner Occupied Housing Units across the United States, were 19.2% LMI, and total LMI Households for consumer lending were 28.2%. By contrast, as of 2019, only approximately 15.5% of USAA members live in LMI census tracts (overlying 2019 USAA membership on the 2010 census data), which does not align with the census data metrics used in large bank exam guidelines. The use of census demographics to set geographical targets under the large bank exam guidelines makes it difficult for FSB to reach its goal of an Outstanding CRA rating. Further, FSB does not request income information as part of the membership approval process and therefore does not have an accurate measure of borrower incomes of the membership base. Therefore, targeting LMI borrowers within the USAA membership and meeting large bank exam targets is difficult. Given the unique membership model and base, FSB's performance appears to be disadvantaged when compared to national market peers' lending performance. Therefore, FSB has elected the Strategic Plan option to provide a more accurate assessment of how FSB meets the needs of the community and delivers on CRA responsibilities given the unique nature of the Bank's reach and constraints, product offerings, and business strategy. While FSB's LMI lending is challenged by expectations set under large bank exam guidelines for banks with vastly different

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characteristics, its lending products remain a critical part of how FSB meets the identified needs of its community.

## Military Community Demographics & Needs Assessment

According to the 2018 Demographics Report published by the Department of Defense (DoD), the total number of military personnel and DoD civilians is approximately 3.5 million. The breakdown is as follows:

Category	Number	Percent of Total
DoD Active Duty	1,304,418	37.4%
DoD Civilian Personnel	883,398	25.3%
Ready Reserve	1,039,308	29.8%
<i>Selected Reserve</i>	<i>802,842</i>	<i>77.2%</i>
<i>Individual Ready Reserve</i>	<i>235,282</i>	<i>22.6%</i>
<i>Inactive National Guard</i>	<i>1,184</i>	<i>0.1%</i>
Retired Reserve	208,032	6.0%
Coast Guard Active Duty	41,132	1.2%
Standby Reserve	11,391	0.3%

Most active duty members (87.3%) are located in the United States and US territories. More than half of Active Duty members living in the United States live in California, Virginia, Texas, North Carolina, Georgia, and Florida. Rounding out the top ten states that have the highest numbers of Active Duty members are Washington, Hawaii, South Carolina, and Colorado, which closely mirrors both the USAA membership and FSB's deposit account geographic distribution.

In April 2018, the Council on Foreign Relations<sup>3</sup> published findings that the modern military household comes predominantly from middle-class households. Enlistees have historically received benefits for tax-free housing allowance and fully compensated medical care, as well as tuition coverage from the GI Bill; however, as civilian wages plateaued in the last 20 years, military compensation has steadily increased. Even with the most recent national wage increase of 3.1%, a mid-grade enlisted servicemember earns 10% more than the median

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<sup>3</sup> Demographics of the US Military, *Council on Foreign Relations*, July 13, 2020  
<https://www.cfr.org/background/demographics-us-military> (accessed December 2020).

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American, even without including the abovementioned benefits – excluding housing costs and medical insurance, an E5 paygrade is making an above-average American salary<sup>4</sup>.

According to the Pew Research Center<sup>5</sup> analysis of US Census Bureau data, US military veterans and their families consistently had higher standards of living than non-veterans over the past 40 years. Households headed by veterans have higher incomes and are less likely to be in poverty, especially veterans in racial or ethnic minority groups and those with less education. This further demonstrates the challenges that FSB has in meeting large bank exam guidelines that use census metric targets. While today's veterans are more likely to be employed and have higher earnings than the general population, there is a segment of vulnerable US veterans who continue to struggle to adjust to life outside the military. As noted in the Multifamily Executive Magazine<sup>6</sup>, many veterans have returned from conflicts such as Vietnam or Afghanistan struggling with mental health issues such as post-traumatic stress disorder (PTSD) or addiction issues; many younger veterans are returning to a job market that offers few opportunities, or opportunities that often pay much less than they earned in the armed services. These veterans face homelessness and limited affordable housing opportunities. In response, the HUD-Veterans Affairs Supportive Housing (HUD-VASH) was created to provide stable housing and other services to help homeless vets. These low-income housing tax credits (LIHTC) provide opportunities that align with FSB's mission to invest in its communities, addressing the affordable housing needs faced by the most vulnerable segment of the military community.

The research above indicates the wide ranging needs of the military community and how those needs typically differ based on the career status of the individual. Serving the needs of the military community, especially active duty members, looks different than serving the general civilian US population. Of the 14 million USAA members, approximately 7% are active duty and are the most financially vulnerable. Newly enlisted members of the military typically need more access to unsecured loans, affordable housing, or financial education. FSB's 2020 needs assessment noted that more than 70% of the personnel on military installations had been on base for two years or less, and the inherently transitory lifestyle changes family dynamics, as early career service members in lower pay grades often use a Basic Allowance for Housing (BAH) and are in need of affordable housing opportunities. Military officers, ex-military members, and their families are more likely to have mortgage financing needs, and family and social service needs.

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<sup>4</sup> Stickles, Brendan R. "How the US military became the exception to America's wage stagnation problem," *Brookings Institute*, November 29, 2018, <https://www.brookings.edu/blog/order-from-chaos/2018/11/29/how-the-u-s-military-became-the-exception-to-americas-wage-stagnation-problem/> (accessed December 2020).

<sup>5</sup> Bennett, Jesse, "Veteran Households in US are economically better off than those of non-veterans," *Pew Research Center*, December 9, 2019, <https://www.pewresearch.org/fact-tank/2019/12/09/veteran-households-in-u-s-are-economically-better-off-than-those-of-non-veterans/> (accessed December 2020).

<sup>6</sup> Anderson, Bendix, "U.S. Veterans Face Housing Difficulties on Top of Other Challenges," *Multifamily Executive Magazine*, November 6, 2019, <https://www.multifamilyexecutive.com/design-development/us-veterans-face-housing-difficulties-on-top-of-other-challenges> (accessed March 2021).

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## *Military Surveys*

USAA proudly sponsors the Blue Star Family Lifestyle Survey, a survey that is conducted annually by Blue Star Families in collaboration with Syracuse University's Institute for Veterans and Military Families (IVMF). Both organizations build communities and provide support for military families through research and data, programs in career development and entrepreneurship, caregiver support, and local community events.

The Blue Star Family Lifestyle Survey identifies critical aspects of military life to effectively target resources, services, and programs that support the sustainability of military service. It also facilitates a holistic understanding of servicemembers, families, and veterans and their experiences so that communities and policymakers can better understand their needs.

This survey finds that active servicemembers, particularly those in the enlisted ranks, experience multiple financial barriers, that impede the ability to save money, effectively manage debt, or qualify for a loan. Due to the transient nature of military careers, military families often face a high spousal unemployment or underemployment, lack of childcare resources, and the related stress and isolation from friends and community.

In addition to the Blue Star Families Survey, FSB also references the National Foundation for Credit Counseling (NFCC) – Military Finances Survey to assess military needs. The NFCC conducted its most recent survey in April 2019 among currently active, enlisted members of the US military and spouses/partners of servicemembers. According to the report, more military families are worried about meeting basic household needs and debt payments today than five years ago, despite a strong economy. Findings include:

- 90% of Active Duty servicemembers and 84% of their spouses/partners have financial worries, and they are now twice as likely to struggle to pay bills on time compared to five years ago
- Over 63% of military families indicated they pay bills on time; over 10% have bills in collections
- 46% of military families keep a budget; of the 54% who do not, about 37% have a rough estimate of how much they spend
- 54% of active servicemembers and their spouses also say they had to get a second job or income just to make ends meet, and nearly 75% say they have put life decisions like buying a home or going back to school on hold because of these financial constraints.

## *FSB Community Partnerships*

Additional needs assessment analysis was completed using information requested by FSB as part of its non-profit due diligence processes prior to entering into relationships with nonprofits. FSB gathers relevant information including the organization's mission; programs and services provided; and primary community needs with the targeted audience including military and their families. Examples of these partnerships and the needs they help meet include:



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- **Elizabeth Dole Foundation**, which seeks to strengthen and empower US military caregivers and their families by raising awareness, driving research, championing policy, and leading collaborations that make a significant impact on caregivers' lives.
- **The Tragedy Assistance Program for Survivors (TAPS)**, which provides a myriad of resources such as emotional support, grief and trauma resources for adults and children, and 24/7 resource and information helpline for all those affected by a military death.
- **Hiring Our Heroes**, a nationwide initiative to help veterans, transitioning servicemembers, and military spouses find meaningful employment opportunities.
- **Money Management International**, which provides financial readiness workshops that focus on budgeting, building credit, and managing debt; first-time homebuyer workshops; community outreach; and community resources including asset-building programs.
- **Armed Services YMCA**, which focuses on military families with preschool and school-age children. Through programs like Operation Hero, military children develop emotionally and academically. Operation Hero is an afterschool program which helps elementary and middle-school children improve their academic and social skills as they adapt to the unique challenges of military life, such as multiple moves and family separation.

## *Public Participation*

FSB solicited formal feedback from the public regarding the CRA Strategic Plan for 30 days by publishing notice<sup>7</sup> in at least one newspaper in the San Antonio area and submitting for publication on the OCC website, as required by 12 C.F.R. § 25.18(e) and provided copies to members of the public who requested it during that timeframe. The Bank did not receive any public comments in response to the strategic plan.

## *Summary of Identified Needs*

Based on the needs assessment completed above which included industry analysis, military surveys, FSB community partnership and public feedback, FSB has identified the following community needs and is working to meet the needs of our community (military and families):

1. **Educational Opportunities** – financial literacy education including budgeting, building credit, managing debt and savings. Educational resources and opportunities for children of military families.
2. **Economic and Financial Support** – job training and employment opportunities for veterans, transitioning servicemembers, and military spouses in need of meaningful employment opportunities.
3. **Family and Social Services** – including supporting care givers, grief and trauma resources for adults and children, and emotional support.

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<sup>7</sup> See Appendix A.

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4. **Affordable Housing** – including multi-family housing that provides an affordable solution to military members and their families and meets the needs of the broader communities where our members live and work.

## Safety and Soundness

Due to the COVID-19 crisis, the US economy has incurred unemployment levels unseen in a generation. The shelter in place requirements and other state and local orders across the country are having a disproportionate impact on small businesses leading to record spikes in unemployment. As of November 2020, the national unemployment rate in the COVID-19 environment is 6.7%, a decrease from a high of 8.0% in April 2020, but 3.2 percentage points higher than it was in February.<sup>8</sup> The Small Business Administration (SBA) provided some relief funding to small businesses to assist in remaining open; however, there were many small businesses that temporarily shuttered operations. Many small businesses are still struggling and are even facing permanent closure.

These unprecedented events pushed the US economy to the brink of a recession and in the short term create an environment of heightened and unknown levels of credit risk that require immediate and prudent actions to ensure the Bank remains within its Board approved risk appetite and Board approved risk triggers as it relates to credit losses and the subprime concentrations in the Bank's portfolio. In evaluating the potential levers, several scenarios were evaluated to understand the impact to credit performance, the impact to members who may be impacted by the crisis, and the resulting resiliency of the remaining credit pool to higher levels of losses than planned. As a result, the Bank has tightened credit requirements and reduced product offerings.

The actions taken are short term measures that are necessary to protect the safety and soundness of the Bank while balancing member impact within the context of the COVID-19. USAA will continue to monitor and assess the economic situation in terms of unemployment claims volume and trends, business and consumer confidence and other economic outlook indicators to continuously evaluate the levers chosen and look to loosen credit criteria as appropriate. In the interim, these temporary credit tightening actions are expected to decrease lending volumes across all borrower income levels and that impact is considered in the final CRA goals outlined in this plan. The unique nature of COVID-19 and its impact will require FSB to continuously monitor CRA projections and adjust the plan goals as necessary.

## Meeting the Needs of the Community – CRA Goals

### ***Lending***

FSB is challenged to target and lend to LMI borrowers and geographies (including mortgage and consumer loans) as the business model is limited to lending only to its membership base. In addition, as noted above, USAA does not request income information as part of the membership approval process and therefore FSB

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<sup>8</sup> U.S. Bureau of Labor Statistics, *Employment Situation Summary*, December 4, 2020. <https://www.bls.gov/news.release/empstat.nr0.htm> (Accessed December 2020).

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does not have an accurate measure of borrower incomes of the membership base. However, FSB is committed to providing loan products that meet the credit needs of the military community constituting the membership base. FSB provides several unique consumer loan options that are innovative and responsive to the needs of our military community, including:

**Academy Loans:** these low interest rate loans are offered to members attending one of the five service academies or newly commissioned officers from the service academies.

**Pre-Commission Loans:** these low interest rate loans are offered to eligible students participating in an undergraduate Reserve Officers' Training Corps (ROTC) program or Platoon Leaders Course or pursuing an advanced degree.

**VA home mortgage loans:** these mortgage loans are guaranteed by the Department of Veterans Affairs (VA). Members can use a VA loan to purchase a property as their primary residence or refinance an existing mortgage.

Additionally, FSB does not require borrower income information as part of the loan process for Academy and Pre-Commissioned loan products. Therefore, FSB has elected not to set a targeted lending metric for determining CRA performance under the Lending Test. However, FSB remains committed to lending to all income levels of our member base, including those considered to be LMI, by providing lending products to meet the needs of the military and their families. FSB will meet the credit needs of our military community by:

- Completing an annual needs assessment of our members including active, non-active, retired military and families for all income levels, including low or moderate income.
- Providing innovative and flexible lending practices that meet the needs of the military community which may include products, pricing, marketing, and underwriting.
- Responding to the credit needs of the community during times of financial stress which may include federally declared disasters (e.g., COVID --19), job loss, or government shut-downs.

## **Community Development Investments and Loans**

Though FSB's opportunity to meet the lending needs of the community is limited to its membership, the CRA investment strategy allows for a wider reach to essentially meet the needs of the entire nationwide assessment area. FSB provides charitable contributions through its non-profit organization partnerships that target the specific needs of the military including education, economic and financial support, and family and social services. FSB can leverage these partnerships to meet the needs of its community during times of declared disasters, such as COVID-19. FSB also invests in a number of instruments and products to meet the needs of the larger community where our members live and work, including tax credits, bonds, and mortgage-backed securities. FSB will continue to meet the needs of its community, as identified in the needs assessment, through community development investments in a variety of ways that may include, but are not limited to:

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- Charitable contributions to organizations that support its members including, but not limited to the following: financial literacy, emergency financial assistance to military members, disaster relief programs, family and social services, job training and employment opportunities.
- New Market Tax Credits that support economic development in rural, severely stressed areas of the country
- Mortgage-backed securities that facilitate affordable housing throughout the country
- Qualified bonds for revitalization/stabilization of inner-city schools where the majority of students attending participate in the National School Lunch Program
- Affordable Housing/Low-Income Tax Credits where the majority of residents qualify for Section 8 housing or meet other income requirements

In addition to the investment strategies above, FSB continues to look for new opportunities to improve the ways that we meet the needs of the community. While not currently part of FSB's CRA strategy, new opportunities may include loans to organizations that have a primary purpose of community development. These loans may include, but are not limited to:

- Loans to financial intermediaries such as Community Development Financial Institutions (CDFIs)
- Loans to organizations engaged in affordable housing construction or rehabilitation, including multifamily rental housing
- Loans to Small Business Investment Companies (SBICs) and community development venture capital funds that promote economic development by financing small businesses, specifically military veteran-owned businesses.
- Various other loan opportunities to organizations that have a primary purpose of community development.

FSB remains committed to maintaining an excellent level of community development investment that meets the needs of the community as it has in the past. While prior exams considered as qualified CRA investments both those of FSB and of its affiliates, for this strategic plan FSB will set standalone investment goals. Further, the OCC new rule issued in June 2020 (though currently being reconsidered) establishes that banks will not receive CRA credit for affiliate activity. In anticipation of these regulatory changes and for the Bank to take a more targeted CRA approach this plan will set FSB-only investment goals. While these new goals appear to be set below USAA's prior performance levels, they have been adjusted to reflect the impact of FSB-only performance.

During the last FSB CRA Exam (Q4 2014 – 2018), the combined FSB and USAA affiliate investment dollar volume was approximately \$1.4 billion, which represented 17.7% of FSB's allocated Tier 1 Capital (T1C), or approximately 4.2% per year. During the last exam, affiliate activity accounted for approximately 80% of those qualified investments, using the prior large bank exam guidelines. This indicates that based on FSB-only performance, the aggregate amount of qualified community development investment results in less than 1% of T1C per year. However, FSB is identifying opportunities to shift the investment strategy to drive more

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direct FSB volume and is setting goals, noted in the chart below, that would exceed the prior FSB-only performance of 1% T1C noted above.

The new investment goals also reflect the impact of the COVID-19 pandemic on FSB’s investment strategy as more of FSB’s activities qualify for CRA credit, including increased contributions. Though the current economic environment and CRA regulatory changes create challenges, FSB has set annual goals that exceed generally accepted industry standards for large banks. FSB will determine its level of performance by measuring the dollar volume of its total community development investments and loans (if applicable) against the FSB’s T1C from the prior year. FSB will consider current period investments and loans (if applicable) and investments from the prior period that maintain a book value at the end of the exam cycle. Further, any investments and loans in excess of the one-year interim goal in a given calendar year can be applied to the next calendar year’s interim goal. The investment goals are indicated below\*:

Investments (% of Tier 1 Capital)							
2022		2023		2024		Total	
Satisfactory	Outstanding	Satisfactory	Outstanding	Satisfactory	Outstanding	Satisfactory	Outstanding
1.50%	2.00%	2.00%	2.50%	2.50%	3.00%	6.00%	7.50%

\*See also Addendum.

## Community Development Services

FSB provides a substantial amount of qualified service hours through service awareness and training and by providing employees with service opportunities that align with the goals of the CRA. This includes USAA employees significantly contributing to community development efforts through nonprofits and other initiatives that directly benefit the military community. FSB’s community development service strategy is focused on meeting the needs of the military community and expands throughout the country based on its nationwide footprint and the location of its employees. Given the geographical location of most FSB employees, most community development service hours are delivered in the San Antonio area. Additional services are delivered throughout the country consistent with the geographical distribution of USAA employees. FSB has an established network of non-profit partnerships that facilitate the opportunity for employees to provide services directly to our military communities. Further, the bank can leverage these partnerships to meet the needs of our community during times of declared disasters, such as pandemic and natural disaster relief. Additionally, employees are encouraged to provide services to organizations and causes that are personally meaningful to them and meet the needs of the local communities that they serve, and employees are given paid time off to participate. FSB will continue to meet the needs of community through community development services in a variety of ways including, but not limited to:

- Providing financial literacy which may include credit counseling, homebuyer and home-maintenance counseling, financial planning, or other financial services education to promote community development and affordable housing.
- Partnering with national organizations to provide mentoring, career advancement skills, and assist with job placement opportunities for transitioning military members and their families.

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- Skills-based volunteering that includes pro bono small business impact days and mentorship projects
- Numerous employees serving as board members for organizations that support military families, LMI families, affordable housing, and economic development.
- Services provided in response to declared federal disasters such as serving at a food bank, making masks, and supporting essential services.
- Various other services provided by FSB associates that meet one of the four community development purposes: affordable housing, community services, economic development, or revitalization/stabilization.

FSB has a history of providing a high level of community development services and remains committed to achieving an excellent level of community development services that meet the needs of the community. As with investments, this Strategic Plan includes community development service goals set for FSB only. During the last FSB CRA Exam (Q4 2014 – 2018), FSB and its USAA affiliates provided approximately 15,000 hours of community services, or approximately 3,200 hours per year. Affiliate activity accounts for approximately 80% of those qualified services, using the prior large bank exam guidelines; FSB-only performance for that period yields approximately 600 service hours per year.

The COVID-19 pandemic has impacted the delivery of traditionally qualified services and community development activities. Therefore, FSB is committed to performing an average of 1,000 service hours per year over the three-year Strategic Plan period\*. Further, any services in excess of the one-year interim goal in a given calendar year can be applied to next calendar year’s interim goal.

Service Hours							
2022		2023		2024		Total	
Satisfactory	Outstanding	Satisfactory	Outstanding	Satisfactory	Outstanding	Satisfactory	Outstanding
600	800	800	1,000	1,000	1,200	2,400	3,000

\*See also Addendum.

# USAA CRA Strategic Plan



## Appendix A – Notice of Proposed Strategic Plan

### Notice Regarding Public Inspection of Proposed CRA Strategic Plan

#### USAA Federal Savings Bank

#### Community Reinvestment Act Strategic Plan (“CRA Strategic Plan”)

The Community Reinvestment Act requires a bank that has developed a CRA Strategic Plan to publish notice of the CRA Strategic Plan and solicit formal written public comment for at least a 30-day period. Pursuant to this requirement, USAA Federal Savings Bank hereby provides notice to the public of its plan to submit a CRA Strategic Plan to the Office of the Comptroller of the Currency (OCC).

Written comments from the public concerning the CRA Strategic Plan are encouraged. Individuals may request to review the CRA Strategic Plan. To obtain a copy of the Bank’s CRA Strategic Plan at no charge to the requesting party, individuals may request a copy by email at [RESPONSIBLEBANKING@USAA.COM](mailto:RESPONSIBLEBANKING@USAA.COM).

All written comments regarding the CRA Strategic Plan should be directed to the Bank’s CRA Officer at the email listed above. Comments and suggestions will be accepted until June 1st, 2021 following which time the CRA Strategic Plan will be submitted for approval to the OCC. The Bank will review all comments and incorporate suggestions to the CRA Strategic Plan at its discretion.

Copies of the Bank’s CRA Public File, which include the latest Performance Evaluation and CRA rating, are also available upon request.





B2 | Saturday, May 1, 2021 | ExpressNews.com | San Antonio Express-News

## Legal Notices

### Legals/Public Notices

#### Notice of Public Hearing

The City Council of the City of San Antonio will hold a Public Hearing no earlier than 9:00 AM, on 05/20/2021 in the Council Chambers at the Municipal Plaza Building, 114 West Commerce Street, regarding a change in zoning of certain property described herein by amending Chapter 35 of the City Code, which constitutes the Comprehensive Zoning Ordinance of the City of San Antonio, to provide for the following changes:

**ZONING CASE Z-2021-1070020 HL** (Council District 1): A request for a change in zoning from "RM-4 NCD-1 AHOD" Residential Mixed South Presa Street and South Street Mary's Street Neighborhood Conservation Airport Hazard Overlay District to "RM-4 HL NCD-1 AHOD" Residential Mixed Historic Landmark South Presa Street and South Street Mary's Street Neighborhood Conservation Airport Hazard Overlay District on Lot 7, Block 2, NCB 3097, located at 118 Lotus Avenue.

#### Notice Regarding Public Review of Proposed CRA Strategic Plan

##### USAA Federal Savings Bank

#### Community Reinvestment Act Strategic Plan ("CRA Strategic Plan")

The Community Reinvestment Act requires a bank that has developed a CRA Strategic Plan to publish notice of the CRA Strategic Plan and solicit formal written public comment for at least a 30-day period. Pursuant to this requirement, USAA Federal Savings Bank hereby provides notice to the public of its plan to submit a CRA Strategic Plan to the Office of the Comptroller of the Currency (OCC).

Written comments from the public concerning the CRA Strategic Plan are encouraged. Individuals may request to review the CRA Strategic Plan. To obtain a copy of the Bank's CRA Strategic Plan at no charge to the requesting party, individuals may request a copy by email at RESPONSIBLEBANKING@USAA.COM.

All written comments regarding the CRA Strategic Plan should be directed to the Bank's CRA Officer at the email listed above. Comments and suggestions will be accepted until June 1, 2021, following which time the CRA Strategic Plan will be submitted for approval to the OCC. The Bank will review all comments and incorporate suggestions to the CRA Strategic Plan at its discretion.

Copies of the Bank's CRA Public File, which include the latest Performance Evaluation and CRA rating, are also available upon request.

## BUSINESS

### BRIEFS

# U.S. wages, benefits up as economy reopens

Wages and benefits grew quickly for U.S. workers in the first three months of the year, a sign that businesses are starting to offer higher pay to fill newly-opened jobs.

U.S. workers' total compensation rose 0.9 percent in the January-March quarter, the largest gain in more than 13 years, the Labor Department said Friday. That's up from 0.7 percent in the first three months of last year. Still, the increase is just barely above 0.8 percent gains in two quarters in 2018.

The solid rise comes after weaker increases during the pandemic, when the unemployment rate initially shot to nearly 15 percent before declining steadily to 6 percent in March. As a result, workers' pay and benefits rose just 2.6 percent in the year ending in March, down from 2.8 percent a year earlier.

The data comes from the Labor Department's Employment Cost Index, which measures pay changes for workers that keep



### Pedestrians walk in San Francisco. Twitter...

economy is reopening. Americans are willing to go out to restaurants, shops, businesses and provide higher pay to pull workers back to market. Many businesses struggled to find jobs, despite still-high unemployment.

### EARNINGS

## Twitter tumble digital ad sales...

Twitter tumble digital ad sales early trading Friday...



# USAA CRA Strategic Plan



## Appendix B – Glossary

**Area Median Income:** the median family income for the metropolitan statistical area (MSA) or metropolitan division (MD) if a person or geography is located in an MSA or MD, or the statewide nonmetropolitan median family income if a person or geography is located outside an MSA or MD.

**Assessment Area:** One or more geographic area(s) delineated by an institution and used by a regulatory agency in evaluating the institution's record of helping to meet the credit needs of its community. An assessment area generally consists of one or more MSAs or MDs or one or more contiguous political subdivisions such as counties, cities, or towns; it includes the geographies in which the bank has its main office, its branches, and its deposit-taking ATMs, as well as the surrounding geographies in which the bank has originated or purchased a substantial portion of its loans.

**ATM:** Automated teller machine is an automated, unstaffed banking facility owned or operated by the bank at which deposits are received, cash dispersed, or money lent.

**Census tract:** a small, relatively permanent statistical subdivision of a county in a metropolitan area or a selected nonmetropolitan county designed to be a relatively homogenous unit with respect to population characteristics, economic status, and living conditions.

**Community Development:** lending, investing, and servicing activities that support affordable housing for LMI individuals; community services and organizations that target the needs of LMI individuals; economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs, or have gross annual revenues of \$1 million or less; or revitalize or stabilize LMI geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle income geographies designated by the Federal Reserve, FDIC, and the OCC.

**Community Development Financial Institutions (CDFI):** specialized organizations that provide financial services in low-income communities and to people who lack access to financing. CDFIs include regulated institutions such as community development banks and credit unions, and non-regulated institutions like loan and venture capital funds.

### Income level:

- **Low-income:** an individual income that is less than 50% of the area median income, or a median family income that is less than 50% of the geography
- **Moderate-income:** an individual income that is at least 50% and less than 80% of the area median family income, or median family income that is at least 50% and less than 80% of the geography
- **Middle-income:** an individual income that is at least 80% and less than 120% of the area median family income, or median family income that is at least 80% and less than 120% of the geography
- **Upper-income:** an individual income that is 120% or more of the area median family income, or median family income that is 120% or more of the geography

# USAA CRA Strategic Plan



**Low Income Housing Tax Credits (LIHTC):** a tax incentive for housing developers to construct, purchase, or renovate housing for low-income individuals and families. The Low-Income Housing Tax Credit was written into the Tax Reform Act of 1986.

**MSA/MD:** a metropolitan statistical area or metropolitan division as defined by the Director of the Office of Management and Budget.

**New Market Tax Credits (NMTC):** The New Markets Tax Credit Program is a federal financial program in the United States. It aims to stimulate business and real estate investment in low-income communities in the United States via a federal tax credit.

**Qualified Investment:** a lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

**Strategic Plan:** Banks may elect to have their performance under the CRA evaluated based on a pre-approved strategic plan that addresses their CRA responsibilities. The CRA regulations require that the strategic plan be developed in consultation with members of the public, be published for public comment, and contain measurable annual goals. The required contents of a strategic plan and the OCC's criteria for evaluating a strategic plan are specified in the CRA regulations. The CRA strategic plan evaluation option provides a bank with the opportunity to tailor its CRA objectives to the needs of its community and to its own capacities, business strategies, and expertise.

# USAA CRA Strategic Plan



## Appendix C – References

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# USAA CRA Strategic Plan



## Addendum

In June 2020, the OCC issued a Community Reinvestment Act rule (“2020 Rule”) that stated that a financial institution’s CRA performance shall be based on how well its communities are being served based solely on its own performance, without taking any affiliate’s performance into account. FSB’s CRA Strategic Plan, above, sets FSB’s goals without taking any of its USAA affiliates’ activities into account.

On September 8, 2021, the OCC issued a proposal to rescind and replace the 2020 Rule with rules based on those adopted in 1995 (“1995 Rule”). Because the 1995 Rule allows for an institution’s affiliate activities to be counted towards its overall CRA performance, the following goals are set and will be used if the 2020 Rule is rescinded and replaced by the 1995 Rule before or during the effective dates of FSB’s Strategic Plan, or if a new CRA rule during that time allows for affiliate activity to be counted.

FSB and its affiliates have set the following goals for Investments and Service Hours for the 3-year CRA Strategic Plan period, based on the 1995 Rule:

Investments (% of Tier 1 Capital)							
2022		2023		2024		Total	
Satisfactory	Outstanding	Satisfactory	Outstanding	Satisfactory	Outstanding	Satisfactory	Outstanding
4.00%	5.00%	5.00%	6.00%	6.00%	7.00%	15.00%	18.00%

Service Hours							
2022		2023		2024		Total	
Satisfactory	Outstanding	Satisfactory	Outstanding	Satisfactory	Outstanding	Satisfactory	Outstanding
5,000	7,000	5,500	7,500	6,000	8,000	16,500	22,500