



**USAA FEDERAL  
SAVINGS BANK**

**2025  
FDIC RESOLUTION PLAN  
PUBLIC SECTION**

*Unless otherwise noted, all information  
is as of December 31, 2024.*



## USAA Mission Statement

Our mission is to empower our members to achieve financial security through highly competitive products, exceptional service and trusted advice. We seek to be the #1 choice for the military community and their families.

## The USAA Standard

Keep our membership and mission first

Live our core values: **Service, Loyalty, Honesty, Integrity**

Be compliant and manage risk

Build trust and help each other succeed

Embrace diversity and be purposefully inclusive

Innovate and build for the future



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## A. Executive Summary of Resolution Plan

USAA Federal Savings Bank (FSB or Bank) is publishing this public section of its Resolution Plan in accordance with Federal Deposit Insurance Corporation (FDIC) regulations and guidance in conjunction with the confidential Resolution Plan filed with the FDIC on or before July 1, 2025. This Resolution Plan describes how FSB could be resolved in a manner that ensures depositors receive timely access to their insured deposits, maximizes the net present value return from the sale or disposition of FSB's assets, and minimizes the amount of any loss to be realized by the Deposit Insurance Fund and FSB's creditors.

The principal mission of United Services Automobile Association (USAA), FSB's ultimate Parent, is to provide, directly and through FSB and its other affiliates, for the financial security of its members, including those currently serving in the United States military or who have honorably served in the past and their families.

FSB is a wholly owned subsidiary of USAA Capital Corporation (CapCo), which in turn is a wholly owned subsidiary of USAA. The Bank was chartered in 1983, with its home office in Phoenix, Arizona, and its corporate headquarters in San Antonio, Texas.

The Bank is a full-service retail bank that offers consumer banking products and services including deposits (checking, savings, certificates of deposit), credit cards, consumer loans and real estate loans. FSB operates primarily by electronic commerce through usaa.com, mobile banking, call centers and direct mail. As of December 31, 2024, the Bank had \$109 billion in total assets and more than 9.5 million members. FSB's primary source of funds is its retail deposit base.

## B. Description of Material Entities

Material Entities were determined based on their functions with respect to FSB and their significance to the activities of Core Business Lines. See the descriptions below.

### **United Services Automobile Association (USAA)**

Founded in 1922, USAA is a Texas-based reciprocal insurance company, headquartered in San Antonio, Texas, that directly offers property and casualty (P&C) insurance, life insurance and health insurance products to members, consisting mostly of current or retired members of the U.S. armed services and their families.

USAA and its subsidiaries offer a wide range of insurance and financial products, including property and casualty insurance, life insurance and health insurance, annuities, and retail banking. As an insurance company, USAA is subject to the supervision and regulation of the Texas Department of Insurance (TDI). USAA is also a Savings and Loan Holding Company subject to supervision by the Board of Governors of the Federal Reserve System.

### **USAA Capital Corporation (CapCo)**

A Delaware corporation organized in 1985, CapCo is a direct, wholly owned subsidiary of USAA. In addition to its holding company operations, CapCo serves as a USAA general purpose finance subsidiary. The Bank is a direct, wholly owned subsidiary of CapCo.

### **USAA Federal Savings Bank (FSB)**

FSB is an FDIC-insured federal savings bank depository institution subject to primary regulation and supervision examination by the Office of the Comptroller of the Currency (OCC). FSB provides banking products and services including credit cards, consumer loans, deposit accounts and real estate lending. FSB is also subject to regulation by the Consumer Financial Protection Bureau (CFPB) and is a member of the Federal Home Loan Bank System (FHLB).



## C. Description of Core Business Lines

FSB's Core Business Lines (CBLs) are those businesses that, under the FDIC's regulation, represent the key business activities of FSB and reflect those assets, associated operations, services and functions that, in the view of FSB, upon failure would result in a material loss of revenue, profit or franchise value. FSB management has identified the following CBLs:

<b>Credit Cards</b>	Lines of credit made available via card products, including rewards programs.
<b>Consumer Lending</b>	Lending products available to members, which include loans generally secured by automobile or other property and unsecured personal loans.
<b>Deposits</b>	The offering and management of transaction accounts (checking, savings), including check, debit card, ATM and online services, on behalf of members. Products include checking and savings accounts and certificates of deposit.
<b>Real Estate Lending</b>	Lending and refinancing products available to members where the loan is secured by real estate. Loan options include conventional fixed-rate, adjustable, Veterans Affairs (VA) and jumbo loans.



## D. Consolidated Financial Information Regarding Assets, Liabilities, and Capital and Major Funding Sources

See the consolidated balance sheet summarizing FSB's financial position as of December 31, 2024, below.

### USAA FEDERAL SAVINGS BANK AND SUBSIDIARIES

#### Consolidated Balance Sheets

(Dollars in millions, except share and per share amounts)

	2024
<b>Assets</b>	
Cash, cash equivalents and due from banks	\$ 3,987
Interest-bearing deposits with the Federal Reserve and other banks	7,818
Total cash and cash equivalents	11,805
Investments:	
Debt securities, held-to-maturity at amortized cost	34,351
Debt securities, available-for-sale at fair value	15,995
Other invested assets	26
Total investments	50,372
Loans held for investment, less allowance for credit losses of \$1,727 and \$1,549, respectively	42,737
Loans held for sale, at fair value	676
Deferred income taxes, net	2,375
Interest receivable	285
Software, premises, and equipment, net	263
Other assets	653
<b>Total assets</b>	<b>\$ 109,166</b>
<b>Liabilities and Stockholder's Equity</b>	
<b>Liabilities:</b>	
Bank deposits	\$ 95,596
Long-term debt	7,238
Accrued credit card rewards	756
Payable to affiliates, net	450
Accounts payable and accrued expenses	844
Other liabilities	364
<b>Total liabilities</b>	<b>105,248</b>
<b>Stockholder's Equity:</b>	
Restricted preferred Series E stock	275
Common stock, \$90 par value; 10,000,000 shares authorized; 200,000 shares issued and outstanding	18
Additional paid-in capital	3,236
Retained earnings	5,522
Accumulated other comprehensive loss, net of tax	(5,133)
<b>Total stockholder's equity</b>	<b>3,918</b>
<b>Total liabilities and stockholder's equity</b>	<b>\$ 109,166</b>

## Regulatory Capital

As of December 31, 2024, FSB reported a Tier 1 leverage capital to average total assets ratio of 8.5%, a Tier 1 risk-based capital to risk-weighted assets ratio of 16.3%, and a Total risk-based capital to risk-weighted assets ratio of 17.6% — all above the minimum regulatory requirements to be considered well capitalized.

	Actual		Minimum for capital adequacy purposes		To be well capitalized under prompt corrective	
	<u>Amount (millions)</u>	<u>Ratio</u>	<u>Amount (millions)</u>	<u>Ratio</u>	<u>Amount (millions)</u>	<u>Ratio</u>
<b>Tier 1 leverage capital to average total assets ratio</b>	<b>\$ 9,267</b>	<b>8.5%</b>	<b>\$ 4,372</b>	<b>4.0%</b>	<b>\$ 5,465</b>	<b>5.0%</b>
<b>Common equity Tier 1 and ratio to risk-weighted total assets</b>	<b>\$ 8,992</b>	<b>15.8%</b>	<b>\$ 2,558</b>	<b>4.5%</b>	<b>\$ 3,695</b>	<b>6.5%</b>
<b>Tier 1 risk-based capital to risk-weighted assets (RWA) ratio</b>	<b>\$ 9,267</b>	<b>16.3%</b>	<b>\$ 3,411</b>	<b>6.0%</b>	<b>\$ 4,548</b>	<b>8.0%</b>
<b>Total risk-based capital to RWA ratio</b>	<b>\$ 9,987</b>	<b>17.6%</b>	<b>\$ 4,548</b>	<b>8.0%</b>	<b>\$ 5,685</b>	<b>10.0%</b>

Source: USAA FSB Pillar 3 Regulatory Capital Disclosures, Quarterly Period Ended Dec. 31, 2024

## Liquidity and Major Funding Sources

Liquidity levels are maintained to ensure FSB's safety and soundness and provide an adequate base for growth and expansion. Liquidity risk management strategies are performed by the Treasury and by FSB's Senior Financial Office (SFO) department to ensure (1) FSB's ability to generate or obtain cash or cash equivalents (collateral) in a timely, cost-efficient manner so that obligations can be met as they are due and (2) that profitable business opportunities can be pursued through all market environments for an extended period of time while limiting the need to liquidate assets prematurely or raise additional funding on unattractive terms.

To oversee the Bank's liquidity position, Treasury and the SFO monitor cash flows and financial and non-financial information (such as member feedback and media coverage of USAA) at the Bank. Treasury also evaluates systemic and/or idiosyncratic events when they occur that could lead to liquidity positions outside risk triggers or policy thresholds. FSB relies on core deposits as its primary source of funds, which are used to support loans and investments, with the remainder held as cash and cash equivalents. Cash, cash equivalents, collateral and Available for Sale (AFS) investments are available to meet any immediate liquidity needs.



## **Additional Funding Sources Available**

Additional sources of funds in a business-as-usual (BAU) environment include, but are not limited to, the following:

- Cash and Short-Term Investments
- Federal Home Loan Bank of Dallas (FHLB Dallas)
- Intercompany Borrowing
- Sale of securities from the investment portfolio
- Asset-Backed Securitization (ABS)
- Federal Reserve Discount Window

## E. Description of Derivative Activities and Hedging Activities

Over-the-counter (OTC) derivative activities are described below, while centrally cleared activities are not described further as these activities generate exposure to the clearing house but do not create direct exposure to counterparties similar to OTC contracts.

- **Collateral Arrangements:** A third party independently calculates the Bank's credit risk exposure for each trading counterparty on a daily basis. If this calculation results in the need for action to mitigate the exposure, funds are exchanged between the Bank and its counterparties (generally referred to as margin activities). Policy limits, established by the Asset Liability Management Committee (ALCO) and approved by the Board, guide the Bank's margin activities.
- **Primary Types of Collateral:** The Bank enters into contractual agreements with its trading counterparties, and these agreements identify the types of collateral that are eligible to be utilized in maintaining collateral arrangements. Currently, FSB only exchanges cash as margin collateral.
- **Potential Collateral Requirements:** Daily changes in market interest rates determine the amount of collateral (referred to as variation margin) that needs to be exchanged between the Bank and its counterparties.

### Repurchase Activities

- **Collateral Arrangements:** To help manage liquidity, the Bank enters into tri-party repurchase (repo) transactions, which is a short-term collateralized form of borrowing/lending. With regard to tri-party repo transactions, a collateral agent/custodian bank independently provides to the Bank and the counterparty collateral valuation for each transaction on a daily basis where the term of the trade is greater than one day. Margin maintenance activities can include the following: changes in valuation resulting in the need to bring pledged collateral back into alignment with the terms of the repo transaction or eligible collateral is exchanged/substituted between the Bank and its counterparties.
- **Primary Types of Collateral:** The Bank enters into contractual agreements with its trading counterparties and these agreements identify the types of collateral and haircuts that are eligible to be utilized in tri-party repurchase transactions.
- **Potential Collateral Margin Maintenance:** Daily changes in market valuations determine the amount of collateral that potentially needs to be exchanged between the Bank and its counterparties.



## F. Payment, Clearing and Settlement Systems

FSB utilizes the following payment, clearing and systems (PCS) and financial market utilities (FMU) providers for the purpose of transferring, clearing or settling payments at the Bank, as detailed in the table below.

Payment Systems Channel	PCS/FMU Provider
ATM/Debit Card Network	Fiserv Interlink Fiserv Star Visa, Inc.
Automated Clearing House (ACH)	FedLine ACH Service
Checks In-Clearing	Fidelity Information Services (FIS) JP Morgan Chase Check 21
Online Bill Pay	Fiserv Check Free
Wire Transfers	Fedwire Funds Service VolPay Wire



## G. Description of Foreign Operations

FSB does not have any material components that are based or located outside the United States, including foreign branches, subsidiaries and offices, nor does the Bank have any foreign locations, deposits or assets.



## H. Material Supervisory Authorities

FSB is a Federal Deposit Insurance Corporation (FDIC) insured federal savings association subject to primary regulation and supervision examination by the Office of the Comptroller of the Currency (OCC). FSB is also subject to regulation and supervision by the Consumer Financial Protection Bureau (CFPB).



## I. FSB Principal Officers

- Brad Conner, Executive Director
- Michael Moran, President, Federal Savings Bank
- Julie-Ann Signorille-Browne, SVP, Bank Chief Operating Officer
- Seth Goldkrantz, SVP, Bank Chief Risk Officer
- Herbie Huesman, SVP, Head of Real Estate Lending
- Jeffrey Bashore, SVP, Bank Financial Crimes
- Russell MacKaron, SVP, General Manager, Credit Card and Deposits
- Prahalad Thota, SVP, Bank Chief Analytics, Member and Innovation Officer
- Darlene Mac Cormac, VP, Bank Omnichannel Experience and Delivery
- Mark Pregmon, VP, Consumer Lending
- Hish Salama, VP, Bank Digital and Payments
- Bill Andryusky, VP, Bank Operations and Consumer Lending Operations
- Michelle Moss, VP, Bank Credit Risk



## J. Resolution Planning Corporate Governance Structure and Processes Related to Resolution Planning

The development of the Resolution Plan leverages the existing business-as-usual (BAU) FSB governance structure, risk management principles and control processes. These governance principles and processes serve as the basis on which FSB scopes, resources and executes the completion of its Resolution Plan.

Resolution planning and ongoing maintenance at the Bank is coordinated through a cross-functional team, led by the Bank's Chief Risk Officer (CRO). The CRO is the senior officer responsible for ensuring policies and procedures are created to develop, maintain, implement and submit a credible plan. To that end, the CRO is responsible for the design and subsequent approval of the Resolution Planning (RP) Team governance framework, the oversight of future plans and the communication with the Bank's Board. In addition to the RP Team within the Bank Risk Office, FSB created a Leadership Team and Working Group, consisting of senior members of FSB's Management Team, to support the CRO with Resolution Planning and the development of resolution strategies. The Working Group is charged with the development of resolution strategies and ensuring that these are aligned with the underlying assumptions. The Working Group also provides feedback and guidance to the work streams over the course of the project to validate and refine the content of the Resolution Plan during its development and completion.

In addition, FSB business lines, legal counsel, supporting functions and operations groups assist in data gathering, analysis and drafting of content for the Resolution Plan. As subject matter experts in their area of business or support function, these groups are essential to the Resolution Planning process, participating in strategy sessions and team discussions while also providing ideas and recommendations to address the tactical implications of each plan requirement for their respective area.

## K. Description of Management Information Systems

FSB utilizes Management Information Systems (MIS) for accounting, cash management, risk management, financial and regulatory reporting, and internal management reporting and analysis. The Core Business Lines (CBLs) use MIS to perform necessary business functions. The Bank generates and distributes management reports on a periodic basis that are utilized by Executive Management to monitor the financial health, risks and operation of FSB and its CBLs and that are considered “key” and vital to the business and operations.

Systems and applications at FSB are essential to smooth and effective operations and are managed through a best practices Business Continuity approach. The program is built to ensure FSB’s commitment to its Parent’s mission, to facilitate the financial security of its members, associates and families.

The Bank utilizes MIS software developed internally by FSB (or by a USAA affiliate) or supplemented by third-party vendor-developed applications and relies on them to produce reports with information on risk, financial stability and operations of the Bank. Governance, control and maintenance of critical applications are vital components of the technology process that emphasize minimal recovery times in the event of material financial distress or disruption.



## L. Resolution Plan Strategy

For the 2025 Plan, consistent with regulatory requirements and supervisory guidance from the FDIC, the identified resolution strategy for FSB's Resolution Plan will be a short-term bridge bank.

In the event it is not possible to find a potential acquirer with the capacity to absorb FSB or should market conditions fail to be conducive to resolving FSB through a Purchase and Assumption Agreement immediately upon closure, the FDIC would sell the franchise components and other assets, either individually or in combination, to multiple acquirers via a bridge bank. Certain assets and liabilities of FSB could be transferred into a new bridge bank by the FDIC, which would afford more time to market the sale of the franchise components and major assets to one or more acquirers.

In order to execute the short-term bridge bank resolution strategy, it is essential to ensure the continuation of the Critical Services and, thus, customer services. To this end, FSB's most important services contract, the Master Inter-Affiliate Services Agreement (MISA), by and between USAA and its affiliates, includes terms and conditions under which the services could continue to be provided in a resolution scenario.

Following the sale of the franchise components, the final piece of FSB's strategy to exit the bridge bank would be to execute a Purchase and Assumption Agreement with an acquiring institution for the remaining deposit franchise plus any remaining assets.