



## **PUBLIC DISCLOSURE**

February 23, 2015

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

USAA Federal Savings Bank  
Charter Number 707975  
10750 Robert F McDermott Freeway  
San Antonio, TX 78288-0002

Office of the Comptroller of the Currency

MS-OCC - Chicago Midsize Office  
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**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, and should not 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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## General Information and Overall CRA Rating

### General Information

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority, when examining financial institutions subject to its supervision, to assess the institution’s record of meeting the credit needs of its entire community, including low- and moderate-income (LMI) neighborhoods, consistent with the safe and sound operation of the institution. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution’s record of meeting the credit needs of its community.

This document is an evaluation of the CRA performance of **USAA Federal Savings Bank** (USAA or bank) issued by the OCC, the institution’s supervisory agency, for the evaluation period ending December 31, 2014. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 C.F.R. Part 195.

### Overall CRA Rating

**Institution’s CRA Rating:** This institution is rated Satisfactory.

The following table indicates the performance level of **USAA Federal Savings Bank** with respect to the Lending, Investment, and Service Tests:

Performance Levels	USAA Federal Savings Bank Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding		X	
High Satisfactory			X
Low Satisfactory	X		
Needs to Improve			
Substantial Noncompliance			

\* The lending test is weighted more heavily than the investment and service tests when arriving at an overall rating.

The major factors that support this rating include:

- USAA’s lending activity reflects good responsiveness to the credit needs of its nationwide military customer based assessment area.
- A substantial majority of the bank’s lending was originated to its deposit customer base.
- Although the geographic distribution of loans in LMI geographies is poor, the concentration of the bank’s customers in areas surrounding military bases limits comparability to nationwide demographic and performance data. Given the bank’s business strategy to provide services to military servicemembers and eligible relatives, the geographic performance is considered adequate.

- Although the distribution of loans by income level of the borrower is poor, a notable percentage of servicemembers, particularly those with lower incomes, live on military bases, limiting mortgage and consumer lending opportunities to lower income customers. Given the bank's business strategy to provide services to military servicemembers and eligible relatives, the borrower performance is considered adequate.
- The bank makes extensive use of innovative and flexible lending products and practices to serve its military customer based assessment area. Excellent performance in this factor helped offset the weaker retail loan distributions.
- The bank has an excellent level of qualified investments with a significant number and dollar volume of investments within the bank's nationwide assessment area.
- USAA's delivery systems are accessible to all portions of its assessment area. The bank makes extensive use of, and continual technology enhancements to, alternative delivery systems that facilitate accessibility regardless of the customer's physical location.
- Although USAA does not operate branch offices, its record of opening financial service centers through which banking services are offered has improved the accessibility of its delivery systems across the assessment area.
- Services offered by the bank are tailored to the convenience and needs of the nationwide military customer based assessment area.
- The bank provides a relatively high level of community development (CD) services that has benefited LMI individuals and geographies.
- The OCC identified evidence of discriminatory or other illegal credit practices, as described in Discriminatory or Other Illegal Credit Practices Review. Considering the nature, scope and extent of the issues, the bank's policies and procedures and corrective action taken or planned, the OCC determined that the evidence of discriminatory or illegal credit practices did not warrant a change to the CRA Performance Evaluation rating.

## Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

**Affiliate:** Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

**Aggregate Lending:** The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

**Census Tract (CT):** A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

**Community Development (CD):** Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas; or loans, investments, and services that support, enable or facilitate projects or activities under HUD Neighborhood Stabilization Program criteria that benefit low-, moderate-, and middle-income individuals and geographies in the bank's assessment area(s) or outside the assessment area(s) provided the bank has adequately addressed the community development needs of its assessment area(s).

**Community Reinvestment Act (CRA):** the statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

**Consumer Loan(s):** A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

**Family:** Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family

households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male householder and no wife present) or 'female householder' (a family with a female householder and no husband present).

**Full Review:** Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

**Geography:** A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

**Home Mortgage Disclosure Act (HMDA):** The statute that requires certain mortgage lenders that conduct business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants, the amount of loan requested, the disposition of the application (e.g., approved, denied, and withdrawn), loan pricing, the lien status of the collateral, any requests for preapproval, and loans for manufactured housing.

**Home Mortgage Loans:** Such loans include home purchase, home improvement, and refinancing, as defined in the HMDA regulation. These include loans for multifamily (five or more families) dwellings, manufactured housing and one-to-four family dwellings other than manufactured housing.

**Household:** Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

**Limited Review:** Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

**Low-Income:** Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

**Market Share:** The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

**Median Family Income (MFI):** The median income determined by the U.S. Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

**Metropolitan Area (MA):** Any metropolitan statistical area or metropolitan division, as defined by the Office of Management and Budget, and any other area designated as such by the appropriate federal financial supervisory agency.

**Metropolitan Division:** As defined by Office of Management and Budget, a county or group of counties within a Metropolitan Statistical Area that contains a population of at least 2.5 million. A Metropolitan Division consists of one or more counties that represent an employment center or centers, plus adjacent counties associated with the main county or counties through commuting ties.

**Metropolitan Statistical Area:** An area, defined by the Office of Management and Budget, as having at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties, plus adjacent outlying counties having a high degree of social and economic integration with the central county as measured through commuting.

**Middle-Income:** Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography

**Moderate-Income:** Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

**Multifamily:** Refers to a residential structure that contains five or more units.

**Other Products:** Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

**Owner-Occupied Units:** Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

**Qualified Investment:** A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

**Rated Area:** A rated area is a state or multi-state metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multi-state metropolitan area, the institution will receive a rating for the multi-state metropolitan area.

**Small Loan(s) to Business(es):** A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of \$1 million or less and

typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans.

**Small Loan(s) to Farm(s):** A loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

**Tier One Capital:** The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

**Upper-Income:** Individual income that is at least 120 percent of the area median income, or a median family income that is at least 120 percent, in the case of a geography.



## Description of Institution

USAA Federal Saving Bank is a midsize, interstate federally chartered stock institution headquartered in San Antonio, Texas. USAA is a subsidiary of United Services Automobile Association, a mutual organization, which wholly owns USAA Capital Corporation (USCAP), which wholly owns USAA Federal Savings Bank. The United Services Automobile Association and USCAP all maintain headquarters in San Antonio, Texas. As of December 31, 2014, the bank had total assets of \$67.30 billion, total loans of \$42.70 billion, and total capital of \$5.89 billion.

United Services Automobile Association and its subsidiaries conduct business only with members, comprised of military personnel and their families; these membership rules apply to the bank customers as well. Founded in 1922 by a group of Army officers, they formed a member-owned reciprocal insurance association whereby members insure each other and share in any profits realized by the insurance organization. Today, the top-tier parent, United Services Automobile Association, provides insurance, investment, real estate, and diversified financial services primarily serving military personnel and their families throughout the United States and at military installations around the world.

The bank originally limited membership to commissioned or warrant officers of the military, including active duty, reserves, National Guard, retired, and former officers of the U.S. Foreign Service, FBI agents, Secret Service Agents, and Naval Investigative Service Agents. In October 1997, the bank changed its bylaws to open membership to include noncommissioned officers. In November 2009, the bank opened its membership to include veterans honorably discharged and to enlisted personnel. In addition, membership was expanded to those veterans who did not previously apply for membership within two years of discharge from military service.

As of December 31, 2014, the bank had 5.6 million active members. Of these members, 94 percent are military and their families with at least 19 percent having an estimated household income of \$50,000 or less. In addition, 29 percent of the bank's membership consists of military veterans. The bank's members are located throughout the U.S. and around the world. As of December 31, 2014, 22 percent of the bank's employees were veterans and/or a military spouse. Every manager and executive is required to complete five hours per year of military acumen training. In 2013, the bank started a first day of boot camp re-enactment for employees to better their understanding of the military. This re-enactment was the subject of a NPR story [Bankers Go to Bootcamp](#).

OCC regulations, under §12 C.F.R. 195.41(f), allows a savings association whose business predominantly consists of serving the needs of military personnel or their dependents who are not located within a defined geographic area to delineate its entire deposit customer base as its assessment area. The bank has elected to delineate, and be evaluated using, its military customer base as its assessment areas. See Scope of Evaluation section of this report for more information on this election by the bank.

The bank's principal business strategy is to provide financial products and services nationwide that meet the needs of the membership, primarily by offering a full array of deposit and loan products to its members. USAA offers several demand and time deposit products to members,

several options for credit cards, and several types of automobile and mortgage loans, including home equity and home improvement loans. According to the FDIC Deposit Market Share Report dated June 30, 2014, USAA had deposits of \$58.99 billion, which ranked 25<sup>th</sup> in deposit market share nationwide. The total nationwide deposit market share was 0.58 percent. As of December 31, 2014, the bank reported total net loans of \$44.45 billion, representing 63.45 percent of total assets, comprised of:

- 20.35 percent secured by 1-4 family residential properties;
- 28.08 percent automobile loans, and;
- 39.98 percent credit card loans.

Over the evaluation period, the bank originated 289,310 mortgage loans for \$58.13 billion, a majority of which was sold to the secondary market. The bank originates consumer loans to fit the demand of their membership and as such, they do not originate any commercial real estate loans, agriculture/ranch loans, commercial loans, or industrial loans.

The bank maintains a single office in San Antonio, Texas. All of the bank's approximately 6,108 employees are headquartered in San Antonio, Texas, as the bank has no branches. The holding company, United States Automobile Association, as of December 31, 2014, operated 19 financial centers that mainly offer insurance and investment services around the country, which are located near major military installations. The bank owns 107 ATMs in ten states, which are available to the public and accept deposits. Since the bank's members may need to transact business from around the world while deployed, the bank has always been an early adopter of technology advancements, especially mobile technology. The bank's first innovations include remote deposit capture – from home via a scanner (Deposit@Home), mobile deposits (Deposits@Home) and now Apple Pay. USAA also provides trust and fiduciary services.

USAA has seven subsidiaries but only one entity offers products and services directly to consumers. USAA Federal Saving Bank owns USAA Savings Bank located in Las Vegas, Nevada. USAA Savings Bank is an FDIC regulated credit card bank that as of December 31, 2014, reported total assets of \$1.49 billion. Credit cards constitute 100 percent of the savings bank's total loans. As of May 12, 2014, the FDIC performed a CRA Performance Evaluation and the institution was rated Outstanding overall. The other six subsidiaries are investment vehicles for the bank and had no CRA impact on the bank during the evaluation period.

United States Automobile Association operates two Texas nonprofit corporations, USAA Foundation Inc. and USAA Educational Foundation. Both are qualified tax exempt entities whose sole purpose is education and charitable giving. Through both entities, the bank generates charitable contributions for consideration under the investment test.

The bank did not have any merger or acquisition activity during the evaluation period. There are no known legal, financial, or other factors impeding the bank's ability to help meet the credit needs of its assessment areas. In its previous CRA evaluation dated February 7, 2011, the bank received an Outstanding rating from the Office of Thrift Supervision.

## **Scope of the Evaluation**

### **Evaluation Period/Products Evaluated**

We analyzed home purchase, home improvement, and home refinance mortgage loans the bank reported under the Home Mortgage Disclosure Act (HMDA) for the period starting January 1, 2011 through September 30, 2014. During the evaluation period, the bank originated 289,310 of these loans for \$58.13 billion across the entire U.S. The evaluation period for CD loans, Investment Test, and the Service Test is January 1, 2011 through December 31, 2014.

We analyzed two sets of data, because of intervening changes in US Census Bureau data, in order to arrive at our Lending Test conclusions. First, we analyzed the 2011 HMDA data and compared that data to the 2000 U.S. Census data. Second, we analyzed the 2012 through September 2014 HMDA data and compared the results to the 2010 US Census data. We noted our analysis within the Lending Test narratives.

### **Data Integrity**

As part of our ongoing supervision of the bank, we tested the accuracy of the bank's HMDA data. We also reviewed the appropriateness of CD activities provided for consideration of our evaluation. This included testing of CD loans, investments, and services for accuracy and to determine if they qualify as CD as defined in the CRA regulation.

### **Selection of Areas for Full-Scope Review**

USAA has elected to be evaluated under the provisions of 12 C.F.R. 195.41(f), which allows institutions serving the needs of primarily military personnel and their dependents to define its assessment area as the entire deposit-customer base. This customer base is effectively nationwide. USAA's customer base consists of USAA Members and Associate Members. Members consist of active, former, reserve, or retired military personnel and their families. Because of the bank's unique assessment area, the Investment Test evaluation is largely based on nationwide investment activity. Virtually 100 percent of lending is to the deposit-customer base.

Full-scope reviews were conducted for each state where the bank has one or more deposit-taking ATMs, consistent with the Reigle-Neal Interstate Banking and Branching Efficiency Act (IBBEA). The analysis of the bank's activities across each of those states provides a more complete picture of the bank's overall CRA performance. As a result of 12 C.F.R. 195.41(f) and IBBEA, we performed a full-scope review of the bank's performance within the entire state with deposit taking ATMs.

### **Lending Gap Analysis**

The bank's AA is defined by the location of its military deposit customers, rather than specific geographies. The military customer based AA meets the requirements of the CRA regulation, without arbitrarily excluding any LMI areas. Because of the nature of the bank's AA, standard lending gap analysis was not feasible. We reviewed summary reports and maps, however, to

analyze the bank's lending activity over the evaluation period and identify any gaps in the geographic distribution of loans across the states in which the bank operates deposit taking ATMs. We did not identify any unexplained conspicuous gaps.

## **Ratings**

The bank's overall rating is a blend of its nationwide footprint and state ratings. Given the bank's nationwide membership customer base, as permitted by the regulations, we placed a majority of the weight of our Lending, Investment, and Service Test ratings on the nationwide area. We then emphasized those states where member deposits are concentrated in determining the overall bank rating. This emphasis was selected because the nationwide area represents 60 percent of the bank's deposit base while the ten states in which they have deposit taking ATMs is 40 percent of the bank's deposit base.

In this evaluation, we emphasized the bank's home mortgage lending over consumer lending, and placed greater weight on the bank's performance in 2012, 2013, and 2014 over its performance in 2011 to reach our conclusions, as those represent more significant portions of evaluation period activity.

When evaluating the bank's performance under the Service Test, we focused on the bank's distribution of deposit-taking ATMs by income level of the geography. However, since USAA is primarily a members-only financial institution, we focused more heavily and emphasized how the bank delivers their products and services to their members since the bank products and services are not offered to the general public.

## **Discriminatory or Other Illegal Credit Practices Review**

Pursuant to 12 C.F.R. § 25.28(c), or 12 C.F.R. § 195.28(c), respectively, in determining a national bank's or Federal savings association's (collectively, bank) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any assessment area by an affiliate whose loans have been considered as part of the bank's lending performance. As part of this evaluation process, the OCC consults with other federal agencies with responsibility for compliance with relevant laws and regulations, including the U.S. Department of Justice, the U.S. Department of Housing and Urban Development, and the Consumer Financial Protection Bureau (CFPB), as applicable.

The OCC found evidence of isolated violations of the Servicemembers Civil Relief Act. The Bank improperly repossessed the automobiles of two servicemembers. The Bank provided restitution totaling \$95,970 to the two servicemembers and implemented enhancements to policies, procedures, and internal controls prospectively.

The OCC does not have public information regarding non-compliance with statutes and regulations prohibiting discriminatory or other illegal credit practices with respect to this institution. In determining this institution's overall CRA rating, the OCC has considered information that was made available to the OCC on a confidential basis during its consultations.

The OCC will consider any evidence of discriminatory or other illegal credit practices relative to this institution that other regulators may provide to the OCC before the end of the institution's next performance evaluation in that subsequent evaluation, even if the information provided concerns activities that occurred during the evaluation period addressed in this performance evaluation.

After considering the nature, extent, and strength of the practices, the policies and procedures that USAA has in place to prevent the practices, and the corrective action taken by USAA, the OCC has determined that a downgrade to the bank's overall CRA rating is not warranted.

## Comments Applicable to All Rating Areas

### Lending Test

When performing our analysis of home mortgage lending in each of the full-scope AAs, we took into consideration that USAA had a higher proportion of home mortgage loans with income reported than the general market due to the nationwide members-only customer base. We considered this factor when we assessed USAA's performance relative to market share of loans by borrower income. We also considered that geographic distribution and borrower distribution analyses are less significant given that the bank's AA is based on a nationwide military customer base. We further considered that the bank's eligibility criteria is derived from its parent company's business model, which impedes the bank's ability to lend as a traditional retail institution.

There was a lack of targeted demographics for this AA and we had to use nationwide and state demographic data as proxies. However, the bank used an income proxy to evaluate performance that was based on the fact that 19% of its customer base had an estimated household income of \$50,000 or less; approximately 7% of bank customers had an annual household income of \$30,000 or less and 2% of customer had an annual household income of \$15,000 or less. The annual household income of \$50,000 represented low and moderate income, with \$25,000 used as the proxy for the bank's low-income customer. Nonetheless, we performed the analyses based on the data available in appendix D.

### Inside/Outside Ratio

The ratio is a bank-wide calculation and not calculated by the individual state assessment areas. Analysis is limited to bank loan origination and purchases. It does not include any affiliate data. For the evaluation period, USAA originated nearly 100 percent of their loan products, including home refinance, home purchase, and home improvement loans, inside the bank's assessment area as virtually all lending was to their member deposit base.

## LENDING ACTIVITY

### Mortgage Lending – Nationwide 2012-2014

During 2012-2014 period, USAA originated 212,272 HMDA-reportable mortgage loans aggregating \$44.9 billion. This three-year aggregate represented 75.0 percent of \$59.8 billion in total deposits (at December 31, 2014); and averaged approximately 71 thousand residential loans per year or about \$15 billion in reportable mortgage lending per year.

During 2013, USAA had a 0.67 percent nationwide market share by number of HMDA mortgage loans made and 0.58 percent nationwide market share by dollars of all mortgage loans originated by HMDA reporters, ranking 17<sup>th</sup> among 7,165 reporters. In this same 2013 period, the bank had a corresponding 0.59 percent nationwide deposit market share and was the 25<sup>th</sup> largest holder of total domestic deposits in the United States.

We noted that, for military families, the decision to pursue homeownership is strongly affected by the length of assignment at a location. Because the military offers Basic Allowance for Housing (BAH) benefits to active duty personnel, early-career service members in lower pay

grades and military service members who may relocate numerous times throughout their career often utilize this BAH benefit to secure rental housing, particularly in certain high-cost areas, instead of pursuing home ownership.

USAA’s internal analysis of lending shows that during the 2012-2014 evaluation period, 4,787 mortgage loans, aggregating \$742.7 million, were made in geographies designated as distressed or underserved. Since the last performance evaluation, these mortgage loans have been made in 44 different states.

The following table shows the total number and amount of mortgage originations during the 2012-2014 evaluation period. HMDA lending activity in 2011 was consistent with annual HMDA lending during the 2012-2014 evaluation period.

<b>Total Mortgage Originations During Evaluation period</b>		
HMDA Year	# Loans	\$ Amt (000s)
2012 – 2014	212,272	\$44,851,103

**ASSESSMENT AREA CONCENTRATION**

USAA has elected to be reviewed under 12 C.F.R. 195.41(f), which treats its military deposit-customer base (members) as its assessment area. Lending is limited to the members of USAA, as discussed above in our Scope section. Virtually 100 percent of lending is to the deposit-customer base.

**GEOGRAPHIC DISTRIBUTION OF LOANS**

Geographic distribution is less significant given that the “assessment area” is defined as the bank “deposit-customer base,” rather than customers residing within a defined geographic area. In effect, the “deposit-customer base” is nationwide. The following analysis looks at the bank’s lending penetration into LMI geographies on a nationwide basis to provide a more complete picture of the institution’s performance. As a proxy for the demographics of the bank’s “deposit-customer base” itself, the 2010 Census information for the United States of America is used.

**Mortgage Lending – Nationwide 2012-2014**

During the 2012-2014 evaluation period, USAA originated 19,106 mortgage loans totaling \$3.3 billion in LMI geographies.

The geographic distribution of home mortgage lending to LMI geographies nationwide is reasonable. The bank’s percentage of home mortgage lending in LMI geographies (9.0 percent) is lower than the percentage of owner-occupied units (19.1 percent) in those LMI geographies. However, this disparity is primarily a result of the bank’s election to treat its customer deposit base as its assessment area; and reflects the use of nationwide census data for demographic comparisons. The location of loans is driven more by proximity to military bases, which does not align with nationwide demographic distributions.

The following table shows mortgage originations during the evaluation period, broken out by tract income level. FSB home mortgage lending in LMI geographies in 2011 was consistent with the bank's home mortgage lending in LMI geographies during the 2012-2014 evaluation period.

Mortgage Originations by Tract Income Levels										
Year	Low-Income		Moderate-Income		Middle-Income		Upper-Income		NA	
	# Loans	\$(000)	# Loans	\$(000)	# Loans	\$(000)	# Loans	\$(000)	# Loans	\$(000)
2012 - 2014	1,759	312,112	17,347	2,967,118	90,823	17,436,411	102,334	24,133,000	9	2,462

The bank's geographic distribution of home mortgage lending in LMI geographies is reasonable when compared to the aggregate HMDA lenders geographic distribution of loans in LMI geographies. The bank's home mortgage lending in LMI geographies of 9.00 percent is somewhat lower than the aggregate HMDA lenders of 14.18 percent.

### LOAN DISTRIBUTION BY BORROWER INCOME CHARACTERISTICS

During the 2012-2014 evaluation period, USAA originated 22,990 mortgage loans totaling \$3.2 billion to LMI borrowers.

The borrower distribution of home mortgage lending to LMI families in the nationwide assessment area is reasonable. The bank's percentage of home mortgage lending to LMI borrowers (10.8 percent) during the 2012-2014 evaluation period is lower than the percentage of LMI families in the assessment area (38.9 percent). This disparity is primarily a result of the bank's election to treat its customer deposit base as its assessment area; and reflects the use of nationwide census data for demographic comparisons. As noted in the Scope of Evaluation, lower-income servicemembers disproportionately live on base, limiting demand for home loans from this segment of the customer base.

The following table shows mortgage originations during the 2012-2014 evaluation period, broken-out by borrower income levels. Income was not available for 15 percent of these borrowers during the period. USAA's home mortgage lending to LMI borrowers in 2011 was consistent with their home mortgage lending to LMI borrowers during the 2012-2014 evaluation period.

Mortgage Originations by Borrower Income Levels										
Year	Low-Income		Moderate-Income		Middle-Income		Upper-Income		Income Not Available	
	# Loans	\$(000)	# Loans	\$(000)	# Loans	\$(000)	# Loans	\$(000)	# Loans	\$(000)
2012 - 2014	3,413	336,421	19,577	2,876,531	46,290	8,511,683	111,591	26,026,041	31,401	7,100,427

For the 2012-2014 HMDA evaluation period, USAA originated 10.83 percent of their mortgage loans to LMI borrowers. This performance is somewhat lower than the aggregate mortgage lending to LMI borrowers for 2013 at 14.18 percent. This is considered reasonable performance.



## PRODUCT INNOVATION AND FLEXIBILITY

The bank's use of innovative or flexible lending products to serve its military customer base, including LMI individuals, was excellent. Products include a principal reduction program, very low interest military/career education loans, and financial hardship assistance loans.

### ***Principal Reduction on Outstanding Loan Balances***

A selected group of over 2,100 active duty USAA members who were current and in good standing on their mortgage loan, but whose mortgage loan balance exceeded the corresponding value of the loan collateral on their "First Mortgage" or "USAA Home Equity" loans, received an outreach offer from the bank in late November 2012. The offer included a principal reduction equal to all payments received in 2013 – up to a \$6,000 maximum. More than 900 members accepted the offer resulting in a member benefit of \$5 million.

In Phase II of this program, a selected group of 2,100 active duty members who were current and in good standing, but whose mortgage loan balance was near or exceeded the corresponding value of the loan collateral on their "First Mortgage" or "USAA Home Equity" loans, received an outreach offer from the bank in late September 2013. The offer included a principal reduction equal to either 100% or 50% (based on CLTV ratios and FICO scores) of additional principal payments to be received from November 2013 through October 2014 – up to a \$6,000 maximum. More than 250 members accepted the offer resulting in a member benefit of \$960,000.

Overall, there were 81 members that opted into the program with a household income of less than \$50,000, or six percent of those that opted-in. Of the selected group that received the offer, 261 were LMI persons with a household income of less than \$50,000, or seven percent of those sent the offer.

### ***Career Starter Loans***

USAA's Career Starter Loans offer students in military academies, ROTC, and other military commissioning programs the opportunity to obtain loans with very low interest rates. These loans provide an unsecured low interest rate loan to "jump-start" the member's military career as an officer, and are offered within a certain window pre/post commission. There are two loan types that are classified as Career Starter Loans: Academy and Pre-commission. The Academy loan is offered to cadets and midshipmen attending one of the five service academies; and the Pre-commission loan is offered to ROTC and all other military commissioning programs. Some Pre-commission loans are considered Higher Education loans if the member is attending an accredited school as part of their commissioning program. At year-end 2014, there were 51,818 Career Starter loans outstanding with an aggregate balance of more than \$900 million.

### ***Auto Loan Starter Program***

The Auto Loan Starter program is a subprime referral program to provide access to affordable transportation options for members who do not meet USAA Bank's underwriting standards. The ALSP helps members with limited credit histories through the use of alternative responsibility indicators such as cell phone and utility bills. This referral program with CarFinance Capital has provided a viable lending option to over 100K members annually since its introduction in 2012.

***Pre-Commission Loan – Higher Education***

Eligible students who are participating in an undergraduate ROTC program, Platoon Leaders Course, or are pursuing an advanced degree can apply for a one-time unsecured very low interest rate loan from the bank ranging from \$2,500 - \$25,000. These loans are offered at a 2.99 percent interest rate, which is significantly lower than most government financial aid loan rates such as those shown below:

- Perkins: 5.00 percent
- Stafford Subsidized: 4.66 percent
- Stafford Unsubsidized: 6.21 percent
- Plus Federal family Education: 8.50 percent
- Plus Federal Direct Loan: 7.21 percent

In 2014, the bank provided more than \$66 million in higher education loans. Of the 2,666 originated higher education loans, 587, or 22 percent, were made to LMI students. Out of the \$66 million, over \$14 million in higher education loans were made to LMI students.

In 2013, the bank provided more than \$77 million in higher education loans. Of the 3,094 originated higher education loans, 708, or 23 percent, were made to LMI students. Out of the \$77 million, over \$17 million in higher education loans were made to LMI students.

In 2012, the bank provided more than \$98 million in higher education loans. Of the 3,933 originated higher education loans, 947, or 24 percent, were made to LMI students. Out of the \$98 million, over \$23 million in higher education loans were made to LMI students.

In 2011, the bank provided more than \$42 million in higher education loans. Of the 1,716 originated higher education loans, 371, or 22 percent, were made to LMI students. Out of the \$42 million, over \$9 million in higher education loans were made to LMI students.

***Academy Loans***

Cadets or Midshipmen attending one of the five service academies or newly commissioned officers from the service academies can apply for a one-time unsecured very low interest rate loan. The Academy loans offer ranges from \$2,500 - \$36,000 at a low interest rate that is fixed for 60 months. The interest rate for these loans are offered by the class commission year (graduation), and has been consistently the same the past few years of 0.75 percent, which is lower than government financial aid loan rates.

***Designated Disaster Areas***

The bank assists customers who experience temporary financial hardships resulting from federally declared disasters, including the following special loan products and services:

***FSB Automobile Loans – Disaster Areas***

- As low as 1.79 percent interest at a fixed rate for up to 48 months for new vehicles
- As low as 4.25 percent interest at a fixed rate for up to 36 months for used vehicles
- Up to 100 percent loan-to-value financing
- First Payment: Special deferral up to 60 days

**FSB Personal Loans – Disaster Areas**

- As low as 9.99 percent interest fixed rate
- Terms: Up to 60 months
- First Payment: Special deferral up to 60 days

**Member Debt Solutions (MDS) – “Promo Extensions”**

If a member with an existing automobile, personal, or mortgage loan defaults on a payment, the MDS department allows “Promo Extensions” and postpones repossession. The Promo Extensions are provided for a maximum of 30 days and does not count against the member as a regular hardship/payment plan. In addition, the area codes or zip codes of Designated Disaster areas are filtered out of the auto dialing system to temporarily suspend calls to the impacted areas.

**Member Payment Assistance Programs**

USAA works with its members to get them through tough financial times. The bank offers an array of Member Assistance Programs, which include Consumer Credit Counseling, Extensions, Deferrals, and Loan Re-aging, Rewrites, Loan Modifications, Rate Lock Modifications, and Refinances. USAA utilizes a waterfall matrix, which extends terms and adjusts interest rates to meet a qualifying “Mortgage Payments to Income” (PTI) ratio of 40 percent.

**2014 (thru 9/30/14) Payment Program Statistics:**

- Consumer Credit Counseling - Approximately 247 were processed for Consumer Loans totaling \$1.6 million.
- Extension and Workout loans - Approximately 19,500 were processed for Consumer Loans totaling \$267 million.
- Deferral and Workout Loans - Approximately 299 were processed for Home Equity Loans totaling \$16 million.

**2013 Payment Program Statistics:**

- Consumer Credit Counseling - Approximately 284 were processed for Consumer Loan totaling \$1.6 million.
- Extension and Workout loans - Approximately 32,597 were processed for Consumer Loan totaling \$436 million.
- Deferral and Workout Loans - Approximately 674 were processed for Home Equity totaling \$38 million.

**2012 Payment Program Statistics:**

- Consumer Credit Counseling - Approximately 259 were processed for Consumer Loans totaling \$1.3 million.
- Extension and Workout loans - Approximately 27,438 were processed for Consumer Loans totaling \$357 million.
- Deferral and Workout Loans - Approximately 862 were processed for Home Equity Loans totaling \$55 million.

2011 Payment Program Statistics:

- Consumer Credit Counseling - Approximately 245 were processed for Consumer Loans totaling \$1.1 million.
- Extension and Workout loans - Approximately 28,353 were processed for Consumer Loans totaling \$363 million.
- Deferral and Workout Loans - Approximately 1,474 were processed for Home Equity loans totaling \$102 million.

During the evaluation period, for accounts where income was obtained by the bank, 28 percent had a total household income of less than \$40,000, and 25 percent had a total household income of \$40,001 to \$59,999.

***Dovenmuehle (DMI)***

As the mortgage loan servicer for USAA's portfolio loans, DMI follows GSE guidelines for assisting members experiencing financial hardship. DMI follows Fannie Mae guidelines for these loans, but will seek approval from USAA before proceeding. The statistics below are for portfolio owned loans.

2014 (thru 9/30/2014) Payment Program Statistics:

- Approximately 11 modification loans were processed totaling \$2.2 million.

2013 Payment Program Statistics:

- Approximately four modification loans were processed totaling \$1.0 million.

***Veterans Affairs (VA) Lending***

This is a 30-year mortgage that is available for qualified veterans, reservists and active-duty personnel and their eligible spouses. This mortgage has no down payment and no Private Mortgage Insurance. The bank will finance the VA funding fee and the loan can be assumed by other eligible veterans. During the evaluation period, the bank originated 140,455 VA loans totaling \$32.6 billion. In 2014, the bank was the number one VA lender in the United States. From 2011-2013, the bank was the second largest originator of VA loans nation-wide.

***Military Family Home Loans***

To provide mortgage loan options to LMI families, USAA and Wells Fargo Bank, NA formed the joint venture Military Family Home Loans, LLC (Military FHL) in December 2010. USAA owned 49.9 percent. Military FHL provided members with the opportunity to apply for a Federal Housing Administration (FHA) loan. The bank referred to Military FHL from December 2010 until September 2014, when Military FHL closed. During this time, USAA referred approximately 391,000 calls that resulted in approximately 21,340 funded loans. Effective September 15, 2014 USAA began referring members to US Bank, National Association who requests an FHA loan.

**COMMUNITY DEVELOPMENT LENDING**

No qualified community development lending was originated during the evaluation period.

## Investment Test

### Investments - Nationwide

USAA has elected to be evaluated under the provisions of 12 C.F.R. 195.41(f), which allows institutions serving the needs of primarily military personnel and their dependents to define its assessment area as the entire deposit-customer base. This customer base is effectively nationwide. USAA customer base consists of USAA Members and Associate Members. Members consist of active, former, reserve, or retired military personnel and their families. Because of the bank's unique assessment area, the evaluation of Investment Test performance is largely based on nationwide investment activity. As of December 31, 2014, 60.2 percent of the deposits are within the bank's nationwide footprint.

USAA demonstrated an excellent level of investment activity, given available opportunities, USAA's financial condition, and the unique nature of its banking operations. Good performance in the volume and dollar amount of qualified investments was enhanced by the institution's leadership role and use of complex instruments. These investments are complex considering the amount of time and expertise required from management to originate and monitor the bank's portfolio. This evaluation considers qualified investments and donations made by the bank and its affiliates for the benefit of military populated areas. The volume of investments and grants made during the current evaluation period received primary consideration. We also evaluated the responsiveness of the bank's investments to identified community development needs. Investments made in prior evaluation periods that remain outstanding also received consideration.

During the evaluation period, USAA held 318 nationwide investments totaling \$753.9 million, representing 21.3 percent of allocated Tier One Capital on a nationwide basis. Of those nationwide investments, 245 or \$666.1 million were made during the evaluation period. In terms of total dollar volume, 49.9 percent were low-income housing tax credits, 26.0 percent were mortgage-backed securities, 10.4 percent represents new market tax credit transactions, and the remaining were charitable donations and other tax credit investments.

The responsiveness to the CD needs of the bank's deposit-customer base is excellent. There are many opportunities in the bank's nationwide footprint to provide investments or grants to community development organizations. Identified needs include affordable housing for low- and moderate-income individuals; small business funding, financial education, and support for programs that help create jobs and technical assistance to small businesses.

- Of the nationwide investments made during the evaluation period, twenty-seven or \$172.8 million, were mortgage-backed securities. Although these securities are non-complex, they promote affordable housing and provide liquidity into the marketplace.
- USAA also invested over \$376.1 million in low-income housing tax credits, which primarily address the affordable housing needs of LMI individuals throughout the country providing over thirty-three thousand affordable housing units nationwide.
- The bank also committed \$200.3 million in unfunded low-income housing tax credits, and expected to provide over fifteen thousand units of affordable housing to persons and families, who at most, have incomes of 60 percent or less of the area median

income. The housing complexes are located in low-income geographies and constructed to help to revitalize and stabilize neighborhoods.

- USAA invested \$78.6 million in new-market tax credit investments to spur revitalization efforts of underserved communities across the country. The investments provide tax credit incentives to investors and help generate jobs for the local economy.
- The remaining investments and donations were to organizations focused on providing community services to LMI individuals and economic development. In total, USAA made 138 donations totaling \$5.39 million on a nationwide basis to various organizations that provide financial, educational, housing assistance, and other services to low- and moderate-income families and individuals.
  - As an example, USAA provided \$200 thousand to a nonprofit organization established to improve quality of life for members of the military, retirees, veterans and their families. The organization provides housing on major military and VA medical centers, where families can find respite and support in home-like environment during a family member's critical care or convalescence.

## **Service Test**

USAA's performance under the service test on a nationwide basis is considered "Outstanding". The rating is based on performance review of their nationwide assessment area and a review of each of the ten states where the bank maintains a deposit-taking ATM.

## **Retail Banking Services**

The distribution systems for banking products include a proprietary ATM network primarily housed in limited purpose financial centers, an array of alternative delivery systems, and access to other ATM networks and storefront locations. Due to the geographic dispersion and mobility of its targeted customer base, USAA has consistently emphasized the use of alternative delivery systems that include telephone, mobile, internet, mail, and home banking. Management is continuously striving to make its services as conveniently available as possible to its geographically diverse customer base.

## **Financial Service Center Delivery System and Opening and Closings**

As of December 31, 2014, the parent company, United Services Automobile Association, operated and staffed, in addition to the bank's primary service facility in San Antonio, 19 financial centers, the majority of which are located within five miles of a major military installation. The remainder of financial centers are generally near the neighborhoods where military families reside. Since year-end 2010, the number of financial centers has increased by 11 representing growth of 138 percent. The financial centers are used by members to conduct nonbank business for the USAA family of companies including insurance, investments, financial planning, and tax preparation. The financial centers do not have on-site tellers or loan officers, but offer self-service *Deposit@Home*® stations, deposit taking ATMs, and video-telephone booths providing a variety of services relating to the USAA family of companies.

The following table provides details about these financial centers.

Branch Name	State	Military Installation	Branch Name	State	Military Installation
Mission Valley	CA	San Diego Naval Base	Fort Campbell	TN	Fort Campbell
Oceanside	CA	Camp Pendleton	Alamo Ranch	TX	Lackland AFB
Colorado Springs	CO	U.S. Air Force Academy	Copperas Cove	TX	Fort Hood
Fort Benning	GA	Fort Benning	Fort Bliss	TX	Fort Bliss
Fort Riley	KS	Fort Riley	Forum	TX	Randolph AFB
Annapolis	MD	U.S. Naval Academy	Killeen West	TX	Fort Hood
Camp LeJeune	NC	Camp LeJeune	Pentagon Row	VA	Pentagon
Fort Bragg North	NC	Fort Bragg	Tysons	VA	Myer-Henderson Joint Base
Fort Bragg South	NC	Fort Bragg	Virginia Beach	VA	Oceana Naval Air Base
West Point	NY	U.S. Military Academy	West Point	NY	West Point Military Academy

The opening and closing of financial centers during the evaluation period is discussed in the State sections of this PE.

The bank owns 107 ATMs in ten states, which will accept deposits and are available to the public. The bank has increased the number of deposit-taking ATMs from 48 since December 31, 2010 or 123 percent. While the majority of ATMs are situated inside the financial centers, many are standalone. The stand-alone ATMs are located immediately outside military installations or in shopping centers near neighborhoods where the members reside.

The bank has a contractual arrangement with UPS in which its members may visit any of the 2,042 UPS Stores that offers the *UPS Easy Deposit Forwarding Service*. During the evaluation period, the bank increased the number of participating UPS Stores from 101 or 1,900 percent. This free service allows members to make a check deposit using their ATM/Debit card. No personal information is required or shared with the UPS Store associates. In 2014, members made 2.2 million deposits totaling \$4.1 billion using this service. Of the 2,042 UPS Stores, 361 or 18 percent are located in LMI geographies. Of the UPS Stores located in middle-income geographies, 11 are in distressed or underserved geographies.

Bank members have access to Surcharge Free ATMs located throughout the United States. These 423 “branded” ATMs do not charge the member for making a transaction. The bank pays for the transaction directly to the surcharge free network. The use of these ATMs saved the members \$120 million during the four year period ended December 31, 2014.

In addition to providing Surcharge Free ATMs, the bank makes all nationwide ATMs free with its surcharge rebate program. Members may use any non-USAA FSB ATM and the bank will refund the fees another bank charges, up to \$15 per month. In addition, the bank will not charge a fee for the first ten ATM transactions per month. From 2011 to 2014, \$461 million in fees were rebated back to the members.

The bank’s delivery systems are readily accessible to all portions of its targeted customer base. During the evaluation period, management significantly increased the number and locations of the financial centers and proprietary ATMs. It also expanded the number of UPS Stores participating in the *UPS Easy Deposit Forwarding Service*. Through the use of specific “branded” ATMs and the surcharge rebate program, the bank has made available to its members the ability to obtain cash from any ATM nationwide at no charge.

## Alternative Delivery Systems

Due to the unique nature of its customer base, the bank has utilized technology and alternative delivery systems to make its services as accessible as possible regardless of physical location. The bank's alternative delivery systems include:

Mobile banking through [mobile.usaa.com](http://mobile.usaa.com) allows for 24/7 banking. The bank is one of the largest mobile banking providers in the country, and supports the three primary methods for mobile access: Text-message banking; Mobile website; and Mobile app for iPhone®, iPad®, Windows Phone or Android™ device. Mobile banking allows customers to access account balances and history, deposit checks, track spending, transfer funds, pay bills online, re-load prepaid cards, make cash advance deposits, stop payment on checks, and activate and change PINs on ATM/Debit cards. As of December 31, 2014, 44 percent of LMI members use USAA mobile banking.

Internet banking at [www.usaa.com](http://www.usaa.com). This umbrella website is maintained by the parent company of the bank, United Services Automobile Association. Customers can access information on products and services offered by bank affiliates, such as insurance, financial planning, tax preparation, and investments, as well as all banking products and services.

The bank's remote deposit capture services, *Deposit@Mobile®* and *Deposit@Home®*, allow members to make deposits to checking, savings, or money market savings accounts from home or other remote locations by scanning or snapping a photo of both sides of a signed check and delivering the images and associated deposit information to USAA or USAA's designated processor. Of the 44 percent of the LMI members who use online banking, 68 percent use *Deposit@Mobile®*. In 2014, USAA account holders made 24.2 million deposits totaling \$13.2 billion using *Deposit@Mobile®*. The *Deposit@Home®* service captured 2.4 million deposits of \$1.6 billion.

In each of the 19 financial centers, a check-franking scanner is available for members in all videophone booths. The device can be used to deposit checks (up to the member's daily deposit limit) in the member's checking or savings account on usaa.com. In 2014, account holders scanned 62,000 deposits at the financial centers totaling \$288.4 million.

USAA members can add their USAA Debit MasterCard to Apple Pay. Apple Pay provides the ability to complete secure in-store or in-app payments with participating merchants using Apple's latest devices (iPhone 6, iPhone 6 Plus, iPad Air 2, and iPad mini 3). Members can sign-up for free e-mail or text alerts to find out when deposit account balances drop below a certain level, deposits are credited, withdrawals exceed certain dollar amounts, and available balances are received.

Free banking by mail is available. It includes prepaid deposit envelopes that enable customers to deposit funds into their bank account from anywhere in the world. Extended hours for live customer service on all banking and lending products and services. Calling toll free to USAA TouchLine® from anywhere in the world allows customers to monitor account activity, pay bills, transfer funds between bank accounts, and order checks, deposit slips and postage-paid envelopes.



The bank offers two branded programs, *Auto Circle™* and *Home Circle™*, to assist military customers to save time and money on the purchase of autos and homes. The programs provide a member one place to find, finance, maintain and insure a vehicle, and one place to buy, sell, finance, insure, own or rent a home.

The bank proactively monitors members' accounts for unusual activity and alerts members in case of fraud. In the event a debit card is lost or stolen, the bank will reimburse the member for fraudulent charges.

## Reasonableness of Business Hours and Services

The financial centers offer extended banking hours during the week and are open a half day on Saturdays. Although the financial centers at two of the service academies (Annapolis and West Point) close at 5:00 p.m. Monday through Friday and do not open until 10:00 a.m. on Saturdays, the hours are reasonable because the adjoining two military installations have limited operations on those days. As with its other locations, the bank has tailored access in these two areas to the convenience and needs of its customers. The alternative delivery systems are available 24/7.

The bank offers free checking accounts through *Secure Checking* with a minimum opening balance of \$25, free bill pay, free unlimited funds transfers to any U.S. bank, *Deposit@Home®* and *Deposit@Mobile®* for qualifying members, free ATM use nationwide, and free USAA Money Manager to help with personal budgeting and provides the ability to qualify for monthly interest earnings. With *Secure Checking Plus*, the account holders have free checking plus identity theft protection, purchase protection and credit check monitoring (Experian score and report every 90 days) for an additional monthly charge.

The bank offers a range of savings products, including some designed for teenagers and students. A youth savings account product is designed to give parents access to the account, so they can determine when to turn over account management to the child. A teen checking account is set up as a joint account with an adult, and offers free nationwide ATM usage, no monthly service fees, and free account alerts to help the adult and teen manage the account. A reloadable prepaid card is available to assist parents in teaching teens money management—a parent can set spending limits and allowance schedules online for the prepaid card. There is a checking account for college students with most of the regular checking features, along with free USAA Money Manager to help with personal budgeting.

Overdraft protection, certificates of deposit, individual retirement accounts, and Coverdell education savings accounts are also offered by the bank. *MasterCard*, *Visa*, or *American Express* credit cards can be obtained from the bank's credit card subsidiary, USAA Savings Bank.

The bank is particularly sensitive to the unique needs of its members, and offers a number of products and services to address those needs.

In addition to the previously discussed *Auto Circle™* and *Home Circle™* programs, a service corporation subsidiary of the institution, USAA Relocation Services, Inc., offers the USAA *MoversAdvantage* program. The program assists members who are buying or selling real estate by assisting with the agent selection, monitoring agent performance, and acting as the customer's advocate when issues arise. A cash bonus is provided to members in most states after the buying/selling transaction has been completed.

The parent organization, United Services Automobile Association, offers deployment assistance to military units. At the request of a commander of a unit about to deploy, a deployment assistance team will visit the unit with deployment kits and information (and answers) about the legal and financial arrangements that need to be made prior to

deployment. In 2011 and 2012, USAA provided 645 events benefiting 159,000 attendees. Over 90 percent of the attendees were enlisted personnel.

According to the Servicemembers Civil Relief Act (SCRA), all financial institutions must reduce the interest rate to 6 percent on existing loan balances incurred before active duty for members entering the military or for reservists called to active duty. The bank extends benefits beyond those required by SCRA. Specifically, the bank:

- Reduces the interest rate on portfolio loan balances to four percent - better than the SCRA-required six percent;
- Reduces the interest rate on new purchases and cash advances to four percent - not required by the SCRA;
- Extends the above two benefits on credit cards for up to 12 months to members who PCS or deploy - not required by the SCRA;
- Extends the SCRA benefits for an additional 12 months after deployment has ended – better than the SCRA requires;
- Waives foreign transaction fees for 12 months - not required by the SCRA;
- Refunds all credit card interest for a 12 month period for members who have served in a qualifying military campaign - not required by the SCRA;
- Waives wire transfer and official check fees - not required by the SCRA; and
- Waives electronic funds transfer fees - not required by the SCRA.

Financial relief beyond the requirements of the SCRA saved the bank's members \$2 million in 2013.

Military families often face many types of financial hurdles when it comes to retirement planning, investments, and debt management due to either frequent deployments or moves to new duty stations. The parent organization, United Service Automobile Association, offers free financial advice to customers through a team of credentialed financial advisers with a unique understanding of military needs and benefits. The advisers are salaried and not on commission. In addition, the bank offers free financial planning tools such as *Financial Readiness Score* and *Enterprise Advice Planning Tools* to all of its customers.

USAA is a supporter of *Military Saves* that is a Department of Defense-wide financial readiness campaign to persuade military service and family members, as well as the wider military community, to reduce debt and save money, thereby ensuring personal financial readiness and positively impacting the nation's personal/household savings rates. *Military Saves* promotes long-term benefits of saving a little money every month. Savers who enroll online receive free electronic newsletters and e-Wealth Coach Advice.

USAA provides disabled individuals a number of interaction options both in-branch and remotely. Both telecommunication and video relay services assist persons who are visually-, hearing-, physically-, or speech-impaired to communicate. Use of teletypewriters (TTY) and video equipment allows for a variety of communication options, including sign language and qualified readers. Additionally, USAA offers documents with raised line, large print, and Braille.

USAA provides non-English speaking individuals with access to the Language Line. Language Line provides translators and interpreters in more than 200 languages. Language Line services through USAA only include verbal assistance.

As already discussed under Flexible Lending Products, the bank offers a number of assistance programs for member borrowers experiencing financial problems. As noted previously, 19 percent of the bank's members, or 1.1 million, have estimated annual household incomes of \$50,000 or less. On a nationwide basis, the 2014 updated HUD median family income is \$63,840. This places the 80 percent upper limit for moderate-income families at \$51,000. Therefore, over 1 million of the bank's customers are considered LMI and may be more likely to experience financial difficulties. Some of these services are:

The Member Debt Solutions department works with credit card holders and consumer, home equity and lines of credit borrowers to help manage their financial obligations. Under the *Consumer Credit Counseling Service (CCCS)* the bank partners with a non-profit debt counseling service that assists an eligible member in developing a debt management plan and negotiates with creditors to repay debts by reducing the payment due on accounts and/or lowering the monthly due payments. The service is also responsible for distributing payments to creditors. In 2014, 350 accounts were enrolled in the CCCS with a total balance of \$2.5 million – 31 percent of the accounts had a total household income of less than \$40,000 and 46 percent had income of \$59,000 or less.

The bank joins forces with *HopeNOW* to assist its members who are past due on their home equity loans. *HopeNOW* is an alliance between counselors, mortgage companies, investors, and other mortgage market participants to assist homeowners in distress to avoid foreclosure. *HopeNOW* sponsors seminars across the country to inform and assist delinquent residential borrowers. In 2012, the bank participated in five *HopeNOW* events in Nevada, California, Georgia, South Carolina, and Arizona.

The bank offers programs to assist its veteran members returning to the civilian workplace. Some of these programs are:

Bank employees volunteer with the non-profit *American Corporate Partners (ACP)* to provide one-on-one career development to member "protégés" who are transitioning out of the military, unemployed, or already in the civilian workforce seeking a better job or to advance their career. Of the 2014 applicants for the program, 65 percent are enlisted. In 2013, the bank provided ACP \$50,000 for program expenses. In 2014, approximately 40 bank employees, officers, and directors volunteered 500 hours with ACP in mentoring relationships.

In 2014, the bank contracted with *NextJob*, a reemployment company that aids unemployed members in obtaining employment. USAA pays \$1,300 for each engaged member. Services include personalized job coaching for 16 consecutive weeks ranging from resume preparation to job acceptance. Eligible participants in the pilot program must be delinquent on their home equity loans due to unemployment. In June 2014, *NextJob* program packets were sent to 64 eligible members. During the evaluation period, three members have accepted into the program.

## Community Development Services

The institution’s parent, United Service Automobile Association, sponsors the USAA Educational Foundation (Foundation). The Foundation manages two major programs: Educational Content Library and the Financial Management Program. The Library provides free consumer education to the military and the general public. More than 60 publications, videos, infographics (including worksheets and checklists), articles, and a mobile app are available at [www.usaaedfoundation.org](http://www.usaaedfoundation.org). Topics include various aspects of personal financial management, safety, and significant life events. These resources can be ordered in print form or accessed electronically online. Many nonprofit organizations use the Foundation’s materials to help with their financial education efforts of their LMI clients and to offset their costs of producing the material themselves. In collaboration with the Department of Defense, the Educational Foundation produced a publication on Suicide Prevention to address the growing concern with suicides in the military. In the years 2011 through 2014, over 17 million publications were distributed or downloaded.

The Foundation also offers a Financial Management Program designed to assist military personnel in understanding the many factors involved in personal financial management. It is a one-hour presentation by Foundation staff and bank volunteers provided at the invitation of installation commanders and University ROTC programs across the country. The following table summarizes the number of presentations and participants during the evaluation period on an annual basis. It also includes what percent of the participants were LMI. Bank personnel donated over 10,000 hours of their time organizing, facilitating, and presenting these financial education seminars.

<b>FINANCIAL MANAGEMENT PROGRAM</b>			
<b>Year</b>	<b># Presentations</b>	<b># Participants</b>	<b>%LMI</b>
2011	829	49,367	67
2012	844	48,213	66
2013	814	45,122	70
2014	867	41,023	58

All other CD services are included in each of the State sections of the PE.

## State Rating

### State of Texas

<b>CRA Rating for (name of state):</b>	<b>Satisfactory</b>
<b>The lending test is rated:</b>	<b>Needs to Improve</b>
<b>The investment test is rated:</b>	<b>Outstanding</b>
<b>The service test is rated:</b>	<b>Outstanding</b>

The major factors that support this rating include:

- The bank's overall lending activity in Texas is excellent.
- The overall geographic distribution of the bank's loans was poor.
- The overall borrower distribution of the bank's loans was adequate, considering the proportion of lower income servicemembers who reside on base or receive rental housing allowances.
- The bank's use of innovative or flexible lending products in servicing their members was excellent.
- An excellent level of qualified investment and donations that addressed the need for financial literacy and affordable housing targeted to LMI families.
- The bank's delivery systems are readily accessible to all portions of its targeted customer base.
- Excellent level of retail services are available to bank customers.
- An excellent level of CD services that was responsive to community needs.

### Description of Institution's Operations in Texas

USAA is headquartered in San Antonio, Texas where a majority of its 6,108 employees reside. In addition, the bank has 45 of its 107-deposit taking ATMs in Texas. The four bases where customers are centered, are located in MSAs with Median Family Incomes (MFI) and Median Housing Values (MHV) lower, and the proportion of LMI geographies and families higher, than the state averages. Although these factors may benefit lower-income residents, lower income military customers typically reside on base or receive a housing allowance that dampens home purchase appetite.

USAA provides a full range of loan and deposit products to its members in the state. The primary lending products offered are mortgage, automobile, and credit card loans. Deposit products include a full assortment of certificates of deposit, savings, and demand deposit/checking accounts. In addition, the bank offers asset management services. The state of Texas accounts for \$7.4 billion of the institution's total deposits or 12 percent of the total deposits.

The FDIC's fourth quarter of 2014 state profile for Texas noted that there were 507 FDIC insured financial institutions in the state at the end of 2014. At the end of 2013, there were 533 financial institutions. The banking industry is highly competitive throughout the state with several national, regional, and community banks competing for loans and deposits. The top five largest competitors for deposits in the state are JP Morgan Chase, Bank of America, Wells

Fargo Bank, Compass Bank, and Frost Bank. The largest three deposit markets in Texas are Houston, Dallas-Fort Worth, and San Antonio.

Refer to the market profiles for Texas in appendix C for detailed demographics and other performance context information for assessment areas that received full-scope reviews.

## **Scope of Evaluation in Texas**

USAA was evaluated, by serving the needs of primarily military personnel and their dependents under 12 C.F.R. 195.41(f), across its defined assessment area of its entire deposit-customer base. USAA maintains deposit taking ATMs in Texas, which, consistent with IBBEA, warrants analysis of the bank's activities in the state to provide a more complete picture of CRA performance. We performed a full-scope review of the bank's performance within the entire state. Information obtained from two community contacts contributed to the evaluation of the bank performance.

## **LENDING TEST**

The bank's performance under the lending test in Texas is rated "Need to Improve." Based on full-scope reviews, including performance context, the bank's performance in Texas is poor.

### **Lending Activity**

Refer to Table 1 Lending Volume in Texas section of appendix D for the facts and data used to evaluate the bank's lending activity.

The bank's lending activity in Texas is excellent. Based upon the FDIC Deposit Market Share data as of June 30, 2014, USAA achieved a 1.01 percent market share of deposits, ranking 13<sup>th</sup> among 579 financial institutions reporting deposits in the state. USAA achieved a 1.32 percent market share of home mortgage loans, ranking 11<sup>th</sup> among 1,389 reporting lenders in the state. These market ranks/shares are excellent when compared to the deposit market rank/share and competition within the state.

### **Distribution of Loans by Income Level of the Geography**

Overall, the geographic distribution of the bank's lending activity reflects poor penetration throughout the State, with poor distribution of home mortgage lending and consumer loans. Geographic distribution performance is confined by the bank's military customer base and proximity to bases rather than the demographics of a defined geographic area.

#### ***Home Mortgage Loans***

Refer to Tables 2 and 4 in appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loans.

Overall, the geographic distribution of home mortgage loans is poor. During the 2012-2014 evaluation period, the bank's percentage of home mortgage lending in low-income geographies is significantly lower than the percentage of owner-occupied units in those low-

income geographies, and is considered very poor. The percentage of home mortgage lending in moderate-income geographies is lower than the percentage of owner-occupied units in those geographies, and is considered poor. This disparity is primarily a result of the concentration of lending to military customers in proximity to bases, where tract income levels are not directly comparable to statewide census demographic data, and payment of military housing allowances that encourage rental housing.

The bank's home mortgage lending in low- and moderate-income geographies in 2011 was consistent with its home mortgage lending in low- and moderate-income geographies during the 2012-2014 evaluation period.

### ***Consumer Loans***

Refer to Table 13 in appendix D for the facts and data used to evaluate the geographic distribution of the bank's consumer loans, specifically automobile.

The overall geographic distribution of the bank's consumer lending in the Texas AA is poor. The bank's consumer loan performance in both low- and moderate-income geographies in the state is significantly lower than the percentage of low- and moderate-income households in those geographies. Lending correlates more closely to demographics surrounding military bases where most customers reside, rather than the broader demographic characteristics of the state, and where on-base residents have limited demand for credit.

### ***Lending Gap Analysis***

We reviewed summary reports and maps, to analyze the bank's home mortgage lending activity over the evaluation period and identify any gaps in the geographic distribution of loans. We did not identify any unexplained conspicuous gaps.

### ***Inside/Outside Ratio***

We analyzed the bank's inside/outside ratio on a bank level. Please see "Comments Applicable to All Rating Areas – Lending Test."

### **Distribution of Loans by Income Level of the Borrower**

The overall distribution of loans by the income level of the borrower is adequate in Texas, considering performance context relevant to USAA's customer base. Absent that consideration, the distribution of mortgage loans to borrowers of different income levels would be poor, and of consumer loans very poor.

### ***Home Mortgage Loans***

The overall borrower distribution of the bank's home mortgage lending is poor, with very poor distribution of home mortgage loans to low-income borrowers and poor distribution of home mortgage loans to moderate-income borrowers. However, we concluded the distribution is adequate, considering the limitations on lending opportunities to LMI borrowers resulting



from the proportion of lower income servicemembers who reside on base or receive rental housing allowances.

Refer to Tables 8 and 10 in Texas section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loans.

In our assessment of the bank's performance, we considered external factors that can affect the bank's ability to make mortgage loans in the AA, such as affordability or housing in the market and the demographics of the population base. According to the 2010 Census and 2014 HUD updated MFI, the median housing price in Texas was \$136,913. While this price appears affordable to many low- and moderate-income borrowers, the bank required a minimum 20 percent down payment for home mortgage loans during the evaluation period. This down payment requirement, combined with the fact that Texas' median house value was at least five times the median income for low-income borrowers (according to 2010 US Census and 2014 HUD updated MFI), significantly impacts the bank's ability to make mortgage loans to low-income borrowers in the AA.

Furthermore, Texas' 15 percent household poverty level also disproportionately impacts lower income populations, constraining the bank's ability to make mortgage loans. Specific to USAA, the proportion of loans to LMI borrowers is further limited by the proportion of lower income servicemembers who are more likely to reside on base, or may receive rental housing allowances.

The bank's percentage of home mortgage lending to low-income borrowers is significantly lower than the percent of low-income families in Texas. The bank's percentage of home mortgage lending to moderate-income borrowers is lower than the percent of moderate-income families in Texas. The constraints on home loan demand from the proportion the bank's military customer who reside on base limits comparability to statewide demographic data.

The bank's home mortgage lending to low- and moderate-income borrowers in 2011 was consistent with its home mortgage lending to low- and moderate-income borrowers during the 2012-2014 evaluation period.

### ***Consumer Loans***

Refer to Table 13 in appendix D for the facts and data used to evaluate the borrower distribution of the bank's consumer loans, specifically automobile.

The overall borrower distribution of the bank's consumer lending in the Texas AA is poor.

The bank's consumer loan performance to low- and moderate-income borrowers in the state is significantly lower than the percentage of low- and moderate-income households in the AA. Consideration was given to the unique, members-only military customer base of USAA. In addition, when considering military members living on bases, the percent of households living in the state do not adequately compare to the bank's military customer base. The constraints on consumer loan demand from the proportion the bank's military customer who reside on base limits comparability to statewide demographic data.

## **Community Development Lending**

No qualified community development lending was originated during the community development evaluation period January 1, 2011 through December 31, 2014.

## **Product Innovation and Flexibility**

USAA makes extensive use of innovative and flexible products that contributed positively to performance. Please see “Comments Applicable to All Rating Areas – Lending Test.”

## **INVESTMENT TEST**

The bank’s performance under the Investment Test in Texas is rated “Outstanding” given performance context. Based on full-scope reviews the bank’s performance in Texas was excellent.

The bank’s investment performance in Texas is excellent. During the evaluation period, USAA originated 424 investments and grants totaling \$39.2 million. In addition, there were 66 prior period investments totaling \$20.1 million, which were comprised of mortgage-backed securities and an investment in a Texas-based senior housing crime prevention foundation. Overall, USAA held 490 investments totaling \$59.2 million in Texas, representing 8.3 percent of the allocated Tier One Capital. Of these investments, 416 or 84.9 percent were grants with a combined balance of \$22.1 million, representing 37.3 percent of the total investment dollars. These grants were primarily to organizations whose mission meets the definition of community development, primarily community service needs such as financial literacy, educational, health care and other community programs targeted to LMI families.

## **SERVICE TEST**

The bank’s performance under the service test in Texas is rated “Outstanding”. Based on full-scope reviews, the bank’s performance in Texas is excellent.

## **Retail Banking Services**

The bank’s depositors in Texas account for 14 percent of the total number of deposits and 12 percent of the dollar amount as of year-end 2014. This represents the largest concentration of the ten states where the bank has deposit-taking ATMs.

The number and location of the bank’s financial service centers and proprietary ATMs do not significantly impact the accessibility of the bank’s delivery systems to its targeted customer base. This is due to the wide variety of alternative locations and delivery systems that are available to and used by the bank’s customers.

The bank’s distribution of financial service centers and ATMs is excellent. The main office, five financial service centers and 45 ATMs, 19 of which are located in-house and 26 standalone, are readily accessible to the customers. None of the six physical facilities are located in low-income geographies while one facility (the main office) is situated in a moderate-income

geography. All of the financial service centers are located in close proximity to the military installations where the customers work and many reside. For those personnel who live off-base, the military provides an allowance to help offset housing costs. This allows many customers and their families to live in moderate-, middle-, or upper-income geographies. Of the bank’s 45 ATMs in Texas, none are located in low-income geographies and 21 (44 percent) are in moderate-income census tracts. Although this compares favorably to the 23 percent of the population that resides in moderate-income geographies, such comparisons do not constitute a meaningful analysis due to the aforementioned wide variety of alternative locations and delivery systems that are available to and used by the bank’s customers.

Financial service center openings and closings have not adversely affected the accessibility of the bank’s delivery systems to its targeted customer base. In September 2013, the bank opened its Fort Bliss financial service center in nearby El Paso. In May 2014, the bank relocated one of its two Killeen, Texas financial centers to a new facility in Copperas Cove. Both financial service centers serve military personnel and their families in the Fort Hood area. The decision to relocate the Killeen financial service center was to improve the accessibility to bank customers.

All the retail banking services detailed previously are available in Texas. In addition, the bank routinely conducts Home Buying and Selling Seminars to provide its members with a high-level overview of all topics related to this process. Seminars were piloted in the Alamo Ranch financial service center office location in San Antonio and have expanded to other financial service center locations in addition to the main office. From 2011 to 2014, the bank conducted Home Buying and Selling Seminars in these locations as well as Colleyville, Texas.

### Community Development Services

During the evaluation period, the bank exhibited an excellent responsiveness to the CD service needs of Texas. The bank continues to meet the CD service needs through volunteer activities by its directors, officers, and employees, many on a continuing basis to qualifying service organizations. Bank staff provided leadership by serving as directors and committee members. They also engaged in strategic planning, loan underwriting, fundraising, budgeting, and marketing. Many bank employees donated their time as financial literacy instructors and mentors to LMI students.

<b>CD Services</b>		
<b>Criteria</b>	<b># Hours</b>	<b># Organizations</b>
Community Services Service	14,917	45
Affordable Housing	236	3
Economic Development	669	3
<b>Total</b>	<b>15,822</b>	<b>51</b>

During the evaluation period, bank employees, officers and directors provided their expertise to 51 different CD organizations and programs for a total of 16,000 hours. Bank officers and directors volunteering their financial and leadership skills filled director positions at 33 of these organizations. The following table reflects the distribution of these donated hours by CD purpose.

Of this amount, bank staff volunteered 11,000 hours to the following three organizations:

The Business Careers High School Mentor Program provides LMI students with role models in professional positions who will contribute to their personal development and expand their understanding of the business world and future career opportunities. During the 2011 to 2014 school years, over 300 bank employees volunteered 6,600 hours to this program.

Bank employees assisted in raising funds for the non-profit Fisher House Foundation that donates "comfort homes" that allow military families to find respite and support during a family member's critical care or convalescence. Over 80 percent of clients served are LMI. Bank staff volunteered approximately 3,800 hours to this organization including one serving as a board member.

LiftFund (previously ACCION Texas) is a non-profit organization that provides microlending to small business owners who are unable to acquire capital funding from commercial or traditional banks. These entrepreneurs create permanent jobs in the areas they reside. During the evaluation period, a bank officer spent 600 hours working with this qualifying organization as a director, a member of the Finance/Audit and Fundraising Committees, and as Chairman of the Board.

The bank provides technical assistance to support CD organizations by sponsoring and assisting in applications for Affordable Housing Program (AHP) grants from the Federal Home Loan Bank of Dallas, Texas. During the evaluation period, the bank prepared and submitted three applications including one for a senior housing facility in Kerrville, Texas, that serves Veteran households. The bank currently administers 12 approved AHP grants totaling \$2.2 million.

## State Rating

### State of California

**CRA Rating for (name of state)<sup>1</sup>: Satisfactory**  
**The lending test is rated: Low Satisfactory**  
**The investment test is rated: High Satisfactory**  
**The service test is rated: High Satisfactory**

The major factors that support this rating include:

- The bank's overall lending activity in California is good.
- Overall, geographic distribution of the bank's loans was adequate.
- Overall borrower distribution of the bank's loans was adequate.
- The bank's use of innovative or flexible lending products in servicing their members was excellent.
- The level of qualified investments and donations in the area is good.
- The bank's delivery systems are readily accessible to all portions of its targeted customer base.
- An excellent level of retail services is available to bank customers.
- An adequate level of CD services that was responsive to community needs.

### Description of Institution's Operations in California

In each state where the bank has a deposit-taking ATM, those states were selected for full-scope reviews as required by the Reigle-Neal Interstate Banking and Branching Efficiency Act (IBBEA). USAA has 11 of its 107-deposit taking ATMs in California. The two bases where customers are centered are located in an MSA with MFI and MHV significantly higher, but proportion of LMI geographies lower, than the state averages, impeding lending opportunities to military customers. In addition, lower income military customers typically reside on base or receive a housing allowance that discourages home purchase.

USAA provides a full range of loan and deposit products to its members in the state. The primary lending products offered are mortgage, automobile, and credit card loans. Deposit products include a full array of certificates of deposit, savings, and demand deposit/checking accounts. In addition, the bank offers asset management services. The state of California accounts for \$4.6 billion of the institution's total deposits or 7.67 percent of the total deposits.

The FDIC's state profile for California noted that there were 210 FDIC insured financial institutions in the state at the end of 2014. At the end of 2013, there were 223 financial institutions. The banking industry is highly competitive throughout the state with several national, regional, and community banks competing for loans and deposits. The largest three deposit markets in California are Los Angeles, San Francisco, and San Jose.

Refer to the market profiles for California in appendix C for detailed demographics and other performance context information for assessment areas that received full-scope reviews.

## **Scope of Evaluation in California**

USAA was evaluated, by serving the needs of primarily military personnel and their dependents under 12 C.F.R. 195.41(f), across its defined assessment area of its entire deposit-customer base. USAA maintains deposit taking ATMs in California, which, consistent with IBBEA, warrant the analysis of the bank's activities in the state to provide a more complete picture of CRA performance. We performed a full-scope review of the bank's performance within the entire state. Information obtained from two community contacts contributed to the evaluation of the bank performance. The organizations contacted cited affordable housing, including down payment assistance for LMI borrowers, and financial literacy for LMI families as needs in this AA.

## **LENDING TEST**

The bank's performance under the lending test in California is rated "Low Satisfactory." Based on full-scope reviews, including performance context, the bank's performance in California is adequate.

### **Lending Activity**

Refer to Table 1 Lending Volume in California section of appendix D for the facts and data used to evaluate the bank's lending activity.

The bank's lending activity in California is good. Based upon the FDIC Deposit Market Share data as of June 30, 2014, USAA achieved a 0.42 percent market share of deposits, ranking 21st among 256 financial institutions reporting deposits in the state. USAA achieved a 0.30 percent market share of home mortgage loans, ranking 59<sup>th</sup> among 1,168 reporting lenders in the state. These market ranks/shares are good when compared to the deposit market rank/share and competition within the state.

### **Distribution of Loans by Income Level of the Geography**

Overall, the geographic distribution of the bank's lending activity reflects adequate penetration throughout the State, with adequate distribution of home mortgage lending and poor distribution of consumer loans. Geographic performance is confined by the proximity of the bank's customers to military bases rather than the demographics of a defined geographic area.

#### ***Home Mortgage Loans***

Refer to Tables 2 and 4 in appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations.

The geographic distribution of home mortgage loans within California is adequate.

During the 2012-2014 evaluation period, USAA originated 159 mortgage loans totaling \$39.1 million in California's low-income geographies. The bank's percentage of home mortgage lending in low-income geographies is lower than the percentage of owner-occupied those low-income geographies. The percentage of home mortgage lending in moderate-income geographies is somewhat lower than the percentage of owner-occupied units in those geographies, and is considered adequate.

The bank's home mortgage lending in low-income geographies in 2011 was actually better than it was in 2012-2014. However, home mortgage lending in moderate-income geographies in 2011 was consistent with the 2012-2014 evaluation period.

### ***Consumer Loans***

Refer to Table 13 in appendix D for the facts and data used to evaluate the geographic distribution of the bank's consumer loans, specifically automobile.

The overall geographic distribution of the bank's consumer lending in the California AA is poor.

The bank's consumer loan performance in both low- and moderate-income geographies in the state is significantly lower than the percentage of low- and moderate-income households in those geographies. Consideration was given to the members-only military customer base of USAA, where lending correlates more closely to demographics surrounding military bases where most customers reside, rather than the broader demographic characteristics of the state, and where on-base residents have limited demand for credit.

### ***Lending Gap Analysis***

We reviewed summary reports and maps, to analyze the bank's home mortgage lending activity over the evaluation period and identify any gaps in the geographic distribution of loans. We did not identify any unexplained conspicuous gaps.

### ***Inside/Outside Ratio***

We analyzed the bank's inside/outside ratio on a bank level. Please see "Comments Applicable to All Rating Areas – Lending Test."

### **Distribution of Loans by Income Level of the Borrower**

The overall distribution of loans by the income level of the borrower is adequate in California. The distribution of mortgage loans to borrowers of different income levels is adequate and the distribution of consumer loans to borrowers of different income levels is poor.

### ***Home Mortgage Loans***

The overall borrower distribution of the bank's home mortgage lending is adequate.

Refer to Tables 8 and 10 in California section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loans.

In our assessment of the bank's performance, we considered external factors that can affect the bank's ability to make mortgage loans in the AA, such as affordability or housing in the market and the demographics of the population base. According to the 2010 Census and 2014 HUD updated MFI, the median housing price in California was \$482,087, which is not affordable to many low- and moderate-income homebuyers. This median housing value is more than 13 times the median income of low-income borrowers and 8 times the median income of moderate-income borrowers in the state. In addition, the bank required a minimum 20 percent down payment for home mortgage loans during the evaluation period. The cost of housing and the down payment requirement significantly impacts the bank's ability to make mortgage loans to low- and moderate-income borrowers in the AA.

Furthermore, the poverty levels in the AA at 12 percent indicate it would be hard for low- and moderate income borrowers to obtain mortgages. Specific to USAA, the proportion of loans to LMI borrowers is further limited by the proportion of lower income servicemembers who are more likely to reside on base, or may receive rental housing allowances.

Home mortgage loans made to low-income borrowers in California is significantly lower than the percentage of low-income families in the AA. In addition, home mortgage loans made to moderate-income borrowers in California is lower than the percentage of moderate-income families in the AA. However, the overall performance is adequate considering the housing affordability constraints, down-payment requirements, and poverty rates. This disparity also results from the bank's military customer base, where lower income members more likely reside on base, limiting home loan demand in a manner not comparable to statewide demographic data. These factors support a conclusion of adequate performance.

The bank's home mortgage lending to low-income borrowers in 2011 was consistent with the performance in 2012-2014. However, home mortgage lending to moderate-income borrowers in 2011 was actually better than the performance noted in the 2012-2014 evaluation period.

### ***Consumer Loans***

Refer to Table 13 in appendix D for the facts and data used to evaluate the borrower distribution of the bank's consumer loans, specifically automobile.

The overall borrower distribution of the bank's consumer lending in the California AA is poor.

The bank's consumer loan performance to low-income borrowers in the state is significantly lower than the percentage of low-income households in the AA. The bank's consumer loan performance to moderate-income borrowers in the state is lower than the percentage of moderate-income households in the AA. Consideration was given to the members-only military customer base of USAA. The constraints on consumer loan demand from the proportion the bank's military customer who reside on base limits comparability to statewide demographic data.



The borrower distribution is less significant given that the bank's "assessment area" is defined as the "military-customer base," rather than the deposit customers residing within a defined geographic area. In effect, the bank's AA is military-customers on a nationwide basis.

### **Community Development Lending**

No qualified community development lending was originated during the community development evaluation period January 1, 2011 to December 31, 2014.

### **Product Innovation and Flexibility**

USAA makes extensive use of innovative and flexible products that contributed positively to performance. Please see "Comments Applicable to All Rating Areas – Lending Test."

### **INVESTMENT TEST**

The bank's performance under the Investment Test in California is rated "High Satisfactory" given the performance context.

During the evaluation period, USAA originated 34 investments and grants totaling \$23.8 million, representing 5.3 percent of the allocated Tier One Capital, as of December 31, 2014.

### **SERVICE TEST**

The bank's performance under the service test in California is rated "High Satisfactory" based on the service delivery system, the level of retail banking services, and the level of CD services, the bank's performance in California is good.

### **Retail Banking Services**

The bank's depositors in California account for eight percent of the total number of deposits and eight percent of the dollar amount as of year-end 2014. This represents the second largest concentration of the 10 states in which the bank has deposit-taking ATMs.

The number and location of the bank's financial service centers and proprietary ATMs do not significantly impact the accessibility of the bank's delivery systems to its targeted customer base. This is due to the wide variety of alternative locations and delivery systems that are available to and used by the bank's customers.

The bank's distribution of financial service centers and ATMs is excellent. The two financial service centers and 11 ATMs, six of which are located in-house and five standalone, are readily accessible to the customers. Both financial service centers are in close proximity to the military installations where the customers work and many reside. For those who live off-base, the military provides an allowance to help offset housing costs. This allows many customers and their families to live in moderate-, middle-, or upper-income geographies.

Financial service center openings and closings have not adversely affected the accessibility of the bank's delivery systems to its targeted customer base. In June 2011, the bank opened the Mission Valley financial service center office in San Diego to serve the military personnel stationed at nearby San Diego Naval Base. No financial service centers were closed during the evaluation period.

All the retail banking services detailed previously are available in California. In 2012, the bank participated in a *HopeNOW* event in California. In addition, the bank routinely conducts Home Buying and Selling Seminars to provide its members with a high-level overview of all topics related to this process. In 2013 and 2014, the bank conducted seminars in its two financial service center offices in California.

### **Community Development Services**

The bank exhibited an adequate responsiveness to the CD service needs of California. Bank employees provided their expertise to two different CD organizations that support community services for a total of over 50 hours throughout the evaluation period.

In 2014, the bank piloted a *Heroes at Home* Financial Conference on a California military installation through their division *Heroes at Home*. The Conference was presented to active duty military personnel, of which over 70 percent were LMI, to learn the steps to sound financial management. Each attendee also received free copies of financial management books including "*Heroes at Home*". The bank presented this event in order to provide financial information, maximize spouse participation, and prepare military personnel for deployment readiness in regards to finances. This Conference and a similar one held in Virginia benefited over 600 attendees.

In 2013 and 2014, a bank employee provided legal services to Swords to Plowshares, a non-profit organization whose mission is to restore dignity, hope, and self-sufficiency to all veterans in need, and to prevent and end homelessness and poverty among veterans. Upon intake, 64 percent of the clients are homeless.

## State Rating

### State of Virginia

<b>CRA Rating for Virginia<sup>2</sup>:</b>	<b>Satisfactory</b>
<b>The lending test is rated:</b>	<b>Low Satisfactory</b>
<b>The investment test is rated:</b>	<b>Needs to Improve</b>
<b>The service test is rated:</b>	<b>Outstanding</b>

The major factors that support this rating include:

- The bank's overall lending activity in Virginia is excellent.
- Overall, geographic distribution of the bank's loans was adequate.
- Overall borrower distribution of the bank's loans was adequate.
- The bank's use of innovative or flexible lending products in servicing their members was excellent.
- A poor level of qualified investment and donations was noted.
- A service delivery system that is readily accessible to all portions of its targeted customer base.
- An excellent level of retail services is available to bank customers.
- An excellent level of CD services that was responsive to community needs.

### Description of Institution's Operations in Virginia

In each state where the bank has a deposit-taking ATM, those states were selected for full-scope reviews as required by the Reigle-Neal Interstate Banking and Branching Efficiency Act (IBBEA). USAA has 13 of its 107-deposit taking ATMs in Virginia. The three bases where customers are centered are located in two MSAs with MFIs and MHVs significantly higher than, but proportion of LMI geographies similar to, the state averages, impeding lending opportunities to military customers. In addition, lower income military customers typically reside on base or receive a housing allowance that discourages home purchase.

USAA provides a full range of loan and deposit products to its members in the state. The primary lending products offered are mortgage loans, automobile loans, and credit card loans. Deposit products include a full array of certificates of deposit, savings, and demand deposit/checking accounts. In addition, the bank offers asset management services. The state of Virginia accounts for \$3.5 billion of the institution's total deposits or 5.87 percent of the total deposits.

The FDIC's state profile for Virginia noted that there were 97 FDIC insured financial institutions in the state at the end of 2014. At the end of 2013, there were 105 financial institutions. The banking industry is highly competitive throughout the state with several national, regional, and community banks competing for loans and deposits. The largest three deposit markets in Virginia are Washington DC, Richmond, and Virginia Beach.

Refer to the market profiles for Virginia in appendix C for detailed demographics and other performance context information for assessment areas that received full-scope reviews.

## **Scope of Evaluation in Virginia**

USAA was evaluated, by serving the needs of primarily military personnel and their dependents under 12 C.F.R. 195.41(f), across its defined assessment area of its entire deposit-customer base. USAA maintains deposit taking ATMs in Virginia, which, consistent with IBBEA, warrant the analysis of the bank's activities in the state to provide a more complete picture of CRA performance. We performed a full-scope review of the bank's performance within the entire state. Information obtained from two community contacts contributed to the evaluation of the bank performance.

## **LENDING TEST**

The bank's performance under the lending test in Virginia is rated "Low Satisfactory." Based on full-scope reviews, including performance context, the bank's performance in Virginia is adequate.

### **Lending Activity**

Refer to Table 1 Lending Volume in Virginia section of appendix D for the facts and data used to evaluate the bank's lending activity.

The bank's lending activity in Virginia is excellent.

Based upon the FDIC Deposit Market Share data as of June 30, 2014, USAA achieved a 1.47 percent market share of deposits, ranking 11th among 139 financial institutions reporting deposits in the state. USAA achieved a 1.25 percent market share of home mortgage loans, ranking 13<sup>th</sup> among 898 lenders reporting in the state. These market ranks/shares are excellent when compared to the deposit market rank/share and competition within the state.

### **Distribution of Loans by Income Level of the Geography**

Overall, the geographic distribution of the bank's lending activity reflects adequate penetration throughout the State, with adequate distribution of home mortgage lending and poor distribution of consumer loans. Geographic performance is confined by the proximity of the bank's customers to military bases rather than the demographics of a defined geographic area.

#### ***Home Mortgage Loans***

Refer to Tables 2 and 4 in appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations.

The geographic distribution of home mortgage loans within Virginia is adequate.

During the 2012-2014 evaluation period, USAA originated 127 mortgage loans totaling \$30.7 million in Virginia's low-income geographies. The bank's percentage of home mortgage lending

in low-income geographies is somewhat lower than the percentage of owner-occupied units in those low-income geographies. The percentage of home mortgage lending in moderate-income geographies is somewhat lower than the percentage of owner-occupied units in those geographies, and is considered adequate.

The bank's home mortgage lending in low- and moderate-income geographies in 2011 was consistent with its home mortgage lending in low- and moderate-income geographies during the 2012-2014 evaluation period.

### ***Consumer Loans***

Refer to Table 13 in appendix D for the facts and data used to evaluate the geographic distribution of the bank's consumer loans, specifically automobile.

The overall geographic distribution of the bank's consumer lending in the Virginia AA is poor.

The bank's consumer loan performance in both low- and moderate-income geographies in the state is lower than the percentage of low- and moderate-income households in those geographies. This disparity is primarily a result of the concentration of lending to military customers in proximity to bases, where tract income levels are not directly comparable to statewide census demographic data, and payment of military housing allowances that encourage rental housing.

### **Lending Gap Analysis**

We reviewed summary reports and maps, to analyze the bank's home mortgage lending activity over the evaluation period and identify any gaps in the geographic distribution of loans. We did not identify any unexplained conspicuous gaps.

### **Inside/Outside Ratio**

We analyzed the bank's inside/outside ratio on a bank level. Please see "Comments Applicable to All Rating Areas – Lending Test."

### **Distribution of Loans by Income Level of the Borrower**

The overall distribution of loans by the income level of the borrower is adequate in Virginia considering performance context. The distribution of mortgage and consumer loans to borrowers of different income levels is adequate.

### ***Home Mortgage Loans***

The overall borrower distribution of the bank's home mortgage lending is adequate.

Refer to Tables 8 and 10 in Virginia section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loans.

In our assessment of the bank's performance, we considered external factors that can affect the bank's ability to make mortgage loans in the AA, such as affordability or housing in the market and the demographics of the population base. According to the 2010 Census and 2014 HUD updated MFI, the median housing price in Virginia was \$280,993 which is not affordable to many low- and moderate-income homebuyers. This median housing value was more than 6 times the median income for low income borrowers and 4.6 times the median income for moderate-income borrowers in the state. In addition, the bank required a minimum 20 percent down payment for home mortgage loans during the evaluation period. The cost of housing and the down payment requirement significantly impacts the bank's ability to make mortgage loans to low- and moderate-income borrowers in the AA.

Furthermore, the poverty levels in the AA at 10 percent indicate it would be hard for certain borrowers to obtain mortgages. Specific to USAA, the proportion of loans to LMI borrowers is further limited by the proportion of lower income servicemembers who are more likely to reside on base, or may receive rental housing allowances.

Home mortgage loans made to low-income borrowers in Virginia is significantly lower than the percentage of low-income families in the AA. In addition, home mortgage loans made to moderate-income borrowers in Virginia is lower than the percentage of moderate-income families in the AA. However, the overall performance is adequate based on the housing affordability constraints, down-payment requirements, and poverty rates. This disparity also results from the bank's military customer base, where lower income members more likely reside on base, limiting home loan demand in a manner not comparable to statewide demographic data. These factors support a conclusion of adequate performance.

The bank's home mortgage lending to low- and moderate-income borrowers in 2011 was consistent with its home mortgage lending to low- and moderate-income borrowers during the 2012-2014 evaluation period.

### ***Consumer Loans***

Refer to Table 13 in appendix D for the facts and data used to evaluate the borrower distribution of the bank's consumer loans, specifically automobile.

The overall borrower distribution of the bank's consumer lending in the Virginia AA is adequate.

The bank's consumer loan performance to low- income borrowers in the state is lower than the percentage of low- income households in the AA. The bank's consumer loan performance to moderate-income borrowers in the state exceeds the percentage of moderate-income households in the AA. The constraints on consumer loan demand from the proportion the bank's military customer who reside on base limits comparability to statewide demographic data.

### **Community Development Lending**

No qualified community development lending was originated during the community development evaluation period January 1,, 2011 through December 31, 2014.

## **Product Innovation and Flexibility**

USAA makes extensive use of innovative and flexible products that contributed positively to performance. Please see “Comments Applicable to All Rating Areas – Lending Test.”

## **INVESTMENT TEST**

The bank’s performance under the Investment Test in Virginia is rated “Needs to Improve” given the performance context. However, our review of limited information on the collateral pools securing outstanding MBS holdings, determined that management could significantly improve the rating for Virginia, as these securities appear to provide a notable volume of affordable mortgages to low- and moderate-income individuals.

During the evaluation period, USAA originated 11 investments and grants totaling \$4.1 million. Total investments in Virginia represented 1.19 percent of the allocated Tier One Capital, as of December 31, 2014.

## **SERVICE TEST**

The bank’s performance under the service test in Virginia is rated “Outstanding” Based on the service delivery system, the level of retail banking services, and the level of CD services, the bank’s performance in Virginia is excellent.

### **Retail Banking Services**

Refer to Table 15 in Virginia section of appendix D for the facts and data used to evaluate the distribution of the bank’s financial service center delivery system and financial service center openings and closings.

The bank’s depositors in the State of Virginia account for seven percent of the total number of deposits and six percent of the dollar amount as of year-end 2014. This represents the third largest concentration of the 10 states in which the bank has deposit-taking ATMs.

The number and location of the bank’s financial service centers and proprietary ATMs do not significantly impact the accessibility of the bank’s delivery systems to its targeted customer base. This is due to the wide variety of alternative locations and delivery systems that are available to and used by the bank’s customers.

The bank’s distribution of financial service centers and ATMs is excellent. The three financial service centers and 13 ATMs are readily accessible to the customers. All three financial service centers are in close proximity to the military installations where the customers work and many reside. For those who live off-base, the military provides an allowance to help offset housing costs. This allows many customers and their families to live in moderate-, middle-, or upper-income geographies.

Financial service center openings and closings have not adversely affected the accessibility of the bank's delivery systems to its targeted customer base. During the evaluation period, the bank opened all three of its Virginia branches:

- In March 2011, the bank opened the Pentagon Row financial service center office in Pentagon City located one mile from the Pentagon.
- In December 2012, the Virginia Beach financial service center was opened to serve the customer base stationed at nearby Oceana Naval Air Base.
- In April 2014, the bank opened the Tyson financial service center office in Vienna that is located near the Myer-Henderson Joint Base.

No financial service centers were closed during the evaluation period.

All the retail banking services detailed previously are available in Virginia. In addition, the bank routinely conducts Home Buying and Selling Seminars to provide its members with a high level overview of all topics related to this process. In 2012 through 2014, the bank conducted seminars in its Pentagon Row and Virginia Beach financial service center offices.

### **Community Development Services**

The bank exhibited an excellent responsiveness to the CD service needs of Virginia. Bank employees provided their expertise to different CD organizations that support community services for a total of over 3,200 hours throughout the evaluation period. In addition to the following organizations, bank employees assisted United Way of South Hampton Roads in its fundraising efforts. An employee also provides leadership skills to that qualifying CD organization by serving on its board of directors.

During the evaluation period, bank employees spent over 3,000 hours assisting Junior Achievement of Greater Hampton Roads in its fundraising efforts. This qualifying non-profit organization provides financial literacy, workplace readiness and entrepreneurial skills to LMI children and youth through its after-school and other programs. This JA chapter is located in a moderate-income area of Norfolk.

In 2014, the bank piloted a *Heroes at Home* Financial Conference on a Virginia military installation through its division *Heroes at Home*. The Conference was presented to active duty military personnel, of which over 70 percent were LMI, to learn the steps to sound financial management. Each attendee also received free copies of financial management books including "*Heroes at Home*". The bank presented this event in order to provide financial information, maximize spouse participation, and prepare military personnel for deployment readiness in regards to finances. This Conference and a similar one held in California benefited over 600 attendees.



## State Rating

### State of Georgia

<b>CRA Rating for Georgia<sup>3</sup>:</b>	<b>Satisfactory</b>
<b>The lending test is rated:</b>	<b>Needs to Improve</b>
<b>The investment test is rated:</b>	<b>Outstanding</b>
<b>The service test is rated:</b>	<b>High Satisfactory</b>

The major factors that support this rating include:

- The bank's overall lending activity in Georgia is excellent.
- Overall, geographic distribution of the bank's loans was poor.
- Overall borrower distribution of the bank's loans was adequate, considering the limitations on lending opportunities to LMI borrowers resulting from the proportion of lower income servicemembers who reside on base or receive rental housing allowances.
- The bank's use of innovative or flexible lending products in servicing their members was excellent.
- An excellent level of qualified investment and donations that addressed the need for financial literacy and affordable housing targeted to LMI families.
- The bank's service delivery systems are readily accessible to all portions of its targeted customer base.
- An excellent level of retail services is available to bank customers.
- A weak level of CD services that were not responsive to community needs.

### Description of Institution's Operations in Georgia

In each state where the bank has a deposit-taking ATM, those states were selected for full-scope reviews as required by the Reigle-Neal Interstate Banking and Branching Efficiency Act (IBBEA). USAA has four of its 107-deposit taking ATMs in Georgia. The base where customers are centered is located in an MSA with MFI similar to and MHV significantly lower, but proportion of LMI geographies significantly higher, than the state averages. Although this should facilitate lending opportunities to military customers, lower income military customers typically reside on base or receive a housing allowance that discourages home purchase.

USAA provides a full range of loan and deposit products to its members in the state. The primary lending products offered are mortgage loans, automobile loans, and credit card loans. Deposit products include a full array of certificates of deposit, savings, and demand deposit/checking accounts. In addition, the bank offers asset management services. The state of Georgia accounts for \$1.60 billion of the institution's total deposits or 2.66 percent of the total deposits.

The FDIC's state profile for Georgia noted that there were 210 FDIC insured financial institutions in the state at the end of 2014. At the end of 2013, there were 223 financial institutions. The banking industry is highly competitive throughout the state with several

national, regional, and community banks competing for loans and deposits. The largest three deposit markets in Georgia are Atlanta, Chattanooga, TN-GA, and Augusta-Richmond County, GA-SC.

Refer to the market profiles for Georgia in appendix C for detailed demographics and other performance context information.

## **Scope of Evaluation in Georgia**

USAA was evaluated, by serving the needs of primarily military personnel and their dependents under 12 C.F.R. 195.41(f), across its defined assessment area of its entire deposit-customer base. USAA maintains deposit taking ATMs in Georgia, which, consistent with IBBEA, warrant the analysis of the bank's activities in the state to provide a more complete picture of CRA performance. We performed a full-scope review of the bank's performance within the entire state. Information obtained from two community contacts contributed to the evaluation of the bank performance.

## **LENDING TEST**

The bank's performance under the lending test in Georgia is rated "Need to Improve." Based on full-scope reviews, including performance context, the bank's performance in Georgia is poor.

### **Lending Activity**

Refer to Table 1 Lending Volume in Georgia section of appendix D for the facts and data used to evaluate the bank's lending activity.

The bank's lending activity in Georgia is excellent.

Based upon the FDIC Deposit Market Share data as of June 30, 2014, USAA achieved a 0.81 percent market share of deposits, ranking 15th among 259 financial institutions reporting deposits in the state. USAA achieved a 0.97 percent market share of home mortgage loans, ranking 18<sup>th</sup> among 931 lenders reporting in the state. These market ranks/shares are excellent when compared to the deposit market rank/share and competition within the state.

### **Distribution of Loans by Income Level of the Geography**

Overall, the geographic distribution of the bank's lending activity reflects poor penetration throughout the State, with poor distribution of home mortgage lending and poor distribution of consumer loans. Geographic performance is confined by the proximity of the bank's customers to military bases rather than the demographics of a defined geographic area.

#### ***Home Mortgage Loans***

Refer to Tables 2 and 4 in appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations.

Overall, the geographic distribution of home mortgage loans is poor.

The geographic distribution of home mortgage lending in low-income geographies is poor. During the 2012-2014 evaluation period, USAA originated 73 mortgage loans totaling \$11.2 million in Georgia's low-income geographies. The bank's percentage of home mortgage lending in low-income geographies is lower than the percentage of owner-occupied units in those low-income geographies. The percentage of home mortgage lending in moderate-income geographies is lower than the percentage of owner-occupied units in those geographies, and is considered poor. This disparity is primarily a result of the concentration of lending to military customers in proximity to bases, where tract income levels are not directly comparable to statewide census demographic data, and payment of military housing allowances that encourage rental housing.

The bank's home mortgage lending in low- and moderate-income geographies in 2011 was consistent with its home mortgage lending in low- and moderate-income geographies during the 2012-2014 evaluation period.

### **Consumer Loans**

Refer to Table 13 in appendix D for the facts and data used to evaluate the geographic distribution of the bank's consumer loans, specifically automobile.

The overall geographic distribution of the bank's consumer lending in the Georgia AA is poor.

The bank's consumer loan performance in both low- and moderate-income geographies in the state is significantly lower than the percentage of low- and moderate-income households in those geographies. Lending correlates more closely to demographics surrounding military bases where most customers reside, rather than the broader demographic characteristics of the state, and where on-base residents have limited demand for credit.

### **Lending Gap Analysis**

We reviewed summary reports and maps, to analyze the bank's home mortgage lending activity over the evaluation period and identify any gaps in the geographic distribution of loans. We did not identify any unexplained conspicuous gaps.

### **Inside/Outside Ratio**

We analyzed the bank's inside/outside ratio on a bank level. Please see "Comments Applicable to All Rating Areas – Lending Test."

### **Distribution of Loans by Income Level of the Borrower**

The overall distribution of loans by the income level of the borrower is adequate in Georgia, considering the limitations on lending opportunities to LMI borrowers resulting from the proportion of lower income servicemembers who reside on base or receive rental housing allowances. Otherwise, the distribution of mortgage and consumer loans to borrowers of different income levels is poor.

## ***Home Mortgage Loans***

The overall borrower distribution of the bank's home mortgage lending is poor, with poor distribution of home mortgage loans to low-income and moderate-income borrowers.

Refer to Tables 8 and 10 in the Georgia section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loans.

In our assessment of the bank's performance, we considered external factors that can affect the bank's ability to make mortgage loans in the AA, such as affordability or housing in the market and the demographics of the population base. According to the 2010 Census and 2014 FFIEC updated MFI, the median housing price in Georgia was \$172,354. While this price appears it would be affordable to many low- and moderate-income borrowers, the bank required a minimum 20 percent down payment for home mortgage loans during the evaluation period. This down payment requirement, combined with the fact that Georgia's median house value was at least six times the median income for low-income borrowers (according to 2010 US Census and 2014 FFIEC updated MFI), significantly impacts the bank's ability to make mortgage loans to low-income borrowers in the AA.

Furthermore, Georgia's 15 percent household poverty level also impacts the bank's ability to make mortgage. Specific to USAA, the proportion of loans to LMI borrowers is further limited by the proportion of lower income servicemembers who are more likely to reside on base, or may receive rental housing allowances.

The borrower distribution of home mortgage lending to low-income families is very poor. During the 2012-2014 evaluation period, USAA originated 165 mortgage loans totaling \$14.5 million to Georgia's low-income families. The bank's percentage of home mortgage lending to low-income borrowers is significantly lower than the percent of low-income families in Georgia. The portion of home mortgage loans made to moderate-income borrowers in Georgia is lower than the percentages of moderate-income families living in Georgia, and is poor. This disparity primarily results from the bank's military customer base, where lower income members are more likely to reside on base, or may receive rental housing allowances, limiting home loan demand in a manner not comparable to statewide demographic data.

The bank's home mortgage lending to low- and moderate-income borrowers in 2011 was consistent with its home mortgage lending to low- and moderate-income borrowers during the 2012-2014 evaluation period.

## ***Consumer Loans***

Refer to Table 13 in appendix D for the facts and data used to evaluate the borrower distribution of the bank's consumer loans, specifically automobile.

The overall borrower distribution of the bank's consumer lending in the Georgia AA is poor.

The bank's consumer loan performance to low-income borrowers in the state is significantly lower than the percentage of low-income households in the AA. The bank's consumer loan

performance to moderate-income borrowers in the state is somewhat lower than the percentage of moderate-income households in the AA. The constraints on consumer loan demand from the proportion the bank's military customers who reside on base limits comparability to statewide demographic data.

### **Community Development Lending**

No qualified community development lending was originated during the community development evaluation period January 1, 2011 through December 31, 2014.

### **Product Innovation and Flexibility**

USAA makes extensive use of innovative and flexible products that contributed positively to performance. Please see "Comments Applicable to All Rating Areas – Lending Test."

### **INVESTMENT TEST**

The bank's performance under the Investment Test in the State of Georgia is rated "Outstanding" given performance context. Based on full-scope reviews the bank's performance in Georgia was excellent.

The bank's investment performance in Georgia is excellent. During the evaluation period, USAA originated 9 investments and grants totaling \$27.9 million. In addition, there were 3 prior period investments in low-income housing tax credits totaling \$5.8 million. The total investments in Georgia represented 21.53 percent of the allocated Tier One Capital.

### **SERVICE TEST**

The bank's performance under the service test in Georgia is rated "High Satisfactory." Based on the service delivery system, the level of retail banking services, and the level of CD services, the bank's performance in Georgia is good.

### **Retail Banking Services**

The bank's depositors in Georgia account for five percent of the total number of deposits and three percent of the dollar amount as of year-end 2014. This represents the fourth largest concentration of the 10 states in which the bank has deposit-taking ATMs.

The number and location of the bank's financial service centers and proprietary ATMs do not significantly impact the accessibility of the bank's delivery systems to its targeted customer base. This is due to the wide variety of alternative locations and delivery systems that are available to and used by the bank's customers.

The bank's distribution of financial service centers and ATMs is excellent. One financial service center houses all four of its ATMs. Due to its proximity to Fort Benning and the Columbus residential neighborhoods, the facility is readily accessible to the customers. For those who live

off-base, the military provides an allowance to help offset housing costs. This allows many customers and their families to live in moderate-, middle-, or upper-income geographies.

The financial service center was opened in December 2013. There have been no financial service center closings.

All the retail banking services detailed previously are available in Georgia. In 2012, the bank participated in a *HopeNOW* event in Georgia.

### **Community Development Services**

During the evaluation period, the bank exhibited a weak responsiveness to the CD service needs of Georgia. No CD service activities benefiting LMI individuals or geographies were noted.

## State Rating

### State of Colorado

<b>CRA Rating for Colorado:</b>	<b>Satisfactory</b>
<b>The lending test is rated:</b>	<b>Low Satisfactory</b>
<b>The investment test is rated:</b>	<b>Outstanding</b>
<b>The service test is rated:</b>	<b>Outstanding</b>

The major factors that support this rating include:

- The bank's overall lending activity in Colorado is excellent.
- Overall, geographic distribution of the bank's loans was adequate.
- Overall borrower distribution of the bank's loans was adequate.
- The bank's use of innovative or flexible lending products in servicing their members was excellent.
- An excellent level of qualified investment and donations that addressed the need for financial literacy and affordable housing targeted to LMI families.
- The bank's delivery systems are readily accessible to all portions of its targeted customer base.
- An excellent level of retail services available to bank customers.
- An excellent level of CD services that was positive to community needs.

### Description of Institution's Operations in Colorado

In each state where the bank has a deposit-taking ATM, those states were selected for full-scope reviews as required by the Reigle-Neal Interstate Banking and Branching Efficiency Act (IBBEA). USAA has five of its 107-deposit taking ATMs in Colorado. The base where customers are centered is located in an MSA with MFI similar to and MHV significantly lower, but proportion of LMI geographies significantly higher, than the state averages. Although this should facilitate lending opportunities to military customers, lower income military customers typically reside on base or receive a housing allowance that discourages home purchase.

USAA provides a full range of loan and deposit products to its members in the state. The primary lending products offered are mortgage loans, automobile loans, and credit card loans. Deposit products include a full array of certificates of deposit, savings, and demand deposit/checking accounts. In addition, the bank offers asset management services. The state of Colorado accounts for \$1.57 billion of the institution's total deposits or 2.63 percent of the total deposits.

The FDIC's state profile for Colorado noted that there were 97 FDIC insured financial institutions in the state at the end of 2014. At the end of 2013, there were 97 financial institutions. The banking industry is highly competitive throughout the state with several national, regional, and community banks competing for loans and deposits. The largest three deposit markets in Colorado are Denver, Boulder, and Colorado Springs.

Refer to the market profiles for Colorado in appendix C for detailed demographics and other performance context information for assessment areas that received full-scope reviews.

## **Scope of Evaluation in Colorado**

USAA was evaluated, by serving the needs of primarily military personnel and their dependents under 12 C.F.R. 195.41(f), across its defined assessment area of its entire deposit-customer base. USAA maintains deposit taking ATMs in Colorado, which, consistent with IBBEA, warrant the analysis of the bank's activities in the state to provide a more complete picture of CRA performance. We performed a full-scope review of the bank's performance within the entire state. Information obtained from two community contacts contributed to the evaluation of the bank performance.

## **LENDING TEST**

The bank's performance under the lending test in Colorado is rated "Low Satisfactory." Based on full-scope reviews, including performance context, the bank's performance in Colorado is adequate.

### **Lending Activity**

Refer to Table 1 Lending Volume in Colorado section of appendix D for the facts and data used to evaluate the bank's lending activity.

The bank's lending activity in Colorado is excellent.

Based upon the FDIC Deposit Market Share data as of June 30, 2014, USAA achieved a 1.44 percent market share of deposits, ranking 12th among 148 financial institutions reporting deposits in the state. USAA achieved a 0.95 percent market share of home mortgage loans, ranking 20<sup>th</sup> among 1,004 lenders reporting in the state. These market ranks/shares are excellent when compared to the deposit market rank/share and competition within the state.

### **Distribution of Loans by Income Level of the Geography**

Overall, the geographic distribution of the bank's lending activity reflects adequate penetration throughout the State, with adequate distribution of home mortgage lending and poor distribution of consumer loans. Geographic performance is confined by the proximity of the bank's customers to military bases rather than the demographics of a defined geographic area.

#### ***Home Mortgage Loans***

Refer to Tables 2 and 4 in appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations.

The geographic distribution of home mortgage loans within Colorado is adequate.

During the 2012-2014 evaluation period, USAA originated 141 mortgage loans totaling \$24.6 million in Colorado's low-income geographies. The bank's percentage of home mortgage



lending in low-income geographies is somewhat lower than the percentage of owner-occupied units in those low-income geographies. The percentage of home mortgage lending in moderate-income geographies is lower than the percentage of owner-occupied units in those geographies, and is considered adequate.

The bank's home mortgage lending in low-income geographies in 2011 was consistent with 2012-2014. However, home mortgage lending in moderate-income geographies was actually better in moderate-income geographies during the 2012-2014 evaluation period.

### ***Consumer Loans***

Refer to Table 13 in appendix D for the facts and data used to evaluate the geographic distribution of the bank's consumer loans, specifically automobile.

The overall geographic distribution of the bank's consumer lending in the Colorado AA is poor.

The bank's consumer loan performance in both low- and moderate-income geographies in the state is lower than the percentage of low- and moderate-income households in those geographies. This disparity is primarily a result of the concentration of lending to military customers in proximity to bases, where tract income levels are not directly comparable to statewide census demographic data, and payment of military housing allowances that encourage rental housing.

### **Lending Gap Analysis**

We reviewed summary reports and maps, to analyze the bank's home mortgage lending activity over the evaluation period and identify any gaps in the geographic distribution of loans. We did not identify any unexplained conspicuous gaps.

### **Inside/Outside Ratio**

We analyzed the bank's inside/outside ratio on a bank level. Please see "Comments Applicable to All Rating Areas – Lending Test."

### **Distribution of Loans by Income Level of the Borrower**

The overall distribution of loans by the income level of the borrower is adequate in Colorado considering performance context. The distribution of mortgage loans to borrowers of different income levels is adequate and the distribution of consumer loans to borrowers of different income levels is poor.

### ***Home Mortgage Loans***

The overall borrower distribution of the bank's home mortgage lending is adequate.

Refer to Tables 8 and 10 in Colorado section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loans.

In our assessment of the bank's performance, we considered external factors that can affect the bank's ability to make mortgage loans in the AA, such as affordability or housing in the market and the demographics of the population base. According to the 2010 Census and 2014 FFIEC updated MFI, the median housing price in Colorado was \$266,362 which is not affordable to many low- and moderate-income homebuyers. This median housing value was approximately 7.5 times the median income of low-income borrowers and 4.7 times the median income of moderate-income borrowers in the state. In addition, the bank required a minimum 20 percent down payment for home mortgage loans during the evaluation period. The cost of housing and the down payment requirement significantly impacts the bank's ability to make mortgage loans to low- and moderate-income borrowers in the AA.

Furthermore, the poverty levels in the AA at 12 percent indicate it would be hard for certain borrowers to obtain mortgages. Specific to USAA, the proportion of loans to LMI borrowers is further limited by the proportion of lower income servicemembers who are more likely to reside on base, or may receive rental housing allowances.

Home mortgage loans made to low-income borrowers in Colorado is significantly lower than the percentage of low-income families in the AA. In addition, home mortgage loans made to moderate-income borrowers in Colorado is somewhat lower than the percentage of moderate-income families in the AA. However, the overall performance is adequate based on the housing affordability constraints, down-payment requirements, and poverty rates. This disparity also results from the bank's military customer base, where lower income members more likely reside on base, limiting home loan demand in a manner not comparable to statewide demographic data. These factors support a conclusion of adequate performance.

The bank's home mortgage lending to low- and moderate-income borrowers in 2011 was consistent with its home mortgage lending to low- and moderate-income borrowers during the 2012-2014 evaluation period.

### ***Consumer Loans***

Refer to Table 13 in appendix D for the facts and data used to evaluate the borrower distribution of the bank's consumer loans, specifically automobile.

The overall borrower distribution of the bank's consumer lending in the Colorado AA is adequate.

The bank's consumer loan performance to low-income borrowers in the state is significantly lower than the percentage of low-income families in the AA. The bank's consumer loan performance to moderate-income borrowers in the state exceeds the percentage of moderate-income families in the AA. The constraints on consumer loan demand from the proportion the bank's military customer who reside on base limits comparability to statewide demographic data.

## **Community Development Lending**

No qualified community development lending was originated during the community development evaluation period January 1, 2011 through December 31, 2014.

## **Product Innovation and Flexibility**

USAA makes extensive use of innovative and flexible products that contributed positively to performance. Please see “Comments Applicable to All Rating Areas – Lending Test.”

## **INVESTMENT TEST**

The bank’s performance under the Investment Test in the State of Colorado is rated “Outstanding” given performance context. Based on full-scope reviews the bank’s performance in Colorado was excellent.

During the evaluation period, USAA originated 21 investments and grants totaling \$14.5 million. The total investments in Colorado represented 9.39 percent of the allocated Tier One Capital.

## **SERVICE TEST**

The bank’s performance under the service test in Colorado is rated “Outstanding”. Based on the service delivery system, the level of retail banking services, and the level of CD services, the bank’s performance in Colorado is excellent.

## **Retail Banking Services**

The bank’s depositors in the State of Colorado account for three percent of the total number of deposits and three percent of the dollar amount as of year-end 2014. This represents the fifth largest concentration of the ten states in which the bank has deposit-taking ATMs.

The number and location of the bank’s financial service centers and proprietary ATMs do not significantly impact the accessibility of the bank’s delivery systems to its targeted customer base. This is due to the wide variety of alternative locations and delivery systems that are available to and used by the bank’s customers.

The bank’s distribution of financial service centers and ATMs is good. The one financial service center and five ATMs are accessible to the customers. The financial service center housing the five ATMs is located one mile from the U.S. Air Force Academy. Military personnel working at the Academy who do not reside there receive an allowance to help offset housing costs. This allows many customers and their families to live in moderate-, middle-, or upper-income geographies.

No financial service center openings and closings occurred during the evaluation period.

All the retail banking services detailed previously are available in Colorado. In addition, the bank routinely conducts Home Buying and Selling Seminars to provide its members with a high level overview of all topics related to this process. In 2013 and 2014, the bank conducted seminars in its Colorado Springs financial service center office. It also held a 2014 seminar in the city of Aurora.

### **Community Development Services**

The bank exhibited an excellent responsiveness to the CD service needs of Colorado. Bank employees provided their expertise to five different qualifying CD organizations for a total of 1,000 hours throughout the evaluation period. Two bank employees also provided leadership skills as board members of three of the organizations. Several bank employees assisted in fundraising efforts for Big Brothers Big Sisters of Colorado, the Care and Share Food Bank of Southern Colorado, Pikes Peak United Way, and Junior Achievement of Southern Colorado, all community service organizations that benefit LMI youth and families. One employee serves as a director of Pikes Peak United Way and the Pikes Peak Chapter of the American Red Cross. A second employee sits on the board of Junior Achievement of Southern Colorado.

## State Rating

### State of Maryland

<b>CRA Rating for Maryland<sup>4</sup>:</b>	<b>Satisfactory</b>
<b>The lending test is rated:</b>	<b>Low Satisfactory</b>
<b>The investment test is rated:</b>	<b>High Satisfactory</b>
<b>The Service test is rate:</b>	<b>High Satisfactory</b>

The major factors that support this rating include:

- The bank's overall lending activity in Maryland is good.
- Overall, geographic distribution of the bank's loans was adequate.
- Overall borrower distribution of the bank's loans was adequate.
- The bank's use of innovative or flexible lending products in servicing their members was excellent.
- Overall, the level of qualified investment and donations was good.
- The bank's delivery systems are reasonably accessible to all portions of its targeted customer base.
- An excellent level of retail services is available to bank customers.
- A weak level of CD services that were not responsive to community needs.

### Description of Institution's Operations in Maryland

In each state where the bank has a deposit-taking ATM, those states were selected for full-scope reviews as required by the Reigle-Neal Interstate Banking and Branching Efficiency Act (IBBEA). USAA has one of its 107-deposit taking ATMs in Maryland. The base where customers are centered is located in an MSA with MFI and MHV lower, but proportion of LMI geographies higher, than the state averages. Although this should facilitate lending opportunities to military customers, lower income military customers typically reside on base or receive a housing allowance that discourages home purchase.

USAA provides a full range of loan and deposit products to its members in the state. The primary lending products offered are mortgage loans, automobile loans, and credit card loans. Deposit products include a full array of certificates of deposit, savings, and demand deposit/checking accounts. In addition, the bank offers asset management services. The state of Maryland accounts for \$1.45 billion of the institution's total deposits or 2.41 percent of the total deposits.

The FDIC's state profile for Maryland noted that there were 72 FDIC insured financial institutions in the state at the end of 2014. At the end of 2013, there were 77 financial institutions. The banking industry is highly competitive throughout the state with several national, regional, and community banks competing for loans and deposits. The largest three deposit markets in Maryland are Philadelphia-Camden-Wilmington area, Washington DC-Alexandria-Arlington area, and Baltimore-Columbia-Towson area.

Refer to the market profiles for Maryland in appendix C for detailed demographics and other performance context information for assessment areas that received full-scope reviews.

## **Scope of Evaluation in Maryland**

USAA was evaluated, by serving the needs of primarily military personnel and their dependents under 12 C.F.R. 195.41(f), across its defined assessment area of its entire deposit-customer base. USAA maintains deposit taking ATMs in Maryland, which, consistent with IBBEA, warrants the analysis of the bank's activities in the state to provide a more complete picture of CRA performance. We performed a full-scope review of the bank's performance within the entire state. Information obtained from two community contacts contributed to the evaluation of the bank performance.

## **LENDING TEST**

The bank's performance under the lending test in Maryland is rated "Low Satisfactory." Based on full-scope reviews, including performance context, the bank's performance in Maryland is adequate.

### **Lending Activity**

Refer to Table 1 Lending Volume in Maryland section of appendix D for the facts and data used to evaluate the bank's lending activity.

The bank's lending activity in Maryland is good.

Based upon the FDIC Deposit Market Share data as of June 30, 2014, USAA achieved a 1.17 percent market share of deposits, ranking 13th among 116 financial institutions reporting deposits in the state. USAA achieved a 0.72 percent market share of home mortgage loans, ranking 25<sup>th</sup> among 763 lenders reporting in the state. These market ranks/shares are good when compared to the deposit market rank/share and competition within the state.

### **Distribution of Loans by Income Level of the Geography**

Overall, the geographic distribution of the bank's lending activity reflects adequate penetration throughout the State, with adequate distribution of home mortgage lending and poor distribution of consumer loans. Geographic performance is confined by the proximity of the bank's customers to military bases rather than the demographics of a defined geographic area.

#### ***Home Mortgage Loans***

Refer to Tables 2 and 4 in appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations.

The geographic distribution of home mortgage loans within Maryland is adequate.

During the 2012-2014 evaluation period, USAA originated 63 mortgage loans totaling \$12.2 million in Maryland's low-income geographies. The bank's percentage of home mortgage lending in low-income geographies is lower than the percentage of owner-occupied units of 3.95 percent in those low-income geographies. The percentage of home mortgage lending in moderate-income geographies is somewhat lower than the percentage of owner-occupied units in those geographies, and is considered adequate.

The bank's home mortgage lending in low-income geographies in 2011 was actually worse than the performance in 2012-2014. The home mortgage lending in moderate-income geographies was consistent with the performance during the 2012-2014 evaluation period.

### ***Consumer Loans***

Refer to Table 13 in appendix D for the facts and data used to evaluate the geographic distribution of the bank's consumer loans, specifically automobile.

The overall geographic distribution of the bank's consumer lending in the Maryland AA is poor.

The bank's consumer loan performance in both low- and moderate-income geographies in the state is significantly lower than the percentage of low- and moderate-income households in those geographies. Lending correlates more closely to demographics surrounding military bases where most customers reside, rather than the broader demographic characteristics of the state, and where on-base residents have limited demand for credit.

### **Lending Gap Analysis**

We reviewed summary reports and maps, to analyze the bank's home mortgage lending activity over the evaluation period and identify any gaps in the geographic distribution of loans. We did not identify any unexplained conspicuous gaps.

### **Inside/Outside Ratio**

We analyzed the bank's inside/outside ratio on a bank level. Please see "Comments Applicable to All Rating Areas – Lending Test."

### **Distribution of Loans by Income Level of the Borrower**

The overall distribution of loans by the income level of the borrower is adequate in Maryland, considering performance context. The distribution of mortgage loans to borrowers of different income levels is adequate and the distribution of consumer loans to borrowers of different income levels is poor.

### ***Home Mortgage Loans***

The overall borrower distribution of the bank's home mortgage lending is adequate.

Refer to Tables 8 and 10 in Maryland section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loans.

In our assessment of the bank's performance, we considered external factors that can affect the bank's ability to make mortgage loans in the AA, such as affordability or housing in the market and the demographics of the population base. According to the 2010 Census and 2014 FFIEC updated MFI, the median housing price in Maryland was \$329,415 which is not affordable to many low- and moderate-income homebuyers. This median housing value was 7.4 times the median income of low-income borrowers and 4.6 times the median income of moderate-income borrowers in the state. In addition, the bank required a minimum 20 percent down payment for home mortgage loans during the evaluation period. The cost of housing and the down payment requirement significantly impacts the bank's ability to make mortgage loans to low- and moderate-income borrowers in the AA.

Furthermore, the poverty levels in the AA at eight percent indicate it would be hard for low- and moderate-income borrowers to obtain mortgages. Specific to USAA, the proportion of loans to LMI borrowers is further limited by the proportion of lower income servicemembers who are more likely to reside on base, or may receive rental housing allowances.

Home mortgage loans made to low-income borrowers in Maryland is significantly lower than the percentage of low-income families in the AA. In addition, home mortgage loans made to moderate-income borrowers in Maryland is lower than the percentage of moderate-income families in the AA. However, the overall performance is adequate based on the housing affordability constraints, down-payment requirements, and poverty rates. This disparity also results from the bank's military customer base, where lower income members more likely reside on base, limiting home loan demand in a manner not comparable to statewide demographic data. These factors support a conclusion of adequate performance.

The bank's home mortgage lending to low-income borrowers in 2011 was consistent with its home mortgage lending to low-income borrowers during the 2012-2014 evaluation period. However, the bank's home mortgage lending to moderate-income borrowers improved from 2011 to the 2012-2014 evaluation period.

### ***Consumer Loans***

Refer to Table 13 in appendix D for the facts and data used to evaluate the borrower distribution of the bank's consumer loans, specifically automobile.

The overall borrower distribution of the bank's consumer lending in the Maryland AA is poor.

The bank's consumer loan performance to low- and moderate-income borrowers in the state is significantly lower than the percentage of low- and moderate-income households in the AA. The constraints on consumer loan demand from the proportion the bank's military customer who reside on base limits comparability to statewide demographic data.



## **Community Development Lending**

No qualified community development lending was originated during the community development evaluation period January 1, 2011 through December 31, 2014.

## **Product Innovation and Flexibility**

USAA makes extensive use of innovative and flexible products that contributed positively to performance. Please see “Comments Applicable to All Rating Areas – Lending Test.”

## **INVESTMENT TEST**

The bank’s performance under the Investment Test in the State of Maryland is rated “High Satisfactory” given performance context. Based on full-scope reviews the bank’s performance in Maryland was good.

During the evaluation period, USAA originated nine investments and grants totaling \$6.3 million. The total investments in Maryland represented 4.45 percent of the allocated Tier One Capital, as of December 31, 2014.

## **SERVICE TEST**

The bank’s performance under the service test in Maryland is rated “High Satisfactory”. Based on the service delivery system, the level of retail banking services, and the level of CD services, the bank’s performance in Maryland is good.

## **Retail Banking Services**

The bank’s depositors in the State of Maryland account for three percent of the total number of deposits and three percent of the dollar amount as of year-end 2014. This represents the seventh largest concentration of the 10 states in which the bank has deposit-taking ATMs.

The number and location of the bank’s financial service centers and proprietary ATMs do not significantly impact the accessibility of the bank’s delivery systems to its targeted customer base. This is due to the wide variety of alternative locations and delivery systems that are available to and used by the bank’s customers.

The bank’s distribution of financial service centers and ATMs is good. One financial service center houses its only ATM. Due to its close proximity to the U.S. Naval Academy and the Annapolis residential neighborhoods, the facility is accessible to the customers. As previously discussed, banking hours are slightly more abbreviated here and at West Point but still meet the convenience and needs of the local customer base. Military personnel working at the Academy who do not reside there receive an allowance to help offset housing costs. This allows many customers and their families to live in moderate-, middle-, or upper-income geographies.

There were no financial service center openings or closings during the evaluation period.

All the retail banking services detailed previously are available in Maryland. In addition, the bank routinely conducts Home Buying and Selling Seminars to provide its members with a high level overview of all topics related to this process. In 2012 through 2014, the bank conducted seminars in its Annapolis financial service center office.

### **Community Development Services**

During the evaluation period, the bank exhibited a weak responsiveness to the CD service needs of Maryland. No CD service activities benefiting LMI individuals or geographies were noted.

## State Rating

### State of North Carolina

<b>CRA Rating for North Carolina:</b>	<b>Satisfactory</b>
<b>The lending test is rated:</b>	<b>Needs to Improve</b>
<b>The investment test is rated:</b>	<b>Outstanding</b>
<b>The service test is rated:</b>	<b>High Satisfactory</b>

The major factors that support this rating include:

- The bank's overall lending activity in North Carolina is excellent.
- Overall, geographic distribution of the bank's loans was poor.
- Overall borrower distribution of the bank's loans was adequate, considering the limitations on lending opportunities to LMI borrowers resulting from the proportion of lower income servicemembers who reside on base or receive rental housing allowances.
- The bank's use of innovative or flexible lending products in servicing their members was excellent.
- An excellent level of qualified investment and donations was noted.
- The bank's delivery systems are readily accessible to all portions of its targeted customer base.
- An excellent level of retail services is available to customers.
- A weak level of CD services that were not positive to community needs.

### Description of Institution's Operations in North Carolina

In each state where the bank has a deposit-taking ATM, those states were selected for full-scope reviews as require by the Reigle-Neal Interstate Banking and Branching Efficiency Act (IBBEA). USAA has three financial centers and 14 of its 107-deposit taking ATMs in North Carolina. The two bases where customers are centered are located in MSAs with MFI lower and MHV significantly lower, and proportion of LMI geographies lower, than the state averages. Although this should facilitate lending opportunities to military customers, lower income military customers typically reside on base or receive a housing allowance that discourages home purchase.

USAA provides a full range of loan and deposit products to its members in the state. The primary lending products offered are mortgage loans, automobile loans, and credit card loans. Deposit products include a full array of certificates of deposit, savings, and demand deposit/checking accounts. In addition, the bank offers asset management services. The state of North Carolina accounts for \$1.44 billion of the institution's total deposits or 2.41 percent of the total deposits.

The FDIC's state profile for North Carolina noted that there were 68 FDIC insured financial institutions in the state at the end of 2014. At the end of 2013, there were 77 financial institutions. The banking industry is highly competitive throughout the state with several national, regional, and community banks competing for loans and deposits. The largest three deposit markets in North Carolina are Charlotte, Winston-Salem, and Raleigh.

Refer to the market profiles for North Carolina in appendix C for detailed demographics and other performance context information for assessment areas that received full-scope reviews.

## **Scope of Evaluation in North Carolina**

USAA was evaluated, by serving the needs of primarily military personnel and their dependents under 12 C.F.R. 195.41(f), across its defined assessment area of its entire deposit-customer base. USAA maintains deposit taking ATMs in North Carolina, which, consistent with IBBEA, warrant the analysis of the bank's activities in the state to provide a more complete picture of CRA performance. We performed a full-scope review of the bank's performance within the entire state. Information obtained from two community contacts contributed to the evaluation of the bank performance.

## **LENDING TEST**

The bank's performance under the lending test in North Carolina is rated "Need to Improve." Based on full-scope reviews, including performance context, the bank's performance in North Carolina is poor.

### **Lending Activity**

Refer to Table 1 Lending Volume in North Carolina section of appendix D for the facts and data used to evaluate the bank's lending activity.

The bank's lending activity in North Carolina is excellent.

Based upon the FDIC Deposit Market Share data as of June 30, 2014, USAA achieved a 0.43 percent market share of deposits, ranking 16th among 100 financial institutions reporting deposits in the state. USAA achieved a 1.10 percent market share of home mortgage loans, ranking 13<sup>th</sup> among 938 lenders reporting in the state. These market ranks/shares are excellent when compared to the deposit market rank/share and competition within the state.

## **Distribution of Loans by Income Level of the Geography**

Overall, the geographic distribution of the bank's lending activity reflects poor penetration throughout the State, with poor distribution of home mortgage and consumer loans. Geographic performance is confined by the proximity of the bank's customers to military bases rather than the demographics of a defined geographic area.

### ***Home Mortgage Loans***

Refer to Tables 2 and 4 in appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations.

Overall, the geographic distribution of home mortgage loans is poor.

The geographic distribution of home mortgage lending in low-income geographies is poor. During the 2012-2014 evaluation period, USAA originated 75 mortgage loans totaling \$12.5 million in North Carolina's low-income geographies. The bank's percentage of home mortgage lending in low-income geographies is lower than the percentage of owner-occupied units in those low-income geographies. The percentage of home mortgage lending in moderate-income geographies is lower than the percentage of owner-occupied units in those geographies, and is considered poor. This disparity is primarily a result of the concentration of lending to military customers in proximity to bases, where tract income levels are not directly comparable to statewide census demographic data, and payment of military housing allowances that encourage rental housing.

The bank's home mortgage lending in low- and moderate-income geographies in 2011 was consistent with its home mortgage lending in low- and moderate-income geographies during the 2012-2014 evaluation period.

### ***Consumer Loans***

Refer to Table 13 in appendix D for the facts and data used to evaluate the geographic distribution of the bank's consumer loans, specifically automobile.

The overall geographic distribution of the bank's consumer lending in the North Carolina AA is poor.

The bank's consumer loan performance in both low- and moderate-income geographies in the state is lower than the percentage of low- and moderate-income households in those geographies. Lending correlates more closely to demographics surrounding military bases where most customers reside, rather than the broader demographic characteristics of the state, and where on-base residents have limited demand for credit.

### ***Lending Gap Analysis***

We reviewed summary reports and maps, to analyze the bank's home mortgage lending activity over the evaluation period and identify any gaps in the geographic distribution of loans. We did not identify any unexplained conspicuous gaps.

### ***Inside/Outside Ratio***

We analyzed the bank's inside/outside ratio on a bank level. Please see "Comments Applicable to All Rating Areas – Lending Test."

### **Distribution of Loans by Income Level of the Borrower**

The overall distribution of loans by the income level of the borrower is in North Carolina adequate, considering the limitations on lending opportunities to LMI borrowers resulting from the proportion of lower income servicemembers who reside on base or receive rental housing allowances. Otherwise, the distribution of both mortgage and consumer loans to borrowers of different income levels is poor.

### ***Home Mortgage Loans***

The overall borrower distribution of the bank's home mortgage lending is poor, with very poor distribution of home mortgage loans to low-income borrowers and poor distribution of home mortgage loans to moderate-income borrowers. However, considering context the performance is considered adequate.

Refer to Tables 8 and 10 in North Carolina section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loans.

In our assessment of the bank's performance, we considered external factors that can affect the bank's ability to make mortgage loans in the AA, such as affordability or housing in the market and the demographics of the population base. According to the 2010 Census and 2014 FFIEC updated MFI, the median housing price in North Carolina was \$165,471. While this price appears it would be affordable to many low- and moderate-income borrowers, the bank required a minimum 20 percent down payment for home mortgage loans during the evaluation period. This down payment requirement, combined with the fact that North Carolina's median house value was at least six times the median income for low-income borrowers (according to 2010 US Census and 2014 FFIEC updated MFI), significantly impacts the bank's ability to make mortgage loans to low-income borrowers in the AA.

Furthermore, North Carolina's 15 percent household poverty level also impacts the bank's ability to make mortgage loans. Specific to USAA, the proportion of loans to LMI borrowers is further limited by the proportion of lower income servicemembers who are more likely to reside on base, or may receive rental housing allowances.

The borrower distribution of home mortgage lending to low-income families is very poor. The bank's percentage of home mortgage lending to low-income borrowers is significantly lower than the percent of low-income families in North Carolina. The portion of home mortgage loans made to moderate-income borrowers in North Carolina is lower than the percentage of moderate-income families living in North Carolina, and is poor. This disparity primarily results from the bank's military customer base, where lower income members more likely reside on base, limiting home loan demand in a manner not comparable to statewide demographic data.

The bank's home mortgage lending to low- and moderate-income borrowers in 2011 was consistent with its home mortgage lending to low- and moderate-income borrowers during the 2012-2014 evaluation period.

### ***Consumer Loans***

Refer to Table 13 in appendix D for the facts and data used to evaluate the borrower distribution of the bank's consumer loans, specifically automobile.

The overall borrower distribution of the bank's consumer lending in the North Carolina AA is poor.

The bank's consumer loan performance to both low- and moderate-income borrowers in the state is lower than the percentage of low- and moderate-income households in the AA. The

constraints on consumer loan demand from the proportion the bank's military customer who reside on base limits comparability to statewide demographic data.

### **Community Development Lending**

No qualified community development lending was originated during the community development evaluation period January 1, 2011 through December 31, 2014.

### **Product Innovation and Flexibility**

USAA makes extensive use of innovative and flexible products that contributed positively to performance. Please see "Comments Applicable to All Rating Areas – Lending Test."

## **INVESTMENT TEST**

The bank's performance under the Investment Test in the State of North Carolina is rated "Outstanding" given performance context. Based on full-scope reviews the bank's performance in North Carolina was excellent.

During the evaluation period, USAA originated 29 investments and grants totaling \$13.1 million. The total investments in North Carolina represented 9.24 percent of the allocated Tier One Capital, as of December 31, 2014.

## **SERVICE TEST**

The bank's performance under the service test in North Carolina is rated "High Satisfactory". Based on the service delivery system, the level of retail banking services, and the level of CD services, the bank's performance in North Carolina is good.

### **Retail Banking Services**

The bank's depositors in North Carolina account for four percent of the total number of deposits and two percent of the dollar amount as of year-end 2014. This represents the sixth largest concentration of the 10 states in which the bank has deposit-taking ATMs.

The number and location of the bank's financial service centers and proprietary ATMs do not significantly impact the accessibility of the bank's delivery systems to its targeted customer base. This is due to the wide variety of alternative locations and delivery systems that are available to and used by the bank's customers.

The bank's distribution of financial service centers and ATMs is excellent. Its three financial service centers house all of its 14 ATMs and are readily accessible to the customers. Each financial service center is in close proximity to the military installations where the customers work and many reside. For those who live off-base, the military provides an allowance to help offset housing costs. This allows many customers and their families to live in moderate-, middle-, or upper-income geographies.

Financial service center openings and closings have not adversely affected the accessibility of the bank's delivery systems to LMI geographies or individuals. During the evaluation period, the bank opened all three of its North Carolina branches:

- In July 2011, the bank opened the Fort Bragg North financial service center office in Fayetteville located seven miles from Fort Bragg.
- In April 2012, the Camp Lejeune financial service center was opened in Jacksonville to serve the customer base stationed at nearby Camp Lejeune.
- In September 2012, the bank opened the Fort Bragg South financial service center office in Fayetteville located five miles from Fort Bragg.

No financial service centers were closed during the evaluation period.

All the retail banking services detailed previously are available in North Carolina. In addition, the bank routinely conducts Home Buying and Selling Seminars to provide its members with a high level overview of all topics related to this process. In 2013 and 2014, the bank conducted seminars in its Fort Bragg financial service center offices.

### **Community Development Services**

During the evaluation period, the bank exhibited a weak responsiveness to the CD service needs of North Carolina. No CD service activities benefiting LMI individuals or geographies were noted.



## State Rating

### State of New York

<b>CRA Rating for North Carolina:</b>	<b>Satisfactory</b>
<b>The lending test is rated:</b>	<b>Low Satisfactory</b>
<b>The investment test is rated:</b>	<b>Outstanding</b>
<b>The service test is rated:</b>	<b>High Satisfactory</b>

The major factors that support this rating include:

- The bank's overall lending activity in New York is excellent.
- Overall, geographic distribution of the bank's mortgage loans was adequate.
- Overall borrower distribution of the bank's mortgage loans was adequate.
- The bank's use of innovative or flexible lending products in servicing their members was excellent.
- An excellent level of qualified investment and donations that addressed the need for financial literacy and affordable housing targeted to LMI families.
- The bank's delivery systems are readily accessible to all portions of its targeted customer base.
- An excellent level of retail services is available to ban customers.
- A weak level of CD services that were not positive to community needs.

### Description of Institution's Operations in New York

In each state where the bank has a deposit-taking ATM, those states were selected for full-scope reviews as require by the Reigle-Neal Interstate Banking and Branching Efficiency Act (IBBEA). USAA has one financial center and five of its 107-deposit taking ATMs in New York. The base where customers are centered is located in a county with MFI significantly higher and MHV significantly lower, and proportion of LMI geographies significantly lower, than the state averages. Although this should facilitate lending opportunities to military customers, lower income military customers typically reside on base or receive a housing allowance that discourages home purchase.

USAA provides a full range of loan and deposit products to its members in the state. The primary lending products offered are mortgage loans, automobile loans, and credit card loans. Deposit products include a full array of certificates of deposit, savings, and demand deposit/checking accounts. In addition, the bank offers asset management services. The state of New York accounts for \$1.30 billion of the institution's total deposits or 2.17 percent of the total deposits.

The FDIC's state profile for New York noted that there were 159 FDIC insured financial institutions in the state at the end of 2014. At the end of 2013, there were 165 financial institutions. The banking industry is highly competitive throughout the state with several national, regional, and community banks competing for loans and deposits. The largest three

deposit markets in New York are New York-Newark-Jersey City, Buffalo-Cheektowaga-Niagara Falls, and Albany-Schenectady-Troy.

Refer to the market profiles for New York in appendix C for detailed demographics and other performance context information for assessment areas that received full-scope reviews.

## **Scope of Evaluation in New York**

USAA was evaluated, by serving the needs of primarily military personnel and their dependents under 12 C.F.R. 195.41(f), across its defined assessment area of its entire deposit-customer base. USAA maintains deposit taking ATMs in New York, which, consistent with IBBEA, warrant the analysis of the bank's activities in the state to provide a more complete picture of CRA performance. We performed a full-scope review of the bank's performance within the entire state. Information obtained from two community contacts contributed to the evaluation of the bank performance.

## **LENDING TEST**

The bank's performance under the lending test in New York is rated "Low Satisfactory." Based on full-scope reviews, including performance context, the bank's performance in New York is adequate.

### **Lending Activity**

Refer to Table 1 Lending Volume in New York section of appendix D for the facts and data used to evaluate the bank's lending activity.

The bank's lending activity in New York is excellent.

Based upon the FDIC Deposit Market Share data as of June 30, 2014, USAA achieved a 0.10 percent market share of deposits, ranking 59th among 221 financial institutions reporting deposits in the state. USAA achieved a 0.38 percent market share of home mortgage loans, ranking 53<sup>rd</sup> among 792 lenders reporting in the state. These market ranks/shares are excellent when compared to the deposit market rank/share and competition within the state.

## **Distribution of Loans by Income Level of the Geography**

Overall, the geographic distribution of the bank's lending activity reflects adequate penetration throughout the State, with adequate distribution of home mortgage lending and poor distribution of consumer loans. Geographic performance is confined by the proximity of the bank's customers to military bases rather than the demographics of a defined geographic area.

### ***Home Mortgage Loans***

Refer to Tables 2 and 4 in appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations.

The geographic distribution of home mortgage loans within New York is adequate.

The geographic distribution of home mortgage lending in low-income geographies is poor. The bank's percentage of home mortgage lending in low-income geographies is lower than the percentage of owner-occupied units in those low-income geographies. The percentage of home mortgage lending in moderate-income geographies is somewhat lower than the percentage of owner-occupied units in those geographies, and is considered adequate.

The bank's home mortgage lending in low-income geographies in 2011 was actually better than the performance noted during 2012-2014 evaluation period. The bank's home mortgage lending in moderate-income geographies in 2011 was consistent with the performance during the 2012-2014 review.

### ***Consumer Loans***

Refer to Table 13 in appendix D for the facts and data used to evaluate the geographic distribution of the bank's consumer loans, specifically automobile.

The overall geographic distribution of the bank's consumer lending in the New York AA is poor.

The bank's consumer loan performance in low- income geographies in the state is significantly lower than the percentage of low- and moderate-income households in those geographies. The bank's consumer loan performance in moderate-income geographies in the state is somewhat lower than the percentage of low- and moderate-income households in those geographies. Lending correlates more closely to demographics surrounding military bases where most customers reside, rather than the broader demographic characteristics of the state, and where on-base residents have limited demand for credit.

### **Lending Gap Analysis**

We reviewed summary reports and maps, to analyze the bank's home mortgage lending activity over the evaluation period and identify any gaps in the geographic distribution of loans. We did not identify any unexplained conspicuous gaps.

### **Inside/Outside Ratio**

We analyzed the bank's inside/outside ratio on a bank level. Please see "Comments Applicable to All Rating Areas – Lending Test."

### **Distribution of Loans by Income Level of the Borrower**

The overall distribution of loans by the income level of the borrower is adequate in New York. The distributions of mortgage and consumer loans to borrowers of different income levels are adequate. Performance context is heavily considered.

### ***Home Mortgage Loans***

The overall borrower distribution of the bank's home mortgage lending is adequate.

Refer to Tables 8 and 10 in New York section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loans.

In our assessment of the bank's performance, we considered external factors that can affect the bank's ability to make mortgage loans in the AA, such as affordability or housing in the market and the demographics of the population base. According to the 2010 Census and 2014 FFIEC updated MFI, the median housing price in New York was \$372,041 which is not affordable to many low- and moderate-income homebuyers. This median housing value is approximately 13 times the median income of low-income borrowers and 6.5 times the median income of moderate-income borrowers in the state. In addition, the bank required a minimum 20 percent down payment for home mortgage loans during the evaluation period. The cost of housing and the down payment requirement significantly impacts the bank's ability to make mortgage loans to low- and moderate-income borrowers in the AA.

Furthermore, the poverty levels in the AA at 14 percent indicate it would be hard for certain borrowers to obtain mortgages. Specific to USAA, the proportion of loans to LMI borrowers is further limited by the proportion of lower income servicemembers who are more likely to reside on base, or may receive rental housing allowances.

Home mortgage loans made to low-income borrowers in New York is significantly lower than the percentage of low-income families in the AA. In addition, home mortgage loans made to moderate-income borrowers in New York is lower than the percentage of moderate-income families in the AA. However, the overall performance is adequate based on the housing affordability constraints, down-payment requirements, and poverty rates. This disparity also results from the bank's military customer base, where lower income members more likely reside on base, limiting home loan demand in a manner not comparable to statewide demographic data. These factors support adequate performance.

The bank's home mortgage lending to low- and moderate-income borrowers in 2011 was consistent with its home mortgage lending to low- and moderate-income borrowers during the 2012-2014 evaluation period.

### ***Consumer Loans***

Refer to Table 13 in appendix D for the facts and data used to evaluate the borrower distribution of the bank's consumer loans, specifically automobile.

The overall borrower distribution of the bank's consumer lending in the New York AA is adequate.

The bank's consumer loan performance to low- income borrowers in the state is lower than the percentage of low-income households in the AA. The bank's consumer loan performance to moderate-income borrowers in the state exceeds the percentage of moderate-income households in the AA. The constraints on consumer loan demand from the proportion the bank's military customer who reside on base limits comparability to statewide demographic data.

## **Community Development Lending**

No qualified community development lending was originated during the community development evaluation period January 1, 2011 through December 31, 2014.

## **Product Innovation and Flexibility**

USAA makes extensive use of innovative and flexible products that contributed positively to performance. Please see “Comments Applicable to All Rating Areas – Lending Test.”

## **INVESTMENT TEST**

The bank’s performance under the Investment Test in the State of New York is rated “Outstanding” given performance context. Based on full-scope reviews the bank’s performance in New York was excellent.

The bank’s investment performance in New York is excellent. During the evaluation period, USAA originated 11 investments and grants totaling \$179.1 million. The total investments in New York represented 142.15 percent of the allocated Tier One Capital. Of these investments, a \$157 million school bond, representing the overwhelming majority of the total period investment dollars was used to finance the cost of the construction for 51 public schools in LMI communities. The remaining \$24 million was used to invest in low-income housing tax credits and contribute to organizations whose mission meets the definition of community development, primarily community service needs such as financial literacy, educational, health care, and other community programs targeted to LMI families.

## **SERVICE TEST**

The bank’s performance under the service test in New York is rated “High Satisfactory.” Based on the service delivery system, the level of retail banking services, and the level of CD services, the bank’s performance in New York is good.

## **Retail Banking Services**

The bank’s depositors in New York account for approximately 3.00 percent of the total number of deposits and 2.17 percent of the dollar amount as of year-end 2014. This represents the seventh largest concentration of deposits in the 10 states in which the bank has deposit-taking ATMs.

The number and location of the bank’s financial service centers and proprietary ATMs do not significantly impact the accessibility of the bank’s delivery systems to its targeted customer base. This is due to the wide variety of alternative locations and delivery systems that are available to and used by the bank’s customers.

The bank’s distribution of financial service centers and ATMs is good. One financial service center and five ATMs, three of which are located in-house, and two standalone, are accessible to the members. The financial service center is located one mile from the U.S. Military

Academy. The two standalone ATMs do not accept deposits. As previously discussed, banking hours are slightly more abbreviated here and at Annapolis but still meet the convenience and needs of the local customer base. Military personnel working at the Academy who do not reside there receive an allowance to help offset housing costs. This allows many members and their families to live in moderate-, middle-, or upper-income geographies.

There were no financial service center openings or closings during the evaluation period.

All the retail banking services detailed previously are available in New York.

### **Community Development Services**

During the evaluation period, the bank exhibited a weak responsiveness to the CD service needs of New York. No CD service activities benefiting LMI individuals or geographies were noted.

## State Rating

### State of Tennessee

<b>CRA Rating for Tennessee:</b>	<b>Satisfactory</b>
<b>The lending test is rated:</b>	<b>Needs to Improve</b>
<b>The investment test is rated:</b>	<b>High Satisfactory</b>
<b>The service test is rated:</b>	<b>High Satisfactory</b>

The major factors that support this rating include:

- The bank's overall lending activity in Tennessee is excellent.
- Overall, geographic distribution of the bank's loans was poor.
- Overall borrower distribution of the bank's loans was adequate, considering the limitations on lending opportunities to LMI borrowers resulting from the proportion of lower income servicemembers who reside on base or receive rental housing allowances.
- The bank's use of innovative or flexible lending products in servicing their members was excellent.
- A good level of qualified investment and donations was noted.
- The bank's delivery systems are readily accessible to all portions of its targeted customer base.
- An excellent level of retail services is available to bank customers.
- A weak level of CD services that were not positive to community needs.

### Description of Institution's Operations in Tennessee

In each state where the bank has a deposit-taking ATM, those states were selected for full-scope reviews as required by the Reigle-Neal Interstate Banking and Branching Efficiency Act (IBBEA). USAA has one financial center and five of its 107-deposit taking ATMs in Tennessee. The base where customers are centered is located in an MSA with MFI higher and MHV lower, and proportion of LMI geographies significantly lower, than the state averages. Although this should facilitate lending opportunities to military customers, lower income military customers typically reside on base or receive a housing allowance that discourages home purchase.

USAA provides a full range of loan and deposit products to its members in the state. The primary lending products offered are mortgage loans, automobile loans, and credit card loans. Deposit products include a full array of certificates of deposit, savings, and demand deposit/checking accounts. In addition, the bank offers asset management services. The state of Tennessee accounts for \$728.74 million of the institution's total deposits or 1.22 percent of the total deposits.

The FDIC's state profile for Tennessee noted that there were 174 FDIC insured financial institutions in the state at the end of 2014. At the end of 2013, there were 179 financial institutions. The banking industry is highly competitive throughout the state with several national, regional, and community banks competing for loans and deposits. The largest three deposit markets in Tennessee are Nashville-Davidson-Murfreesboro-Franklin, Memphis, and Knoxville.

Refer to the market profiles for Tennessee in appendix C for detailed demographics and other performance context information for assessment areas that received full-scope reviews.

## **Scope of Evaluation in Tennessee**

USAA was evaluated, by serving the needs of primarily military personnel and their dependents under 12 C.F.R. 195.41(f), across its defined assessment area of its entire deposit-customer base. USAA maintains deposit taking ATMs in Tennessee, which, consistent with IBBEA, warrant the analysis of the bank's activities in the state to provide a more complete picture of CRA performance. We performed a full-scope review of the bank's performance within the entire state. Information obtained from two community contacts contributed to the evaluation of the bank performance.

## **LENDING TEST**

The bank's performance under the lending test in Tennessee is rated "Needs to Improve". Based on full-scope reviews, including performance context, the bank's performance in Tennessee is poor.

### **Lending Activity**

Refer to Table 1 Lending Volume in Tennessee section of appendix D for the facts and data used to evaluate the bank's lending activity.

The bank's lending activity in Tennessee is excellent.

Based upon the FDIC Deposit Market Share data as of June 30, 2014, USAA achieved a 0.60 percent market share of deposits, ranking 25th among 219 financial institutions reporting deposits in the state. USAA achieved a 0.83 percent market share of home mortgage loans, ranking 24<sup>th</sup> among 954 lenders reporting in the state. These market ranks/shares are adequate when compared to the deposit market rank/share and competition within the state.

## **Distribution of Loans by Income Level of the Geography**

Overall, the geographic distribution of the bank's lending activity reflects poor penetration throughout the State, with poor distribution of home mortgage lending and poor distribution of consumer loans. Geographic performance is confined by the proximity of the bank's customers to military bases rather than the demographics of a defined geographic area.

### ***Home Mortgage Loans***

Refer to Tables 2 and 4 in appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations.

Overall, the geographic distribution of home mortgage loans is poor.



The geographic distribution of home mortgage lending in low-income geographies is poor. During the 2012-2014 evaluation period, USAA originated 45 mortgage loans totaling \$7.5 million in Tennessee's low-income geographies. The bank's percentage of home mortgage lending in low-income geographies is lower than the percentage of owner-occupied units in those low-income geographies. The percentage of home mortgage lending in moderate-income geographies is lower than the percentage of owner-occupied units in those geographies, and is considered poor. This disparity is primarily a result of the concentration of lending to military customers in proximity to bases, where tract income levels are not directly comparable to statewide census demographic data, and payment of military housing allowances that encourage rental housing.

The bank's home mortgage lending in low-income geographies in 2012-2014 was better than it was in 2011. However, home mortgage lending in moderate-income geographies in 2011 was consistent with the 2012-2014 evaluation period.

### ***Consumer Loans***

Refer to Table 13 in appendix D for the facts and data used to evaluate the geographic distribution of the bank's consumer loans, specifically automobile.

The overall geographic distribution of the bank's consumer lending in the Tennessee AA is poor.

The bank's consumer loan performance in both low- and moderate-income geographies in the state is significantly lower than the percentage of low- and moderate-income households in those geographies. Lending correlates more closely to demographics surrounding military bases where most customers reside, rather than the broader demographic characteristics of the state, and where on-base residents have limited demand for credit.

### ***Lending Gap Analysis***

We reviewed summary reports and maps, to analyze the bank's home mortgage lending activity over the evaluation period and identify any gaps in the geographic distribution of loans. We did not identify any unexplained conspicuous gaps.

### ***Inside/Outside Ratio***

We analyzed the bank's inside/outside ratio on a bank level. Please see "Comments Applicable to All Rating Areas – Lending Test."

### **Distribution of Loans by Income Level of the Borrower**

The overall distribution of loans by the income level of the borrower is in Tennessee adequate, considering the limitations on lending opportunities to LMI borrowers resulting from the proportion of lower income servicemembers who reside on base or receive rental housing allowances. Otherwise, the distribution of mortgage and consumer loans to borrowers of different income levels is poor.

## ***Home Mortgage Loans***

The overall borrower distribution of the bank's home mortgage lending is poor, with very poor distribution of home mortgage loans to low-income borrowers and poor distribution of home mortgage loans to moderate-income borrowers.

Refer to Tables 8 and 10 in Tennessee section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loans.

In our assessment of the bank's performance, we considered external factors that can affect the bank's ability to make mortgage loans in the AA, such as affordability or housing in the market and the demographics of the population base. According to the 2010 Census and 2014 FFIEC updated MFI, the median housing price in Tennessee was \$140,074. While this price appears it would be affordable to many low- and moderate-income borrowers, the bank required a minimum 20 percent down payment for home mortgage loans during the evaluation period. This down payment requirement, combined with the fact that Tennessee's median house value was at least five times the median income for low-income borrowers (according to 2010 US Census and 2014 FFIEC updated MFI), significantly impacts the bank's ability to make mortgage loans to low-income borrowers in the AA.

Furthermore, Tennessee's 16 percent household poverty level also impacts the bank's ability to make mortgage. Specific to USAA, the proportion of loans to LMI borrowers is further limited by the proportion of lower income servicemembers who are more likely to reside on base, or may receive rental housing allowances.

The borrower distribution of home mortgage lending to low-income families is very poor. The bank's percentage of home mortgage lending to low-income borrowers is significantly lower than the percent of low-income families in Tennessee. The bank's percentage of home mortgage lending to moderate-income borrowers is lower than the percent of moderate-income families in Tennessee. This disparity primarily results from the bank's military customer base, where lower income members more likely reside on base, limiting home loan demand in a manner not comparable to statewide demographic data.

The bank's home mortgage lending to low- and moderate-income borrowers in 2011 was consistent with its home mortgage lending to low- and moderate-income borrowers during the 2012-2014 evaluation period.

## ***Consumer Loans***

Refer to Table 13 in appendix D for the facts and data used to evaluate the borrower distribution of the bank's consumer loans, specifically automobile.

The overall borrower distribution of the bank's consumer lending in the Tennessee AA is poor.

The bank's consumer loan performance to low-income borrowers in the state is significantly lower than the percentage of low- income households in the AA. The bank's consumer loan performance to moderate-income borrowers in the state is somewhat lower than the percentage

of low- and moderate-income households in the AA. The constraints on consumer loan demand from the proportion the bank's military customer who reside on base limits comparability to statewide demographic data.

### **Community Development Lending**

No qualified community development lending was originated during the community development evaluation period January 1, 2011 through December 31, 2014.

### **Product Innovation and Flexibility**

USAA makes extensive use of innovative and flexible products that contributed positively to performance. Please see "Comments Applicable to All Rating Areas – Lending Test."

### **INVESTMENT TEST**

The bank's performance under the Investment Test in the State of Tennessee is rated "High Satisfactory" given performance context. Based on full-scope reviews the bank's performance in Tennessee was good.

During the evaluation period, USAA originated eight investments and grants totaling approximately \$4.2 million. The total investments in Tennessee represented 5.89 percent of the allocated Tier One Capital, as of December 31, 2014.

### **SERVICE TEST**

The bank's performance under the service test in Tennessee is rated "High Satisfactory." Based on the service delivery system, the level of retail banking services, and the level of CD services, the bank's performance in Tennessee is good.

### **Retail Banking Services**

The bank's depositors in Tennessee account for two percent of the total number of deposits and one percent of the dollar amount as of year-end 2014. This represents the ninth largest concentration of the 10 states in which the bank has deposit-taking ATMs.

The number and location of the bank's financial service centers and proprietary ATMs do not significantly impact the accessibility of the bank's delivery systems to its targeted customer base. This is due to the wide variety of alternative locations and delivery systems that are available to and used by the bank's customers.

The bank's distribution of financial service centers and ATMs is excellent. One financial service center houses all five of its ATMs. Due to its proximity to Fort Campbell and the Clarksville residential neighborhoods, the facility is readily accessible to the customers. For those who live off-base, the military provides an allowance to help offset housing costs. This allows many customers and their families to live in moderate-, middle-, or upper-income geographies.

The financial service center was opened in December 2011. There have been no financial service center closings during the evaluation period.

All the retail banking services detailed previously are available in Tennessee.

### **Community Development Services**

During the evaluation period, the bank exhibited a weak responsiveness to the CD service needs of Tennessee. No CD service activities benefiting LMI individuals or geographies were noted.

## State Rating

### State of Kansas

<b>CRA Rating for Kansas:</b>	<b>Satisfactory</b>
<b>The lending test is rated:</b>	<b>Needs to Improve</b>
<b>The investment test is rated:</b>	<b>Outstanding</b>
<b>The service test is rated:</b>	<b>High Satisfactory</b>

The major factors that support this rating include:

- The bank's overall lending activity in Kansas is excellent.
- Overall, geographic distribution of the bank's loans was poor.
- Overall borrower distribution of the bank's loans was adequate, considering the limitations on lending opportunities to LMI borrowers resulting from the proportion of lower income servicemembers who reside on base or receive rental housing allowances.
- The bank's use of innovative or flexible lending products in servicing their members was excellent.
- An excellent level of qualified investment and donations was noted.
- The bank's delivery systems are readily accessible to all portions of its targeted customer base.
- An excellent level of retail services is available to bank customers.
- A weak level of CD services that were not positive to community needs.

### Description of Institution's Operations in Kansas

In each state where the bank has a deposit-taking ATM, those states were selected for full-scope reviews as required by the Reigle-Neal Interstate Banking and Branching Efficiency Act (IBBEA). USAA has one financial center and four of its 107-deposit taking ATMs in Kansas. The base where customers are centered is located in an MSA with MFI similar and MHV significantly higher, and proportion of LMI geographies higher, than the state averages, impeding lending opportunities to military customers. In addition, lower income military customers typically reside on base or receive a housing allowance that discourages home purchase.

USAA provides a full range of loan and deposit products to its members in the state. The primary lending products offered are mortgage loans, automobile loans, and credit card loans. Deposit products include a full array of certificates of deposit, savings, and demand deposit/checking accounts. In addition, the bank offers asset management services. The state of Kansas accounts for \$360.06 million of the institution's total deposits or 0.60 percent of the total deposits.

The FDIC's state profile for Kansas noted that there were 281 FDIC insured financial institutions in the state at the end of 2014. At the end of 2013, there were 290 financial institutions. The banking industry is highly competitive throughout the state with several national, regional, and community banks competing for loans and deposits. The largest three deposit markets in Kansas are Kansas City MO-KS, Wichita, and Topeka.

Refer to the market profiles for Kansas in appendix C for detailed demographics and other performance context information for assessment areas that received full-scope reviews.

## **Scope of Evaluation in Kansas**

USAA was evaluated, by serving the needs of primarily military personnel and their dependents under 12 C.F.R. 195.41(f), across its defined assessment area of its entire deposit-customer base. USAA maintains deposit taking ATMs in Kansas, which, consistent with IBBEA, warrant the analysis of the bank's activities in the state to provide a more complete picture of CRA performance. We performed a full-scope review of the bank's performance within the entire state. Information obtained from two community contacts contributed to the evaluation of the bank performance.

## **LENDING TEST**

The bank's performance under the lending test in Kansas is rated "Needs to Improve". Based on full-scope reviews, including performance context, the bank's performance in Kansas is poor.

### **Lending Activity**

Refer to Table 1 Lending Volume in Kansas section of appendix D for the facts and data used to evaluate the bank's lending activity.

The bank's lending activity in Kansas is excellent.

Based upon the FDIC Deposit Market Share data as of June 30, 2014, USAA achieved a 0.54 percent market share of deposits, ranking 41st among 329 financial institutions reporting deposits in the state. USAA achieved a 0.94 percent market share of home mortgage loans, ranking 20<sup>th</sup> among 582 lenders reporting in the state. These market ranks/shares are excellent when compared to the deposit market rank/share and competition within the state.

### **Distribution of Loans by Income Level of the Geography**

Overall, the geographic distribution of the bank's lending activity reflects poor penetration throughout the State, with poor distribution of home mortgage lending and poor distribution of consumer loans. Geographic performance is confined by the proximity of the bank's customers to military bases rather than the demographics of a defined geographic area.

#### ***Home Mortgage Loans***

Refer to Tables 2 and 4 in appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations.

Overall, the geographic distribution of home mortgage loans is poor.

The geographic distribution of home mortgage lending in low-income geographies is poor. The bank's percentage of home mortgage lending in low-income geographies is significantly lower than the percentage of owner-occupied units in those low-income geographies. The percentage of home mortgage lending in moderate-income geographies is somewhat lower than the percentage of owner-occupied units in those geographies, and is considered adequate. This disparity is primarily a result of the concentration of lending to military customers in proximity to bases, where tract income levels are not directly comparable to statewide census demographic data, and payment of military housing allowances that encourage rental housing.

The bank's home mortgage lending in low-income geographies in 2011 was actually better than it was in 2012-2014. However, home mortgage lending in moderate-income geographies in 2011 was consistent with the 2012-2014 evaluation period.

### ***Consumer Loans***

Refer to Table 13 in appendix D for the facts and data used to evaluate the geographic distribution of the bank's consumer loans, specifically automobile.

The overall geographic distribution of the bank's consumer lending in the Kansas AA is poor.

The portions of consumer loans made in both low- and moderate-income geographies in the Kansas AA are significantly lower than the percentages of low- and moderate-income households in the AA. Lending correlates more closely to demographics surrounding military bases where most customers reside, rather than the broader demographic characteristics of the state, and where on-base residents have limited demand for credit.

### ***Lending Gap Analysis***

We reviewed summary reports and maps, to analyze the bank's home mortgage lending activity over the evaluation period and identify any gaps in the geographic distribution of loans. We did not identify any unexplained conspicuous gaps.

### ***Inside/Outside Ratio***

We analyzed the bank's inside/outside ratio on a bank level. Please see "Comments Applicable to All Rating Areas – Lending Test."

### **Distribution of Loans by Income Level of the Borrower**

The overall distribution of loans by the income level of the borrower is in Kansas adequate, considering the limitations on lending opportunities to LMI borrowers resulting from the proportion of lower income servicemembers who reside on base or receive rental housing allowances. Otherwise, the distribution of mortgage loans to borrowers of different income levels is poor and the distribution of consumer loans to borrowers of different income levels is adequate.

## ***Home Mortgage Loans***

The overall borrower distribution of the bank's home mortgage lending is poor, with very poor distribution of home mortgage loans to low-income borrowers and poor distribution of home mortgage loans to moderate-income borrowers.

Refer to Tables 8 and 10 in Kansas section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loans.

In our assessment of the bank's performance, we considered external factors that can affect the bank's ability to make mortgage loans in the AA, such as affordability or housing in the market and the demographics of the population base. According to the 2010 Census and 2014 FFIEC updated MFI, the median housing price in Kansas was \$126,174. While this price appears it would be affordable to many low- and moderate-income borrowers, the bank required a minimum 20 percent down payment for home mortgage loans during the evaluation period. This down payment requirement, combined with the fact that Kansas' median house value was at least four times the median income for low-income borrowers (according to 2010 US Census and 2014 FFIEC updated MFI), impacts the bank's ability to make mortgage loans to low-income borrowers in the AA.

Furthermore, Kansas' 12 percent household poverty level also impacts the bank's ability to make mortgage. Specific to USAA, the proportion of loans to LMI borrowers is further limited by the proportion of lower income servicemembers who are more likely to reside on base, or may receive rental housing allowances.

The borrower distribution of home mortgage lending to low-income families is very poor. The bank's percentage of home mortgage lending to low-income borrowers is significantly lower than the percent of low-income families in Kansas. The bank's percentage of home mortgage lending to moderate-income borrowers is lower than the percent of moderate-income families in Kansas. This disparity also results from the bank's military customer base, where lower income members more likely reside on base, limiting home loan demand in a manner not comparable to statewide demographic data.

The bank's home mortgage lending to low-income borrowers in 2011 was consistent with the 2012-2014 evaluation period. The bank's home mortgage lending in moderate-income geographies in 2011 was actually better than it was in 2012-2014.

## ***Consumer Loans***

Refer to Table 13 in appendix D for the facts and data used to evaluate the borrower distribution of the bank's consumer loans, specifically automobile.

The overall borrower distribution of the bank's consumer lending in the Kansas AA is adequate.

The portions of consumer loans made to low-income borrowers in the Kansas AA are lower than the percentages of low-income households in the AA. The portions of consumer loans made to moderate-income borrowers in the Kansas AA exceeds the percentages of low- and



moderate-income households in the AA. The constraints on consumer loan demand from the proportion the bank's military customer who reside on base limits comparability to statewide demographic data.

### **Community Development Lending**

No qualified community development lending was originated during the community development evaluation period January 1, 2011 through December 31, 2014.

### **Product Innovation and Flexibility**

USAA makes extensive use of innovative and flexible products that contributed positively to performance. Please see "Comments Applicable to All Rating Areas – Lending Test."

## **INVESTMENT TEST**

The bank's performance under the Investment Test in Kansas is rated "Outstanding" given performance context. Based on full-scope reviews the bank's performance in Kansas was excellent.

During the evaluation period, USAA originated four investments and grants totaling \$2.3 million. The total investments in Kansas represented 6.45 percent of the allocated Tier One Capital, as of December 31, 2014. Investments in Kansas included purchases of low-income housing tax credits to support affordable housing.

## **SERVICE TEST**

The bank's performance under the service test in Kansas is rated "High Satisfactory." Based on the service delivery system, the level of retail banking services, and the level of CD services, the bank's performance in Kansas is good.

### **Retail Banking Services**

The bank's depositors in the State of Kansas account for one percent of the total number of deposits and one percent of the dollar amount as of year-end 2014. This represents the twelfth largest concentration of the 12 states in which the bank has deposit-taking ATMs.

The number and location of the bank's financial service centers and proprietary ATMs do not significantly impact the accessibility of the bank's delivery systems to its targeted customer base. This is due to the wide variety of alternative locations and delivery systems that are available to and used by the bank's customers.

The bank's distribution of financial service centers and ATMs is excellent. One financial service center houses all four of its ATMs. The facility is two miles from Fort Riley. The financial service center and the ATMs are readily accessible to the customers. For those who live off-base, the military provides an allowance to help offset housing costs. This allows many customers and their families to live in moderate-, middle-, or upper-income geographies.

The bank opened the financial service center in October 2013. There have been no financial service center closings during the evaluation period.

All the retail banking services detailed previously are available in Kansas.

### **Community Development Services**

During the evaluation period, the bank exhibited a weak responsiveness to the CD service needs of Kansas. No CD service activities benefiting LMI individuals or geographies were noted.

## Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and nonmetropolitan areas that received comprehensive examination review (designated by the term “full-scope”) and those that received a less comprehensive review (designated by the term “limited-scope”).

<b>Time Period Reviewed</b>	Lending Test (excludes CD loans): 1/1/2011 to 9/30/2014 Investment and Service Tests and CD Loans: 1/1/2011 to 12/31/2014	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
USAA Federal Savings Bank (USAA) San Antonio, Texas	Consumer Loans – Auto, Home Purchase, Home Improvement, and Home Refinance; Community Development loans, investments, and services	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
USAA Educational Foundation (Foundation)	Affiliate	CD Investments & Services
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
California Colorado Georgia Kansas Maryland North Carolina New York Tennessee Texas Virginia	Full Scope Review Full Scope Review Full Scope Review Full Scope Review Full Scope Review Full Scope Review Full Scope Review Full Scope Review Full Scope Review Full Scope Review	

## Appendix B: Summary of Multistate Metropolitan Area and State Ratings

RATINGS USAA Federal Savings Bank				
Overall Bank:	Lending Test Rating*	Investment Test Rating	Service Test Rating	Overall Bank/State/Multistate Rating
USAA Federal Savings Bank	Low Satisfactory	Outstanding	High Satisfactory	Satisfactory
Multistate Metropolitan Area or State:				
California	Low Satisfactory	High Satisfactory	High Satisfactory	Satisfactory
Colorado	Low Satisfactory	Outstanding	Outstanding	Satisfactory
Georgia	Needs to Improve	Outstanding	High Satisfactory	Satisfactory
Kansas	Needs to Improve	Outstanding	High Satisfactory	Satisfactory
Maryland	Low Satisfactory	High Satisfactory	High Satisfactory	Satisfactory
North Carolina	Needs to Improve	Outstanding	High Satisfactory	Satisfactory
New York	Low Satisfactory	Outstanding	High Satisfactory	Satisfactory
Tennessee	Needs to Improve	High Satisfactory	High Satisfactory	Satisfactory
Texas	Needs to Improve	Outstanding	Outstanding	Satisfactory
Virginia	Low Satisfactory	Needs to Improve	Outstanding	Satisfactory

(\*) The lending test is weighted more heavily than the investment and service tests in the overall rating.

## Appendix C: Market Profiles for Full-Scope Areas

### State of California

Demographic Information for Full Scope Area: California - 2000						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	7,049	6.20	25.48	37.65	30.13	0.54
Population by Geography	33,871,648	5.69	26.52	38.89	28.77	0.13
Owner-Occupied Housing by Geography	6,546,237	1.70	16.51	41.53	40.27	0.00
Business by Geography	3,615,995	5.05	20.02	36.33	38.27	0.33
Farms by Geography	71,299	2.06	17.98	47.33	32.54	0.08
Family Distribution by Income Level	7,985,489	21.77	17.44	19.80	40.99	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	3,131,767	9.42	36.72	38.23	15.63	0.00
Median Family Income HUD Adjusted Median Family Income for 2011 Households Below Poverty Level		54,110 73,362 12%	Median Housing Value Unemployment Rate (2000 US Census)		241,034 3.28%	

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 2000 US Census and 2011 HUD updated MFI

Demographic Information for Full Scope Area: California 2014						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	8,049	7.78	25.61	34.28	31.25	1.09
Population by Geography	37,253,956	7.19	26.05	34.89	31.46	0.41
Owner-Occupied Housing by Geography	7,112,050	2.76	17.55	37.45	42.24	0.00
Business by Geography	2,792,775	6.33	19.66	33.52	39.98	0.51
Farms by Geography	64,294	3.16	18.62	40.79	37.32	0.12
Family Distribution by Income Level	8,495,322	22.82	16.97	18.91	41.31	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	3,380,041	11.86	36.50	34.08	17.56	0.00
Median Family Income HUD Adjusted Median Family Income for 2014 Households Below Poverty Level		70,562 70,562 12%	Median Housing Value Unemployment Rate (2010 US Census)		482,087 4.41%	

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 2010 US Census and 2014 HUD updated MFI

There are 8,049 census tracts throughout California, as of the 2010 U.S. Census, which is up from the 2000 U. S. Census total census tracts of 7,049. In addition, the 2010 U.S. Census data reflects that the state’s population increased 3.38 million people or 9.99 percent between the 2000 U.S. Census and the 2010 U.S. Census. The assessment area meets the requirements of the CRA regulation and does not arbitrarily exclude LMI geographies.

Based on the FFIEC Updated MSA Median Family income, the weighted average family income in the AA as of 2014 was \$70,562. This is a \$2,800 (3.82 percent) decrease when comparing this amount to the 2011 updated median family income of \$73,362. There was an overall net slight increase in the number of LMI families from 2011 to 2013. According to the U.S. Census data, low-income families increased from 21.77 percent in census year 2000 to 22.82 percent in census year 2010, or 4.82 percent. There was a decrease in the number of moderate-income families over the same time period, from 17.44 percent in census year 2000 to 16.97 percent in census year 2010. Within those low-income families, the number of families living below the poverty level barely declined. Families living below the poverty level decreased from 10.59 percent in the 2000 U. S. Census to 10.21 percent in the 2010 U.S. Census.

The state of California accounts for \$4.6 billion of the institution's total deposits or 7.67 percent of the bank's total deposits. According to the June 30, 2014 FDIC Deposit Market Share report, USAA's deposits in the state ranks them 21st in market share. Competition among financial institutions in the state is intense with 256 financial institutions operating 7,267 branches. The state has several national, regional, and community banks competing for loans and deposits. The largest three deposit markets in California are Los Angeles, San Francisco, and San Jose. The top five deposit-taking institutions, combined, command 63.42 percent of the deposits in the state. The top five competitors, in order of market share ranks, were Bank of America, NA, Wells Fargo Bank NA, JPMorgan Chase Bank NA, Union Bank NA, and Citibank NA. USAA has two offices and 11ATMs in the state.

According to the Bureau of Labor Statistics (BLS), as of December 2014, the unemployment rate for the AA was 7.10 percent, which was higher than the national average of 5.60 percent. Unemployment rates for the AA during the evaluation period ranged from a high of 12.00 percent in January 2011 to a low of 7.10 percent in December 2014. In this same time period, the national unemployment rates ranged from a high of 9.20 percent in January 2011 to a low of 5.60 percent in December 2014. Annual unemployment rates during the evaluation period for the AA were 11.58 percent for 2011, 10.23 percent for 2012, 8.78 percent for 2013, and 7.54 percent for 2014. According to Moody's Analytics California is in a recovery status with economic drivers being high tech, tourism, and agriculture. The top five employers in this AA are University of California, Kaiser Permanente, Walt Disney Co., Wells Fargo & Co., and Safeway Inc. In addition, the leading industries by NAIC codes would be local government, restaurants, individual and family services, state government, and employment services.

The 2000 U.S. Census recorded a median housing value of \$241,034 within the bank's California AA. The 2010 U. S. Census recorded a median housing value of \$482,087 within the bank's AA, which represents an increase in value of 100 percent. According to the 2000 U.S. Census, there were 3.54 million housing units located within LMI census tracts in the bank's AA, in which 1.19 million were owner occupied or 33.66 percent. The 2010 U.S. Census disclosed 4.18 million housing units located in LMI census tracts in the bank's AA, in which 1.45 million were owner occupied or 21.86 percent. This represents an increase of 18.10 percent in housing units within LMI census tracts. Between 2000 and 2010 U.S. Census, the number of owner occupied housing units in LMI census tracts within the bank's AA, increased 21.86 percent.

The 2000 U.S. Census noted the median age of the low-income housing is 40 years with a median gross rent of \$555 and for moderate-income the median age is 35 years and the median gross rent is \$675. In comparison, the median age of housing stock for the entire AA is 32 years and the median gross rent is \$792. The 2010 U.S. Census noted the median age of the low-income housing is 49 years with a median gross rent of \$897 and for moderate-income the median age is 43 years and the median gross rent is \$1,039. In comparison, the median age of housing stock for the entire AA is 39 years and the median gross rent is \$1,183.

For this evaluation, we considered two recent community contacts, one from a financial intermediary organization and the other from a housing commission. These contacts were very concerned with the next wave of financial crisis facing consumers with loan products such as HELOCs, student loans and loans affecting seniors. Many borrowers who had mortgage loan modifications during the last recession also had HELOCs. Many of these HELOCs will be repricing and the homeowner's mortgage payments will double. Opportunities exist for financial institutions to assist with financial literacy. In addition, there is a need to for banks to participate in affordable housing.

**State of Colorado**

Demographic Information for Full Scope Area: Colorado - 2000						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	1,075	2.70	24.74	46.14	24.65	1.77
Population by Geography	4,301,261	2.88	24.36	46.57	25.92	0.27
Owner-Occupied Housing by Geography	1,116,305	1.12	19.21	49.34	30.33	0.00
Business by Geography	676,803	2.31	19.00	43.01	35.17	0.51
Farms by Geography	18,898	0.77	14.51	57.27	27.29	0.16
Family Distribution by Income Level	1,092,352	18.27	18.83	23.67	39.23	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	405,254	4.36	36.07	46.43	13.14	0.00
Median Family Income HUD Adjusted Median Family Income for 2011 Households Below Poverty Level		56,200 73,454 9%	Median Housing Value Unemployment Rate (2000 US Census)		171,673 2.28%	

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 2000 US Census and 2011 HUD updated MFI

Demographic Information for Full Scope Area: Colorado 2014						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	1,249	7.77	22.82	39.15	28.98	1.28
Population by Geography	5,029,196	7.65	22.45	39.80	29.76	0.35
Owner-Occupied Housing by Geography	1,296,670	4.26	18.82	42.22	34.70	0.00
Business by Geography	557,053	5.86	19.69	37.45	36.82	0.18
Farms by Geography	18,333	2.97	16.73	52.08	28.18	0.03
Family Distribution by Income Level	1,236,008	21.14	17.59	20.80	40.48	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	478,626	12.85	32.96	38.10	16.09	0.00
Median Family Income HUD Adjusted Median Family Income for 2014 Households Below Poverty Level		70,417 70,417 12%	Median Housing Value Unemployment Rate (2010 US Census)		266,362 3.59%	

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 2010 US Census and 2014 HUD updated MFI

There are 1,249 census tracts throughout Colorado, as of the 2010 U.S. Census, which is up from the 2000 U. S. Census total of 1,075. In addition, the 2010 U.S. Census data reflects that the state’s population increased 727,935 people or 16.92 percent between the 2000 U.S. Census and the 2010 U.S. Census. The assessment area meets the requirements of the CRA regulation and does not arbitrarily exclude LMI geographies.



Based on the FFIEC Updated MSA Median Family income, the weighted average family income in the AA as of 2014 was \$70,417. This is a \$3,037 (4.13 percent) decrease when comparing this amount to the 2011 updated median family income of \$73,454. There was an overall net increase in the number of LMI families from 2000 to 2010. According to the U.S. Census data, low-income families increased from 18.27 percent in census year 2000 to 21.14 percent in census year 2010, or 15.71 percent. There was a decrease in the number of moderate-income families over the same time period, from 18.83 percent in census year 2000 to 17.59 percent in census year 2010. Within those low-income families, the number of families living below the poverty level increased. Families living below the poverty level increase from 6.19 percent in the 2000 Census to 8.57 percent in the 2010 Census.

The state of Colorado accounts for \$1.57 billion of the institution's total deposits or 2.63 percent of the bank's total deposits. According to the June 30, 2014 FDIC Deposit Market Share report, USAA's deposits in the state ranks them 13<sup>th</sup> in market share. Competition among financial institutions in the state is intense with 148 financial institutions operating 1,572 branches. The state has several national, regional, and community banks competing for loans and deposits. The largest three deposit markets in Colorado are Denver, Boulder, and Colorado Springs. The top five deposit-taking institutions, combined, command 58.84 percent of the deposit in the state. The top five competitors, in order of market share ranks, were Wells Fargo Bank National Association, FirstBank, U.S. Bank National Association, JPMorgan Chase Bank, NA, and Bank of the West. The bank has one office and five ATMs in the state.

According to the Bureau of Labor Statistics (BLS), as of December 2014, the unemployment rate for the AA was 4.20 percent, which was lower than the national average of 5.60 percent. Unemployment rates for the AA during the evaluation period ranged from a high of 8.60 percent in January 2011 to a low of 4.20 percent in December 2014. In this same time period, the national unemployment rates ranged from a high of 9.20 percent in January 2011 to a low of 5.60 percent in December 2014. Annual unemployment rates during the evaluation period for the AA were 8.23 percent for 2011, 7.68 percent for 2012, 6.53 percent for 2013, and 4.94 percent for 2014. According to Moody's Analytics, Colorado's business cycle is in an expansion status with the economic drivers being high tech, energy and resources, and tourism. The major employers in this AA are Fort Carson, Peterson Air Force Base, HealthOne, Exempla Healthcare, and Lockheed Martin Corp. In addition, the leading industries by NAIC codes are local government, restaurants, state government, federal government, and computer systems design.

The 2000 U.S. Census recorded a median housing value of \$171,673 within the bank's Colorado AA. The 2010 U. S. Census recorded a median housing value of \$266,362 within the bank's AA, which represents an increase in value of 55.16 percent. According to the 2000 U.S. Census, there were 486,239 housing units located within LMI census tracts in the bank's AA, in which 227,015 were owner occupied or 46.69 percent. The 2010 U.S. Census disclosed 665,144 housing units located in LMI census tracts in the bank's AA, in which 299,293 were owner occupied or 45.00 percent. This represents an increase of 36.79 percent in housing units within LMI census tracts. Between 2000 and 2010 U.S. Census, the number of owner occupied housing units in LMI census tracts within the bank's AA, increased 31.84 percent.

The 2000 U.S. Census noted the median age of the low-income housing is 44 years with a median gross rent of \$525 and for moderate-income the median age is 36 years and the

median gross rent is \$610. In comparison, the median age of housing stock for the entire AA is 27 years and the median gross rent is \$685. The 2010 U.S. Census noted the median age of the low-income housing is 42 years with a median gross rent of \$713 and for moderate-income the median age is 40 years and the median gross rent is \$798. In comparison, the median age of housing stock for the entire AA is 32 years and the median gross rent is \$872.

For this evaluation, we considered two recent community contacts, one from a financial intermediary organization and the other from housing nonprofit. One of the contacts noted that only Low Income Housing Tax Credits are available for funding affordable housing. Both sources noted that there are opportunities for banks to participate in down payment assistance programs, and the origination of small business loans, and micro loans.

**State of Georgia**

Demographic Information for Full Scope Area: Georgia - 2000						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	1,618	8.34	22.37	47.78	21.20	0.31
Population by Geography	8,186,453	4.87	20.44	49.67	24.97	0.05
Owner-Occupied Housing by Geography	2,029,293	2.14	15.81	52.81	29.24	0.00
Business by Geography	1,210,144	3.67	16.41	46.23	33.62	0.06
Farms by Geography	27,400	1.34	14.95	58.46	25.21	0.04
Family Distribution by Income Level	2,126,360	20.84	17.74	21.69	39.73	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	820,375	8.13	28.80	50.01	13.06	0.00
Median Family Income HUD Adjusted Median Family Income for 2011 Households Below Poverty Level		48,471 58,221 13%	Median Housing Value Unemployment Rate (2000 US Census)	112,270 2.72%		

(\*) The NA category consists of geographies that have not been assigned an income classification.

Source: 2000 US Census and 2011 HUD updated MFI

Demographic Information for Full Scope Area: Georgia 2014						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	1,964	7.94	23.98	41.65	25.87	0.56
Population by Geography	9,687,653	5.23	22.77	43.78	28.13	0.08
Owner-Occupied Housing by Geography	2,331,778	2.33	18.34	46.09	33.24	0.00
Business by Geography	808,435	4.40	21.15	39.61	34.78	0.06
Farms by Geography	24,065	1.76	19.40	51.38	27.44	0.02
Family Distribution by Income Level	2,373,423	22.30	17.10	19.38	41.22	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	935,177	8.58	31.87	43.74	15.81	0.00
Median Family Income HUD Adjusted Median Family Income for 2014 Households Below Poverty Level		58,489 58,489 15%	Median Housing Value Unemployment Rate (2010 US Census)	172,354 4.31%		

(\*) The NA category consists of geographies that have not been assigned an income classification.

Source: 2010 US Census and 2014 HUD updated MFI

There are 1,964 census tracts throughout Georgia, as of the 2010 U.S. Census, which is up from the 2000 U. S. Census total of 1,618. In addition, the 2010 U.S. Census data reflects that the state’s population increased 1.50 million people or 18.34 percent between the 2000 U.S. Census and the 2010 U.S. Census. The assessment area meets the requirements of the CRA regulation and does not arbitrarily exclude LMI geographies.

Based on the FFIEC Updated MSA Median Family income, the weighted average family income in the AA as of 2014 was \$58,489. This is only a \$268 (0.46 percent) increase when

comparing this amount to the 2011 updated median family income of \$58,221. There was an overall net increase in the number of LMI families from 2000 to 2010. According to the U.S. Census data, low-income families increased from 20.84 percent in census year 2000 to 22.30 percent in census year 2010, or 7.01 percent. There was a slight decrease in the number of moderate-income families over the same time period, from 17.74 percent in census year 2000 to 17.10 percent in census year 2010. Within those low-income families, the number of families living below the poverty level increased. Families living below the poverty level increase from 9.88 percent in the 2000 Census to 11.92 percent in the 2010 Census.

The state of Georgia accounts for \$1.6 billion of the institution's total deposits or 2.66 percent of the bank's total deposits. According to the June 30, 2014 FDIC Deposit Market Share report, USAA's deposits in the state ranks them 15th in market share. Competition among financial institutions in the state is intense with 259 financial institutions operating 2,526 branches. The state has several national, regional, and community banks competing for loans and deposits. The largest three deposit markets in Georgia are Atlanta, Chattanooga, TN-GA, and Augusta-Richmond County, GA-SC. The top five deposit-taking institutions, combined, command 62.66 percent of the deposits in the state. The top five competitors, in order of market share ranks, were Sun Trust Bank, Wells Fargo Bank NA, Bank of America, NA, Synovus Bank, and Branch Banking and Trust Company. USAA has one office and four ATMs in the state.

According to the Bureau of Labor Statistics (BLS), as of December 2014, the unemployment rate for the AA was 6.60 percent, which was higher than the national average of 5.60 percent. Unemployment rates for the AA during the evaluation period ranged from a high of 10.40 percent in January 2011 to a low of 6.60 percent in December 2014. In this same time period, the national unemployment rates ranged from a high of 9.20 percent in January 2011 to a low of 5.60 percent in December 2014. Annual unemployment rates during the evaluation period for the AA were 10.05 percent for 2011, 8.99 percent for 2012, 8.00 percent for 2013, and 7.09 percent for 2014. According to Moody's Analytics, Georgia's business cycle is in a recovery status with the economic drivers being manufacturing, logistics, and defense. The major employers in this AA are Fort Benning, Wal-Mart Stores, Inc., Delta Airlines Inc., U.S. Army Signal Center & Fort Gordon, and Robins Air Force Base. In addition, the leading industries by NAIC codes are local government, restaurants, state government, employment services, and federal government.

The 2000 U.S. Census recorded a median housing value of \$112,270 within the bank's Georgia AA. The 2010 U. S. Census recorded a median housing value of \$172,354 within the bank's AA, which represents an increase in value of 53.52 percent. According to the 2000 U.S. Census, there were 826,976 housing units located within LMI census tracts in the bank's AA, in which 364,259 were owner occupied or 44.05 percent. The 2010 U.S. Census disclosed 1.20 million housing units located in LMI census tracts in the bank's AA or 40.80 percent. This represents an increase of 44.55 percent in housing units within LMI census tracts. Between 2000 and 2010 U.S. Census, the number of owner occupied housing units in LMI census tracts within the bank's AA, increased 33.90 percent.

The 2000 U.S. Census noted the median age of the low-income housing is 39 years with a median gross rent of \$425 and for moderate-income the median age is 28 years and the median gross rent is \$577. In comparison, the median age of housing stock for the entire AA is 22 years and the median gross rent is \$601. The 2010 U.S. Census noted the median age of

the low-income housing is 40 years with a median gross rent of \$701 and for moderate-income the median age is 31 years and the median gross rent is \$769. In comparison, the median age of housing stock for the entire AA is 27 years and the median gross rent is \$806.

For this evaluation, we considered two recent community contacts, one from a CDC and the other a housing nonprofit group. The CDC, which has a focus on financial literacy, noted that there were many unbanked individuals in the Atlanta area and there was a high level of poverty. Opportunities exist for banks to work with nonprofits to help on financial literacy. The second contact noted there is a need for affordable housing for low-income individuals.

**State of Kansas**

Demographic Information for Full Scope Area: Kansas - 2000						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	727	2.06	18.43	58.46	20.08	0.96
Population by Geography	2,688,418	1.28	16.34	58.75	23.63	0.00
Owner-Occupied Housing by Geography	718,873	0.60	12.41	60.95	26.04	0.00
Business by Geography	289,301	1.35	12.18	56.41	29.82	0.25
Farms by Geography	21,637	0.18	3.93	81.18	14.69	0.02
Family Distribution by Income Level	706,786	16.85	18.62	24.16	40.37	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	250,705	1.93	24.09	62.24	11.74	0.00
Median Family Income HUD Adjusted Median Family Income for 2011 Households Below Poverty Level		48,421 62,449 10%	Median Housing Value Unemployment Rate (2000 US Census)		84,015 2.17%	

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 2000 US Census and 2011 HUD updated MFI

Demographic Information for Full Scope Area: Kansas 2014						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	770	5.06	20.00	50.91	22.60	1.43
Population by Geography	2,853,118	3.69	18.78	49.36	28.16	0.00
Owner-Occupied Housing by Geography	765,049	1.88	14.89	52.03	31.20	0.00
Business by Geography	198,811	4.22	15.24	47.86	31.64	1.04
Farms by Geography	22,179	0.32	5.78	75.75	18.10	0.05
Family Distribution by Income Level	730,945	18.35	17.62	21.98	42.05	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	262,976	5.99	28.46	50.42	15.13	0.00
Median Family Income HUD Adjusted Median Family Income for 2014 Households Below Poverty Level		60,290 60,290 12%	Median Housing Value Unemployment Rate (2010 US Census)		126,174 3.12%	

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 2010 US Census and 2014 HUD updated MFI

There are 770 census tracts throughout Kansas, as of the 2010 U.S. Census, which is up from the 2000 U. S. Census total of 727. In addition, the 2010 U.S. Census data reflects that the state’s population increased 164,700 people or 6.13 percent between the 2000 U.S. Census and the 2010 U.S. Census. The assessment area meets the requirements of the CRA regulation and does not arbitrarily exclude LMI geographies.

Based on the FFIEC Updated MSA Median Family income, the weighted average family income in the AA as of 2014 was \$60,290. This is a \$2,159 (3.46 percent) decrease when

comparing this amount to the 2011 updated median family income of \$62,449. There was an overall net increase in the number of LMI families from 2000 to 2010. According to the U.S. Census data, low-income families increased from 16.85 percent in census year 2000 to 18.35 percent in census year 2010, or 9.79 percent. There was a decrease in the number of moderate-income families over the same time period, from 18.62 percent in census year 2000 to 17.62 percent in census year 2010. Within those low-income families, the number of families living below the poverty level increased. Families living below the poverty level increase from 6.69 percent in the 2000 Census to 8.42 percent in the 2010 Census.

The state of Kansas accounts for \$360.06 million of the institution's total deposits or 0.60 percent of the bank's total deposits. According to the June 30, 2014 FDIC Deposit Market Share report, USAA's deposits in the state ranks them 41st in market share. Competition among financial institutions in the state is intense among 329 financial institutions operating 1,491 branches. The state has several national, regional, and community banks competing for loans and deposits. The largest three deposit markets in Kansas are Kansas City MO-KS, Wichita, and Topeka. The top five deposit-taking institutions, combined, command only 28.65 percent of the deposits in the state. The top five competitors, in order of market share ranks, were Bank of America NA, Capital Federal Savings Bank, Commerce Bank, Intrust Bank NA, and U.S. Bank NA. USAA has one office and four ATMs in the state.

According to the Bureau of Labor Statistics (BLS), as of December 2014, the unemployment rate for the AA was 4.20 percent, which was lower than the national average of 5.60 percent. Unemployment rates for the AA during the evaluation period ranged from a high of 6.80 percent in January 2011 to a low of 4.20 percent in December 2014. In this same time period, the national unemployment rates ranged from a high of 9.20 percent in January 2011 to a low of 5.60 percent in December 2014. Annual unemployment rates during the evaluation period for the AA were 6.37 percent for 2011, 5.67 percent for 2012, 5.17 percent for 2013, and 4.42 percent for 2014. According to Moody's Analytics, Kansas's business cycle is in the expansion status with the economic drivers being medical centers and manufacturing. The major employers in this AA are Fort Riley, Spirit Aerosystems, Inc., The University of Kansas, Textron Aviation, and Sprint. In addition, the leading industries by NAIC codes are local government, restaurants, farms, state government, and general medical and surgical hospitals.

The 2000 U.S. Census recorded a median housing value of \$84,015 within the bank's Kansas AA. The 2010 U. S. Census recorded a median housing value of \$126,174 within the bank's AA, which represents an increase in value of 50.18 percent. According to the 2000 U.S. Census, there were 206,305 housing units located within LMI census tracts in the bank's AA, in which 93,483 were owner occupied or 45.31 percent. The 2010 U.S. Census disclosed 288,603 housing units located in LMI census tracts in which 129,837 are owner occupied or 44.99 percent. This represents an increase of 39.89 percent in housing units within LMI census tracts. Between 2000 and 2010 U.S. Census, the number of owner occupied housing units in LMI census tracts within the bank's AA, increased 38.89 percent.

The 2000 U.S. Census noted the median age of the low-income housing is 51 years with a median gross rent of \$377 and for moderate-income the median age is 45 years and the median gross rent is \$463. In comparison, the median age of housing stock for the entire AA is 36 years and the median gross rent is \$503. The 2010 U.S. Census noted the median age of the low-income housing is 56 years with a median gross rent of \$598 and for moderate-income

the median age is 52 years and the median gross rent is \$646. In comparison, the median age of housing stock for the entire AA is 42 years and the median gross rent is \$684.

For this evaluation, we considered two recent community contacts; one from a CDC focusing on economic development in south central Kansas and a community development group operating in Northeast Kansas. The CDC contact noted the need for financial institutions to be more involved in LMI neighborhoods, especially with making smaller dollar loans. The Northeast Kansas community group noted that they only have one program for first time homebuyers. They stated that a local military base and VA Hospital have added jobs and the need for housing.



## State of Maryland

Demographic Information for Full Scope Area: Maryland - 2000						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	1,216	7.73	24.42	44.82	22.45	0.58
Population by Geography	5,296,486	5.22	22.97	46.45	25.04	0.33
Owner-Occupied Housing by Geography	1,341,594	2.54	16.87	50.37	30.22	0.00
Business by Geography	622,696	2.83	18.03	48.51	30.60	0.02
Farms by Geography	13,421	0.63	12.12	56.75	30.50	0.00
Family Distribution by Income Level	1,368,647	20.11	18.80	23.35	37.74	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	532,515	9.35	34.04	43.64	12.96	0.00
Median Family Income HUD Adjusted Median Family Income for 2011 Households Below Poverty Level		63,451 90,603 8%	Median Housing Value Unemployment Rate (2000 US Census)		147,535 2.43%	

(\* ) The NA category consists of geographies that have not been assigned an income classification.  
Source: 2000 US Census and 2011 HUD updated MFI

Demographic Information for Full Scope Area: Maryland 2014						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	1,398	10.44	25.18	39.13	24.18	1.07
Population by Geography	5,773,552	8.09	23.89	41.28	26.34	0.41
Owner-Occupied Housing by Geography	1,464,162	4.00	18.92	45.79	31.28	0.01
Business by Geography	436,281	5.17	19.94	41.85	32.93	0.11
Farms by Geography	11,233	1.72	12.71	51.58	33.95	0.04
Family Distribution by Income Level	1,423,399	21.43	18.27	21.98	38.32	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	565,114	14.02	33.49	38.46	14.03	0.00
Median Family Income HUD Adjusted Median Family Income for 2014 Households Below Poverty Level		88,450 88,450 8%	Median Housing Value Unemployment Rate (2010 US Census)		329,415 3.54%	

(\* ) The NA category consists of geographies that have not been assigned an income classification.  
Source: 2010 US Census and 2014 HUD updated MFI

There are 1,398 census tracts throughout Maryland, as of the 2010 U.S. Census, which is up from the 2000 U. S. Census total of 1,216. In addition, the 2010 U.S. Census data reflects that the state's population increased 477,066 people or 9.01 percent between the 2000 U.S. Census and the 2010 U.S. Census. The assessment area meets the requirements of the CRA regulation and does not arbitrarily exclude LMI geographies.

Based on the FFIEC Updated MSA Median Family income, the weighted average family income in the AA as of 2014 was \$88,450. This is a \$2,153 (2.38 percent) decrease when comparing this amount to the 2011 updated median family income of \$90,603. There was an overall net increase in the number of LMI families from 2000 to 2010. According to the U.S. Census data, low-income families increased from 20.11 percent in census year 2000 to 21.43 percent in census year 2010, or 6.56 percent. There was a slight decrease in the number of moderate-income families over the same time period, from 18.80 percent in census year 2000 to 18.27 percent in census year 2010. Within those low-income families, the number of families living below the poverty level decreased. Families living below the poverty level decrease from 6.08 percent in the 2000 Census to 5.70 percent in the 2010 Census.

The state of Maryland accounts for \$1.45 billion of the institution's total deposits or 2.41 percent of the bank's total deposits. According to the June 30, 2014 FDIC Deposit Market Share report, USAA's deposits in the state ranks them 13th in market share. Competition among financial institutions in the state is intense among 116 financial institutions operating 1,669 branches. The state has several national, regional, and community banks competing for loans and deposits. The largest three deposit markets in Maryland are Philadelphia-Camden-Wilmington, Washington DC-Alexandria-Arlington, and Baltimore-Columbia-Towson. The top five deposit-taking institutions, combined, command 61.05 percent of the deposits in the state. The top five competitors, in order of market share ranks, were Bank of America NA, Manufactures and Traders Trust Company, PNC Bank NA, Capital One NA, and Wells Fargo Bank NA. USAA has one office and one ATM in the state in close proximity to the U.S Naval Academy.

According to the Bureau of Labor Statistics (BLS), as of December 2014, the unemployment rate for the AA was 5.50 percent, which was slightly lower than the national average of 5.60 percent. Unemployment rates for the AA during the evaluation period ranged from a high of 7.30 percent in January 2011 to a low of 5.50 percent in December 2014. In this same time period, the national unemployment rates ranged from a high of 9.20 percent in January 2011 to a low of 5.60 percent in December 2014. Annual unemployment rates during the evaluation period for the AA were 7.14 percent for 2011, 6.87 percent for 2012, 6.51 percent for 2013, and 5.76 percent for 2014. According to Moody's Analytics, Maryland's business cycle is in the recovery status with the economic drivers being medical, federal government, and defense spending. The state has recovered all of the jobs lost during the last recession. The major employers in this AA are Fort George G. Meade, Johns Hopkins University, University System of Maryland, Johns Hopkins Health System, and National Institute of Health. In addition, the leading industries by NAIC codes are local government, restaurants, federal government, state government, and general medical and surgical hospitals.

The 2000 U.S. Census recorded a median housing value of \$147,535 within the bank's Maryland AA. The 2010 U. S. Census recorded a median housing value of \$329,415 within the bank's AA, which represents an increase in value of 123.28 percent. According to the 2000 U.S. Census, there were 634,067 housing units located within LMI census tracts in the bank's AA, in which 260,420 were owner occupied or 41.07 percent. The 2010 U.S. Census disclosed 800,156 housing units located in LMI census tracts in which 342,796 were owner occupied or 42.84 percent. This represents an increase of 26.19 percent in housing units within LMI census tracts. Between 2000 and 2010 U.S. Census, the number of owner occupied housing units in LMI census tracts within the bank's AA, increased 31.63 percent.

The 2000 U.S. Census noted the median age of the low-income housing is 51 years with a median gross rent of \$439 and for moderate-income the median age is 38 years and the median gross rent is \$664. In comparison, the median age of housing stock for the entire AA is 31 years and the median gross rent is \$700. The 2010 U.S. Census noted the median age of the low-income housing is 55 years with a median gross rent of \$893 and for moderate-income the median age is 44 years and the median gross rent is \$1,068. In comparison, the median age of housing stock for the entire AA is 37 years and the median gross rent is \$1,103.

For this evaluation, we considered two community contacts in Maryland. Both contacts noted the need for more support for funding affordable housing development and both contacts noted that banks have been good about providing grant funding. In addition, they noted that many consumer borrowers were hit hard by the recession with financial issues such as foreclosures. There is a big need for financial literacy that helps consumers rebuild credit.

**State of North Carolina**

Demographic Information for Full Scope Area: North Carolina - 2000						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	1,555	4.37	20.45	57.17	17.81	0.19
Population by Geography	8,049,313	2.65	16.94	61.04	19.35	0.02
Owner-Occupied Housing by Geography	2,172,270	0.84	13.28	64.44	21.44	0.00
Business by Geography	948,859	1.95	13.65	58.04	26.25	0.10
Farms by Geography	29,706	0.53	12.01	70.64	16.81	0.02
Family Distribution by Income Level	2,173,346	19.81	18.15	22.78	39.25	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	825,125	4.02	23.90	61.88	10.20	0.00
Median Family Income HUD Adjusted Median Family Income for 2011 Households Below Poverty Level		47,102 58,007 12%	Median Housing Value Unemployment Rate (2000 US Census)		105,520 2.67%	

(\* ) The NA category consists of geographies that have not been assigned an income classification.  
Source: 2000 US Census and 2011 HUD updated MFI

Demographic Information for Full Scope Area: North Carolina 2014						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	2,195	5.83	20.05	45.10	27.38	1.64
Population by Geography	9,535,483	4.48	19.68	48.32	27.17	0.34
Owner-Occupied Housing by Geography	2,468,489	1.95	16.55	50.96	30.53	0.00
Business by Geography	687,135	4.79	17.52	44.10	33.26	0.33
Farms by Geography	27,056	1.67	15.73	59.02	23.50	0.08
Family Distribution by Income Level	2,422,692	21.53	17.49	20.13	40.85	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	945,385	7.11	28.24	49.42	15.22	0.00
Median Family Income HUD Adjusted Median Family Income for 2014 Households Below Poverty Level		56,723 56,723 15%	Median Housing Value Unemployment Rate (2010 US Census)		165,471 4.26%	

(\* ) The NA category consists of geographies that have not been assigned an income classification.  
Source: 2010 US Census and 2014 HUD updated MFI

There are 2,195 census tracts throughout North Carolina, as of the 2010 U.S. Census, which is up from the 2000 U. S. Census total of 1,555. In addition, the 2010 U.S. Census data reflects that the state’s population increased 1.49 million people or 18.46 percent between the 2000 U.S. Census and the 2010 U.S. Census. The assessment area meets the requirements of the CRA regulation and does not arbitrarily exclude LMI geographies.

Based on the FFIEC Updated MSA Median Family income, the weighted average family income in the AA as of 2014 was \$56,723. This is a \$1,284 (2.21 percent) decrease when comparing this amount to the 2011 updated median family income of \$58,007. There was an overall net increase in the number of LMI families from 2000 to 2010. According to the U.S. Census data, low-income families increased from 19.81 percent in census year 2000 to 21.53 percent in census year 2010, or 8.68 percent. There was a slight decrease in the number of moderate-income families over the same time period, from 18.15 percent in census year 2000 to 17.49 percent in census year 2010. Within those low-income families, the number of families living below the poverty level increased. Families living below the poverty level decrease from 9.04 percent in the 2000 Census to 11.37 percent in the 2010 Census.

The state of North Carolina accounts for \$1.44 billion of the institution's total deposits or 2.41 percent of the bank's total deposits. According to the June 30, 2014 FDIC Deposit Market Share report, USAA's deposits in the state ranks them 16th in market share. Competition among financial institutions in the state is intense among 100 financial institutions operating 2,571 branches. The state has several national, regional, and community banks competing for loans and deposits. The largest three deposit markets in North Carolina are Charlotte, Winston-Salem, and Raleigh. The top five deposit-taking institutions, combined, command 84.69 percent of the deposits in the state. The top five competitors, in order of market share ranks, were Bank of America NA, Wells Fargo Bank NA, Branch Banking and Trust Company, First-Citizens Bank & Trust Company, and PNC Bank NA. It should be further noted that Bank of America, NA's deposit market share alone was a commanding 44.66 percent. USAA has three offices and 14 ATMs in the state.

According to the Bureau of Labor Statistics (BLS), as of December 2014, the unemployment rate for the AA was 5.40 percent, which was slightly lower than the national average of 5.60 percent. Unemployment rates for the AA during the evaluation period ranged from a high of 10.20 percent in January 2011 to a low of 5.40 percent in December 2014. In this same time period, the national unemployment rates ranged from a high of 9.20 percent in January 2011 to a low of 5.60 percent in December 2014. Annual unemployment rates during the evaluation period for the AA were 10.07 percent for 2011, 9.11 percent for 2012, 7.76 percent for 2013, and 6.08 percent for 2014. According to Moody's Analytics, North Carolina's business cycle is in the recovery status with the economic drivers being high tech, financial center, and manufacturing. The major employers in this AA are Fort Bragg, Camp Lejeune Marine Base, Carolinas HealthCare System, Wells Fargo, and Wal-Mart Stores, Inc. In addition, the leading industries by NAIC codes are local government, restaurants, state government, employment services, and general medical and surgical hospitals.

The 2000 U.S. Census recorded a median housing value of \$105,520 within the bank's North Carolina AA. The 2010 U. S. Census recorded a median housing value of \$165,471 within the bank's AA, which represents an increase in value of 56.81 percent. According to the 2000 U.S. Census, there were 664,782 housing units located within LMI census tracts in the bank's AA, in which 306,804 were owner occupied or 46.15 percent. The 2010 U.S. Census disclosed 1.05 million housing units located in LMI census tracts in which 471,786 were owner occupied or 44.78 percent. This represents an increase of 58.50 percent in housing units within LMI census tracts. Between 2000 and 2010 U.S. Census, the number of owner occupied housing units in LMI census tracts within the bank's AA, increased 53.77 percent.

The 2000 U.S. Census noted the median age of the low-income housing is 38 years with a median gross rent of \$430 and for moderate-income the median age is 31 years and the median gross rent is \$500. In comparison, the median age of housing stock for the entire AA is 23 years and the median gross rent is \$549. The 2010 U.S. Census noted the median age of the low-income housing is 40 years with a median gross rent of \$634 and for moderate-income the median age is 33 years and the median gross rent is \$681. In comparison, the median age of housing stock for the entire AA is 28 years and the median gross rent is \$721.

For this evaluation, we considered two recent community contacts, one from a community investment corporation focusing on affordable housing throughout North Carolina. This community group is involved in several projects using low income housing tax credits. In addition, they are involved in the development of multi-family housing projects throughout the state. However, they still see a need where newer residences are lower-income and therefore have a need for affordable housing. The second community contact serviced the Charlotte-Gastonia-Concord MSA. This group assists local municipalities in writing consolidated plans, conducting needs assessments, and applying for state grants. In addition, this group works with a local economic development corporation to promote the retention of jobs, to diversify the economic base, and to retain local businesses. This contact noted that small businesses face challenges in obtaining loans from financial institutions.

**State of New York**

Demographic Information for Full Scope Area: New York – 2000						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	4,898	9.74	20.64	42.63	24.83	2.16
Population by Geography	18,976,457	9.36	20.83	43.51	26.05	0.24
Owner-Occupied Housing by Geography	3,739,247	1.92	11.52	52.65	33.90	0.00
Business by Geography	1,813,832	5.98	15.79	40.96	36.60	0.67
Farms by Geography	33,211	1.10	8.67	63.51	26.63	0.09
Family Distribution by Income Level	4,673,485	23.22	17.19	20.15	39.44	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	1,888,424	16.35	28.89	41.88	12.88	0.00
Median Family Income HUD Adjusted Median Family Income for 2011 Households Below Poverty Level		52,709 71,652 14%	Median Housing Value Unemployment Rate (2000 US Census)		183,073 3.37%	

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 2000 US Census and 2011 HUD updated MFI

Demographic Information for Full Scope Area: New York 2014						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	4,913	10.52	21.39	41.18	24.61	2.30
Population by Geography	19,378,102	10.82	21.90	40.46	26.45	0.38
Owner-Occupied Housing by Geography	3,977,188	2.57	13.23	49.85	34.34	0.00
Business by Geography	1,367,061	6.95	16.99	38.46	36.23	1.37
Farms by Geography	30,543	1.55	9.62	60.65	28.10	0.08
Family Distribution by Income Level	4,656,115	24.25	17.15	19.49	39.10	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	1,928,020	18.18	29.88	38.75	13.19	0.01
Median Family Income HUD Adjusted Median Family Income for 2014 Households Below Poverty Level		70,517 70,517 14%	Median Housing Value Unemployment Rate (2010 US Census)		372,041 3.80%	

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 2010 US Census and 2014 HUD updated MFI

There are 4,913 census tracts throughout New York, as of the 2010 U.S. Census, which is up from the 2000 U. S. Census total of 4,898. In addition, the 2010 U.S. Census data reflects that the state’s population increased 401,645 people or 2.12 percent between the 2000 U.S. Census and the 2010 U.S. Census. The assessment area meets the requirements of the CRA regulation and does not arbitrarily exclude LMI geographies.

Based on the FFIEC Updated MSA Median Family income, the weighted average family income in the AA as of 2014 was \$70,517. This is a \$1,135 (1.58 percent) decrease when

comparing this amount to the 2011 updated median family income of \$71,652. There was an overall net increase in the number of LMI families from 2000 to 2010. According to the U.S. Census data, low-income families increased from 23.22 percent in census year 2000 to 24.25 percent in census year 2010, or 4.44 percent. There was a slight decrease in the number of moderate-income families over the same time period, from 17.19 percent in census year 2000 to 17.15 percent in census year 2010. Within those low-income families, the number of families living below the poverty level slightly decreased. Families living below the poverty level decrease from 11.47 percent in the 2000 Census to 10.76 percent in the 2010 Census.

The state of New York accounts for \$1.30 billion of the institution's total deposits or 2.17 percent of the bank's total deposits. According to the June 30, 2014 FDIC Deposit Market Share report, USAA's deposits in the state ranks them 59th in market share. Competition among financial institutions in the state is intense among 221 financial institutions operating 5,308 branches. The state has several national, regional, and community banks competing for loans and deposits. The largest three deposit markets in New York are New York-Newark-Jersey City, Buffalo-Cheektowaga-Niagara Falls, and Albany-Schenectady-Troy. The top five deposit-taking institutions, combined, command 62.30 percent of the deposits in the state. The top five competitors, in order of market share ranks, were JPMorgan Chase Bank NA, The Bank of New York Mellon, Citibank NA, HSBC Bank USA NA, and Bank of America NA. It should be further noted that JPMorgan Chase Bank NA's deposit market share alone was a commanding 35.70 percent. USAA has one office and five ATMs in the state.

According to the Bureau of Labor Statistics (BLS), as of December 2014, the unemployment rate for the AA was 5.80 percent, which was slightly higher than the national average of 5.60 percent. Unemployment rates for the AA during the evaluation period ranged from a high of 8.70 percent in April 2012 to a low of 5.80 percent in December 2014. In this same time period, the national unemployment rates ranged from a high of 9.20 percent in January 2011 to a low of 5.60 percent in December 2014. Annual unemployment rates during the evaluation period for the AA were 8.28 percent for 2011, 8.44 percent for 2012, 7.53 percent for 2013, and 6.24 percent for 2014. According to Moody's Analytics, New York's business cycle is in an expansion phase with the economic drivers being financial, medical, and tourism. The major employers in this AA are Metropolitan Transportation Authority, North Shore-Long Island Jewish Health System, New York City Health and Hospitals Corp., JPMorgan Chase & Co., and Citigroup Inc. In addition, the leading industries by NAIC codes are local government, restaurants, general medical and surgical hospitals, colleges and universities and professional schools, and state government.

The 2000 U.S. Census recorded a median housing value of \$183,073 within the bank's New York AA. The 2010 U. S. Census recorded a median housing value of \$372,041 within the bank's AA, which represents an increase in value of 103.22 percent. According to the 2000 U.S. Census, there were 2.21 million housing units located within LMI census tracts in the bank's AA, in which 502,662 were owner occupied or 22.70 percent. The 2010 U.S. Census disclosed 2.37 million housing units located in LMI census tracts in which 594,944 were owner occupied or 25.15 percent. This represents an increase of 6.82 percent in housing units within LMI census tracts. Between 2000 and 2010 U.S. Census, the number of owner occupied housing units in LMI census tracts within the bank's AA, increased 18.36 percent.



The 2000 U.S. Census noted the median age of the low-income housing is 49 years with a median gross rent of \$477 and for moderate-income the median age is 51 years and the median gross rent is \$641. In comparison, the median age of housing stock for the entire AA is 45 years and the median gross rent is \$710. The 2010 U.S. Census noted the median age of the low-income housing is 61 years with a median gross rent of \$745 and for moderate-income the median age is 61 years and the median gross rent is \$955. In comparison, the median age of housing stock for the entire AA is 54 years and the median gross rent is \$1,040.

For this evaluation, we considered two recent community contacts. The first one was a housing agency serving the Poughkeepsie-Newburgh-Middletown MSA. The group is a non-profit organization dedicated to eliminating the consequences of homelessness and creating affordable housing. This group provides affordable homeownership, rental housing assistance, and foreclosure prevention services. Their market data indicated there is a strong demand for affordable housing. In addition, the need for affordable rental units far exceeds the supply for households earning less than 50 percent of the median family income. The second community contact was a community development organization based in Orange County. This contact noted that the housing stock continues to improve from the financial crisis. The community credit needs are well serviced by the local financial institutions.

**State of Tennessee**

Demographic Information for Full Scope Area: Tennessee - 2000						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	1,261	6.90	19.59	54.24	18.72	0.56
Population by Geography	5,689,283	3.89	16.76	58.24	21.03	0.09
Owner-Occupied Housing by Geography	1,561,461	1.89	13.89	61.10	23.12	0.00
Business by Geography	632,228	3.23	14.85	54.89	26.90	0.12
Farms by Geography	20,681	0.86	10.38	68.33	20.37	0.06
Family Distribution by Income Level	1,557,620	20.15	17.77	22.18	39.90	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	590,651	6.57	23.86	58.89	10.69	0.00
Median Family Income HUD Adjusted Median Family Income for 2011 Households Below Poverty Level		43,818 55,382 14%	Median Housing Value Unemployment Rate (2000 US Census)		94,851 2.70%	

(\* ) The NA category consists of geographies that have not been assigned an income classification.  
Source: 2000 US Census and 2011 HUD updated MFI

Demographic Information for Full Scope Area: Tennessee 2014						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	1,497	7.82	19.97	47.23	23.31	1.67
Population by Geography	6,346,105	5.85	18.68	48.75	26.43	0.29
Owner-Occupied Housing by Geography	1,699,986	2.93	15.82	51.86	29.39	0.00
Business by Geography	413,293	5.44	19.18	43.02	31.84	0.52
Farms by Geography	17,812	1.52	14.25	60.72	23.37	0.15
Family Distribution by Income Level	1,644,905	21.57	17.23	20.23	40.98	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	638,175	9.61	26.99	49.21	14.19	0.01
Median Family Income HUD Adjusted Median Family Income for 2014 Households Below Poverty Level		53,709 53,709 16%	Median Housing Value Unemployment Rate (2010 US Census)		140,074 4.18%	

(\* ) The NA category consists of geographies that have not been assigned an income classification.  
Source: 2010 US Census and 2014 HUD updated MFI

There are 1,497 census tracts throughout Tennessee, as of the 2010 U.S. Census, which is up from the 2000 U. S. Census total of 1,261. In addition, the 2010 U.S. Census data reflects that the state’s population increased 656,822 people or 11.54 percent between the 2000 U.S. Census and the 2010 U.S. Census. The assessment area meets the requirements of the CRA regulation and does not arbitrarily exclude LMI geographies.

Based on the FFIEC Updated MSA Median Family income, the weighted average family income in the AA as of 2014 was \$53,709. This is a \$1,673 (3.02 percent) decrease when comparing this amount to the 2011 updated median family income of \$55,382. There was an overall net increase in the number of LMI families from 2000 to 2010. According to the U.S. Census data, low-income families increased from 20.15 percent in census year 2000 to 21.57 percent in census year 2010, or 7.05 percent. There was a slight decrease in the number of moderate-income families over the same time period, from 17.77 percent in census year 2000 to 17.23 percent in census year 2010. Within those low-income families, the number of families living below the poverty level increased. Families living below the poverty level increase from 10.32 percent in the 2000 Census to 12.41 percent in the 2010 Census.

The state of Tennessee accounts for \$728.74 million of the institution's total deposits or 1.22 percent of the bank's total deposits. According to the June 30, 2014 FDIC Deposit Market Share report, USAA's deposits in the state ranks them 25th in market share. Competition among financial institutions in the state is intense among 219 financial institutions operating 2,221 branches. The state has several national, regional, and community banks competing for loans and deposits. The largest three deposit markets in Tennessee are Nashville-Davidson-Murfreesboro-Franklin, Memphis, and Knoxville. The top five deposit-taking institutions, combined, command 47.93 percent of the deposits in the state. The top five competitors, in order of market share ranks, were Regions Bank, First Tennessee Bank NA, Sun Trust Bank, Bank of America NA, and Pinnacle Bank. USAA has one office and five ATMs in the state.

According to the Bureau of Labor Statistics (BLS), as of December 2014, the unemployment rate for the AA was 6.60 percent, which was higher than the national average of 5.60 percent. Unemployment rates for the AA during the evaluation period ranged from a high of 9.40 percent in January 2011 to a low of 6.40 percent in March 2014. In this same time period, the national unemployment rates ranged from a high of 9.20 percent in January 2011 to a low of 5.60 percent in December 2014. Annual unemployment rates during the evaluation period for the AA were 8.86 percent for 2011, 7.80 percent for 2012, 7.63 percent for 2013, and 6.57 percent for 2014. According to Moody's Analytics, Tennessee's business cycle is in a recovery phase with the economic drivers being manufacturing, logistics, and agriculture. The major employers in this AA are Fort Campbell, Federal Express Corp., Vanderbilt University and Medical Center, Wal-Mart Stores, Inc., and U.S. Department of Energy Oak Ridge Operations. In addition, the leading industries by NAIC codes are local government, restaurants, employment services, general medical and surgical hospitals, and state government.

The 2000 U.S. Census recorded a median housing value of \$94,581 within the bank's Tennessee AA. The 2010 U. S. Census recorded a median housing value of \$140,074 within the bank's AA, which represents an increase in value of 48.10 percent. According to the 2000 U.S. Census, there were 510,878 housing units located within LMI census tracts in the bank's AA, in which 246,346 were owner occupied or 48.22 percent. The 2010 U.S. Census disclosed 742,817 housing units located in LMI census tracts in which 331,881 were owner occupied or 44.68 percent. This represents an increase of 45.40 percent in housing units within LMI census tracts. Between 2000 and 2010 U.S. Census, the number of owner occupied housing units in LMI census tracts within the bank's AA, increased 34.72 percent.

The 2000 U.S. Census noted the median age of the low-income housing is 41 years with a median gross rent of \$351 and for moderate-income housing the median age is 33 years and

the median gross rent is \$461. In comparison, the median age of housing stock for the entire AA is 26 years and the median gross rent is \$501. The 2010 U.S. Census noted the median age of the low-income housing is 46 years with a median gross rent of \$612 and for moderate-income the median age is 37 years and the median gross rent is \$632. In comparison, the median age of housing stock for the entire AA is 31 years and the median gross rent is \$680.

For this evaluation, we considered two community contacts. The first organization is a non-profit with a mission to create affordable housing for LMI families. This group has developed and sold over 1,400 homes and assisted numerous individuals with purchasing their first homes through homebuyer education and financial literacy programs, single-family housing development, and mortgage lending programs. This organization serves the Nashville-Davidson-Murfreesboro-Franklin MSA. According to this contact, there is a need for increased funding for affordable housing programs. In addition, there is a significant need for financial counseling. The second community contact was an economic development group in the Nashville area. Their main mission is to recruit businesses to the area. This community contact stated that local banks are doing well in meeting community credit needs.

**State of Texas**

Demographic Information for Full Scope Area: Texas - 2000						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	4,388	5.70	26.98	42.59	24.13	0.59
Population by Geography	20,851,820	4.71	26.13	42.18	26.86	0.13
Owner-Occupied Housing by Geography	4,717,294	2.13	19.94	45.21	32.72	0.00
Business by Geography	2,683,985	2.90	18.74	38.69	39.28	0.38
Farms by Geography	74,473	1.29	12.46	55.24	30.93	0.08
Family Distribution by Income Level	5,283,474	21.38	17.79	20.38	40.45	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	2,069,774	7.90	36.80	41.86	13.44	0.00
Median Family Income HUD Adjusted Median Family Income for 2011 Households Below Poverty Level		46,422 59,899 14%	Median Housing Value Unemployment Rate (2000 US Census)		88,162 2.86%	

(\* ) The NA category consists of geographies that have not been assigned an income classification.  
Source: 2000 US Census and 2011 HUD updated MFI

Demographic Information for Full Scope Area: Texas 2014						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	5,253	8.59	25.64	36.42	28.38	0.97
Population by Geography	25,145,561	7.25	24.64	37.16	30.71	0.24
Owner-Occupied Housing by Geography	5,537,188	3.52	19.66	39.71	37.11	0.00
Business by Geography	1,989,509	6.10	19.35	33.72	40.67	0.16
Farms by Geography	64,304	2.58	14.15	47.42	35.80	0.03
Family Distribution by Income Level	5,992,178	22.78	16.91	18.70	41.61	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	2,378,476	12.52	35.10	36.66	15.71	0.00
Median Family Income HUD Adjusted Median Family Income for 2014 Households Below Poverty Level		58,558 58,558 15%	Median Housing Value Unemployment Rate (2010 US Census)		136,913 3.33%	

(\* ) The NA category consists of geographies that have not been assigned an income classification.  
Source: 2010 US Census and 2014 HUD updated MFI

There are 5,253 census tracts throughout Texas, as of the 2010 U.S. Census, which is up from the 2000 U. S. Census total of 4,388. In addition, the 2010 U.S. Census data reflects that the state’s population increased 4.29 million people or 20.59 percent between the 2000 U.S. Census and the 2010 U.S. Census. The assessment area meets the requirements of the CRA regulation and does not arbitrarily exclude LMI geographies.

Based on the FFIEC Updated MSA Median Family income, the weighted average family income in the AA as of 2014 was \$58,558. This is a \$1,341 (2.24 percent) decrease when comparing this amount to the 2011 updated median family income of \$59,899. There was an overall net increase in the number of LMI families from 2000 to 2010. According to the U.S. Census data, low-income families increased from 21.38 percent in census year 2000 to 22.78 percent in census year 2010, or 6.55 percent. There was a slight decrease in the number of moderate-income families over the same time period, from 17.79 percent in census year 2000 to 16.91 percent in census year 2010. Within those low-income families, the number of families living below the poverty level increased. Families living below the poverty level increase from 11.97 percent in the 2000 Census to 12.98 percent in the 2010 Census.

The state of Texas accounts for \$7.40 billion of the institution's total deposits or 12 percent of the bank's total deposits. According to the June 30, 2014 FDIC Deposit Market Share report, USAA's deposits in the state ranks them 13th in market share. Competition among financial institutions in the state is intense among 579 financial institutions operating 6,808 branches. The state has several national, regional, and community banks competing for loans and deposits. The largest three deposit markets in Texas are Houston, Dallas-Fort Worth, and San Antonio. The top five deposit-taking institutions, combined, command 52.55 percent of the deposits in the state. The top five competitors, in order of market share ranks, were JPMorgan Chase NA, Bank of America NA, Wells Fargo Bank NA, Compass Bank, and Wells Fargo Bank South Central NA. USAA has 5 financial service centers and 45 deposit taking ATMs in Texas. In addition, the bank is headquartered in San Antonio, Texas where a majority of their 6,108 employees reside.

According to the Bureau of Labor Statistics (BLS), as of December 2014, the unemployment rate for the AA was 4.60 percent, which was lower than the national average of 5.60 percent. Unemployment rates for the AA during the evaluation period ranged from a high of 7.90 percent in January 2011 to a low of 4.60 percent in December 2014. In this same time period, the national unemployment rates ranged from a high of 9.20 percent in January 2011 to a low of 5.60 percent in December 2014. Annual unemployment rates during the evaluation period for the AA were 7.65 percent for 2011, 6.62 percent for 2012, 6.03 percent for 2013, and 5.01 percent for 2014. According to Moody's Analytics, Texas' business cycle is in an expansion phase with the economic drivers being energy resources, manufacturing, and logistics. The major employers in this AA are Wal-Mart Stores, Inc., Fort Hood, American Airlines, Lackland Air Force Base, and Texas Health Resources. In addition, the leading industries by NAIC codes are local government, restaurants, state government, employment services, and general medical and surgical hospitals.

The 2000 U.S. Census recorded a median housing value of \$88,162 within the bank's Texas AA. The 2010 U. S. Census recorded a median housing value of \$136,913 within the bank's AA, which represents an increase in value of 55.30 percent. According to the 2000 U.S. Census, there were 2.34 million housing units located within LMI census tracts in the bank's AA, in which 1.04 million were owner occupied or 44.52 percent. The 2010 U.S. Census disclosed 3.07 million housing units located in LMI census tracts in which 1.30 million were owner occupied or 42.20 percent. This represents an increase of 31.44 percent in housing units within LMI census tracts. Between 2000 and 2010 U.S. Census, the number of owner occupied housing units in LMI census tracts within the bank's AA, increased 24.59 percent.

The 2000 U.S. Census noted the median age of the low-income housing is 34 years with a median gross rent of \$456 and for moderate-income housing the median age is 32 years and the median gross rent is \$512. In comparison, the median age of housing stock for the entire AA is 25 years and the median gross rent is \$578. The 2010 U.S. Census noted the median age of the low-income housing is 39 years with a median gross rent of \$676 and for moderate-income the median age is 37 years and the median gross rent is \$730. In comparison, the median age of housing stock for the entire AA is 30 years and the median gross rent is \$799.

For this evaluation, we considered two recent community contacts. The first community contact, based out of central Texas, was formed to create more jobs in the area by attracting economic development in the area. The contact noted that the population has increased significantly since the last U.S. Census and that has created a more competitive housing market. This community contact noted the need for “start-up” money for new businesses. The second community contact is a certified CDC that serves the entire state of Texas with a mission to further economic development throughout the state. This group’s focus is on the growth and development of small businesses and the development of affordable housing to LMI families. This group provides various classes and one-on-one counseling to assist people to become self-sufficient and self-sustaining. In addition, this group has a program that focuses on rural areas. This community contact noted that banks could provide much more support for financial education for small business owners. They further noted that training bank loan officers would help.

**State of Virginia**

Demographic Information for Full Scope Area: Virginia - 2000						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	1,530	4.12	19.61	48.82	27.06	0.39
Population by Geography	7,078,515	2.48	17.41	51.09	28.90	0.12
Owner-Occupied Housing by Geography	1,837,958	1.03	12.69	53.47	32.82	0.00
Business by Geography	794,931	2.10	12.73	47.93	37.18	0.06
Farms by Geography	21,774	0.62	10.27	60.37	28.71	0.03
Family Distribution by Income Level	1,859,983	18.13	17.77	22.86	41.24	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	667,733	4.67	26.25	53.81	15.27	0.00
Median Family Income HUD Adjusted Median Family Income for 2011 Households Below Poverty Level		53,604 75,122 10%	Median Housing Value Unemployment Rate (2000 US Census)		129,990 2.13%	

(\* ) The NA category consists of geographies that have not been assigned an income classification.  
Source: 2000 US Census and 2011 HUD updated MFI

Demographic Information for Full Scope Area: Virginia 2014						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	1,906	4.88	19.94	43.07	30.12	1.99
Population by Geography	8,001,024	4.00	19.55	43.93	32.25	0.27
Owner-Occupied Housing by Geography	2,048,209	1.70	15.72	46.41	36.17	0.00
Business by Geography	662,092	3.09	16.42	41.88	38.39	0.23
Farms by Geography	21,216	1.18	15.04	52.82	30.89	0.08
Family Distribution by Income Level	2,000,061	19.14	17.40	21.32	42.14	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	730,907	6.83	29.09	46.61	17.47	0.01
Median Family Income HUD Adjusted Median Family Income for 2014 Households Below Poverty Level		74,847 74,847 10%	Median Housing Value Unemployment Rate (2010 US Census)		280,993 3.01%	

(\* ) The NA category consists of geographies that have not been assigned an income classification.  
Source: 2010 US Census and 2014 HUD updated MFI

There are 1,906 census tracts throughout Virginia, as of the 2010 U.S. Census, which is up from the 2000 U. S. Census total of 1,530. In addition, the 2010 U.S. Census data reflects that the state’s population increased 922,509 people or 13.03 percent between the 2000 U.S. Census and the 2010 U.S. Census. The assessment area meets the requirements of the CRA regulation and does not arbitrarily exclude LMI geographies.



Based on the FFIEC Updated MSA Median Family income, the weighted average family income in the AA as of 2014 was \$74,847. This is a \$275 (0.37 percent) decrease when comparing this amount to the 2011 updated median family income of \$75,122. There was an overall net increase in the number of LMI families from 2000 to 2010. According to the U.S. Census data, low-income families increased from 18.13 percent in census year 2000 to 19.14 percent in census year 2010, or 5.57 percent. There was a slight decrease in the number of moderate-income families over the same time period, from 17.77 percent in census year 2000 to 17.40 percent in census year 2010. Within those low-income families, the number of families living below the poverty level increased. Families living below the poverty level increase from 6.98 percent in the 2000 Census to 7.19 percent in the 2010 Census.

The state of Virginia accounts for \$3.52 billion of the institution's total deposits or 5.87 percent of the bank's total deposits. According to the June 30, 2014 FDIC Deposit Market Share report, USAA's deposits in the state ranks them 11th in market share. Competition among financial institutions in the state is intense among 139 financial institutions operating 2,537 branches. The state has several national, regional, and community banks competing for loans and deposits. The largest three deposit markets in Virginia are Washington DC, Richmond, and Virginia Beach.

The top five deposit-taking institutions, combined, command 60.99 percent of the deposits in the state. The top five competitors, in order of market share ranks, were Capital One Bank NA, E\*Trade Bank, Wells Fargo Bank NA, Bank of America Bank, NA, and Branch Banking and Trust Company. USAA has three financial service centers and 13 ATMs in the state.

According to the Bureau of Labor Statistics (BLS), as of December 2014, the unemployment rate for the AA was 4.80 percent, which was lower than the national average of 5.60 percent. Unemployment rates for the AA during the evaluation period ranged from a high of 6.60 percent in January 2011 to a low of 4.80 percent in December 2014. In this same time period, the national unemployment rates ranged from a high of 9.20 percent in January 2011 to a low of 5.60 percent in December 2014. Annual unemployment rates during the evaluation period for the AA were 6.46 percent for 2011, 5.93 percent for 2012, 5.54 percent for 2013, and 5.10 percent for 2014. According to Moody's Analytics, Virginia's business cycle is in a recovery phase from the last recession with the economic drivers being defense spending, federal government spending, and tourism. The major employers in this AA are Norfolk Naval Station, Huntington Ingalls Industries, Sentara Health System, Naval Air Station Oceana, and Wal-Mart Stores, Inc. In addition, the leading industries by NAIC codes are local government, restaurants, federal government, state government, and computer systems design and related services.

The 2000 U.S. Census recorded a median housing value of \$129,990 within the bank's Virginia AA. The 2010 U. S. Census recorded a median housing value of \$280,993 within the bank's AA, which represents an increase in value of 116.17 percent. According to the 2000 U.S. Census, there were 591,777 housing units located within LMI census tracts in the bank's AA, in which 252,086 were owner occupied or 42.60 percent. The 2010 U.S. Census disclosed 831,255 housing units located in LMI census tracts in which 373,031 were owner occupied or 44.88 percent. This represents an increase of 40.47 percent in housing units within LMI census tracts. Between 2000 and 2010 U.S. Census, the number of owner occupied housing units in LMI census tracts within the bank's AA, increased 47.98 percent.

The 2000 U.S. Census noted the median age of the low-income housing is 40 years with a median gross rent of \$425 and for moderate-income housing the median age is 32 years and the median gross rent is \$609. In comparison, the median age of housing stock for the entire AA is 27 years and the median gross rent is \$660. The 2010 U.S. Census noted the median age of the low-income housing is 46 years with a median gross rent of \$810 and for moderate-income the median age is 38 years and the median gross rent is \$936. In comparison, the median age of housing stock for the entire AA is 33 years and the median gross rent is \$1,012.

For this evaluation, we considered one recent community contact. This Virginia Beach entity is an economic development agency that works to expand the tax base and employment opportunities by recruiting businesses to the area. The community contact noted several major military bases support the area economically. As a result, the housing values are relatively stable and were not drastically impacted by the recession. Adequate affordable housing is lacking in the area. In addition, small business lending has not been strong in the area and the financing of CD projects has been weak.

## Appendix D: Tables of Performance Data

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### Content of Standardized Tables

A separate set of tables is provided for each state. All multistate metropolitan areas are presented in one set of tables. References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the lending test tables, the following are applicable: (1) purchased loans are treated as originations/purchases and market share is the number of loans originated and purchased by the bank as a percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MA/assessment area; (2) Partially geocoded loans (loans where no census tract is provided) cannot be broken down by income geographies and, therefore, are only reflected in the Total Loans in Core Tables 2 through 7; and (3) Partially geocoded loans are included in the Total Loans and % Bank Loans Column in Core Tables 8 through 12. Deposit data are compiled by the FDIC and are available as of June 30<sup>th</sup> of each year. Tables without data are not included in this PE.

The following is a listing and brief description of the tables included in each set:

**Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by MA/assessment area. Community development loans to statewide or regional entities or made outside the bank’s assessment area may receive positive CRA consideration. See Interagency Q&As \_\_.12 (i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such loans.

**Table 2. Geographic Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.

**Table 3. Geographic Distribution of Home Improvement Loans** - See Table 2.

**Table 4. Geographic Distribution of Home Mortgage Refinance Loans** - See Table 2.

**Table 5. Geographic Distribution of Multifamily Loans** - Compares the percentage distribution of the number of multifamily loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of multifamily housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.

**Table 6. Geographic Distribution of Small Loans to Businesses** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) throughout those geographies. The table also presents market share information based

on the most recent aggregate market data available. Because small business data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.

**Table 7. Geographic Distribution of Small Loans to Farms** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.

**Table 8. Borrower Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MA/assessment area. The table also presents market share information based on the most recent aggregate market data available.

**Table 9. Borrower Distribution of Home Improvement Loans** - See Table 8.

**Table 10. Borrower Distribution of Refinance Loans** - See Table 8.

**Table 11. Borrower Distribution of Small Loans to Businesses** - Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. Market share information is presented based on the most recent aggregate market data available.

**Table 12. Borrower Distribution of Small Loans to Farms** - Compares the percentage distribution of the number of small loans (less than or equal to \$500,000) originated and purchased by the bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the farm. Market share information is presented based on the most recent aggregate market data available.

**Table 14. Qualified Investments** - Presents the number and dollar amount of qualified investments made by the bank in each MA/AA. The table separately presents investments made during prior evaluation periods that are still outstanding and investments made during the current evaluation period. Prior-period investments are reflected at their book value as of the end of the evaluation period. Current period investments are reflected at their original investment amount even if that amount is greater than the current book value of the investment. The table also presents the number and dollar amount of unfunded qualified investment commitments. In order to be included, an unfunded commitment must be legally binding, tracked, and recorded by the bank's financial reporting system.

A bank may receive positive consideration for qualified investments in statewide/regional entities or made outside of the bank's assessment area. See Interagency Q&As \_\_.12 (i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such investments.

**Table 15. Distribution of Branch Delivery System and Branch Openings/Closings -**  
Compares the percentage distribution of the number of the bank's financial service centers in low-, moderate-, middle-, and upper-income geographies to the percentage of the population within each geography in each MA/AA. The table also presents data on branch openings and closings in each MA/AA.

**Table 1. Lending Volume**

LENDING VOLUME												
Geography: NATIONWIDE												
Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2014												
Assessment Area:	% of Rated Area Loans (#) in MA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MA/AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$(000's)	
<b>Full Review:</b>												
California	5.97	12,682	3,612,442	0	0	0	0	0	0	12,682	3,612,442	0.00
Colorado	3.75	7,970	1,876,606	0	0	0	0	0	0	7,970	1,876,606	0.00
Georgia	4.71	10,000	1,868,063	0	0	0	0	0	0	10,000	1,868,063	0.00
Kansas	1.18	2,513	435,704	0	0	0	0	0	0	2,513	435,704	0.00
Maryland	2.53	5,364	1,569,028	0	0	0	0	0	0	5,364	1,569,028	0.00
Nationwide	51.26	108,809	21,991,228	0	0	0	0	0	0	108,809	21,991,228	0.00
New York	1.75	3,723	804,384	0	0	0	0	0	0	3,723	804,384	0.00
North Carolina	5.30	11,261	2,140,492	0	0	0	0	0	0	11,261	2,140,492	0.00
Tennessee	2.53	5,376	989,582	0	0	0	0	0	0	5,376	989,582	0.00
Texas	14.24	30,222	5,439,674	0	0	0	0	0	0	30,222	5,439,674	100.00
Virginia	6.76	14,352	4,123,561	0	0	0	0	0	0	14,352	4,123,561	0.00

\* Loan Data as of December 31, 2014. Rated area refers to either state or multi-state MA rating area.

\*\* The evaluation period for Community Development Loans is from January 01, 2011 to December 31, 2014.

\*\*\* Deposit Data as of June 30, 2014. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

## 1. Other Products

LENDING VOLUME														
Geography: NATIONWIDE Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2014														
Assessment Area:	% of Rated Area Loans (#) in MA/AA*	Total Optional Loans		Small Business Real Estate Secured**		Home Equity**		Motor Vehicle**		Credit Card**		Other Secured Consumer**		% of Rated Area Deposits in MA/AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	
<b>Full Review:</b>														
California	7.73	81,558	1,734,998	0	0	0	0	81,558	1,734,998	0	0	0	0	0.00
Colorado	3.37	35,563	733,095	0	0	0	0	35,563	733,095	0	0	0	0	0.00
Georgia	5.55	58,570	1,178,858	0	0	0	0	58,570	1,178,858	0	0	0	0	0.00
Kansas	1.40	14,754	273,870	0	0	0	0	14,754	273,870	0	0	0	0	0.00
Maryland	3.03	32,013	701,326	0	0	0	0	32,013	701,326	0	0	0	0	0.00
Nationwide	48.23	509,125	10,123,020	0	0	0	0	509,125	10,123,020	0	0	0	0	0.00
New York	2.15	22,733	433,266	0	0	0	0	22,733	433,266	0	0	0	0	0.00
North Carolina	5.48	57,813	1,120,357	0	0	0	0	57,813	1,120,357	0	0	0	0	0.00
Tennessee	2.32	24,481	486,633	0	0	0	0	24,481	486,633	0	0	0	0	0.00
Texas	14.01	147,947	3,206,903	0	0	0	0	147,947	3,206,903	0	0	0	0	100.00
Virginia	6.74	71,143	1,518,854	0	0	0	0	71,143	1,518,854	0	0	0	0	0.00

\* Loan Data as of December 31, 2014. Rated area refers to either state or multi-state MA rating area.

\*\* The evaluation period for Optional Product Line(s) is from January 01, 2012 to December 31, 2014.

\*\*\* Deposit Data as of October 27, 2016. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

**Table 2. Geographic Distribution of Home Purchase Loans**

Geographic Distribution: HOME PURCHASE      Geography: NATIONWIDE      Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2014														
Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Low	Mod	Mid	Upp
<b>Full Review:</b>														
California	5,100	4.35	2.78	1.49	17.64	12.47	37.18	39.33	42.40	46.71	2.73	16.12	36.56	44.59
Colorado	3,939	3.36	4.26	2.06	18.83	11.55	42.22	39.73	34.70	46.66	3.65	15.49	40.49	40.37
Georgia	5,633	4.81	2.37	0.80	18.54	7.30	46.38	40.09	32.70	51.82	1.42	12.49	41.56	44.52
Kansas	1,538	1.31	1.93	0.20	15.06	7.61	52.96	38.69	30.05	53.51	0.98	12.31	43.16	43.55
Maryland	2,975	2.54	3.95	1.51	19.47	11.93	45.35	47.80	31.24	38.76	2.76	17.68	46.89	32.66
Nationwide	62,069	52.99	2.59	0.74	15.83	8.44	52.03	47.04	29.54	43.78	1.56	12.12	48.89	37.43
New York	2,239	1.91	2.39	0.89	12.56	8.35	49.54	54.18	35.51	36.58	2.45	12.35	46.06	39.14
North Carolina	5,860	5.00	2.09	0.77	17.02	7.88	50.57	46.66	30.32	44.69	1.44	12.49	45.89	40.18
Tennessee	3,083	2.63	2.93	1.07	16.59	7.20	52.07	47.58	28.40	44.15	1.93	11.82	45.98	40.27
Texas	18,058	15.42	3.56	0.97	19.86	6.06	39.63	32.86	36.95	60.10	1.47	10.56	35.16	52.80
Virginia	6,646	5.67	1.68	0.95	16.46	10.67	45.64	41.60	36.22	46.78	1.46	14.10	40.89	43.55

\* Based on 2013 Peer Mortgage Data -- US and PR

\*\* Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2010 Census information.

\*\*\*\* Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)



**Table 3. Geographic Distribution of Home Improvement Loans**

Geographic Distribution: HOME IMPROVEMENT      Geography: NATIONWIDE      Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2014														
Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total*	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Low	Mod	Mid	Upp
<b>Full Review:</b>														
California	871	9.66	2.78	1.72	17.64	8.38	37.18	34.79	42.40	55.11	2.32	13.44	34.87	49.37
Colorado	326	3.61	4.26	0.92	18.83	13.19	42.22	34.36	34.70	51.53	3.54	16.99	41.35	38.13
Georgia	306	3.39	2.37	0.98	18.54	9.15	46.38	37.25	32.70	52.61	2.20	18.86	44.40	34.54
Kansas	87	0.96	1.93	0.00	15.06	3.45	52.96	49.43	30.05	47.13	1.31	13.19	49.35	36.15
Maryland	195	2.16	3.95	2.05	19.47	12.31	45.35	52.31	31.24	33.33	4.14	18.74	45.43	31.69
Nationwide	4,443	49.26	2.59	0.99	15.83	9.18	52.03	44.95	29.54	44.88	2.10	13.75	52.93	31.22
New York	223	2.47	2.39	0.90	12.56	8.97	49.54	55.16	35.51	34.98	2.20	11.59	58.41	27.81
North Carolina	344	3.81	2.09	0.58	17.02	6.98	50.57	47.38	30.32	45.06	1.87	14.68	51.82	31.63
Tennessee	186	2.06	2.93	0.54	16.59	8.60	52.07	48.39	28.40	42.47	2.49	17.33	54.70	25.49
Texas	1,413	15.67	3.56	1.34	19.86	10.54	39.63	32.27	36.95	55.84	2.56	15.84	36.14	45.46
Virginia	626	6.94	1.68	0.48	16.46	8.63	45.64	37.06	36.22	53.83	1.67	17.21	45.66	35.46

\* Based on 2013 Peer Mortgage Data -- US and PR

\*\* Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2010 Census information.

\*\*\*\* Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

**Table 4. Geographic Distribution of Home Mortgage Refinance Loans**

Geographic Distribution: HOME MORTGAGE REFINANCE    Geography: NATIONWIDE    Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2014														
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Low	Mod	Mid	Upp
<b>Full Review:</b>														
California	6,711	7.79	2.78	1.01	17.64	9.83	37.18	36.39	42.40	52.76	2.15	13.76	34.77	49.31
Colorado	3,704	4.30	4.26	1.54	18.83	9.96	42.22	41.50	34.70	47.00	3.09	14.84	40.28	41.79
Georgia	4,060	4.72	2.37	0.64	18.54	7.44	46.38	37.59	32.70	54.33	1.62	13.71	42.15	42.52
Kansas	888	1.03	1.93	0.11	15.06	7.77	52.96	37.39	30.05	54.73	1.02	11.53	42.72	44.73
Maryland	2,194	2.55	3.95	0.64	19.47	10.98	45.35	46.58	31.24	41.80	2.34	15.59	44.50	37.57
Nationwide	42,294	49.12	2.59	0.70	15.83	7.54	52.03	44.46	29.54	47.29	1.52	11.26	47.86	39.36
New York	1,261	1.46	2.39	1.03	12.56	7.38	49.54	55.27	35.51	36.32	1.63	9.93	45.68	42.76
North Carolina	5,054	5.87	2.09	0.57	17.02	7.00	50.57	46.77	30.32	45.65	1.43	11.79	44.65	42.12
Tennessee	2,106	2.45	2.93	0.52	16.59	5.60	52.07	50.09	28.40	43.78	1.77	12.11	46.91	39.21
Texas	10,751	12.49	3.56	0.50	19.86	5.62	39.63	31.49	36.95	62.39	1.36	9.75	32.65	56.23
Virginia	7,080	8.22	1.68	0.88	16.46	9.51	45.64	40.79	36.22	48.83	1.35	12.86	40.37	45.42

\* Based on 2013 Peer Mortgage Data -- US and PR

\*\* Home refinance loans originated and purchased in the MA/AA as a percentage of all home refinance loans originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2010 Census information.

\*\*\*\* Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

**Table 8. Borrower Distribution of Home Purchase Loans**

Borrower Distribution: HOME PURCHASE														Geography: NATIONWIDE		Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2014										
Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data*															
	#	% of Total**	% Families***	% BANK Loans****	% Families <sup>5</sup>	% BANK Loans****	% Families**	% BANK Loans****	% Families*	% BANK Loans****	Low	Mod	Mid	Upp												
<b>Full Review:</b>																										
California	5,100	4.35	22.84	1.08	16.96	8.24	18.91	27.76	41.28	62.92	3.61	13.85	23.80	58.74												
Colorado	3,939	3.36	21.14	2.31	17.59	14.26	20.80	31.46	40.48	51.97	8.31	22.93	25.50	43.26												
Georgia	5,634	4.81	22.40	2.25	17.13	10.35	19.41	25.47	41.05	61.92	9.33	21.83	22.99	45.84												
Kansas	1,538	1.31	18.50	2.02	17.74	10.68	22.01	31.58	41.75	55.73	9.17	23.79	26.28	40.77												
Maryland	2,975	2.54	21.50	2.86	18.30	18.12	21.92	34.92	38.28	44.10	12.25	25.91	25.64	36.20												
Nationwide	62,071	52.99	20.95	1.95	17.73	12.35	21.09	28.05	40.23	57.65	8.53	22.66	25.20	43.61												
New York	2,239	1.91	23.47	1.74	17.03	13.35	19.51	29.03	40.00	55.87	5.23	19.31	25.29	50.17												
North Carolina	5,861	5.00	21.74	1.50	17.58	8.78	20.09	22.80	40.59	66.92	7.16	20.72	24.17	47.95												
Tennessee	3,083	2.63	21.65	1.39	17.31	9.96	20.23	24.65	40.81	64.00	8.13	22.88	24.89	44.10												
Texas	18,058	15.42	22.89	1.35	16.94	8.95	18.70	25.28	41.47	64.42	4.53	16.69	23.01	55.77												
Virginia	6,646	5.67	19.22	1.51	17.45	14.00	21.35	33.91	41.98	50.59	8.59	23.72	27.19	40.50												

\* Based on 2013 Peer Mortgage Data -- US and PR

\*\* Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

\*\*\* Percentage of Families is based on the 2010 Census information.

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 0.1% of loans originated and purchased by BANK.

<sup>5</sup> Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

**Table 9. Borrower Distribution of Home Improvement Loans**

Borrower Distribution: HOME IMPROVEMENT      Geography: NATIONWIDE      Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2014														
Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data*			
	#	% of Total*	% Families***	% BANK Loans****	% Families 6	% BANK Loans****	% Families**	% BANK Loans****	% Families**	% BANK Loans****	Low	Mod	Mid	Upp
<b>Full Review:</b>														
California	871	9.66	22.84	3.00	16.96	9.23	18.91	18.80	41.28	68.97	5.12	13.83	22.94	58.11
Colorado	326	3.61	21.14	4.01	17.59	14.81	20.80	21.91	40.48	59.26	8.49	19.72	24.57	47.22
Georgia	306	3.39	22.40	3.96	17.13	10.56	19.41	20.13	41.05	65.35	11.56	19.55	22.23	46.66
Kansas	87	0.96	18.50	2.33	17.74	15.12	22.01	30.23	41.75	52.33	9.01	17.33	25.79	47.87
Maryland	195	2.16	21.50	5.73	18.30	13.54	21.92	25.00	38.28	55.73	14.71	24.31	26.47	34.50
Nationwide	4,443	49.26	20.95	3.54	17.73	11.74	21.09	24.16	40.23	60.56	10.08	19.34	25.21	45.37
New York	223	2.47	23.47	4.05	17.03	13.06	19.51	28.83	40.00	54.05	10.40	21.65	26.85	41.11
North Carolina	344	3.81	21.74	3.25	17.58	11.24	20.09	23.08	40.59	62.43	9.78	17.88	23.17	49.17
Tennessee	186	2.06	21.65	3.31	17.31	11.05	20.23	18.23	40.81	67.40	13.77	21.56	22.99	41.68
Texas	1,413	15.67	22.89	3.63	16.94	10.46	18.70	21.05	41.47	64.86	7.02	13.17	18.94	60.88
Virginia	626	6.94	19.22	3.54	17.45	12.54	21.35	26.53	41.98	57.40	12.83	22.54	26.28	38.35

\* Based on 2013 Peer Mortgage Data -- US and PR

\*\* Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

\*\*\* Percentage of Families is based on the 2010 Census information.

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 0.8% of loans originated and purchased by BANK.

6 Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

**Table 10. Borrower Distribution of Home Mortgage Refinance Loans**

Borrower Distribution: HOME MORTGAGE REFINANCE    Geography: NATIONWIDE    Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2014														
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data*			
	#	% of Total*	% Families***	% BANK Loans****	% Families <sup>7</sup>	% BANK Loans****	% Families**	% BANK Loans****	% Families**	% BANK Loans****	Low	Mod	Mid	Upp
<b>Full Review:</b>														
California	6,711	7.79	22.84	2.11	16.96	8.82	18.91	21.75	41.28	67.33	5.86	12.58	21.18	60.38
Colorado	3,705	4.30	21.14	2.82	17.59	12.76	20.80	23.51	40.48	60.92	8.35	18.58	24.52	48.54
Georgia	4,060	4.72	22.40	1.63	17.13	8.81	19.41	19.02	41.05	70.54	8.13	14.76	20.88	56.23
Kansas	888	1.03	18.50	1.52	17.74	11.26	22.01	21.43	41.75	65.80	7.41	17.60	25.60	49.39
Maryland	2,194	2.55	21.50	2.72	18.30	12.19	21.92	24.95	38.28	60.14	10.44	20.16	26.07	43.32
Nationwide	42,295	49.12	20.95	2.08	17.73	10.22	21.09	22.52	40.23	65.18	7.50	16.61	24.41	51.48
New York	1,261	1.46	23.47	2.01	17.03	10.04	19.51	24.74	40.00	63.21	5.25	14.42	24.09	56.23
North Carolina	5,056	5.87	21.74	1.45	17.58	7.78	20.09	20.01	40.59	70.77	6.48	15.01	21.48	57.03
Tennessee	2,107	2.45	21.65	1.16	17.31	8.63	20.23	20.50	40.81	69.71	7.29	16.66	23.58	52.48
Texas	10,751	12.49	22.89	1.62	16.94	9.21	18.70	20.44	41.47	68.73	4.60	11.53	19.64	64.23
Virginia	7,080	8.22	19.22	2.30	17.45	10.94	21.35	25.53	41.98	61.23	7.99	17.66	25.73	48.62

\* Based on 2013 Peer Mortgage Data -- US and PR

\*\* Home refinance loans originated and purchased in the MA/AA as a percentage of all home refinance loans originated and purchased in the rated area.

\*\*\* Percentage of Families is based on the 2010 Census information.

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 36.3% of loans originated and purchased by BANK.

7 Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

**Table 13. Geographic and Borrower Distribution of Consumer Loans**

Geographic and Borrower Distribution: CONSUMER LOANS    Geography: NATIONWIDE    Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2014																			
Assessment Area:	Geographic Distribution										Borrower Distribution								
	Total Consumer Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		
	#	% of Total*	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans	
<b>Full Review:</b>																			
California	81,558	7.73	6.57	2.18	23.97	16.49	35.73	36.72	33.72	44.43	24.39	8.92	16.02	15.72	17.51	23.67	42.08	51.56	
Colorado	35,563	3.37	7.44	2.89	23.18	16.82	40.90	41.56	28.47	38.66	23.73	9.54	16.46	18.27	18.29	24.91	41.52	47.18	
Georgia	58,570	5.55	5.33	1.29	22.88	13.19	43.34	42.43	28.46	43.08	23.94	6.48	16.44	14.47	17.63	23.91	41.99	55.01	
Kansas	14,754	1.40	3.56	0.87	19.18	21.51	50.42	40.44	26.84	37.18	21.89	10.13	16.33	17.93	18.51	25.85	43.27	46.02	
Maryland	32,013	3.03	8.08	1.83	24.49	15.91	41.69	47.05	25.73	35.21	23.36	11.76	17.08	19.43	19.25	26.18	40.31	41.39	
New York	22,733	2.15	9.80	2.88	21.25	19.00	41.03	48.04	27.91	29.99	26.64	11.23	15.62	18.59	17.15	25.59	40.59	44.28	
North Carolina	57,813	5.48	4.32	0.97	19.84	11.00	48.67	48.16	27.14	39.03	23.79	6.03	16.30	14.64	17.95	24.22	41.96	55.01	
Tennessee	24,481	2.32	5.83	1.15	19.07	7.21	49.42	53.83	25.66	37.80	24.22	5.02	16.01	13.18	17.81	23.32	41.97	58.38	
Texas	147,947	14.01	7.15	1.46	23.48	10.66	38.02	36.25	31.35	51.08	24.10	5.99	16.32	13.28	17.44	21.95	42.14	58.58	
Virginia	71,143	6.74	3.75	1.54	19.83	15.42	45.26	39.18	31.14	43.84	21.17	9.20	16.27	17.59	18.93	26.74	43.63	46.38	
Nationwide	509,125	48.23	5.08	1.50	19.70	13.86	49.23	46.83	25.98	37.54	23.86	8.50	16.23	15.76	18.16	23.73	41.74	51.89	

\* Consumer Loans originated and purchased in the MA/AA as a percentage of all consumer loans originated and purchased in the rated area.

\*\* Percentage of households is based on 2010 Census information.

**Table 14. Qualified Investments**

QUALIFIED INVESTMENTS									
		Geography: NATIONWIDE			Evaluation Period: JANUARY 1, 2011 TO DECEMBER 31, 2014				
Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
<b>Full Review:</b>									
California	0	0	34	23,843	34	23,843	2.18	9	5,824
Colorado	0	0	21	14,464	21	14,464	1.32	4	9,976
Georgia	3	5,745	9	27,922	12	33,667	3.07	2	14,850
Kansas	0	0	4	2,273	4	2,273	0.21	3	1,341
Maryland	0	0	9	6,303	9	6,303	0.57	6	2,956
Nationwide	73	87,829	245	666,070	318	753,899	68.78	20	200,282
New York	2	2,001	11	179,135	13	181,136	16.52	4	1,816
North Carolina	0	0	29	13,068	29	13,067	1.19	7	8,430
Tennessee	0	0	8	4,200	8	4,200	0.38	2	2,354
Texas	66	20,060	424	39,153	490	59,213	5.40	7	6,872
Virginia	0	0	11	4,110	11	4,110	0.37	1	37

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\* 'Prior Period Investments' means investments made in a previous period that are outstanding as of the examination date.

\*\* 'Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

**Table 15. Distribution of Branch Delivery System and Branch Openings/Closings**

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS Geography: NATIONWIDE Evaluation Period: JANUARY 1, 2011 TO DECEMBER 31, 2014																	
Assessment Area:	Deposits	Branches						Branch Openings/Closings						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
<b>Full Review:</b>																	
California	0.00	0	0.00	0.00	0.00	0.00	0.00	0	0	0	0	0	0	7.25	26.11	34.69	31.54
Colorado	0.00	0	0.00	0.00	0.00	0.00	0.00	0	0	0	0	0	0	7.65	22.45	39.80	29.76
Georgia	0.00	0	0.00	0.00	0.00	0.00	0.00	0	0	0	0	0	0	5.30	22.95	43.97	27.70
Kansas	0.00	0	0.00	0.00	0.00	0.00	0.00	0	0	0	0	0	0	3.78	18.72	50.30	27.19
Maryland	0.00	0	0.00	0.00	0.00	0.00	0.00	0	0	0	0	0	0	8.01	24.43	40.74	26.41
Nationwide	0.00	0	0.00	0.00	0.00	0.00	0.00	0	0	0	0	0	0	5.57	19.53	48.51	26.19
New York	0.00	0	0.00	0.00	0.00	0.00	0.00	0	0	0	0	0	0	9.83	21.05	41.08	27.66
North Carolina	0.00	0	0.00	0.00	0.00	0.00	0.00	0	0	0	0	0	0	4.71	20.03	47.90	27.02
Tennessee	0.00	0	0.00	0.00	0.00	0.00	0.00	0	0	0	0	0	0	5.88	19.59	48.76	25.49
Texas	100.00	1	0.00	0.00	100.00	0.00	0.00	0	0	0	0	0	0	7.32	24.81	37.10	30.54
Virginia	0.00	0	0.00	0.00	0.00	0.00	0.00	0	0	0	0	0	0	4.01	20.16	43.17	32.39



**Table 1. Lending Volume**

LENDING VOLUME												
Geography: NATIONWIDE												
Evaluation Period: JANUARY 1, 2011 TO DECEMBER 31, 2011												
Assessment Area:	% of Rated Area Loans (#) in MA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MA/AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$(000's)	
<b>Full Review:</b>												
California	6.62	4,437	1,168,147	0	0	0	0	0	0	4,437	1,168,147	0.00
Colorado	3.47	2,325	503,345	0	0	0	0	0	0	2,325	503,345	0.00
Georgia	5.15	3,453	605,363	0	0	0	0	0	0	3,453	605,363	0.00
Kansas	1.23	824	136,226	0	0	0	0	0	0	824	136,226	0.00
Maryland	2.65	1,775	481,483	0	0	0	0	0	0	1,775	481,483	0.00
Nationwide	49.17	32,962	6,254,257	0	0	0	0	0	0	32,962	6,254,257	0.00
New York	1.78	1,192	240,144	0	0	0	0	0	0	1,192	240,144	0.00
North Carolina	5.51	3,692	665,318	0	0	0	0	0	0	3,692	665,318	0.00
Tennessee	2.56	1,718	296,911	0	0	0	0	0	0	1,718	296,911	0.00
Texas	14.56	9,760	1,597,049	0	0	0	0	0	0	9,760	1,597,049	100.00
Virginia	7.31	4,900	1,328,736	0	0	0	0	0	0	4,900	1,328,736	0.00

\* Loan Data as of December 31, 2011. Rated area refers to either state or multi-state MA rating area.

\*\* Community Development Loan information is included in Table 1 – Lending Volume covering January 1, 2011 through December 31, 2014.

\*\*\* Deposit Data as of June 30, 2011. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Table 1. Other Products

LENDING VOLUME														
Geography: NATIONWIDE Evaluation Period: JANUARY 1, 2011 TO DECEMBER 31, 2011														
Assessment Area:	% of Rated Area Loans (#) in MA/AA*	Total Optional Loans		Small Business Real Estate Secured**		Home Equity**		Motor Vehicle**		Credit Card**		Other Secured Consumer**		% of Rated Area Deposits in MA/AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	
<b>Full Review:</b>														
California	7.59	25,246	473,418	0	0	0	0	25,246	473,418	0	0	0	0	0.00
Colorado	3.33	11,140	197,585	0	0	0	0	11,140	197,585	0	0	0	0	0.00
Georgia	5.67	18,958	336,776	0	0	0	0	18,958	336,776	0	0	0	0	0.00
Kansas	1.53	5,126	87,627	0	0	0	0	5,126	87,627	0	0	0	0	0.00
Maryland	2.90	9,526	180,023	0	0	0	0	9,526	180,023	0	0	0	0	0.00
Nationwide	48.73	161,090	2,857,629	0	0	0	0	161,090	2,857,629	0	0	0	0	0.00
New York	2.13	6,697	116,341	0	0	0	0	6,697	116,341	0	0	0	0	0.00
North Carolina	5.37	18,120	318,126	0	0	0	0	18,120	318,126	0	0	0	0	0.00
Tennessee	2.35	7,860	142,018	0	0	0	0	7,860	142,018	0	0	0	0	0.00
Texas	13.42	44,577	854,003	0	0	0	0	44,577	854,003	0	0	0	0	100.00
Virginia	6.98	22,952	432,621	0	0	0	0	22,952	432,621	0	0	0	0	0.00

\* Loan Data as of December 31, 2011. Rated area refers to either state or multi-state MA rating area.

\*\* The evaluation period for Optional Product Line(s) is from January 01, 2011 to December 31, 2011.

\*\*\* Deposit Data as of October 27, 2016. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

**Table 2. Geographic Distribution of Home Purchase Loans**

Geographic Distribution: HOME PURCHASE      Geography: NATIONWIDE      Evaluation Period: JANUARY 1, 2011 TO DECEMBER 31, 2011														
Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Low	Mod	Mid	Upp
<b>Full Review:</b>														
California	2,388	6.92	1.70	1.17	16.51	11.60	41.53	43.55	40.27	43.68	2.14	16.14	41.85	39.87
Colorado	1,005	2.91	1.12	0.50	19.21	9.35	49.34	47.76	30.33	42.39	1.35	14.47	46.87	37.32
Georgia	1,782	5.16	2.14	1.01	15.81	5.05	52.81	48.93	29.24	45.01	1.56	10.53	50.50	37.42
Kansas	432	1.25	0.60	0.23	12.41	9.03	60.95	39.81	26.04	50.93	0.18	8.78	49.71	41.33
Maryland	928	2.69	2.54	0.43	16.87	9.59	50.37	54.96	30.22	35.02	1.32	14.54	54.21	29.93
Nationwide	17,495	50.68	1.60	0.48	14.66	6.74	57.51	52.00	26.23	40.78	1.05	10.57	53.98	34.40
New York	648	1.88	1.92	0.93	11.52	7.72	52.65	59.88	33.90	31.48	2.17	12.21	49.45	36.18
North Carolina	1,741	5.04	0.84	0.23	13.28	5.63	64.44	66.74	21.44	27.40	0.60	7.56	61.00	30.83
Tennessee	911	2.64	1.89	0.33	13.89	2.74	61.10	61.80	23.12	35.13	0.80	7.69	56.99	34.52
Texas	4,967	14.39	2.13	0.54	19.94	5.09	45.21	35.59	32.72	58.77	0.81	8.96	40.20	50.03
Virginia	2,221	6.43	1.03	0.72	12.69	8.51	53.47	47.91	32.82	42.86	0.84	11.44	47.17	40.54

\* Based on 2011 Peer Mortgage Data (USPR)

\*\* Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

\*\*\*\* Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

**Table 3. Geographic Distribution of Home Improvement Loans**

Geographic Distribution: HOME IMPROVEMENT      Geography: NATIONWIDE      Evaluation Period: JANUARY 1, 2011 TO DECEMBER 31, 2011														
Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Low	Mod	Mid	Upp
<b>Full Review:</b>														
California	128	6.38	1.70	1.56	16.51	5.47	41.53	38.28	40.27	54.69	1.76	11.54	36.76	49.94
Colorado	53	2.64	1.12	0.00	19.21	9.43	49.34	41.51	30.33	49.06	1.19	14.19	48.61	36.01
Georgia	48	2.39	2.14	0.00	15.81	0.00	52.81	47.92	29.24	52.08	1.57	14.22	54.50	29.71
Kansas	19	0.95	0.60	0.00	12.41	10.53	60.95	52.63	26.04	36.84	0.86	10.14	58.52	30.48
Maryland	61	3.04	2.54	0.00	16.87	6.56	50.37	42.62	30.22	50.82	1.68	14.17	51.06	33.09
Nationwide	885	44.10	1.60	0.68	14.66	9.15	57.51	47.68	26.23	42.49	1.29	11.98	58.92	27.82
New York	65	3.24	1.92	3.08	11.52	6.15	52.65	61.54	33.90	29.23	1.75	10.17	63.46	24.61
North Carolina	75	3.74	0.84	0.00	13.28	8.00	64.44	48.00	21.44	44.00	0.72	10.87	64.39	24.03
Tennessee	30	1.49	1.89	0.00	13.89	6.67	61.10	46.67	23.12	46.67	1.19	15.67	62.32	20.82
Texas	509	25.36	2.13	0.20	19.94	9.63	45.21	32.22	32.72	57.96	1.13	13.61	43.10	42.16
Virginia	134	6.68	1.03	0.75	12.69	8.96	53.47	34.33	32.82	55.97	0.97	14.24	53.37	31.41

\* Based on 2011 Peer Mortgage Data (USPR)

\*\* Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

\*\*\*\* Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

**Table 4. Geographic Distribution of Home Mortgage Refinance Loans**

Geographic Distribution: HOME MORTGAGE REFINANCE    Geography: NATIONWIDE    Evaluation Period: JANUARY 1, 2011 TO DECEMBER 31, 2011														
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Low	Mod	Mid	Upp
<b>Full Review:</b>														
California	1,919	6.29	1.70	0.78	16.51	7.40	41.53	37.94	40.27	53.88	0.91	9.07	34.43	55.58
Colorado	1,251	4.10	1.12	0.40	19.21	7.51	49.34	47.64	30.33	44.44	0.88	10.18	43.09	45.85
Georgia	1,622	5.32	2.14	0.74	15.81	4.56	52.81	44.20	29.24	50.49	1.01	8.77	45.23	44.99
Kansas	373	1.22	0.60	0.27	12.41	8.04	60.95	45.04	26.04	46.65	0.12	5.81	43.34	50.73
Maryland	786	2.58	2.54	0.76	16.87	7.76	50.37	47.96	30.22	43.51	0.73	9.22	47.04	43.01
Nationwide	14,579	47.82	1.60	0.38	14.66	6.12	57.51	49.86	26.23	43.64	0.65	7.48	50.38	41.49
New York	479	1.57	1.92	0.84	11.52	5.43	52.65	56.78	33.90	36.95	1.18	8.13	47.68	43.01
North Carolina	1,876	6.15	0.84	0.43	13.28	4.37	64.44	64.82	21.44	30.38	0.39	6.43	56.86	36.32
Tennessee	777	2.55	1.89	0.26	13.89	4.25	61.10	60.75	23.12	34.75	0.61	7.59	56.32	35.48
Texas	4,283	14.05	2.13	0.49	19.94	4.69	45.21	33.92	32.72	60.89	0.68	6.51	33.25	59.57
Virginia	2,545	8.35	1.03	0.63	12.69	7.47	53.47	45.82	32.82	46.09	0.52	7.65	42.00	49.82

\* Based on 2011 Peer Mortgage Data (USPR)

\*\* Home refinance loans originated and purchased in the MA/AA as a percentage of all home refinance loans originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

\*\*\*\* Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

**Table 8. Borrower Distribution of Home Purchase Loans**

Borrower Distribution: HOME PURCHASE      Geography: NATIONWIDE      Evaluation Period: JANUARY 1, 2011 TO DECEMBER 31, 2011														
Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data*			
	#	% of Total**	% Families***	% BANK Loans****	% Families <sup>8</sup>	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****	Low	Mod	Mid	Upp
<b>Full Review:</b>														
California	2,389	6.92	21.77	1.17	17.44	10.93	19.80	31.73	40.99	56.17	7.66	20.52	25.70	46.11
Colorado	1,014	2.94	18.27	2.27	18.83	18.05	23.67	29.78	39.23	49.90	13.20	25.02	24.39	37.39
Georgia	1,783	5.16	20.84	2.02	17.74	12.34	21.69	30.57	39.73	55.08	14.42	24.48	22.78	38.31
Kansas	432	1.25	16.85	2.08	18.62	11.81	24.16	30.32	40.37	55.79	11.77	25.20	25.69	37.35
Maryland	928	2.69	20.11	2.37	18.80	20.91	23.35	35.88	37.74	40.84	15.53	27.70	24.99	31.79
Nationwide	17,498	50.67	19.65	2.10	18.32	13.48	22.69	29.82	39.34	54.60	11.65	24.93	24.71	38.72
New York	648	1.88	23.22	2.01	17.19	11.42	20.15	31.17	39.44	55.40	6.20	20.14	26.46	47.20
North Carolina	1,741	5.04	19.81	1.72	18.15	7.59	22.78	26.21	39.25	64.48	9.55	22.91	25.07	42.47
Tennessee	911	2.64	20.15	1.76	17.77	8.67	22.18	28.10	39.90	61.47	10.92	24.59	24.80	39.70
Texas	4,968	14.39	21.38	1.33	17.79	9.36	20.38	24.43	40.45	64.88	6.11	19.25	24.02	50.62
Virginia	2,221	6.43	18.13	1.80	17.77	14.68	22.86	35.72	41.24	47.79	10.78	24.52	27.06	37.64

\* Based on 2011 Peer Mortgage Data (USPR)

\*\* Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

\*\*\* Percentage of Families is based on the 2000 Census information.

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 0.0% of loans originated and purchased by BANK.

<sup>8</sup> Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

**Table 9. Borrower Distribution of Home Improvement Loans**

Borrower Distribution: HOME IMPROVEMENT      Geography: NATIONWIDE      Evaluation Period: JANUARY 1, 2011 TO DECEMBER 31, 2011														
Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data*			
	#	% of Total**	% Families***	% BANK Loans****	% Families <sup>9</sup>	% BANK Loans****	% Families*	% BANK Loans****	% Families*	% BANK Loans****	Low	Mod	Mid	Upp
<b>Full Review:</b>														
California	128	6.38	21.77	8.73	17.44	11.90	19.80	14.29	40.99	65.08	6.95	15.15	22.63	55.27
Colorado	53	2.64	18.27	7.55	18.83	16.98	23.67	26.42	39.23	49.06	11.04	20.45	26.04	42.47
Georgia	48	2.39	20.84	2.08	17.74	10.42	21.69	22.92	39.73	64.58	14.50	20.12	23.86	41.51
Kansas	19	0.95	16.85	11.11	18.62	16.67	24.16	27.78	40.37	44.44	9.65	20.38	25.97	43.99
Maryland	61	3.04	20.11	3.28	18.80	6.56	23.35	39.34	37.74	50.82	15.20	23.21	25.74	35.85
Nationwide	885	44.10	19.65	6.16	18.32	13.00	22.69	21.89	39.34	58.95	11.96	21.09	25.87	41.07
New York	65	3.24	23.22	3.08	17.19	18.46	20.15	36.92	39.44	41.54	11.42	23.95	26.46	38.17
North Carolina	75	3.74	19.81	6.76	18.15	8.11	22.78	10.81	39.25	74.32	11.84	20.86	22.52	44.77
Tennessee	30	1.49	20.15	6.67	17.77	10.00	22.18	6.67	39.90	76.67	17.95	22.31	23.99	35.75
Texas	509	25.36	21.38	4.72	17.79	11.81	20.38	23.62	40.45	59.84	7.99	13.76	20.46	57.78
Virginia	134	6.68	18.13	2.27	17.77	10.61	22.86	28.03	41.24	59.09	14.49	22.18	25.70	37.63

\* Based on 2011 Peer Mortgage Data (USPR)

\*\* Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

\*\*\* Percentage of Families is based on the 2000 Census information.

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 0.7% of loans originated and purchased by BANK.

<sup>9</sup> Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

**Table 10. Borrower Distribution of Home Mortgage Refinance Loans**

Borrower Distribution: HOME MORTGAGE REFINANCE    Geography: NATIONWIDE    Evaluation Period: JANUARY 1, 2011 TO DECEMBER 31, 2011														
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data*			
	#	% of Total**	% Families***	% BANK Loans****	% Families <sup>10</sup>	% BANK Loans****	% Families* <sup>**</sup>	% BANK Loans****	% Families* <sup>**</sup>	% BANK Loans****	Low	Mod	Mid	Upp
<b>Full Review:</b>														
California	1,920	6.30	21.77	1.92	17.44	10.82	19.80	19.64	40.99	67.62	4.71	11.15	20.27	63.87
Colorado	1,258	4.12	18.27	3.60	18.83	11.69	23.67	27.98	39.23	56.74	7.46	16.53	24.50	51.50
Georgia	1,622	5.32	20.84	2.40	17.74	7.87	21.69	18.58	39.73	71.15	6.75	13.61	20.59	59.05
Kansas	373	1.22	16.85	1.42	18.62	14.15	24.16	20.28	40.37	64.15	6.44	16.18	25.48	51.90
Maryland	786	2.58	20.11	3.73	18.80	12.03	23.35	24.41	37.74	59.83	7.59	17.26	25.84	49.32
Nationwide	14,579	47.80	19.65	2.22	18.32	9.84	22.69	22.88	39.34	65.06	6.29	16.16	24.48	53.07
New York	479	1.57	23.22	0.77	17.19	12.85	20.15	23.65	39.44	62.72	4.65	14.94	24.52	55.89
North Carolina	1,876	6.15	19.81	2.30	18.15	8.55	22.78	16.36	39.25	72.79	5.47	15.02	22.38	57.14
Tennessee	777	2.55	20.15	1.23	17.77	10.43	22.18	20.86	39.90	67.48	6.82	17.25	23.74	52.18
Texas	4,283	14.04	21.38	1.49	17.79	8.21	20.38	18.73	40.45	71.57	3.16	10.18	19.20	67.47
Virginia	2,545	8.34	18.13	2.31	17.77	9.63	22.86	23.39	41.24	64.67	6.05	15.45	25.07	53.44

\* Based on 2011 Peer Mortgage Data (USPR)

\*\* Home refinance loans originated and purchased in the MA/AA as a percentage of all home refinance loans originated and purchased in the rated area.

\*\*\* Percentage of Families is based on the 2000 Census information.

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 30.4% of loans originated and purchased by BANK.

<sup>10</sup> Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)



**Table 13. Geographic and Borrower Distribution of Consumer Loans**

Geographic and Borrower Distribution: CONSUMER LOANS    Geography: NATIONWIDE    Evaluation Period: JANUARY 1, 2011 TO DECEMBER 31, 2011																		
Assessment Area:	Geographic Distribution										Borrower Distribution							
	Total Consumer Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers	
	#	% of Total*	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans
<b>Full Review:</b>																		
California	29,229	7.59	5.03	1.99	23.80	19.54	39.82	37.89	31.36	40.30	23.34	9.10	16.45	18.07	18.54	25.58	41.67	44.53
Colorado	12,829	3.33	2.57	0.90	25.05	15.29	47.50	48.13	24.89	35.26	21.15	10.23	17.74	20.61	20.53	26.59	40.58	40.41
Georgia	21,845	5.67	4.69	1.15	20.16	8.90	49.59	51.65	25.56	38.23	22.88	5.87	16.47	15.28	19.40	26.30	41.26	49.74
Kansas	5,903	1.53	1.15	0.19	16.54	23.95	59.69	42.98	22.62	32.88	21.57	8.96	17.37	19.28	20.33	26.31	40.74	43.35
Maryland	11,179	2.90	5.07	0.72	23.74	14.92	46.81	53.14	24.38	31.22	21.84	12.34	17.33	20.65	20.51	26.24	40.32	37.69
Nationwide	187,668	48.73	3.64	1.06	18.97	12.88	54.66	51.92	22.73	34.10	22.90	8.02	16.63	17.15	19.39	24.61	41.08	46.80
New York	8,211	2.13	8.59	2.67	20.07	18.94	43.46	51.44	27.88	26.92	25.27	10.00	15.13	17.96	17.62	26.11	41.99	40.58
North Carolina	20,696	5.37	2.27	0.46	16.74	11.31	61.44	62.96	19.54	25.27	22.78	5.82	16.67	13.68	19.58	26.05	40.97	52.18
Tennessee	9,037	2.35	3.78	0.59	16.77	4.68	58.86	62.18	20.60	32.56	23.57	5.18	16.23	13.25	19.04	25.16	41.16	53.96
Texas	51,667	13.42	4.38	0.72	24.31	8.98	43.50	40.23	27.80	49.86	23.05	5.57	16.74	13.96	18.67	23.46	41.54	54.33
Virginia	26,873	6.98	2.44	1.38	17.60	15.03	51.89	45.31	28.06	38.25	21.37	8.85	17.42	18.68	20.49	28.03	40.72	41.38

\* Consumer Loans originated and purchased in the MA/AA as a percentage of all consumer loans originated and purchased in the rated area.

\*\* Percentage of households is based on 2000 Census information.

