



SERVICE. THEN, NOW AND ALWAYS.

2022 ANNUAL REPORT
TO MEMBERS



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JAMES M. ZORTMAN
 Vice Admiral, USN (Ret.)
 Chairman, USAA Board of Directors

A MESSAGE FROM OUR CHAIRMAN

It has been a great privilege to serve our country during a 34-year career with the Navy and for the past 10 years as a member of USAA’s Board of Directors. It’s gratifying to be a part of this association, knowing that it exists to empower the financial security of military families whenever and wherever help is needed.

The roles of the Chairman and the Board are to ensure that USAA is well-managed, through any storm. We work with a mission-motivated and highly talented management team to maintain financial strength through every challenge — including the inflationary environment that has tested many service members’ families. But because of long-term management that plans for generations, USAA’s financial strength persists beyond catastrophes, business cycles or economic disruptions.

Celebrating USAA’s centennial in 2022 — the milestone of 100 years in business — has been exciting and a reminder that we need to be here for the next 100. As the company now looks ahead, the team will

continually focus on highly competitive products, exceptional service and trusted advice.

The team is constantly innovating to better serve a special membership. Just last year, they provided ways for you to save money and plan — by dropping some banking fees, by delivering more flexible auto insurance options, and by offering tools to help you protect your home and prepare for retirement.

Thank you for your membership, for your ongoing commitment to USAA and for your family’s legacy of service.

JAMES M. ZORTMAN
 Vice Admiral, USN (Ret.)
 Chairman, USAA Board of Directors

“THE TEAM IS CONSTANTLY INNOVATING TO BETTER SERVE A SPECIAL MEMBERSHIP. JUST LAST YEAR, THEY PROVIDED WAYS FOR YOU TO SAVE MONEY AND PLAN — BY DROPPING SOME BANKING FEES, BY DELIVERING MORE FLEXIBLE AUTO INSURANCE OPTIONS, AND BY OFFERING TOOLS TO HELP YOU PROTECT YOUR HOME AND PREPARE FOR RETIREMENT.”



WAYNE PEACOCK
President and
Chief Executive Officer

A MESSAGE FROM OUR CEO

In 2022, USAA celebrated 100 years as a member-owned association. From the very beginning, your association has touted “Service to the Services.” It’s a point of pride that we place special focus on Service. Then, Now and Always. That’s also true in our devotion to those who put on the uniform to defend our freedoms and in our commitment to serve military families like no other company.

During 2022, we continued to enhance the benefits of membership through changes such as launching an easier-to-use mobile app, introducing new USAA Perks, and dropping USAA ATM and non-sufficient fund fees. And when bad weather hit, as with Hurricane Ian and the many other storms, we were there helping you put the pieces back together. Our Survivor Relations Team stood tall supporting the many families who lost a loved one. In addition to providing value every day, we returned nearly \$2 billion to members in 2022 through dividends, distributions, and Bank rebates and rewards.

As we looked back on our first century, we celebrated the legacy created by generations of members and USAA employees. We look forward to how we build on that legacy to ensure USAA will be there for you, your family and the generations of new members to come. It’s foundational to our stewardship to manage prudently for the long term, so we can respond when you need us through every stage of life. We’ve been here since before the Great Depression and after the Great Financial Crisis and through marriages, children, car and home purchases, storms and retirement planning. And we’re investing wisely to ensure we continue to provide competitive products and exceptional service.

Coming out of the pandemic, the perfect storm of inflation, rising interest rates, supply chain disruption, labor shortage and intense weather led to a very challenging year for the association in 2022. This resulted in negative earnings for the year, but I’m proud to report that in spite of that we maintained our very strong net worth. For auto and homeowners policyholders, you’ve seen rates climb this year at

levels not seen in 40 years. These same factors are driving prices up at the grocery store, the pump and every other facet of your life. We recognize the stress on family budgets, and we don’t take lightly the decision to raise rates. We’re doing everything we can to help reduce the impact on your budget. USAA also has tools to help you manage some of these costs, such as reviewing the many auto insurance options that help you save money. And for homeowners, we offer wildfire and water-leak protection to help you identify potential losses before they happen.

USAA’s team and our members enjoy a shared sense of belonging, an esprit de corps borne from our founding principles. Through the years, the interactions between our members and teammates have displayed a special bond that lives on today. We look out for each other.

USAA and our 37,000 employees especially appreciate your loyalty and trust. Your commitment, year after year, is one of the things that makes us strong after a century in business and why we’re confident in our future. That’s a major reason we will always remember our roots in service.

This year will mark 35 years of my service to USAA, and I remain committed to serving you well every day while we future-proof your association to continue serving for future generations. I value your feedback and want to hear about your experiences with us. Thank you for your family’s service to our country and for making USAA such an important part of your life.

WAYNE PEACOCK
President and Chief Executive Officer



INTRODUCTION: A CENTURY OF SERVICE

In 1922, a group of Army officers joined together to insure each other's vehicles when no other companies would. One hundred years later, our 37,000 employees work every day to serve more than 13 million members who span the entire military community — from active duty to veterans to spouses and children. We remain one of the country's only member-focused organizations providing a wide range of financial services.

Throughout 2022, we celebrated our centennial year while remaining focused on being there when our members needed us the most. As we head into our second century, we are committed to evolving and changing to meet our members' needs.

Responding to a Challenging Year

While USAA had many achievements in 2022, the year also brought many challenges for members and our association. More drivers were on the road post-pandemic, leading to an increase in accidents. And Mother Nature continued to impact communities across the country with storms, wildfires and other natural disasters.

Concurrently, inflation hit a 40-year high and macroeconomic conditions such as supply chain disruptions and rising labor costs drove up the cost of supplies, goods and services. The cost to repair and replace cars and houses outpaced the rate of inflation and had a

direct impact on the insurance industry — seen most predominantly through rate increases, including at USAA.

Like many other companies, all of these factors led to financial headwinds for USAA that resulted in our first loss since 1923.

Due to these factors, our members have begun to see their premiums rise. We always are mindful when making decisions that could impact our members and will not raise rates more than necessary. We work to offset any increases by reducing operating expenses, reprioritizing initiatives and becoming more efficient in our business practices. Most importantly, we are focused on maintaining our financial strength and exceptional member service.

We regularly work with our members to review their products and services as they go through life. And we're focused on delivering value by helping members save money, whether it's through our USAA SafePilot® program and "pay as you drive" auto insurance product that may provide lower rates or by our bank eliminating out-of-network ATM fees.

For 100 years and counting, USAA has cared for military families with one goal in mind: to empower them to be financially secure through competitive products, services and advice. We are committed to excellence through Service. Then, Now and Always.

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THROUGHOUT 2022, WE CELEBRATED OUR CENTENNIAL YEAR WHILE REMAINING FOCUSED ON BEING THERE WHEN OUR MEMBERS NEEDED US THE MOST. AS WE HEAD INTO OUR SECOND CENTURY, WE ARE COMMITTED TO EVOLVING AND CHANGING TO MEET OUR MEMBERS' NEEDS.





BEING THERE WHEN IT MATTERS MOST

U SAA has a history of standing tall during challenging times. Our dedicated catastrophe team is on the front lines of caring for our members during natural disasters, providing help and empathy. USAA is often the first — and sometimes the only — insurance carrier onsite and often the last to leave. We know speed and service matter to our members. These actions, along with our use of cutting-edge technology, expedite the claims process so members can get back on their feet faster.

Last year, there were more than 60 weather-related catastrophes — an average of one every six days. USAA paid nearly \$2.5 billion in catastrophe claim losses, helping members get on the road to recovery quickly.

One of the biggest weather events of the year, Hurricane Ian, left a destructive path across Florida and the Southeast coast. It can take years to tally the final cost of a catastrophe, but the industry’s initial estimates for Hurricane Ian range from \$20 billion to \$47 billion in losses. It is likely the costliest natural disaster in Florida history and one of USAA’s costliest catastrophes.

When Ian hit, USAA’s Disaster Innovation Response Team was there with leading-edge drone technology to help Florida assess infrastructure damage quickly and safely. Like our teams, our drones go to the hardest-hit areas to speed the path to recovery.



SERVICE IN ACTION

When Brandon Glover, a senior property adjuster, helped a 92-year-old member, Ms. Vickie Dee North, impacted by Hurricane Ian, he didn’t stop at handling her claim. After inspecting her home, which did not suffer serious damages, he had what he needed to process the claim quickly but took time getting to know the member through a shared love of poetry.

Glover walked away with a new friend and a cherished memory. “It’s a reminder to us all that we can come together and find common ground no matter how different we think we are,” Glover said.

SERVICE IN ACTION

When Navy Petty Officer Ryan Dekorte died during a training exercise, his mother, Brook Knowlton, a longtime member, needed help managing the overwhelming task of navigating her son’s estate and settling his accounts.

That’s when USAA’s Survivor Relations Team stepped in. USAA’s new case management approach gave Knowlton a single point of contact who facilitated her son’s account settlement.

The case manager also recommended additional resources, including probate process information, since her son didn’t have a will. With USAA, Knowlton had someone to walk beside her through the process and comfort her as she grieved.



EMPOWERING FINANCIAL SECURITY



Since our founding in 1922, USAA has focused on meeting members' needs through every stage of life — from joining the military to buying a home to retiring. We understand that managing finances can be complicated and the economic challenges of last year impacted the price of everything, including insurance. Our mission is to empower our members to achieve financial security — and it starts with finding ways to offer discounts and making it easier to do business with us.

Safe driving, lower rates

Last year, USAA launched and expanded industry-leading services and products to help keep our members safe on the road while saving them money. USAA is now providing members with more choices and peace of mind while helping to offset rate increases driven by insurance industry trends.

USAA's SafePilot¹ program offers two huge benefits: lower rates for safe driving and immediate assistance if an accident happens. Using smartphone GPS and built-in sensors, the technology logs trips and other data to calculate a driving score that can lead to the discounts. Now available in 47 states and Washington, D.C., the program offers enrolled members a discount of up to 30%² for safe driving behaviors.

In addition to discounted rates for safe-driving, USAA was one of the first auto insurance carriers to implement a groundbreaking crash detection technology through the SafePilot app. The technology uses

smartphone sensors within the app to detect a collision and prompts the member to verify if an accident has occurred. Once verified, the app offers immediate assistance, including the ability to dial 911 directly from the app, safety guidance for handling the accident scene, and the option to start filing a claim. Since its launch, this claim experience has contacted members more than 90,000 times after detecting collisions.

Last year, USAA also launched its new usage-based or “pay as you drive” insurance — the less our members drive, the more they can save. This insurance product can offer a lower premium, along with a mileage variable, by combining usage and behavioral factors to create pay-as-you-drive personalized pricing and opportunity for savings and rewards.³ This is important for USAA's service members who are highly mobile and frequently deployed. In 2022, members with this policy saved an average of nearly \$85 per month or more than \$1,000 annually.

Eliminating fees

Empowering our members to be financially secure is at the heart of what we do — which includes finding ways to save them money.

In 2022, USAA eliminated bank out-of-network ATM fees, helping more than 9 million members save money and allowing them the freedom to use any ATM in the U.S. without incurring a USAA fee. Members also now have access to one of the largest surcharge-free ATM networks in the country, enabling cash withdrawals without any ATM surcharges at more

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IN 2022, USAA ELIMINATED OUT-OF-NETWORK ATM FEES, HELPING MORE THAN 9 MILLION MEMBERS SAVE MONEY AND ALLOWING THEM THE FREEDOM TO USE ANY ATM IN THE U.S. WITHOUT INCURRING A USAA FEE.

than 100,000 locations nationwide.⁴ We continue to work on expanding our network of ATMs that accept cash deposits.

As another way to empower our members financially, we eliminated non-sufficient funds (NSF) fees to better support our members when funds are low.

Banking to keep you on track

Another key component of helping our members be financially secure is to assist them with tackling debt, especially for those living paycheck to paycheck.

It's tough to face debt or have a conversation about a missed or late payment. In 2022, USAA built new digital tools to notify members and make it easier for them to 'self-serve' payments to prevent them from falling behind. Through notifications, members can get customized alerts, see available payment options and find advice to help them get back on track.

We also launched a new secured credit card to help members build or rebuild their credit history. This new card helps newly enlisted and younger members start building credit responsibly.

A better home buying experience

Buying a home is one of the biggest purchases people make in their lifetime, and USAA is there from the start. Last year, we rolled out HomeReady^{®5} across the country. The program offers purchase and refinance loans to put home ownership within reach for those who may make less than their area's median income.

We continue to offer a wide range of mortgage products to provide flexibility for finding the right home and using the right mortgage product, especially for military families. This includes VA loans with no origination, application or underwriting fees.

We're also making it easier and quicker for members to apply for a mortgage product while using their mobile devices. Members soon will be able to upload loan documents, get real-time updates, and better track the overall progress of their loan, all through USAA's mobile app.

Helping you in retirement

USAA's Retirement Income Strategy tool helps members prepare for a comfortable retirement by establishing goals and priorities. It also allows our specialists to have high-quality conversations with members on the right retirement strategies to meet their needs.

In late 2022, USAA Life partnered with Humana Inc., to launch a new co-branded Medicare Advantage Plan. The Humana USAA Honor Plan with Rx complements benefits that veterans receive through the Department of Veterans Affairs and allows greater flexibility on when and where veterans receive care and fill prescriptions. The plan is currently offered in eight states and is available to anyone eligible for Medicare.

Fraud Protection

Destruction doesn't just come from natural disasters, increasingly it comes from cyber criminals. Our teams and systems work around the

SERVICE IN ACTION

Retirement Income Specialist Tony Garcia received a call from a member, Julie Finlay, who retired early during 2022's market downturn. Naturally, she was concerned about investment losses and making her savings last. Using the tool, Tony helped Julie consider and implement strategies that will provide guaranteed lifetime income and minimize the market exposure risk, allowing her to live her life comfortably during retirement.



clock to stop cybercriminal activity and stay one step ahead of the next major threat. In 2022, USAA shut down more than 1,500 phishing sites targeting members and blocked more than 7.5 billion cyber-attacks or information-gathering attempts.

We have enhanced protection measures to make it easier for members to stay vigilant through account alerts that flag suspicious activity and through multifactor authentication, which strengthens logon security. Using these tools can help deter fraudsters and keep our members safe.

Improving the ease of doing business

Our members are busy — and oftentimes separated from their families or in remote locations around the globe. We work to make things simple and convenient to make life easier.

Last year, we provided free access to direct deposited paychecks up to two days faster.⁶ In addition, the new ‘Eagle’ debit and credit cards include the ‘tap to pay’ feature, and members can add the cards to their digital wallets, making it more convenient to pay using a smart watch or mobile device.

In today’s digital age, most members rely on our mobile app to quickly access USAA’s services. Last year, we launched an updated USAA mobile app to provide a more personalized, efficient and responsive experience.

The app’s technology upgrades make it easier, quicker and safer for members to check their bank balance, move money, get alerts and to find what they need quickly. In addition, the app can customize notifications for some upcoming bills and provide proactive, relevant life-event advice.



SERVICE IN ACTION

We know the best way to help our members prevent fraud is by being vigilant. However, scammers can still manage to break into personal accounts. For one member family, a joyful occasion – the closing on a new home – quickly turned into a nightmare.


As the Cotton family went to sign the final documents, they realized they’d been hit by a sophisticated phishing scam in which the scammer pretended to be a broker and stole \$75,000. When criminals target wire transfers, it can be difficult to get the money back. But luckily, Laura Barrett, a director of real estate fulfillment, was on the case.

“He was in shock, and I would have been in shock, too,” Barrett said of the husband who made the initial call. The Cotton family couldn’t move forward with buying the home because of the loss of their down payment and closing costs.

By working diligently with the external bank that fraudulently received the wired funds, Barrett and a team that included Shawn Chavez, business risk and controls fraud advisor, were able to recover the money.

For Barrett and Chavez, the story was a strong reminder of how USAA is there when things go wrong.

“There were so many employees who contributed to the success of this recovery,” Chavez said. “It shows that we are here to do the right thing for our members. In this case, it was about so much more than money, it was about their livelihood.”

A man and a woman are standing in a room, possibly a living area, surrounded by boxes and furniture. The woman is on the left, wearing a light-colored jacket and jeans, and the man is on the right, wearing a dark t-shirt and shorts. They are both smiling and looking at each other. The room has a white wall with a window and a dark wooden chair. There are several boxes and bags scattered around them, suggesting they are moving or unpacking. The overall scene is bright and positive.

PROTECTING YOUR VALUABLES

As we've done throughout our 100-year history, USAA continues to innovate and evolve our products and services to help protect our members' most valuable items.

Prevention through detection

Owning a home is a huge commitment, and USAA is there to help members maintain and care for it. In 2022, our property and casualty team (P&C) introduced several innovative ways to protect our members' biggest asset and save them money.

USAA now offers the Connected Home Program that incentivizes members to use eligible smart technology devices that can reduce the chance of theft, fire or water damage.

The program is a fundamental shift in how USAA thinks about home insurance — moving from a “repair and replace” mindset to early detection and prevention. Participating members receive a discount on their homeowners insurance premium,⁷ as well as a discount on eligible products. Since its launch, the program has expanded to 45 states and Washington, D.C. with plans to continue expanding into additional markets.

Keeping homes safe and secure

Security is another form of protection for homeowners. Through our USAA Perks^{®8} program, members can take advantage of discounts on smoke and carbon monoxide detectors, indoor cameras and home automation to detect and protect their property. USAA Perks also brings together retailers to help save members money on everything from home services to travel.

Natural disasters remain the biggest threat to property, and wildfires are more likely in the Western U.S., which has seen a dramatic increase in fires.

USAA's wildfire response program provides a free service to assist if a member's home is being threatened by an active wildfire. USAA teams up with wildfire response services to monitor wildfire activity and take measures that may help protect a member's property when a threat is nearby. Certified wildland firefighters go behind the fire lines to assess and minimize risk to a member's home before a fire reaches it.

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THE PROGRAM IS A FUNDAMENTAL SHIFT IN HOW USAA THINKS ABOUT HOME INSURANCE — MOVING FROM A “REPAIR AND REPLACE” MINDSET TO EARLY DETECTION AND PREVENTION.

Since 2017, the wildfire response program has saved nearly 200 properties and avoided \$180 million in member losses. Equally important, our members get peace of mind knowing their properties are protected.

SERVICE IN ACTION

The ADT[®] service proved to be a lifesaver for USAA member Lt. Peter Goodman and his family after a fire broke out in the middle of the night. ADT's alarm and dispatch team alerted the family, waking them up in enough time so they could get out of danger. By the time the dispatcher reached Goodman, a 16-year member and Navy veteran, she had already contacted 911 and the fire department was on its way.





EXCEPTIONAL SERVICE STARTS WITH OUR EMPLOYEES



Taking great care of our members starts with caring for our employees so they can provide consistent, exceptional service. We are focused on attracting and retaining a diverse group of employees who understand military life and find their calling at USAA. One way we do this is through competitive benefits and professional career development programs.

Veteran and military spouse hiring

Hiring military talent is important to us at USAA because no one understands military life better than those with firsthand experience. The military community is innately diverse and our focus on hiring veterans and military spouses enhances the diversity of our workforce. Nearly 23% of our employees are military spouses or veterans and many are actively involved in VETNet, an employee resource group of military-affiliated employees. Along with USAA’s diversity and inclusion business groups, VETNet ensures that we create an environment of belonging for all who work at USAA.

We have a host of programs to help attract and retain military talent. Our VetsLead program helps veterans make a smooth transition to USAA and the corporate world through mentoring, training and networking. And through our connection to the U.S. Chamber of Commerce Foundation’s “Hiring Our Heroes” (HOH) initiative, USAA has been a leader and national role model for best practices in building a strong veteran and military spouse workforce. Our HOH Fellows program provides opportunities to work at USAA and gain professional training, networking and hands-on experience that often leads to full-time roles at USAA or other companies. Through this program, USAA has hired nearly 100 Hiring Our Heroes Fellows in the past four years.

Our military-focused culture and commitment to military acumen training for our employees is a critical part of how we serve our members. Military values and traditions run deep at USAA, and we have foundational programs to help employees understand and

appreciate the unique challenges of service members and how we can best serve them. Nearly 15 years ago, USAA established Zero Day PT, a key element of USAA’s military acumen program, to provide employees with a glimpse of military life. An all-volunteer veteran employee cadre takes employees through an intense military acumen program that gives them a taste of the first day of basic training. More than 5,600 employees have volunteered to participate in this experience over the years.

USAA’S EXCEPTIONAL EMPLOYEES



~100

FELLOWS HIRED IN THE PAST FOUR YEARS THROUGH OUR CONNECTION TO THE U.S. CHAMBER OF COMMERCE FOUNDATION’S “HIRING OUR HEROES” INITIATIVE



23%

OF OUR EMPLOYEES ARE MILITARY SPOUSES OR VETERANS AND MANY ARE ACTIVELY INVOLVED IN VETNET, AN EMPLOYEE RESOURCE GROUP OF MILITARY AFFILIATED EMPLOYEES



5,600+

EMPLOYEES HAVE SIGNED UP FOR ZERO DAY PT, AN INTENSE MILITARY ACUMEN TRAINING PROGRAM

A woman in a military uniform is smiling and looking at a young child. They are in a room with an American flag on the wall. The image is overlaid with a dark blue semi-transparent filter and a large white arrow pointing to the right.

SUPPORTING MILITARY MEMBERS, FAMILIES AND OUR COMMUNITIES

U SAA's commitment to serve goes beyond the products and service we provide. Whether we are volunteering in our communities to support wounded warriors or helping service members transition to a civilian career, USAA is there to advocate for and support the military community. USAA works to have an impact through our goal of giving 1% of our pre-tax income annually and through our corporate and employee donations, outreach and volunteerism.

Showing up for our communities

As part of giving back to our local communities, USAA continues to look for ways to make an impact in the communities where our employees live and serve by addressing opportunity gaps that lead to inequity. Last year, we committed our final \$20 million to nearly 50 nonprofit organizations as part of a three-year, \$50 million commitment to foster diversity, equity and inclusion made in late 2020. The nonprofits are focused on building diverse talent pipelines through education and employment programs.

In the wake of Hurricane Ian's devastation, USAA also committed \$1.25 million to organizations aiding those impacted by the storm.

The organizations included American Red Cross, Team Rubicon and U.S. military aid societies, which covered basic needs like food, water and shelter and provided emergency financial assistance.

Amid their own personal challenges in 2022, employees gave back to communities where they live and work. They rose to the challenge of doing *A Million Good Things* in their communities, exceeding the goal with more than 1.5 million good deeds by year's end.

Taking care of military families and veterans

Military Family Resilience is our signature corporate responsibility cause and focuses on mental health and wellbeing, economic mobility and support for basic needs.

The USAA Foundation, Inc.,⁹ has long supported Vets4Warriors, a nonprofit organization based at Rutgers University. Vets4Warriors provides confidential and live 24/7 stigma-free and personalized peer support for physical, mental, financial and social issues that veterans, service members and their families or caregivers may be facing.

OUR IMPACT ON OUR COMMUNITIES

\$47.5 MILLION

DONATED BY USAA, USAA BANK AND THE USAA FOUNDATION, INC. WITH A FOCUS ON MILITARY FAMILY RESILIENCE

300,000+ HOURS

VOLUNTEERED BY EMPLOYEES ACCOMPLISHING

1.5M+ GOOD THINGS

7.8 MILLION

PROJECTED LIVES TOUCHED WITH 2022 GRANTS





We have provided more than \$1.6 million in grants since 2016, and our support in 2022 helped more than 7,800 individuals, many of whom were struggling financially and needed access to veteran-specific resources or help obtaining VA benefits.

Supporting career transitions

As part of our 100th anniversary celebrations, USAA launched a nationwide pitch contest series, *From Service to Startup*, in collaboration with Bunker Labs, a nonprofit committed to aiding the military community in launching startup ventures. We were looking for the next generation of entrepreneurs who could carry that same spirit of service-minded innovation forward, similar to when we were founded more than 100 years ago. More than 500 veteran, military spouse or military-affiliated entrepreneurs submitted their ideas, 43 entrepreneurs pitched in the six regional competitions, and 10 finalists presented at USAA's headquarters.

Clark Yuan, West Point graduate, Army veteran and the founder/CEO of Candelytics, won the \$100,000 grand prize to continue to grow his 3D data visualization business.

The D'Aniello Institute for Veterans and Military Families at Syracuse University, another USAA philanthropic grant recipient, provides support for Onward to Opportunity (O2O), which provides on-demand, industry-validated skills training and employment services to the military-connected community. In 2022, USAA's funding of O2O helped more than 1,000 individuals learn new skills and nearly 500 veterans find meaningful employment.

"I would tell everyone for this program to take full advantage of the opportunity," said Viola Fisher, an Army veteran and graduate of O2O's Project Management Professional program. "It is a great entrance point for where you want to be next."

Financial education and training

Helping families become more financially secure extends beyond the products and services we provide. In 2022, The USAA Educational Foundation⁸ provided more than \$5 million worth of free educational materials to improve financial readiness for the military and local community.



WE HAVE PROVIDED MORE THAN \$1.6 MILLION IN GRANTS SINCE 2016, AND OUR SUPPORT IN 2022 HELPED MORE THAN 7,800 INDIVIDUALS, MANY OF WHOM WERE STRUGGLING FINANCIALLY AND NEEDED ACCESS TO VETERAN-SPECIFIC RESOURCES OR HELP OBTAINING VA BENEFITS.

USAA also awarded a \$1 million grant to GreenPath Financial Wellness, a nonprofit that helps military families improve their financial health and build resiliency. The grant expanded GreenPath's ability to provide free one-on-one financial counseling, financial wellness education and infrastructure tools to enhance access to Black, Indigenous, People of Color (BIPOC) households and military families. As a result, more than 158,000 lives were impacted and nearly 6,500 families have received financial counseling sessions, participated in the nonprofit's Debt Management Plan, or received advice and resources to improve their credit score.

Money Management International, a nonprofit dedicated to financial management and literacy, also worked to increase its impact. Through USAA's philanthropic support, the nonprofit provides counseling, education and financial assistance for debt and housing issues to military families, active duty and retirees.



HONORING AND ADVOCATING FOR THOSE WHO SERVE

U SAA's Military Affairs team is a vital link between USAA and our members. Composed of retired officers and senior noncommissioned officers, the 55-person-strong team, which has 1,400 years of combined military experience, advocates for currently serving, those who have honorably served and military families.

Each Military Affairs team member builds and maintains strategic relationships among USAA, military leaders and military-related organizations so the association can support the military community around the globe, including the European and Pacific theaters. The Military Affairs team also plays a critical role in USAA's military hiring efforts, helping to recruit and retain veterans, Reservists, National Guardsmen, and military spouses, while also helping military transition to civilian life. In 2022, the team reached more than 13.5 million people with USAA's focus on financial strength, wisdom and shared military values. They held 4,300 virtual and in-person engagements to promote USAA products and services, and they conducted 204 financial readiness training classes addressing every step of a military career.

NFL Salute To Service

The NFL has a long history of supporting the military, and USAA is proud to have partnered in those efforts since 2011. During the NFL season, USAA hosts more than 10,000 military members annually at events including the NFL Draft, training camps and regular season games, as well as the Pro Bowl and Super Bowl.

In 2022, USAA sponsored seven "boot camps" with NFL teams across the country to give military members a taste of a football training camp and let them interact with NFL players and coaches. During this once-in-a-lifetime experience, military members competed in NFL drills and watched a team practice, after which NFL players met with the service members and showed their appreciation.

Fort Innovate™

Since our beginning 100 years ago, we've been focused on finding new ways to meet our members' needs — like pioneering toll-free calling for members in the U.S. to improving response times and developing mobile deposit technology.



USAA MILITARY AFFAIRS IS DEDICATED TO ADVOCATING FOR OUR MILITARY COMMUNITY



1,400 YEARS
OF COMBINED MILITARY SERVICE
AMONG THE 55-PERSON TEAM



4,300
VIRTUAL AND IN-PERSON
INFORMATIONAL EVENTS ON
USAA PRODUCTS AND SERVICES



13.5 MILLION
PEOPLE REACHED IN 2022 WITH
A FOCUS ON USAA'S FINANCIAL
STRENGTH, MILITARY ACUMEN AND
SHARED MILITARY VALUES



204
FINANCIAL READINESS TRAINING
CLASSES FOR EVERY STEP OF A
MILITARY CAREER



USAA BROUGHT FORT INNOVATE, A FREE TRAVELING INNOVATION LAB, TO CHILDREN'S AND SCIENCE MUSEUMS ACROSS THE NATION LAST SUMMER.

To celebrate how far we've come in 100 years and where we're going, USAA brought Fort Innovate, a free traveling innovation lab, to children's and science museums across the nation last summer. The goal was to inspire the next generation of big thinkers and future innovators and teach visitors about the importance of innovation. The hands-on exhibits showcased five key military innovations from the past 100 years that have had a profound impact on society — including Silly Putty® and night vision. Visitors also learned how USAA has innovated over the past century to meet members' ever-changing needs.

Freedom's Threads

Commissioned for USAA's 100th anniversary, the Freedom's Threads art installation is the creation of Minnesota artist and Iraq War veteran Jeffrey Stenbom. Using strips of cloth from 140 different military

uniforms, Stenbom spent more than 1,000 hours weaving an American flag that honors the spirit of service.

He credits art with helping him deal with post-traumatic stress disorder.

“Art has given my voice back to me,” he said. “I know I’m making a difference, and that is such a special thing.”

USAA veteran employees donated most of the uniforms from their own military service, which represented all six military branches and every major conflict dating back to World War I. The flag also includes threads from one of Stenbom's own uniforms, as well as pieces of his grandfather's uniforms.

The art installation was on display at the San Antonio International Airport before moving to its permanent home at USAA's headquarters.



SERVICE IN ACTION



As part of our 100th anniversary celebration, USAA gifted 100 cars to military families in need through the National Auto Body Council's (NABC) Recycled Rides® program. Through the unique program, insurers, collision repairers, paint suppliers and parts vendors come together to repair and donate vehicles to deserving individuals and service organizations around the country.

U.S. Army veteran Jonny Flores is one such recipient. The Purple Heart amputee didn't let his injury stop him from being a leader

and advocate for his fellow veterans in Florida, but not having a vehicle that could accommodate his wheelchair did. So through the program, USAA gifted the Flores family a truck so they have reliable transportation as Flores helps fellow warriors on their own journey to recovery.

USAA teams across the association partnered with NFL legend Rob Gronkowski in Tampa to present the keys and good news to Flores as one small way to give back to those who served our country.

ENDURING SERVICE



Serving in the military means being “mission ready.” For 100 years and counting, USAA has made our members “life ready” with products and services for every milestone. We have done that by staying focused on serving with excellence, delivering great value and innovating for the future.

USAA’s creation to serve our military community was inherently innovative. And we advocated for airbags long before the industry saw the need. We also pioneered the technology that enables USAA members to deposit checks on their mobile device.

In 2022, we continued our momentum with the development of new products — underscored by USAA’s rise to the 125th spot on the Patent 300® list by issuing 346 patents in 2022.

Today, we’re focused on making our members’ experiences even better through our digital channels so that you’re never more than two clicks away from the things you do most. And we work hard to keep our members’ information safe through strong logon security and behind-the-scenes technology that can help thwart cyber-attacks.

Our ongoing modernization efforts will enhance our systems and technology to make it easier for members to do business with USAA. We are undergoing significant upgrades to our billing, claims, acquisition and servicing processing systems to create an enhanced experience for our members.

As quickly as life changes and technology progresses, our members’ needs change. We continue to evolve our business, products and services to ensure we are meeting our mission — empowering financial security through competitive products, exceptional service and trusted advice. We always will focus on meeting our members’ needs through excellent Service. Then, Now and Always.



FINANCIALS



Overview

2022 was a challenging year for both USAA and our members. Persistent inflation, continued supply chain and labor disruptions, volatile equity markets, and rising interest rates created one of the most difficult operating environments in decades and significantly impacted profitability, resulting in our first loss since 1923. Despite these headwinds, we remained focused on maintaining a strong financial foundation, providing exceptional service and delivering financial security for members.

The economic environment had varying impacts across our businesses. While inflationary and supply chain pressures drove elevated P&C losses and investment performance suffered from weak equity markets, the Bank and Life Company benefited from a rising interest rate environment, which highlights the value of our diversified business mix. With strategic actions and a solid capital foundation, we maintained our overall financial strength, which allowed us to continue to meet commitments to our members now and into the future.

Management's Responsibility for Financial Reporting

USAA's management is responsible for the integrity and objectivity of the financial information presented in this annual report. Due to the volume of financial information contained in the audited consolidated financial statements, including the accompanying footnotes, we have chosen not to include the full audited consolidated financial statements in this report to members.

The financial statements that appear in this document have been selected from the audited consolidated financial statements to give summary financial information about USAA. For purposes of year-over-year comparisons, certain prior-year amounts were reclassified to conform to the current-year presentation. The selected financial information was prepared by USAA in accordance with generally accepted accounting principles ("GAAP"). Management believes the

financial information contained in the audited consolidated financial statements fairly represents USAA's financial position, results of operations and cash flows. A copy of the complete audited consolidated financial statements of USAA, including Ernst & Young LLP's unqualified independent auditor's report thereon, is available upon request to USAA headquarters in San Antonio.

USAA's internal controls are designed to reasonably ensure that USAA's assets are safeguarded from unauthorized use or disposition and that USAA's transactions are authorized, executed and recorded properly. In addition, USAA has a professional staff of internal auditors who monitor these controls on an independent basis. Furthermore, the Audit Committee of USAA's Board of Directors engaged Ernst & Young LLP as independent auditors to audit USAA's financial statements and express an opinion thereon. While Ernst & Young LLP's audit took into consideration USAA's internal controls over financial reporting for purposes of designing audit procedures that support their financial statement audit opinion, Ernst & Young LLP does not express an opinion on the effectiveness of USAA's internal controls over financial reporting. The Audit Committee of USAA's Board of Directors consists of members who are not officers or employees of USAA. This committee meets periodically with management, internal auditors and Ernst & Young LLP to ensure that management fulfills its responsibility for accounting controls and preparation of the consolidated financial statements and related data.



WAYNE PEACOCK
President and Chief Executive Officer



JEFF WALLACE
Chief Financial Officer



Consolidated Statements of Comprehensive Income

Facing the many economic challenges of 2022, USAA reported a net loss of \$1.3 billion. Revenues decreased 3% from the prior-year despite strong product revenue performance across all of our businesses. Investment returns declined 44% driven by the absence of large prior-year investment gains and weak equity market performance as markets continued to be impacted by high inflation and a weakened global economy.

Losses, benefits and expenses increased 13% from prior-year. Non-catastrophe losses continued to rise, reflecting the impact of inflationary increases in claims expenses, consistent with the industry. Proactive expense management helped to partially offset these costs, even as we continued to invest in modernization and transformation efforts, keeping pace in an evolving competitive landscape.

YEARS ENDED DECEMBER 31 (DOLLARS IN MILLIONS)	2020	2021	2022
REVENUES			
Insurance premiums, net	\$25,388	\$26,323	\$28,097
Investment returns:			
Interest and dividends earned, net	2,922	3,140	3,985
Gains (losses) on investments, net	633	1,918	(1,157)
Total investment return	3,555	5,058	2,828
Gains on sale of loans, net	726	364	147
Fees, sales and loan income, net	4,446	3,811	3,911
Real estate operations	373	1,046	463
Other income ¹	1,808	928	851
Total revenues	36,296	37,530	36,297
LOSSES, BENEFITS AND EXPENSES			
Net losses, benefits and settlement expenses	18,831	22,800	27,380
Amortization of deferred policy acquisition costs	746	737	780
Real estate expenses	129	117	56
Interest expense	244	111	205
Dividends to policyholders	1,302	219	144
Other operating expenses ²	10,523	9,744	9,485
Total losses, benefits and expenses	31,775	33,728	38,050
Pretax income (loss)	4,521	3,802	(1,753)
Income tax expense (benefit)	606	428	(472)
Net income (loss)	\$3,915	\$3,374	(\$1,281)
Less: Net income attributable to noncontrolling interests	8	74	15
NET INCOME (LOSS) ATTRIBUTABLE TO USAA	3,907	3,300	(1,296)
Other comprehensive income (loss), net of tax	2,183	(2,558)	(10,482)
TOTAL COMPREHENSIVE INCOME (LOSS)	\$6,090	\$742	(\$11,778)

¹Includes various items such as miscellaneous product services and fees and gain on sale.

²Includes various items such as personnel costs, IT costs, loan losses and premium taxes.

Consolidated Balance Sheets

Although our net worth declined 32% year-over-year, USAA's strong and resilient balance sheet continued to weather the volatile macroeconomic environment. The degradation in net worth was attributable to higher unrealized losses in our available for sale (AFS) investment portfolio, which is the result of lower market valuations due to rising interest rates. It is important to note that this reduction in net worth is temporary, as these AFS securities will accrete back to par, with equity being replenished, as they approach their maturity date.

Assets decreased by 3% to \$204 billion, driven largely by lower investment balances from an increase in unrealized losses due to rising interest rates and declines in the equity market. This decline is partially offset by higher Bank loans and growth in the Annuity business as we served more members, as well as a higher income tax receivable from unrealized losses in the bond portfolio.

Liabilities grew by 4% to \$177 billion, primarily due to higher borrowings from an increase in Bank funding requirements and higher insurance reserves due to reserve strengthening in P&C. These increases were partially offset by a decline in Bank deposits as inflation and rising interest rates resulted in lower member savings and checking balances.

YEARS ENDED DECEMBER 31 (DOLLARS IN MILLIONS)	2020	2021	2022
ASSETS			
Cash and cash equivalents	\$13,555	\$13,675	\$11,738
Investments	128,324	134,656	118,785
Loans, net	40,601	38,107	40,617
Premiums due from policyholders	4,898	5,102	5,735
Property, equipment and software, net	1,996	2,112	2,544
Reinsurance recoverables	4,289	4,581	4,539
Deposit assets	-	6,521	10,285
Other assets ¹	6,686	5,923	9,762
Total assets	\$200,349	\$210,677	\$204,005
LIABILITIES			
Bank deposits	\$94,179	\$104,648	\$101,645
Insurance reserves	29,898	32,309	36,792
Life insurance – funds on deposit	21,557	22,589	23,774
Borrowings	2,457	1,820	5,853
Other liabilities ²	11,819	9,165	8,514
Total liabilities	\$159,910	\$170,531	\$176,578
NET WORTH			
Total net worth	\$40,439	\$40,146	\$27,427
TOTAL LIABILITIES AND NET WORTH	\$200,349	\$210,677	\$204,005

¹Includes various items such as accounts receivable and pension plans.

²Includes various items such as accounts payable and benefit plan obligations.

Member Distributions

In 2022, despite earnings pressure, USAA returned almost \$2 billion to our members through distributions, dividends, and Bank rebates and rewards. These distributions continue to demonstrate USAA’s ongoing commitment to provide meaningful member value while maintaining long-term financial strength

YEARS ENDED DECEMBER 31 (DOLLARS IN MILLIONS)	2020	2021	2022
Subscriber’s Account distributions	\$618	\$432	\$343
Senior Bonus distributions ¹	296	307	315
Subscriber’s Account terminations	248	277	350
Automobile policyholder dividends	1,260	178	103
Total property and casualty distributions	\$2,422	\$1,193	\$1,111
Life insurance policyholder dividends	42	41	41
Bank rebates and rewards	595	748	825
TOTAL DISTRIBUTIONS TO MEMBERS²	\$3,059	\$1,982	\$1,977

Past dividends or distributions are not a guarantee or promise of future dividends or distributions.

¹Senior Bonus distributions represent additional Subscriber’s Account distributions for eligible members of the association with more than 40 years of membership.

²Includes amounts returned to members, associates and other customers.



Disclosures

Investments/Insurance: Not a Deposit • Not FDIC Insured • Not Bank Issued, Guaranteed or Underwritten • May Lose Value

¹The USAA SafePilot™ program is optional, but member must have an active USAA auto insurance policy to receive discount. This program is only available in select states. Program availability and state restrictions apply. Smartphone and download of the USAA SafePilot App required. Participation discount expires at first renewal in which the earned driving discount is applied, not to exceed 365 days. Earned driving discount offered at renewal and is based on driving behavior of all the drivers on the policy and may vary by state and over the life of the policy. All discounts removed if enrollment is canceled. Savings subject to change. Restrictions apply.

²The USAA SafePilot® program is optional. Member must have an active USAA auto insurance policy to receive discount. This program is only available in select states. Program availability and state restrictions apply. Smartphone and download of the USAA SafePilot® App required.

Participation discount expires at first renewal in which the earned driving discount is applied, not to exceed 365 days. Earned driving discount is offered at renewal and is based on driving behavior of all the rated drivers on the policy. Discount may vary by state and over the life of the policy.

Review the Program [Terms and Conditions](#) for more information.

³USAA's pay as you drive insurance app leverages sensors and technology through a smart phone application measuring how safely and how much you drive. A monthly variable rate is determined by factors that may include the driver's smoothness, focus, road choice, time of day, and mileage driven. Premium also includes a fixed rate determined for policy term at time of purchase. Individual savings vary.

⁴When you use a non-USAA ATM, you may incur surcharge, usage, or other fees charged by the ATM operator or network. FSB refunds up to \$10 per monthly statement cycle in non-USAA ATM surcharge or usage

fees for transactions made at non-USAA ATMs. 1% Foreign Transactions Fee may apply. See the Account and Service Fee Schedule for details.

⁵HomeReady® is a registered trademark of Fannie Mae.

⁶Early access to direct deposit funds is based on when USAA Federal Savings Bank receives notice of payment from the payer, which is generally one to two business days before the scheduled payment date. Early access is not available for USAA payroll direct deposited into a USAA Federal Savings Bank account.

⁷The United Services Automobile Association (USAA) Connected Home program is optional. Must have an active USAA Homeowners Insurance Policy and agree to share data from connected home devices to receive discount. Smartphone, eligible connected home devices, and download of the Resideo app also required. This program is only available in select states. Program availability and state restrictions apply.

⁸The USAA Perks® program is provided through USAA Alliance Services LLC, a wholly owned subsidiary of USAA. USAA Alliance Services contracts with companies not affiliated with USAA to offer their products and services to members and customers. USAA Alliance Services receives compensation from these companies based on the sale of these products or services. When you purchase a product or service from one of these companies, that company is responsible for protecting your data and its processes and procedures may differ from those of USAA. These companies have sole financial responsibility for their products and services.

⁹The USAA Educational Foundation (the "Foundation") is a nonprofit organization sponsored by USAA. The purpose of the Foundation is to lead and inspire actions that improve financial readiness in the military and local community. Its resources are available online and free of charge. The Foundation does not endorse or promote any commercial supplier, product or service.

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Score should not be used as the primary basis for making investment or financial decisions. A Financial Readiness Score provides a basic assessment that is based on information and assumptions provided by you regarding your goals, expectations and financial situation, but it does not guarantee financial success or replace more detailed financial planning. The calculations do not infer that USAA assumes any fiduciary duties. Consider your own financial circumstances and goals carefully before investing or purchasing financial products. Before making any decision, consult your own tax, financial or legal advisors regarding your situation. Information provided by you in connection with the Financial Readiness Score tool is voluntary, will not be considered in connection with a request or application for credit or insurance products/services, and may be used by USAA for marketing and other business purposes as set forth in the USAA Privacy Promise.

IMPORTANT: The projections or other information generated by the tool regarding the likelihood of various investment outcomes are for informational purposes only, are hypothetical in nature, do not reflect actual investment results, and are not guarantees of future results. They are intended to provide an estimate of your plan over time and reflect USAA's thoughts on overall financial readiness and strength. The tool encourages you to consider USAA products, which benefits USAA. Revisit the tool periodically. Results are based on information provided by you at a moment in time and are relevant for only as long as that information remains the same. When the assumptions or data you have entered change in the future, or updates to the data utilized by the tool occur, so will the projected results from the tool. Results may vary with each use of the tool and over time, and results may vary depending on the information provided by you.

Use of the term "member" or "membership" refers to membership in USAA Membership Services and does not convey any legal or ownership rights in USAA. Restrictions apply and are subject to change. To join USAA, separated military personnel must have received a discharge type of Honorable or General Under Honorable Conditions. Eligible former dependents of USAA members may join USAA.

VA loans require a one-time fee called a VA funding fee which may be collected at closing or rolled into your loan. The fee is determined by the loan amount, your service history, and other factors. A down payment on your VA loan may be required in certain circumstances and maximum loan limits vary by county.

USAA FSB NMLS 401058

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Visa is a registered trademark of Visa International Service Association and used under license.

Credit cards are issued by USAA Savings Bank and serviced by USAA Federal Savings Bank. Certificate of deposit for the USAA Secured Credit Card issued by USAA Savings Bank, and serviced by USAA Federal Savings Bank. Other bank products provided by USAA Federal Savings Bank. Both banks Member FDIC.

Property and casualty insurance provided by United Services Automobile Association (USAA), USAA Casualty Insurance Company, USAA General Indemnity Company, Garrison Property and Casualty Insurance Company, based in San Antonio, Texas; USAA Limited (UK) and USAA S.A. (Europe) and is available only to persons eligible for property and casualty group membership. Each company has sole financial responsibility for its own products.

Coverages subject to the terms and conditions of the policy.

Pay as you drive policies are issued by NOBLR Reciprocal Exchange, San Antonio, TX, a USAA company. To the extent permitted by law, participants are individually written, not all applicants may qualify. Coverages and savings availability varies by state. Eligibility rules apply. NAIC #16461.

Members were compensated for their participation.

No Department of Defense or government agency endorsement.

The trademarks, logos and names of other companies, products and services are the property of their respective owners.



