Office of the
Comptroller of the Currency
Washington, DC 20219

SMALL BANK

PUBLIC DISCLOSURE

March 30, 2015

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Auto Club Trust, FSB
Charter Number 715850

1 Auto Club Drive
Dearborn, MI 48126

Office of the Comptroller of the Currency

200 Public Square Suite 1610
Cleveland, OH 44114-2301

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

INSTITUTION'S CRA RATING: This institution is rated Satisfactory.

State Name: Nebraska Rating: Satisfactory
State Name: Michigan Rating: Satisfactory

The rating for Nebraska is based on the bank's lending performance in the Omaha assessment area (AA) located in the Omaha-Cedar Bluffs NE-IA Metropolitan Statistical Area (MSA). The rating for Michigan is based on the bank's lending performance in the Wayne County AA located in the Detroit-Warren-Dearborn MI MSA.

The major factors supporting the institution's rating are:

- The loan-to-deposit ratio is reasonable and meets the standard for satisfactory performance.

- The bank originated or purchased a majority of home loans inside its assessment areas.

- Lending to borrowers of different incomes demonstrates a reasonable distribution of home mortgage loans among borrowers of different incomes and meets the standard for satisfactory performance.

- The geographic distribution of home loans demonstrates a reasonable distribution of loans throughout the AA and meets the standard for satisfactory performance.

- Auto Club Trust received no complaints pertaining to its performance in helping meet the credit needs within either of its AA.

Scope of Examination

We evaluated Auto Club Trust, FSB (ACT or bank) using small bank Community Reinvestment Act (CRA) procedures. We evaluated the bank's performance in meeting the credit needs of its AAs based on the lending test. As of our evaluation, ACT had two AAs, one located in Nebraska and one in Michigan. In 2013, the Office of Management and Budget (OMB) revised the delineations of metropolitan statistical areas and metropolitan divisions. The new delineations applied as of January 1, 2014. However, we determined the OMB changes did not affect the bank's AAs. As a result, we combined lending data for all three years and completed a full-scope review of each AA. See the *Description of Assessment Areas* for additional information.

The scope of the evaluation is from January 1, 2012 through December 31, 2014. Lending data analyzed for the purpose of this examination is also from January 1, 2012 through December 31, 2014. The procedures used to assess ACT's performance focused on the bank's primary lending products. Based on the bank's lending activities over the review period, Report of Condition and Income, and discussions with senior management, we determined the bank's primary lending focus was home purchase and home refinance mortgage loans. We also determined that home improvement and consumer loans were not a lending focus of the bank and the bank does not offer commercial or farm loans. Therefore, we did not include home improvement, commercial, consumer or farm lending as part of the evaluation because an analysis of this data would not be meaningful.

ACT is subject to the reporting requirements of the Home Mortgage Disclosure Act (HMDA). Accordingly, our analysis includes all HMDA-reportable home purchase and home refinance loans originated within the bank's AAs. Prior to the evaluation, we tested the accuracy of the bank's HMDA data and determined the data to be reliable for this evaluation.

We utilized other supporting information while evaluating the bank's CRA performance. Additional supporting information included bank records, deposit market share data, and information from governmental websites regarding the characteristics and economy of the AAs. We also considered information derived from members of the community through community contacts with local organizations, other institution's performance evaluations, and bank management.

Description of Institution

ACT is a federally chartered thrift institution headquartered in Dearborn, Michigan. ACT is a wholly owned subsidiary of Auto Club Insurance Association (ACIA) and Auto Club Services (ACS), with Auto Club Group (ACG) owning 100 percent of ACS. Collectively, ACIA, ACS and ACG are a unitary thrift holding company operating under the American Automobile Association (AAA) brand.

ACT commenced operations on November 30, 1999 as a trust only federally chartered savings bank. The bank's original business strategy was to provide trust and asset management services to AAA members, primarily in Michigan. On May 3, 2011, ACT became a full-service bank, expanding its business activities to include loans and deposits with emphasis in the state of Nebraska. In 2013, ACT revised its plan by expanding its mortgage loan and deposits services to the AAA membership base throughout an 11 state region, which includes Nebraska and Michigan. ACT expanded their geographic region served to align the bank's operations to the same states as the holding company. In addition, the plan revision included the implementation of online, mobile and call center delivery channels to supplement the bank's branch network. ACT also partnered with a mortgage company to offer an expanded home mortgage product line through online and call center delivery channels.

ACT has one branch office located at its headquarters in Dearborn, MI, which is not easily visible to the general public. ACT also has three branch offices located in Omaha, Nebraska, which were opened during the evaluation period. All are full-service facilities with no drive-up service. Automatic Teller Machines (ATMs) are located at two of the Omaha branches and at the Dearborn main office. ACT did not close any offices during the evaluation period.

ACT's loan portfolio consists primarily of residential mortgage loans secured by one- to four-family family dwellings and consumer loans. Table 1 below shows a summary of the bank's loan portfolio as of December 31, 2014.

Table 1 - Total Loan Portfolio Summary by Loan Product			
Loan Category	**Amount ($000's)**	**Percentage of Total Loans**	**Percentage of Total Assets**
Residential Mortgage	$15,434	86.6%	19.6%
Consumer	$2,394	13.4%	3.1%
Total	$17,8288	100.0%	22.7%

Source: December 31, 2014 Report of Condition and Income

ACT offers a full-range of deposit products and services, including checking and savings accounts, and certificates of deposit for individuals and businesses. Additional services include online, mobile, and telephone banking, as well as trust and investment products and services.

There are no legal or financial factors impeding the bank's ability to meet the credit needs of the AAs. This is the bank's first CRA performance evaluation examination.

Conclusions with Respect to Performance Criteria

The bank's record of lending within the AAs is satisfactory. Our conclusions are based on all residential loans originated by the bank within its AAs during the review period.

Loan-to-Deposit Ratio

ACT's net loan-to-deposit (NLTD) ratio is reasonable given the bank's size, financial condition, and the credit needs of the AAs. ACT's average quarterly NLTD ratio since beginning operations as a full-service institution ending December 31, 2014, is 56.31 percent. Though low, we considered the LTD ratio to be reasonable as ACT began operating as a full-service institution in May 2011. Additionally, during the evaluation period, ACT sold 185 loans on the secondary market totaling $32.2 million. If ACT had retained the loans, the resulting NLTD ratio would have been higher. Other similarly situated financial institutions within the bank's Nebraska and Michigan markets had NLTD ratios over the 15-quarter period ranging from 69.03 to 89.19 percent and 74.52 to 84.96 percent, respectively. However, the financial institutions have been in operation for a longer period as compared to ACT.

Lending in Assessment Area

ACT originated a majority of its home mortgage loans inside its AAs. Therefore, the bank's record of lending meets the standard for satisfactory performance. As shown in Table 2, the bank originated a combined total of 59 percent of its home mortgage loans by number and 53 percent by dollar amount within the AAs during the review period.

Table 2 - Lending in Nebraska and Michigan Assessment Areas 2012 - 2014

	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
Loan Type	#	%	#	%		$	%	$	%	
Home Purchase	61	59.22	42	40.78	103	7,768	51.85	7,213	48.15	14,981
Home Refinance	123	58.57	87	41.43	210	14,122	53.83	12,114	46.17	26,236
Totals	184	58.79	129	41.21	313	21,890	52.92	19,327	46.72	41,364

Source: 2012 – 2014 Bank HMDA Data.

Fair Lending or Other Illegal Credit Practices Review

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

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.

State Rating

Name of State: Nebraska

CRA Rating for Nebraska: Satisfactory

ACT's performance within the state of Nebraska meets the standards for satisfactory performance. We found the bank's lending within the Omaha AA demonstrates a reasonable distribution of home mortgage loans among borrowers of different incomes. Additionally, we determined the bank's geographic distribution of home mortgage loans demonstrates a reasonable distribution of loans throughout the AA. To develop our conclusions, we gave consideration to factors within the *Description of Assessment Area* below that would impact the bank's ability to lend within AA. We also considered the number of home purchase and home refinance loans originated or purchased by ACT during the period of review.

Description of Assessment Area

	Table 3 - Demographic Information for the Omaha AA 2014					
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA % of #
Geographies (Census Tracts)	156	17.9	21.8	32.7	16.9	0.6
Population by Geography	517,110	13.7	22.6	33.7	29.5	0.5
Owner-Occupied Housing by Geography	127,698	8.9	18.5	38.0	35.9	0.0
Businesses by Geography	42,991	8.9	19.4	37.4	33.7	0.6
Farms by Geography	1,199	4.5	12.8	45.8	36.9	0.0
Family Distribution by Income Level	123,927	22.8	17.2	21.3	38.6	0.0
Distribution of Low- and Moderate-Income Families throughout AA Geographies	49,586	24.2	29.9	32.7	13.2	0.0
Median Family Income (MFI) FFIEC Adjusted MFI for 2014 Families Below the Poverty Level	= $69,538 = $73,000 = 12%			Median Housing Value = $146,775 Annual Unemployment Rate for December 2014: Douglas County = 3.2% State of Nebraska = 2.9%		

Source: 2010 U.S. Census, U.S. Bureau of Labor Statistics. The NA designation represents census tracts without income information.

The bank's AA consists of Douglas County, part of the Omaha-Council Bluffs NE-IA Metropolitan Statistical Area (MSA). The AA has 28 low-income census tracts (CT), 34 moderate-income CT, 51 middle-income CT, 42 upper-income CT, and one CT designated as NA. Principal cities include Omaha, Elkhorn and Ralston. The AA meets the requirements of the regulation and does not arbitrarily exclude low- or moderate-income CTs.

Competition within the AA is strong. According to the Federal Deposit Insurance Corporation's June 30, 2015 deposit market share report, there are 35 institutions operating a total of 187 offices within the AA. Of the 35 institutions, ACT ranked twenty-sixth with a less than one percent market share. The top five financial institutions had an aggregate total market share of 77.60 percent within the AA.

According to Moody's Analytics, the composition of businesses in this AA support primarily education and health services, professional and business services, federal government, and retail trade. Moody's Analytics also noted the service sector is driving nearly all growth in the region as government employment and goods producers have curtailed hiring. Housing inventories are low and house prices are picking up rapidly as residential activity has slowed. Major employers include Offutt Air Force Base, Alegent Health Inc., Nebraska Medical Center, The Methodist Health System, and First Data Corporation.

Unemployment levels were low during the evaluation period and comparable to state of Nebraska unemployment rate. The unemployment rate peaked at 5.3 percent in January 2012. However, as of December 31, 2014, unemployment rates decreased to 3.2 percent, slightly higher than the state of Nebraska's unemployment rate of 2.9 percent.

In assessing the bank's performance, we used OCC, bank information and other performance evaluations to identify the needs of the community. Affordable housing and economic development organizations were among those contacted. The organizations noted there are ample opportunities for financial institutions to provide small business loans, home ownership loan programs, and financial literacy and counseling programs in the AA. Organizations also expressed that the area has a high concentration of older apartment buildings and owner-occupied homes in need of repairs or updating. Additionally, the AA is in need of affordable housing.

Lending to Borrowers of Different Incomes

ACT's lending within the Omaha AA demonstrates a reasonable distribution of home mortgage loans among borrowers of different incomes and meets the standard for satisfactory performance.

As shown in Table 4, the bank's percentage of home purchase loans exceeds peer mortgage aggregate figures for both low-income and moderate-income borrowers. The bank's percentage of home refinance loans is consistent with peer mortgage aggregate figures for both low- and moderate-income borrowers. Overall, the bank's lending to low-income borrowers exceeds the peer mortgage aggregate percentage and is slightly less than the peer mortgage aggregate percentage for lending to moderate-income borrowers.

Table 4 - Borrower Distribution of Residential Real Estate Loans in the Omaha AA 2012 - 2014								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% Peer Mortgage Aggregate Data	Bank % of Number of Loans	% Peer Mortgage Aggregate Data	Bank % of Number of Loans	% Peer Mortgage Aggregate Data	Bank % of Number of Loans	% Peer Mortgage Aggregate Data	Bank % of Number of Loans
Home Purchase	10.41	40.82	20.83	22.45	19.01	8.16	30.47	28.57
Home Refinance	6.61	6.80	14.76	14.56	18.68	24.27	38.20	52.43
Total	8.28	17.76	17.43	17.11	18.82	19.08	34.80	44.74

Source: 2012-2014 Bank HMDA Data; 2012-2014 Peer Mortgage Aggregate Data. Total of bank and peer loans without reported income equates to 1.32 and 20.66 percent respectively.

Geographic Distribution of Loans

ACT's geographic distribution of home mortgage loans demonstrates a reasonable distribution of loans throughout the AA and meets the standard for satisfactory performance.

Table 5 - Geographic Distribution of Residential Real Estate Loans in the Omaha AA 2012-2014								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% Peer Mortgage Aggregate Data	Bank % of Number of Loans	% Peer Mortgage Aggregate Data	Bank % of Number of Loans	% Peer Mortgage Aggregate Data	Bank % of Number of Loans	% Peer Mortgage Aggregate Data	Bank % of Number of Loans
Home Purchase	4.39	26.53	13.82	18.37	38.27	32.65	43.51	22.45
Home Refinance	4.09	.97	12.44	8.74	34.98	38.83	48.48	51.46
Total	4.22	9.21	13.06	11.84	36.45	36.84	46.26	42.11

Source: 2012-2014 Bank HMDA Data; 2012-2014 Peer Mortgage Aggregate Data. Total bank and peer loans reported without tract income designation equals 0.00 and .01 respectively.

Table 5 shows the bank's geographic distribution of home mortgage lending in the AA during the review period. As shown, ACT's percentage of home purchase loans in low- and moderate-income CT reflects an excellent distribution of lending in the AA. However, the bank's percentage of home refinance loans in low- and moderate-income CTs is significantly below peer mortgage aggregate percentage levels, reflecting an inadequate distribution of loans. Overall, the distribution of loans is adequate as the bank's total percentage of lending in low-income CT exceeds peer mortgage aggregate percentages and is consistent with peer mortgage aggregate percentages in moderate-income CT.

Responses to Complaints

During the review period, ACT received no complaints pertaining to its performance in helping meet the credit needs within the Omaha AA.

State Rating

Name of State: Michigan

CRA Rating for Michigan: Satisfactory

ACT's performance within the state of Michigan meets the standards for satisfactory performance. We found the bank's lending within the Wayne County AA demonstrates a reasonable distribution of home mortgage loans among borrowers of different incomes. Additionally, we determined the bank's geographic distribution of home mortgage loans demonstrates a reasonable distribution of loans throughout the AA. To develop our conclusions, we gave consideration to factors within the Description of Assessment Area below that would impact the bank's ability to lend within AA. We also considered the number of home purchase and home refinance loans originated or purchased by ACT during the period of review.

Description of Assessment Area

Table 6 - Demographic Information for the Wayne County AA 2014						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA % of #
Geographies (Census Tracts)	611	17.5	28.9	23.6	28.8	1.6
Population by Geography	1,820,584	12.5	27.1	25.9	34.5	0.0
Owner-Occupied Housing by Geography	464,603	7.4	21.8	28.5	42.2	0.0
Businesses by Geography	116,764	11.2	20.7	27.0	40.6	0.5
Farms by Geography	2,073	6.67	19.0	26.5	47.7	0.1
Family Distribution by Income Level	441,506	24.6	15.8	17.7	41.9	0.0
Distribution of Low- and Moderate-Income Families throughout AA Geographies	178,391	21.0	38.6	23.7	16.6	0.0
Median Family Income (MFI) FFIEC Adjusted MFI for 2014 Families Below the Poverty Level	= $52,946 = $51,000 = 19%			Median Housing Value = $124,506 Unemployment Rate for December 2014: Wayne County = 7.2% State of Michigan = 5.6%		

Source: 2010 U.S. Census; U.S. Bureau of Labor Statistics. NA is used to designate census tracts without income information.

The AA (Wayne County) consists of Wayne County, a part of the Detroit-Livonia-Dearborn MI Metropolitan Division (MD) of the Detroit-Warren-Dearborn MI MSA. This assessment area has 107 low-income CT, 174 moderate-income CT, 144 middle-income CT, 176 upper-income CT, and 10 tracts designated as NA. The principal city within the AA includes Detroit. The AA meets the requirements of the regulation and does not arbitrarily exclude low- or moderate-income CTs.

Competition within the AA is strong. According to the FDIC's June 30, 2015 deposit market share report, there are 26 institutions operating a total of 343 offices within the AA. Of the 26 institutions, ACT ranked sixteenth with a less than one percent market share. The top five financial institutions had an aggregate total market share of 92.39 percent within the AA.

According to Moody Analytics, the composition of businesses in this AA supports the automotive industry, state and local government, education and health services, and professional and business services. Major employers include Ford Motor Company, General Motors Corporation, Chrysler Group LLC, Henry Ford Health System, CHE Trinity Health, and Detroit Medical Center.

Moody's Analytics also noted that auto manufacturing has rebounded, but strength in auto sales is not transferring into hiring in this industry. Healthcare is struggling as Detroit Medical Center continues to downsize to cut costs. Outmigration of population has increased because of reduced job prospects. Housing demand remains tepid, distressed properties are abundant, and lending standards are more stringent. Additionally, the unemployment rate is among the highest in the state. During the evaluation period, the unemployment rate peaked at 13.1 percent in July 2012. As of December 2013 and December 2014, unemployment rates decreased to 9.5 and 7.2 percent, respectively. However, the unemployment rates remained above the state of Michigan unemployment rates of 7.7 percent and 5.6 percent, respectively. According to the 2010 U.S. Census, 36 percent of households receive income from social security or public assistance. In addition, households with incomes below the poverty level equate to 19 percent.

In assessing the bank's performance, we used OCC, bank information and other performance evaluations to identify the needs of the community. Contacts identified that quality employment opportunities are one of the area's primary needs. Organizations contacted expressed that foreclosures are a problem and housing values are low making it difficult for borrowers to purchase, sell or refinance homes. Vacant properties remain abundant, impacting lending opportunities. Additionally, home repair loans are a need for many residents, as well as financing for undervalued homes in the AA. Contacts further noted that lenders could do more to refer applicants who are marginally non-qualified to an economic development micro-lender for assistance. Primary and secondary education opportunities are poor, which in turn produces uneducated adults. Thus, there are opportunities for financial institutions to provide financial literacy education.

Lending to Borrowers of Different Incomes

ACT's lending within the Wayne County AA demonstrates a reasonable distribution of home mortgage loans among borrowers of different incomes and meets the standard for satisfactory performance.

Table 7 - Borrower Distribution of Residential Real Estate Loans in the Wayne County AA 2012-2014								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% Peer Mortgage Aggregate Data	Bank % of Number of Loans	% Peer Mortgage Aggregate Data	Bank % of Number of Loans	% Peer Mortgage Aggregate Data	Bank % of Number of Loans	% Peer Mortgage Aggregate Data	Bank % of Number of Loans
Home Purchase	5.43	25.00	17.57	25.00	22.21	16.67	40.48	33.33
Home Refinance	4.43	10.00	9.05	20.00	17.20	25.00	55.11	45.00
Total	4.80	15.63	12.24	21.88	19.07	21.88	49.64	40.63

Source: 2012-2014 Bank HMDA Data; 2012-2014 Peer Mortgage Aggregate Data. Total bank and peer loans reported without income equates to 0.00 and 13.34 percent respectively.

As shown in Table 7, the bank's percentage of home purchase loans exceeds peer mortgage aggregate figures for both low-income and moderate-income borrowers. Additionally, the bank's percentage of home refinance loans exceeds peer mortgage aggregate figures for both low- and moderate-income borrowers. Overall, the bank's lending to low-income and moderate-income borrowers exceeds the peer mortgage aggregate percentage. However, while performance calculations indicate excellent performance, the number of loans involved is relatively low. To put the bank's percentage of lending to borrowers of different incomes into context, ACT only originated or purchased 12 home purchase and 20 home refinance loans within the AA during the period of review.

Geographic Distribution of Loans

ACT's geographic distribution of home mortgage loans demonstrates a reasonable distribution of loans throughout the AA and meets the standard for satisfactory performance.

Table 8 - Geographic Distribution of Residential Real Estate Loans in the Wayne County AA 2012-2014								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% Peer Mortgage Aggregate Data	Bank % of Number of Loans	% Peer Mortgage Aggregate Data	Bank % of Number of Loans	% Peer Mortgage Aggregate Data	Bank % of Number of Loans	% Peer Mortgage Aggregate Data	Bank % of Number of Loans
Home Purchase	1.36	0.00	5.21	25.00	25.45	33.33	67.98	41.67
Home Refinance	1.38	15.00	5.38	25.00	22.68	15.00	70.56	45.00
Total	1.37	9.38	5.31	25.00	23.72	21.88	69.60	43.75

Source: 2012-2014 Bank HMDA Data; 2012-2014 Peer Mortgage Data.

Table 8 shows the bank's geographic distribution of home mortgage lending in the AA during the review period. As shown, ACT did not originate any home purchase loans in low-income tracts during the review period. ACT's percentage of home purchase loans in moderate-income CT exceeded the percentage of peer mortgage aggregate for home purchase loans. Additionally, ACT's percentage of home refinance loans exceeded the peer mortgage aggregate percentage in both low- and moderate-income CT. Overall, ACT's distribution of home purchase and home refinance loans exceeded the percentage of peer aggregate percentages in low- and moderate income CT. As indicated above, the performance calculations illustrate an overall excellent performance. However, the number of loans involved is relatively low as ACT only originated or purchased 12 home purchase and 20 home refinance loans within the AA during the period of review.

Responses to Complaints

During the review period, ACT received no known written complaints pertaining to its performance in helping meet the credit needs within the Wayne County AA.