



Office of the
Comptroller of the Currency
Washington, DC 20219

INTERMEDIATE SMALL BANK

PUBLIC DISCLOSURE

July 29, 2019

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Winter Hill Bank, FSB
Charter Number 701149

342 Broadway, Somerville, MA 02145-2808

Office of the Comptroller of the Currency

99 Summer Street, Suite 1400, Boston, MA 02110

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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Overall CRA Rating

Institution's CRA Rating: This institution is rated **Outstanding**.

The lending test is rated: Outstanding.

The community development test is rated: Outstanding.

The major factors that support this rating include:

- The Lending Test (LT) rating is based on Winter Hill Bank, FSB's (Winter Hill or the Bank) record of meeting the credit needs of its assessment area (AA) through lending activities.
 - The Bank's loan-to-deposit (LTD) ratio is more than reasonable given the Bank's size, financial condition, and AA credit needs.
 - The majority of the Bank's primary lending product, residential mortgages, were originated and/or purchased within the delineated AA.
 - The Bank exhibits excellent geographic distribution of loans in its AA.
- The Community Development (CD) Test rating is based on the Bank's effort to enhance credit availability within its AA through qualified CD loans, investments, and services.
 - The Bank's record of CD performance reflects excellent responsiveness to the needs of the community through CD loans and CD services.

Loan-to-Deposit Ratio

Considering the Bank's size, financial condition, and credit needs of the AA(s), the Bank's LTD ratio is more than reasonable.

The quarterly net LTD ratio averaged 105.8 percent over the last 11 quarters since the previous evaluation dated July 5, 2016. During the 11 preceding quarters, from June 30, 2016 to December 31, 2018, the LTD ranged from a low of 91.8 percent to a quarterly high of 113.5 percent. The Banks LTD ratio compares favorably to other peer institutions of similar size, and geographic location. The peer group had a quarterly average net LTD ratio of 95.9 over the same 11 quarters, ranging from an average low of 87.4 percent to an average high of 108.9 percent.

Lending in Assessment Area

A majority of the Bank's home mortgage loans are inside its AA.

Winter Hill Bank originated and/or purchased 63.5 percent by number and 65.2 percent by dollar of its total residential home mortgage loans inside the Bank's AA during the evaluation period of January 1, 2016 through December 31, 2018. This lending activity meets the standard for satisfactory performance.

The following table details the Bank's lending within its AA by number and dollar amount of loans.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2016	156	65.3	83	34.7	239	67,739	62.5	40,626	37.5	108,365
2017	112	64.0	63	36.0	175	51,097	69.6	22,349	30.4	73,446
2018	83	59.7	56	40.3	139	41,426	64.7	22,623	35.3	64,048
Subtotal	351	63.5	202	36.5	553	160,262	65.2	85,598	34.8	245,859
Total	351	63.5	202	36.5	553	160,262	65.2	85,598	34.8	245,859

Source: 01/1/2016 - 12/31/2018 Bank Data.

Description of Institution

Winter Hill is a federal mutual institution established in 1906 and headquartered in Somerville, MA. Winter Hill had total assets of \$365.4 million as of December 31, 2018. The Bank has three full service branches, a loan center and operations center located in Somerville and North Reading. All branches are included within the Bank's delineated AA. There were no branches opened or closed during the scope of this performance evaluation period. Operating hours are reasonable; hours of operation are largely uniform amongst the three branch locations with most branches opening by 8:30 am, and closing by 4:00 pm, if not later, Monday through Friday. No branches are open on Sundays and operations are reduced on Saturdays; however, hours of operation are still considered reasonable, as most branches open by 8:30 am, if not sooner, and close by 1:00 pm, if not later for Saturday activities.

Winter Hill is a residential and commercial real estate lender offering traditional products and services. As indicated by the balance sheet, the primary loan products are residential mortgages, including home purchase, home refinance, and home improvement loans. As of December 31, 2018, residential loans represented 57 percent of total loans. The Bank's website, <https://www.winterhillbank.com>, provides a listing and description of product offerings.

As of December 31, 2018, the Bank reported total assets of \$365.4 million, total deposits of \$274.4 million, and tier 1 capital of \$33.7 million. The loan portfolio totaled \$312.4 million or 85.5 percent of total assets.

The following table provides a summary of the loan mix:

Loan Portfolio Summary by Loan Product December 31, 2018	
Loan Category	% of Gross Loans and Leases
1-4 Family Residential Mortgages – Closed End	57
Multifamily	19
Construction & Development	12
Other Real Estate (Commercial)	10
Home Equity	2
Consumer	<1
Total	100

Source: Federal Deposit Insurance Corporation Call Report, December 31, 2018

The Bank has no financial or legal impediments in meeting the credit needs of the AA. The Bank was rated 'Outstanding' using Intermediate Small Bank (ISB) procedures during the previous CRA performance evaluation dated July 5, 2016.

Scope of the Evaluation

Evaluation Period/Products Evaluated

Winter Hill Bank was evaluated using ISB CRA procedures, which includes a LT and CD test. The evaluation period for the LT covers the Bank's performance from January 1, 2016 through December 31, 2018. The LT evaluates the Bank's record of meeting the credit needs of its AA through lending activities. The evaluation period for CD activities is from July 5, 2016, the date of the prior CRA evaluation, through December 31, 2018. CD loans, investments, and services submitted by management were verified to ensure they met the CRA regulatory definition of CD.

We evaluated the Bank's 2016 lending performance independent of 2017-2018 performance metrics. For 2016, lending performance was compared to the 2010 U.S. Census data. For 2017-2018, lending performance was compared to 2015 American Community Survey (ACS) data. Peer Mortgage Market Share data for 2016 and 2017 was used as supporting performance context where applicable for the evaluation periods of 2016 and 2017-2018, respectively. 2018 Peer Mortgage Market Share data was not available for consideration as of this evaluation.

The Bank's primary loan product based on loan originations during the evaluation period was residential mortgage loans, including home purchase, refinance, and home improvement loans. Originated and/or purchased residential loans comprised approximately 49.5 percent of the loans by dollar and 63.7 percent by number of all loans during the period of January 1, 2016 through December 31, 2018.

When evaluating the Banks' lending performance, more consideration was placed on the residential loans that were originated/purchased during the 2017-2018 evaluation period, as the majority of residential lending occurred during this time period. The residential loans originated/purchased during 2017-2018, accounted for approximately 48 percent of all lending by number during the full evaluation period of January 1, 2016 through December 31, 2018. Furthermore, among just residential loans, approximately 69 percent of lending by number were originated during the 2017-2018 time period.

The Bank reports data under the requirements of the Home Mortgage Disclosure Act (HMDA). As part of our evaluation, we tested the Bank's HMDA data for residential real estate loans originated and purchased and found that the data was reliable. All residential real estate loans originated and purchased during the assessment period were included in our evaluation of the Bank's lending.

Selection of Areas for Full-Scope Review

A full scope review was performed on the single delineated AA, which includes Middlesex and portions of Essex County. Middlesex and Essex County are a part of the Cambridge-Newton-Framingham, Massachusetts (MA) Metropolitan Division (MD). We assessed these geographies as a single combined rating area for an assessment of the Bank's lending and CD performance according to elements of the CRA.

Ratings

The Bank's overall rating is based on Winter Hill's single delineated AA which received a full-scope review. Performance during the 2017-2018 evaluation period was more heavily weighted when arriving at overall conclusions as the majority of primary product lending occurred during this period. The Bank's residential mortgage loans originated and/or purchased during 2017-2018 accounted for approximately 69 percent by number of all residential lending and 48 percent of all lending occurring during the full evaluation period.

Discriminatory or Other Illegal Credit Practices Review

Pursuant to 12 CFR 25.28(c) or 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 AA 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 the 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, as applicable.

The OCC has not identified that this institution has engaged in discriminatory or other illegal credit practices that require consideration in this evaluation.

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

State Rating

State of Massachusetts

CRA rating for the State of Massachusetts: Outstanding

The Lending Test is rated: Outstanding

The Community Development Test is rated: Outstanding

The major factors that support this rating include:

- The Bank's LTD ratio is more than reasonable given the Bank's size, financial condition, and AA credit needs.
- The Bank exhibits excellent geographic distribution of loans in the State of Massachusetts, given their overall excellent geographic distribution within the AA for both the evaluation periods of 2016 and 2017-2018 and noted performance context.
- The Bank exhibits reasonable distribution of loans to individuals of different income levels.
- There were no CRA complaints received by the Bank or the Agency during the evaluation period of January 1, 2016 through December 31, 2018.
- Based on the full scope review, the Bank exhibits excellent responsiveness to community development needs in the state through CD loans and CD services considering the Bank's capacity and the need and availability of such opportunities for CD in the Bank's assessment area.

Description of Institution's Operations in Massachusetts

The CRA requires an institution to define an AA in which they will be evaluated. Winter Hill maintains an AA that includes all branches, as well as the contiguous towns/cities around these offices. The Bank's AA meets the requirements of the regulation and does not arbitrarily exclude any low- or moderate-income census tracts. The accessibility and use of the Bank's delivery systems in the AA is good. The Bank's delivery systems are available to different geographies and individuals of varying income levels throughout the AA. Bank services are available at three full service locations. Two of the locations are located in Somerville, MA and the remaining is located in North Reading, MA. The loan operations center is located in Somerville, across from its main office. The main office is located in a middle-income geography while the Davis Square and North Reading branches are in upper-income geographies. The loan operations center is located in a low-income geography. All locations are situated within Middlesex County.

Winter Hill has designated the AA to include portions of Middlesex County and Essex County in Massachusetts. Middlesex County and Essex County are part of the Cambridge-Newton-Framingham, MA MD. The AA has 203 contiguous census tracts, which includes the towns/cities of Somerville, Cambridge, Arlington, Winchester, Burlington, Woburn, Everett, Medford, Melrose, Stoneham, Wakefield, North Reading, Reading, Wilmington, North Andover, Andover, Middleton, Danvers, Peabody, Salem, Beverly, Saugus, and Lynn.

Winter Hill operates in a highly competitive market. There is significant competition from local commercial banks, savings banks, and credit unions. The Federal Deposit Insurance Corporation's (FDIC) Deposit Market Share Report, as of June 30, 2018, indicates 70 institutions operate in Middlesex and Essex County, MA. Winter Hill ranks 44th with less than 1 percent market share. State Street Bank and Trust Company, Bank of America, N.A., and Citizens Bank, N.A. are ranked as the top three in deposit market share, holding over 60 percent of deposits. Local competitors include, but are not limited

to Leader Bank, N.A., East Boston Savings Bank, East Cambridge Savings Bank, Eastern Bank, and Rockland Trust Bank. Other larger financial institutions that provide further competition are Santander Bank, N.A. and Peoples United Bank, N.A.

As part of performance context, when evaluating lending performance, we considered the disparity between the median income of families within the AA as compared to the median cost of housing, the large income gap, and the impact this has on home ownership. In the AA, 7.1 percent of families are noted as being below the poverty level and 43.0 percent of households are low- or moderate-income. We note 39.7 percent of households are upper-income. Consequently, high home prices limit the availability of affordable housing for low- and moderate-income groups as the housing market in the area is driven by upper-income pressures, emphasizing the area's credit needs to support affordable housing.

We reached out to several community contacts to determine the credit needs of the AA. One contact identified that financial institutions can serve the community's needs by providing financial literacy programs such as opening and managing a bank account and offering life coaching sessions. Another organization said that continued help was needed to promote affordable housing awareness and provide subsidized low- and moderate-income services, and first time homebuyer seminars for low- and moderate-income groups. Housing prices within Boston and the surrounding communities have experienced increasing values since the previous performance evaluation and have outpaced increases in median family incomes.

Refer to Tables A1 and A2 below for demographic information of the Bank's AA during the 2017-2018 and 2016 evaluation periods, respectively:

Table A1 – Demographic Information of the Assessment Area (2017-2018)						
Assessment Area: Winter Hill AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	203	10.8	24.6	40.4	24.1	0.0
Population by Geography	985,875	9.9	23.8	42.7	23.6	0.0
Housing Units by Geography	400,525	9.8	24.2	43.4	22.5	0.0
Owner-Occupied Units by Geography	212,788	4.8	18.7	46.9	29.6	0.0
Occupied Rental Units by Geography	165,416	16.2	31.0	39.3	13.5	0.0
Vacant Units by Geography	22,321	11.1	26.9	40.5	21.5	0.0
Businesses by Geography	73,232	9.1	19.2	45.8	25.8	0.0
Farms by Geography	1,130	6.5	15.0	47.5	31.1	0.0
Family Distribution by Income Level	230,078	24.7	17.4	20.7	37.2	0.0
Household Distribution by Income Level	378,204	27.5	15.5	17.2	39.7	0.0
Median Family Income MSA - 15764 Cambridge-Newton-Framingham, MA MD		\$100,380	Median Housing Value			\$417,012
			Median Gross Rent			\$1,342
			Families Below Poverty Level			7.1%

*Source: 2015 ACS Census and 2018 D&B Data
Due to rounding, totals may not equal 100.0
(* The NA category consists of geographies that have not been assigned an income classification.*

Table A2 – Demographic Information of the Assessment Area (2016)

Assessment Area: Winter Hill AA

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	203	8.4	27.6	43.8	20.2	0.0
Population by Geography	958,037	6.7	25.9	47.4	20.1	0.0
Housing Units by Geography	401,961	6.9	26.0	48.0	19.2	0.0
Owner-Occupied Units by Geography	220,238	3.0	19.0	53.0	24.9	0.0
Occupied Rental Units by Geography	157,771	11.7	35.3	41.7	11.3	0.0
Vacant Units by Geography	23,952	10.6	28.4	43.3	17.8	0.0
Businesses by Geography	68,689	6.2	20.6	51.7	21.5	0.0
Farms by Geography	1,000	3.8	16.2	56.7	23.3	0.0
Family Distribution by Income Level	228,220	23.9	17.3	21.5	37.2	0.0
Household Distribution by Income Level	378,009	27.4	15.5	17.9	39.1	0.0
Median Family Income MSA - 15764 Cambridge-Newton-Framingham, MA MD		\$90,625	Median Housing Value			\$423,174
			Median Gross Rent			\$1,187
			Families Below Poverty Level			6.4%

Source: 2010 U.S. Census and 2016 D&B Data

Due to rounding, totals may not equal 100.0

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

Scope of Evaluation in Massachusetts

Winter Hill delineated a single AA within the State of Massachusetts for evaluation under the requirements of the CRA. The Bank's AA includes Middlesex and a portion of Essex County. Middlesex and Essex County are a part of the Cambridge-Newton-Framingham, MA MD. Winter Hill maintains an AA that includes all branches, as well as the contiguous towns/cities around these offices. The Bank's AA meets the requirements of the regulation and does not arbitrarily exclude any low- or moderate-income census tracts.

The Bank's overall rating is based on Winter Hill's single delineated AA, which received a full-scope review.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN MASSACHUSETTS

LENDING TEST

The Bank's performance under the Lending Test in Massachusetts is rated Outstanding.

Based on a full-scope review, the Bank's performance in the State of Massachusetts is excellent, given performance context. Winter Hill is a residential and commercial real estate lender offering traditional products and services. The Bank's primary loan product based on loan originations during the evaluation period was residential mortgage loans including home purchase, refinance, and home improvement loans. Residential loans comprised approximately 49.5 percent of originations and/or purchases by dollar and approximately 63.7 percent by number during the period of January 1, 2016 through December 31, 2018.

When evaluating the Banks' lending performance, more consideration was placed on those residential loans that were originated/purchased during the 2017-2018 evaluation period, as the majority of residential lending occurred during this time period.

Distribution of Loans by Income Level of the Geography

The Bank exhibits excellent geographic distribution of loans in the State of Massachusetts, given their overall excellent geographic distribution within the Bank's AA for both the evaluation periods of 2017-2018 and 2016 and noted performance context.

Home Mortgage Loans

The Bank's geographic distribution of home mortgage loans during the evaluation periods of 2017-2018 and 2016 reflects excellent distribution within the low- and moderate-income census tracts. The percentage of home mortgages in low-income geographies falls within a reasonable range above peer aggregate lending data given the significant market competition and well above the aggregate lending data in moderate-income geographies. This performance is considered excellent for both evaluation periods when considering the Bank's position within the market for home mortgage lending and comparable performance to the percentage of owner-occupied housing units dispersed within the AA. Based on the 2017 Peer Mortgage Data for home mortgage lending to low- and moderate-geographies within the AA, Winter Hill was ranked 72nd amongst 279 lenders with 0.26 percent market share.

Similarly, the 2016 Peer Mortgage Data for the same market type lending in the AA, the Bank was ranked 68th amongst 276 lenders with 0.29 percent market share.

Refer to Tables O1 and O2 in the State of Massachusetts section of Appendix D for the facts and data used to evaluate the geographic distribution of the Bank's home mortgage loan originations and purchases.

Table 1 – Geographic Distribution of Home Mortgage Loans in the Winter Hill Bank, FSB AA – 2017-2018								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of Aggregate Lending Data	% of Bank Loans	% of Aggregate Lending Data	% of Bank Loans	% of Aggregate Lending Data	% of Bank Loans	% of Aggregate Lending Data	% of Bank Loans
Home Mortgages	6.4	6.7	21.5	32.3	45.7	40.0	26.4	21.0

Source: 2017 HMDA Aggregate Data; 01/1/2017 - 12/31/2018 Bank Data. Due to rounding, totals may not equal 100.0.

Table 2 – Geographic Distribution of Home Mortgage Loans in the Winter Hill Bank FSB AA – 2016								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of Aggregate Lending Data	% of Bank Loans	% of Aggregate Lending Data	% of Bank Loans	% of Aggregate Lending Data	% of Bank Loans	% of Aggregate Lending Data	% of Bank Loans
Home Mortgages	3.6	6.4	19.9	31.4	53.0	52.6	23.6	9.6

Source: 2016 HMDA Aggregate Data; 01/01/2016 - 12/31/2016 Bank Data. Due to rounding, totals may not equal 100.0.

Distribution of Loans by Income Level of the Borrower

The Bank exhibits reasonable distribution of loans to individuals of different income levels.

Home Mortgage Loans

The Bank's borrower distribution of home mortgage loans reflects reasonable distribution within the low- and moderate-income census tracts. The percentage of home mortgages fall above the aggregate data for low-income borrowers and within a reasonable range below the peer aggregate lending data for moderate-income borrowers. This performance is considered reasonable for both evaluation periods when considering the Bank's position within the market for home mortgage lending, cost of housing,

income gaps, and comparable performance to the percentage of owner-occupied housing units dispersed within the AA.

Refer to Tables P1 and P2 in the State of Massachusetts section of Appendix D for the facts and data used to evaluate the borrower distribution of the Bank's home mortgage loan originations and purchases.

The following Tables 3 and 4 highlight the Bank's borrower distribution performance of home mortgage lending when compared to the aggregate lending data, our primary comparator:

Table 3 – Borrower Distribution of Home Mortgage Loans in the Winter Hill Bank FSB AA – 2017-2018								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan type	% of Aggregate Lending Data	% of Bank Loans	% of Aggregate Lending Data	% of Bank Loans	% of Aggregate Lending Data	% of Bank Loans	% of Aggregate Lending Data	% of Bank Loans
Home Mortgages	5.2	8.2	17.7	9.2	25.3	17.9	39.7	34.9

Source: 2017 HMDA Aggregate Data; 01/1/2017 - 12/31/2018 Bank Data. Due to rounding, totals may not equal 100.0 and 29.7 percent of the Bank's lending and 12.1 percent of aggregate data occurred to borrowers without a reported income.

Table 4 – Borrower Distribution of Home Mortgage Loans in the Winter Hill Bank FSB AA – 2016								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan type	% of Aggregate Lending Data	% of Bank Loans	% of Aggregate Lending Data	% of Bank Loans	% of Aggregate Lending Data	% of Bank Loans	% of Aggregate Lending Data	% of Bank Loans
Home Mortgages	3.8	6.4	15.6	10.9	24.9	20.5	43.1	38.5

Source: 2016 HMDA Aggregate Data; 01/01/2016 - 12/31/2016 Bank Data. Due to rounding, totals may not equal 100.0 and 23.7 percent of the Bank's lending and 12.6 percent of aggregate data occurred to borrowers without a reported income.

Responses to Complaints

There were no CRA complaints received by the Bank or the Agency during the evaluation period of January 1, 2016 through December 31, 2018.

COMMUNITY DEVELOPMENT TEST

The Bank's performance under the CD Test in the State of Massachusetts is rated Outstanding.

The Bank exhibits excellent responsiveness to CD needs in the state through CD loans, qualified investments, and CD services, as appropriate, considering the Bank's capacity and the need and availability of such opportunities for community development in the Bank's AA.

Number and Amount of Community Development Loans

The Bank provides an outstanding level of CD loans. During the evaluation period, the Bank originated seven qualified CD loans totaling \$4.3 million. The CD loans were used to finance affordable housing and to promote economic development within the low- to moderate-income tracts within the AA.

The highlights of the Bank's CD loans are as follows:

- \$770,000 loan to a nonprofit preschool, which provides tuition waivers to assist financially challenged families.
- \$700,000 loan made to support a five unit affordable housing apartment building located in Cambridge, MA.
- \$140,000 loan for permanent financing of affordable housing units for low- to moderate-income families.
- \$671,000 construction loan to develop and maintain affordable housing within the city of Somerville, MA.

Number and Amount of Qualified Investments

The level of CD donations is satisfactory representing adequate responsiveness to CD needs in the AA. The Bank did not make any investments during the assessment period. Qualifying CD donations totaled \$52,900 benefiting 20 CD organizations serving the Bank's AA. Community donations benefited low- to moderate-income individuals and promoted community development. While the actual level of Bank donations was higher, only the aforementioned donations met the definition of CD.

Extent to Which the Bank Provides Community Development Services

The Bank provides an outstanding level of CD services. During the evaluation period, twelve employees and officers provided technical assistance and financial expertise to ten different community organizations that directly benefited the AA. CD services and activities included:

- Two Bank employees providing financial expertise to an event to combat financial elder abuse. The employees answered questions and provided resources to assist in financial matters.
- Three employees participated as speakers for an event targeting low- to moderate-income home buyers. Speaking topics included available first time homebuyer programs, affordable housing, deed restrictions, and lending requirements.
- A senior management member served as Treasurer for an organization that provides permanent housing and community services for an underserved community. The organization aims to provide affordable housing and provide day programs.
- A senior management member served as an Executive Board and Finance member of a nonprofit organization that provides housing, financial, and medical services to low- to moderate-income individuals who are elderly and have special needs.
- A senior management member served as a Board member and Treasurer of a nonprofit organization that provides single room occupancy for low- to moderate-income individuals. The senior management member provided technical assistance and financial expertise to the organization.

- A senior management member is a Board member to an organization that focuses on economic revitalization and development needs in the AA. The organization goals include affordable housing, job creation/retention, and economic development.

In addition to the services mentioned above, the Bank offers a few different lending programs that target low- to moderate-income individuals. In 2018, the Bank originated a loan through Mass Housing Partnership's ONE mortgage program and provided six pre-approvals for this program. The program provides eligible low- to moderate-income first time home buyers below market pricing, no private mortgage insurance, and low down payment options. The Bank also offers pre-approval to income restricted first time home buyers 40B housing lottery candidates in Somerville, Cambridge, and Everett, MA. Obtaining a pre-approval is part of the requirement for housing lottery eligibility. Winter Hill is one of four specially designated lenders by the City's Office of Strategic Planning and Community Development for housing lottery candidates. During the assessment period, the Bank provided 77 pre-approvals for this program. The Bank also has a special loan program for income eligible low- to moderate-income first time homebuyers through a Mass Housing's mortgage program that provides competitive interest rates with reduced/preferential terms and qualification guidelines to income-restricted homebuyers and homeowners. The program includes low down payment options for purchasers of 1-4 family primary residences in Massachusetts.

Responsiveness to Community Development Needs

Considering the Bank's capacity, need, and availability of CD opportunities, Winter Hill's CD performance demonstrates excellent responsiveness to the needs of the AA.

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.

Time Period Reviewed:	LT – (01/01/2016 to 12/31/2018); CD test – (07/05/2016 to 12/31/2018)	
Bank Products Reviewed:	Home Mortgage Community Development-eligible loans, investments, and services	
Affiliate(s)	Affiliate Relationship	Products Reviewed
None Included		
List of Assessment Areas and Type of Examination		
Rating and Assessment Areas	Type of Exam	Other Information
State of Massachusetts		
Winter Hill Bank FSB AA – Cambridge-Newton-Framingham, MA	Full-scope	<ul style="list-style-type: none"> ○ Cambridge-Newton-Framingham, MA MD (#15764) <ul style="list-style-type: none"> ▪ Middlesex County (#017) ▪ Essex County (#009)

Appendix B: Summary of MMSA and State Ratings

RATINGS			
Winter Hill Bank, FSB			
Overall Bank:	Lending Test Rating*	CD Test Rating*	Overall Bank/State/Multistate Rating
Winter Hill Bank, FSB	Outstanding	Outstanding	Outstanding
MMSA or State:			
Massachusetts	Outstanding	Outstanding	Outstanding

(*) The Lending Test and Community Development Test carry equal weight in the overall rating.

Appendix C: Definitions and Common Abbreviations

The following terms and abbreviations are used in 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. For example, a bank subsidiary is controlled by the bank and is, therefore, an affiliate.

Aggregate Lending (Aggt.): The number of loans originated and purchased by all reporting lenders (HMDA or CRA) in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the state/assessment area.

Census Tract (CT): A small, relatively permanent statistical subdivision of a county delineated by a local committee of census data users for the purpose of presenting data. Census tracts nest within counties, and their boundaries normally follow visible features, but may follow legal geography boundaries and other non-visible features in some instances, Census tracts ideally contain about 4,000 people and 1,600 housing units.

Combined Statistical Area (CSA): A geographic entity consisting of two or more adjacent Core Based Statistical Areas with employment interchange measures of at least 15. An employment interchange measure is a measure of ties between two adjacent entities. The employment interchange measure is the sum of the percentage of workers living in the smaller entity who work in the larger entity and the percentage of employment in the smaller entity that is accounted for by workers who reside in the larger entity.

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; or activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas.

Community Reinvestment Act (CRA): The statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its entire community, including LMI areas, 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, 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-Scope 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), the lien status of the collateral, any requests for preapproval, and loans for manufactured housing.

Home Mortgage Loans: A closed-end mortgage loan or an open-end line of credit as these terms are defined under 12 CFR 1003.2, and that is not an excluded transaction under 12 CFR 1003.3(c)(1) through (c)(10) and (c)(13).

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-Scope 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: Individual income that is less than 50 percent of the area median income.

Low Income Geography: A census tract with a median family income that is less than 50 percent.

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 state/assessment area.

Median Family Income (MFI): The median income determined by the U.S. Census Bureau every five years and used to determine the income level category of geographies. The median is the point at which half of the families have income above, and half below, a range of incomes. Also, the median income determined by the Federal Financial Institutions Examination Council (FFIEC) 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, and half below, a range of incomes.

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

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

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.

Rating Area: A rated area is a state or multi-state metropolitan statistical 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 statistical area, the institution will receive a rating for the multi-state metropolitan statistical 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) 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 1 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.

Appendix D: Tables of Performance Data

Content of Standardized Tables

A separate set of tables is provided for each state. All multistate metropolitan statistical areas, if applicable, 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 are treated as originations; and (2) “aggregate” is the percentage of the aggregate number of reportable loans originated and purchased by all HMDA or CRA-reporting lenders in the MMSA/assessment area. Deposit data are compiled by the FDIC and are available as of June 30th 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 O. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography - 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 aggregate peer data for the years the data is available.

Table P. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower - 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 MMSA/assessment area. The table also presents aggregate peer data for the years the data is available.

Table O1 : Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography **2017-2018**

Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	Overall Market	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate
Winter Hill AA	195	92,523	100.0	28,667	4.8	6.7	6.4	18.7	32.3	21.5	46.9	40.0	45.7	29.6	21.0	26.4	0.0	0.0	0.0
Total	195	92,523	100.0	28,667	4.8	6.7	6.4	18.7	32.3	21.5	46.9	40.0	45.7	29.6	21.0	26.4	0.0	0.0	0.0

Source: 2015 ACS Census; 01/01/2017 - 12/31/2018 Bank Data, 2017 HMDA Aggregate Data.
 Due to rounding, totals may not equal 100.0

Table O2 : Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography **2016**

Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	Overall Market	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate
Winter Hill AA	156	67,739	100.0	37,900	3.0	6.4	3.6	19.0	31.4	19.9	53.0	52.6	53.0	24.9	9.6	23.6	0.0	0.0	0.0
Total	156	67,739	100.0	37,900	3.0	6.4	3.6	19.0	31.4	19.9	53.0	52.6	53.0	24.9	9.6	23.6	0.0	0.0	0.0

Source: 2010 U.S Census; 01/01/2016 - 12/31/2016 Bank Data, 2016 HMDA Aggregate Data.
 Due to rounding, totals may not equal 100.0

Table P1: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower																			2017-2018	
	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers			
Assessment Area:	#	\$	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	
Winter Hill AA	195	92,523	100.0	28,667	24.7	8.2	5.2	17.4	9.2	17.7	20.7	17.9	25.3	37.2	34.9	39.7	0.0	29.7	12.1	
Total	195	92,523	100.0	28,667	24.7	8.2	5.2	17.4	9.2	17.7	20.7	17.9	25.3	37.2	34.9	39.7	0.0	29.7	12.1	

Source: 2015 ACS Census; 01/01/2017 - 12/31/2018 Bank Data, 2017 HMDA Aggregate Data.
Due to rounding, totals may not equal 100.0

Table P2: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower																			2016	
	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers			
Assessment Area:	#	\$	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	
Winter Hill AA	156	67,739	100.0	37,900	23.9	6.4	3.8	17.3	10.9	15.6	21.5	20.5	24.9	37.2	38.5	43.1	0.0	23.7	12.6	
Total	156	67,739	100.0	37,900	23.9	6.4	3.8	17.3	10.9	15.6	21.5	20.5	24.9	37.2	38.5	43.1	0.0	23.7	12.6	

Source: 2010 U.S. Census; 01/01/2016 - 12/31/2016 Bank Data, 2016 HMDA Aggregate Data.
Due to rounding, totals may not equal 100.0