

Watertown Savings Bank

CRA Public File

Consolidated Balance Sheets

WATERTOWN SAVINGS BANK AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS AT DECEMBER 31, 2024 AND 2023

ASSETS	2024	2023
Cash and due from banks	\$ 8,103,850	\$ 7,428,084
Investments:		
Short-term investments	94,347,532	122,612,561
Securities available for sale, at fair value	401,872,516	238,582,195
Securities held to maturity, at amortized cost	276,280,694	353,296,064
Federal Home Loan Bank and Federal Reserve Bank stock, at cost	4,662,150	4,602,550
Total Investments	777,162,892	719,093,370
Loans receivable	611,348,406	616,989,544
Less: allowance for loan losses	(1,918,180)	(1,929,993)
Loans receivable, net	609,430,226	615,059,551
Banking premises and equipment	15,710,166	15,815,341
Accrued interest receivable	4,732,308	3,958,189
Other assets	62,073,497	58,717,929
TOTAL ASSETS	\$ 1,477,212,939	\$ 1,420,072,464
LIABILITIES AND SURPLUS		
Deposits	\$ 1,302,712,621	\$ 1,255,412,263
Accrued expenses	12,763,986	10,261,911
Other liabilities	14,262,022	14,944,344
Total Liabilities	1,329,738,629	1,280,618,518
Undivided profits	159,391,639	155,184,378
Net unrealized gain (loss) on securities available for sale, net of tax effects	(13,544,928)	(14,763,495)
Net valuation on securities held to maturity, net of tax effects	(1,482,724)	(1,957,856)
FAS 158 adjustment, net of tax effects	3,110,323	990,919
Total Surplus	147,474,310	139,453,946
TOTAL LIABILITIES AND SURPLUS	\$ 1,477,212,939	\$ 1,420,072,464

MATERIAL NOTES TO CONSOLIDATED BALANCE SHEETS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The consolidated balance sheets include the accounts of Watertown Savings Bank (the "Bank") and its wholly owned subsidiary. All significant intercompany accounts and transactions have been eliminated in consolidation.

INVESTMENT SECURITIES

Debt securities that management has the positive intent and ability to hold to maturity are classified as "held to maturity" and are reflected at amortized cost. Investments classified as "available for sale" are reflected on the consolidated balance sheets at fair value with unrealized gains and losses excluded from earnings and reported as a separate component of surplus, net of taxes. Federal Home Loan Bank stock and Federal Reserve Bank stock are reflected at cost. Purchase premiums and discounts are amortized or accreted to earnings by the interest method over the estimated term of the investments. Gains and losses on disposition of investments are computed by the specific identification method. Securities are analyzed for impairment when market value depreciation exceeds 5% of book value. If a security is found to be other-than-temporarily impaired due to credit loss or due to the length of time its market value is below book value, the loss is recorded through the earnings statement.

LOANS RECEIVABLE

Loans that the Company has the intent and ability to hold until maturity or payoff are carried at amortized cost (net of the allowance for credit losses). Amortized cost is the principal amount outstanding, adjusted by partial charge-offs and net of deferred loan costs or fees. For originated loans, loan fees and certain direct origination costs are deferred and amortized into interest income over the expected term of the loan using the level-yield method. When a loan is paid off, the unamortized portion is recognized in interest income. Interest income on loans is accrued based upon the daily principal amount outstanding except for loans on nonaccrual status.

ALLOWANCE FOR LOAN LOSSES

The allowance for credit losses is established based upon the Company's current estimate of expected lifetime credit losses on loans measured at amortized cost, also referred to as the "CECL methodology". Credit losses are charged against the allowance when management's assessments confirm that the Company will not collect the full amortized cost basis of a loan. Subsequent recoveries, if any, are credited to the allowance. Under the CECL methodology, the Company estimates credit losses for financial assets on a collective basis for loans sharing similar risk characteristics using a quantitative model combined with an assessment of certain qualitative factors designed to address forecast risk and model risk inherent in the quantitative model output. Loans that do not share similar risk characteristics with any pools of assets are subject to individual evaluation and are removed from the collectively assessed pools to avoid double counting. For the loans that are individually evaluated, the Company uses either a discounted cash flow ("DCF") approach or a fair value of collateral approach. The latter approach is used for loans deemed to be collateral dependent or when foreclosure is probable.

2. COMMITMENTS

Commitments to grant loans and advance funds on existing loans at December 31, 2024 and 2023 totaled \$162,591,000 and \$156,918,000 respectively.

3. SURPLUS

Federal banking regulations require a Bank to maintain a Tier 1 leverage capital ratio of at least 5% and a risk based capital ratio of at least 10% to be considered well capitalized. The Bank exceeded both measurements at December 31, 2024 and 2023.

Public Disclosures

PUBLIC DISCLOSURE

October 23, 2023

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Watertown Savings Bank
RSSD # 886204

60 Main Street
Watertown, MA 02472

Federal Reserve Bank of Boston
600 Atlantic Avenue
Boston, Massachusetts 02210

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.

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

The Lending Test is rated: OUTSTANDING

The Community Development Test is rated: SATISFACTORY

Watertown Savings Bank (Watertown or the bank) demonstrates an adequate responsiveness to the credit needs of its assessment area based on the following findings:

Lending Test

- A reasonable loan-to-deposit ratio (considering seasonal variations) given the bank's size, financial condition, the credit needs of its assessment area, and taking into account, as appropriate, other lending-related activities such as loan originations for sale to the secondary markets and community development loans and qualified investments.
- A majority of the bank's loans and, as appropriate, other lending-related activities, are in its assessment area.
- A distribution of loans to and, as appropriate, other lending-related activities for individuals of different income levels (including low- and moderate-income individuals) that is excellent given the demographics of the bank's assessment area.
- An excellent geographic distribution of loans given the bank's assessment area.
- The bank had no CRA-related complaints over the review period.

Community Development Test

- The bank's community development performance demonstrates adequate responsiveness to community development needs of its assessment area through qualified investments and community development services, considering the bank's capacity and the need and availability of such opportunities for community development in the bank's assessment area.

SCOPE OF EXAMINATION

Watertown's performance review was based on CRA activities conducted using the Federal Financial Institutions Examination Council (FFIEC) Examination Procedures for Intermediate Small Institutions.¹ These procedures evaluate banks under two tests: the Lending Test and the Community Development Test. The Lending Test evaluates the bank's lending performance pursuant to the following criteria: loan-to-deposit (LTD) ratio, assessment area concentration of loans, geographic distribution of loans, loan distribution according to the income of the borrower, and response to CRA-related complaints. The Community Development Test measures the number and amount of community development loans; the number and amount of qualified investments; the extent to which the bank provides community development services; and the bank's responsiveness through such activities.

The Lending Test evaluated residential loans originated by the bank from January 1, 2021 to December 31, 2022. Home mortgage lending data was obtained from Loan Application Registers (LARs) maintained by the bank pursuant to the Home Mortgage Disclosure Act (HMDA). The LAR records data for home purchase loans, home improvement loans, and refinance loans for one-to-four-family and multifamily (five or more unit) properties. This evaluation does not include analysis of "other purpose" loans reported on the bank's LARs. Demographic data was derived from the 2020 United States Census Bureau's American Community Survey (ACS), unless otherwise noted. The residential lending data is shown compared to 2021 and 2022 aggregate data, which was obtained from data reported to the Consumer Financial Protection Bureau (CFPB). Aggregate data consists of lending information from all HMDA reporters that originated or purchased home mortgage loans in the assessment area. Other purpose loans were excluded from the aggregate.

The bank's net LTD ratio was calculated from FFIEC Call Reports from June 30, 2021 to June 30, 2023.

The Community Development Test included a review of community development loans, investments, and services for the period of August 24, 2021 through October 23, 2023. The Community Development Test is evaluated in the context of the community needs and the capacity of the bank. Third-party community organizations were contacted to provide additional insight into the credit and community development needs of the assessment area.

Watertown's CRA performance was last evaluated by the Federal Reserve Bank of Boston on August 23, 2021, using intermediate small institution examination procedures. During that evaluation, the bank received an overall rating of "Satisfactory," with the Lending Test rated "Satisfactory" and the Community Development Test rated "Outstanding."

DESCRIPTION OF INSTITUTION

Watertown is a mutual savings bank headquartered at 60 Main Street, Watertown, MA. The bank was incorporated in 1870 and became a state member bank of the Federal Reserve System in 2011. Watertown has one non-lending subsidiary, Watertown Five, Inc. The subsidiary primarily

¹ "Intermediate small institution" means a bank or savings association with assets of at least \$376 million as of December 31 of both of the prior two calendar years and less than \$1.503 billion as of December 31 of either of the prior two calendar years.

buys, sells, and holds securities. The bank offers traditional loan and deposit products to consumers and businesses, such as checking and savings accounts, certificates of deposit, and consumer and business loans. In addition to its full-service branches, the bank also offers online banking through its website.

Including the main office, the bank has 10 full-service locations in Middlesex County, MA in the cities and towns of Watertown (5), Waltham (2), Arlington (1), Belmont (1), and Lexington (1). The bank has 2 stand-alone ATMs in Waltham. The bank has not closed a branch since the last examination. Based on ACS demographic data, one branch is in a moderate-income census tract, five are in middle-income tracts, and four are in upper-income tracts.

As of the June 30, 2023 FFIEC Call Report, bank assets total \$1.4 billion. Loans and leases total \$616.8 million, and deposits total \$1.3 billion. Watertown's total assets decreased 6.7 percent from \$1.5 billion, as of June 30, 2021.

Considering the bank's financial capacity, local economic conditions, assessment area demographics, and the competitive market in which it operates, the bank has demonstrated an ability to meet the credit needs in its assessment area. There are no legal or financial impediments that would impact the bank's ability to meet the credit needs of its assessment area.

Table 1 shows the bank's loan portfolio distribution as of June 30, 2023. Watertown is primarily a home mortgage lender, with home mortgage real estate loans, including multifamily loans and revolving loans, totaling \$543.2 million, or 88.0 percent, of the loan portfolio. Home mortgage loans mainly consist of 1-4 family closed-end loans secured by first liens. Commercial lending is the bank's second largest business line with commercial real estate, construction and land development, and commercial and industrial loans together totaling \$73.4 million, or 11.9 percent, of the loan portfolio.

Loan Type	Dollar Amount \$(000s)	Percent of Total Loans (%)
Construction and Land Development	24,497	4.0
Revolving 1-4 Family Residential	72,610	11.8
1-4 Family Residential	458,504	74.3
Multifamily (5 or more) Residential	12,051	2.0
Commercial RE	46,193	7.5
Total Real Estate Loans	613,855	99.5
Commercial and Industrial	2,678	0.4
Consumer	572	0.1
Total Loans	617,105	100.0

Call Report as of June 30, 2023.

Total percentages shown may vary by 0.1 percent due to automated rounding differences.

Watertown operates in a highly competitive banking environment. According to the June 30, 2023 FDIC Deposit Market Share Report, 19 FDIC-insured depository institutions maintain a branch within the assessment area. The top institution is Leader Bank, N.A., which operates 3 branches within the assessment area and has a deposit market share of 17.5 percent. Manufacturers and Traders Trust Company has the next largest deposit market share, at 17.4

percent. The next three institutions are Bank of America, N.A., Cambridge Savings Bank, and Citizens Bank, N.A., respectively. WSB ranked 6th with a deposit market share of 7.1 percent.

The bank also faces strong competition for loans. Despite this competition, the bank's market rank has risen. According to 2022 HMDA data, there were 313 HMDA reporters that originated or purchased 7,801 home mortgage loans within the bank's assessment area. Watertown ranked 18th among these HMDA reporters. The top three lenders were Citizens Bank, N.A., Leader Bank, N.A., and Guaranteed Rate, Inc., respectively. In 2021, there were 385 HMDA reporters that originated or purchased 18,185 home mortgage loans within the bank's assessment area. Watertown ranked 40th among these HMDA reporters. The top lenders were Guaranteed Rate, Inc., Leader Bank, and Citizens Bank, N.A., respectively.

DESCRIPTION OF ASSESSMENT AREA

Watertown's assessment area includes six contiguous cities and towns in the eastern portion of Middlesex County, MA. Middlesex County is in the Cambridge-Newton-Framingham, MA, Metropolitan Division (Cambridge MD), which is part of the Boston-Cambridge-Newton, MA-NH Metropolitan Statistical Area. The cities and towns which comprise the assessment area are Arlington, Belmont, Lexington, Newton, Waltham, and Watertown. There have been no changes to the assessment area since the last examination.

Table 2 provides a summary of the demographic information for the bank's assessment area in 2022.

Table 2 Assessment Area Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	10,217	14.2
Moderate	8	12.3	6,483	9.0	408	6.3	9,694	13.5
Middle	14	21.5	16,254	22.6	627	3.9	12,758	17.7
Upper	42	64.6	49,267	68.4	1,350	2.7	39,346	54.6
Unknown	1	1.5	11	0.0	0	0.0	0	0.0
Total AA	65	100.0	72,015	100.0	2,385	3.3	72,015	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	0	0	0.0	0.0	0	0.0	0	0.0
Moderate	13,983	4,598	6.6	32.9	8,491	60.7	894	6.4
Middle	30,600	16,200	23.4	52.9	12,822	41.9	1,578	5.2
Upper	72,985	48,544	70.0	66.5	21,052	28.8	3,389	4.6
Unknown	20	11	0.0	55.0	9	45.0	0	0.0
Total AA	117,588	69,353	100.0	59.0	42,374	36.0	5,861	5.0
Source: 2022 FFIEC Census Data								
2022 Dun & Bradstreet Data								
2016-2020 U.S. Census Bureau: American Community Survey								
Note: Percentages may not total 100.0 percent due to rounding.								

The assessment area contains 65 census tracts of which 8 tracts, or 12.3 percent, are moderate-income; 14 tracts, or 21.5 percent, are middle-income; and 42 tracts, or 64.6 percent, are upper-income. The one unknown-income census tract is in Waltham, where a university is located.

Over the review period, there were several census tract changes that impacted the demographics of the bank's assessment area. Specifically, the number of moderate-income census tracts increased from three in Waltham to eight located in Waltham (5), Watertown (2), and Arlington (1). Middle-income census tracts decreased from 21 to 14; upper-income census tracts increased from 35 to 42; and unknown-income tracts increased from 0 to 1 tract. The bank still maintains one branch in a moderate-income tract, located in Waltham.

Population

The assessment area has a total population of 297,527 individuals, of which 10.3 percent reside in moderate-income tracts, 24.3 percent reside in middle-income tracts, and 64.3 percent reside in upper-income tracts. Of the 72,015 families in the assessment area, 9.0 percent reside in moderate-income tracts, 22.6 percent reside in middle-income tracts, and 68.4 percent reside in upper-income tracts. The low percentages of individuals and families residing in moderate-

income tracts suggests limited opportunity for the bank to originate home mortgage loans in these tracts.

Though not reflected in Table 2, the percentage of families by census tract income level and the percentage of owner-occupied units by census tract income level have generally shifted proportionally to the shifts in number of census tracts. The data indicates a decrease in the percentage of low-income families between the 2015 and 2020 Census, moving from 15.4 percent to 14.2 percent. The percent of moderate-income families increased from 12.9 percent to 13.5 percent; middle-income families shifted from 17.1 percent to 17.7 percent; and upper-income families remained at 54.6 percent. Families residing below the poverty level decreased from 4.0 percent to 3.3 percent. The percentage of owner-occupied housing within the assessment area remained consistent, shifting slightly from 58.9 percent to 59.0 percent; rentals also remained consistent, moving from 35.8 percent to 36.0 percent; and vacant properties decreased slightly from 5.4 percent to 5.0 percent. Overall, these changes suggest that the population in the assessment area may be slightly increasing in wealth. However, economic barriers still exist to home ownership and the home mortgage market.

Housing

Of the 117,588 housing units in the assessment area, the majority, 78.9 percent, are 1-4 family housing, 21.1 percent are multifamily (five or more units), and 0.1 percent are mobile homes. Within the assessment area, owner-occupied units account for 59.0 percent of the housing stock, while rental units account for 36.0 percent, and vacant units account for 5.0 percent. Within the moderate-income census tracts in the assessment area, 32.9 percent of housing units are owner-occupied, while 60.7 percent are rentals, and 6.4 percent are vacant, indicating limited lending opportunity for home mortgages in these tracts. Owner-occupancy rates increase with census tract income levels. For example, in moderate-income census tracts, 32.9 percent of the housing units are owner-occupied. In the middle- and upper-income census tracts, owner-occupancy rates increase to 52.9 percent and 66.5 percent, respectively. In Watertown, 11.4 percent of housing units are located in moderate-income census tracts. Owner occupancy is lower than the assessment area, at 48.7 percent. Rental occupancy in Watertown is higher than the assessment area, at 46.5 percent; and vacancy is generally consistent with the assessment area, at 4.8 percent. The rental occupancy rate in Watertown indicates limited opportunity for home loan originations.

According to 2020 U.S. Census data, the median housing value in the assessment area was \$762,356, which is above Middlesex County, at \$540,300, and above both the Cambridge MD, at \$495,161, and the City of Watertown, at \$599,126. The median housing value in the assessment area is significantly above the Commonwealth, at \$398,800. Recent data obtained from The Warren Group, Boston, MA, indicates that housing prices continue to rise. For calendar year 2022, the average median home sales price in the Commonwealth was \$530,000. Middlesex County was at \$705,000, and Watertown was at \$800,000. These elevated home prices likely present a barrier to home ownership for many low- and moderate-income borrowers.

Income

The FFIEC adjusts the median family income (MFI) of metropolitan areas annually, based on estimates. The MFI for low-income is defined as family income less than 50 percent of the area median income; moderate-income is defined as income of at least 50 percent and less than 80 percent of median income; middle-income is defined as income of at least 80 percent but less than 120 percent of median income; and upper-income is defined as 120 percent of median income and above. The following table displays the MFI incomes for the assessment area.

Table 3 Median Family Income		
MSA/MD/State	2021	2022
Cambridge MD	\$120,200	\$138,700
Non-MSA Massachusetts*	\$111,700	\$119,400
FFIEC median family income estimates *Represents non-MSA portions of the state		

The MFI for both the Cambridge MD and non-MSA Massachusetts increased over the review period. Based on the ACS, the MFI for the assessment area also increased, from \$131,291 in 2021 to \$158,042 in 2022. The MFI in the assessment area is above the Cambridge MD and the state of Massachusetts. Also, per the ACS, the MFI in Watertown of \$118,012 is below the assessment area, Middlesex County, and the Cambridge MD, but is above the state of Massachusetts. While MFIs increased year over year, elevated home prices continue to present a barrier to home purchasing.

Employment Statistics

According to the ACS, the unemployment rate for the assessment area was 3.5 percent, which was lower than Middlesex County (4.2 percent), the Cambridge MD (4.5 percent), and the Commonwealth (5.1 percent). Data released by the U.S. Bureau of Labor Statistics noted that in January of 2021, the unemployment rate in Massachusetts was at a high of 7.1 percent. The unemployment rate declined steadily in the following months, eventually landing at 2.6 percent as of August 2023.

Community Contacts

As part of the evaluation process, third parties that are active in community affairs are contacted to assist in assessing the housing and credit needs in the bank's assessment area. Relevant information from this practice assists in determining whether local financial institutions are responsive to the credit needs of the community, and whether additional opportunities are available.

A community contact was conducted with the executive director of an organization that offers career training, support services, and affordable housing. The contact stated that affordable housing is the primary need in the city in which they are headquartered. Per the community contact, based on the high market values and rapid growth of real estate prices in the assessment area, the only low- or moderate-income individuals who own property in the assessment area generally purchased homes decades ago. The contact stated that the substantial majority of low-

and moderate-income individuals who reside in certain areas of the assessment area live in subsidized affordable housing. The contact further noted that low-income housing tax credits are a critical tool for affordable housing development; there is strong competition among banks for these credits. In addition, the contact stated that MassSave HEAT loans can be impactful for low- or moderate-income families. The contact also noted that programs such as the MassHousing ONE Mortgage Program are beneficial to low- and moderate-income borrowers.

A second community contact was conducted with an individual involved with community development and planning for a municipality in the assessment area. The contact stated that one challenge is affordable housing, noting that it is expensive to create, and a part of that challenge is financing. The contact would like to see less costly financing for affordable housing. The contact stated that Watertown is a good corporate citizen and that a member of Watertown's board of directors has served on the affordable housing partnership.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

Watertown's performance under the Lending Test is rated Outstanding.

The following information further details the data compiled and reviewed, as well as conclusions on the bank's performance.

Loan-to-Deposit Ratio

This performance criterion determines the percentage of the bank's deposit base that is reinvested in the form of loans and evaluates its appropriateness. The bank demonstrates a reasonable loan-to-deposit ratio (considering seasonal variations) given the bank's size, financial condition, the credit needs of its assessment area, and taking into account, as appropriate, other lending-related activities such as loan originations for sale to the secondary markets and community development loans and qualified investments.

The bank's net LTD figures are calculated from the bank's quarterly FFIEC Call Reports. The ratio is based on total loans net of unearned income and net of the allowance for loan and lease losses as a percentage of total deposits.

Table 4 provides a comparison of the bank's average LTD over the past 9 quarters under evaluation to similarly sized institutions. The bank's average LTD ratio of 44.3 percent is reasonable.

Table 4 Loan-to-Deposit Ratio Comparison		
Institutions	Total Assets* \$(000)	Average LTD Ratio** (%)
Watertown Savings Bank	1,416,091	44.3
East Cambridge Savings Bank	1,604,208	93.7
North Shore Bank	1,631,309	83.4
Winchester Cooperative Bank	759,992	74.3
The Village Bank	1,924,009	84.2

*Call Report as of June 30, 2023

**Call Reports from June 30, 2021 to June 30, 2023.

Although the bank's LTD ratio is below similarly sized banks, it is considered reasonable based on management's strategy for managing the loan portfolio, management's overall financial strategy, and a competitive lending environment. Moreover, lending volume during this evaluation period was similar to the previous examination despite the decrease in the LTD ratio.

Further, examiners can consider "lending-related activities," including lending-related qualified investments when evaluating the LTD ratio. Although lending-related community development activities are evaluated under the community development test applicable to intermediate small institutions, these activities may also augment the loan-to-deposit ratio analysis.² During the review period, the bank purchased two pools of mortgaged backed securities (MBS), totaling \$8 million. In addition, the bank holds 25 MBS pools, totaling approximately \$20 million. Examiners will continue to monitor the bank's performance under this criterion.

Assessment Area Concentration

This criterion evaluates the concentration of loans originated by the bank within its assessment area. A majority of Watertown's loans and, as appropriate, other lending-related activities are in its assessment area. Table 5 presents the bank's levels of lending inside and outside the assessment area for the entire evaluation period.

Table 5 Lending Inside and Outside the Assessment Area								
Loan Types	Inside				Outside			
	#	%	\$ (000s)	%	#	%	\$ (000s)	%
Home Improvement	8	88.9	\$7,955	96.5	1	11.1	\$285	3.5
Home Purchase - Conventional	98	56.3	\$67,973	57.2	76	43.7	\$50,892	42.8
Multi-Family Housing	2	100	\$1,620	100	0	0	\$0	0
Refinancing	116	71.6	\$64,505	71.9	46	28.4	\$25,183	28.1
Total HMDA related	224	64.6	\$142,053	65	123	35.4	\$76,360	35
TOTAL LOANS	224	64.6	\$142,053	65	123	35.4	\$76,360	35

HMDA data for 2021 and 2022.

Total percentages shown may vary by 0.1 percent due to automated rounding differences.

The bank made a majority of its HMDA loans in the assessment area over the review period. During 2021 and 2022, the bank made a total of 347 HMDA loans. Of these loans, 64.6 percent by number and 65.0 percent by dollar volume were made inside the assessment area. Home purchase loans comprised the largest portion of the bank's total HMDA loans. Of the home purchase loans made in 2021 and 2022, 56.3 percent were made inside the assessment area. This percentage was lower than all other loan types. The lower percent by number of home purchase lending in the assessment area is in part due to the high cost of housing in the assessment area and the competitive banking environment. The bank made a majority of total HMDA loans inside the assessment area in each year of the review period.

Borrower Profile

This criterion analyzes the distribution of loans to borrowers of different income levels. The

² Interagency Questions and Answers Regarding Community Reinvestment. § II.26(b)—1_A1.

bank demonstrates a distribution of loans to and, as appropriate, other lending-related activities for individuals of different income levels (including low- and moderate-income individuals) that is excellent given the demographics of the bank's assessment area.

Although both the number and the dollar volume of the bank's loans were reviewed, the number of loans originated was given more weight than the dollar volume of loans originated as the number of loans has a more direct correlation to the number of borrowers served.

Table 6 provides a comparison of the bank's lending by income level of the borrower to the income distribution of families in the assessment area. The table further outlines the bank's performance by loan type in comparison to the aggregate group.

Table 6
Distribution of 2021 and 2022 Home Mortgage Lending By Borrower Income Level

Borrower Income Level	Bank And Aggregate Loans By Year												Families by Family Income %
	2021						2022						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	#%	#%	\$(000)	\$%	\$%	#	#%	#%	\$(000)	\$%	\$%	
Home Purchase Loans													
Low	3	8.8	1.4	1,228	6.5	0.5	5	7.8	1.7	1,920	3.9	0.7	14.2
Moderate	4	11.8	8.0	1,571	8.3	4.0	4	6.3	6.7	1,790	3.6	3.0	13.5
Middle	6	17.6	14.9	3,121	16.6	10.1	9	14.1	14.4	4,972	10.1	8.9	17.7
Upper	15	44.1	61.7	9,566	50.8	68.6	29	45.3	59.8	24,113	49.1	66.0	54.6
Unknown	6	17.6	14.0	3,334	17.7	16.9	17	26.6	17.4	16,358	33.3	21.5	0.0
Total	34	100.0	100.0	18,820	100.0	100.0	64	100.0	100.0	49,153	100.0	100.0	100.0
Refinance Loans													
Low	10	16.1	2.4	2,979	9.8	1.1	5	9.3	4.7	1,900	5.6	2.1	14.2
Moderate	3	4.8	9.4	1,567	5.2	5.4	5	9.3	11.1	1,998	5.9	6.2	13.5
Middle	9	14.5	18.0	3,875	12.8	13.2	3	5.6	17.4	1,283	3.8	12.2	17.7
Upper	25	40.3	59.6	10,025	33.0	68.9	16	29.6	56.3	11,825	34.7	66.0	54.6
Unknown	15	24.2	10.7	11,942	39.3	11.3	25	46.3	10.5	17,111	50.2	13.5	0.0
Total	62	100.0	100.0	30,388	100.0	100.0	54	100.0	100.0	34,117	100.0	100.0	100.0
Home Improvement Loans													
Low	0	0.0	3.5	0	0.0	2.4	0	0.0	3.4	0	0.0	1.6	14.2
Moderate	0	0.0	6.5	0	0.0	3.4	0	0.0	11.4	0	0.0	6.9	13.5
Middle	0	0.0	16.6	0	0.0	11.3	1	33.3	16.8	100	3.4	12.3	17.7
Upper	1	20.0	69.6	600	11.9	72.3	0	0.0	63.3	0	0.0	67.7	54.6
Unknown	4	80.0	3.8	4,440	88.1	10.7	2	66.7	5.1	2,815	96.6	11.6	0.0
Total	5	100.0	100.0	5,040	100.0	100.0	3	100.0	100.0	2,915	100.0	100.0	100.0
Total Home Mortgage Loans													
Low	13	12.7	2.2	4,207	7.7	0.9	10	8.3	3.0	3,820	4.4	1.1	14.2
Moderate	7	6.9	8.9	3,138	5.8	4.9	9	7.4	8.9	3,788	4.4	4.1	13.5
Middle	15	14.7	17.0	6,996	12.9	12.0	13	10.7	16.0	6,355	7.4	10.0	17.7
Upper	42	41.2	60.8	20,266	37.3	68.9	45	37.2	59.3	35,938	41.7	66.3	54.6
Unknown	25	24.5	11.1	19,716	36.3	13.3	44	36.4	12.9	36,284	42.1	18.4	0.0
Total	102	100.0	100.0	54,323	100.0	100.0	121	100.0	100.0	86,185	100.0	100.0	100.0
Source: 2022 FFIEC Census Data													
2016-2020 U.S. Census Bureau: American Community Survey													
Note: Percentages may not total 100.0 percent due to rounding.													
Multifamily loans are not included in the borrower distribution analysis.													

Under this criterion, the bank's lending activity is compared to an aggregate group of lenders operating inside the assessment area and to the percentage of families in the assessment area within each income level. Overall, the bank's level of lending to low-income borrowers has largely exceeded aggregate data, reflecting excellent penetration among these individuals.

The bank extended 13 loans, or 12.7 percent, to low-income borrowers in 2021, and 10 loans, or 8.3 percent in 2022, which exceeded the aggregate, at 2.2 percent and 3.0 percent, respectively. Of note, in 2022, half of the loans made to low-income borrowers were for home purchase. The

bank was ranked 7th in lending to low-income borrowers in the assessment area in 2021 and improved its ranking to 2nd in 2022.

The bank's lending to moderate-income borrowers improved year over year, while the aggregate remained the same. The bank made 7 loans, or 6.9 percent, and 9 loans, or 7.4 percent, of its HMDA loans by number to moderate-income borrowers in 2021 and 2022, respectively. The bank was generally in line with the aggregate of 8.9 percent in both 2021 and 2022. A notable percentage (57 percent in 2021 and 44 percent in 2022) of loans made to moderate-income borrowers were for home purchase.

With regard to additional income levels, the bank made 15 loans, or 14.7 percent, to middle-income borrowers in 2021. In 2022, 13 loans, or 10.7 percent, were made to these borrowers. The bank made 42 loans, or 41.2 percent, to upper-income borrowers in 2021 and 45 loans, or 37.2 percent, to these borrowers in 2022. Unknown-income borrowers received 25 loans, or 24.5 percent, and 44 loans, or 36.4 percent, in 2021 and 2022, respectively.

The bank extended a higher number of refinance loans to low- and moderate-income borrowers, which is reflective of housing costs and market conditions. However, almost 50 percent of the loans made to low- and moderate-income borrowers in 2022 were for home purchase, which is notable.

The bank offers a thirty-year fixed mortgage with a reduced rate and reduced closing costs for first time homebuyers. While loans made under this offering have been captured in the table above, the bank's participation is noteworthy. Although there is no income restriction to qualify for the product, the reduced rate and costs enhance mortgage accessibility to low- and moderate-income individuals.

As illustrated previously, the MFI in the assessment area is approximately \$158,042, indicating that low-income families earn under \$79,021 annually, and moderate-income families earn between \$79,021 and \$126,433, annually. With the median home value of \$762,356 and rising, home prices outpace family income, making home ownership difficult for many families, including low- or moderate-income borrowers. While the bank's lending is also compared to Families by Family Income, it is acknowledged that this metric may be challenging to meet given these demographics. Nevertheless, the bank's overall performance in lending to low-income individuals is noteworthy.

Geographic Distribution of Loans

This performance criterion evaluates the bank's distribution of loans to census tracts of all income levels. The bank demonstrates an excellent geographic distribution of loans given the bank's assessment area.

Table 7 provides a comparison of the bank's lending by census tract income level to the aggregate lending data and demographics of the assessment area.

Table 7													
Distribution of 2021 and 2022 Home Mortgage Lending By Income Level of Geography													
Geographic Income Level	Bank And Aggregate Loans By Year												Owner Occupied Units %
	2021						2022						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	#	%	%	\$(000)	%	%	
Home Purchase Loans													
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	1	2.9	2.2	720	3.8	1.6	6	9.4	8.9	4,492	9.1	6.1	6.6
Middle	24	70.6	36.5	12,251	65.1	26.9	35	54.7	22.0	25,610	52.1	15.9	23.4
Upper	9	26.5	61.3	5,849	31.1	71.5	23	35.9	69.0	19,051	38.8	77.9	70.0
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.1	0	0.0	0.1	0.0
Total	34	100.0	100.0	18,820	100.0	100.0	64	100.0	100.0	49,153	100.0	100.0	100.0
Refinance Loans													
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	3	4.8	1.5	4,274	14.1	1.0	9	16.7	6.3	5,246	15.4	4.6	6.6
Middle	49	79.0	31.9	19,056	62.7	24.4	24	44.4	20.8	13,138	38.5	15.1	23.4
Upper	10	16.1	66.6	7,058	23.2	74.6	21	38.9	72.9	15,733	46.1	80.3	70.0
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Total	62	100.0	100.0	30,388	100.0	100.0	54	100.0	100.0	34,117	100.0	100.0	100.0
Home Improvement Loans													
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	0	0.0	0.6	0	0.0	0.4	0	0.0	4.8	0	0.0	2.8	6.6
Middle	3	60.0	28.0	3,180	63.1	18.8	3	100.0	20.5	2,915	100.0	15.6	23.4
Upper	2	40.0	71.4	1,860	36.9	80.8	0	0.0	74.6	0	0.0	81.5	70.0
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.1	0	0.0	0.0	0.0
Total	5	100.0	100.0	5,040	100.0	100.0	3	100.0	100.0	2,915	100.0	100.0	100.0
Multifamily Loans													Multi-family Units %
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Moderate	1	100.0	20.0	1,000	100.0	10.0	0	0.0	50.0	0	0.0	19.3	20.4
Middle	0	0.0	60.0	0	0.0	49.2	1	100.0	25.0	620	100.0	43.5	30.3
Upper	0	0.0	20.0	0	0.0	40.7	0	0.0	25.0	0	0.0	37.3	49.4
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Total	1	100.0	100.0	1,000	100.0	100.0	1	100.0	100.0	620	100.0	100.0	100.0
Total Home Mortgage Loans													Owner Occupied Units %
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Moderate	5	4.9	1.7	5,994	10.8	1.4	15	12.3	7.5	9,738	11.2	5.7	6.6
Middle	76	73.8	32.8	34,487	62.3	25.5	63	51.6	21.3	42,283	48.7	16.1	23.4
Upper	22	21.4	65.5	14,842	26.8	73.1	44	36.1	71.0	34,784	40.1	78.1	70.0
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.1	0	0.0	0.1	0.0
Total	103	100.0	100.0	55,323	100.0	100.0	122	100.0	100.0	86,805	100.0	100.0	100.0
Source: 2022 FFIEC Census Data													
2016-2020 U.S. Census Bureau: American Community Survey													
Note: Percentages may not total 100.0 percent due to rounding.													

Notwithstanding the unknown-income census tract, the bank extended loans within the assessment area across census tracts for all income categories represented. As previously discussed, the bank has no low-income tracts. The bank maintains one branch in a moderate-income tract, located in Waltham. The eight moderate-income census tracts in the bank's assessment area are in Watertown, where the bank maintains five branches, Arlington, where the bank maintains one branch, and Waltham, where the bank maintains two branches. As shown by the demographics, with just 6.6 percent of owner-occupied units located in moderate-income census tracts, there is limited opportunity to lend in these geographies. In 2021, the bank

originated 5 home mortgage loans, or 4.9 percent, in moderate-income census tracts, which was well above the aggregate of 1.7 percent. The bank increased its lending to moderate-income geographies in 2022. Watertown originated 15 home mortgage loans, or 12.3 percent, in moderate-income tracts, which was well above the aggregate of 7.5 percent, and well above the percentage of owner-occupied housing units in these census tracts, at 6.6 percent. Additionally, in 2021, Watertown was ranked 8th in lending within moderate-income census tracts in the assessment area; in 2022 the bank improved its ranking to 7th.

In 2021, the bank made 5 loans in 2 separate moderate-income census tracts. In 2022, the bank made 15 loans in 5 separate moderate-income census tracts. This origination volume coincides with the increase in the bank's number of originated HMDA loans from 2021 to 2022 and reflects strong geographic dispersion.

In 2021, the bank made 76 loans, or 73.8 percent, in middle-income census tracts, which is where the majority of the bank's branch offices are located. In 2022, 63 loans, or 51.6 percent, were made in these tracts. The bank made 22 loans, or 21.4 percent, in upper-income census tracts in 2021, and 44 loans, or 36.1 percent, in these tracts in 2022.

The bank's performance in this category demonstrates that the bank's lending to moderate-income geographies continues to improve. It is noted that Watertown faces strong competition in these geographies, and the bank's performance does not reflect any conspicuous gaps in lending activity.

Response to Complaints

There have been no complaints regarding the bank's CRA performance since the previous CRA examination.

CONCLUSIONS: LENDING TEST

The bank's performance in meeting the credit needs of the assessment area is demonstrated by its excellent penetration among individuals of different income levels (including low- and moderate-income), and through its excellent dispersion of loans throughout the assessment area (including moderate-income tracts). Specifically, the bank's lending to low-income borrowers and to borrowers in moderate-income census tracts in 2021 and 2022 as compared to the aggregate was particularly noteworthy given the challenges these low-income borrowers face in obtaining loans and the limited opportunities for lending in moderate-income census tracts. The bank has also met the credit needs in its assessment area by making the majority of its loans within its assessment area. The LTD ratio, while still considered reasonable, is trending in a possibly unfavorable trajectory and will continue to be monitored. Given economic, demographic, and competitive conditions in the assessment area, the bank's lending levels reflect an excellent level of responsiveness and is therefore rated "Outstanding".

COMMUNITY DEVELOPMENT TEST

Watertown's performance under the Community Development Test is rated Satisfactory.

It should be noted that the bank originated no community development loans during the evaluation period. The bank is primarily a home mortgage lender with a limited commercial loan portfolio which can limit these opportunities. Watertown's community development efforts were focused on its investments and services. Nevertheless, this was factored into the overall rating consideration and the bank is encouraged to seek out opportunities going forward.

As of this evaluation, qualified investments total approximately \$28.2 million, which consist of approximately \$25.1 million in Ginnie Mae (GNMA) mortgage-backed securities (MBS), a \$3 million Fannie Mae (FNMA) MBS pool, and \$87,710 in qualified donations.

The bank holds 26 qualified GNMA MBS investments, totaling approximately \$25.1 million. One of these is new since the prior examination period. As summarized on the Housing and Urban Development website, GNMA mortgage-backed securities expand affordable housing in America by linking global markets to the nation's housing market. These MBS investments are secured by mortgage loans guaranteed by the Federal Housing Administration, Veterans Affairs, Rural Housing Service, and Public and Indian Housing mortgage loans.

The bank holds one qualified investment in an FNMA MBS pool, totaling \$3 million. This loan pool is new since the prior examination period. This loan pool supports affordable rental housing in the United States and provides a reliable source of mortgage funding. The investment financed Logo Apartments, a 73-unit, section 8 multifamily housing project in Suffolk County. The property allocated 100 percent of units to individuals and families at or below 80 percent area median income (AMI).

During the evaluation period, the bank made 51 qualified donations, totaling \$87,710, which helped support organizations that focus on community development services and affordable housing. The following is a sample of organizations that received qualified donations from the bank:

Healthy Waltham – Healthy Waltham's mission is to promote collaborative approaches to improving the health and wellness of underserved and low-income populations through programs that increase access to healthy foods, provide nutrition education, and create opportunities for physical activity.

Springwell, Inc. – Springwell's mission is to provide comprehensive services to older adults, individuals with disabilities, and those who provide care, regardless of financial situation.

Housing Corporation of Arlington (HCA) – HCA works to increase affordable housing opportunities for low- and moderate-income families through the purchase and management of apartment units in Arlington. HCA also operates a homelessness prevention program to provide emergency financial support for Arlington residents facing a housing crisis due to unexpected events.

Waltham Fields Community Farm (WFCF) – WFCF cultivates sustainable and equitable

relationships between people, their food supply, and the land from which it grows. Contributions to WFCF assist the organization in providing low-income families with access to fresh and organic produce.

Chesterbrook Community Foundation (CCF) - CCF empowers the children and teens who live in the Chesterbrook Gardens and Dana Court subsidized-housing communities in Waltham, by providing them with mentoring, academic support, and enrichment in structured after-school and evening programs.

In addition to providing financial support to local organizations, bank employees have lent their financial expertise to organizations in the assessment area. Bank employees engaged in community development services through participation on boards and committees of community organizations and by providing other community development services. The following is a sample of the bank's involvement during the evaluation period:

Healthy Waltham – The mission of the organization is to promote collaborative approaches to improving the health and wellness of underserved and low-income populations through programs that increase access to healthy foods, provide nutrition education, and create opportunities for physical activity. A bank vice president is the treasurer of this organization.

Watertown Housing Partnership - A bank executive vice president served as a board member of this organization that oversees the development and preservation of affordable housing in Watertown.

Springwell, Inc.- Money Management - The Springwell, Inc. Money Management program helps vulnerable, low-income seniors with financial management tasks. A bank vice president is a board member.

McDevitt Middle School - Over the review period, four WSB employees taught middle school students at a Title I school in Waltham on a variety of financial literacy topics, including the importance of saving money, tips to avoid scams and fraud, responsible credit card use, and digital banking.

Additionally, the bank remitted \$7,230.38 in interest on lawyer trust accounts (IOLTA). IOLTAs are used as a method of raising money for charitable purposes, primarily the provision of civil legal services to persons in need.

CONCLUSIONS: COMMUNITY DEVELOPMENT TEST

The bank's community development performance demonstrates adequate responsiveness to the community development needs of its assessment area through qualified investments and community development services, as appropriate, considering the bank's capacity and the need and availability of such opportunities for community development in the bank's assessment area. While the bank's qualified investments and community development services were sufficient to support the Satisfactory rating for the community development test, future evaluations will continue to assess whether the level of community development lending is appropriate given the demographics and needs of the bank's assessment area.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Concurrent with this CRA evaluation, a review of the bank's compliance with consumer protection laws and regulations was conducted, and no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs were identified.

APPENDIX

GLOSSARY

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

Assessment area: One or more of the geographic areas delineated by the bank and used by the regulatory agency to assess an institution's record of CRA performance.

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

Community contact: Interviews conducted as part of the CRA examination to gather information that might assist examiners in understanding the bank's community, available opportunities for helping to meet local credit and community development needs, and perceptions on the performance of financial institutions in helping meet local credit needs. Communications and information gathered can help to provide a context to assist in the evaluation of an institution's CRA performance.

Community development: All Agencies have adopted the following language. 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 the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low or moderate-income geographies.

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, the Office of the Comptroller of the Currency (OCC), and the FDIC have adopted the following additional language as part of the revitalize or stabilize definition of community development. Activities that revitalize or stabilize:

- (i) Low- or moderate-income geographies;
- (ii) Designated disaster areas; or
- (iii) Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, the FDIC, and the OCC, based on:
 - a. Rates of poverty, unemployment, and population loss; or
 - b. Population size, density, and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.

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

Demographics: The statistical characteristics of human populations (such as age, race, sex, income, etc.) used especially to identify markets.

Distressed nonmetropolitan middle-income geography: A middle-income, nonmetropolitan geography will be designated as distressed if it is in a county that meets one or more of the following triggers: (1) an unemployment rate of at least 1.5 times the national average, (2) a poverty rate of 20 percent or more, or (3) a population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.

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 nonrelatives 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 who do 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 applications, the amount of loan requested, and the disposition of the application (e.g., approved, denied, and withdrawn).

Home mortgage loans: Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of manufactured homes, and refinancing of home improvement and home purchase loans.

Household: One or more persons who occupy a housing unit. The occupants may be a single family, one person living alone, two or more families living together, or any other group of related or unrelated persons who share living arrangements.

Housing affordability ratio: Is calculated by dividing the median household income by the median housing value. It represents the amount of single family, owner-occupied housing that a

dollar of income can purchase for the median household in the census tract. Values closer to 100 percent indicate greater affordability.

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 income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

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

Median family income: The dollar amount that divides the family income distribution into two equal groups, half having incomes above the median, half having incomes below the median. The median family income is based on all families within the area being analyzed.

Metropolitan area (MA): A metropolitan statistical area (MSA) or a metropolitan division (MD) as defined by the Office of Management and Budget. An MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. An MD is a division of an MSA based on specific criteria including commuting patterns. Only an MSA that has a population of at least 2.5 million may be divided into MDs.

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.

Nonmetropolitan statistical area (nonMSA): Not part of a metropolitan area. (See metropolitan area.)

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

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

Performance context: The performance context is a broad range of economic, demographic, and institution- and community-specific information that an examiner reviews to understand the

context in which an institution's record of performance should be evaluated. The performance context is not a formal or written assessment of community credit needs.

Performance criteria: These are the different criteria against which a bank's performance in helping to meet the credit needs of its assessment area(s) is measured. The criteria relate to lending, investment, retail service, and community development activities performed by a bank. The performance criteria have both quantitative and qualitative aspects. There are different sets of criteria for large banks, intermediate small banks, small banks, wholesale/limited purpose banks, and strategic plan banks.

Performance evaluation (PE): A written evaluation of a financial institution's record of meeting the credit needs of its community, as prepared by the federal financial supervision agency responsible for supervising the institution.

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

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

Small businesses/small farms: A small business/farm is considered to be one in which gross annual revenues for the preceding calendar year were \$1 million or less.

Small loan(s) to business(es): That is, "small business loans" are included in "loans to small businesses" as defined in the Consolidated Reports of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of \$1 million or less and typically are secured by either nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial loans.

Small loan(s) to farm(s): That is, "small farm loans" are included in "loans to small farms" as defined in the instructions for preparation of the Consolidated Reports 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.

Underserved middle-income geography: A middle-income, nonmetropolitan geography will be designated as underserved if it meets criteria for population size, density, and dispersion that indicate the area's population is sufficiently small, thin, and distant from a population center that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs.

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

For additional information, please see the Definitions section of Regulation BB at 12 C.F.R. 228.12

PUBLIC DISCLOSURE

October 23, 2023

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Watertown Savings Bank
Certificate Number: 23298

60 Main St.
Watertown, Massachusetts 02210

Division of Banks
1000 Washington Street, 10th Floor
Boston, Massachusetts 02118

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 Division of Banks concerning the safety and soundness of this financial institution.

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INSTITUTION RATING

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

An institution in this group has a good record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

The following points summarize the Watertown Savings Bank's performance under Intermediate Small Institution Standards.

The Lending Test is rated High Satisfactory.

- The loan-to-share ratio (LTS) is reasonable given the institution's size, financial condition, and assessment area credit needs.
- The bank made a majority of its home mortgage loans in the assessment area.
- The geographic distribution of loans reflects excellent dispersion throughout the assessment area.
- The distribution of borrowers reflects good penetration of loans among individuals of different income levels.
- The bank did not receive any CRA-related complaints since the previous evaluation; The bank has a reasonable record relative to its fair lending policies and procedures.

The Community Development Test is rated High Satisfactory.

- The bank demonstrated good responsiveness to the assessment area's community development needs through qualified investments and community development services. Examiners considered the institution's capacity and the need and availability of such opportunities for community development in the assessment area.

SCOPE OF EVALUATION

General Information

The Community Reinvestment Act (CRA) requires the Massachusetts Division of Banks ("Division") to use their authority when examining financial institutions subject to their supervision, to assess the institution's record of meeting the needs of its entire assessment area, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the Division must prepare a written evaluation of the institution's record of meeting the credit needs of its membership.

This evaluation covers the period from the last evaluation conducted for the bank dated August 23, 2021, to the current evaluation dated October 23, 2023. Examiners used Intermediate Small Examination Procedures to evaluate the bank's CRA performance. These procedures include the Lending Test and the Community Development Test.

Examiners used the 2015 and 2020 ACS updated data for metropolitan area boundaries, census tracts and their income levels, and demographic information.

The Lending Test considered the bank's performance according to the following criteria:

- LTD ratio
- Assessment area concentration
- Geographic distribution
- Borrower profile
- Response to CRA-related complaints and Fair Lending Program

The Community Development Test considered the following factors:

- Number and dollar amount of community development activity, including qualified investments, qualified services, and community development loans.
- The responsiveness of such activities to the community development needs of the area.

Loan Products Reviewed

Watertown Savings Bank's major product line is home mortgage loans, considering the bank's business strategy and the number and dollar volume of loans originated during the evaluation period.

Examiners reviewed home mortgage loans reported on the bank's 2021 and 2022 Home Mortgage Disclosure Act (HMDA) Loan Application Registers (LARs). The bank originated 165 HMDA-reportable loans totaling \$88.7 million in 2021 and 189 HMDA-reportable loans totaling \$133.3 million in 2022. Examiners compared bank lending in 2021 and 2022 to aggregate HMDA data for the relevant year. Examiners also compared bank lending to applicable demographic data.

For the Lending Test, examiners reviewed the number and dollar volume of home mortgage loans. While the tables throughout this evaluation include both the number and dollar volume of loans, examiners emphasized bank performance by number of loans, as the number of loans better indicates the number of individuals served.

For the Community Development Test, examiners drew conclusions based on data provided by bank management on community development loans, qualified investments, and community development services since the prior CRA evaluation dated August 23, 2021.

DESCRIPTION OF INSTITUTION

Background

Watertown Savings Bank, founded in 1870 and headquartered in Watertown, Massachusetts, is a mutual savings bank operating in Middlesex County. Watertown Savings Bank received a Satisfactory rating at its previous CRA evaluation conducted by the Federal Reserve Bank of Boston, dated August 23, 2021, based on the Interagency Intermediate Small Institution Examination Procedures.

Operations

In addition to its main office at 60 Main Street in Watertown, Watertown Savings Bank operates nine full-service branches in Arlington, Belmont, Lexington, Waltham (2), and Watertown (4). As of 2022, two branches are located in moderate-income census tracts in Waltham and Watertown. The bank also maintains two Automated Teller Machines (ATMs) both located in Waltham, one of which is in a moderate-income census tract. The bank has reasonable hours of operation. Branches are open 8:30 – 4:00, Monday to Friday, with Saturday hours and drive-through capabilities varying branch to branch. The bank has neither closed nor opened any branches since its previous examination and has initiated no new merger activities.

Watertown Savings Bank offers a variety of banking products and services, including personal and business checking, savings, money market, individual retirement accounts (IRAs), and certificate accounts; mortgage, home equity, construction, and vehicle lending; and online and mobile banking services, including mobile check deposit, card management, and bill pay capabilities.

Ability and Capacity

As of the June 30, 2023, quarterly call report, the bank's assets totaled approximately \$1.4 billion, including approximately \$616.8 million in loans and approximately \$1.3 billion in deposits. Since the previous exam, total asset size decreased by 2.4 percent and the bank's lending portfolio increased by 5.2 percent.

As noted in the table below, real estate loans make up 99.5 percent of the bank's loan portfolio, with loans and lines of credit secured by 1-4 family residential properties making up 86.1 percent of that. The following table details the bank's loan portfolio.

Loan Portfolio Distribution as of 6/30/2023		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	24,497	4.0
Secured by 1-4 Family Residential Properties	531,114	86.1
Secured by Multifamily (5 or more) Residential Properties	12,051	2.0
Secured by Nonfarm Nonresidential Properties	46,193	7.5
Total Real Estate Loans	613,855	99.5
Commercial and Industrial Loans	2,678	0.4
Agricultural Production and Other Loans to Farmers	0	0.0
Consumer Loans	572	0.1
Other Loans	50	0.0
Less: Unearned Income	344	0.1
Total Loans	616,811	100.1
<i>Source: Reports of Condition and Income</i>		

DESCRIPTION OF ASSESSMENT AREA

The CRA requires each financial institution to define one or more assessment areas within which examiners will evaluate its CRA performance. Watertown Savings Bank has designated a single assessment area in the Cambridge-Newton-Framingham MA, Metropolitan Division (Cambridge MD), which is itself a part of the larger Boston-Cambridge-Newton MA-NH Metropolitan Statistical Area.

Economic and Demographic Data

Watertown Savings Bank's assessment area includes the municipalities of Arlington, Belmont, Lexington, Newton, Waltham, and Watertown and is comprised of 65 census tracts. According to 2020 ACS data, the assessment area contains:

- 0 low-income tracts,
- 8 moderate-income tracts
- 14 middle-income tracts
- 42 upper-income tracts
- 1 tract without an income designation

Since the previous examination, six census tracts were added to the bank's assessment area and several experienced changes in income designation. Notably, the number of moderate-income census tracts increased from three to eight. Moderate-income tracts, previously located only in Waltham, are now located in Waltham (5), Arlington (1), and Watertown (2).

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2021	15.4	2.3	13	12.6	4,207	7.6
2022	14.2	3.1	11	8.9	3,865	4.5
Moderate						
2021	12.9	8.8	7	6.8	3,138	5.7
2022	13.5	8.9	9	7.3	3,787	4.4
Middle						
2021	17.1	16.9	15	14.6	6,995	12.6
2022	17.7	15.9	13	10.6	6,355	7.3
Upper						
2021	54.6	60.5	42	40.8	20,266	36.6
2022	54.6	58.8	45	36.6	35,937	41.4
Not Available						
2021	0.0	11.4	26	25.2	20,716	37.4
2022	0.0	13.4	45	36.6	36,904	42.5
Total						
2021	100.0	100.0	103	100.0	55,321	100.0
2022	100.0	100.0	123	100.0	86,848	100.0

Source: 2015 & 2020 ACS; Bank Data, 2021 & 2022 HMDA Aggregate Data; Bank Data

Response to CRA-related Complaints and Fair Lending Policies and Procedures

The Division of Banks provides comments regarding the institution's CRA-related complaints and fair lending policies and procedures pursuant to Regulatory Bulletin 1.3-106. A review of the bank's public comment file indicated that Watertown Savings Bank received no CRA complaints since the previous examination. The bank's performance regarding response to complaints and fair lending policies and procedures is considered reasonable.

Additionally, a fair lending review was conducted in accordance with the Federal Financial Institutions Examination Council (FFIEC) Interagency Fair Lending Examination Procedures. Based on these procedures, no evidence of disparate treatment was noted.

Minority Application Flow

The bank's HMDA LARs for 2021 and 2022 were reviewed to determine if the bank's application flow from different racial and ethnic groups reflected the assessment area's demographics.

According to 2020 ACS U.S. Census data, the bank's assessment area contained a total population of 297,527 individuals of which 32.5 percent are minorities. This illustrates a demographic change

of a 4.2 percent increase in total minorities since the 2015 ACS U.S. Census data. The assessment area's minority and ethnic population is 7.8 percent Hispanic or Latino, 3.7 percent Black/African American, 17.5 percent Asian, and 1.0 percent other.

The bank's level of applications was compared with that of the 2021 and 2022 aggregate performance. The comparison of this data assists in deriving reasonable expectations for the rate of applications the bank received from minority home mortgage loan applicants. Refer to the table below for information on the bank's minority application flow as well as the aggregate lenders in the bank's assessment area.

MINORITY APPLICATION FLOW						
RACE	2021		2021 Aggregate Data	2022		2022 Aggregate Data
	#	%	%	#	%	%
American Indian/ Alaska Native	1	0.8	0.2	2	1.5	0.2
Asian	6	4.8	17.3	4	2.9	17.7
Black/ African American	1	0.8	0.9	3	2.2	1.3
Hawaiian/Pacific Islander	0	0.0	0.0	0	0.0	0.1
2 or more Minority	0	0.0	0.1	0	0.0	0.1
Joint Race (White/Minority)	3	2.4	3.0	1	0.7	3.2
Total Racial Minority	11	8.9	21.5	10	7.2	22.5
White	83	66.9	51.7	77	55.8	50.7
Race Not Available	30	24.2	26.8	51	37.0	26.8
Total	124	100.0	100.0	138	100.0	100.0
ETHNICITY						
Hispanic or Latino	3	2.4	2.4	5	3.6	2.9
Joint (Hisp/Lat /Not Hisp/Lat)	2	1.6	1.2	3	2.2	1.5
Total Ethnic Minority	5	4.0	3.6	8	5.8	4.3
Not Hispanic or Latino	88	71.0	70.4	77	55.8	69.0
Ethnicity Not Available	31	25.0	26.0	53	38.4	26.7
Total	124	100.0	100.0	138	100.0	100.0
<i>Source: ACS Census 2015, ACS 2020, HMDA Aggregate Data 2021 and 2022, HMDA LAR Data 2021 and 2022</i>						

In 2021, the bank received 124 home mortgage loan applications from within its assessment area. Approximately 8.9 percent of these applications were received from racial minority consumers. This was below aggregate racial minority application flow. The bank also received five applications, or 4.0 percent, from ethnic groups of Hispanic origin within its assessment area. The bank's ethnic minority application flow exceeded the aggregate performance for 2021.

In 2022, the bank received 138 home mortgage loan applications from within its assessment area. Approximately 7.2 percent were received from racial minority applicants. Aggregate lenders received 22.5 percent of its applications from racial minority consumers. For the same period, the bank also received eight applications or 5.8 percent, from ethnic groups of Hispanic origin within its assessment area. This again exceeded the aggregate ethnic minority application flow.

Watertown Savings Bank's ethnic minority application flow was above aggregate performance for 2021 and 2022. The bank's racial minority application flow was below the aggregate lender performance, primarily attributed to a difference in application flow in the Asian demographic.

Performance context explains aspects of the challenges to penetrating demographics in the assessment area. The top ten lenders in the Asian demographic market in the assessment area, nine of which are large national banks and mortgage companies, represent approximately 48.1 percent of the application market share. This leaves a very competitive market for the remaining 164 lenders in the assessment area that extended any applications to individuals of Asian descent. The bank is cognizant of its racial minority application performance and has taken steps to ensure all demographics have access to credit. The bank not only monitors its lending trends but has also directed marketing efforts to ensure Asian demographics are represented. The bank remains committed to pursuing further outreach efforts to this and all segments of the community.

Considering the demographic composition of the assessment area, comparisons to aggregate data, and the bank's fair lending controls, the bank's minority applications flow supports adequate performance.

COMMUNITY DEVELOPMENT TEST

Watertown Savings Bank demonstrated good responsiveness to the assessment area's community development needs through community development investments and qualified community development services. The bank opted to provide its record of community development loans and investments for CRA consideration, which both grew substantially from the prior evaluation. Examiners also considered the institution's capacity and the need for and availability of such opportunities.

Community Development Investments

During the evaluation period, Watertown Savings Bank maintained \$28.2 million in qualified investments. This included debt secured investments of approximately \$28.1 million and donations totaling \$87,710. The bank's investments were focused on affordable housing that benefited low- and moderate-income individuals, while the financial contributions primarily supported community development services to low and moderate – income individuals. Based on the bank's donations inside of the assessment area coupled with challenges to development and investment opportunity noted by the community contact, the bank is deemed responsive to the area and therefore examiners considered investment activity outside of the assessment area but within the broader regional area.

Activity Year	Qualified Investments									
	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	25	20,140	0	0	0	0	0	0	25	20,140
8/23/21-12/31/21	2	8,000	0	0	0	0	0	0	2	8,000
2022	0	0	0	0	0	0	0	0	0	0
2023 YTD	0	0	0	0	0	0	0	0	0	0
Subtotal	0	0	0	0	0	0	0	0	0	0
Qualified Grants & Donations	4	4	48	84	0	0	0	0	52	88
Total	31	28,144	48	84	0	0	0	0	79	28,228

Source: Bank Data

Debt Security Investments

The bank has investments totaling approximately \$28.1 million, of which two totaling \$8.0 million, are new and 25 investments were established prior to the evaluation period with a book value of approximately \$20.1 million. The following represent examples of community development debt investments:

Prior Period Investments

- The bank maintains 20 Ginnie Mae (GNMA) Mortgage-Backed Securities (MBSs). Administered by the US Department of Housing and Urban Development (HUD), these GNMA MBSs expand affordable housing nationwide by securing these investment vehicles with mortgages from the Federal Housing Administration, Veterans Affairs, Rural Housing Service, and Public and Indian Housing programs. Based on the description from HUD these loans support affordable housing for low- and moderate-income individuals. The total current book value of these loans is \$20.1 million. The qualified nationwide investments impacted the broader regional area that included the assessment area.

New Investments

- The bank purchased one Fannie Mae MBS in 2021 totaling \$3.0 million. This investment was secured by a 73-unit project with all properties located in Boston MA. All units are occupied by moderate-income residents based on section 8 guidelines. This investment supports affordable housing for low- and moderate-income individuals.
- The bank purchased a Ginnie Mae MBS in 2021 totaling \$5.0 million. The Ginnie Mae MBS has a defined goal of improving affordable housing access, and the nationwide fund impacts the broader regional area that includes the assessment area.

Donations

The bank made approximately \$87,710 in qualified donations. Community development organizations serving low- and moderate-income individuals and families throughout the assessment area benefited from the donations.

The following are examples of qualified grants and donations.

- ***Waltham Boys and Girls Club*** – The organization is dedicated to aiding young people in the area in need of support. Programs include an afterschool, school supplies, and food assistance. The organization is located in a moderate-income area and primarily serves families in the area. The bank's financial giving in 2022 and 2023 supported community services for low- and moderate-income families.
- ***Housing Corporation of Arlington (HCA)*** – This nonprofit organization provides and advocates for stable affordable housing for low- and moderate-income individuals and

families in Arlington and surrounding communities while promoting social and economic diversity. The bank's donations in each year of the evaluation period supported affordable housing for low- and moderate-income residents.

- ***Springwell Elder Services: Money Management*** – This organization aims to assist elderly individuals in the MetroWest area. The Money Management program specifically aids low- and moderate-income individuals to manage their household budgets and handling matters related to personal finances. The bank's donation to the program supports community services for low- and moderate-income individuals.
- ***Saint Vincent De Paul (SVPD)*** – This Belmont chapter of the organization provides essentials, including food, clothing and furniture for those in need. The organization also provides assistance and referrals to secure other social services including emergency shelter, legal aid, and career training. The bank's donations during the evaluation period support community services for low- and moderate-income individuals.

Community Development Services

During the evaluation period, the bank provided 25 instances of financial expertise or technical assistance to community development organizations within its assessment area. The community development services represent a combination of board involvement, financial education, and community outreach. The chart below illustrates the majority of activities that support community services to low and moderate-income individuals throughout the review period.

Community Development Services					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
8/23/2021-12/31/2021	1	5	0	0	6
2022	1	5	0	0	6
YTD 2023	0	13	0	0	13
Total	2	23	0	0	25
<i>Source: Bank Data</i>					

The following are examples of community development services provided by the bank and its staff.

Employee Involvement

- ***Watertown Housing Partnership***—A policy body that appointed community volunteers to oversee the development and preservation of affordable housing in Watertown. Activities included development of affordable housing properties, selection of residents for affordable housing, and emergency rental assistance in cooperation with local community development corporations. The bank's Executive Vice President was a Board Member on this body in 2021 and 2022. This service qualifies for community development by supporting affordable housing for low- and moderate-income individuals.

- **Healthy Waltham**-The organization serves those in need by providing free food to families. The program primarily benefits low- and moderate-income families. The Vice President (VP) Branch Manager serves as a Treasurer and Consultant of the organization, providing financial expertise to ensure operations continue efficiently. This service qualifies for community development by providing a community service for low- and moderate-income individuals.
- **Springwell Elder Services: Money Management** – This organization aims to assist elderly individuals in the MetroWest area. The Money Management program specifically aids low- and moderate-income individuals to manage their household budgets and handling matters related to personal finances. The VP Branch Manager of Waltham serves on the Board of this organization, strategizing on methods to help low- and moderate-income individuals remain housed. In addition, the employee also assists low- and moderate-income clients with basic budgeting and setting up account systems to ensure financial management.

Financial Literacy

- **McDevitt Elementary School** – Four Watertown Savings Employees conducted a financial literacy seminar for the 215 middle school students in Waltham in 2023. Topics included basic budgeting, fraud prevention, and responsible credit card use. The majority of students attending this school are delineated as low-income. This activity qualifies as a community development service by providing a community service for low- and moderate-income individuals.
- **Waltham Partnership for Youth** – This summer program aims to address systemic inequities by helping students explore careers in science, law, education, or medicine. The majority of interns are from low- and moderate-income households. Watertown Savings Employees participated in two events with this career development program in 2013. The first event was a Youth Career Talks program, where Watertown Savings volunteers provided insights on careers in finance. The second event was led by Watertown Savings Bank and focused on Financial Literacy. Topics included basic budgeting, investing, income tax, and financial aid for college. These activities qualify for community development by providing a community service for low- and moderate-income individuals.

Technical Assistance

- **Branch Network Fundraising** – The bank uses its branch network to assist with fundraising for local community organizations. Organizations aided included food pantries, organizations with school supplies for needy students (i.e., More than Words and School on Wheels), and clothing for families in needs (i.e., Clothes for Kids)
- **Branches**- The branch distribution supports accessibility to areas of economic need and low and moderate-income geographies. Two of the branches within the bank's network are located in moderate-income census tracts in Watertown and Waltham.

- ***Interest on Lawyers' Trust Accounts (IOLTA)*** - The bank participated in the program during the evaluation period. Interest earned on IOLTA accounts is sent to be utilized to help fund improvements in the administration of justice and delivery of legal services to low-income clients. The low-income residents of Massachusetts who depend on IOLTA-funded legal assistance have pressing non-criminal legal needs that can sometime affect safety or survival itself. The bank's IOLTA program generated \$7,230 during the evaluation period.

GLOSSARY

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

American Community Survey (ACS): A nationwide United States Census survey that produces demographic, social, housing, and economic estimates in the form of five-year estimates based on population thresholds.

Area Median Income: The median family income for the MSA, if a person or geography is located in an MSA; or the statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

Assessment Area: A geographic area delineated by the bank under the requirements of the Community Reinvestment Act.

Census Tract: A small, relatively permanent statistical subdivision of a county or equivalent entity. The primary purpose of census tracts is to provide a stable set of geographic units for the presentation of statistical data. Census tracts generally have a population size between 1,200 and 8,000 people, with an optimum size of 4,000 people. Census tract boundaries generally follow visible and identifiable features, but they may follow nonvisible legal boundaries in some instances. State and county boundaries always are census tract boundaries.

Combined Statistical Area (CSA): A combination of several adjacent metropolitan statistical areas or micropolitan statistical areas or a mix of the two, which are linked by economic ties.

Community Development: For loans, investments, and services to qualify as community development activities, their primary purpose must:

- (1) Support affordable housing for low- and moderate-income individuals;
- (2) Target community services toward low- and moderate-income individuals;
- (3) Promote economic development by financing small businesses or farms; or
- (4) Provide activities that revitalize or stabilize low- and moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies.

Community Development Corporation (CDC): A CDC allows banks and holding companies to make equity type of investments in community development projects. Bank CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community. Bank CDCs are also tailored to their financial and marketing needs. A CDC may purchase, own, rehabilitate, construct, manage, and sell real property. Also, it may make equity or debt investments in development projects and in local businesses. The CDC activities are expected to directly benefit low- and moderate-income groups, and the investment dollars should not represent an undue risk on the banking organization.

Community Development Financial Institutions (CDFIs): CDFIs are private intermediaries (either for profit or nonprofit) with community development as their primary mission. A CDFI facilitates the flow of lending and investment capital into distressed communities and to individuals who have been unable to take advantage of the services offered by traditional financial institutions. Some basic types of CDFIs include community development banks, community development loan funds, community development banks, micro enterprise funds, and community development venture capital funds.

A certified CDFI must meet eligibility requirements. These requirements include the following:

- Having a primary mission of promoting community development;
- Serving an investment area or target population;
- Providing development services;
- Maintaining accountability to residents of its investment area or targeted population through representation on its governing board of directors, or by other means;
- Not constituting an agency or instrumentality of the United States, of any state or political subdivision of a state.

Community Development Loan: A loan that:

- (1) Has as its primary purpose community development; and
- (2) Except in the case of a wholesale or limited purpose bank:
 - (i) Has not been reported or collected by the bank or an affiliate for consideration in the bank's assessment area as a home mortgage, small business, small farm, or consumer loan, unless it is a multifamily dwelling loan (as described in Appendix A to Part 203 of this title); and
 - (ii) Benefits The bank's assessment area(s) or a broader statewide or regional area including the bank's assessment area(s).

Community Development Service: A service that:

- (1) Has as its primary purpose community development;
- (2) Is related to the provision of financial services; and
- (3) Has not been considered in the evaluation of the bank's retail banking services under § 345.24(d).

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

Core Based Statistical Area (CBSA): The county or counties or equivalent entities associated with at least one core (urbanized area or urban cluster) of at least 10,000 population, plus adjacent counties having a high degree of social and economic integration with the core as measured through commuting ties with the counties associated with the core. Metropolitan and Micropolitan Statistical Areas are the two categories of CBSAs.

Distressed Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as distressed if it is in a county that meets one or more of the following triggers:

- (1) An unemployment rate of at least 1.5 times the national average;
- (2) A poverty rate of 20 percent or more; or
- (3) A population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.

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. Other family 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).

FFIEC-Estimated Income Data: The Federal Financial Institutions Examination Council (FFIEC) issues annual estimates which update median family income from the metropolitan and nonmetropolitan areas. The FFIEC uses American Community Survey data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

Full-Scope Review: A full-scope review is accomplished when examiners complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (for example, 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 do 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; and the disposition of the application (approved, denied, and withdrawn).

Home Mortgage Loans: Includes closed-end mortgage loans or open-end line of credits as defined in the HMDA regulation that are not an excluded transaction per the HMDA regulation.

Housing Unit: Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

Limited-Scope Review: A limited scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area.

Performance under applicable tests is often analyzed using only quantitative factors (for example, geographic distribution, borrower profile, total number and dollar amount of investments, and branch distribution).

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

Low Income Housing Tax Credit: The Low-Income Housing Tax Credit Program is a housing program contained within the Internal Revenue Code of 1986, as amended. It is administered by the U.S. Department of the Treasury and the Internal Revenue Service. The U.S. Treasury Department distributes low-income housing tax credits to housing credit agencies through the Internal Revenue Service. The housing agencies allocate tax credits on a competitive basis.

Developers who acquire, rehabilitate, or construct low-income rental housing may keep their tax credits. Or they may sell them to corporations or investor groups, who, as owners of these properties, will be able to reduce their own federal tax payments. The credit can be claimed annually for ten consecutive years. For a project to be eligible, the developer must set aside a specific percentage of units for occupancy by low-income residents. The set-aside requirement remains throughout the compliance period, usually 30 years.

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 metropolitan area/assessment area.

Median Income: The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

Metropolitan Division (MD): A county or group of counties within a CBSA that contain(s) an urbanized area with a population of at least 2.5 million. A MD is one or more main/secondary counties representing an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

Metropolitan Statistical Area (MSA): CBSA associated with at least one urbanized area having a population of at least 50,000. The MSA comprises the central county or counties or equivalent entities 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.

Micropolitan Statistical Area: CBSA associated with at least one urbanized area having a population of at least 10,000, but less than 50,000.

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 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 and less than 80 percent in the case of a geography.

Multi-family: Refers to a residential structure that contains five or more units.

Nonmetropolitan Area (also known as non-MSA): All areas outside of metropolitan areas. The definition of nonmetropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies. For example, there is generally urban and rural territory within metropolitan and nonmetropolitan areas.

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 lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

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

Rural Area: Territories, populations, and housing units that are not classified as urban.

Small Business Investment Company (SBIC): SBICs are privately-owned investment companies which are licensed and regulated by the Small Business Administration (SBA). SBICs provide long-term loans and/or venture capital to small firms. Because money for venture or risk investments is difficult for small firms to obtain, SBA aids SBICs to stimulate and supplement the flow of private equity and long-term loan funds to small companies. Venture capitalists participate in the SBIC program to supplement their own private capital with funds borrowed at favorable rates through SBA's guarantee of SBIC debentures. These SBIC debentures are then sold to private investors. An SBIC's success is linked to the growth and profitability of the companies that it finances. Therefore, some SBICs primarily assist businesses with significant growth potential, such as new firms in innovative industries. SBICs finance small firms by providing straight loans and/or equity-type investments. This kind of financing gives them partial ownership of those businesses and the possibility of sharing in the companies' profits as they grow and prosper.

Small Business Loan: A loan included in "loans to small businesses" as defined in the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$1 million or less and are either secured by nonfarm nonresidential properties or are classified as commercial and industrial loans.

Small Farm Loan: 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, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

Underserved Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as underserved if it meets criteria for population size, density, and dispersion indicating the area's population is sufficiently small, thin, and distant from a population center that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs.

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

Urban Area: All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, "urban" consists of territory, persons, and housing units in places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin).

"Urban" excludes the rural portions of "extended cities"; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.

The following table illustrates the demographic characteristics of the bank's assessment area.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	65	0.0	12.3	21.5	64.6	1.5
Population by Geography	297,527	0.0	10.3	24.3	64.3	1.1
Housing Units by Geography	117,588	0.0	11.9	26.0	62.1	0.0
Owner-Occupied Units by Geography	69,353	0.0	6.6	23.4	70.0	0.0
Occupied Rental Units by Geography	42,374	0.0	20.0	30.3	49.7	0.0
Vacant Units by Geography	5,861	0.0	15.3	26.9	57.8	0.0
Family Distribution by Income Level	72,015	14.2	13.5	17.7	54.6	0.0
Household Distribution by Income Level	111,727	19.8	12.1	15.9	52.1	0.0
Median Family Income MSA - 15764 Cambridge-Newton-Framingham, MA		\$121,481	Median Housing Value			\$774,867
			Median Gross Rent			\$1,859
			Families Below Poverty Level			3.3%

Source: 2020 ACS, 2022 D&B Data, and FFIEC Estimated Median Family Income;
 (*) The NA category consists of geographies that have not been assigned an income classification.

According to 2015 and 2020 ACS data, the median housing value increased from \$590,582 to \$774,867, with the average housing value approximately \$818,456 in 2021, and \$901,386 in 2022. Examiners noted that 57.8 percent of vacant housing units existed in upper-income census tracts, while only 15.3 percent existed in moderate-income census tracts, which may indicate a decline in affordable housing stock.

The Federal Financial Institution's Examination Council (FFIEC) updated median family income level is used to analyze home mortgage loans under the Borrower Profile criterion. The following table illustrates the low-, moderate-, middle-, and upper-income categories for each year during the review period.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Cambridge-Newton-Framingham, MA Median Family Income (15764)				
2021 (\$120,200)	<\$60,100	\$60,100 to <\$96,160	\$96,160 to <\$144,240	≥\$144,240
2022 (\$138,700)	<\$69,350	\$69,350 to <\$110,960	\$110,960 to <\$166,440	≥\$166,440

Source: FFIEC

Low- and moderate-income borrowers, earning incomes of \$110,960 or less, would likely have difficulty qualifying for credit in the current housing market. The rising cost of housing in the

assessment area can create challenges for low- and moderate-income borrowers, who would likely have difficulty qualifying for the credit needed to purchase a home.

Unemployment

In the bank's municipalities that comprise the assessment area, unemployment rates fell over the evaluation period. This unemployment rate was 4.0 percent in 2021 and fell to an average 2022 unemployment rate of 2.8 percent. Receding unemployment may reflect gradual economic improvements. The highest levels of unemployment were noted in Waltham, with a rate of 4.7 percent in 2021 and 3.2 percent in 2022 which may reflect additional needs in this area. The assessment area's average unemployment rate was below the state's overall unemployment level, at 5.5 and 3.8 percent for 2021 and 2022.

Competition

The assessment area is notable for its substantial number of financial institutions, both depository and non-depository lenders, with over 383 total lenders in 2021 and 313 total lenders in 2022 originating or purchasing at least one residential mortgage loan. Watertown Savings Bank ranked 41st in 2021 with 0.57 percent of market share, originating or purchasing 103 out of over 18,000 home mortgage loans originated or purchased in the assessment area. In 2022, there was significantly less opportunity, with only 7,770 mortgage loans originated or purchased. Despite this, Watertown Savings Bank ranked in the top 20 lenders with 1.58 percent market share.

According to FDIC Deposit Market Share Data, 19 depository institutions operated a total of 76 full-service branch locations as of June 30th, 2022. Of these institutions, Watertown Savings Bank ranked 5th, with a deposit market share of 8.49 percent.

Community Contacts

As part of the evaluation process, examiners contact third parties active in the assessment area to assist in identifying the credit and community development needs. This information helps determine whether local financial institutions are responsive to these needs.

Examiners contacted a representative from a public organization the assessment area focused on affordable housing development. The contact noted an affordability issue in the Boston Metropolitan Region. Lab development in towns is pricing out residential projects. Similarly, the development of affordable housing requires greater costs through the efforts expertise and complexity involved; as a result, the returns on investment need to meet a higher threshold to make the project viable. The contact also noted that some individuals that are over housed may be reluctant to find housing that meets their current needs, leading to emergency situations that result in higher costs in the long run for individuals as well as public services. Local financial institutions have reached out, but there are limited opportunities for community services in this area (as there is already a great deal of expertise) and the participation in affordable housing requires risk and expense. Watertown Savings Bank was mentioned as an institution that maintains involvement in the community. The contact mentioned that participation or financing that can close the viability gap of affordable projects would benefit the assessment area. While generally an affluent area, the contact noted that there are concentrations of lower-income residents that do need support and community services.

Credit and Community Development Needs and Opportunities

Examiners considered information gathered from the community contact, the bank, and available economic data to determine the primary credit needs of the assessment area. Based on this information, examiners determined that the community's primary credit need is affordable housing. Primary barriers to fulfilling this need are competition and market forces limiting investment and financing opportunities in the relatively small assessment area. Waltham represents a segment of the assessment area with the greatest needs.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

Watertown Savings Bank demonstrated High Satisfactory performance under the Lending Test. The following sections summarize the bank's overall performance under each criterion.

Loan-to-Deposit Ratio

The loan-to-deposit (LTD) ratio is considered reasonable given the institution's size, financial condition, and assessment area credit needs.

Watertown Savings Bank's loan-to-deposit ratio, calculated from the data presented from the last nine quarterly call reports, averaged 44.26 percent from June 30th, 2021, to June 30th, 2023. The bank's LTD ratio ranged from a low of 40.25 percent to a high of 48.21 percent. Examiners compared Watertown Savings Bank to three similarly situated institutions, based on asset size, geographic location, and loan portfolio.

Loan-to-Deposit Ratio Comparison		
Institution	Total Assets (\$)	Average LTD Ratio (%)
Everett Co-operative Bank	1,196,665	103.1
East Cambridge Savings Bank	1,604,208	93.7
Winchester Co-operative Bank	746,883	90.6
Watertown Savings Bank	1,416,091	44.3
<i>Source: Reports of Income and Condition 06/31/2021 through 06/31/2023</i>		

As illustrated above, the bank's loan-to-deposit ratio is below that of similarly situated institutions. An increase in deposits, due to state and federal monetary distributions in the wake of the pandemic, the bank's conservative lending strategy, and the competitive lending environment in the bank's assessment area all contribute to the bank's low loan-to-deposit ratio. Despite these factors, Watertown Savings Bank makes substantial efforts to serve the lending needs of the assessment area. In 2021, Watertown Savings Bank ranked 41 out of 383 lenders in the assessment area, with 0.57 percent of lender market share of home purchases. By 2022, the bank increased its market share to 1.58 percent, increasing its ranking to be in the top 20 out of 313 lenders in home purchases.

Assessment Area Concentration

Watertown Savings Bank originated a majority of loans, by both number and dollar amount, were made inside the institution's assessment area. The following table illustrates the concentration of the bank's home mortgage lending both inside and outside the assessment area. The bank has seen a slight but steady increase in its average assessment area concentration compared to previous examinations.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans				Total
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$ (000)	%	\$ (000)	%	
Home Mortgage										
2021	103	62.4	62	37.6	165	55,321	62.4	33,351	37.6	88,672
2022	123	65.1	66	34.9	189	86,848	65.1	46,496	34.9	133,344
Total	226	63.8	128	36.2	354	142,169	64.0	79,847.00	36.0	222,016
Source: Bank Data Due to rounding, totals may not equal 100.0										

Geographic Distribution

The geographic distribution of loans reflects excellent dispersion throughout the assessment area. Examiners focused on activity within moderate-income census tracts, as there are no low-income census tracts located in the assessment area.

Home mortgage lending data compares favorably to aggregate lending in both 2021 and 2022. In 2021, the bank exceeded the aggregate by 3.2 percentage points and the percentage of owner-occupied housing units by 3.8 percentage points. In 2022, Watertown Savings Bank continued a similar lending trend. The bank originated 15 loans, exceeding aggregate performance by 4.7 percentage points and surpassing the demographic by 5.6 percentage points.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Moderate						
2021	1.1	1.7	5	4.9	5,994	10.8
2022	6.6	7.5	15	12.2	9,737	11.2
Middle						
2021	34.0	33.1	76	73.8	34,484	62.3
2022	23.4	21.9	64	52.0	42,328	48.7
Upper						
2021	64.9	65.2	22	21.4	14,842	26.8
2022	70.0	70.5	44	35.8	34,784	40.1
Not Available						
2021	0.0	0.0	0	0.0	0	0.0
2022	0.0	0.1	0	0.0	0	0.0
Total						
2021	100.0	100.0	103	100.0	55,321	100.0
2022	100.0	100.0	123	100.0	86,848	100.0

Source: 2015 & 2020 ACS; Bank Data, 2021 & 2022 HMDA Aggregate Data.

Borrower Profile

The distribution of borrowers, given the demographics of the assessment area, reflects good penetration among individuals of different income levels. Examiners focused on the percentage, by number, of home mortgage loans made to low- and moderate-income borrowers.

The bank exceeds aggregate lending to low-income borrowers in both 2021 and 2022, surpassing aggregate by 10.3 percent in 2021 and 5.8 percent in 2022. However, despite a strong comparison to aggregate data, the bank trails demographic performance both years of the evaluation period, by 2.8 percent in 2021 and 5.3 percent in 2022.

Examiners note that lending to low-income households can be particularly difficult in the bank's assessment area. Between 2021 and 2022, the average credit for purchasing a single-family home in the bank's assessment area increased from \$818,456 to \$901,386 in 2022. Considering the housing values, low-income families in the assessment area earning less than \$69,350 may have difficulty qualifying for a mortgage under conventional underwriting standards. Despite these factors, Watertown Savings Bank was ranked 7th in lending to low-income borrowers, with 3.1 percent market share in 2021. Although overall performance declined in 2022, the bank improved its market share, ranking 2nd among financial institutions in its assessment area with 4.8 percent of market share among low-income borrowers. Notably, Watertown Savings Bank performed second only to Citizen's Bank, and outperforming several large institutions such as Rocket Mortgage, Eastern Bank, and Bank of America.

Lending to moderate-income borrowers was below both aggregate performance and demographic in 2021 and 2022. In 2021, the bank performed below aggregate performance by 2.0 percentage points and the percentage of moderate-income families by 6.1 percentage points. In 2022, the bank's performance again trailed behind aggregate performance by 1.6 percentage points and demographics by 6.2 percentage points.

Branches Opened or Closed

No branches opened or closed during the period.

Branches

Main Office

Watertown Square
60 Main Street
Watertown, MA 02472

Hours:

Mon, Tues, Wed, Fri: 8:30 to 4:00
Thursday: 8:30-6:00
Saturday: 8:30 to 12:30

East Watertown

10 Bigelow Avenue
Watertown, MA 02472

Hours:

Mon, Tues, Wed, Fri: 8:30 to 4:00
Thursday: 8:30-6:00
Saturday: 8:30 to 12:30

Newton Branch

175 Watertown Street
Watertown, MA 02472

Hours:

Mon, Tues, Wed: 8:30 to 4:00
Thurs-Fri: 8:30 to 5:00
Saturday: 9:00 to 1:00

Church Street

45 Church St
Watertown, MA 02472

Drive-up Hours

Mon - Fri: 8:30 to 6:00
Saturday: 8:00 - 2:00

Lobby Hours

Mon - Fri: 8:30 to 4:00
Saturday: 9:00 to 1:00

Market Basket Plaza

25 Market Place Drive
Waltham, MA 02452

Lobby Hours

Mon, Tues, Wed: 8:30 to 4:00
Thurs, Fri: 8:30 to 5:00
Saturday: 8:30 to 1:00

Drive-up Hours

Mon, Tues, Wed: 8:30 to 4:00

Thurs, Fri: 8:30 to 5:00

Saturday: 8:00 to 2:00

Walk-up ATM

Available 24 Hours

Warrendale

739 Main Street

Watertown, MA 02472

Lobby Hours

Mon, Tues, Wed, Fri: 8:30 to 4:00

Thursday: 8:30 to 6:00

Saturday: 8:30 to 12:30

Drive-up Hours

Mon, Tues, Wed: 8:30 to 4:00

Thurs, Fri: 8:30 to 6:00

Saturday: 8:30 to 12:30

Waverley Square

30 Church Street

Belmont, MA 02478

Hours

Mon - Fri: 8:30 to 4:00

Saturday: 8:30 to 12:30

Waltham Center Office

6 Lexington Street

(Corner of Lexington and Main Street)

Waltham, MA 02452

Drive-up & Lobby Hours

Mon - Fri: 8:30 to 4:00

Saturday: 8:30 to 12:30

Arlington Branch Location

980 Mass Avenue
Arlington, MA 02476

Drive-up Hours

Mon, Tues, Wed, Fri: 8:30 to 4:00
Thursday: 8:30 to 6:00
Saturday: 8:30 to 1:00

Lobby Hours

Mon, Tues, Wed, Fri: 8:30 to 4:00
Thursday: 8:30 to 6:00
Saturday: 8:30 to 1:00

Lexington/North Waltham Branch

1075 Waltham Street
Lexington, MA 02421

Lobby Hours

Mon, Tues, Wed: 8:30 to 4:00
Thurs, Fri: 8:30 to 5:00
Saturday: 8:30 to 1:00

Drive-up Hours

Mon, Tues, Wed: 8:30 to 4:00
Thurs, Fri: 8:30 to 5:00
Saturday: 8:00 to 2:00

Additional ATM's**Belmont Center ATM**

7 Channing Road
Belmont, MA 02472

Waltham-Lexington ATM

800 Lexington Street
Waltham, MA 02453

Colonial Plaza ATM

Also known as River Street Plaza
(directly in front of Dunkin Donuts) 49 River Street
Waltham, MA 02453

Branch	Address	Census Tract
Main Office	60 Main Street Watertown, MA 02472	3701.03
Bigelow Ave Branch	10 Bigelow Avenue Watertown, MA 02472	3703.01
Nonatum Branch	175 Watertown Street Watertown, MA 02472	3704.03
Church Street Branch	45 Church Street Watertown, MA 02472	3701.03
Warrendale Branch	739 Main Street Watertown, MA 02472	3701.01
Waltham Center Branch	6 Lexington Street Waltham, MA 02452	3689.02
Lexington Branch	1075 Waltham Street Lexington, MA 02421	3583.00
Waverly Square Branch	45 Church Street Belmont, MA 02478	3577.00
Arlington Branch	90 Massachusetts Avenue Arlington, MA 02474	3561.00
Market Basket Branch	1265 Main Street Waltham, MA 02451	3682.00

Assessment Area Map

Map Legend

- State
- County
- Census Tract
- Zip Code
- Assessment Area
- MSA
- Branch
- ATM
- Branch w/ATM
- LPO
- Other

Tract Income

- Low
- Moderate
- Middle
- Upper
- NA

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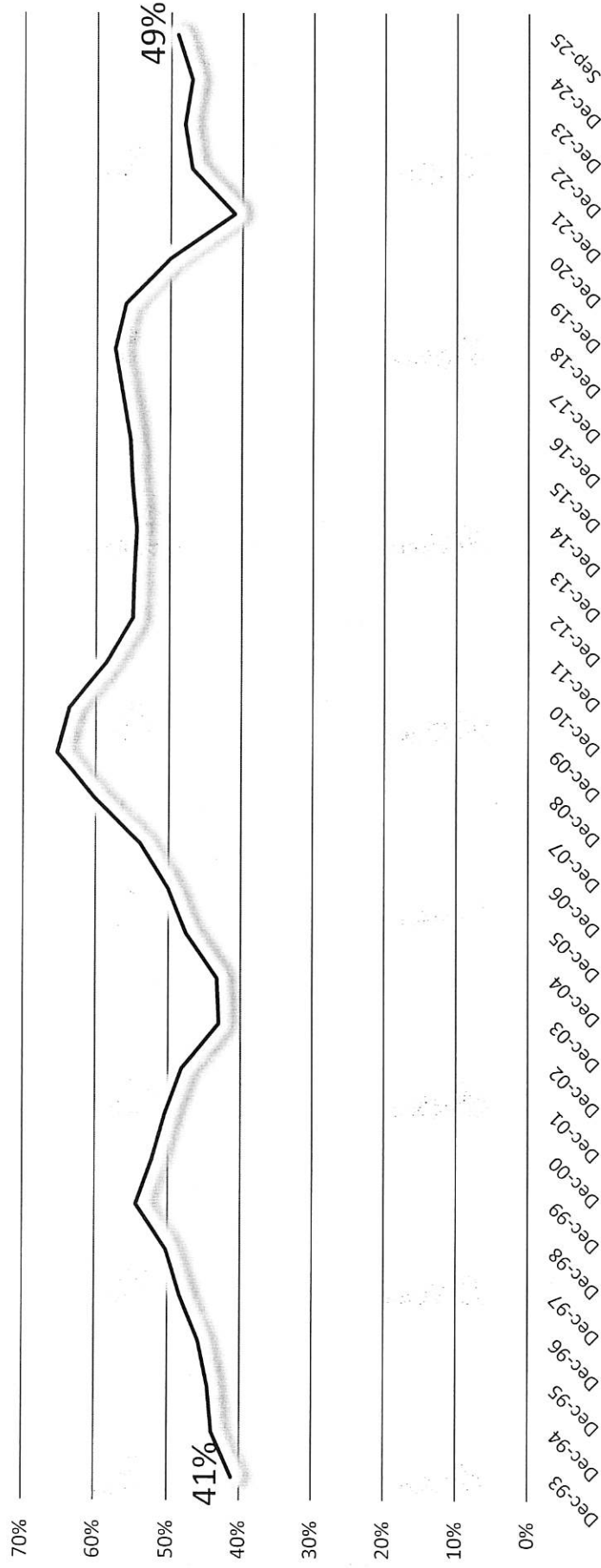
Assessment Area or Credit Market Area Name	MSA or MD Code	State Code	County Code	Tract Code
Arlington	15764	25	17	3561.00
Arlington	15764	25	17	3563.00
Arlington	15764	25	17	3564.00
Arlington	15764	25	17	3565.00
Arlington	15764	25	17	3566.01
Arlington	15764	25	17	3566.02
Arlington	15764	25	17	3567.01
Arlington	15764	25	17	3567.03
Arlington	15764	25	17	3567.04
Belmont	15764	25	17	3571.00
Belmont	15764	25	17	3572.00
Belmont	15764	25	17	3573.00
Belmont	15764	25	17	3574.00
Belmont	15764	25	17	3575.00
Belmont	15764	25	17	3576.00
Belmont	15764	25	17	3577.00
Belmont	15764	25	17	3578.00
Lexington	15764	25	17	3581.00
Lexington	15764	25	17	3583.00
Lexington	15764	25	17	3584.00
Lexington	15764	25	17	3585.00
Lexington	15764	25	17	3586.00
Lexington	15764	25	17	3587.00
Newton	15764	25	17	3731.00
Newton	15764	25	17	3732.00
Newton	15764	25	17	3733.00
Newton	15764	25	17	3734.00
Newton	15764	25	17	3735.00
Newton	15764	25	17	3736.00
Newton	15764	25	17	3737.00
Newton	15764	25	17	3738.00
Newton	15764	25	17	3739.01
Newton	15765	25	17	3739.02
Newton	15764	25	17	3740.00
Newton	15764	25	17	3741.00
Newton	15764	25	17	3742.00
Newton	15764	25	17	3743.00
Newton	15764	25	17	3744.00
Newton	15764	25	17	3745.00
Newton	15764	25	17	3746.00
Newton	15764	25	17	3747.00
Newton	15764	25	17	3748.00

HMDA Disclosure Statement

Home Mortgage Disclosure (HMDA) Act data can be viewed on the
Consumer Financial Protection Bureau (CFPB) website:
www.consumerfinance.gov/hmda

Miscellaneous

Loan to Deposit Ratio, 1993-2025



Watertown
— Savings Bank —

Watertown Savings Bank

	Total Loans & LFR	Total Deposits	
9/30/2025	634,893	1,287,225	49%
6/30/2025	625,729	1,299,869	48%
3/31/2025	621,273	1,326,113	47%
12/31/2024	609,429	1,310,288	47%
9/30/2024	608,057	1,289,236	47%
6/30/2024	619,437	1,304,439	47%
3/31/2024	616,071	1,261,910	49%
12/31/2023	616,021	1,270,225	48%
9/30/2023	616,345	1,273,580	48%
6/30/2023	617,155	1,272,650	48%
3/31/2023	622,716	1,282,359	49%
12/31/2022	615,212	1,308,946	47%
9/30/2022	597,897	1,352,481	44%
6/30/2022	573,398	1,359,184	42%
3/31/2022	551,820	1,360,037	41%
12/31/2021	552,224	1,346,095	41%
9/30/2021	578,004	1,307,103	44%
6/30/2021	587,334	1,298,107	45%
3/31/2021	600,118	1,284,463	47%
12/31/2020	613,206	1,232,515	50%
9/30/2020	627,113	1,212,128	52%
6/30/2020	643,090	1,205,889	53%
3/31/2020	625,974	1,136,929	55%
12/31/2019	630,727	1,128,346	56%
12/31/2018	600,056	1,050,601	57%
12/31/2017	578,692	1,034,870	56%
12/31/2016	557,060	1,013,293	55%
12/31/2015	546,386	997,820	55%
12/31/2014	529,878	979,561	54%

CRA Service/Activity Worksheet

Please list on this form any service or activity that may be eligible for CRA credit. PLEASE USE ONE FORM PER SERVICE OR ACTIVITY. To be eligible for CRA credit, the activity or service must have its primary purpose as community development and be related to the provision of financial services. It also must benefit the bank's assessment area or a broader regional area that includes the bank's assessment area. If you are unsure if credit may be given for your activity, submit the worksheet and home office will make the determination.

Examples: Service on a committee or board for a community development organization; providing financial expertise to community development organizations; providing education in financial services; conducting credit counseling for affordable housing organizations, etc.

Name

Robyn Alman

Title

VP Compliance Officer

Date of Service

Name of Activity, Organization
or Service

None

Office(s) Held

Purpose (If available, attach
mission statement)

CRA Service/Activity Worksheet

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Examples: Service on a committee or board for a community development organization; providing financial expertise to community development organizations; providing education in financial services; conducting credit counseling for affordable housing organizations, etc.

Name

Title

Date of Service

Name of Activity, Organization
or Service

Office(s) Held

Purpose (If available, attach
mission statement)

Eileen Lanna
Vice President
Did not serve on a board

CRA Service/Activity Worksheet

Please list on this form any service or activity that may be eligible for CRA credit. PLEASE USE ONE FORM PER SERVICE OR ACTIVITY. To be eligible for CRA credit, the activity or service must have its primary purpose as community development and be related to the provision of financial services. It also must benefit the bank's assessment area or a broader regional area that includes the bank's assessment area. If you are unsure if credit may be given for your activity, submit the worksheet and home office will make the determination.

Examples: Service on a committee or board for a community development organization; providing financial expertise to community development organizations; providing education in financial services; conducting credit counseling for affordable housing organizations, etc.

Name	Jennifer Fiore
Title	Talent and Development Manager
Date of Service	None
Name of Activity, Organization or Service	None
Office(s) Held	None
Purpose (If available, attach mission statement)	none

CRA Service/Activity Worksheet

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Examples: Service on a committee or board for a community development organization; providing financial expertise to community development organizations; providing education in financial services; conducting credit counseling for affordable housing organizations, etc.

Name	David Burgess
Title	AVP/Branch Manager
Date of Service	
Name of Activity, Organization or Service	None
Office(s) Held	
Purpose (If available, attach mission statement)	

CRA Service/Activity Worksheet

Please list on this form any service or activity that may be eligible for CRA credit. PLEASE USE ONE FORM PER SERVICE OR ACTIVITY. To be eligible for CRA credit, the activity or service must have its primary purpose as community development and be related to the provision of financial services. It also must benefit the bank's assessment area or a broader regional area that includes the bank's assessment area. If you are unsure if credit may be given for your activity, submit the worksheet and home office will make the determination.

Examples: Service on a committee or board for a community development organization; providing financial expertise to community development organizations; providing education in financial services; conducting credit counseling for affordable housing organizations, etc.

Name	Anna Leone-Wallace
Title	AVP, Branch Manager
Date of Service	
Name of Activity, Organization or Service	None
Office(s) Held	
Purpose (If available, attach mission statement)	

CRA Service/Activity Worksheet

Please list on this form any service or activity that may be eligible for CRA credit. PLEASE USE ONE FORM PER SERVICE OR ACTIVITY. To be eligible for CRA credit, the activity or service must have its primary purpose as community development and be related to the provision of financial services. It also must benefit the bank's assessment area or a broader regional area that includes the bank's assessment area. If you are unsure if credit may be given for your activity, submit the worksheet and home office will make the determination.

Examples: Service on a committee or board for a community development organization; providing financial expertise to community development organizations; providing education in financial services; conducting credit counseling for affordable housing organizations, etc.

Name	Michelle CJ Perez
Title	Branch Manager
Date of Service	April 14 th , 2025
Name of Activity, Organization or Service	REACH Beyond Domestic Violence Financial Literacy Education Class for victims of DV.
Office(s) Held	
Purpose (If available, attach mission statement)	

X



[En Español \(/get-to-know-us/sobre-reach/\)](#)

(<https://www.foia.gov>)

**EXIT
SITE**

WAYS TO GIVE



REACH provides survivors of domestic violence with safety, shelter, and a path to healing. Our innovative, community-based approach promotes healthy relationships, fosters collaboration, and empowers community members to be agents of change.

Our outreach programs engage with community members to create locally based solutions to end domestic violence.

CRA Service/Activity Worksheet

Please list on this form any service or activity that may be eligible for CRA credit. PLEASE USE ONE FORM PER SERVICE OR ACTIVITY. To be eligible for CRA credit, the activity or service must have its primary purpose as community development and be related to the provision of financial services. It also must benefit the bank's assessment area or a broader regional area that includes the bank's assessment area. If you are unsure if credit may be given for your activity, submit the worksheet and home office will make the determination.

Examples: Service on a committee or board for a community development organization; providing financial expertise to community development organizations; providing education in financial services; conducting credit counseling for affordable housing organizations, etc.

Name

David DeMarco

Title

AVP / Branch Manager

Date of Service

**Name of Activity, Organization
or Service**

None

Office(s) Held

**Purpose (If available, attach
mission statement)**

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Name	Kate Peterson
Title	CFO
Date of Service	
Name of Activity, Organization or Service	NONE
Office(s) Held	
Purpose (If available, attach mission statement)	

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Name

Title

Date of Service

**Name of Activity, Organization
or Service**

Office(s) Held

**Purpose (If available, attach
mission statement)**

Juke Kermanidis
AUP
NONE



Outlook

Re: CRA Service Worksheet

From Daniel Durickas <ddurickas@watertownsavings.com>

Date Wed 10/29/2025 9:30 AM

To Erica Geis <egeis@watertownsavings.com>

None

From: Erica Geis <egeis@watertownsavings.com>

Sent: Wednesday, October 29, 2025 9:18 AM

To: CRA2025@watertownsavings.com <CRA2025@watertownsavings.com>

Subject: CRA Service Worksheet

Good morning,

Please complete the attached CRA service worksheet and return to me by **noon tomorrow**.

If you do not participate in any service or activity that may be CRA eligible write "none" and return to me . Please use one sheet per organization.

Thanks,
Erica

Watertown

Erica Geis / Executive Assistant

— Savings Bank — 60 Main Street, Watertown, MA 02472 Ph: 617-928-2318 Fax: 617-581-0859 www.watertownsavings.com

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CRA Service/Activity Worksheet - NONE

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Name

KRISTIN BIRD

Title

Date of Service

**Name of Activity, Organization
or Service**

Office(s) Held

**Purpose (If available, attach
mission statement)**

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Name	Lori Deane-Wadja
Title	Commercial Risk Manager
Date of Service	None
Name of Activity, Organization or Service	
Office(s) Held	
Purpose (If available, attach mission statement)	

CRA Service/Activity Worksheet

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Name

Cynthia Iskenderian/ I do not serve on any board that reference the above.

Title

Date of Service

**Name of Activity, Organization
or Service**

Office(s) Held

**Purpose (If available, attach
mission statement)**

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Name

Title

Date of Service

Name of Activity, Organization
or Service

Office(s) Held

Purpose (If available, attach
mission statement)

Antonia O'Hara
VP, Branch Manager
None

CRA Service/Activity Worksheet

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Name	Carolann Rusk
Title	Vice President, Operations Officer
Date of Service	N/A
Name of Activity, Organization or Service	None
Office(s) Held	None
Purpose (If available, attach mission statement)	

CRA Service/Activity Worksheet

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Name

Title

Date of Service

Name of Activity, Organization
or Service

Office(s) Held

Purpose (If available, attach
mission statement)

Kelly Crown
VP, Community Relations + Club 50
Fall Shred Day - October 14, 2023
Fall Shred Day held @ WSB Main Office in Watertown; 11 WSB employees volunteered
Organizer, volunteer
328 customers came to Shred Day this bi-annual event is held in conjunction w/ ongoing customer education on how to protect oneself from ID theft, scams + fraud.

Services

	Per Item
Money Order <i>(one free per day if funds are withdrawn from an account)</i>	\$3.00
Treasurers Check <i>(one free per day if funds are withdrawn from an account)</i>	\$6.00
Abandoned Property, Levy and Legal Services	\$75.00
Account Research <i>(One hour minimum)</i>	\$50.00 per hour
ATM or Debit Card Replacement Fee	\$5.00 <i>(next business day \$40)</i>
Check for Collection	\$10.00 <i>(subject to additional fees from other financial institutions)</i>
Check Printing	prices depend on quantity & style
Coin Processing	\$1.50 fee for up to \$150 10% of total on amounts over \$150
Document Copies	\$5.00
External Transfer	\$3.00 for each outgoing transfer
IRA Management	\$10.00 per year
IRA Transfer	\$10.00
Lost Passbook Replacement	\$10.00
Outgoing Wire Transfer ¹	\$20.00 - Domestic \$50.00 - Foreign
Overdraft Fee ² <i>Account had insufficient or uncollected funds created by check, in person withdrawal, ATM withdrawal, or other electronic means but the item was paid.</i>	\$30.00 ³
Returned Deposited Item <i>(Business accounts only)</i>	\$10.00
Returned Item Fee ^{2, 4} <i>Account had insufficient or uncollected funds created by check, in person withdrawal, ATM withdrawal, or other electronic means and the item was returned unpaid.</i>	\$30.00 ³
ACH OD/NSF Charge ^{2, 4} <i>Account had insufficient or uncollected funds created by an Automated Clearing House (ACH) transaction and the debit or item was paid.</i>	\$30.00 ³
ACH Return Charge ^{2, 4} <i>Account had insufficient or uncollected funds created by an Automated Clearing House (ACH) transaction and the debit or item was returned.</i>	\$30.00 ³
Revocation of preauthorized withdrawal	\$30.00 ²
Safe Deposit Late Payment Fee <i>(30 days late or more)</i>	\$3.00 per month
Safe Deposit	\$15.00 - Key replacement fee \$200.00 - Drill Box Fee
Signature Guarantee	\$5.00 each (\$25 maximum per visit)
Statement Reconciliation	\$25.00
Stop Payment	\$30.00 ²
Temporary Check	\$1.00

Fees are subject to change without notice unless otherwise indicated.

¹ Not applicable to persons 65 years or older and 18 years of age or younger.

² Special notice for customers 18 years of age or younger or 65 years of age or older. If you have notified the bank of your eligibility, you are exempt from monthly maintenance fees, revocation of preauthorized withdrawal fees, and stop payment fees on all Senior Checking or 18/65 designated accounts. In addition, any Returned Item Fee, ACH OD/NSF Charge, ACH Return Charge, and Overdraft Fee will be reduced to \$5.00 on all Senior Checking or 18/65 designated accounts.

³ Maximum four fees assessed per day, per account.

⁴ A debit or item may be presented for payment more than one time. We may charge you fees for each resubmission or representation of a debit or item, which means that you may incur multiple fees if a debit or item is or returned more than one time.

Business Accounts Fee Information

Business Checking Accounts	Free	General Fees in this column are offset by earnings credit	Nonprofit	IOLTA
Earnings Credit Rate (on average collected balance)	NA	1.00%	NA	.05%
Monthly Service Charge	No charge	No charge	No charge	No charge
Checks Paid	150 free	10¢ each	No charge	No charge
Checks Deposited	150 free	10¢ each	No charge	No charge
Teller Deposits ²	15 free	50¢ each	No charge	No charge
Electronic ACH Deposits & Withdrawals	No charge	10¢ each	No charge	No charge
Cash Deposits per \$100	No charge	10¢ each	No charge	No charge
Charge for excess items	75¢ each	NA	NA	NA
Business Online	No charge	No charge	No charge	No charge
Add Business Bill Pay	\$10 per month	\$10 per month	\$10 per month	NA
Add ACH Originations ²	NA	\$10 per month	NA	NA
Add Wire Transfers ²	NA	\$10 per month	NA	NA

¹ Includes Mobile Deposits.

² Available upon approval.

Business Deposit Accounts Ancillary Fees

Additional fees and charges may be assessed against Business Accounts for the following reasons. These fees and charges will be in the form of a direct withdrawal against the account.

	<i>per item:</i>
Abandoned Property, Levy and other Legal Service	\$75.00
Checks and Bonds for Collection	\$35.00
Checkbook, Check and Supplies	Varies
Coin Processing	10% of total
Items drawn and returned for Insufficient or Uncollected funds ¹	\$30.00
Night Deposit Bags	\$25.00
Additional Night Deposit Key	\$ 5.00
Signature Guarantees	\$ 5.00
Stop Payment Order Requests ¹	\$30.00
Special Statements & Document Copies	\$ 5.00
Wire Transfers	
Outgoing Domestic	\$20.00 (\$10 via Business Online Banking)
Foreign	\$50.00 (\$25 via Business Online Banking)
Withdrawals at non-WSB ATMs ²	\$1.00
Returned Deposited Item	\$10.00

¹Fees can be offset by earnings credit on General Business Accounts.

² Other banks may impose a surcharge.

Watertown
— Savings Bank —

Member FDIC Member DIF

Effective July 17, 2025