

PUBLIC DISCLOSURE

01/26/2026

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.

TABLE OF CONTENTS

Institution’s Community Reinvestment Act (CRA) Rating.....2

Scope of Examination3

Description of Institution3

Description of Assessment Area5

Conclusions with Respect to Performance Tests8

Appendix A: Demographic Information.....18

Appendix B: Glossary of Terms19

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

- The loan-to-deposit ratio is reasonable (considering seasonal variations and taking into account lending-related activities) given the bank's size, financial condition, and assessment area credit needs.
 - A majority of loans and other lending related activities are in the bank's assessment area.
 - The distribution of borrowers reflects, given the demographics of the assessment area, excellent penetration among individuals of different income levels (including low- and moderate-income).
 - The geographic distribution of loans reflects excellent dispersion throughout the assessment area.
 - There have been no complaints regarding the bank's CRA performance since the last CRA examination.

Community Development Test

- The bank's community development performance demonstrates adequate responsiveness to the community development needs of its assessment area through community development loans, 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.

SCOPE OF EXAMINATION

Watertown's CRA performance review was conducted using the Federal Financial Institutions Examination Council (FFIEC) Examination Procedures for Intermediate Small Institutions¹. These procedures evaluate banks under two tests: the Lending Test and the Community Development Test.

- The Lending Test evaluation period included Home Mortgage Disclosure Act (HMDA) data from 2023 to 2024. Residential loans with a purpose of "other" and/or "not applicable" were excluded from the analysis. In addition, this evaluation does not include analysis of small business loans because the bank is primarily a residential lender. The test evaluates the bank's lending performance pursuant to the following criteria:
 1. The loan-to-deposit (LTD) ratio, which was calculated from FFIEC Call Reports from September 30, 2023 to September 30, 2025,
 2. Assessment area concentration of loans,
 3. Loan distribution according to the income of the borrower,
 4. Geographic distribution of loans, and
 5. Response to CRA-related complaints.

- The Community Development Test evaluation period included bank activity from October 24, 2023 through January 26, 2026. The Community Development Test is evaluated in the context of the community needs and the capacity of the bank and considers the following:
 1. The number and amount of community development loans,
 2. The number and amount of qualified investments,
 3. The extent to which the bank provides community development services, and
 4. The bank's responsiveness through such activities.

Demographic data was derived from the 2020 United States Census Bureau's American Community Survey (ACS), unless otherwise noted. The bank's HMDA loan data was reviewed under the Lending Test and compared to 2023 and 2024 aggregate data, which was obtained from data reported to the Consumer Financial Protection Bureau. Aggregate data consists of lending information from all HMDA reporters that originated or purchased home mortgage loans in the assessment area.

A third-party community organization was contacted to provide additional insight into the credit and community development needs of the assessment area.

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. The bank's characteristics include:

¹ "Intermediate small institution" means a bank or savings association with assets of at least \$412 million as of December 31 of both of the prior two calendar years and less than \$1.649 billion as of December 31 of either of the prior two calendar years.

- According to September 30, 2025, FFIEC Call Report, bank assets total \$1.5 billion. Loans and leases total \$636.8 million, and deposits total \$1.3 billion. Watertown’s total assets increased 3.5 percent from \$1.4 billion, as of June 30, 2023.
- Watertown has one non-lending subsidiary, Watertown Five, Inc. The subsidiary primarily buys, sells, and holds securities.
- 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 two stand-alone ATMs in Waltham.
- The bank has not opened or closed a branch since the last examination. Two branches are in a moderate-income census tract, four are in middle-income tracts, and four are in upper-income tracts.
- 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. Information on bank products and services can be found on the bank’s website at www.watertownsavings.com.
- The bank was last evaluated for CRA on October 23, 2023, and received a rating of Satisfactory.

Table 1 shows the bank’s loan portfolio distribution as of September 30, 2025. The bank is primarily a home mortgage lender, with home mortgage real estate loans totaling \$476.5 million, or 74.8 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 \$78.2 million, or 12.3 percent, of the loan portfolio.

Table 1		
Loan Distribution as of September 30, 2025		
Loan Type	Dollar Amount \$(000)	Percent of Total Loans (%)
Residential RE	476,542	74.8
Commercial*	78,230	12.3
Consumer	82,080	12.9
Other	60	0.0
Total Loans	636,912	100.0

Call Report as of September 30, 2025

**May include construction, land development, and other land loans reported on the HMDA LAR*

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

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 credit needs in the portion of the assessment area that it can reasonably serve. There are no known legal, financial, or other factors impeding the bank’s ability to meet the credit needs in its communities.

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 (MSA). The cities and towns that 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.

See Appendix A for assessment area demographic data.

Assessment Area Composition

- Of the 65 census tracts in the assessment area, 8 tracts, or 12.3 percent, are moderate-income; 14 tracts, or 21.5 percent, are middle-income; 42 tracts, or 64.6 percent, are upper-income, and one tract is unknown-income. The unknown-income tract primarily consists of a university.
- The majority of moderate-income tracts (five) are in Waltham, with an additional two in Watertown and one in Arlington.
- The bank maintains two branches in a moderate-income tract, located in Waltham and Watertown.

Competition

- Watertown operates in a highly competitive banking environment.
- According to the Deposit Market Share Report as of June 30, 2025, from the Federal Deposit Insurance Corporation (FDIC), 18 FDIC-insured depository institutions maintain a branch within the assessment area. The top institution is Leader Bank, N.A., which operates three branches within the assessment area and has a deposit market share of 19.2 percent. Manufacturers and Traders Trust Company has the next largest deposit market share, at 17.2 percent. The next three institutions are Bank of America, N.A., Cambridge Savings Bank, and Citizens Bank, N.A., respectively. Watertown ranked 6th with a deposit market share of 6.7 percent.
- According to 2024 HMDA data, there were 282 HMDA reporters that originated or purchased 4,796 home mortgage loans within the bank's assessment area. Watertown ranked 26th among these HMDA reporters. The top three lenders were Citizens Bank, N.A., Leader Bank, N.A., and Guaranteed Rate, Inc., respectively.

Housing

- The assessment area contains 117,588 housing units, of which 59.0 percent are owner-occupied, 36.0 percent are rental units, and 5.0 percent are vacant.
- In the moderate-income tracts, 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.
- According to the Federal Reserve Beige Book released in January 2025, "prices of single-family homes increased at a brisk pace, while condo prices increased moderately on

average in Massachusetts.”²

- Within the towns which make up the assessment area, the median home sales price ranged from a low of \$750,000 in Waltham to a high of \$1,410,444 in Lexington in 2023. In 2024, the median home sales price ranged from \$790,000 to \$1,450,000. On average, the median home sales price in the assessment area increased by 5.6 percent from 2023 to 2024.
- Based on the data obtained from The Warren Group, in 2024 the median housing value in the assessment area was significantly above the Commonwealth and Middlesex county, at \$595,000 and \$770,000 respectively.

Table 2 illustrates the recent data on the median sales price of single-family homes and condos for each city and town in the assessment area.

Table 2			
Median Sales Price			
Cities/towns	2023	2024	% of change
Arlington	\$985,000	\$1,025,000	4.1%
Belmont	\$1,200,000	\$1,348,750	12.4%
Lexington	\$1,410,444	\$1,450,000	2.8%
Newton,	\$1,375,000	\$1,430,000	4.0%
Waltham	\$750,000	\$790,000	5.3%
Watertown	\$810,000	\$849,950	4.9%
Average % increased:			5.6%
Middlesex county	\$735,000	\$770,000	4.8%
Commonwealth	\$550,000	\$595,000	8.2%

Source: The Warren Group, Boston, MA

These elevated home prices coupled with low housing inventory presented a barrier to home ownership for many low- and moderate-income borrowers. As a result, it is challenging to originate home mortgage loans to low- and moderate-income borrowers in the assessment area.

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.
- The assessment area is comprised of 72,015 families, of which 9.0 percent reside in moderate-income tracts, 22.6 percent are in middle-income tracts, and 68.4 percent are 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.
- The data indicates a decrease in the percentage of low-income families between the 2015 ACS and 2020 Census, moving from 15.4 percent to 14.2 percent. The percentage of moderate-income families increased from 12.9 percent to 13.5 percent; middle-income

2 The Beige Book (Federal Reserve System, 2025), page 7.

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.

- 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.

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. Table 3 displays the MFI used to classify borrowers within the MSA/MD portion(s) of the assessment area and the non-MSA portion of the state.

Table 3					
Median Family Income Ranges					
FFIEC Median Family Income	Low	Moderate	Middle	Upper	
	<50%	50%-79.99%	80%-119.99%	≥120%	
Cambridge MD					
2023	\$146,200	<\$73,100	\$73,100 - \$116,959	\$116,960- \$175,439	≥\$175,440
2024	\$146,600	<\$73,300	\$73,300 - \$117,279	\$117,280- \$175,919	≥\$175,920
Non-MSA Massachusetts					
2023	\$130,000	<\$65,000	\$65,000 - \$103,999	\$104,000- \$155,999	≥\$156,000
2024	\$106,700	<\$53,350	\$53,350 - \$85,359	\$85,360- \$128,039	≥\$128,040

Source: 2024 FFIEC Census Data

Employment Statistics

Table 4 illustrates the Bureau of Labor Statistics unemployment rates for Middlesex County and the Commonwealth of Massachusetts during the evaluation period.

Table 4		
Unemployment Rates		
	2023	2024
Middlesex County	3.0%	3.6%
Massachusetts	3.5%	4.0%

Bureau of Labor Statistic (BLS), Local Area Unemployment Statistics

Unemployment rates increased in Middlesex County and statewide from 2023 to 2024, though below COVID-19 pandemic unemployment rates.

Community Contact

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 a representative from a community services organization that serves the assessment area. The representative identified affordable housing as the area's most significant challenge and programs like Mass Housing were helpful. While new housing construction is increasing, it was uncertain what percentage of those units would be affordable for low- and moderate-income residents. The representative expressed that large down payments and private mortgage insurance can raise costs and make mortgages unaffordable for low- and moderate-income individuals. Furthermore, the representative added that there is a need for bilingual staff to provide assistance for non-English speaking borrowers.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

The bank'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'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.

- The bank's average LTD ratio for the period is 47.9 percent.
- The LTD ratio ranged from a low of 46.5 percent, as of December 31, 2024, to a high of 49.3 percent, as of September 30, 2025.
- At 47.9 percent, the LTD ratio in this evaluation period is slightly higher than the LTD ratio in the previous evaluation at 44.3 percent.

The following table provides a comparison of the bank's average LTD over the past 9 quarters under evaluation to similarly sized institutions operating within the assessment area.

Table 5 Loan-to-Deposit Ratio Comparison		
Institutions	Total Assets* \$(000)	Average LTD Ratio** (%)
Watertown Savings Bank	1,467,941	47.9
East Cambridge Savings Bank	1,624,922	101.2
Main Street Bank	1,656,354	98.3
Everett Co-Op Bank	1,552,333	115.7
Reading Co-Op Bank	1,198,988	97.0

*Call Report as of September 30, 2023

**Call Reports from September 30, 2023- September 30, 2025.

Although the bank’s LTD ratio is below its peers, the loan-to-deposit ratio is reasonable, considering the large investment-related portfolio driven by the bank’s business and financial strategy. Examiners consider “lending-related activities” including lending-related qualified investments when evaluating the LTD ratio. While 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 analysis³. During the review period, the bank’s total qualified equity investment is \$22.4 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. As shown below, a majority of loans and other lending related activities are in the bank’s assessment area. The following table presents the bank’s levels of lending inside and outside the assessment area for the entire evaluation period.

Table 6 Lending Inside and Outside the Assessment Area								
Loan Types	Inside				Outside			
	#	%	\$(000s)	%	#	%	\$(000s)	%
Home Improvement	9	64.3	\$680	70.5	5	35.7	\$285	29.5
Home Purchase - Conventional	58	50.4	\$40,057	54.1	57	49.6	\$34,054	45.9
Multi-Family Housing	1	100.0	\$1,126	100.0	0	0.0	\$0	0.0
Refinancing	32	64.0	\$17,320	65.7	18	36.0	\$9,024	34.3
TOTAL LOANS	100	55.6	\$59,183	57.7	80	44.4	\$43,363	42.3

HMDA for 2023 and 2024

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

- In 2023 and 2024, the bank made a total of 180 HMDA loans, of which 100 loans, or 55.6 percent, were inside the assessment area. In 2023, 59 out of 111 loans or 53.2 percent were inside the assessment area. In 2024, 41 out of 69 loans, or 59.4 percent were inside the assessment area.

³ Interagency Questions and Answers Regarding Community Reinvestment. § 11.26(b)—1_A1.

- At 55.6 percent, the LTD ratio in this evaluation period is below the LTD ratio in the previous evaluation at 64.6 percent. Examiners will continue to monitor the bank's performance under this criterion.
- The bank's total home mortgage loan originations dropped significantly from 111 loans in 2023 to 69 loans in 2024. The decreasing loan demand is due in part to higher rates and rising home prices.

Borrower Profile

This criterion analyzes the distribution of loans to borrowers of different income levels. The distribution of borrowers reflects, given the demographics of the assessment area, excellent penetration among individuals of different income levels (including low- and moderate-income).

Table 7 provides a comparison of the bank's lending by income level of the borrower to the income distribution of families in the assessment area and demographic data.

Table 7 Distribution of 2023 and 2024 Home Mortgage Lending By Borrower Income Level													
Borrower Income Level	Bank And Aggregate Loans By Year												Families by Family Income %
	2023						2024						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	\$%	#	%	%	\$(000)	%	\$%	
Home Purchase Loans													
Low	7	19.4	1.2	1,707	6.7	0.3	0	0.0	1.2	0	0.0	0.4	14.2
Moderate	3	8.3	5.2	946	3.7	2.2	3	13.6	5.4	1,412	9.7	2.2	13.5
Middle	6	16.7	12.0	3,610	14.2	6.8	2	9.1	13.2	825	5.7	7.9	17.7
Upper	13	36.1	55.3	9,410	36.9	59.0	11	50.0	61.2	8,305	57.1	66.4	54.6
Unknown	7	19.4	26.2	9,829	38.5	31.6	6	27.3	19.0	4,013	27.6	23.1	0.0
Total	36	100.0	100.0	25,502	100.0	100.0	22	100.0	100.0	14,555	100.0	100.0	100.0
Refinance Loans													
Low	4	23.5	4.6	1,470	19.4	2.1	2	13.3	2.9	300	3.1	1.7	14.2
Moderate	5	29.4	7.6	1,825	24.1	3.3	1	6.7	7.7	1,115	11.4	3.7	13.5
Middle	2	11.8	13.1	695	9.2	6.9	4	26.7	16.3	1,817	18.7	10.5	17.7
Upper	5	29.4	40.1	1,690	22.3	36.8	4	26.7	60.1	2,458	25.2	65.4	54.6
Unknown	1	5.9	34.7	1,900	25.1	50.9	4	26.7	13.0	4,050	41.6	18.7	0.0
Total	17	100.0	100.0	7,580	100.0	100.0	15	100.0	100.0	9,740	100.0	100.0	100.0
Home Improvement Loans													
Low	2	40.0	4.2	120	42.9	1.4	0	0.0	2.5	0	0.0	1.4	14.2
Moderate	1	20.0	8.4	40	14.3	3.7	0	0.0	9.0	0	0.0	3.7	13.5
Middle	1	20.0	17.6	70	25.0	10.6	0	0.0	16.3	0	0.0	8.9	17.7
Upper	1	20.0	57.1	50	17.9	55.8	4	100.0	67.2	400	100.0	71.1	54.6
Unknown	0	0.0	12.6	0	0.0	28.5	0	0.0	5.0	0	0.0	14.8	0.0
Total	5	100.0	100.0	280	100.0	100.0	4	100.0	100.0	400	100.0	100.0	100.0
Total Home Mortgage Loans													
Low	13	22.4	2.4	3,297	9.9	0.7	2	4.9	2.0	300	1.2	0.7	14.2
Moderate	9	15.5	6.3	2,811	8.4	2.5	4	9.8	6.7	2,527	10.2	2.8	13.5
Middle	9	15.5	12.9	4,375	13.1	7.0	6	14.6	14.6	2,642	10.7	8.6	17.7
Upper	19	32.8	50.6	11,150	33.4	53.2	19	46.3	61.8	11,163	45.2	66.7	54.6
Unknown	8	13.8	27.8	11,729	35.2	36.6	10	24.4	14.9	8,063	32.7	21.3	0.0
Total	58	100.0	100.0	33,362	100.0	100.0	41	100.0	100.0	24,695	100.0	100.0	100.0
Source: 2024 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.													

- Despite rapidly rising median home prices in each town in the assessment area during the evaluation period, which resulted in affordability challenges for most low- and moderate-income borrowers, the bank's lending performance significantly exceeded the aggregate,

especially in 2023. The bank originated 13 home mortgage loans⁴, or 22.4 percent, to low-income borrowers. At 22.4 percent, the bank's lending percentage was significantly above the aggregate, at 2.4 percent, and well above the percentage of low-income families, at 14.2 percent. The bank ranked 2nd out of 43 lenders for lending to low-income borrowers in 2023, further highlighting the bank's excellent performance.

- In the same year, the bank originated 9 home mortgage loans, or 15.5 percent, to moderate-income borrowers. At 15.5 percent, the bank's lending percentage was also significantly above the aggregate, at 6.3 percent, and above the percentage of moderate-income families in the assessment area, at 13.5 percent.
- In 2024, the bank originated two home mortgage loans, or 4.9 percent, to low-income borrowers. At 4.9 percent, the bank's lending percentage was above the aggregate, at 2.0 percent. In the same year, the bank originated four home mortgage loans, or 9.8 percent, to moderate-income borrowers. At 9.8 percent, the bank's lending percentage was above the aggregate, at 6.7 percent.
- Although the bank's lending percentage was below the percentage of low-income families, at 14.2 percent, and below the percentage of moderate-income families, at 13.5 percent in 2024, given the general challenges for low- and moderate- income families to obtain a home mortgage loan, it is not expected that the bank's residential lending percentage aligns with the percentage of low- and moderate-income families in the assessment area. Based on an rapidly rising median home sale prices compared to the MFIs by year and the high value of single-family homes and condos in the assessment areas compared to the Commonwealth and Middlesex county, it is challenging to originate home mortgage loans to low-, moderate-income borrowers. The community contact confirmed that mortgages can be unaffordable for many low- and moderate-income individuals due to large down payments and private mortgage insurance.

Geographic Distribution of Loans

This performance criterion evaluates the bank's distribution of loans to census tracts of all income levels. The geographic distribution of loans reflects excellent dispersion throughout the assessment area.

- As previously discussed, the bank has no low-income census tracts.
- In 2023, the bank originated 10 loans, or 16.9 percent in moderate-income tracts. At 16.9 percent, the bank significantly exceeded the aggregate, at 6.8 percent, and the percentage of owner-occupied housing units, at 6.6 percent.
- The bank ranked 8th out of 112 lenders for residential lending within moderate-income tracts in 2023. Most of the top ten lenders were regional and national banks and non-depository mortgage lenders, further highlighting the bank's strong performance.
- The bank maintained its ranking in 2024 despite the strong competitive environment in its assessment area. The bank originated 10 loans, or 24.4 percent in moderate-income

⁴ 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.

tracts. At 24.4 percent, it significantly exceeded the aggregate, at 8.0 percent, and the percentage of owner-occupied housing units in moderate-income tracts, at 6.6 percent.

There were no conspicuous gaps in the bank's loan penetration in moderate-income tracts during the evaluation period.

Table 8 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 8 Distribution of 2023 and 2024 Home Mortgage Lending By Income Level of Geography														
Geographic Income Level	Bank And Aggregate Loans By Year												Owner Occupied Units %	
	2023						2024							
	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	4	11.1	8.1	2,755	10.8	5.5	4	18.2	9.1	3,097	21.3	6.2	6.6	
Middle	19	52.8	21.0	10,865	42.6	14.5	13	59.1	23.2	8,928	61.3	17.4	23.4	
Upper	13	36.1	70.9	11,882	46.6	80.0	5	22.7	67.6	2,530	17.4	76.4	70.0	
Total	36	100.0	100.0	25,502	100.0	100.0	22	100.0	100.0	14,555	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	4	23.5	4.6	1,070	14.1	2.6	3	20.0	5.8	1,628	16.7	4.6	6.6	
Middle	7	41.2	17.0	3,730	49.2	11.5	8	53.3	19.5	5,541	56.9	15.3	23.4	
Upper	6	35.3	78.5	2,780	36.7	85.9	4	26.7	74.8	2,571	26.4	80.1	70.0	
Total	17	100.0	100.0	7,580	100.0	100.0	15	100.0	100.0	9,740	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	1	20.0	5.4	80	28.6	5.0	3	75.0	6.1	335	83.8	4.5	6.6	
Middle	4	80.0	20.8	200	71.4	11.5	0	0.0	25.7	0	0.0	20.2	23.4	
Upper	0	0.0	73.8	0	0.0	83.5	1	25.0	68.2	65	16.3	75.4	70.0	
Total	5	100.0	100.0	280	100.0	100.0	4	100.0	100.0	400	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		0.0
Moderate	1	100.0	38.7	1,126	100.0	19.5	0	0.0	41.2	0	0.0	77.0		20.4
Middle	0	0.0	22.6	0	0.0	10.9	0	0.0	35.3	0	0.0	4.6		30.3
Upper	0	0.0	38.7	0	0.0	69.6	0	0.0	23.5	0	0.0	18.4		49.4
Total	1	100.0	100.0	1,126	100.0	100.0	0	0.0	100.0	0	0.0	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		0.0
Moderate	10	16.9	6.8	5,031	14.6	5.4	10	24.4	8.0	5,060	20.5	9.9		6.6
Middle	30	50.8	19.6	14,795	42.9	13.2	21	51.2	22.7	14,469	58.6	16.2		23.4
Upper	19	32.2	73.7	14,662	42.5	81.4	10	24.4	69.3	5,166	20.9	73.9		70.0
Total	59	100.0	100.0	34,488	100.0	100.0	41	100.0	100.0	24,695	100.0	100.0		100.0

Source: 2024 FFIEC Census Data

2016-2020 U.S. Census Bureau: American Community Survey

Note: Percentages may not total 100.0 percent due to rounding.

Response to Complaints

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

CONCLUSIONS: LENDING TEST

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". The bank's strong 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 and moderate-income borrowers and to borrowers in moderate-income census tracts in 2023 and 2024 as compared to the aggregate was particularly noteworthy, given the persistent housing affordability and the limited opportunities for lending in moderate-income census tracts. The majority of its loans were still made within its assessment area. The LTD ratio is reasonable considering the bank's business strategy, the investment-related activities relative to bank's size, and the bank's strong performance in meeting the credit needs.

COMMUNITY DEVELOPMENT TEST

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

- There were no community development loans during the evaluation period as the bank is primarily a home mortgage lender. The bank's community development efforts were focused on its investments, donations, and services, totaling approximately \$22.6 million.
- The bank maintains 21 prior period equity investments, totaling approximately \$21.4 million.
 - Twenty of these investments are in the form of Ginnie Mae (GNMA) mortgage-backed securities (MBS), totaling approximately \$18.4 million. 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.
 - One investment is in the form of a Fannie Mae (FNMA) MBS pool, totaling \$3.0 million. 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 of area median income (AMI).

- In 2025, the bank purchased a \$5 million MBS for the construction of a 298-unit housing complex in Belmont, MA, where 20 percent of the units are affordable units. The bank received pro-rata consideration of \$1.0 million.
- During the evaluation period, the bank made 65 qualified donations, totaling \$154,375, which was twice the total donation amount in the prior period. These efforts 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:
 - **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. The bank made two qualified donations, totaling \$16,000, during the evaluation period.
 - **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. The bank made three qualified donations, totaling \$9,500, during the evaluation period.
 - **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. The bank made two qualified donations, totaling \$6,000, during the evaluation period.
 - **Springwell, Inc. (Springwell)** – Springwell’s mission is to provide comprehensive services to older adults, individuals with disabilities, and those who provide care, regardless of financial situation. The bank made one qualified donation in the amount of \$5,000 during the evaluation period.
 - **Housing Corporation of Arlington (HCA)** – HCA works to increase affordable housing opportunities for low- and moderate-income families, which the community contact noted as a need in the area, 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. The bank made two qualified donations, totaling \$2,000, during the evaluation period.
- 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 benefiting low- and moderate-income individuals. The following is a sample of the bank’s involvement during the evaluation period:

- **Springwell's Money Management Program-** The Springwell Money Management Program helps vulnerable, low-income seniors, and individuals with disabilities with financial management tasks. A bank vice president is a member of the Money Management Advisory Council.
- **Waltham Council on Aging** - Over the review period, bank employees provided seminars for senior citizens at the Waltham Council on Aging on tips to avoid scams and fraud.
- Additionally, in 2025 the bank remitted \$2,476.91 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.

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 A – DEMOGRAPHIC INFORMATION

Table 9 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
<p><i>Source: 2022 FFIEC Census Data</i></p> <p><i>2022 Dun & Bradstreet Data</i></p> <p><i>2016-2020 U.S. Census Bureau: American Community Survey</i></p> <p><i>Note: Percentages may not total 100.0 percent due to rounding.</i></p>								

APPENDIX B - 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