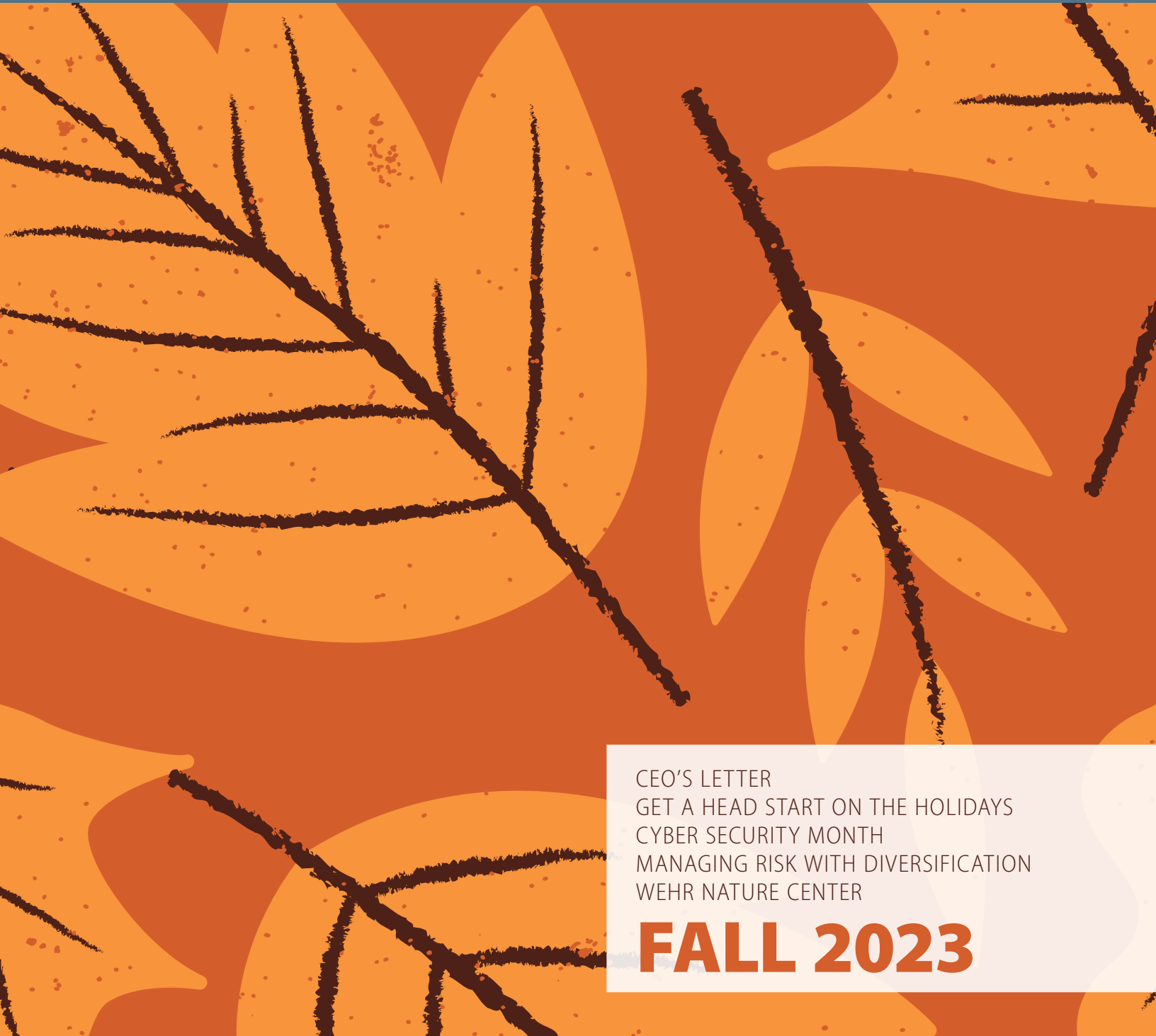




WaterStone Quarterly

An Exclusive Publication for the People of WaterStone Bank



CEO'S LETTER

GET A HEAD START ON THE HOLIDAYS

CYBER SECURITY MONTH

MANAGING RISK WITH DIVERSIFICATION

WEHR NATURE CENTER

FALL 2023

MESSAGE FROM
DOUG GORDON

Chief Executive Officer



Dear Valued Customers,

I am writing to inform you that after many years of service, I have decided to retire from my position as CEO of this esteemed bank.

It has been an honor and a privilege to serve as your CEO and to have had the opportunity to work with such a dedicated and talented team of professionals. Together, we have worked tirelessly to provide you with the highest level of service and support, and I am proud of the many accomplishments we have achieved.

As I reflect on my time here, I am reminded of the many relationships that we have built over the years. I have been continually impressed by your loyalty and commitment to WaterStone, and I am grateful for the trust you have placed in us.

As I retire from my position, I would like to express my sincere gratitude to each and every one of you for your unwavering support and trust. It has been an honor to serve you, and I am proud of the many ways we have helped you achieve your financial goals and aspirations.

Please know that WaterStone Bank remains committed to providing you with the highest level of service and support, and I am confident that my successor and the dedicated team of professionals will continue to build upon the strong foundation we have established.

Thank you for the many years of trust and loyalty. It has been a pleasure to serve you, and I wish you all the best in your future endeavors.

Sincerely,

A handwritten signature in black ink that reads "Doug Gordon". The signature is written in a cursive, flowing style.

Douglas S. Gordon

Business Highlights



Behind the Business: Schwid Properties LLC

Doing business with a community bank like WaterStone gives small business owners the advantage of local knowledge, personalized service, customized financing options and quick decision-making processes that can greatly facilitate their development projects. A WaterStone Bank business customer for more than ten years, Steve Schwid of Schwid Properties LLC/Atlas-6 Development of Waterford, Wisconsin, offers a look into the world of small business ownership.

Q: What products does your business offer?

A: We build and sell large storage buildings in a condominium environment, with the goal of meeting the needs of small businesses and individuals. The buildings are a valuable extension of customers' homes and businesses and come in a variety of sizes. Some of our customers even operate their business out of the structures.

Q: What are some of your distinctive offerings?

A: We've developed the ultimate man cave! You can store all your toys and collectibles in these units, from cars, boats, and ATVs to RVs. We customize the space with add-ons, such as epoxy flooring or custom lofts for additional store or office space.

Q: What do you like about banking with WaterStone and are there plans for future development?

A: Working with WaterStone has been an easy process. We're currently developing Saturn 5 Storage Condominium buildings with multiple spaces that customers can buy to rent out.

Schwid's success serves as an inspiration to aspiring entrepreneurs and a reminder that innovation fuels the success of small businesses.

storagecondowi.com | (414) 774-9455 | condos4cars@gmail.com

Contact a Business Banker today

(414) 761-1000, toll-free at (888) 686-7272
to learn how we can add value to your business.



Get a Head Start on the Holidays[^]

Discover the Perfect Gift:

Explore our **WaterStone Bank Visa Gift Cards**, available in denominations from \$10 to \$1,000. These versatile cards can be used wherever Visa is accepted, making them the ideal choice for your holiday shopping.

Tackle Holiday Expenses with Ease:

Feeling the pressure of holiday spending? Our **Home Equity Line Of Credit (HELOC)** is here to provide relief. With a straightforward application process, local customer support and the convenience of our Equity Access card, you can confidently embrace the holiday season without financial worries.

Tailored to your Preferences:

Explore the **WaterStone Bank Credit Card** options designed to suit your specific needs. Whether you desire points, cash back, a competitive introductory rate or 0% balance transfers, we have diverse credit card products to enhance your financial choices.

Nurture Financial Skills:

Introduce your young ones to essential financial concepts through our engaging Blue's Jr. Bankers Kids Club! Teach them the value of saving and lay the foundation for strong financial habits that will last a lifetime.

Share Global Delight:

For those on your list with wanderlust, surprise them with gifts in foreign currency. This option is offered at select WaterStone Bank locations, catering to avid travelers and adding an extra touch of thoughtfulness to your present-giving.

Make this holiday season memorable and stress-free with WaterStone Bank by your side. Start your preparations today and experience the joy of a well-planned festive season!

Visit [wsbonline.com](https://www.wsbonline.com), stop into your local branch, or contact our Customer Support Center at (414) 761-1000, toll-free at (888) 686-7272 for more information. 📞

USE DOMESTICALLY EVERYWHERE VISA® DEBIT CARDS ARE ACCEPTED

[^]WaterStone Bank Visa Gift Cards are issued by MetaBank®, N.A., Member FDIC, pursuant to a license from Visa U.S.A. Inc. No cash access. For children 14 & under only. The Annual Percentage Yield (APY) effective as of 09/07/23 is .01%. At our discretion, we may change the interest rate on your account at any time. Minimum balance to open account is \$25.00. Limit one per customer and is not valid with other offers. No minimum balance required to earn disclosed APY. Fees may reduce earnings. Donation made by WaterStone Bank SSB (WSB) will be made to Children's Wisconsin for the amount of \$10.00, the donation special will be available for the entire year of 2023. For tax reporting purposes, a 1099 form may be issued at year-end. Contact your banker for more details. Foreign Currency Exchange Important Information WaterStone Bank (WSB) offers foreign currency exchange services of more than 50 currencies at four WSB locations: Franklin/Hales Corners, Oak Creek/27th Street, Wauwatosa/State Street, and Waukesha. Fees will be waived for Student, MVP and HERO program customers up to two times annually. The currency exchange rate used at WSB may differ than the daily rate of exchange and are subject to daily fluctuations. A \$20.00 fee is assessed for orders and return orders; fee is subject to change at any time. Currency orders placed and not picked up within 10 business days are subject to a return fee and any depreciation. Please see a WSB banker for more details. Products and services offered by WaterStone Bank. Member FDIC.



Choosing a Mortgage That's Right for You

Embarking on the journey of purchasing a home is an enormous undertaking, marked by a multitude of considerations ranging from your budget and desired square footage to the quality of the school district and the number of bedrooms you require. Yet, amidst this sea of crucial decisions, there exists one main factor when it comes to securing your dream home: the mortgage. As we delve into the various types of mortgage loans below, know that the WaterStone Bank Team is here just for you in your homeownership journey.

Fixed-Rate Loans

Fixed-rate loans stand as the bedrock of the mortgage landscape. With this type of mortgage, your interest rate remains steadfast, whether you opt for a 15-year or 30-year payoff plan. Market rate fluctuations hold no sway over you as you've locked in your interest rate. However, it's worth noting that your monthly payment may still fluctuate, contingent upon changes in property taxes and home insurance premiums.

For those with a down payment of less than 20%, many lenders will require the purchase of private mortgage insurance (PMI), designed to protect the lender – not the buyer – in cases where homeowners are unable to meet their monthly obligations. A silver lining exists, though: most buyers can terminate their PMI once they've reached 20% equity in their home.

Adjustable-Rate Loans

In contrast to fixed-rate mortgages, adjustable-rate mortgages offer interest rates that evolve over time. They begin with an introductory period whose length varies from lender to lender, providing buyers with initial fixed interest rates typically lower than prevailing market rates. Following this period, the adjustment phase kicks in, where interest rates can fluctuate. Nevertheless, many lenders impose limits on how much these rates can rise and fall.

Conventional Loans

Conventional loans, facilitated by private lenders, grant access to homeownership with as little as a 3% down payment. However, they lack government backing and come with stringent borrower requirements, including minimum credit scores of 620 and a debt-to-income ratio of 50% or less.

Nonconforming Loans

While most mortgages adhere to conforming loan standards and are quickly acquired by Fannie Mae or Freddie Mac, nonconforming loans, such as jumbo loans, venture into the realm of high-value loans that surpass the Federal Housing Finance Agency's loan limits. Typically, more prevalent in expensive metropolitan areas, these loans demand even more rigorous borrower qualifications.

Finding the Right Loan for You

The choice of which loan suits you best depends on your unique financial circumstances. Factors such as your down payment capability, prequalification amount, credit score, and more come into play. To gain a deeper understanding of your options, we invite you to meet with our Residential Mortgage Loan Officer, Peter Salamone. Take the first step toward your dream home! 📩



For mortgage information, contact:

Peter Salamone, Residential Mortgage Loan Officer
PeterSalamone@wsbonline.com | (414) 459-4579

Be the first to know!

Emails from WaterStone Bank are an easy way to learn about special happenings and offers, fraud alerts and financial resources. At WaterStone Bank our customers and their financial wellbeing are our top priority.

Give us a call at (414) 761-1000 (toll-free at (888) 686-7272 and verify your contact information on file is current. We're here just for you! 📩



Cyber Security Month: Protect Your Digital World

October is Cyber Security Month, a time when we highlight the importance of safeguarding our digital lives.

In an increasingly connected world, protecting your computer and personal information is crucial. Here are some tips to keep your information safe.

- 1. Keep software updated:** Regularly update your operating system, browsers and antivirus software. Updates often contain patches to protect against the latest threats.
- 2. Use strong passwords:** Create complex, unique passwords for each online account. Consider using a password manager to keep track of them.
- 3. Beware of phishing:** Be cautious about unsolicited emails, links or attachments. Cybercriminals often use phishing emails to trick you into revealing sensitive information. 📧



For more security tips and resources, visit the security tips section on [wsbonline.com](https://www.wisconsin.gov).

Stay informed, stay safe and make Cyber Security Month a reminder to keep your digital world secure.

Cultivating Nature's Friends:

Wehr Nature Center and Halloween Haunts

Sponsored by WaterStone Bank

Community members can enjoy the splendors of the season at Wehr Nature Center, while contributing to the organization's mission of promoting environmental awareness and conservation.

Friends of Wehr is a nonprofit organization dedicated to supporting and enhancing the Wehr Nature Center, an oasis nestled within Whitnall Park in Hales Corners. Founded with the goal of promoting environmental education, conservation and appreciation of nature, the organization works closely with staff and volunteers to fulfill its mission.

The center not only provides resources and support to environmental education programs and initiatives, but also works with schools to provide nature camps, workshops and guided nature walks. The organization is involved in habitat restoration and preservation efforts within the grounds, and maintains trails, native plant gardens and wildlife habitats.

The center also fosters a sense of community with activities that bring people of all ages closer to nature and to promote a sustainable lifestyle.

As Fall arrives, the center has a variety of activities for nature enthusiasts and families. Mark your calendar for October 19, 20 and 21, when WaterStone Bank presents Halloween Haunts. This nighttime nature walk through an Enchanted Forest is filled with spooky tricks and treats, including witches, owls and hundreds of glowing Jack-o-lanterns. Tickets are available now from Friends of Wehr.



About the WaterStone Bank Foundation:

WaterStone Bank established the WaterStone Bank Foundation with the Waukesha County Community Foundation in 2002 to ensure the Bank's ability to continually give back to the communities in which we serve. Our Foundation focuses on four core giving areas for its grants: education, women and children, community development, and veterans' initiatives.

Are you involved with a local nonprofit organization that falls into one of our core giving areas? If you'd like to ask for a donation from the WaterStone Bank Foundation, visit [wsbonline.com/foundation](https://www.wisconsin.gov) to learn more about how to submit a request. 📧



Managing Risk With Diversification

Diversification is a fundamental aspect of risk management and plays a critical role in building an investment portfolio.

When you first considered investing, it probably seemed like a good idea to focus heavily on what worked best for you from the beginning. If stocks from a particular company brought you high yields, why not double up on your original investment? It may seem counterintuitive, but diversification is a fundamental aspect of risk management, and plays a critical role in building an investment portfolio.

Effective diversification requires more than just purchasing a random bundle of investments. Otherwise, your investment may all move in the same direction in both up and down markets. Instead, investors might want to consider selecting securities that do not all move in correlation to each other. The U.S. Securities and Exchange Commission advises investors to diversify by asset category and within the asset category.

Diversify by Asset Categories

Asset allocation is the practice of dividing up your investment capital among different asset categories. This covers three main

asset classes: stocks, bonds and cash. Some financial advisors consider this separate from diversification. Even so, the fundamental principle is the same and can be used in tandem with company-specific or industry-specific diversification.

While asset allocation may help to manage market risk, it does not provide a guarantee against market losses. It seeks to provide a cushion against market volatility.

Diversify Within Asset Categories

When it comes to diversifying within asset categories, financial advisors focus on spreading out stock among different types of companies. There are also different types of bonds to consider.

Yes, the portfolio may, at times, yield lower returns than those from investors who decide to specialize.

Putting These Concepts to Work

So, what steps can you follow to manage risk, especially as you draw closer to retirement?

Article provided by John Gehlhaart, Sr. Wealth Advisor,
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waterstoneinvestmentservices.com



1. Choose Investment Style:

Investment styles further affect how you diversify your portfolios, so be sure to find one that works for you. Some of the most common options include small-cap versus large-cap, sector vs. industry, growth vs. value and domestic vs. foreign.

2. Determine Asset Allocation:

Deciding how much of your capital to invest in each category depends on a number of factors, such as your personal ability to tolerate risk and how soon you may need to liquidate investments. As an example, younger people may want more risk exposure, while people closer to retirement may want to err on the side of caution.

Overall, your general appetite for risk determines how best to diversify your investments. Contact LPL Financial for more information on how to strike the right portfolio balance. 📩

This material is for general information only and is not intended to provide specific advice or recommendations for any individual. There is no assurance that the views or strategies discussed are suitable for all investors or will yield positive outcomes. Investing involves risks including possible loss of principal. This material was prepared by LPL Financial, LLC. Member FINRA/SIPC MC-1365950ART18-1222

 LPL Financial



U.S. Flag Service

If you have an American flag in need of proper retirement, we can help! WaterStone Bank customers are invited to drop off worn flags at their local branch for a complimentary flag retirement ceremony (no limit).

It's just one of the extra special ways we've served the community for more than 100 years. 📩

Ask the Expert

Aimee Good

Community President, Germantown Branch

Q:

How does laddering CDs protect against an unpredictable trajectory in interest rates?

Although my crystal ball is a bit fuzzy when it comes to specifics on rates, introducing the strategy of laddering CDs can provide some investors with an answer to that puzzler.

Laddering CDs is a low-risk, reliable savings approach involving investing in several certificates with staggered maturity dates. This allows customers to take advantage of the higher rates on our shorter-term CDs, while leveraging the current market situation on longer-term CDs for stability. The goal is to achieve a steady flow of savings over time, while providing access to funds every few months if savings strategies change.

When thinking about laddering CDs, consider the length of time that CD specials run. For example, with four specials, you would open one CD into each term. Once each CD matures, it is reinvested into the longest term.

The chart below illustrates the way CD laddering would work. Initially, you have access to funds every four months, while taking advantage of the current market. Ideally at renewal, you would reinvest at the longest term, with funds being available between four and nine months.

CDs opened on October 2, 2023

CD	Term (Initial Opening)	Date of 1st Maturity	Renewal Term- All at 25 Months
1	9 Months	July 2024	August 2026
2	13 Months	November 2024	December 2026
3	19 Months	May 2025	June 2027
4	25 Months	November 2025	December 2027

While the CD ladder works best when customers re-invest funds back into a new CD, the flexibility of the method allows the you to break the ladder if rates are too low or if savings goals change.

For customers who want answers about the uncertainty of interest rates, I'm excited to offer them a solution with predictable benefits.



If you have specific questions about any banking products that you would like addressed in this column, please email Marketing@wsbonline.com, or send your inquiry to: "Ask the Expert," WaterStone Quarterly, WaterStone Bank, 11200 W. Plank Ct., Wauwatosa, WI 53226. "Ask the Expert" is intended to provide general information and is not intended to provide terms and conditions of any bank product. For more information, please visit a branch office, wsbonline.com, or call the Customer Support Center at (414) 761-1000.

Bank Sponsored Events

October 6 Legends and Lore at Old World Wisconsin

October 19, 20, 21 Wehr Nature Center Halloween Haunts

October 27 TEMPO Leadership Event

November 2 Women's Fund of Greater Milwaukee Event

November 7 MACC Fund: Designed to Inspire

December 1 City of Waukesha Walk of Lights

Bank Hours

LOBBY

Monday - Friday 9:00 am - 5:00 pm
Saturday 9:00 am - 12:00 pm

DRIVE-UP

Monday - Friday 8:30 am - 5:30 pm
Saturday 8:30 am - 12:00 pm

CUSTOMER SUPPORT CENTER

Monday - Friday 8:30 am - 5:30 pm
Saturday 8:30 am - 12:00 pm





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