

WATERSTONE FINANCIAL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

	For The Three Months		For The Six Months	
	Ended June 30,		Ended June 30,	
	2018	2017	2018	2017
	(In Thousands, except per share amounts)			
Interest income:				
Loans	\$ 16,700	14,985	32,158	29,223
Mortgage-related securities	644	678	1,282	1,374
Debt securities, federal funds sold and short-term investments	1,019	877	1,886	1,729
Total interest income	18,363	16,540	35,326	32,326
Interest expense:				
Deposits	2,710	1,838	5,024	3,633
Borrowings	1,933	2,221	3,441	4,317
Total interest expense	4,643	4,059	8,465	7,950
Net interest income	13,720	12,481	26,861	24,376
Provision for loan losses	(220)	25	(1,100)	(1,186)
Net interest income after provision for loan losses	13,940	12,456	27,961	25,562
Noninterest income:				
Service charges on loans and deposits	491	481	890	848
Increase in cash surrender value of life insurance	473	470	801	788
Loss on sale of available for sale securities	-	(107)	-	(107)
Mortgage banking income	32,090	36,224	56,277	60,911
Other	264	173	533	738
Total noninterest income	33,318	37,241	58,501	63,178
Noninterest expenses:				
Compensation, payroll taxes, and other employee benefits	26,234	27,584	47,217	47,579
Occupancy, office furniture, and equipment	2,605	2,527	5,244	5,054
Advertising	1,000	869	1,860	1,593
Data processing	623	633	1,248	1,231
Communications	435	397	817	776
Professional fees	647	717	1,347	1,324
Real estate owned	(126)	(133)	191	278
FDIC insurance premiums	105	117	230	237
Other	3,214	3,476	6,730	7,173
Total noninterest expenses	34,737	36,187	64,884	65,245
Income before income taxes	12,521	13,510	21,578	23,495
Income tax expense	3,101	4,622	5,205	8,035
Net income	\$ 9,420	8,888	16,373	15,460
Income per share:				
Basic	\$ 0.34	0.32	0.60	0.56
Diluted	\$ 0.34	0.32	0.59	0.55
Weighted average shares outstanding:				
Basic	27,504	27,487	27,506	27,406
Diluted	27,742	27,955	27,790	27,913

WATERSTONE FINANCIAL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

	June 30, 2018	December 31, 2017
	(Unaudited)	
	(In Thousands, except per share amounts)	
Assets		
Cash	\$ 61,995	\$ 22,306
Federal funds sold	9,332	17,034
Interest-earning deposits in other financial institutions and other short term investments	6,789	9,267
Cash and cash equivalents	78,116	48,607
Securities available for sale (at fair value)	185,018	199,707
Loans held for sale (at fair value)	142,954	149,896
Loans receivable	1,342,136	1,291,814
Less: Allowance for loan losses	13,124	14,077
Loans receivable, net	1,329,012	1,277,737
Office properties and equipment, net	22,770	22,941
Federal Home Loan Bank stock (at cost)	19,350	16,875
Cash surrender value of life insurance	66,977	65,996
Real estate owned, net	2,378	4,558
Prepaid expenses and other assets	30,655	20,084
Total assets	\$ 1,877,230	\$ 1,806,401
Liabilities and Shareholders' Equity		
Liabilities:		
Demand deposits	\$ 135,370	\$ 129,597
Money market and savings deposits	153,484	148,804
Time deposits	706,586	688,979
Total deposits	995,440	967,380
Borrowings	432,523	386,285
Advance payments by borrowers for taxes	22,721	4,876
Other liabilities	22,802	35,756
Total liabilities	1,473,486	1,394,297
Shareholders' equity:		
Common stock	293	295
Additional paid-in capital	328,450	326,655
Retained earnings	179,267	183,358
Unearned ESOP shares	(18,397)	(18,991)
Accumulated other comprehensive loss, net of taxes	(3,168)	(477)
Cost of shares repurchased	(82,701)	(78,736)
Total shareholders' equity	403,744	412,104
Total liabilities and shareholders' equity	\$ 1,877,230	\$ 1,806,401
Share Information		
Shares Outstanding	29,318	29,501
Book Value per share	\$ 13.77	\$ 13.97
Closing market price	\$ 17.05	\$ 17.05
Price to book ratio	123.82%	122.05%

WATERSTONE FINANCIAL, INC. AND SUBSIDIARIES
SUMMARY OF KEY QUARTERLY FINANCIAL DATA
(Unaudited)

	At or For the Three Months Ended				
	June 30, 2018	March 31, 2018	December 31, 2017	September 30, 2017	June 30, 2017
	(Dollars in Thousands)				
Condensed Results of Operations:					
Net interest income	\$ 13,720	13,141	13,324	13,033	12,481
Provision for loan losses	(220)	(880)	-	20	25
Total noninterest income	33,318	25,183	28,181	33,054	37,241
Total noninterest expense	34,737	30,147	32,318	34,316	36,187
Income before income taxes	12,521	9,057	9,187	11,751	13,510
Income tax expense	3,101	2,104	6,072	4,362	4,622
Net income	\$ 9,420	6,953	3,115	7,389	8,888
Income per share – basic	\$ 0.34	0.25	0.11	0.27	0.32
Income per share – diluted	\$ 0.34	0.25	0.11	0.26	0.32
Dividends declared per share	\$ 0.12	0.62	0.12	0.12	0.62
Performance Ratios:					
Return on average assets - QTD	2.02%	1.57%	0.67%	1.56%	1.99%
Return on average equity - QTD	9.40%	6.90%	2.98%	7.12%	8.70%
Net interest margin - QTD	3.14%	3.18%	3.08%	2.95%	3.00%
Return on average assets - YTD	1.80%	1.57%	1.43%	1.70%	1.77%
Return on average equity - YTD	8.13%	6.90%	6.32%	7.42%	7.56%
Net interest margin - YTD	3.16%	3.18%	3.00%	2.97%	2.98%
Asset Quality Ratios:					
Past due loans to total loans	0.54%	0.53%	0.45%	0.71%	0.74%
Non accrual loans to total loans	0.46%	0.50%	0.47%	0.56%	0.70%
Non performing assets to total assets	0.45%	0.54%	0.59%	0.62%	0.71%

COMMUNITY BANKING SEGMENT
SUMMARY OF KEY QUARTERLY FINANCIAL DATA
(Unaudited)

	At or For the Three Months Ended				
	June 30, 2018	March 31, 2018	December 31, 2017	September 30, 2017	June 30, 2017
(Dollars in Thousands)					
Condensed Results of Operations:					
Net interest income	\$ 13,747	13,304	13,375	13,120	12,433
Provision for loan losses	(250)	(900)	-	-	-
Total noninterest income	1,137	939	974	1,161	995
Total noninterest expense	6,588	7,682	6,939	6,824	6,547
Income before income taxes	8,546	7,461	7,410	7,457	6,881
Income tax expense	1,970	1,668	5,570	2,597	1,902
Net income	\$ 6,576	5,793	1,840	4,860	4,979
Efficiency ratio - QTD	44.27%	53.94%	48.36%	47.78%	48.76%
Efficiency ratio - YTD	49.00%	53.94%	49.98%	50.56%	52.09%

MORTGAGE BANKING SEGMENT
SUMMARY OF KEY QUARTERLY FINANCIAL DATA
(Unaudited)

	At or For the Three Months Ended				
	June 30, 2018	March 31, 2018	December 31, 2017	September 30, 2017	June 30, 2017
(Dollars in Thousands)					
Condensed Results of Operations:					
Net interest income	\$ (40)	(192)	(72)	(102)	(1)
Provision for loan losses	30	20	-	20	-
Total noninterest income	32,547	24,731	27,645	32,318	36,743
Total noninterest expense	28,493	22,941	25,791	27,882	30,080
Income before income taxes	3,984	1,578	1,782	4,314	6,662
Income tax expense	1,133	435	509	1,767	2,715
Net income	\$ 2,851	1,143	1,273	2,547	3,947
Efficiency ratio - QTD	87.65%	93.49%	93.54%	86.55%	81.87%
Efficiency ratio - YTD	90.16%	93.49%	86.93%	85.00%	84.20%
Loan Originations	721,184	516,020	600,265	684,500	766,759