

CAPITAL MARKETS ANNOUNCEMENT

Waterstone Financial, Inc. (NASDAQ: WSBF; Wauwatosa, WI) announced the completion of its second-step conversion from the mutual holding company form of organization to the stock form of organization. In connection with the conversion, Waterstone Financial, Inc. sold 25,300,000 shares of common stock, at a price of \$10.00 per share for total gross proceeds of approximately \$253 million.

Sandler O'Neill + Partners L.P. served as marketing agent in the subscription offering.

This transaction is Sandler O'Neill's fifth conversion transaction completed since January 1, 2013 and is the second largest in that period.

About the Offering:

On January 22, 2014, Waterstone Financial, Inc., announced that the second step conversion of Lamplighter Financial, MHC and Waterstone Financial Inc.'s stock offering was completed. A total of 25,300,000 shares of common stock were sold in the subscription offering at a price of \$10.00 per share. The offering was oversubscribed by eligible account holders (those depositors having a qualifying deposit as of December 31, 2011) who had a first tier priority in the subscription offering. As part of the conversion, each existing share of Waterstone's common stock held by current public shareholders will be converted into the right to receive 1.0973 shares of new Waterstone common stock.

This announcement is for informational purposes only and does not constitute an offer to sell or the solicitation of an offer to buy securities.

About the Company:

Waterstone Financial, Inc. is a single-bank, thrift holding company headquartered in Wauwatosa, WI. With \$1.6 billion in assets at September 30, 2013, Waterstone has eight community bank branches in the metropolitan Milwaukee market, a loan production office in the Minneapolis market and mortgage banking offices in 14 states around the country.

Source: SNL Financial

January 22, 2014

Common Stock

\$253.0 Million



Marketing Agent

SANDLER O'NEILL + PARTNERS

Financial Highlights

(Dollars in millions)

Total Assets	\$1,598
Net Loans	\$1,165
Total Deposits	\$872
Total Equity	\$213
TCE / TA	13.3%

Note: Financial data as of 9/30/13

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