A TALE WORTH TELLING

We know it’s likely a story you’ve heard before. Banker meets customer, and professional relationship ensues. But for us, that’s just the first few pages. Our story of relationship banking could fill an entire book. That’s because at Waterford Bank, it’s not just about business. It’s about investing time in getting to know our customers as people. It’s about learning what works best for them and always being available when they need us. It’s about understanding that what goes on behind the scenes is just as important as what happens at the forefront. As we continue to write new chapters, we continue to reaffirm what we’ve always believed: our employees and the relationships they form are what set us apart.

End of Story
DEAR SHAREHOLDERS,

Waterford's story has always been one of success. Since the day we opened our doors, we’ve felt the momentum of growth carry us forward—but why is that? It’s because our tale is built on the pinnacle of service, thanks to the financial experts found within our halls. Backed by the support of you, our shareholders and our commitment to redefine what banking should be in our communities, we’ve created a truly unique culture that’s rewarded us all in relationships and profitability.

Speaking of profitability, 2018 proved to be our best year to date. Our loan portfolio grew $72,016,000 or 14% and deposits increased $44,528,000 or 7.4%. Waterford Bancorp’s balance sheet grew $52,592,000 or 7.8% to $729,944,000 and net income increased 52.3% to $9,914,000. Interest income of $31,220,000 was up 19.9% over the previous year and net interest income was up 14.7%. These financial results had a positive impact on the Waterford Bancorp, Inc. common stock price, which increased from $74.00 per share as of December 31, 2017, to $85.00 per share as of December 31, 2018. In addition to our $1.00 per share dividend distribution this translates to a 16.2% return to our shareholders.

As we look forward to our next chapter, we are proud of the compelling history we have written so far. This past year, from adding to major areas such as our Treasury Management and Perrysburg Teams to the offering of innovative tools like our Mobile Apps and VIP Products, we have set a strong foundation for our continued prosperity. We hope you will enjoy reading the enclosed customer case studies to uncover a sample of what we have been able to realize for individuals and businesses just like yours. May their chronicles of advancement inspire your future endeavors with us.

To every shareholder, staff member, and friend who has added to our narrative of success, we offer our deepest thanks. You have been a tremendous part of our accomplishments to date and we are confident our continued relationships will remain invaluable. Though we are now moving into our twelfth year of business, we feel our story is just getting started. We eagerly anticipate what the future holds for Waterford and hope you will join us on the journey.

Sincerely,

MICHAEL R. MILLER
Chairman & CEO
FACING THE FUTURE. Together

We’ve reached the crossroads once again of looking back on a year of great progress while setting our sights on what’s to come. It’s a great place to be—full of innovative ideas to implement down the road while still being humbly supported by the foundation that we’ve paved along the way. 2018 proved to be our best year for profitability, specifically because of the growth of our loan portfolio and excellent increases to our assets and deposits.

We’ve expanded our staff this year as well, adding several new fresh faces across multiple departments. They’ve joined our team of talented, driven individuals who work together, day in and day out, to help us Redefine Relationship Banking for our customers, our communities and our partners.

7.8%
GROWTH IN total assets SINCE 2017

14.0%
GROWTH IN total loans SINCE 2017

7.4%
GROWTH IN total deposits SINCE 2017
When we set out to start Waterford Bank, our vision was to build a community bank that would provide our customers with exceptional products and services backed by decisions that are made locally. We provide personal, one-on-one relationship banking that larger banks do not provide.

Since Waterford began in 2007, many milestones and memories have occurred. As we grow the Bank, each $100 Million growth in assets is gratifying and evidence that we are responsive to the community. Increasing shareholder value from $25.00 to $85.00 and paying a dividend to those shareholders has been equally rewarding. Our 10-year anniversary was especially monumentous and I think we’ve kicked off the next decade well with our 2018 business year.

LAWRENCE C. BOYER
EVP & Sr. Lending Officer
TOLEDO ENGINEERING CO., INC.

It’s clear by now that banking at Waterford is truly all about the relationships that our bankers work hard to develop with our customers. Every once in a while, those relationships can even evolve into friendships. After all, working with the same people for over a decade can do that, as Scott Slater, Chairman of Toledo Engineering Co., Inc., can confirm. Scott was initially drawn to Waterford after being helped by Waterford senior management members in a previous financial environment, as he valued the level of care that they had personally provided to him. So, when he learned that those same individuals were starting their own bank, led by Chairman and CEO, Michael Miller, he jumped at the chance to gain a banking relationship built on reliability, reasonable cost and professionalism for both his business and himself. Supported by the entire Treasury Management team, including Julie Bartnik, SVP Treasury Management, and Rollie Abel, SVP Commercial Lending, Toledo Engineering Co., Inc. is confident in knowing their needs are taken care of efficiently the first time. With the time saved by his bankers, Scott can keep his attention focused where he wants it—on his business. And, when new business comes up, he has the friends he can count on at Waterford.

“We have moved beyond a business relationship and into a true friendship. It makes doing business easy and stress free because both parties actually look for ways to help each other.”

SCOTT SLATER, Toledo Engineering Co., Inc.
“My transition to Waterford over the past year was one of the best decisions I could have made for both my practice and my personal accounts. The open line of communication that I have with Sam is essential to my business, and the top-notch service that I receive from the entire team has exceeded all my expectations. With Waterford, I feel like I have a partner, not a competitor. Not all small banks are the same.”

DR. FADHIL HUSSEIN, Cardiology Care Associates

CARDIOLOGY CARE ASSOCIATES
From patient care to daily administrative operations, Dr. Fadhil Hussein appreciates the ability to successfully manage his practice, Cardiology Care Associates. When it was time to refinance his clinic and tackle other financial hurdles, he knew Waterford was the bank that he could count on. Waterford’s reputation as a local success story built on outstanding service was important to Dr. Hussein. He felt confident that the experienced banking partners at Waterford would offer the kind of customized solutions he was seeking for his financial needs.

Over the course of 2018, Waterford refinanced his practice while the Treasury team helped him maximize internal efficiencies on his operating accounts. He was so pleased with the service he received that he personally began a relationship with Waterford for his daily banking transactions, as well as his mortgage needs. From day one, Dr. Hussein saw the bankers as trusted advisors and reaped the benefits of exceptional service from Waterford’s Commercial, Treasury, Mortgage and Private Banking areas. This indispensable coordination provides Dr. Hussein a single trusted source for any financial matters that he or his practice faces.
MCS MANUFACTURING

From its humble beginning in a small building in the backyard of Aaron and Sheri Call’s Northwest Ohio home, MCS Manufacturing has enjoyed constant growth over the last decade. This continuous growth required access to capital to fund real estate expansion and investments in additional equipment. As a result, it wasn’t long before the company realized that it would need additional loan options and guidance. After seeing how Waterford Bank provided industry insight and capital for a separate company that he was involved with, MCS Manufacturing Principal Aaron Call was intrigued by what Waterford Bank could do for them.

Rob Vogelsong, VP Commercial Lending and Bryan Market Manager, learned of the Calls’ challenges and stepped in to offer some solutions. Backed by an always-open line of communication with Rob and the entire Waterford Bank team, the Calls quickly decided to transition their real estate loan, equipment term loan, line of credit and deposit treasury management services to Waterford Bank. Rob’s in-depth knowledge of economic development loan programs aimed at assisting rural companies accessing capital to support future growth helped provide a financial package that allowed the Calls to expand their manufacturing facility to 24,000 square feet. It also provided funds for MCS to invest in additional equipment to fulfill the new orders their clients requested. Today, the Calls not only value that Waterford Bank was able to provide solutions to support their growing company, but that it has the expertise along multiple departments to help them with their personal banking needs as well.

“Being a growth company in a rural location, we appreciate Waterford Bank’s knowledge and understanding of how to provide capital in an expanding business in our area. Their focus on finding the right products and services for our organization and supporting MCS with top-notch customer service makes us glad to have Waterford Bank as a partner in our continued success.”

AARON CALL, MCS Manufacturing

Aaron & Sheri Call
It’s not unusual for banking relationships to become transaction-based and commoditized. What makes Waterford Bank unique is their knowledge of our business and commitment to our future success. It’s always a pleasure to work with smart, creative, friendly people and that’s always been our experience with Waterford Bank.

DENNIS RANEY, Riker Products

RIKER PRODUCTS

What started as a simple reconnect based on a past business relationship has transformed into an innovative partnership between Waterford’s VP of Commercial Lending, Jeremy Zeisloft and Interim President of Riker Products, Dennis Raney. After identifying Riker’s banking needs, it became apparent that Waterford could provide the financial relationship and product line that Dennis and Riker Products were looking for.

Backed by the support of Scott Anderson, VP, Treasury Management, and Teri Geisel, AVP, Commercial Lending Services, Jeremy was able to swiftly and seamlessly facilitate Riker’s transition to Waterford. Along with a full suite of treasury management services, Waterford provided the necessary capital to support Riker’s business plan and the company’s continued growth. Through just a few interactions, Dennis was quickly able to see the way Waterford treated his business was different; it was a true relationship that he could count on for Riker’s financial needs. Sharing his relationship story with the Riker family of companies, he piqued the interest of a sister company, Paragon Tempered Glass. Upon exploring a similar path of learning and understanding Paragon’s business needs, Waterford was able to deliver the same exceptional satisfaction to their company as well, resulting in a successful migration of Paragon’s banking relationship to Waterford.
TOLEDO MUSEUM OF ART

Fine art and finance may not have immediate parallels when you stop and think about them—especially when you’re a teenager. But, after an informative visit with one of Waterford’s bankers, the summer interns at the Toledo Museum of Art quickly learned that the two worlds had more in common than they had realized.

As many of the students were preparing to head to college or even take on their own careers in the arts, Waterford created educational resources to help ready them for any financial roadblocks that their futures might hold.

In addition to the basics of banking and budgeting, the bankers built on the importance of financing higher education and even how to finance studio spaces and supplies. As a proud member of the Toledo Museum of Art, a financial contributor to their art after school programs, and a strong supporter of the next generation, Waterford was thrilled to share time and talent with local students interested in becoming entrepreneurs in our communities. Just a little support and education now can go a long way in enriching our future leaders.

“When Waterford Bank saw firsthand the impact of the Toledo Museum of Art’s Art After School program, they were not only inspired to generously support it monetarily but also by rolling up their sleeves and becoming active in helping kids learn fundamental life skills. I appreciate how committed Waterford Bank is to not only its customers, but to the future of our community.”

Megan Stone, Corporate Development Officer
Toledo Museum of Art
Waterford Bank was created because Mike, Larry and I along with several area business leaders felt there was a need in Northwest Ohio for a bank that consistently delivered high-quality financial services and developed long-lasting relationships with its customers. We also wanted to create a work environment that attracted the best talent through work and lifestyle balance, secure employment and a competitive compensation package. We felt if we did these things, we would create a successful company and a decent return for our shareholders. We feel that’s been true.

MICHAEL W. WHITE
President & COO
## Financial Highlights

### Results of Operations

<table>
<thead>
<tr>
<th>Description</th>
<th>12/31/2017</th>
<th>12/31/2018</th>
<th>% Change</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Interest Income</strong></td>
<td>$26,029</td>
<td>$31,220</td>
<td>19.9%</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Interest Expense</strong></td>
<td>2,965</td>
<td>4,755</td>
<td>60.9%</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net Interest Income</strong></td>
<td>23,064</td>
<td>26,465</td>
<td>14.7%</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Provision for Loan Losses</strong></td>
<td>0.0%</td>
<td>853</td>
<td>48.2%</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Non-interest Income</strong></td>
<td>4,451</td>
<td>3,803</td>
<td>-14.7%</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Non-interest Expense</strong></td>
<td>14,550</td>
<td>17,115</td>
<td>16.4%</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net Income Before Taxes</strong></td>
<td>10,530</td>
<td>12,318</td>
<td>17.0%</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Federal Income Tax Expense</strong></td>
<td>4,021</td>
<td>2,404</td>
<td>-40.2%</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net Income</strong></td>
<td>6,509</td>
<td>9,914</td>
<td>52.3%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Share Data

<table>
<thead>
<tr>
<th>Description</th>
<th>12/31/2017</th>
<th>12/31/2018</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Number of Shares Outstanding</strong></td>
<td>1,644,799</td>
<td>1,650,152</td>
<td>0.3%</td>
</tr>
<tr>
<td><strong>Earnings per Share</strong></td>
<td>$3.96</td>
<td>$6.01</td>
<td>51.8%</td>
</tr>
<tr>
<td><strong>Book Value per Share</strong></td>
<td>43.03</td>
<td>47.84</td>
<td>11.2%</td>
</tr>
<tr>
<td><strong>Market Value per Share</strong></td>
<td>74.00</td>
<td>85.00</td>
<td>14.9%</td>
</tr>
</tbody>
</table>

### Period End Totals

<table>
<thead>
<tr>
<th>Description</th>
<th>12/31/2017</th>
<th>12/31/2018</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Loans</strong></td>
<td>$521,963</td>
<td>$594,831</td>
<td>14.0%</td>
</tr>
<tr>
<td><strong>Allowance for Loan Losses</strong></td>
<td>6,119</td>
<td>6,971</td>
<td>14.1%</td>
</tr>
<tr>
<td><strong>Total Deposits</strong></td>
<td>600,507</td>
<td>645,035</td>
<td>7.4%</td>
</tr>
<tr>
<td><strong>Stockholders’ Equity</strong></td>
<td>70,783</td>
<td>78,942</td>
<td>11.5%</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>677,352</td>
<td>729,944</td>
<td>7.8%</td>
</tr>
</tbody>
</table>

### Asset Quality Ratios

<table>
<thead>
<tr>
<th>Description</th>
<th>12/31/2017</th>
<th>12/31/2018</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Non-Performing Assets to Loans</strong></td>
<td>0.0%</td>
<td>0.0%</td>
<td></td>
</tr>
<tr>
<td><strong>Net Charge-Offs to Average Loans</strong></td>
<td>0.0%</td>
<td>0.0%</td>
<td></td>
</tr>
<tr>
<td><strong>Allowance for Loan Losses to Total Loans</strong></td>
<td>1.17%</td>
<td>1.17%</td>
<td></td>
</tr>
</tbody>
</table>

### Capital Ratios**

<table>
<thead>
<tr>
<th>Description</th>
<th>12/31/2017</th>
<th>12/31/2018</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Capital-to-Risk-Weighted Assets</strong></td>
<td>12.06%</td>
<td>12.56%</td>
<td></td>
</tr>
<tr>
<td><strong>Tier 1 Capital-to-Risk-Weighted Assets</strong></td>
<td>11.05%</td>
<td>11.51%</td>
<td></td>
</tr>
<tr>
<td><strong>Tier 1 Capital-to-Average Assets</strong></td>
<td>9.49%</td>
<td>10.46%</td>
<td></td>
</tr>
</tbody>
</table>
BOARD of directors

PATRICK R. HYLANT, CHAIRMAN, HYLANT GROUP
MICHAEL R. MILLER, CHAIRMAN & CEO, WATERFORD BANK, N.A.
MICHAEL W. WHITE, PRESIDENT & CEO, WATERFORD BANK, N.A.
STEPHEN H. SWIGART, CHAIRMAN & CEO, SPARTAN CHEMICAL CO., INC.
MARIE E. STOCKWELL, PRINCIPAL, FINDLEY, INC.
SALVATORE F. GIANNINO, PARTNER, CLARKSTON CAPITAL PARTNERS
MARK E. RIDDENOUR, PRESIDENT, DALE MANAGEMENT CD, LLC
LAWRENCE C. BOYER, EVP & SENIOR LENDING OFFICER, WATERFORD BANK, N.A.
STEPHEN R. SADDEN, M.D. PRESIDENT, TOLEDO ORTHOPAEDIC SURGEONS, INC.

People You Can BANK ON

ROLLIE ABEL, SVP Commercial Lending
SCOTT ANDERSON, AVP Treasury Management
ANN ARMS Bank & Customer Service Officer
JUDY BARKUS Commercial Loan Services Specialist
JULIE A. DARTNICK, AVP Treasury Management
JOYCE BENNET Reconciliation
AARON J. BRANZIADIS Treasury Management
SUSAN BLAUSKY Information Technology Officer
TOM BOHLAND AVP Operations
MICHELE BOND STUCKEY AVP Mortgage Lending Group
EME BOYER Treasury Management Assistant
LAWRENCE C. BOYER EVP & Senior Lending Officer
SHARON BROWN SVP Consumer Lending
LYNDA COFFEY Operations Specialist
LAURA DOSCH AVP Private Banking/Treasury Management
DEREK DRESS Credit Analyst
PAUL DROSSMAN VP Commercial Lending
KATY DURKIN Marketing Officer
RICHARD D. FRIER VP Commercial Real Estate Mortgages
LISA GARCA Private Banking/Personal Services
TODD A. HOYT SVP Commercial Lending
TRACY ISAACSON AVP Treasury Management
TRACY ISAACSON AVP Treasury Management
CRAIG JONES SVP Treasury Management
JUDY JAMPMER Financial Planning/Personal Services
SARAH KERDIHL Executive Assistant
LINDA LANGSTON Account Compliance & Audit Office
SANDRA LAPLANTE Consumer Lending Specialist
AMY LISKSON Property Management/Personal Services
LINDA MADISON Mortgage Loan Processor
CHRISTOPHER MACDONAVO AVP Treasury Management
ANDREW MAHER SVP Commercial Real Estate Lending
DAVE MALDONO, AVP Commercial Real Estate Lending
RAHEL S. MARTIN Loan Operations Officer
CATHERINE MARTIN SVP & CIO
MICHAEL MARTIN SVP Commercial Lending
MINDY MCCARTHY Consumer Development
YELINA MEYLANOY Accounting Officer
MICHAEL R. MILLER Consumer Banking/CEO
MICHELLE MILLER Operations Officer
ZACHARY MILLER Commercial Lending
JESSICA MITCHELL Operations Specialist
MATT MODENER Information Technology Officer
VIVIANE MORTON AVP Accounting
MELANIE NIED Receptionist
SARAH NORDLAND Loan Operations Officer
STEVEN NORDLAND VP Marketing/Personal Services
JEREMY O’CONNOR SVP Commercial Lending
CHRIS O’KEEFE Marketing/Personal Services
LINDA PARKER Bank Security Officer/Commercial Lending Services Officer
LORI PATTERSON VP, Mortgage Underwriting
ERIK PENROD AVP Information Technology
MARY POHLMAN Treasury Management Specialist, Training Coordinator
SALLY POWELL Operations Specialist
PEGGY RENTZ Customer Service Specialist
SANDY SANDERS VP Private Banking
BRIAN SMITH AVP Information Technology
MELANIE VOGEL MORTGAGE Operations Specialist
SARAH WEINLANDER AVP Commercial Real Estate Lending
SHELLY WHEELER AVP Compliance Officer
ERIN WHITE AVP Commercial Real Estate Lending
LORI WALKOWSKI Bank Security Officer/Commercial Lending Services Officer
CHERYL WALKOWSKI Manager
LORI WALKOWSKI Bank Security Officer/Commercial Lending Services Officer
BRAD WALKOWSKI Bank Security Officer/Commercial Lending Services Officer
ERIC WALKOWSKI Bank Security Officer/Commercial Lending Services Officer
JESSICA WALKOWSKI Bank Security Officer/Commercial Lending Services Officer
STEVE WALKOWSKI Bank Security Officer/Commercial Lending Services Officer
CHERYL WALKOWSKI Manager
STEVE WALKOWSKI Bank Security Officer/Commercial Lending Services Officer
CHRIS WALKOWSKI Bank Security Officer/Commercial Lending Services Officer
ELLEN YARNELL Mortgage Loan Processor
JEREMY ZEISLOFT SVP Commercial Lending