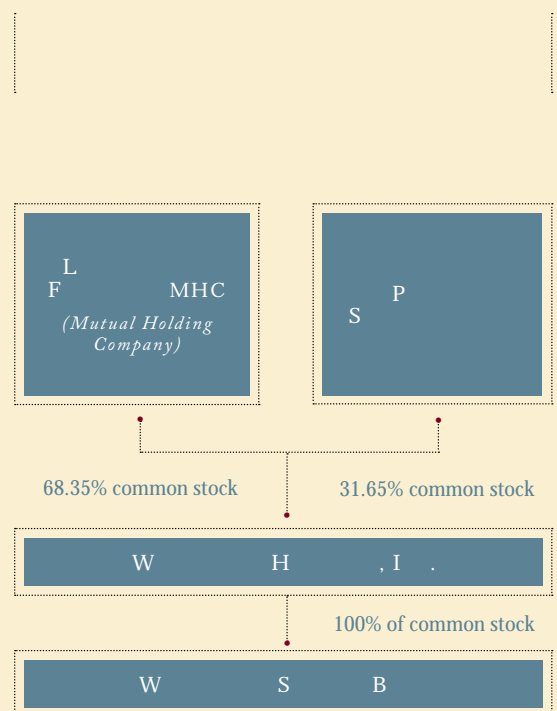




WAUWATOSA HOLDINGS, INC.

neighborhood

Since 1908, Wauwatosa Savings Bank has been known as a good neighbor—financially strong, reliable, big on heart, and long on caring. As we continue to grow, adding locations and products, you can rely on us to continue our traditions of stability, service, and support for the programs and organizations that promote the well being of our communities.





D J. S
Chairman of the Board, President and CEO

Welcome to the first annual shareholders report of Wauwatosa Holdings, Inc. (WHI). The year 2005 has been an exciting and remarkable time for Wauwatosa Savings Bank (WSB) and marks the beginning of operations for WHI, the holding company for WSB. Our conversion to a two-tier mutual holding company and the subsequent initial public offering (IPO) represent an important step in our ongoing efforts to better serve our customers and achieve growth. Following our IPO, our stock began trading on NASDAQ in October 2005, under the symbol “WAUW.”

For 85 years, Wauwatosa Savings has been fortunate to enjoy continuous success and an excellent reputation in the communities we serve. Our customers tell us this is primarily due to our:

- personal and exceptional customer service;
- financial strength and stability through prudent capital reserves; and
- steadfast community support and involvement.

We are grateful for the trust and confidence that you, the people of our communities, have placed in us, first as our customers, and now as our shareholders. Please know that our board of directors, management team, and employees are dedicated to continuing the high standards that have earned your trust and made Wauwatosa Savings a successful financial institution.

E H

Our excitement and optimism extend to all levels of our operation. The transition to a publicly-traded company expands the horizons for Wauwatosa Savings to compete in the marketplace in several important ways. The new status gives us the means to:

- *open more branch offices* to improve customer access and add convenience;
- *expand our line of products and services* with the goal of becoming a full-service retail bank; and
- *acquire and implement emerging technologies* to better deliver products and services.



Our new Waukesha branch offers more space and easier access.

services



We continue to add retail services, such as Online Bill Pay, increasing appeal and convenience for our customers.

1921 A
\$49,705

2005 A
\$1,511,209,000

M B O

Wauwatosa Savings is using capital from the IPO, in part, to expand and upgrade its retail branch network. In 2005, the Waukesha branch relocated to a more spacious, more accessible facility. In 2006, WSB plans to open two more branches in the metropolitan Milwaukee communities of Franklin and Germantown.

E P S

We believe that to grow in a competitive industry, Wauwatosa Savings must develop into a full-service retail bank offering customers a greater selection of loan and deposit products to meet their individual financial service needs. In 2005, we added one such deposit product: an indexed, tiered-rate “iMoneyMarket” account.

Achieving our goal also requires expanding our mortgage product line. To that end, we announced in February 2006 that WSB has acquired Waterstone Mortgage Corporation, a Pewaukee-based mortgage lender. Waterstone Mortgage offers fixed rate and adjustable rate mortgages through offices in Pewaukee, Madison, Lake Geneva, and Sheboygan, Wisconsin, and Livonia, Michigan. Waterstone, which operates independently as a wholly-owned subsidiary of WSB, promises to add value and fee income to our operation.

B P S T T

As new banking industry technologies become available, Wauwatosa Savings can acquire them and offer the benefits to our customers. For example, in 2005, WSB added Online Bill Pay to its convenient BANKonline (Internet banking) service. BANKonline and Online Bill Pay are accessed through the bank website at www.WSBonline.com.

Another important 2005 service improvement came about when WSB joined the ATM Access Network, available to members of Community Bankers of Wisconsin. Customers now enjoy the money-saving benefit of no-fee withdrawals at more than 600 automated teller machines (ATMs) statewide.

C S I

Our commitment to community support and involvement continues to be an important focus. A noteworthy aspect of the transition to a publicly-traded company was the donation of \$5.6 million of the Wauwatosa Holdings stock to the Wauwatosa Savings Bank Fund of the Waukesha County Community Foundation. Through the foundation, the fund supports the many worthy causes and programs that make our communities great places in which to live and do business. For example, during 2005, WSB sponsored numerous community events, including the neighborhood safety “National Night Out” celebrations in Wauwatosa, Oak Creek, Pewaukee, and Waukesha.

the community

Our commitment to community support and involvement continues to be an important focus.

E S O P

Our new status as a publicly-traded company gives WSB the means to attract and retain high quality employees. Through our Employee Stock Ownership Plan (ESOP), employees' interests are closely aligned with the interests of shareholders. Employees also benefit from increased professional opportunities that come with organizational growth.

F P

In this, the first annual report of Wauwatosa Holdings, Inc., we give an account of the results of operations for the quarter and six-month transition period ended December 31, 2005. Net income for the six months ended December 31, 2005 was \$2.7 million.

We are pleased to report that net interest income continues to increase on volume even as the interest rate spread continues to decline. Net interest income was up \$871,000 or 8.6% for the three months ended December 31, 2005 versus the comparable three months in 2004. In addition, assets grew 15.6 % over the year from \$1.3 billion on December 31, 2004 to \$1.5 billion on December 31, 2005.

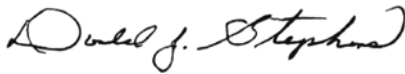
E M T

Our talented and energetic management team has been further enhanced. In November 2005, we welcomed Douglas S. Gordon as president and chief operating officer of Wauwatosa Savings Bank. Doug adds experience, depth, and expertise to our management team. He brings a wealth of financial services experience and a track record of achieving strategic goals and financial objectives. We are pleased to announce that, in January 2006, Doug was also named chief operating officer of Wauwatosa Holdings.

T Y

We hope you are as enthusiastic as we are for the future. On behalf of the directors, officers, and employees, we are grateful to you, our shareholders, for your overwhelmingly positive response to our initial public offering. We thank you for your continuing trust and support of Wauwatosa Savings Bank and now, its parent company, Wauwatosa Holdings, Inc. Whether you are an investor, a customer, or an employee, we firmly believe that at Wauwatosa Savings, "It's All Here for You."

Sincerely,



D J S

Chairman of the Board, President and CEO, Wauwatosa Holdings, Inc.

Chairman and CEO, Wauwatosa Savings Bank

Community Support

Public Safety
Youth Programs
Education
Arts and Culture
Health and Human Services
Community Development

WAUW

The transition to a publicly-traded company expands the horizons for Wauwatosa Savings to compete in the marketplace in several important ways.

the future

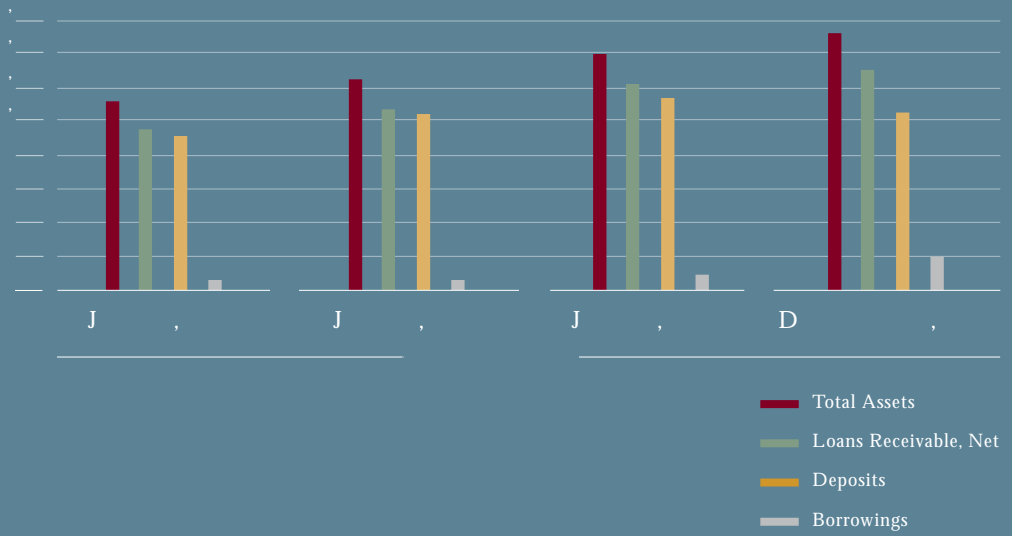


C S F C

(In Thousands, except share data)

	DECEMBER 31, 2005	JUNE 30, 2005	JUNE 30, 2004
ASSETS			
Cash	\$ 8,761	\$ 10,107	\$ 11,116
Federal funds sold	5,388	8,779	7,975
Short term investments	2,349	1,581	301
Cash and cash equivalents	16,498	20,467	19,392
Securities available-for-sale (at fair value)	121,955	83,991	99,549
Loans receivable	1,306,018	1,218,167	1,066,972
Less: Allowance for loan losses	5,250	4,606	3,378
Loans receivable, net	1,300,768	1,213,561	1,063,594
Office properties and equipment, net	25,022	24,018	15,894
Federal Home Loan Bank stock	14,406	14,097	13,321
Cash surrender value of life insurance	22,792	22,078	20,981
Prepaid expenses and other assets	9,768	7,920	7,353
Total assets	\$1,511,209	\$1,386,132	\$1,240,084
LIABILITIES AND SHAREHOLDERS' EQUITY			
Liabilities:			
Demand deposits	\$ 82,290	\$ 100,861	\$ 99,182
Money market and savings deposits	33,565	27,117	28,474
Time deposits	929,738	1,000,813	907,932
Total deposits	1,045,593	1,128,791	1,035,588
Federal Home Loan Bank advances short-term	87,209	35,000	25,000
Federal Home Loan Bank advances long-term	114,003	58,162	35,000
Advance payments by borrowers for taxes	181	15,821	14,446
Other liabilities	32,527	14,942	7,252
Total liabilities	1,279,513	1,252,716	1,117,286
Shareholders' Equity:			
Preferred stock (par value \$.01 per share, authorized 20,000,000 shares, no shares issued)	-	-	-
Common stock (par value \$.01 per share, authorized 200,000,000 shares, 33,723,750 shares issued, 33,038,385 shares outstanding)	337	-	-
Additional paid-in capital	103,859	-	-
Accumulated other comprehensive loss (net of taxes)	(1,571)	(627)	(2,129)
Retained earnings	136,756	134,043	124,927
Unearned ESOP shares	(7,685)	-	-
Total shareholders' equity	231,696	133,416	122,798
Total liabilities and shareholders' equity	\$1,511,209	\$1,386,132	\$1,240,084

F C
(In Millions)



N I R S



C S I

(In Thousands, except per share amounts)

	SIX MONTHS ENDED DECEMBER 31,		YEARS ENDED JUNE 30,		
	2005	2004	2005	2004	2003
Interest income:					
Loans	\$ 38,516	\$34,272	\$69,775	\$61,530	\$63,815
Mortgage-related securities	1,389	1,206	2,283	3,264	1,143
Debt securities, federal funds sold and short-term investments	2,131	1,102	2,149	1,294	1,493
Total interest income	42,036	36,580	74,207	66,088	66,451
Interest expense:					
Deposits	18,296	15,960	33,285	30,324	32,659
Borrowings	2,462	1,330	2,783	2,108	1,800
Total interest expense	20,758	17,290	36,068	32,432	34,459
Net interest income	21,278	19,290	38,139	33,656	31,992
Provision for loan losses	1,035	363	1,238	860	520
Net interest income after provision for loan losses	20,243	18,927	36,901	32,796	31,472
Noninterest income:					
Service charges on loans and deposits	940	929	1,216	1,144	1,507
Increase in cash surrender value of life insurance	587	424	642	1,007	621
Gain on sale of securities	—	—	12	47	30
Other	745	632	1,441	837	835
Total noninterest income	2,272	1,985	3,311	3,035	2,993
Noninterest expenses:					
Compensation, payroll taxes, and other employee benefits	7,404	5,705	11,434	10,763	8,730
Occupancy, office furniture, and equipment	1,802	1,714	3,482	3,470	2,535
Advertising	764	536	1,128	1,025	862
Data processing	840	570	1,142	1,048	1,175
Charitable contributions	5,310	1,713	2,088	987	1,000
Communications	300	272	591	525	528
Professional fees	529	230	627	386	386
Other	1,382	1,522	3,084	2,180	2,402
Total noninterest expenses	18,331	12,262	23,576	20,384	17,618
Income before income taxes	4,184	8,650	16,636	15,447	16,847
Income taxes	1,471	2,864	7,520	4,863	5,742
Net income	\$ 2,713	\$ 5,786	\$ 9,116	\$ 10,584	\$ 11,105
Loss per share:					
Basic	\$ (0.02)	N/A	N/A	N/A	N/A
Diluted	\$ (0.02)	N/A	N/A	N/A	N/A
Weighted average shares outstanding:					
Basic	33,135,424	N/A	N/A	N/A	N/A
Diluted	33,135,424	N/A	N/A	N/A	N/A

W A U W A T O S A H O L D I N G S , I N C .

Annual Meeting of Shareholders

The annual meeting of shareholders of Wauwatosa Holdings, Inc. will be held at 3:00 PM on May 16th, 2006 at the Country Springs Hotel, 2810 Golf Road, Pewaukee, Wisconsin 53072.

Shareholder Information

Inquiries regarding account status, stock transfers, lost certificates, change of ownership and change of address should be addressed to the Company's transfer agent. Please call or write them at:

Registrar & Transfer Company
10 Commerce Drive
Cranford, NJ 07016-3572
Attn: Investor Relations
Toll free: (800) 368-5948
www.rtco.com

Common Stock Information

Wauwatosa Holdings, Inc. is traded on the Nasdaq National Market tier of the Nasdaq Stock Market under the symbol "WAUW."

Additional Corporate Information

Securities analysts, portfolio managers and other individuals seeking information about the Company should contact:

Richard C. Larson
Chief Financial Officer, Treasurer

Wauwatosa Holdings, Inc.
11200 W. Plank Court
Wauwatosa, WI 53226
(414) 918-0700 x 320

John E. Perry
Investor Relations Officer

Wauwatosa Holdings, Inc.
11200 W. Plank Court
Wauwatosa, WI 53226
(414) 918-0700 x 312

Visit www.WSBonline.com and click on Investor Relations for additional stock information and/or SEC filings.

W H
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D J. S
Chairman of the Board

B J. C

T E. D

D S. G

M L. H

P S. L

S J. S

W H
- O

D J. S
Chief Executive Officer &
President

D S. G
Chief Operating Officer

B J. C
Senior Vice President &
Secretary

R C. L
Chief Financial Officer &
Treasurer

J



W S
B - O

D J. S
Chief Executive Officer &
Chairman of the Board

R M. A
Vice President

C L. B
Assistant Vice President

W F. B
General Counsel &
Vice President

B J. C
Senior Vice President &
Secretary

T M. C
Vice President

H L. F
Assistant Vice President

M R. G
Corporate Controller

D S. G
Chief Operating Officer &
President

D C. H
Vice President

M T. J
Vice President

C M. K
Assistant Vice President

P A. K
Assistant Vice President

L W. L
Senior Vice President

R C. L
Chief Financial Officer,
Vice President & Treasurer

S M. F
Assistant Vice President

J E. P
Chief Marketing Officer &
Vice President

K A. S
Vice President

J M. W
Assistant Controller

locations



Wauwatosa Office



Oak Creek Office



Oconomowoc Office



Pewaukee Office



Pewaukee In-Store Office



Waukesha Office



Corporate Center, Wauwatosa

C

C

11200 West Plank Court Wauwatosa, WI 53226

