



Lakeside Bank

It's about time.®

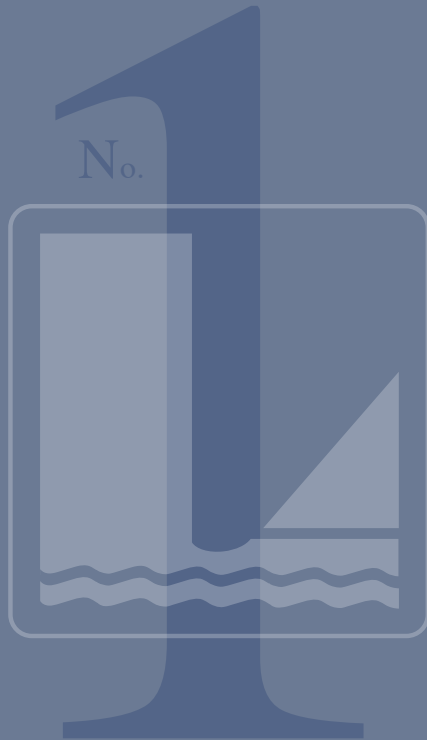


Lakeside Bank

2016-17 Annual Report



*S&P Global Market Intel. 2016 Ranking



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Dear Shareholders, Customers & Friends,

The # 1 Rated bank in Illinois for 2016 ... is Lakeside Bank.

This honor came from S&P Global Market Intelligence and includes all banks in the state between \$1 and \$10 billion dollars in assets.

We're delighted with the recognition. And equally delighted to tell you where the award really goes: To our people and our clients. Because the "formula" for our growing strength is as simple as the direction we give all Lakesiders: **See to your client's success.**

In an age of increasing automation, and one where most people rarely talk to the same banker twice, Lakeside is a client-pleasing anomaly. Old School where it counts—High Tech throughout.

Sure, we can do virtually anything the big banks can do electronically. But at Lakeside, technology is a tool, not a way to treat clients—meaning we remain hands-on ... True Personal Bankers. Our clients have one banker, one point of contact—for years, even decades. We innovate *for our clients*. We customize programs *for our clients*. We make decisions quickly *for our clients*. And the result is, well, RESULTS ... and recognition. We're sort of a 51 year-old "overnight success" thanks to our people and the success of our clients.

We've included a few "*Lakeside Stories*" to bring to life how we work and make a difference. There are more on our website and we'll keep refreshing them as there are a lot of great stories to tell. I hope you enjoy them.

Now, a few numbers. **Lakeside growth and prosperity accelerated in 2016:**

Net earnings of \$33.225 million represents a 2.36% return on average assets, an 18.82% return on equity and a 23.4% increase in net earnings; a strong financial year by any industry standards. We ended 2016 with approximately \$1.407 billion in total assets, including \$1.155 billion in total loans. Our stockholders' equity grew from \$166.3 million to \$176.55 million and our capital ratios continue to be substantially above the regulatory "well capitalized" levels. Lakeside's solid foundation continues to strengthen, providing a unique platform for growth.

I have two other "firsts" to report:

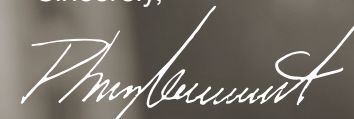
In October of 2016, we opened our first suburban branch. Our Elmhurst location is off to an incredible start, with over \$32 million in assets as of April 2017 and well ahead of forecast for this calendar. We have a great team in Elmhurst.

2016 was the beginning of our becoming a marketing driven organization. We invested in our first ever advertising campaign with our "*It's about time*" theme. As Chicago is an expensive media city, we worked hard to make sure our dollars went a long way. Extensive research done before and after the campaign ran proved we're off to a good start, moving the needle on bank awareness and key attributes.

We're increasing our marketing efforts in 2017. Media continues and we have added "Quarterly Promotions" supported across our geographies to consistently add fresh news and attract clients. We're also doing more to deepen our involvement in our communities; there's additional information in the marketing section of this report. *We believe our marketing efforts will help accelerate all aspects of our business.*

Speaking for the Board of Directors, our Executive Committee and all of us at Lakeside ... Thank You ... for making us the top-rated bank in the state. We look forward to growing with you in 2017 and beyond.

Sincerely,



Philip D. Cacciatore
Chairman of the Board &
Chief Executive Officer



Grace's Gold A Lakeside Story



Grace Marcordes, Branch Manager
Lakeside Bank Wacker Drive
55 W. Wacker Drive
Chicago, IL 60601



Bankers are, well, “bankers,” right? Except when they’re not. This is a story about Grace Marcordes, manager at the Wacker Drive branch of Lakeside Bank.

She’s not your typical banker. First, she’s a tall blonde...in a world of blue-suited middle-aged guys, she stands out. But “Grace’s Gold” is not about a woman in a man’s world...or the color of her hair. It’s a story of how, for the past ten years, Grace has kept rolls of gold dollar coins in her top desk drawer and given the coins to children—hundreds of kids. She doesn’t tell people about this; she just does it. It’s her money, not Lakeside’s. Grace doesn’t even remember why she started doing this, but she keeps doing it because she loves the reaction it gets from kids and their parents...especially the kids. “*Their eyes just light up,*” she says. “*Gold coins are unique and likely to be saved, so if this gesture from me helps kids start a lifelong savings habit, then I’ve really helped them.*”

Recently, an invitation landed on Grace’s desk. For a piano recital from 11 year-old Ella—one of the kids Grace has been giving coins to over the years. Now that’s golden.

Julia Zhu's Bar Roma A Lakeside Story



Julia Zhu, Managing Partner
Bar Roma
5101 N. Clark Street
Chicago IL 60640

For 18 years, Julia Zhu was a banker at a big bank that starts with a “C”—yet her dream had always been to open a restaurant. Although her boyfriend had a dramatically successful track-record in the restaurant business, her own big bank and employer said “no” to a loan.

Well, Julia knew Lakeside Bank; and Lakeside knew how to listen and evaluate. In a matter of weeks, Julia had a loan from Lakeside to not only open the restaurant, but to buy the building. And, Lakeside also provided a line of credit to cover start-up costs and employee salaries for the first few months. Julia opened Bar Roma in December of 2016...during a snowstorm. On opening night, 67 people came in and by night four, they had a wait list and has since been listed on Chicago Magazine’s “Top Ten Hottest New Restaurant List.”

Based on strong success during notoriously slow months in the restaurant business, Julia has happily increased her Year 1 revenue forecast by 33%...and is very happy with Lakeside Bank. Just as her neighbors are very happy with their new favorite Roman-style restaurant, Bar Roma!

Steve Greenberg A Lakeside Story

Steve Greenberg
Entrepreneur



David Pinkerton
Vice Chairman
& President,
Lakeside Bank



Celebrating 28 Years with Lakeside

This is a story about how Steve Greenberg and David Pinkerton of Lakeside Bank have, well, gone through life together.

Steve Greenberg is an entrepreneur. In 1989, at the age of 22, he saw an opportunity to provide the same type of services brokerage firms provide to big clients...but to small ones. The idea clicked. Steve opened his first account at Lakeside that same year, and was assigned to a young banker named David Pinkerton. Steve's business prospered for years. Of course, Steve also had accounts at other banks. And over the years, he had multiple "relationship managers" at them all. At Lakeside he had David Pinkerton.

Then the downturn happened.

Steve's experience is instructive: It's easy to get loans when times are good. When the world changes, that's when you learn who your real friends are.

Steve found out his "relationship managers" weren't interested in relationships at all. David Pinkerton & Lakeside viewed things differently. They had invested in Steve. With David's advice, Steve launched a new business. Because he saw another opportunity—Real Estate—focused on what would become one of Chicago's hottest neighborhoods, the West Loop. David and Lakeside helped guide and support this evolving direction.

Steve has different properties in Chicago's West Loop. But he only has one bank: Lakeside. And only one banker: David Pinkerton.

"Lakeside Bank and David Pinkerton have always been there for me. For 28 years they've believed in me. Lakeside is my bank and David is my friend."

Lakeside Promotions *Congratulations*

Lakesiders Promoted in 2016

Susanna Fong

To Vice President, Branch Manager

Fanny Yuen

To Vice President, Personal Banking

Justin Newhuis

To Vice President, Commercial Lending

Maria Baez

To Operations Officer

Angela Florida

To Personal Banking Officer

Maurice Brown

To Personal Banking Officer

Joseph Haritos

To Appraisal Officer

Anthony Fong

To Assistant Controller

2016 In Review

Before launching our first major marketing effort, we conducted research throughout the Chicago area and confirmed two things: 1) Lakeside clients loved us. 2) If you weren't a Lakeside client, you didn't know us. So, we had work to do! The campaign featured branded awareness efforts like our sponsorship of ABC's "Call to the Pen" on Cubs games. We also created multiple strategic messages, each addressing a specific topic. Issue-focused ads ran at the same time across multiple media, creating a "force multiplier." All marketing used the new "It's about time" campaign umbrella theme.

At year-end, we conducted a second wave of consumer research. We were successful in building awareness among "non-users." And, we improved our rankings on key banking attributes among retail and business targets.

The 2017 Plan

Our marketing campaign is accelerating! Brand awareness is increasing via the Cubs and specific strategic messages through radio and digital print. We've added Quarterly Promotions to continually provide news and bring clients into the bank. To nourish our local roots, we've signed agreements with key organizations to sponsor multiple events in our communities. These are activities where we can interact with our neighbors, providing relevant bank and product information.

We've also increased our presence in minority communities. There's Lakeside newspaper advertising in African-American, Chinese and Hispanic papers. And, a Hispanic radio test is underway.

We've also put our recent S&P #1 Illinois Bank ranking to work, too!



Financial Highlights

2016

2015

2014

STATEMENT OF EARNINGS

(unaudited in thousands)

2016 2015

STATEMENT OF CONDITION

(unaudited in thousands)

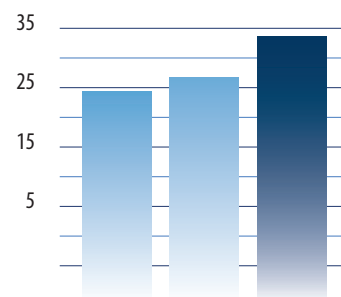
2016 2015

Net Income	\$ 33,225,000	\$ 26,919,000	\$ 24,363,000
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Balances at year end:

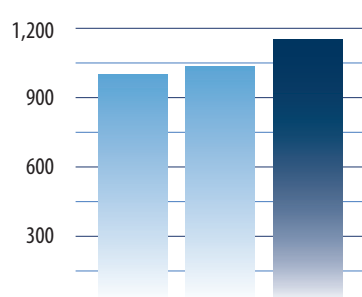
Assets	\$1,406,828,000	\$1,220,484,000	\$1,207,265,000
Loans, Net	1,155,105,000	1,038,249,000	1,001,896,000
Deposits	1,149,360,000	1,012,291,000	1,001,091,000
Stockholders' Equity	176,551,000	166,331,000	158,059,000

Net Income
(in millions)



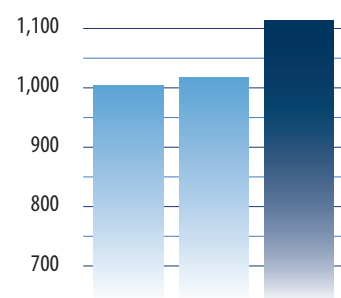
2014 2015 2016

TOTAL LOANS
(in millions)



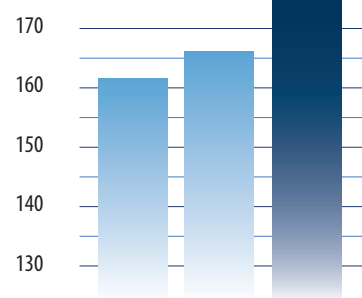
2014 2015 2016

CUSTOMER DEPOSITS
(in millions)



2014 2015 2016

TOTAL STOCKHOLDER'S EQUITY
(in millions)



2014 2015 2016

Interest Income on:

Loans	\$55,255	\$54,069
Securities	601	633
Other Investments	891	464
Total Interest Income	56,747	55,166

Interest Expense on:

Deposits	\$6,182	\$5,432
Other Borrowings	494	382
Total Interest Expense	6,676	5,814

Net Interest Income	\$50,071	\$49,352
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Provision for possible loan losses	0	2,820
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Net Interest Income

After provision for possible loan losses	50,071	46,532
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Other Income	7,243	2,740
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Other Expenses	23,582	21,951
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Income Taxes	507	402
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Net Income	\$33,225	\$26,919
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ASSETS

Cash and due from banks	\$147,588	\$87,071
Investment Securities	47,753	41,514
Loans, net of unearned discount	1,182,186	1,065,552
Less allowance for possible loan losses	27,081	27,303
Net Loans	1,155,105	1,038,249
Other Assets	56,382	53,650

Total Assets	\$1,406,828	\$1,220,484
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LIABILITIES & STOCKHOLDER'S EQUITY

Deposits		
Non Interest-bearing	\$307,789	\$265,808
Interest-bearing	841,5713	746,483
Total Deposits	1,149,360	1,012,291

Other Borrowings	59,639	24,372
Other Liabilities	21,278	17,490

Total Liabilities	\$1,230,277	\$1,054,153
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Stockholder's Equity	\$176,551	\$166,331
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Total Liabilities & Stockholder's Equity	\$1,406,828	\$1,220,484
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Supporting Our Thriving Community



4th-8th grade students at Galileo Scholastic Academy of Math & Science learn about investing at a young age

Money Smart Week

In honor of the 15th annual Money Smart Week, designated April 23th – April 30th and coordinated by the Federal Reserve Bank of Chicago, Lakeside held a host of FREE activities dedicated to financial education. The Bank presented, “Protecting Your Privacy & Security: Identity Theft in Today’s Society” to over 20 people at True Rock Ministries, and sponsored “How to Prepare for the Rising Cost of College” to nearly 50 high school youth and their parents at the Chinese American Service League. The Bank also offered, “How to Monetize Your Life Insurance While You are Still Alive” at its South Loop branch, presented by Windsor Life Settlements, LLC. Finally, Lakeside capped off its Money Smart Week activities by sponsoring, “The Wealth Warriors on Youth & Investing” for 150 4th-8th grade students at Galileo Scholastic Academy of Math & Science. The Wealth Warriors are an elite group of the most dedicated speakers and aggressive investors in the Ujamaa Junior Investment Club.



Attendees brave the looming storm at the Concert in the Park

Concert in the Park

Lakeside’s 10th Annual Concert in the Park on July 7th at the Chicago Women’s Park and Gardens behind the Clarke House Museum was unfortunately cancelled last minute due to rain. However, that did not stop the nearly 20 Lakeside volunteers from coming out prior to the storm to hand out balloons, popcorn, and host kids’ activities for the few hundred people who showed up.

Lakeside Makes A Difference



Lakeside President David Pinkerton, Emcee Sylvia Perez, Keynote Speaker Laura Schwartz, Circle Urban Ministries Chairman of the Board Ellen Rozelle Turner

Lakeside Celebrates Make A Difference Day

To celebrate Make A Difference Day, the largest national day of helping others, Lakeside Bank hosted its 9th Annual “Women Who Make a Difference” Networking Reception on October 19th, and gathered employee volunteers for a day of service at Circle Urban Ministries on Saturday, October 22nd.

The reception was held at River Roast Private Events and emceed by journalist, producer, media coach and speaker, Sylvia Perez. Nearly 150 guests attended and were inspired by keynote speaker Laura Schwartz. Schwartz is a professional speaker, author of “Eat, Drink & Succeed,” and a television commentator.

Mercy Hospital’s Comprehensive Women’s Health and Cancer Center was an event partner, since October is also National Breast Cancer Awareness Month.

Make a Difference Day, founded by USA Weekend Magazine, is celebrated on the fourth Saturday of every October through a day of volunteerism. This year, a group of twenty Lakeside Bank employees, family and friends volunteered on October 22nd at Circle Urban Ministries, 118 North Central Avenue, to paint various rooms on campus and clean out an old boiler room. Since 1974, Circle Urban Ministries has worked to combat poverty, improve the educational, social, and vocational opportunities for at-risk youth, and help stabilize low-income families. Circle’s Chairman of the Board, Ellen Rozelle Turner, is a customer at our North Loop branch.



Lakeside Bank staff, family and friends volunteer at Circle Urban Ministries on Make a Difference Day



Board of Directors



Philip D. Cacciatore
Chairman of the Board
& Chief Executive
Officer, Lakeside Bank



David V. Pinkerton
Vice Chairman &
President,
Lakeside Bank



Donald D. Anderson
Former President,
Lakeside Bank



Stan J. Bochnowski
Executive VP & Chief
Lending Officer,
Lakeside Bank



Peter C. Cacciatore
President, Jos.
Cacciatore & Co.;
President, Hunter
Parking, Inc.



Raymond M. Chin
Founder, R.M. Chin &
Associates



John P. Davey
Attorney



Anthony Iaderosa
President,
eSutures.com



Daniel P. Leahy
Executive Vice
President, NAI Hiffman



**George C.
Pappageorge**
FAIA, Founding Partner &
Principal, Pappageorge &
Haymes Partners

Executive Committee



Philip D. Cacciatore
Chairman of the Board &
Chief Executive Officer



David V. Pinkerton
Vice Chairman &
President



Stan J. Bochnowski
Executive Vice
President & Chief
Lending Officer



Todd Monte
Executive Vice
President & Chief
Financial Officer



Vincent Tolve
Executive Vice President,
General Counsel, Trust
Officer & Secretary



Milestone Anniversaries

It's about time.



Fanny Yuen



Tomas Ching

Todd Monte



Fang Chen

Odis Cole

Tammy He

Xue Xu



Randy Asamoah
Dalia Balciunas
Maryann Cannatello
Odie Ceric
Janevra Cockrell

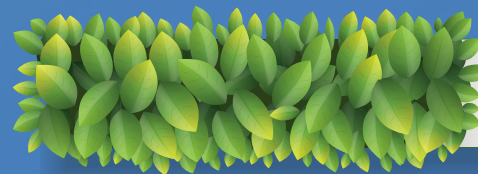
Maria Cotto
Vicki Flanigan
Angela Florida
Danielle Graziani

Hector Lopez
Rocio Salinas
Tim Savoca
Albert Ng
Valisa Pruitt-Wilks



Patricia Weiler

Nick Wycklendt



7 Branches
and growing

Board of Trade

141 W. Jackson Blvd.
Chicago, IL, 60604

North Loop

55 W. Wacker Dr.
Chicago, IL, 60601

South Loop

1350 S. Michigan Ave.
Chicago, IL, 60605

Chinatown/Pilsen

2200 S. Archer Ave.
Chicago, IL, 60616

UIC/Near West

1055 W. Roosevelt Rd.
Chicago, IL 60608

Lakeview/Lincoln Park

2800 N. Ashland
Chicago, IL, 60657

Elmhurst

165 South York Street
Elmhurst, IL 60126
331.979.7404

lakesidebank.com

312.435.5100



Lakeside Bank

