



Lakeside Bank

It's about time.®



Proud to be the
#1 Bank in Chicago—AGAIN!

*S&P Global Intel 2017. Among all banks between \$1 and \$10 billion.



Featured on Front Cover

Stan Bochnowski, Executive Vice President & Chief Lending Officer, Lakeside since 1983
David Pinkerton, Vice Chairman & President, Lakeside since 1989
Kay Wong, Mortgage Loan Consultant, Lakeside since 2016
Maurice Brown, Personal Banking Officer, Lakeside since 2014
Lili Chen, Senior Personal Banker, Lakeside since 1989
Sinead O'Rourke, Loan Administrator, Lakeside since 2016
Matt Palmisano, Vice President & Director of Treasury Management, Lakeside since 2017

Featured on Back Cover

Fanny Urquiza, Assistant Vice President & Assistant Branch Manager, Lakeside since 1999
Natasha Fernandez, Administrative Assistant, Lakeside since 2015
Lily Stojanovich, Loan Administrator, Lakeside since 2016
Yolanda BerktoId, Personal Banking Officer, Lakeside since 1989

Featured Above

Chris Manley, Assistant Vice President/Commercial Lending, Lakeside since 2017

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Dear Shareholders, Customers & Friends,

2017 was another outstanding year for Lakeside Bank. Our continued growth is thanks to our people, who advise and serve Lakeside clients so well. This year's Annual Report is dedicated to all our "Lakesiders" who work hard, innovate and get things done.

Unique among companies of any kind, our people stay. Average officer tenure is 13 years. 13 years! Amazing, isn't it? I'm proud of and continually impressed by our staff. We talk about the "Lakeside Extended Family" and it is how we live and work. The teamwork, support and constant focus on "exceeding expectations" for our clients is a pleasure to see. I've included brief stories about just a few of our professionals in this Report.

I'm also proud to announce S&P Global Intel has named us the **#1 Bank in Chicago**—for the second year in a row, among all banks between \$1 and \$10 billion in assets. Which is the perfect introduction to our key financials for 2017:

Net core earnings of \$31.2 million represents a 2.04% return on average assets, a 17.25% return on equity and a \$1.9 million increase in net earnings. 2017 ended with our total assets at \$1.602 billion, up 13.9% from year-ago. This includes \$1.282 billion in total loans. Stockholder equity grew from \$176.5 million to \$185.5 million. Our capital ratios remain significantly above the regulatory "well capitalized" levels. And yes, I love writing that sentence every year!



Our years of sustained growth are just the beginning. We have the size and capabilities to do virtually anything. But Lakeside personal service is the point-of-difference in the banking industry. We customize and make decisions quickly. Our clients know this. Which is why, just like our people, our clients stay. Completing the extended Lakeside family.

There are three other noteworthy items to report:

First—**Marketing**. 2017 was year two of our marketing campaign. There are new "Lisa & Phil" radio spots. Our Cubs "Call to the Pen" sponsorship, newspaper and digital advertising, plus quarterly promotions, continued.

The year-end annual quantitative tracking study confirmed our awareness across the Chicago area has continued to increase dramatically. The numbers are impressive and summarized in the Marketing section. Wait until you see our growth and the banks we outrank.

Second—**Community Involvement**. You'll be amazed at all we do in our communities! And we don't just write a check. Lakesiders serve on Boards. And we roll up our sleeves and work. Please see the community section for the list of organizations we actively support all year long.

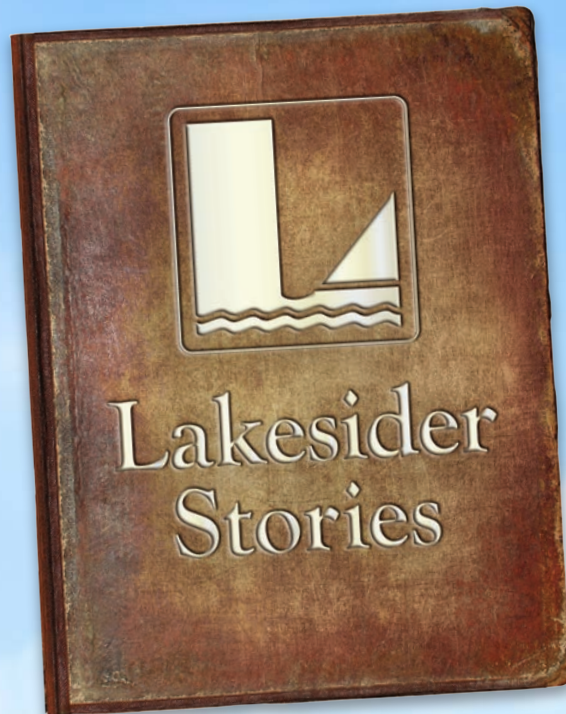
Third—**Education**. A crucial societal issue, education is a priority for us. So, in 2017 we launched a year-long pilot program in three elementary schools. Once a month, we talk to kids about how money works. We created fun, involving, specific subject programs on saving, interest, taxes, credit, paying bills. It's gone well. We'll expand in the fall.

We also held our first, "*Women 1st! 'Now We're Cooking' Student Chef Competition*" in the fall. Our Lakeside Bank Education Awards provided \$10,000 in scholarships to three winners. 175 people attended this delicious event, many of whom didn't know Lakeside. They do now. We'll expand this event in the fall, too. And there are more education initiatives on tap for 2018!

On behalf of the Board of Directors and the Executive Committee, thank you Lakesiders, for your commitment and excellence. And to our clients, and those who will join us in 2018, we look forward to many productive and prosperous years together.

Sincerely,

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



Chapter 1: David Pinkerton – “One & Only”

David joined Lakeside Bank after completing both his Bachelor's and MBA at the University of Wisconsin at Madison...and has been with Lakeside ever since. That Wisconsin influence means he wears the wrong colors during the NFL season. However, he's ideal to his clients. Advisor. Confidant. Get-it-done reliable. David builds true relationships. His clients are friends. And just like David, they stay true to Lakeside.

David Pinkerton
President & Vice Chairman
Lakeside since 1989



Chapter 2: Desi White – “The Defender”



Among Desi's many roles, she and her team personally scan records for unusual activity. Last year she saved clients over \$800,000 by identifying and blocking fraud attempts. Desi may be only five feet tall, but she's incredibly powerful...and, always on your side.

Desi White
VP/Operations
Lakeside since 1990

Chapter 3: Susanna Fong – “Perfectly Poised”

Susanna runs our Chinatown branch, and does so with elegance, grace and poise. She comes by this naturally—in addition to being a very experienced banker—Susanna teaches dance. She's also deeply involved in the community.

Susanna Fong
VP/Branch Manager
Lakeside since 1980



Chapter 4: Josh Coburn – “Visionary”



Josh finds ideas for his clients and then gets things done. When time is tight and a real estate deal is on the line, Josh is a Lakesider you want on your side.

Josh Coburn
VP/Commercial Lending
Lakeside since 2015

Chapter 6: Stan Bochnowski – “Not Your Typical Banker”

No two clients are alike for Stan; he customizes programs as needed—not typical for bankers. But Stan is not your ordinary banker. Stan rolls up his sleeves (or his pants legs) and gets things done. Whatever it takes.

Stan Bochnowski
EVP/Chief Lending Officer
Lakeside since 1983



Chapter 5: Ana Benitez – “All Hands On Board”



Ana runs Lakeside Operations. And when we say “runs,” we mean RUNS! Ana knows everything going on...and she had a hand in developing it. Ana is very hands-on, which is why everything runs smoothly.

Ana Benitez
SVP/Operations
Lakeside since 1982

Chapter 7: Fanny Yuen – “Always Smiling”

Fanny is an essential part of our Board of Trade branch. There’s no other way to say it...her clients simply love her! From these hard driving traders, the quotes about her are almost unbelievable. Although to know Fanny is to believe those quotes!

Fanny Yuen
VP/Asst. Branch Manager
Lakeside since 1986





Chapter 8: Odis Cole – “A Banker for All Reasons”



Odis, a Personal Banker in our Wacker Branch, is known for his judgment, warmth and strong relationships with his clients.

Odis Cole
Personal Banking Officer
Lakeside since 2001



Chapter 9: Kay Wong & Matt Palmisano – “Lakesiders Come in All Shapes & Sizes”



Kay Wong was our top performing mortgage loan consultant last year. She wins through personal service. She's with her clients from day one through closing.

Matt Palmisano runs our Treasury Management department where he successfully shows business clients how much they can save—and how we can strengthen their long-term cash management strategy, too!

Kay Wong
Mortgage Loan Consultant
Lakeside since 2016

Matt Palmisano
Vice President,
Dir. of Treasury Management
Lakeside Since 2017



2017 was Year 2 of our marketing campaign. Core elements continue:

We added more :30 “Lisa & Phil” radio spots and new :15 announcer read commercials, too. Our “Call to the Pen” on the Cubs, digital and newspaper advertising round out the mix. We also continued quarterly promotions and significantly increased radio & newspaper advertising to the African-American and Hispanic communities. (And in 2018, we’ve added our “Call to the Pen” program with the White Sox, too!)

Year End 2017 Research Findings—The work...is working:

This is our third study. We divide tracking into Business and Retail, and then, Customers and Non-Customers. Awareness of Lakeside Bank has increased dramatically.

RETAIL	Unaided Awareness	Aided Awareness
Non-Customers	Doubled since last year and up by a factor of 10 (!) since advertising launched.	We grew from 49% to 58%. We are dramatically ahead of Wintrust, and equal to First Midwest and MB Financial.
Current Customers	We're now 4th, ahead of BMO Harris, Fifth Third, Citi, PNC, MB Financial, Wintrust and Northern Trust.	We are the only bank current clients recommend; our score has surged from 42% to 64%.

BUSINESS	Unaided Awareness	Aided Awareness
Non-Customers	More than doubled since launch—and jumped by more than half vs. 2016. Now in 5th place overall.	We grew from 39 to 52%, the only bank with sustained, significant growth.
Current Customers	We now rank 3rd, after JP Morgan Chase and Bank of America. We're ahead of BMO Harris, Fifth Third, Citi, MB Financial and Wintrust.	Our recommendation score grew from 59% to 76%.



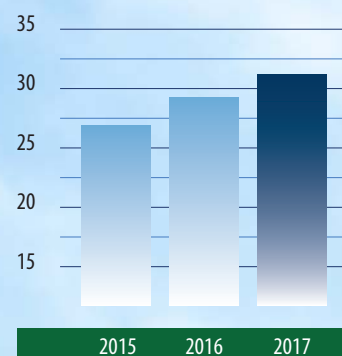
Financial Highlights

	2017	2016	2015
Net Operating Income	\$ 31,180,000	\$ 29,267,000	\$ 26,919,000

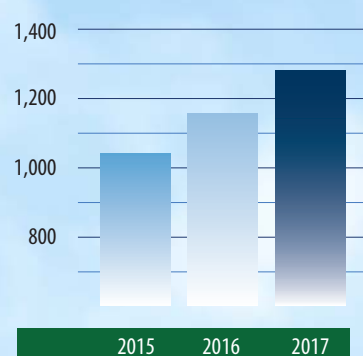
Balances at year end:

Assets	\$1,602,064,000	\$1,406,828,000	\$1,220,484,000
Loans, Net	1,282,814,000	1,155,105,000	1,038,249,000
Deposits	1,320,333,000	1,149,360,000	1,012,291,000
Stockholders' Equity	185,510,000	176,551,000	166,331,000

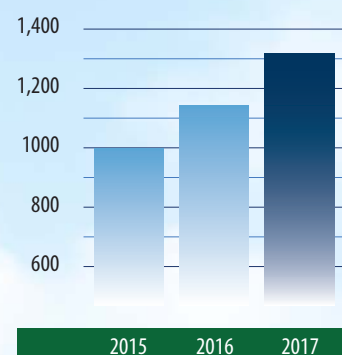
NET OPERATING INCOME
(in millions)



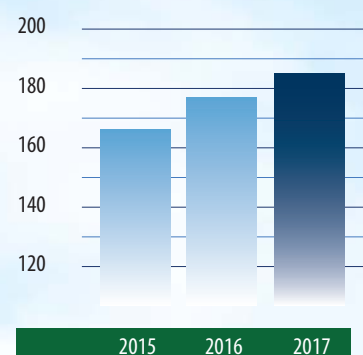
TOTAL LOANS
(in millions)



TOTAL DEPOSITS
(in millions)



TOTAL STOCKHOLDER'S EQUITY
(in millions)



STATEMENT OF EARNINGS (unaudited in thousands)

	2017	2016
<i>Interest Income on:</i>		
Loans	\$62,063	\$55,255
Securities	2,282	601
Other Investments	461	891
Total Interest Income	64,806	56,747
<i>Interest Expense on:</i>		
Deposits	\$8,684	\$6,182
Other Borrowings	892	494
Total Interest Expense	9,576	6,676
Net Interest Income	\$55,230	\$50,071
<i>Provision for possible loan losses</i>	<u>700</u>	<u>0</u>
Net Interest Income	54,530	50,071
Other Income	3,851	3,285
Other Expenses	26,669	23,582
Income Taxes	532	507
Net Operating Income	\$31,180	\$29,267

STATEMENT OF CONDITION (unaudited in thousands)

	2017	2016
ASSETS		
Cash and due from banks	\$191,811	\$147,588
Investment Securities	52,553	47,753
Loans, net of unearned discount	1,309,895	1,182,186
Less allowance for possible loan losses	<u>27,686</u>	<u>27,081</u>
Net Loans	1,282,814	1,155,105
Other Assets	74,886	56,382
Total Assets	\$1,602,064	\$1,406,828
LIABILITIES & STOCKHOLDER'S EQUITY		
Deposits		
Non Interest-bearing	\$345,772	\$307,789
Interest-bearing	974,561	841,57
Total Deposits	1,320,333	1,149,360
Other Borrowings	70,812	59,639
Other Liabilities	25,409	21,278
Total Liabilities	\$1,416,554	\$1,230,277
Stockholder's Equity	\$185,510,000	\$176,551
Total Liabilities & Stockholder's Equity	\$1,602,064	\$1,406,828

Supporting Our Community

Lakesiders have always been active in our communities—on boards, working nights & weekends, and pitching in on all kinds of activities. We help seniors, adults, kids, teens and neighborhoods. And, yes, we add financial support, too. In 2017, Lakesiders were involved with 77 organizations. Now, that makes a real difference!

3 Arts
Access Sports
Black Heritage Foundation
Boys and Girls Club of Chicago
Boys Hope Girls Hope of Illinois
Camp Out for Kids
Casa Michoacan
Chicago Chinatown Women's Club
Chicago Gateway Green
Chicago Neighborhood Initiatives Micro Finance Group
Chinatown Chamber of Commerce
Chinese American Civil Council
Chinese American Museum of Chicago
Chinese American Service League
Chinese Consolidated Benevolent Association
Circle Urban Ministries

Concordia Place
De La Salle
Dearborn Realist Board
Easter Seals
Elmhurst Chamber of Commerce Board of Directors
Elmhurst College – College of Business Mentor
Elmhurst Hospital Foundation Board of Trustees
Elmhurst Lions Club Board of Directors
Elmwood Park High School
Elmhurst Walk in Assistance
Extollo Education Foundation
Friendly Temple
Friends of Skinner North
Galileo Scholastic Academy of Math & Science
Glessner House

Greater Chicago Food Depository
Greater South Loop Association
Greyhound Alliance
Habitat for Humanity
Haines Elementary School
Home of the Sparrow
Hong Kong Club of Chicago
Immaculate Conception Elmhurst Walk-In Ministry Food Pantry
Jahn Elementary
John M. Smyth School
Kiwanis Club
Lakeview Chamber of Commerce
Lincoln Park Chamber of Commerce
Lions Club of Lake Forest & Lake Bluff
Luster Products
Magnificent Mile Association
March of Dimes
McCutheon Elementary Schools
Mercy Hospital
Mercy Hospital Foundation
Near South Planning Board
Neighborhood Boys & Girls Club

Old St. Mary's School
Pacific Garden Mission
Pediatric Brain Tumor Foundation
Prairie District Neighborhood Alliance
Rebuilding Together
Rivendell Theatre
Rotary Club of Chicago
Salvation Army
Save the Children
Schafer Elementary School
Skinner North Upper Grade School
Southside Builders Club
St. James Church
St. Jerome's Church & School
Tapas Valencia
The Harris Educational Center
True Rock Ministries
UIC Athletics
United Serbian Society
Valentine's Boys & Girls Club
VanderCook College of Music
Westside Association of Community Action
Young Non-Profit Professionals Network

Tim Savoca
Sr VP/Chief Credit Officer
Lakeside since 2006



Justin Newhuis
VP/Commercial Lending
Lakeside since 2013

Eva Ayala
VP/Branch Manager
Lakeside Bank since 1985



Allan Adaya
VP/Branch Manager
Lakeside since 2016



Dan Welz
Sr VP/Chief Operating Officer
Lakeside since 2016



Grace Marcordes
VP/Branch Manager
Lakeside since 2000



COMMUNITY



Concert in the Park



Concert in the Park



Women First
"Now We're Cooking"



Roosevelt Jazz Fest



Teaching at Haines



Teaching at Haines



Dragon Boat Team



Dragon Boat Team



Boys & Girls Club



Boys & Girls Club

CoMMUNITY

Lakesiders featured at Concert in the Park: Alan Rose, Kay Wong, Jennifer Lee, John Rogers, Stephanie Zhen, Narcedalia Lopez, Erica Chianelli. Lakesiders featured at Women First "Now We're Cooking": David Pinkerton. Lakesiders featured at Roosevelt Jazz Fest: Kate Boyman, John Rogers. Lakesiders featured teaching at Haines: Lili Chen, Kay Wong. Lakesiders on Dragon Boat Team: Justin Newhuis, Stan Bochnowski, Josh Coburn, Dan Bles, Joseph Haritos, Al Bradley, Natasha Fernandez, Sinead O'Rourke, Matt Palmisano, Albert Ng, Grace Marcordes, Alan Rose, Angela Villegas, Bob Hollis, Mike Fogarty, Nick Wycklendt. Lakesiders featured at the Boys & Girls Club: Grace Marcordes, Silvia Suarez, Eva Ayala.

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

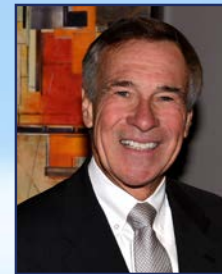
Executive Committee



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



Lakeside Promotions

Congratulations



Dan Welz

Senior Vice President,
Chief Operating Officer
Lakeside since 2016

Jennifer (Tian) Lee

Asst. Vice President,
Commercial Lending
Lakeside since 2013

Mike Fogarty

Vice President,
Commercial Lending
Lakeside since 2014

Angela Florida

Asst. Vice President,
Asst. Branch Manager
Lakeside since 2006

Yolanda Berktoold

Personal Banking Officer
Lakeside since 1989

Anthony Fong

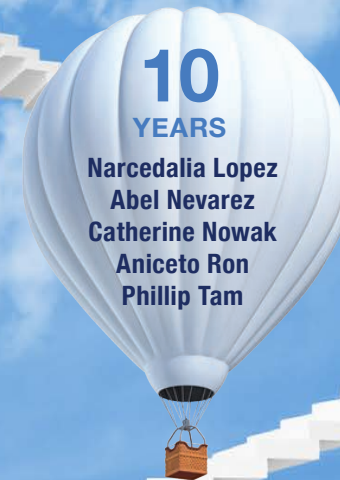
Vice President,
Controller
Lakeside since 2005

Lisa Ibarra

Facilities/Vendor Mgmt.,
Operations Officer
Lakeside since 1999

Milestone Anniversaries

It's about time.



**5
YEARS**

Mary Aguilar
Gerome Guerrero
Dorothy Rzeszutko
Jo Ann Wong

**10
YEARS**

Narcedalia Lopez
Abel Nevarez
Catherine Nowak
Aniceto Ron
Phillip Tam

**20
YEARS**
Jeff
Miller

**30
YEARS**
Ruben
Garcia

**35
YEARS**
Ana
Benitez

7 Branches
and growing



North Loop/Wacker

55 W. Wacker Dr.
Chicago, IL 60601
(312) 435-5100

Elmhurst

165 S. York St.
Elmhurst, IL 60126
(331) 979-7404

South Loop/Michigan Ave

1350 S. Michigan Ave.
Chicago, IL 60605
(312) 435-5100

Chinatown/Pilsen

2200 S. Archer Ave.
Chicago, IL 60616
(312) 435-5100

Board of Trade

141 W. Jackson Blvd.
Chicago, IL 60604
(312) 435-5100

Lakeview/Lincoln Park

2800 N. Ashland Ave.
Chicago, IL 60657
(312) 435-5100

UIC/Near West

1055 W. Roosevelt Rd.
Chicago, IL 60608
(312) 435-5100



Lakeside Bank

It's about time.®

Our theme, "*It's about time*," means many things to us and to our clients. It's about our 52 year history—and how we've steered a careful, conservative course. Most importantly, it captures who we are and how we work...what makes us different. It's about time for consistent, positive and PERSONAL banking. It's about time for flexible, customized service. It's about time banking and loan decisions got made quickly. And it's about time for long-standing, real relationships. It's about time...for Lakeside Bank.

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MEMBER
FDIC
EQUAL HOUSING
LENDER
NMLS ID# 528825