



Lakeside Bank

It's about time.®

866-892-1LSB • LakesideBank.com

Board of Trade

141 W. Jackson Blvd. • Chicago, IL 60604

Bridgeport

3855 S. Halsted St. • Chicago, IL 60609

Chinatown/Pilsen

2200 S. Archer Ave. • Chicago, IL 60616

Elmhurst

165 S. York St. • Elmhurst, IL 60126

Lakeview/Lincoln Park

2800 N. Ashland Ave. • Chicago, IL 60657

North Loop

55 W. Wacker Dr. • Chicago, IL 60601

Oakbrook Terrace

18W076 22nd St. • Oakbrook Terrace, IL 60181

Park Ridge

425 Devon Ave. • Park Ridge, IL 60068

South Loop

1350 S. Michigan Ave. • Chicago, IL 60605

Lakeside Bank Operations Center

2001 York Rd. • Suite 150 • Oak Brook, IL 60523



Lakeside Bank 2022 Financial Summary



OF
MARKET LEADING
FINANCIAL SECURITY

Message From The Chairman

2022 was Lakeside Bank's 56th anniversary. It was a challenging year for the US economy, the stock market and the banking industry. Inflation was the highest it's been in 40 years. The Fed raised interest rates seven times. The stock market had a dismal year. In the banking world, branch closures continued as large banks reduced expenses ... and their ability to serve clients. Then, in the first quarter of 2023, the forced closures of Silicon Valley Bank, Signature Bank and First Republic impacted all banks, especially regional competitors.

The demanding times reaffirmed the uniqueness of Lakeside Bank. As we have throughout our history, we managed headwinds well, with our balanced portfolio and relationship-driven philosophy setting us apart from competition. In an age of reduced customer service, we continued to prove that business and retail clients want and need personal service. Of course, we offer gold standard electronic banking capabilities. But 2022 confirmed again there is no substitute for the benefit of having your own Lakeside professional. Our difference will assure Lakeside's continued growth trajectory. Competitors cannot match Lakeside personal service or emphasis on long-term relationships.

In immediate affirmation of the power of Lakeside differentiation, our number of new accounts jumped by 237% in the first quarter of 2023!

As a reflection of growing demand for Lakeside services, we opened a new, larger, Operations Center early 2023.

Key Indicators for 2022

Net operating earnings of \$50.2 million represents a 2.11 return on average assets and a 22.21 return on equity. The year ended with \$2.3 billion in total assets. This includes \$1.8 billion in total loans. Stockholder equity grew from \$234.1 million to \$239.8 million. As always, our capital ratio remains significantly above "well capitalized" levels. In fact, our Tier 1 Leverage Capital Ratio closed 2022 at 11.75%, more than twice the regulatory capital requirement, and 17.5% superior to our immediate peer group. Our conservative fiscal management for over half a century has kept the Lakeside ship steady through every challenge.

Notable 2022 Achievements

Loan portfolio growth was 9.4% in 2022. This is certainly favorable given the environment. Importantly, Lakeside loans are not in struggling industry segments like office buildings.

Treasury Management had the most product implementations and new client onboarding in Lakeside history, reiterating our commitment to provide small businesses and commercial clients with streamlined, powerful and advantageous banking tools. We also added a new Account Analysis software providing enhanced analytics and operations, offering clients a more transparent and practical experience. TM is also hard at work on new payment software allowing both business and retail customers to send and receive funds instantaneously, at any time of any day. The Real Time Payments and FedNow instant payment technologies will come on stream through 2023 and 2024.

The Residential Mortgage Department reported lower volume versus 2021, as did the entire industry. Fortunately, as interest rates rose at a rapid pace, our team found new ways to both generate business and grow our industry leading personal service. We added incentives for first time home buyers, teachers and first responders. We also increased our Home Equity and Portfolio Loan production. Despite higher interest rates, we're confident in increased market share in 2023.

2022 Marketing succeeded in maintaining our brand and advertising awareness with consumers. We remain the only bank with a positive "Net Promoter Score," meaning our clients recommend us. We will capitalize on how strongly our clients feel about us with unique endorsement stories in 2023. Our NPS score increased among business clients. We have increased support to key targets and business segments in 2023.

Mark Twain said, "*Tough times teach trust.*" Through a difficult year, we saw trust multiply among Lakesiders and with our clients. I'm proud of how our departmental teams worked individually and together to continue building the Lakeside brand and business. And I'm thankful every day for the people and businesses that call Lakeside their trusted advisor ... and their banking home. As more and more Chicagoans experience the Lakeside difference, that trust will grow. Although I suspect we'd all be very pleased to leave the "tough times" part of the equation behind!

Sincerely,



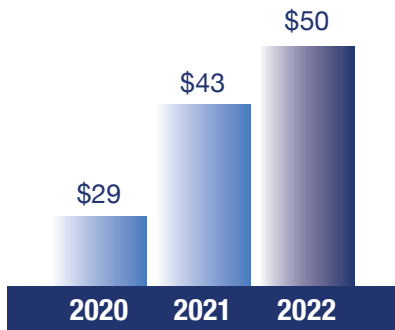
Philip D. Cacciatore
Chairman & Chief Executive Officer



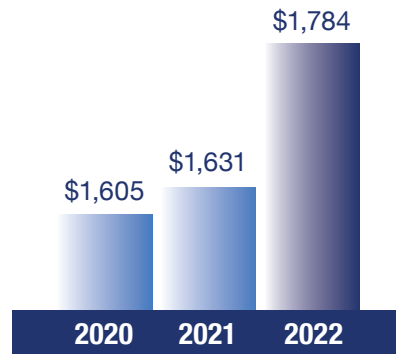
Financial Highlights

	2020	2021	2022
Net Operating Income	\$28,575,000	\$42,716,000	\$50,247,000
<i>Balances at year end:</i>			
Assets	\$2,179,895,000	\$2,340,469,000	\$2,267,919,000
Loans, Net	\$1,604,965,000	\$1,631,002,000	\$1,783,656,000
Deposits	\$1,816,477,000	\$1,980,394,000	\$1,790,394,000
Stockholders' Equity	\$211,442,000	\$234,094,000	\$239,798,000

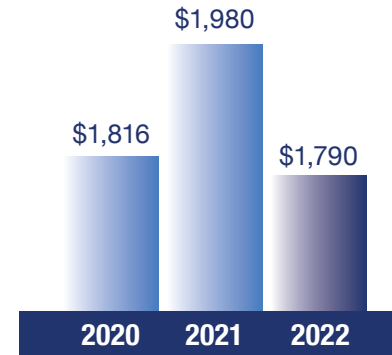
NET OPERATING INCOME
(in millions)



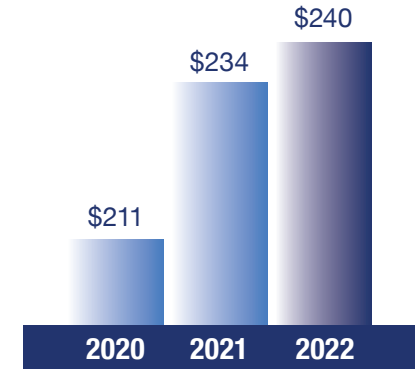
TOTAL LOANS
(in millions)



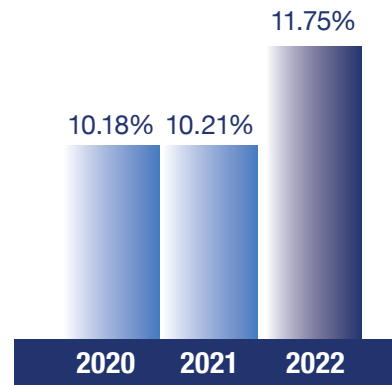
TOTAL DEPOSITS
(in millions)



TOTAL STOCKHOLDER'S EQUITY
(in millions)



TIER 1 LEVERAGE CAPITAL RATIO



**OF MARKET LEADING
FINANCIAL SECURITY**

Financial Highlights *(Continued)*

STATEMENT OF EARNINGS

(unaudited in thousands)

	2020	2021	2022
<i>Interest Income on:</i>			
Loans	\$83,195	\$80,619	\$89,205
Securities	\$1,384	\$2,086	\$7,489
Other investments	\$675	\$472	\$805
Total Interest Income	\$85,254	\$83,177	\$97,499
<i>Interest Expense on:</i>			
Deposits	14,815	6,999	8,377
Other borrowings	2,382	1,870	1,917
Total Interest Expense	\$17,197	\$8,869	\$10,294
Net Interest Income	\$68,057	\$74,308	\$87,205
<i>(Benefit) provision for possible loan losses</i>	7,500	(3,200)	(3,320)
Net Interest Income			
<i>After benefit/provision for possible loan losses</i>	\$60,557	\$77,508	\$90,525
Other Income	\$5,162	\$8,029	\$8,049
Other Expenses	\$36,752	\$42,325	\$47,678
Income Taxes	\$392	\$496	\$649
Net Operating Income	\$28,575	\$42,716	\$50,247

STATEMENT OF CONDITION

(unaudited in thousands)

	2021	2022
CASH AND DUE FROM BANKS		
Cash and due from banks	\$359,770	\$83,616
Investment securities	\$243,445	\$288,933
Loans, net of unearned discount	\$1,659,322	\$1,808,996
Less allowance for possible loan losses	\$28,320	\$25,340
Net Loans	\$1,631,002	\$1,783,656
Other assets	\$106,252	\$111,714
Total Assets	\$2,340,469	\$2,267,919
LIABILITIES & STOCKHOLDERS' EQUITY		
Deposits		
Non interest-bearing	\$658,824	\$608,905
Interest-bearing	\$1,321,570	\$1,181,489
Total Deposits	\$1,980,394	\$1,790,394
Other borrowings	\$80,429	\$191,000
Other liabilities	\$45,552	\$46,727
Total Liabilities	\$2,106,375	\$2,028,121
Stockholders' Equity	\$234,094	\$239,798
Total Liabilities & Stockholders' Equity	\$2,340,469	\$2,267,919