



OUR APPROACH:  
BALANCED

## BALANCED EXECUTION



**CUSTOMER VALUE** Lake Shore has always had a fundamental commitment to meeting the needs of all its customers. We work to ensure that our customers have the tools or the guidance necessary to achieve their financial goals and realize a secure future for their families and businesses. We strive to always exceed our customer expectations.



**EMPLOYEE EMPOWERMENT** Our employees are our most valuable asset. We continuously provide training and education which enables them to fully meet the needs of the Bank's customers. Lake Shore strives to provide a diverse and inclusive work environment with dignity and respect for all employees.



**ETHICAL BEHAVIOR** To meet our commitments to customers, our communities and to shareholders, it's necessary to gain the assistance of capable partners, vendors and suppliers. We deal fairly with all of our suppliers and maintain a positive tone from the top on down in regard to ethical behavior.

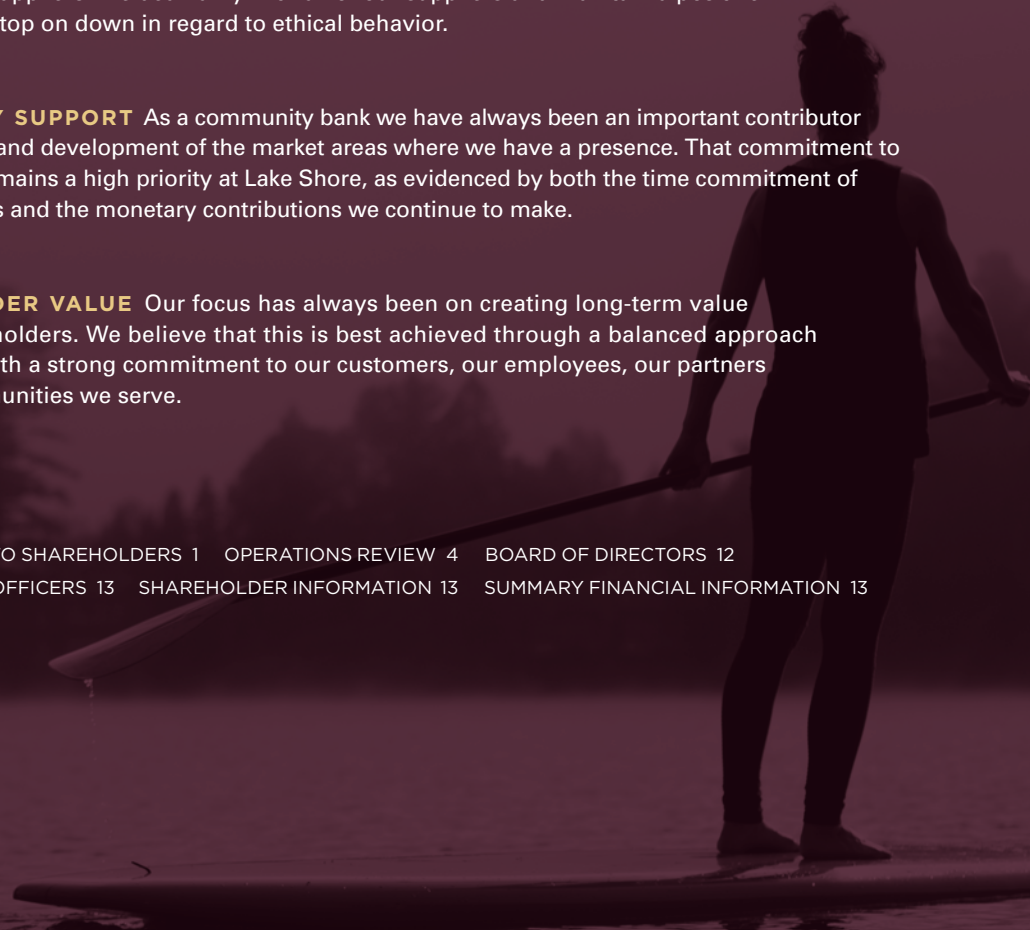


**COMMUNITY SUPPORT** As a community bank we have always been an important contributor to the growth and development of the market areas where we have a presence. That commitment to community remains a high priority at Lake Shore, as evidenced by both the time commitment of our employees and the monetary contributions we continue to make.



**SHAREHOLDER VALUE** Our focus has always been on creating long-term value for our shareholders. We believe that this is best achieved through a balanced approach to business with a strong commitment to our customers, our employees, our partners and the communities we serve.

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Dear Shareholders, Customers, Partners and Friends,

In our 128 years in business, Lake Shore Savings Bank has prospered simply by putting people first. We are committed to balancing the needs of all of our stakeholders to arrive at results that benefit everyone. Our balanced and appropriate approach is the reason we've been able to deliver solid and consistent results over the years.

Our performance in 2019 was no exception. We grew loans and deposits organically at double-digit rates, reported improved earnings and maintained solid asset quality metrics. The Company surpassed the \$600 million asset mark during the year, growing total assets by a robust 11.9% from the 2018 year end, primarily due to record growth in loan originations.

### **OPERATING PERFORMANCE**

We reported net income of \$4.1 million for the year, compared to \$4.0 million in 2018. On a per share basis, we earned \$0.68 for the year, an improvement of \$0.02, or 3.0%, compared to 2018. Operating revenue, the sum of net interest income and non-interest income, grew 5.7% during the year to \$21.6 million, primarily due to a \$1.1 million, or 6.3%, increase in net interest income to \$19.1 million for the year ended December 31, 2019. Non-interest income was approximately \$2.5 million during 2019 and 2018.

Net interest income expansion was driven by a record \$169.2 million in organic loan originations, a \$38.6 million, or 29.6%, increase over 2018 loan originations of \$130.6 million. Our loan growth reflects our team's continued focus on expanding relationships with current customers, along with raising our profile among new consumers and businesses throughout Western New York. Net loans grew by an impressive 20.0% during the year to \$470.8 million at December 31, 2019, demonstrating the effectiveness of our approach.

Over the past five years we've strategically shifted our loan portfolio to attract higher yielding commercial loans. Commercial real estate and commercial business loans were the primary drivers of 2019 loan growth, with total commercial loans increasing by \$75.7 million, or 38.9%, during the year, and making up 57.3% of total loans at December 31, 2019, compared to 28.8% of total loans at 2014 year end. The growth in commercial lending has not impacted our asset quality metrics, which remain solid, with non-performing loans to total net loans at 0.75% at December 31, 2019. Our team continues to properly underwrite all loans within the Company's risk parameters to maintain strong asset quality.

We were also successful on the funding side in 2019, as total deposits grew by \$51.0 million, or 11.8%, to \$483.5 million at year end. We continue to focus on gathering low-cost, core deposits as part of our strategy to manage funding costs. These core deposits, which include savings, money market, demand deposit and non-interest bearing checking accounts, grew 12.8% to \$313.0 million at December 31, 2019.

Our focus on commercial lending and core deposits helped to maintain our net interest margin in 2019. For full year 2019, our net interest margin of 3.58% decreased slightly by 3 basis points compared to the prior year. The current low interest rate environment continues to present challenges for maintaining a strong interest rate spread and net interest margin. However, we have a robust risk management process in place that allows us to properly and timely manage interest rate risk and liquidity risk.

### **TECHNOLOGY**

We continue to make meaningful investments in technology that ultimately allows for enhanced customer experiences while keeping Lake Shore Savings competitive with other larger banks, by providing the most current products and services to our customers and improving efficiency in our back office. During 2019 we strengthened our technology by partnering with a new telecommunications service provider that caters exclusively to financial institutions, resulting in an improved platform for maintaining system uptime and better streamlining our operations.

We have also partnered with a third party vendor to introduce a rewards program to our customers, which awards points for certain behaviors, such as using a Lake Shore Savings debit card in lieu of cash for purchases and referring family and friends to bank with us, which can be exchanged for select products or gift cards. We value each customer relationship and this reward program allows us to thank our customers for choosing our bank to meet their financial needs.

In 2019 we upgraded our person to person payment platform within our online banking and mobile banking services so that our customers can send money in minutes via Zelle® to friends, family and other individuals who they trust. This platform offers a secure way to exchange funds directly from or to a customer's bank account.

Our website, [www.lakeshoresavings.com](http://www.lakeshoresavings.com), has been optimized for mobile phone access and provides customers with informative videos demonstrating how to use features like online bill pay, remote deposit capture and CardValet™. Business banking customers now benefit from our faster payment (ACH) processing, enhanced fraud protection and improved functionality. We continue to provide electronic access to a variety of our product offerings.

### **STRIKING THE RIGHT BALANCE**

We believe that we are responsible to lead the way among our competitors to meet or exceed our customers' expectations by keeping personal service at the center of our concierge-style banking model. We've invested in technology to provide innovative and convenient services to our customers. In our branches, retail and business customers alike can meet with and receive strategic guidance from our knowledgeable support staff.

## 2019 HIGHLIGHTS

Earnings per share increased 3.0% to \$0.68, compared to the prior year

Total assets at December 31, 2019 of \$610.9 million, an increase of \$65.2 million, or 11.9%, compared to the prior year

Year end loans receivable (net) of \$470.8 million increased \$78.3 million, or 20.0%, compared to December 31, 2018

Core deposits grew 12.8% to \$313.0 million, compared to December 31, 2018

Non-performing loans as a percent of total net loans improved seven basis points to 0.75% at December 31, 2019, compared to the prior year end

## NET INTEREST MARGIN

Q1 2019	3.60%
Q2 2019	3.58%
Q3 2019	3.66%
Q4 2019	3.51%

## LOANS, NET

In millions at 12/31

2015	\$ 297.1
2016	\$ 326.4
2017	\$ 365.1
2018	\$ 392.5
2019	\$ 470.8

## LOAN PORTFOLIO COMPOSITION At 12/31/19

Total Loans = \$470.8 Million



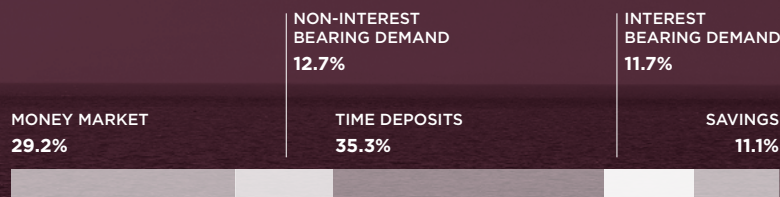
## CORE DEPOSIT GROWTH

In millions at 12/31

2015	\$ 210.6
2016	\$ 238.8
2017	\$ 256.7
2018	\$ 277.5
2019	\$ 313.0

## DEPOSIT COMPOSITION At 12/31/19

Total Deposits = \$483.5 Million



We understand that diversity, inclusion, dignity and mutual respect are integral to creating a successful work environment. We treat businesses and individuals ethically and fairly, whether they are a service or product provider, an employee or a customer. We have worked to create a positive work environment where our employees can grow professionally and be successful, offering competitive benefits and training opportunities. This approach benefits our employees, as well as our customers and is simply a good business practice.

Women are represented at all levels of the company, from the C-suite, to the Board of Directors, and throughout our workforce. Women now make up 60% of our Company's senior management team and approximately 80% of our total employees. In addition, we are proud to have three female directors serving on our Company's Board.

In addition to employing many of the best bankers in the region, we value our long-standing relationships with companies that help us to meet our mission. It simply isn't possible to survive as a business for 128 years without establishing a reputation for treating other businesses and individuals on which you depend fairly, honestly and ethically, as we do in all of our business dealings.

We also believe that it is our responsibility as a Western New York focused institution to give back to the communities where we live and work. Our employees volunteer their time and effort throughout the community in many ways, and one example is the collection of donations for care packages for our armed forces in partnership with Blue Star Mothers of WNY. We also provide financial contributions to non-profit organizations, including the Food Bank of Western New York, Mikey's Way Foundation (Helping Kids Cope with Cancer), and the Buffalo Hearing & Speech Center.

### **BALANCE GENERATES LONG-TERM SHAREHOLDER VALUE**

All public companies have a duty to manage their business in a way that fairly rewards their shareholders. We embrace that responsibility and believe that our approach, which seeks to balance the needs of all stakeholders, is appropriate to provide long-term value for years to come.

During 2019, our Board of Directors acted to further reward our shareholders by instituting a significant increase to our cash dividend. Annual dividends paid increased by 20.0% over the prior year to \$0.48 per share, resulting in an annual dividend yield of 3.14% based on a closing price of \$15.30 as of December 31, 2019. During 2019 we also repurchased 68,190 shares of LSBK common stock as part of a share repurchase plan initiated in 2018. On September 6, 2019, our Board of Directors approved a new stock repurchase plan by which the company can repurchase up to 116,239 additional shares of outstanding common stock. We repurchased 19,200 shares under this plan during the last four months of 2019.

### **GARY WINGER *Thank you.***

The Board wishes to express its sincere gratitude to Gary Winger, who will retire from the Board on May 20, 2020 after ably serving the Company and its shareholders for the last 23 years, including as Chairman of the Board for the past seven years. The Board is grateful for Gary's many contributions to the success of the Company.

### **CHANGES TO OUR BOARD**

We are pleased to announce that effective May 20, 2020, current Vice Chairman Kevin Sanvidge will assume the role of Chairman of the Board. We also welcomed two new independent directors to our Company's Board in 2019, John P. McGrath and Ronald J. Passafaro. Mr. McGrath retired in 2020 as the Assistant Treasurer of Moog Inc., a worldwide designer, manufacturer, and integrator of precision control components and systems. He has deep financial services experience, having worked for Greater Buffalo Savings Bank, First Niagara and Empire of America, and will serve on the Asset/Liability Committee. Mr. Passafaro currently serves as President, Chief Executive Officer and Chairman of the Board of ECR International, a division of BDR Thermea Group, a global leader in innovative heating and hot water systems and services. He has been appointed to the Compensation Committee. Our Company will surely benefit from Mr. McGrath's and Mr. Passafaro's distinguished leadership experience and we look forward to their contributions.

### **FOCUSED ON 2020**

Lake Shore Savings Bank is well-positioned to build upon our 2019 success in the Western New York market that we know so well. We have made significant investments in talent and technology and offer the right combination of products and services to help our customers succeed. We've built a strong reputation during our 128 years in business and are prepared to seize the ample opportunity we see ahead. Our service-focused team is ready and prepared to capitalize on the strong lending pipeline we have heading in to 2020 and we are excited and focused on the future.

Gary W. Winger  
Chairman of the Board

Daniel P. Reininga  
President and Chief Executive Officer



(from left to right) Kevin M. Sanvidge, incoming Chairman of the Board, Daniel P. Reininga, President and CEO, Gary W. Winger, Chairman of the Board

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# BALANCED

CUSTOMER VALUE

*Our employees offer knowledgeable guidance, along with the customer-facing accessibility that customers still appreciate.*



**Our chip-embedded Lake Shore Savings debit cards provide an added layer of protection to our customers against fraud.**

**Delivering Value to Our Customers** With a service history reaching back more than 128 years, we have been providing our customers great service along with a continuous array of product innovations which meet or exceed their expectations. Whether it's a small Western New York business looking for the financial support needed to make their venture succeed, or a household focused on keeping tabs on the family budget, Lake Shore Savings puts its customers first.

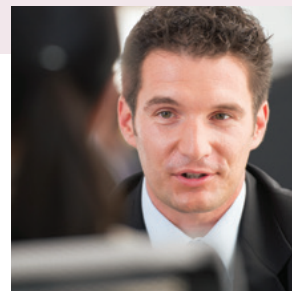
Our strategic plan involves a focus on meeting the needs of our communities that are not being addressed by larger financial institutions located in our market area. In today's fast-paced environment that means expanding access to the technology that customers need to make banking more convenient, more accessible and more efficient. Technology that delivers value to customers. To make this a reality, we developed a five-year plan to provide cost effective and efficient digital services which meet the technology needs of our current customers, and which work to attract the next generation of banking customers. Our personal checking accounts offer perks like free online and mobile banking, bill pay, debit card, e-statements and unlimited surcharge-free ATM usage through our expanded network. In addition, they include discounts from local and national retailers, protection for lost or stolen cell phones, identity theft protection, roadside assistance, and savings on pharmaceuticals and vision care products. In 2019 we introduced Lake Shore Rewards, a program that awards points for specific behaviors such as using a Lake Shore Savings debit card in lieu of cash and referring friends and family to bank with Lake Shore Savings. Reward points are accumulated and can be redeemed for select products or gift cards. We recognize that our customers have many financial service alternatives available to them and we wanted to reward our customers for choosing Lake Shore Savings for their banking needs.

With an eye on customer safety we upgraded Mobile Banking and CardValet® an app that safeguards our customers' cards from fraud, with a wider range of customized alerts that can be set up to notify our customers of their card activity, along with the continued ability to set spending limits for the card, or to turn it off if it's lost or stolen. Lake Shore customers using our mobile banking app also have the option to send money directly and instantly to another person using the digital payments network Zelle®. This network allows funds to be directly deposited to a bank account, unlike other available person to person payment networks. We will continue to evaluate the technology available to remain competitive and to enhance security of our customers' banking information in order to best deliver value for our customers.

To provide additional value to the growing number of business customers that have discovered our talented commercial lending group, we have charted a similar course, by providing a range of complementary business services which add value to the banking relationship. These services include account analysis, remote deposit capture, merchant card services, overdraft protection, business debit cards and night deposit boxes. Our business online banking and bill pay products combined with our secure access mobile banking product provides flexibility to business banking customers to handle banking transactions while out of the office taking care of business.

Technology has been a competitive game changer for the banking industry which has leveled the playing field for institutions of varying sizes. However, face to face customer service remains the hallmark of our banking model. Our employees offer knowledgeable guidance, along with the customer-facing accessibility and human connection that many banking customers still appreciate. We plan to continue to invest in a multi-channel environment to meet our customer needs and demands, whether it be via mobile banking, our call center or face to face conversations at a branch office. We are proud to present concierge banking services to our customers, and to excel at relationship management.

**Lake Shore Savings employees are committed to serving and providing knowledgeable guidance to both our personal and business banking customers.**



# BALANCED

EMPLOYMENT EMPOWERMENT  
+ ETHICAL BEHAVIOR

*Another important element of our culture and work environment is opportunity.*



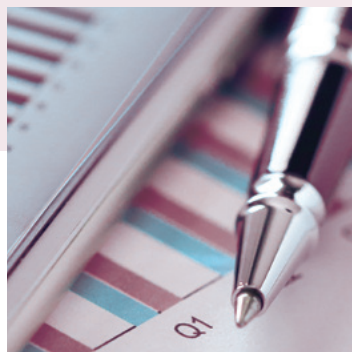
Lake Shore Savings strives to provide a diverse and inclusive work environment with dignity and respect for all of our employees, which are our most valuable asset.



**Promoting Diversity, Enhanced Skills and Opportunity** Lake Shore's success has always been dependent on customer service and customer satisfaction, neither of which happen by accident. It's imperative that all employees understand the financial needs of our clientele and value their decision to transact business with the Bank. Our ability to compete with other area financial institutions, many of which are larger, is a function of the quality of our employees, and our ability to attract, develop and retain them. This starts with a salary and benefits package that is complemented by a work environment that is inclusive, diverse and where everyone is treated with dignity and respect. We have an ongoing commitment to invest in the development of our employees through leadership and training programs which emphasize customer service qualities and sales activities. By investing in training, tools and enhanced technology, we equip our customer-facing employees with the skills necessary to deliver high-value personalized service and consistently meet our customers' financial needs.

Another important element of our culture and work environment is opportunity. It is not lost on our employees that hard work and dedication open the door for additional opportunity at Lake Shore Savings. We are proud of being an organization which values gender diversity. 60% of our senior management team is made up of women, as is 30% of the Company's board of directors. We are also proud of the fact that 30% of our senior managers worked their way up the ranks from their start on the teller line, illustrating the opportunities available to new employees.

**A History of Ethical Behavior** We approach our business with a long view and an important component of our actions is ethical behavior in all dealings whether it be with customers, employees or with the suppliers and partners that help us to realize our objectives. We are committed to treating all of the Bank's product and service suppliers fairly, and whenever possible we use businesses that are located in our service area or that have a banking relationship with Lake Shore Savings. On occasion we will partner with another area community bank to meet lending or loan concentration limits while being responsive to the borrowing needs of our customers. We maintain strong and ethical relationships with these other institutions in our market area to take advantage of partnership opportunities when it's appropriate for the Bank or our customers.



Our exceptional team is made even stronger by our positive relationships with partners, suppliers and vendors.

# BALANCED

COMMUNITY SUPPORT

*We provide a variety of community reinvestment grants  
to help fund vital programs and services.*

Our commercial lenders (from left to right), Jared Sedor, AVP Commercial Lender, Jeffrey Werdein, EVP Commercial Division and Dylan Rubadeaux, VP Commercial Lender enjoyed the annual golf outing for the Bank sponsored event for the Chautauqua County Resource Center, along with attendee, Richard DiGiacomo of Nesper, Ferber, DiGiacomo, Johnson & Grimm, LLP.



**Achieving Balance Where We Work and Live** Supporting the communities in which we do business is an essential practice for any authentic community bank, and accurately describes how Lake Shore Savings has approached banking for the last 128 years. This approach continues today as we remain fully committed to the Western New York community where we live and work. However, our commitment extends beyond providing the best customer service and financial products to our customers; it includes making a substantial investment in organizations and activities that make life better for everyone in our community.

One of the ways we accomplish this is by providing a variety of community grants to help fund vital programs and services to local non-profit organizations. For 24 years we have been a financial supporter of The Resource Center, which provides support to individuals with disabilities and other challenges in achieving maximum independence, contributing to their community, experiencing lifelong growth and enjoying quality of life. Support and services provided by The Resource Center include residential services, educational and training opportunities, clinical services including primary care, dental, podiatry, physical, speech and occupational therapy, school based health clinic, mental health services, employment services and community habilitation services. These programs serve over 8,000 individuals in Chautauqua County and make a real difference in the lives of these residents in our market area.

Buffalo Hearing & Speech Center (BHSC) is a world class resource for excellence in clinical and educational outcomes for children and adults. BHSC has helped almost 100,000 individuals with comprehensive hearing, speech, therapeutic and educational services since its inception. Their services are funded by ongoing support from a community of generous donors, of which we are proud to be one. Our commitment to this worthy organization in Erie County has contributed to a significant improvement in the lives of others.

The Women of Influence Awards recognize the achievements of women who are creating real workplace change and forging a path for others to follow. We have proudly supported this annual event for 12 years, which is hosted by Buffalo Business First. Recognizing our Dunkirk roots, we also help to organize and sponsor the annual Van Miller Hometown Hero Scholarship Fund Golf Tournament which awards a scholarship of up to \$5,000 to two outstanding Dunkirk High School seniors each year.

Providing the necessary financial resources to worthy organizations is important, but it isn't the full extent of our commitment to the Western New York community. We encourage our employees to donate a portion of their time as well, and we continue to be very proud of their willingness to roll up their sleeves and help better this community.



Lake Shore is a premier sponsor of Buffalo Business First's annual Women of Influence event awarding each honoree a \$1,000 grant to designate to a deserving local non-profit of their choice. We have gifted over \$200,000 on behalf of 200 awardees to local non-profits since 2007.

# BALANCED

## SHAREHOLDER VALUE

*We provide long term value to our shareholders with our balanced approach to managing our business to meet the needs of all our stakeholders .*

## INVESTMENT RATIONALE

Prudent and conservative approach to growth and risk management | Experienced management with thorough knowledge of service area | Commitment to an efficient operating profile | Operational focus on managing interest rate risk | Solid community banking core business | Online banking enhancements support retail and commercial deposits | Continued investments in enhanced digital capabilities to meet customers' technology needs | Commercial lending growth efforts focused on gaining market share in the Buffalo metropolitan area

**Balancing Business with Value Creation** A balanced approach to business doesn't diminish the commitment to creating shareholder value; it recognizes the importance of how a company interacts with its other stakeholders as it works to realize this end. Our approach to business has always had a focus on the needs of all of our stakeholders, knowing that it complements our commitment to building lasting value for our shareholders.

Exceeding the expectations of our customers has always been an important element of our ability to grow and attract new business. A bank doesn't last more than 128 years without a keen understanding of the needs of the customers that come through its doors. Attracting, training and retaining a skilled group of employees is a function of a company doing things the right way. Providing competitive compensation and benefits, a respectful work environment and investing in the appropriate training and education are the table stakes for building an effective workforce.

Lake Shore Savings has always been committed to dealing fairly and ethically with suppliers, vendors and partners as it conducts its business. This is simply a common-sense approach that recognizes that companies providing products and services to the Bank are also likely to be potential customers.

From the first day that Lake Shore Savings opened its doors for business in Dunkirk, we have been keenly aware of the need to support the community that provides unlimited opportunity for the Bank. For 128 years we have done that day in and day out. We respect the communities in which we do business and the customers who come through our doors. We make strategic investments in our markets that improve the quality of life, as well as provide a signal that we are here for the long haul. We balance the needs of all stakeholders because this is an effective strategy for doing business today and for the next 128 years.

### CLOSING STOCK PRICE

12/31


2015	\$ 13.40
2016	\$ 16.27
2017	\$ 17.15
2018	\$ 15.06
2019	\$ 15.30

### DIVIDENDS DECLARED (PAID)

12/31

2015	\$ 0.28
2016	\$ 0.28
2017	\$ 0.32
2018	\$ 0.40
2019	\$ 0.48

## BOARD OF DIRECTORS




(from left to right) Susan C. Ballard; Tracy S. Bennett; John P. McGrath; David C. Mancuso; Daniel P. Reininga, *President and Chief Executive Officer*; Kevin M. Sanvidge, *Vice Chairman of the Board*; Gary W. Winger, *Chairman of the Board*; Ronald J. Passafaro; Sharon E. Brautigam; Jack L. Mehlretter; Nancy L. Yocum

**DIRECTOR EMERITUS** (not pictured) Reginald S. Corsi

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## SENIOR MANAGEMENT



(from left to right) **FRONT ROW:** Sonia N. Ortolano, *Vice President, Management Information Systems*; Mark J. Peters, *Internal Auditor and Enterprise Risk Manager* **BACK ROW:** Nicole May, *Compliance and CRA Officer*; Beverly J. Sutton, *Vice President of Retail Banking Operations*; Brenda Mikolajczak, *Assistant Vice President, Marketing and Sales Director*; Jeffrey M. Werdein, *Executive Vice President, Commercial Division*; Janinne Fiegl Dugan, *Vice President, Human Resources Officer*; Steven Schiavone, *Controller and Principal Accounting Officer*; Rachel A. Foley, *Chief Financial Officer, Treasurer and Principal Financial Officer*.

## BANK OFFICERS

### COMMERCIAL LENDING AND OTHER OFFICERS

**Barbara M. Fancher**  
Vice President

**Wendy J. Harrington**  
Corporate Secretary

**Michael Noville**  
Vice President,  
Commercial Loan Officer

**Dylan P. Rubadeaux**  
Vice President,  
Commercial Loan Officer

**Jared Sedor**  
Assistant Vice President,  
Commercial Loan Officer

### BRANCH MANAGEMENT OFFICERS

**Adam J. Dimitri**  
Assistant Vice President,  
Regional Branch Sales Manager

**Magdalena Dye**  
Assistant Vice President,  
Regional Branch Sales Manager

**Richard E. Greco, Jr.**  
Assistant Vice President,  
Regional Branch Sales Manager

**Amy Harding**  
Assistant Vice President,  
Regional Branch Sales Manager

**Gabriele J. Maddalena**  
Assistant Vice President,  
Regional Branch Sales Manager

**Scott T. Swan**  
Assistant Vice President,  
Regional Branch Sales Manager

**Hiroko Walters**  
Assistant Vice President,  
Regional Branch Sales Manager

## SHAREHOLDER INFORMATION

### ANNUAL SHAREHOLDERS MEETING\*

May 20, 2020 – 8:30am  
Clarion Hotel and  
Conference Center  
30 Lake Shore Drive East  
Dunkirk, New York 14048

### NATIONAL STOCK LISTING

The NASDAQ Global Market  
under the symbol LSBK

### SPECIAL COUNSEL

Luse Gorman, PC  
5335 Wisconsin Avenue, NW  
Suite 780  
Washington, DC 20015

### INDEPENDENT AUDITORS

Baker Tilly Virchow Krause, LLP  
20 Stanwix Street  
Suite 800  
Pittsburgh, PA 15222

### TRANSFER AGENT AND REGISTRAR

Computershare  
Shareholder Services

**BY REGULAR MAIL**  
P.O. Box 505000  
Louisville, KY 40233-5000

**BY OVERNIGHT DELIVERY**  
462 South 4<sup>th</sup> Street, Suite 1600  
Louisville, KY 40202  
(800) 368-5948  
computershare.com/investor

### INVESTOR RELATIONS CONTACT

Rachel A. Foley  
Chief Financial Officer/Treasurer  
(716) 366-4070 ext 1020  
rachel.foley@lakeshoresavings.com

## SUMMARY SELECTED FINANCIAL DATA

AS OF DECEMBER 31,	2019	2018
<b>SELECTED FINANCIAL CONDITION DATA</b> <i>(Dollars in thousands)</i>		
Total assets	\$ 610,869	\$ 545,708
Loans, net	470,816	392,471
Total deposits	483,476	432,458
Total stockholders' equity	82,840	79,804

FOR THE YEAR ENDED DECEMBER 31, 2019 2018

<b>SELECTED OPERATING DATA</b> <i>(Dollars in thousands, except per share data)</i>		
Interest income	\$ 24,267	\$ 21,536
Interest expense	5,197	3,602

Net interest income	19,070	17,934
Provision for loan losses	900	390

Net interest income		
after provision for loan losses	18,170	17,544
Total non-interest income	2,492	2,474
Total non-interest expense	15,920	15,433

Income before income taxes	4,742	4,585
Income taxes	655	585

Net income	\$ 4,087	\$ 4,000
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Basic earnings		
per common share	\$ 0.68	\$ 0.66

Diluted earnings		
per common share	\$ 0.68	\$ 0.66

Dividends declared		
per share	\$ 0.48	\$ 0.40

Our selected consolidated financial and other data as set forth on this page, which is derived in part from, and should be read in conjunction with our audited consolidated financial statements and notes thereto, beginning on page F-1 of our 2019 Annual Report on Form 10-K.

## SHAREHOLDER PROFILE

As of March 19, 2020

INSTITUTIONS	OFFICERS & DIRECTORS	INDIVIDUALS
8.6%	5.3%	24.8%
LAKE SHORE MHC		
61.3%		

\* As part of our precautions regarding the coronavirus or COVID-19 and the potential for emergency orders limiting gatherings of people and closing places of business, we are planning for the possibility that the Annual Meeting may be held solely or in part by means of remote communication. There is also the possibility that we may delay, postpone or adjourn the Annual Meeting, including changing the time, location or date of Annual Meeting. If we take any of these steps, we will announce the decision to do so in advance, including details on how to participate in a virtual meeting, in a press release and/or in a Current Report on Form 8-K.

## BUSINESS PROFILE

Lake Shore Bancorp, Inc. (“the Company”) is the mid-tier holding company of Lake Shore Savings Bank, a mission-driven community institution dedicated to serving the financial needs of consumers and businesses within the Bank’s Western New York market area. The Company is committed to maintaining an efficient expense profile, driving commercial loan portfolio growth, identifying and managing enterprise risk, and achieving prudent growth which builds long-term sustainable value for investors.

Lake Shore common stock is traded on the NASDAQ Global Market as “LSBK” and its 5.9 million shares, including 3.6 million mutual holding company (MHC) shares, had a “market cap” of approximately \$90.6 million on December 31, 2019. The Company had total consolidated assets of \$610.9 million and total deposits of \$483.5 million at the end of 2019.

Lake Shore Savings Bank is dedicated to serving the financial needs of consumers and businesses in Western New York, which it has been doing for more than 128 years. Lake Shore is focused on providing high-quality, personal customer service through its 11 full-service branches and 18 ATMs that are located throughout Chautauqua and Erie counties. Locally headquartered in Western New York, Lake Shore Savings Bank has retail locations in Depew, East Amherst, Hamburg, Kenmore, Orchard Park, Snyder, Dunkirk, Fredonia, Jamestown, Lakewood, and Westfield, where it offers a broad range of retail and commercial lending and deposit services. Additional information about the Company and the Bank is available at [lakeshoresavings.com](http://lakeshoresavings.com).

## CAUTIONARY STATEMENT

The statements contained herein that are not purely historical are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, which statements generally can be identified by the use of forward-looking terminology, such as “may,” “will,” “expect,” “estimate,” “anticipate,” “believe,” “target,” “plan,” “project” or “continue” or the negatives thereof or other variations thereon or similar terminology, and are made on the basis of management’s current plans and analyses of our business and the industry in which we operate as a whole. These factors in some cases have affected, and in the future could affect, our financial performance and could cause actual results to differ materially from those expressed in or implied by such forward-looking statements. Information on factors that could affect the Company’s business and results are discussed in the Company’s periodic reports filed with the Securities and Exchange Commission including the Company’s annual report on Form 10-K for 2019. We do not undertake to publicly update or revise our forward-looking statements even if experience or future changes make it clear that any projected results expressed or implied therein will not be realized.

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**Lake Shore Savings**

*Putting People First.*<sup>™</sup>