

INVESTING IN YOUR FUTURE...

# Lakeside Bank



## Lakeside Bank



We are proud that Lakeside Bank is a locally owned, community-oriented bank, unlike many Chicago institutions that are owned by out-of-state and foreign corporations. Our directors, employees and customers are multi-racial, multi-ethnic, indeed a microcosm of Chicago itself. They are enthusiastic about our City and working to build a greater Chicago.

It is significant that the bank reinvests 95% of deposits in the Chicago communities we serve, to stabilize and nourish them in every way. Our lending expertise extends from the futures and securities industries to builders, developers, property owners and businesses. We understand middle market banking and we craft solutions to help small and mid-size businesses prosper.

However, Lakeside Bank is known for more than just lending money and accepting deposits. Our officers and employees take a personal interest in our customers and in the communities we serve. We are relationship-driven, and personalized service will always be the cornerstone of our Bank. We welcome your comments and suggestions.

Lakeside Bank is a state chartered bank and is a 100%-owned subsidiary of Lakeside Bancorp, Inc.

*“Our officers and employees take a personal interest in our customers and in the communities we serve.”*

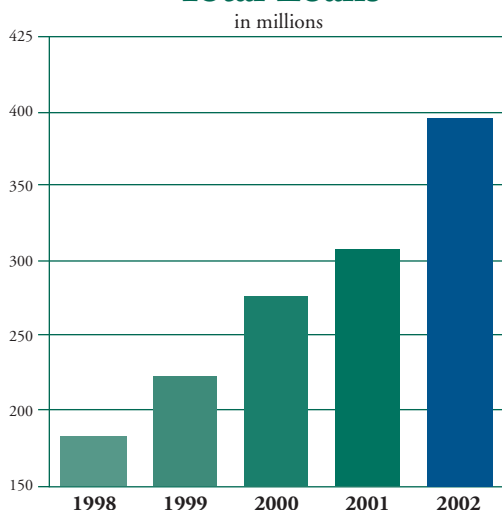
# Financial Highlights



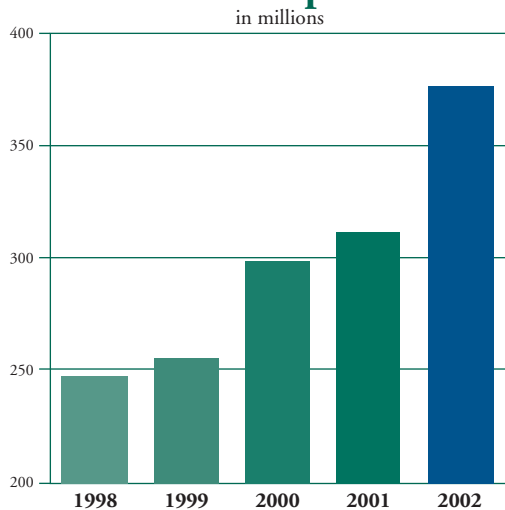
## Years Ended December 31

	2002	2001	2000	1999	1998
Net Income	<b>\$11,862,000</b>	\$10,510,000	\$8,735,000	\$7,120,000	\$6,560,000
<b>Balances at year end:</b>					
Loans, net	<b>\$396,030,000</b>	\$302,853,000	\$260,724,000	\$213,894,000	\$176,713,000
Deposits	<b>376,823,000</b>	313,194,000	299,074,000	256,665,000	245,205,000
Assets	<b>445,661,000</b>	362,811,000	341,175,000	292,072,000	279,400,000
Stockholder's Equity	<b>45,665,000</b>	40,283,000	34,244,000	29,461,000	27,502,000

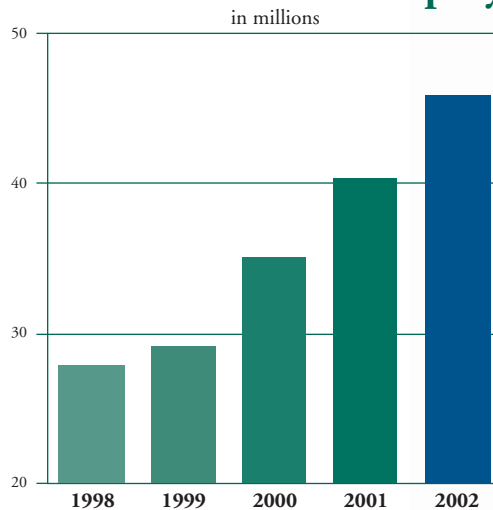
### Total Loans



### Total Deposits



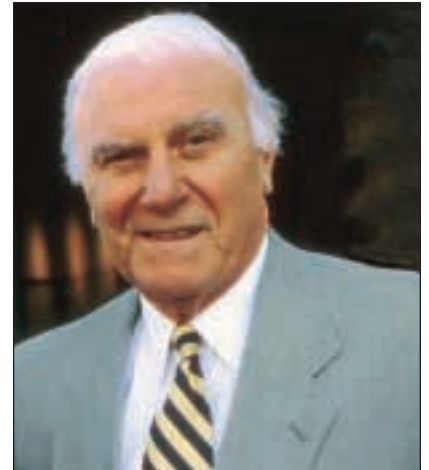
### Total Stockholder's Equity



## Victor Cacciatore

Chairman

*“In this challenging environment we remained firmly on track and delivered record earnings for the sixth consecutive year.”*



Victor J. Cacciatore

### Dear Stockholders, Customers and Friends:

I am pleased to report that Lakeside Bank continued its robust growth during 2002 despite a weakened economy and growing geopolitical tensions. In this challenging environment we remained firmly on track and delivered record earnings for the sixth consecutive year. We also ranked among the top 10 in Chicago area banks in terms of performance for the fifth consecutive year.

Net income increased 13% to \$11.9 million from the \$10.5 million reported the previous year. Net loans soared 31% to \$396 million at year-end, fueled in large part by our expertise in real estate lending. Deposits, too, grew by an impressive 20% to \$377 million, as investors responded to Lakeside's marketing and sales initiatives, and turned to the safety and stability of insured accounts with a guaranteed return. Total assets at the 2002 year-end were \$446 million, 23% more than the previous year-end and stockholder's equity increased 13% to \$46 million.

Lakeside Bank is first and foremost a locally owned community bank, and perhaps more significantly, over 90% of your deposits stay within the community which has helped make the communities we serve a better place for all who work and live here. Over the years, our franchise has broadened and we will seek to serve the financial needs of more residents in Pilsen and Bridgeport, as well as Chinatown, from our new branch at Cermak and Archer. We are also planning to expand beyond our traditional market area as well by opening a fifth office on the north side of Chicago to better service our existing customers in the Lakeview, Bucktown, Lincoln Park and Wicker Park communities while expanding our reach to the north side.

Our employees, officers and directors who are committed to provide exceptional quality and prompt service while building long-lasting customer relationships, made Lakeside's outstanding record possible. I particularly want to thank Raymond J. Spaeth, II, and the members of our Executive Committee, pictured here, whose combined service to Lakeside Bank totals 95 years. They are Connie S. Watkins, Stan J. Bochnowski, Philip D. Cacciatore, Todd G. Monte and David V. Pinkerton. This management team has consistently demonstrated the ability to successfully guide our growth and sustain our profitability.

We strengthened our already strong executive ranks by promoting Philip Cacciatore (son #5) to Senior Vice President, and Linda Quarshie to Personal Banking Officer. In addition, I have the pleasure of announcing these new appointments: Juanita Perez, Vice President, Residential Loans; James McGrogan, Loan Officer; Thomas Spangler, Assistant Vice President; and Erica Chung Chianelli, Vice President, Business Development. We have worked closely with Erica for several years at the Chinatown Chamber of Commerce where she served as Executive Director, and we are delighted she has joined our Lakeside Bank family. I would like to convey my most genuine thanks and congratulations to all of them.

With your support, we will continue to invest in the future, seeking new opportunities in new and existing markets. Thank you for your business referrals and as always your comments and suggestions are appreciated.

**Victor J. Cacciatore**

*Chairman of the Board & Chief Executive Officer*

**Executive Committee**

**Pictured L to R:**  
 Stan J. Bochnowski  
 David V. Pinkerton  
 Philip D. Cacciatore  
 Todd G. Monte

**Sitting:**  
 Connie S. Watkins



# Partnering With Business *Investments*

Lakeside Bank continues to play a key role in the growth of Chicagoland businesses. Pictured on these pages are customers representative of the diversity of our commercial accounts.



Adam Winick and Philip D. Cacciatore

We've earned the reputation as a mid-market bank with special expertise in real estate lending, and we partner with many customers who are responsible for the increased quality of housing in River North, Lincoln Park, De Paul, Wicker Park and Bucktown. One such valued customer is ICM properties, among the largest property managers on Chicago's North side with responsibility for more than 2,200 apartment units. ICM Properties is owned by father and son, Al and Adam Winick.

Adam is pictured here with Philip Cacciatore, Lakeside Senior Vice President.

On Chicago's Southeast side, Lakeside financed the conversion of high-rise rental apartments at 67th and South Shore Drive to elegant Quadrangle Condominiums. Quadrangle is a prime address for scenic lakefront living. The Habitat Company manages the Quadrangle Condominiums.



The Quadrangle



Raymond Groselak, Jr., Bill Goodwin, Kim Swahlstedt and Fred Perry

From our facility in the Chicago Board of Trade Building, we provide financing and depository products that meet the special needs of Chicago's dynamic financial community. Crossland LLC is a long-time Lakeside Bank customer and a clearing member firm for the CBOT. Crossland managing members Bill Goodwin and Kim Swahlstedt are shown meeting with Lakeside Vice Presidents Raymond Groselak, Jr. and Fred Perry.



Barry Brown and David V. Pinkerton

Barry Brown, owner of Chicago Harley Davidson, has been in business more than 30 years. He is a relatively new Lakeside customer, pictured here with David Pinkerton, Lakeside Senior Vice President. Barry, whose dealership includes several locations on the North side of Chicago, is currently expanding to Glenview, Illinois, where he is building another sales center with the help of Lakeside financing. North Shore residents who are Harley aficionados have become an important new market for him.

Two fine Italian restaurants in downtown Chicago are owned by Benny Siddu: Volare at 201 East Grand for casual dining and Cantare at 200 East Chestnut for a more elegant atmosphere. Benny has been in business for 30 years, an unusual achievement in the restaurant business. Vittorio Laudatti, Lakeside Vice President, Business Development, congratulates Benny on his business success, and supports his future endeavors.



Benny Siddu and Vittorio Laudati



Steven P. Gianakas and  
Stan J. Bochnowski

Stan Bochnowski, Lakeside Senior Vice President, meets with long-time Lakeside customer Steven Gianakas, owner of the Hickory Hills Country Club, one of the oldest and most magnificent public country clubs in Chicagoland. The Club's elegant banquet hall, Chateau Del Mar can accommodate from 100 to 1,500 people for special occasions, including weddings, engagement parties, christenings, dinner dances, anniversaries, holiday parties and proms.

## Raymond J. Spaeth, II

*President*

*“Giving back to the community is an important part of Lakeside’s culture, and 95% of our funds are reinvested in the neighborhoods we serve.”*



Raymond J. Spaeth, II

### Investing in Our Communities

We continue to offer new products and services that anticipate the changing needs of our customers and to build our marketing strength through investment in people, market research and promotion. We conducted a survey in March 2002, which disclosed, among many positive findings, that our customers were largely unaware of our residential lending capabilities. As a result we hired Juanita Perez as Vice President, Residential Loans, who is spearheading a drive to market mortgages and home equity loans in all of our burgeoning communities.

To meet the needs of the near south side community, our new Chinatown branch office is opening at 2200 West Archer. The 6,500 square foot facility features three drive-up stations, a drive-up ATM, hundreds of safety deposit boxes, a night depository, and customer parking. We are also excited about a fifth office in the Lakeview community on Chicago’s North side to better serve our growing number of customers in the Lakeview, Bucktown, Lincoln Park and Wicker Park communities.

We are especially proud to serve Holy Cross Hospital, a not-for-profit neighborhood health system in Chicago’s southwest neighborhoods and suburbs. The mission of Holy



Raymond J. Spaeth, II,  
Sister Juline Revas and Rene Suntay

Cross is to provide quality health care for persons of all races, creeds, nationalities and socioeconomic backgrounds from its 331-bed hospital and 215-neighborhood affiliate locations. Rene Suntay, Chief Financial Officer of Holy Cross and Sister Juline Revas, Vice President, Mission Services, are shown with Raymond Spaeth, President Lakeside Bank. Lakeside Bank is very proud to have Holy Cross Hospital as our customer and look forward to our future partnership in our communities.

Giving back to the community is an important part of Lakeside's culture, and 95% of our funds are reinvested in the neighborhoods we serve. We also encourage and support our employees' involvement as active leaders in the community.

The Bank sponsored a team in Walk America, an annual March of Dimes event and raised thousands of dollars to inform women of childbearing age of the importance



Juanita Perez and Fanny Urquiza

of folic acid in their diets. We

also participated in the December 2002 Celebration of Latina Women at the Marriott Hotel in downtown Chicago and hosted a workshop on establishing "financial health" for the 335 women in attendance. Lakeside was proud to sponsor a booth at the event, which was operated by Juanita Perez, Vice President, Residential Loans and Fanny Urquiza, Operations Officer.



Chinatown trolley

Last year the Bank's continued community involvement extended to Pilsen, a neighborhood contiguous to Chinatown. To increase visitors and help Chinatown merchants and restaurateurs grow their business, free trolley service was launched between the museum campus, Chinatown and Pilsen. Largely responsible for this creative concept and its implementation were Erica Chianelli, then Executive Director of the Chamber and Lakeside President Ray Spaeth, who also served as President of the Chinatown Chamber of Commerce. They are pictured here with Daniel Solis, 25th Ward Chicago Alderman, and Linda Tortolero, Executive Director and Juana Guzman, Chairman, of the Pilsen Little Village Information Center.

In the future, we will continue to fulfill our responsibility to the communities we serve, and to provide the valuable products and services deserving your trust and support.



*Raymond J. Spaeth, II*  
*President*



Chinatown Branch



Ribbon Cutting

**Pictured L to R:** Daniel Solis, Juana Guzman, Linda Tortolero, Erica Chianelli and Raymond J. Spaeth, II

# Board of Directors and Officers



## Board of Directors

**VICTOR J. CACCIATORE** – Chairman of the Board & Chief Executive Officer – Lakeside Bank, Chairman of the Board & President – Lakeside Bancorp, Inc., Chairman of the Board – Jos. Cacciatore & Co.

**PETER CACCIATORE** – President – Jos. Cacciatore & Co., President – Hunter Parking, Inc.

**WILLIAM F. CELLINI** – Chairman & Chief Executive Officer – New Frontier Group, Chairman – Argosy Gaming Company

**RAYMOND M. CHIN** – President – R.M. Chin & Associates

**JOHN P. DAVEY** – Attorney

**CHARLES V. DOHERTY** – Managing Director – Madison Asset Group

**SCOTT E. EARLY** – Partner – Foley & Lardner

**ELONZO HILL** – Transportation and Pension Services Consultant

**KENNETH A. MCHUGH** – Executive Vice President Emeritus – at the DePaul Real Estate Center

**JOHN R. MONTGOMERY, III** – Vice Chairman – Lakeside Bank

**RAYMOND J. SPAETH, II** – President – Lakeside Bank, Vice President – Lakeside Bancorp, Inc.

**WILLIAM P. WEIBLE** – Managing Partner – Weible Cahill & Forker LLC

**DAN K. WEBB**, Director Emeritus, Partner – Winston & Strawn

## Bank Officers

**Victor J. Cacciatore**  
Chairman of the Board & Chief Executive Officer

**Raymond J. Spaeth, II**  
President

**Connie S. Watkins**  
Executive Vice President & Chief Financial Officer

**Stan J. Bochnowski**  
Senior Vice President

**Philip D. Cacciatore**  
Senior Vice President

**Todd G. Monte**  
Senior Vice President, Compliance  
& Loan Review Officer

**David V. Pinkerton**  
Senior Vice President

**Donald Benjamin**  
Senior Vice President

**Eva M. Ayala**  
Vice President

**Ana M. Benitez**  
Vice President, Operations & Security  
Officer

**Erica Chianelli**  
Vice President, Business Development

**Joan Cygan**  
Vice President & Director of Human Resources

**Michael L. Dollard**  
Vice President & Controllor

**Raymond Groselak, Jr.**  
Vice President

**Connie Harris**  
Vice President

**Suzanne T. Henson**  
Vice President

**Vittorio Laudati**  
Vice President, Business Development

**Jeffrey W. Miller**  
Vice President, Information Systems

**Juanita Perez**  
Vice President, Residential Loans

**Fredrick M. Perry**  
Vice President

**Vincent J. Tolve**  
Vice President, General Counsel, Trust  
Officer & Secretary

**Paul Vanden Heuvel**  
Vice President, Marketing

**Sheila B. Weber**  
Vice President, Loan Operations

**Desiree D. White**  
Vice President, Operations

**Susanna L. Fong**  
Assistant Vice President

**Glen D. Johnson**  
Assistant Vice President & Auditor

**Tom Jung**  
Assistant Vice President

**Carmen N. Madsen**  
Assistant Vice President

**Donna Reinke**  
Assistant Vice President

**Thomas Spangler**  
Assistant Vice President

**Alice Young**  
Assistant Vice President

**Carolyn Booth**  
Personal Banking Officer

**Joan Dolske**  
Operations Officer, Money Desk

**Michael J. McCauley**  
Loan Officer

**James McGrogan**  
Loan Officer

**Linda Quarshie**  
Personal Banking Officer

**Russell J. Soucek**  
Personal Banking Officer

**Fanny Urquiza**  
Operations Officer

**Fanny Yuen**  
Personal Banking Officer

# Financial Statements



## Statements of Condition

As of December 31, 2002 and 2001 (Unaudited in thousands)

	<u>2002</u>	<u>2001</u>
<b>Assets</b>		
Cash and Due from Banks	\$ 21,329	\$ 22,848
Federal Funds Sold	—	8,000
Investment Securities	21,399	24,152
Loans	402,126	308,278
Less Allowance for Possible Loan Losses	6,096	5,425
Net Loans	396,030	302,853
Other Assets	6,903	4,958
<b>Total Assets</b>	<b>\$ 445,661</b>	<b>\$ 362,811</b>
<b>Liabilities and Stockholder's Equity</b>		
Deposits:		
Non Interest-bearing	\$ 91,615	\$ 77,908
Interest-bearing	285,208	235,286
Total Deposits	376,823	313,194
Short-term Borrowings	15,327	3,099
Other Liabilities	7,846	6,235
Total Liabilities	399,996	322,528
Total Stockholder's Equity	45,665	40,283
Total Liabilities and Stockholder's Equity	\$ 445,661	\$ 362,811

## Statements of Earnings

As of December 31, 2002 and 2001 (Unaudited in thousands)

	<u>2002</u>	<u>2001</u>
<b>Interest Income on:</b>		
Loans	\$ 25,150	\$ 24,810
Securities	1,102	1,646
Other Short-term Investments	161	144
<b>Total Interest Income</b>	<b>26,413</b>	<b>26,600</b>
<b>Interest Expense on:</b>		
Deposits	5,172	7,563
Short-term Borrowings	59	230
<b>Total Interest Expense</b>	<b>5,231</b>	<b>7,793</b>
<b>Net Interest Income</b>	<b>21,182</b>	<b>18,807</b>
Provision for Possible Loan Losses	900	570
<b>Net Interest Income after Provision for Possible Loan Losses</b>	<b>20,282</b>	<b>18,237</b>
Other Operating Income	3,345	3,562
Other Operating Expense	11,592	10,944
<b>Income Before Income Taxes</b>	<b>12,035</b>	<b>10,855</b>
Income Taxes	173	345
<b>Net Income</b>	<b>\$ 11,862</b>	<b>\$ 10,510</b>

*Audited financial statements will be provided upon request.*



## Board of Trade

141 West Jackson Blvd.  
Chicago, Illinois 60604  
(312) 435-5100

## Near South

2141 South Indiana Ave.  
Chicago, Illinois 60616  
(312) 225-2300

## Near North

55 West Wacker Dr.  
Chicago, Illinois 60601  
(312) 435-5100

## Chinatown

2200 South Archer Ave.  
Chicago, Illinois 60616  
(312) 225-2300

## Operations Center

1112 South Wabash Ave.  
Chicago, Illinois 60605  
(312) 435-5100



# Lakeside Bank

*"Investing in Your Future"*

MEMBER  
**FDIC**

[www.lakesidebank.com](http://www.lakesidebank.com)

