

ANNUAL SHAREHOLDERS' MEETING

May 19, 2021

Safe Harbor Statement

This release contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, that are based on current expectations, estimates and projections about the Company's and the Bank's industry, and management's beliefs and assumptions. Words such as anticipates, expects, intends, plans, believes, estimates and variations of such words and expressions are intended to identify forward-looking statements. Such statements are not a guarantee of future performance and are subject to certain risks, uncertainties and assumptions that are difficult to forecast. Therefore, actual results may differ materially from those expressed or forecast in such forward-looking statements. The Company and Bank undertake no obligation to update publicly any forward-looking statements, whether as a result of new information or otherwise.

There are risks, uncertainties and other factors that could cause the actual results of the Company to differ materially from the results expressed or implied by such forward-looking statements. Information on factors that could affect the Company's business and results is discussed in the Company's periodic reports filed with the Securities and Exchange Commission. Forward looking statements speak only as of the date they are made. The Company undertakes no obligation to publicly update or revise forward looking information, whether as a result of new, updated information, future events or otherwise.

Agenda

- Call to Order – Kevin M. Sanvidge, Chairman
- Introduction of Officers, Directors and Director Nominees
- Secretary's Report
- Presentation of Proposals
- Executive Management Report to Shareholders
- Vote Report
- Adjournment



Board of Directors

	Director Since
Tracy S. Bennett	2010
Sharon E. Brautigam, Vice Chairperson of the Board, Nominating and Governance Committee Chairperson	2004
David C. Mancuso, Asset/Liability Management Committee Chairman	1998
John P. McGrath	2019
John (“Jack”) L. Mehltrittter	2016
Ronald J. Passafaro, Compensation Committee Chairman	2019
Daniel P. Reininga, President and Chief Executive Officer and Loan Committee Chairman	1994
Kevin M. Sanvidge, Chairman of the Board	2012
Nancy L. Yocum, Audit Risk Committee Chairperson	1995
Catharine M. Young	2021

Senior Management Team

	Employee Since
Susan C. Ballard , <i>EVP Retail, Sales and Marketing</i>	2020
Janinne Fiegl Dugan , <i>VP Human Resource Officer</i>	1993
Rachel A. Foley , <i>Chief Financial Officer and Treasurer</i>	1999
Nicole May , <i>Compliance and CRA Officer</i>	1996
Sonia N. Ortolano , <i>VP Information Technology</i>	1998
Mark J. Peters , <i>Internal Auditor and Enterprise Risk Manager</i>	2016
Daniel P. Reininga , <i>President and Chief Executive Officer</i>	2010
Steven Schiavone , <i>Controller and Principal Accounting Officer</i>	2008
Beverly J. Sutton , <i>VP Retail Banking Operations</i>	1993
Jeffrey M. Werdein , <i>EVP Commercial Division</i>	2014

Business of Annual Shareholders Meeting

1. Election of Directors:

Elect three Class One directors to serve until the 2024 annual meeting and one Class Two director to serve until the 2022 annual meeting:

Class One Directors

- John P. McGrath
- Ronald J. Passafaro
- Nancy L. Yocum

Class Two Director

- Catharine M. Young

Business of Annual Shareholders Meeting, cont.

2. **Say on Pay Proposal:** A non-binding “say on pay” proposal to approve the compensation of our named executive officers.
3. **Appointment of Independent Registered Public Accounting Firm:** Ratify the appointment of Baker Tilly US, LLP as the Company’s independent registered public accounting firm for the year ending December 31, 2021.
4. **Other Business:** Any other business properly brought before the shareholders at the meeting, and any adjournment or postponement thereof.

Executive Management Presentation

Daniel P. Reininga,
President and Chief Executive Officer



Navigating to Calmer Waters

Community banks rose to the top by providing stellar customer service

- Quick pivot to meet customers' changing needs throughout unprecedented crisis
- Previous strategic focus on “clicks vs bricks” – allowed us to provide safe and effective banking services and tools while prioritizing health and safety for all
- Efficient and timely access to government stimulus funds using existing technology and ATM network

Proactively managed exposure

- Reduced in-person access to branch network – but continued with full-service options via drive thru lanes and appointment only access to branch lobbies
- Moved 58 support staff personnel to remote work the first week of the pandemic
- Social distancing, enhanced cleaning and PPE - installed plexiglass barriers in all branch locations, enhanced cleaning services, provided face masks and hand sanitizing stations for customer use

Navigating to Calmer Waters

Paycheck Protection Program (“PPP”) Loans

- Quickly and effectively implemented a program to originate PPP loans
- First Draw - 2020 - Originated \$26.9 million, or 252 loans
- Second Draw - 1st Quarter 2021 - originated \$9.7 million, or 29 loans
- Small businesses unable to secure PPP funds from large banks were able to turn to community banks

Navigating to Calmer Waters

COVID-19 and Credit Risk

Loan Modification Program

- Implemented 2nd quarter 2020
- Deferral of principal and interest for 90 days, and up to 180 days or longer in some instances in accordance with regulatory guidelines
- At maximum, 219 loans, representing \$103.1 million or 21.1% of Bank's loan portfolio.
- As of March 31, 2021, 5 loans, representing 3 borrowers and \$15.5 million or 2.9% of loan portfolio

Navigating to Calmer Waters

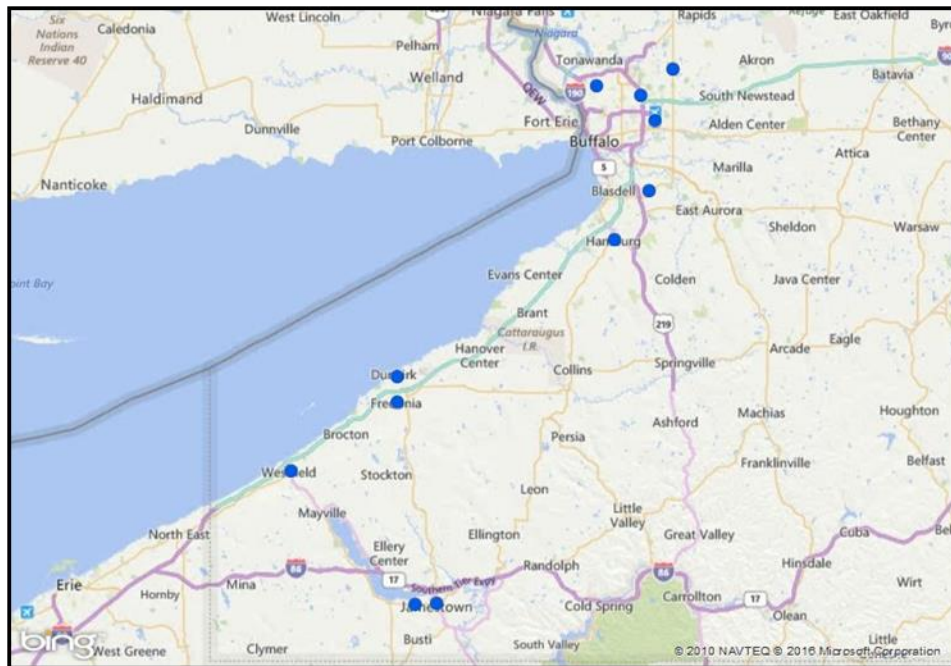
Continued support of our communities

- PPE contributions to local hospitals
- Food bank donations
- Donations to COVID-19 focused Community Funds to meet pandemic needs in communities we serve
- Wellness checks
- Participation in FHLBNY Small Business Recovery Grant Program – distributed \$200,000 in grants to small business customers

Superior Team and Leadership

- High performing team, record results - produced record results in 2020 while being challenged by the daily impact of the pandemic, which was catastrophic for many and challenging for all

An Overview of Lake Shore



County	Rank	Branches	Company Deposits in Market (\$000)	Deposit Market Share (%)	Projected Population Change 2021-2026 (%)	Median HH Income 2021 (\$)	Projected HH Income Change 2021-2026 (%)
Chautauque	4	5	300,126	15.83	(2.46)	48,792	8.58
Erie	10	6	255,875	0.44	(0.19)	63,117	10.90

Total	11	556,001					
--------------	-----------	----------------	--	--	--	--	--

New York Franchise					(1.42)	55,380	9.65
State of New York					(0.33)	74,462	12.80
National					2.91	67,761	9.01

- Lake Shore Savings Bank is a federally chartered, community-oriented financial institution headquartered in Dunkirk, New York, with a longstanding history of community banking since 1891
- Current focus on organic growth of loan portfolio primarily through commercial real estate and commercial business loans
 - Since going public, net loans have increased from \$205.3 million on June 30, 2006 to \$538.2 million as of March 31, 2021
- Operates 11 full-service branch locations in two counties within Western New York
- Lake Shore ranks 4th in deposit market share in Chautauque County with 5 branches; ranks 10th in Erie County with 6 branches
- Converted to MHC structure on April 4, 2006, raising \$29.8 million in gross proceeds and trades on NASDAQ under the symbol LSBK.

An Overview of Lake Shore, cont.

Stockholder Information (NASDAQ: LSBK)			
Dividends		Market Information	
Dividend Yield	3.65%	Total Market Cap (mm)	\$82.6
Ownership		Minority Market Cap (mm)	\$30.8
Mutual Holding Company	62.7%	Book Value Per Share	\$14.82
Institutional	8.7%	Price / Book	96%
Insider*	8.6%	Price / MRQ EPS	12.3x

Positioned for Growth- Financial Highlights

<i>Dollars in Thousands (except per share amounts)</i>	FY 2020	FY 2019	YoY Change
Assets	\$686,200	\$610,869	12.3%
Net Loans	\$524,143	\$470,816	11.3%
Deposits	\$560,259	\$483,476	15.9%
Net Income	\$4,558	\$4,087	11.5%
Basic Earnings Per Share	\$0.77	\$0.68	13.2%
Book Value Per Share	\$14.75	\$13.98	5.5%
Dividend Yield*	4.00%	3.14%	27.4%
ROAA	0.69%	0.71%	(2.8%)
Efficiency Ratio	69.43%	73.83%	(6.0%)
Non-Performing Assets	\$3,161	\$4,326	(26.9%)

<i>Dollars in Thousands (except per share amounts)</i>	2021 FQ1	2020 FQ1	QoQ Change
Assets	\$705,745	\$628,326	12.3%
Net Loans	\$538,184	\$473,354	13.7%
Deposits	\$582,560	\$501,199	16.2%
Net Income **	\$1,688	\$731	130.9%
Basic Earnings Per Share **	\$0.29	\$0.12	141.7%
Book Value Per Share	\$14.82	\$14.16	4.7%
Dividend Yield*	3.47%	4.57%	(24.1%)
ROAA **	0.98%	0.47%	108.5%
Efficiency Ratio	64.91%	74.71%	(13.1%)
Non-Performing Assets	\$2,995	\$4,696	(36.2%)

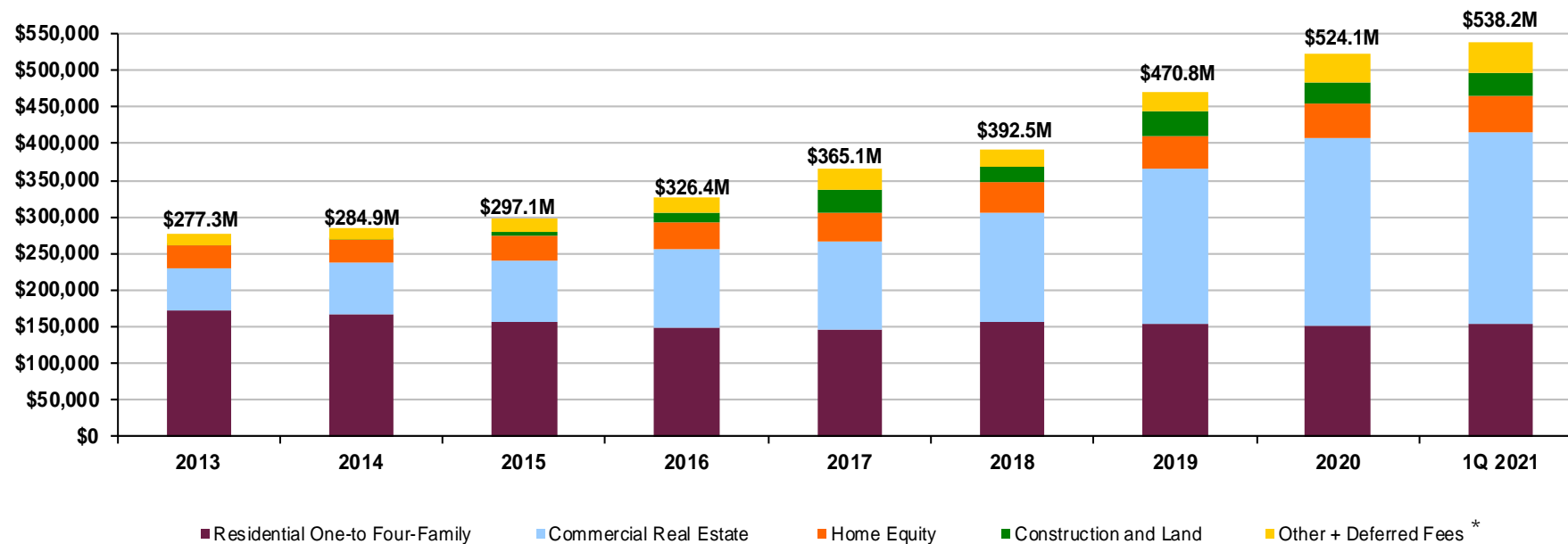
Financial data is presented for Lake Shore's Fiscal Year Ended December 31 for each respective year or for Lake Shore's quarter ended March 31 for each respective quarter.

*Dividend Yield as of December 31st for each respective year or as of March 31st for each respective quarter.

** First quarter 2020 Net Income, Basic Earnings per Share and ROAA reflected a \$425,000 increase in provision for loan losses primarily related to declining economic conditions as a result of the COVID-19 pandemic.

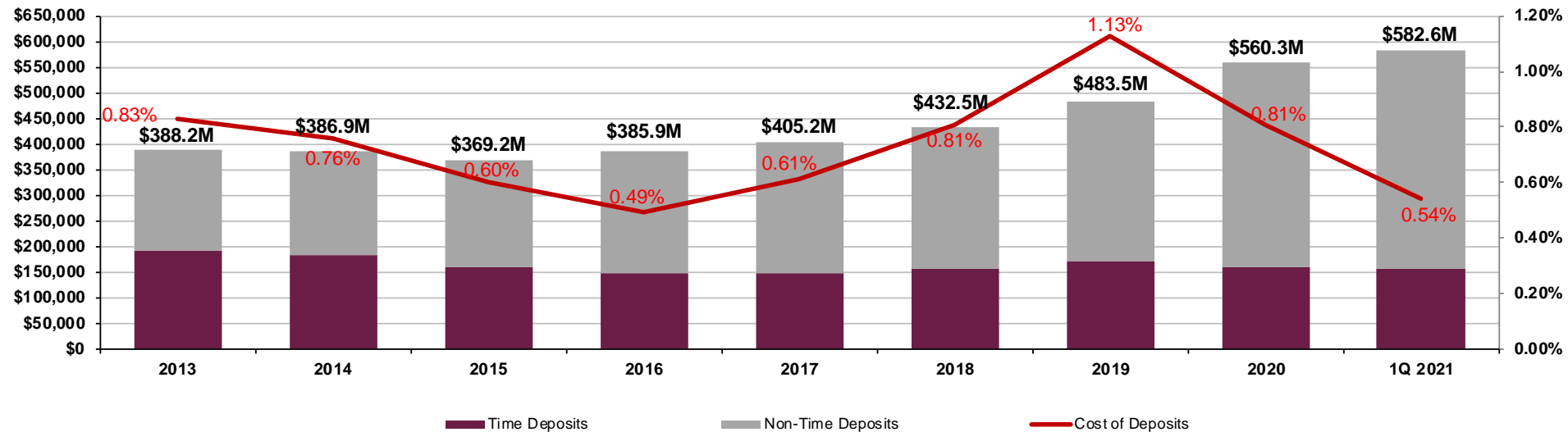
Positioned for Growth- Loan Portfolio

- Lake Shore continues to execute its strategic plan of organic growth primarily through loan originations.
- From December 31, 2013 through March 31, 2021, net loans increased 94.1% primarily due to net organic commercial loan growth of 375%.



Positioned for Growth - Deposits

- Our focus has been on reducing our cost of funds by concentrating our efforts on growing core deposits.
- Core Deposits increased 117.6% since December 31, 2013 and were 73.10% of total deposits as of March 31, 2021.



Generations, Economic Development and Community Service

Small Business

- Cortese Construction
 - Family owned small business – loan for new headquarters

Economic Development

- Gold Wynn
 - Commercial real estate loan, facilitate economic development and housing access in City of Buffalo

Community Support

- Brooks Hospital
 - Well established local medical facility and long-time customer, PPP loan – protect employee payroll funds during pandemic to stabilize community access to critical health services

Environmental, Social and Governance (“ESG”)

Three factors used to evaluate corporate behavior, and to improve long term sustainability

Integrated with Bank’s Mission Statement

Environmental Factor

- Strive towards Electronic Processing, Paperless
- Research and implement more efficient payment technologies
- Remote Meetings

Environmental, Social and Governance (“ESG”)

Social Factor

- Focus on Equity
 - Affordable mortgage products
 - 130 years of residential lending to support community growth and sustainability
 - Serve diverse community groups and organizations
 - Meet needs of underbanked
- Engaged – supporting community via donation of services and dollars to non-profit organizations
- Positive, healthy and successful workplace, focus on diversity, inclusion and mutual respect
 - Organization more than 80% female; 30% of Board members female

Environmental, Social and Governance (“ESG”)

Corporate Governance

- Ethical leadership and sound decision making
- Corporate Mission –four pronged – customers, employee, community and shareholder focus
- Focus on high performing results that drive shareholder value

Board Member Changes

Susan Ballard - Transition to EVP

In August 2020, Susan Ballard stepped down as a Director in order to accept the position of Executive Vice President of Retail, Sales and Marketing



Catharine M. Young – New Board Member

- Longtime lawmaker and community leader, brings extensive business, political and community experience
- Current Executive Director of the New York State Center of Excellence for Food and Agriculture
- 20 years of service as a NY State Senator and Assemblywoman



Board Member Changes

Retirement of David C. Mancuso,
Director and former President and CEO

In May 2021 Mr. Mancuso will retire,
after more than 55 years of service to the bank.



Future Focus

- Commercial Loan Growth – focus on Commercial Real Estate
- Increase market penetration in Erie County
- Capture the Millennial Customer
- High Quality Customer Service, Technological Enhancements
- Evolve as fintech evolves – create value for shareholders

Future Focus

Core System Conversion

- New and innovative processing platform that will allow us to better serve our customers
- Continuity of current banking features and services
- Deliver a better banking experience
 - Advanced Digital and Mobile Banking
 - Improved Security Features for Debit Card and Account Transactions
 - New Bank to Bank Funds Transfer Features
 - Direct Integration into Accounting Software (Quicken/Quickbooks)
- Efficiencies in back-office processing

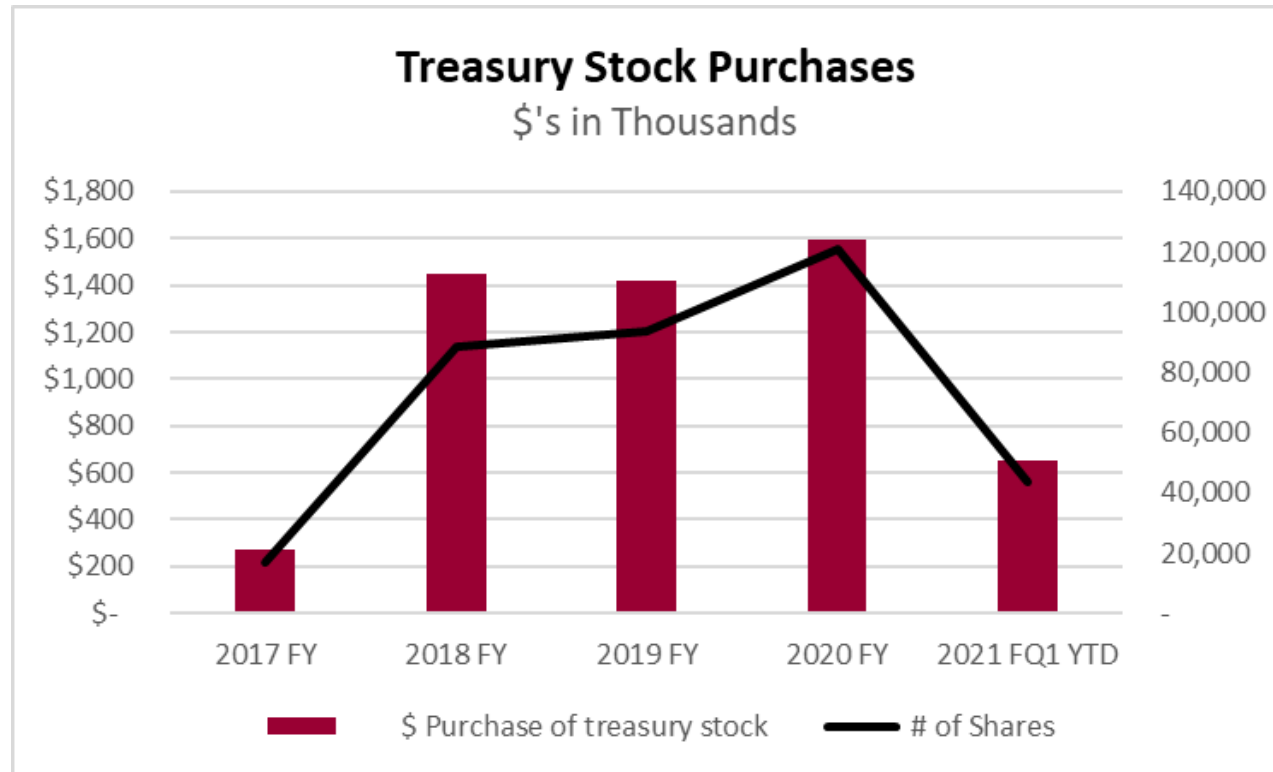
Creating Shareholder Value

- High capital ratios enable organic growth without diluting shareholder value
- Balanced approach to dividends and buybacks
- Elected the Community Bank Leverage Ratio effective January 1, 2020

	2013	2014	2015	2016	2017	2018	2019	2020	3/31/2021
Tier 1/Community Bank Leverage Ratio	12.8%	13.2%	14.3%	14.7%	14.4%	14.0%	13.0%	11.8%	12.0%
Equity / Total Assets	13.5%	14.7%	15.6%	15.5%	15.1%	14.6%	13.6%	12.5%	12.2%
Dividends Per Share*	\$0.28	\$0.28	\$0.28	\$0.28	\$0.32	\$0.40	\$0.48	\$0.49	\$0.52
Common Shares Outstanding	5,915,835	5,990,042	6,003,416	6,088,674	6,098,323	6,004,664	5,924,339	5,823,786	5,799,518

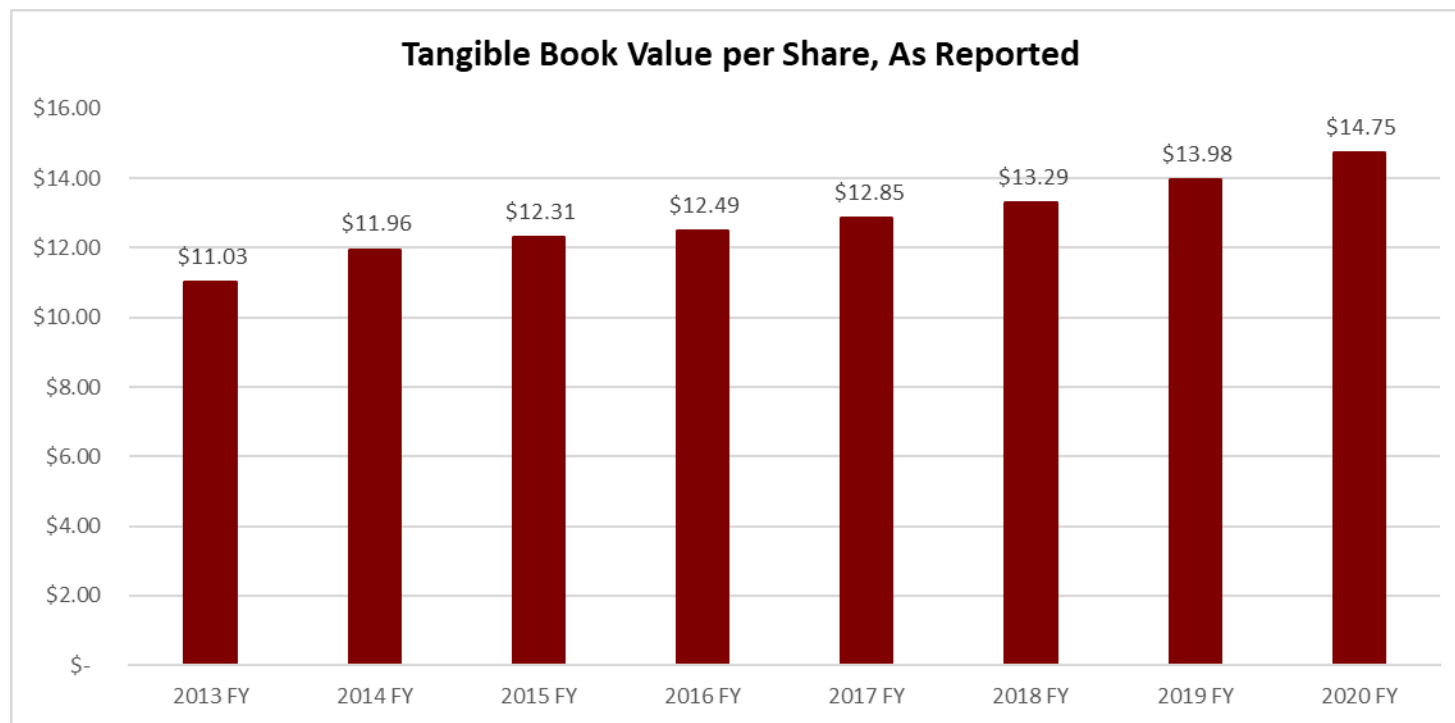
Creating Shareholder Value

Treasury Stock Buybacks Trends



Creating Shareholder Value

Tangible Book Value per Share





Summary

As we enter our 130th year in business, we continue to be a local bank that cares about its customers and communities.

At Lake Shore Savings, that has always meant “Putting People First”.

We will continue to put our customers, communities and shareholders “First”, as we adopt new technology, products and services to meet the future needs of our customers

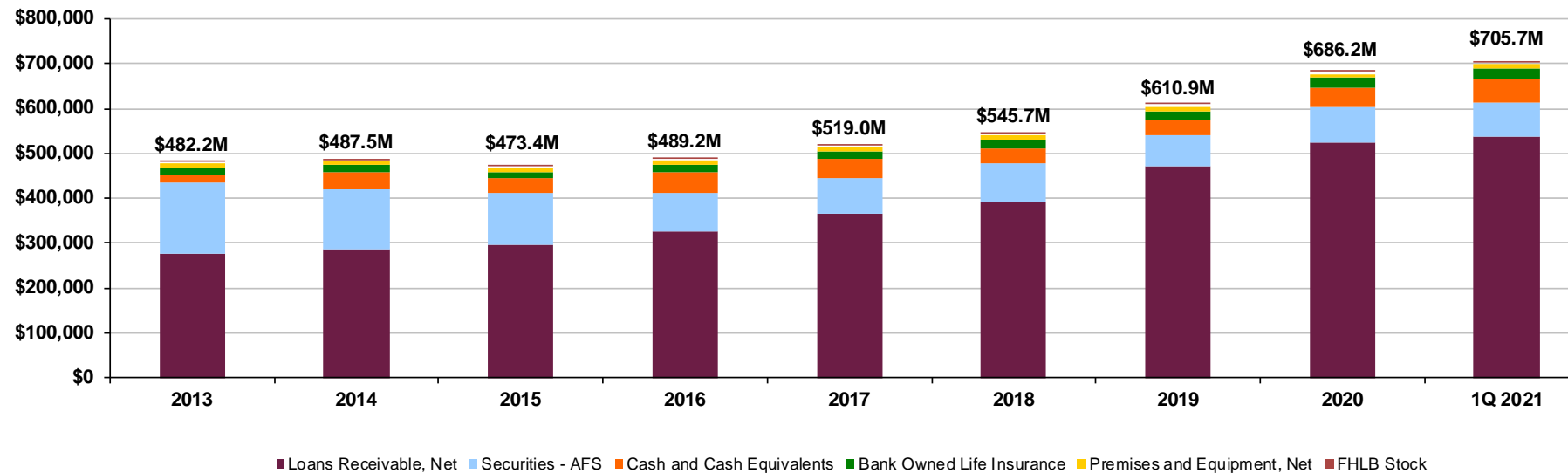
Financial Highlights

Rachel A. Foley,
Chief Financial Officer and Treasurer



Total Assets

Steady growth – 12.3% in 2020; exceed \$700 Million as of March 31, 2021



Loan Originations

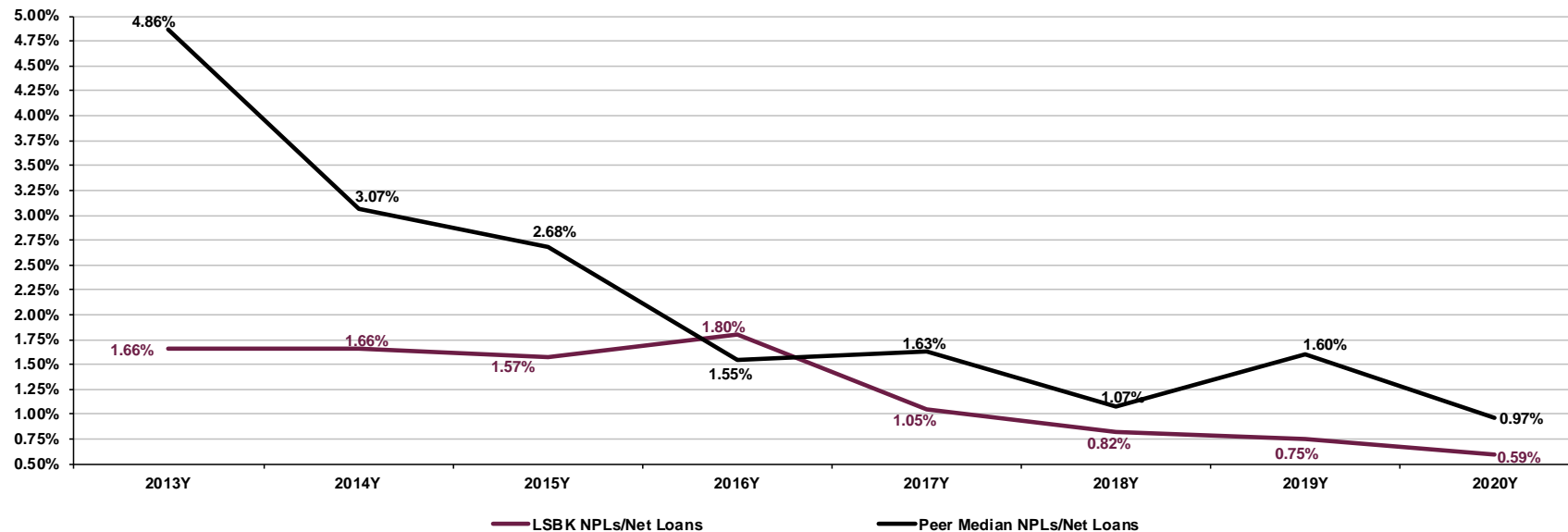
Dollars in millions

New Loans	2015	2016	2017	2018	2019	2020	3/31/2021
Residential Mortgage - New & Modified	\$21.37	\$16.48	\$18.65	\$28.58	\$21.53	\$55.27	\$13.07
Commercial Mortgage - New & Modified	27.55	39.06	49.64	60.68	70.17	69.36	15.03
PPP Loans	-	-	-	-	-	26.88	9.73
Commercial Loans	11.69	7.28	14.63	8.37	12.97	4.24	1.17
Home Equity Loans	6.40	11.45	15.54	16.25	16.12	20.06	4.76
Consumer Loans	0.33	0.36	0.45	0.68	0.77	0.87	0.10
Total New Loans	\$67.34	\$74.63	\$98.91	\$114.56	\$121.57	\$176.68	\$43.86

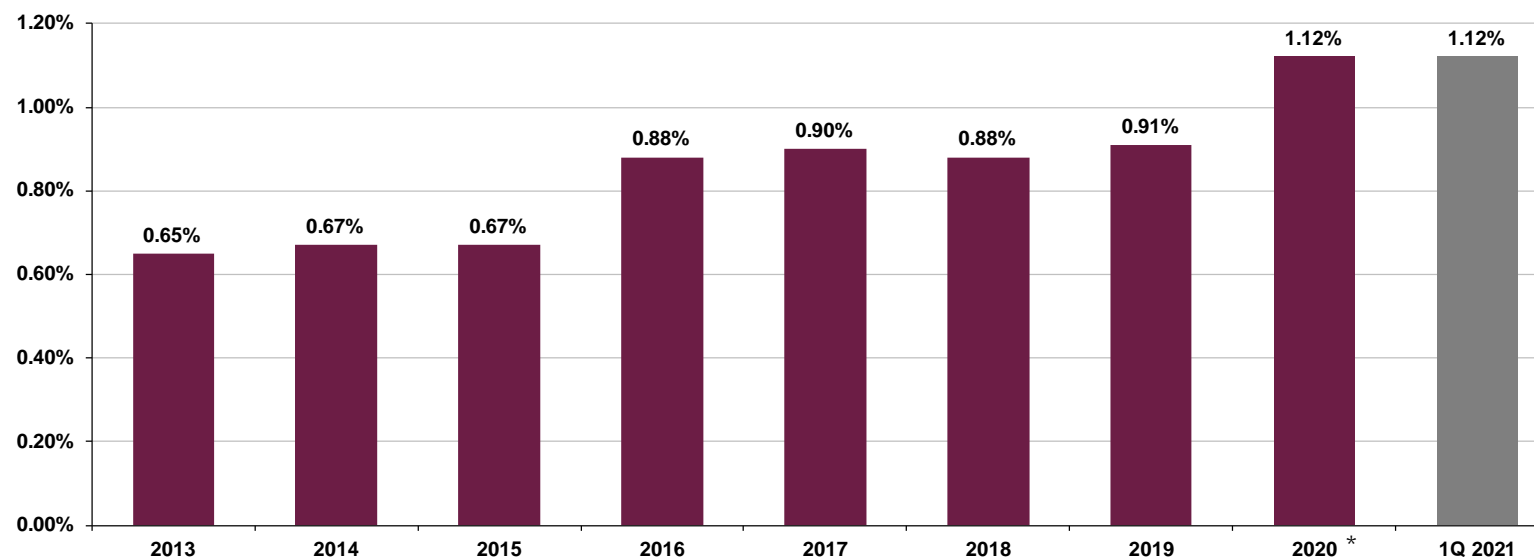
45.4% Increase for the Year ended December 31, 2020

NPLs/Total Net Loans

During the last four years Lake Shore's nonaccrual loans have consistently remained at lower levels compared to its peers



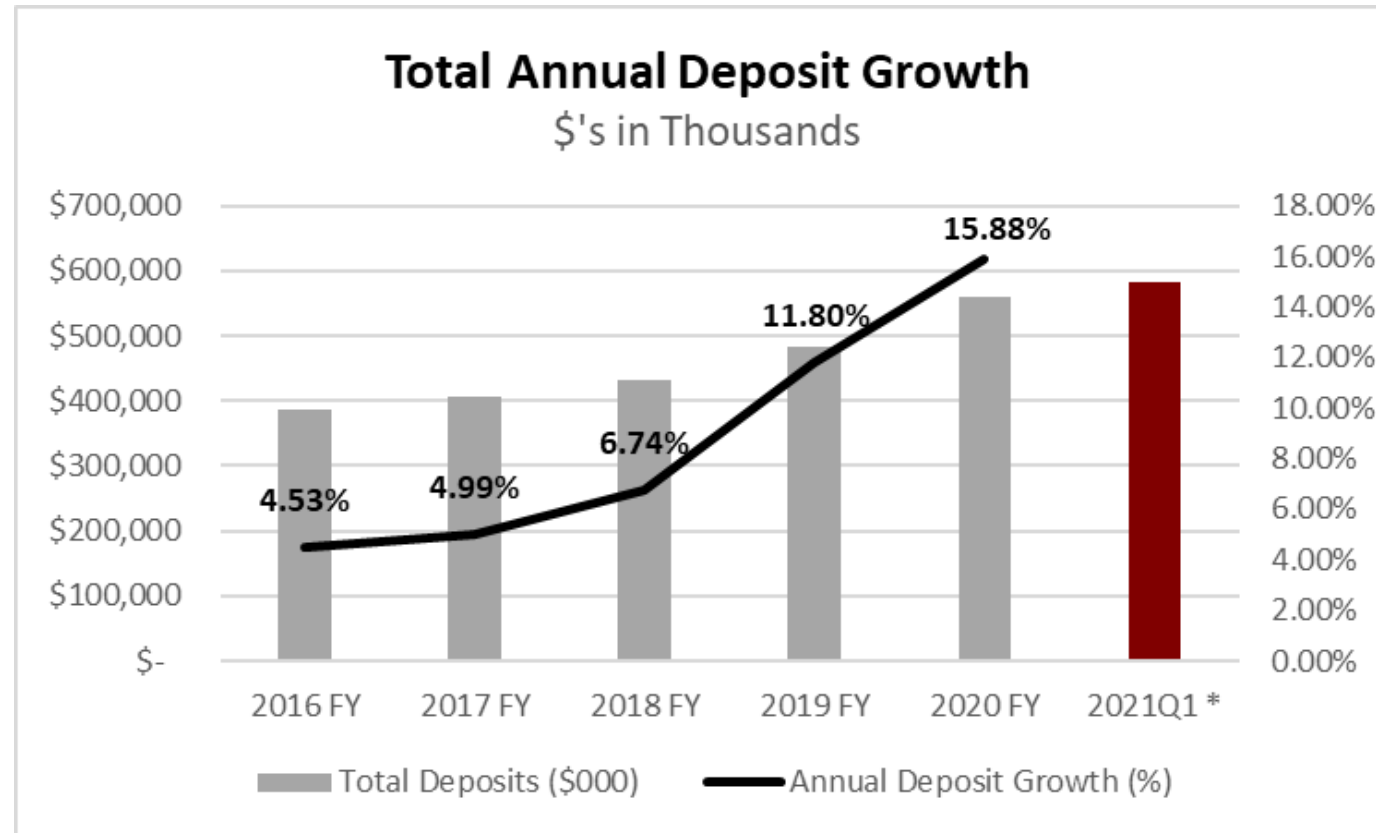
Loan Loss Reserves/Total Net Loans



Financial data is presented for Lake Shore's Fiscal Year Ended December 31 for each respective year and for the three months ended March 31, 2021.

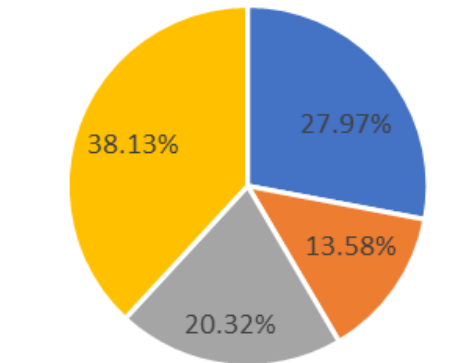
* 2020 Loan Loss Reserves reflected a \$425,000 increase in provision for loan losses primarily related to declining economic conditions as a result of the COVID-19 pandemic.

Deposit Growth



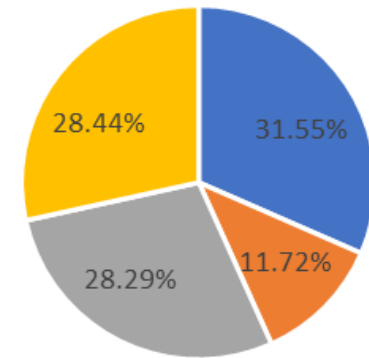
Change in Deposit Mix

As of December 31, 2016



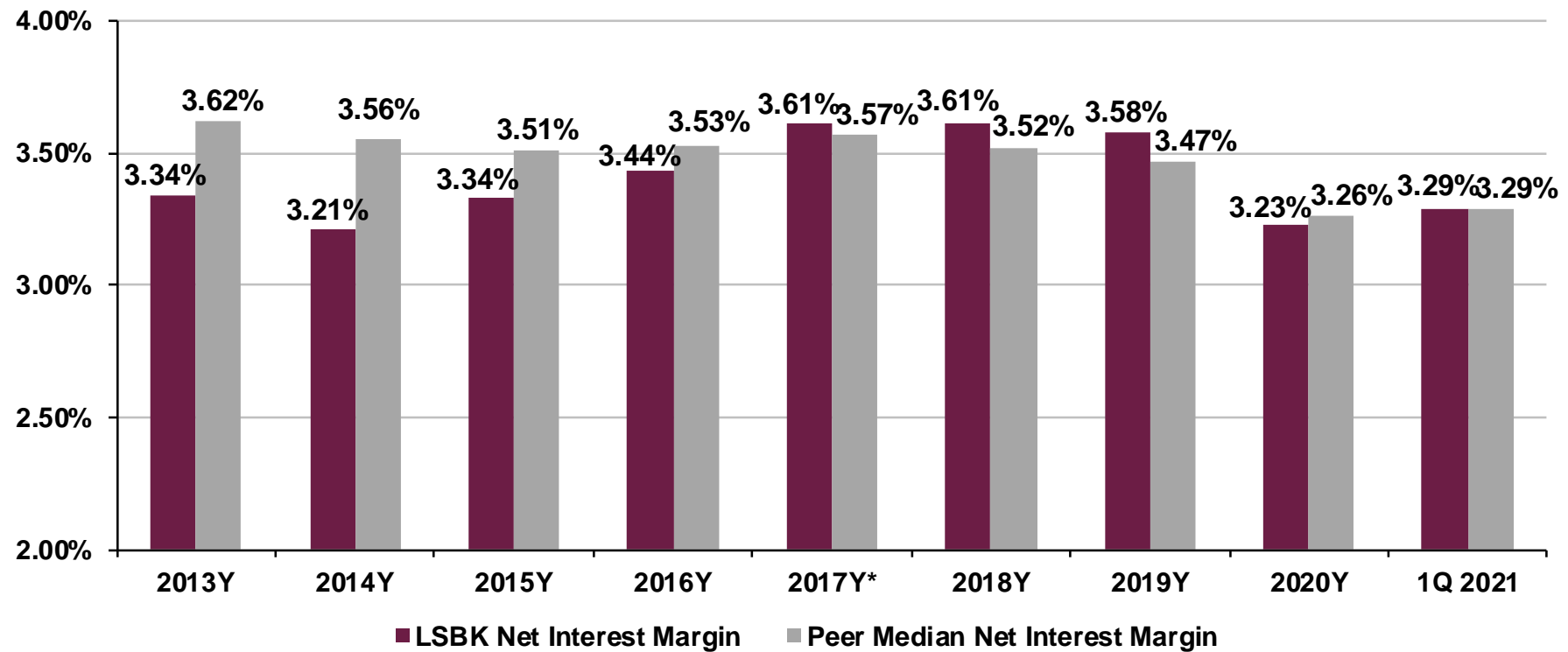
■ Transaction Accts ■ Savings Accts
■ Money Mkt Deps ■ Time Deposits

As of December 31, 2020



■ Transaction Accts ■ Savings Accts
■ Money Mkt Deps ■ Time Deposits

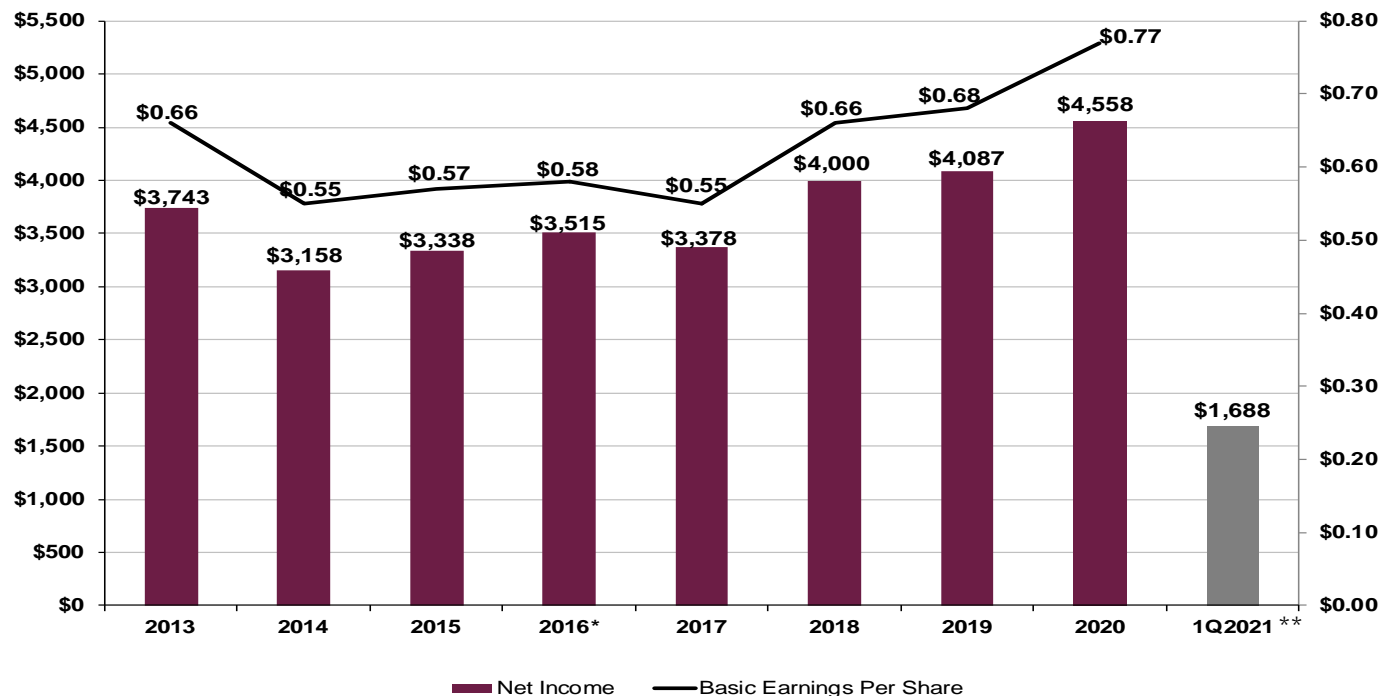
Net Interest Margin



Net Income Trends

Dollars in thousands, except per share amounts

- Growth in Adjustable Rate Loans and Core Deposits improved margins

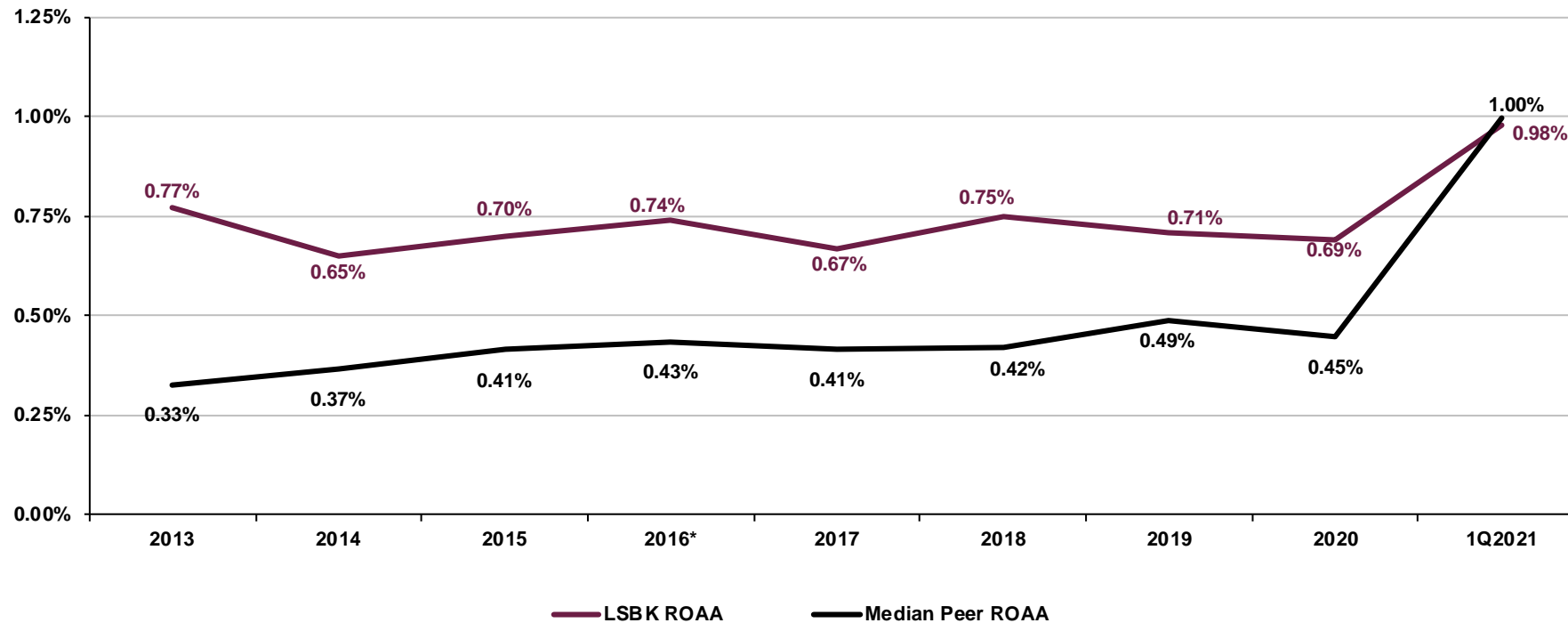


Financial data is presented for Lake Shore's Fiscal Year Ended December 31 for each respective year and for the three months ended March 31, 2021.

* During the fiscal year ended December 31, 2016, Lake Shore sold \$14.4 million of U.S. Treasury bonds resulting in realized gains of \$1.6 million.

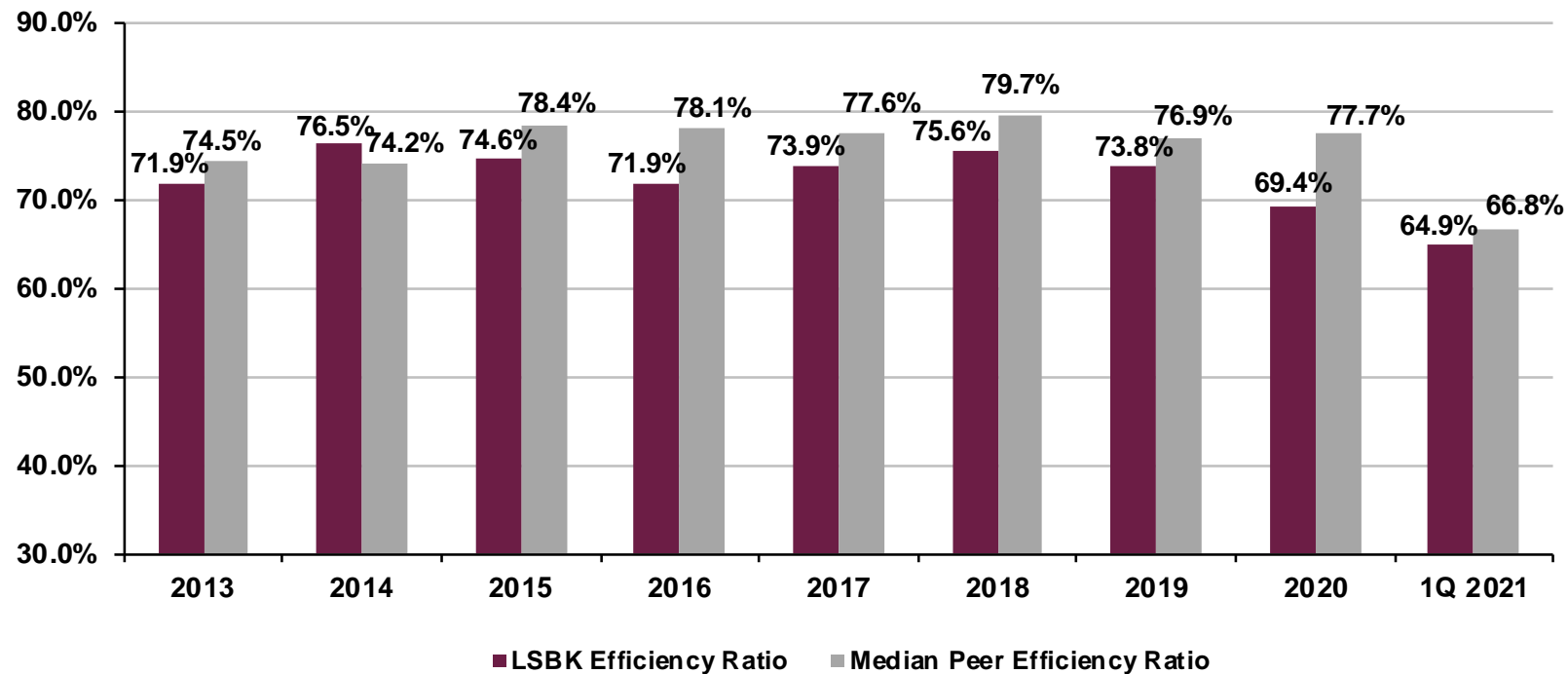
** Basic earnings per share for the three months ended March 31, 2021 was \$0.29 per share.

Return on Average Assets



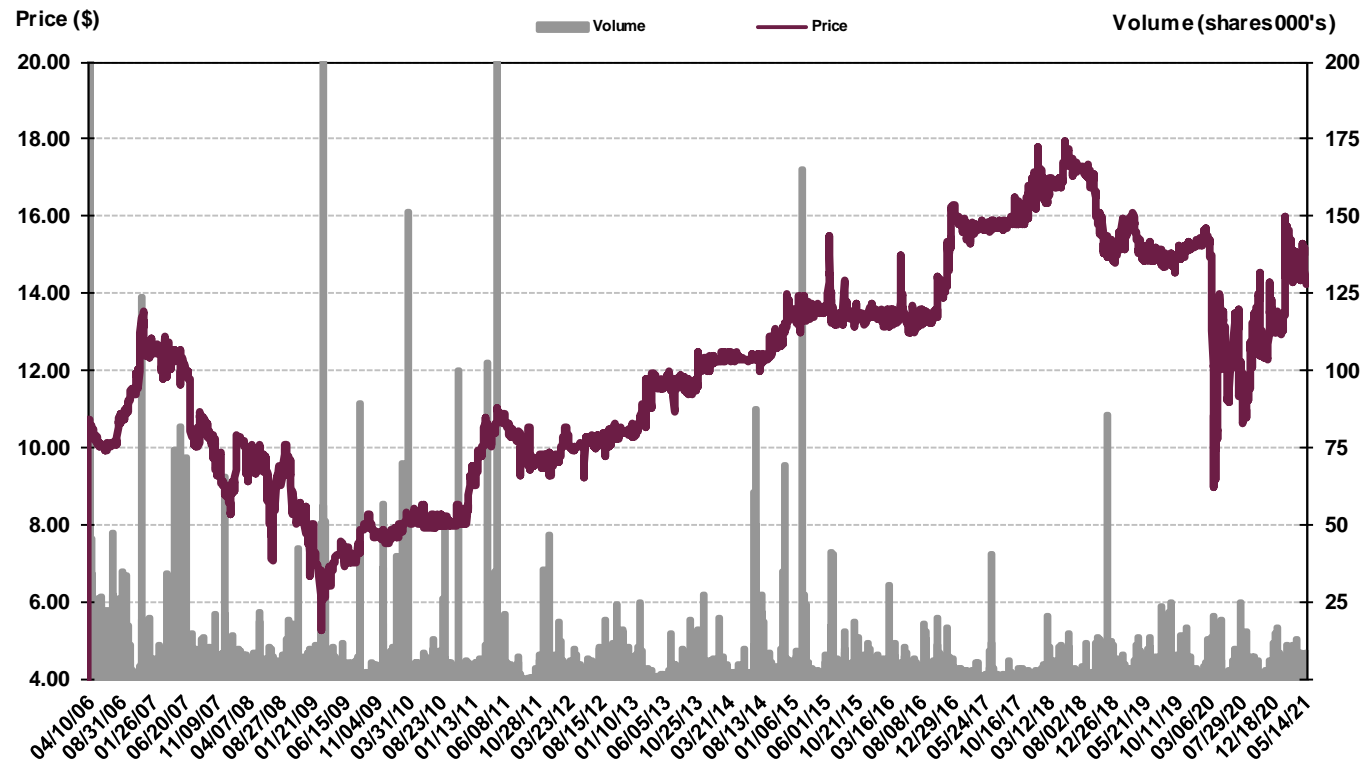
Continued Focus on Cost Control

Lake Shore's efficiency ratios are generally below the peer group.



LSBK Price/Volume Chart since IPO

Closing stock price on 5/14/2021: \$14.25



**QUESTIONS
&
ANSWERS**

Vote Report

Adjournment of Annual Shareholder's Meeting

Appendix: Lake Shore Peer Data

Institution Name	Ticker	City, State	Total Assets (\$mm)
Columbia Financial, Inc. (MHC)	CLBK	Fair Lawn, NJ	\$9,040
Greene County Bancorp, Inc. (MHC)	GCBC	Catskill, NY	\$2,143
Pioneer Bancorp, Inc. (MHC)	PBFS	Albany, NY	\$1,788
PDL Community Bancorp (MHC)	PDLB	Bronx, NY	\$1,434
Rhinebeck Bancorp, Inc. (MHC)	RBKB	Poughkeepsie, NY	\$1,197
NorthEast Community Bancorp, Inc. (MHC)*	NECB	White Plains, NY	\$968
Bogota Financial Corp. (MHC)	BSBK	Teaneck, NJ	\$844
BV Financial, Inc. (MHC)	BVFL	Baltimore, MD	\$816
Magyar Bancorp, Inc. (MHC)*	MGYR	New Brunswick, NJ	\$759
First Seacoast Bancorp (MHC)	FSEA	Dover, NH	\$465
Lincoln Park Bancorp (MHC)	LPBC	Lincoln Park, NJ	\$314
SSB Bancorp, Inc. (MHC)	SSBP	Pittsburgh, PA	\$227
Seneca Financial Corp. (MHC)	SNNF	Baldwinsville, NY	\$223
Gouverneur Bancorp, Inc. (MHC)	GOVB	Gouverneur, NY	\$129
Auburn Bancorp, Inc. (MHC)	ABBB	Auburn, ME	\$93
Average			\$1,363
Median			\$816

**Lake Shore, MHC
Annual Meeting of Members**

- Call to Order
- Introduction of Proposal to Elect Directors
- Tabulation of Votes
- Adjournment