

ANNUAL SHAREHOLDERS' MEETING

May 18, 2022

Safe Harbor Statement

This presentation 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 , <i>Vice Chairperson of the Board, Nominating and Governance Committee Chairperson</i>	2004
Michelle M. DeBergalis	2022
John P. McGrath , <i>Asset and Liability Management Committee Chairman</i>	2019
John (“Jack”) L. Mehltritt	2016
Ronald J. Passafaro , <i>Compensation Committee Chairman</i>	2019
Daniel P. Reininga , <i>President and Chief Executive Officer and Loan Committee Chairman</i>	1994
Kevin M. Sanvidge , <i>Chairman of the Board</i>	2012
Nancy L. Yocum , <i>Audit/Risk Committee Chairperson</i>	1995

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 Two directors to serve until the 2025 annual meeting and one Class Three director to serve until the 2023 annual meeting. Catharine M. Young resigned from the Board of Directors, effective May 12, 2022, and is therefore not standing for election:

Class Two Directors

- Tracy S. Bennett
- Sharon E. Brautigam
- Kevin M. Sanvidge

Class Three Director

- Michelle M. DeBergalis



Business of Annual Shareholders Meeting, cont.

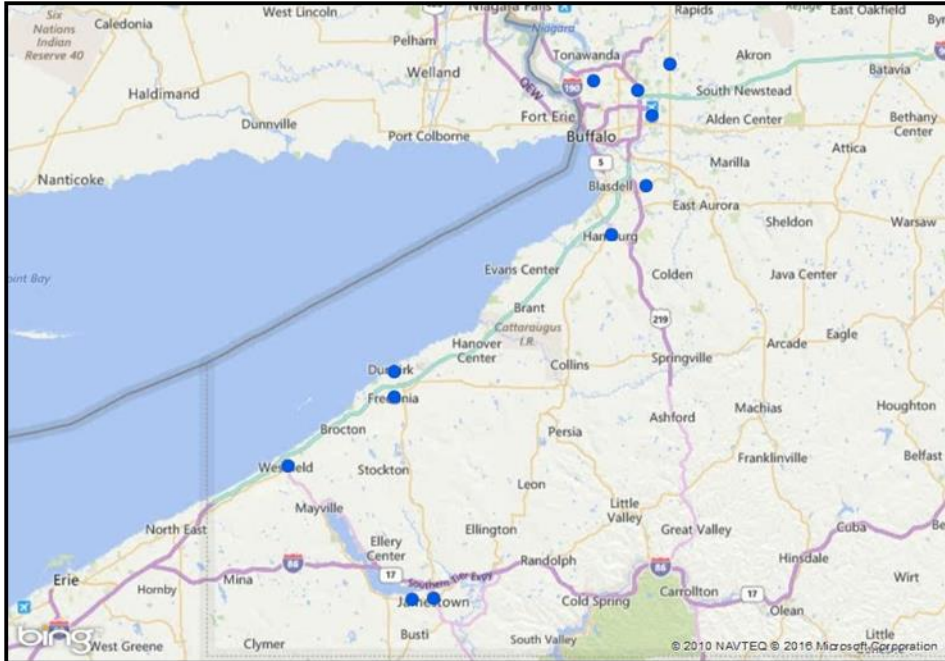
2. **Say on Pay Proposal:** A non-binding “say on pay” proposal to approve the compensation of our named executive officers.
3. **Appointment of Independent Registered Public Accounting Firm:** Ratify the appointment of Baker Tilly US, LLP as the Company’s independent registered public accounting firm for the year ending December 31, 2022.
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



An Overview of Lake Shore



- 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 \$550.3 million as of March 31, 2022
- Operates 11 full-service branch locations in two counties within Western New York
- Lake Shore ranks 5th 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

County	Rank	Branches	Company Deposits in Market (\$000)	Deposit Market Share (%)	Projected Population Change 2022-2027 (%)	Median HH Income 2022 (\$)	Projected HH Income Change 2022-2027 (%)
Chautauque	5	5	316,909	14.54	3.25	54,667	12.55
Erie	10	6	274,855	0.41	5.32	66,160	10.14

Total	11	591,764					
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New York Franchise	4.21	59,999	11.43
State of New York	4.93	80,148	12.64
National	3.21	72,465	12.10

Positioned for Growth- Financial Highlights

<i>Dollars in Thousands (except per share amounts)</i>	FY 2021	FY 2020	YoY Change
Assets	\$713,739	\$686,200	4.0%
Net Loans	\$517,206	\$524,143	(1.3%)
Deposits	\$593,184	\$560,259	5.9%
Net Income	\$6,187	\$4,558	35.7%
Basic Earnings Per Share	\$1.05	\$0.77	36.4%
Book Value Per Share	\$15.45	\$14.75	4.7%
Dividend Yield*	3.76%	4.00%	(6.0%)
ROAA	0.88%	0.69%	27.5%
Efficiency Ratio	67.73%	69.43%	(2.4%)
Non-Performing Assets	\$9,757	\$3,161	208.7%

<i>Dollars in Thousands (except per share amounts)</i>	2022 FQ1	2021 FQ1	QoQ Change
Assets	\$707,452	\$705,745	0.2%
Net Loans	\$550,286	\$538,184	2.2%
Deposits	\$592,820	\$582,560	1.8%
Net Income	\$1,061	\$1,688	(37.1%)
Basic Earnings Per Share	\$0.18	\$0.29	(37.9%)
Book Value Per Share	\$14.45	\$14.82	(2.5%)
Dividend Yield*	4.28%	3.47%	23.3%
ROAA	0.60%	0.98%	(38.8%)
Efficiency Ratio	73.10%	64.91%	12.6%
Non-Performing Assets	\$9,678	\$2,995	223.1%

Financial Highlights, cont.

Stockholder Information (NASDAQ: LSBK)			
Dividends		Market Information	
Dividend Yield	4.57%	Total Market Cap (mm)	\$80.2
Ownership		Minority Market Cap (mm)	\$29.2
Mutual Holding Company	63.6%	Book Value Per Share	\$14.45
Institutional	6.8%	Price / Tangible Book	97%
Insider*	8.3%	Price / FC Tangible Book **	62%
		Price / MRQ EPS	19.5x

Ownership information based on Proxy Statement and S&P Global, Inc. as of 3/31/2022. Market Information and Dividends as of 4/29/2022.

*Includes 3.12% of the shares of common stock outstanding owned by the ESOP.

** Price/Fully Converted Tangible Book

The tangible book value is the same as book value per share.

Envisioning a Bright Banking Future

- Commercial Business Overview
- Retail Business Overview
- Core Conversion
- Security Enhancements

Envisioning a Bright Banking Future

Commercial Business Overview:

Outstanding Success of the Commercial Team:

- Helping our Commercial Customers navigate through difficult times
- Paycheck Protection Program – Round 2
 - Originated \$11.4 million in 2021 for borrowers in our local market areas
 - Total PPP Loans Originated in 2020 and 2021
 - \$38.3 million
 - 285 borrowers

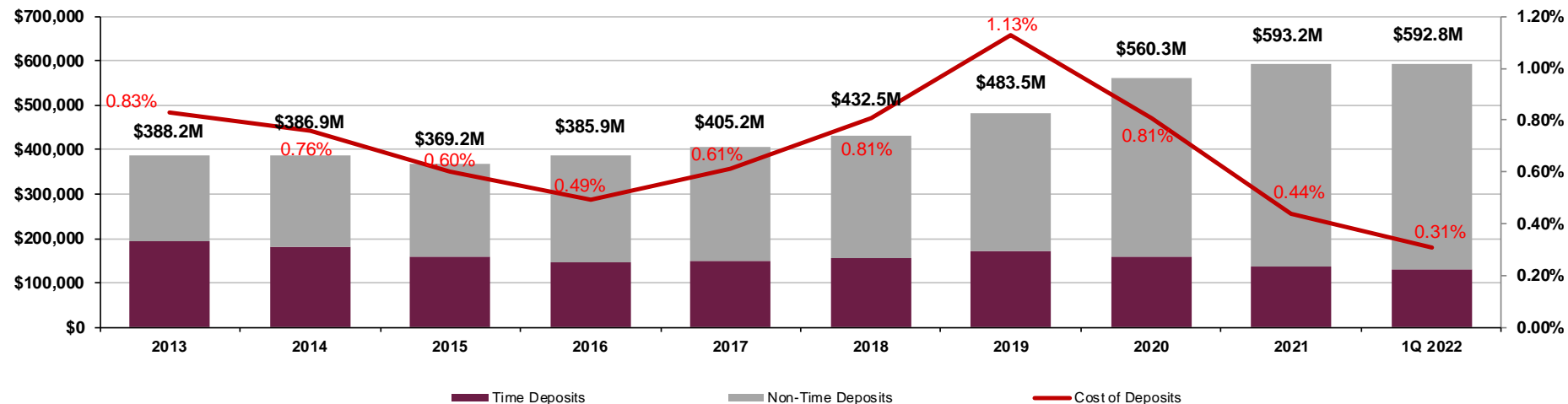
Envisioning a Bright Banking Future

Retail Business Overview

- Record breaking year in Loan volume
 - Total Residential Loan Refinances - \$23.7 million
 - Total Residential Loan Purchases - \$26.4 million
 - Total Home Equity Loan Originations - \$20.5 million

Positioned for Growth - Deposits

- Our focus has been on reducing our cost of funds by concentrating our efforts on growing core deposits (which include checking, savings and money market accounts and exclude time deposits).
- Core Deposits increased 135.6% since December 31, 2013 and were 77.8% of total deposits as of March 31, 2022.



Envisioning a Bright Banking Future

Core Conversion and Security Enhancements

- Smooth Transition
- Efficiencies
- Enhanced Banking Features as we continue to meet the digital banking needs of our customers
- Transition to enhanced security profile in the second quarter of 2022

Putting People First



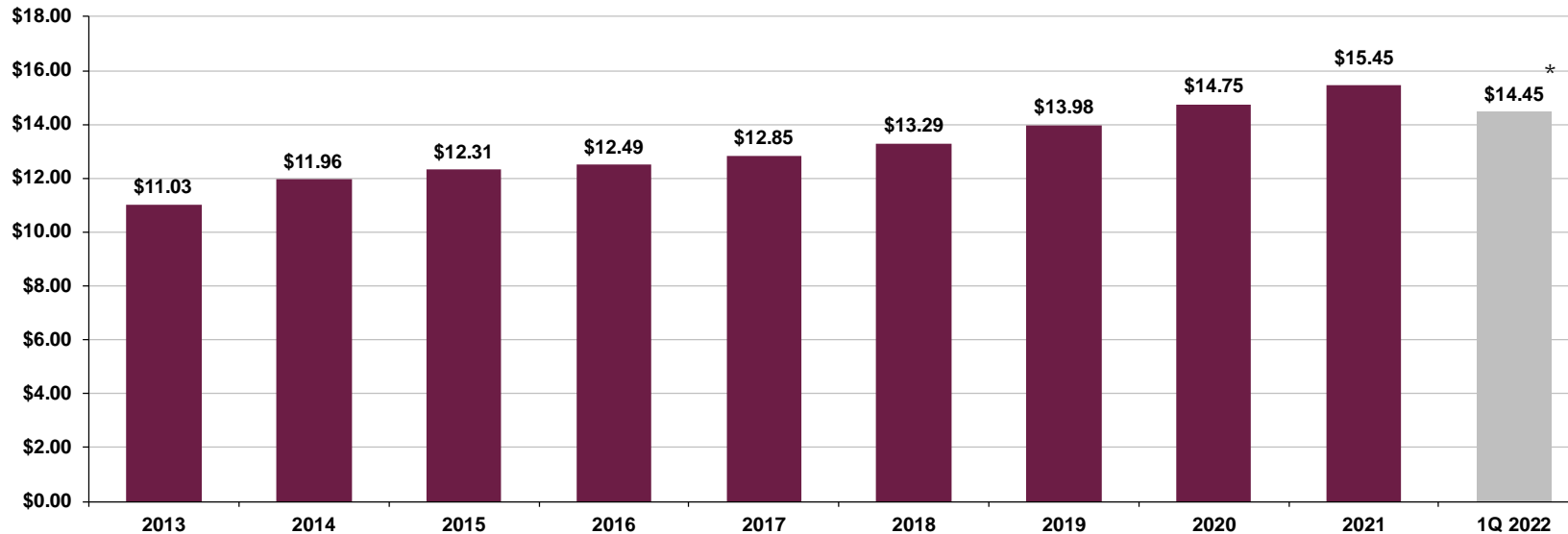
Creating Shareholder Value

- 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	2021	3/31/2022
Tier 1/Community Bank Leverage Ratio	12.8%	13.2%	14.3%	14.7%	14.4%	14.0%	13.0%	11.8%	11.9%	12.1%
Equity/Total Assets	13.5%	14.7%	15.6%	15.5%	15.1%	14.6%	13.6%	12.5%	12.3%	11.7%
Dividends Per Share	\$0.28	\$0.28	\$0.28	\$0.28	\$0.32	\$0.40	\$0.48	\$0.49	\$0.54	\$0.64
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	5,692,410	5,719,542

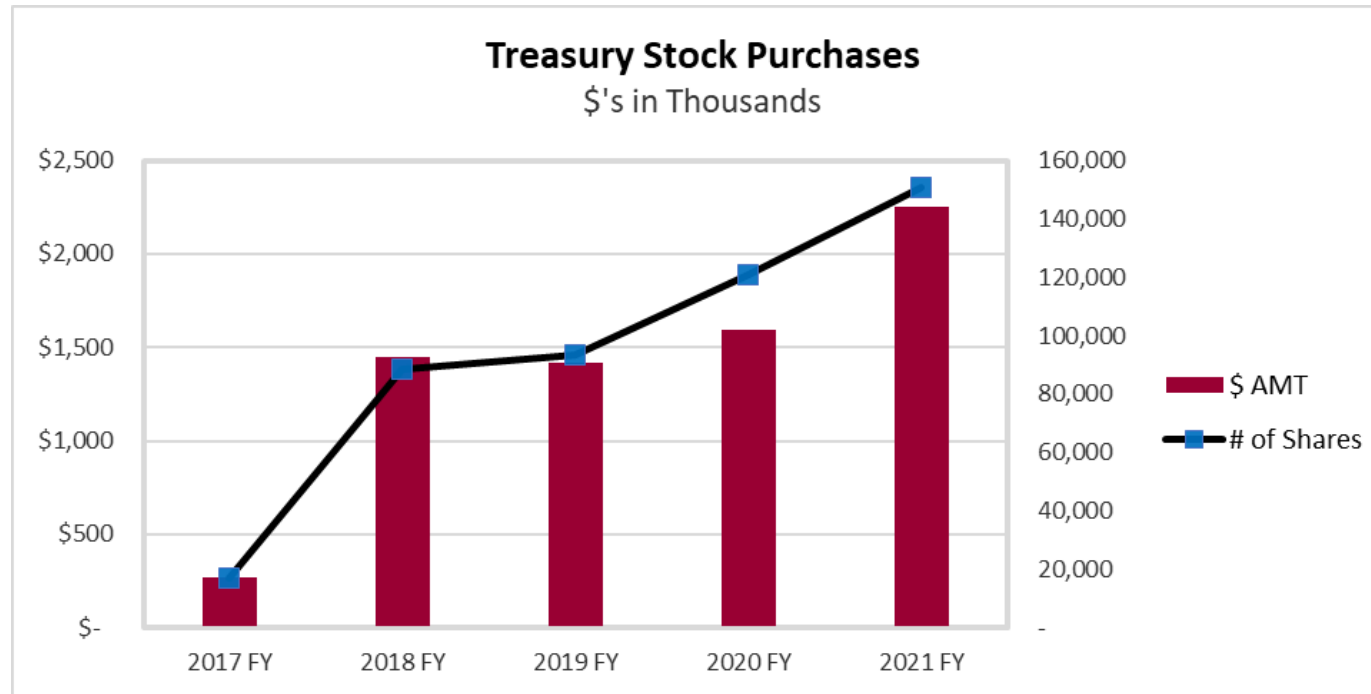
Creating Shareholder Value

Tangible Book Value per Share



Creating Shareholder Value

Treasury Stock Buybacks Trends



Celebrating 30 Years

Michael E. Brunecz
Administration Building

Named in Honor of
Former Chairman of the Board

Served from 1993 until 2013



2022 Board Member Changes

Michelle M. DeBergalis – New Board Member

- President and CEO of American Realty Group, Inc.
- Formerly held position of Chief Operating Officer at McGuire Development Company, LLC
- Business First List of Power 125



2022 Board Member Changes

Retirement of Nancy L. Yocum, Director

In May 2022 Mrs. Yocum will retire, after more than 27 years of service to the Company.

She has served as Chairperson of the Audit/Risk Committee for the majority of her time with the Company and had also served as the Vice Chairperson of the Board of Directors.



Corporate Governance

- The Board of Directors and Management remain focused on governance over the Company.
- We expect the new core system efficiencies will lay the foundation for the growth of the organization.



Summary

After 131 years 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”.

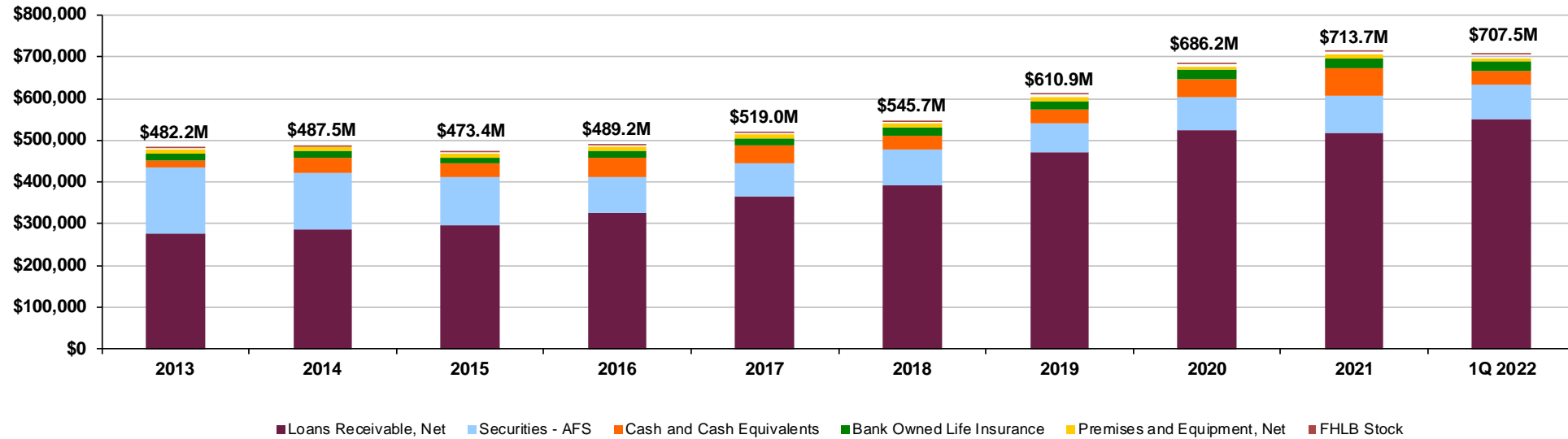
We will continue to put our customers, communities and shareholders “First”, as we adopt new technology, products and services to meet the future needs of our customers.

Financial Highlights

Rachel A. Foley,
Chief Financial Officer and Treasurer

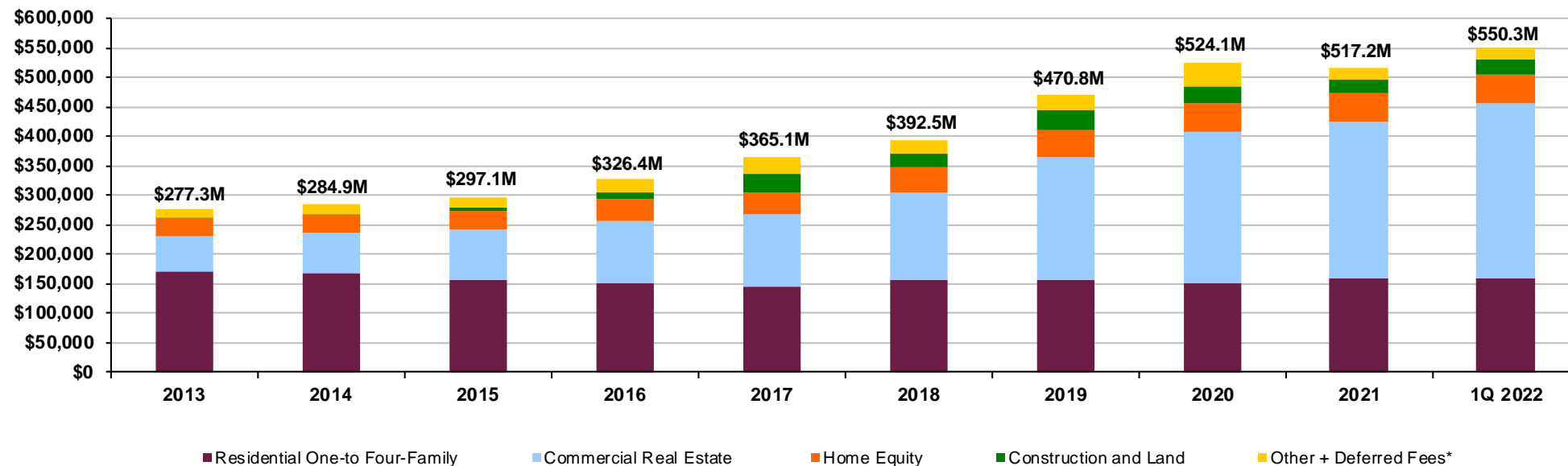
Total Assets

Steady growth – 12.3% in 2020; 4.01% in 2021; exceeded \$700M in 2021.



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, 2022, net loans increased 98.4% primarily due to net organic commercial loan growth of 374.9%.



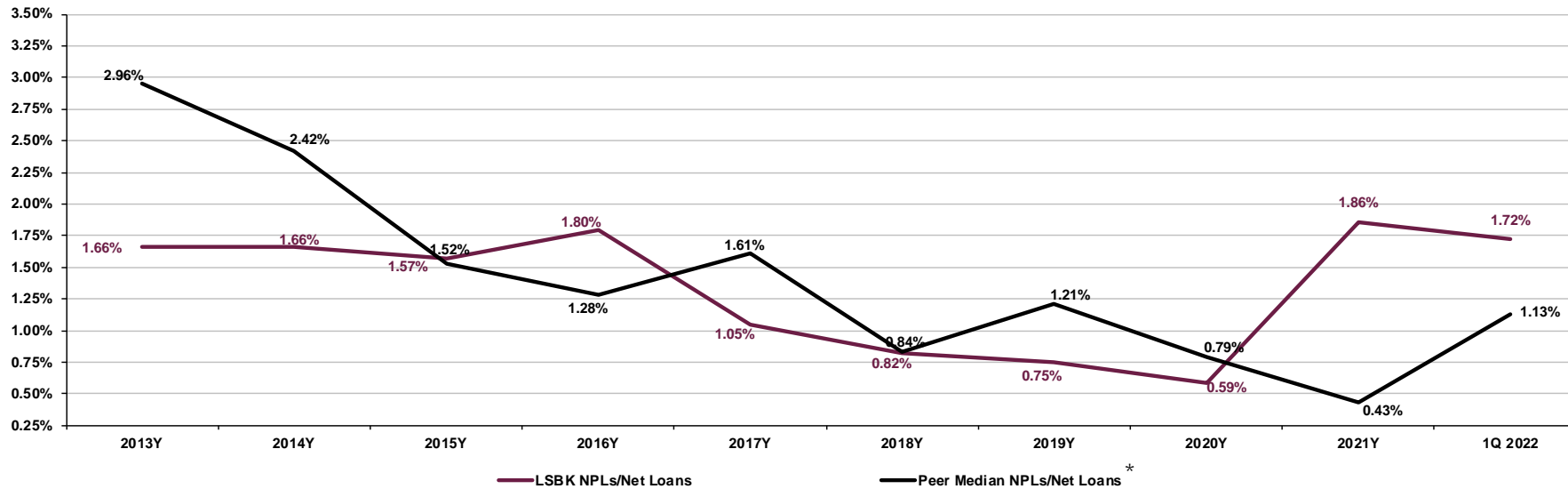
Loan Originations

Dollars in millions

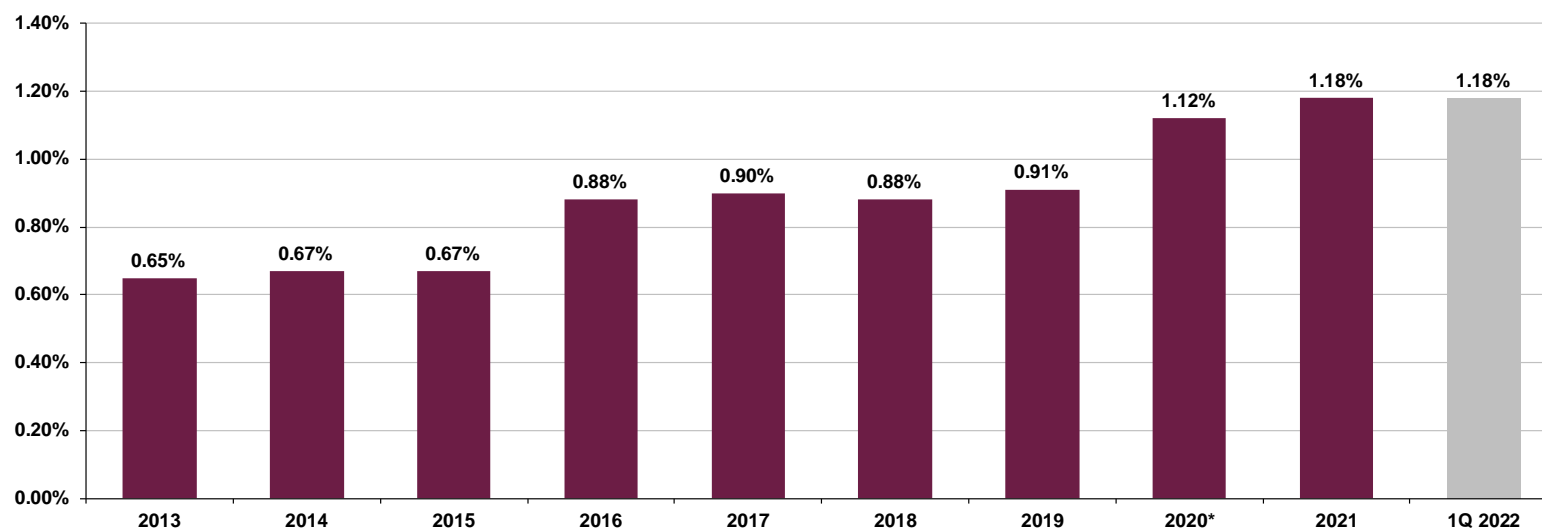
New Loans	2015	2016	2017	2018	2019	2020	2021	3/31/2022
Residential Mortgage - New & Modified	\$21.37	\$16.48	\$18.65	\$28.58	\$21.53	\$55.27	\$53.96	\$8.48
Commercial Mortgage - New & Modified	27.55	39.06	49.64	60.68	70.17	69.36	75.37	42.44
PPP Loans	-	-	-	-	-	26.88	11.42	0.00
Commercial Loans	11.69	7.28	14.63	8.37	12.97	4.24	2.79	2.28
Home Equity Loans	6.40	11.45	15.54	16.25	16.12	20.06	20.46	3.37
Consumer Loans	0.33	0.36	0.45	0.68	0.77	0.87	0.52	0.13
Total New Loans	\$67.34	\$74.63	\$98.91	\$114.56	\$121.57	\$176.68	\$164.52	\$56.70

2.2% Increase for the Year ended December 31, 2021, excluding PPP Loans

NPLs/Total Net Loans



Loan Loss Reserves/Total Net Loans

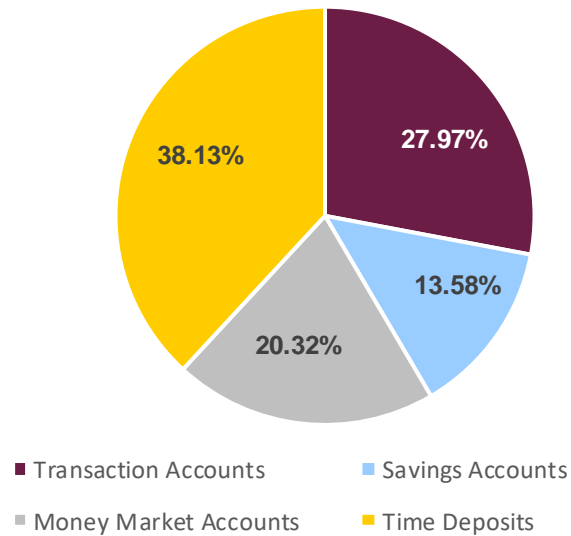


Financial data is presented at or for Lake Shore's Fiscal Year Ended December 31 for each respective year and at or for the three months ended March 31, 2022.

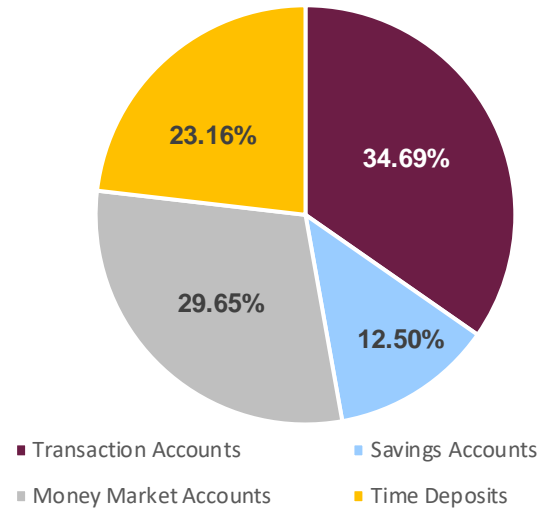
* 2020 Loan Loss Reserves reflected a \$425,000 increase in provision for loan losses primarily related to declining economic conditions as a result of the COVID-19 pandemic.

Change in Deposit Mix

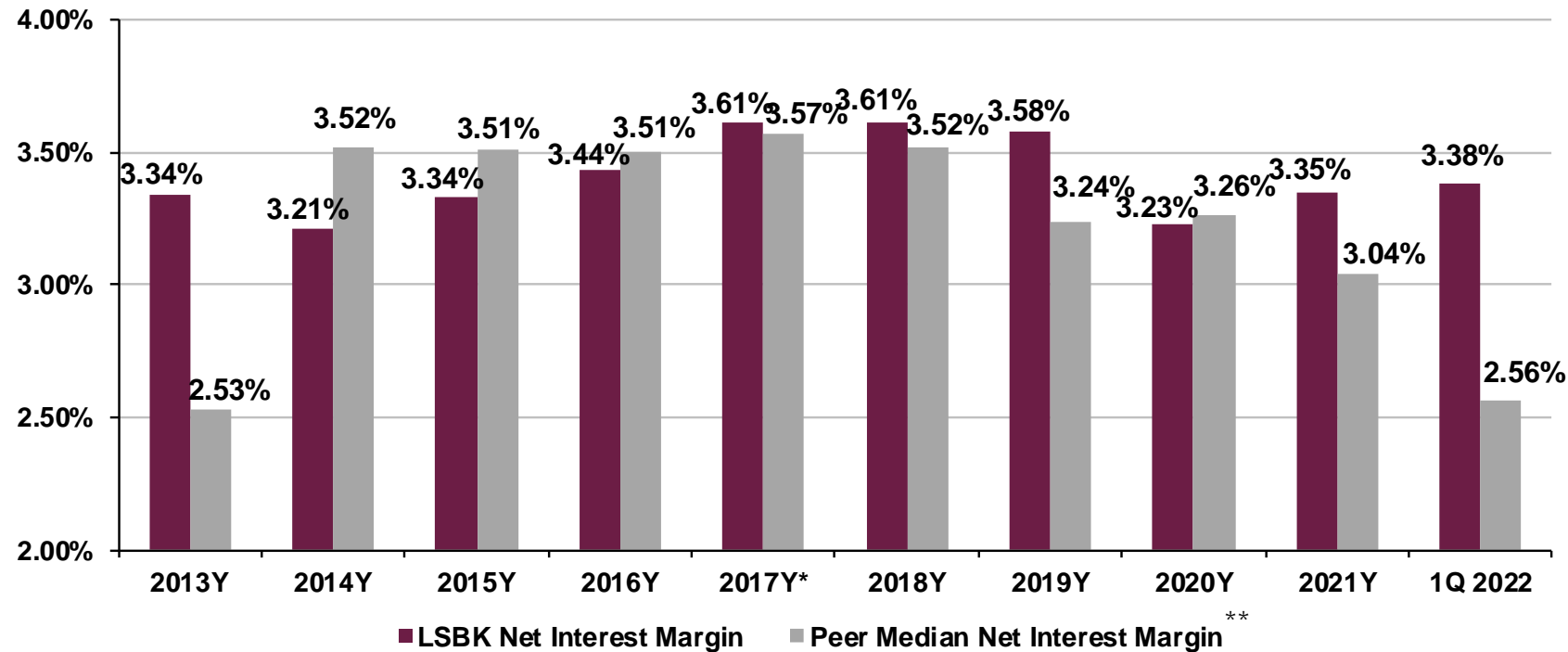
As of 12/31/2016



As of 12/31/2021



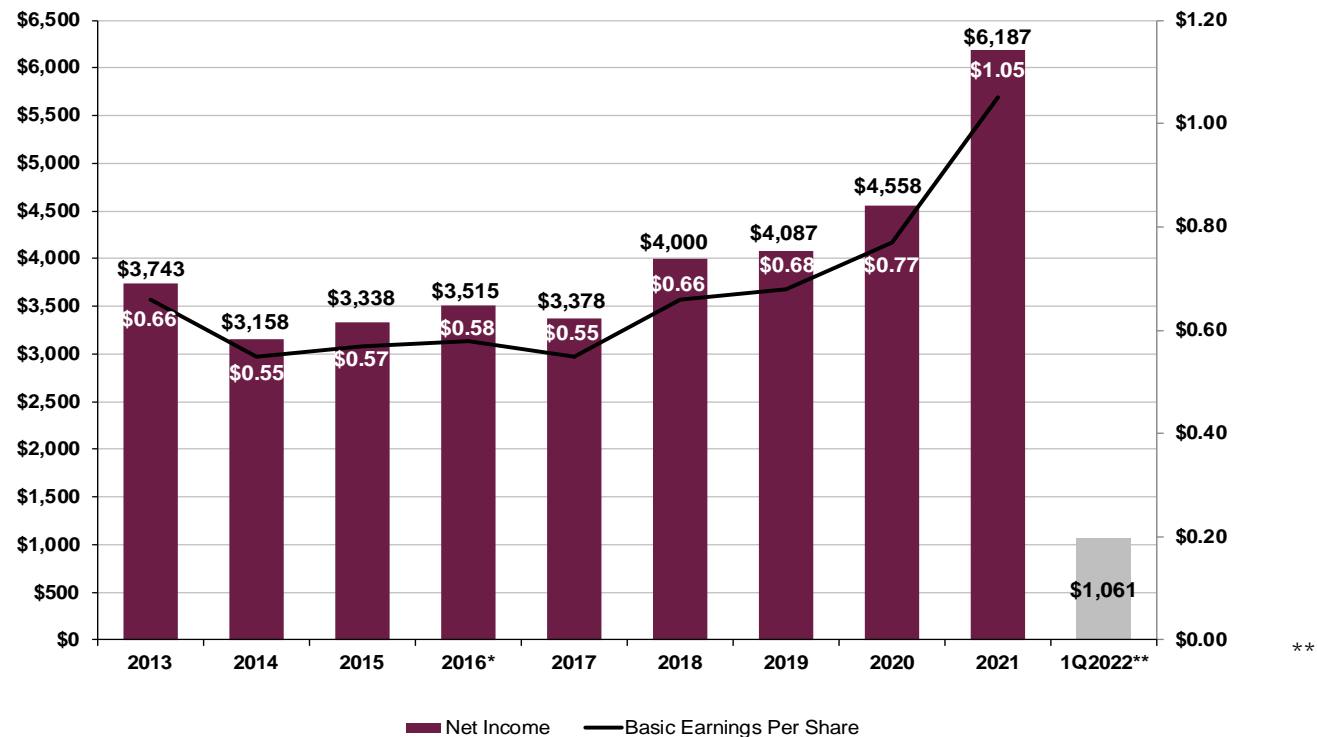
Net Interest Margin



Net Income Trends

Dollars in thousands, except per share amounts

- Growth in Adjustable Rate Loans and Core Deposits, along with PPP Loan Fees improved margins



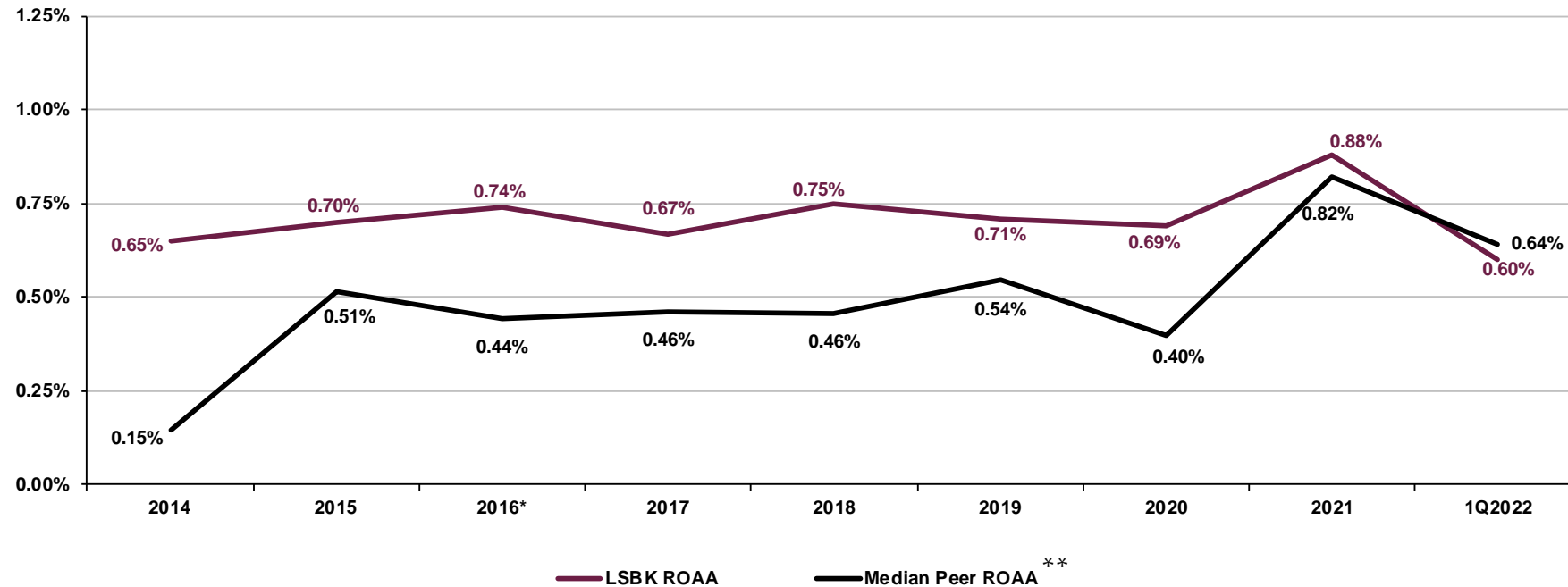
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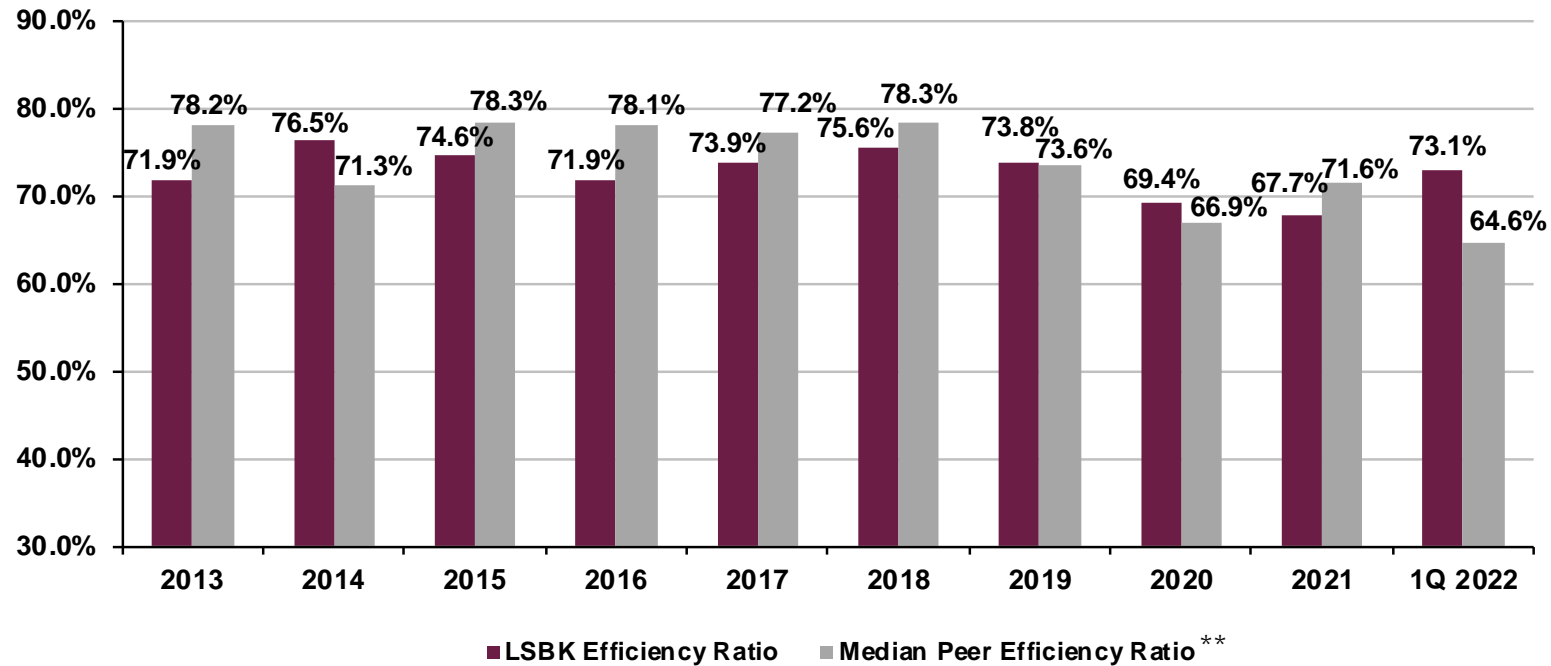
* During the fiscal year ended December 31, 2016, Lake Shore sold \$14.4 million of U.S. Treasury bonds resulting in realized gains of \$1.6 million.

** Basic earnings per share for the three months ended March 31, 2022 was \$0.18 per share.

Return on Average Assets

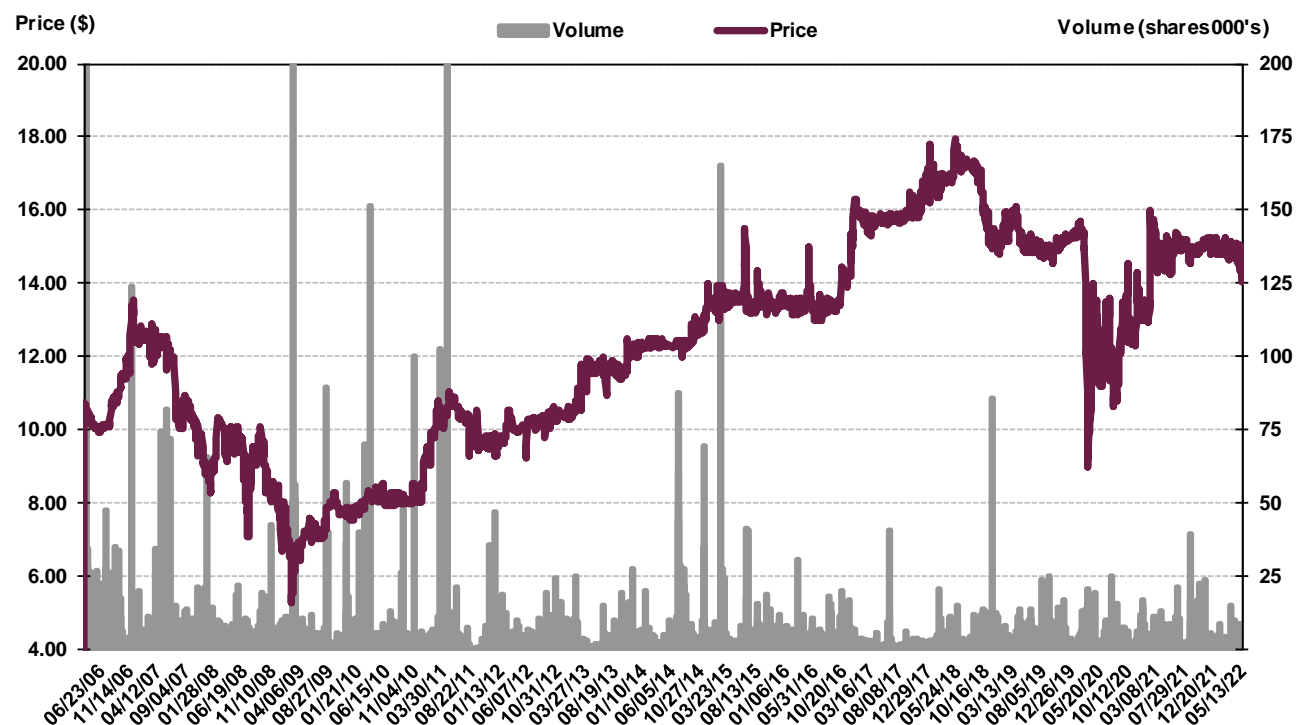


Continued Focus on Cost Control



LSBK Price/Volume Chart since IPO

Closing stock price on 5/13/22 - \$14.01



**QUESTIONS
&
ANSWERS**

Vote Report

Adjournment of Annual Shareholders' Meeting

Appendix: Lake Shore Peer Data

Institution Name	Ticker	City, State	Total Assets (\$mm)
Columbia Financial, Inc. (MHC)	CLBK	Fair Lawn, NJ	\$9,237
Greene County Bancorp, Inc. (MHC)	GCBC	Catskill, NY	\$2,522
Pioneer Bancorp, Inc. (MHC)	PBFS	Albany, NY	\$1,974
Rhinebeck Bancorp, Inc. (MHC)	RBKB	Poughkeepsie, NY	\$1,281
BV Financial, Inc. (MHC)	BVFL	Baltimore, MD	\$857
Bogota Financial Corp. (MHC)	BSBK	Teaneck, NJ	\$851
First Seacoast Bancorp (MHC)	FSEA	Dover, NH	\$487
SSB Bancorp, Inc. (MHC)	SSBP	Pittsburgh, PA	\$235
Seneca Financial Corp. (MHC)	SNNF	Baldwinsville, NY	\$215
Gouverneur Bancorp, Inc. (MHC)	GOVB	Gouverneur, NY	\$130
Auburn Bancorp, Inc. (MHC)	ABBB	Auburn, ME	\$93
Average			\$1,626
Median			\$851

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

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