



Investor Information

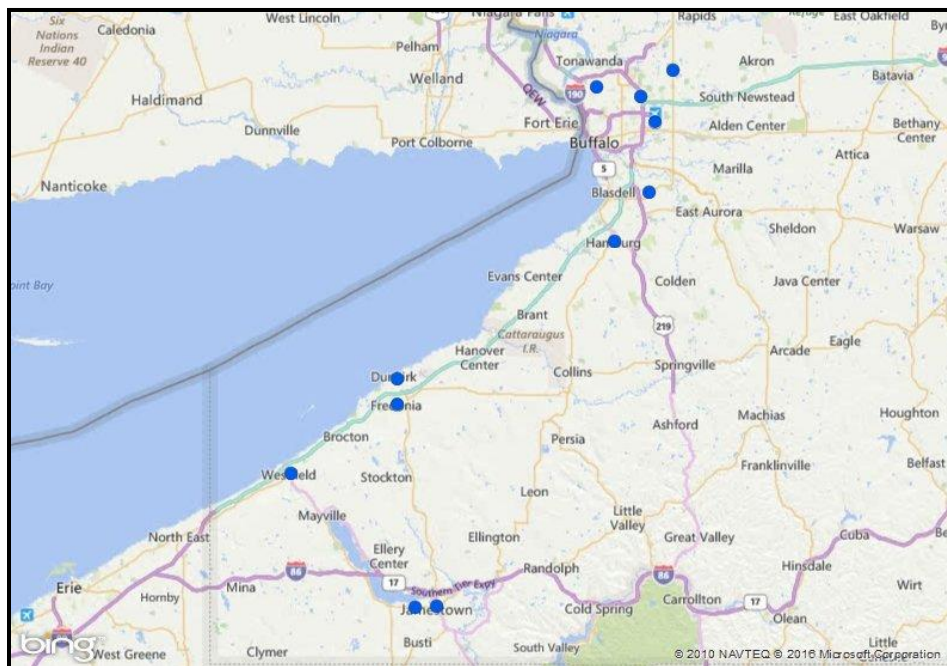
November 9, 2016

Safe Harbor Statement

This presentation includes “forward looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. We intend such forward-looking statements to be covered by the Safe Harbor Provision and are including this statement for the purpose of such Safe Harbor Provision of the Private Securities Litigation Reform Act of 1995.

Such forward-looking statements include, but are not limited to, statements concerning future business, revenue and earnings. They often include words such as “believe,” “expect,” “anticipate,” “estimate,” and “intend” or future or conditional verbs, such as “will,” “would,” “should,” “could,” or “may”. These statements are not historical facts or guarantees of future performance, events or results. 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.

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
- ▶ Focuses 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 \$320.4 million as of September 30, 2016
- ▶ Operates 11 full-service branch locations in two counties within Western New York
- ▶ Lake Shore ranks 5th in deposit market share in Chautauqua County with 5 branches; ranks 9th in Erie County with 6 branches
- ▶ Converted to MHC structure on April 4, 2006, raising \$29.8 million in gross proceeds

County	Rank	Branches	Company Deposits in Market (\$000)	Deposit Market Share (%)	Projected Population Change 2017-2022 (%)	Median HH Income 2017 (\$)	Projected HH Income Change 2017-2022 (%)
Chautauqua	5	5	222,365	14.56	(1.69)	44,514	6.01
Erie	9	6	157,677	0.39	0.96	53,508	6.67
Total		11	380,042				

New York Franchise					(0.59)	48,246	6.28
State of New York					1.99	62,222	6.04
National					3.77	57,462	7.27

An Overview of Lake Shore (Con't)

Stockholder Information			
Dividends		Market Information	
Dividend Yield	2.00%	Total Market Cap (mm)	\$85.4
Ownership		Minority Market Cap (mm)	\$34.5
Mutual Holding Company	59.91%	Book Value Per Share	\$12.68
Institutional	14.31%	Price/Book	110%
Insider	3.84%	Price/LTM EPS	19.7x

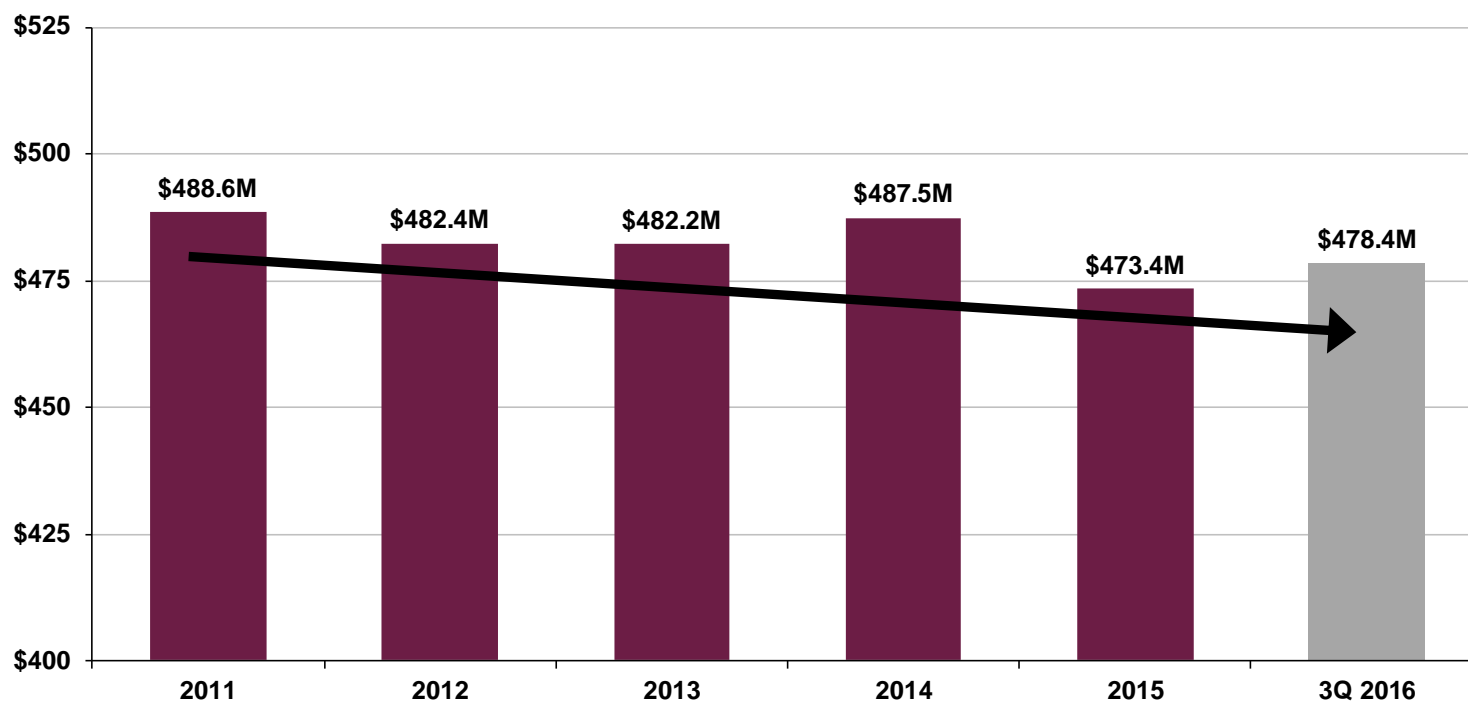
Financial Highlights

<i>Dollars in Thousands (except per share amounts)</i>	FY 2015	FY 2014	YoY Change
Assets	\$473,385	\$487,471	(2.9%)
Net Loans	\$297,101	\$284,853	4.3%
Deposits	\$369,155	\$386,939	(4.6%)
Net Income	\$3,338	\$3,158	5.7%
Basic Earnings Per Share	\$0.57	\$0.55	3.6%
Book Value Per Share	\$12.31	\$11.96	2.9%
Dividend Yield	2.09%	2.06%	1.5%
ROAA	0.70%	0.65%	7.7%
Efficiency Ratio	74.6%	76.5%	(2.4%)
Non-Performing Assets	\$5,380	\$5,130	4.9%

<i>Dollars in Thousands (except per share amounts)</i>	2016 FQ3	2015 FQ3	QoQ Change
Assets	\$478,431	\$472,297	1.3%
Net Loans	\$320,421	\$294,615	8.8%
Deposits	\$374,466	\$371,870	0.7%
Net Income	\$757	\$1,236	(38.8%)
Basic Earnings Per Share	\$0.13	\$0.21	(38.1%)
Book Value Per Share	\$12.68	\$12.27	3.3%
Dividend Yield	2.07%	2.07%	0.0%
ROAA	0.63%	1.04%	(39.4%)
Efficiency Ratio	76.17%	75.82%	0.5%
Non-Performing Assets	\$6,550	\$5,841	12.1%

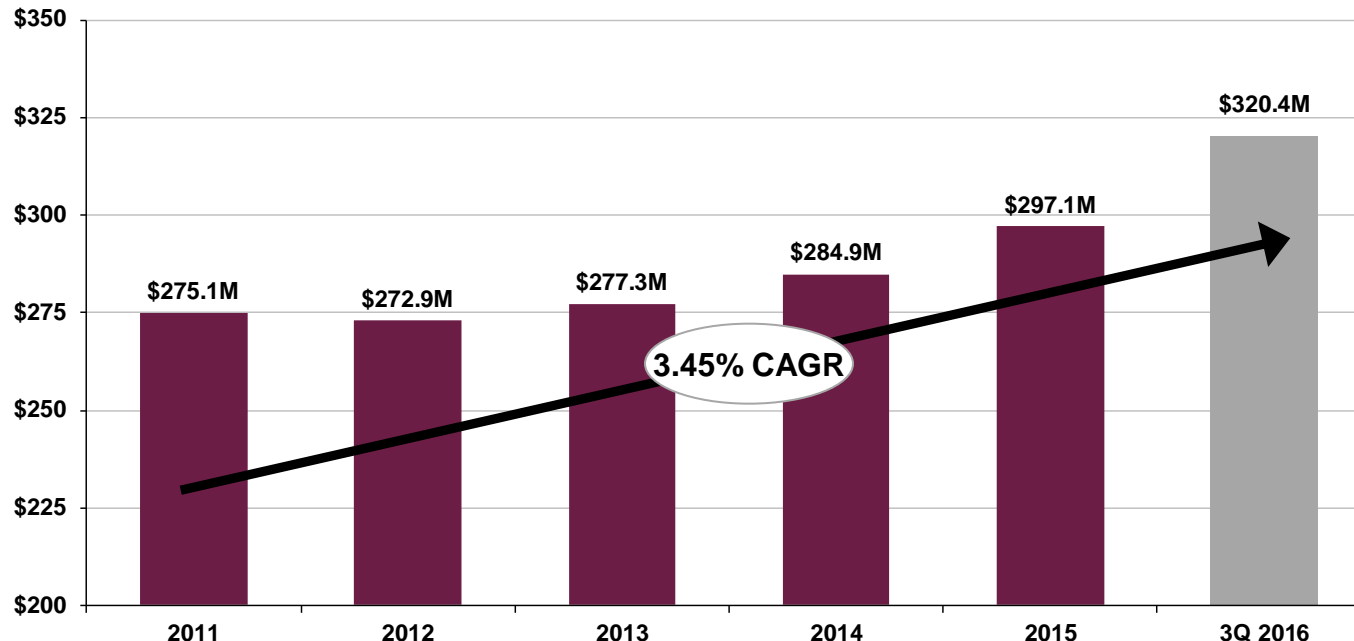
Total Assets

- Focused on asset diversification to improve margins.



Total Net Loans

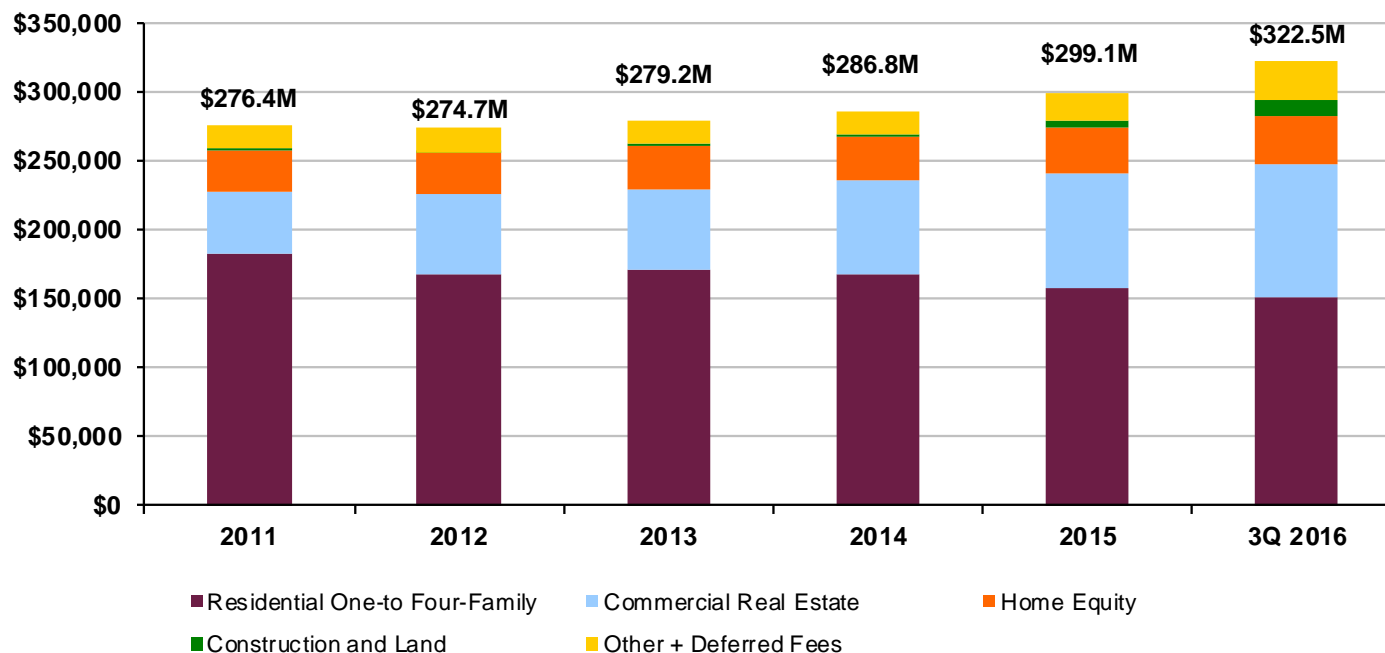
- ▶ Lake Shore continues to execute its strategic plan of organic growth primarily through loan originations.
- ▶ Net Loans increased 7.8% since December 31, 2015 primarily due to organic commercial loan growth of 27.1%.



Loan Growth

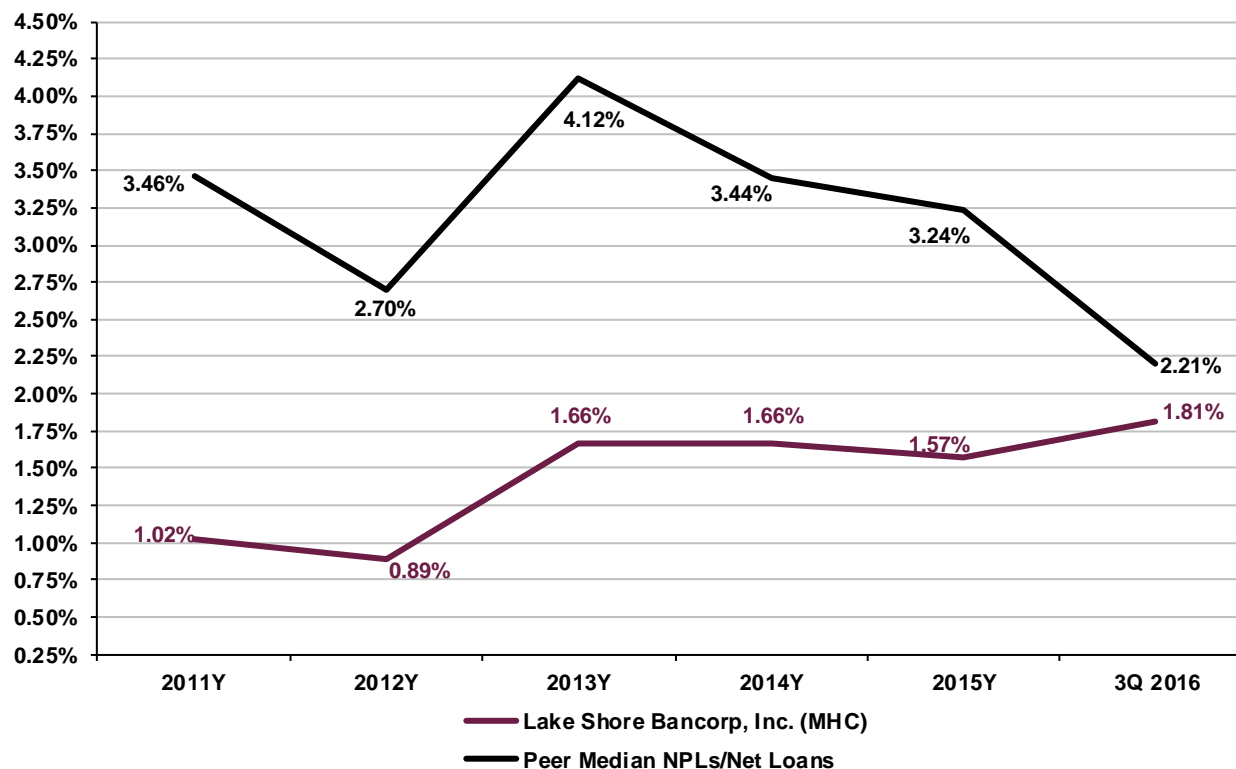
- ▶ In recent years Lake Shore has become more focused on originating commercial real estate and commercial business loans.

Dollars in thousands



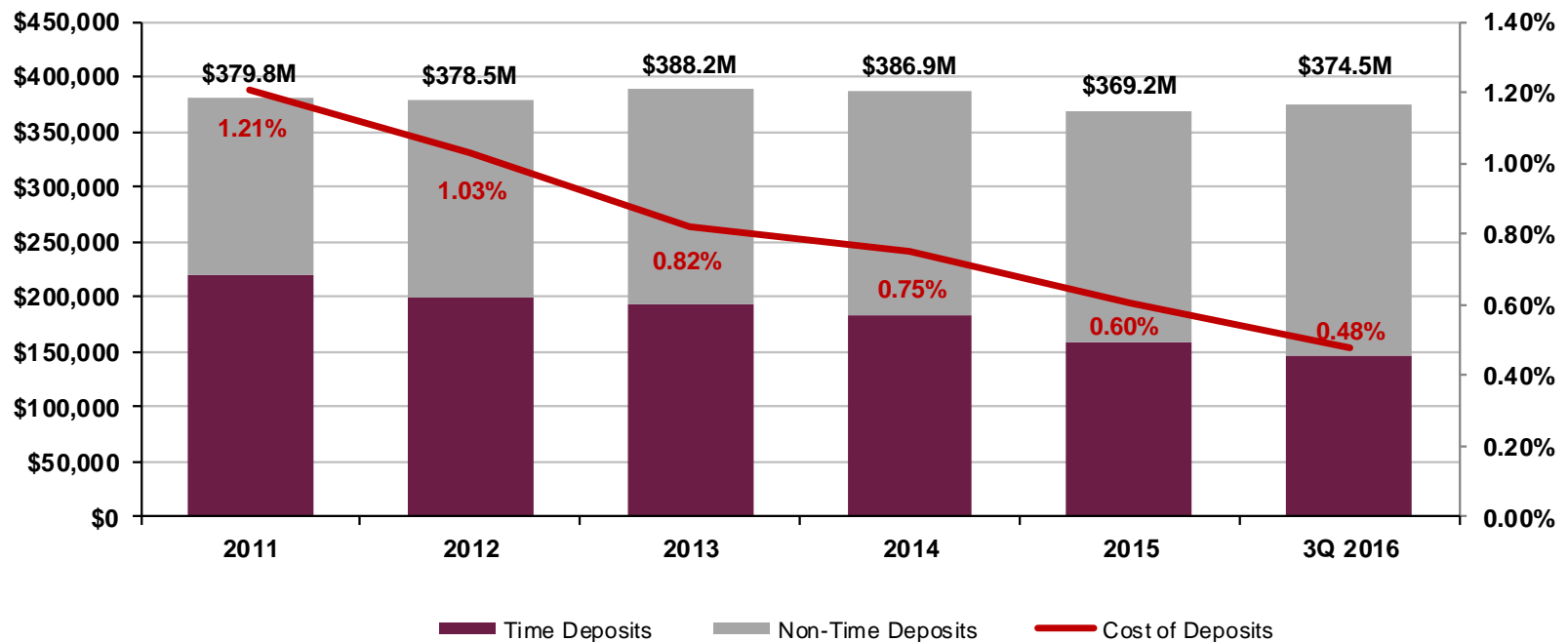
NPLs/Total Net Loans

▶ Lake Shore's nonaccrual loans have consistently remained at lower levels compared to its peers.



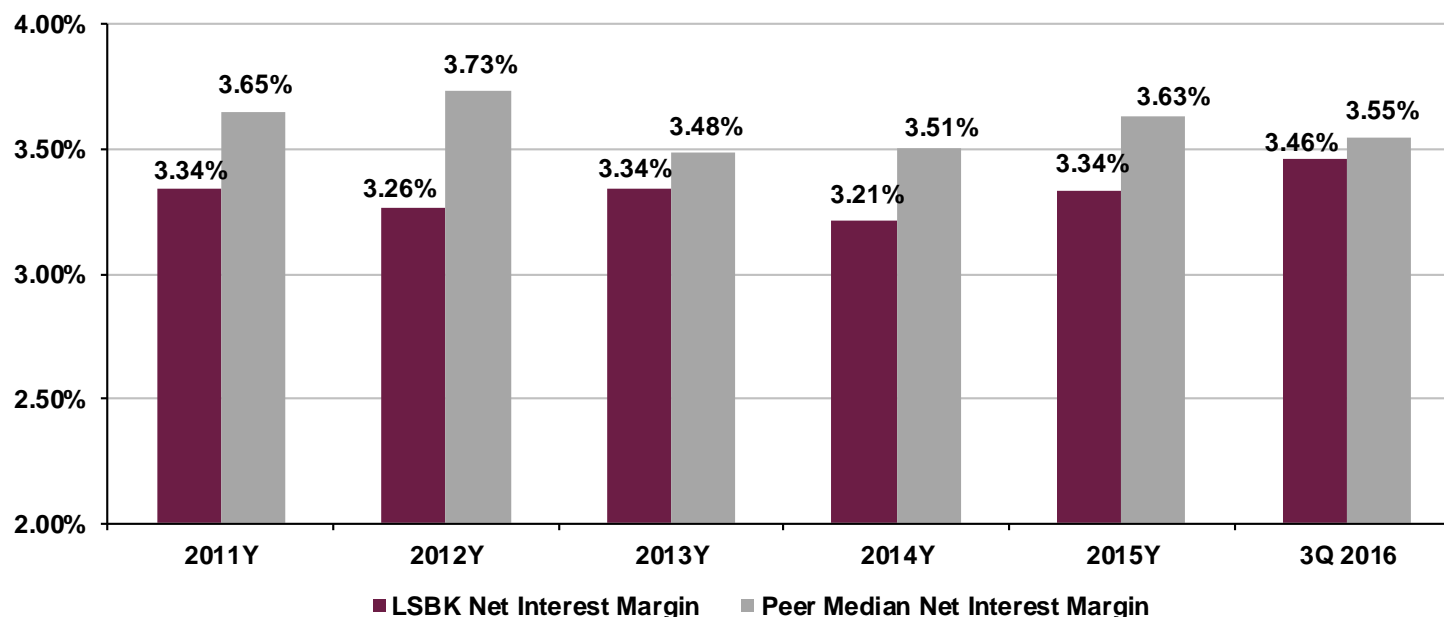
Continued Focus on Deposit Growth

- ▶ Our focus has been on reducing our cost of funds by concentrating our efforts on growing core deposits.



Strong Net Interest Margin

- ▶ Despite operating in an environment that places significant pressure on spread and margin, Lake Shore's margin has been increasing due to change to loan/deposit mix.

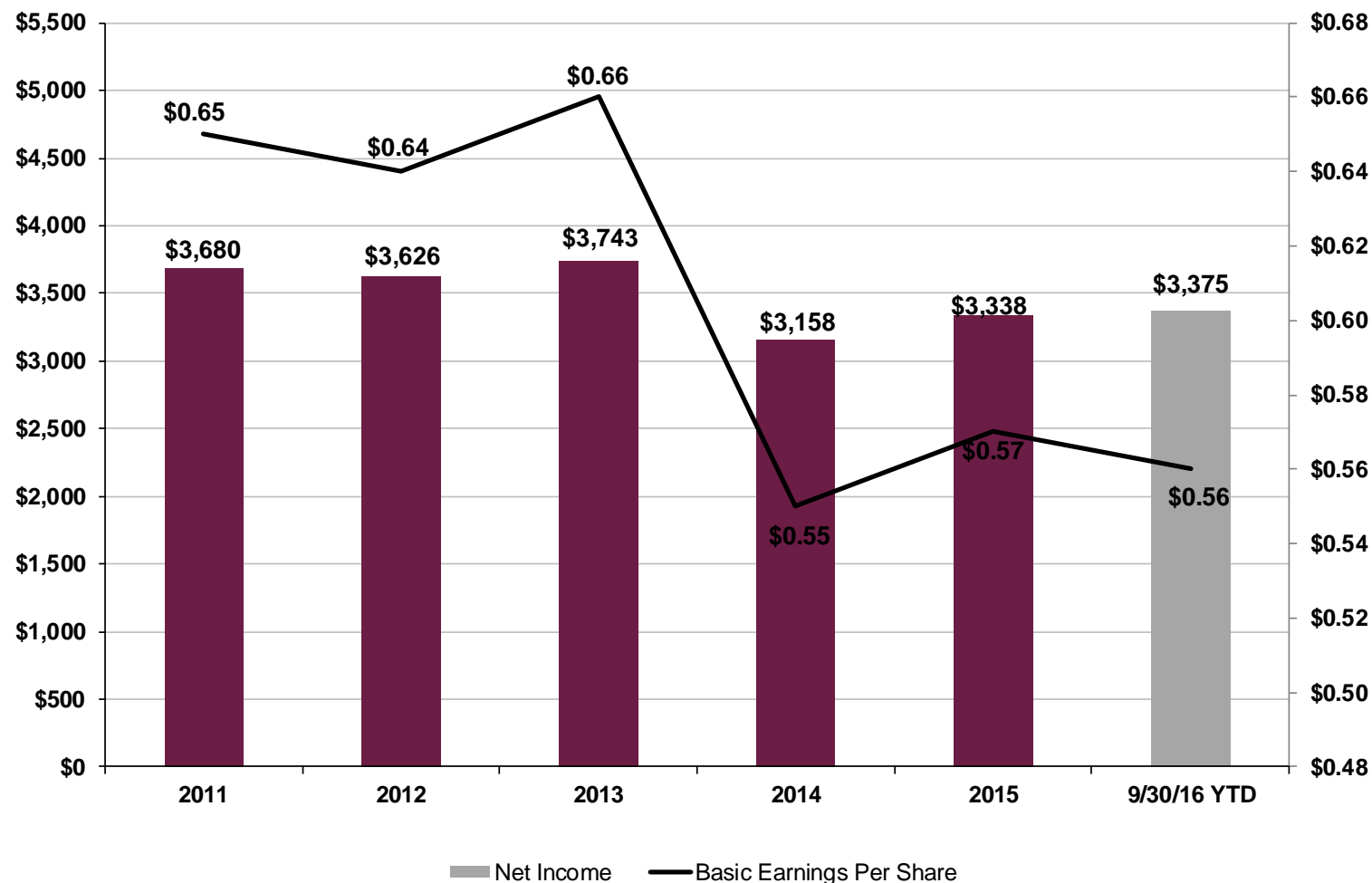


Loan Originations

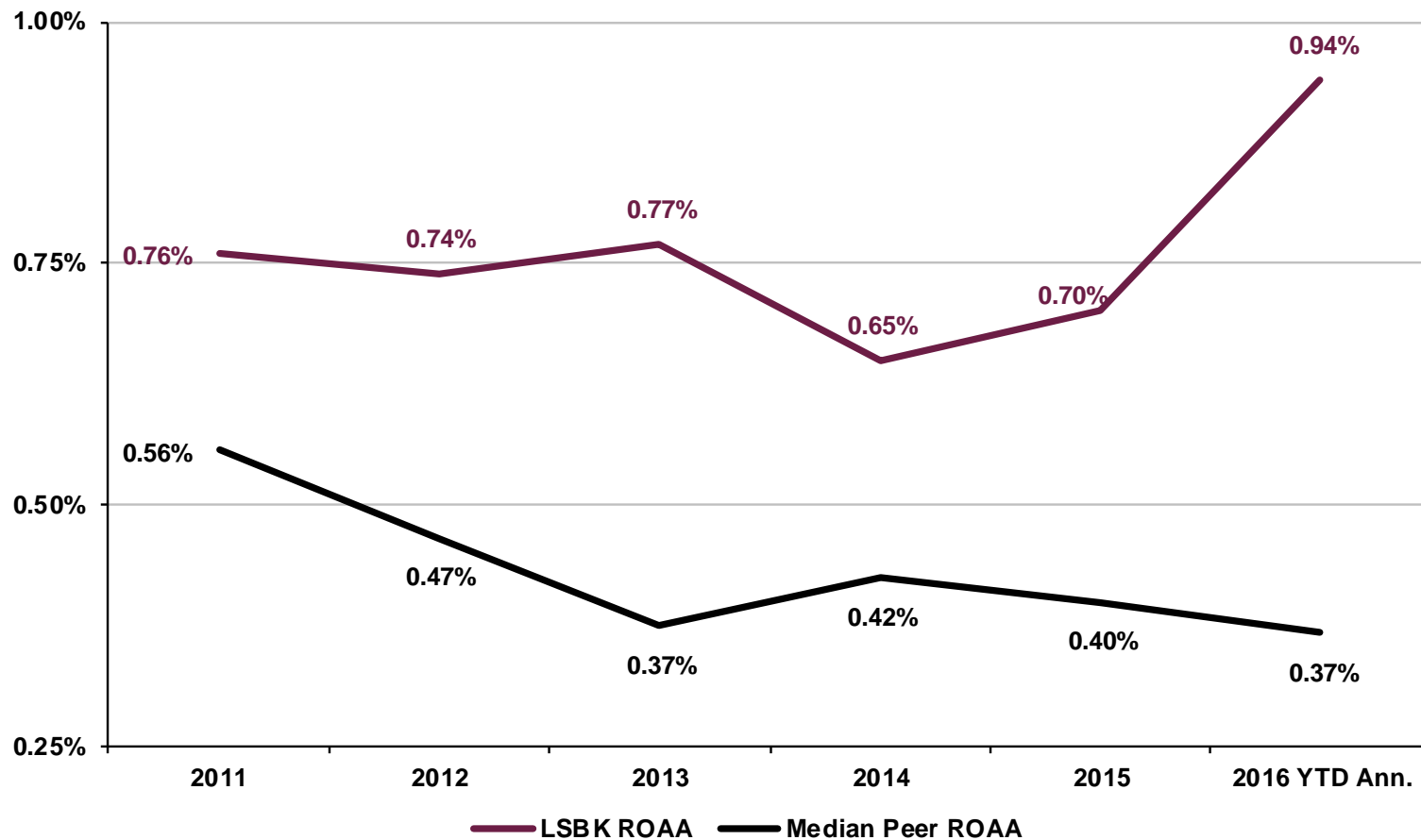
New Loans	2014	2015	9/30/16 YTD
Residential Mortgage - New & Modified	\$15.98	\$21.37	\$12.75
Commercial Mortgage - New & Modified	19.13	27.55	27.87
Commercial Loans	7.64	11.69	7.22
Home Equity Loans	6.08	6.40	7.94
Consumer Loans	0.38	0.33	0.30
Total New Loans	\$49.21	\$67.34	\$56.08

36.8% YOY Increase as of December 31, 2015

Net Income Trends

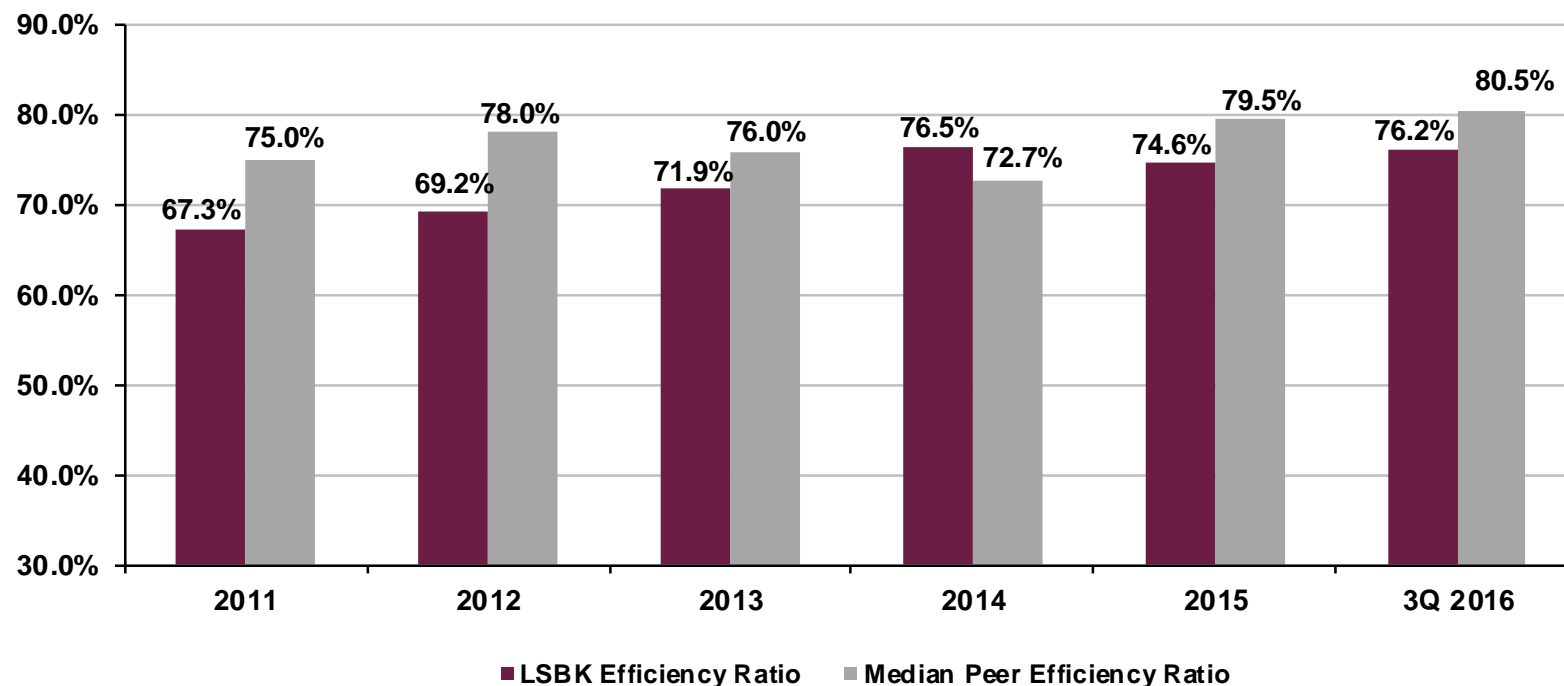


Comparison of ROAA Results to Peers



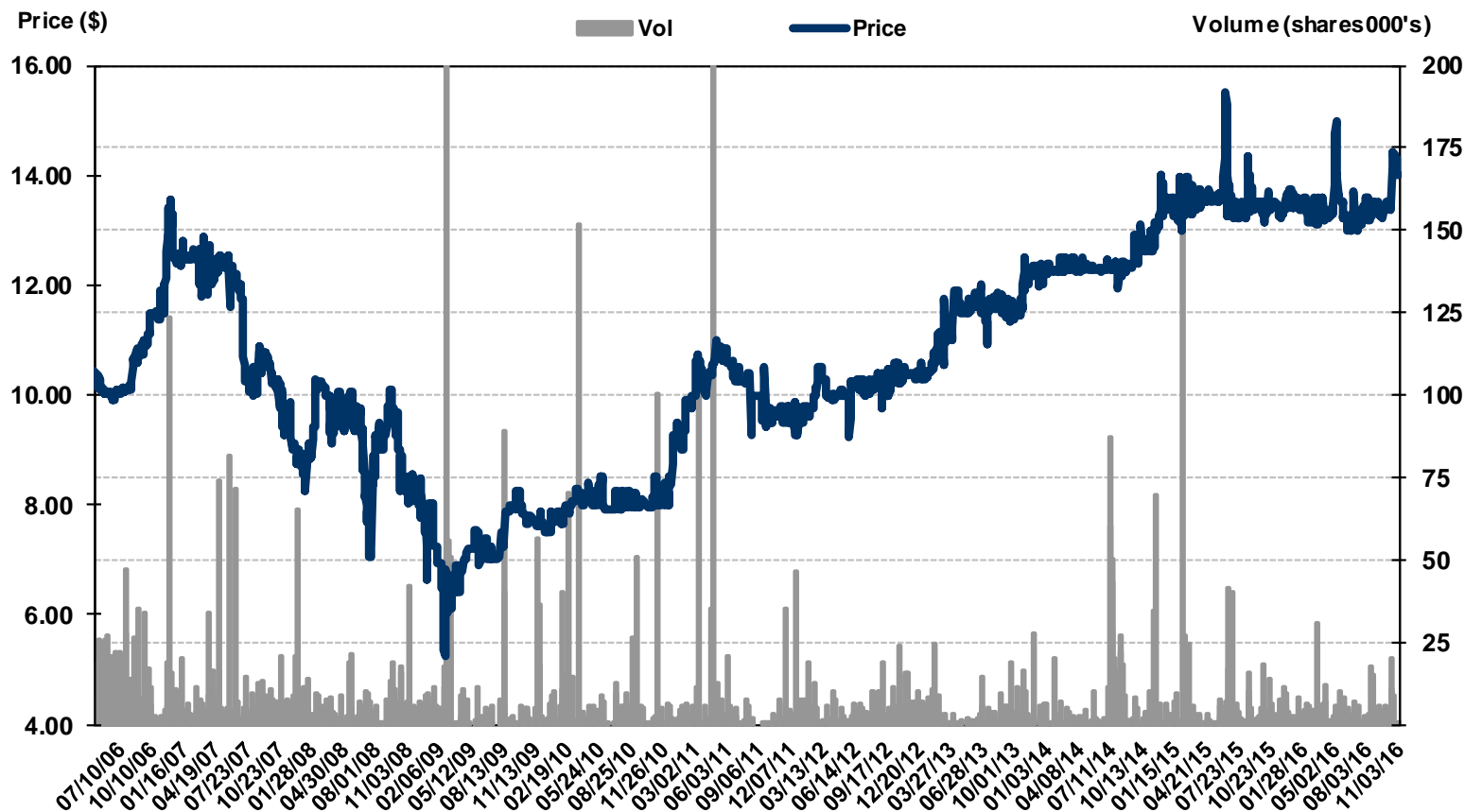
Continued Focus on Cost Control

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



LSBK Price / Volume Chart Since IPO

Price on 11/3/16 - \$14.01



Creating Shareholder Value

- ▶ High Capital Ratios enable organic growth without diluting shareholder value
- ▶ Consistent dividend payment history
- ▶ Stock buyback program in place

	2011	2012	2013	2014	2015	9/30/16
Tier 1 Ratio	21.3%	23.0%	24.4%	25.0%	24.2%	23.3%
Total RBC Ratio	21.8%	23.8%	25.1%	25.7%	24.9%	24.0%
Leverage Ratio	11.2%	12.1%	12.8%	13.2%	14.3%	14.8%
Equity / Total Assets	13.1%	13.9%	13.5%	14.7%	15.6%	16.2%
Dividends Per Share	\$0.28	\$0.28	\$0.28	\$0.28	\$0.28	\$0.21
Common Shares Outstanding	5,939,132	5,919,132	5,915,835	5,990,042	6,003,416	6,097,756

Strategic Focus to Enhance Value

- ▶ Grow deposits and diversify deposit mix, focus on low-cost core deposits
- ▶ Grow loan portfolio and diversify the mix from residential to commercial loans
- ▶ Grow and diversify non-interest income
- ▶ Control expenses
- ▶ Enhance the branch network and alternative delivery options
- ▶ Increase number of, and penetration within, customers
- ▶ Utilize capital market tools

QUESTIONS & ANSWERS



Appendix: Lake Shore Peer Data

Institution Name	Ticker	City, State	Total Assets (\$mm)
HarborOne Bancorp, Inc. (MHC)	HONE	Brockton, MA	2,267
Greene County Bancorp, Inc. (MHC)	GCBC	Catskill, NY	869
Provident Bancorp, Inc. (MHC)	PVBC	Amesbury, MA	760
NorthEast Community Bancorp, Inc. (MHC)	NECB	White Plains, NY	661
Magyar Bancorp, Inc. (MHC)	MGYR	New Brunswick, NJ	568
William Penn Bancorp, Inc. (MHC)	WMPN	Levittown, PA	316
Lincoln Park Bancorp (MHC)	LPBC	Lincoln Park, NJ	290
Seneca-Cayuga Bancorp, Inc. (MHC)	SCAY	Seneca Falls, NY	279
BV Financial, Inc. (MHC)	BVFL	Baltimore, MD	169
Gouverneur Bancorp, Inc. (MHC)	GOVB	Gouverneur, NY	141
Hometown Bancorp, Inc. (MHC)	HTWC	Walden, NY	121
Auburn Bancorp, Inc. (MHC)	ABBB	Auburn, ME	\$70
Average			\$543
Median			\$303