



LESTER LANGLEY, JR.
DANNY L. WILLIAMS
PHILLIP D. ABSHIRE, JR.
DAPHNE BORDELON BERKEN

NICHOLAS J. LANGLEY
PHILLIP D. ABSHIRE, III
SARAH CLARK WERNER
ALEXIS H. O'NEAL
JESSICA LOTT-HANSEN

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholders
Lakeside Bancshares, Inc. and Subsidiary
Lake Charles, Louisiana

Opinion

We have audited the accompanying financial statements of Lakeside Bancshares, Inc. and Subsidiary (a Louisiana corporation), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the related consolidated statements of operations and comprehensive income, changes in stockholders' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Lakeside Bancshares, Inc. and Subsidiary as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Lakeside Bancshares, Inc. and Subsidiary and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Lakeside Bancshares, Inc. and Subsidiary's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an

audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Lakeside Bancshares, Inc. and Subsidiary's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Lakeside Bancshares, Inc. and Subsidiary's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The separate bank information starting on page 42 is presented for the purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.



Lake Charles, Louisiana
April 14, 2023

LAKESIDE BANCSHARES, INC. AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS

December 31, 2022 and 2021

ASSETS	2022	2021
Cash and due from banks	\$ 18,024,202	\$ 4,148,909
Interest-bearing bank deposits	3,501,737	32,061,440
Federal funds sold	-	5,250,000
Cash and cash equivalents	21,525,939	41,460,349
Investment securities available-for-sale	397,187	689,706
Investment securities held-to-maturity	86,140,701	89,077,692
Restricted stock	330,500	327,400
Loans, net of allowance for credit losses	232,273,168	186,024,214
Prepaid income taxes	130,205	168,468
Bank premises and equipment, net of accumulated depreciation	8,247,601	8,120,016
Accrued interest receivable	1,045,254	939,518
Deferred tax asset	-	15,047
Foreclosed properties	23,000	60,500
Bank owned life insurance	2,057,987	2,011,266
Intangible asset	105,417	156,017
Other assets	337,367	599,012
TOTAL ASSETS	\$ 352,614,326	\$ 329,649,205

LAKESIDE BANCSHARES, INC. AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS - CONTINUED

December 31, 2022 and 2021

LIABILITIES AND STOCKHOLDERS' EQUITY	2022	2021
Deposits:		
Non-interest bearing	\$ 77,275,143	\$ 76,763,878
Interest-bearing	243,369,971	221,872,153
Total deposits	320,645,114	298,636,031
Federal Home Loan Bank advances	1,213,668	2,365,106
Other liabilities:		
Accrued interest payable	102,818	190,460
Accrued expenses	137,321	149,758
Deferred compensation	101,200	151,800
Deferred tax liability	19,754	-
Other liabilities	194,490	176,583
Total other liabilities	555,583	668,601
Stockholders' equity:		
Common stock; \$1 par value; 10,000,000 shares authorized; 2,098,133 shares issued and outstanding for 2022 and 2021	2,098,133	2,098,133
Additional paid-in-capital	20,756,053	20,756,053
Retained earnings	7,393,447	5,179,669
Accumulated other comprehensive loss	(47,672)	(54,388)
Total stockholders' equity	30,199,961	27,979,467
 TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	 \$ 352,614,326	 \$ 329,649,205

LAKESIDE BANCSHARES, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME

For the Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Interest income:		
Interest and fees on loans	\$ 9,936,879	\$ 8,433,472
Interest on investment securities	1,053,534	286,988
Interest on federal funds sold	56,413	5,856
Other interest income	265,666	156,237
Total interest income	<u>11,312,492</u>	<u>8,882,553</u>
Interest expense:		
Interest on deposits	658,816	1,140,197
Interest on borrowed funds	16,747	26,089
Total interest expense	<u>675,563</u>	<u>1,166,286</u>
Net interest income	10,636,929	7,716,267
Provision for credit losses	<u>446,000</u>	<u>180,000</u>
Net interest income after provision for credit losses	10,190,929	7,536,267
Non-interest income	1,080,751	1,197,338
Non-interest expenses	<u>(8,453,623)</u>	<u>(7,198,239)</u>
Net income before income tax expense	2,818,057	1,535,366
Income tax expense	<u>604,279</u>	<u>232,100</u>
Net income	2,213,778	1,303,266
Other comprehensive income:		
Change in unrealized holding gains (losses) on available-for-sale securities arising during the period, net of income tax expense (benefit) of \$1,785 in 2022 and \$(34,471) in 2021	<u>6,716</u>	<u>(129,679)</u>
Comprehensive income	<u>\$ 2,220,494</u>	<u>\$ 1,173,587</u>
Per common share data:		
Basic income per share	<u>\$ 1.06</u>	<u>\$ 0.62</u>
Weighted average number of shares outstanding	2,098,113	2,098,113