

**A Message from the President**

**Financial Statements**

**Board of Directors and Officers**



**Annual Report 2010**

## A Message from the President

To Our Customers and Friends:

We're happy to report that 2010 was a year of progress for Hyde Park Bank in recovering from the effects of the very deep recession of 2007–2009. Net income for the year totaled \$2 million, almost doubling the earnings achieved in 2009.

The positive net income growth was the result of a stable net interest margin, continued control over non-interest expenses and very favorable capital gains from the total return management of the securities portfolio. In fact, in 2010 the Bank achieved its best earnings performance since 2006.

While provisions for loan losses and expenses associated with the maintenance and sale of foreclosed real estate remained at high levels throughout the year, material progress was made in reducing problem assets. As a result, we anticipate that such expenses will be significantly less in 2011 than they were in 2010.

The balance sheet continues to reflect a high level of financial strength. Capital ratios continue to be significantly in excess of regulatory minimums for “well capitalized” status.

Total deposits declined almost \$9 million year to year, almost exclusively in the certificate of deposit (CD) category. This was primarily the result of our decision not to renew \$2.5 million of wholesale CDs, and the planned redirection of a portion of the deposits of one of our largest customers to alternative investments. All other deposit categories exhibited excellent growth.

Outstanding loans rose slightly to \$142 million. We hope to see more robust loan growth in 2011 as the economic recovery increases business confidence and as our renewed marketing efforts in the small business area gain strength.

We are excited about the improvements coming to 53rd Street, particularly the redevelopment of Harper Court by the University of Chicago. The development is described as including an office tower, a hotel, and a significant amount of retail space. Completion of a redevelopment effort of this size and scope should have a very positive effect on our community's primary commercial district as well as on Hyde Park Bank's business.

As always, we owe our success to those who continue to place their confidence in our Bank by using us as their trusted financial partner. While the financial services industry is increasingly dominated by gigantic, impersonal banks, we remain confident that there will always be a place for the personal service and community involvement that characterize Hyde Park Bank.

We are very grateful for your continued support.

Sincerely,



Timothy G. Goodsell  
President

## Consolidated Statements of Condition

Dollars in Thousands

	<u>Dec 31, 2010</u>	<u>Dec 31, 2009</u>
<b>ASSETS</b>		
Cash and due from banks	\$ 4,680	5,034
Securities available for sale	197,244	184,720
Loans, net of allowance for loan losses	141,622	140,154
Federal Home Loan Bank stock	2,664	2,664
Other investments	1,150	1,439
Premises and equipment, net	12,635	12,629
Other real estate owned, net of allowance	541	5,015
Accrued interest receivable and other assets	8,528	6,613
<b>Total assets</b>	<b><u>\$ 369,064</u></b>	<b><u>358,268</u></b>
<b>LIABILITIES</b>		
Demand deposits—non-interest bearing	\$ 41,136	41,233
Demand deposits—interest bearing	91,964	82,718
Savings deposits	18,885	18,169
Time deposits	76,561	96,963
<b>Total deposits</b>	<b><u>230,546</u></b>	<b><u>239,083</u></b>
Federal funds purchased and short-term borrowings	13,334	3,023
Securities sold under agreements to repurchase	83,500	83,500
Federal Home Loan Bank advances	10,000	—
Accrued interest payable and other liabilities	2,169	2,532
<b>Total liabilities</b>	<b><u>339,549</u></b>	<b><u>328,138</u></b>
<b>STOCKHOLDERS' EQUITY</b>		
Common stock	2,580	2,580
Surplus	16,610	16,610
Retained earnings	17,394	16,192
Accumulated other comprehensive income	(7,069)	(5,252)
<b>Total stockholders' equity</b>	<b><u>29,515</u></b>	<b><u>30,130</u></b>
<b>Total liabilities and stockholders' equity</b>	<b><u>\$ 369,064</u></b>	<b><u>358,268</u></b>

## Consolidated Statements of Income

Dollars in Thousands

	Dec 31, 2010	Dec 31, 2009
<b>Interest income</b>		
Loans, including fees	\$ 7,879	7,991
Excess funds sold	8	8
Investment securities		
Taxable	6,699	7,245
Exempt from federal income tax	1,331	1,402
Securities purchased under agreements to resell	2	330
<b>Total interest income</b>	<b>15,919</b>	<b>16,976</b>
<b>Interest expense</b>		
Deposits	1,413	2,661
Federal Home Loan Bank advances	247	88
Other borrowed funds	21	13
Securities sold under agreements to repurchase	3,740	3,870
<b>Total interest expense</b>	<b>5,421</b>	<b>6,632</b>
<b>Net interest income</b>	<b>10,498</b>	<b>10,344</b>
Provision for loan losses	2,150	1,675
<b>Net interest income after provision for loan losses</b>	<b>8,348</b>	<b>8,669</b>
<b>Non-interest income</b>		
Service charges on deposit accounts	535	613
Net security gains	3,249	1,070
Other income	320	373
Rental income	2,062	2,082
Other investments	74	99
<b>Total non-interest income</b>	<b>6,240</b>	<b>4,237</b>
<b>Non-interest expense</b>		
Salaries and employee benefits	5,034	4,904
Occupancy	1,893	1,861
Furniture and equipment	594	648
Data processing	764	770
Other expense	3,857	3,860
<b>Total non-interest expense</b>	<b>12,142</b>	<b>12,043</b>
<b>Income before income taxes</b>	<b>2,446</b>	<b>863</b>
Income tax expense (benefit)	445	(157)
<b>Net income</b>	<b>\$ 2,001</b>	<b>1,020</b>
<b>Earnings per share</b>	<b>\$ 7.76</b>	<b>3.95</b>

## Board of Directors

### DIRECTORS

**Timothy G. Goodsell**

Chairman of the Board  
President  
Hyde Park Bank

**H. Timothy Allwardt**

President  
Aegis Properties Corporation

**Patrick J. Barrett**

Executive Vice President  
Chief Financial Officer  
Hyde Park Bank

**Barbara L. Bowles**

Retired Vice Chair  
Profit Investment Management

**Carol Eastin**

Retired Executive  
Starbucks Coffee Company

**Roger R. Fross**

At Counsel  
Locke Lord Bissell & Liddell

**Dr. Paula K. Jaudes**

President  
Chief Executive Officer  
La Rabida Children's Hospital

**David Sensibar**

President  
Construction Aggregates  
Corporation

**Dr. Richard L. Tolliver, Ph. D.**

Rector  
St. Edmund's Episcopal Church

**David M. Truitt**

Partner  
Truitt, Brown and Truitt

## Officers

### EXECUTIVE OFFICERS

**Timothy G. Goodsell**

President

**Patrick J. Barrett**

Executive Vice President  
Chief Financial Officer

**Michael M. McGarry**

Executive Vice President  
Lending and Operations

**Robert J. Froio**

Senior Vice President  
Lending

**Paula Jones**

Senior Vice President, Cashier  
Operations

**Claudio Ricci**

Senior Vice President  
Lending

### OFFICERS

**Jeffrey B. Allen**

Commercial Lending Officer

**Stevie Ball**

Assistant Vice President  
Executive Banking

**Cheryl Bonander**

Vice President  
Marketing

**Chad Boulanger**

Vice President  
Mortgage Lending

**Gloria Carter-Lagon**

Information Technology Officer

**Howard Cohn**

Vice President  
Executive Banking

**Arlene Cygan**

Vice President  
Mortgage Lending Operations

**Monica Cyprian**

Assistant Vice President  
Training and Compliance

**Sheldon Dugan**

Human Resources Officer

**Brad Field**

Vice President  
Information Technology

**Dante L. Mosely**

Vice President  
Business Development,  
Branch Manager

**Catherine S. Magnuson**

Vice President  
Small Business Lending

**Rasheedah Quarles**

Assistant Vice President  
Operations

**Annette Reindorf**

Consumer Loan Officer

**Snjezana Segó**

Assistant Vice President  
Executive Banking

**Anthony Serratore**

Vice President and Controller

**Maria Spacucello**

Assistant Vice President  
Accounting

**Thomas Spangler**

Vice President  
Lending

**Sharon Terrazas**

Assistant Vice President  
Operations

**Anthony Williams**

Business Banking Officer

**Charlene Zralka**

Assistant Vice President  
Loan Operations



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