Profile and Business Review

West Suburban Bancorp, Inc. ("West Suburban") is the parent bank holding company of West Suburban Bank, Lombard, Illinois (the "Bank" and, together and consolidated with West Suburban, the "Company"). The Company had total assets at December 31, 2018 of approximately $2.3 billion and maintained 35 full-service branches, 9 limited-service branches and four departments providing insurance, land trust, financial and other services for the convenience of the customers of the Bank throughout DuPage, Kane, Kendall and Will Counties in Illinois. The Bank is one of the largest privately-held independent banks headquartered in DuPage County, Illinois and focuses on providing retail and commercial banking products and services in its market area. The Company had approximately 483 full-time equivalent employees at December 31, 2018.

West Suburban Bancorp, Inc.
Financial Highlights

	Years Ended December 31, (Dollars in thousands, except per share data) 2018	2017
Net income	$ 18,195	$ 15,391
Per share data		
Earnings per share	44.09	36.92
Dividends per share	14.25	11.25
Book value per share	538.96	520.01
Net loans	1,199,546	1,111,492
Total assets	2,251,719	2,269,264
Total deposits	2,017,187	2,017,654

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Special Note Concerning Forward-Looking Statements

This document and future oral and written statements of the Company and its management may contain forward-looking statements with respect to the financial condition, results of operations, plans, objectives, future performance and business of the Company. Forward-looking statements, which may be based upon beliefs, expectations and assumptions of the Company's management and on information currently available to management, are generally identifiable by the use of words such as "believe," "expect," "anticipate," "plan," "intend," "estimate," "may," "will," "would," "could," "should" or other similar expressions. A number of factors, many of which are beyond the ability of the Company to control or predict, can cause actual results to differ materially from those in its forward-looking statements. Additionally, all statements in this document, including forward-looking statements, speak only as of the date they are made, and the Company undertakes no obligation to update any statement in light of new information or future events.

To Our Shareholders, Customers and Friends,

In 2018, net income rose $2.8 million to $18.2 million or $44.09 per share from $15.4 million or $36.92 per share in 2017. The increase was primarily due to lower income taxes of $7.1 million resulting from tax reform. The lower corporate income tax rate became effective January 1, 2018. The corporate income tax rate decreased from 35% to 21% as a result of tax reform. The Company's net interest income after provision for loan losses increased $1.8 million. This was primarily due to an increase in loan interest income of $6.1 million. This increase was partially offset by increased deposit interest expense of $2.3 million and an increase in the provision for loan losses of $1.4 million.

Our net interest margin was 3.34% in 2018, an increase of 20 basis points from 3.14% in 2017. The increase was driven by higher interest rates on our assets due to four Federal Funds rate hikes which increased the rates on our floating rate loans along with the redeployment of funds from lower-yielding cash and cash equivalents and investment securities into higher-yielding loans, while our cost of funds remained stable. In 2019, we expect our net interest margin to increase as we continue to focus on loan growth and deploying available liquidity into higher yielding assets.

Our total assets decreased $17.5 million to $2.25 billion at December 31, 2018. The decrease was primarily due to decreased securities of $176.1 million. This decrease was offset by loan growth of $88.1 million and an increase in cash and cash equivalents of $68.1 million. The increase in loans was driven by growth in our commercial real estate loans of $58.8 million and commercial loans of $39.2 million. The increase in loans was funded primarily by a decline in investment securities. In 2019, we expect similar loan growth as our loan pipeline remains strong.

Our Bank remains well capitalized based upon regulatory guidelines. The Bank's Tier 1 Leverage Ratio, which is a ratio closely followed for community banks by regulators and the investment community, was approximately 9.68% at December 31, 2018 an increase from 9.33% at December 31, 2017.

Our Board of Directors approved total dividends of $14.25 per share in 2018, an increase from $11.25 per share in 2017. Our book value per share was $538.96 at December 31, 2018, an increase of 3.6% from $520.01 at December 31, 2017.

We continue to invest in our people, technology, and facilities to enhance the convenience, availability, and customer service for our customers. In 2018, we completed the installation of WSB Xpress at all of our branch locations allowing us to reach all our customers with this exciting service! WSB Xpress is an interactive teller technology that allows our customers to receive real time, face-to-face teller interaction using video technology 82 hours a week. We will be reopening our former branch location at 100 South Main St., Lombard in early 2019 with two WSB Xpress machines for the convenience of our customers in downtown Lombard and those utilizing the Metra train station. We have continued to upgrade our branches to the universal banker customer experience. The universal banker design removes the traditional teller line barrier between the customer and the banker and creates a more personalized one-on-one interaction. In 2019, we will introduce the universal banker design to an additional six branch locations, and continue to expand our digital marketing footprint.

Our core values include giving back to the communities we serve. In 2018, the Company supported community nonprofit organizations that offer food, shelter, and resources to improve the quality of life in our communities, medical facilities providing high quality care to children with special healthcare needs, and community centers providing services to promote responsible homeownership. Our dedicated employees also served on local boards, participated in community events, and volunteered for community nonprofit organizations.

We thank you for your continued support for the Company, its Board of Directors, and its management team. The West Suburban Bank team remains committed to maintaining our strong, well-capitalized, locally owned and managed community bank dedicated to serving our community and customers, as well as providing long term shareholder value.

Thanks again,

Kevin J. Acker
Chairman of the Board
and Chief Executive Officer

Duane G. Debs
President
and Chief Financial Officer

Crowe LLP
Independent Member Crowe Global

INDEPENDENT AUDITOR'S REPORT

Board of Directors
West Suburban Bancorp, Inc.
Lombard, Illinois

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of West Suburban Bancorp, Inc., which comprise the consolidated balance sheets as of December 31, 2018 and 2017, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of West Suburban Bancorp, Inc. as of December 31, 2018 and 2017, 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.

Report on Other Legal and Regulatory Requirements

We also have audited in accordance with auditing standards generally accepted in the United States of America, West Suburban Bancorp, Inc.'s internal control over financial reporting as of December 31, 2018, based on criteria established in the Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) relevant to reporting objectives for the express purpose of meeting the regulatory requirements of Section 112 of the Federal Deposit Insurance Corporation Improvement Act (FDICIA) and our report dated March 20, 2019 expressed unmodified opinion.

Crowe LLP

Crowe LLP

Oak Brook, Illinois
March 20, 2019

WEST SUBURBAN BANCORP, INC.
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2018 AND 2017

(Dollars in thousands)

	2018	2017
Assets		
Cash and due from banks	$ 118,169	$ 49,765
Federal funds sold	-	303
Total cash and cash equivalents	118,169	50,068
Securities		
Available for sale (amortized cost of $427,972 in 2018 and $513,745 in 2017)	420,130	510,986
Held to maturity (fair value of $381,621 in 2018 and $472,305 in 2017)	390,087	475,018
Federal Home Loan Bank stock	2,743	3,017
Total securities	812,960	989,021
Loans, less allowance for loan losses of $15,335 in 2018 and $15,508 in 2017	1,199,546	1,111,492
Bank-owned life insurance	39,908	39,168
Premises and equipment, net	55,342	51,234
Other real estate owned, net	8,987	12,601
Accrued interest and other assets	16,807	15,680
Total assets	$ 2,251,719	$ 2,269,264
Liabilities and shareholders' equity		
Deposits		
Demand-noninterest-bearing	$ 224,648	$ 239,940
Interest-bearing	1,792,539	1,777,714
Total deposits	2,017,187	2,017,654
Federal Home Loan Bank advances	-	25,000
Accrued interest and other liabilities	13,515	10,667
Total liabilities	2,030,702	2,053,321
Shareholders' equity		
Common stock, no par value; 15,000,000 shares authorized; 410,081 shares issued and outstanding at December 31, 2018; 415,268 at December 31, 2017	3,278	3,321
Surplus	26,648	30,211
Retained earnings	196,697	184,384
Accumulated other comprehensive loss	(5,606)	(1,973)
Total shareholders' equity	221,017	215,943
Total liabilities and shareholders' equity	$ 2,251,719	$ 2,269,264

See accompanying notes to consolidated financial statements.

WEST SUBURBAN BANCORP, INC.
CONSOLIDATED STATEMENTS OF INCOME
YEARS ENDED DECEMBER 31, 2018 AND 2017
(Dollars in thousands)

	2018	2017
Interest income		
Loans, including fees	$ 56,972	$ 50,861
Securities		
Taxable	18,104	19,067
Exempt from federal income tax	1,611	1,704
Interest income on balance due from depositiory institutions	764	387
Total interest income	77,451	72,019
Interest expense		
Deposits	7,648	5,398
Other	37	41
Total interest expense	7,685	5,439
Net interest income	69,766	66,580
Provision for (recovery of) loan losses	940	(500)
Net interest income after provision for loan losses	68,826	67,080
Noninterest income		
Service fees on deposit accounts	2,687	2,740
Debit card fees	3,243	3,021
Bank-owned life insurance	741	1,252
Net realized losses on securities transactions	(7)	-
Other	3,507	5,513
Total noninterest income	10,171	12,526
Noninterest expense		
Salaries and employee benefits	30,378	26,934
Occupancy	6,361	5,749
Furniture and equipment	8,047	7,027
Other real estate owned expense	1,687	2,556
FDIC assessments	894	963
Loan administration	627	650
Professional fees	1,420	1,277
Advertising and promotion	1,210	1,121
Other	5,263	5,911
Total noninterest expense	55,887	52,188
Income before income taxes	23,110	27,418
Income tax expense	4,915	12,027
Net income	$ 18,195	$ 15,391

See accompanying notes to consolidated financial statements.

WEST SUBURBAN BANCORP, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2018 AND 2017

(Dollars in thousands)

	2018	2017
Net Income	$ 18,195	$ 15,391
Other comprehensive income (loss)		
Unrealized gains on available for sale securities:		
Unrealized holding losses arising during the period	(5,090)	(379)
Reclassification adjustments for losses included in net income	7	-
Tax effect	1,450	182
Total other comprehensive income (loss)	(3,633)	(197)
Total comprehensive income	$ 14,562	$ 15,194

See accompanying notes to consolidated financial statements.

WEST SUBURBAN BANCORP, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
YEARS ENDED DECEMBER 31, 2018 AND 2017

(Dollars in thousands, except per share data)

	Common Stock and Surplus	Retained Earnings	Accumulated Other Compre-hensive Loss	Total Shareholders' Equity
Balance, January 1, 2017	$ 34,815	$ 173,334	$ (1,426)	$ 206,723
Repurchase and retirement of 2,179 shares of common stock	(1,283)	-	-	(1,283)
Net income	-	15,391	-	15,391
Cash dividends paid - $11.25 per share	-	(4,691)	-	(4,691)
Reclassification for the Tax Cuts and Jobs Act		350	(350)	-
Total other comprehensive loss	-	-	(197)	(197)
Balance, December 31, 2017	33,532	184,384	(1,973)	215,943
Repurchase and retirement of 5,187 shares of common stock	(3,606)	-	-	(3,606)
Net income	-	18,195	-	18,195
Cash dividends paid - $14.25 per share	-	(5,882)		(5,882)
Total other comprehensive loss	-	-	(3,633)	(3,633)
Balance, December 31, 2018	$ 29,926	$ 196,697	$ (5,606)	$ 221,017

See accompanying notes to consolidated financial statements.

WEST SUBURBAN BANCORP, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2018 AND 2017

(Dollars in thousands)	**2018**	2017
Cash flows from operating activities		
Net income	$ 18,195	$ 15,391
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	5,765	4,659
Provision for (recovery of) loan losses	940	(500)
Net premium amortization of securities	5,939	8,413
Net realized loss on securities transactions	7	-
Earnings on bank-owned life insurance	(740)	(1,252)
Net loss on sales of premises and equipment	-	29
Net gains on sales of other real estate owned	(31)	(117)
Write down of other real estate owned	1,474	1,876
(Increase) decrease in accrued interest and other assets	(975)	3,256
Increase (decrease) in accrued interest and other liabilities	2,858	(1,096)
Net cash provided by operating activities	33,432	30,659
Cash flows from investing activities		
Securities available for sale		
Sales	76,558	-
Maturities, calls and principal payments	84,526	94,088
Purchases	(46,411)	(61,642)
Securities held to maturity		
Maturities, calls and principal payments	65,914	75,855
Purchases	(14,540)	(112,398)
Redemption (purchase) of FHLB stock	274	(257)
Purchase of bank-owned life insurance	-	(5,000)
Proceeds from bank-owned life insurance	-	2,567
Net increase in loans	(89,692)	(52,655)
Purchases of premises and equipment	(9,911)	(7,223)
Sales of premises and equipment	38	249
Sales of other real estate owned	2,868	1,639
Net cash used in investing activities	69,624	(64,777)
Cash flows from financing activities		
Net decrease in deposits	(467)	(8,159)
Proceeds (repayment) of FHLB advances	(25,000)	25,000
Repurchase and retirement of common stock	(3,606)	(1,283)
Dividends paid	(5,882)	(4,691)
Net cash provided by financing activities	(34,955)	10,867
Net (decrease) increase in cash and cash equivalents	68,101	(23,251)
Beginning cash and cash equivalents	50,068	73,319
Ending cash and cash equivalents	$ 118,169	$ 50,068
Supplemental disclosures		
Cash paid for interest	$ 6,843	$ 6,620
Cash paid for income taxes	3,750	1,820
Other real estate acquired through or instead of loan foreclosure	697	1,937
Transfer from securities held to maturity to available for sale	30,809	-

See accompanying notes to consolidated financial statements.

Note 1 - Nature of Business and Summary of Significant Accounting Policies

West Suburban Bancorp, Inc. (“West Suburban”) through the branch network of its subsidiary, West Suburban Bank (the “Bank” and, together with West Suburban, the “Company”), operates 35 full-service branches, 9 limited-service branches and four departments providing insurance, land trust, financial and other services for the convenience of the customers of the Bank throughout DuPage, Kane, Kendall and Will Counties in Illinois. Customers in these areas are the primary consumers of the Company’s loan and deposit products and services. Although borrower cash flow is expected to be the primary source of repayment for the Company’s loans, the loans are generally secured by various forms of collateral or security, including real estate, business assets, consumer goods, personal guarantees and other items.

Principles of Consolidation
The consolidated financial statements include the accounts of West Suburban and the Bank. Significant intercompany accounts and transactions have been eliminated.

Subsequent Events
The Company has evaluated subsequent events for recognition and disclosure through March 20, 2019, which is the date the financial statements were available to be issued.

Use of Estimates
To prepare financial statements in conformity with accounting principles generally accepted in the United States of America, management makes estimates and assumptions, which are subject to change, based on available information. These estimates and assumptions affect the amounts reported in the financial statements and the disclosures provided, and actual results could differ.

Securities
Debt securities are classified into two categories: “available for sale” and “held to maturity.” Available for sale securities are carried at fair value with net unrealized gains and losses (net of deferred tax) reported in accumulated other comprehensive income as a separate component of shareholders’ equity. Held to maturity securities are carried at amortized cost as the Company has both the ability and positive intent to hold them to maturity. Interest income includes amortization of purchase premium or discount. Premiums and discounts on securities are amortized on the level-yield method without anticipating prepayments, except for mortgage-backed securities where prepayments are anticipated. Gains and losses on sales are recorded on the trade date and determined using the specific identification method. The Company does not engage in trading activities.

Management evaluates securities for other-than-temporary impairment (“OTTI”) on at least a quarterly basis, and more frequently when economic or market conditions warrant such an evaluation. For securities in an unrealized loss position, management considers the extent and duration of the unrealized loss, and the financial condition and near-term prospects of the issuer. Management also assesses whether it intends to sell, or it is more likely than not that it will be required to sell, a security in an unrealized loss position before recovery of its amortized cost basis. If either of the criteria regarding intent or requirement to sell is met, the entire difference between amortized cost and fair value is recognized as impairment through earnings. For debt securities that do not meet the aforementioned criteria, the amount of impairment is split into two components as follows: (1) OTTI related to credit loss, which must be recognized in the income statement, and (2) OTTI related to other factors, which is recognized in other comprehensive income. The credit loss is defined as the difference between the present value of the cash flows expected to be collected and the amortized cost basis.

Derivatives
At the inception of a derivative contract, the Company designates the derivative based on three types of hedges. These are (1) a hedge of the fair value of a recognized asset or liability or an unrecognized firm commitment (fair value hedge), (2) a hedge of a forecasted transaction or the variability of cash flows to be received or paid related to a recognized assets or liability (cash flow hedge), or (3) an instrument with no hedging (stand-alone derivative). As of December 31, 2018 the Company has one derivative which is designated as a fair value hedge. The gain or loss on the derivative, as well as the offsetting loss or gain on the hedged item, are recognized in current earnings as fair values change. Changes in the fair value of derivatives that are not highly effective in hedging the changes in fair value of the hedged item are recognized immediately in current earnings. Changes in the fair value of derivatives that do not qualify for hedge accounting are reported currently in earnings, as non-interest income.

Net cash settlements on derivatives that qualify for hedge accounting are recorded in interest income or interest expense, based on the items being hedged. Net cash settlements on derivatives that do not qualify for hedge accounting are reported in non-interest income.

The Company formally documents the relationship between the derivative and hedged items, as well as the risk-management objective and the strategy for undertaking the hedge transaction at the inception of the hedging relationship. This documentation includes linking fair value hedges to specific assets on the balance sheet. The Company also formally assesses both at the hedge's inception and on an ongoing basis, whether the derivative instruments that are used are highly effective in offsetting changes in fair values of the hedged items. The Company discontinues hedge accounting when it determines that the derivative is no longer effective in offsetting changes in the fair value of the hedged item, the derivative is settled or terminates, or treatment of the derivative as a hedge is no longer appropriate or intended.

When a fair value hedge is discontinued, the hedged asset or liability is no longer adjusted for changes in fair value and the existing basis adjustment is amortized or accreted over the remaining life of the asset or liability.

The fair value of the derivative is reflected in other liabilities, the fair value of the hedged item is reflected is securities available for sale with changes reflected in securities interest income.

Federal Home Loan Bank (FHLB) Stock
The Bank is a member of the FHLB system. Members are required to own a certain amount of stock based on the level of borrowings and other factors, and may invest in additional amounts. FHLB stock is carried at cost, classified as a restricted security, and periodically evaluated for impairment based on ultimate recovery of par value. Both cash and stock dividends are reported as income.

Loans
Loans that management has the intent and ability to hold for the foreseeable future or until maturity or payoff are reported at the principal balance outstanding, net of unearned interest, deferred loan fees and costs and an allowance for loan losses. Interest income is accrued on the unpaid balance of the Company's loans and includes amortization of net deferred loan fees and costs over the loan term. Loan origination fees, net of certain direct origination costs, are deferred and recognized in interest income using the level-yield method without anticipating prepayments.

Accrual of interest is generally discontinued on loans 90 days past due, or on an earlier date, if management believes, after considering economic and business conditions and collection efforts, that the borrower's financial condition is such that collection of principal or interest is doubtful. In some circumstances, a loan more than 90 days past due may continue to accrue interest if it is fully secured and in the process of collection. When a loan is classified as nonaccrual, interest previously accrued but not collected is charged back to interest income. When payments are received on nonaccrual loans they are first applied to principal, then to interest income and finally to expenses incurred for collection.

Allowance for Loan Losses
The allowance for loan losses is a valuation allowance for probable incurred credit losses in the loan portfolio. The allowance is increased by a provision for loan losses charged to earnings. Loan losses are charged against the allowance when management believes the un-collectability of a loan has been established. Subsequent recoveries, if any, are credited to the allowance. The allowance consists of specific and general components. The specific component relates to specific loans that are individually classified as impaired. The allowance for loan losses is evaluated monthly

based on management's periodic review of loan collectability in light of historical loan loss experience, the nature and volume of the loan portfolio, information about specific borrower situations and estimated collateral values and prevailing economic conditions. Although allocations of the allowance may be made for specific loans, the entire allowance is available for any loan that, in management's judgment, should be charged-off. Management's evaluation of loan collectability is inherently subjective as it requires estimates that are subject to significant revision as more information becomes available or as relevant circumstances change.

The Company evaluates commercial, commercial real estate, construction and development and residential real estate (mortgage and home equity) loans monthly for impairment. A loan is considered impaired when, based on current information and events, full payment under the loan terms is not expected. Loans for which the terms have been modified and for which the borrower is experiencing financial difficulties are considered troubled debt restructurings ("TDRs") and classified as impaired. Impairment is measured based on the present value of expected future cash flows discounted at the loan's effective interest rate or the fair value of the loan's collateral, if repayment of the loan is collateral dependent. A valuation allowance is maintained for the amount of impairment. Generally, loans 90 days or more past due and loans classified as nonaccrual status are considered for impairment. Impairment is considered on an entire category basis for smaller-balance loans of similar nature such as residential real estate and consumer loans, and on an individual basis for other loans. In general, consumer and credit card loans are charged-off no later than 120 days after a consumer or credit card loan becomes past due.

The general component covers pools of other loans not classified as impaired and is based on historical loss experience adjusted for current factors. The historical loss experience is determined by portfolio segment and is based on a rolling three year net charge-off history. This actual loss experience is supplemented with other economic factors based on the risks present for each portfolio segment. These factors include consideration of the following: levels and trends in past dues; trends in charge-offs and recoveries; trends in volume and terms of loans; effects of collateral deterioration; experience, ability and depth of lending management and other relevant staff; national and local economic trends; and trends in impaired loans including impaired loans, without specific allowance for loan losses. The following portfolio segments have been identified: commercial, commercial real estate, construction and development, residential real estate (mortgage and home equity) and consumer loans.

Commercial loans are made based primarily on the identified cash flow of the borrower and secondarily on the underlying collateral provided by the borrower. Most often, this collateral is accounts receivable, inventory, equipment or real estate. Repayment is primarily dependent upon the borrower's ability to service the debt based upon the cash flows generated from the underlying business. Secondary support involves liquidation of the pledged collateral and enforcement of a personal guarantee, if a guarantee is obtained.

Commercial real estate lending typically involves higher loan principal amounts, and the repayment of the loans generally is dependent, in large part, on sufficient income from the properties securing the loans to cover operating expenses and debt service. Economic events or governmental regulations outside of the control of the borrower or the Company may negatively impact the future cash flow and market values of the affected properties.

Construction and development lending involves additional risks because funds are advanced based upon values associated with the completed project, which are uncertain. Because of the uncertainties inherent in evaluating the construction cost estimates that the Company receives from its customers and other third parties, as well as the market value of the completed project and the effects of governmental regulation of real property, it is relatively difficult to evaluate accurately the total funds required to complete a project and the related loan-to-value ratio. As a result, construction and development loans often involve the disbursement of substantial funds with repayment dependent, in part, on the success of the ultimate project and the ability of the borrower to sell or lease the property, rather than the ability of the borrower or guarantor to repay principal and interest.

Residential real estate (mortgage and home equity) lending consists primarily of loans secured by first or second mortgages on primary residences. The loans are collateralized by owner-occupied properties located in the Company's market area. Mortgage title insurance is normally required on first mortgages and second mortgages $100,000 and greater. Hazard insurance is normally required on first and second mortgages.

The Company's consumer loans are primarily made up of credit card lines and installment loans. Credit card lines present inherent risk due to the unsecured nature of the product. The installment loans represent a relatively small portion of the Company's loan portfolio and are primarily secured by automobiles.

Bank-Owned Life Insurance ("BOLI")
The Company has purchased life insurance policies on certain officers and directors. BOLI is recorded at the amount that can be realized under the insurance contract at the balance sheet date, which is the cash surrender value adjusted for other charges or other amounts due that are probable at settlement.

Premises and Equipment
Land is carried at cost. Premises and equipment are stated at cost less accumulated depreciation. Depreciation is generally computed on the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized over the shorter of the useful life or lease term.

Other Real Estate Owned
Other real estate owned are initially recorded at fair value less costs to sell when acquired, establishing a new cost basis. Physical possession of residential real estate property collateralizing a residential mortgage loan occurs when legal title is obtained upon completion of foreclosure or when the borrower conveys all interest in the property to satisfy the loan through completion of a deed in lieu of foreclosure or through a similar legal agreement. These assets are subsequently accounted for at lower of cost or fair value less estimated costs to sell. If fair value declines subsequent to foreclosure, a valuation allowance is recorded through expense. Operating costs after acquisition are expensed

Loan Commitments and Related Financial Instruments
Financial instruments include off-balance sheet credit instruments, such as commitments to make loans and commercial letters of credit, issued to meet customer financing needs. The face amount for these items represents the exposure to loss, before considering customer collateral or ability to repay. Such financial instruments are recorded when they are issued.

Income Taxes
Income tax expense is the total of the current year income tax due or refundable and the change in deferred tax assets and liabilities. Deferred tax assets and liabilities are the expected future tax consequences of temporary differences between the carrying amounts and the tax basis of assets and liabilities, computed using enacted tax rates. A valuation allowance, if needed, reduces deferred tax assets to the amount expected to be realized.

A tax position is recognized as a benefit only if it is "more likely than not" that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that has a greater than 50% likelihood of being realized on examination. For tax positions not meeting the "more likely than not" test, no tax benefit is recorded.

The Company recognizes interest and/or penalties related to income tax matters in income tax expense.

401(k) Profit Sharing Plan, Employee Stock Ownership Plan (ESOP) and Other Retirement Plans
The Bank maintains the West Suburban Bank 401(k) Profit Sharing Plan to assist the Company in recruiting and retaining its personnel. Participation in the plan is subject to certain age and service requirements. Although the Company currently intends to match a percentage of the contributions that each employee voluntarily makes to the plan, all contributions by the Company are discretionary and subject to review by the Bank's Board of Directors from time to time. The plan is also intended to enable long time employees of the Company that also participate in the ESOP to diversify their retirement savings.

The Bank also maintains an ESOP, which is a noncontributory tax qualified retirement plan that covers employees who have satisfied specific service requirements. Subject to review by the Bank's Board of Directors, the Bank may make contributions to the ESOP for the benefit of the participants from time to time. Dividends declared on common stock owned by the ESOP are charged against retained earnings. Dividends paid on ESOP shares are passed through to participants, who have the option to receive cash or reinvest in the plan. Earned and allocated ESOP shares are voted by the respective participants.

The Company has deferred compensation arrangements with certain former and current executive officers and directors. Deferred compensation expense allocates the benefits over years of service.

Cash Flows
For purposes of reporting cash flows, cash and cash equivalents include cash and due from banks and federal funds sold. Generally, federal funds are sold for one-day periods. Net cash flows are reported for customer loan, deposit, and federal funds purchased.

Comprehensive Income
Comprehensive income includes net income and other comprehensive income. Other comprehensive income includes unrealized gains and losses on available for sale securities, net of reclassification adjustments and deferred tax effects.

Loss Contingencies
Loss contingencies, including claims and legal actions arising in the ordinary course of business, are recorded as liabilities when the likelihood of loss is probable and an amount or range of loss can be reasonably estimated. Management does not believe there now are such matters that will have a material effect on the financial statements.

Restrictions on Cash
Cash on hand or on deposit with the Federal Reserve Bank of $15,654 and $18,942 was required to meet regulatory reserve and clearing requirements at year-end 2018 and 2017, respectively.

Dividend Restrictions
Banking regulations require maintaining certain capital levels and may limit the dividends paid by the Bank to West Suburban or by West Suburban to shareholders. (See Note 14 in the Consolidated Financial Statements for more specific disclosure.)

Fair Value of Financial Instruments
Fair value of financial instruments are estimated using relevant market information and other assumptions. (See Note 12 in the Consolidated Financial Statements for more specific disclosure.) Fair value estimates involve uncertainties and matters of significant judgment regarding interest rates, credit risk, prepayments, and other factors, especially in the absence of broad markets for particular items. Changes in assumptions or in market conditions could significantly affect the estimates.

Reclassifications
Certain reclassifications have been made in prior years' financial statements to conform to the current year's presentation.

Note 2 - Securities

The amortized cost, unrealized gains and losses and fair value of securities available for sale are as follows at December 31:

	2018			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Mortgage-backed: residential	385,523	290	(8,081)	377,732
States and political subdivisions	42,449	61	(112)	42,398
Total	$ 427,972	$ 351	$ (8,193)	$ 420,130

	2017			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. government sponsored enterprises	$ 2,999	$ -	$ (20)	$ 2,979
Mortgage-backed: residential	456,193	1,510	(4,375)	453,328
States and political subdivisions	54,553	210	(84)	54,679
Total	$ 513,745	$ 1,720	$ (4,479)	$ 510,986

U.S. government sponsored enterprises securities and mortgage-backed: residential securities consist of residential mortgage-backed securities issued by U.S. government sponsored enterprises and agencies, including primarily Fannie Mae, Freddie Mac and Ginnie Mae, each an enterprise that the government has affirmed its commitment to support. The amortized cost, unrecognized gains and losses and fair value of securities held to maturity are as follows at December 31:

	2018			
	Amortized Cost	Gross Unrecognized Gains	Gross Unrecognized Losses	Fair Value
U.S. Treasuries	$ 10,032	$ 200	$ -	$ 10,232
U.S. government sponsored enterprises	24,350	-	(480)	23,870
Mortgage-backed: residential	327,921	31	(8,077)	319,875
States and political subdivisions	27,784	235	(375)	27,644
Total	$ 390,087	$ 466	$ (8,932)	$ 381,621

	2017			
	Amortized Cost	Gross Unrecognized Gains	Gross Unrecognized Losses	Fair Value
U.S. Treasuries	$ 20,043	$ 466	$ -	$ 20,509
U.S. government sponsored enterprises	24,350	-	(517)	23,833
Mortgage-backed: residential	409,914	1,759	(4,643)	407,030
States and political subdivisions	20,711	292	(70)	20,933
Total	$ 475,018	$ 2,517	$ (5,230)	$ 472,305

The amortized cost and fair value of debt securities available for sale and held to maturity at December 31, 2018 are shown by contractual maturity. Expected maturities will differ from contractual maturities because issuers may have the right to call or prepay obligations with or without call or prepayment penalties. Securities with an amortized cost of approximately $39,071 are callable in 2019. Securities not due at a single maturity date are shown separately.

	Available for Sale		Held to Maturity	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Due in 1 year or less	$ 10,087	$ 10,070	$ 9,890	$ 9,887
Due after 1 year through 5 years	30,728	30,695	39,799	39,622
Due after 5 years through 10 years	1,634	1,633	3,997	4,029
Due after 10 years	-	-	8,480	8,208
Mortgage-backed: residential	385,523	377,732	327,921	319,875
Total	$ 427,972	$ 420,130	$ 390,087	$ 381,621

Sales of securities available for sale were as follows:

	2018	**2017**
Proceeds from sales	$ 76,558	$ -
Gross realized gains	525	-
Gross realized losses	(532)	-

Securities with a carrying value of approximately $86,456 and $87,907 at December 31, 2018 and 2017, respectively, were pledged to secure public deposits, fiduciary activities and for other purposes required or permitted by law.

At December 31, 2018 and 2017, the Company did not hold any securities of any single issuer in excess of 10% of the Company's shareholders' equity, except from U.S. government sponsored enterprises.

During 2018 the Company transferred $30,809 of securities held to maturity to securities available for sale as permitted upon adoption of ASU 2017-12. These securities are eligible to be hedge under the "last of layer" method (as defined), which means they are pre-payable financial assets or secured by a portfolio of pre-payable financial assets.

Securities with unrealized losses at year-end 2018 and 2017 not recognized in income are presented below by the length of time the securities have been in a continuous unrealized loss position:

	2018					
	Less than 12 Months		12 Months or More		Total	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
U.S. government sponsored enterprises	$ -	$ -	$ 23,870	$ (480)	$ 23,870	$ (480)
Mortgage-backed: residential	169,546	(2,926)	473,228	(13,232)	642,774	(16,158)
States and political subdivisions	23,221	(318)	15,008	(169)	38,229	(487)
Total temporarily impaired	$ 192,767	$ (3,244)	$ 512,106	$ (13,881)	$ 704,873	$ (17,125)

	2017					
	Less than 12 Months		12 Months or More		Total	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
U.S. government sponsored enterprises	$ -	$ -	$ 26,812	$ (537)	$ 26,812	$ (537)
Mortgage-backed: residential	326,138	(2,455)	254,530	(6,563)	580,668	(9,018)
States and political subdivisions	23,720	(136)	2,381	(18)	26,101	(154)
Total temporarily impaired	$ 349,858	$ (2,591)	$ 283,723	$ (7,118)	$ 633,581	$ (9,709)

The unrealized losses at December 31, 2018 were in U.S. government sponsored enterprise securities, mortgage-backed: residential and states and political subdivisions. Because the decline in fair value on the debt securities is attributable to changes in interest rates and illiquidity, and not credit quality, and because the Company does not have the intent to sell these securities and management believes it is not more likely than not that the Company will be required to sell the securities before their anticipated recovery, the Company does not consider these securities to be other-than-temporarily impaired at December 31, 2018.

Note 3 - Loans

The Company makes commercial, residential real estate and consumer loans primarily to customers throughout the western suburbs of Chicago. From time to time, the Company will make loans outside of its market area. Major classifications of loans were as follows at December 31:

	2018	2017
Commercial	$ 352,413	$ 313,164
Commercial real estate	516,786	457,989
Construction and development	98,003	104,862
Residential real estate:		
Mortgage	153,228	149,712
Home equity	83,107	88,764
Consumer	11,344	12,509
Total	1,214,881	1,127,000
Allowance for loan losses	(15,335)	(15,508)
Loans, net	$ 1,199,546	$ 1,111,492

Changes in the allowance for loan losses by portfolio segment were as follows:

	Commercial	Commercial Real Estate	Construction and Development	Residential Real Estate	Consumer	Total
December 31, 2018						
Balance, beginning of year	$ 8,135	$ 3,326	$ 1,274	$ 2,572	$ 201	$ 15,508
Provisision for (recovery of) loan losses	22	742	199	(118)	95	940
Charge-offs	(1,160)	-	(137)	(271)	(148)	(1,716)
Recoveries	324	-	-	226	53	603
Balance, end of year	$ 7,321	$ 4,068	$ 1,336	$ 2,409	$ 201	$ 15,335
December 31, 2017						
Balance, beginning of year	$ 8,342	$ 4,111	$ 1,889	$ 2,225	$ 159	$ 16,726
Provisision for (recovery of) loan losses	(378)	(606)	(464)	807	141	(500)
Charge-offs	(171)	(192)	(151)	(536)	(134)	(1,184)
Recoveries	342	13	-	76	35	466
Balance, end of year	$ 8,135	$ 3,326	$ 1,274	$ 2,572	$ 201	$ 15,508

The balance of the allowance for loan losses and the recorded investment (which does not include accrued interest) in loans by portfolio segment and based on impairment method were as follows:

	Commercial	Commercial Real Estate	Construction and Development	Residential Real Estate	Consumer	Total
December 31, 2018						
Allowance for loan losses attributable to loans:						
Individually evaluated for impairment	$ 2,477	$ 561	$ -	$ 621	$ -	$ 3,659
Collectively evaluated for impairment	4,844	3,507	1,336	1,788	201	11,676
Total ending allowance balance	$ 7,321	$ 4,068	$ 1,336	$ 2,409	$ 201	$ 15,335
Loans:						
Individually evaluated for impairment	$ 12,402	$ 8,916	$ 8,989	$ 7,277	$ 48	$ 37,632
Collectively evaluated for impairment	340,012	507,870	89,013	229,058	11,296	1,177,249
Total ending loan balance	$ 352,414	$ 516,786	$ 98,002	$ 236,335	$ 11,344	$ 1,214,881
December 31, 2017						
Allowance for loan losses attributable to loans:						
Individually evaluated for impairment	$ 3,293	$ 132	$ -	$ 770	$ -	$ 4,195
Collectively evaluated for impairment	4,842	3,194	1,274	1,802	201	11,313
Total ending allowance balance	$ 8,135	$ 3,326	$ 1,274	$ 2,572	$ 201	$ 15,508
Loans:						
Individually evaluated for impairment	$ 17,358	$ 7,514	$ 9,488	$ 8,690	$ 284	$ 43,334
Collectively evaluated for impairment	295,806	450,475	95,374	229,786	12,225	1,083,666
Total ending loan balance	$ 313,164	$ 457,989	$ 104,862	$ 238,476	$ 12,509	$ 1,127,000

Loans individually evaluated for impairment by class of loans were as follows:

	Unpaid Principal Balance	Recorded Investment	Allowance for Loan Losses Allocated
December 31, 2018			
With no related allowance recorded:			
Commercial	$ 699	$ 699	$ -
Commercial real estate	6,188	6,165	-
Construction and development	8,990	8,989	-
Residential real estate:			
Mortgage	1,968	1,958	-
Home equity	-	-	-
Consumer			
With an allowance recorded:			
Commercial	12,610	11,703	2,477
Commercial real estate	2,798	2,751	561
Construction and development	-	-	-
Residential real estate:			
Mortgage	4,963	4,961	621
Home equity	356	356	-
Consumer	48	48	-
Total	$ 38,620	$ 37,630	$ 3,659
December 31, 2017			
With no related allowance recorded:			
Commercial	$ 7,014	$ 6,981	$ -
Commercial real estate	6,368	5,983	-
Construction and development	9,639	9,488	-
Residential real estate:			
Mortgage	1,950	1,948	-
Home equity	356	356	-
Consumer	284	284	-
With an allowance recorded:			
Commercial	10,676	10,377	3,293
Commercial real estate	1,532	1,531	132
Construction and development	-	-	-
Residential real estate:			
Mortgage	6,387	6,386	770
Home equity	-	-	-
Consumer	-	-	-
Total	$ 44,206	$ 43,334	$ 4,195

Average impaired loans by class were as follows at December 31:

	2018	2017
Commercial	$ 13,296	$ 8,890
Commercial real estate	8,373	10,935
Construction and development	9,274	7,641
Residential real estate:		
Mortgage	7,774	8,300
Home equity	356	509
Consumer	-	348
Total	$ 39,073	$ 36,623

Interest income recognized during impairment was $932 and $1,249 for the years ended December 31, 2018 and 2017, respectively.

Nonperforming loans and loans past due 90 days or more still on accrual include both smaller balance homogeneous loans that are collectively evaluated for impairment and individually classified impaired loans.

The recorded investment in nonaccrual and loans past due 90 days or more still on accrual by class of loans was as follows:

	Nonaccrual	Loans Past Due 90 Days or More Still on Accrual
December 31, 2018		
Commercial	$ 10,753	$ -
Commercial real estate	2,981	1,007
Construction and development	8,989	-
Residential real estate:		
Mortgage	788	-
Home equity	934	-
Consumer	48	-
Total	$ 24,493	$ 1,007

	Nonaccrual	Loans Past Due 90 Days or More Still on Accrual
December 31, 2017		
Commercial	$ 9,049	$ -
Commercial real estate	773	281
Construction and development	9,488	-
Residential real estate:		
Mortgage	770	-
Home equity	731	-
Consumer	-	-
Total	$ 20,811	$ 281

Loans past due 90 days or more still on accrual are generally considered to be well-collateralized and in the process of collection. There were $1,007 loans past due 90 days or more still on accrual as of December 31, 2018 and $281 as of December 31, 2017.

The aging of the recorded investment in past due loans were as follows:

	30 - 59 Days Past Due	60 - 89 Days Past Due	90 Days or More Past Due	Total Past Due	Loans Not Past Due	Total
December 31, 2018						
Commercial	$ 2,037	$ 674	$ 611	$ 3,322	$ 349,091	$ 352,413
Commercial real estate	1,207	-	2,071	3,278	513,508	516,786
Construction and development	-	-	8,989	8,989	89,014	98,003
Residential real estate:						
Mortgage	1,604	141	146	1,891	151,337	153,228
Home equity	-	16	555	571	82,536	83,107
Consumer	6	23	13	42	11,302	11,344
Total	$ 4,854	$ 854	$ 12,385	$ 18,093	$ 1,196,788	$ 1,214,881
December 31, 2017						
Commercial	$ 35	$ 7,256	$ 866	$ 8,157	$ 305,007	$ 313,164
Commercial real estate	798	332	1,054	2,184	455,805	457,989
Construction and development	-	-	9,488	9,488	95,374	104,862
Residential real estate:						
Mortgage	1,228	352	541	2,121	147,591	149,712
Home equity	507	37	214	758	88,006	88,764
Consumer	6	9	-	15	12,494	12,509
Total	$ 2,574	$ 7,986	$ 12,163	$ 22,723	$ 1,104,277	$ 1,127,000

During the years ended December 31, 2018 and 2017, the terms of certain loans were modified as TDRs. The modification of the terms of such loans included one or a combination of the following: a reduction of the stated interest rate of the loan; an extension of the maturity date at a stated rate of interest lower than the current market rate for new debt with similar risk; or a permanent reduction of the recorded investment in the loan.

At December 31, 2018, the Company had $17,834 of loans considered TDRs, which are considered impaired loans, compared to $23,269 as of December 31, 2017. As of December 31, 2018 and 2017, the Company has specifically allocated allowance for loan losses of $1,314 to loans considered to be TDRs with a principal balance of $8,853 and $1,355 to loans considered to be TDRs with a principal balance of $9,574, respectively. The remaining TDRs did not have impaired cash flows or are considered to be collateral dependent and do not have specific allocations of the allowance due to partial charge-offs and the loans being well-collateralized. Management has not committed to lend additional amounts to customers with outstanding loans that are classified as TDRs.

The following table presents loans by class modified as TDRs during the years ended:

	Number of Loans	Pre-Modification Outstanding Recorded Investment	Post-Modification Outstanding Recorded Investment
December 31, 2018			
Commercial	1	$ 14	$ 14
Commercial real estate	1	1,646	1,665
Residential real estate:			
Mortgage	1	84	84
Total	3	$ 1,744	$ 1,763
December 31, 2017			
Commercial	3	$ 6,632	$ 6,632
Commercial real estate	2	721	721
Residential real estate:			
Mortgage	1	281	281
Total	6	$ 7,634	$ 7,634

The loans modified as TDRs during the year increased the allowance for loan losses by $398 and $56, respectively, for the years ended December 31, 2018 and 2017.

During 2018, modifications involving periods were for periods ranging 18 months to 360 months. There were modifications related to the stated interest rate of 4.00% to 7.00% with no reduction in principal of the loan. During 2017, there were no modifications involving a reduction of the stated interest rate of the loan, periods ranging from 60 months to 240 months, and no reduction in principal of the loan. Modifications involving an extension of the maturity date were for periods of 360 months. There were no modifications involving interest only periods.

For the year ended December 31, 2018, there was one TDR modified for $14 for which there was a payment default following the modification. For December 31, 2017 there were no TDR's modified for which there was a payment default following the modification. There were no increases to the allowance for losses and no charge-offs for the TDRs that subsequently defaulted for the years ended December 31, 2018 and 2017.

A loan is considered to be in payment default once it is 90 days past due under the modified contractual terms. Loans less than $100 will not be evaluated for impairment under TDR accounting guidance.

In order to determine whether a borrower is experiencing financial difficulty, an evaluation is performed of the probability that the borrower will be in payment default on any of its debt in the foreseeable future without the modification. This evaluation is performed under the Company's internal underwriting policy.

The Company categorizes its non-homogeneous loans into risk categories based on relevant information about the ability of borrowers to service their debt such as, among other factors: current financial information; historical payment experience; credit documentation; public information; and current economic trends. The Company analyzes loans individually by classifying the loans as to credit risk. This analysis includes certain non-homogeneous loans, such as commercial, commercial real estate and construction and development loans. This analysis is done continually on a loan by loan basis. The Company uses the following definitions for classified risk ratings:

> Substandard: Loans designated as substandard are inadequately protected by the current net worth and paying capacity of the obligor or of the collateral pledged, if any. Loans have a well-defined weakness or weaknesses that jeopardize the liquidation of the debt. They are characterized by the distinct possibility that the Company will sustain some loss if the deficiencies are not corrected.

Doubtful: Loans classified as doubtful have all the weaknesses inherent in those classified as substandard, with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of currently existing facts, conditions and values, highly questionable and improbable.

Loans meeting the criteria above are considered classified rated loans. Loans not meeting the criteria above that are analyzed individually as part of the above described process are considered to be pass rated loans. The risk categories of loans were as follows:

	Classified	Pass	Total
December 31, 2018			
Commercial	$ 25,761	$ 326,652	$ 352,413
Commercial real estate	9,299	507,487	516,786
Construction and development	8,990	89,013	98,003
Total	$ 44,050	$ 923,152	$ 967,202
December 31, 2017			
Commercial	$ 30,108	$ 283,056	$ 313,164
Commercial real estate	8,202	449,787	457,989
Construction and development	9,488	95,374	104,862
Total	$ 47,798	$ 828,217	$ 876,015

Note 4 - Premises and Equipment

Major classifications of assets comprising premises and equipment are summarized as follows at December 31:

	2018	2017
Land	$ 15,510	$ 15,529
Premises	71,106	65,671
Furniture and equipment	69,563	65,418
Total	156,179	146,618
Less accumulated depreciation	(100,837)	(95,384)
Premises and equipment, net	$ 55,342	$ 51,234

The Company leases certain branch properties and equipment under operating leases. Rent expense was $336 and $343 for 2018 and 2017, respectively. Rent commitments before considering renewal options that generally are present, are summarized as follows:

2019	$ 318
2020	240
2021	10
2022	-
2023	-
Total	$ 568

Note 5 - Other Real Estate Owned

Activity in other real estate owned was as follows at December 31:

	2018	2017
Beginning balance	$ 12,601	$ 14,062
Acquired through or instead of loan foreclosure	697	1,937
Reductions from sales	(2,837)	(1,522)
Write-downs	(1,474)	(1,876)
Ending balance	$ 8,987	$ 12,601

At December 31, 2018 and 2017, the balance of real estate owned includes $330 and $892, respectively of foreclosed residential real estate properties recorded as a result of obtaining physical possession of the property. At December 31, 2018 and 2017, the recorded investment of loans secured by residential real estate in which formal foreclosure proceeds are in process was $1,216 and $740, respectively.

There was no valuation allowance on other real estate owned at December 31, 2018 and 2017, respectively. Expenses, excluding write-downs relating to other real estate owned, for 2018 and 2017 were $213 and $679, respectively.

Note 6 - Deposits

The major categories of deposits are summarized as follows at December 31:

	2018	2017
Demand-noninterest-bearing	$ 224,648	$ 239,940
NOW	36,976	29,481
Money market checking	530,311	565,137
Savings	997,859	983,148
Time deposits		
Less than $250,000	203,694	187,560
$250,000 and greater	23,699	12,388
Total	$ 2,017,187	$ 2,017,654

At December 31, 2018, the scheduled maturities of time deposits were as follows:

2019	$ 97,231
2020	75,487
2021	19,509
2022	7,502
2023	27,664
Total	$ 227,393

Note 7 - Income Taxes

Income tax expense is as follows for the years ended December 31:

	2018	2017
Current tax expense		
Federal	$ 2,280	$ 6,143
State	1,339	1,650
Deferred tax expense	1,650	1,655
(Benefit) expense due to tax rate changes	(354)	2,579
Total	$ 4,915	$ 12,027

The Company's effective tax rate is lower than the statutory rate of 21% in 2018 and 35% in 2017 primarily due to tax-exempt income, ESOP dividends, earnings from bank-owned life insurance, and state taxes, net of federal benefit.

The temporary differences which created deferred tax assets and liabilities at December 31 are summarized below:

	2018	2017
Deferred tax assets		
Allowance for loan losses	$ 4,370	$ 4,417
Deferred compensation	1,371	1,272
Bad debt conformity recoveries	1,155	1,540
Other real estate owned	1,371	1,376
Net unrealized loss on securities available for sale	2,235	786
Total deferred tax assets	10,502	9,391
Deferred tax liabilities		
Depreciation	2,811	1,638
Deferred loan costs	571	843
Federal Home Loan Bank stock dividends	119	131
Deposit base intangible	203	203
Qualified prepaid expenses	395	325
Total deferred tax liabilities	4,099	3,140
Net deferred tax assets	$ 6,403	$ 6,251

On December 22, 2017, H.R.1, commonly known as the Tax Cuts and Jobs Act (the "Act"), was signed into law. Among other things, the Act reduced the corporate federal corporate income tax rate from 35% to 21% effective January 1, 2018. As a result, the Company was required to re-measure, through income tax expense, deferred tax assets and liabilities using the newly enacted rate. The re-measure of net deferred tax assets resulted in additional tax expense of $2,850 in 2017. The Company also re-measured the net deferred tax assets as a result of the Illinois income tax increase effective as of July 1, 2017. This resulted in a benefit of $271 in 2017. After completing the 2017 tax return, the Company recorded a tax benefit of $354 to adjust the re-measurement of the net deferred tax assets.

Management believes it is more likely than not that the remaining deferred tax assets as of December 31, 2018 and 2017, will be realized. Therefore, no valuation allowance has been established.

At December 31, 2017, the Company early adopted ASU 2018-02 and reclassified from retained earnings and into accumulated other comprehensive loss $350 of tax that was recorded to income tax expense at December 31, 2017 due to re-measuring to 21% deferred taxes on available for sale securities.

There were no unrecognized tax benefits as of December 31, 2018 and 2017. The Company does not expect a significant change in the unrecognized tax benefit in the next twelve months. During 2018 and 2017, the Company did not record any interest or penalties related to income tax matters in income tax expense. The Company and its subsidiaries are subject to U.S. federal income tax as well as income tax of the State of Illinois. The Company is no longer subject to examination by taxing authorities for years before 2015.

Note 8 - Benefit Plans

The Bank maintains the West Suburban Bank 401(k) Profit Sharing Plan (the "401(k) Plan"), which currently serves as the Company's principal retirement plan. The 401(k) Plan was established to address the limited availability of West Suburban common stock for acquisition by the ESOP and to offer participants an avenue to diversify their retirement savings. The Company recorded expenses totaling $731 and $666 during 2018 and 2017, respectively, for contributions to the 401(k) Plan.

The Bank also maintains an ESOP, which is a noncontributory tax qualified retirement plan that covers employees who have satisfied specific service requirements. The ESOP provides incentives to employees by granting participants an interest in West Suburban common stock, which represents the ESOP's primary investment.

At December 31, 2018 and 2017, the ESOP held 69,821 and 76,101 shares of West Suburban common stock, respectively, that were allocated to ESOP participants. Upon termination of their employment, participants who elect to receive their benefit distributions in the form of West Suburban common stock may request the Company to purchase, when the Company is legally permitted to purchase its common stock, the common stock distributed at the appraised fair value during two 60-day periods. The first purchase period begins on the date the benefit is distributed and the second purchase period begins on the first anniversary of the distribution date. The estimated fair value of the common stock allocated to the ESOP participants was $48,945 and $50,455 at December 31, 2018 and 2017, respectively.

During 2018 and 2017, the ESOP distributed $4,043 and $1,988, respectively, in cash representing the interests of participants. In addition, the ESOP distributed 1,293 shares of West Suburban common stock in 2018 and 868 shares in 2017. The Company recorded expenses totaling $368 and $322 during 2018 and 2017, respectively, for contributions to the ESOP Plan.

An individual account is established for each participant under the 401(k) Plan and the ESOP, and the benefits payable upon retirement, termination, disability or death are based upon service, the amount of the employer's, and for the 401(k) Plan, the applicable participant's, contributions to such retirement plans and any income, expenses, gains and losses and forfeitures allocated to the participant's account.

The Company maintains deferred compensation arrangements with certain former and current executive officers and certain members of the Bank's Board of Directors. The deferred compensation was $75 for each of the years ended December 31, 2018 and 2017. Executive officers can elect to defer the payment of a percentage of their salaries and cash bonuses, if any, and members of the Bank's Board of Directors can elect to defer the payment of their directors' fees. In addition, the Company can elect to make annual contributions for the benefit of current participants in the Company's deferred compensation arrangements. The annual contributions for certain senior executive officers were $75 in both 2018 and 2017 or $25 per officer.

The total accumulated liability for all deferred compensation arrangements was $4,812 and $4,467 at December 31, 2018 and 2017, respectively. These amounts are included in accrued interest and other liabilities in the consolidated balance sheets.

Note 9 – FHLB Advances

Term advances for the FHLB borrowings totaled $0 at December 31, 2018 and $25.0 million at December 31, 2017.

Although no loans are specifically pledged, the FHLB requires the Bank to maintain eligible collateral (qualifying loans and investments securities) that has a lending value at least equal to its required collateral. At December 31, 2018 and 2017, there was a blanket pledge on the Bank's one-to-four family first lien loans with a borrowing capacity of $105,844 and $99,244, respectively. At December 31, 2018 and 2017, the Bank's available borrowing capacity was $105,844 and $74,244, respectively. The available borrowing capacity with the FHLB is collateral based, and the Bank's ability to borrow is subject to maintaining collateral that meets the eligibility requirements. The borrowing capacity is not committed and is subject to FHLB credit requirements and policies. In addition, the Bank must maintain a restricted investment in FHLB stock to maintain access to borrowings.

Note 10 – Line of Credit

The Company has a line of credit with a correspondent bank, subject to certain terms and conditions, up to $10.0 million. The line of credit matures on June 12, 2019. There was no outstanding balance during 2018. Interest on the line of credit facility is payable monthly at the Prime Rate plus 25 basis points, floating. There was no interest expense related to the line of credit during 2018 and 2017. The Company is subject to certain financial covenants, such as Tier 1 Capital minimum requirement of $170,000, Tier 1 Leverage Ratio minimum requirement of 8.25%, Total Capital/Risk Weighted Assets minimum requirement of 13.00%, and nonperforming loans to primary capital maximum of 20.00%.

As of December 31, 2018, the Company was in compliance with the financial covenants.

Note 11 - Off-Balance Sheet Risk, Contingent Liabilities and Guarantees

The Company is a party to off-balance sheet financial instruments to meet the financing needs of its customers. These financial instruments include commitments to extend credit and standby letters of credit. These financial instruments involve, to varying degrees, elements of credit and interest rate risks. Such financial instruments are recorded when funded.

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the agreement. These commitments primarily consist of unused lines of credit, undrawn portions of construction and development loans and commitments to make new loans. Commitments generally have fixed expiration dates or other termination provisions and may require the payment of a fee. Since many of the commitments are expected to expire without being exercised or drawn upon, the total commitment amounts do not necessarily represent future cash requirements.

The Company's exposure to credit risk in connection with commitments to extend credit and standby letters of credit is the contractual amount of those instruments before considering customer collateral or ability to repay. The Company uses the same credit policies in making commitments and conditional obligations as it does for on-balance-sheet instruments. The Company generally requires collateral or other security to support financial instruments with credit risk. The Company evaluates each customer's creditworthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary by the Company, is based on management's credit evaluation of the customer. Collateral held varies and may include accounts receivable, inventory and equipment or commercial or residential properties.

A summary of the contractual exposure to off-balance sheet risk as of December 31 follows:

	2018	2017
Commercial loans and lines of credit	$ 241,141	$ 221,924
Check credit lines of credit	630	705
Home equity lines of credit	102,670	102,989
Letters of credit	13,742	9,508
Credit card lines of credit	21,859	22,932
Smartline of credit	8	16
Total	$ 380,050	$ 358,074

Note 12 - Fair Value of Financial Instruments

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair values:

> Level 1 – Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.
> Level 2 – Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
> Level 3 – Significant unobservable inputs that reflect a company's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

The Company used the following methods and significant assumptions to estimate the fair value of each type of financial instrument:

Securities: The fair value of securities is determined by quoted market prices, if available (Level 1). For securities where quoted prices are not available, fair value is calculated based on market prices of similar securities (Level 2). For securities where quoted prices or market prices of similar securities are not available, fair value is calculated using discounted cash flows or other market indicators (Level 3).

Derivatives: The fair values of derivatives are based on valuation models using observable market data as of the measurement date (Level 2). Our derivatives are traded in an over-the-counter market where quoted market prices are not always available. Therefore, the fair values of derivatives are determined using quantitative models that utilize multiple market inputs. The inputs will vary based on the type of derivative, but could include interest rates, prices and indices to generate continuous yield or pricing curves, prepayment rates, and volatility factors to value the position. The majority of market inputs are actively quoted and can be validated through external sources, including brokers, market transactions and third-party pricing services.

Impaired Loans: The fair value of impaired loans secured by real estate with specific allocations of the allowance for loan losses is based on recent real estate appraisals. These appraisals may utilize a single valuation approach or a combination of approaches, including comparable sales and the income approach. Adjustments are routinely made in the appraisal process by the independent appraisers to adjust for differences between the comparable sales and income data available for similar loans and collateral underlying such loans. Such adjustments are usually significant and typically result in a Level 3 classification of the inputs for determining fair value. Non-real estate collateral may be valued using an appraisal, net book value per the borrower's financial statements, or aging reports, adjusted or discounted based on management's historical knowledge, changes in market conditions from the time of the valuation, and management's expertise and knowledge of the client and client's business, resulting in a Level 3 fair value classification. Impaired loans are evaluated on a quarterly basis for additional impairment and adjusted in accordance with the allowance policy.

Other Real Estate Owned: Assets acquired through or instead of loan foreclosure are initially recorded at fair value less costs to sell when acquired, establishing a new cost basis. These assets are subsequently accounted for at lower of cost or fair value less estimated costs to sell. Fair value is commonly based on recent real estate appraisals which are generally updated no less frequently than annually. These appraisals may utilize a single valuation approach or a combination of approaches including comparable sales and the income approach. Adjustments are routinely made in the appraisal process by the independent appraisers to adjust for differences between the comparable sales and income data available. Such adjustments are usually significant and typically result in a Level 3 classification of the inputs for determining fair value. Real estate owned properties are evaluated on a quarterly basis for additional impairment and adjusted accordingly.

Assets and liabilities measured at fair value on a recurring basis, are as follows at year-end:

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
2018 Recurring basis				
Financial assets				
U.S. government sponsored enterprises	$ -	$ -	$ -	$ -
Mortgage-backed: residential	377,732	-	377,732	-
State and political subdivisions	42,398	-	42,398	-
Total securities available for sale	$ 420,130	$ -	$ 420,130	$ -
Financial liabilities				
Derivatives	$ (1,288)	-	$ (1,288)	-
2017 Recurring basis				
Financial assets				
U.S. government sponsored enterprises	$ 2,979	$ -	$ 2,979	$ -
Mortgage-backed: residential	453,328	-	453,328	-
State and political subdivisions	54,679	-	54,679	-
Total securities available for sale	$ 510,986	$ -	$ 510,986	$ -

There were no transfers between Level 1 and Level 2 during 2018 and 2017.

During 2018 and 2017, the Company had no securities where the fair value was determined using Level 3 inputs.

Assets and liabilities measured at fair value on a non-recurring basis are as follows:

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
2018 Non-recurring basis				
Impaired loans				
Commercial	$ 7,121	$ -	$ -	$ 7,121
Commercial real estate	1,619	-	-	1,619
Construction and development	2,011	-	-	2,011
Other real estate owned				
Construction and development	6,890	-	-	6,890
2017 Non-recurring basis				
Impaired loans				
Commercial	$ 57	$ -	$ -	$ 57
Commercial real estate	1,460	-	-	1,460
Construction and development	2,189	-	-	2,189
Residential real estate	356	-	-	356
Other real estate owned				
Construction and development	1,283	-	-	1,283
Commercial real estate	8,950			8,950
Residential real estate	658	-	-	658

Impaired loans, which are measured for impairment using the fair value of the collateral for collateral dependent loans, had a carrying amount of $11,334 with a valuation allowance of $584 at December 31, 2018. At December 31, 2017, impaired loans had a carrying amount of $4,144 with a valuation allowance of $82. The provision for loan losses made for these loans for 2018 and 2017 was $0 and $0, respectively.

Other real estate owned, which are at fair value less costs to sell, had a carrying amount of $6,890 at December 31, 2018. At December 31, 2017, other real estate owned had a carrying amount of $10,891. Write-downs on the other real estate owned totaled $1,474 and $1,876 during 2018 and 2017, respectively. There was no valuation allowance at the end of December 31, 2018 and December 31, 2017.

The following table presents quantitative information about Level 3 fair value measurements for financial instruments measured at fair value on a non-recurring basis:

	Fair Value	Valuation Techniques	Range
2018 Non-recurring basis			
Impaired loans			
Commercial	$ 7,121	Sales comparison	6% - 43%
Commercial real estate	1,619	Sales comparison	(28)% - 38%
Construction and development	2,011	Sales comparison	(10)% - 24%
Other real estate owned			
Construction and development	6,890	Sales comparison	(29)% - 167%
2017 Non-recurring basis			
Impaired loans			
Commercial	$ 57	Sales comparison	0% - 11%
Commercial real estate	1,460	Sales comparison	(21)% - 21%
Construction and development	2,189	Sales comparison	(25)% - 10%
Residential real estate	356	Sales comparison	(13)% - 10%
Other real estate owned			
Commercial real estate	1,283	Sales comparison	(13)% - 22%
Construction and development	8,950	Sales comparison	(8)% - 76%
Residential real estate	658	Sales comparison	0% - 35%

Unobservable inputs related to the income approach valuation technique include adjustments for differences in net operating income expectations, and unobservable inputs for the sales comparison valuation technique include adjustments for differences between comparable sales.

Carrying values and estimated fair values of the Company's financial instruments as of December 31 are set forth in the table below:

	Carrying Value	Level 1	Level 2	Level 3	Total
(Dollars in thousands)					
Financial assets					
Cash and cash equivalents	$ 118,169	$ -	$ -	$ 118,169	$ 118,169
Securities					
Available for sale	420,130	-	420,130	-	420,130
Held to maturity	390,087	-	381,621	-	381,621
Federal Home Loan Bank stock	2,743	N/A	N/A	N/A	N/A
Loans, less allowance for loan losses	1,199,546	-	-	1,194,977	1,194,977
Accrued interest receivable	5,647	-	-	5,647	5,647
Financial liabilities					
Deposits	2,017,187	-	-	2,015,335	2,015,335
Accrued interest payable	1,411	-	-	1,411	1,411
Derivatives	1,288	-	-	1,288	1,288

	Fair Value Measurements at December 31, 2017				
	Carrying Value	Level 1	Level 2	Level 3	Total
(Dollars in thousands)					
Financial assets					
Cash and cash equivalents	$ 50,068	$ -	$ -	$ 50,068	$ 50,068
Securities					
Available for sale	510,986	-	510,986	-	510,986
Held to maturity	475,018	-	472,305	-	472,305
Federal Home Loan Bank stock	3,017	N/A	N/A	N/A	N/A
Loans, less allowance for loan losses	1,111,492	-	-	1,109,219	1,109,219
Accrued interest receivable	5,507	-	-	5,507	5,507
Financial liabilities					
Deposits	2,017,187	-	-	2,015,335	2,015,335
FHLB advances	25,000	-	-	25,000	25,000
Accrued interest payable	569	-	-	569	569

Note 13 - Related Party Transactions

Certain executive officers and directors of the Company, and their affiliates are customers of the Bank and received loans from the Bank with outstanding balances totaling $36,134 and $36,288 at December 31, 2018 and 2017, respectively. Related parties maintained deposits at the Bank totaling $29,714 and $24,105 at December 31, 2018 and 2017, respectively.

Note 14 - Capital Requirements

Banks and bank holding companies are subject to regulatory capital requirements administered by federal banking agencies; in 2018 bank holding companies with consolidated assets below $3 billion are exempt. Capital adequacy guidelines and, additionally for banks, prompt corrective action regulations, involve quantitative measures of assets, liabilities, and certain off-balance sheet items calculated under regulatory accounting practices. Capital amounts and classifications are also subject to qualitative judgments by regulators. Failure to meet capital requirements can initiate regulatory action. The final rules implementing Basel Committee on Banking Supervision's capital guidelines for U.S. Banks (Basel III rules) became effectives for the Company on January 1, 2015 with full compliance with all of the requirements being phased in over a multi-year schedule, and fully phased in by January 1, 2019. Under the Basel III rules, the Company must hold a capital conservation buffer above the adequately capitalized risk-based capital ratios. The capital conservation buffer being phased in, at a rate of 0.625% per year, from 0.0% for 2015 to 2.5% by 2019. The capital conservation buffer for 2018 is 1.875% and was 1.25% in 2017. The net unrealized gain or loss on available for sale securities is not included in computing regulatory capital. Management believes as of December 31, 2018, the Company and Bank meet all capital adequacy requirements to which they are subject.

Prompt corrective action regulations provide five classifications: well-capitalized, adequately capitalized, undercapitalized, significantly undercapitalized, and critically undercapitalized, although these terms are not used to represent overall financial condition. If adequately capitalized, regulatory approval is required to accept brokered deposits. If undercapitalized, capital distributions are limited, as is asset growth and expansion, and capital restoration plans are required. At year-end 2018 and 2017, the most recent regulatory notifications categorized the Bank as well-capitalized under the regulatory framework for prompt corrective action. There are no conditions or events since that notification that management believes have changed the institution's category.

The capital amounts and ratios of the Company and the Bank are presented in the table below:

	Actual		Minimum For Capital Adequacy Purposes (a)		Minumum To Be Well-Capitalized	
As of December 31, 2018	Amount	Ratio	Amount	Ratio	Amount	Ratio
Total capital (to risk-weighted assets)						
Bank	$ 232,680	15.44%	$ 120,595	8.00%	$ 150,743	10.00%
Common Equity Tier 1 (to risk-weighted assets)						
Bank	217,345	14.42%	67,834	4.50%	97,983	6.50%
Tier 1 capital (to risk-weighted assets)						
Bank	217,345	14.42%	90,446	6.00%	120,595	8.00%
Tier 1 capital (to average assets)						
Bank	217,345	9.68%	89,834	4.00%	112,893	5.00%
As of December 31, 2017						
Total capital (to risk-weighted assets)						
Company	$ 232,215	16.10%	$ 115,398	8.00%	N/A	N/A
Bank	226,758	15.72%	115,383	8.00%	144,228	10.00%
Common Equity Tier 1 (to risk-weighted assets)						
Company	216,707	15.02%	64,910	4.50%	N/A	N/A
Bank	211,250	14.65%	64,903	4.50%	93,748	6.50%
Tier 1 capital (to risk-weighted assets)						
Company	216,707	15.02%	86,547	6.00%	N/A	N/A
Bank	211,250	14.65%	86,537	6.00%	115,383	8.00%
Tier 1 capital (to average assets)						
Company	216,707	9.57%	90,588	4.00%	N/A	N/A
Bank	211,250	9.33%	90,608	4.00%	113,260	5.00%

(a) The capital conservation buffer is not presented in these amounts or ratios.

Note 15 – Derivatives

On May 25, 2018 the Company entered into an interest rate swap agreement as part of its asset liability management strategy to help manage its interest rate risk position. The notional amount of the interest rate swap does not represent amounts exchanged by the parties. The amount exchanged is determined by reference to the notional amount and the other terms of the individual interest rate swap agreement.

Fair Value Hedge

Interest Rate Swaps Designated as Fair Value Hedges: The Bank's interest rate swap agreements were commenced in order to economically hedge interest rate risk related to the investment securities portfolio. Under the terms of the interest rate swap agreement, the Bank will pay a fixed rate and receive a variable rate of 3 Month LIBOR. At December 31, 2018, summary information of the interest rate swap is as follows (dollars in thousands):

		2018
Notional Amount	$	69,400
Weighted average pay rates		3.006%
Weighted average receive rates		2.432%
Weighted average maturity		5 years
Fair value of interest rate swaps	$	(1,288)

The fair value of the interest rate swap at December 31, 2018 is reflected in other liabilities. As of December 31, 2018, the fair value adjustment of the hedged item was $(1,288) and reflected in securities available for sale. As of December 31, 2018, the amortized cost basis of the closed portfolios used in this hedging relationship was $164,583. As of December 31, 2018, the amount that represents the hedged items or the designated last of layer was $69,400.

As of December 31, 2018 the following table reflects the fair value hedges included in the Consolidated Statement of Income:

Interest Rate Contracts	Location		2018
Change in Fair value on interest rate swaps hedging the last of layer debt security	Securities taxable interest income	$	1,288
Change in fair value on last of layer hedged item	Securities taxable interest income	$	(1,288)

Note 16 – Revenue from Contracts with Customers

All of the Company's revenue from contracts with customers in the scope of ASC 606 is recognized within Non-Interest Income. The following table presents the Company's sources on Non-Interest Income for the twelve months ended December 31, 2018. Items outside the scope of ASC 606 are noted as such.

		Year ended December 31, 2018
Non-interest income		
Service fees on deposit accounts	$	2,687
Debit card fees		3,243
Bank owned life insurance (a)		741
Net gains (losses) on sales of securities (a)		(7)
Other wealth management fees		798
Other interchange income		646
Other fees on deposits		816
Other		1,247
Total non-interest income	$	10,171

(a) Not within the scope of ASC 606

A description of the Company's significant revenue streams accounted for under ASC 606 follows:

Service Fees on Deposit Accounts: The Company earns fees from its deposit customers for transaction-based, account maintenance, and overdraft services. Transaction-based fees, which include services such as ATM use fees, stop payment charges, statement rendering, and ACH fees, are recognized at the time the transaction is executed as that is the point in time the Company fulfills the customer's request. Account maintenance fees, which relate primarily to monthly maintenance, are earned over the course of a month, representing the period over which the Company satisfies the performance obligation. Overdraft fees are recognized at the point in time that the overdraft occurs. Service charges on deposits are withdrawn from the customer's account balance.

Debit Card Fees: The Company earns interchange fees from ATM and Debit cardholder transactions conducted through the Visa and other payment networks. Interchange fees from ATM and Debit cardholder transactions represent a percentage of the underlying transaction value and are recognized daily, concurrently with the transaction processing services provided to the cardholder.

Other Wealth Management Fees: The Company earns fees from investment brokerage services provided to its customers by a third party service provider. The company receives commissions from the third-party service provider on a monthly basis based upon customer activity for the month. The fees are recognized monthly and a receivable is recorded until commissions are generally paid by the 15th of the following month. The Company (i) acts as an agent in arranging the relationship between the customer and the third-party service provider and (ii) does not control the services rendered to the customers.

Other Interchange Income: The Company earns interchange fees from credit cardholder transactions conducted through the Visa and other payment networks. Interchange fees from credit cardholder transactions represent a percentage of the underlying transaction value and are recognized daily, concurrently with the transaction processing services provided to the cardholder.

Other Fees on Deposits: The Company earns fees from its deposit customers on services for customers which are recognized at the time the transaction is executed as that is the point in time the Company fulfills the customer request. Examples of deposit fees can be check printing, cash advances, wire fees, levy or citation fees etc. Deposit fees are withdrawn from the customer's account balance.

SELECTED FINANCIAL DATA

(Dollars in thousands, except per share data)

The following information should be read in conjunction with the Company's Consolidated Financial Statements and Notes to Consolidated Financial Statements included in this annual report. All periods reported have been reclassified, as appropriate, for discontinued operations comparative purposes.

	Years Ended December 31,	
	2018	2017
Selected operating data		
Interest income	$ 77,451	$ 72,019
Interest expense	7,685	5,439
Net interest income	69,766	66,580
Provision for (recovery of) loan losses	940	(500)
Net interest income after provision for loan losses	68,826	67,080
Noninterest income	10,171	12,526
Noninterest expense	55,887	52,188
Income before income taxes	23,110	27,418
Income tax expense	4,915	12,027
Net income	$ 18,195	$ 15,391
Per share data		
Earnings per share	$ 44.09	$ 36.92
Cash dividends paid	14.25	11.25
Book value	538.96	520.01
Selected balances, end of year		
Securities	$ 812,960	$ 989,021
Loans, less allowance for loan losses	1,199,546	1,111,492
Total assets	2,251,719	2,269,264
Federal Home Loan Bank advances	-	25,000
Deposits	2,017,187	2,017,654
Shareholders' equity	221,017	215,943
Ratios		
Return on average total assets	0.81%	0.67%
Return on average shareholders' equity	8.45%	7.20%
Cash dividends paid to net income	32.33%	30.48%
Average shareholders' equity to average total assets	9.56%	9.37%
Net interest margin	3.34%	3.14%

AVERAGE BALANCE SHEETS, NET INTEREST INCOME AND AVERAGE RATES AND YIELDS

(Dollars in thousands)

The following table presents for the years indicated the total dollar amount of interest income from average interest-earning assets and their yields, as well as the interest expense on average interest-bearing liabilities and their costs, expressed both in dollars and rates. All average balances are daily average balances. To the extent received, interest on non-accruing loans has been included in the table.

	Years Ended December 31,					
	2018			2017		
	Average Balance	Interest	Rate	Average Balance	Interest	Rate
Assets						
Federal funds sold	$ 51,245	$ 764	1.49%	$ 48,429	$ 387	0.80%
Securities						
Taxable	805,123	18,104	2.25%	931,073	19,067	2.05%
Exempt from federal income tax	72,698	2,039	2.80%	80,262	2,156	2.69%
Total securities	877,821	20,143	2.29%	1,011,335	21,223	2.10%
Loans (1)	1,177,307	57,134	4.85%	1,080,264	51,006	4.72%
Total interest-earning assets (1)	2,106,373	78,041	3.70%	2,140,028	72,616	3.39%
Cash and due from banks	19,619			17,728		
Premises and equipment, net	53,079			50,051		
Other real estate owned	12,951			17,206		
Allowance for loan losses	(15,796)			(16,550)		
Accrued interest and other assets (1)	77,114			72,256		
Total assets	$ 2,253,340			$ 2,280,719		
Liabilities and shareholders' equity						
Interest-bearing deposits						
NOW	$ 487,276	262	0.05%	$ 467,878	243	0.05%
Money market checking	536,184	3,792	0.71%	593,158	2,479	0.42%
Savings	544,635	1,603	0.29%	531,395	1,382	0.26%
Time deposits						
Less than $250,000	186,198	1,777	0.95%	201,191	1,209	0.60%
$250,000 and greater	23,723	214	0.90%	12,379	85	0.69%
Total interest-bearing deposits	1,778,016	7,648	0.43%	1,806,001	5,398	0.30%
Other interest-bearing liabilities	7,012	37	0.53%	7,298	41	0.56%
Total interest-bearing liabilities	1,785,028	7,685	0.43%	1,813,299	5,439	0.30%
Demand-noninterest-bearing deposits	245,177			244,774		
Accrued interest and other liabilities	7,805			8,991		
Shareholders' equity	215,330			213,655		
Total liabilities and shareholders' equity	$ 2,253,340			$ 2,280,719		
Net interest income		$ 70,356			$ 67,177	
Interest rate spread			3.27%			3.09%
Net interest margin			3.34%			3.14%

(1) The average balances of nonaccrual loans are included in accrued interest and other assets.

BOARDS OF DIRECTORS

West Suburban Bancorp, Inc.

Kevin J. Acker	Chairman of the Board, Chief Executive Officer
David S. Bell	Certified Public Accountant
Duane G. Debs	President, Chief Financial Officer
Charles P. Howard	Retired Parkview Community Church, Administrative Pastor
Peggy P. LoCicero	Former Bank Officer

West Suburban Bank

Keith W. Acker	Chairman of the Board, President, Trust Officer
Craig R. Acker	Former Bank Officer
David S. Bell	Certified Public Accountant
Keith J. Kotche	Levato & Kotche, Partner
William L. Smith, Jr.	Smith, Hemmesch, Burke & Kaczynski, Partner
John G. Williams	Bracing Systems, Vice President

OFFICERS

West Suburban Bancorp, Inc.

Kevin J. Acker	Chief Executive Officer
Duane G. Debs	President, Chief Financial Officer
Keith W. Acker	Chief Operations Officer
Timothy W. Clifford	Vice President, Director of Internal Audit
George E. Ranstead	Secretary to the Board

West Suburban Bank

Senior Officers

Keith W. Acker	President, Trust Officer
Kevin J. Acker	Senior Vice President, Marketing
Duane G. Debs	Senior Vice President, Chief Financial Officer, Trust Officer

Bank Secrecy Act

Christene Robinson	Bank Secrecy Act Officer

Cash Management

Ross Rylander	Vice President, Cash Management Manager

Commercial Lending

Kevin Bussey	Vice President, Collections Manager
Stanley C. Celner, Jr.	Vice President, Commercial Lending
Grant O. Cowen	Vice President, Commercial Loan Manager
Debra H. Crowley	Vice President, Director of Commercial Loan Operations
Jason Fels	Vice President, Commercial Credit Officer
Robert A. Ferrigan, Jr.	Vice President, Commercial Lending
Derrick Foreman	Vice President, Commercial Lending
Nicolas Holtz	Vice President, Commercial Lending
Glenn Husa	Vice President, Commercial Loan Manager
Brian W. Mickey	Vice President, Commercial Lending
David S. Orr	Vice President, Commercial Lending Team Lead II
Edwin S. Stephens IV	Vice President, Commercial Lending
Joseph Strejc	Vice President, Commercial Lending Team Lead
Scott Wright	Vice President, Commercial Lending

Controller

Matthew Bogard	Vice President, Controller, Assistant Secretary to the Board
George E. Ranstead	Vice President, Assistant Controller, Investment Officer, Secretary to the Board

Consumer Lending

Stephen R. Clark	Vice President, Director of Consumer Lending
David J. Wanek	Vice President, Underwriter

Facilities Management

Edward J. Garvey	Vice President, Facilities Management

Wealth Management

Michael Abbatacola	Vice President, Wealth Management

Human Resources

Debbie Ross	Vice President, Director of Human Resources

Information Technology

Steven A. Jennrich	Vice President, Director of Information Technology

Internal Audit

Timothy W. Clifford	Vice President, Director of Internal Audit

Marketing

Denise M. Zatarski	Vice President, Director of Marketing

Corporate Operations

Danielle Budig	Vice President, Director of Corporate Operations

Regulatory Compliance and Community Reinvestment Act

Alice Ann Gaultney	Vice President, Director of Regulatory Compliance, Community Reinvestment Act Officer

Retail Banking

Matthew R. Acker	Vice President, Director of Retail Branch Banking
Barbara D. Darden	Vice President, Regional Operations Manager
George Caraballo	Vice President, Regional Manager - South Region
Kirsten L. Erickson	Vice President, Regional Manager - North Region
Matthew E. Remus	Vice President, Regional Manager - Central Region
Mary Ellen Otto	Vice President, Senior HR Business Partner

Security and Loss Prevention

Jack Buscemi	Vice President, Security and Loss Prevention

Trust

Christine H. Pawlak	Trust Officer

West Suburban Insurance Services

Daniel J. Lorimer	Insurance Agent

ADDRESSES OF WEST SUBURBAN FACILITIES
WWW.WESTSUBURBANBANK.COM
(630) 652 - 2000

Aurora
Church Road Branch: 1311 Butterfield Road, Aurora, Illinois 60502 *(WSB Xpress)*
Eola Road Branch: 335 North Eola Road, Aurora, Illinois 60504 *(WSB Xpress)*
Lake Street Branch: 101 North Lake Street, Aurora, Illinois 60506 *(WSB Xpress)*
West Galena Branch: 2000 West Galena Boulevard, Aurora, Illinois 60506 *(WSB Xpress)*

Bartlett
Bartlett Branch: 1061 West Stearns Road, Bartlett, Illinois 60103 *(WSB Xpress)*

Bloomingdale
Stratford Square Branch: 355 West Army Trail Road, Bloomingdale, Illinois 60108 *(WSB Xpress)*

Bolingbrook
Bolingbrook East Branch: 672 East Boughton Road, Bolingbrook, Illinois 60440 *(WSB Xpress)*
Bolingbrook West Branch: 1104 West Boughton Road, Bolingbrook, Illinois 60440 *(WSB Xpress)*

Carol Stream
Gary Avenue Branch: 401 North Gary Avenue, Carol Stream, Illinois 60188 *(WSB Xpress)*
Fair Oaks Branch: 1380 West Army Trail Road, Carol Stream, Illinois 60188 *(WSB Xpress)*
President Street Branch: 895 East Geneva Road, Carol Stream, Illinois 60188 *(WSB Xpress)*

Darien
75th Street Branch: 1005 75th Street, Darien, Illinois 60561 *(WSB Xpress)*
Cass Avenue Branch: 8001 South Cass Avenue, Darien, Illinois 60561 *(WSB Xpress)*

Downers Grove
Downtown Downers Branch: 5330 Main Street, Downers Grove, Illinois 60515 *(WSB Xpress)*
Finley Road Branch: 2800 Finley Road, Downers Grove, Illinois 60515 *(WSB Xpress)*

Glendale Heights
Glendale Heights Branch: 1657 Bloomingdale Road, Glendale Heights, Illinois 60139 *(WSB Xpress)*

Lombard
North Main Branch: 707 North Main Street, Lombard, Illinois 60148 *(WSB Xpress)*
South Main Branch: 1122 South Main Street, Lombard, Illinois 60148 *(WSB Xpress)*
Westmore Branch: 711 South Meyers Road, Lombard, Illinois 60148 *(Headquarters & WSB Xpress)*

Montgomery
Montgomery Branch: 1830 Douglas Road, Montgomery, Illinois 60538 *(WSB Xpress)*

Naperville
Chicago Avenue Branch: 1296 East Chicago Avenue, Naperville, Illinois 60540 *(WSB Xpress)*
Naperville Branch: 2020 Feldott Lane, Naperville, Illinois 60540 *(WSB Xpress)*
River Run Branch: 1004 104th Street, Naperville, IL 60564 *(WSB Xpress)*

Oakbrook Terrace
Oakbrook Terrace Branch: 17W754 22nd Street, Oakbrook Terrace, Illinois 60181 *(WSB Xpress)*

Oswego
Oswego Branch: 2830 Route 34, Oswego, Illinois 60543 *(WSB Xpress)*
Oswego West Branch: 1071 Station Drive, Oswego, Illinois 60543 *(WSB Xpress)*

Romeoville
Romeoville Branch: 505 North Weber Road, Romeoville, Illinois 60446 *(WSB Xpress)*

South Elgin
South Elgin Branch: 1870 Stearns Road, South Elgin, Illinois 60177 *(WSB Xpress)*

St. Charles
Charlestowne Branch: 3000 East Main Street, St. Charles, Illinois 60174 *(WSB Xpress)*
St. Charles Branch: 315 South Randall Road, St. Charles, Illinois 60174 *(WSB Xpress)*

Sugar Grove
Sugar Grove Branch: 522 Route 47, Sugar Grove, Illinois 60554 *(WSB Xpress)*

Villa Park
Villa Park Branch: 40 East St. Charles Road, Villa Park, Illinois 60181 *(WSB Xpress)*

Warrenville
Warrenville Branch: 3S041 Route 59, Warrenville, Illinois 60555 *(WSB Xpress)*

Westmont
Westmont Branch: 6400 South Cass Avenue, Westmont, Illinois 60559 *(WSB Xpress)*

Wheaton
Danada Branch: 295 West Loop Road, Wheaton, Illinois 60187 *(WSB Xpress)*

Limited-Service Branches
Beacon Hill Retirement Community: Lombard, Illinois 60148 *(WSB Xpress)*
Clare Oaks: Bartlett, Illinois 60103 *(WSB Xpress)*
Financial Center: 717 South Meyers Road, Lombard, Illinois 60148 *(WSB Xpress)*
Lexington Health Care Center of Elmhurst: Elmhurst, Illinois 60126 *(WSB Xpress)*
Lexington Health Care Center of Lombard: Lombard, Illinois 60148 *(WSB Xpress)*
Metra Main Branch: 100 South Main Street, Lombard, Illinois 60148 *(WSB Xpress)* Opening 2019
Monarch Landing: Naperville, IL 60563 *(WSB Xpress)*
Villa St. Benedict: Lisle, Illinois 60532 *(WSB Xpress)*
Wheaton Branch, 221, South West Street, Wheaton, Illinois 60187 *(WSB Xpress)*

Other Services
West Suburban Bank Land Trust: 711 South Meyers Road, Lombard, Illinois 60148 - (630) 652-2225
West Suburban Bank Visa: 711 South Meyers Road, Lombard, Illinois 60148 - (630) 652-2000
West Suburban Financial Services: 711 South Meyers Road, Lombard, Illinois 60148 - (630) 652-2232
West Suburban Insurance Services, Inc.: 711 South Meyers Road, Lombard, Illinois 60148 - (630) 652-2550

West Suburban Bank's website and branches are Americans with Disabilities Act (ADA) compliant.

[MAP OF MARKET AREA THAT INDICATES LOCATION OF FACILITIES]

<u>Unlike Any Other Bank</u>

SHAREHOLDER INFORMATION

Annual Meeting of Shareholders

The annual meeting of shareholders of West Suburban Bancorp, Inc. will be held at West Suburban Bank, 711 South Meyers Road, Lombard, Illinois on Wednesday, May 8, 2019, at 8:00 a.m. All shareholders are cordially invited to attend.

Stock Transfer Agent and Registrar

Inquiries regarding stock transfers, registration, lost certificates and changes of name and address should be directed to the stock transfer agent and registrar by writing to:

George E. Ranstead
Secretary to the Board and Treasurer
West Suburban Bancorp, Inc.
2800 Finley Road
Downers Grove, Illinois 60515
(630) 652-2802

Community Reinvestment Act

West Suburban Bank adheres to a well-established policy of helping to meet the credit needs of our local communities, consistent with safe and sound lending practices, in accordance with the Community Reinvestment Act. For additional information, contact:

Alice Ann Gaultney
Community Reinvestment Act Officer
West Suburban Bank
711 South Meyers Road
Lombard, Illinois 60148
(630) 652-2193

Independent Public Accounting Firm

Crowe LLP
One Mid America Plaza, Suite 700
Post Office Box 3697
Oak Brook, Illinois 60522

Corporate Counsel

Kirkland & Ellis LLP
300 North LaSalle Street, Suite 2400
Chicago, Illinois 60654

MEMBER FDIC

BBB ACCREDITED BUSINESS

Equal Housing Lender