

LAKE SHORE BANCORP, INC.
Form 10-Q
August 12, 2016

United States
Securities and Exchange Commission
Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2016

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File No.: 000-51821

LAKE SHORE BANCORP, INC.
(Exact name of registrant as specified in its charter)

United States
(State or other jurisdiction of incorporation or organization)

20-4729288
(I.R.S. Employer Identification Number)

31 East Fourth Street, Dunkirk, New York
(Address of principal executive offices)

14048
(Zip code)

(716)
366-4070

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) has been subject to such filing requirements for the past 90 days.

Yes No

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Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer	Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company)	Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

Indicate the number of shares outstanding of each of the issuer’s classes of common stock, as of the latest practical date:

There were 6,070,421 shares of the registrant’s common stock, \$0.01 par value per share, outstanding at August 9, 2016.

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PART I

Item 1. Financial Statements

Lake Shore Bancorp, Inc. and Subsidiary

Consolidated Statements of Financial Condition

	June 30, 2016 (Unaudited)	December 31, 2015
	(Dollars in thousands, except share data)	
Assets		
Cash and due from banks	\$ 8,663	\$ 7,296
Interest earning deposits	18,090	12,714
Federal funds sold	14,445	14,217
Cash and Cash Equivalents	41,198	34,227
Securities available for sale	95,021	113,213
Federal Home Loan Bank stock, at cost	1,340	1,454
Loans receivable, net of allowance for loan losses 2016 \$2,060; 2015 \$1,985	315,218	297,101
Premises and equipment, net	8,865	9,144
Accrued interest receivable	1,563	1,648
Bank owned life insurance	15,075	14,938
Other assets	1,700	1,660
Total Assets	\$ 479,980	\$ 473,385
Liabilities and Stockholders' Equity		
Liabilities		
Deposits:		
Interest bearing	\$ 322,581	\$ 323,931
Non-interest bearing	52,263	45,224
Total Deposits	374,844	369,155
Long-term debt	18,950	21,150
Advances from borrowers for taxes and insurance	3,162	3,285
Other liabilities	5,979	5,919
Total Liabilities	\$ 402,935	\$ 399,509
Commitments and Contingencies	-	-
Stockholders' Equity		
Common stock, \$0.01 par value per share, 25,000,000 shares authorized; 6,794,079 shares issued and 6,070,421 shares outstanding at June 30, 2016 and 6,727,428 shares issued and	\$ 68	\$ 67

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6,003,416 shares outstanding at December 31, 2015		
Additional paid-in capital	30,131	29,359
Treasury stock, at cost (723,658 shares at June 30, 2016 and 724,012 shares at December 31, 2015)	(7,100)	(7,026)
Unearned shares held by ESOP	(1,663)	(1,706)
Unearned shares held by compensation plans	(659)	(580)
Retained earnings	53,224	50,919
Accumulated other comprehensive income	3,044	2,843
Total Stockholders' Equity	77,045	73,876
Total Liabilities and Stockholders' Equity	\$ 479,980	\$ 473,385

See notes to consolidated financial statements.

Lake Shore Bancorp, Inc. and Subsidiary

Consolidated Statements of Income

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
	(Unaudited)			
	(Dollars in thousands, except per share data)			
Interest Income				
Loans, including fees	\$ 3,602	\$ 3,424	\$ 7,116	\$ 6,794
Investment securities, taxable	259	449	642	942
Investment securities, tax-exempt	451	530	902	1,060
Other	35	5	51	11
Total Interest Income	4,347	4,408	8,711	8,807
Interest Expense				
Deposits	456	593	924	1,256
Long-term debt	91	98	187	197
Other	23	25	46	49
Total Interest Expense	570	716	1,157	1,502
Net Interest Income	3,777	3,692	7,554	7,305
Provision for Loan Losses	55	185	185	210
Net Interest Income after Provision for Loan Losses	3,722	3,507	7,369	7,095
Non-Interest Income				
Service charges and fees	431	399	865	778
Earnings on bank owned life insurance	70	69	137	136
Recovery on previously impaired investment securities	33	43	68	75
Gain on sale of securities available for sale	-	-	1,636	-
Net gain on sale of loans	46	21	61	45
Other				