

Lake Shore Bancorp, Inc.
Form 10-Q
November 16, 2009

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 September 30, 2009

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

Commission file number: 000-51821

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

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

20-4729288
(IRS Employer Identification
Number)

125 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

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

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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	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated file	<input type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>

(Do not check if a 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:

Common stock (\$0.01 par value) 6,164,814 shares outstanding as of October 30, 2009.

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PART I

Item 1. Financial Statements

LAKE SHORE BANCORP, INC. and SUBSIDIARY
Consolidated Statements of Financial Condition

	September 30, 2009	December 31, 2008 (Unaudited)
	(Dollars in thousands)	
Assets		
Cash and due from banks	\$7,124	\$ 6,784
Interest bearing deposits	9,104	4,671
Federal funds sold	3,233	17,583
Cash and Cash Equivalents	19,461	29,038
Securities available for sale	120,130	112,863
Federal Home Loan Bank stock, at cost	2,664	2,890
Loans receivable, net of allowance for loan losses: 2009 \$1,601; 2008 \$1,476	257,995	240,463
Premises and equipment, net	7,945	8,195
Accrued interest receivable	1,748	1,730
Bank owned life insurance	10,771	10,566
Other assets	1,172	2,088
Total Assets	\$421,886	\$ 407,833
Liabilities and Stockholders' Equity		
Liabilities		
Deposits:		
Interest bearing	\$290,365	\$ 267,437
Non-interest bearing	21,579	25,811
Total Deposits	311,944	293,248
Short-term borrowings	3,960	5,500
Long-term debt	41,900	46,460
Advances from borrowers for taxes and insurance	1,705	2,968
Other liabilities	6,476	5,429
Total Liabilities	365,985	353,605
Commitments and Contingencies	-	-
Stockholders' Equity		

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Common stock, \$0.01 par value per share, 25,000,000 shares authorized; 6,612,500 shares issued and 6,169,814 shares outstanding at September 30, 2009; 6,612,500 shares issued and 6,257,798 shares outstanding at December 31, 2008	66	66
Additional paid-in capital	27,815	27,754
Treasury stock, at cost (442,686 shares at September 30, 2009; 354,702 at December 31, 2008)	(4,368)	(3,748)
Unearned shares held by ESOP	(2,238)	(2,302)
Unearned shares held by RRP	(1,038)	(1,190)
Retained earnings	33,550	32,520
Accumulated other comprehensive income	2,114	1,128
Total Stockholders' Equity	55,901	54,228
Total Liabilities and Stockholders' Equity	\$421,886	\$ 407,833

See notes to consolidated financial statements.

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CONSOLIDATED STATEMENTS OF INCOME

Three Months Ended
September 30,
2009 2008

Nine Months Ended
September 30,
2009 2008

(Unaudited)

(Dollars in Thousands, except per share data)

Interest Income				
Loans, including fees	\$3,523	\$3,620	\$10,488	\$10,582
Investment securities, taxable	1,183	1,172	3,582	3,493
Investment securities, tax-exempt	216	141	572	376
Other	21	97	77	226
Total Interest Income	4,943	5,030	14,719	14,677
Interest Expense				
Deposits	1,521	1,591	4,686	4,868
Short-term borrowings	6	19	41	201
Long-term debt	444	521	1,339	1,482
Other	30	30	87	90
Total Interest Expense	2,001	2,161	6,153	6,641
Net Interest Income	2,942	2,869	8,566	8,036
Provision for Loan Losses	95	150	255	300
Net Interest Income after Provision for Loan Losses	2,847	2,719	8,311	7,736
Non-Interest Income				
Impairment charge on investment securities	-	-	-	(1,732)
Service charges and fees	521	525	1,456	1,492
Earnings on bank owned life insurance	71	102	205	306
Gain on sale of loans	5	-	32	-
Other	36	58	85	124
Total Non-Interest Income	633	685	1,778	190
Non-Interest Expenses				
Salaries and employee benefits	1,409	1,195	4,136	3,735
Occupancy and equipment	339	345	1,054	1,040
Professional services	308	288	896	884
FDIC insurance	103	10	591	24
Data processing	127	140	380	417
Advertising	108	88	286	274
Postage and supplies	55	69	196	197
Other	258	253	811	637
Total Non-Interest Expenses	2,707	2,388	8,350	7,208
Income before Income Taxes	773	1,016	1,739	718

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Income Taxes	171	149	378	119
Net Income	\$602	\$867	\$1,361	\$599
Basic earnings per common share	\$0.10	\$0.14	\$0.23	\$0.10
Diluted earnings per common share	\$0.10	\$0.14	\$0.23	\$0.10
Dividends declared per share	\$0.05	\$0.05	\$0.15	\$0.14

See notes to consolidated financial statements.

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