Chemours Co
Form 8-K/A
November 01, 2018

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 8-K/A

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d) OF

THE SECURITIES EXCHANGE ACT OF 1934

November 1, 2018

Date of Report (Date of Earliest Event Reported)

The Chemours Company

(Exact Name of Registrant as Specified in Its Charter)

Delaware	001-36794	46-4845564
(State or Other Jurisdiction Of Incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

1007 Market Street

Wilmington, Delaware, 19899

(Address of principal executive offices)

Registrant’s telephone number, including area code: (302) 773-1000

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Explanatory Note

The Chemours Company (the "Company") is filing this Amendment to its Current Report on Form 8-K filed with the SEC on November 1, 2018 ("Original Form 8-K") in order to correct a typographical error in the earnings release that was attached as Exhibit 99.1 to the Original Form 8-K. The phrase "original guidance range of $1.7 to $1.85 million" is now replaced with "original guidance range of $1.7 to $1.85 billion." This Amendment is filed solely to correct this typographical error and no changes to the other information furnished with the Original Form 8-K have been made.

Item 2.02 Results of Operations and Financial Condition.

On November 1, 2018, the Company issued a press release regarding its third quarter 2018 financial results. A copy of the press release, as corrected, is furnished hereto as Exhibit 99.1.

The information furnished under this Item 2.02, including Exhibit 99.1, shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that section, and it will not be deemed incorporated by reference into any registration statement or other document filed under the Securities Act of 1933, as amended, or the Exchange Act, except as expressly set forth by specific reference in such a filing.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

99.1 Press release dated November 1, 2018 (corrected).

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

THE CHEMOURS COMPANY

By: /s/ Mark E. Newman
Mark E. Newman
Senior Vice President and
Chief Financial Officer

Date: November 1, 2018

right">61 0.66% $37,392 $44 0.47%

Money market accounts

26,503 1.22% 24,906 81 1.30% 27,375 62 0.91%

Savings accounts

26,480 0.48% 26,136 32 0.49% 28,190 35 0.50%

Time deposits

142,095 4.36% 142,047 1,549 4.36% 141,872 1,197 3.37%

Borrowed funds

42,625 4.40% 42,884 469 4.37% 53,968 542 4.02%

Advances from borrowers on taxes and insurance***

1,609 10 2.49%

Other interest-bearing liabilities

1,399 8.58% 1,402 30 8.56% 1,420 30 8.45%

Total interest bearing liabilities

275,940 3.22% 274,141 2,222 3.24% 291,826 1,920 2.63%

Other non-interest bearing liabilities

21,883 19,856 23,696

Equity

54,136 54,078 28,200

Total liabilities and equity

$351,959 $348,075 $343,722

Net interest income

$2,276 $2,349

Interest rate spread

2.34% 2.71%

Net interest margin

2.83% 2.94%

*** Beginning in July 2006, we have not paid interest on funds held in escrow accounts. In 2007, the balance of funds in escrow accounts is included in the other non-interest bearing liabilities section.

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Rate Volume Analysis. The following tables analyzes the dollar amount of changes in interest income and interest expense for major components of interest-earning assets and interest-bearing liabilities. It shows the amount of the change in interest income or expense caused by either changes in outstanding balances (volume) or changes in interest rates. The effect of a change in volume is measured by applying the average rate during the first period to the volume change between the two periods. The effect of changes in rate is measured by applying the change in rate between the two periods to the average volume during the first period. Changes attributable to both rate and volume, which cannot be segregated, have been allocated proportionately to the absolute value of the change due to volume and the change due to rate.

	Three Months Ended March 31, 2007 Compared to Three Months Ended March 31, 2006		
	Rate	**Volume**	**Net Change**
	(Dollars in thousands)		
Interest-earning assets:			
Federal funds sold and other interest-bearing deposits	$ 8	$ (45)	$ (37)
Securities	88	72	160
Loans	107	(1)	106
Total interest-earning assets	203	26	229
Interest-bearing liabilities:			
Demand and NOW accounts	18	(1)	17
Money market accounts	25	(6)	19
Savings accounts		(3)	(3)
Time deposits	352		352
Total deposits	395	(10)	385
Other interest-bearing liabilities:			
Borrowed funds	45	(118)	(73)
Advances from borrowers on taxes and insurance and other interest-bearing liabilities	(10)		(10)
Total interest-bearing liabilities	430	(128)	302
Net change in interest income	$ (227)	$ 154	$ (73)

For the three months ended March 31, 2007, the average yield/rate on our loan and investment portfolios were 6.24% and 4.46%, respectively, in comparison to rates of 6.03% and 4.13%, respectively, for the three months ended March 31, 2006. Overall, the average yield/rate on our interest earning assets has increased by 0.24% for the three months ended March 31, 2007 in comparison to the three months ended March 31, 2006. Our earnings may be adversely impacted by an increase in interest rates because the majority of our interest-earning assets are long-term, fixed rate mortgage-related assets that will not reprice as long-term interest rates increase. Conversely, a majority of our interest-bearing liabilities have much shorter contractual maturities and are expected to reprice. A significant portion of our deposits have no contractual maturities and are likely to reprice quickly as short-term interest rates increase. For the three months ended March 31, 2007, the average yield/rate that we were paying on deposit products had increased by 0.73% in comparison to the same period in the prior year. Furthermore, the interest paid on our borrowings had increased from 4.02% to 4.37%. Therefore, in an increasing rate environment, our cost of funds is expected to increase more rapidly than the yields earned on our loan portfolio and securities portfolio. An increasing rate environment is expected to cause a further narrowing of our net interest rate spread and a decrease in our earnings. Our interest rate spread for the three months ended March 31, 2007 was 2.34%, which was a 0.37% decrease in comparison to the three months ended March 31, 2006. Our net interest margin was 2.83% and 2.94% as of March 31, 2007 and 2006, respectively.

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If the current interest rate environment continues, we expect that it will have a negative impact on our results of operations as our interest-bearing liabilities, both deposits and borrowed funds, generally price off short-term interest rates, while our interest-earning assets, both mortgage loans and securities, generally price off long-term interest rates.

Comparison of Financial Condition at March 31, 2007 and December 31, 2006

Total assets at March 31, 2007 were $352.0 million, a decrease of $2.2 million from $354.2 million at December 31, 2006. The decrease in total assets is primarily due to a $2.0 million decrease in cash and cash equivalents and an $843,000 decrease in investment securities, partially offset by a $374,000 increase in loans receivable, net.

Cash and cash equivalents decreased from $18.7 million as of December 31, 2006 to $16.7 million as of March 31, 2007 due to a $1.6 million decrease in total deposits and advances from borrowers for taxes and insurance. The decrease occurred due to the competitive interest rate environment on deposit accounts in our market area and due to the payment of county taxes from borrower s escrow accounts. The remainder of the decrease is attributable to cash utilized to pay-down long-term debt and to originate commercial real estate loans.

Investment securities decreased by $843,000 to $109.7 million at March 31, 2007 from $110.5 million at December 31, 2006. The decrease is attributable to the receipt of paydowns from securities within our investment portfolio.

Loans receivable, net increased by $374,000 to $206.1 million at March 31, 2007 from $205.7 million at December 31, 2006. Commercial real estate loans increased by $615,000 from December 31, 2006 to March 31, 2007 and construction loans increased by $930,000. Residential mortgage loans decreased $412,000 to $149.0 million at March 31, 2007 in comparison to $149.4 million at December 31, 2006, home equity loans decreased by $427,000, and other commercial and consumer loans decreased by $311,000. The increase in commercial real estate loans and construction loans is attributable to our efforts to increase originations in this area. A majority of our home equity loans are adjustable rate loans. In 2006, the interest rates on these loans adjusted upward, which increased the monthly loan payment amounts. As a result, borrowers began to pay down these loans at a faster rate than in prior years, resulting in the decrease in our loan balance. Residential mortgage loans decreased due to low sales of new and existing homes during the three month period ending March 31, 2007. Mortgage loans and commercial real estate loans represented 72.4% and 8.6%, respectively, of the loan portfolio at March 31, 2007. The remainder of the loan portfolio consists of commercial, consumer and construction loans.

Deposits decreased by $806,000, or 0.3% to $248.8 million at March 31, 2007, as compared to $249.6 million at December 31, 2006. Our core deposits (i.e., checking, savings and money market accounts) decreased by $186,000 from $106.9 million as of December 31, 2006 to $106.7 million as of March 31, 2007. Some of these core deposits were moved into our time deposit portfolio, as customers took advantage of higher rates on these products. Our time deposits decreased by $620,000 from $142.7 million as of December 31, 2006 to $142.1 million as of March 31, 2007. The overall decrease in total deposits may be attributed to the competitive interest rates being offered by other banks, credit unions, mutual funds and financial service groups in our market area.

Our borrowings, consisting of advances from the Federal Home Loan Bank of New York, decreased by $730,000 from $43.4 million at December 31, 2006, to $42.6 million at March 31, 2007.

Total stockholders equity increased by $389,000 from $53.7 million at December 31, 2006 to $54.1 million at March 31, 2007. The increase in total stockholders equity was primarily due to net income of $298,000 for the three months ending March 31, 2007. The stockholders equity was also affected by an increase in the net of tax unrealized gain on securities available for sale of $72,000. Dividends declared and paid in February 2007 reduced stockholders equity by $82,000 and stock-based compensation expenses increased stockholders equity by $101,000.

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Comparison of Results of Operations for the Three Months Ended March 31, 2007 and 2006

General. Net income was $298,000 for the three months ended March 31, 2007, a decrease of $18,000, or 5.7%, compared to net income of $316,000 for the three months ended March 31, 2006. The decrease in net income was primarily attributed to increases in interest expense of $302,000, and non-interest expense of $68,000, and provision for loan losses of $45,000, partially offset by increases in interest income of $229,000 and non-interest income of $79,000, and a decrease in the tax provision of $89,000.

Net Interest Income. Net interest income was $2.3 million for the three months ended March 31, 2007 and 2006.

Interest Income. Interest income increased $229,000 or 5.4%, from $4.3 million for the three months ended March 31, 2006 to $4.5 million for the three months ended March 31, 2007. Approximately $106,000 of this increase was attributable to an increase in the average yield on the loan portfolio from 6.03% for the three months ending March 31, 2006 to 6.24% for the three months ending March 31, 2007. $160,000 of the increase in interest income was attributable to an increase in interest on investment securities, the average balance of which increased $6.8 million over the three months ended March 31, 2007 compared to the three months ended March 31, 2006. The investment portfolio had an average yield of 4.46% in the three months ended March 31, 2007 compared to an average yield of 4.13% in the three months ended March 31, 2006. Other interest income declined $37,000 to $70,000 in the three months ending March 31, 2007 as compared $107,000 in the three months ending March 31, 2006 due to a decrease in the average balance of Fed Funds sold and other interest bearing deposits from $11.2 million at March 31, 2006 to $6.8 million at March 31, 2007.

Interest Expense. Interest expense increased by $302,000 or 15.7%, from $1.9 million for the three months ended March 31, 2006 to $2.2 million for the three months ended March 31, 2007. The interest paid on deposits increased by $385,000 from $1.3 million for the three months ended March 31, 2006 to $1.7 million for the three months ended March 31, 2007. This was due to an increase in the average yield paid on interest-bearing deposits from 2.27 % for the three months ended March 31, 2006 to 3.00% for the three months ended March 31, 2007. The interest expense related to advances from the Federal Home Loan Bank of New York decreased by $73,000 from $542,000 for the three months ended March 31, 2006 to $469,000 for the three months ended March 31, 2007. While the average yield on these borrowings increased from 4.02% for the three months ending March 31, 2006 to 4.37% for the three months ending March 31, 2007, the average balance decreased from $54.0 million as of March 31, 2006 to $42.9 million as of March 31, 2007.

Provision for Loan Losses. For the three months ended March 31, 2007 and 2006, a provision for loan losses of $45,000 and $0 was recorded, respectively. The increase in 2007 was deemed necessary based on management s evaluation of various factors, including trends in loan volume, type and volume of loans, and collection efforts. Management determined that an increase was necessary due to an increase in our commercial loan portfolio. Management will continue to evaluate its allowance for loan losses on a quarterly basis.

We establish provision for loan losses, which are charged to operations, in order to maintain the allowance for loan losses at a level management considers necessary to absorb probable incurred credit losses in the loan portfolio. The amount of allowance is based on estimates and the ultimate losses may vary from such estimates as more information becomes available or later events occur. Management assesses the allowance for loan losses on a quarterly basis and makes provisions for loan losses in order to maintain the adequacy of the allowance.

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***Non-interest Income*.** For the three months ended March 31, 2007, non-interest income, which is a total of service charges and fees, earnings on bank-owned life insurance and other income totaled $470,000, which was an increase of $79,000 in comparison to the corresponding period in the prior year. $57,000 of the increase is due to increased earnings on bank owned life insurance, resulting from our purchase of an additional $3.8 million of bank owned life insurance in the fourth quarter of 2006 to fund supplemental employee retirement plans. $22,000 of the increase is attributable to a one-time increase in interchange income on ATM and debit card transactions which occurred as a result of a change in the payment method by our ATM processor from being paid in arrears to being paid on a day-to-day basis.

***Non-interest expense*.** Non-interest expense was $2.3 million for the three months ended March 31, 2007 and March 31, 2006. Non-interest expense includes the expense of salaries and employee benefits, occupancy and equipment costs, data processing and other items not related to expenses on deposits or borrowings. Salaries and employee benefits increased by $61,000, or 4.9%, due to $101,000 in additional expenses for stock compensation plans that were implemented after being approved by shareholders in October 2006, offset by a decrease in salary expense of $46,000 due to staff reductions which occurred during the second quarter of 2006. Professional service fees increased by $75,000, or 40.8%, due to increased expenses for legal and other services related to being a public company. Advertising expense decreased by $26,000, or 38.2%, due to one-time expenses incurred in the three months ended March 31, 2006 to promote a new branch opening in Hamburg, New York. Postage and office supplies decreased by $20,000, or 22.7%, due to purchases of office supplies during the three months ending March 31, 2006, that did not need to be purchased in the first quarter of 2007, as the supplies were either re-ordered during another time period, or additional supplies were not yet needed. Occupancy expenses decreased by $25,000, or 6.7%, due to computer and equipment being disposed of or fully depreciated.

***Income Tax Expense*.** Income taxes decreased by $89,000, or 58.9%, from $151,000 for the three months ending March 31, 2006 to $62,000 for the three months ending March 31, 2007. This was partially attributable to lower income before income taxes during the three month period ended March 31, 2007 as compared to the same period in the prior year. The decrease is also attributable to a change in our effective tax rate. Our effective tax rate was reduced due to increased income from our tax-exempt municipal bond portfolio. Our municipal bond portfolio has more than doubled since March 31, 2006. The effective tax rate also dropped due to increased income on bank-owned life insurance that we purchased during the fourth quarter of 2006.

Liquidity and Capital Resources

Liquidity describes our ability to meet the financial obligations that arise during the ordinary course of business. Liquidity is primarily needed to meet the lending and deposit withdrawal requirements of our customers and to fund current and planned expenditures. Our primary sources of funds consist of deposits, scheduled amortization and prepayments of loans and mortgage-backed and asset-backed securities, maturities and sales of other investments, interest bearing deposits at other financial institutions and funds provided from operations. We have written agreements with the Federal Home Loan Bank of New York, which as of March 31, 2007, allowed us to borrow up to $34.6 million on an overnight line of credit and $34.6 million on a one-month overnight repricing line of credit. We have no borrowings through either of these agreements. We also have a third agreement to obtain advances from the Federal Home Loan Bank collateralized by a pledge of our mortgage loans. At March 31, 2007, we had outstanding advances totaling $42.6 million.

Loan repayments and maturing investment securities are a relatively predictable source of funds. However, deposit flows, calls of investment securities, and prepayments of loans and mortgage-backed securities are strongly influenced by interest rates, general and local economic conditions, and competition in the marketplace. These factors reduce the predictability of the timing of these sources of funds.

Our primary investing activities include the origination of loans and, to a lesser extent, the purchase of investment securities. For the three months ended March 31, 2007 and

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2006, we originated loans of approximately $7.8 million and $7.6 million, respectively. Purchases of investment securities totaled $3.2 million in the three months ended March 31, 2007 and $10.2 million in the three months ended March 31, 2006.

At March 31, 2007, we had loan commitments to borrowers of approximately $7.1 million and overdraft lines of protection and unused home equity lines of credit of approximately $20.9 million.

Total deposits were $248.8 million at March 31, 2007, as compared to $249.6 million at December 31, 2006. Time deposit accounts scheduled to mature within one year were $128.0 million at March 31, 2007. The decrease in total deposits occurred when management decided not to match high interest rates being offered by competitors in our market area, as it would have had a negative effect on our net interest margin and earnings. Recently, competitor rates have moved in line with the rates we are offering. As a result, we do not anticipate additional losses in our deposit portfolio. We also anticipate that a significant portion of the time deposits that are scheduled to mature within one year will remain with us.

We are committed to maintaining a strong liquidity position; therefore, we monitor our liquidity position on a daily basis. We anticipate that we will have sufficient funds to meet our current funding commitments. The marginal cost of new funding, however, whether from deposits or borrowings from the Federal Home Loan Bank, will be carefully considered as we monitor our liquidity needs. Therefore, in order to minimize our cost of funds, we may consider additional borrowings from the Federal Home Loan Bank in the future.

Loans Past Due and Non-performing Assets. We define non-performing loans as loans that are either non-accruing or accruing whose payments are 90 days or more past due. Non-performing assets, including non-performing loans and foreclosed real estate, totaled $1.4 million at March 31, 2007 and $1.5 million at December 31, 2006.

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The following table presents information regarding our non-accrual loans, accruing loans delinquent 90 days or more, and foreclosed real estate as of the dates indicated.

	At March 31, 2007 (Unaudited)	At December 31, 2006
	(Dollars in thousands)	
Loans past due 90 days or more but still accruing:		
Mortgage loans on real estate:		
One-to-four family	$ 288	$ 503
Construction		
Commercial real estate	63	133
Home equity loans and lines of credit	38	83
Other loans:		
Commercial loans	30	
Consumer loans		
Total	$ 419	$ 719
Loans accounted for on a nonaccrual basis:		
Mortgage loans on real estate:		
One-to-four family	$ 796	$ 579
Construction		
Commercial real estate		
Home equity loans and lines of credit	10	4
Other loans:		
Commercial loans		
Consumer loans	5	7
Total non-accrual loans	811	590
Total nonperforming loans	1,230	1,309
Foreclosed real estate	206	183
Restructured loans		
Total nonperforming assets	$ 1,436	$ 1,492
Ratios:		
Nonperforming loans as a percent of gross loans:	0.60%	0.64%
Nonperforming assets as a percent of total assets:	0.41%	0.42%

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The following table sets forth activity in our allowance for loan losses and other ratios at or for the dates indicated.

	At or For the Three Months Ended March 31, 2007 (Unaudited)	At or For the Year Ended December 31, 2006
	(Dollars in thousands)	
Balance at beginning of period:	$ 1,257	$ 1,240
Provision for loan losses	45	158
Charge-offs:		
Mortgage loans on real estate:		
One-to-four family		49
Construction loans		
Commercial real estate		
Home equity loans and lines of credit		
Other loans:		
Commercial loans		86
Consumer loans	3	35
Total charge-offs:	3	170
Recoveries:		
Mortgage loans on real estate:		
One-to-four family		
Construction		
Commercial real estate		
Home equity loans and lines of credit		
Other loans:		
Commercial loans		28
Consumer loans	2	1
Total Recoveries	2	29
Net charge-offs	1	141
Balance at end of period	$ 1,301	$ 1,257
Average loans outstanding	205,418	205,419
Ratio of net charge-offs to average loans outstanding	0.00%	0.07%

Off-Balance Sheet Arrangements

Other than loan commitments and the derivative contract that we entered into on August 1, 2006, we do not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, revenues or expenses, results of operations, liquidity, capital expenditures, or capital resources that is material to investors. Refer to Note 3 of the Notes to Consolidated Financial Statements for a summary of the interest rate floor product and to Note 7 for a summary of loan commitments outstanding as of March 31, 2007.

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Item 3. Quantitative and Qualitative Disclosures about Market Risk
Management of Market Risk

There have been no material changes in information regarding quantitative and qualitative disclosures about market risk at March 31, 2007 from the information presented in Lake Shore Bancorp, Inc. s Form 10-K for the year ended December 31, 2006.

Regulatory Capital

We are subject to various regulatory capital requirements administered by the federal banking agencies. The Bank is a federal stock savings bank regulated by the Office of Thrift Supervision. The Company is a federal stock holding company corporation and is regulated as a savings and loan holding company by the Office of Thrift Supervision.

The Company s ability to pay dividends is primarily dependent upon the ability of its subsidiary bank to pay dividends to the Company. The payment of dividends is subject to continued compliance with minimum regulatory capital requirements. In addition, regulatory approval is generally required prior to declaring dividends in an amount in excess of net income for that year plus net income retained in the preceding two years. During the three months ended March 31, 2007, Lake Shore, MHC which owns 55% of the Company s outstanding common stock elected to waive its right to receive cash dividends of approximately $109,000. The total dividends waived by Lake Shore, MHC were $218,000 cumulatively as of March 31, 2007. The dividends waived by Lake Shore, MHC are considered as restriction on the retained earnings of the Company.

Failure to meet minimum capital requirements can initiate certain mandatory and possible additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Bank must meet specific capital guidelines that involve quantitative measures of its assets, liabilities, and certain off-balance-sheet items as calculated under regulatory accounting practices. The Bank s capital amounts and classifications are also subject to qualitative judgments by the regulators about components, risk-weightings and other factors.

Quantitative measures established by regulation to ensure capital adequacy require the Bank to maintain minimum amounts and ratios (set forth in the table below) of total and Tier 1 capital to risk weighted assets, tangible equity to tangible assets and Tier 1 capital to adjusted total assets. Management believes, as of March 31, 2007, that the Bank meets all capital adequacy requirements to which it is subject.

The Company, as a savings and loan holding company, is not subject to formula based capital requirements at the holding company level. However, the Company is required by Office of Thrift Supervision regulation to maintain adequate capital to support its business activities.

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The Bank s actual capital amounts and ratios are presented in the following table.

	Actual		For Capital Adequacy Purposes		To be Well Capitalized under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
			(Dollars in Thousands)			
As of March 31, 2007:						
Total capital (to risk-weighted assets)	$ 43,542	24.0%	$ ≥14,508	≥8.0%	$ ≥18,135	≥10.0%
Tier 1 capital (to adjusted total assets)	41,656	12.0%	≥13,882	≥4.0%	≥17,352	≥ 5.0%
Tangible equity (to tangible assets)	41,656	12.0%	≥ 5,206	≥1.5%	N/A	N/A
Tier 1 capital (to risk-weighted assets)	41,656	23.0%	N/A	N/A	≥10,881	≥ 6.0%

Item 4. Controls and Procedures.

Our management, including our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) as of the end of the period covered by this report. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures are effective, as of March 31, 2007, to ensure that information relating to us, which is required to be disclosed in the reports we file with the Securities and Exchange Commission under the Exchange Act, is (i) recorded, processed, summarized and reported as and when required and (ii) accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosures.

There has been no change in our internal control over financial reporting identified in connection with the evaluation that occurred during our last fiscal quarter that has materially affected, or that is reasonably likely to materially affect, our internal control over financial reporting.

Item 4T. Controls and Procedures.

Not applicable.

PART II

Item 1. Legal Proceedings

We are not involved in any pending legal proceedings other than routine legal proceedings occurring in the ordinary course of business. We believe that these routine legal proceedings, in the aggregate, are immaterial to our financial condition and results of operations.

Item 1A. Risk Factors

There have been no material changes to the risk factors that are included in our Annual Report on Form 10-K for the year ended December 31, 2006 that could affect our business, results of operations or financial condition.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

None.

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Item 3. Defaults Upon Senior Securities

None.

Item 4. Submission of Matters to a Vote of Security Holders.

No matters were submitted to a vote of security holders during the three months ended March 31, 2007.

Item 5. Other Information.

None.

Item 6. Exhibits

31 Rule 13a-14(a)/15d-14(a) Certifications

32 Section 1350 Certifications

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

	LAKE SHORE BANCORP, INC. (Registrant)
May 15, 2007	/s/ David C. Mancuso By: David C. Mancuso President and Chief Executive Officer (Principal Executive Officer)
May 15, 2007	/s/ Rachel A. Foley By: Rachel A. Foley Chief Financial Officer (Principal Financial and Accounting Officer)