

Filing Date: 11/8/2007 Form Type: 10-Q

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES
----- EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2007

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

For the transition period from to

COMMISSION FILE NUMBER 1-5735**PROVIDENT COMMUNITY BANCSHARES, INC.**

(Exact name of registrant as specified in its Charter)

Delaware
-----(State or other Jurisdiction of
Incorporation or Organization)57-1001177
-----(I.R.S. Employer
Identification No.)2700 Celanese Road, Rock Hill, South Carolina 29732

(Address of Principal Executive Offices)

(803)-325-9400

(Registrant's telephone number, including area code)

Not Applicable(Former name, former address and former fiscal year,
if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act.) Yes No X

The Corporation had 1,795,905 shares, \$0.01 par value, of common stock issued and outstanding as of November 2, 2007.

PROVIDENT COMMUNITY BANCSHARES, INC. AND SUBSIDIARIES

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Part 1. Financial Information
PROVIDENT COMMUNITY BANCSHARES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
September 30, 2007 and December 31, 2006

	September 30, 2007 (Unaudited)	December 31, 2006 (Audited)
	(DOLLARS IN THOUSANDS)	
ASSETS		
Cash and due from banks	\$ 10,717	\$ 9,124
Investment and mortgage-backed securities		
Held to maturity	3,130	3,182
Available for sale	131,174	119,003
Total investment and mortgage-backed securities	134,304	122,185
Loans, net	241,957	231,886
Office properties and equipment, net	5,393	5,708
Federal Home Loan Bank Stock, at cost	4,524	3,983
Federal Reserve Stock, at cost	539	539
Accrued interest receivable	2,803	2,717
Intangible assets	3,365	3,741
Cash surrender value of life insurance	9,068	5,613
Other assets	2,410	2,134
TOTAL ASSETS	\$ 415,080	\$ 387,630
LIABILITIES		
Deposits		
Interest-bearing	\$ 244,755	\$ 231,722
Noninterest-bearing	18,361	16,718
Advances from the Federal Home Loan Bank	85,250	70,000
Securities sold under agreements to repurchase	25,027	28,533
Floating rate junior subordinated deferrable interest debentures	12,372	12,372
Accrued interest payable	785	784
Other liabilities	1,746	1,534
TOTAL LIABILITIES	388,296	361,663
Commitments and contingencies-Note 4		
SHAREHOLDERS' EQUITY		
Serial preferred stock, no par value, authorized - 500,000 shares, issued and outstanding - None	--	--
Common stock - \$0.01 par value, authorized - 5,000,000 shares, issued and outstanding - 1,796,520 shares at 9/30/07 and 1,830,528 at 12/31/06	20	20
Additional paid-in capital	12,743	12,506
Accumulated other comprehensive loss	(402)	(610)
Retained earnings, substantially restricted	20,270	18,912
Treasury stock, at cost	(5,847)	(4,861)
TOTAL SHAREHOLDERS' EQUITY	26,784	25,967
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 415,080	\$ 387,630

See notes to consolidated financial statements.

PROVIDENT COMMUNITY BANCSHARES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
Three and Nine Months Ended September 30, 2007 and 2006 (unaudited)

	Three Months Ended		Nine Months Ended	
	September 30, 2007	September 30, 2006	September 30, 2007	September 30, 2006

(DOLLARS IN THOUSANDS EXCEPT PER SHARE) (DOLLARS IN THOUSANDS EXCEPT PER				
SHARE)				
Interest Income:				
Loans	\$ 4,793	\$ 4,387	\$ 14,373	\$
12,306				
Deposits and federal funds sold	28	9	110	
38				
Mortgage-backed securities	355	248	951	
808				
Interest and dividends on investment securities	1,398	1,374	4,020	
4,062				

Total Interest Income	6,574	6,018	19,454	
17,214				

Interest Expense:				
Deposit accounts	2,469	2,037	7,254	
5,647				
Floating rate junior subordinated deferrable interest debentures	227	249	673	
596				
Advances from the FHLB and other borrowings	1,165	1,181	3,332	
3,084				

Total Interest Expense	3,861	3,467	11,259	
9,327				

Net Interest Income	2,713	2,551	8,195	
7,887				
Provision for loan losses	20	45	265	
355				

Net Interest Income After Provision for Loan Losses	2,693	2,506	7,930	
7,532				

Non-Interest Income:				
Fees for financial services	760	693	2,253	
2,055				
Other fees, net	23	24	66	
88				
Net gain (loss) on sale of investments	(1)	3	(2)	
(10)				

Total Non-Interest Income	782	720	2,317	
2,133				

Non-Interest Expense:				
Compensation and employee benefits	1,313	1,095	3,776	
3,327				
Occupancy and equipment	609	465	1,902	
1,477				
Deposit insurance premiums	8	8	22	
23				

Professional services	90	107	316	
330				
Advertising/public relations	36	118	203	
214				
Loan operations	48	30	116	
60				
Deposit premium intangible	104	159	375	
477				
Items processing	53	46	164	
145				
Telephone	47	38	139	
128				
Other	197	228	644	
673				

Total Non-Interest Expense	2,505	2,294	7,657	
6,854				

Income Before Income Taxes	970	932	2,590	
2,811				
Income tax expense	243	281	613	
822				

Net Income	\$ 727	\$ 651	\$ 1,977	\$
1,989				
=====				
Basic Net Income Per Common Share	\$ 0.40	\$ 0.35	\$ 1.09	\$
1.06				
=====				
Diluted Net Income Per Common Share	\$ 0.40	\$ 0.35	\$ 1.07	\$
1.05				
=====				
Dividend Per Common Share	\$ 0.115	\$ 0.11	\$ 0.34	\$
0.32				
=====				
Weighted Average Number of Common Shares Outstanding				
Basic	1,801,405	1,846,643	1,816,085	
1,876,630				
Diluted	1,839,097	1,876,417	1,852,923	
1,901,830				

See notes to consolidated financial statements.

PROVIDENT COMMUNITY BANCSHARES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
Nine Months Ended September 30, 2007 and 2006 (unaudited)

	Nine Months Ended	
	September 30, 2007	September 30, 2006

(DOLLARS IN THOUSANDS)		
OPERATING ACTIVITIES:		
Net income	\$1,977	\$1,989
Adjustments to reconcile net income to net cash provided (used) by operating activities:		
Provision for loan losses	265	355
Amortization of intangibles	376	477
Depreciation expense	485	456
Recognition of deferred income, net of costs	(401)	(388)
Stock compensation expense	34	34
Deferral of fee income, net of costs	486	407
(Gain) loss on investment transactions	(2)	10
Loss on writedown of fixed asset	135	--
Changes in operating assets and liabilities:		
(Increase) decrease in accrued interest receivable	(86)	54
Increase in cash surrender value of life insurance	(3,455)	--
Increase in other assets	(276)	(281)
Increase in other liabilities	212	208
Increase in accrued interest payable	1	196
	-----	-----
Net cash (used) provided by operating activities	(249)	3,517
	-----	-----
INVESTING ACTIVITIES:		
Purchase of investment and mortgage-backed securities:		
Available for sale	(50,701)	(9,218)
Proceeds from sale of investment and mortgage- backed securities	8,840	18,257
Proceeds from maturity of investment and mortgage- backed securities:		
Available for sale	26,260	12,126
Principal repayments on mortgage-backed securities:		
Available for sale	3,661	4,724
Net increase in loans	(10,423)	(25,226)
(Purchase) redemption of FHLB stock	(541)	313
Purchase of office properties and equipment	(306)	(940)
	-----	-----
Net cash (used) provided by investing activities	(23,210)	36
	-----	-----
FINANCING ACTIVITIES:		
Proceeds from the dividend reinvestment plan	87	85
Dividends paid in cash	(619)	(604)
Proceeds from the exercise of stock options	150	3
Share repurchase program	(986)	(1,326)
Proceeds from the issuance of trust preferred securities	--	4,124
Increase (decrease) of term borrowings	15,250	(8,815)
Increase (decrease) in other borrowings	(3,506)	5,000
Increase in deposit accounts	14,676	404
	-----	-----
Net cash (used) provided by financing activities	25,052	(1,129)
	-----	-----

NET INCREASE IN CASH AND CASH EQUIVALENTS	1,593	2,424
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	9,124	8,380
	-----	-----
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$10,717	\$10,804
	=====	=====

SUPPLEMENTAL DISCLOSURES:

Cash paid for:

Income taxes	\$977	\$791
Interest	11,258	9,131

Non-cash transactions:

Loans foreclosed	--	\$188
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See notes to consolidated financial statements.

PROVIDENT COMMUNITY BANCSHARES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY AND COMPREHENSIVE INCOME (LOSS)
Nine Months Ended September 30, 2007 and 2006 (unaudited)

	Common Shares	Stock Amount	Additional Paid-in Capital	Retained Earnings, Substantially Restricted	Accumulated Other Comprehensive Income (loss)	Treasury Stock At Cost	Total Shareholders' Equity
(Dollars in Thousands, Except Share Data)							
BALANCE AT DECEMBER 31, 2005	1,905,897	\$ 20	\$ 12,346	\$16,916	(\$612)	(\$3,337)	\$25,333
Net income				1,989			1,989
Other comprehensive loss, net of tax on unrealized holding losses on securities available for sale arising during period					(98)		(98)
Less reclassification adjustment for losses included in net income					(7)		(7)
Comprehensive income							1,884
Stock option activity, net	2,203		37				37
Dividend reinvestment plan contributions	4,864		85				85
Share repurchase program	(74,058)					(1,326)	(1,326)
Cash dividend (\$0.32 per share)				(604)			(604)
BALANCE AT SEPTEMBER 30, 2006	1,838,906	\$ 20	\$ 12,468	\$18,301	(\$717)	(\$4,663)	\$25,409
BALANCE AT DECEMBER 31, 2006	1,830,528	\$ 20	\$ 12,506	\$18,912	(\$610)	(\$4,861)	\$25,967
Net income				1,977			1,977
Other comprehensive income, net of tax on unrealized holding gains on securities available for sale arising during period					208		208
Less reclassification adjustment for losses included in net income					--		--
Comprehensive income							2,185
Stock option activity, net	9,172		150				150
Dividend reinvestment plan contributions	4,324		87				87
Share repurchase program	(47,504)					(986)	(986)
Cash dividend (\$0.34 per share)				(619)			(619)
BALANCE AT SEPTEMBER 30, 2007	1,796,520	\$ 20	\$ 12,743	\$20,270	(\$402)	(\$5,847)	\$26,784

See notes to consolidated financial statements,

PROVIDENT COMMUNITY BANCSHARES, INC. AND SUBSIDIARIES**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)****1. Presentation of Consolidated Financial Statements**

The accompanying unaudited consolidated financial statements of Provident Community Bancshares, Inc. (the "Corporation") were prepared in accordance with instructions for Form 10-Q and, therefore, do not include all disclosures necessary for a complete presentation of consolidated financial condition, results of operations, and cash flows in conformity with accounting principles generally accepted in the United States of America. However, all adjustments which are, in the opinion of management, necessary for the fair presentation of the interim consolidated financial statements have been included. All such adjustments are of a normal and recurring nature. The results of operations for the nine months ended September 30, 2007 are not necessarily indicative of the results which may be expected for the entire calendar year. Certain amounts in the prior year's financial statements have been reclassified to conform to current year classifications.

Recently Issued Accounting Standards

The following is a summary of recent authoritative pronouncements that may affect accounting, reporting, and disclosure of financial information by the Corporation:

In February 2006, FASB issued SFAS No. 155, "Accounting for Certain Hybrid Financial Instruments--an amendment of FASB Statements No. 133 and 140." This Statement amends SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," and SFAS No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities." This Statement resolves issues addressed in SFAS No. 133 Implementation Issue No. D1, "Application of Statement 133 to Beneficial Interests in Securitized Financial Assets." FAS No. 155 permits fair value re-measurement for any hybrid financial instrument that contains an embedded derivative that otherwise would require bifurcation, clarifies which interest only-strips and principal-only strips are not subject to the requirements of Statement 133, establishes a requirement to evaluate interests in securitized financial assets to identify interests that are freestanding derivatives or that are hybrid financial instruments that contain an embedded derivative requiring bifurcation, clarifies that concentrations of credit risk in the form of subordination are not embedded derivatives, and amends Statement 140 to eliminate the prohibition on a qualifying special purpose entity from holding a derivative financial instrument that pertains to a beneficial interest other than another derivative financial instrument. SFAS No. 155 is effective for all financial instruments acquired or issued after the beginning of an entity's first fiscal year that begins after September 15, 2006. The adoption of SFAS No. 155 did not have a material impact on its financial position, results of operations and cash flows.

In March 2006, the FASB issued SFAS No. 156, "Accounting for Servicing of Financial Assets--an amendment of FASB Statement No. 140." This Statement amends FASB No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities," with respect to the accounting for separately recognized servicing assets and servicing liabilities. SFAS No. 156 requires an entity to recognize a servicing asset or servicing liability each time it undertakes an obligation to service a financial asset by entering into a servicing contract; requires all separately recognized servicing assets and servicing liabilities to be initially measured at fair value, if practicable; permits an entity to choose its subsequent measurement methods for each class of separately recognized servicing assets and servicing liabilities; at its initial adoption, permits a one-time reclassification of available-for-sale securities to trading securities by entities with recognized servicing rights, without calling into question the treatment of other available-for-sale securities under Statement No. 115, provided that the available-for-sale securities are

identified in some manner as offsetting the entity's exposure to changes in fair value of servicing assets or servicing liabilities that a service elects to subsequently measure at fair value; and requires separate presentation of servicing assets and servicing liabilities subsequently measured at fair value in the statement of financial position and additional disclosures for all separately recognized servicing assets and servicing liabilities. An entity should adopt SFAS No. 156 as of the beginning of its first fiscal year that begins after September 15, 2006. The adoption of SFAS No. 156 did not have a material impact on the Corporation's financial position, results of operations and cash flows.

In July 2006, the FASB issued FASB Interpretation No. 48 ("FIN 48"), "Accounting for Uncertainty in Income Taxes." FIN 48 clarifies the accounting for uncertainty in income taxes recognized in enterprises' financial statements in accordance with FASB Statement No. 109, "Accounting for Income Taxes". FIN 48 prescribes a recognition threshold and measurement attributable for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FIN 48 also provides guidance on derecognizing, classification, interest and penalties, accounting in interim periods, disclosures and transitions. FIN 48 is effective for fiscal years beginning after December 15, 2006. The adoption did not have a material impact on the reported results of operations or financial condition of the Company.

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements." SFAS 157 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements. This standard does not require any new fair value measurements, but rather eliminates inconsistencies found in various prior pronouncements. SFAS 157 is effective for the Company on January 1, 2008 and is not expected to have a significant impact on the Company's financial statements.

In September 2006, the FASB issued SFAS No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans" ("SFAS 158"), which amends SFAS 87 and SFAS 106 to require recognition of the over funded or under funded status of pension and other postretirement benefit plans on the balance sheet. Under SFAS 158, gains and losses, prior service costs and credits, and any remaining transition amounts under SFAS 87 and SFAS 106 that have not yet been recognized through net periodic benefit cost will be recognized in accumulated other comprehensive income, net of tax effects, until they are amortized as a component of net periodic cost. The measurement date--the date at which the benefit obligation and plan assets are measured--is required to be the company's fiscal year end. SFAS 158 is effective for publicly held companies for fiscal years ending after December 15, 2006, except for the measurement date provisions, which are effective for fiscal years ending after December 15, 2008. The Company does not have a defined benefit pension plan or other postretirement plan affected by SFAS No. 158. Therefore, SFAS No. 158 will not impact the Company's financial conditions or results of operations.

In September, 2006, The FASB ratified the consensus reached by the Fast's Emerging Issues Task Force ("EITF") relating to EITF 06-4 "Accounting for the Deferred Compensation and Postretirement Benefit Aspects of Endorsement Split-Dollar Life Insurance Arrangements". EITF 06-4 addresses employer accounting for endorsement split-dollar life insurance arrangements that provide a benefit to an employee that extends to postretirement periods should recognize a liability for future benefits in accordance with SFAS No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions", or Accounting Principles Board ("APB") Opinion No. 12, "Omnibus Opinion--1967". EITF 06-4 is effective for fiscal years beginning after December 15, 2006. Entities should recognize the effects of applying this Issue through either (a) a change in accounting principle through a cumulative-effect adjustment to retained earnings or to other components of equity or net assets in the statement of financial position as of the beginning of the year of adoption or (b) a change in accounting principle through retrospective application to all prior periods. The Company does not believe the adoption of EITF 06-4 will have a material impact on its financial position, results of operations and cash flows.

In September 2006, the FASB ratified the consensus reached related to EITF 06-5, "Accounting for Purchases of Life Insurance-- Determining the Amount That Could Be Realized in Accordance with FASB Technical Bulletin No. 85-4, Accounting for Purchases of Life Insurance." EITF 06-5 states that a policyholder should consider any additional amounts included in the contractual terms of the insurance policy other than the cash surrender value in determining the amount that could be realized under the insurance contract. EITF 06-5 also states that a policyholder should determine the amount that could be realized under the life insurance contract assuming the surrender of an individual-life by individual-life policy (or certificate by certificate in a group policy). EITF 06-5 is effective for fiscal years beginning after December 15, 2006. The Company does not believe the adoption of EITF 06-5 will have a material impact on its financial position, results of operations or cash flows.

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities - Including an amendment of FASB Statement No. 115." This statement permits, but does not require, entities to measure many financial instruments at fair value. The objective is to provide entities with an opportunity to mitigate volatility in reported earnings caused by measuring related assets and liabilities differently without having to apply complex hedge accounting provisions. Entities electing this option will apply it when the entity first recognizes an eligible instrument and will report unrealized gains and losses on such instruments in current earnings. This statement: 1) applies to all entities; 2) specifies certain election dates; 3) can be applied on an instrument-by-instrument basis with some exceptions; 4) is irrevocable; and 5) applies only to entire instruments. One exception is demand deposit liabilities which are explicitly excluded as qualifying for fair value. With respect to SFAS 115, available-for-sale and held-to-maturity securities at the effective date are eligible for the fair value option at that date. If the fair value option is elected for those securities at the effective date, cumulative unrealized gains and losses at that date shall be included in the cumulative-effect adjustment and thereafter, such securities will be accounted for as trading securities. SFAS 159 is effective for the Corporation on January 1, 2008. Earlier adoption is permitted in 2007 if the Corporation also elects to apply the provisions of SFAS 157, "Fair Value Measurement." The Corporation is currently analyzing the fair value option provided under SFAS 159 and its impact on the Corporation's financial position, results of operations and cash flows.

Other accounting standards that have been issued or proposed by the FASB or other standards-setting bodies that do not require adoption until a future date are not expected to have a material impact on the consolidated financial statements upon adoption.

2. Income Per Share

Basic income per share amounts for the three and nine months ended September 30, 2007 and 2006 were computed based on the weighted average number of common shares outstanding during the period. Diluted income per share adjusts for the dilutive effect of outstanding common stock options during the periods utilizing the treasury stock method. Common stock equivalents included in the diluted earnings per share calculation for the nine months ended September 30, 2007 and 2006 were 36,838 and 25,200, respectively.

3. Assets Pledged

Approximately \$89,564,000 and \$74,387,000 of marketable debt securities at September 30, 2007 and December 31, 2006, respectively, were pledged by Provident Community Bank, N.A. (the "Bank") as collateral to secure deposits of the State of South Carolina, and Union, Laurens and York counties along with additional borrowings and repurchase agreements. The Bank pledges as collateral for Federal Home Loan Bank advances commercial and residential real estate mortgage loans under a collateral agreement with the Federal Home Loan Bank

whereby the Bank maintains, free of other encumbrances, qualifying mortgages (as defined) with unpaid principal balances equal to, when discounted at 75% of the unpaid principal balances, 100% of total advances. As part of the total assets pledged, the Bank will also pledge securities to cover additional advances from the Federal Home Loan Bank that exceed the qualifying mortgages balance along with security repurchase lines with various brokerage houses.

4. Contingencies and Loan Commitments

In the ordinary course of business, the Bank enters into financial instruments with off-balance-sheet risk to meet the financing needs of its customers. These instruments expose the Bank to credit risk in excess of the amount recognized on the balance sheet.

The Bank's exposure to credit loss in the event of nonperformance by the other party to the financial instrument for commitments to extend credit is represented by the contractual amount of those instruments. The Bank uses the same credit policies in making commitments and conditional obligations as it does for on-balance-sheet instruments. Total credit exposure at September 30, 2007 related to these items is summarized below:

Loan Commitments:	Contract Amount
-----	-----
Approved loan commitments	\$ 1,874,000
Unadvanced portions of loans and credit lines	54,410,000

Total loan commitments	\$ 56,284,000
	=====

Loan commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Loan commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. The Bank evaluates each customer's creditworthiness on a case-by-case basis. The amount of collateral obtained upon extension of credit is based on management's credit evaluation of the counter party. Collateral held is primarily residential and commercial property. Commitments outstanding at September 30, 2007 consisted of fixed and adjustable rate loans at rates ranging from 6.5% to 8.5%. Commitments to originate loans generally expire within 30 to 60 days.

Commitments to fund loans, including credit lines (principally variable rate, consumer lines secured by real estate and overdraft protection) totaled approximately \$134,088,000 at September 30, 2007. Of these lines, the outstanding loan balances totaled approximately \$79,678,000.

5. Fixed/Floating Rate Junior Subordinated Deferrable Interest Debentures

On July 18, 2006, the Corporation sponsored the creation of Provident Community Bancshares Capital Trust I ("Capital Trust I"). The Corporation is the owner of all of the common securities of Capital Trust I. On July 21, 2006, Capital Trust I issued \$4,000,000 in the form of fixed/floating rate capital securities through a pooled trust preferred securities offering. The proceeds from this issuance, along with the Corporation's \$124,000 capital contribution for Capital Trust I's common securities, were used to acquire \$4,124,000 aggregate principal amount of the Corporation's floating rate junior subordinated deferrable interest debentures due October 1, 2036, which constitute the sole asset of Capital Trust I. The interest rate on the debentures and the capital securities will be equal to 7.393% for the first five years. Thereafter, the interest rate is variable and adjustable quarterly at 1.74% over the three-month LIBOR. The debentures are subject to redemption at par at the option of the Corporation, subject to prior regulatory approval, in whole or in part on any interest

payment date after October 1, 2011. The debentures are also subject to redemption prior to October 1, 2011 at up to 103.7% of par after the occurrence of certain events.

On November 28, 2006, the Corporation sponsored the creation of Provident Community Bancshares Capital Trust ("Capital Trust II"). The Corporation is the owner of all of the common securities of the Trust. On December 15, 2006, the Trust issued \$8,000,000 in the form of floating rate capital securities through a pooled trust preferred securities offering. The proceeds of Capital Trust II were utilized for the redemption of Union Financial Bancshares Statutory Trust (the "Trust") issued on December 18, 2001. The proceeds from this issuance, along with the Corporation's \$248,000 capital contribution for the Trust's common securities, were used to acquire \$8,247,000 aggregate principal amount of the Corporation's floating rate junior subordinated deferrable interest debentures due March 1, 2037, which constitute the sole asset of the Capital Trust II. The interest rate on the debentures and the capital securities is variable and adjustable quarterly at 1.74% over the three-month LIBOR. The debentures are subject to redemption at par at the option of the Corporation, subject to prior regulatory approval, in whole or in part on any interest payment date after March 1, 2012. The debentures are also subject to redemption prior to March 1, 2012 at 103.5% of par after the occurrence of certain events.

On November 14, 2001, the Corporation sponsored the creation of a Trust, which on December 18, 2001, issued \$8,000,000 in the form of floating rate capital securities through a pooled trust preferred securities offering. The proceeds from this issuance, along with the Corporation's \$248,000 capital contribution for the trust's common securities, were used to acquire \$8,247,000 aggregate principal amount of the Corporation's floating rate junior subordinated deferrable interest debentures due December 18, 2031, which constitute the sole asset of the Trust. The interest rate on the Debentures and the capital securities was variable and adjustable quarterly at 3.60% over the three-month LIBOR. On December 18, 2006, the Trust was redeemed with the proceeds from Capital Trust II.

A summary of the Subordinated Deferrable Interest Debentures issued and outstanding follows:

Name	Amount Outstanding at September 30,		Rate	Prepayment Option Date	Maturity	Distribution Payment Frequency
	2007	2006				
Union Financial Statutory Trust I	\$ --	\$8,000,000	8.99%	December 18, 2006	December 18, 2031	Quarterly
Provident Community Bancshares Capital Trust I	4,000,000	-	7.39%	October 1, 2011	October 1, 2036	Quarterly
Provident Community Bancshares Capital Trust II	8,000,000	-	7.32%	March 1, 2012	March 1, 2037	Quarterly
Total	\$12,000,000					

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Critical Accounting Policies

The Corporation has adopted various accounting policies which govern the application of accounting principles generally accepted in the United States of America in the preparation of financial statements.

Certain accounting policies involve significant judgments and assumptions by management which, if incorrect, could have a material impact on the carrying value of certain assets and liabilities. Management considers such accounting policies to be critical accounting policies. The judgments and assumptions used by management are based on historical experience and other factors, which are believed to be reasonable under the circumstances. Because of the nature of the judgments and assumptions made by management, actual results could differ from these judgments and estimates which could have a material impact on the carrying values of assets and liabilities and the results of operations of the Corporation.

The Corporation believes the allowance for loan losses is a critical accounting policy that requires significant judgments and estimates used in the preparation of consolidated financial statements. Management reviews the level of the allowance on a monthly basis and establishes the provision for loan losses based on the composition and volume of the loan portfolio, overall portfolio quality, delinquency levels, a review of specific problem loans, loss experience, economic conditions, and other factors related to the collectibility of the loan portfolio. A portion of the allowance is established by segregating the loans by residential mortgage, commercial and consumer and assigning allocation percentages based on historical loss experience and delinquency trends. The applied allocation percentages are reevaluated at least annually to ensure their relevance in the current economic environment. Accordingly, increases in the size of the loan portfolio and the increased emphasis on commercial real estate and commercial business loans, which carry a higher degree of risk of default and, thus, a higher allocation percentage, increases the allowance. Additionally, a portion of the allowance is established based on the level of classified assets.

Although the Corporation believes that it uses the best information available to establish the allowance for loan losses, future additions to the allowance may be necessary based on estimates that are susceptible to change as a result of changes in economic conditions and other factors. In addition, the Office of the Comptroller of the Currency, as an integral part of its examination process, will periodically review the Corporation's allowance for loan losses. Such agency may require the Corporation to recognize adjustments to the allowance based on its judgments about information available to it at the time of its examination.

Forward Looking Statements

Management's discussion and analysis of financial condition and results of operations and other portions of this Form 10-Q may contain certain "forward-looking statements" concerning the future operations of the Corporation and the Bank. These forward-looking statements are generally identified by the use of the words "believe," "expect," "intend," "anticipate," "estimate," "project," or similar expressions. Management intends to take advantage of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and is including this statement for the express purpose of availing the Corporation of the protections of such safe harbor with respect to all forward-looking statements contained in this report to describe future plans and strategies. Management's ability to predict results or the effect of future

plans or strategies is inherently uncertain. Factors which could effect actual results include interest rate trends, the general economic climate in the Corporation's and the Bank's market area and the country as a whole, the ability of the Corporation and the Bank to control costs and expenses, competitive products and pricing, loan delinquency rates, the quality and composition of the loan and investment portfolios, changes in accounting principles and guidelines and changes in federal and state regulation. The Corporation provides greater detail regarding some of these factors in its Form 10-K for the year ended December 31, 2006, including in the Risk Factors section of that report, and in its other SEC reports. These factors should be considered in evaluating the forward-looking statements, and undue reliance should not be placed on such statements.

Except as required by applicable law or regulation, the Corporation does not undertake, and specifically disclaims any obligation, to release publicly the result of any revisions that may be made to any forward looking statements to reflect events or circumstances after the date of these statements or to reflect the occurrence of anticipated or unanticipated events.

Financial Condition

Assets

Total assets of the Corporation increased \$27,450,000, or 7.08%, to \$415,080,000 at September 30, 2007 from \$387,630,000 at December 31, 2006. Investments and mortgage-backed securities increased approximately \$12,119,000, or 9.92%, from December 31, 2006 to September 30, 2007, due to the purchase of agency and mortgaged-backed securities that was funded primarily with additional deposits and borrowings. Net loans increased approximately \$10,071,000, or 4.34%, from December 31, 2006 to September 30, 2007, due primarily to growth in commercial loans partially offset by reductions in residential mortgage loans.

Investment and Mortgage-backed Securities

Held to Maturity-Securities classified as held to maturity consisted of the following (in thousands):

	September 30, 2007		December 31, 2006	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
	----	-----	----	-----
Municipal Securities	\$3,130	\$3,148	\$3,182	\$3,239
	=====	=====	=====	=====

Available for Sale-Securities classified as available for sale consisted of the following (in thousands):

	September 30, 2007		December 31, 2006	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Investment Securities:				
U.S. Agency Obligations	\$ 508	\$ 480	\$ 515	\$ 500
Government Sponsored Enterprises	72,950	72,650	73,511	72,638
Municipal Securities	9,298	9,597	10,594	10,970
Other	12,666	12,497	14,533	14,644
	-----	-----	-----	-----
Total Investment Securities	95,422	95,224	99,153	98,752
	-----	-----	-----	-----
Mortgage-backed Securities:				
Fannie Mae	18,067	17,744	13,243	12,813
Ginnie Mae	1,194	1,195	55	57
Freddie Mac	13,467	13,441	3,111	3,109
Collateralized Mortgage Obligations	3,642	3,570	4,380	4,272
	-----	-----	-----	-----
Total Mortgage-backed Securities	36,370	35,950	20,789	20,251
	-----	-----	-----	-----
Total Available for Sale	\$131,792	\$131,174	\$119,942	\$119,003
	=====	=====	=====	=====

Loans

Loans increased to \$241,957,000 at September 30, 2007 compared to \$231,886,000 at December 31, 2006. The Corporation continues to focus on growth of the consumer and commercial lending portfolios with specialized loan officers and products.

Loans receivable consisted of the following (in thousands):

	September 30, 2007	December 31, 2006
Mortgage loans:		
Fixed rate residential	\$ 16,652	\$ 19,187
Adjustable-rate residential	9,150	10,295
Commercial real estate	72,028	62,450
Construction	4,934	5,787
	-----	-----
Total mortgage loans	102,764	97,719
	-----	-----
Commercial loans:		
Commercial non-real estate	31,846	42,093
Commercial lines of credit	64,431	51,469
	-----	-----
Total commercial loans	96,277	93,562
	-----	-----
Consumer loans:		
Home equity	14,892	15,936
Consumer and installment	34,266	29,827
Consumer lines of credit	355	373
	-----	-----
Total consumer loans	49,513	46,136
	-----	-----
Total loans	248,554	237,417
	-----	-----
Less:		
Undisbursed portion of interim construction loans	(3,138)	(2,238)
Unamortized loan discount	(498)	(607)
Allowance for loan losses	(2,955)	(2,754)
Net deferred loan origination costs	(6)	68
	-----	-----
Total, net	\$241,957	\$231,886
	=====	=====
Weighted-average interest rate of loans	7.93%	8.14%

Cash surrender value of life insurance increased \$3,455,000, or 61.55%, to \$9,068,000 at September 30, 2007 from \$5,613,000 at December 31, 2006 due to the purchase of \$3,200,000 in additional bank-owned life insurance that will be utilized to offset the rapidly rising costs of providing employee benefits.

Other assets increased \$276,000, or 12.93%, to \$2,410,000 at September 30, 2007 from \$2,134,000 at December 31, 2006, due primarily to an increase in a net deferred tax receivable that was related to the mark-to-market adjustment for investments available for sale.

Liabilities

Total liabilities increased \$26,633,000, or 7.36%, to \$388,296,000 at September 30, 2007 from \$361,663,000 at December 31, 2006. Deposits increased \$14,676,000, or 5.91%, to \$263,116,000 at September 30, 2007 from \$248,440,000 at December 31, 2006. The overall growth includes a 9.8% increase in non-interest bearing accounts while interest bearing accounts increased 5.6%. The increase was due primarily to growth in accounts generated from the new banking center openings. The Corporation continues to target lower-cost demand deposit accounts through media advertising.

Deposit accounts were as follows (in thousands):

Account Type	September 30, 2007			December 31, 2006		
	Rate	Balance	%	Rate	Balance	%
NOW accounts:						
Commercial non- interest-bearing	--	\$ 18,361	6.98%	--	\$ 16,718	6.73%
Non-commercial	2.73%	54,472	20.70%	2.82%	52,512	21.14%
Money market checking accounts						
	4.62%	20,280	7.71%	4.22%	14,178	5.71%
Regular savings	0.78%	14,016	5.33%	0.76%	14,930	6.00%
		-----	-----		-----	-----
Total demand and savings deposits	2.35%	107,129	40.72%	2.20%	98,338	39.58%
		-----	-----		-----	-----
Savings certificates:						
Up to 3.00%		5,683	2.16%		15,557	6.26%
3.01% - 4.00%		31,008	11.78%		23,491	9.46%
4.01% - 5.00%		6,386	2.43%		31,086	12.51%
5.01% - 6.00%		112,890	42.90%		79,943	32.18%
6.01% - 7.00%		20	0.01%		25	0.01%
		-----	-----		-----	-----
Total savings certificates	4.74%	155,987	59.28%	4.47%	150,102	60.42%
		-----	-----		-----	-----
Total deposit accounts	3.77%	\$263,116	100.00%	3.56%	\$248,440	100.00%
		=====	=====		=====	=====

At September 30, 2007 and December 31, 2006, the Bank had \$85,250,000 and \$70,000,000, respectively, of advances outstanding from the FHLB. The maturity of the advances from the FHLB is as follows (in thousands):

Contractual Maturity:	September 30, 2007		December 31, 2006	
	Wtd Avg Rate		Wtd Avg Rate	
	=====		=====	
Within one year - fixed rate	\$--	--%	\$21,500	5.18%
Within one year - adjustable rate	20,750	5.12%	15,000	5.36%
After one but within three years - fixed rate	5,000	4.93%	-	- %
After one but within three years - adjustable rate	7,500	5.30%	12,500	5.33%
After three but within five years - adjustable rate	28,000	4.73%	-	- %
Greater than five years - adjustable rate	24,000	4.10%	21,000	4.33%
	-----		-----	
Total advances	\$85,250	4.71%	\$70,000	5.00%
	=====		=====	

The Bank pledges as collateral for the advances its investment securities and has entered into a blanket collateral agreement with the FHLB whereby the Bank maintains, free of other encumbrances, qualifying loans with unpaid principal balances equal to, when discounted at 50% to 75% of the unpaid principal balances, 100% of total advances. Borrowings from the Federal Home Loan Bank (the "FHLB") increased \$15,250,000, or 21.79%, to \$85,250,000 at September 30, 2007 from \$70,000,000 at December 31, 2006 primarily to fund loan growth and additional security purchases. Securities sold under agreement to repurchase decreased \$3,506,000 to \$25,027,000 at September 30, 2007 from \$28,533,000 at December 31, 2006.

Shareholders' Equity

Shareholders' equity increased \$817,000, or 3.15%, to \$26,784,000 at September 30, 2007 from \$25,967,000 at December 31, 2006 due primarily to net income of \$1,977,000 and a \$208,000 decrease in unrealized losses on securities available for sale, offset by the repurchase of 47,504 shares at a cost of \$986,000 and dividend payments of \$0.34 per share at a cost of \$619,000.

Liquidity

Liquidity is the ability to meet demand for loan disbursements, deposit withdrawals, repayment of debt, payment of interest on deposits and other operating expenses. The primary sources of liquidity are deposits, loan repayments, borrowings, maturity and sale of securities and interest payments.

While maturities and scheduled amortization of loans and securities are predictable sources of funds, deposit outflows and mortgage prepayments are greatly influenced by general interest rates, economic conditions and competition. The primary investing activities of the Corporation are the origination of commercial and consumer loans, and the purchase of investment and mortgage-backed securities. These activities are funded primarily by principal and interest payments on loans and investment securities, deposit growth, securities sold under agreements to repurchase and the utilization of FHLB advances.

At September 30, 2007, the Corporation's investment in marketable securities totaled \$134,304,000, nearly all of which is available for sale. Approximately \$89,564,000 and \$74,387,000 of debt securities at September 30, 2007 and December 31, 2006, respectively, were pledged by the Bank as collateral to secure deposits of the State of South Carolina, and Union, Laurens and York counties along with additional borrowings and repurchase agreements.

Outstanding loan commitments (including commitments to fund credit lines) totaled \$134,088,000 at September 30, 2007. Management of the Corporation anticipates that it will have sufficient funds available to meet its current loan commitments.

The Corporation closely monitors its liquidity position on a daily basis. Certificates of deposit, which are scheduled to mature in one year or less from September 30, 2007, totaled \$121,773,000. The Corporation relies primarily on competitive rates, customer service, and long-standing relationships with customers to retain deposits. From time to time, the Corporation will also offer special products to its customers to increase retention and to attract new deposits. Based upon the Corporation's experience with deposit retention and current retention strategies, management believes that, although it is not possible to predict future terms and conditions upon renewal, a significant portion of such deposits will remain with the Corporation. If the Corporation requires funds beyond its ability to generate them internally, additional sources of funds are available through FHLB advances, securities sold under agreements to repurchase and lines of credit. At September 30, 2007, the Corporation had outstanding \$85,250,000 of FHLB borrowings and \$25,027,000 of securities sold under agreements to repurchase. At September 30, 2007, the Corporation had unused short-term lines of credit to purchase federal funds from

unrelated banks totaling \$20,000,000 and the ability to borrow an additional \$29,000,000 from the FHLB and secured borrowing lines. Lines of credit are available on a one-to-ten day basis for general purposes of the Corporation. All of the lenders have reserved the right to withdraw these lines at their option.

Capital Management

The Bank and the Corporation are subject to various regulatory capital requirements administered by banking regulators. Failure to meet minimum capital requirements can initiate certain mandatory - and possibly additional discretionary - actions by regulators that, if undertaken, could have a direct material effect on the Corporation's consolidated 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 the Bank's 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 weights and other factors.

Quantitative measures established by regulations to ensure capital adequacy require the Bank and the Corporation to maintain minimum amounts and ratios of total and Tier 1 capital to risk-weighted assets, and of Tier 1 capital to average assets (as defined in the regulations). Management believes, as of September 30, 2007, that the Bank and the Corporation meet the capital adequacy requirements to which they are subject.

As of September 30, 2007, the Bank was "well capitalized" under the regulatory framework for prompt corrective action based on its capital ratio calculations. In order to be "well capitalized", the Bank must maintain minimum total risk-based, Tier 1 risk-based, and Tier 1 leverage ratios as set forth in the following table.

Under present regulations of the Office of the Comptroller of the Currency, the Bank must have core capital (leverage requirement) equal to 4.0% of assets, of which 1.5% must be tangible capital, excluding intangible assets. The Bank must also maintain risk-based regulatory capital as a percent of risk weighted assets at least equal to 8.0%. In measuring compliance with capital standards, certain adjustments must be made to capital and total assets.

The following tables present the total risk-based, Tier 1 risk-based and Tier 1 leverage requirements for the Corporation and the Bank (dollars in thousands).

September 30, 2007						
	Actual		Regulatory Minimum		"Well Capitalized"	
	Amount \$	Ratio %	Amount \$	Ratio %	Amount \$	Ratio %
Leverage ratio						
Corporation	32,954	8.39%	15,718	4.00%	n/a	n/a
Bank	35,264	8.88%	15,892	4.00%	19,865	5.00%
Tier 1 capital ratio						
Corporation	32,954	11.47%	11,491	4.00%	n/a	n/a
Bank	35,264	12.30%	11,465	4.00%	17,199	6.00%
Total risk-based capital ratio						
Corporation	38,775	13.50%	22,982	8.00%	n/a	n/a
Bank	38,219	13.33%	22,932	8.00%	28,665	10.00%

During fiscal 2003, the Corporation implemented a share repurchase program under which the Board of Directors of the Corporation authorized the repurchase of up to 5% of the outstanding shares or 98,000 shares. The program was expanded by an additional 5%, or 98,000 shares, in fiscal 2004, by an additional 5%, or 95,000 shares in fiscal 2005 and by an additional 5%, or 92,000 shares in fiscal 2006. The shares are to be repurchased, either through open market purchases or privately negotiated transactions, depending on market conditions and other factors. Repurchased shares will be held in treasury and will be available for the Corporation's benefit plans. During the nine months ended September 30, 2007, the Corporation repurchased 47,504 shares. As of September 30, 2007, the Corporation had repurchased a total of 323,645 shares under these authorizations and had 59,355 shares available for repurchase under these authorizations.

Off-Balance Sheet Risk

In the normal course of operations, the Corporation engages in a variety of financial transactions that, in accordance with generally accepted accounting principles, are not recorded in its financial statements. These transactions involve, to varying degrees, elements of credit, interest rate and liquidity risk. Such transactions are used primarily to manage customer's requests for funding and take the form of legally binding agreements to lend money to customers at predetermined interest rates for a specified period of time. Outstanding loan commitments (including commitments to fund credit lines) totaled \$134,088,000 at September 30, 2007. Each customer's credit worthiness is evaluated on a case-by-case basis. The amount of collateral obtained, if deemed necessary by the Corporation upon extension of credit, is based on the credit evaluation of the borrower. Collateral varies but may include accounts receivable, inventory, property, plant and equipment, commercial and residential real estate. The credit risk on these commitments is managed by subjecting each customer to normal underwriting and risk management processes. For the period ended September 30, 2007, the Corporation did not engage in any off-balance sheet transactions reasonably likely to have a material effect on its financial condition, results of operation and cash flows.

Results of operations for the three months ended September 30, 2007 and 2006General

Net income increased \$76,000, or 11.67%, to \$727,000 for the three months ended September 30, 2007 as compared to \$651,000 for the same period in 2006 as increases in net interest income and non-interest income along with a reduction in the provision for loan losses were partially offset by an increase in non-interest expense. The increase in non-interest expense from the prior year quarter reflects the additional expenses associated with opening three banking centers in the previous twelve months.

Average Yields and Rates

(dollars in thousands)

	Three Months Ended September 30,					
	2007			2006		
	Average Balance	Interest	Average Yield/Cost	Average Balance	Interest	Average Yield/Cost
Interest-earning assets:						
Loans (1)	\$239,372	\$4,793	8.01%	\$212,063	\$4,387	8.27%
Mortgage-backed securities	29,365	355	4.84%	22,163	248	4.48%
Investment securities	95,016	1,330	5.60%	103,582	1,318	5.09%
Other interest-earning assets	6,771	96	5.67%	4,687	65	5.51%
Total interest-earning assets	370,524	6,574	7.10%	342,495	6,018	6.66%
Non-interest-earning assets	31,146			28,891		
Total assets	\$401,670			\$371,386		
Interest-bearing liabilities:						
Deposits	261,025	2,469	3.78%	239,522	2,037	3.40%
Floating rate junior subordinated deferrable interest debentures	12,372	227	7.34%	11,475	249	8.68%
FHLB advances and other borrowings	98,527	1,165	4.73%	93,407	1,181	5.06%
Total interest-bearing liabilities	371,924	3,861	4.15%	344,404	3,467	4.03%
Non-interest-bearing liabilities	3,404			2,626		
Total liabilities	375,328			347,030		
Shareholders' equity	26,342			24,356		
Total liabilities and shareholders' equity	\$401,670			\$371,386		
Net interest income/spread		\$2,713	2.94%		\$2,551	3.00%
Net yield on earning assets			2.93%			2.98%

(1) Average balances of loans include non-accrual loans.

Interest Income

Interest income increased \$556,000, or 9.24%, to \$6,574,000 for the three months ended September 30, 2007 as compared to the same period in 2006. Interest income on loans increased by 9.25%, or \$406,000, to \$4,793,000 for the three months ended September 30, 2007 from \$4,387,000 for the three months ended September 30, 2006, due to a higher average balance of loans. Interest on deposits and federal funds sold, combined with interest and dividends on investment and mortgage-backed securities increased \$150,000 for the three months ended September 30, 2007 to \$1,781,000 from \$1,631,000 during the same period in 2006 due to higher yields from higher market interest rates.

Interest Expense

Interest expense increased \$394,000, or 11.36%, to \$3,861,000 for the three months ended September 30, 2007 as compared to the three months ended September 30, 2006. Interest expense on deposit accounts increased \$432,000, or 21.21%, to \$2,469,000 for the three months ended September 30, 2007 from \$2,037,000 during the same period in 2006 due to higher average balances and cost of deposits as a result of higher market rates. The Corporation continues to target lower cost demand deposit accounts versus traditional higher cost certificates of deposits in order to reduce overall funding costs. Interest expense on borrowings decreased \$16,000, or 1.35%, for the three months ended September 30, 2007 as compared to the same period in the previous year due to lower market interest rates, offset by higher average balances. Interest expense on floating rate junior subordinated deferrable interest debentures decreased \$22,000, or 8.84%, to \$227,000 for the three months ended September 30, 2007 from \$249,000 during the same period in 2006 due to lower rates due to the repayment of older trust preferred securities with the proceeds of newer trust preferred securities with lower rates, offset by higher average balances.

Provision for Loan Losses

During the three months ended September 30, 2007, the provision for loan losses was \$20,000 as compared to \$45,000 for the same period in the previous year. During the quarter ending September 30, 2007, \$125,000 was received from a loan that was charged off in the previous year that was applied to the loan provision. The provision also reflects the increase in the loan portfolio and the Corporation's continued movement from longer-term, fixed-rate residential mortgage loans to shorter-term, floating-rate consumer and commercial loans. Consumer and commercial loans carry higher risk weighted rates in the reserve calculation as compared to residential mortgage loans. Real estate acquired in foreclosure and classified loans increased \$576,000 from \$8,180,000 at September 30, 2006 to \$8,756,000 at September 30, 2007. The increase was due to an increase in classified commercial loans. During the three months ended September 30, 2007, bad debt charge-offs, net of recoveries, was \$6,000 as compared to \$4,000 for the same period in the previous year.

Non-Interest Income

Total non-interest income increased \$62,000, or 8.61%, to \$782,000 for the three months ended September 30, 2007 from \$720,000 for the same period in the previous year. Fees from financial services increased \$67,000, or 9.67%, to \$760,000 for the three months ended September 30, 2007 from \$693,000 for the same period in the previous year. The change was from an increase in service charges due to an increase in the number of transaction accounts.

Non-Interest Expense

For the three months ended September 30, 2007, total non-interest expense increased \$211,000, or 9.20%, to \$2,505,000 from \$2,294,000 for the same period in 2006. The increase was due primarily to higher operating costs associated with banking centers opened in Simpsonville, South Carolina and two in Rock Hill, South Carolina during the previous twelve months. Compensation and employee benefits increased \$218,000, or 19.91%, to \$1,313,000 for the three months ended September 30, 2007 from \$1,095,000 for the same period in 2006 due primarily to higher compensation and benefits costs for normal merit salary increases and additional staff due to the new banking center openings. Occupancy and equipment expense increased \$144,000, or 30.97%, to \$609,000 for the three months ended September 30, 2007 from \$465,000 for the same period in 2006, due primarily to higher lease expense from the new locations. Professional services expense decreased \$17,000, or 15.89%, to \$90,000 for the three months ended September 30, 2007 from \$107,000 for the same period in 2006, due to lower legal expenses. Advertising/public relations expense decreased \$82,000, or 69.49%, to \$36,000 for the three months ended September 30, 2007 from \$118,000 for the same period in 2006 due primarily to higher prior year product and promotion expenses for the new banking center locations. Loan operations expense increased \$18,000, or 60%, to \$48,000 for the three months ended September 30, 2007 from \$30,000 for the same period in 2006, due to higher costs associated with loan foreclosures. Intangible amortization expense decreased \$55,000, or 34.59%, to \$104,000 for the three months ended September 30, 2007 from \$159,000 for the same period in 2006, due to deposit premiums related to branch acquisitions becoming fully amortized. Other expense decreased \$31,000, or 13.60%, to \$197,000 for the three months ended September 30, 2007 from \$228,000 for the same period in 2006, due primarily to lower costs associated with deposit account charge-offs.

Results of operations for the nine months ended September 30, 2007 and 2006

General

Net income decreased \$12,000, or 0.60%, to \$1,977,000 for the nine months ended September 30, 2007 as compared to \$1,989,000 for the same period in 2006 as increases in net interest income and non-interest income and a reduction in the provision for loan losses were more than offset by an increase in non-interest expense. The increase in non-interest expense from the prior year reflects the additional expenses associated with opening three banking centers in the previous twelve months. During the third quarter, the Company closed one banking center located in Winnsboro, South Carolina. The deposits and operations contained in the banking center closed were moved into a larger Winnsboro, South Carolina location in order to improve the efficiencies for Fairfield County. The Company recorded a \$135,000 write-down on the building value of the closed location.

Average Yields and Rates

(dollars in thousands)

	Nine Months Period Ended September 30,					
	2007			2006		
	Average Balance	Interest	Average Yield/Cost	Average Balance	Interest	Average Yield/Cost
Interest-earning assets:						
Loans (1)	\$237,503	\$14,373	8.07%	\$205,247	\$12,306	7.99%
Mortgage-backed securities	26,895	951	4.71%	24,879	808	4.33%
Investment securities	94,421	3,833	5.41%	109,554	3,927	4.78%
Other interest-earning assets	7,140	297	5.55%	5,107	173	4.52%
Total interest-earning assets	365,959	19,454	7.09%	344,787	17,214	6.66%
Non-interest-earning assets	30,361			26,734		
Total assets	\$396,320			\$371,521		
Interest-bearing liabilities:						
Deposits	260,728	7,254	3.71%	245,057	5,647	3.07%
Floating rate junior subordinated deferrable interest debentures	12,372	673	7.25%	9,335	596	8.51%
FHLB advances and other borrowings	93,709	3,332	4.74%	89,741	3,084	4.58%
Total interest-bearing liabilities	366,809	11,259	4.09%	344,133	9,327	3.61%
Non-interest-bearing liabilities	2,963			2,319		
Total liabilities	369,772			346,452		
Shareholders' equity	26,548			25,069		
Total liabilities and shareholders' equity	\$396,320			\$371,521		
Net interest income/spread		\$ 8,195	3.00%		\$ 7,887	3.05%
Net yield on earning assets			2.99%			3.05%

(1) Average balances of loans include non-accrual loans.

Interest Income

Interest income increased \$2,240,000, or 13.01%, to \$19,454,000 for the nine months ended September 30, 2007 as compared to the same period in 2006. Interest income on loans increased by 16.80%, or \$2,067,000, to \$14,373,000 for the nine months ended

September 30, 2007 from \$12,306,000 for the nine months ended September 30, 2006, due primarily to increasing market interest rates along with a higher average balance of loans with a higher average rate due to our increased emphasis on commercial and consumer loan originations. Interest on

deposits and federal funds sold, combined with interest and dividends on investment and mortgage-backed securities increased \$173,000, or 3.52%, for the nine months ended September 30, 2007 to \$5,081,000 from \$4,908,000 during the same period in 2006 due to higher yields from higher market interest rates, offset by lower average balances.

Interest Expense

Interest expense increased \$1,932,000, or 20.71%, to \$11,259,000 for the nine months ended September 30, 2007 as compared to the nine months ended September 30, 2006. Interest expense on deposit accounts increased \$1,607,000, or 28.46%, to \$7,254,000 for the nine months ended September 30, 2007 from \$5,647,000 during the same period in 2006 due to higher averages balances and cost of deposits as a result of higher market rates. The Corporation continues to target lower cost demand deposit accounts versus traditional higher cost certificates of deposits. Interest expense on borrowings increased \$248,000, or 8.04%, for the nine months ended September 30, 2007 as compared to the same period in the previous year due to higher market interest rates and higher average balances. Interest expense on floating rate junior subordinated deferrable interest debentures increased \$77,000, or 12.92%, to \$673,000 for the nine months ended September 30, 2007 from \$596,000 during the same period in 2006 due to higher average balances, offset by lower rates as existing higher-cost debentures were repaid with the proceeds of a new issuance at a lower rate. In addition, on July 21, 2006, the Corporation completed a private placement of \$4 million in trust preferred securities thereby increasing the average outstanding balances as of September 30, 2007 compared to the nine month period for 2006.

Provision for Loan Losses

During the nine months ended September 30, 2007, the provision for loan losses was \$265,000 as compared to \$355,000 for the same period in the previous year. During the quarter ending September 30, 2007, \$125,000 was received from a loan that was charged off in the previous year that was applied to the loan provision. The provision also reflects loan growth and the Corporation's continued movement from longer-term, fixed-rate residential mortgage loans to shorter-term, floating rate-consumer and commercial loans. Consumer and commercial loans carry higher risk weighted rates in the reserve calculation as compared to residential mortgage loans. Real estate acquired in foreclosure and loans classified increased \$1,698,000 from \$7,058,000 at December 31, 2006 to \$8,756,000 at September 30, 2007. The increase was due primarily to two commercial loans totaling \$2,018,000 becoming classified, offset by a decrease in nonperforming residential real estate loans. These loans are well supported by commercial real estate that should reduce the exposure to loss for the Corporation. During the nine months ended September 30, 2007, bad debt charge-offs, net of recoveries, was \$64,000 as compared to \$134,000 for the same period in the previous year. Corporation's loan loss allowance at September 30, 2007 was approximately 1.20% of the Corporation's outstanding loan portfolio and 87.63% of non-performing loans compared to 1.17% of the Corporation's outstanding loan portfolio and 212.66% of non-performing loans at December 31, 2006.

The changes in the allowance for loan losses consisted of the following (in thousands):

Balance at beginning of period	\$2,754
Provision for loan losses	265
Charge-offs, net	(64)

Balance at end of period	\$2,955
	=====

The following table sets forth information with respect to the Bank's non-performing assets at the dates indicated (dollars in thousands):

	September 30, 2007	December 31, 2006
	-----	-----
Non-accruing loans which are contractually past due 90 days or more:		
Residential real estate	\$ 84	\$ 459
Commercial	3,120	631
Consumer	168	205
	-----	-----
Total	\$ 3,372	\$ 1,295
	=====	=====
Percentage of loans receivable	1.39%	0.56%
	=====	=====
Percentage of allowance for loan losses to total loans outstanding	1.20%	1.17%
	=====	=====
Allowance for loan losses	\$ 2,955	\$ 2,754
	=====	=====
Real estate acquired through foreclosure and repossessed assets	\$ 22	\$ 148
	=====	=====

Non-performing loans for the nine months ended September 30, 2007 increased \$2,077,000 from December 31, 2006 due primarily to two commercial loans totaling \$2,018,000 becoming 90 days delinquent, offset by a decrease in nonperforming residential real estate loans. These loans are well supported by commercial real estate that should reduce the exposure to loss for the Corporation.

The allowance for loan loss calculation includes a segmentation of loan categories subdivided by residential mortgage, commercial and consumer loans. Each category is rated for all loans including performing groups. The weight assigned to each performing group is developed from previous loan loss experience and as the loss experience changes, the category weight is adjusted accordingly. In addition to loan loss experience, management's evaluation of the loan portfolio includes the market value of the underlying collateral, growth and composition of the loan portfolio, delinquency trends and economic conditions. Management evaluates the carrying value of loans periodically and the allowance for loan loss calculation will adjust accordingly.

Non-Interest Income

Total non-interest income increased \$184,000, or 8.63%, to \$2,317,000 for the nine months ended September 30, 2007 from \$2,133,000 for the same period in the previous year. Fees from financial services increased \$198,000, or 9.64%, to \$2,253,000 for the nine months ended September 30, 2007 from \$2,055,000 for the same period in the previous year. The increase was due to higher service fees as a result of an increase in transaction accounts.

Non-Interest Expense

For the nine months ended September 30, 2007, total non-interest expense increased \$803,000, or 11.72%, to \$7,657,000 from \$6,854,000 for the same period in 2006. The increase was due primarily to higher operating costs associated with a banking center opened in Simpsonville, South Carolina and two in Rock Hill, South Carolina during the previous twelve months. During the third quarter, the Company closed one banking center located in Winnsboro, South Carolina. The deposits and operations contained in the banking center closed were moved into a larger Winnsboro, South Carolina location in order to improve the efficiencies for

Fairfield County. The Company recorded a \$135,000 write-down on the building value of the closed location. Compensation and

employee benefits increased \$449,000, or 13.50%, to \$3,776,000 for the nine months ended September 30, 2007 from \$3,327,000 for the same period in 2006 due primarily to higher compensation and benefits costs for normal merit salary increases and additional staff due to the new banking center openings. Occupancy and equipment expense increased \$425,000, or 28.77%, to \$1,902,000 for the nine months ended September 30, 2007 from \$1,477,000 for the same period in 2006 due primarily to higher lease expense from the new locations along with the \$135,000 write down for the closed banking center. Loan operations expense increased \$56,000, or 93.33%, to \$116,000 for the nine months ended September 30, 2007 from \$60,000 for the same period in 2006, due to higher costs associated with foreclosures. Intangible amortization expense decreased \$102,000, or 21.38%, to \$375,000 for the nine months ended September 30, 2007 from \$477,000 for the same period in 2006, due to deposit premiums related to branch acquisitions becoming fully amortized.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

The Corporation is committed to following a program of asset and liability management in an effort to manage the fluctuations in earnings caused by movements in interest rates. A significant portion of the Corporation's income results from the spread between the yield realized on its interest-earning assets and the rate of interest paid on its deposits and other borrowings. Differences in the timing and volume of repricing assets versus the timing and volume of repricing liabilities expose the Corporation to interest rate risk. Management's policies are directed at minimizing the impact on earnings of movements in interest rates.

The Corporation's Asset/Liability Committee makes pricing and marketing decisions on deposit and loan products in conjunction with managing the Corporation's interest rate risk. In addition, the Asset/Liability Committee reviews the Corporation's securities portfolio, FHLB advances and other borrowings as well as the Corporation's asset and liability policies.

The primary objective of Asset/Liability management at the Corporation is to manage interest rate risk and achieve reasonable stability in net interest income throughout interest rate cycles in order to maintain adequate liquidity. This is achieved by maintaining the proper balance of rate-sensitive earning assets and rate-sensitive costing liabilities. The relationship of rate-sensitive earning assets to rate-sensitive costing liabilities is the principal factor in projecting the effect that fluctuating interest rates will have on future net interest income. Rate-sensitive assets and interest-bearing liabilities are those that can be repriced to current market rates within a relatively short time period. Management monitors the rate sensitivity of interest-earning assets and interest-bearing liabilities over the entire life of these instruments.

The Corporation has established policies and monitors results to control interest rate sensitivity. Although the Corporation utilizes measures such as static gap, which is simply the measurement of the difference between interest-sensitive assets and interest-sensitive liabilities repricing for a particular time period, just as important a process is the evaluation of how particular assets and liabilities are impacted by changes in interest rates or selected indices as they reprice. Asset/liability modeling techniques are utilized by the Corporation to assess varying interest rate and balance sheet mix assumptions.

Net Interest Income Simulation Analysis

The Corporation analyzes its interest rate sensitivity position to manage the risk associated with interest rate movements through the use of interest income simulation. The matching of assets and liabilities may be analyzed by examining the extent to which such assets and liabilities are "interest rate sensitive." An asset or liability is said to be interest rate sensitive within a specific time period if it will mature or reprice within that time period.

Interest income simulations utilizing interest rate shocks are completed quarterly and presented to the Asset/Liability Committee. The simulations provide an estimate of the impact of changes in interest rates on net interest income under a range of assumptions. The interest rate shocks are compared to

board approved policy limits. The simulation incorporates assumptions regarding the potential timing in the repricing of certain assets and liabilities when market rates change and the changes in spreads between different market rates. The simulation analysis incorporates management's current assessment of the risk that pricing margins will change adversely over time due to competition or other factors.

Simulation analysis is only an estimate of the Corporation's interest rate risk exposure at a particular point in time. The Corporation continually reviews the potential effect changes in interest rates could have on the repayment of rate sensitive assets and funding requirements of rate sensitive liabilities.

The table below sets forth an approximation of the Corporation's exposure as a percentage of estimated net interest income for the next twelve month period using interest income simulation. The simulation uses projected repricing of assets and liabilities on the basis of contractual maturities, anticipated repayments and scheduled rate adjustments. Prepayment rates can have a significant impact on interest income simulation. When interest rates rise, prepayments tend to slow. When interest rates fall, prepayments tend to rise.

The following table reflects changes in estimated net interest income from rate shocks of (+) or (-) 100 and 200 basis points in a rising and falling interest rate environment for the Corporation.

Change in Rates (Basis Points)	At September 30, 2007	At December 31, 2006
+200	+4.49%	+3.76%
+100	+2.57%	+2.06%
-100	-2.81%	-2.42%
-200	-7.91%	-5.91%

The Corporation's exposure to rates increased slightly for the period ending September 30, 2007 as compared to the period ending December 31, 2006 due primarily to growth in prime-based loan products along with increases in term deposits.

The 200 and 100 basis point change in rates in the above table is assumed to occur evenly over the following twelve months. Based on the scenario above, net interest income would be positively affected in the twelve-month periods if rates rose by 100 and 200 basis points, but would be adversely affected if rates declined by 100 and 200 basis points.

Item 4. Controls and Procedures

The Corporation's management, including the Corporation's principal executive officer and principal financial officer, have evaluated the effectiveness of the Corporation's "disclosure controls and procedures," as such term is defined in Rule 13a-15(e) promulgated under the Securities Exchange Act of 1934, as amended, (the "Exchange Act"). Based upon their evaluation, the principal executive officer and principal financial officer concluded that, as of the end of the period covered by this report, the Corporation's disclosure controls and procedures were effective for the purpose of ensuring that the information required to be disclosed in the reports that the Corporation files or submits under the Exchange Act with the Securities and Exchange Commission (the "SEC")

(1) is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and (2) is accumulated and communicated to the Corporation's management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure.

There has been no change in the Corporation's internal control over financial reporting identified in connection with the evaluation required by Rule

13(a)-15(e) that occurred during the Corporation's last fiscal quarter that has materially affected or is reasonably likely to materially affect, the Corporation's internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

The Corporation is not involved in any legal proceedings. The Bank is not involved in any pending legal proceedings other than routine legal proceedings occurring in the normal course of business. Management believes that these proceedings are immaterial to the Corporation's financial condition and results of operations.

Item 1A. Risk Factors

In addition to the other information set forth in this report, you should carefully consider the factors discussed in Part I, "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2006, which could materially affect our business, financial condition or future results. The risks described in our Annual Report on Form 10-K are not the only risks that we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and/or operating results.

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

The following table provides certain information with regard to shares repurchased by the Corporation during the third quarter of 2007.

Period	(a) Total Number of Shares Purchased	(b) Average Price Paid per share	(c) Total Number of Shares Purchased as part of Publicly Announced Programs	(d) Maximum Number of Shares that may be purchased under Program
July 1, 2007 through July 31, 2007	7,219	\$20.92	7,219	69,355
August 1, 2007 through August 31, 2007	10,000	\$20.05	10,000	59,355
September 1, 2007 through September 30, 2007	--	--	--	59,355
Total	17,219	\$20.41	17,219	N/A

In May 2005, the Corporation implemented a share repurchase program under which the Corporation may repurchase up to 5% of the outstanding shares or 98,000 shares. In August 2006, the program was expanded by an additional 5% or 92,000 shares. The repurchase program will continue until it is completed or terminated by the Board of Directors.

Item 3. Defaults upon Senior Securities

Not applicable.

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

None

Item 5. Other Information

None

Item 6. Exhibits

- 31(a) Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer
- 31(b) Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer
- 32(a) Chief Executive Officer Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
- 32(b) Chief Financial Officer Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

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.

PROVIDENT COMMUNITY BANCSHARES, INC.

(Registrant)

Date: *November 8, 2007*

By: */s/ Dwight V. Neese*

*Dwight V. Neese, President and
Chief Executive Officer*

Date: *November 8, 2007*

By: */s/ Richard H. Flake*

*Richard H. Flake, Executive Vice President
and Chief Financial Officer*

EXHIBIT 31 (a)**CERTIFICATION**

I, Dwight V. Neese, certify that:

1. I have reviewed this Form 10-Q of Provident Community Bancshares, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: *November 8, 2007*

/s/ Dwight V. Neese

Dwight V. Neese

President and Chief Executive Officer

EXHIBIT 31 (b)**CERTIFICATION**

I, Richard H. Flake, certify that:

1. I have reviewed this Form 10-Q of Provident Community Bancshares, Inc.;

2 Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: *November 8, 2007*

/s/ Richard H. Flake

Richard H. Flake
Executive Vice President and
Chief Financial Officer

EXHIBIT 32(a)

Chief Executive Officer Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADDED BY**

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Provident Community Bancshares, Inc. (the "Company") on Form 10-Q for the quarter ended September 30, 2007 as filed with the Securities and Exchange Commission (the "Report"), I, Dwight V. Neese, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. ss.1350, as added by Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of and for the period covered by the Report.

/s/ Dwight V. Neese

Dwight V. Neese
President and Chief Executive Officer

Date: November 8, 2007

EXHIBIT 32(b)

Chief Financial Officer Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADDED BY**

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Provident Community Bancshares, Inc. (the "Company") on Form 10-Q for the quarter ended September 30, 2007 as filed with the Securities and Exchange Commission (the "Report"), I, Richard H. Flake, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. ss.1350, as added by Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of and for the period covered by the Report.

/s/ Richard H. Flake

*Richard H. Flake
Executive Vice President
and Chief Financial Officer*

Date: November 8, 2007
