

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K
CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): January 16, 2007

PROVIDENT COMMUNITY BANCSHARES, INC.
(Exact name of registrant as specified in its charter)

| | | |
|--|--|---|
| <u>Delaware</u> (State or other Jurisdiction of incorporation or organization) | <u>1-5735</u> (Commission File Number) | <u>57-1001177</u> (IRS Employer Identification No.) |
|--|--|---|

| | |
|--|---------------------------------|
| <u>203 West Main Street, Union, South Carolina</u> (Address of principal executive offices) | <u>29379-0886</u> (Zip Code) |
|--|---------------------------------|

Registrant's telephone number, including area code: (864) 427-9000

Not Applicable
(Former name or former address, if changed since last report.)

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))

Item 2.02 Results of Operations and Financial Condition.

On January 16, 2007, Provident Community Bancshares, Inc., the holding company for Provident Community Bank, N.A., announced its financial results for the quarter and year ended December 31, 2006. The press release announcing financial results for the quarter and year ended December 31, 2006 is included as Exhibit 99.1 and incorporated herein by reference.

Item 8.01 Other Items.

On January 16, 2007, the Company issued a press release announcing its intention to move its main office and that of its wholly-owned subsidiary, Provident Community Bank, N.A., from Union, South Carolina to Rock Hill, South Carolina. A copy of the Company's press release dated January 16, 2007 related to the relocation of the main office is attached as Exhibit 99.2 and incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits.

- (a) Financial Statement of Businesses Acquired: Not applicable
- (b) Pro Forma Information: Not applicable
- (c) Shell Company Transactions: Not applicable
- (d) Exhibits

| <u>Number</u> | <u>Description</u> |
|---------------|--|
| 99.1 | Press Release Dated January 16, 2007 - Earnings Release |
| 99.2 | Press Release Dated January 16, 2007 - Relocation of Main Office |

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.

Provident Community Bancshares, Inc.

Dated: January 16, 2007

By: /s/ Dwight V. Neese
Dwight V. Neese
President and Chief Executive Officer

FOR IMMEDIATE RELEASE

**PROVIDENT COMMUNITY BANCSHARES, INC.
REPORTS EARNINGS AND ANNOUNCES QUARTERLY CASH DIVIDEND**



Contact: Dwight V. Neese,
President & CEO
864.429.1863

Union, South Carolina - January 16, 2007: Provident Community Bancshares, Inc. (NASDAQ GM: PCBS) reported operating results for the fourth quarter and twelve months ended December 31, 2006. Net income for the twelve months ended December 31, 2006 was \$2.8 million, or \$1.48 per share (diluted), a 13.7% increase over the \$2.5 million, or \$1.26 per share (diluted), for the twelve month period ending December 31, 2005. Net income for the three months ended December 31, 2006 was \$814,000 compared to \$740,000 for the three months ended December 31, 2005. Earnings per share were \$0.44 per share (diluted) for the fourth quarter of 2006 versus \$0.38 per share (diluted) for the fourth quarter of 2005.

Net interest income before the loan loss provision for the fourth quarter decreased \$77,000, or 2.8%, to \$2.6 million compared to \$2.7 million. The decrease reflects higher funding costs over the previous year period as a result of an increase in balances and rising rates offset by higher average loan balances along with an increase in the yield on loans that resulted from a higher concentration of consumer and commercial loans. The provision for loan losses for the fourth quarter totaled \$115,000 compared to \$100,000 for the same period in the previous year. The increase in provision for loan losses was due to a 20.7% increase in net loans over the previous year and a higher concentration of commercial loans in the portfolio which carry a higher risk of default, offset by a reduction in classified loans.

Non-interest income for the fourth quarter increased \$142,000, or 23.6%, to \$743,000 compared to \$601,000 for the same period in the previous year. The increase was due to higher fees for financial services that resulted from an increase in transaction accounts. Non-interest expense for the fourth quarter increased \$150,000, or 6.9%, to \$2.3 million compared to \$2.2 million for the same period in the previous year. The increase was due primarily to higher operating costs associated with a banking center opening in Simpsonville, South Carolina in March 2006 and the opening of a second banking center in Rock Hill, South Carolina in October 2006. Income tax expense for the fourth quarter reflected an effective tax rate of 13.5% compared to 28.9% for the same period in the previous year. The reduction was due to a \$156,000 tax benefit related to a prior year bank acquisition.

At December 31, 2006, assets totaled \$388.2 million, a 4.6% increase from \$371.0 million at December 31, 2005. Net loans receivable increased \$39.9 million, or 20.7%, during the period to \$232.5 million at December 31, 2006, compared to \$192.6 million at December 31, 2005. The net growth in loans was driven by a 36.3% increase in the commercial loan portfolio as the Company continued to focus on this lending segment with specialized loan officers and products. Reductions in lower-yielding investments and mortgage-backed securities of \$24.1 million and deposit growth of \$13.5 million funded the increase in loans. Shareholders' equity increased \$634,000, or 2.5%, to \$26.0 million at December 31, 2006 from \$25.3 million at December 31, 2005 due primarily to net income of \$2.8 million offset by the repurchase of 84,506 shares at a cost of \$1.5 million and dividend payments of \$0.43 per share at a cost of \$806,000.

The Company also declared a quarterly cash dividend of 0.11 per share payable on February 15, 2007 to shareholders of record on January 30, 2007. Provident Community Bancshares, Inc. has a dividend reinvestment plan and information about the plan can be obtained from Registrar and Transfer Company at 800-368-5948.

Provident Community Bancshares is the holding company for Provident Community Bank, N.A., which operates ten banking locations in the upstate of South Carolina. At December 31, 2006, Provident Community Bancshares had \$388.2 million in total assets and total stockholders' equity of \$26.0 million. Please visit our website at www.providentonline.com or contact Wanda J. Wells, SVP/Shareholder Relations Officer at wwells@providentonline.com or Richard H. Flake, EVP/CFO at rflake@providentonline.com.

Certain matters set forth in this news release may contain forward-looking statements that are provided to assist in the understanding of anticipated future financial performance. However, such performance involves risks and uncertainties that may cause actual results to differ materially from those in such statements. For a discussion of certain factors that may cause such forward-looking statements to differ materially from the Corporation's actual results, see the Corporation's Quarterly Reports on Form 10-Q for the quarter ended September 30, 2006, and the Corporation's Annual Report in Form 10-K for the year ended December 31, 2005.

Provident Community Bancshares, Inc.

Fourth Quarter - Year Ending December 31, 2006

Financial Highlights

(Unaudited) (\$ in thousands, except per share data)

| Balance Sheet | At 12/31/06 | At 12/31/05 | \$ Change | % Change |
|--|----------------|----------------|-----------|----------|
| Total assets | \$388,230 | \$371,042 | 17,188 | 4.63% |
| Cash and due from banks | 9,124 | 8,380 | 744 | 8.88% |
| Investments & mortgage-backed securities | 122,185 | 146,283 | (24,098) | -16.47% |
| Loans receivable (net) | 232,486 | 192,577 | 39,909 | 20.72% |
| Goodwill and intangible assets | 3,741 | 3,576 | 165 | 4.61% |
| Deposits | 248,440 | 234,988 | 13,452 | 5.72% |
| Advances and other borrowings | 98,533 | 100,330 | (1,797) | -1.79% |
| Stockholders' equity | 25,967 | 25,333 | 634 | 2.50% |
| Outstanding shares | 1,830,528 | 1,905,897 | (75,369) | -3.95% |
| Book value per share | \$14.19 | \$13.29 | 1 | 6.77% |

| Income Statement | Three Months Ended December 31, | | Twelve Months Ended December 31, | |
|---|------------------------------------|-----------|-------------------------------------|-----------|
| | 2006 | 2005 | 2006 | 2005 |
| Net interest income | \$2,637 | \$2,715 | \$10,524 | \$10,243 |
| Provision for loan losses | 115 | 100 | 470 | 869 |
| Net interest income after loan loss provision | 2,522 | 2,615 | 10,054 | 9,374 |
| Non-interest income | 743 | 601 | 2,876 | 2,543 |
| Non-interest expense | 2,324 | 2,175 | 9,178 | 8,537 |
| Income tax | 127 | 301 | 949 | 914 |
| Net income | \$814 | \$740 | \$2,803 | \$2,466 |
| Earnings per share: basic | \$0.44 | \$0.39 | \$1.50 | \$1.29 |
| Earnings per share: diluted | \$0.44 | \$0.38 | \$1.48 | \$1.26 |
| Weighted Average Number of Common Shares Outstanding | | | | |
| Basic | 1,834,261 | 1,914,617 | 1,865,951 | 1,914,357 |
| Diluted | 1,867,603 | 1,937,251 | 1,893,203 | 1,962,290 |

| Key Financial Ratios | Twelve Months Ended December 31, | |
|--|-------------------------------------|-------|
| | 2006 | 2005 |
| Return on average assets | 0.75% | 0.68% |
| Return on average stockholders' equity | 11.19% | 9.68% |
| Operating expense to average assets | 2.28% | 2.17% |
| Equity to average assets | 6.92% | 6.88% |



NEWS RELEASE

For Immediate Release
January 16, 2007

More Information Contact:
Brenda Billardello
803.980.1857

Provident Community Bancshares Inc. Announces Plan to Relocate Corporate Headquarters to Rock Hill, S.C.

No Impact on Employees or Facilities in Union County Anticipated

Rock Hill, S.C. — (Jan. 16, 2007) – Provident Community Bancshares Inc. (NASDAQ GM: PCBS), the parent company of Provident Community Bank, announced today that it plans to relocate its corporate headquarters from Union, S.C., to Rock Hill, S.C., in a move designed to strengthen the Company’s position within the Upstate South Carolina market.

Provident Community Bank will continue to maintain its historic presence in Union County, where the bank was established in 1934, although the headquarters of the bank will be relocated to Rock Hill. Provident Community Bank also will continue to operate four facilities in Union County and no jobs or functions will be affected by this change.

“This change, while having no impact on Union County in terms of employment, provides the opportunity for Provident Community Bank to continue building upon the robust growth that we have achieved over the past few years,” said Dwight V. Neese, president and chief executive officer of Provident Community Bancshares Inc. “And we believe that will be good for Union County and all of the communities we serve.”

Despite the Company’s positive financial performance over the past three years, investors continue to undervalue Provident’s shares, Neese said, in part because of the perception that it continues to serve a primarily rural base. In fact, the majority of the bank’s recent growth has come from its expansion in high-growth areas of Upstate South Carolina, including York County, where Rock Hill is located, and Greenville County. Rock Hill, located along the I-77 corridor, is part of the Charlotte, N.C., metropolitan area.

“Rock Hill was the third-fastest-growing city in South Carolina from 2000 to 2005 and continues to benefit from its proximity to Charlotte, the nation’s second largest financial center and a dynamic engine of economic growth for our entire region,” Neese said. “Being headquartered there will allow us to share in the vibrant economy of Rock Hill and York County to an extent that otherwise might not be possible.”

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As a publicly traded company – Provident shares are traded on the NASDAQ Global Market under the symbol PCBS – the company must weigh factors such as investor perceptions in all of the decisions it makes, Neese said. But the bank’s core mission – providing superior client-focused community banking services from a locally owned bank – hasn’t changed.

“We’ve succeeded over the past 73 years by caring about the success of our clients and caring about the communities where we live and work,” Neese said. “Every resident of Union County and all of the other communities we serve can rest assured that’s not going to change.”

Provident’s fastest-growing Rock Hill location, at 2700 Celanese Road, will become the bank’s new headquarters location, Neese said.

The headquarters relocation is subject to approval by the Office of the Comptroller of the Currency. Approval is expected in the first quarter of 2007.

Chartered in 1934, Provident Community Bank has approximately \$388.2 million in assets and 10 banking centers in Union, Laurens, Fairfield, York and Greenville counties. The Company’s stock is traded on the NASDAQ Global Market under the symbol PCBS (Provident Community Bancshares). For more information visit the Company’s website at www.providentonline.com.

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