

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): October 27, 2008

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.)
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<u>2700 Celanese Road, Rock Hill, South Carolina</u> (Address of principal executive offices)	<u>29732</u> (Zip Code)
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Registrant's telephone number, including area code: (803) 325-9400

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 October 27, 2008, Provident Community Bancshares, Inc., the holding company for Provident Community Bank, N.A., announced its financial results for the quarter ending September 30, 2008. The press release announcing financial results for the quarter ending September 30, 2008 is included as Exhibit 99.1 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 October 27, 2008

## **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: October 27, 2008

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

## FOR IMMEDIATE RELEASE

### **Provident Community Bancshares Reports Third Quarter Earnings**

**Rock Hill, South Carolina** - October 27, 2008: Provident Community Bancshares, Inc. (NASDAQ GM: PCBS) (the "Corporation") reported operating results for the three and nine months ended September 30, 2008. Net income for the third quarter of 2008 was \$306,000 compared to \$727,000 for the third quarter of 2007. Earnings per share were \$0.17 per share (diluted) for the third quarter of 2008, versus \$0.40 per share (diluted) for the third quarter of 2007. The decrease in net income for the period was due primarily to declining interest rates along with an increase in the provision for loan losses due to loan growth and the increase in nonperforming assets, offset by an increase in noninterest income and a reduction in noninterest expense. Net income for the nine months ended September 30, 2008 was \$1.0 million, or \$0.58 per share (diluted) compared to \$2.0 million, or \$1.07 per share (diluted), for the same period in 2007.

At September 30, 2008, assets totaled \$406.3 million compared to \$407.6 million at December 31, 2007. Total assets were essentially unchanged as an increase in loans, primarily higher-yielding commercial and consumer loans, was offset by a decrease in lower-yielding investments and mortgage-backed securities. Growth in lower-cost transaction accounts and time deposits resulted in an increase in deposits.

Dwight V. Neese, President and CEO, said "Market conditions have certainly had an impact on Provident Community Bank this year. But as we approach the Bank's 75<sup>th</sup> anniversary in just a few months, safety and soundness continue to be the cornerstone of our strategic business plan. Provident continues to be classified as 'well capitalized' by all regulatory standards. We were never involved in sub-prime lending and have not incurred any losses as a result of owning Freddie Mac or Fannie Mae stock. We have chosen not to grow our balance sheet this year because of all the economic turmoil and uncertainty in the market. Our board of directors and leadership team are aggressively adjusting to the new environment. We believe our core banking operations, favorable capital position, and efficient operations will favor our company as we face the challenges ahead."

Nonperforming assets were \$10.9 million as of September 30, 2008, or 2.68% of total assets, as compared to \$3.2 million at December 31, 2007, an increase of \$7.7 million. Loans made to three residential real estate developers with total exposure of \$6.7 million as of September 30, 2008 represent 62% of the balance of total nonperforming loans as of this date. The downturn in the residential housing market is the primary factor leading to the deterioration in these loans. Management has allocated specific reserves to these and other nonperforming assets that it believes will offset losses, if any, arising from less than full recovery of the loans from the supporting collateral.

The Corporation declared a quarterly cash dividend of \$0.115 per share payable on November 15, 2008 to shareholders of record on October 30, 2008. 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.

#### COMPANY INFORMATION

Provident Community Bancshares is the holding company for Provident Community Bank, N.A., which operates nine banking centers in the upstate and western piedmont region of South Carolina and offers a full array of financial services. The \$406-million holding company is headquartered in Rock Hill, South Carolina and its common stock is traded on the NASDAQ Global Market under the symbol PCBS. Please visit our website at [www.providentonline.com](http://www.providentonline.com) or contact Wanda J. Wells, SVP/Shareholder Relations Officer at [wwells@providentonline.com](mailto:wwells@providentonline.com) or Richard H. Flake, EVP/CFO at [rflake@providentonline.com](mailto:rflake@providentonline.com).

#### FORWARD-LOOKING STATEMENTS

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. Forward-looking statements are typically identified by words such as "believe," "expect," "anticipate," "intend," "outlook," "estimate," "forecast," "project" and other similar words and expressions. Forward-looking statements are subject to numerous assumptions, risk and uncertainties, which may change over time. The Corporation's 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 Annual Report in Form 10-K for the year ended December 31, 2007, including in the Risk Factors section of that report. Forward-looking statements speak only as of the date they are made. The Corporation does not assume any duty and does not undertake to update its forward-looking statements.

#### SUMMARY CONSOLIDATED FINANCIAL DATA

Our summary consolidated financial data as of and for the three and nine months ended September 30, 2008, in the opinion of our management, contain all adjustments (consisting of only normal recurring adjustments) necessary to present fairly our financial position and results of operations for such periods in accordance with generally accepted accounting principles. The results of operations for the three and nine months ended September 30, 2008 are not necessarily indicative of the results that may be expected for the full fiscal year.

## Financial Highlights

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

<b><u>Income Statement Data</u></b>	<b>Three Months Ended September 30,</b>		<b>Nine Months Ended September 30,</b>	
	2008	2007	2008	2007
Net interest income	\$2,396	\$2,714	\$7,362	\$8,195
Provision for loan losses	615	20	1,290	265
Net interest income after loan loss provision	1,781	2,694	6,072	7,930
Non-interest income	1,062	782	2,796	2,317
Non-interest expense	2,456	2,506	7,528	7,657
Income tax	81	243	298	613
Net income	\$306	\$727	\$1,042	\$1,977
Earnings per share: basic	\$0.17	\$0.40	\$0.58	\$1.09
Earnings per share: diluted	\$0.17	\$0.40	\$0.58	\$1.07
Weighted Average Number of Common Shares Outstanding				
Basic	1,784,549	1,801,405	1,783,810	1,816,085
Diluted	1,786,274	1,839,097	1,791,424	1,852,923
Cash dividends per share	\$0.115	\$0.115	\$0.345	\$0.340

<b><u>Balance Sheet Data</u></b>	At	At	At
	9/30/08	12/31/07	9/30/07
Total assets	\$406,283	\$407,641	\$415,080
Cash and due from banks	9,123	11,890	10,717
Investment securities	90,084	111,187	134,304
Loans	283,741	259,831	241,957
Allowance for loan losses	4,185	3,344	3,365
Deposits	273,547	270,399	263,116
FHLB advances and other borrowings	91,271	93,631	110,277
Junior subordinated debentures	12,372	12,372	12,372
Shareholders' equity	26,475	27,313	26,784
Common shares outstanding	1,784,454	1,794,866	1,796,520
Book value per share	\$14.83	\$15.22	\$14.91
Equity to assets	6.52%	6.70%	6.45%
Total loans to deposits	103.73%	96.09%	91.96%
Allowance for loan losses to total loans	1.47%	1.29%	1.20%
Asset Quality			
Nonperforming loans	\$10,823	\$2,337	\$3,120
Other real estate owned	88	856	22
Total nonperforming assets	10,911	3,193	3,142
Net loan charge-offs	449	476	64