

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 18, 2006

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>203 West Main Street, Union, South Carolina</u> (Address of principal executive offices)	<u>29379-0886</u> (Zip Code)
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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 October 18, 2006, Provident Community Bancshares, Inc., the holding company for Provident Community Bank, N.A., announced its financial results for the quarter ending September 30, 2006. The press release announcing financial results for the quarter ending September 30, 2006 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) Exhibits

<u>Number</u>	<u>Description</u>
99.1	Press Release Dated October 18, 2006

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 18, 2006

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



FOR IMMEDIATE RELEASE

**PROVIDENT COMMUNITY BANCSHARES, INC.
ANNOUNCES THIRD QUARTER EARNINGS**

Union, South Carolina - October 18, 2006: Provident Community Bancshares, Inc. (NASDAQ Global Market: PCBS) reported operating results for the third quarter and nine months ended September 30, 2006. Net income for the three months ended September 30, 2006 was \$651,000 compared to \$638,000 for the third quarter of 2005. Earnings per share were \$0.35 per share (diluted) for the third quarter of 2006, versus \$0.33 per share (diluted) for the third quarter of 2005. Net income for the nine months ended September 30, 2006, was \$2.0 million, or \$1.05 per share (diluted), a 15.2% increase over the \$1.7 million, or \$0.88 per share (diluted), for the same period in 2005.

Net interest income before the loan loss provision for the third quarter remained at \$2.6 million reflecting 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. On July 21, 2006, the Corporation completed a private placement of \$4.0 million in trust preferred securities. The trust preferred securities will bear a rate equal to 7.393% for the first five years following the offering. After the first five years, the securities will bear a rate equal to 174 basis points over the three-month LIBOR. The provision for loan losses for the third quarter totaled \$45,000 compared to \$220,000 for the same period in the previous year. The decrease in provision for loan losses was due to a reduction in classified loans from the previous year, offset by a 19.8% 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.

Non-interest income for the third quarter increased \$28,000, or 4.0%, to \$720,000 compared to \$692,000 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 third quarter increased \$124,000, or 5.7%, to \$2.3 million compared to \$2.2 million for the same period in the previous year. The increase was due primarily to higher compensation and benefits costs for normal merit salary increases and costs associated with the opening of a new banking center in Simpsonville, South Carolina in March, 2006.

At September 30, 2006, assets totaled \$372.2 million, a 0.3% increase from \$371.0 million at December 31, 2005. Net loans receivable increased \$24.9 million, or 12.9%, during the period to \$217.4 million at September 30, 2006, compared to \$192.6 million at December 31, 2005. The net growth in loans was driven by a 22.1% 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 \$26.0 million funded the increase in loans. Shareholders' equity increased \$76,000, or 0.30%, to \$25.4 million at September 30, 2006 from \$25.3 million at December 31, 2005 due to net income of \$2.0 million offset by the repurchase of 74,058 shares at a cost of \$1.3 million, dividend payments of \$0.32 per share at a cost of \$604,000 and a \$105,000 increase in unrealized losses on securities available for sale.

The Company also declared a quarterly cash dividend of \$0.11 per share payable on November 15, 2006 to shareholders of record on October 30, 2006. 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 nine banking locations in the upstate of South Carolina. At September 30, 2006, Provident Community Bancshares had \$372.2 million in total assets and total stockholders' equity of \$25.4 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 June 30, 2006, and the Corporation's Annual Report in Form 10-K for the year ended December 31, 2005.

Provident Community Bancshares, Inc.

Third Quarter - Year Ending December 31, 2006

Financial Highlights

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

Balance Sheet	At 9/30/06	At 12/31/05	\$ Change	% Change
Total assets	\$372,235	\$371,042	\$1,193	0.32%
Cash and due from banks	10,804	8,380	2,424	28.93%
Investments & mortgage-backed securit	120,278	146,283	(26,005)	-17.78%
Loans receivable (net)	217,429	192,577	24,852	12.90%
Goodwill and intangible assets	3,100	3,576	(476)	-13.31%
Deposits	240,007	239,603	404	0.17%
Advances and other borrowings	91,900	95,715	(3,815)	-3.99%
Stockholders' equity	25,409	25,333	76	0.30%
Outstanding shares	1,838,906	1,905,897	(66,991)	-3.51%
Book value per share	\$13.82	\$13.29	\$0.53	3.95%

Income Statement	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2006	2005	2006	2005
Net interest income	\$2,551	\$2,578	\$7,887	\$7,528
Provision for loan losses	45	220	355	768
Net interest income after loan loss prov.	2,506	2,358	7,532	6,760
Non-interest income	720	692	2,133	1,942
Non-interest expense	2,294	2,170	6,854	6,363
Income tax	281	242	822	613
Net income	\$651	\$638	\$1,989	\$1,726
Earnings per share: basic	\$0.35	\$0.33	\$1.06	\$0.90
Earnings per share: diluted	\$0.35	\$0.33	\$1.05	\$0.88
Weighted Average Number of Common Shares Outstanding				
Basic	1,846,643	1,906,555	1,876,630	1,914,269
Diluted	1,876,417	1,952,840	1,901,830	1,971,592

Key Financial Ratios	Nine Months Ended	
	September 30,	
	2006	2005
Return on average assets	0.71%	0.63%
Return on average stockholders' equit	10.68%	9.04%
Operating expense to average assets	2.28%	2.16%
Capital to average assets	9.17%	9.23%
