

AMERICAN COMMUNITY BANCSHARES INC
Form 10-Q
August 08, 2007

U. S. SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D. C. 20549

FORM 10-Q

Quarterly Report Under Section 13 or 15(d) of the Securities Exchange Act of 1934
For the quarterly period ended June 30, 2007

Transition Report Under Section 13 or 15(d) of the Exchange Act
For the transition period ended _____

Commission File Number 000-30517

AMERICAN COMMUNITY BANCSHARES, INC.

(Exact name of registrant as specified in its charter)

NORTH CAROLINA
(State or other jurisdiction of

incorporation or organization)

4500 Cameron Valley Parkway, Suite 150, Charlotte, NC 28211

(Address of principal office)

(704) 225-8444

(Registrant's Telephone Number, Including Area Code)

56-2179531
(IRS Employer

Identification Number)

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Indicate whether the registrant (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act of 1934 during the past 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 by Rule 12b-2 of the Exchange Act). Yes No

As of July 17, 2007, 6,961,236 shares of the issuer's common stock, \$1.00 par value, were outstanding.

This report contains 25 pages.

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Part I. FINANCIAL INFORMATION**Item 1 - Financial Statements***AMERICAN COMMUNITY BANCSHARES, INC.**CONSOLIDATED BALANCE SHEETS*

	June 30, 2007 (Unaudited)	December 31, 2006*
	(In Thousands)	
ASSETS		
Cash and due from banks	\$ 17,989	\$ 19,950
Interest-earning deposits with banks	11,481	17,295
Investment securities available for sale, at fair value	72,240	63,018
Investment securities held to maturity, at cost	1,772	2,174
Loans	381,415	370,431
Allowance for loan losses	(5,543)	(5,628)
NET LOANS	375,872	364,803
Accrued interest receivable	2,615	2,938
Bank premises and equipment, net	8,927	9,105
Foreclosed real estate	25	195
Non-marketable equity securities	2,119	1,879
Goodwill	9,838	9,838
Other assets	2,803	3,463
TOTAL ASSETS	\$ 505,681	\$ 494,658
LIABILITIES AND STOCKHOLDERS EQUITY		
Deposits		
Demand - non-interest bearing	\$ 58,453	\$ 61,735
Savings	27,254	15,111
Money market and NOW	76,900	98,333
Time	244,859	225,958
TOTAL DEPOSITS	407,466	401,137
Short-term borrowings	22,982	15,473
Long-term debt	18,002	21,612
Accrued expenses and other liabilities	1,272	1,368
TOTAL LIABILITIES	449,722	439,590
Stockholders Equity		
Preferred stock, no par value, 1,000,000 shares authorized; none issued		
Common stock, \$1 par value, 9,000,000 shares authorized; 6,961,236 and 7,008,081 issued and outstanding, respectively	6,961	7,008
Additional paid-in capital	37,122	37,637
Retained earnings	12,882	11,072
Accumulated other comprehensive loss	(1,006)	(649)
TOTAL STOCKHOLDERS EQUITY	55,959	55,068

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Commitments (Note B)

TOTAL LIABILITIES AND STOCKHOLDERS EQUITY	\$ 505,681	\$ 494,658
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* Derived from audited consolidated financial statements
See accompanying notes

AMERICAN COMMUNITY BANCSHARES, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)

Three and Six Months Ended June 30, 2007 and 2006

	Three Months Ended		Six Months Ended	
	June 30, 2007	June 30, 2006	June 30, 2007	June 30, 2006
(In thousands, except share and per share data)				
INTEREST INCOME				
Loans	\$ 7,856	\$ 7,144	\$ 15,685	\$ 13,718
Investments	819	744	1,555	1,416
Interest-earning deposits with banks	246	44	379	126
TOTAL INTEREST INCOME	8,921	7,932	17,619	15,260
INTEREST EXPENSE				
Money market, NOW and savings deposits	583	381	1,215	714
Time deposits	2,923	2,230	5,670	4,174
Borrowings	495	569	1,015	1,089
TOTAL INTEREST EXPENSE	4,001	3,180	7,900	5,977
NET INTEREST INCOME	4,920	4,752	9,719	9,283
PROVISION FOR LOAN LOSSES	231	668	414	940
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	4,689	4,084	9,305	8,343
NON-INTEREST INCOME				
Service charges on deposit accounts	608	601	1,189	1,163
Mortgage operations	93	106	173	187
Gain on investment securities			17	25
Loss on derivative	(67)		(56)	
Other	88	162	206	321
TOTAL NON-INTEREST INCOME	722	869	1,529	1,696
NON-INTEREST EXPENSE				
Salaries and employee benefits	1,743	1,855	3,401	3,384
Occupancy and equipment	564	560	1,129	1,131
Other than temporary impairment of non-marketable equity securities			76	
Professional fees	243	242	618	509
Other	932	792	1,660	1,448
TOTAL NON-INTEREST EXPENSE	3,482	3,449	6,884	6,472
INCOME BEFORE INCOME TAXES	1,929	1,504	3,950	3,567
INCOME TAXES	707	572	1,442	1,328
NET INCOME	\$ 1,222	\$ 932	\$ 2,508	\$ 2,239
NET INCOME PER COMMON SHARE				

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BASIC	\$	0.18	\$	0.14	\$	0.36	\$	0.33
DILUTED		0.17		0.13		0.35		0.31
DIVIDENDS DECLARED PER COMMON SHARE	\$	0.05	\$	0.05	\$	0.10	\$	0.10
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING								
BASIC		6,978,724		6,876,336		6,993,764		6,864,852
DILUTED		7,140,680		7,176,336		7,157,955		7,168,113

See accompanying notes

*AMERICAN COMMUNITY BANCSHARES, INC.**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (Unaudited)**Three and Six Months Ended June 30, 2007 and 2006*

	Three Months Ended June 30,		Six Months Ended June 30,	
	2007	2006	2007	2006
NET INCOME	\$ 1,222	\$ 932	\$ 2,508	\$ 2,239
Other comprehensive income:				
Securities available for sale:				
Unrealized holding losses on securities available for sale	(861)	(688)	(528)	(949)
Tax effect	331	264	204	365
Reclassification adjustment for gains realized in income			(17)	(25)
Tax effect			6	10
Net of tax amount	(530)	(424)	(335)	(599)
Cash flow hedging activities:				
Unrealized holding losses on cash flow hedging activities	(48)	(59)	(29)	(177)
Tax effect	18	22	11	68
Reclassification adjustment for gains realized in income			(6)	
Tax effect			2	
Net of tax amount	(30)			