

AMERICAN COMMUNITY BANCSHARES INC

Form 10-Q

November 07, 2007

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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 September 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 by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the 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 by Rule 12b-2 of the Exchange Act). Yes No

As of October 19, 2007, 6,502,288 shares of the issuer's common stock, \$1.00 par value, were outstanding.

This report contains 25 pages.

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

	September 30,	
	2007	December 31,
	(Unaudited)	2006*
	(In Thousands)	
ASSETS		
Cash and due from banks	\$ 15,684	\$ 19,950
Interest-earning deposits with banks	5,484	17,295
Investment securities available for sale, at fair value	77,272	63,018
Investment securities held to maturity, at cost	1,771	2,174
Loans	373,309	370,431
Allowance for loan losses	(5,374)	(5,628)
NET LOANS	367,935	364,803
Accrued interest receivable	2,922	2,938
Bank premises and equipment, net	8,746	9,105
Foreclosed real estate	25	195
Non-marketable equity securities	2,119	1,879
Goodwill	9,838	9,838
Other assets	3,232	3,463
TOTAL ASSETS	\$ 495,028	\$ 494,658
LIABILITIES AND STOCKHOLDERS EQUITY		
Deposits		
Demand - non-interest bearing	\$ 54,805	\$ 61,735
Savings	26,910	15,111
Money market and NOW	67,728	98,333
Time	247,936	225,958
TOTAL DEPOSITS	397,379	401,137
Short-term borrowings	25,531	15,473
Long-term debt	18,002	21,612
Accrued expenses and other liabilities	1,649	1,368
TOTAL LIABILITIES	442,561	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; 6,502,288 and 7,008,081 issued and outstanding, respectively	6,502	7,008
Additional paid-in capital	32,351	37,637

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Retained earnings	13,954	11,072
Accumulated other comprehensive loss	(340)	(649)
TOTAL STOCKHOLDERS EQUITY	52,467	55,068
Commitments (Note B)		
TOTAL LIABILITIES AND STOCKHOLDERS EQUITY	\$ 495,028	\$ 494,658

* Derived from audited consolidated financial statements
See accompanying notes

Table of Contents**AMERICAN COMMUNITY BANCSHARES, INC.****CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)****Three and Nine Months Ended September 30, 2007 and 2006**

	Three Months Ended September 30, 2007		Nine Months Ended September 30, 2006	
	2007	2006	2007	2006
	(In thousands, except share and per share data)			
INTEREST INCOME				
Loans	\$ 7,976	\$ 7,421	\$ 23,661	\$ 21,139
Investments	949	761	2,504	2,177
Interest-earning deposits with banks	145	138	524	264
TOTAL INTEREST INCOME	9,070	8,320	26,689	23,580
INTEREST EXPENSE				
Money market, NOW and savings deposits	568	382	1,783	1,096
Time deposits	3,132	2,681	8,802	6,855
Borrowings	525	583	1,540	1,672
TOTAL INTEREST EXPENSE	4,225	3,646	12,125	9,623
NET INTEREST INCOME	4,845	4,674	14,564	13,957
PROVISION FOR LOAN LOSSES	156	1,530	570	2,470
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	4,689	3,144	13,994	11,487
NON-INTEREST INCOME				
Service charges on deposit accounts	617	616	1,806	1,779
Mortgage operations	70	83	243	270
Gain on investment securities	2	35	19	60
Gain on derivative	138		82	
Other	134	128	340	449
TOTAL NON-INTEREST INCOME	961	862	2,490	2,558
NON-INTEREST EXPENSE				
Salaries and employee benefits	1,768	1,512	5,169	4,896
Occupancy and equipment	560	560	1,689	1,691
Other than temporary impairment of non-marketable equity securities			76	
Professional fees	316	262	934	771
Other	805	771	2,465	2,219
TOTAL NON-INTEREST EXPENSE	3,449	3,105	10,333	9,577
INCOME BEFORE INCOME TAXES	2,201	901	6,151	4,468
INCOME TAXES	801	290	2,243	1,618
NET INCOME	\$ 1,400	\$ 611	\$ 3,908	\$ 2,850

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NET INCOME PER COMMON SHARE

BASIC	\$ 0.21	\$ 0.09	\$ 0.57	\$ 0.41
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DILUTED	0.21	0.09	0.56	0.40
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DIVIDENDS DECLARED PER COMMON SHARE	\$ 0.05	\$ 0.05	\$ 0.15	\$ 0.15
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WEIGHTED AVERAGE COMMON SHARES OUTSTANDING

BASIC	6,635,709	6,929,474	6,873,101	6,886,472
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DILUTED	6,799,753	7,173,914	7,037,052	7,165,052
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See accompanying notes

Table of Contents*AMERICAN COMMUNITY BANCSHARES, INC.**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (Unaudited)**Three and Nine Months Ended September 30, 2007 and 2006*

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2007	2006	2007	2006
NET INCOME	\$ 1,400	\$ 611	\$ 3,908	\$ 2,850
Other comprehensive income:				
Securities available for sale:				
Unrealized holding gains on securities available for sale	937	1,143	410	192
Tax effect	(360)	(440)	(158)	(74)
Reclassification adjustment for gains realized in income	(2)	(35)	(19)	(60)
Tax effect	1	13	7	23
Net of tax amount	576	681	240	81
Cash flow hedging activities:				
Unrealized holding gains/(losses) on cash flow hedging activities	148	89	119	(86)
Tax effect	(57)	(34)	(46)	33
Reclassification adjustment for gains realized in income			(6)	
Tax effect			2	
Net of tax amount	91	55	69	(53)
Total other comprehensive income	667	736	309	28
TOTAL COMPREHENSIVE INCOME	\$ 2,067			