

AMERICAN COMMUNITY BANCSHARES INC
Form 10-Q
August 11, 2005
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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 June 30, 2005

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)

56-2179531
(IRS Employer
Identification Number)

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

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(Address of principal office)

(704) 225-8444

(Registrant's Telephone Number, Including Area Code)

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 whether the registrant is an accelerated filer (as defined in Exchange Act Rule 12b-2). **Yes** **No**

As of July 15, 2005, 4,533,633 shares of the issuer's common stock, \$1.00 par value, were outstanding.

This report contains 21 pages.

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	June 30, 2005 (Unaudited)	December 31, 2004*
	(In Thousands)	
ASSETS		
Cash and due from banks	\$ 13,518	\$ 9,511
Interest-earning deposits with banks	2,970	6,521
Investment securities available for sale at fair value	51,070	51,833
Investment securities held to maturity at cost	2,183	2,186
Loans	326,266	307,988
Allowance for loan losses	(3,738)	(3,488)
NET LOANS	322,528	304,500
Accrued interest receivable	1,915	1,697
Bank premises and equipment	10,032	8,741
Foreclosed real estate	176	311
Non-marketable equity securities	1,996	2,040
Goodwill	9,838	9,838
Other assets	3,116	2,280
TOTAL ASSETS	\$ 419,342	\$ 399,458
LIABILITIES AND STOCKHOLDERS EQUITY		
Deposits		
Demand- non-interest bearing	\$ 51,702	\$ 45,501
Savings	11,539	11,501
Money market and NOW	73,183	69,169
Time	193,466	180,494
TOTAL DEPOSITS	329,890	306,665
Borrowings	12,444	12,778
Federal funds purchased	2,040	
Securities sold under agreement to repurchase	8,937	25,763
Capital lease obligation	1,710	1,710
Accrued expenses and other liabilities	1,218	1,652
Junior subordinated deferrable interest debentures	13,918	13,918
TOTAL LIABILITIES	370,157	362,486
Stockholders Equity		
Preferred stock, no par value, 1,000,000 shares authorized; none issued		

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Common stock, \$1 par value, 9,000,000 shares authorized; 4,533,633 and 3,489,249 issued and outstanding, respectively	4,534	3,489
Additional paid-in capital	38,703	29,054
Retained earnings	6,239	4,532
Accumulated other comprehensive loss	(291)	(103)
TOTAL STOCKHOLDERS EQUITY	49,185	36,972
Commitments (Note B)		
TOTAL LIABILITIES AND STOCKHOLDERS EQUITY	\$ 419,342	\$ 399,458

* Derived from audited consolidated financial statements.

See accompanying notes.

Table of Contents**AMERICAN COMMUNITY BANCSHARES, INC.****CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)****Three and Six Months Ended June 30, 2005 and 2004**

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2005	2004	2005	2004
(In thousands, except share and per share data)				
INTEREST INCOME				
Loans	\$ 5,463	\$ 3,949	\$ 10,601	\$ 7,075
Investments	504	459	994	861
Interest-earning deposits with banks	36	13	80	19
TOTAL INTEREST INCOME	6,003	4,421	11,675	7,955
INTEREST EXPENSE				
Money market, NOW and savings deposits	235	83	439	132
Time deposits	1,419	977	2,700	1,866
Borrowings	462	432	958	840
TOTAL INTEREST EXPENSE	2,116	1,492	4,097	2,838
NET INTEREST INCOME	3,887	2,929	7,578	5,117
PROVISION FOR LOAN LOSSES	182	140	291	259
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	3,705	2,789	7,287	4,858
NON-INTEREST INCOME				
Service charges on deposit accounts	585	585	1,098	1,050
Mortgage operations	133	108	221	174
Gain on sale of investment securities			10	58
Other	162	189	298	302
TOTAL NON-INTEREST INCOME	880	882	1,627	1,584
NON-INTEREST EXPENSE				
Salaries and employee benefits	1,400	1,316	2,750	2,327
Occupancy and equipment	527	440	1,012	809
Professional fees	294	294	532	435
Other	675	580	1,250	1,072
TOTAL NON-INTEREST EXPENSE	2,896	2,630	5,544	4,643
INCOME BEFORE INCOME TAXES	1,689	1,041	3,370	1,799
INCOME TAXES	623	386	1,256	669

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NET INCOME	\$ 1,066	\$ 655	\$ 2,114	\$ 1,130
NET INCOME PER COMMON SHARE				
BASIC	\$.25	\$.20	\$.54	\$.37
DILUTED	\$.24	\$.18	\$.51	\$.33
DIVIDENDS DECLARED PER COMMON SHARE				
	\$.05	\$.10	\$.10	\$.10
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING				
BASIC	4,267,577	3,344,713	3,934,785	3,085,376
DILUTED	4,462,648	3,703,920	4,130,456	3,459,139

See accompanying notes.

Table of Contents**AMERICAN COMMUNITY BANCSHARES, INC.****CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)***Six Months Ended June 30, 2005 and 2004*

	Six months ended June 30, 2005	Six months ended June 30, 2004
(In Thousands)		
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 2,114	\$ 1,130
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	594	568
Provision for loan losses	291	259
Loss (gain) on sale of foreclosed real estate	(11)	7
Gain on sale of securities available for sale	(10)	(58)
Change in assets and liabilities		
Increase in accrued interest receivable	(218)	(30)
Increase in other assets	(777)	(628)
Increase in capital lease obligations		2
Increase (decrease) in accrued expenses and other liabilities	(434)	361
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,549	1,611
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investment securities available for sale	(8,195)	(7,471)
Purchases of investment securities held to maturity		(300)
Proceeds from sale of securities available for sale	2,801	4,048
Proceeds from maturities, calls and principal repayments of investment securities	5,736	10,641
Net increase in loans from originations and repayments	(18,321)	