

NEW PEOPLES BANKSHARES INC

Form 10-Q

May 15, 2015

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

x **Quarterly Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**
For the quarterly period ended March 31, 2015

.. **Transition Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**
For the transition period from _____ to _____

Commission file number: 000-33411

NEW PEOPLES BANKSHARES, INC.

(Exact name of registrant as specified in its charter)

Virginia
(State or other jurisdiction of
incorporation or organization)

31-1804543
(I.R.S. Employer
Identification No.)

67 Commerce Drive

Honaker, Virginia
(Address of principal executive offices)

24260
(Zip Code)

(Registrant's telephone number, including area code) (276) 873-7000

n/a

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities 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 has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

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Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:

Class	Outstanding at May 14, 2015
Common Stock, \$2.00 par value	22,878,654

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(IN THOUSANDS EXCEPT SHARE AND PER SHARE DATA)

(UNAUDITED)

	2015	2014
INTEREST AND DIVIDEND INCOME		
Loans including fees	\$ 5,781	\$ 6,388
Federal funds sold	1	1
Interest-earning deposits with banks	26	38
Investments	426	342
Dividends on equity securities (restricted)	32	31
Total Interest and Dividend Income	6,266	6,800
INTEREST EXPENSE		
Deposits		
Demand	9	9
Savings	41	49
Time deposits below \$100,000	387	491
Time deposits above \$100,000	271	339
FHLB Advances	40	53
Trust Preferred Securities	108	116
Total Interest Expense	856	1,057
NET INTEREST INCOME	5,410	5,743
PROVISION FOR LOAN LOSSES		
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	5,410	5,743
NONINTEREST INCOME		
Service charges	536	504
Fees, commissions and other income	714	929

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Insurance and investment fees	124	86
Net realized gains on sale of investment securities	35	3
Life insurance investment income	35	17
Total Noninterest Income	1,444	1,539
NONINTEREST EXPENSES		
Salaries and employee benefits	2,942	3,234
Occupancy and equipment expense	942	1,011
Advertising and public relations	57	117
Data processing and telecommunications	499	565
FDIC insurance premiums	218	374
Other real estate owned and repossessed vehicles, net	359	776
Other operating expenses	1,212	1,278
Total Noninterest Expenses	6,229	7,355
INCOME (LOSS) BEFORE INCOME TAXES	625	(73)
INCOME TAX EXPENSE (BENEFIT)	3	(1)
NET INCOME (LOSS)	\$ 622	\$ (72)
Income (Loss) Per Share		
Basic	\$ 0.03	\$ 0.00
Fully Diluted	\$ 0.03	\$ 0.00
Average Weighted Shares of Common Stock		
Basic	22,878,654	21,872,293
Fully Diluted	22,878,654	21,872,293

The accompanying notes are an integral part of this statement.

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NEW PEOPLES BANKSHARES, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 2015 AND 2014
(IN THOUSANDS)
(UNAUDITED)

	2015	2014
NET INCOME (LOSS)	\$ 622	\$ (72)
Other comprehensive income (loss):		
Investment Securities Activity		
Unrealized gains arising during the period	626	363
Tax related to unrealized gains	(213)	(123)
Reclassification of realized gains during the period	(35)	(3)
Tax related to realized gains	12	1
TOTAL OTHER COMPREHENSIVE INCOME	390	238
TOTAL COMPREHENSIVE INCOME	\$ 1,012	\$ 166

The accompanying notes are an integral part of this statement.

Table of Contents**NEW PEOPLES BANKSHARES, INC.****CONSOLIDATED BALANCE SHEETS**

(IN THOUSANDS EXCEPT PER SHARE AND SHARE DATA)

	March 31, 2015	December 31, 2014
	(Unaudited)	(Audited)
ASSETS		
Cash and due from banks	\$ 18,796	\$ 14,622
Interest-bearing deposits with banks	33,317	20,933
Federal funds sold	5	5
Total Cash and Cash Equivalents	52,118	35,560
Investment securities available-for-sale	100,133	100,069
Loans receivable	449,929	457,549
Allowance for loan losses	(8,960)	(9,922)
Net Loans	440,969	447,627
Bank premises and equipment, net	28,570	28,766
Equity securities (restricted)	2,376	2,369
Other real estate owned	14,837	15,049
Accrued interest receivable	1,797	1,975
Life insurance investments	12,303	12,268
Deferred taxes, net	4,787	4,988
Other assets	2,240	2,413
Total Assets	\$ 660,130	\$ 651,084
LIABILITIES		
Deposits:		
Demand deposits:		
Noninterest bearing	\$ 152,814	\$ 143,950
Interest-bearing	31,129	29,567
Savings deposits	117,984	111,701
Time deposits	291,397	299,974
Total Deposits	593,324	585,192
Federal Home Loan Bank advances	3,858	4,158
Accrued interest payable	346	266
Accrued expenses and other liabilities	2,243	2,121

Trust preferred securities	16,496	16,496
Total Liabilities	616,267	608,233
Commitments and contingencies		
STOCKHOLDERS EQUITY		
Common stock - \$2.00 par value; 50,000,000 shares authorized; 22,878,654 shares issued and outstanding	45,757	45,757
Common stock warrants	1,176	1,176
Additional paid-in-capital	13,672	13,672
Retained deficit	(17,063)	(17,685)
Accumulated other comprehensive income (loss)	321	(69)
Total Stockholders Equity	43,863	42,851
Total Liabilities and Stockholders Equity	\$ 660,130	\$ 651,084

The accompanying notes are an integral part of this statement.

Table of Contents**NEW PEOPLES BANKSHARES, INC.****CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS EQUITY****FOR THE THREE MONTHS ENDED MARCH 31, 2015 AND 2014**

(IN THOUSANDS INCLUDING SHARE DATA)

(UNAUDITED)

	Shares of Common Stock	Common Stock	Common Stock Warrants	Additional Paid-in- Capital	Retained Earnings (Deficit)	Accumulated Other Comprehensive Income (Loss)	Total Stockholders Equity
Balance, December 31, 2013	21,872	\$ 43,745	\$ 2,050	\$ 13,050	\$ (17,925)	\$ (960)	\$ 39,960
Net loss					(72)		(72)
Other comprehensive income, net of tax						238	238
Balance, March 31, 2014	21,872	\$ 43,745	\$ 2,050	\$ 13,050	\$ (17,997)	\$ (722)	\$ 40,126
Balance, December 31, 2014	22,878	\$ 45,757	\$ 1,176	\$ 13,672	\$ (17,685)	\$ (69)	\$ 42,851
Net income					622		622
Other comprehensive income, net of tax						390	390
Balance, March 31, 2015	22,878	\$ 45,757	\$ 1,176	\$ 13,672	\$ (17,063)	\$ 321	\$ 43,863

The accompanying notes are an integral part of this statement.

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NEW PEOPLES BANKSHARES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2015 AND 2014
(IN THOUSANDS)
(UNAUDITED)

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	\$ 622	\$ (72)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	535	560
Income on life insurance	(35)	(17)
Gain on sale of securities available-for-sale	(35)	(3)
Gain on sale of premises and equipment		(33)
Loss on sale of foreclosed assets	5	33
Adjustment of carrying value of foreclosed real estate	134	465
Accretion of bond premiums/discounts	270	242
Amortization of core deposit intangible		8
Net change in:		
Interest receivable	178	323
Other assets	173	(619)
Accrued interest payable	80	94
Accrued expenses and other liabilities	122	615
Net Cash Provided by Operating Activities	2,049	1,596

CASH FLOWS FROM INVESTING ACTIVITIES