

NEW PEOPLES BANKSHARES INC

Form 10-Q

August 14, 2012

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

þ **Quarterly Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**
For the quarterly period ended June 30, 2012

¨ **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)

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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):

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 August 13, 2012
Common Stock, \$2.00 par value	10,010,178

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(IN THOUSANDS EXCEPT SHARE AND PER SHARE DATA)

(UNAUDITED)

	2012	2011
INTEREST AND DIVIDEND INCOME		
Loans including fees	\$ 16,795	\$ 21,402
Federal funds sold	1	9
Interest-earning deposits with banks	95	80
Investments	441	84
Dividends on equity securities (restricted)	55	50
Total Interest and Dividend Income	17,387	21,625
INTEREST EXPENSE		
Deposits		
Demand	54	89
Savings	120	324
Time deposits below \$100,000	1,657	2,630
Time deposits above \$100,000	1,112	1,574
FHLB Advances	331	444
Other borrowings	88	105
Trust Preferred Securities	247	200
Total Interest Expense	3,609	5,366
NET INTEREST INCOME	13,778	16,259
PROVISION FOR LOAN LOSSES	3,126	3,457
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	10,652	12,802
NONINTEREST INCOME		
Service charges	1,199	1,159
Fees, commissions and other income	1,188	1,019
Insurance and investment fees	232	191
Net realized gains on sale of investment securities	337	
Life insurance investment income	145	176
Total Noninterest Income	3,101	2,545
NONINTEREST EXPENSES		
Salaries and employee benefits	7,107	7,859
Occupancy and equipment expense	2,184	2,144

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Advertising and public relations	211	183
Data processing and telecommunications	889	798
FDIC insurance premiums	845	1,096
Other real estate owned and repossessed vehicles, net	3,247	2,490
Other operating expenses	2,756	2,660
Total Noninterest Expenses	17,239	17,230
LOSS BEFORE INCOME TAXES	(3,486)	(1,883)
INCOME TAX EXPENSE (BENEFIT)	1,587	(757)
NET LOSS	\$ (5,073)	\$ (1,126)
Loss Per Share		
Basic	\$ (0.51)	\$ (0.11)
Fully Diluted	\$ (0.51)	\$ (0.11)
Average Weighted Shares of Common Stock		
Basic	10,010,178	10,010,178
Fully Diluted	10,010,178	10,010,178

The accompanying notes are an integral part of this statement.

Table of Contents**NEW PEOPLES BANKSHARES, INC.****CONSOLIDATED STATEMENTS OF OPERATIONS****FOR THE THREE MONTHS ENDED JUNE 30, 2012 AND 2011**

(IN THOUSANDS EXCEPT SHARE AND PER SHARE DATA)

(UNAUDITED)

	2012	2011
INTEREST AND DIVIDEND INCOME		
Loans including fees	\$ 8,047	\$ 10,514
Federal funds sold	1	
Interest-earning deposits with banks	48	54
Investments	240	45
Dividends on equity securities (restricted)	29	28
Total Interest and Dividend Income	8,365	10,641
INTEREST EXPENSE		
Deposits		
Demand	28	44
Savings	58	138
Time deposits below \$100,000	782	1,242
Time deposits above \$100,000	525	769
FHLB Advances	150	223
Other borrowings	44	44
Trust Preferred Securities	125	92
Total Interest Expense	1,712	2,552
NET INTEREST INCOME	6,653	8,089
PROVISION FOR LOAN LOSSES	1,176	2,312
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	5,477	5,777
NONINTEREST INCOME		
Service charges	642	607
Fees, commissions and other income	573	445
Insurance and investment fees	123	93
Net realized gains on sale of investment securities	265	
Life insurance investment income	31	89
Total Noninterest Income	1,634	1,234
NONINTEREST EXPENSES		
Salaries and employee benefits	3,509	3,946
Occupancy and equipment expense	1,085	1,119
Advertising and public relations	121	98
Data processing and telecommunications	450	392
FDIC insurance premiums	414	421
Other real estate owned and repossessed vehicles, net	1,273	2,246

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Other operating expenses	1,400	1,395
Total Noninterest Expenses	8,252	9,617
LOSS BEFORE INCOME TAXES	(1,141)	(2,606)
INCOME TAX EXPENSE (BENEFIT)	1,397	(931)
NET LOSS	\$ (2,538)	\$ (1,675)
Loss Per Share		
Basic	\$ (0.25)	\$ (0.17)
Fully Diluted	\$ (0.25)	\$ (0.17)
Average Weighted Shares of Common Stock		
Basic	10,010,178	10,010,178
Fully Diluted	10,010,178	10,010,178

The accompanying notes are an integral part of this statement.

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NEW PEOPLES BANKSHARES, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

FOR THE SIX MONTHS ENDED JUNE 30, 2012 AND 2011

(IN THOUSANDS)

(UNAUDITED)

	2012	2011
Net Loss	\$ (5,073)	\$ (1,126)
Other comprehensive income (loss):		
Investment Securities Activity		
Unrealized gains (losses) arising during the period	214	126
Tax related to unrealized gains (losses)	(73)	(43)
Reclassification of realized (gains) during the period	 	