

NEW PEOPLES BANKSHARES INC
Form 10-Q
August 07, 2006
Table of Contents

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

Quarterly Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended June 30, 2006

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

31-1804543

(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer
Identification No.)

67 Commerce Drive

Honaker, Virginia

24260

(Address of principal executive offices)

(Zip Code)

Edgar Filing: NEW PEOPLES BANKSHARES INC - Form 10-Q

(276) 873-7000

(Registrant's telephone number including area code)

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 X 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 X Non-accelerated filer _____

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No X

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

7,654,609 shares of common stock, par value \$2.00 per share, outstanding as of July 17, 2006

Table of Contents

NEW PEOPLES BANKSHARES, INC.

INDEX

	Page
PART I <u>FINANCIAL INFORMATION</u>	2
Item 1. <u>Financial Statements</u>	
<u>Consolidated Statements of Income - Six Months Ended June 30, 2006 and 2005</u>	2
<u>Consolidated Statements of Income - Three Months Ended June 30, 2006 and 2005</u>	3
<u>Consolidated Balance Sheets - June 30, 2006 and December 31, 2005</u>	4
<u>Consolidated Statements of Changes in Stockholders' Equity - Six Months Ended June 30, 2006 and 2005</u>	5
<u>Consolidated Statements of Cash Flows - Six Months Ended June 30, 2006 and 2005</u>	6
<u>Notes to Consolidated Financial Statements</u>	7
Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	10
Item 3. <u>Quantitative and Qualitative Disclosures about Market Risk</u>	13
Item 4. <u>Controls and Procedures</u>	13
PART II <u>OTHER INFORMATION</u>	14
Item 1. <u>Legal Proceedings</u>	14
Item 1A. <u>Risk Factors</u>	14
Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	14
Item 3. <u>Defaults upon Senior Securities</u>	14
Item 4. <u>Submission of Matters to a Vote of Security Holders</u>	14
Item 5. <u>Other Information</u>	14
Item 6. <u>Exhibits</u>	14
<u>SIGNATURES</u>	15

Table of Contents**Part I Financial Information**
Item 1 Financial Statements**NEW PEOPLES BANKSHARES, INC.****CONSOLIDATED STATEMENTS OF INCOME****FOR THE SIX MONTHS ENDED JUNE 30, 2006 AND 2005**

(IN THOUSANDS EXCEPT SHARE AND PER SHARE DATA)

(UNAUDITED)

	2006	2005
INTEREST AND DIVIDEND INCOME		
Loans including fees	\$ 18,767	\$ 13,822
Federal funds sold	45	40
Investments	159	111
Total Interest and Dividend Income	18,971	13,973
INTEREST EXPENSE		
Deposits		
Demand	71	82
Savings	246	223
Time deposits	7,103	3,948
Interest on FHLB Advances	371	33
Interest on Trust Preferred Securities	441	315
Total Interest Expense	8,232	4,601
NET INTEREST INCOME	10,739	9,372
PROVISION FOR LOAN LOSSES	705	682
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	10,034	8,690
NONINTEREST INCOME		
Service charges	962	717
Fees, commissions and other income	477	360
Life insurance investment income	200	194
Total Noninterest Income	1,639	1,271
NONINTEREST EXPENSES		
Salaries and employee benefits	5,578	4,834
Occupancy expense	1,377	1,178
Other real estate	31	21
Other operating expenses	2,384	2,028
Total Noninterest Expenses	9,369	8,061
INCOME BEFORE INCOME TAXES	2,304	1,900
INCOME TAX EXPENSE	667	556
NET INCOME	\$ 1,637	\$ 1,344

Edgar Filing: NEW PEOPLES BANKSHARES INC - Form 10-Q

Earnings Per Share

Basic	\$.21	\$.18
Fully Diluted	\$.21	\$.17

Average Weighted Shares of Common Stock

Basic	7,636,068	7,601,162
Fully Diluted	7,847,913	7,818,096

The accompanying notes are an integral part of this statement.

2

Table of Contents**NEW PEOPLES BANKSHARES, INC.****CONSOLIDATED STATEMENTS OF INCOME****FOR THE THREE MONTHS ENDED JUNE 30, 2006 AND 2005**

(IN THOUSANDS EXCEPT SHARE AND PER SHARE DATA)

(UNAUDITED)

INTEREST AND DIVIDEND INCOME	2006		2005
Loans including fees	\$ 9,852	\$	7,180
Federal funds sold	19		17
Investments	94		55
Total Interest and Dividend Income	9,965		7,252
INTEREST EXPENSE			
Deposits			
Demand	35		50
Savings	122		113
Time deposits	3,794		2,110
Interest on FHLB Advances	236		34
Interest on Trust Preferred Securities	219		163
Total Interest Expense	4,406		2,470
NET INTEREST INCOME	5,559		4,782
PROVISION FOR LOAN LOSSES	393		362
NET INTEREST INCOME AFTER			
PROVISION FOR LOAN LOSSES	5,166		4,420
NONINTEREST INCOME			
Service charges	510		400
Fees, commissions and other income	254		150
Life insurance investment income	101		98
Total Noninterest Income	865		648
NONINTEREST EXPENSES			
Salaries and employee benefits	2,897		2,480
Occupancy expense	710		622
Other real estate	28		8
Other operating expenses	1,216		1,041
Total Noninterest Expenses	4,851		4,151
INCOME BEFORE INCOME TAXES	1,179		917
INCOME TAX EXPENSE	360		261
NET INCOME	\$ 820	\$	656

Earnings Per Share

Edgar Filing: NEW PEOPLES BANKSHARES INC - Form 10-Q

Basic	\$.11	\$.09
Fully Diluted	\$.10	\$.08
Average Weighted Shares of Common Stock		
Basic	7,648,597	7,601,244
Fully Diluted	7,857,647	7,833,999

The accompanying notes are an integral part of this statement.

3

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

(IN THOUSANDS EXCEPT PER SHARE AND SHARE DATA)

ASSETS	June 30, 2006 (Unaudited)	December 31, 2005 (Audited)
Cash and due from banks	\$ 17,458	\$ 15,728
Federal funds sold	312	2,922
Total Cash and Cash Equivalents	17,770	18,650
Investment securities Available-for-sale	3,462	6,163
Loans receivable	523,802	468,045
Allowance for loan losses	(4,542)	(3,943)
Net Loans	519,260	464,102
Bank premises and equipment, net	24,563	22,046
Equity securities (restricted)	2,801	2,273
Other real estate owned	1,157	1,396
Accrued interest receivable	3,620	3,005
Life insurance investments	9,200	9,031
Other assets	1,831	1,104
Total Assets	\$ 583,664	\$ 527,770
LIABILITIES		
Deposits:		
Demand deposits:		
Noninterest bearing	\$ 67,824	\$ 59,921
Interest-bearing	17,256	19,845
Savings deposits	43,058	44,778
Time deposits	383,177	338,148
Total Deposits	511,315	462,692
Federal Home Loan Bank advances	16,190	11,570
Accrued interest payable	1,918	1,558
Accrued expenses and other liabilities	2,043	1,645
Trust preferred securities	11,341	11,341
Total Liabilities	542,807	488,806
STOCKHOLDERS EQUITY		
Common stock - \$2.00 par value; 12,000,000 shares authorized;	15,309	15,239

Edgar Filing: NEW PEOPLES BANKSHARES INC - Form 10-Q

7,654,609 and 7,619,355 shares issued and outstanding

at June 30, 2006 and December 31, 2005, respectively

Additional paid-in-capital	21,448	21,265
Retained earnings	4,112	2,475
Accumulated other comprehensive income	(12)	(15)
Total Stockholders' Equity	40,857	38,964
Total Liabilities and Stockholders' Equity	\$ 583,664	\$ 527,770

The accompanying notes are an integral part of this statement.

4

Table of Contents

NEW PEOPLES BANKSHARES, INC.

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

FOR THE SIX MONTHS ENDED JUNE 30, 2006 AND 2005

(IN THOUSANDS INCLUDING SHARE DATA)

(UNAUDITED)

	Shares of Common Stock	Common Stock	Additional Paid in Capital	Retained Earnings	Accum-ulated Other Compre-hensive Income (Loss)	Total Shareholders Equity	Compre-hensive Income (Loss)
Balance, December 31, 2004	6,910	\$13,820					