

NEW PEOPLES BANKSHARES INC  
Form 10-Q  
August 14, 2018

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

**FORM 10-Q**

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

For the quarterly period ended June 30, 2018

**Part II 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**

**24260**

(Address of principal executive offices) (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[X] 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[X] No[ ]

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer   
Non-accelerated filer  Smaller reporting company   
Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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 11, 2018
Common Stock, \$2.00 par value	23,922,086

**NEW PEOPLES BANKSHARES, INC.**

INDEX

PART I FINANCIAL INFORMATION

	Page
Item 1.	Financial Statements
Consolidated Statements of Income – Six Months Ended June 30, 2018 and 2017 (Unaudited)	2
Consolidated Statements of Income – Three Months Ended June 30, 2018 and 2017 (Unaudited)	3
Consolidated Statements of Comprehensive Income (Loss) – Three and Six Months Ended June 30, 2018 and 2017 (Unaudited)	4
Consolidated Balance Sheets – June 30, 2018 (Unaudited) and December 31, 2017	5
Consolidated Statements of Changes in Stockholders’ Equity - Six Months Ended June 30, 2018 and 2017 (Unaudited)	6
Consolidated Statements of Cash Flows – Six Months Ended June 30, 2018 and 2017 (Unaudited)	7
Notes to Consolidated Financial Statements	8
Item 2.	Management’s Discussion and Analysis of Financial Condition and Results of Operations 27
Item 3.	Quantitative and Qualitative Disclosures about Market Risk 34
Item 4.	Controls and Procedures 34
<b>PART II OTHER INFORMATION</b>	
Item 1.	Legal Proceedings 35
Item 1A. Risk Factors	35
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds 35
Item 3.	Defaults upon Senior Securities 35

Item 4.	Mine Safety Disclosures	35
Item 5.	Other Information	35
Item 6.	Exhibits	35
SIGNATURES		36

## Part I Financial Information

## Item 1 Financial Statements

**NEW PEOPLES BANKSHARES, INC.**

## CONSOLIDATED STATEMENTS OF INCOME

**FOR THE SIX MONTHS ENDED JUNE 30, 2018 AND 2017**

(IN THOUSANDS EXCEPT SHARE AND PER SHARE DATA)

(UNAUDITED)

INTEREST AND DIVIDEND INCOME	2018	2017
Loans including fees	\$12,920	\$11,779
Interest-earning deposits with banks	161	92
Investments	805	731
Dividends on equity securities (restricted)	73	66
Total Interest and Dividend Income	13,959	12,668
INTEREST EXPENSE		
Deposits	1,465	1,145
Borrowed funds	437	367
Total Interest Expense	1,902	1,512
NET INTEREST INCOME	12,057	11,156
PROVISION FOR LOAN LOSSES	126	—
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	11,931	11,156
NONINTEREST INCOME		
Service charges and fees	3,175	3,098
Gain on sale and leaseback transactions	—	2,619
Insurance and investment fees	253	106
Other noninterest income	193	300
Total Noninterest Income	3,621	6,123
NONINTEREST EXPENSES		
Salaries and employee benefits	7,314	6,722
Occupancy and equipment expense	2,591	2,299
Data processing and telecommunications	1,340	1,223
Other operating expenses	4,289	4,357
Total Noninterest Expenses	15,534	14,601
INCOME BEFORE INCOME TAXES	18	2,678

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

INCOME TAX BENEFIT	(13	)	(14	)
NET INCOME	\$31		\$2,692	
Income Per Share				
Basic	\$0.00		\$0.12	
Fully Diluted	\$0.00		\$0.12	
Average Weighted Shares of Common Stock				
Basic	23,922,086		23,355,198	
Fully Diluted	23,922,086		23,355,198	

**NEW PEOPLES BANKSHARES, INC.****CONSOLIDATED STATEMENTS OF INCOME****FOR THE THREE MONTHS ENDED JUNE 30, 2018 AND 2017**

(IN THOUSANDS EXCEPT SHARE AND PER SHARE DATA)

(UNAUDITED)

INTEREST AND DIVIDEND INCOME	2018	2017
Loans including fees	\$6,462	\$6,115
Interest-earning deposits with banks	96	49
Investments	397	381
Dividends on equity securities (restricted)	38	34
Total Interest and Dividend Income	6,993	6,579
INTEREST EXPENSE		
Deposits	769	607
Borrowed funds	245	181
Total Interest Expense	1,014	788
NET INTEREST INCOME	5,979	5,791
PROVISION FOR LOAN LOSSES	63	—
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	5,916	5,791
NONINTEREST INCOME		
Service charges and fees	1,653	1,602
Gain on sale and leaseback transactions	—	2,619
Insurance and investment fees	179	54
Other noninterest income	39	134
Total Noninterest Income	1,871	4,409
NONINTEREST EXPENSES		
Salaries and employee benefits	3,670	3,341
Occupancy and equipment expense	1,299	1,172
Data processing and telecommunications	736	670
Other operating expenses	2,190	2,440
Total Noninterest Expenses	7,895	7,623
INCOME (LOSS) BEFORE INCOME TAXES	(108	) 2,577
INCOME TAX BENEFIT	(59	) —



NET INCOME (LOSS)	\$ (49	) \$2,577
Income (Loss) Per Share		
Basic	\$ (0.00	) \$0.11
Fully Diluted	\$ (0.00	) \$0.11
Weighted Average Shares of Common Stock		
Basic	23,922,086	23,355,503
Fully Diluted	23,922,086	23,355,503

**NEW PEOPLES BANKSHARES, INC.****CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)****FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2018 AND 2017**

(IN THOUSANDS)

(UNAUDITED)

	For the three months ended June 30,		For the six months ended June 30,	
	2018	2017	2018	2017
NET INCOME (LOSS)	\$(49 )	\$2,577	\$31	\$2,692
Other comprehensive income (loss):				
Investment Securities Activity				
Unrealized gains (losses) arising during the period	(207)	518	(1,248)	607
Tax related to unrealized gains (losses)	43	(176 )	263	(206 )
TOTAL OTHER COMPREHENSIVE INCOME (LOSS)	(164)	342	(985 )	401
TOTAL COMPREHENSIVE INCOME (LOSS)	\$(213)	\$2,919	\$(954 )	\$3,093

**NEW PEOPLES BANKSHARES, INC.****CONSOLIDATED BALANCE SHEETS**

(IN THOUSANDS EXCEPT PER SHARE AND SHARE DATA)

ASSETS	June 30, 2018 (Unaudited)	December 31, 2017 (Audited)
Cash and due from banks	\$15,817	\$18,249
Interest-bearing deposits with banks	27,476	14,452
Federal funds sold	180	4
Total Cash and Cash Equivalents	43,473	32,705
Investment securities available-for-sale	63,995	71,088
Loans receivable	527,379	513,008
Allowance for loan losses	(5,288 )	(6,196 )
Net Loans	522,091	506,812
Bank premises and equipment, net	25,432	26,115
Other real estate owned	6,574	6,859
Accrued interest receivable	1,901	2,036
Deferred taxes, net	5,774	5,499
Right-of-use assets – operating leases	5,099	5,253
Other assets	10,784	10,333
Total Assets	\$685,123	\$666,700

**LIABILITIES**

Deposits:		
Noninterest bearing	\$167,540	\$154,631
Interest-bearing	424,011	427,913
Total Deposits	591,551	582,544
Borrowed funds	35,496	24,054
Lease liabilities – operating leases	5,099	5,253
Accrued interest payable	511	426
Accrued expenses and other liabilities	2,447	3,450
Total Liabilities	635,104	615,727

Commitments and contingencies