

NEW PEOPLES BANKSHARES INC  
Form 10-Q  
August 09, 2007  
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, 2007

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)

**(276) 873-7000**

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(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  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  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

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

7,660,210 shares of common stock, par value \$2.00 per share, outstanding as of August 3, 2007.

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**NEW PEOPLES BANKSHARES, INC.**

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**Part I Financial Information****Item 1 Financial Statements****NEW PEOPLES BANKSHARES, INC.****CONSOLIDATED STATEMENTS OF INCOME****FOR THE SIX MONTHS ENDED JUNE 30, 2007 AND 2006**

(IN THOUSANDS EXCEPT SHARE AND PER SHARE DATA)

(UNAUDITED)

	<b>2007</b>	<b>2006</b>
<b>INTEREST AND DIVIDEND INCOME</b>		
Loans including fees	\$ 23,902	\$ 18,767
Federal funds sold	76	45
Investments	196	159
Total Interest and Dividend Income	24,174	18,971
<b>INTEREST EXPENSE</b>		
Deposits		
Demand	72	71
Savings	228	246
Time deposits	10,726	7,103
Interest on FHLB Advances	469	371
Interest on Trust Preferred Securities	638	441
Total Interest Expense	12,133	8,232
<b>NET INTEREST INCOME</b>	12,041	10,739
<b>PROVISION FOR LOAN LOSSES</b>	740	705
<b>NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES</b>	11,301	10,034
<b>NONINTEREST INCOME</b>		
Service charges	1,167	962
Fees, commissions and other income	667	477
Life insurance investment income	214	200
Total Noninterest Income	2,048	1,639
<b>NONINTEREST EXPENSES</b>		
Salaries and employee benefits	6,552	5,578
Occupancy expense	1,699	1,377
Other real estate	-	31
Other operating expenses	2,712	2,384
Total Noninterest Expenses	10,963	9,370
<b>INCOME BEFORE INCOME TAXES</b>	2,386	2,303
<b>INCOME TAX EXPENSE</b>	683	667
<b>NET INCOME</b>	\$ 1,703	\$ 1,636

**Earnings Per Share**

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Basic	\$ 0.22	\$ 0.21
Fully Diluted	\$ 0.22	\$ 0.21
<b>Average Weighted Shares of Common Stock</b>		
Basic	7,658,982	7,636,068
Fully Diluted	7,847,005	7,847,913

The accompanying notes are an integral part of this statement.

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## NEW PEOPLES BANKSHARES, INC.

## CONSOLIDATED STATEMENTS OF INCOME

## FOR THE THREE MONTHS ENDED JUNE 30, 2007 AND 2006

(IN THOUSANDS EXCEPT SHARE AND PER SHARE DATA)

(UNAUDITED)

	<b>2007</b>	<b>2006</b>
<b>INTEREST AND DIVIDEND INCOME</b>		
Loans including fees	\$ 12,352	\$ 9,852
Federal funds sold	7	19
Investments	111	94
Total Interest and Dividend Income	12,470	9,965
<b>INTEREST EXPENSE</b>		
Deposits		
Demand	36	35
Savings	116	122
Time deposits	5,282	3,794
Interest on FHLB Advances	457	236
Interest on Trust Preferred Securities	319	219
Total Interest Expense	6,210	4,406
<b>NET INTEREST INCOME</b>	6,260	5,559
<b>PROVISION FOR LOAN LOSSES</b>	440	393
<b>NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES</b>	5,820	5,166
<b>NONINTEREST INCOME</b>		
Service charges	604	510
Fees, commissions and other income	335	254
Life insurance investment income	108	101
Total Noninterest Income	1,047	865
<b>NONINTEREST EXPENSES</b>		
Salaries and employee benefits	3,297	2,897
Occupancy expense	862	710
Other real estate	-	28
Other operating expenses	1,443	1,216
Total Noninterest Expenses	5,602	4,851
<b>INCOME BEFORE INCOME TAXES</b>	1,265	1,180
<b>INCOME TAX EXPENSE</b>	364	360
<b>NET INCOME</b>	\$ 901	\$ 820
<b>Earnings Per Share</b>		
Basic	\$ 0.12	\$ 0.11
Fully Diluted	\$ 0.12	\$ 0.10
<b>Average Weighted Shares of Common Stock</b>		
Basic	7,659,638	7,648,597

Fully Diluted

7,776,527

7,857,647

The accompanying notes are an integral part of this statement.

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

(IN THOUSANDS EXCEPT PER SHARE AND SHARE DATA)

<b>ASSETS</b>	June 30, 2007 (Unaudited)	December 31, 2006 (Audited)
Cash and due from banks	\$ 25,057	\$ 18,451
Federal funds sold	20,435	1,430
Total Cash and Cash Equivalents	45,492	19,881
Investment securities Available-for-sale	3,986	3,493
Loans receivable	635,362	569,198
Allowance for loan losses	(5,364)	(4,870)
Net Loans	629,998	564,328
Bank premises and equipment, net	32,678	29,438
Equity securities (restricted)	4,585	2,152
Other real estate owned	1,661	1,181
Accrued interest receivable	5,140	4,140
Life insurance investments	9,559	9,377
Goodwill and other intangibles	4,801	-
Other assets	2,574	1,829
Total Assets	\$ 740,474	\$ 635,819
<b>LIABILITIES</b>		
Deposits:		
Demand deposits:		
Noninterest bearing	\$ 80,018	\$ 71,538
Interest-bearing	21,627	19,290
Savings deposits	50,306	42,894
Time deposits	483,749	438,465
Total Deposits	635,700	572,187
Federal Home Loan Bank advances	38,960	-
Accrued interest payable	2,552	2,783
Accrued expenses and other liabilities	2,700	2,007
Trust preferred securities	16,496	16,496
Total Liabilities	696,408	593,473
<b>STOCKHOLDERS EQUITY</b>		
Common stock - \$2.00 par value; 12,000,000 shares authorized; 7,660,110 and 7,657,060 shares issued and outstanding		
at June 30, 2007 and December 31, 2006, respectively	15,320	15,314

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Additional paid-in-capital	21,481	21,465
Retained earnings	7,268	5,565
Accumulated other comprehensive income	(3)	2
Total Stockholders' Equity	44,066	42,346
Total Liabilities and Stockholders' Equity	\$ 740,474	\$ 635,819

The accompanying notes are an integral part of this statement.

**NEW PEOPLES BANKSHARES, INC.**

**CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**

**FOR THE SIX MONTHS ENDED JUNE 30, 2007 AND 2006**

(IN THOUSANDS INCLUDING SHARE DATA)

(UNAUDITED)

	Shares of Common Stock	Common Stock	Additional Paid in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)
Balance, December 31, 2005	7,619	\$15,239			