

NEW PEOPLES BANKSHARES INC

Form 10-Q

November 09, 2011

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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 September 30, 2011

.. **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)

(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 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:

10,010,178 shares of common stock, par value \$2.00 per share, outstanding as of November 7, 2011.

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(IN THOUSANDS EXCEPT SHARE AND PER SHARE DATA)

(UNAUDITED)

	2011	2010
INTEREST AND DIVIDEND INCOME		
Loans including fees	\$ 31,357	\$ 36,005
Federal funds sold	9	31
Interest-earning deposits with banks	128	4
Investments	149	88
Dividends on equity securities (restricted)	74	65
Total Interest and Dividend Income	31,717	36,193
INTEREST EXPENSE		
Deposits		
Demand	126	204
Savings	399	575
Time deposits below \$100,000	3,762	5,464
Time deposits above \$100,000	2,295	3,257
FHLB Advances	669	790
Other borrowings	150	187
Trust Preferred Securities	315	339
Total Interest Expense	7,716	10,816
NET INTEREST INCOME	24,001	25,377
PROVISION FOR LOAN LOSSES	6,258	13,381
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	17,743	11,996
NONINTEREST INCOME		
Service charges	1,816	2,007
Fees, commissions and other income	1,515	1,575
Insurance and investment fees	325	401
Life insurance investment income	253	350
Total Noninterest Income	3,909	4,333
NONINTEREST EXPENSES		
Salaries and employee benefits	11,723	11,098

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Occupancy and equipment expense	3,276	3,469
Advertising and public relations	304	312
Data processing and telecommunications	1,218	1,225
FDIC insurance premiums	1,571	1,799
Other real estate owned and repossessed vehicles, net	4,476	559
Other operating expenses	3,775	3,802
Total Noninterest Expenses	26,343	22,264
LOSS BEFORE INCOME TAXES	(4,691)	(5,935)
INCOME TAX BENEFIT	(1,733)	(2,094)
NET LOSS	\$ (2,958)	\$ (3,841)
Earnings (Loss) Per Share		
Basic	\$ (0.30)	\$ (0.38)
Fully Diluted	\$ (0.30)	\$ (0.38)
Average Weighted Shares of Common Stock		
Basic	10,010,178	10,009,238
Fully Diluted	10,010,178	10,009,238

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 SEPTEMBER 30, 2011 AND 2010**

(IN THOUSANDS EXCEPT SHARE AND PER SHARE DATA)

(UNAUDITED)

	2011	2010
INTEREST AND DIVIDEND INCOME		
Loans including fees	\$ 9,955	\$ 11,527
Federal funds sold		10
Interest-earning deposits with banks	48	4
Investments	65	30
Dividends on equity securities (restricted)	24	23
Total Interest and Dividend Income	10,092	11,594
INTEREST EXPENSE		
Deposits		
Demand	37	54
Savings	75	182
Time deposits below \$100,000	1,132	1,672
Time deposits above \$100,000	721	920
FHLB Advances	225	266
Other borrowings	45	65
Trust Preferred Securities	115	120
Total Interest Expense	2,350	3,279
NET INTEREST INCOME	7,742	8,315
PROVISION FOR LOAN LOSSES	2,801	9,441
NET INTEREST INCOME (LOSS) AFTER PROVISION FOR LOAN LOSSES	4,941	(1,126)
NONINTEREST INCOME		
Service charges	657	694
Fees, commissions and other income	496	586
Insurance and investment fees	134	122
Life insurance investment income	77	141
Total Noninterest Income	1,364	1,543
NONINTEREST EXPENSES		
Salaries and employee benefits	3,864	3,578
Occupancy and equipment expense	1,132	1,135
Advertising and public relations	121	118
Data processing and telecommunications	420	411

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FDIC insurance premiums	475	299
Other real estate owned and repossessed vehicles, net	1,986	257
Other operating expenses	1,115	1,444
Total Noninterest Expenses	9,113	7,242
LOSS BEFORE INCOME TAXES	(2,808)	(6,825)
INCOME TAX BENEFIT	(976)	(2,329)
NET LOSS	\$ (1,832)	\$ (4,496)
Earnings (Loss) Per Share		
Basic	\$ (0.18)	\$ (0.45)
Fully Diluted	\$ (0.18)	\$ (0.45)
Average Weighted Shares of Common Stock		
Basic	10,010,178	10,009,628
Fully Diluted	10,010,178	10,009,628

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)

	September 30, 2011	December 31, 2010
	(Unaudited)	(Audited)
ASSETS		
Cash and due from banks	\$ 19,533	\$ 14,369
Interest-bearing deposits with banks	78,746	42,549
Federal funds sold		25,611
Total Cash and Cash Equivalents	98,279	82,529
Investment securities		
Available-for-sale	17,666	4,658
Loans receivable	629,610	707,794
Allowance for loan losses	(17,397)	(25,014)
Net Loans	612,213	682,780
Bank premises and equipment, net	33,500	34,141
Equity securities (restricted)	3,657	3,878
Other real estate owned	10,781	12,346
Accrued interest receivable	3,168	3,700
Life insurance investments	11,264	11,011
Goodwill and other intangibles	4,267	4,346
Deferred taxes	8,279	8,037
Other assets	7,281	5,201
Total Assets	\$ 810,355	\$ 852,627
LIABILITIES		
Deposits:		
Demand deposits:		
Noninterest bearing	\$ 105,872	\$ 87,839
Interest-bearing	59,838	60,022
Savings deposits	97,502	108,119
Time deposits	468,777	510,100
Total Deposits	731,989	766,080
Federal Home Loan Bank advances	18,283	24,183
Accrued interest payable	1,896	1,720
Accrued expenses and other liabilities	1,555	1,475
Line of credit borrowing		4,900
Other borrowings	5,450	250
Trust preferred securities	16,496	16,496
Total Liabilities	775,669	815,104

STOCKHOLDERS EQUITY

Common stock - \$2.00 par value; 50,000,000 shares authorized; 10,010,178 shares issued and outstanding	20,020	20,020
Additional paid-in-capital	21,689	21,689
Retained earnings (deficit)	(7,133)	(4,175)
Accumulated other comprehensive income (loss)	110	(11)
 Total Stockholders Equity	 34,686	 37,523
 Total Liabilities and Stockholders Equity	 \$ 810,355	 \$ 852,627

The accompanying notes are an integral part of this statement.

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NEW PEOPLES BANKSHARES, INC.

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS EQUITY

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2011 AND 2010

(IN THOUSANDS INCLUDING SHARE DATA)

(UNAUDITED)

	Shares of Common Stock	Common Stock	Additional Paid in Capital	Retained Earnings (Deficit)	Accumulated Other Comprehensive Income (Loss)	Total Shareholders Equity	Comprehensive Income (Loss)
Balance, December 31, 2009	10,009	\$ 20,018	\$ 21,683	\$ 4,890	\$ 28	\$ 46,619	
Net Loss				(3,841)		(3,841)	\$ (3,841)
Unrealized loss on available-for-sale securities, net of \$7 tax					15	15	15
Stock Options Exercised	1	2	6			8	
Balance, September 30, 2010	10,010	\$ 20,020	\$ 21,689	\$ 1,049	\$ 43	\$ 42,801	\$ (3,826)
Balance, December 31, 2010	10,010	\$ 20,020	\$ 21,689	\$ (4,175)	\$ (11)	\$ 37,523	
Net Loss				(2,958)		(2,958)	\$ (2,958)
Unrealized gain on available-for-sale securities, net of \$63 tax					121	121	121
Balance, September 30, 2011	10,010	\$ 20,020	\$ 21,689	\$ (7,133)	\$ 110	\$ 34,686	\$ (2,837)

The accompanying notes are an integral part of this statement.

Table of Contents**NEW PEOPLES BANKSHARES, INC.****CONSOLIDATED STATEMENTS OF CASH FLOWS****FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2011 AND 2010**

(IN THOUSANDS)

(UNAUDITED)

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	\$ (2,958)	\$ (3,841)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation	1,903	2,057
Provision for loan losses	6,258	13,381
Income (less expenses) on life insurance	(253)	(350)
Loss on sale of fixed assets	146	
(Gain) Loss on sale of foreclosed real estate	(17)	116
Adjustment of carrying value of foreclosed real estate	3,508	
Accretion of bond premiums/discounts	16	5
Deferred tax expense	(305)	(1,038)
Amortization of core deposit intangible	79	139
Net change in:		
Interest receivable	532	169
Other assets	(2,080)	(2,511)
Accrued interest payable	176	32
Accrued expenses and other liabilities	80	(691)
 Net Cash Provided by Operating Activities	 7,085	 7,468
CASH FLOWS FROM INVESTING ACTIVITIES		
Net decrease in loans	58,201	14,755
Purchase of securities available-for-sale	(16,765)	(1,654)
Proceeds from sale and maturities of securities available-for-sale	3,925	955
Sale of Federal Home Loan Bank stock	221	
Purchase of Federal Reserve Bank stock		82
Payments for the purchase of property and equipment	(1,593)	(1,964)
Proceeds from sales of property and equipment	185	
Proceeds from sales of other real estate owned	4,182	2,994
 Net Cash Provided by Investing Activities	 48,356	 15,168
CASH FLOWS FROM FINANCING ACTIVITIES		
Common stock options exercised		8
Net decrease in line of credit borrowings	(4,900)	
Net increase in other borrowings	5,200	
Repayments to Federal Home Loan Bank	(5,900)	(900)
Net change in:		
Demand deposits	17,849	24,091
Savings deposits	(10,617)	(2,722)
Time deposits	(41,323)	(25,785)

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Net Cash Used in Financing Activities	(39,691)	(5,308)
Net increase in cash and cash equivalents	15,750	17,328
Cash and Cash Equivalents, Beginning of Period	82,529	39,560
Cash and Cash Equivalents, End of Period	\$ 98,279	\$ 56,888

Supplemental Disclosure of Cash Paid During the Period for:

Interest	\$ 7,892	\$ 10,848
Taxes	\$	\$

Supplemental Disclosure of Non Cash Transactions:

Other real estate acquired in settlement of foreclosed loans	\$ 6,108	\$ 6,737
Loans made to finance sale of foreclosed real estate	\$	\$ 85

The accompanying notes are an integral part of this statement.

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NEW PEOPLES BANKSHARES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 NATURE OF OPERATIONS:

New Peoples Bankshares, Inc. (The Company) is a bank holding company whose principal activity is the ownership and management of a community bank. New Peoples Bank, Inc. (Bank) was organized and incorporated under the laws of the Commonwealth of Virginia on December 9, 1997. The Bank commenced operations on October 28, 1998, after receiving regulatory approval. As a state chartered member bank, the Bank is subject to regulation by the Virginia Bureau of Financial Institutions, the Federal Deposit Insurance Corporation and the Federal Reserve Bank. The Bank provides general banking services to individuals, small and medium size businesses and the professional community of southwestern Virginia, southern West Virginia, and eastern Tennessee. On June 9, 2003, the Company formed two wholly owned subsidiaries, NPB Financial Services, Inc. and NPB Web Services, Inc. On July 7, 2004 the Company established NPB Capital Trust I for the purpose of issuing trust preferred securities. On September 27, 2006, the Company established NPB Capital Trust 2 for the purpose of issuing additional trust preferred securities. NPB Financial Services, Inc. was a subsidiary of the Company until January 1, 2009 when it became a subsidiary of the Bank.

NOTE 2 ACCOUNTING PRINCIPLES:

The financial statements conform to U. S. generally accepted accounting principles and to general industry practices. In the opinion of management, the accompanying unaudited financial statements contain all adjustments (consisting of only normal recurring accruals) necessary to present fairly the financial position at September 30, 2011, and the results of operations for the three month and nine month periods ended September 30, 2011 and 2010. The notes included herein should be read in conjunction with the notes to financial statements included in the Company s Annual Report on Form 10-K/A Amendment No. 2 for the year ended December 31, 2010. The results of operations for the three month and nine month periods ended September 30, 2011 and 2010 are not necessarily indicative of the results to be expected for the full year.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The determination of the adequacy of the allowance for loan losses is based on estimates that are particularly susceptible to significant changes in the economic environment and market conditions.

NOTE 3 FORMAL WRITTEN AGREEMENT:

Effective July 29, 2010, the Company and the Bank entered into a written agreement with the Federal Reserve Bank of Richmond (Reserve Bank) and the Virginia State Corporation Commission Bureau of Financial Institutions (the Bureau) called (the Written Agreement). We believe we have made good progress in our compliance efforts under the Written Agreement and all of the written plans required to date, as discussed in the following paragraphs, have been submitted on a timely basis.

Under the terms of the Written Agreement, the Bank has agreed to develop and submit for approval within specified time periods written plans to: (a) strengthen board oversight of management and the Bank s operation; (b) if appropriate after review, to strengthen the Bank s management and board governance; (c) strengthen credit risk management policies; (d) enhance lending and credit administration; (e) enhance the Bank s management of commercial real estate concentrations; (f) conduct ongoing review and grading of the Bank s loan portfolio; (g) improve the Bank s position with respect to loans, relationships, or other assets in excess of \$1 million which are now or in the future become past due more than 90 days, which are on the Bank s problem loan list, or which are adversely classified in any report of examination of the Bank; (h) review and revise, as appropriate, current policy and maintain sound processes for maintaining an adequate allowance for loan and lease losses; (i) enhance management of the Bank s liquidity position and funds management practices; (j) revise its contingency funding plan; (k) revise its strategic plan; and (l) enhance the Bank s anti-money laundering and related activities.

In addition, the Bank has agreed that it will: (a) not extend, renew, or restructure any credit that has been criticized by the Reserve Bank or the Bureau absent prior board of directors approval in accordance with the restrictions in the Written Agreement; (b) eliminate all assets or portions of assets classified as loss and thereafter charge off all assets classified as loss in a federal or state report of examination, unless otherwise approved by the Reserve Bank.

Under the terms of the Written Agreement, both the Company and the Bank have agreed to submit capital plans to maintain sufficient capital at the Company, on a consolidated basis, and the Bank, on a stand-alone basis, and to refrain from declaring or paying dividends without prior

regulatory approval. The Company has agreed that it will not take any other

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form of payment representing a reduction in the Bank's capital or make any distributions of interest, principal, or other sums on subordinated debentures or trust preferred securities without prior regulatory approval. The Company may not incur, increase or guarantee any debt without prior regulatory approval and has agreed not to purchase or redeem any shares of its stock without prior regulatory approval.

Under the terms of the Written Agreement, the Company and the Bank have appointed a committee to monitor compliance with the Written Agreement. The directors of the Company and the Bank have recognized and unanimously agree with the common goal of financial soundness represented by the Written Agreement and have confirmed the intent of the directors and executive management to diligently seek to comply with all requirements of the Written Agreement.

NOTE 4 CAPITAL REQUIREMENTS:

The Company and the Bank are subject to various capital requirements administered by federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory and, possibly, additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the Company's and the Bank's financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Company and the Bank must meet specific capital guidelines that involve quantitative measures of assets, liabilities, and certain off-balance sheet items as calculated under regulatory accounting practices. The capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors. Prompt corrective action provisions are not applicable to bank holding companies.

Quantitative measures established by regulation to ensure capital adequacy require the Company and the Bank to maintain minimum amounts and ratios (set forth in the following table) of total and Tier 1 capital (as defined) to risk-weighted assets (as defined) and of Tier 1 capital (as defined) to average assets (as defined). Management believes that, as of September 30, 2011, the Company and the Bank meet all capital adequacy requirements to which they are subject.

As of September 30, 2011 the Bank was well capitalized under the regulatory framework for prompt corrective action. To be categorized as well capitalized, an institution must maintain minimum total risk-based, Tier 1 risk-based and Tier 1 leverage ratios as set forth in the following tables. There are no conditions or events since the notification that management believes have changed the Bank's category.

The Company's and the Bank's actual capital amounts and ratios are presented in the table as of September 30, 2011 and December 31, 2010, respectively.

(Dollars are in thousands)	Actual		Minimum Capital Requirement		Minimum to Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
September 30, 2011:						
Total Capital to Risk Weighted Assets:						
The Company	\$ 47,218	8.95%	\$ 42,220	8%	\$ N/A	N/A
The Bank	54,507	10.31%	42,302	8%	52,878	10%
Tier 1 Capital Risk Weighted Assets:						
The Company	34,591	6.55%	21,110	4%	N/A	N/A
The Bank	47,764	9.03%	21,151	4%	31,727	6%
Tier 1 Capital to Average Assets:						

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The Company	34,591	4.28%	32,302	4%	N/A	N/A
The Bank	47,764	5.94%	32,168	4%	40,210	5%
December 31, 2010:						
Total Capital to Risk Weighted Assets:						
The Company	\$ 53,020	8.87%	\$ 47,825	8%	\$ N/A	N/A
The Bank	58,466	9.79%	47,786	8%	59,732	10%
Tier 1 Capital Risk Weighted Assets:						
The Company	39,108	6.54%	23,913	4%	N/A	N/A
The Bank	50,777	8.50%	23,893	4%	35,839	6%
Tier 1 Capital to Average Assets:						
The Company	39,108	4.62%	33,857	4%	N/A	N/A
The Bank	50,777	6.00%	33,857	4%	42,321	5%

Table of Contents**NEW PEOPLES BANKSHARES, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****NOTE 5 INVESTMENT SECURITIES:**

The amortized cost and estimated fair value of securities are as follows:

(Dollars are in thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Approximate Fair Value
September 30, 2011				
<u>Available for Sale</u>				
U.S. Government Agencies	\$ 9,261	\$ 78	\$ 34	\$ 9,305
Taxable municipals	892	83		975
Tax-exempt municipals	1,045	3		1,048
US. Govt. mortgage backed securities	6,301	49	12	6,338
Total Securities AFS	\$ 17,499	\$ 213	\$ 46	\$ 17,666
December 31, 2010				
<u>Available for Sale</u>				
U.S. Government Agencies	\$ 3,001	\$	\$ 31	\$ 2,970
Taxable municipals	894	5		899
U.S. Govt. mortgage backed securities	781	8		789
Total Securities AFS	\$ 4,676	\$ 13	\$ 31	\$ 4,658

The following table details unrealized losses and related fair values in the available for sale portfolio. This information is aggregated by the length of time that individual securities have been in a continuous unrealized loss position as of September 30, 2011 and December 31, 2010.

(Dollars are in thousands)	Less than 12 Months		12 Months or More		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
September 30, 2011						
U.S. Government Agencies	\$ 5,768	\$ 34	\$	\$	\$ 5,768	\$ 34
U.S. Govt. mtg. backed sec.	2,063	12			2,063	12
Total Securities AFS	\$ 7,831	\$ 46	\$	\$	\$ 7,831	\$ 46
December 31, 2010						
U.S. Government Agencies	\$ 2,970	\$ 31	\$	\$	\$ 2,970	\$ 31

At September 30, 2011, the available for sale portfolio included seven investments for which the fair market value was less than amortized cost. At December 31, 2010, the available for sale portfolio included four investments for which the fair market value was less than amortized cost. No securities had an other than temporary impairment.

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The amortized cost and fair value of investment securities at September 30, 2011, by contractual maturity, are shown in the following schedule. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

(Dollars are in thousands)	Amortized Cost	Fair Value	Weighted Average Yield
<u>Securities Available for Sale</u>			
Due in one year or less	\$	\$	%
Due after one year through five years	202	207	2.99%
Due after five years through fifteen years	7,366	7,572	2.89%
Due after fifteen years	9,931	9,887	2.81%
 Total	 \$ 17,499	 \$ 17,666	 2.84%

Investment securities with a carrying value of \$15.9 million and \$892 thousand at September 30, 2011 and December 31, 2010, were pledged to secure public deposits and for other purposes required by law.

The Bank, as a member of the Federal Reserve Bank and the Federal Home Loan Bank, is required to hold stock in each. These equity securities are restricted from trading and are recorded at a cost of \$3.7 million and \$3.9 million as of September 30, 2011 and December 31, 2010, respectively.

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Loans receivable outstanding are summarized as follows:

(Dollars are in thousands)	September 30, 2011	December 31, 2010
Real estate secured:		
Commercial	\$ 179,482	\$ 198,259
Construction and land development	38,157	52,307
Residential 1-4 family	260,013	274,396
Multifamily	15,649	16,659
Farmland	45,702	49,323
Total real estate loans	539,003	590,944
Commercial	40,342	50,358
Agriculture	6,851	9,488
Consumer installment loans	43,187	56,755
All other loans	227	249
Total loans	\$ 629,610	\$ 707,794

Loans receivable on nonaccrual status are summarized as follows:

(Dollars are in thousands)	September 30, 2011	December 31, 2010
Real estate secured:		
Commercial	\$ 17,132	\$ 19,655
Construction and land development	9,074	15,460
Residential 1-4 family	3,892	3,165
Multifamily	504	166
Farmland	8,941	1,909
Total real estate loans	39,543	40,355
Commercial	5,031	4,061
Agriculture	192	1,352
Consumer installment loans	23	13
All other loans		
Total loans receivable on nonaccrual status	\$ 44,789	\$ 45,781

Total interest income not recognized on nonaccrual loans for nine months ended September 30, 2011 and 2010 was \$1.3 million and \$1.1 million, respectively.

Table of Contents**NEW PEOPLES BANKSHARES, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****NOTE 6 LOANS (CONTINUED):**

The following table presents information concerning the Company's investment in loans considered impaired as of September 30, 2011 and December 31, 2010:

As of September 30, 2011	Average Recorded Investment	Interest Income Recognized	Recorded Investment	Unpaid Principal Balance	Related Allowance
(Dollars are in thousands)					
With no related allowance recorded:					
Real estate secured:					
Commercial	\$ 30,024	\$ 985	\$ 31,682	\$ 33,534	\$
Construction and land development	13,225	156	11,884	22,367	
Residential 1-4 family	5,169	293	6,865	6,942	
Multifamily	466	39	849	849	
Farmland	12,270	380	13,857	14,084	
Commercial	2,352	8	2,711	3,085	
Agriculture	192	1	502	799	
Consumer installment loans	2		4	4	
All other loans					
With an allowance recorded:					
Real estate secured:					
Commercial	9,603	375	10,919	11,361	1,703
Construction and land development	6,068	82	2,447	2,467	471
Residential 1-4 family	4,576	198	5,709	6,000	1,235
Multifamily	128				
Farmland	3,055	94	3,380	3,380	445
Commercial	2,331	71	3,081	3,256	1,118
Agriculture	968	20	640	640	447
Consumer installment loans	42	3	52	52	26
All other loans					
Total	\$ 90,471	\$ 2,705	\$ 94,582	\$ 108,820	\$ 5,445

As of December 31, 2010

(Dollars are in thousands)

	Recorded Investment	Unpaid Principal Balance	Related Allowance
With no related allowance recorded:			
Real estate secured:			
Commercial	\$ 23,791	24,645	
Construction and land development	8,585	12,594	
Residential 1-4 family	3,347	3,352	
Multifamily			

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Farmland	7,615	7,615	
Commercial	1,646	2,167	
Agriculture	3	3	
Consumer installment loans			
All other loans			
With an allowance recorded:			
Real estate secured:			
Commercial	13,837	14,006	3,847
Construction and land development	14,913	16,253	3,926
Residential 1-4 family	4,626	4,626	953
Multifamily	510	510	42
Farmland	6,993	6,993	627
Commercial	3,254	3,254	2,295
Agriculture	1,482	1,482	1,120
Consumer installment loans	46	46	23
All other loans			
Total	\$ 90,648	\$ 97,546	\$ 12,833

The average recorded investment in impaired loans was \$63.4 million for the year ended December 31, 2010.

Table of Contents**NEW PEOPLES BANKSHARES, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****NOTE 6 LOANS (CONTINUED):**

An age analysis of past due loans receivable was as follows:

	Loans				Total Due Loans	Current Loans	Total Loans	Accruing
	Loans 30-59 Days Past Due	Loans 60-89 Days Past Due	Loans 90 or More Days Past Due					Loans 90 or More Days Past Due
As of September 30, 2011								
(Dollars are in thousands)								
Real estate secured:								
Commercial	\$ 2,355	\$ 2,641	\$ 7,704	\$ 12,700	\$ 166,782	\$ 179,482	\$	
Construction and land development	128		9,011	9,139	29,018	38,157	846	
Residential 1-4 family	6,001	1,387	3,613	11,001	249,012	260,013	1,122	
Multifamily	2,354		344	2,698	12,951	15,649		
Farmland	1,253		6,330	7,583	38,119	45,702	32	
Total real estate loans	12,091	4,028	27,002	43,121	495,882	539,003	2,000	
Commercial	269	454	3,557	4,280	36,062	40,342	50	
Agriculture	710	60	62	832	6,019	6,851	3	
Consumer installment Loans	767	206	161	1,134	42,053	43,187	148	
All other loans	12	4	2	18	209	227	2	
Total loans	\$ 13,849	\$ 4,752	\$ 30,784	\$ 49,385	\$ 580,225	\$ 629,610	\$ 2,203	

	Loans				Total Due Loans	Current Loans	Total Loans	Accruing
	Loans 30-59 Days Past Due	Loans 60-89 Days Past Due	Loans 90 or More Days Past Due					Loans 90 or More Days Past Due
As of December 31, 2010								
(Dollars are in thousands)								
Real estate secured:								
Commercial	\$ 6,331	\$ 1,878	\$ 9,673	\$ 17,882	\$ 180,377	\$ 198,259	\$ 6	
Construction and land development	556	1,523	8,150	10,229	42,078	52,307		
Residential 1-4 family	9,445	4,374	2,554	16,373	258,023	274,396	1,326	
Multifamily	61	162		223	16,436	16,659		
Farmland	2,512	244	810	3,566	45,757	49,323		
Total real estate loans	18,905	8,181	21,187	48,273	542,671	590,994	1,332	
Commercial	1,851	1,015	1,880	4,746	45,612	50,358	90	

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Agriculture	244	327	127	698	8,790	9,488	73
Consumer installment Loans	1,394	572	207	2,173	54,582	56,755	195
All other loans	32	15	3	50 &nbs			