

NEW PEOPLES BANKSHARES INC
Form 10-Q
November 10, 2008
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 September 30, 2008

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 X 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 X

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

10,008,842 shares of common stock, par value \$2.00 per share, outstanding as of November 4, 2008.

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 NINE MONTHS ENDED SEPTEMBER 30, 2008 AND 2007**

(IN THOUSANDS EXCEPT SHARE AND PER SHARE DATA)

(UNAUDITED)

	2008	2007
INTEREST AND DIVIDEND INCOME		
Loans including fees	\$ 39,214	\$ 37,305
Federal funds sold	31	112
Investments	304	309
Total Interest and Dividend Income	39,549	37,726
INTEREST EXPENSE		
Deposits		
Demand	173	116
Savings	463	361
Time deposits	15,387	16,778
FHLB Advances	931	634
Line of credit borrowing	71	-
Trust Preferred Securities	710	963
Total Interest Expense	17,735	18,852
NET INTEREST INCOME	21,814	18,874
PROVISION FOR LOAN LOSSES	900	2,540
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	20,914	16,334
NONINTEREST INCOME		
Service charges	2,057	1,802
Fees, commissions and other income	1,811	1,181
Life insurance investment income	333	323
Total Noninterest Income	4,201	3,306
NONINTEREST EXPENSES		
Salaries and employee benefits	11,731	10,177
Occupancy expense	3,105	2,585
Other real estate	84	-
Other operating expenses	5,345	4,573
Total Noninterest Expenses	20,265	17,335
INCOME BEFORE INCOME TAXES	4,850	2,305
INCOME TAX EXPENSE (BENEFIT)		
Current income tax expense	1,525	615
Change in accounting estimate	-	(638)

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Total Income Tax Expense (Benefit)	1,525	(23)
NET INCOME	\$ 3,325	\$ 2,328
Earnings Per Share		
Basic	\$ 0.33	\$ 0.23
Fully Diluted	\$ 0.32	\$ 0.22
Average Weighted Shares of Common Stock		
Basic	9,980,348	9,957,434
Fully Diluted	10,234,909	10,401,759

The accompanying notes are an integral part of this statement.

NEW PEOPLES BANKSHARES, INC.

CONSOLIDATED STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2008 AND 2007

(IN THOUSANDS EXCEPT SHARE AND PER SHARE DATA)

(UNAUDITED)

INTEREST AND DIVIDEND INCOME	2008	2007
Loans including fees	\$ 13,219	\$ 13,403
Federal funds sold	18	