

PEOPLES BANCORP OF NORTH CAROLINA INC

Form 10-Q

November 04, 2016

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, 2016

OR

TRANSITION

REPORT

PURSUANT TO

SECTION 13 OR

15(d)

OF THE

SECURITIES

EXCHANGE ACT

OF 1934

For the transition

period from

_____ to

PEOPLES BANCORP

OF NORTH

CAROLINA, INC.

(Exact name of

registrant as specified

in its charter)

North Carolina

(State or other jurisdiction of incorporation or organization)

000-272056-2132396

(Commission File No.) (IRS Employer Identification No.)

518

West C

Street, 28658

Newton,

North

Carolina

(Address of principal executive offices)(Zip Code)

(828) 464-5620

(Registrant's telephone number, including area code)

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).

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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 Accelerate Filer Accelerated Filer Non-Accelerated Filer

Smaller Reporting Company

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

Yes No

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

5,417,800 shares of common stock, outstanding at October 31, 2016.

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Statements made in this Form 10-Q, other than those concerning historical information, should be considered forward-looking statements pursuant to the safe harbor provisions of the Securities Exchange Act of 1934 and the Private Securities Litigation Act of 1995. These forward-looking statements involve risks and uncertainties and are based on the beliefs and assumptions of management and on the information available to management at the time that this Form 10-Q was prepared. These statements can be identified by the use of words like "expect," "anticipate," "estimate," and "believe," variations of these words and other similar expressions. Readers should not place undue reliance on forward-looking statements as a number of important factors could cause actual results to differ materially from those in the forward-looking statements. Factors that could cause actual results to differ include, but are not

limited to, (1) competition in the markets served by Peoples Bank, (2) changes in the interest rate environment, (3) general national, regional or local economic conditions may be less favorable than expected, resulting in, among other things, a deterioration in credit quality and the possible impairment of collectibility of loans, (4) legislative or regulatory changes, including changes in accounting standards, (5) significant changes in the federal and state legal and regulatory environments and tax laws, (6) the impact of changes in monetary and fiscal policies, laws, rules and regulations and (7) other risks and factors identified in other filings with the Securities and Exchange Commission, including but not limited to, those described in Peoples Bancorp of North Carolina, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2015.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

PEOPLES BANCORP OF NORTH CAROLINA, INC. AND SUBSIDIARIES

Consolidated Balance Sheets

September 30, 2016 and December 31, 2015

(Dollars in thousands)

<u>Assets</u>	September 30, <u>2016</u> (Unaudited)	December 31, <u>2015</u> (Audited)
Cash and due from banks, including reserve requirements of \$15,715 at 9/30/16 and \$14,587 at 12/31/15	\$ 47,653	29,194
Interest-bearing deposits	35,191	10,569
Cash and cash equivalents	82,844	39,763
Investment securities available for sale	262,423	268,530
Other investments	3,634	3,636
Total securities	266,057	272,166
Mortgage loans held for sale	2,776	4,149
Loans	713,019	689,091
Less allowance for loan losses	(8,045)	(9,589)
Net loans	704,974	679,502
Premises and equipment, net	16,553	16,976
Cash surrender value of life insurance	14,853	14,546
Other real estate	26	739
Accrued interest receivable and other assets	9,525	10,640
Total assets	\$ 1,097,608	1,038,481
<u>Liabilities and Shareholders' Equity</u>		
Deposits:		
Noninterest-bearing demand	\$ 253,134	244,231
NOW, MMDA & savings	460,767	431,052
Time, \$250,000 or more	26,627	26,891
Other time	121,419	130,001
Total deposits	861,947	832,175
Securities sold under agreements to repurchase	50,920	27,874
FHLB borrowings	43,500	43,500
Junior subordinated debentures	20,619	20,619
Accrued interest payable and other liabilities	9,974	9,449

Total liabilities	986,960	933,617
Commitments		
Shareholders' equity:		
Series A preferred stock, \$1,000 stated value; authorized 5,000,000 shares; no shares issued and outstanding	-	-
Common stock, no par value; authorized 20,000,000 shares; issued and outstanding 5,417,800 shares at September 30, 2016 and 5,510,538 shares at December 31, 2015	44,188	46,171
Retained earnings	59,502	53,183
Accumulated other comprehensive income	6,958	5,510
Total shareholders' equity	110,648	104,864
Total liabilities and shareholders' equity	\$ 1,097,608	1,038,481

See accompanying Notes to Consolidated Financial Statements.

PEOPLES BANCORP OF NORTH CAROLINA,
INC. AND SUBSIDIARIES

Consolidated Statements of Earnings

Three and Nine Months Ended September 30, 2016
and 2015

(Dollars in thousands, except per share
amounts)

Three months ended	Nine months ended September 30,	
September 30, <u>2016</u> <u>2015</u>	<u>2016</u>	<u>2015</u>
(Unaudited)(Unaudited)		