



Dear Valued Shareholder,

We are "Moving Forward!". This action phrase best describes the direction of New Peoples Bank. During the year 2015 and in the early months of 2016, we have made great strides of progress to a brighter future. A lot of hard work and commitment continue from the Board of Directors and Bank staff to make New Peoples Bank a high-performing financial institution.

I am pleased to report that in the year 2015 we made significant progress in improving earnings, asset quality, and capital growth. Also, in the first quarter of 2016 we successfully complied with all of the requirements of the formal Written Agreement with our regulators and are no longer bound by the agreement. Being released from the Written Agreement was an important milestone in the improvement of the Bank and I am very proud of this achievement!

Net income for the year 2015 increased to \$2.7 million as compared to net income of \$240 thousand in 2014, an increase of \$2.4 million, or \$0.11 earnings per share. Asset quality levels continue to improve as demonstrated by a \$9.7 million, or 26.2%, decrease in nonperforming assets from \$36.9 million in 2014 to \$27.2 million at the end of 2015. Capital levels also continued to improve as the Company's tier one capital ratio increased to 9.74% at December 31, 2015 from 8.07% at December 31, 2014. Each of the Company and Bank's capital ratios exceeded "well capitalized" as defined by regulatory guidelines. We are very pleased with the continued financial improvements that we are experiencing.

In addition, for the last several years, loan balances have steadily declined as we focused on Written Agreement compliance and capital preservation. However, during 2015, we began to focus our attention on balance sheet growth and further enhancing shareholder value. Loan balances began to grow, in both commercial and residential mortgages, in the fourth quarter of 2015 and the first quarter of 2016. We have added several seasoned commercial lenders to our team and have begun to see the early returns on this investment.

We also continue to make progress in asset quality. Although we are making progress in improving asset quality issues, problem assets remain higher than we desire. In early 2016, we segregated the function of credit administration from the resolution of special assets. We believe the refocus of management's efforts to new loan production and resolving problem assets will help us to reach our goals of loan growth and asset quality improvements more expeditiously.

Employee morale continues to improve as we move forward. We continue to engage our employees in the overall performance of the bank and see an enthusiasm among our employees that we have not experienced in a long time. I am very proud of the positive attitude that our employees have and all of the hard work that they have done to help us to get where we are today, and where we desire to be in the future.

We are very excited about the future of New Peoples Bank as we keep “Moving Forward!” and hope that you are too. A detailed financial report is included in this shareholder package that gives a very thorough analysis of the year 2015. In addition, a 2016 Guide Book which lists our products and services is enclosed for you to see the vast capabilities of services that we provide and are getting ready to provide in 2016. We encourage you to use the services of your bank.

I hope that you will be able to attend the Annual Shareholders’ Meeting on Tuesday, May 17, 2016 at our Abingdon office. Proxy information is also enclosed. If you will please vote your proxy in advance of the meeting, we would greatly appreciate it.

Thank you for your confidence that you place in the Board of Directors and all of the employees of New Peoples Bank. We appreciate you very much.

Sincerely,

A handwritten signature in black ink that reads "C. Todd Asbury". The signature is written in a cursive style with a large, looping flourish at the end.

C. Todd Asbury
President and CEO