

NATIONAL BANKSHARES INC
Form 10-Q
August 05, 2009
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, 2009
 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 0-15204

NATIONAL BANKSHARES, INC.

(Exact name of registrant as specified in its charter)

Virginia
(State or other jurisdiction of incorporation or organization)

54-1375874
(I.R.S. Employer Identification No.)

101 Hubbard Street
P. O. Box 90002

24062-9002

Blacksburg, VA
(Address of principal executive offices)

(Zip Code)

(540) 951-6300
(Registrant's telephone number, including area code)

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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. X Yes o 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). X Yes o 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.

Large accelerated filer o Accelerated filer X Non-accelerated filer o Smaller reporting company o
(Do not check if a smaller reporting company)

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

o Yes X No

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

<u>Class</u>	<u>Outstanding at July 31, 2009</u>
Common Stock, \$1.25 Par Value	6,933,474

(This report contains 35 pages)

NATIONAL BANKSHARES, INC. AND SUBSIDIARIES

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Part I**Financial Information****Item 1. Financial Statements**

National Bankshares, Inc. and Subsidiaries

Consolidated Balance Sheets

\$ in thousands, except share data	(Unaudited)	
	June 30,	December 31,
	2009	2008
Assets		
Cash and due from banks	\$ 15,039	\$ 16,316
Interest-bearing deposits	37,692	29,656
Securities available for sale, at fair value	169,768	147,227
Securities held to maturity (fair value approximates \$133,923 at June 30, 2009 and \$117,277 at December 31, 2008)	136,515	117,772
Mortgage loans held for sale	1,490	348
Loans:		
Real estate construction loans	49,489	60,798
Real estate mortgage loans	165,309	162,757
Commercial and industrial loans	260,191	246,218
Loans to individuals	102,237	106,907
Total loans	577,226	576,680
Less unearned income and deferred fees	(1,090)	(1,123)
Loans, net of unearned income and deferred fees	576,136	575,557
Less: allowance for loan losses	(6,284)	(5,858)
Loans, net	569,852	569,699
Bank premises and equipment, net	10,874	11,204
Accrued interest receivable	6,518	5,760
Other real estate owned, net	1,869	1,984
Intangible assets and goodwill, net	13,168	13,719
Other assets	21,977	21,689
Total assets	\$ 984,762	\$ 935,374
Liabilities and Stockholders' Equity		
Noninterest-bearing demand deposits	\$ 117,194	\$ 109,630
Interest-bearing demand deposits	286,065	256,416
Savings deposits	48,998	45,329
Time deposits	409,605	406,473
Total deposits	861,862	817,848
Other borrowed funds	49	54

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Accrued interest payable	558	655
Other liabilities	7,314	6,709
Total liabilities	869,783	825,266

continued

Stockholders' Equity

Preferred stock of no par value.

Authorized 5,000,000 shares; none issued and outstanding

Common stock of \$1.25 par value.

Authorized 10,000,000 shares; issued and outstanding 6,933,474 shares in 2009 and 6,929,474 in 2008

8,667

8,662

Retained earnings

109,307

105,356

Accumulated other comprehensive (loss), net

(2,995

)

(3,910

)

Total stockholders' equity

114,979

110,108

Total liabilities and stockholders' equity

\$ 984,762

\$ 935,374

See accompanying notes to consolidated financial statements.

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National Bankshares, Inc. and Subsidiaries

Consolidated Statements of Income

Three Months Ended June 30, 2009 and 2008

(Unaudited)

\$ in thousands, except share and per share data	June 30, 2009	June 30, 2008
Interest Income		
Interest and fees on loans	\$ 9,392	\$ 9,133
Interest on interest-bearing deposits	26	129
Interest on securities – taxable	1,605	1,739
Interest on securities – nontaxable	1,688	1,471
Total interest income	12,711	12,472
Interest Expense		
Interest on time deposits \$100,000 or more	1,493	1,515
Interest on other deposits	2,781	3,297
Interest on borrowed funds	---	3
Total interest expense	4,274	4,815
Net interest income	8,437	7,657
Provision for loan losses	278	135
Net interest income after provision for loan losses	8,159	7,522
Noninterest Income		
Service charges on deposit accounts		