

NATIONAL BANKSHARES INC
Form 10-Q
May 07, 2015

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 March 31, 2015

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

54-1375874

(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

101 Hubbard Street

P. O. Box 90002

Blacksburg, VA 24062-9002
(Address of principal executive offices) (Zip Code)

(540) 951-6300

(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 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.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

(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). Yes 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 May 1, 2015</u> |
|--------------|-----------------------------------|
|--------------|-----------------------------------|

| | |
|--------------------------------|-----------|
| Common Stock, \$1.25 Par Value | 6,950,474 |
|--------------------------------|-----------|

(This report contains 52 pages)

NATIONAL BANKSHARES, INC. AND SUBSIDIARIES

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

National Bankshares, Inc. and Subsidiaries

Consolidated Balance Sheets

| \$ in thousands, except per share data | (Unaudited) March 31, 2015 | (Audited) December 31, 2014 |
|--|---|--|
| Assets | | |
| Cash and due from banks | \$ 12,452 | \$ 12,894 |
| Interest-bearing deposits | 87,676 | 102,548 |
| Securities available for sale, at fair value | 238,496 | 222,844 |
| Securities held to maturity (fair value approximates \$163,143 at March 31, 2015 and \$167,703 at December 31, 2014) | 156,135 | 161,452 |
| Restricted stock, at cost | 1,129 | 1,089 |
| Loans held for sale | 1,091 | 291 |
| Loans: | | |
| Loans, net of unearned income and deferred fees | 622,171 | 605,466 |
| Less allowance for loan losses | (8,257) | (8,263) |
| Loans, net | 613,914 | 597,203 |
| Premises and equipment, net | 8,998 | 9,131 |
| Accrued interest receivable | 5,506 | 5,748 |
| Other real estate owned, net | 4,573 | 4,744 |
| Intangible assets and goodwill | 6,954 | 7,223 |
| Bank-owned life insurance | 21,946 | 21,797 |
| Other assets | 5,975 | 7,767 |
| Total assets | \$ 1,164,845 | \$ 1,154,731 |
| Liabilities and Stockholders' Equity | | |
| Noninterest-bearing demand deposits | \$ 160,217 | \$ 150,744 |
| Interest-bearing demand deposits | 526,388 | 533,641 |
| Savings deposits | 85,615 | 81,297 |
| Time deposits | 212,737 | 216,746 |
| Total deposits | 984,957 | 982,428 |
| Accrued interest payable | 70 | 68 |
| Other liabilities | 7,096 | 5,932 |
| Total liabilities | 992,123 | 988,428 |
| Commitments and contingencies | | |
| Stockholders' Equity | | |
| Preferred stock, no par value, 5,000,000 shares authorized; none issued and outstanding | --- | --- |
| Common stock of \$1.25 par value. Authorized 10,000,000 shares; issued and outstanding 6,950,474 shares at March 31, 2015 and at December 31, 2014 | 8,688 | 8,688 |
| Retained earnings | 167,253 | 163,287 |
| Accumulated other comprehensive loss, net | (3,219) | (5,672) |

| | | |
|---|---------------------|--------------|
| Total stockholders' equity | 172,722 | 166,303 |
| Total liabilities and stockholders' equity | \$ 1,164,845 | \$ 1,154,731 |

See accompanying notes to consolidated financial statements.

National Bankshares, Inc. and Subsidiaries

Consolidated Statements of Income

Three Months Ended March 31, 2015 and 2014

(Unaudited)

| | March 31, 2015 | March 31, 2014 |
|---|-------------------------------|-------------------------------|
| \$ in thousands, except per share data | | |
| Interest Income | | |
| Interest and fees on loans | \$7,649 | \$7,935 |
| Interest on interest-bearing deposits | 64 | 65 |
| Interest on securities – taxable | | |