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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

ANNUAL REPORT UNDER SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the Fiscal Year Ended Dec. 31, 2000
Commission File Number 0-14773

NATIONAL BANCSHARES CORPORATION

Ohio	34-1518564
State of incorporation	I.R.S. Employer Identification No.

112 West Market Street, Orrville, Ohio 44667
Address of principal executive offices

Registrant's telephone number: (330) 682-1010

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to section 12(g) of the Act:

Common Stock, No Par Value
Title of Class

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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K ☐.

State the aggregate market value of the voting stock held by non-affiliates of the registrant as of March 1, 2001:
\$31,918,752.

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of March 1, 2001.

Common Stock, No Par Value: 2,239,449

Documents Incorporated by Reference:

- Portions of the registrant's Proxy Statement dated March 23, 2001 and previously filed March 22, 2001, are incorporated by reference into Part III.
- Portions of the registrant's Annual Report to Shareholders, December 31, 2000 are incorporated by reference in Parts I, II, IV.

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Note 2 — Incorporated by reference from the registrant's proxy statement dated March 23, 2001 previously filed with the SEC on March 22, 2001

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Item 1 — Business:

National Bancshares Corporation (the “Company”), incorporated in 1985, is a one-bank holding company for First National Bank, Orrville, Ohio (the “Bank”). The formation was approved by shareholders on April 24, 1986 and consummated on June 2, 1986. The Bank offers a full line of services usually found in any commercial bank operation, including checking accounts, savings accounts, certificates of deposit, personal loans, loans to business and industry, installment loans, safety deposit boxes and credit cards. While the Company’s chief decision-makers monitor the revenue streams of the various products and services, operations are managed and financial performance is evaluated on a Company-wide basis. Accordingly, all of the Company’s banking operations are considered by management to be aggregated in one reportable operating segment. The Bank does not have trust powers and, therefore, does not offer trust services. The Bank operates ten full service offices and one limited service office in a market area comprising most of Wayne County, portions of western Stark County, northeastern Holmes County and southern Medina County. There are approximately 15 other banking and thrift organizations in the immediate market area. The Bank also competes with insurance companies, consumer finance companies, credit unions, mortgage banking companies, and commercial finance and leasing companies. In addition, money market mutual funds and brokerage houses provide many of the financial services offered by the Bank. The principal methods of competition are the rates of interest charged and paid for loans and deposits, fees charged for services, the quality of services provided and the convenience of banking hours and branch locations. No major elimination of services presently offered is anticipated in the immediate future.

Lending policies of the Bank follow the guidelines set forth in the Bank’s Credit Policy, which is approved by the Board of Directors on an annual basis. The Credit Policy designates lending authority for the Chief Executive Officer, Senior Vice President, Chief Loan Officer and all loan officers. The Credit Policy also sets forth the maximum aggregate amount that may be loaned to any one customer. Guidelines are established for credit types, loan mix, concentration of credit and credit standards. Collateral is generally obtained on loans and an appraisal is required to determine the value of the collateral. For real estate loans, guidelines have been established for maximum loan-to-value ratios. Guidelines are also established for the term of the loan, which must coincide with the credit purpose and life of the collateral. In addition to the Credit Policy, the Bank has established a series of control procedures to monitor the overall credit quality of the loan portfolio. These controls include checklists, loan diaries, annual loan reviews of all loans over \$75,000 (excluding first mortgage loans), monthly board reports of problem loans, and a monthly review and determination of the adequacy of the allowance for loan losses.

Management estimates the allowance for loan loss balance required using past loss experience, known and inherent risks in the nature and volume of the portfolio, information about specific borrower situations and estimated collateral values, economic conditions, and other factors.

The Bank is a member of the Federal Reserve System and its deposits are insured by the Federal Deposit Insurance Corporation. It is subject to supervision, examination and regulation by the Comptroller of the Currency. The Company is also subject to supervision, examination and regulation by the Federal Reserve System. Management is not currently aware of any regulatory recommendations which if were to be implemented would have a material effect on the registrant.

On November 12, 1999, President Clinton signed into law the Gramm-Leach-Bliley Act, which, effective March 11, 2000, permits bank holding companies to become financial holding companies and thereby affiliate with securities firms, and insurance companies and engage in other activities that are financial in nature. A bank holding company may become a financial holding company if each of its subsidiary banks is well capitalized under regulatory prompt corrective action provisions, is well managed, and has at least a satisfactory rating under the Community Reinvestment Act (CRA) by filing a declaration that the bank holding company wishes to become a financial holding company. No regulatory approval will be required for a financial holding company to acquire a company, other than a bank or savings association, engaged in activities that are financial in nature or incidental to activities that are financial in nature, as determined by the Federal Reserve Board.

The Gramm-Leach-Bliley Act defines “financial in nature” to include securities underwriting, dealing and market making; sponsoring mutual funds and investment companies; insurance underwriting and agency; merchant banking activities; and activities that the Board has determined to be closely related to banking. Subsidiary banks of a financial holding company must continue to be well capitalized and well managed in order to continue to engage in activities that are financial in nature without regulatory actions or restrictions, which could include divestiture of the financial in nature subsidiary or subsidiaries. In addition, a financial holding company or a bank may not acquire a company that is engaged in activities that are financial in nature unless each of the subsidiary banks of the financial holding company or the bank has a CRA rating of satisfactory or better.

Item 2 — Properties:

The headquarters of the Company and the Bank are located in Orrville, Ohio. The Bank has a total of eleven banking office buildings which are located in Orrville, Dalton, Kidron, Smithville, Mt. Eaton, Apple Creek, Lodi, Wooster and Seville, Ohio. All buildings are owned by the Bank with the exception of the Seville Office which is a leased facility.

Item 3 — Legal Proceedings

There were no legal proceedings during 2000, other than ordinary routine litigation which was incidental to business and which was not material.

Item 5 — Number of shareholders of common stock

The Company had 986 shareholders of common stock as of March 5, 2001. Price ranges of the Company’s common stock for 2000 and 1999 are reported in the Annual Report to Shareholders (Appendix A, Page 9). A local broker that deals in the Company’s stock supplied the stock prices.

Item 10 — Executive Officers

The Executive Officers of the Company are as follows:

Name	Age	Position
Charles J. Dolezal	47	President President of First National Bank
Kenneth R. VanSickle	53	Senior V.P., Secretary Senior V.P., Chief Loan Officer of First National Bank
Lawrence M. Cardinal, Jr.	49	Vice President, Treasurer Vice President & Controller of First National Bank

There is no family relationship between any of the above executive officers. Mr. Dolezal has been an executive officer of the Company since its formation in 1986 and the President of the Bank since 1981. Mr. VanSickle was appointed Senior V.P., Secretary of the Company on April 24, 1997 and has been a senior loan officer of the Bank since 1986. Mr. Cardinal was appointed Vice President, Treasurer of the Company and Vice President & Controller of the Bank on April 24, 1997. Mr. Cardinal previously worked as an audit manager for the CPA firm of Reinhard, Kopko and Keller from 1995 to 1997.

VOLUME AND RATE VARIANCE ANALYSIS

The following table represents a summary analysis of changes in interest income, interest expense and the resulting net interest income on a tax equivalent basis for the periods presented. Volume is based on daily average balances. Changes not associated with either rate or volume are reflected as a rate change.

(Dollars in thousands)	2000 versus 1999			1999 versus 1998		
	Increase (Decreases)			Increase (Decreases)		
	Due to Changes In			Due to Changes In		
	Volume	Rate	Net Change	Volume	Rate	Net Change
Interest Income						
Investment securities:						
Taxable	\$ (37)	\$ 7	\$ (30)	\$ (295)	\$ 52	\$(243)
Nontaxable (tax equivalent basis)*	(76)	5	(71)	4	(12)	(8)
Federal funds sold	(219)	79	(140)	(90)	(44)	(134)
Interest bearing deposits	53	1	54	68		68
Loans (including Nonaccrual loans)	631	364	995	1,186	(724)	462
Total interest Income (tax equivalent basis)*	<u>\$ 352</u>	<u>\$456</u>	<u>\$ 808</u>	<u>\$ 873</u>	<u>\$(728)</u>	<u>\$ 145</u>
Interest Expense						
Deposits						
Interest bearing checking	\$ (17)	\$ (21)	\$ (38)	\$ 34	\$(142)	\$(108)
Savings	(60)	2	(58)	59	(174)	(115)
Time, \$100,000 and over	(63)	218	155	57	(145)	(88)
Time, other	213	155	368	115	(141)	(26)
Other borrowed funds	101	133	234	87		87
Total interest Expense	<u>\$ 174</u>	<u>\$487</u>	<u>\$ 661</u>	<u>\$ 352</u>	<u>\$(602)</u>	<u>\$(250)</u>
Changes in net Interest income (tax Equivalent basis)*	<u>\$ 178</u>	<u>\$ (31)</u>	<u>\$ 147</u>	<u>\$ 521</u>	<u>\$(126)</u>	<u>\$ 395</u>

* Tax equivalence based on highest statutory tax rates of 34%.

INVESTMENT PORTFOLIO

The carrying amounts and distribution of the Company’s securities held at year-end 2000 and 1999 are summarized in the Annual Report to Shareholders (Appendix A, Page 16, Note 2). The carrying amount, maturities and approximate weighted average yields (on a tax equivalent basis) of debt securities at December 31, 2000 and the carrying amounts as of December 31, 1998 are as follows:

INVESTMENT PORTFOLIO
December 31, 2000
(Dollars in thousands)

	Total		0 to 1 Year		1 to 5 Years		5 to 10 Years		Over 10 years	
	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield
Available for Sale:										
US Agencies	\$ 5,030	7.2%					\$ 5,030	7.2%		
State & political Subdivisions	2,341	7.8%							\$2,341	7.8%
Other securities	10,905	6.9%			\$ 6,243	6.9%	4,662	6.9%		
TOTAL	\$18,276	7.1%			\$ 6,243	6.9%	\$ 9,692	7.1%	\$2,341	7.8%
Held to Maturity:										
US Treasury	\$ 2,449	8.0%	\$1,000	7.2%	\$ 1,449	8.5%				
US Agencies	17,311	6.6%			6,243	6.1%	\$11,068	7.0%		
State & political Subdivisions	17,394	8.5%	3,511	8.9%	5,617	9.0%	3,184	7.9%	\$5,082	8.0%
Other securities	10,699	6.4%	2,541	6.2%	6,127	6.6%	2,031	6.1%		
TOTAL	\$47,853	7.3%	\$7,052	7.7%	\$19,436	7.3%	\$16,283	7.1%	\$5,082	8.0%

There was no single issuer of securities where the total book value of such securities exceeded 10% of shareholders’ equity except for US government and agency obligations.

(Dollars in thousands)	December 31, 1998			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available for Sale:				
U.S. Government and federal agency	\$ 5,009	\$ 46		\$ 5,055
State and municipal	2,815	81	\$ (9)	2,887
Corporate bond and notes	3,751	70		3,821
Total debt securities	11,575	197	(9)	11,763
Equity securities	1,720	13	(466)	1,267
Total	\$13,295	\$ 210	\$(475)	\$13,030
Held to Maturity:				
U.S. Government and federal agency	\$24,300	\$ 595	\$ (35)	\$24,860
State and municipal	18,569	998	(2)	19,565
Mortgage-backed	2,084	39	(8)	2,115
Corporate bond and notes	11,826	225	(7)	12,044
Total	\$56,779	\$1,857	\$ (52)	\$58,584

LOAN PORTFOLIO

The detail of the loan portfolio balances for year-end 2000 and 1999 is included in the Annual Report to Shareholders (Appendix A, Page 16, Note 3). The detail of the loan portfolio balances for year-end 1998, 1997 and 1996 is as follows:

(Dollars in thousands)	1998	1997	1996
Collateralized by real estate:			
Commercial	\$25,173	\$22,935	\$25,514
Residential	33,045	29,173	26,208
Home equity	5,284	2,537	1,142
Construction	1,212	1,918	1,462
	64,714	56,563	54,326
Consumer	8,843	8,642	10,923
Commercial	16,577	11,923	11,961
Credit cards	1,130	1,043	840
Other	2,402	1,728	1,736
	93,666	79,899	79,786
Unearned and deferred income	(161)	(196)	(219)
Unamortized discount on purchased loans	(171)	(213)	(266)
	93,334	79,490	79,301
Allowance for loan losses	(1,297)	(1,232)	(1,151)
	<u>\$92,037</u>	<u>\$78,258</u>	<u>\$78,150</u>

MATURITIES AND SENSITIVITIES OF LOANS TO CHANGES IN INTEREST RATES

The following are approximate maturities and sensitivity to changes in interest rates of certain loans exclusive of real estate mortgages and consumer loans as of December 31, 2000.

Types of Loans (Dollars in Thousands)	0 to 1 Year	1 to 5 Years	5 and Over Years	Total
Commercial	\$7,572	\$5,445	\$6,834	\$19,851
Real Estate Construction	\$ 6	\$ 34	\$ 971	\$ 1,011
Above loans due beyond 1 year with:				
Predetermined interest rates				\$ 4,519
Adjustable interest rates				\$ 8,765

NONACCRUAL AND PAST DUE LOANS

Generally, recognition of interest income is discontinued where reasonable doubt exists as to the collectability of the interest. Income from non-accrual loans is recorded when received. The difference between interest income recognized on such loans and income that would have been recognized at original contractual rates is immaterial. The bank generally places loans on a non-accrual status when a default of principal or interest has existed for 90 days or more. The bank generally does not renegotiate loans due to deterioration in the financial position of the borrower. The amounts of renegotiated loans are not considered material and are now considered impaired.

(Dollars in Thousands)	12/31/00	12/31/99	12/31/98	12/31/97	12/31/96
90 Days Past Due and Accruing	\$112	\$225	\$141	\$126	\$458
Nonaccruing Loans	\$144	\$250	\$168	\$427	\$ 85

POTENTIAL LOAN PROBLEMS

Management reviews the loan portfolio for potential loan problems on a monthly basis. The following loans were classified by management, which excludes the above non-accrual loan totals. The amount shown below is the outstanding loan balance, which has not been reduced by collateral values.

(Dollars in Thousands)	12/31/00
Loss	\$ 2
Doubtful	60
Substandard	1,082
OAEM	106
Watch	0
Total	<u>\$1,250</u>

LOAN CONCENTRATIONS

Due to the nature of our market area, there are no significant loan concentrations of 10% of total loans to borrowers engaged in similar activities other than noted in the loan categories disclosed in the Annual Report to Shareholders (Appendix A, Page 16, Note 3).

SUMMARY OF LOAN LOSS EXPERIENCE

The determination of the balance of the allowance for loan losses historically has been based on an overall analysis of the loan portfolio and reflects an amount, which, in management’s judgment, is adequate to provide for probable loan losses. This analysis considers, among other things, the Company’s loan loss experience, present risks of the loan portfolio and general economic conditions. In addition, management considers the examinations of the loan portfolio by federal regulatory agencies and internal reviews and evaluations. The Company’s allocation of the allowance for loan losses by category represents only an estimate for each category of loans based upon a detailed review of the loan portfolio by management.

Transactions in the allowance for loan losses are maintained by three major loan categories and the summary of such transactions for the periods indicated follows:

CHANGES IN ALLOWANCE FOR LOAN LOSSES (Dollars in Thousands)	2000	1999	1998	1997	1996
Balance at the beginning of period	\$1,309	\$1,297	\$1,232	\$1,151	\$1,046
Loans charged off:					
Commercial & industrial	9	58	34	34	77
Real estate mortgages	—	—	11	19	5
Consumer	48	88	90	38	60
Total loans charged off	<u>57</u>	<u>146</u>	<u>135</u>	<u>91</u>	<u>142</u>
Recoveries of loans charged off:					
Commercial & industrial	2	13	7	1	43
Real estate mortgages	1	6	45	30	—
Consumer	26	19	28	21	24
Total recoveries	<u>29</u>	<u>38</u>	<u>80</u>	<u>52</u>	<u>67</u>
Net loans charged off	<u>28</u>	<u>108</u>	<u>55</u>	<u>39</u>	<u>75</u>
Provision charged to operating expense	62	120	120	120	180
Balance at end of period	<u>\$1,343</u>	<u>\$1,309</u>	<u>\$1,297</u>	<u>\$1,232</u>	<u>\$1,151</u>
Net charge-offs to average loans	<u>0.03%</u>	<u>0.11%</u>	<u>.07%</u>	<u>.05%</u>	<u>.10%</u>

DISTRIBUTION OF ALLOWANCE FOR
LOAN LOSSES BY CATEGORY
(Dollars in thousands)

	December 31, 2000		December 31, 1999		December 31,1998	
	Amount	% of Total Loans	Amount	% of Total Loans	Amount	% of Total Loans
Commercial & industrial	\$ 409	20%	\$ 305	20%	\$ 345	20%
Real estate construction	3	1%	12	1%	12	1%
Real estate mortgages	355	71%	398	70%	222	68%
Consumer loans	258	8%	140	9%	152	11%
Unallocated	318	N/A	454	N/A	566	N/A
TOTAL	<u>\$1,343</u>	<u>100%</u>	<u>\$1,309</u>	<u>100%</u>	<u>\$1,297</u>	<u>100%</u>

	December 31, 1997		December 31, 1996	
	Amount	% of Total Loans	Amount	% of Total Loans
Commercial & industrial	\$ 91	16%	\$ 74	17%
Real estate construction	0	2%	0	2%
Real estate mortgages	18	70%	18	67%
Consumer loans	11	12%	19	14%
Unallocated	1,112	N/A	1,040	N/A
TOTAL	<u>\$1,232</u>	<u>100%</u>	<u>\$1,151</u>	<u>100%</u>

DEPOSITS

The classification of average deposits and the average rate paid on such deposits for periods ending December 31, 2000, 1999 and 1998 is included in Analysis of Net Interest Earnings included in the Annual Report to Shareholders (Appendix A, Page 22).

A summary of maturities of time deposits of \$100,000 or more is as follows:

	12/31/00
Three months or less	\$10,117,484
Over 3 months through 6 months	838,756
Over 6 months through 12 months	2,480,997
Over 12 months	620,874
	<u>\$14,058,111</u>

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

NATIONAL BANCSHARES CORPORATION

DATE:3-20-01

/s/ Charles J. Dolezal

Charles J. Dolezal, President

DATE:3-20-01

/s/ Lawrence M. Cardinal, Jr.

Lawrence M. Cardinal, Jr., V.P., Treasurer
(Principal Financial Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

DATE:3-20-01

/s/ Charles J. Dolezal

Charles J. Dolezal, Chairman

DATE:3-20-01

/s/ Sara Balzarini

Sara Balzarini, Director

DATE:3-20-01

/s/ Bobbi Douglas

Bobbi Douglas, Director

DATE:3-20-01

/s/ John W. Kropf

John W. Kropf, Director

DATE:

Steve Schmid, Director

DATE:3-20-01

/s/ John E. Sprunger

John E. Sprunger, Director

DATE: 3-20-01

/s/ Howard J. Wenger

Howard J. Wenger, Director

DATE: 3-20-01

/s/ James F. Woolley

James F. Woolley, Director

DATE: 3-20-01

/s/Albert Yeagley

Albert Yeagley, Director

EXHIBIT INDEX

Exhibit No. Under Reg. S-K, Item 601	Form 10-K Exhibit No.	Description of Exhibits	If incorporated by Reference, Documents with Which Exhibit was Previously Filed with SEC
(3)(i)		Amended Articles of Incorporation	Registration Statement S-4 filed 3/31/86 File No. 33-03711
(3)(ii)		Code of Regulations	Registration Statement S-4 filed 3/31/86 File No. 33-03711
(10.1)		Directors Defined Benefit Plan Agreement	
(10.2)		Special Separation Agreement	
(11)	A23	Computation of Earnings per Share	Incorporated by reference
(12)	A23	Computation of Ratios	Incorporated by reference
(13)	A	2000 Annual Report to Shareholders	
(21)	A1	Subsidiaries of the registrant	Incorporated by reference
(23)		Consent of Crowe, Chizek and Co. LLP	

No other exhibits are required to be filed herewith pursuant to Item 601 of Regulation S-K.