OMB Control Number 1505-0222

ANNUAL USE OF CAPITAL SURVEY - 2009

NAME OF INSTITUTION

(Include Holding Company Where Applicable)

National Bancshares, Inc.

Person to be contacted regarding this report:	John R McEvoy, Jr.
UST Sequence Number:	544
CPP Funds Received:	24664000
CPP Funds Repaid to Date:	0
Date Funded (first funding):	Feb 27, 2009
Date Repaid[1]:	N/A

RSSD: (For Bank Holding Companies)	2947882
Holding Company Docket Number: (For Thrift Holding Companies)	
FDIC Certificate Number: (For Depository Institutions)	57918
City:	Bettendorf
State:	Iowa

[1]If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP). To answer that question, Treasury is seeking responses that describe generally how the CPP investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP investment was deployed or how many CPP dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

What specific ways did your institution utilize CPP capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP funds were outstanding).

☒	Increase lending or reduce lending less than otherwise would have occurred.	The Holding Company did invest $5.3 million in participations to assist our subsidiary bank, THE National Bank, in funding some larger loans.
☒	To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).	Commercial mortgage loans was the majority.
☐	Increase securities purchased (ABS, MBS, etc.).	

☒	Make other investments	The Company made a $7 million capital infusion to its subsidiary bank, THE National Bank.
☐	Increase reserves for non-performing assets	
☒	Reduce borrowings	The Company did reduce their outstanding line of credit by $7 million.
☐	Increase charge-offs	
☐	Purchase another financial institution or purchase assets from another financial institution	
☐	Held as non-leveraged increase to total capital	

What actions were you able to avoid because of the capital infusion of CPP funds?

The Company was able to downstream part of the funds to our subsidiary bank which assisted the bank to maintain its "well capitalized" status.

What actions were you able to take that you may not have taken without the capital infusion of CPP funds?

The Company would not have been able to assist its subsidiary bank on the funding of loans or reduce their overall debt outstanding.

Please describe any other actions that you were able to undertake with the capital infusion of CPP funds.

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 1505-0222. The time required to complete this information collection is estimated to average 80 hours per response.