

MAR 30 2017



Annual Report of Holding Companies—FR Y-6

COPY

Report at the close of business as of the end of fiscal year

This Report is required by law: Section 5(c)(1)(A) of the Bank Holding Company Act (12 U.S.C. § 1844(c)(1)(A)); sections 8(a) and 13(a) of the International Banking Act (12 U.S.C. §§ 3106(a) and 3108(a)); sections 11(a)(1), 25, and 25A of the Federal Reserve Act (12 U.S.C. §§ 248(a)(1), 602, and 611a); and sections 113, 165, 312, 618, and 809 of the Dodd-Frank Act (12 U.S.C. §§ 5361, 5365, 5412, 1850a(c)(1), and 5468(b)(1)). Return to the appropriate Federal Reserve Bank the original and the number of copies specified.

This report form is to be filed by all top-tier bank holding companies, top-tier savings and loan holding companies, and U.S. intermediate holding companies organized under U.S. law, and by any foreign banking organization that does not meet the requirements of and is not treated as a qualifying foreign banking organization under Section 211.23 of Regulation K (12 C.F.R. § 211.23). (See page one of the general instructions for more detail of who must file.) The Federal Reserve may not conduct or sponsor, and an organization (or a person) is not required to respond to, an information collection unless it displays a currently valid OMB control number.

NOTE: The *Annual Report of Holding Companies* must be signed by one director of the top-tier holding company. This individual should also be a senior official of the top-tier holding company. In the event that the top-tier holding company does not have an individual who is a senior official and is also a director, the chairman of the board must sign the report. If the holding company is an ESOP/ESOT formed as a corporation or is an LLC, see the General Instructions for the authorized individual who must sign the report.

Date of Report (top-tier holding company's fiscal year-end):

December 31, 2016

Month / Day / Year

N/A

Reporter's Legal Entity Identifier (LEI) (20-Character LEI Code)

Reporter's Name, Street, and Mailing Address

I, James G. Rakes

National Bankshares, Inc.

Legal Title of Holding Company

P.O. Box 90002

(Mailing Address of the Holding Company) Street / P.O. Box

Blacksburg VA 24062-9002

City State Zip Code

101 Hubbard Street, Blacksburg, VA 24060

Physical Location (if different from mailing address)

attest that the *Annual Report of Holding Companies* (including the supporting attachments) for this report date has been prepared in conformance with the instructions issued by the Federal Reserve System and are true and correct to the best of my knowledge and belief.

Person to whom questions about this report should be directed:

David K. Skeens Chief Financial Officer

Name Title

(540) 951-6347

Area Code / Phone Number / Extension

(540) 951-6896

Area Code / FAX Number

dskeens@nbbank.com

E-mail Address

www.nationalbankshares.com

Address (URL) for the Holding Company's web page

With respect to information regarding individuals contained in this report, the Reporter certifies that it has the authority to provide this information to the Federal Reserve. The Reporter also certifies that it has the authority, on behalf of each individual, to consent or object to public release of information regarding that individual. The Federal Reserve may assume, in the absence of a request for confidential treatment submitted in accordance with the Board's "Rules Regarding Availability of Information," 12 C.F.R. Part 261, that the Reporter and individual consent to public release of all details in the report concerning that individual.

James G. Rakes

Signature of Holding Company Director and Official

03/17/2017

Date of Signature

For holding companies not registered with the SEC—
Indicate status of Annual Report to Shareholders:

- is included with the FR Y-6 report
- will be sent under separate cover
- is not prepared

For Federal Reserve Bank Use Only

RSSD ID 1139925
C.I. _____

Is confidential treatment requested for any portion of this report submission? 0=No 1=Yes 0

In accordance with the General Instructions for this report (check only one),

- a letter justifying this request is being provided along with the report
- a letter justifying this request has been provided separately.....

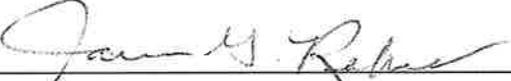
NOTE: Information for which confidential treatment is being requested must be provided separately and labeled as "confidential."

NATIONAL BANKSHARES, INC.
ANNUAL REPORT OF HOLDING COMPANIES – FRY – 6
DECEMBER 31, 2016

COVER PAGE

National Bankshares, Inc. respectfully submits the
Annual Report of Holding Companies – FR Y-6
As of December 31, 2016

Signed:



James G. Rakes
Chairman, President and Chief Executive Officer

March 17, 2017

Date

NATIONAL BANKSHARES, INC.

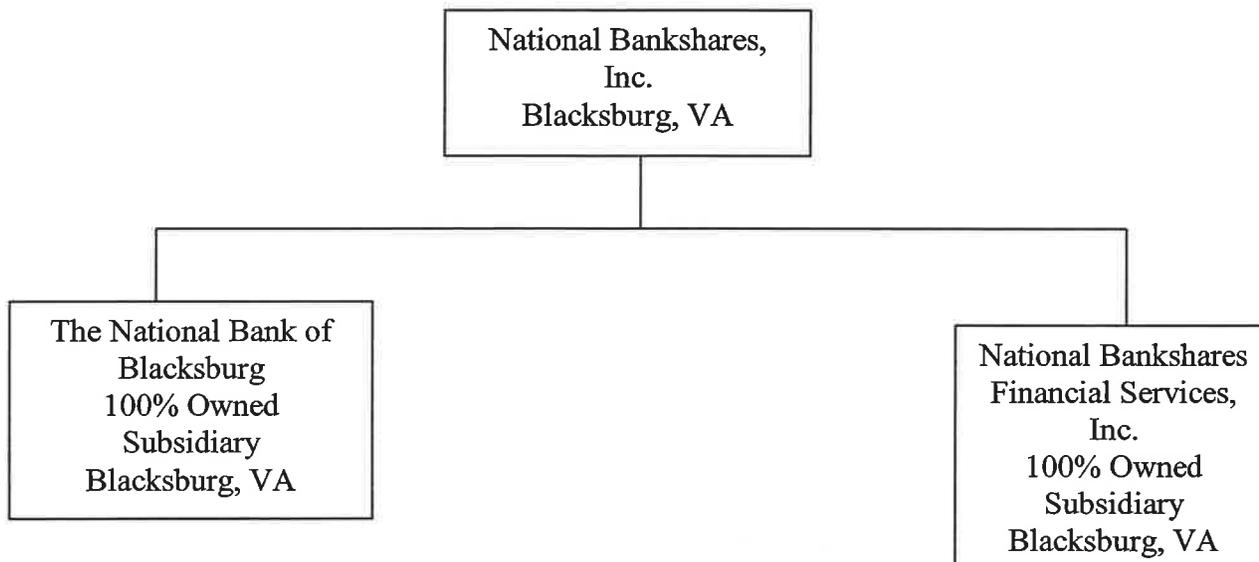
ANNUAL REPORT OF HOLDING COMPANIES – FRY – 6
DECEMBER 31, 2016

Report Item 1 – 10K FILED WITH THE SECURITIES AND EXCHANGE COMMISSION

National Bankshares, Inc. Form 10-K – Year Ended December 31, 2016

(See Attached)

Report Item 2a – ORGANIZATION CHART



All entities shown above are incorporated in the Commonwealth (State) of Virginia, except for the National Bank of Blacksburg which is a nationally chartered banking association.

No entities have a LEI

Report Item 2b – DOMESTIC BRANCH LISTING

(See Attached)

Report Item 3 – SECURITIES HOLDERS

(1)

The number of securities holders that reported ownership, control or the power to vote 5% or more of National Bankshares, Inc. common stock as of December 31, 2016: 3, as listed below:

Blackrock Inc.
55 East 52nd Street
New York, NY 10055
456,530 Shares
6.56% of shares outstanding reported

National Rural Electric Cooperative Association
4301 Wilson Boulevard
Arlington, VA 22203
597,102 Shares
8.58% of shares outstanding reported

Royce & Associates, LLC
745 Fifth Avenue
New York, NY 10151
461,293 shares
6.63% of shares outstanding reported

(2)

The number of securities holders that reported ownership, control or the power to vote 5% or more of National Bankshares, Inc. common stock during the fiscal year 2016, that are not listed above: none.

Report Item 4 – INSIDERS

Attached table of National Bankshares, Inc. Directors and Officers.

National Bankshares, Inc.

Report Item 1

Form 10-K

Annual Report Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934

(See Attached)

National Bankshares, Inc. and Subsidiaries

Report Item 2b

Domestic Branch Listing

(See Attached)

| Data Action | Effective Date | Branch Service Type | Branch ID_RSSD* | Popular Name | Street Address | City | State | Zip Code | County | Country | FDIC UNINUM* | Office Number* | Head Office | Head Office ID_RSSD* |
|-------------|----------------|----------------------------|-----------------|----------------------------------|------------------------------|----------------|-------|------------|--------------|---------------|--------------|----------------|----------------------------------|----------------------|
| OK | | Full Service (Head Office) | 754929 | NATIONAL BANK OF BLACKSBURG, THE | 100 SOUTH MAIN STREET | BLACKSBURG | VA | 24060 | MONTGOMERY | UNITED STATES | 4586 | 0 | NATIONAL BANK OF BLACKSBURG, THE | 754929 |
| OK | | Full Service | 2962063 | ABINGDON BRANCH | 968 W MAIN ST | ABINGDON | VA | 24210 | WASHINGTON | UNITED STATES | 263635 | 24 | NATIONAL BANK OF BLACKSBURG, THE | 754929 |
| OK | | Full Service | 4844556 | CORPORATE RESEARCH CENTER BRANCH | 2280 KRAFT DRIVE, SUITE 1000 | BLACKSBURG | VA | 24060 | MONTGOMERY | UNITED STATES | Not Required | Not Required | NATIONAL BANK OF BLACKSBURG, THE | 754929 |
| OK | | Full Service | 691127 | HETHWOOD OFFICE | 900 HETHWOOD BOULEVARD | BLACKSBURG | VA | 24060 | MONTGOMERY | UNITED STATES | 212267 | 2 | NATIONAL BANK OF BLACKSBURG, THE | 754929 |
| OK | | Full Service | 3700310 | HUBBARD STREET BRANCH | 101 HUBBARD STREET | BLACKSBURG | VA | 24060 | MONTGOMERY | UNITED STATES | 212273 | 8 | NATIONAL BANK OF BLACKSBURG, THE | 754929 |
| OK | | Full Service | 200725 | NORTH MAIN OFFICE | 901 NORTH MAIN STREET | BLACKSBURG | VA | 24060 | MONTGOMERY | UNITED STATES | 212266 | 1 | NATIONAL BANK OF BLACKSBURG, THE | 754929 |
| OK | | Full Service | 855228 | SOUTH MAIN BRANCH | 3600 SOUTH MAIN STREET | BLACKSBURG | VA | 24060 | MONTGOMERY | UNITED STATES | 212268 | 3 | NATIONAL BANK OF BLACKSBURG, THE | 754929 |
| OK | | Full Service | 720429 | VIRGINIA AVENUE OFFICE | 511 VIRGINIA AVENUE | BLUEFIELD | VA | 24605 | TAZEWELL | UNITED STATES | 186111 | 19 | NATIONAL BANK OF BLACKSBURG, THE | 754929 |
| OK | | Full Service | 791223 | WESTGATE BRANCH | 2070 LEATHERWOOD LANE | BLUEFIELD | VA | 24605 | TAZEWELL | UNITED STATES | 186112 | 20 | NATIONAL BANK OF BLACKSBURG, THE | 754929 |
| OK | | Full Service | 2260321 | CLAYPOOL HILL BRANCH | 1155 CLAYPOOL HILL MALL ROAD | CEDAR BLUFF | VA | 24609 | TAZEWELL | UNITED STATES | 431471 | 28 | NATIONAL BANK OF BLACKSBURG, THE | 754929 |
| OK | | Full Service | 3206278 | DOWNTOWN CHRISTIANSBURG BRANCH | 46 N FRANKLIN ST | CHRISTIANSBURG | VA | 24073 | MONTGOMERY | UNITED STATES | 430097 | 17 | NATIONAL BANK OF BLACKSBURG, THE | 754929 |
| OK | | Full Service | 1413371 | MARKET PLACE BRANCH | 120 PEPPERS FERRY ROAD, N.E. | CHRISTIANSBURG | VA | 24073 | MONTGOMERY | UNITED STATES | 212274 | 9 | NATIONAL BANK OF BLACKSBURG, THE | 754929 |
| OK | | Full Service | 2960377 | DUBLIN BRANCH | 348 BROAD ST | DUBLIN | VA | 24084 | PULASKI | UNITED STATES | 263643 | 15 | NATIONAL BANK OF BLACKSBURG, THE | 754929 |
| OK | | Full Service | 2689614 | GALAX BRANCH | 605 EAST STUART AVE | GALAX | VA | 24333-2301 | GALAX CITY | UNITED STATES | 263663 | 12 | NATIONAL BANK OF BLACKSBURG, THE | 754929 |
| OK | | Full Service | 2962081 | MARION BRANCH | 303 S COMMERCE ST | MARION | VA | 24354 | SMYTH | UNITED STATES | 263633 | 25 | NATIONAL BANK OF BLACKSBURG, THE | 754929 |
| OK | | Full Service | 2242028 | CUMBERLAND PARK BRANCH | 604 MARKET STREET | NORTH TAZEWELL | VA | 24630 | TAZEWELL | UNITED STATES | 186116 | 23 | NATIONAL BANK OF BLACKSBURG, THE | 754929 |
| OK | | Full Service | 907529 | FOUR WAY BRANCH | 621 EAST RIVERSIDE DRIVE | NORTH TAZEWELL | VA | 24630 | TAZEWELL | UNITED STATES | 186114 | 21 | NATIONAL BANK OF BLACKSBURG, THE | 754929 |
| OK | | Full Service | 1220092 | PEARISBURG OFFICE | 201 MAIN STREET | PEARISBURG | VA | 24134 | GILES | UNITED STATES | 212272 | 7 | NATIONAL BANK OF BLACKSBURG, THE | 754929 |
| OK | | Full Service | 121026 | PEMBROKE BRANCH | 611 SNIDOW STREET | PEMBROKE | VA | 24136 | GILES | UNITED STATES | 212897 | 10 | NATIONAL BANK OF BLACKSBURG, THE | 754929 |
| OK | | Full Service | 2236214 | MEMORIAL DRIVE BRANCH | 900 MEMORIAL DRIVE | PULASKI | VA | 24301 | PULASKI | UNITED STATES | 430076 | 16 | NATIONAL BANK OF BLACKSBURG, THE | 754929 |
| OK | | Full Service | 2960386 | PULASKI BRANCH | 250 N WASHINGTON AVE | PULASKI | VA | 24301 | PULASKI | UNITED STATES | 41631 | 14 | NATIONAL BANK OF BLACKSBURG, THE | 754929 |
| OK | | Full Service | 2960395 | RADFORD BRANCH | 2001 EAST MAIN STREET | RADFORD | VA | 24141 | RADFORD CITY | UNITED STATES | 263644 | 13 | NATIONAL BANK OF BLACKSBURG, THE | 754929 |
| OK | | Full Service | 2571102 | RICH CREEK OFFICE | 370 OLD VIRGINIA AVENUE | RICH CREEK | VA | 24147 | GILES | UNITED STATES | 212275 | 11 | NATIONAL BANK OF BLACKSBURG, THE | 754929 |
| OK | | Full Service | 2936747 | RICHLANDS BRANCH | 1905 FRONT ST | RICHLANDS | VA | 24641 | TAZEWELL | UNITED STATES | 360939 | 27 | NATIONAL BANK OF BLACKSBURG, THE | 754929 |
| OK | | Full Service | 844820 | EAST MAIN STREET BRANCH | 309 EAST MAIN STREET | TAZEWELL | VA | 24651 | TAZEWELL | UNITED STATES | 523 | 18 | NATIONAL BANK OF BLACKSBURG, THE | 754929 |
| OK | | Full Service | 2962072 | WYTHEVILLE BRANCH | 185 E MAIN ST | WYTHEVILLE | VA | 24382 | WYTHE | UNITED STATES | 263660 | 26 | NATIONAL BANK OF BLACKSBURG, THE | 754929 |

National Bankshares, Inc. and Subsidiaries

Report Item 4

Insiders

(See Attached)

**NATIONAL BANKSHARES, INC. DIRECTORS AND OFFICERS
DECEMBER 31, 2016**

| NAME & ADDRESS | TITLE WITH NATIONAL BANKSHARES, INC. | TITLE WITH DIRECT/INDIRECT SUBSIDIARIES OF HOLDING COMPANY | TITLE OR POSITION WITH ANY OTHER BUSINESS COMPANY | PRINCIPAL OCCUPATION, IF NOT HOLDING COMPANY | NUMBER OF SHARES & % OF BANKSHARES COMMON STOCK OWNED/CONTROLLED | NUMBER OF SHARES OF DIRECT AND INDIRECT SUBSIDIARIES OWNED | NUMBER OF SHARES OR PARTNERSHIP INTEREST IN ANY OTHER BUSINESS |
|---------------------------------------|--|--|---|---|--|--|--|
| Lawrence J. Ball Blacksburg, VA | Director | --- | President, Moog Components Group | High Tech Manufacturing Executive | 3,500 0.05% | -0- | Ball Property Investments (BPI), LLC – 100% BPIBeachBall, LLC – 100% BPIOBXVilla, LLC – 100% |
| John E. Dooley Blacksburg, VA | Director | --- | CEO and Secretary-Treasurer, Virginia Tech Foundation, Inc. | Higher Education Administrator | 2,885 0.04% | -0- | -0- |
| Charles E. Green, III Tazewell, VA | Director | --- | Charter Life Underwriter; Chartered Financial Consultant, AXA Advisors, LLC | Financial Advisor/Insurance Broker | 40,138 0.58% | -0- | WT Golf, LLC – 100% Green Family Limited Partnership, LLC – 95% |
| Jack M. Lewis Blacksburg, VA | Director | --- | --- | Retired Educator, past President of New River Community College | 6,056 0.09% | -0- | -0- |
| Mary G. Miller Blacksburg, VA | Director | --- | President, Interactive Design & Development, Inc. | Owner, Training Software Development Company | 3,000 0.04% | -0- | Interactive Design & Development, Inc. – 72% M2 Holdings LLC – 100% Intelligen LLC – 100% |
| William A. Peery Tazewell, VA | Director | --- | President, Cargo Oil Company, Inc. | Oil & Convenience Store Company Executive | 12,998 0.19% | -0- | Cargo Oil Company, Inc. – 35% Peery Farm – 25% |
| James G. Rakes Blacksburg, VA | Chairman of the Board, President & Chief Executive Officer, Director | Executive Chairman, Director, – The National Bank of Blacksburg; Chairman, Director, President & CEO – National Bankshares Financial Services, Inc.; Chairman, Director, President & Secretary – NB Operating, Inc.; NBB Company – Partner | --- | --- | 87,692 1.26% | -0- | JGR Properties, LLC – 100% |

**NATIONAL BANKSHARES, INC.
DIRECTORS AND OFFICERS
DECEMBER 31, 2016**

| NAME & ADDRESS | TITLE WITH NATIONAL BANKSHARES, INC. | TITLE WITH DIRECT/INDIRECT SUBSIDIARIES OF HOLDING COMPANY | TITLE OR POSITION WITH ANY OTHER BUSINESS COMPANY | PRINCIPAL OCCUPATION, IF NOT HOLDING COMPANY | NUMBER OF SHARES & % OF BANKSHARES COMMON STOCK OWNED/CONTROLLED | NUMBER OF SHARES OF DIRECT AND INDIRECT SUBSIDIARIES OWNED | NUMBER OF SHARES OR PARTNERSHIP INTEREST IN ANY OTHER BUSINESS |
|---------------------------------------|--|--|---|--|--|--|--|
| Glenn P. Reynolds Blacksburg, VA | Director | --- | President, Reynolds Architects, Inc. | Architect | 8,077 0.12% | -0- | Reynolds Architects, Inc. – 100% |
| James M. Shuler Blacksburg, VA | Vice Chairman of the Board; Director | Director - The National Bank of Blacksburg | --- | Retired Veterinarian; Member, Virginia House of Delegates, Retired | 28,201 0.41% | -0- | Claytor Lake, LLC – 50% Faculty – Progress St., LLP – 50% |
| David K. Skeens Christiansburg, VA | Treasurer & Chief Financial Officer | Senior Vice President/Risk Management & Cashier – The National Bank of Blacksburg | --- | The National Bank of Blacksburg | 7,727 0.11% | -0- | -0- |
| F. Brad Denardo Blacksburg, VA | Executive Vice President | President, Chief Executive Officer and Director – The National Bank of Blacksburg; Treasurer - National Bankshares Financial Services, Inc.; NBB Company – Partner | --- | The National Bank of Blacksburg | 29,349 0.42% | -0- | -0- |
| Lara E. Ramsey Radford, VA | Senior Vice President, Administration, Corporate Secretary | Corporate Secretary - The National Bank of Blacksburg | --- | --- | 4,036 0.06% | -0- | -0- |