



Bigger.
Better.
Stronger.
Together.

we're focused on
delivering a better
banking experience
for our customers

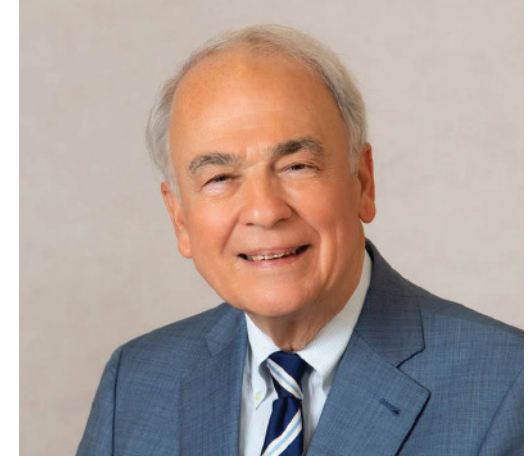
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Our accomplishments in 2018, both financially and strategically, underscore the relevance of our focus and direction as a progressive community bank. As outlined in American National's three-year strategic plan that guides us through 2021, we will remain a top-performing community bank by focusing on key objectives under the theme of Bigger, Better, Stronger.

We demonstrated our commitment to the “Bigger” part of this theme in October of 2018 when we announced our largest acquisition to date. With the merger with Roanoke-based HomeTown Bankshares Corporation and HomeTown Bank effective on April 1, we have expanded our presence in a market that we have enjoyed being part of for the past couple of years, in addition to building a presence in the New River Valley. We now have assets approaching \$2.5 billion and are one of the largest community banks headquartered in Virginia.

As we actively work to strategically grow in markets that afford the best opportunities for growth, we are also becoming “Better.” We all recognize that bigger isn't everything, but by focusing on delivering a better banking experience for our customers and employees, we will continue to attract new customers and talent to our bank. We are actively seeking ways to improve processes to ensure it's easy to do business with us, while also investing in our bank's next generation of leaders.



Charles H. Majors | Chairman of the Board



Jeffrey V. Haley | President & Chief Executive Officer

With balance sheet growth during 2018 combined with our strong capital position and excellent asset quality, we are “Stronger” than ever. We plan to leverage our strengths as we demonstrate our ability to grow in both our new and existing markets. Our revenue growth was impressive in each of American National's three regions with year-over-year loan growth of \$21.4 million over 2017, and year-over-year

deposit growth was \$31.5 million, primarily driven by growth in non-interest bearing accounts.

Net income for 2018 was \$22.6 million, compared to \$15.2 million for 2017, a 48.1% increase, while earnings per share were \$2.60 for 2018 compared to \$1.76 for 2017. Net income for 2017 was impacted negatively by the enactment of the new federal tax law in December 2017, but it had a positive impact in 2018 and for future years.

	2018	2017
Net Income	\$22,579	\$15,249
Earnings per share	\$2.60	\$1.76

Our growth, performance and accomplishments are not possible without a strong and committed team of bankers to carry out our vision. We have always known and appreciate that our greatest asset is our people, and we thank all 417 team members who now will be an integral part of American National's overall success.

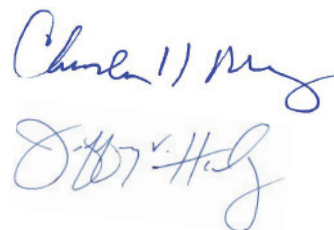
We also recognize that a strong team is made stronger with the guidance and expertise of an experienced, dedicated and effective Board of Directors. We have a seasoned team of directors who bring the voice for the shareholders, customers and local markets to every decision, action and strategy of the Company.

We wish to recognize **Fred Blair** and **Frank Crist**, who will retire as directors at the May 2019 annual meeting. Mr. Blair has served on our board since 1992 and Dr. Crist joined us in 2006. We anticipate the board naming each of them as a director emeritus for the coming year.

With our HomeTown acquisition, we welcome new board members, with the addition of **Nancy Agee**, President & CEO of Carilion Clinic; **Kenneth Bowling**, Vice President, HT Bowling Inc.; and **Susan Still**, HomeTown Bank's President & CEO. Ms. Agee and Mr. Bowling now serve as directors of both the bank and the Company. Ms. Still is now a director of the bank and she has been nominated for election to the Company board at the annual shareholders' meeting in May. These directors will help ensure a smooth transition during HomeTown Bank's integration and beyond.

As we work to be Bigger, Better, and Stronger, we appreciate your support and your investment in our company. We look forward to ongoing success as we realize new opportunities and continue to deliver on our commitment to our shareholders, employees, customers, and communities.

Very truly yours,



2018 was an exciting year on all fronts for American National Bank & Trust Company.

It was a year filled with growth, success, opportunities, community involvement, and new milestones as we enter our 110th year of business.

Biggest and brightest among 2018's achievements is American National's acquisition of HomeTown Bank. It's an important addition for many reasons, but perhaps the most significant of these is how well our banks complement each other and the extent to which we share missions and values. Cultural alignment is what makes most mergers successful (or not), and we knew early on it was a great fit with HomeTown.

Together we're now **BIGGER**, and American National has added 4 branches in key areas of Roanoke, Salem, and the New River Valley to our footprint, for a total of 28 offices. We have enjoyed being part of the Roanoke market and are excited to expand



our presence in this great community and also further into the New River Valley. With the additional locations, we'll inherit a great team of bankers and professionals to help us continue to grow.

But bigger isn't everything. Together we're now **BETTER** as well. While HomeTown was younger, having been founded in 2005, we did learn some things from their youth; pairing those learnings with our strong legacy of community banking, we have combined the best of both of our banks. In the spirit of constant improvement, we're actively refining what it means to be a community bank, and what we can offer the communities we serve.

Finally, coming together has made us even **STRONGER**. As a combined bank, we're now one of the largest independent community banks in the state, with assets of around \$2.5 billion. That means more possibilities, more growth and more support for the communities we call home.

For us, that's what it's all about. **Community.**



| **Community Growth: News from across our footprint** |



American National Bank & Trust Company operates growing franchises in three regions surrounding our main office in Danville: North, South, and East. Each region is led by a Regional President and is composed of distinct markets, including a string of cities and counties we are proud to be part of.

Across our footprint, we are very involved in financial education through our partnerships with Everfi's Financial Literacy program, as well as loyal supporters of our local United Way chapters. We are guided by the belief that a community bank is only as strong as the communities it serves, and are very proud of the active role we play in growing and investing in each of our markets while staying true to the things that make each one unique.

There has been no shortage of activity, and what follows are highlights from some of this year's most important stories from across our regions.



2018 Big Lick Train Tug



Vikeesa Stultz (center) at the Field of Honor ceremony

NORTH REGION

Led by Kevin Meade, the North Region stayed active with many community events across Roanoke, Franklin County, and Lynchburg.

Roanoke

The biggest headline by far is American National's announcement of the merger with HomeTown Bank as we subsequently established Roanoke as our Virginia banking headquarters. We are excited to welcome our new colleagues and customers as we grow bigger, better, and stronger together.

American National sponsored the Big Lick Train Tug benefiting the Presbyterian Community Center for the second year. This unique event assembles teams of people to raise money and compete for the best time for pulling the iconic 611 locomotive a specified distance. We also enjoyed being part of Turn the Page's inaugural fundraiser, "The Rooftop is Waiting." Turn the Page is a non-profit organization promoting early learning that encourages parents to read to their children by providing new, age-appropriate books.

Franklin County

Always active supporters in our local United Way chapters, we love the opportunity to write BIG checks to them (big both in monetary amount and physical size!) as our Rocky Mount team was able to do in 2018.

Market President Todd Hammock, as Treasurer of the area chamber, along with his community-oriented team stayed busy with many Smith Mountain Lake Chamber of Commerce events throughout the year.



Our Rocky Mount team presenting a check to the United Way

Lynchburg

American National proudly sponsored the Forest Rotary Club's annual Field of Honor from September 1-15. Market President Vikeesa Stultz had the honor of reading the mayoral proclamation on behalf of Lynchburg Mayor Tweedy at the Field of Honor opening ceremony.

Employees acquired a total of 14 bicycles, which were purchased by the central market of Lynchburg and Bedford and donated to Dearington Elementary School of Innovation during the end-of-year awards program.



Jason Owens and Tim Marshall delivering 14 bicycles

EAST REGION

Charles Canaday leads our East Region, which includes Alamance County, North Carolina; Southside Virginia; and our home market of Danville in Pittsylvania County.

Pittsylvania County

The community of Danville has seen a lot of resurgence on the economic development front, and we are proud to play an important role in this growth. John Settle, with his involvement on the Chamber of Commerce Board, and Market President Ted Laws, through his involvement with the River District Association (RDA), are both an active part of this rebirth. The RDA has done tremendous work revitalizing the downtown Danville community through public-private partnerships, events, and initiatives to help market the area's unique assets. In other Danville-area developments, American National played a key part in financing Kyocera's new 30,000-square-foot state-of-the-art facility through our partnership with The Industrial Development Authority of Danville.



Ted Laws, Ashley Ege with the Heart Association, and Stetson Franklin showing AMNB's awards from the 2018 Heart Walk



Edwin Bland, Vanessa Smith with Stitch Design Shop, Trent Wall, Rhonda Joyce, Jeff Haley, and Mark Dunnagan with Frank L Blum Construction inside our Winston-Salem office under construction

South Boston

Market President Ronnie Moore chaired the Jeff Nelson Memorial Golf Tournament, an event for which American National was a major sponsor. The tournament raised over \$7,500 for the Halifax County Education Foundation to benefit its high school athletics programs.

Alamance County

American National has always been a leading sponsor of the Alamance Chamber of Commerce's Teacher of the Year program. We were thrilled when this year's recipient, Freebird McKinney, went on to complete for North Carolina Teacher of the Year. After winning the state competition, Freebird is now a candidate for National Teacher of the Year. It's our distinct pleasure to help support those who are creating our next generation.

The city of Mebane completed the construction of a highly anticipated new community park in November 2018. We were proud to be involved with financing this great community asset as it helps create another attraction for the charming and fast-growing Mebane



City of Mebane Community Park

community. This project is a prime example of our commitment to investing in our communities. We love when we can inject money directly into our communities to help them grow and prosper.

SOUTH REGION

Our South Region is led by Rhonda Joyce and includes Greensboro, which was named our North Carolina banking headquarters; Winston-Salem; and Martinsville.

Greensboro

In this bustling corner of the Triad, we've stayed active in many community events, with Rhonda co-chairing the Habitat for Humanity Bankers Build as well as participating in the Simple Gesture program to help fight hunger. Our Chief Banking Officer, Gregg Strader, chaired the United Way of Greater Greensboro's Board of Directors for a second year. Gregg has been instrumental in leading American National's support of the United Way and helping them achieve their mission of improving lives and creating thriving communities.



Volunteers at the Habitat for Humanity Bankers Build



Guilford banker Andrea Davis presenting bags of donated food to A Simple Gesture

Winston-Salem

2018 marked the first full year of operation for our de novo Winston-Salem banking office and validated the need for an updated space, which we began renovating in 2018 under the leadership of Market

we look forward to becoming more visible in this great city

President Trent Wall. After establishing ourselves and serving customers from an office space with no signage, we are excited to become significantly more visible in the community. With 9,800-square-feet, the new space is in a vibrant part of the city and will offer full-service banking with a drive-thru and ATM. The opening is planned for the third quarter of 2019, and we are looking forward to becoming a bigger, better, and stronger part of this great city.



AMNB's Winston-Salem location coming soon!

Martinsville

While Martinsville has long been known for its exciting short track, which we love, we've also enjoyed supporting some of its newly established community events as well. The Rooster Walk is one of the events growing in popularity that is playing a part in



Rooster Walk Kids Area sponsorship

reinventing Martinsville. As sponsor of the children's area, we helped create a fun event for families to enjoy during the multi-day music and art festival each spring.

| Future and Focus |



Guiding Principles:

1. Operate a sound, efficient, growing, and highly profitable company.
2. Identify and respond to our internal and external customers' needs and expectations in an ever-changing financial environment.
3. Provide 21st-century financial solutions to our customers that are designed to meet their current and future needs.
4. Provide an attractive return for our shareholders.
5. Furnish positive leadership for the well-being of all the communities we serve.
6. Continuously develop a challenging and rewarding work environment for our employees that focuses on working as a team.
7. Conduct our work with integrity and professionalism.

Core Values:

1. Build personal relationships based on honesty and integrity.
2. Treat people fairly and speak with candor and care.
3. Develop people to their highest potential.
4. Coach for improved performance.
5. Show a passion for winning.
6. Act like business owners.
7. Celebrate individual and team successes often.
8. Communicate with strategic purpose and aim for consistency.
9. Hold ourselves and our teammates accountable for results.
10. Always use good, sound judgment when engaging with customers and seek help with decisions when we are uncomfortable.

OUR MISSION:

We provide quality financial services with exceptional customer service.

OUR VISION:

We will enhance the value of our shareholders' investment by being our communities' preferred provider of relationship-based financial services.



| Leadership |



Our Executive Leadership



Jeffrey V. Haley
President
Chief Executive Officer



William W. Traynham
Executive Vice President
Chief Financial Officer



H. Gregg Strader
Executive Vice President
Chief Banking Officer

*American National Bankshares Inc. and
American National Bank & Trust Company*



Edward C. Martin
Executive Vice President
Chief Credit Officer



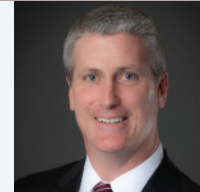
John H. Settle, Jr.
Executive Vice President
President of Trust and
Investment Services



Charles Canaday, Jr.
Executive Vice President
Regional President,
East Region



Rhonda P. Joyce
Executive Vice President
Regional President,
South Region



Kevin S. Meade
Executive Vice President
Regional President,
North Region

Board of Directors

Fred A. Blair
President
Blair Construction Inc.
Director since 1992
Committees 1, 5, 6

Frank C. Crist Jr., D.D.S.
President
Brady & Crist Dentists Inc.
Director since 2006
Committees 3, 6, 7

Tammy M. Finley
Executive Vice President
and General Counsel
Advance Auto Parts, Inc.
Director since 2017
Committee 4, 5, 6

Jeffrey V. Haley
President & Chief
Executive Officer
American National
Bankshares Inc.
American National Bank
& Trust Company
Director since 2010
Committee 7

Michael P. Haley
Retired Advisor
Fenway Partners
Director since 2002
Committees 1, 2, 4, 6, 8

Charles S. Harris
Executive Vice President
Averett University
Director since 2008
Committees 1, 5, 6

F. D. Hornaday III
President & Chief
Executive Officer
Knit Wear Fabrics Inc.
Director since 2011
Committees 3, 6, 7

John H. Love
President & Chief
Executive Officer
W. E. Love & Associates Inc.
Director since 2011
Committees 4, 5, 6

Franklin W. Maddux, M.D.
Chief Medical Officer
Executive Vice President
for Clinical &
Scientific Affairs
Fresenius Medical Care
North America
Director since 2002
Committees 3, 5, 6

Charles H. Majors
Chairman of the Board
American National
Bankshares Inc.
American National Bank
& Trust Company
Director since 1981
Committee 7

Claude B. Owen Jr.
Retired Chairman &
Chief Executive Officer
DIMON Inc.
Director since 1984
Committees 2, 3, 6, 8

Ronda M. Penn
Chief Financial Officer
Plexus Capital LLC
Director since 2015
Committees 1, 4, 6

Dan M. Pleasant
Chief Operating
Officer
The Dewberry
Companies Inc.
Director since 2011
Committees 4, 6, 8

Joel R. Shepherd
President
Virginia Home
Furnishings Inc.
220 Self Storage Inc.
Director since 2015
Committees 2, 3, 6, 8

1. Audit
2. Chief Executive Officer's Advisory
3. Corporate Governance and Nominating
4. Human Resources and Compensation
5. Risk and Compliance
6. Stock Grant and Option
7. Trust
8. Capital Management

Committees

North Carolina Advisory Board Members:

Advisory Boards
(as of January 1, 2018)

Thomas E. Chandler Jr.
President
Chandler Concrete
Company Inc.

James B. Crouch Jr.
Vice President
Harris, Crouch, Long, Scott
& Miller Inc.

J. Nathan Duggins, III
Managing Partner
Tuggle Duggins P.A.

Anthony E. Foriest
Retired
Xerox Corporation

John A. Holt Sr.
President & Chief Financial
Officer
DynaYarn USA LLC

David S. Johnson, M.D.
Physician
Burlington Pediatrics

Ronald A. Joyce
President & Chief Executive
Officer
Joyce Foods

R. Aubrey Linville, III
Partner
Linville Team Partners, LLC

Phillip J. Nahser Jr., M.D.
Cardiologist
Cone Health Medical Group

Richard H. Ramsey
Operating Partner
New Page Capital
President
Engineered Steel
Products, Inc.
President
American Industrial, LLC

Diane M. Rumley, CPA
Partner
Leeper, Kean & Rumley LLP

Adrian T. Smith
Chief Executive Officer
Ice Age Management

Sherri K. Squier
Chief Executive Officer
All-State Express, Inc.

Kyle M. Winslow
Vice President
Briggs-Shaffner Acquisition
Company

Virginia Advisory Board Members:

W. Kelvin Bowles
President & Owner
Eastern Communications
Associates

Thomas C. Capps
President
Capps Shoe Company Inc.

James D. Coleman Jr.
President
Rives Brown Realty

Nicholas C. Conte
SVP and General Counsel
Carilion Clinic

John M. Deekens
Retired General Manager
Stuart Forest Products

S. Cabell Dudley Jr.
Retired Executive
Vice President
American National Bank
& Trust Company

Harold E. Green Jr.
President
Distinct Impressions Inc.

Tammy B. Jewell
Business Manager
Jewell Machinery, Inc.

Richard H. Jones
CPA
Jones & Associates

Earnest C. Jordan
Retired Senior Vice President
American National Bank
& Trust Company

Brian J. Kelleher
President
Atlantic Precision
Resources Inc.

Andy C. Kelderhouse
President
Fralin & Waldron, Inc.

John H. Laramore
Realtor
Wilkins and Co. Realtors

John D. Lugar
President
Virginia Varsity Transfer &
Storage

Lauren M. Mathena
Director of Economic
Development and
Community Engagement
Mid-Atlantic Broadband
Communities Corp.

Martha W. Medley
Partner
Daniel, Medley & Kirby P.C.

Chris F. Mohr
Chairman & Chief Executive
Officer
Ameristaff Inc.

James K. Muehleck, D.D.S.
Dentist
Martinsville Family Dentistry

Stephen A. Musselwhite
President
Musselwhite & Associates

Harry G. Norris
President
Howell's Motor Freight

Danny M. Purdue
Vice President
Perdue Properties Inc.

Keith Robinson, M.D.
Physician
Complexions Dermatology

R. Eddie Shelton
Owner
Diamond S Farms

W. Earle Spruill Jr.
President
Osage, Inc.

Thomas S. Stump
President & Chief
Executive Officer
First Piedmont Corporation

Michael A. Turner
CEO & Partial Owner
Turner's Building Inc.

William C. Vaughn
Vice President
J&R Management Inc.

E. Linwood Wright
Consultant
Danville IDA

| 2018 Charley Majors Achievement Award Recipient: Lisa Pass |

2018



| Financials |

FINANCIAL HIGHLIGHTS

as of December 31 (Dollars in thousands, except for share data)



Each year, one exceptional American National employee is selected to receive the Charley Majors Award in honor of our Chairman and retired Chief Executive Officer. Established in 2014, this award is presented to an individual who best exemplifies American National's Core Values. The recipient must possess an exceptional degree of character, high levels of personal integrity, and a sense of service that goes above and beyond expectations.

This year we are proud to present the Charley Majors Award to Lisa Pass, Manager of the Cum Park branch in Burlington. Lisa has been with the bank since 2004, having started her career with MidCarolina Bank, which was acquired by American National in 2012. As she has advanced in her career, Lisa has become adept at all aspects of branch management from start to finish.

"To say Lisa Pass is a self-starter would be a major understatement," says Charles Canaday, Jr., Executive Vice President. "She is a natural leader who plans a path ahead of schedule and sets a well-defined direction that is very clear for the entire team to follow. Above all else, she simply knows how to get things done!"

Lisa's dedication and work ethic have been highly visible throughout our merger with Franklin Community Bank, where she mentored new staff and set the example of how to deliver excellent customer service. Because of her strengths as a manager and leader, Lisa will also be assisting our newest team members throughout this year's merger with HomeTown Bank.

Another shining example of her commitment to service is the leadership role she informally took in a complex branch operational project involving routing and transit number conversion. Lisa quickly established a process and set of simple strategies to complete the necessary tasks. As a result, the Cum Park office was the first to complete their portion of the project, and the strategies Lisa developed were put into use at other branches.

In addition to her leadership role at American National, Lisa is highly active in her community, volunteering with Everfi for four years as well as partnering with Cummings High School to teach financial literacy to high school teenagers.

In the words of her manager, Matt Blake, "Lisa's leadership, teamwork and customer focus are her greatest components of success. She makes sure that everyone around her — both our customers as well as her fellow employees — know that they are valued and really matter."

On behalf of everyone at American National, we would like to extend our heartfelt congratulations to Lisa for receiving the 2018 Charley Majors Award and wish her continued success in her important role at American National Bank & Trust Company.

	2018	2017	2016	2015	2014
RESULTS OF OPERATIONS:					
Interest income	\$68,768	\$63,038	\$56,170	\$55,169	\$47,455
Interest expense	9,674	7,291	6,316	5,904	5,730
Net interest income	59,094	55,747	49,854	49,265	41,725
Provision for (recovery of) loan losses	(103)	1,016	250	950	400
Noninterest income	13,274	14,227	13,505	13,287	11,176
Noninterest expense	44,246	42,883	39,801	40,543	34,558
Income before income tax provision	28,225	26,075	23,308	21,059	17,943
Income tax provision	5,646	10,826	7,007	6,020	5,202
Net income	22,579	15,249	16,301	15,039	12,741
FINANCIAL CONDITION:					
Assets	\$1,862,866	\$1,816,078	\$1,678,638	\$1,547,599	\$1,346,492
Loans, net of unearned income	1,357,476	1,336,125	1,164,821	1,005,525	840,925
Securities	339,730	327,447	352,726	345,661	349,250
Deposits	1,566,227	1,534,726	1,370,640	1,262,660	1,075,837
Shareholders' equity	222,542	208,717	201,380	197,835	173,780
Shareholders' equity, tangible	177,744	163,654	155,789	151,280	132,692
PER-SHARE INFORMATION:					
Earnings per share, basic	\$2.60	\$1.76	\$1.89	\$1.73	\$1.62
Earnings per share, diluted	2.59	1.76	1.89	1.73	1.62
Cash dividends paid	1.00	0.97	0.96	0.93	0.92
Book value	25.52	24.13	23.37	22.95	22.07
Book value, tangible	20.38	18.92	18.08	17.55	16.86
Average shares outstanding, basic	8,698,014	8,641,717	8,611,507	8,680,502	7,867,198
Average shares outstanding, diluted	8,708,462	8,660,628	8,621,241	8,688,450	7,877,576
SELECTED RATIOS:					
Return on average assets	1.24%	0.87%	1.02%	0.99%	0.97%
Return on average equity	10.56%	7.34%	8.07%	7.65%	7.40%
Return on average tangible equity	13.49%	9.59%	10.85%	10.62%	10.31%
Dividend payout ratio	38.54%	54.98%	50.71%	53.65%	56.80%
Efficiency ratio	59.57%	60.89%	61.47%	63.81%	63.41%
Net interest margin	3.49%	3.50%	3.52%	3.69%	3.66%
ASSET QUALITY RATIOS:					
Allowance for loan losses to period-end loans	0.94%	1.02%	1.10%	1.25%	1.48%
Allowance for loan losses to period-end non-performing loans	1,101.98%	531.37%	360.39%	242.09%	302.21%
Non-performing assets to total assets	0.11%	0.21%	0.29%	0.48%	0.46%
Net charge-offs to average loans	0.05%	0.02%	0.00%	0.08%	0.07%
CAPITAL RATIOS:					
Total risk-based capital ratio	15.35%	14.39%	14.81%	16.35%	17.68%
Common equity tier 1 capital ratio	12.55%	11.50%	11.77%	12.88%	n/a
Tier 1 risk-based capital ratio	14.46%	13.42%	13.83%	15.23%	16.59%
Tier 1 leverage ratio	11.62%	10.95%	11.67%	12.05%	12.16%
Tangible equity to tangible assets ratio	9.78%	9.24%	9.54%	10.08%	10.00%

CONSOLIDATED BALANCE SHEETS

as of December 31 (Dollars in thousands, except for share data)

ASSETS:	2018	2017
Cash and due from banks	\$29,587	\$28,594
Interest bearing deposits in other banks	34,668	23,883
Equity securities, at fair value	1,830	0
Securities available for sale, at fair value	332,653	321,337
Restricted stock, at cost	5,247	6,110
Loans held for sale	640	1,639
Loans, net of unearned income	1,357,476	1,336,125
Less allowance for loan losses	(12,805)	(13,603)
Net Loans	1,344,671	1,322,522
Premises and equipment, net	26,675	25,901
Other real estate owned, net of valuation allowance of \$109 in 2018 and \$147 in 2017	869	1,225
Goodwill	43,872	43,872
Core deposit intangibles, net	926	1,191
Bank owned life insurance	18,941	18,460
Accrued interest receivable and other assets	22,287	21,344
Total Assets	\$1,862,866	\$1,816,078
LIABILITIES AND SHAREHOLDERS' EQUITY:		
LIABILITIES:		
Demand deposits — non-interest bearing	\$435,828	\$394,344
Demand deposits — interest bearing	234,621	226,914
Money market deposits	401,461	403,024
Savings deposits	132,360	126,786
Time deposits	361,957	383,658
Total deposits	1,566,227	1,534,726
Short-term borrowings:		
Customer repurchase agreements	35,243	10,726
Other short-term borrowings	0	24,000
Junior subordinated debt	27,927	27,826
Accrued interest payable and other liabilities	10,927	10,083
Total liabilities	1,640,324	1,607,361
Commitments and Contingencies		
SHAREHOLDERS' EQUITY		
Preferred stock, \$5 par, 2,000,000 shares authorized, none outstanding	0	0
Common stock, \$1 par, 20,000,000 shares authorized, 8,720,337 shares outstanding at December 31, 2018 and 8,650,547 shares outstanding at December 31, 2017	8,668	8,604
Capital in excess of par value	78,172	76,179
Retained earnings	141,537	127,010
Accumulated other comprehensive loss, net	(5,835)	(3,076)
Total shareholders' equity	222,542	208,717
Total liabilities and shareholders' equity	\$1,862,866	\$1,816,078

CONSOLIDATED STATEMENTS OF INCOME

as of December 31 (Dollars in thousands, except for share data)

INTEREST AND DIVIDEND INCOME:	2018	2017	2016
Interest and fees on loans	\$59,966	\$55,276	\$47,971
Interest and dividends on securities:			
Taxable	6,106	4,666	4,454
Tax-exempt	1,502	2,043	3,135
Dividends	321	319	334
Other interest income	873	734	276
Total interest and dividend income	68,768	63,038	56,170
INTEREST EXPENSE:			
Interest on deposits	8,086	5,794	5,103
Interest on short-term borrowings	186	173	10
Interest on long-term borrowings	0	296	325
Interest on junior subordinated debt	1,402	1,028	878
Total interest expense	9,674	7,291	6,316
NET INTEREST INCOME	59,094	55,747	49,854
Provision for (recovery of) loan losses	(103)	1,016	250
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES:	59,197	54,731	49,604
Noninterest Income:			
Trust fees	3,783	3,926	3,791
Service charges on deposit accounts	2,455	2,426	2,467
Other fees and commissions	2,637	2,471	2,261
Mortgage banking income	1,862	2,208	1,713
Securities gains, net	123	812	836
Brokerage fees	795	829	843
Income from Small Business Investment Companies	637	236	463
Gains (losses) on premises and equipment, net	60	344	(9)
Other	922	975	1,140
TOTAL NONINTEREST INCOME	13,274	14,227	13,505
Noninterest Expense:			
Salaries	20,509	19,829	17,568
Employee benefits	4,370	4,274	3,829
Occupancy and equipment	4,378	4,487	4,246
FDIC assessment	537	538	647
Bank franchise tax	1,054	1,072	995
Core deposit intangible amortization	265	528	964
Data processing	1,691	2,014	1,828
Software	1,279	1,144	1,143
Other real estate owned, net	122	303	336
Merger-related expenses	872	0	0
Other	9,169	8,694	8,245
TOTAL NON-INTEREST EXPENSE	44,246	42,883	39,801
Income Before Income Taxes	28,225	26,075	23,308
Income Taxes	5,646	10,826	7,007
NET INCOME	\$22,579	\$15,249	\$16,301
NET INCOME PER COMMON SHARE:			
Basic	\$2.60	\$1.76	\$1.89
Diluted	\$2.59	\$1.76	\$1.89
AVERAGE COMMON SHARES OUTSTANDING:			
Basic	8,698,014	8,641,717	8,611,507
Diluted	8,708,462	8,660,628	8,621,241

Annual Meeting

The 2018 Annual Meeting of Shareholders of American National Bankshares Inc. will be held on Tuesday, May 21, 2019, at 9 a.m. (EDT) at The Wednesday Club, 1002 Main Street, Danville, VA.

Stock Listing

The common stock of American National Bankshares Inc. (the “Company”) is traded on the NASDAQ Global Select Market under the symbol “AMNB.”

Shareholder Inquiries

Shareholders needing information on stock transfer requirements, lost certificates, dividends, the dividend retirement plan and other shareholder matters may contact:
Computershare Inc.
PO Box 30170
College Station, TX 77842
800.368.5948

General Corporate Information

Independent Auditors

Yount, Hyde & Barbour PC
50 South Cameron Street
Winchester, VA 22601

Regulatory and Securities Counsel

Williams Mullen
Williams Mullen Center
200 South 10th Street, Suite 1600
PO Box 1320 (23218)
Richmond, VA 23219

Equal Opportunity Employer

American National Bank & Trust Company, a wholly owned subsidiary of American National Bankshares Inc., is an equal opportunity employer. All matters regarding recruiting, hiring, training, compensation, benefits, promotions, transfers and all other personnel policies will remain free from discriminatory practices.

This Report

The American National Bankshares Inc. 2018 Summary Annual Report is presented in a summary format to provide information regarding the performance of the Company in a manner that is meaningful and useful to the widest range of readers. The audited consolidated financial statements of the Company and other more detailed analytical information regarding the Company are contained in the 2018 Annual Report on Form 10-K filed with the Securities and Exchange Commission.

Investor Relations & Financial Statements

A copy of the Company’s annual reports on Form 10-K and quarterly reports on Form 10-Q, as filed with the Securities and Exchange Commission, are available without charge to shareholders upon written request and are also available on our website, amnb.com. Those with requests for this or other financial information about American National Bankshares Inc. should contact:
American National Bankshares Inc.
Investor Relations
PO Box 191
Danville, VA 24543
800.240.8190



Virginia

- DANVILLE**
(Bank & Company headquarters)
- BEDFORD**
- CHATHAM**
- CHRISTIANSBURG**
- GRETNA**
- LYNCHBURG**
- MARTINSVILLE**
- RIDGEWAY**

- ROANOKE**
(VA Banking headquarters)
- ROCKY MOUNT**
- SALEM**
- SOUTH BOSTON**
- UNION HALL**

North Carolina

- BURLINGTON**
- GRAHAM**
- GREENSBORO**
(NC Banking headquarters)
- MEBANE**
- WINSTON-SALEM**
- YANCEYVILLE**

Forward-Looking Statements

This Summary Annual Report may contain “forward-looking statements” within the meaning of federal securities laws that involve significant risks and uncertainties. Statements herein are based on certain assumptions and analyses by the Company and are factors it believes are appropriate in the circumstances. Actual results could differ materially from those contained in or implied by such statements for a variety of reasons including, but not limited to: financial market volatility including the level of interest rates could affect the values of financial instruments and the amount of net interest income earned; general economic or business conditions, either nationally or in the market areas in which the Company does business, may be less favorable than expected, resulting in deteriorating credit quality, reduced demand for credit, or a weakened ability to generate deposits; competition among financial institutions may increase and competitors may have greater financial resources and develop products and technology that enable those competitors to compete more successfully than the Company; businesses that the Company is engaged in may be adversely affected by legislative or regulatory changes, including changes in accounting standards; the ability to retain key personnel; the failure of assumptions underlying the allowance for loan losses; and risks associated with mergers, acquisitions, and other expansion activities. Consequently, all forward-looking statements made herein are qualified by these cautionary statements and the cautionary language in the Company’s most recent Form 10-K report and other documents filed with the Securities and Exchange Commission. American National Bankshares Inc. does not undertake to update forward-looking statements.

| Bigger. Better. Stronger. Together. |

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