

# 2021 SUMMARY ANNUAL REPORT

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*The 2021 Summary Annual Report is in memory of Jim Motley,  
President of American National Bank from 1980 – 1992*



**James A. Motley**  
(1928 – 2021)

#### **FORWARD LOOKING STATEMENTS**

Statements made in this Summary Annual Report, other than those concerning historical financial information, may be considered forward-looking statements, which speak only as of the date of this release and are based on current expectations and involve a number of assumptions. American National intends such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995 and is included in this statement for purposes of these safe harbor provisions. American National's ability to predict results, or the actual effect of future plans or strategies, is inherently uncertain. Factors that could have a material effect on the operations and future prospects of American National include but are not limited to: (1) the impacts of the ongoing COVID-19 pandemic and the associated efforts to limit the spread of the virus; (2) expected revenue synergies and cost savings from acquisitions and depositions; (3) changes in interest rates, general economic conditions, legislation and regulation, and monetary and fiscal policies of the U.S. government, including policies of the U.S. Treasury, Office of the Comptroller of the Currency and the Board of Governors of the Federal Reserve System; (4) the quality and composition of the loan and securities portfolios, demand for loan products, deposit flows, competition, and demand for financial services in American National's market areas; (5) the adequacy of the level of the allowance for loan losses, the amount of loan loss provisions required in future quarters, and the failure of assumptions underlying the allowance for loan losses; (6) cybersecurity threats or attacks, the implementation of new technologies, and the ability to develop and maintain secure and reliable electronic systems; (7) accounting principles, policies, and guidelines; and (8) other risk factors detailed from time to time in filings made by American National with the Securities and Exchange Commission. American National undertakes no obligation to update or clarify these forward-looking statements, whether as a result of new information, future events or otherwise.

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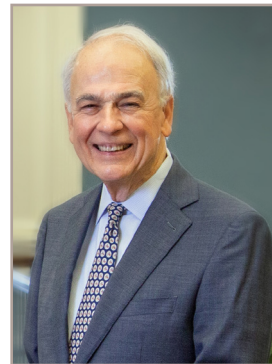
# TO OUR SHAREHOLDERS

In February of this year, we celebrated the 113th birthday of American National. Our founders and those who followed them managed through many challenges including World War I, World War II, the Great Depression, and other historical events. We are not sure if they could have imagined where the bank would be today, or the challenges it's faced during the past two years.

In March of 2020, a global pandemic began that impacted our customers and staff in a profound way. At its onset, we established four goals: (1) to keep our staff safe; (2) to serve our customers' needs; (3) to protect the financial performance of the bank; and finally, (4) to ensure the stock of AMNB continues to perform better than our peers. We are pleased that each of these goals was achieved, and we feel quite positive about our position as we move forward.

2021 was an exceptional year for American National. We achieved record earnings which were largely driven by the Paycheck Protection Program (PPP). Our net income was \$43.5 million in 2021, compared to \$30.0 million in 2020, and our return on average assets was 1.37% compared to 1.08% the prior year. Based on the four goals mentioned above and looking at both years of the pandemic – 2020 and 2021 – as one reporting period, our financial performance has been quite strong.

Our success amid an ever-evolving backdrop can only be attributed to our people – at every level. From the strong team of leaders that helps shape our culture and drive change to those working directly and indirectly to serve our customers, we are proud of everyone who contributed to our strong performance – both operationally and financially – during this period. We continued to adapt to the changes in our industry and beyond. We introduced a new digital banking platform and online customer support center while remaining flexible and responsive to the needs of our customers and employees.



American National's prior three-year strategic plan expired at the end of 2020. With all the changes happening in our industry, across our nation and the world, we took our time to undergo a deeper and more comprehensive process when developing our 2022-2024 strategic plan. The process spanned about a year, working with our Board and Management teams on its contents. We now have a robust plan to guide us for the next three years, broken down into five key pillars to direct our focus: (1) maintain strong financial performance; (2) grow our franchise; (3) enhance the customer experience; (4) achieve operational excellence; and (5) invest in talent and strengthen our culture of success.

To use a single word to describe our direction – it's "evolution." Things are evolving all around us. Not just in financial services, but in our economy, with our society and the focus on diversity, equity, and inclusion (DE&I) and environmental, social, and governance (ESG) and with new customer behaviors and changing attitudes in the workforce. There are different expectations for both customers and employees provoked by the pandemic, and we are evolving as a company to remain relevant and strong as we work to continue to meet those expectations.

American National is, and has been, fortunate to have dedicated individuals involved at all levels of the organization. Over the past year, we have lost three such individuals who helped shape who we are today. Jim Motley was President of the Bank from 1980 to 1992, Landon Wyatt served as a Director from 1965 to 2000 and Brenda Gibson was employed by American National for 46 years. All three of these people contributed to where we are today in very meaningful ways, and we are grateful for the time they shared with us.

Together we have served this Company for 41 years. In that time, we've never felt more positive about what we have done and what we have built to move this company forward for our shareholders, our customers, and our employees. We thank you for your continued support as we propel forward in 2022 and beyond.

Very Truly Yours,

Charley H. Majors  
Chairman of the Board

Jeffrey V. Haley  
President & CEO

↑ **EARNINGS** for 2021 were **\$4.00** per diluted common share, compared to \$2.73 for 2020

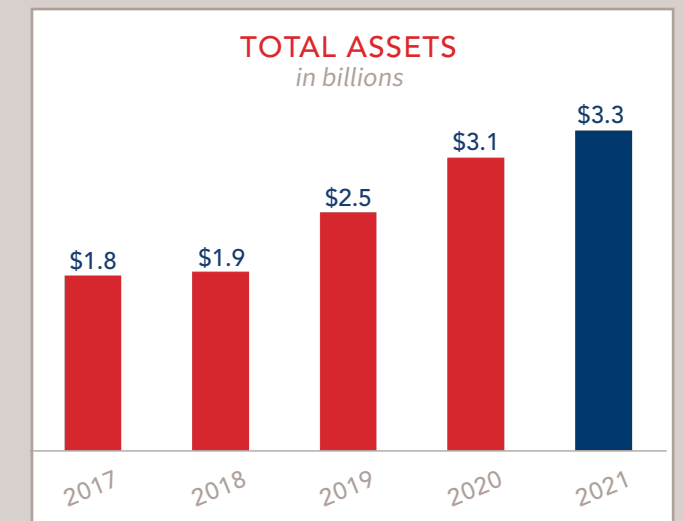
↑ **NONINTEREST INCOME** was \$21.0 million, an increase of \$4.2 million over fiscal 2020

↑ **NET LOANS** (which excludes PPP loans) increased **7.2%** over 2020

↑ **DEPOSITS** increased **10.7%** over 2020, and **CORE DEPOSITS** increased **14.5%** year over year

↑ **TOTAL ASSETS** at December 2021 were **\$3.3 billion**, an increase of \$284.6 million from the prior year

↓ **NON-PERFORMING ASSETS** as a percentage of total assets were **0.07%**, down from 0.12% for fiscal 2020





# PROPEL FORWARD

*As we witness transformation all around us – in banking and beyond – we will be active participants. Our foundation is strong; we will leverage our past success to push through the status quo and embrace change. We will nurture existing relationships at the same time we invest in new initiatives and markets to quickly fuel our growth. Never taking our employees or customers for granted, we will efficiently adapt to their needs and **propel forward**.*



Our new strategic plan contains plenty of action and we have been busy working on many initiatives that align with our goals and values.

Namely, we've adopted a DE&I strategic plan. We are committed to advancing a culture of belonging, with a focus on diversity, equity, and inclusion. Not only do we believe the creation of a diverse and inclusive climate is the right thing to do, we believe it's central to our success. A workforce that values

varied perspectives helps encourage innovation and a healthy, open culture while strengthening connections with our customers and communities. We challenge ourselves daily to be and do better at nurturing the equitable and inclusive employment experience necessary for all to succeed and thrive.

We are also embracing environmental, social and governance (ESG) as we believe it will become increasingly central to our industry. We are working

to understand and develop our ESG strategies now to be sure it's part of our culture and we remain ahead of social or regulatory expectations. As stated, we take a proactive approach rather than wait for changes to happen.

These items as well as other initiatives and focus areas are outlined in our three-year plan. The plan contains five pillars to direct our focus (shown above), but it can also be summed up in one word: **EVOLUTION.**



# LIVING OUR VALUES



*Left: Our Rocky Mount team donating food to their local United Way. Above: Roanoke-based EVPs Eddie Martin and Luthera Smith presenting TAP with a donation. Below: Martinsville banker, Doreen Fickel reading to Albert Harris E.S. students for the Virginia Reads One Book program. Right: Our Burlington team proudly displays their angel gifts at Christmas.*



## CHARLEY MAJORS ACHIEVEMENT AWARD WINNER

**CASEY STOWE**, Customer Support Supervisor, assumed a new leadership role to launch our customer support center and she didn't miss a beat. With her leadership, she and her team have successfully handled thousands of customer support requests – both online and offline – in the first few months of the center's launch. Casey's patient and helpful attitude creates fans among our customers and teammates with each interaction she has.



## BILL TRAYNHAM OUTSTANDING SERVICE AWARD WINNER

**JAINA KENT**, Digital Solutions Specialist, is known for her superb service to customers, both internal and external. People value her can-do attitude and how she goes above and beyond to serve our customers at a moment's notice, before hours, and after hours, and even if its their 5th or 6th time calling. Jaina always answers the phone with a "smile" and will dig down deep to help you find the answers you need.

## COMMUNITY CHAMPION AWARD WINNER

**STETSON FRANKLIN**, Danville Relationship Banker, was named our Community Champion award winner. Stetson proudly attends many community events and often takes on a leadership role. He has a passion for volunteering in the community he calls home, as evident by serving as Kiwanis Club President, team leader in the Danville Heart Walk, leader in the Community Holiday Meal, as well as staying active in his church and many other community events.

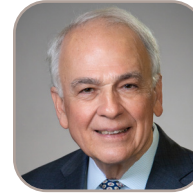




# BOARD OF DIRECTORS



**Nancy Howell Agee**  
President & CEO  
Carilion Clinic  
Director since 2019  
Committees 2, 3, 6



**Charles H. Majors**  
Chairman of the Board  
American National Bankshares Inc.  
American National Bank & Trust Company  
Director since 1981  
Committees 6, 7



**Tammy Moss Finley**  
Executive Vice President and  
General Counsel  
Advance Auto Parts, Inc.  
Director since 2017  
Committees 4, 5, 6, 8



**Ronda M. Penn**  
Chief Financial Officer  
Plexus Capital, LLC  
Director since 2015  
Committees 1, 2, 6



**Jeffrey V. Haley**  
President & CEO  
American National Bankshares Inc.  
American National Bank & Trust Company  
Director since 2012  
Committee 7



**Dan M. Pleasant**  
Chief Operating Officer  
The Dewberry Companies Inc.  
Director since 2011  
Committees 3, 4, 6



**Michael P. Haley**  
Retired Advisor  
Fenway Partners, LLC  
Director since 2002  
Committees 1, 2, 3, 4, 6



**Joel R. Shepherd**  
President  
Virginia Home Furnishings, Inc.  
220 Self Storage Inc.  
Director since 2015  
Committees 1, 2, 6



**Charles S. Harris**  
Retired Assistant to the President for  
External Relations  
Averett University  
Director since 2008  
Committees 1, 5, 6



**Susan K. Still**  
Retired President & CEO  
HomeTown Bank  
Director since 2019  
Committees 5, 7



**F. D. Hornaday, III**  
President & CEO  
Knit Wear Fabrics, Inc.  
Director since 2011  
Committees 3, 6, 7



**John H. Love**  
Retired President & Chief Operating Officer  
W. E. Love & Associates, LLC  
Director since 2011  
Committees 4, 5, 6

## BOARD COMMITTEES

- |   |                                   |
|---|-----------------------------------|
| 1. Audit                                | 5. Risk & Compliance              |
| 2. Capital Management                   | 6. Stock Grant & Options          |
| 3. Corporate Governance<br>& Nominating | 7. Trust                          |
| 4. Human Resources &<br>Compensation    | 8. Sub-committee on<br>Technology |

# EXECUTIVE TEAM

## AMERICAN NATIONAL BANKSHARES INC.



**Jeffrey V. Haley**  
President  
Chief Executive Officer

## AMERICAN NATIONAL BANK & TRUST COMPANY



**Jeffrey W. Farrar**  
Chief Operating Officer  
Chief Financial Officer



**Edward C. Martin**  
Chief Administrative  
Officer

## AMERICAN NATIONAL BANK & TRUST COMPANY



**Rhonda P. Joyce**  
Co-Head of Banking -  
Commercial



**Alex Jung**  
Co-Head of Banking -  
Consumer & Financial Services



**Mark A. Smith**  
Chief Credit Officer



**Lutheria H. Smith**  
Chief Human Resources Officer



**Charles T. Canaday, Jr.**  
Regional President



**John H. Settle, Jr.**  
President, Wealth Management

# STATE BANKING BOARD MEMBERS

## VIRGINIA

**Rick J. Barker**  
Supply Resources  
Danville

**Nancy A. Hubbard**  
University of Lynchburg  
Lynchburg

**Nathaniel L. Bishop**  
Virginia Tech Carilion  
School of Medicine  
Christiansburg

**John D. Lugar**  
Virginia Varsity  
Transfer & Storage  
Roanoke

**J. Brian Burton**  
J. E. Burton  
Construction  
South Boston

**Monica T. Monday**  
Gentry Locke  
Attorneys  
Martinsville

**Timothy J. Clark**  
Blair Construction Inc.  
Gretna

**William C. Vaughn**  
J&R Management, Inc.  
Martinsville

**William J. Farrell, II**  
Berglund Automotive  
Group  
Roanoke

**Barton J. Wilner**  
Entre Computer  
Roanoke

**Elizabeth K. Hammond**  
Cobblestone Milk Coop-  
erative & Mountain View  
Farms of Virginia, LLC  
Roanoke

## NORTH CAROLINA

**Dr. Yun L. Boylston**  
Burlington Pediatrics  
Burlington

**R. Aubrey Linville, III**  
Linville Team Partners  
Winston-Salem

**Thomas E. Chandler, Jr.**  
Chandler Concrete  
Company Inc.  
Burlington

**Richard H. Ramsey**  
New Page Capital  
Greensboro

**James B. Crouch, Jr.**  
Harris, Crouch Financial  
Burlington

**Adrian T. Smith**  
Ice Age Management  
Greensboro

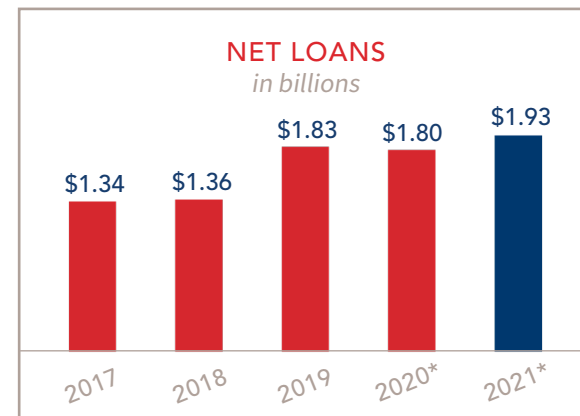
**J. Nathan Duggins, III**  
Tuggle Duggins P.A.  
Greensboro

**Stephen T. Williams, Jr.**  
Williams Development  
Group  
Winston-Salem

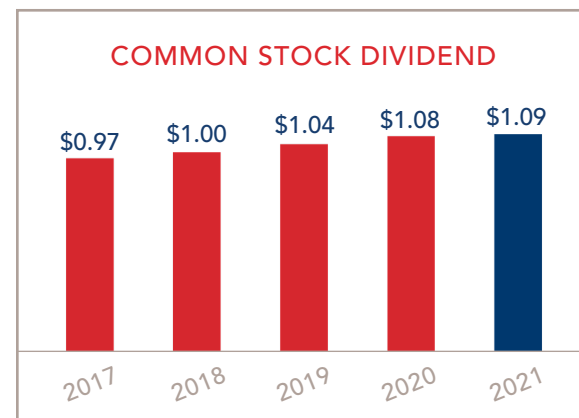
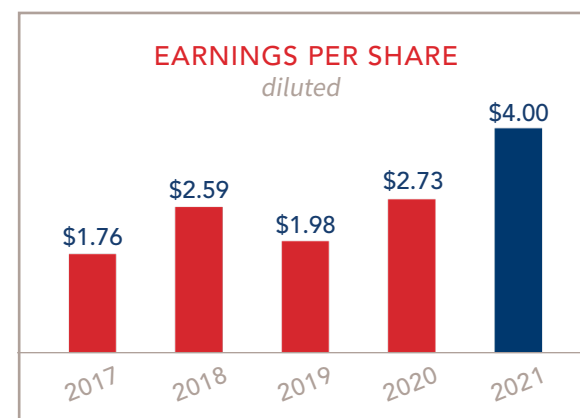
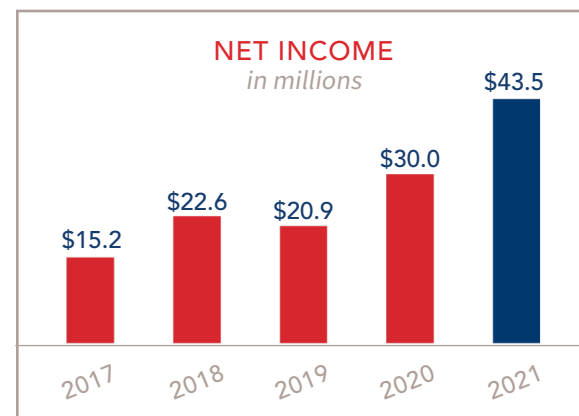
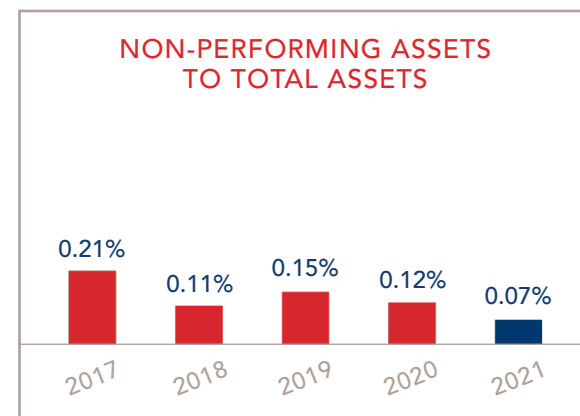
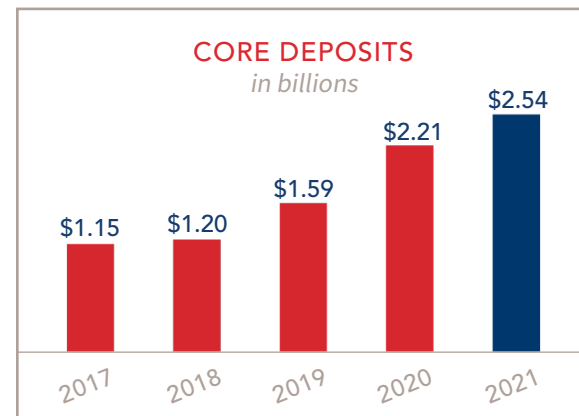


# FINANCIAL HIGHLIGHTS

for the year ended December 31 (Dollars in thousands except for share and per share data)



\*excludes PPP loans



## RESULTS OF OPERATIONS

	2021	2020	2019	2018	2017
Interest income	\$95,796	\$95,840	\$92,855	\$68,768	\$63,038
Interest expense	5,405	12,020	15,728	9,674	7,291
Net interest income	90,391	83,820	77,127	59,094	55,747
Provision for (recovery of) loan losses	(2,825)	8,916	456	(103)	1,016
Noninterest income	21,031	16,843	15,170	13,274	14,227
Noninterest expense	59,008	54,565	66,074	44,246	42,883
Income before income tax provision	55,239	37,182	25,767	28,225	26,075
Income tax provision	11,713	7,137	4,861	5,646	10,826
Net income	43,526	30,045	20,906	22,579	15,249

## FINANCIAL CONDITION

	2021	2020	2019	2018	2017
Assets	\$3,334,597	\$3,050,010	\$2,478,550	\$1,862,866	\$1,816,078
Loans, net of unearned income	1,946,580	2,015,056	1,830,815	1,357,476	1,336,125
Securities	700,523	474,806	387,825	339,730	327,447
Deposits	2,890,353	2,611,330	2,060,547	1,566,227	1,534,726
Shareholders' equity	354,792	337,894	320,258	222,542	208,717
Shareholders' equity, tangible	265,117	246,755	228,528	177,744	163,654

## PER SHARE INFORMATION

	2021	2020	2019	2018	2017
Earnings per share, basic	\$4.00	\$2.74	\$1.99	\$2.60	\$1.76
Earnings per share, diluted	4.00	2.73	1.98	2.59	1.76
Cash dividends paid	1.09	1.08	1.04	1.00	0.97
Book value	32.95	30.77	28.93	25.52	24.13
Book value, tangible	24.62	22.47	20.64	20.38	18.92

	2021	2020	2019	2018	2017
Average common shares outstanding, basic	10,873,817	10,981,623	10,531,572	8,698,014	8,641,717
Average common shares outstanding, diluted	10,877,231	10,985,790	10,541,337	8,708,462	8,660,628

## SELECTED RATIOS

	2021	2020	2019	2018	2017
Return on average assets	1.37%	1.08%	0.91%	1.24%	0.87%
Return on average equity	12.50%	9.12%	7.16%	10.56%	7.34%
Return on average tangible equity	17.34%	13.19%	10.43%	13.49%	9.59%
Dividend payout ratio	27.17%	39.41%	52.45%	38.54%	54.98%
Efficiency ratio	51.05%	52.80%	57.25%	59.20%	60.14%
Net interest margin	3.05%	3.30%	3.68%	3.49%	3.50%

## ASSET QUALITY RATIOS

	2021	2020	2019	2018	2017
Allowance for loan losses to period-end loans	0.96%	1.06%	0.72%	0.94%	1.02%
Allowance for loan losses to period-end non-performing loans	840.59%	793.88%	570.59%	1,101.98%	531.37%
Non-performing assets to total assets	0.07%	0.12%	0.15%	0.11%	0.21%
Net charge-offs to average loans	(0.01%)	0.03%	0.01%	0.05%	0.02%

## CAPITAL RATIOS

	2021	2020	2019	2018	2017
Total risk-based capital ratio	14.61%	15.18%	14.04%	15.35%	14.39%
Common equity tier 1 capital ratio	12.43%	12.36%	11.56%	12.55%	11.50%
Tier 1 risk-based capital ratio	13.73%	13.78%	12.98%	14.46%	13.42%
Tier 1 leverage ratio	9.13%	9.48%	10.75%	11.62%	10.95%
Tangible equity to tangible assets ratio	8.17%	8.34%	9.57%	9.78%	9.24%

for the year ended December 31 (Dollars in thousands except for share and per share data)

# SHAREHOLDER INFORMATION

## ANNUAL MEETING

The 2022 Annual Meeting of Shareholders of American National Bankshares Inc. will be held at The Wednesday Club at 1002 Main Street, Danville, Virginia 24541 on Tuesday, May 17, 2022, at 9 a.m. (EDT).

## 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 reinvestment plan and other shareholder matters may contact:

Computershare Inc.  
PO Box 30170  
College Station, TX 77842  
800.368.5948

## 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. 2021 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 2021 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







[amnb.com](http://amnb.com)

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