



2022 SUMMARY ANNUAL REPORT



EVOLVING WITH PURPOSE AND RELEVANCE



In loving memory of:

Charles Somerville Harris

1951-2022

The 2022 Summary Annual Report is dedicated to Charles Somerville Harris, who served as a director of American National Bankshares since 2008.

FORWARD LOOKING STATEMENTS

Statements made in this release, 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 including 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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LETTERS TO OUR SHAREHOLDERS

Dear Shareholders,

At the conclusion of the Annual Shareholders' Meeting in May, I will retire as Chair of the Board, having served over forty-one years as a member of the Board. The first eleven was as an independent director and the last thirty while serving sequentially as President, Chief Executive Officer, Executive Chair and now non-executive Chair of the Board.

What a journey this has been! Let's look at some comparative statistics over these mileposts.

When I joined the Board of Directors in September 1981, the Bank had assets of less than \$100 million. When I joined the executive team as President in 1993, assets were approximately \$240 million. Today, assets of your company exceed \$3 billion.

Annual earnings in 1981 were \$1.2 million. In 1993, earnings had grown to \$3.3 million and last year in 2022, earnings were \$34.4 million.

In 1981, as well as in 1993, the Bank had six offices – all in the City of Danville. We now have twenty-six banking offices in 11 distinct markets in Virginia and North Carolina.

How did we have such growth in assets, earnings and offices? First and foremost, we have adapted to the necessary changes to be relevant and successful as we became a regional community financial institution. Those changes had to be made while retaining our corporate culture which has attracted and retained customers, employees and shareholders. We used

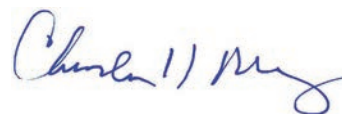
a strategy consisting of organic growth in our legacy markets, while also entering new growth markets through branch acquisitions, de novo branching, and mergers and acquisitions.

Successful execution of that strategy required a strong team. As we have grown, we had long-tenured employees, balanced with new teammates who liked what they saw and chose to join us. We have always had a board of directors who provided positive strategic advice and who represented our shareholders wisely. And importantly, we have shareholders who believe in American National and who have supported us – often as customers as well as “owners.”

I have always felt that any success I have helped to bring to the Bank and the Company would be measured greatly on whether we had an effective transition of leadership as I leave. I feel we have met that goal. I strongly believe that we have executive leadership up to the task for future success. I am also confident that the Board consists of strong and dedicated business and community leaders who represent your interests appropriately and wisely.

It has been a privilege to serve as director, President, CEO, and Board Chair for you. I thank you for the opportunity.

Sincerely,



Charles H. Majors
Chairman of the Board



Board Chairman Charley Majors (left)
and President & CEO Jeffrey Haley (right)

Dear Shareholders,

American National is evolving. We are evolving our operations. We are evolving our customer experience. We are evolving our talent and leadership. We are not just evolving for evolution's sake; we are evolving with purpose and relevance.

Succession planning is critical to any company's evolution and something we continue to take very seriously at all levels of the bank. We have done tremendous work in this area and specifically at the board level. We were extremely saddened to lose a valuable, longtime director, Charles Harris in December of 2022. Charles served as a director at American National since 2008 with numerous contributions to our Company, most recently serving as Chair of our Audit Committee. He was an amazing person and we remain grateful for the time he shared with us.

As we work to maintain a strong board, we added two directors, William Farrell and Nathan Duggins, both of whom were members of our state banking boards. William was a director with HomeTown Bank, the bank we acquired in April 2019, and has remained involved as a member of our Virginia State Banking Board. He is President of Berglund Automotive, which operates 12 dealerships representing 25 brands in Virginia. Nathan has been a key member of our North Carolina State Banking Board since its inception. He is Managing Partner of Tuggle Duggins in Greensboro, a firm founded in 1974 that serves domestic and international clients in a wide assortment of industries.

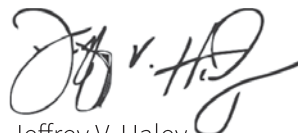
The completion of Charley Majors's final board term this May marks a significant leadership evolution for the Company. Charley succeeded James Motley as President. Charley gets a lot of credit for where this company is today. He oversaw our expansion to other markets including our purchase of a branch in Yanceyville, North Carolina, making American National the first nationally chartered bank in history to purchase a branch across state lines. We became listed on NASDAQ, we adopted an online banking platform, we completed multiple acquisitions, growing to over \$3.0 billion in assets during his entire 41-year tenure. Those who know Charley know what an exceptional leader and person he is. Our Company and communities have benefited from the many roles he has played during his time here and including the impact he has had as a mentor to me.

I am very pleased with our financial performance and how it compares to prior years and the overall industry. In comparison to 2021, which was a record year driven by the Paycheck Protection Program and its associated revenue, I would like to recognize that 2022 was also a successful year for American National. You can see our financial highlights on page 10 of this report along with the following notable accomplishments. We realized \$34.4 million in net income and \$3.23 earnings per share. We achieved significant loan growth with \$239.9 million in loans, an increase of 12.3% over December 2021 and our credit quality remained very strong. Some key ratios as of December 31, 2022 are as follows: Return on average assets was 1.07%, Return on common tangible equity was 14.56% and our efficiency ratio remained low at 57.37%. Overall, 2022 was strong and we were pleased to offer an increase to our dividend again.

At the start of 2023, our local economies remain fairly stable in spite of factors associated with elevated inflation and rising rates. Like other financial institutions, deposits remain a primary focus for us. While we work to grow our balance sheet, we remain committed to the pillars in our strategic plan as we evolve our company. Those pillars are: 1. grow our franchise; 2. enhance the customer experience; 3. achieve operational excellence; and 4. strengthen our culture and talent. As we strategically evolve the bank, we remain steadfast on 5. maintaining strong financial performance.

Of course, none of this evolution is possible without the support of our stakeholders. I remain appreciative of the efforts of our employees and the support of our customers and shareholders. American National was named one of the "Best Banks to Work For" by American Banker for the third consecutive year. This achievement is a testament to our efforts to provide a great workplace culture. It is this committed workforce along with our strong Board of Directors that will help prepare the Company for future growth and success. That is how we are evolving with purpose and relevance.

Sincerely,



Jeffrey V. Haley
President & CEO

One of the greatest joys serving a community as its hometown bank is **seeing its people and businesses grow and thrive, generation after generation.**

Our charge in helping them these many years is twofold: staying true to the values that have guided our success, while also adapting our services and operations to meet the needs of our customers – both for today and tomorrow.

It's this marriage of **steadfastness and purposeful evolution** that has allowed us to be such a trusted financial partner to countless individuals and businesses for 114 years, a theme that was exemplified this past year.



2022-2024: **THREE-YEAR STRATEGIC PLAN**

- Maintain strong financial performance**
- Grow our franchise**
- Enhance the customer experience**
- Achieve operational excellence**
- Invest in talent & strengthen our culture of success**

OUR VALUES

Relationship Focus.

Establishing trust based on respecting others and doing the right thing

Teamwork.

Working as one team, we value diverse perspectives to move us forward together

Reliability.

Doing what we say we are going to do through responsive communication and service

Constant Improvement.

Embracing change as we push ourselves to be better

Authenticity.

Being genuine and practical in our words and actions

2022 HIGHLIGHTS

\$34.4 MILLION

Net Income

\$3.23

Earnings per share

\$239.9 MILLION

In loan growth, an increase of 12.3%

2,097 HOURS

Volunteer hours AMNB employees logged in 2022

“BEST BANKS TO WORK FOR”

Named by *American Banker Magazine*

MAKING A DIFFERENCE

Strengthening our communities is what American National is all about, as we have long understood our bank is only as strong as the communities we serve. From sponsoring community events to volunteering on not-for-profit boards and teaching financial education at local schools, we are committed to help our communities thrive.

In 2022, American National set a volunteer goal of 1,500 community volunteer hours in 2022 for our team, which we greatly exceeded thanks to having a team of people who care about the communities we are privileged to be part of.

2,097

Volunteer hours AMNB employees logged in 2022

11

Virginia & North Carolina communities reached

90

Not-for-profit organizations supported

\$45,879

Employee-matched donations going to local United Way chapters or other health and human service organizations in the AMNB footprint

\$359,660

Dollars given in corporate donations and sponsorships



AWARD-WINNING STAFF



THE CHARLEY MAJORS EMPLOYEE ACHIEVEMENT AWARD

DEBBIE DURHAM, Director of Enterprise Project Office, not only developed the bank's project management department, but also assumed the responsibility of Vendor Management in 2022. She reaches across departmental lines to help the bank successfully implement many key projects that are essential to evolving the company. Debbie is calm and steadfast in her approach and is tireless in her commitment to helping employees and the bank achieve success.

This award is given to the employee who best exemplifies the American National service principles, who is the constant team supporter, who exhibits the "extra mile" of effort and leadership in the face of adversity, and who demonstrates a cheerful spirit of service to customers and co-workers. The recipient will possess an exceptional degree of character, high personal integrity and a sense of service beyond question. All employees are eligible for this award.



THE BILL TRAYNHAM OUTSTANDING SERVICE AWARD

AMBER NIKOLAY, Lending Assistant Manager, exemplifies American National's core values in her day to day actions. Her positive attitude and focus on service is recognized across the bank and among our customers as she consistently exceeds expectations through responsive communication and a commitment to service. As a bank focused on relationships, Amber leads an amazing team of people that work hard to be sure we are consistently meeting and anticipating our customers' needs.

This award is given to a support employee that embodies the characteristics of hard work, perseverance and teamwork. This employee goes above and beyond to help co-workers and does so with a "can-do" attitude. Any employee who works in a support, operational or administrative capacity is eligible for this award.



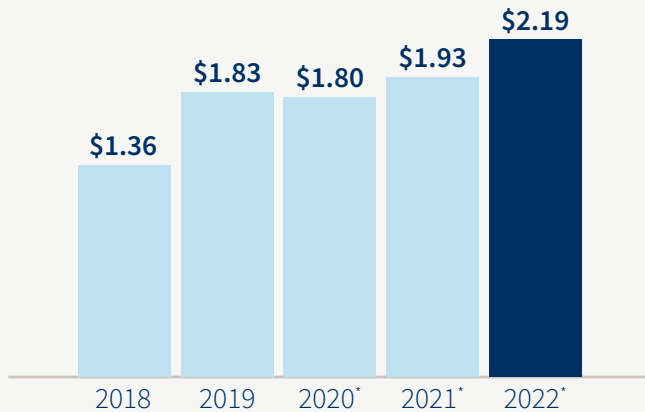
THE COMMUNITY CHAMPION AWARD

ASHLEY MULERO, Customer Support Manager of the Main Office in Danville, has a passion for giving back to the community exceeding her personal goal of 100 volunteer hours in 2022. Some of her efforts included organizing a Movie Night, with donations and food sales benefiting the Danville-Pittsylvania Cancer Association, being named the Danville Heart Walk's 2022 Overall Top Walker by the American Heart Association, helping construct homes for Habitat for Humanity, and teaching financial education at local schools. Her tireless service in the community truly exemplifies what it means to be a community banker.

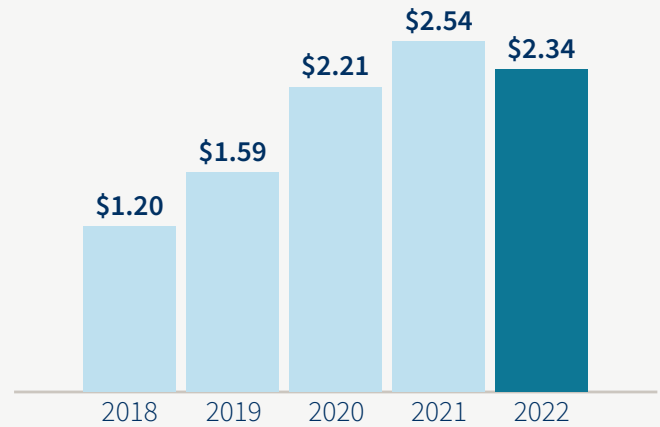
This award given to an employee who gives back to the community in big ways supporting the community through philanthropy and giving of personal time and talents to make the community a better place to live and work.

2022 FINANCIAL HIGHLIGHTS

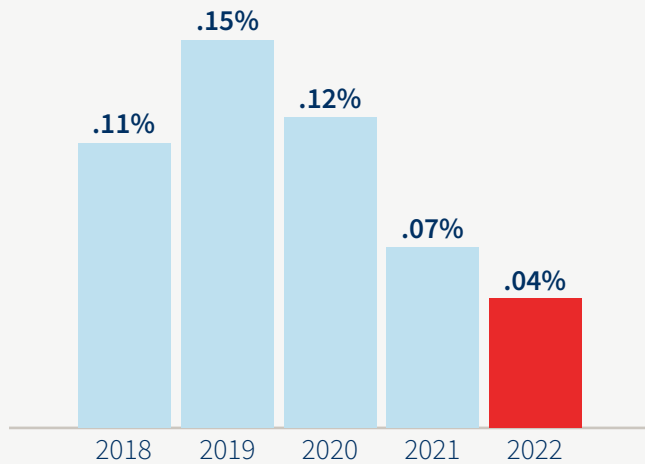
NET LOANS (in billions)



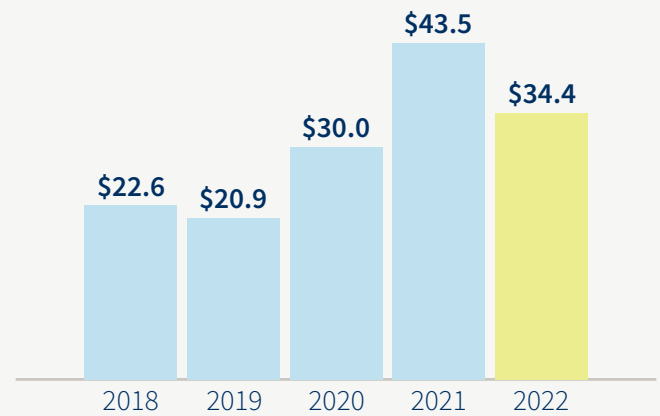
CORE DEPOSITS (in billions)



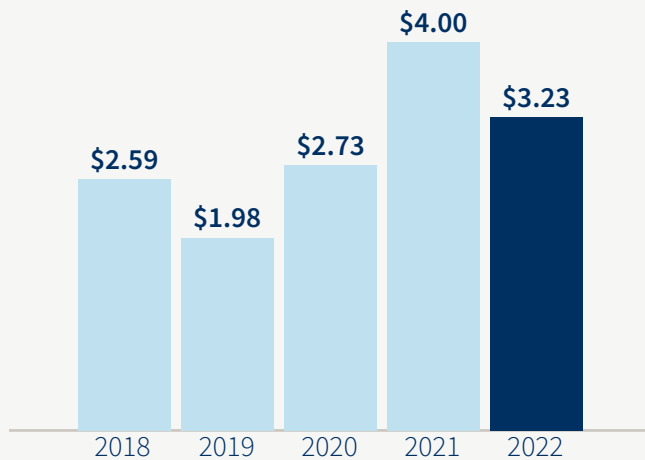
NON-PERFORMING ASSETS TO TOTAL ASSETS



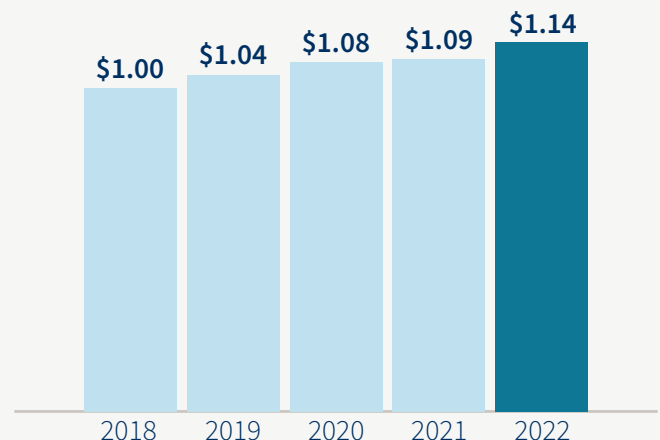
NET INCOME (in millions)



EARNINGS PER SHARE (diluted)



COMMON STOCK DIVIDEND



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

*Excludes PPP loans

	2022	2021	2020	2019	2018
RESULTS OF OPERATIONS					
Interest income	\$96,004	\$95,796	\$95,840	\$92,855	\$68,768
Interest expense	5,766	5,405	12,020	15,728	9,674
Net interest income	90,238	90,391	83,820	77,127	59,094
Provision for (recovery of) loan losses	1,597	(2,825)	8,916	456	(103)
Noninterest income	18,807	21,031	16,843	15,170	13,274
Noninterest expense	64,086	59,008	54,565	66,074	44,246
Income before income tax provision	43,362	55,239	37,182	25,767	28,225
Income tax provision	8,934	11,713	7,137	4,861	5,646
Net income	34,428	43,526	30,045	20,906	22,579
FINANCIAL CONDITION					
Assets	\$3,065,902	\$3,334,597	\$3,050,010	\$2,478,550	\$1,862,866
Loans, net of unearned income	2,186,449	1,946,580	2,015,056	1,830,815	1,357,476
Securities	620,713	700,523	474,806	387,825	339,730
Deposits	2,596,328	2,890,353	2,611,330	2,060,547	1,566,227
Shareholders' equity	321,174	354,792	337,894	320,258	222,542
Shareholders' equity, tangible	232,759	265,117	246,755	228,528	177,744
PER SHARE INFORMATION					
Earnings per share - basic	\$3.23	\$4.00	\$2.74	\$1.99	\$2.60
Earnings per share - diluted	3.23	4.00	2.73	1.98	2.59
Cash dividends paid	1.14	1.09	1.08	1.04	1.00
Book value	30.27	32.95	30.77	28.93	25.52
Book value, tangible	21.94	24.62	22.47	20.64	20.38
Average common shares outstanding, basic	10,672,314	10,873,817	10,981,623	10,531,572	8,698,014
Average common shares outstanding, diluted	10,674,613	10,877,231	10,985,790	10,541,337	8,708,462
SELECTED RATIOS					
Return on average assets	1.07%	1.37%	1.08%	0.91%	1.24%
Return on average common equity	10.36%	12.50%	9.12%	7.16%	10.56%
Return on average tangible equity	14.56%	17.34%	13.19%	10.43%	13.49%
Dividend payout ratio	35.27%	27.17%	39.41%	52.45%	38.54%
Efficiency ratio	57.37%	51.05%	52.80%	57.25%	59.20%
Net interest margin	2.97%	3.05%	3.30%	3.68%	3.49%
ASSET QUALITY RATIOS					
Allowance for loan losses to period-end loans	0.89%	0.96%	1.06%	0.72%	0.94%
Allowance for loan losses to period-end non-performing loans	1,478.08%	840.59%	793.88%	570.59%	1,101.98%
Nonperforming assets to total assets	0.05%	0.07%	0.12%	0.15%	0.11%
Net (recoveries) charge-offs to average loans	0.04%	(0.01)%	0.03%	0.01%	0.05%
CAPITAL RATIOS					
Total risk-based capital ratio	13.67%	14.61%	15.18%	14.04%	15.35%
Common equity tier 1 capital ratio	11.70%	12.43%	12.36%	11.56%	12.55%
Tier 1 risk-based capital ratio	12.86%	13.73%	13.78%	12.98%	14.46%
Tier 1 leverage ratio	10.36%	9.13%	9.48%	10.75%	11.62%
Tangible equity to tangible assets ratio	7.82%	8.17%	8.34%	9.57%	9.78%

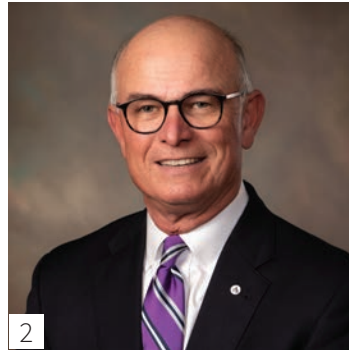
For the year ended December 31 (Dollars in thousands except for share and per share data)

2022 FINANCIALS

¹ Charles H. Majors
Chairman, American National Bankshares Inc., American National Bank & Trust, Danville, VA



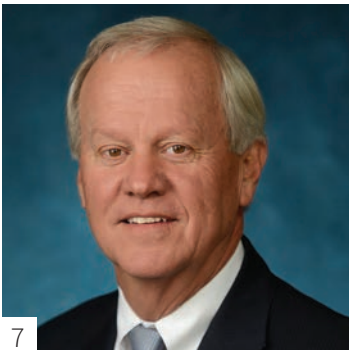
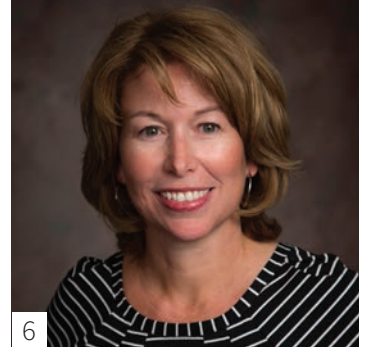
² Jeffrey V. Haley
President & CEO, American National Bankshares Inc., American National Bank & Trust, Danville, VA



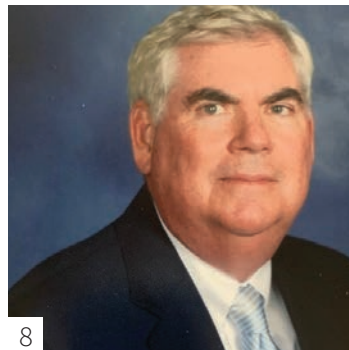
³ J. Nathan Duggins III
Managing Partner, Tuggle Duggins Greensboro, NC



⁴ Nancy Howell Agee
President & CEO, Carilion Clinic Roanoke, VA
⁵ William J. Farrell II
President, Berglund Automotive Roanoke, VA
⁶ Tammy M. Finley
EVP, General Counsel & Corporate Secretary, Advance Auto Parts Inc. Roanoke, VA



⁷ Michael P. Haley
Retired Advisor, Fenway Partners Inc. New York, NY
⁸ F.D. Hornaday III
President & CEO, Knit Wear Fabrics Inc. Burlington, NC
⁹ John H. Love
Retired President & COO, W.E. Love & Associates Inc. Burlington, NC



¹⁰ Dan M. Pleasant
Senior Consultant, The Dewberry Companies Inc. Fairfax, VA
¹¹ Joel R. Shepherd
President, Virginia Home Furnishings Inc. Roanoke, VA
¹² Ronda M. Penn
CFO, Plexus Capital LLC Raleigh, NC



BOARD OF DIRECTORS

EXECUTIVE TEAM



1



2

1 Jeffrey V. Haley
President & Chief Executive Officer
2 Jeffrey W. Farrar
Chief Operating Officer
Chief Financial Officer
3 Edward C. Martin
Chief Administrative Officer



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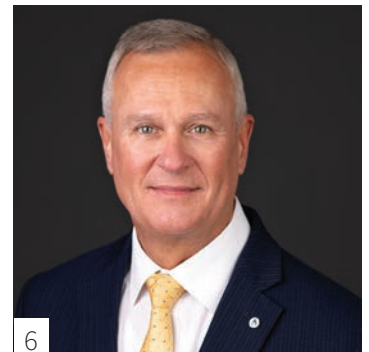


4

4 Rhonda P. Joyce
Co-head of Banking, Commercial
5 Alex Jung
Co-head of Banking, Consumer &
Financial Services
6 Mark A. Smith
Chief Credit Officer



5



6



7



8

7 Lutheria H. Smith
Chief Human Resources Officer
8 Charles T. Canaday Jr.
Regional President
9 John H. Settle Jr.
President, Wealth Management



9



STATE BANKING BOARD MEMBERS

VIRGINIA

Rick J. Barker
Supply Resources
Danville

Nathaniel L. Bishop
Virginia Tech Carilion School of
Medicine
Christiansburg

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

Timothy J. Clark
Blair Construction Inc.
Gretna

Elizabeth K. Hammond
Cobblestone Milk Cooperative
& Mountain View Farms of
Virginia, LLC
Roanoke

Nancy A. Hubbard
University of Lynchburg
Lynchburg

John D. Lugar
Virginia Varsity Transfer & Storage
Roanoke

Monica T. Monday
Gentry Locke Attorneys
Martinsville

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

Barton J. Wilner
Entre Computer
Roanoke

NORTH CAROLINA

Dr. Yun L. Boylston
Burlington Pediatrics
Burlington

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

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

Richard H. Ramsey
New Page Capital
Greensboro

Adrian T. Smith
Ice Age Management
Greensboro

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



SHAREHOLDER INFORMATION

ANNUAL MEETING

The 2023 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 16, 2023, 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. 2022 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 2022 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



AMERICAN NATIONAL
BANK & TRUST COMPANY
800.240.8190 | amnb.com

AMERICAN  NATIONAL

BANKSHARES INC.

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