

VIRGINIA

Danville Main
628 Main Street

Airport
1407 South Boston Road

Nor-Dan
239 Nor-Dan Drive

Piedmont Drive
445 Mount Cross Road

West Main
2016 West Main Street

Bedford
207 North Bridge Street

Chatham
13880 U.S. Highway 29

Collinsville
2484 Virginia Avenue

Gretna
109 Main Street

Lovingston
150 Front Street

Lynchburg Graves Mill
1646 Graves Mill Road

Langhorne Road
2301 Langhorne Road

Timberlake
20479 Timberlake Road

Martinsville
900 Liberty Street

Ridgeway / 220 South
3810 Greensboro Road

South Boston
3609 Old Halifax Road

NORTH CAROLINA

Burlington South Church Street
3101 South Church Street

Cum-Park Plaza
2214 North Church Street

Alamance Regional Medical Center
1240 Huffman Mill Road

Village at Brookwood
1840 Brookwood Avenue

Graham
842 South Main Street

Greensboro Green Valley Road
703 Green Valley Road, Suite 101

Guilford College
5509-A West Friendly Avenue

Mebane
1107 South Fifth Street

Yanceyville
173 Main Street



amnb.com

facebook.com/americanational



AMERICAN NATIONAL
Your Relationship Bank

American National Bankshares Inc.

Others Have Branches.
We Have Roots.

2011 Summary Annual Report

About American National

American National Bankshares Inc. (the “Company”) is a bank holding company with assets of \$1.3 billion. Headquartered in Danville, Virginia, it is the holding company of American National Bank and Trust Company (the “Bank”), a community bank serving Central and Southside Virginia, as well as Piedmont North Carolina with 25 banking offices. The Bank also manages an additional \$532 million in its Trust & Investment Services division.

American National Bank and Trust Company provides a full array of financial products and services, including personal and business banking, trust and investment services, and mortgage and insurance services. Electronic banking solutions range from a convenient ATM network and check and debit cards to real-time Online Banking, Online Bill Pay and Telephone Banking.

Chartered in 1909, American National celebrates deep roots as it enters its 104th year of operation. It has grown from a single office on Main Street in Danville to a regional, progressive financial institution with a footprint that now reaches Piedmont North Carolina due to the 2011 acquisition of MidCarolina Bank. Though growth has been significant, the focus of building relationships through quality financial services with exceptional customer service has remained constant.

Today, American National continues to operate under a strong community bank philosophy as a leader in charitable and civic support. Many employees also serve on the boards of civic organizations throughout the Bank’s market area.

Additional information is available on the Bank’s website at *amnb.com*. Shares of the Company are traded on the NASDAQ Global Select Market under the symbol “AMNB.”



Main Street Office
Danville, VA

Table of Contents

Letter from the Chairman	2
Letter from the President	3
Financial Highlights	4
Balance Sheet	6
Statement of Income	7
Bank Executive Group	8
Board of Directors and Officers	9
Advisory Boards	10
Our Strategic Priorities for 2012	11
Market Coverage	12
General Information	13

Annual Meeting

The 2012 Annual Meeting of Shareholders of American National Bankshares Inc. will be held Tuesday, May 15, 2012, at 9 a.m. Eastern Time, at The Wednesday Club, 1002 Main Street, Danville, Virginia.

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: changes in interest rates; changes in accounting principles, policies, or guidelines; significant changes in the economic scenario; significant changes in regulatory requirements; and significant changes in securities markets. 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 to reflect circumstances or events that occur after the date the forward-looking statements are made.

The Report

The American National Bankshares Inc. 2011 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 2011 Annual Report on Form 10-K filed with the Securities and Exchange Commission.



Liberty Street Office
Martinsville, VA

Letter from the Chairman

April 13, 2012

To Our Shareholders:

Without doubt, 2011 was an exciting and transformative year for our Company and our Bank. On July 1, 2011, we finalized the merger of MidCarolina Financial Corporation into our Company in an all-stock transaction. We also merged MidCarolina Bank into our Bank. The effect of these actions was the creation of a multi-state banking organization with total assets of more than \$1.3 billion.

With 25 banking offices and two loan production offices in southern and central Virginia and north central North Carolina, we now have more than \$800 million in loans and more than \$1 billion in deposits. In my opinion, we also have the best community bankers in the industry. Every day, we are ready and eager to grow our exemplary community bank for the 21st century so we can serve our customers and help grow our local markets.

Earnings for 2011 were strong. Our net income available to common shareholders was \$11.5 million for 2011, compared to \$8.3 million for the prior year, an increase of 39%. Earnings per common share, basic and diluted, were \$1.64 for 2011 compared to \$1.35 for 2010. This net income produced for 2011 a return on average assets of 1.07%, a return on average equity of 8.88%, and a return on tangible equity of 12.97%.

Our capital ratios remain strong and exceed all regulatory minimums for “well-capitalized” banking organizations. For the quarter ended December 31, 2011, average shareholders' equities were 11.59% of average assets. Our book value per common share was \$19.58 at year-end of 2011, compared to \$17.64 for the same date in 2010. Our tangible book value per common share increased from \$13.76 at the end of 2010 to \$13.86 at December 31, 2011. We were recently recognized by *Bank Director* magazine for being in the top 20 U.S. banks for management of our capital.

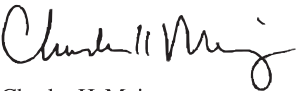
Pursuant to the Directors' Retirement Policy, long-time directors H. Dan Davis and E. Budge Kent, Jr., retired at the 2011 Annual Shareholders' Meeting. We thank them both for their valued service.

In 2011, we added four new directors. Dan M. Pleasant joined the boards of the Company and the Bank in January. In July upon the completion of the MidCarolina merger, we added three directors from the MidCarolina board. They are F.D. Hornaday, III, John H. Love, and Robert W. Ward. In addition, the former chairman of the board of MidCarolina, James R. Copland, III, was appointed Director Emeritus. They are all making significant contributions to our “new” organization.

We are continuing successfully our CEO transition plan. In December 2011, Jeff Haley, our Bank President since June 2010, was named President of the Company and President and Chief Executive Officer of the Bank, effective January 1, 2012. He has assumed operational responsibility for the Bank. He was also named as a member of the Company's Board of Directors, effective January 1, 2012. He has done a great job as Bank President, and I have no doubt that he will do the same in his new role as Bank CEO. I was named Chairman of the Company, continue as Chief Executive Officer of the Company, and remain as Chairman of the Bank.

The board and management are mindful of your investment of capital in our organization. We appreciate your support, your patronage, and your willingness to invest in the Company. It is critical to our ongoing success. You continue to have our commitment to do all in our power to manage it prudently and appropriately.

Very Truly Yours,



Charles H. Majors
Chairman & Chief Executive Officer
American National Bankshares Inc.
Chairman
American National Bank and Trust Company



Charles H. Majors
Chairman



Jeffrey V. Haley
President

Letter from the President

April 13, 2012

To Our Shareholders:

When I think of the year 2011 at American National Bank and Trust Company, two words come to mind: expansion and enrichment. A flurry of activity has positioned us well to continue as a leading community bank offering new products, innovative services, and increased banking locations.

Our Expansion

Just as a tree's branches and roots expand as a natural sign of life, so do the branches of a successful community bank. We are fortunate to have encountered such achievement on two fronts.

First, our physical growth peaked on July 1, 2011, as we completed the merger with MidCarolina Bank in North Carolina. This acquisition brought eight more banking offices into the fold, expanding American National's footprint to include Burlington, Graham, and Mebane—bedroom communities for the high-growth Triad and Triangle regions—as well as our new largest market, Greensboro. American National's total assets now stand at approximately \$1.3 billion.

Secondly, we have expanded our strategic focus to continue building for the future. After a series of discussions with employees and directors, we created five important aspirational and directional statements to live and work by: our focus, vision, mission, guiding principles, and core values (page 8). We feel that by living out these tenets of our brand on a daily basis, we will achieve our strategic goals and priorities going forward.

Our Enrichment

Trees require a rich, fertile soil in order to grow. In order to continue to expand, American National must also ensure that our processes, resources, and offerings—our “soil”—are at their peak. That's why we invested much time in 2011 to evaluate our current state and to map out ways to enhance and enrich our business model, operations, and services—all through a comprehensive, three-year Strategic Plan. By attaining the strategic priorities on page 11, we hope to fulfill our commitment to serve customers as a high-performing bank.

I believe one catalyst of deep enrichment for us will be our new core system that we adopted in February 2012 as part of our plans to execute our sixth strategic priority (continuous process improvement for operational excellence and high profitability). Over a year-long process, we converted to a system we feel will provide flexibility, user-friendliness, and deep functionality. A modern advancement for customers lies in real-time banking across all of our access points (the teller line, Online Banking, Telephone Banking, and Automated Teller Machines).

In closing, let me thank you for your part in helping American National become a 21st century, high-performing bank. We look forward to continued enrichment and new opportunities in 2012.

Sincerely,



Jeffrey V. Haley
President
American National Bankshares Inc.
President & Chief Executive Officer
American National Bank and Trust Company

Financial Highlights

(Amounts in thousands, except per share information and ratios)

	December 31,				
	2011	2010	2009	2008	2007
Results of Operations:					
Interest income	\$ 49,187	\$ 35,933	\$ 38,061	\$ 42,872	\$ 48,597
Interest expense	8,780	8,719	10,789	15,839	19,370
Net interest income	40,407	27,214	27,272	27,033	29,227
Provision for loan losses	3,170	1,490	1,662	1,620	403
Noninterest income	9,244	9,114	8,518	8,002	8,816
Noninterest expense	30,000	23,379	24,793	22,213	21,320
Income before income tax provision	16,481	11,459	9,335	11,202	16,320
Income tax provision	4,910	3,181	2,525	3,181	4,876
Net income	\$ 11,571	\$ 8,278	\$ 6,810	\$ 8,021	\$ 11,444
Financial Condition:					
Assets	\$ 1,304,706	\$ 833,664	\$ 808,973	\$ 789,184	\$ 772,288
Loans, net of unearned income	824,758	520,781	527,991	571,110	551,391
Securities	339,385	235,691	199,686	140,816	157,149
Deposits	1,058,754	640,098	604,273	589,138	581,221
Shareholders' equity	152,829	108,087	106,389	102,300	101,511
Shareholders' equity, tangible (a)	108,189	84,299	82,223	77,757	76,591
Per Share Information:					
Earnings per share, basic	\$ 1.64	\$ 1.35	\$ 1.12	\$ 1.32	\$ 1.86
Earnings per share, diluted	1.64	1.35	1.12	1.31	1.86
Cash dividends paid	0.92	0.92	0.92	0.92	0.91
Book value	19.58	17.64	17.41	16.81	16.59
Book value, tangible (a)	13.86	13.76	13.46	12.78	12.52
Selected Ratios:					
Return on average assets	1.07%	1.00%	0.84%	1.02%	1.48%
Return on average equity	8.88%	7.59%	6.57%	7.79%	11.69%
Return on average tangible equity (b)	12.97%	10.05%	8.94%	10.60%	16.09%
Dividend payout ratio	55.50%	68.08%	82.40%	69.89%	48.82%
Efficiency ratio	58.48%	61.53%	63.46%	60.83%	54.44%
Net interest margin	4.35%	3.78%	3.81%	3.87%	4.24%
Asset Quality Ratios:					
Allowance for loan losses to period end loans	1.28%	1.62%	1.55%	1.37%	1.34%
Allowance for loan losses to total loans net of fair value loans	1.96%	1.62%	1.55%	1.37%	1.34%
Non-performing assets to total assets	1.46%	0.76%	0.87%	0.91%	0.42%
Net charge-offs to average loans	0.16%	0.24%	0.24%	0.21%	0.05%
Capital Ratios:					
Total risk-based capital ratio	15.55%	19.64%	18.82%	17.92%	18.28%
Tier 1 risk-based capital ratio	14.36%	18.38%	17.56%	16.67%	17.03%
Tier 1 leverage ratio	10.23%	12.74%	12.81%	13.04%	12.98%
Equity to assets ratio (a)	8.52%	10.41%	10.48%	10.17%	10.25%

(a) - Excludes goodwill and other intangible assets.
(b) - Excludes amortization expense, net of tax, of intangible assets.

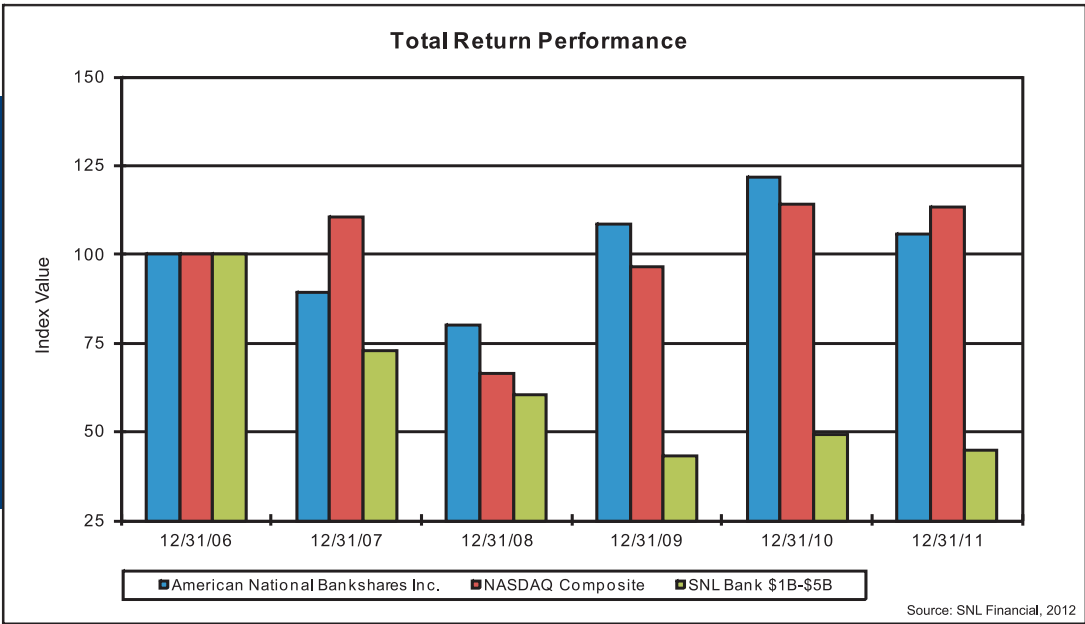
NASDAQ Closing Price

<u>2011</u>	<u>Sales Price</u>		<u>Dividends Declared Per Share</u>
	<u>High</u>	<u>Low</u>	
1st quarter	\$24.14	\$20.00	\$0.23
2nd quarter	23.95	17.11	0.23
3rd quarter	21.00	17.67	0.23
4th quarter	19.89	17.70	0.23
			<u>\$0.92</u>

<u>2010</u>	<u>Sales Price</u>		<u>Dividends Declared Per Share</u>
	<u>High</u>	<u>Low</u>	
1st quarter	\$22.51	\$17.04	\$0.23
2nd quarter	23.00	18.11	0.23
3rd quarter	22.30	18.00	0.23
4th quarter	24.42	21.32	0.23
			<u>\$0.92</u>

This would be the intra-day high and low sales prices as traded on the NASDAQ Global Select Market.

American National Bankshares Inc.



Index	Period Ending					
	12/31/06	12/31/07	12/31/08	12/31/09	12/31/10	12/31/11
American National Bankshares Inc.	100.00	89.28	80.02	108.34	121.72	105.70
NASDAQ Composite	100.00	110.66	66.42	96.54	114.06	113.16
SNL Bank \$1B-\$5B	100.00	72.84	60.42	43.31	49.09	44.77

Source: SNL Financial, 2012

Consolidated Balance Sheets

December 31, 2011 and 2010
(Dollars in thousands, except share and per share data)

ASSETS	2011	2010
Cash and due from banks	\$ 22,561	\$ 9,547
Interest-bearing deposits in other banks	6,332	8,967
Securities available for sale, at fair value	333,366	228,295
Securities held to maturity (fair value of \$0 in 2011 and \$3,440 in 2010)	-	3,334
Total securities	333,366	231,629
Restricted stock, at cost	6,019	4,062
Loans held for sale	6,330	3,135
Loans, net of unearned income	824,758	520,781
Less allowance for loan losses	(10,529)	(8,420)
Net loans	814,229	512,361
Premises and equipment, net	25,674	19,509
Other real estate owned, net of valuation allowance of \$1,902 in 2011 and \$1,622 in 2010	5,353	3,716
Goodwill	38,899	22,468
Core deposit intangibles, net	6,595	1,320
Bank owned life insurance	13,058	4,104
Accrued interest receivable and other assets	26,290	12,846
Total assets	<u>\$ 1,304,706</u>	<u>\$ 833,664</u>
LIABILITIES and SHAREHOLDERS' EQUITY		
Liabilities:		
Demand deposits -- noninterest bearing	\$ 179,148	\$ 105,240
Demand deposits -- interest bearing	189,212	90,012
Money market deposits	182,347	59,891
Savings deposits	74,193	62,522
Time deposits	433,854	322,433
Total deposits	1,058,754	640,098
Short-term borrowings:		
Customer repurchase agreements	45,575	47,084
Other short-term borrowings	3,000	6,110
Long-term borrowings	10,206	8,488
Trust preferred capital notes	27,212	20,619
Accrued interest payable and other liabilities	7,130	3,178
Total liabilities	1,151,877	725,577
Shareholders' equity:		
Preferred stock, \$5 par, 2,000,000 shares authorized, none outstanding	-	-
Common stock, \$1 par, 20,000,000 shares authorized, 7,806,869 shares outstanding at December 31, 2011 and 6,127,735 shares outstanding at December 31, 2010	7,807	6,128
Capital in excess of par value	56,395	27,268
Retained earnings	81,797	74,850
Accumulated other comprehensive income (loss), net	6,830	(159)
Total shareholders' equity	152,829	108,087
Total liabilities and shareholders' equity	<u>\$ 1,304,706</u>	<u>\$ 833,664</u>

Consolidated Statements of Income

For the Years Ended December 31, 2011, 2010, and 2009
(Dollars in thousands, except share and per share data)

	2011	2010	2009
Interest and Dividend Income:	\$ 40,688	\$ 28,148	\$ 31,062
Interest and fees on loans			
Interest and dividends on securities:			
Taxable	4,595	5,042	4,853
Tax-exempt	3,646	2,288	1,673
Dividends	131	95	95
Other interest income	127	360	378
Total interest and dividend income	49,187	35,933	38,061
Interest Expense:			
Interest on deposits	7,203	6,708	8,399
Interest on short-term borrowings	325	382	675
Interest on long-term borrowings	229	256	342
Interest on trust preferred capital notes	1,023	1,373	1,373
Total interest expense	8,780	8,719	10,789
Net Income Interest:	40,407	27,214	27,272
Provision for Loan Losses	3,170	1,490	1,662
Net Interest Income after Provision for Loan Losses	37,237	25,724	25,610
Noninterest Income:			
Trust fees	3,561	3,391	3,153
Service charges on deposit accounts	1,963	1,897	2,085
Other fees and commissions	1,510	1,163	1,014
Mortgage banking income	1,262	1,560	1,605
Securities gains (losses), net	(1)	126	3
Other	949	977	658
Total noninterest income	9,244	9,114	8,518
Noninterest Expense:			
Salaries	12,409	10,063	10,048
Employee benefits	2,681	2,442	3,201
Occupancy and equipment	3,199	2,936	2,927
FDIC assessment	651	795	1,186
Bank franchise tax	763	670	642
Core deposit intangible amortization	1,282	378	377
Foreclosed real estate, net	296	754	1,642
Merger related expenses	1,607	-	-
Other	7,112	5,341	4,770
Total noninterest expense	30,000	23,379	24,793
Income Before Income Taxes	16,481	11,459	9,335
Income Taxes	4,910	3,181	2,525
Net Income	11,571	8,278	6,810
Dividends on preferred stock	103	-	-
Net income available to common shareholders	<u>\$ 11,468</u>	<u>\$ 8,278</u>	<u>\$ 6,810</u>
Net Income Per Common Share:			
Basic	\$ 1.64	\$ 1.35	\$ 1.12
Diluted	\$ 1.64	\$ 1.35	\$ 1.12
Average Common Shares Outstanding:			
Basic	6,982,524	6,123,870	6,097,810
Diluted	6,989,877	6,131,650	6,102,895



Focus:
Aggressive on business with manageable risk.

Vision:
We will be the best provider of relationship-based financial services in the communities we serve, resulting in enhanced shareholder value, customer loyalty, and employee satisfaction.

Mission:
We provide quality financial services with exceptional customer service that builds and maintains strong relationships with our customers.

Guiding Principles:
We will...

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 our customers 21st century financial solutions 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:
We will...

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.

**American National Bank and Trust
Company Executive Group**

Seated (left to right)

William W. Traynham
Executive Vice President &
Chief Financial Officer

Charles H. Majors
Chairman

Jeffrey V. Haley
Bank President &
Chief Executive Officer

Standing Left to right

S. Cabell Dudley, Jr.
Executive Vice President &
Chief Banking Officer-Virginia

Dabney T.P. Gilliam, Jr.
Executive Vice President &
Chief Administrative Officer

R. Helm Dobbins
Executive Vice President &
Chief Credit Officer

Charles T. Canaday, Jr.
Executive Vice President & President,
North Carolina Banking

Executive Officers
American National Bankshares Inc.
Charles H. Majors, *Chairman & Chief Executive Officer*
Jeffrey V. Haley, *President*
William W. Traynham, *Senior Vice President & Chief Financial Officer*

Board of Directors
American National Bankshares Inc. and
American National Bank and Trust Company

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

Frank C. Crist, Jr., DDS, *President*, Brady & Crist Dentists Inc.,
Lynchburg, VA. Director since 2006. Committees 3, 6

Ben J. Davenport, Jr., *Chairman*, First Piedmont Corporation and
Davenport Energy, Chatham, VA.
Director since 1992. Committees 2, 4, 6

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

Michael P. Haley, *Adviser*, Fenway Partners Inc., New York, NY.
Director since 2002. Committees 1, 4, 6

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

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

Lester A. Hudson, Jr., PhD, *Professor and Wayland H. Cato Chair of Leadership*,
McColl School of Business, Queens University, Charlotte, NC. Director Since 1984.
Committees 2, 4, 6

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

Franklin W. Maddux, MD, *Executive Vice President & Chief Medical Information
Officer*, Fresenius Medical Care North America, Waltham, MA.
Director since 2002. Committees 1, 3, 6

Charles H. Majors, *Chairman & Chief Executive Officer*,
American National Bankshares Inc.,
Chairman, American National Bank and Trust Company.
Director since 1981. Committee 7

Martha W. Medley, *Partner*, Daniel, Medley & Kirby, PC,
Danville and Martinsville, VA. Director since 2008. Committees 5, 6, 7

Claude B. Owen, Jr., *Retired Chairman & Chief Executive Officer*, DIMON Inc.,
Danville, VA. Director since 1984. Committees 2, 3, 6, 7

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

Robert A. Ward, *Retired Executive Vice President & Chief Financial Officer*,
Unifi Inc., Greensboro, NC. Director since 2011. Committees 1, 6

Directors Emeriti:
James R. Copland, III
H. Dan Davis
E. Budge Kent, Jr.

Committees:

1. Audit & Compliance
2. Chief Executive Officer's Advisory
3. Corporate Governance & Nominating
4. Human Resources & Compensation
5. Operational Risk & Security
6. Stock Option
7. Trust



South Boston Office
Virginia

Advisory Boards

North Carolina State Advisory Board

Dexter Barbee, Sr., *Former Owner & Founder*, Apollo Chemical Corp.;*CEO*, Barbee Holdings
H. Thomas Bobo, *Retired Chairman of the Board*, Fairystone Fabrics Inc.
Thomas E. Chandler, Sr., *Chairman*, Chandler Concrete Company Inc.
James B. Crouch, Jr., *Vice President*, Harris, Crouch, Long, Scott & Miller Inc.
John A. Holt, Sr., *President & CFO*, Dynayarn USA LLC
Teena M. Koury, *Owner*, Carolina Hosiery Mills
John K. Roberts, *CEO*, Eagle Affiliates Inc.
James H. Smith, Jr., *President*, Villane Inc.
George C. Waldrep, Jr., *Retired Vice President*, Burlington Industries

Central Virginia

Doyle B. Allen, *President*, Hurt & Proffitt Inc.
Mary Jo Boone, *Executive Director & CEO*, Bedford YMCA
Thomas C. Capps, *President*, Capps Shoe Company Inc.
Brian J. Kelleher, *Vice President*, Atlantic Precision Resources Inc.
James E. Owen, *Owner*, Owen's Market and Owen's Trucking

Graham, North Carolina

Paul Cobb, *Semi-retired Managing Partner*, Cobb, Ezekiel, Loy & Company PA
Victor E. Euliss, *Retired President*, Tar Heel Dental Studio Inc.
Anthony Foriest, *Retired Supply Account Manager*, Xerox Corporation
J. Pat Harman, *Executive Vice President*, North State Telecommunication Company
Dr. Cheryl Jeffries, *Physician*
Herman C. Johnson, *President*, Burlington Mechanical Contractors Inc.
John B. Leath, *CEO*, Acucote Inc.
Fred Reiber, *Owner*, Burlington Printing Co. Inc. and Alamance Professional
Jeanne Robertson, *Professional Speaker*, JSR Inc.
Charles K. Scott, MD, *Physician*, Mebane Pediatrics
Stan S. Wyrick, *President*, Bulla-Warren Tire & Automotive Co. Inc.

Greensboro, North Carolina

Dawn S. Chaney, *President*, Chaney Properties
Nathan Duggins, *Partner*, Tuggle, Duggins & Meschan PA
Dr. Philip Nahser, Jr., *Cardiologist*, LaBauer HeartCare
Gary Rogers, *Vice President*, D.H. Griffin Construction
Diane M. Rumley, *CPA*, Leeper, Kean & Rumley LLC
Kenneth J. Shahbaz, *CPA*, Shahbaz Southern & Company PA

Martinsville-Henry County, Virginia

Joey R. Arrington, *President*, Arrington Manufacturing Inc.
James D. Coleman, Jr., *President*, RSB Enterprises Inc.
Joseph C. Compton, *Retired Vice President*, Compton Wood Products Inc.
Shirley A. Craven, *President*, Adkins Construction Corp.
Phillip G. Gardner, *Attorney*, Gardner, Barrow & Sharpe
William F. Lemons, *President*, WFL Company Inc.
James K. Muchleck, DDS, *Dentist*
Grady W. Phillips, III, *CEO*, Memorial Hospital of Martinsville & Henry County
G. Ronald Pigg, *President*, John Barnes Hardwood Dimensions
Stuart L. Thomas, *President*, Thomas Insurance Agencies
John E. Turner, *Co-owner*, Riverside Tire Company
William C. Vaughn, *Vice President*, J & R Management Inc.

South Boston-Halifax County, Virginia

William W. Bennett, Jr., *Retired Executive Director*, Southern VA Higher Education Center
Gerald C. Burnett, MD, *Physician*
J. Brian Burton, *President*, J.E. Burton Construction Co. Inc.
James Edmunds, II, *Farmer and Member Virginia House of Delegates*
W. Joseph Ferguson, MD, *Physician*
Harold E. Green, Jr., *President*, Distinct Impressions Inc.
Wanda B. Jeffress, *Vice President*, Jeffress Funeral Home
Chris A. Lumsden, *CEO*, Halifax Regional Health System



Graves Mill Road Office
Lynchburg, VA

Our Strategic Priorities for 2012

American National Bank and Trust Company remains a successful, growing community bank despite the current economic hardships and challenges within the banking industry. American National has been recognized by *Bank Director* magazine as one of the nation's "Nifty 50" (the best users of capital in banking); the Bank ranked 16th among 484 banks analyzed by investment firm Sandler O'Neill, which looked at core return on tangible common equity and the ratio of average tangible common equity to tangible assets. SNL, a Charlottesville, Virginia-based financial information firm, also ranked the Bank number 16 in its list of top 100 best-performing community banks from across the nation with assets of \$500 million to \$5 billion. American National will continue to leverage its strengths and opportunities in order to achieve the following seven strategic priorities for the years 2012-2014. These priorities, in turn, will help us fulfill our vision and mission.

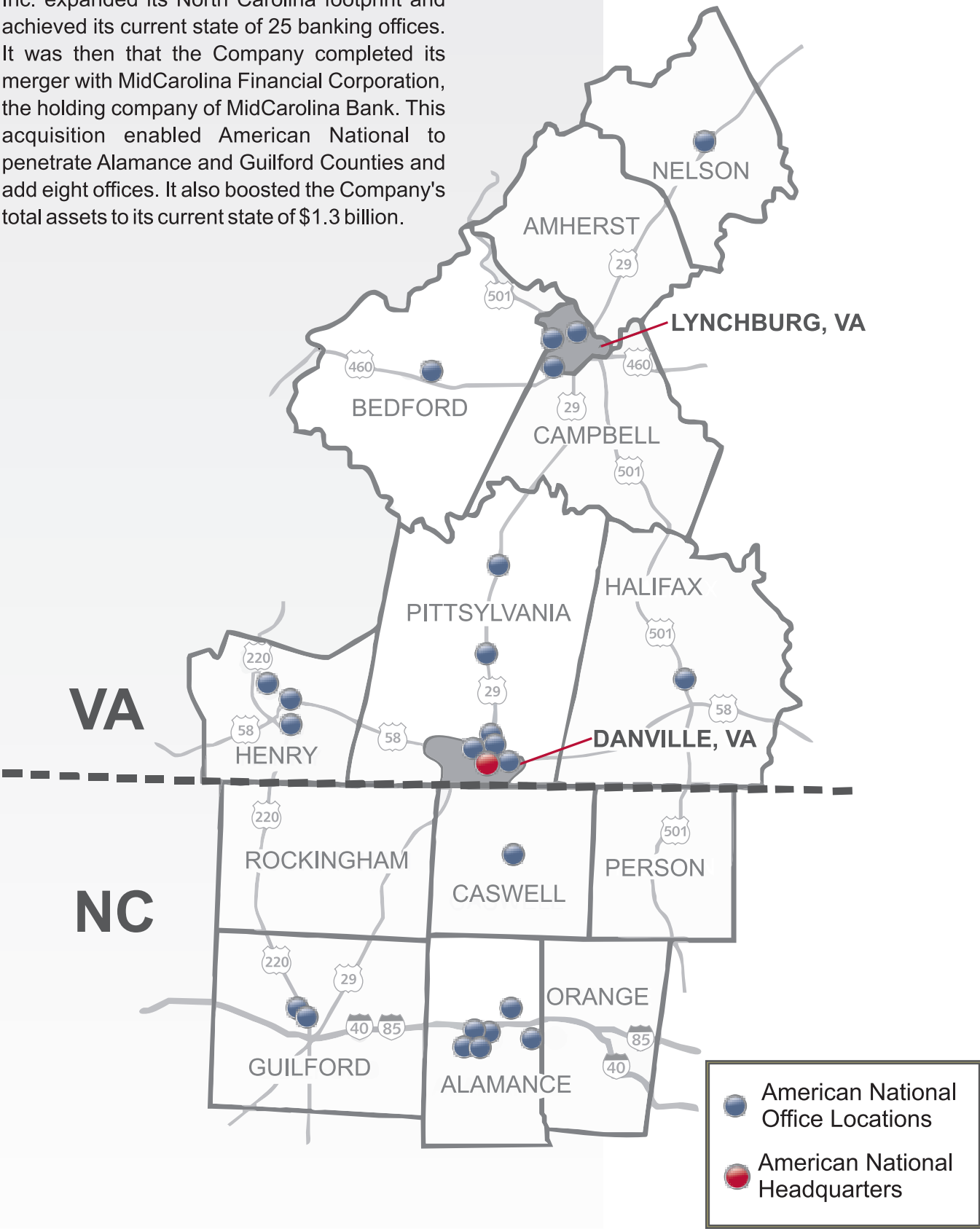
1. We will create a corporate culture that is aggressive on business with managed risk.
2. We will undertake an organizational realignment in order to be designed for growth, for success, and to be a 21st century bank.
3. We will achieve strong revenue goals in order to remain a highly profitable, growing company for our shareholders.
4. We will maintain a strong reputation, protect our assets and earnings, safeguard customer information, and enact a positive regulatory relationship by effectively executing risk management.
5. We will implement effective branding and marketing strategies to generate name and logo recognition, resulting in a unified brand across all markets.
6. We will commit to continuous process improvement, focusing on efficiency, speed, and quality for operational excellence and high profitability.
7. We will fulfill the strategic corporate goals and objectives established by the Board of Directors for the Company.



South Church Street Office
Burlington, NC

Market Coverage

On July 1, 2011, American National Bankshares Inc. expanded its North Carolina footprint and achieved its current state of 25 banking offices. It was then that the Company completed its merger with MidCarolina Financial Corporation, the holding company of MidCarolina Bank. This acquisition enabled American National to penetrate Alamance and Guilford Counties and add eight offices. It also boosted the Company's total assets to its current state of \$1.3 billion.



Green Valley Office
Greensboro, NC

General Information

American National Bankshares Inc.

American National Bankshares Inc.
628 Main Street, Danville, VA 24541
PO Box 191, Danville, VA 24543
434.792.5111

Website

Please visit amnb.com for information concerning our products and services, news releases, and financial information.

Shareholder Information

Shareholders needing information on stock transfer requirements, lost certificates, dividends, the dividend retirement plan, and other shareholder matters may contact:

Registrar and Transfer Company
10 Commerce Drive, Cranford, NJ 07016
or call: 800.368.5948

Stock Listing

The common stock of American National Bankshares Inc. is traded on the NASDAQ Global Select Market under the symbol "AMNB."

Investor Relations & Financial Statements

A copy of Form 10-K and quarterly reports on Form 10-Q, as filed with the Securities and Exchange Commission, are available without charge to stockholders 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
or call: 800.240.8190

Independent Auditors

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

Equal Opportunity Employer

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.