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# *Building Financial Relationships*



*past and  
present  
and  
preparing  
for  
the future.*

1999  
*Annual Report*



**American National  
Bankshares Inc.**

# 1999 Annual Report

American National Bankshares Inc. is a bank holding company whose only subsidiary is American National Bank and Trust Company. The bank offers a wide variety of retail, commercial, and trust banking services through its office locations in Danville, Pittsylvania County, and Martinsville-Henry County in Virginia and Caswell County in North Carolina. ANB Mortgage Corp. is a subsidiary of American National Bank and Trust Company, offering secondary market mortgage loans throughout the bank's market area. ANB Services Corp. is a new subsidiary of the bank providing a full range of brokerage and investor services.

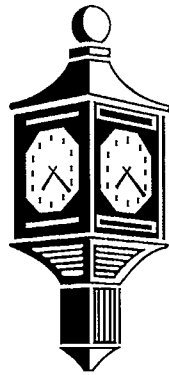
## Annual Shareholders' Meeting

The Annual Meeting of Shareholders of American National Bankshares Inc. will be held Tuesday, April 25, 2000 at 11:30 a.m. at The Wednesday Club, 1002 Main Street, Danville, Virginia.

## About The Report

The 1999 Annual Report is presented in a summary format to provide information regarding the performance of American National Bankshares Inc. in a manner which is meaningful and useful to the widest range of readers. The audited consolidated financial statements of American National Bankshares Inc. and subsidiaries and more detailed analytical information are contained in the American National Bankshares Inc. 1999 Annual Report on Form 10-K filed with the Securities and Exchange Commission.

*Cover photograph is of three generations of the Holland family by Alan Dalton.*



# American National Bankshares Inc.

### *Vision*

Our commitment is to enhance the value of our shareholders' investment by being our communities' preferred provider of relationship-based financial services.

### *Mission Statement*

Our mission is to provide quality financial services and exceptional customer service.

### *Guiding Principles*

To achieve our vision and carry out our mission, we must:

- Identify and respond to our customers' needs and expectations.
- Conduct our work with integrity and professionalism.
- Furnish positive leadership for the well-being of all communities we serve.
- Maintain a challenging and rewarding quality service-quality sales work environment for our employees.
- Enhance shareholder value.

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# Building Financial Relationships

"Aren't relationships wonderful and wouldn't it be nice to have a relationship with your bank. Well, that's what we're able to offer each customer at American National, relationship banking." Although this statement is used as the thematic base for our advertising, it is not a hollow statement. It is, in fact, a corporate philosophy supported by our *Vision, Mission Statement, and our Guiding Principles.*



When the bank opened on February 17, 1909, the concept was to provide community-banking services to the citizens of Danville. Consistent growth in the first few years prompted a move into expanded quarters in 1915. By 1927, the trust department was organized and began to offer trust services.

The crash of the stock market in 1929 proved to be a rewarding challenge for the bank and exemplified its commitment to relationships. William R. Fitzgerald, President, reported to the board at the November meeting that year, "the bank has passed through a strenuous period during the past ten days due to the crash in the stock market." The Board minutes of this meeting reflect the support of the officers' loan decisions during the period stating "... under the circumstances, the actions of the officers granting them was justified."



From the late 1940's to 1990 the bank attuned to the changing customer needs and demographics in Danville. In 1948 the first branch office was opened and included drive-in facilities. According to notations in the bank's archives, it was the first drive-in bank office in the Commonwealth. In 1956, the Riverside Drive office was opened. The 1960's saw two additional offices emerge - one at Nor-Dan Shopping Center and another on South Main Street. The West Main Street office was opened in 1972 and with the bank's commitment to the "Downtown Revitalization" project, the new home office at 628 Main Street was completed. In the 1980's the introduction of automated teller machines (ATMs) began and in 1990 the South Boston Road office was opened.

The last five years has been a period of expanding financial relationships into our true market area. This has been accomplished through building, purchase, acquisition and merger. In 1995 we purchased a Crestar office in Gretna. During 1996 the bank merged Mutual Savings Bank into American National, expanding our Danville office network and adding an office in Collinsville and acquired an office and ATM from FirstSouth Bank in Yanceyville, NC.



In 1999 we opened offices in Chatham and Martinsville, introduced "Access American", a 24 hour phone banking network, expanded our ATM network to thirteen, and completed the installation of our platform automation system bank-wide.

We now look to the 21st century. Our goal is to continue to look at products and technology that will meet our customers' needs today and for the generations to come. We feel confident that our community-based, relationship-banking philosophy coupled with the appropriate products and state-of-the art technology will serve our customers for generations to come.



# Message to the Shareholders



Charles H. Majors  
President & Chief Executive Officer

March 20, 2000

To Our  
Shareholders:

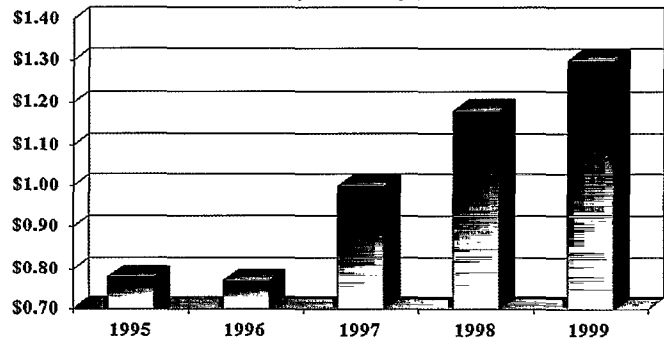
It is a pleasure to present our operating results for 1999. We achieved record earnings while accomplishing other strategic goals which position us for the future.

These strong results sustain our belief that community banking can be successful by building long-term relationships with customers while meeting their current needs. During our 91-year history, the needs (and expectations) of our customers have changed, as has the society in which we live. But it is our core belief that our success in the past, our record results in 1999 and our opportunity for continued success in the future are predicated upon our continuing ability to meet the three components of the above statement.

They are: (1) to be a community banking organization with local, responsive decision-making; (2) to identify and meet our customers' current needs and expectations; and (3) to build long-term relationships with our customers so they will look to us as their primary and preferred provider of financial services. It is not always easy to meet all three of

these components and many other institutions have not been successful. We have a strategic plan in place to implement these and, in so doing, to enhance shareholder value.

EARNINGS PER SHARE  
(adjusted for stock split)



We recognize that our shareholder value is greatly dependent upon earnings and earnings growth. Earnings per share rose 10% to \$1.30 in 1999 from \$1.18 in the prior year, producing a record total net income of \$7.924 million.

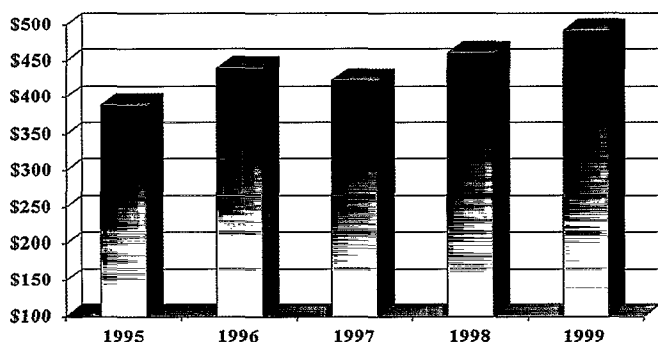
How have we accomplished this? Our plan calls for expansion in three areas and we had a successful year in all three. First, we want to expand our customer base and our volume within our current market areas. In other words, we want a bigger share of the existing "pie". Secondly, we want to expand into new market areas which are complementary and compatible. Finally, we want to provide new products and services, particularly those which will provide non-interest or fee income.

Building relationships with our customers assists us in all three of these areas. One key strategy we implemented in 1999 was to increase the number of services we provide to each customer. We are striving to take customers with only one or two services and to increase their relationship with us to three or more services. To that end, we are provid-



ing on-going training to our employees to assist in identifying and meeting customers' needs and expectations.

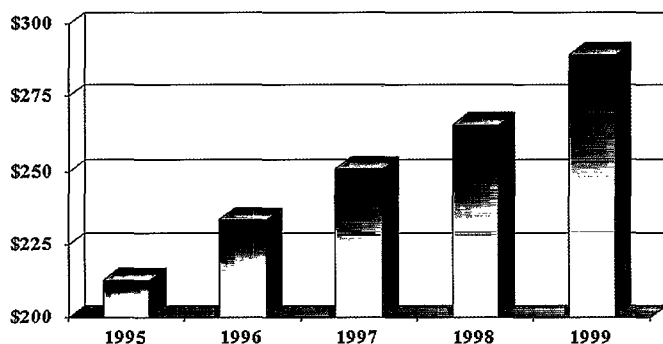
ASSETS (in millions)



Our assets grew to \$491 million at December 31, 1999, an increase of 6.7% from the prior year. Our assets have grown 45% in five years, even with the reduction due to the stock repurchase implemented in 1997. This growth has resulted from our success in the three expansion areas discussed above.

In 1999, we added offices in Chatham and Martinsville. Both have exceeded our initial projections for deposit and loan growth. Both communities have responded positively to our community banking concept and we believe they will be important to us in the future.

NET LOANS (in millions)

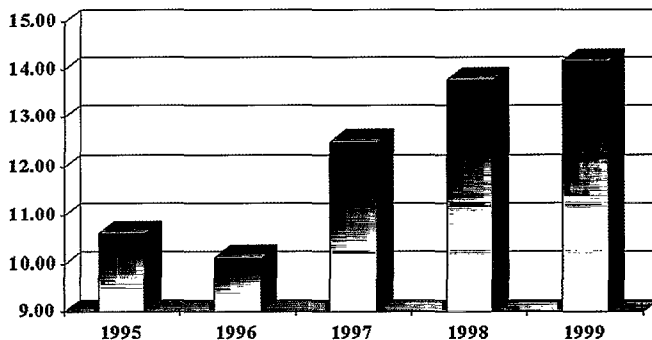


Our major source of income is lending. Therefore, we are pleased that our net loans increased 9% during 1999. Our loan quality continued to exceed industry standards, with 1999 net charge-offs at 0.13% of average net loans and non-performing loans at 0.10% of net loans at December 31, 1999.

In order to make these loans, we need deposits. Our deposits increased 6.7% during 1999 to more than \$385 million. Our loan to deposit ratio is approximately 76%. In addition, we had almost \$25 million in repurchase agreements (repos), which are similar to deposits.

Safety and soundness continues to be important to customers, especially depositors. We finished the year with shareholder equity exceeding \$56 million, with our average equity being 11.89% of our average assets. While such a high ratio impacts negatively our return on average equity, it is a positive factor with customers and it allows us to take advantage of business opportunities on which less highly capitalized institutions might have to pass. Also we are considered by the regulators to be "well-capitalized", the highest classification given by them.

RETURN ON AVERAGE EQUITY (ROE) %



The operating results of banking organizations are measured generally by three methods. The first is the increase in per share earnings, which we have discussed above. The second is the return on average assets (ROA). Our 1999 ROA was 1.68%, up from 1.64% in 1998 and significantly higher than prior years. The third method is the return on average equity (ROE). Our ROE for 1999 was 14.17%, up from 13.79% the prior year. Our strategic plan calls for us to improve our ROE each year while remaining a well-capitalized organization.

Our Trust and Investment Services Division had a record year with gross income exceeding \$2.5



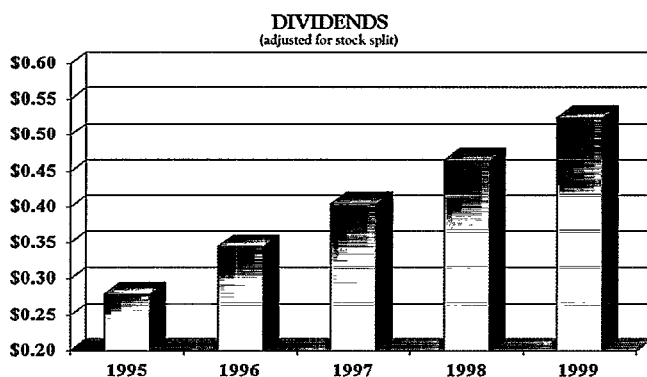
million, an increase of almost 17% over 1998. We are working to increase our non-interest fee income for future years. In addition to growth in our Trust and Investment Services Division, we are adding new services which we believe will be well received by our customers. Our mortgage subsidiary, ANB Mortgage Corp., has begun an internet mortgage banking web site for out-of-market borrowers at [www.americasloan.com](http://www.americasloan.com). We have established another subsidiary, ANB Services Corp., which is now offering mutual funds, annuities and other brokerage services as ANB Investor Services.

In addition to growth and expansion, we believe that our future success is tied to technology and corporate culture. We have invested heavily in technology, not only in the cost of hardware and software, but also in training our people for its best use. We know that the successful community bank of the future will find that critical balance between technology and the "personal touch". We know this continues to be a "people" business and we are spending much time, effort and money on making sure we have the right employees, that we train and equip them properly and that we retain them. The remarkable success of 1999 is attributable to our employees and their relationships with our customers. They are the bank and I wish to salute them for their work.

We realize that we would not have a bank or a holding company without the continued support of you, our shareholders. We have worked diligently during 1999 to enhance the value of your interest in this organization. Last spring, we listed the stock on the NASDAQ National Market and we believe this has promoted the marketability and liquidity of the stock. Last summer, we declared a two-for-one stock dividend, which we also believe benefited shareholders. We continued our increase in dividends, increasing the quarterly dividend 12.5%. The closing stock price on December 31, 1999 was \$18.50, a 12% increase over the December 31, 1998 closing price of \$16.50 (adjusted for the stock split).

At our annual meeting of shareholders this April, Landon R. Wyatt, Jr. will retire from the Board of Directors, pursuant to our Directors' Retirement Policy. He began his service as a director in 1965 and we will miss his wise counsel, devotion and assistance. He will continue as an Emeritus Director for the next year.

As we move into the 21st century, we look to the past with pride, to the present with confidence that we can continue our success, and to the future with anticipation that the challenges it holds will provide exciting opportunities for all of us. Thank you for your continued support.



Very truly yours,

Charles H. Majors  
President & Chief Executive Officer



# Financial Highlights

American National Bankshares Inc. and Subsidiary

	For the Year Ended December 31		Percent Change
	1999	1998	
<b>Balance Sheet Highlights</b> (in thousands)			
Total assets .....	\$491,391	\$460,383	6.7%
Deposits .....	385,558	358,325	7.6
Net loans .....	289,606	265,698	9.0
Investment securities .....	166,272	163,413	1.7
Shareholders' equity .....	56,719	54,861	3.4
<b>Income Statement Highlights</b> (in thousands)			
Net interest income .....	\$ 18,963	\$ 18,182	4.3%
Provision for loan losses .....	670	927	(27.7)
Non-interest income .....	4,494	4,079	10.2
Non-interest expense .....	11,543	11,013	4.8
Net income .....	7,924	7,198	10.1
<b>Per Share Data*</b>			
Net income (basic and diluted) .....	\$ 1.30	\$ 1.18	10.2%
Regular cash dividends paid .....	.525	.465	12.9
Book value .....	9.29	8.99	3.3
<b>Statistical Highlights</b>			
Return on average assets .....	1.68 %	1.64 %	
Return on average shareholders' equity .....	14.17 %	13.79 %	

## MARKET PRICE OF THE CORPORATION'S COMMON STOCK

1999	Price per share* known to management		1998	Price per share* known to management	
	Low	High		Low	High
4th quarter	\$16.50	\$23.00	4th quarter	\$13.50	\$16.50
3rd quarter	\$15.00	\$25.00	3rd quarter	\$13.00	\$15.50
2nd quarter	\$13.50	\$18.50	2nd quarter	\$14.38	\$15.50
1st quarter	\$13.00	\$16.22	1st quarter	\$14.38	\$16.25

American National Bankshares Inc. stock price is listed on the NASDAQ National Market under the symbol "AMNB". At December 31, 1999 there were 1,409 shareholders of record.

\* Per share amounts have been restated to reflect the impact of a 2-for-1 stock split effected in the form of a 100% stock dividend issued to stockholders July 15, 1999, with a record date of July 1, 1999.



# Quarterly Financial Results

(in thousands, except per share amounts)

## American National Bankshares Inc. and Subsidiary

	<u>Fourth Quarter</u>	<u>Third Quarter</u>	<u>Second Quarter</u>	<u>First Quarter</u>
<u>1999</u>				
Interest income .....	\$ 8,816	\$ 8,435	\$ 8,286	\$ 8,162
Interest expense .....	<u>3,839</u>	<u>3,720</u>	<u>3,605</u>	<u>3,572</u>
Net interest income .....	4,977	4,715	4,681	4,590
Provision for loan losses .....	<u>190</u>	<u>120</u>	<u>180</u>	<u>180</u>
Net interest income after provision .....	4,787	4,595	4,501	4,410
Non-interest income .....	1,161	1,161	1,075	1,097
Non-interest expense .....	<u>3,044</u>	<u>2,927</u>	<u>2,792</u>	<u>2,780</u>
Income before income tax provision .....	2,904	2,829	2,784	2,727
Income tax provision .....	<u>858</u>	<u>841</u>	<u>818</u>	<u>803</u>
Net income .....	<u>\$ 2,046</u>	<u>\$ 1,988</u>	<u>\$ 1,966</u>	<u>\$ 1,924</u>
Per common share: .....				
Net income (basic) .....	\$ 0.34	\$ 0.33	\$ 0.32	\$ 0.32
Net income (diluted) .....	\$ 0.33	\$ 0.33	\$ 0.32	\$ 0.32
Cash dividends .....	\$ 0.135	\$ 0.135	\$ 0.135	\$ 0.120
<u>1998</u>				
Interest income .....	\$ 8,346	\$ 8,244	\$ 8,093	\$ 7,971
Interest expense .....	<u>3,651</u>	<u>3,702</u>	<u>3,587</u>	<u>3,532</u>
Net interest income .....	4,695	4,542	4,506	4,439
Provision for loan losses .....	<u>249</u>	<u>203</u>	<u>223</u>	<u>252</u>
Net interest income after provision .....	4,446	4,339	4,283	4,187
Non-interest income .....	1,179	1,002	992	906
Non-interest expense .....	<u>2,865</u>	<u>2,705</u>	<u>2,760</u>	<u>2,683</u>
Income before income tax provision .....	2,760	2,636	2,515	2,410
Income tax provision .....	<u>801</u>	<u>809</u>	<u>764</u>	<u>749</u>
Net income .....	<u>\$ 1,959</u>	<u>\$ 1,827</u>	<u>\$ 1,751</u>	<u>\$ 1,661</u>
Per common share: .....				
Net income (basic) .....	\$ 0.32	\$ 0.30	\$ 0.29	\$ 0.27
Net income (diluted) .....	\$ 0.32	\$ 0.30	\$ 0.29	\$ 0.27
Cash dividends .....	\$ 0.120	\$ 0.120	\$ 0.120	\$ 0.105





# Summary of Selected Consolidated Financial Data

(in thousands, except per share amounts)  
American National Bankshares Inc. and Subsidiary

<b>Operations Information:</b>	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>	<u>1995</u>
Interest income:					
Loans .....	\$ 23,959	\$ 23,356	\$ 22,441	\$ 20,335	\$ 18,432
Federal funds sold and other .....	273	272	237	435	202
Investment securities .....	9,467	9,026	9,050	9,162	7,300
Total interest income .....	<u>33,699</u>	<u>32,654</u>	<u>31,728</u>	<u>29,932</u>	<u>25,934</u>
Interest expense .....	<u>14,736</u>	<u>14,472</u>	<u>14,590</u>	<u>14,370</u>	<u>11,484</u>
Net interest income .....	18,963	18,182	17,138	15,562	14,450
Provision for loan losses .....	(670)	(927)	(1,100)	(673)	(484)
Non-interest income .....	4,494	4,079	3,225	2,691	2,035
Non-interest expense .....	<u>(11,543)</u>	<u>(11,013)</u>	<u>(10,269)</u>	<u>(10,167)</u>	<u>(8,702)</u>
Income before income taxes .....	11,244	10,321	8,994	7,413	7,299
Income taxes .....	3,320	3,123	2,725	2,381	2,283
Net income .....	<u>\$ 7,924</u>	<u>\$ 7,198</u>	<u>\$ 6,269</u>	<u>\$ 5,032</u>	<u>\$ 5,016</u>
 <b>Balance Sheet Information:</b>					
Investment securities .....	\$ 166,272	\$ 163,413	\$ 143,077	\$ 175,757	\$ 149,208
Net loans .....	289,606	265,698	251,173	233,509	212,684
Total deposits .....	385,558	358,325	351,603	361,983	327,342
Shareholders' equity .....	56,719	54,861	50,003	52,218	48,912
Total assets .....	491,391	460,383	423,640	440,158	388,479
 <b>Per Share Information:*</b>					
Net income (basic and diluted) .....	\$ 1.30	\$ 1.18	\$ 1.00	\$ 0.77	\$ 0.78
Dividends .....	0.525	0.465	0.405	0.345	0.280
Book value .....	9.29	8.99	8.19	7.96	7.61
 <b>Ratios:</b>					
Return on average assets .....	1.68%	1.64%	1.47%	1.24%	1.43%
Return on average shareholders' equity ..	14.17	13.79	12.51	10.12	10.62
Total risk-based capital/assets .....	17.79	18.04	18.37	20.66	23.67
Shareholders' equity/assets .....	11.54	11.92	11.80	11.86	12.59
Net charge-offs to average net loans .....	.13	.15	.36	.17	.09
Reserve for loan losses to period-end loans, net of unearned income .....	1.41	1.42	1.29	1.30	1.28

The financial information for 1995 has been restated to reflect the merger with Mutual Savings Bank, FSB.

\* Per share amounts have been restated to reflect the impact of a 2-for-1 stock split effected in the form of a 100% stock dividend issued to stockholders July 15, 1999, with a record date of July 1, 1999.



# Consolidated Balance Sheets

December 31, 1999 and 1998

American National Bankshares Inc. and Subsidiary

	1999	1998
<b>Assets</b>		
Cash and due from banks .....	\$ 13,885,239	\$ 14,071,687
Interest-bearing deposits in other banks .....	3,405,705	706,245
Investment securities:		
Securities available for sale (at market value) .....	121,872,335	105,535,523
Securities held to maturity (market value of \$43,634,211 in 1999 and \$59,207,124 in 1998) .....	44,399,759	57,877,279
Total investment securities .....	166,272,094	163,412,802
Loans, net of unearned income .....	293,740,806	269,519,281
Less allowance for loan losses .....	(4,134,893)	(3,821,447)
Net loans .....	289,605,913	265,697,834
Bank premises and equipment, at cost, less accumulated depreciation of \$8,170,506 in 1999 and \$7,164,459 in 1998 .....	8,051,550	7,603,080
Accrued interest receivable and other assets .....	10,170,303	8,891,186
Total assets .....	<u>\$ 491,390,804</u>	<u>\$ 460,382,834</u>

## Liabilities and Shareholders' Equity

<b>Liabilities:</b>		
Demand deposits – non-interest bearing .....	\$ 47,495,400	\$ 45,070,732
Demand deposits – interest bearing .....	55,622,893	55,883,458
Money market deposits .....	22,326,340	18,089,331
Savings deposits .....	64,744,947	68,620,629
Time deposits .....	195,368,539	170,660,739
Total deposits .....	385,558,119	358,324,889
Repurchase agreements .....	24,954,333	31,022,834
FHLB Borrowings .....	21,000,000	13,000,000
Accrued interest payable and other liabilities .....	3,159,802	3,174,465
Total liabilities .....	<u>434,672,254</u>	<u>405,522,188</u>
<b>Shareholders' equity:</b>		
Preferred stock, \$5 par, 200,000 shares authorized, none outstanding .....		
Common stock, \$1 par, 10,000,000 shares authorized, 6,103,701 shares outstanding at December 31, 1999 and 3,051,733 shares outstanding at December 31, 1998 .....	6,103,701	3,051,733
Capital in excess of par value .....	9,895,359	9,892,304
Retained earnings .....	42,466,592	40,798,323
Accumulated other comprehensive income (loss) - net unrealized (losses) gains on securities available for sale .....	(1,747,102)	1,118,286
Total shareholders' equity .....	56,718,550	54,860,646
Total liabilities and shareholders' equity .....	<u>\$ 491,390,804</u>	<u>\$ 460,382,834</u>



# Consolidated Statements of Income

For The Years Ended December 31, 1999, 1998 and 1997  
American National Bankshares Inc. and Subsidiary

	1999	1998	1997
<b>Interest Income:</b>			
Interest and fees on loans .....	\$23,959,012	\$23,356,412	\$22,441,097
Interest on federal funds sold and other .....	273,702	271,524	237,204
Income on investment securities:			
U S Government .....	800,693	2,601,437	4,018,344
Federal agencies .....	5,653,811	4,485,157	3,470,483
State and municipal .....	1,767,782	1,346,014	1,136,496
Other investments .....	1,244,133	593,363	424,521
Total interest income .....	<u>33,699,133</u>	<u>32,653,907</u>	<u>31,728,145</u>
<b>Interest Expense:</b>			
Interest on deposits: .....			
Demand .....	1,086,744	1,203,786	1,408,255
Money market .....	534,801	545,061	571,873
Savings .....	1,768,148	1,949,958	2,140,158
Time .....	9,283,865	9,260,295	9,589,470
Interest on fed funds and repos .....	876,291	1,116,315	880,392
Interest on other borrowings .....	1,186,636	396,183	0
Total interest expense .....	<u>14,736,485</u>	<u>14,471,598</u>	<u>14,590,148</u>
<b>Net Interest Income</b> .....	18,962,648	18,182,309	17,137,997
<b>Provision for Loan Losses</b> .....	670,000	927,000	1,100,000
<b>Net Interest Income After Provision</b>			
For Loan Losses .....	<u>18,292,648</u>	<u>17,255,309</u>	<u>16,037,997</u>
<b>Non-Interest Income:</b>			
Trust and investment services .....	2,531,491	2,165,437	1,888,341
Service charges on deposit accounts .....	970,383	902,060	786,270
Non-deposit fees and insurance commissions .....	287,088	287,704	155,697
Mortgage banking income .....	332,490	428,991	220,293
Other income .....	373,262	295,502	174,487
Total non-interest income .....	<u>4,494,714</u>	<u>4,079,694</u>	<u>3,225,088</u>
<b>Non-Interest Expense:</b>			
Salaries .....	5,575,472	5,126,819	4,810,783
Pension and other employee benefits .....	955,164	1,140,252	1,076,144
Occupancy and equipment .....	1,895,799	1,663,880	1,437,285
Core deposit intangible amortization .....	449,816	449,816	450,179
Other .....	2,666,880	2,633,106	2,494,722
Total non-interest expense .....	<u>11,543,131</u>	<u>11,013,873</u>	<u>10,269,113</u>
<b>Income Before Income Tax Provision</b> .....	11,244,231	10,321,130	8,993,972
<b>Income Tax Provision</b> .....	3,319,881	3,122,881	2,724,780
<b>Net Income</b> .....	<u>\$ 7,924,350</u>	<u>\$ 7,198,249</u>	<u>\$ 6,269,192</u>
<b>Net Income Per Common Share:*</b>			
Basic .....	\$ 1.30	\$ 1.18	\$ 1.00
Diluted .....	\$ 1.30	\$ 1.18	\$ 1.00
<b>Average Common Shares Outstanding:*</b>			
Basic .....	6,103,485	6,103,466	6,289,668
Diluted .....	6,118,540	6,105,318	6,289,668

\* Per share amounts have been restated to reflect the impact of a 2-for-1 stock split effected in the form of a dividend issued July 1, 1999.

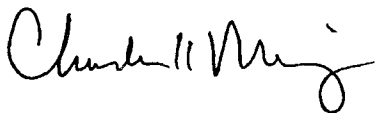


# *Statement of Management Responsibility*

The management of American National Bankshares Inc. is responsible for the content of the financial information contained herein. In order to meet this responsibility, the financial statements have been prepared in conformity with generally accepted accounting principles appropriate in the circumstances to reflect, in all material respects, the substance of events and transactions that should be included.

The accounting systems, which record, summarize and report financial data, and related internal accounting controls of American National Bankshares Inc. and its subsidiary are designed to provide reasonable assurance that the financial records are reliable for preparing financial statements and maintaining accountability for assets, including safeguarding assets against loss from unauthorized use or disposition. The system of internal controls is augmented by written policies, internal audits and staff training programs.

The Audit and Compliance Committee of American National Bankshares Inc., composed solely of outside directors, reviews the internal audit function and meets periodically with representatives of Arthur Andersen LLP, independent public accountants, who has been selected by the Board of Directors, to express an independent professional opinion as to the fairness of the presentation of American National Bankshares Inc. financial statements.



Charles H. Majors  
*President and  
Chief Executive Officer*



T. Allen Liles  
*Senior Vice President,  
Secretary and Treasurer*



# Board of Directors

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

## Bill Barker, Jr.

President, Barklea, Inc., Danville, VA, tobacco warehouse. Director since 1996. Committee(s) 2,5

## Fred A. Blair

President, Blair Construction, Inc., Gretna, VA, commercial building contractor. Director since 1992. Committee(s) 2,5

## H. Dan Davis

Senior Consultant to the Corporation and the Bank. Director since 1996. Committee(s) 1,5

## E. Budge Kent, Jr.

Senior Vice President of the Corporation and Senior Vice President & Trust Officer of the Bank. Director since 1979. Committee(s) 8

## Charles H. Majors

President and Chief Executive Officer of the Corporation and the Bank. Director since 1981. Committee(s) 1, 8

## Claude B. Owen, Jr.

Retired Chairman & Chief Executive Officer of DIMON Incorporated, Danville, VA, leaf tobacco dealer. Director since 1984. Committee(s) 3, 5, 6

## Richard G. Barkhouser

President, Barkhouser Motors, Inc., Danville, VA, automobile dealership. Director since 1980. Committee(s) 3, 5, 6, 7

## Ben J. Davenport, Jr.

Chairman, First Piedmont Corporation, Chatham, VA, waste management. Director since 1992. Committee(s) 5, 6, 8

## Lester A. Hudson, Jr.

Chairman, H & E Associates, Greenville, SC, investments. Director since 1984. Committee(s) 5, 7

## Fred B. Leggett, Jr.

Retired Chairman and Chief Executive Officer, Leggett Stores, Danville, VA, retail department stores. Director since 1994. Committee(s) 2, 5, 7

## James A. Motley

Retired Chairman and Chief Executive Officer of the Corporation and the Bank. Director since 1975. Committee(s) 4, 5, 8

## Landon R. Wyatt, Jr.

President, Wyatt Buick-Pontiac, Inc., Danville, VA, automobile dealership. Director since 1965. Committee(s) 3, 4, 5, 8

## B. Carrington Bidgood (Director Emeritus)

Retired Senior Vice President, Dibrell Brothers, Inc.  
Danville, VA, leaf tobacco and flowers.  
Director since 1975

## Advisory Board Martinsville-Henry County

David W. Bowles

Vice President, Stanley Bowles Corp.

Sidney A. Clower

Henry County Administrator

James D. Coleman, Jr.

President, R.S.B. Enterprises, Inc.

Joseph C. Compton

Vice President, Compton Wood Products, Inc.

Shirley A. Craven

President, Adkins Construction Corp.

Phillip G. Gardner

Attorney

Steven Grodensky

General Manager, Dutch Inn

James K. Muehleck, DDS

Dentist

G. Ronald Pigg

President, John Barnes Hardwood Dimensions

Joseph A. Roach

Chief Executive Officer, Memorial Hospital of Martinsville and Henry County

John E. Turner

Co-owner, Riverside Tire Company

Committees: 1 ANB Mortgage Corp. Board; 2. Audit/Compliance; 3. Director's Nominating; 4. Emergency Preparedness; 5. Loan Review; 6. President's Advisory; 7. Salary; 8. Trust



# Officers

## American National Bankshares Inc.

Charles H. Majors  
*President & Chief Executive Officer*

E. Budge Kent, Jr.  
*Senior Vice President*

T. Allen Liles  
*Senior Vice President, Secretary & Treasurer*

Carl T. Yeatts  
*Senior Vice President*

Carolyn H. Compton  
*Assistant Secretary*

Nadine S. Crumpton  
*Auditor*

## American National Bank and Trust Company

Charles H. Majors  
*President & Chief Executive Officer*

E. Budge Kent, Jr.  
*Senior Vice President  
& Trust Officer*

T. Allen Liles  
*Senior Vice President,  
Cashier & Chief Financial Officer*

Carl T. Yeatts  
*Senior Vice President  
& Senior Loan Officer*

Ronnie C. Fowlkes  
*Vice President*

Jeffrey V. Haley  
*Vice President*

Wayne D. Holley  
*Vice President*

James H. Johnson, Jr.  
*Vice President & City Executive*

E. C. Jordan  
*Vice president & City Executive*

Phillip H. Strader  
*Vice President*

John G. Wales  
*Vice President*

Mildred B. Wilkerson  
*Vice President*

Charles G. Ellis  
*Director of Community Affairs*

James R. Jefferson  
*Controller*

Cameron W. Clement  
*Trust Officer*

John B. Hall, Jr.  
*Trust Officer*

Linda P. Rhue  
*Trust Officer*

William B. Stephens, Jr.  
*Director of Technology Development*

Cheryl L. Clark  
*Director of Information Services*

Wayne M. Barker  
*Assistant Vice President*

Thomas Y. Chandler  
*Assistant Vice President*

Barry L. Clarke  
*Assistant Vice President*

L. Michael Coleman  
*Assistant Vice President*

Barry J. Shields  
*Assistant Vice President*

Beverly A. Scruggs  
*Assistant Vice President*

Mary H. Wertz  
*Assistant Vice President*

Shirley O. Bryant  
*Banking Officer*

Rita Cook-Raynor  
*Banking Officer*

Tony E. Dalton  
*Banking Officer*

Janice O. England  
*Banking Officer*

Robert S. Fuller  
*Banking Officer*

Kaye S. Hayden  
*Banking Officer*

Elaine T. Jones  
*Banking Officer*

Garry C. Martin  
*Banking Officer*

Randall J. McDaniel  
*Banking Officer*

Sandra H. Miller  
*Banking Officer*

Peter A. Moore  
*Banking Officer*

Beth M. Searce  
*Banking Officer*

Nadine S. Crumpton  
*Auditor*

Linda H. Coleman  
*Assistant Auditor*

Jane S. Baynes  
*Deposit Operations Manager*

Carolyn H. Compton  
*Assistant to the President*

George A. Brooks  
*Banking Associate*

Sean A. Brown  
*Banking Associate*

Brenda L. Gibson  
*Accounting Specialist*

Donna M. Hankins  
*Human Resources Administrator*

Faye W. Holland  
*Proof Operations Manager*

Robert A. Howard  
*Banking Associate*

Patricia T. Hudson  
*Accounting Specialist*

Mark C. Lewis  
*Banking Associate*

Anne D. Moore  
*Loan Operations Manager*

Frances H. Sam  
*Banking Associate*

Bernetha W. Saunders  
*Banking Associate*

Katherine P. Shelton  
*Banking Associate*

William S. Via  
*Compliance Officer*

Richard B. Waters  
*Systems Analyst*

Phyllis A. Wiles  
*Trust Operations Manager*

Voinda R. Wray  
*Administrative Assistant*

## ANB Mortgage Corp.

Charles H. Majors  
*President &  
Chief Executive Officer*

James M. Crawford  
*Vice President, Secretary  
& Chief Operating Officer*

T. Allen Liles  
*Treasurer*

Patricia B. Burnett  
*Assistant Secretary*



# General Information

American National Bankshares Inc.

## AMERICAN NATIONAL BANKSHARES INC. AMERICAN NATIONAL BANK AND TRUST COMPANY

628 Main Street  
P. O. Box 191  
Danville, VA 24543  
804-792-5111

Website - [www.amnb.com](http://www.amnb.com)

## FINANCIAL INFORMATION

Analysts and investors seeking financial information about American National Bankshares Inc. may contact T. Allen Liles, Chief Financial Officer, at 804-773-2242.

## QUARTERLY EARNINGS INFORMATION

Quarterly earnings information can be obtained by calling T. Allen Liles at 804-773-2242 or by visiting American National's web site.

## SHAREHOLDER INFORMATION

Shareholders needing information on stock-transfer requirements, lost certificates, dividends and other shareholder matters may contact Carolyn Compton, Assistant to the President, at 804-773-2220.

## ADDITIONAL INFORMATION

For information on purchasing additional shares of American National Bankshares Inc. stock through the dividend-reinvestment plan, shareholders may call Carolyn Compton, Assistant to the President, at 804-773-2220.

## FORM 10-K

Copies of American National Bankshares Inc.'s Annual Report on Form 10-K as filed with the Securities and Exchange Commission may be obtained without charge by contacting Carolyn Compton, Assistant to the President, at 804-773-2220.

## STOCK LISTING

American National Bankshares Inc.'s common stock is listed on the NASDAQ National Market under the symbol "AMNB".

## INDEPENDENT AUDITORS

Arthur Andersen LLP  
Suite 3800  
100 North Tryon Street  
Charlotte, N.C. 28202-4000

## 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.

## ***BANK OFFICES***

**Main Office** • 628 Main Street, Danville, VA 24541  
**Chatham Office** • 13880 U. S. Highway 29, Chatham, VA 24531  
**Collinsville Office** • 2484 Virginia Avenue, Collinsville, VA 24078  
**Gretna Office** • 109 Main Street, Gretna, VA 24557  
**Martinsville Office** • 201 East Main Street, Martinsville, VA 24112  
**Nor-Dan Office** • 239 Nor-Dan Drive, Danville, VA 24540  
**Riverside Office** • 1081 Riverside Drive, Danville, VA 24541  
**South Boston Road Office** • 1407 South Boston Road, Danville, VA 24540  
**South Main Office** • 1013 South Main Street, Danville, VA 24541  
**Tower Drive Office** • 103 Tower Drive, Danville, VA 24540  
**West Main Office** • 2016 West Main Street, Danville, VA 24541  
**Yanceyville Office** • 173 Main Street, Yanceyville, NC 27379

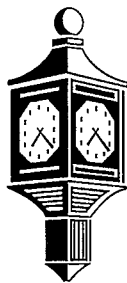
## ***ATM LOCATIONS***

### **Drive-up**

**Chatham Office** • 13880 U. S. Highway 29, Chatham, VA 24531  
**Collinsville Office** • 2484 Virginia Avenue, Collinsville, VA 24078  
**Franklin Turnpike** • 2725 Franklin Turnpike, Danville, VA 24540  
**Hillcrest Shopping Center** • Highways 86 & 158, Yanceyville, NC 27379  
**Huffman's Car Wash** • 596 West Main Street, Danville, VA 24541  
**Martinsville Office** • 201 East Main Street, Martinsville, VA 24112  
**Riverside Office** • 1081 Riverside Drive, Danville, VA 24540  
**South Boston Road** • 1407 South Boston Road, Danville, VA 24540

### **Walk-Up**

**Danville Regional Medical Center** • 142 South Main Street, Danville, VA 24541  
**Liberty Fair Mall** • 240 Commonwealth Boulevard, Martinsville, VA 24112  
**Nor-Dan Office** • 239 Nor-Dan Drive, Danville, VA 24540  
**Piedmont Mall** • 325 Piedmont Drive, VA 24540  
**West Main Office** • 2016 West Main Street, Danville, VA 24541



**American National  
Bankshares Inc.**