



AMERICAN NATIONAL

BANKSHARES INC.

Exceeding Your Expectations

Since 1909

Forward-Looking Statements



Certain statements in this presentation may constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are statements that include projections, predictions, expectations, beliefs about future events or results or otherwise and are not statements of historical fact. Such statements are often characterized by the use of qualified words (and derivatives) such as “expect,” “believe,” “estimate,” “plan,” “project,” “anticipate,” and other statements concerning opinions or judgments of American National and its management about future events. The forward-looking statements herein are based on certain assumptions and analyses by American National and are factors it believes appropriate under 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 and guidelines; significant changes in the economic scenario; significant changes in regulatory requirements; significant changes in securities markets; and changes regarding acquisitions and dispositions. Consequently, all forward-looking sta

made herein are qualified by these cautionary statements. American National
undertake to update forward-looking statements to reflect circumstances or events
occur after the date the forward-looking statements are made.



Defining Strengths

Conservative

- Stringent underwriting
- Strong capital

Consistent

- 103 Years of tradition
- Deep management team
- Ability to execute

Shareholder Focused

- Exceptional dividend
- Prudent growth

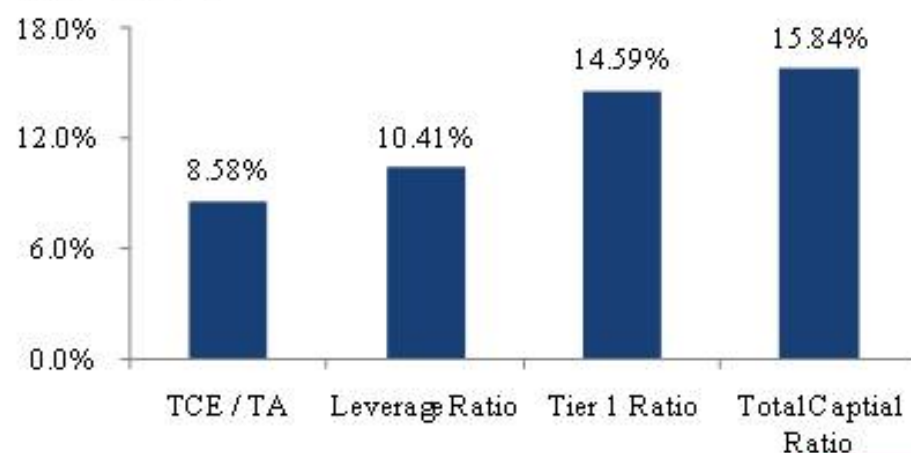
- Good stewards of capital

Seasoned Management

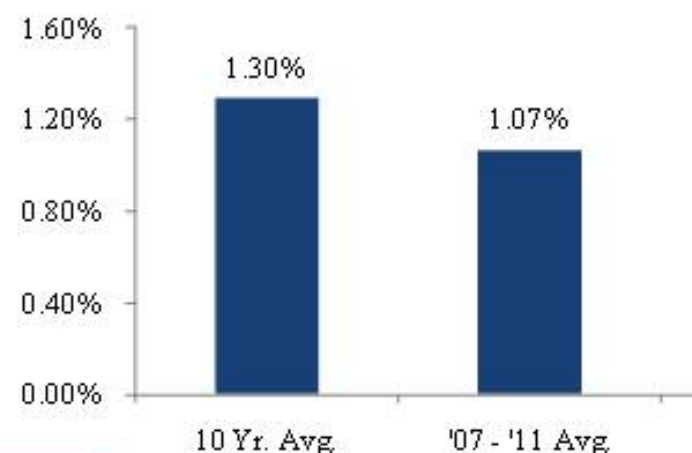
Name	Position	Age	Years of Experience	Years since AMBA
<u>Executives:</u>				
Charles H. Majors	Chairman	66	19	19
Jeffrey V. Haley	Bank President & CEO	51	15	15
William W. Traynham Jr.	Chief Financial Officer	56	23	3
Dabney T.P. Gilliam Jr.	Chief Administrative Officer	57	26	11
R. Helm Dobbins	Chief Credit Officer	60	32	8
S. Cabell Dudley	Chief Banking Officer - Va.	66	42	5
Charles T. Canaday Jr.	Chief Banking Officer - N.C.	50	28	1
Joseph W. Beury	Trust & Investment Services	57	30	1
Average		58	27	

Executive Summary

CAPITAL



FINANCIAL PERFORMANCE – ROE



THE DEAL

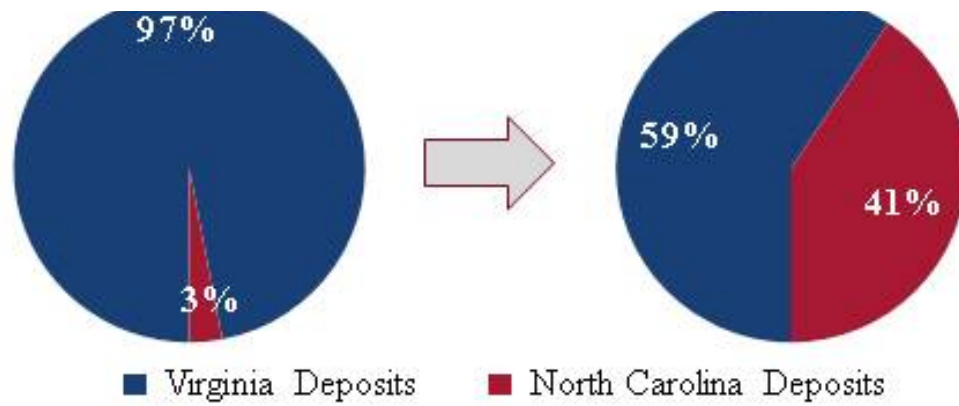
AMNB Legacy

New AMNB

CREDIT QUALITY – NPAs /



Reflects
acquisition

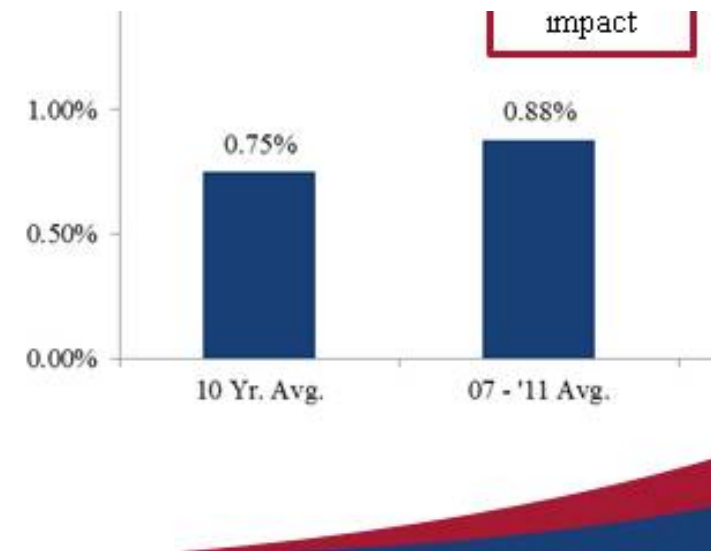


Source: SNL Financial; Company filings


Deposit data as of June 30, 2011

MRQ data as of Q1 2012

Note: NPAs include nonaccrual loans, accruing TDRs and OREO




Capital Levels

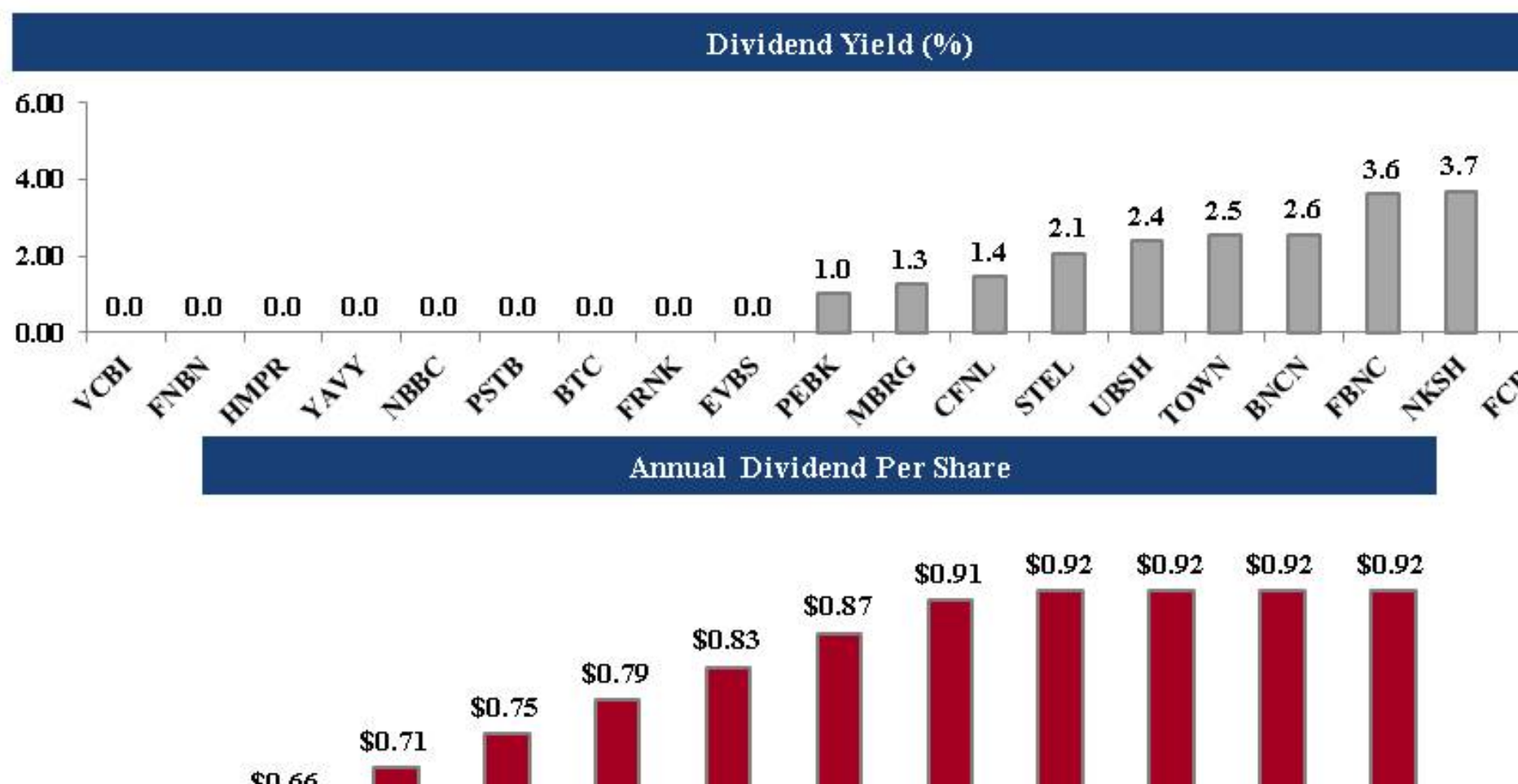
 History of maintaining a strong capital position

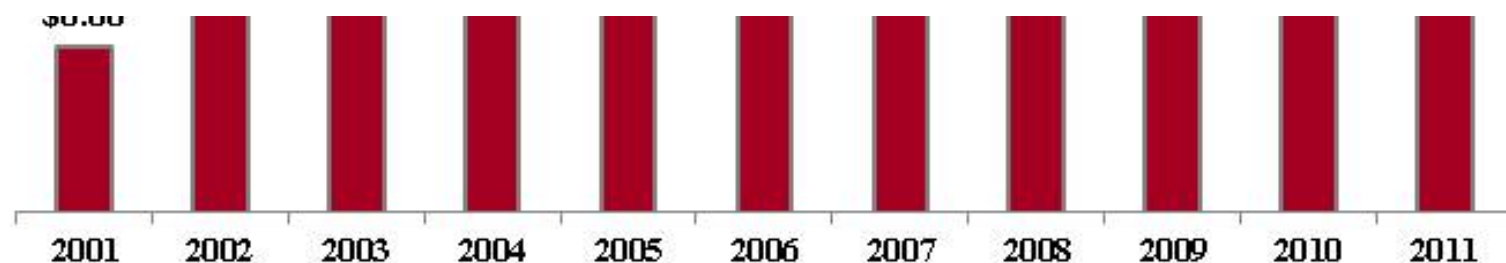
- We did not need to apply for TARP

	AMNB 10-year Average	Q1 2012
Tangible Common Equity / Tangible Assets	10.48%	8.58%
Leverage Ratio	11.87%	10.41%
Tier 1 Risk-based Ratio	16.12%	14.59%
Total Risk-based Ratio	17.36%	15.84%

Dividends

 History of strong dividends



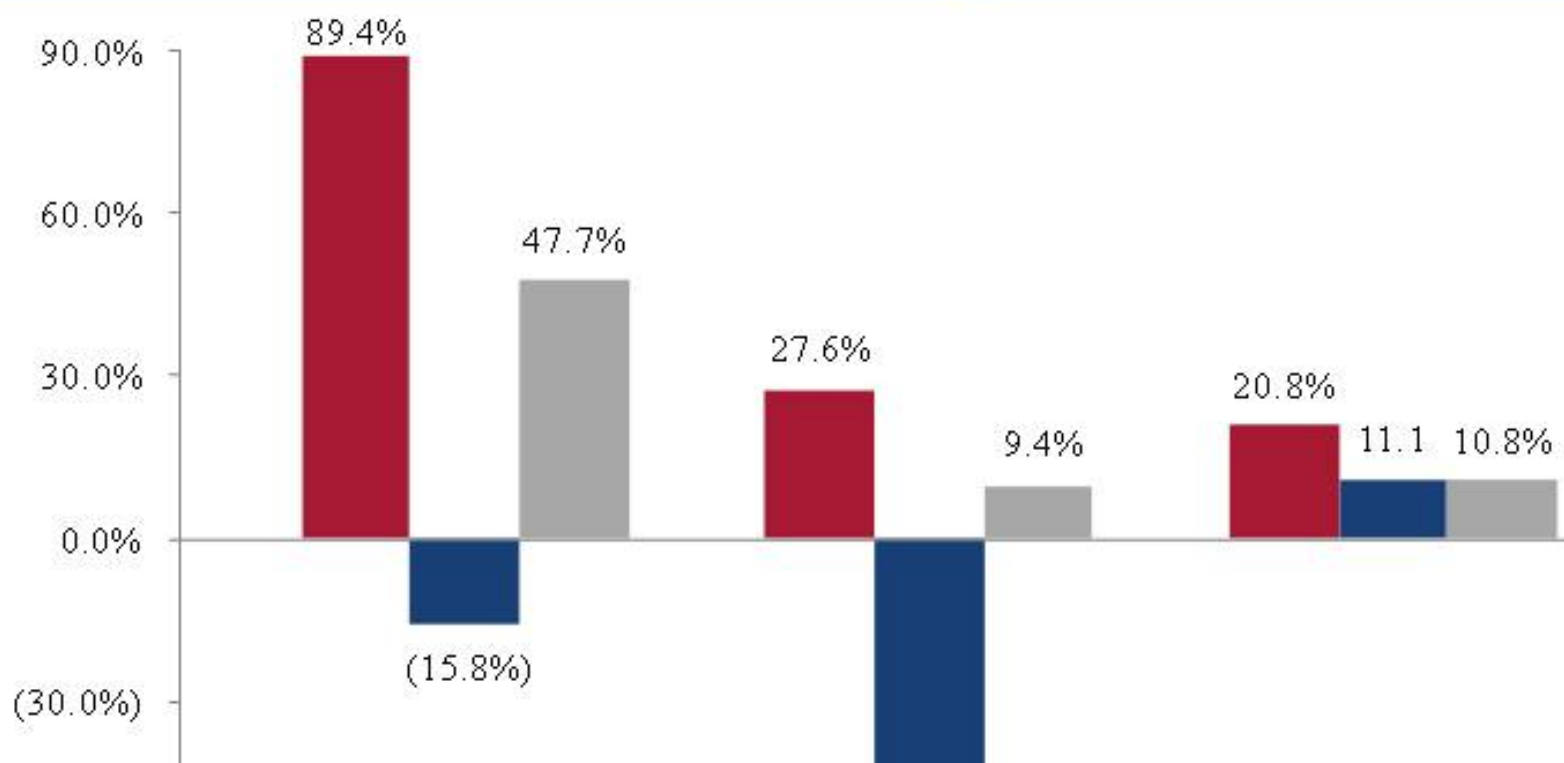


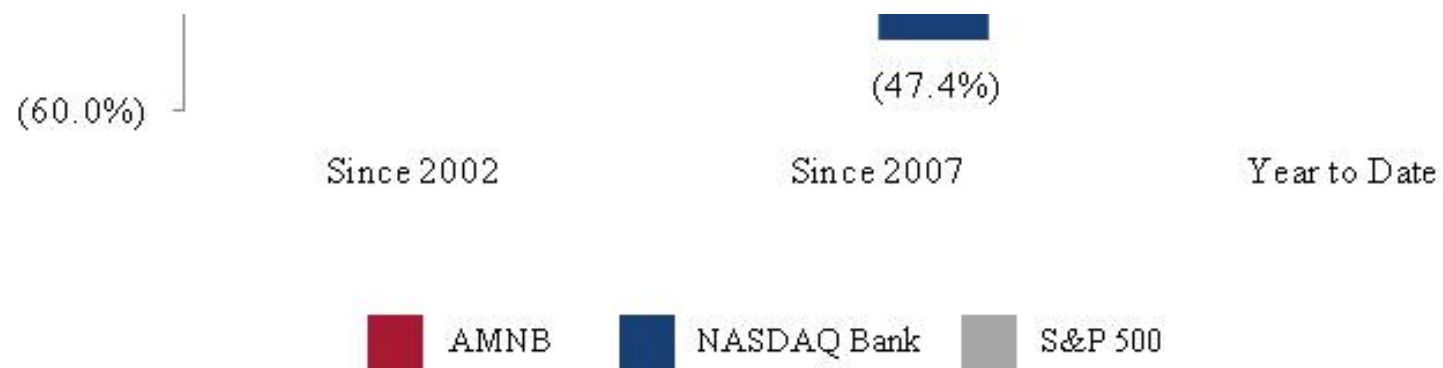
Source: SNL Financial and Company filings; Market data as of 6/1/2012

Note: Peers include major exchange traded banks headquartered in NC and VA with total assets between \$1.0 billion and \$5.0 billion

Total Return

AMNB Return Relative to Major Indices





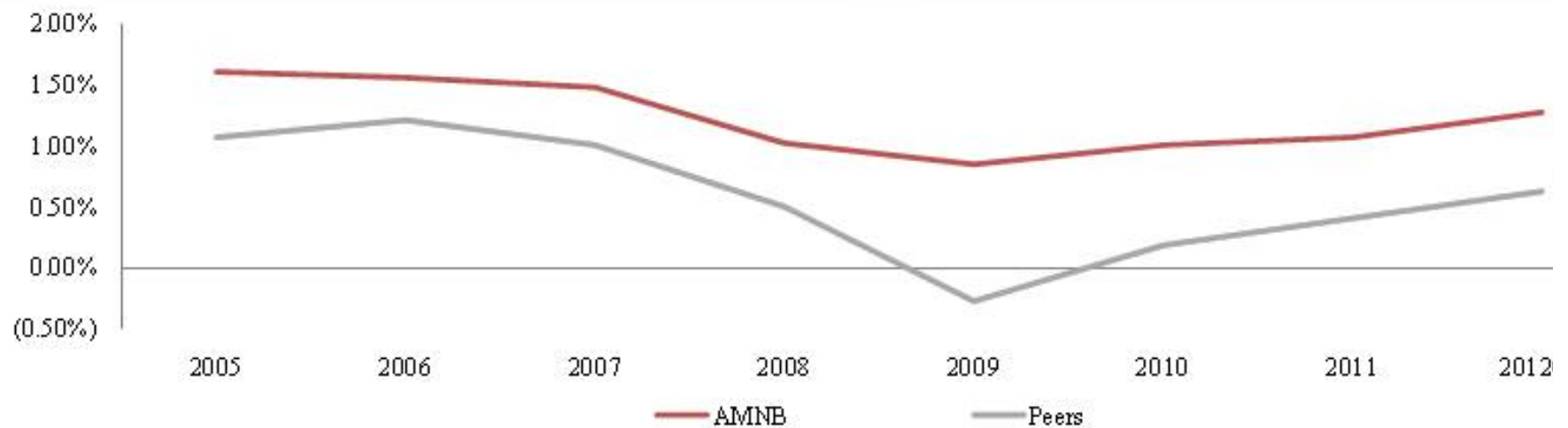
Source: Factset Research Systems; Market data as of 7/19/2012
 AMNB total return assumes reinvestment of dividends

Financial Performance



Historical Profitability

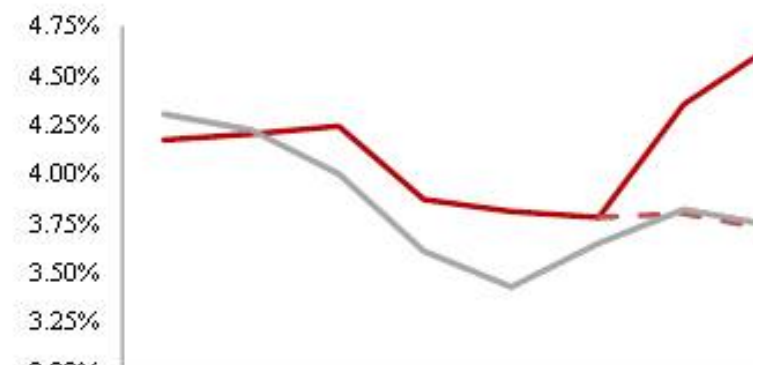
ROAA (%)

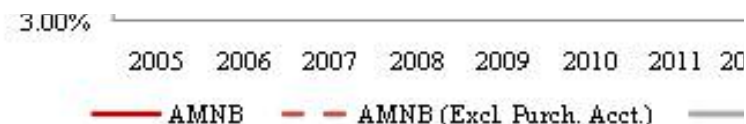


Efficiency Ratio (%)



Net Interest Margin (%)





Source: SNL Financial and Company filings

Note: Peers include major exchange traded banks headquartered in NC and VA with total assets between \$1.0 billion and \$5.0 billion

Diverse Revenue Stream

Noninterest Income

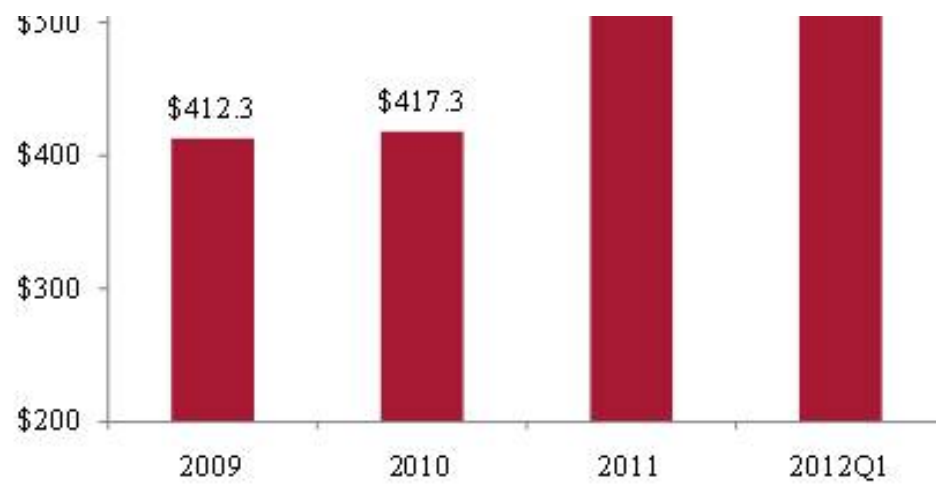
- Trust & Investment Services
- Brokerage
- Secondary Mortgage
- Title Insurance
- Bankers Insurance

Trust Assets (\$M)



Trust and Investment Services

- Organized in 1927
- Offices in Danville, Martinsville, Ly
 - New office in Greensboro
- Assets: \$577 million
- Customers: individuals, businesses, foundations and non-profits
- Serve clients locally and abroad
- Priorities:
 - Trust administration



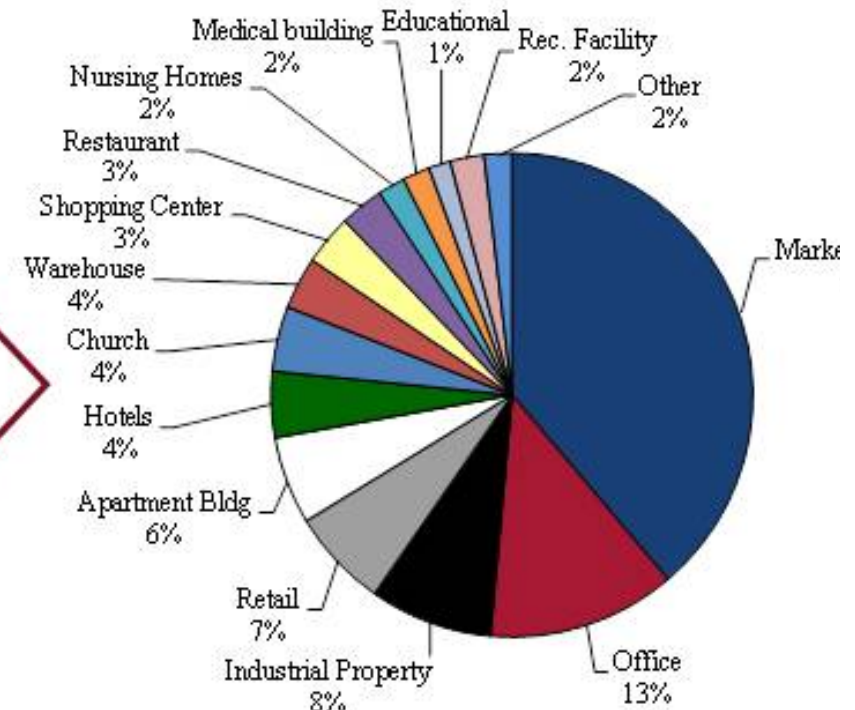
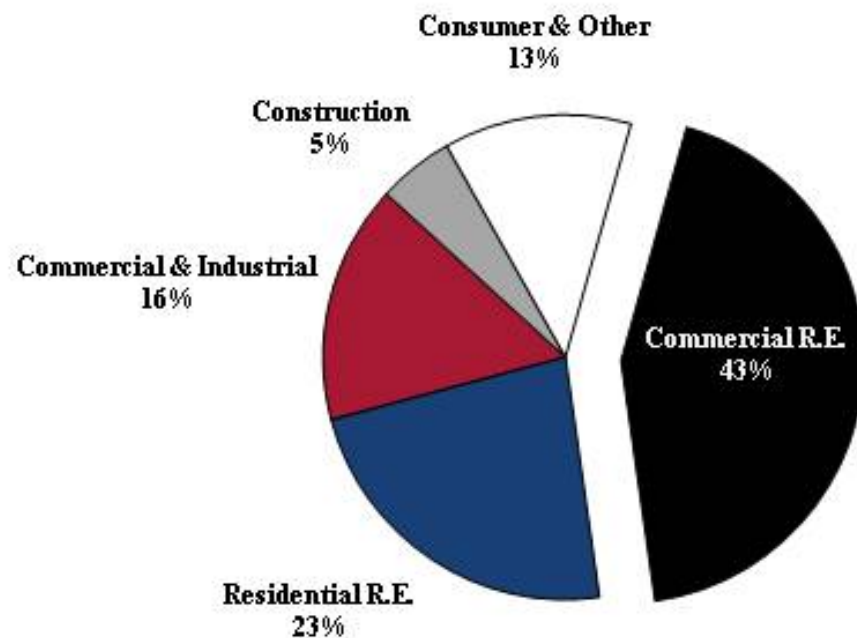
- Trust administration
- Investment management
- Estate settlement
- Retail brokerage
- Excellent equity performance



Loan Portfolio

March 31, 2012 - \$816 MM

March 31, 2012 – CRE



Granular portfolio

Highly diversified

Top 10 relationships combine for \$67 MM or 8% of total loans

Avg. Commercial Credit Size of \$200

– Largest total relationship of \$12 MM

- Legal lending limit of \$20 MM

Source: SNL Financial and Company filings

Underwriting Process

Culture

- Quality
- Rate
- Volume

Collaborative

- Low individual loan authority

Offensive / Defensive

– Relationship pricing

Strong asset quality review process

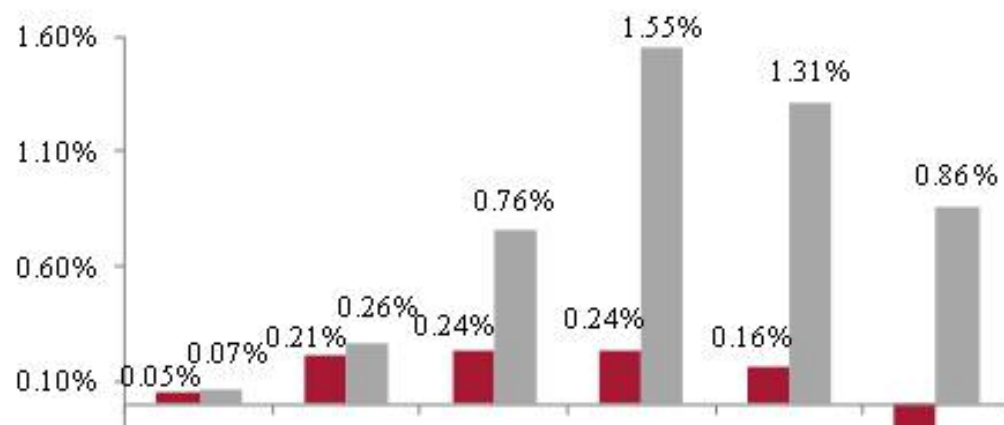
Superior Asset Quality

Exceptional performance through cycle

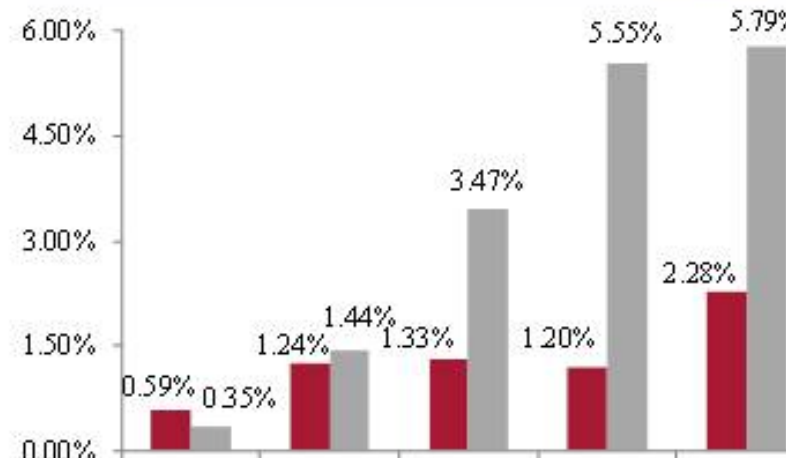
Increased NPA levels are due to acquired MidCarolina credits

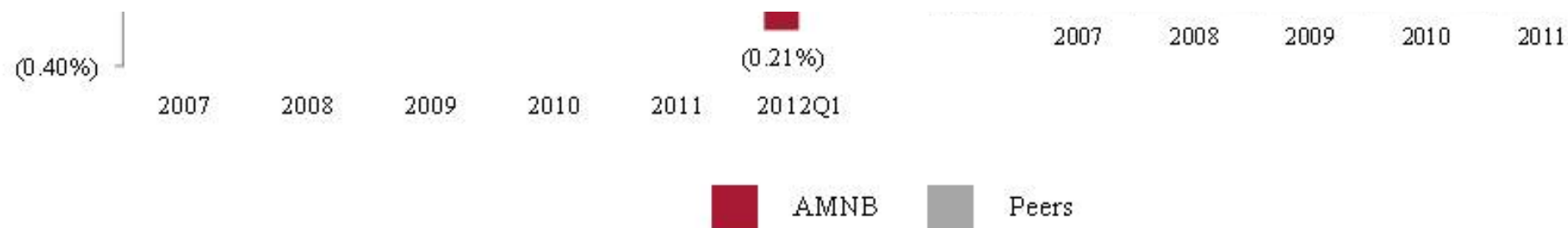
– Fully marked and moving through the resolution process

Net Charge-offs / Avg. Loans (%)



NPAs / Loans + OREO (%)





Source: SNL Financial and Company filings

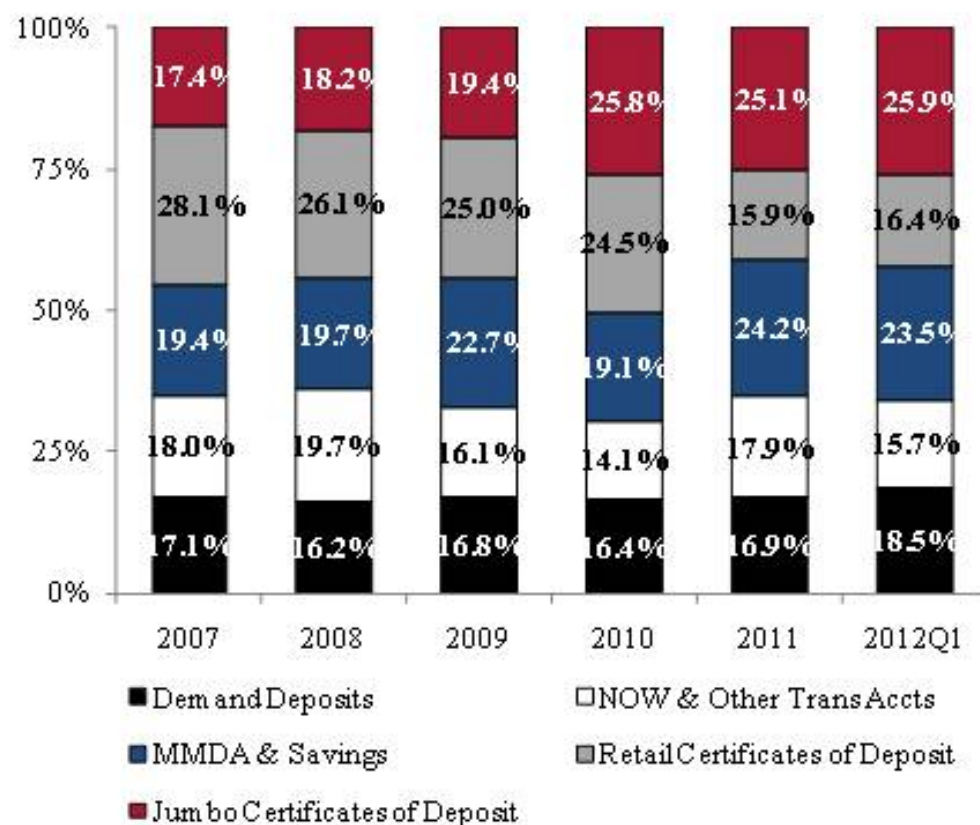
Note: Peers include major exchange traded banks headquartered in NC and VA with total assets between \$1.0 billion and \$5.0 billion

Note: NPAs include nonaccrual loans, accruing TDRs and OREO

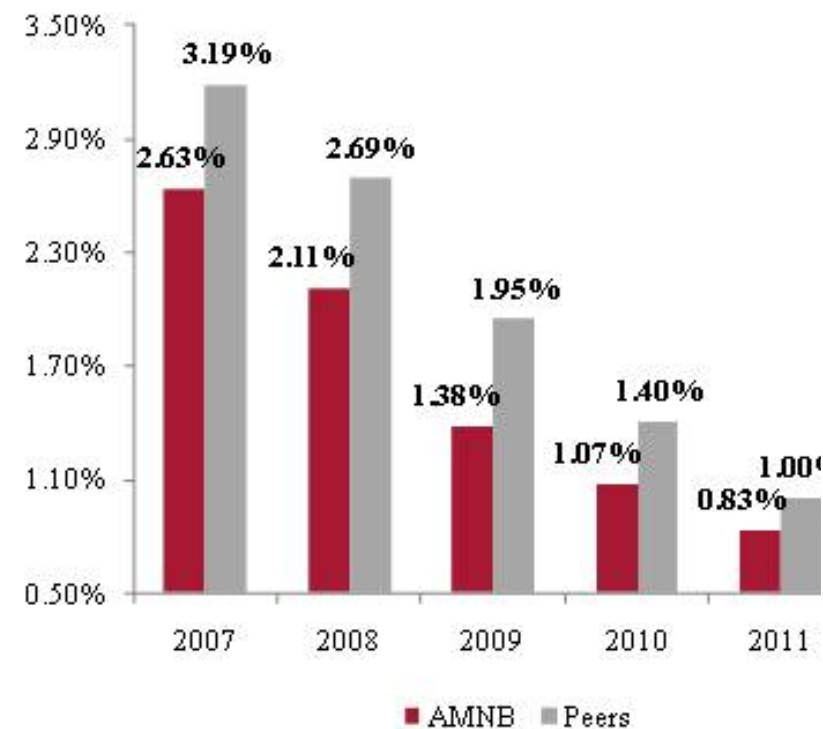


Deposit Portfolio

Deposit Migration History



Cost of Deposits



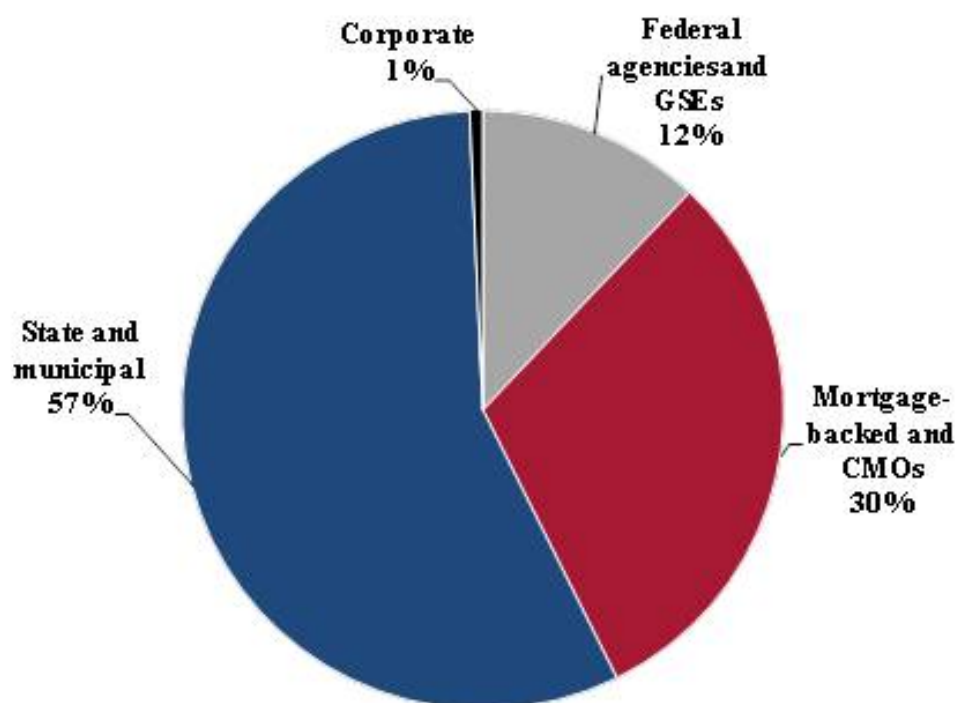
Legacy markets provide a stable source of low cost core deposits

Source: SNL Financial and Company filings

Note: Peers include major exchange traded banks headquartered in NC and VA with total assets between \$1.0 billion and \$5.0 billion

Securities Portfolio

3/31/2012 Securities Portfolio



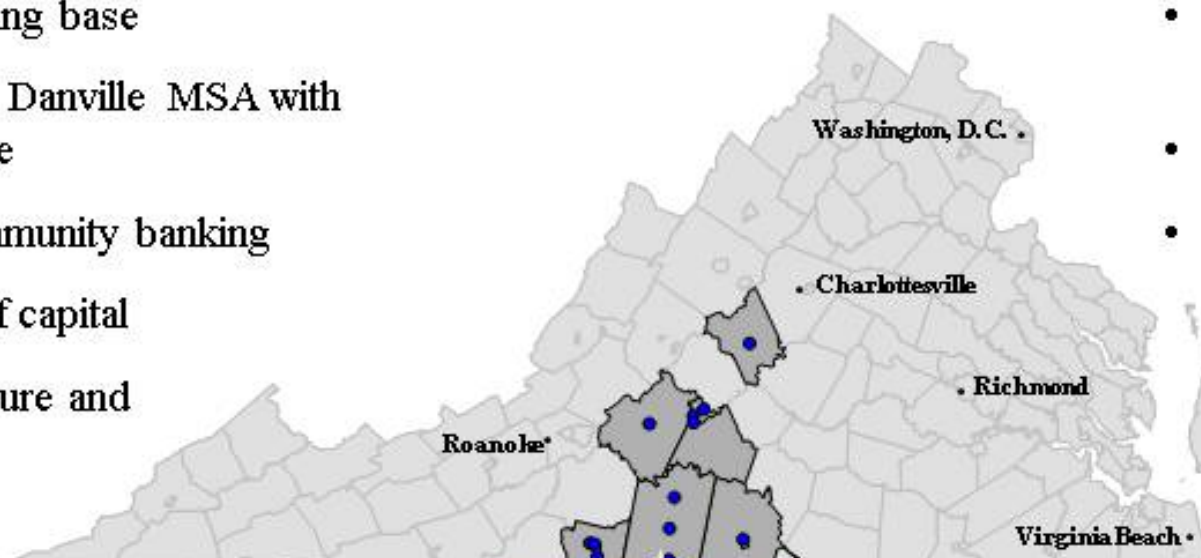
Portfolio Highlights

- Minimal credit risk; minimal duration
- High quality
 - \$337.4 million AFS securities portfolio
 - All above investment grade
 - No investments are classified as nonperforming
- Strong source of liquidity

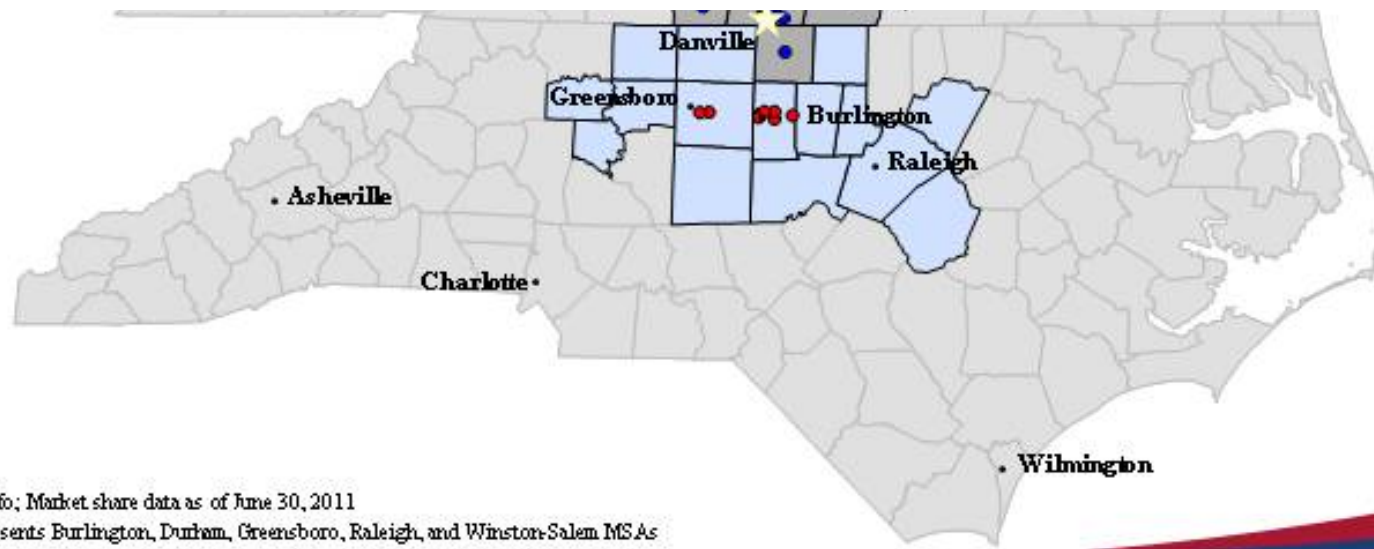
Branch Franchise



- 17 banking offices
- Strong core funding base
- Ranked #1 in the Danville MSA with 29% market share
- 103 years of community banking
- Good stewards of capital
- Strong credit culture and infrastructure



- Eight banking offices
- Ranked #2 in the Mid-Carolina MSA with 16% market share
- Attractive growth opportunities
- Prime markets for investment services






Source: SNL Financial and MapInfo; Market share data as of June 30, 2011

Shaded area for MidCarolina represents Burlington, Durham, Greensboro, Raleigh, and Winston-Salem MSAs

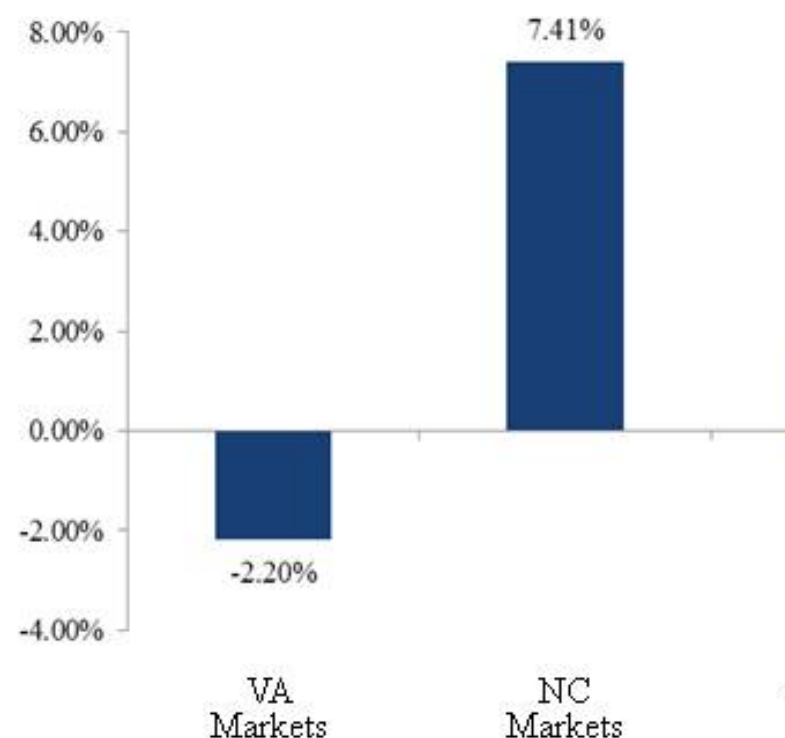


Why North Carolina?

MCFI Growth Markets

-  Strategically located between North Carolina's **Triad** (Greensboro, Winston-Salem, and High Point) and **Triangle** (Raleigh, Durham, and Chapel Hill)
-  **Triad**: Manufacturing and transportation hub of the Southeast
-  **Triangle**: World-class universities, research facilities, leading tech firms and government

Projected Population Growth



Acquisition of MidCarolina

The Deal

- Negotiated all stock transaction – closed July 1, 2011
- Total deal value: \$35.0 million
 - 84% of tangible book value
- Credit mark : 10.97%

Post Merger

- ✓ Back office consolidation in February 2012 – new core system
- ✓ Cost savings of 20% (\$2.2mm)
- ✓ Early focus on credit culture

- ✓ Accretive to earnings
- ✓ Tangible book value earn back: Projected < 3 years; Achieved in 12 months

Acquisition of MidCarolina: Completed July 1, 2012

Immediate Scale

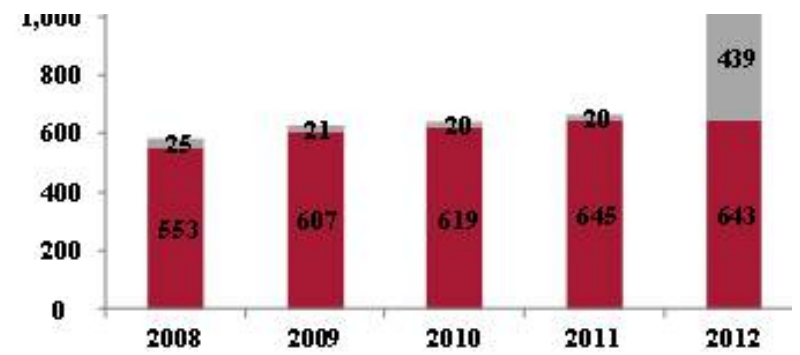
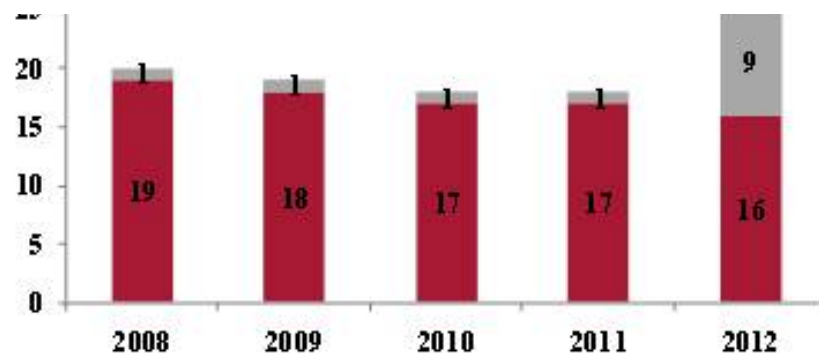
	June 30, 2011		March 31, 2012
(\$ in millions)	AMNB	MCFI	
Assets	\$846	\$460	\$1,323
Loans	\$514	\$367	\$820
Deposits	\$659	\$420	\$1,075
Tang. Equity	\$87	\$36	\$110
Banking Offices	17	8	25

Branches Over Time

30
25

Deposits Over Time (\$mm)

1,200
1,000



■ Virginia

■ North Carolina

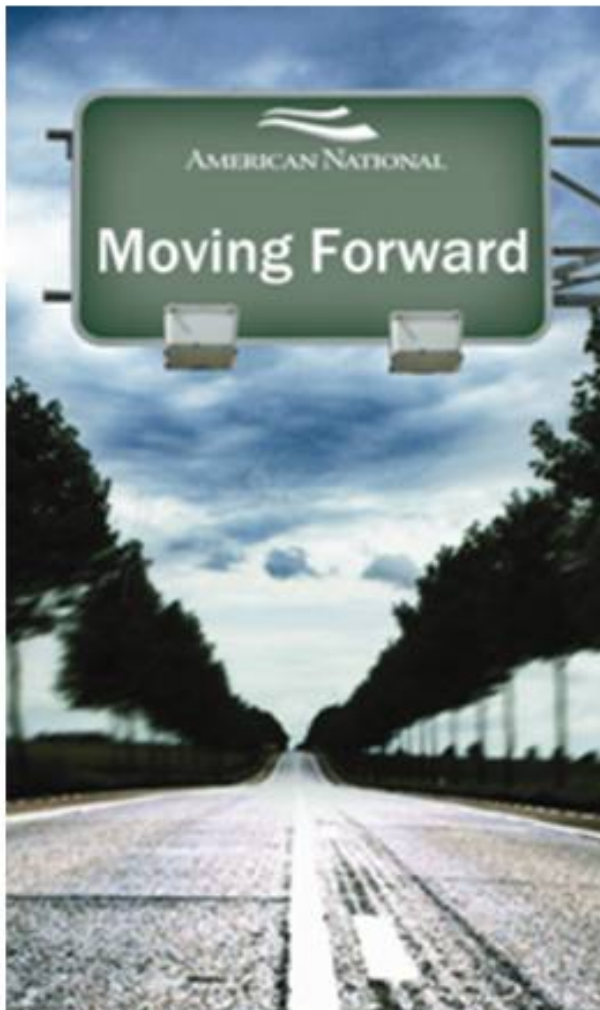
Source: SNL Financial and Company filings



Significant Accomplishments Since Merger

- Integrated our new North Carolina offices into our organization and
- Converted the entire bank to a new and robust management information system.
- Dealt aggressively with all credit issues brought over from MidCaro
- Operated the combined organization successfully during these difficult economic times.
- Restored per share TBV to pre-merger levels.
- Trailing four quarters EPS \$2.18.

Opportunistic Acquisition Strategy



➤ Fair value accounting changed the game

➤ Capital is necessary to be a player

➤ Focused on growth markets in NC and VA

➤ Characteristics of targets:

- \$250M-\$1B size

- Practical assimilation

- Manageable credit issues

- EPS accretion

- Maintenance of strong capital levels

- Identifiable synergies



– Compatible cultures

savings

Our credit culture will be maintained

AMNB Acquisition Cycle

Phase I

- Identify targeted markets with strong economic growth prospects
- Prioritize and perform diligence on institutions that are financially attractive and culturally compatible

Q4
thr
Q3

Phase II

- Negotiate the transaction
- Announce and close

Q3
thr
Q2

Phase III

- Integrate the target
 - Systems conversion
 - Cultural assimilation
 - Synergies
 - Customer retention
- Focus on remediation of target portfolio

Q3
thr
Q3

Phase IV

➤ Transition from remediation to growth and new production

Identify

Acquire

Integrate

Clean-up

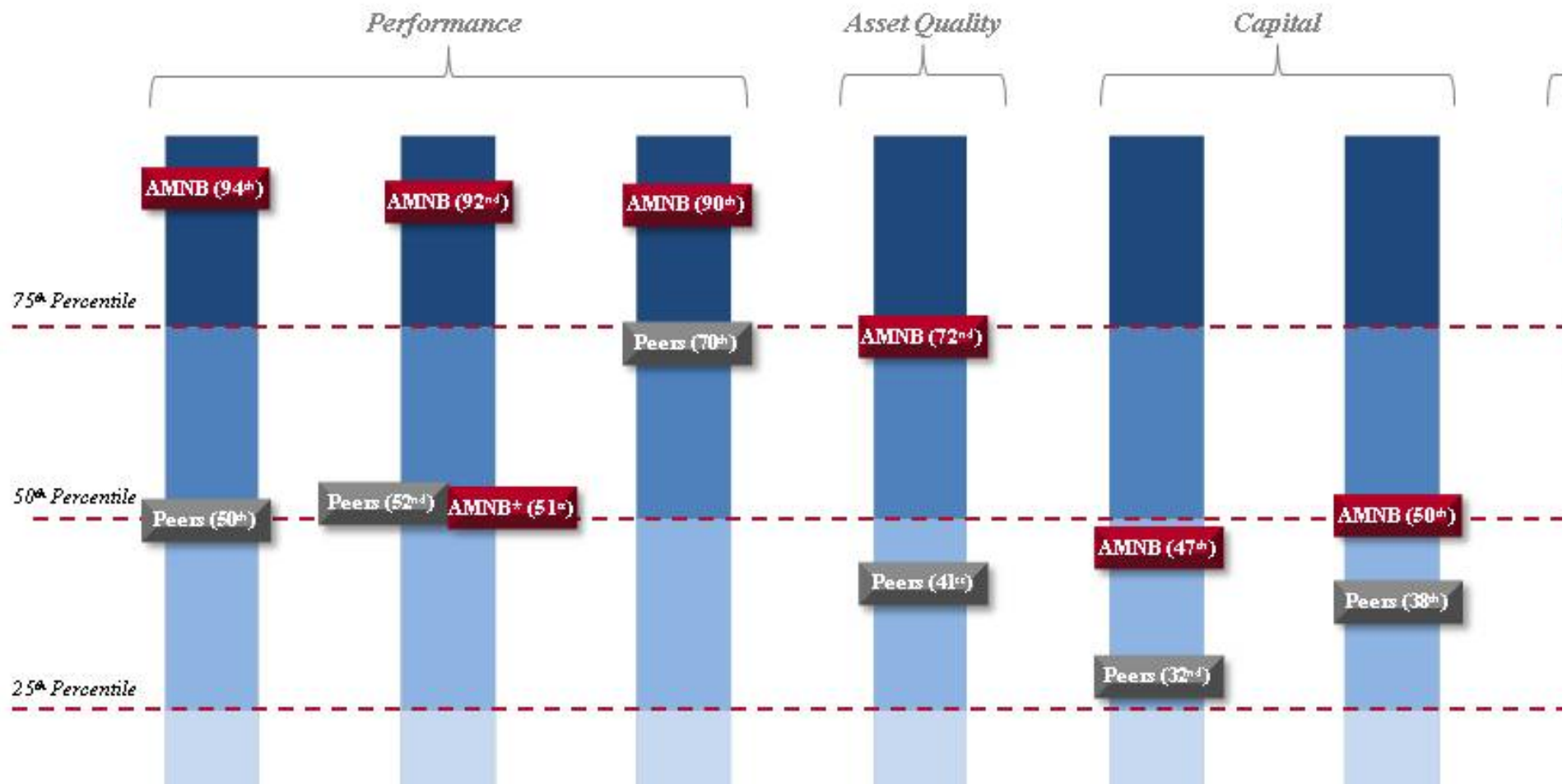
Grow

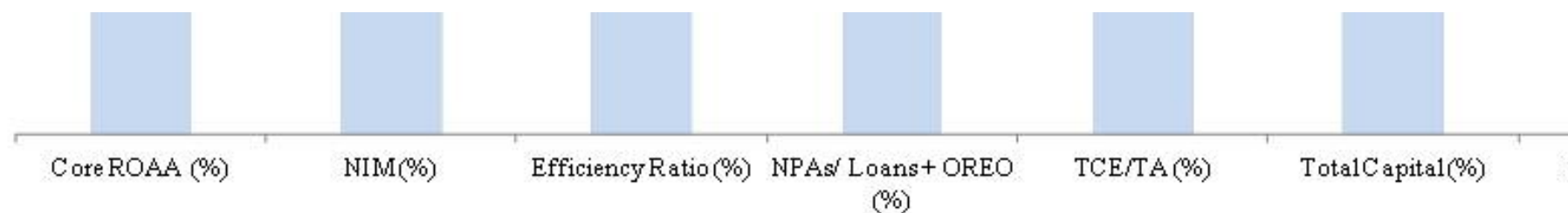
Summary



Nationwide Q1 Comparison

Nationwide Public Banks and Thrifts





Source: SNL Financial and Company filings; Market data as of 6/1/2012

Note: Peers include major exchange traded banks headquartered in NC and VA with total assets between \$1.0 billion and \$5.0 billion

*Excludes accretion from MCFI acquisition


Our Focus

Fortress-like Balance Sheet

- Pristine asset quality
- Low risk investment portfolio
- High liquidity
- Capital strength

Disciplined Growth

- Organic
- External

 Strong earnings stream



Q2 – 2012 Highlights

- Diluted EPS - \$0.54
- NPA's to total assets .99%
versus 1.48% Q3 2011
- Dividend – Paid \$0.46 first six months 20
–Declared \$0.23 for Q3



AMERICAN NATIONAL

Your Relationship Bank



