

AMERICAN NATIONAL BANKSHARES INC.

Form S-4/A

February 06, 2019

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As filed with the Securities and Exchange Commission on February 6, 2019

Registration No. 333-228810

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

PRE-EFFECTIVE AMENDMENT NO. 1

TO

FORM S-4

REGISTRATION STATEMENT

Under

THE SECURITIES ACT OF 1933

AMERICAN NATIONAL BANKSHARES INC.

(Exact name of registrant as specified in its charter)

Virginia (State or other jurisdiction of incorporation or organization)	6021 (Primary Standard Industrial Classification Code Number)	54-1284688 (I.R.S. Employer Identification No.)
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628 Main Street

Danville, Virginia 24541

(434) 792-5111

(Address, including zip code, and telephone number, including area
code, of registrant's principal executive offices)

Jeffrey V. Haley

President and Chief Executive Officer

American National Bankshares Inc.

628 Main Street

Danville, Virginia 24541

(434) 792-5111

(Name, address, including zip code, and telephone number,
including area code, of agent for service)

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Approximate date of commencement of proposed sale of the securities to the public: As soon as practicable after this Registration Statement becomes effective and upon completion of the merger.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or emerging growth company. See the definitions of large accelerated filer, accelerated filer, smaller reporting company, and emerging growth company in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Non-accelerated filer

Accelerated filer

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(B) of the Securities Act.

If applicable, place an X in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Exchange Act Rule 13e-4(i) (Cross-Border Issuer Tender Offer)

Exchange Act Rule 14d-1(d) (Cross-Border Third-Party Tender Offer)

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay

its effective date until the Registrant shall file a further amendment which specifically states this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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The information contained herein is subject to completion or amendment. A registration statement relating to these securities has been filed with the Securities and Exchange Commission. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This joint proxy statement/prospectus does not constitute an offer to sell these securities, nor a solicitation of any offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale is not permitted.

PRELIMINARY SUBJECT TO COMPLETION DATED FEBRUARY 6, 2019

PROPOSED MERGER YOUR VOTE IS VERY IMPORTANT

Dear Fellow Shareholders:

The boards of directors of American National Bankshares Inc. and HomeTown Bankshares Corporation have approved a strategic merger in which HomeTown will merge with and into American National. After the merger, American National is expected to have approximately \$2.4 billion in assets, \$2.0 billion in deposits and \$1.8 billion in gross loans with offices throughout southwest and south central Virginia and north central North Carolina. We are sending you this document to ask you, as an American National and/or HomeTown shareholder, to approve the merger.

In the merger, each share of HomeTown common stock will be converted into the right to receive 0.4150 shares of American National common stock. Although the number of shares of American National common stock that HomeTown shareholders will receive is fixed, the market value of the merger consideration will fluctuate with the market price of American National common stock and will not be known at the time the American National and HomeTown shareholders vote on the merger. Based on the closing sale price for American National common stock on the Nasdaq Global Select Market on October 1, 2018 (\$39.11), the last trading day before public announcement of the merger, the 0.4150 exchange ratio represented approximately \$16.23 in value for each share of HomeTown common stock. The most recent reported closing sale price for American National common stock on February 5, 2019 was \$33.32. The most recent reported closing sale price for HomeTown common stock on February 5, 2019 was \$13.45. Based on the 0.4150 exchange ratio and the number of shares of HomeTown common stock outstanding and reserved for issuance under various stock incentive plans and agreements, the maximum number of shares of American National common stock offered by American National and issuable in the merger is 2,455,855. **We urge you to obtain current market quotations for American National (trading symbol AMNB) and HomeTown (trading symbol HMTA).**

Your vote is very important. We are holding special meetings of our respective shareholders to obtain approval of the merger agreement and related plan of merger and related matters as described in the attached joint proxy statement/prospectus. Approval of the merger agreement and related plan of merger requires the affirmative vote of the holders of more than two-thirds of the outstanding shares of American National common stock, and the affirmative vote of the holders of a majority of the outstanding shares of HomeTown common stock.

Whether or not you plan to attend the American National or HomeTown special meeting, it is important that your shares be represented at the meeting and your vote recorded. Please take the time to vote by completing and mailing the enclosed proxy card or by voting via the Internet or telephone using the instructions given on the proxy card. Even if you return the proxy card, you may attend the special meeting and vote your shares in person.

The boards of directors of American National and HomeTown unanimously recommend that you vote FOR approval of the merger agreement and the related plan of merger and FOR the other matters to be considered at each special meeting.

This joint proxy statement/prospectus describes the special meetings, the merger, the documents related to the merger and other related matters. Please carefully read this joint proxy statement/prospectus, including the information in the Risk Factors section beginning on page 26. You can also obtain information about American National and HomeTown from documents that each company has filed with the Securities and Exchange Commission.

Thank you for your support.

Jeffrey V. Haley

Susan K. Still

President and Chief Executive Officer

President and Chief Executive Officer

American National Bankshares Inc.

HomeTown Bankshares Corporation

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the securities to be issued in connection with the merger or determined if this joint proxy statement/prospectus is accurate or complete. Any representation to the contrary is a criminal offense.

The securities to be issued in the merger are not savings or deposit accounts or other obligations of any bank or non-bank subsidiary of either American National or HomeTown, and they are not insured by the Federal Deposit Insurance Corporation or any other governmental agency.

This joint proxy statement/prospectus is dated February [], 2019 and is first being mailed to shareholders of American National and HomeTown on or about February [], 2019.

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AMERICAN NATIONAL BANKSHARES INC.

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

To be held on March 19, 2019

A special meeting of shareholders of American National Bankshares Inc. (American National) will be held at The Wednesday Club, located at 1002 Main Street, Danville, Virginia, at 9:00 a.m. local time, on Tuesday, March 19, 2019 for the following purposes:

1. To consider and vote on a proposal to approve the Agreement and Plan of Reorganization, dated as of October 1, 2018, between American National and HomeTown Bankshares Corporation (HomeTown), including the related Plan of Merger (together, the merger agreement), pursuant to which HomeTown will merge with and into American National, as more fully described in the accompanying joint proxy statement/prospectus (the American National merger proposal). A copy of the merger agreement is attached as Appendix A to the accompanying joint proxy statement/prospectus.
2. To consider and vote on a proposal to adjourn the meeting to a later date, if necessary or appropriate, to permit further solicitation of proxies in the event there are not sufficient votes at the time of the meeting to approve the American National merger proposal (the American National adjournment proposal).

3. To transact such other business as may properly come before the meeting or any adjournments thereof. All holders of record of American National common stock at the close of business on January 31, 2019, are entitled to notice of and to vote at the meeting and any adjournments thereof.

By Order of the Board of Directors,

William W. Traynham

Secretary

February [], 2019

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The American National board of directors unanimously recommends that you vote FOR the American National merger proposal and FOR the American National adjournment proposal.

Please promptly vote by completing and returning the enclosed proxy card, whether or not you plan to attend the special meeting. You may also vote via the Internet or telephone by following the instructions on the proxy card. If you attend the meeting in person, you may withdraw your proxy card and vote your shares in person.

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HOMETOWN BANKSHARES CORPORATION

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

To be held on March 19, 2019

A special meeting of shareholders of HomeTown Bankshares Corporation (HomeTown) will be held at Fitzpatrick Hall of The Jefferson Center, located at 541 Luck Avenue, S.W., Roanoke, Virginia, at 2:00 p.m. local time, on Tuesday, March 19, 2019 for the following purposes:

1. To consider and vote on a proposal to approve the Agreement and Plan of Reorganization, dated as of October 1, 2018, between American National Bankshares Inc. (American National) and HomeTown, including the related Plan of Merger (together, the merger agreement), pursuant to which HomeTown will merge with and into American National, as more fully described in the accompanying joint proxy statement/prospectus (the HomeTown merger proposal). A copy of the merger agreement is attached as Appendix A to the accompanying joint proxy statement/prospectus.
2. To consider and vote on a proposal to approve, in a non-binding advisory vote, certain compensation that may become payable to HomeTown s named executive officers in connection with the merger (the compensation proposal).
3. To consider and vote on a proposal to adjourn the meeting to a later date, if necessary or appropriate, to permit further solicitation of proxies in the event there are not sufficient votes at the time of the meeting to approve the HomeTown merger proposal (the HomeTown adjournment proposal).

4. To transact such other business as may properly come before the meeting or any adjournments thereof. All holders of record of HomeTown common stock at the close of business on January 31, 2019, are entitled to notice of and to vote at the meeting and any adjournments thereof.

By Order of the Board of Directors,

George B. Cartledge

Chairman

February [], 2019

The HomeTown board of directors unanimously recommends that you vote FOR the HomeTown merger proposal, FOR the compensation proposal and FOR the HomeTown adjournment proposal.

Please promptly vote by completing and returning the enclosed proxy card, whether or not you plan to attend the special meeting. You may also vote via the Internet or telephone by following the instructions on the proxy card. If you attend the meeting in person, you may withdraw your proxy card and vote your shares in person.

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ADDITIONAL INFORMATION

This joint proxy statement/prospectus incorporates by reference important business and financial information about American National and HomeTown from other documents that are not included in or delivered with this joint proxy statement/prospectus. For a listing of the documents incorporated by reference, see *Where You Can Find More Information* beginning on page 103. **This information is available to you without charge upon your written or oral request. You can obtain the documents incorporated by reference into this joint proxy statement/prospectus through the website of the Securities and Exchange Commission (the SEC) at <http://www.sec.gov>, through the website of American National at <http://www.amnb.com> and the website of HomeTown at <http://www.hometownbank.com> or by requesting them in writing or by telephone at the contact information set forth below:**

American National Bankshares Inc.

628 Main Street

Danville, Virginia 24541

Telephone: (434) 792-5111

Attention: William W. Traynham, Executive

Vice President and Chief Financial Officer

Regan & Associates, Inc.

505 Eighth Avenue Suite 800

New York, New York 10018

Attention: Artie Regan

Telephone: (800) 737-3426

Information contained on the websites of American National or HomeTown, or any subsidiary of American National or HomeTown, does not constitute part of this joint proxy statement/prospectus and is not incorporated into other filings that American National or HomeTown makes with the SEC.

To receive timely delivery of the documents in advance of the special meetings, please make your request no later than March 12, 2019.

HomeTown Bankshares Corporation

202 S. Jefferson Street

Roanoke, Virginia 24002

Telephone: (540) 345-6000

Attention: Susan K. Still, President and

Chief Executive Officer

Regan & Associates, Inc.

505 Eighth Avenue Suite 800

New York, New York 10018

Attention: Artie Regan

Telephone: (800) 737-3426

In this joint proxy statement/prospectus, American National Bankshares Inc. is referred to as American National and HomeTown Bankshares Corporation is referred to as HomeTown. The merger of HomeTown with and into American National is referred to as the merger, and the Agreement and Plan of Reorganization, dated as of October 1, 2018, between American National and HomeTown, including the related Plan of Merger to be filed with the State Corporation Commission of the Commonwealth of Virginia (along with the articles of merger), is referred to as the merger agreement, a copy of which is attached as Appendix A to this joint proxy statement/prospectus. American National's proposal to approve the merger agreement is referred to as the American National merger proposal. American National's proposal to adjourn its special meeting to a later date, if necessary or appropriate, to permit further solicitation of proxies in the event there are not sufficient votes at the time of the meeting to approve the American National merger proposal is referred to as the American National adjournment proposal. HomeTown's proposal to approve the merger agreement is referred to as the HomeTown merger proposal. HomeTown's proposal to approve, in a non-binding advisory vote, certain compensation that may become payable to HomeTown's named executive officers in connection with the merger is referred to as the compensation proposal. HomeTown's proposal to adjourn its special meeting to a later date, if necessary or appropriate, to permit further solicitation of proxies in the event there are not sufficient votes at the time of the meeting to approve the HomeTown merger proposal is referred to as the HomeTown adjournment proposal. The special meeting of shareholders of American National and the special meeting of shareholders of HomeTown are sometimes referred to collectively as the special meetings.

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QUESTIONS AND ANSWERS ABOUT THE MERGER AND THE SPECIAL MEETINGS

The following questions and answers briefly address some commonly asked questions about the special meetings and the merger. They may not include all of the information that is important to American National and HomeTown shareholders. We urge shareholders to read carefully this joint proxy statement/prospectus, including the appendices and the other documents referred to herein.

Q: What is the merger?

A: American National and HomeTown have entered into the merger agreement whereby HomeTown will merge with and into American National, with American National being the surviving corporation. As a result of the merger, HomeTown shareholders will receive American National common stock in exchange for their HomeTown common stock. A copy of the merger agreement is attached to this joint proxy statement/prospectus as Appendix A.

We currently expect to complete the merger early in the second quarter of 2019. If the merger is completed, it is expected that HomeTown Bank, HomeTown's wholly-owned bank subsidiary, will merge with and into American National Bank and Trust Company (American National Bank), American National's wholly-owned bank subsidiary, also early in the second quarter of 2019 (referred to sometimes as the subsidiary bank merger).

Q: What will HomeTown shareholders receive in the merger?

A: In the proposed merger, holders of HomeTown's common stock will receive 0.4150 shares of common stock of American National for each of their shares of HomeTown common stock. This exchange ratio is fixed and will not be adjusted to reflect stock price changes prior to the closing of the merger. American National shareholders will continue to own their existing shares, which will not be affected by the merger.

Q: Why am I receiving these materials?

A: American National and HomeTown are each holding a special meeting of shareholders to vote on the proposals necessary to complete the merger. We are sending you these materials to solicit your proxy and help you decide how to vote your shares of American National common stock and HomeTown common stock at the special meetings. American National and HomeTown shareholders will be asked in separate proposals to approve the American National merger proposal and the HomeTown merger proposal, respectively. HomeTown shareholders also will be asked to approve, in a non-binding advisory vote, the compensation proposal.

Q: What do I need to do now to vote my shares?

A:

After carefully reading and considering the information contained in this joint proxy statement/prospectus, please vote your shares as soon as possible so that your shares will be represented at the American National or HomeTown special meeting, as applicable. Please follow the instructions set forth on the proxy card or on the voting instruction form provided by the record holder if your shares are held in the name of your broker or other nominee.

Q: How do I vote?

A: **By mail.** You may vote before the American National or HomeTown special meeting by completing, signing, dating and returning the enclosed proxy card in the enclosed postage-paid envelope.

By the Internet or Telephone. If you are a record holder of American National common stock, you can also appoint the proxies to vote your shares for you by going to the Internet website (www.investorvote.com/AMNB) or by calling (800) 652-8683. When you are prompted for your control number, enter the number printed just above your name on the enclosed proxy card, and then follow the instructions provided. You may vote by the Internet or telephone only until 1:00 a.m. Eastern Time on March 19, 2019, which is the day of the American National special meeting.

If you are a record holder of HomeTown common stock, you can also appoint the proxies to vote your shares for you by going to the Internet website (www.proxyvote.com) or by calling (800) 690-6903. When you are prompted for your control number, enter the number printed just above your name on the enclosed proxy card, and then follow the instructions provided. You may vote by the Internet or telephone only until 11:59 p.m. Eastern Time on March 18, 2019, which is the day before the HomeTown special meeting.

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In Person. You may also cast your vote in person at the respective company's special meeting. See below for the date, time and place of the American National and HomeTown special meetings. If your shares are held in street name, through a broker, bank or other nominee, that entity will send you separate instructions describing the procedure for voting your shares. Street name shareholders who wish to vote in person at the special meetings will need to present a proxy from the entity that holds the shares.

Q: If my shares are held in street name by a broker or other nominee, will my broker or nominee vote my shares for me if I do not provide instructions on how to vote my shares?

A: No. Your broker or other nominee does not have authority to vote on the proposals described in this joint proxy statement/prospectus if you do not provide instructions to it on how to vote. Your broker or other nominee will vote your shares held by it in street name with respect to these matters ONLY if you provide instructions to it on how to vote. Please note that you may not vote shares held in street name by returning a proxy card directly to American National or HomeTown or by voting in person at your respective company's special meeting unless you provide a legal proxy, which you must obtain from your broker, bank or other nominee.

We urge you to follow the directions your broker or other nominee provides.

Q: When and where is the American National special meeting of shareholders?

A: The special meeting of American National shareholders will be held at 9:00 a.m. local time, on Tuesday, March 19, 2019 at The Wednesday Club, located at 1002 Main Street, Danville, Virginia.

Q: When and where is the HomeTown special meeting of shareholders?

A: The special meeting of HomeTown shareholders will be held at 2:00 p.m. local time, on Tuesday, March 19, 2019 at Fitzpatrick Hall of The Jefferson Center, located at 541 Luck Avenue, S.W., Roanoke, Virginia.

Q: What vote is required to approve each proposal at the American National special meeting?

A: The American National merger proposal requires the affirmative vote of more than two-thirds of the outstanding shares of American National common stock entitled to vote on the proposal.

The American National adjournment proposal requires the affirmative vote of at least a majority of the shares voted on the proposal, whether or not a quorum is present.

Q: What vote is required to approve each proposal at the HomeTown special meeting?

A: The HomeTown merger proposal requires the affirmative vote of a majority of the outstanding shares of HomeTown common stock entitled to vote on the proposal.

The compensation proposal, to be obtained on a non-binding, advisory basis only, requires the affirmative vote of at least a majority of the shares voted on the proposal.

The HomeTown adjournment proposal requires the affirmative vote of at least a majority of the shares voted on the proposal, whether or not a quorum is present.

Q: What if I do not vote on the matters relating to the merger?

A: **If you are an American National shareholder.** With respect to the American National merger proposal, if you fail to vote or fail to instruct your broker or other nominee how to vote, your failure to vote will have the same effect as a vote against the American National merger proposal. If you respond with an abstain vote, your proxy will have the same effect as a vote against the American National merger proposal. If you are a shareholder of record of common stock and you sign and return your proxy card but do not indicate how you want to vote on the American National merger proposal, your proxy will be counted as a vote in favor of the proposal.

If you are a HomeTown shareholder. With respect to the HomeTown merger proposal, if you fail to vote or fail to instruct your broker or other nominee how to vote, your failure to vote will have the same effect as a vote against the

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HomeTown merger proposal. If you respond with an abstain vote, your proxy will have the same effect as a vote against the HomeTown merger proposal. If you are a shareholder of record of common stock and you sign and return your proxy card but do not indicate how you want to vote on the HomeTown merger proposal, your proxy will be counted as a vote in favor of the proposal.

Q: May I change my vote after I have delivered my proxy or voting instruction card?

A: Yes. If you are a shareholder of record of common stock, you may change your vote at any time before your proxy is voted at the applicable special meeting. You may do this in any of the following ways:

by sending a notice of revocation to either the American National corporate secretary or the HomeTown corporate secretary, as the case may be;

by sending a completed proxy card bearing a later date than your original proxy card;

by voting via the Internet or telephone any time after delivering your proxy or voting instruction card; or

by attending the American National or HomeTown special meeting and voting in person; your attendance alone will not revoke any proxy.

If you choose either of the first two methods, your notice or new proxy card must be actually received before the voting takes place at the applicable special meeting.

If your shares are held in a stock brokerage account or by a bank or other nominee, you should call your broker or other nominee for additional information.

Q: What are the material U.S. federal income tax consequences of the merger to HomeTown shareholders?

A: The merger will be treated as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended (the Code). In connection with the filing of the registration statement of which this document forms a part, Gentry Locke has delivered to HomeTown, and Williams Mullen has delivered to American National, their respective opinions that, for U.S. federal income tax purposes, the merger will qualify as a reorganization. Accordingly, a holder of HomeTown common stock generally will not recognize any gain or loss for U.S. federal income tax purposes as a result of the exchange of the holder's shares of HomeTown common stock for shares of American National common stock pursuant to the merger, except with respect to any cash received instead of fractional shares of American National common stock. For greater detail, see Material U.S. Federal Income Tax Consequences beginning on page 88. Tax matters can be complicated and the tax consequences of the merger to you will depend on your particular tax situation. You should consult your tax advisor to determine the specific tax consequences of the merger to you.

Q: Do I have dissenters or appraisal rights?

A: No. Under Virginia law, shareholders of American National and HomeTown are not entitled to exercise dissenters or appraisal rights in connection with the merger.

Q: If I am a HomeTown shareholder with shares represented by stock certificates, should I send in my HomeTown stock certificates now?

A: No. Please do not send your stock certificates with your proxy card. If you are a holder of HomeTown stock, you will receive written instructions from the exchange agent after the merger is completed on how to exchange your HomeTown stock certificates for shares of American National common stock and receive your check in lieu of any fractional shares of American National common stock to which you would otherwise be entitled.

Q: What should I do if I hold my shares of HomeTown common stock in book-entry form?

A: After the completion of the merger, American National will send you instructions on how to exchange your shares of HomeTown common stock held in book-entry form for shares of American National common stock and receive your check in lieu of fractional shares of American National common stock to which you would otherwise be entitled.

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Q: What happens if I sell or transfer ownership of shares of HomeTown common stock after the record date for the HomeTown special meeting?

A: The record date for the HomeTown special meeting is earlier than the expected date of completion of the merger. Therefore, if you sell or transfer ownership of your shares of HomeTown common stock after the record date for the HomeTown special meeting, but prior to completion of the merger, you will retain the right to vote at the special meeting, but the right to receive the merger consideration will transfer with the shares of HomeTown common stock.

Q: Who should I contact if I have any questions about the proxy materials or voting?

A: If you have any questions about the merger or if you need assistance in submitting your proxy or voting your shares or need additional copies of the joint proxy statement/prospectus or the enclosed proxy card:

if you are an American National shareholder, you should contact American National's Corporate Secretary by calling (800) 240-8190 or by writing to American National Bankshares Inc., 628 Main Street, Danville, Virginia 24541, Attention: Corporate Secretary. You may also obtain more information about the merger and the proxy materials by contacting Regan & Associates, Inc., American National's proxy solicitor, at (800) 737-3426.

if you are a HomeTown shareholder, you should contact HomeTown's Corporate Secretary by calling (540) 345-6000 or by writing to HomeTown Bankshares Corporation, 101 S. Jefferson Street, Roanoke, Virginia 24002, Attention: Corporate Secretary. You may also obtain more information about the merger and the proxy materials by contacting Regan & Associates, Inc., HomeTown's proxy solicitor, at (800) 737-3426.

If your shares are held in a stock brokerage account or by a bank or other nominee, you should call your broker or other nominee for additional information.

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SUMMARY

*This summary highlights selected information from this joint proxy statement/prospectus. We urge you to read carefully the joint proxy statement/prospectus and the other documents to which this joint proxy statement/prospectus refers to understand fully the merger and the other matters to be considered at the special meetings. See *Where You Can Find More Information* beginning on page 103. Each item in this summary includes a page reference directing you to a more complete description of that item.*

The Merger (page 43)

American National and HomeTown are proposing a combination of our companies through a merger of HomeTown with and into American National, pursuant to the terms and conditions of the merger agreement. The parties expect to complete the merger early in the second quarter of 2019. The merger agreement is attached to this joint proxy statement/prospectus as Appendix A. We encourage you to read the merger agreement because it is the legal document that governs the merger.

If the merger is completed, it is expected that HomeTown Bank, the wholly-owned bank subsidiary of HomeTown, will merge with and into American National Bank, the wholly-owned bank subsidiary of American National, also early in the second quarter of 2019, with American National Bank being the surviving bank.

Consideration to be Received in the Merger by HomeTown Shareholders (page 77)

If the merger is completed, holders of HomeTown common stock will receive 0.4150 shares of American National common stock for each of their shares of HomeTown common stock outstanding at the effective time of the merger and cash in lieu of any fractional shares. The number of shares of American National common stock delivered for each share of HomeTown common stock in the merger is referred to as the exchange ratio. This exchange ratio is fixed and will not be adjusted to reflect stock price changes prior to the closing of the merger. Based on the closing sale price for American National's common stock on the Nasdaq Global Select Market on October 1, 2018 (\$39.11), the last trading day before public announcement of the merger, the 0.4150 exchange ratio represented approximately \$16.23 in value for each share of HomeTown common stock or \$94.3 million in the aggregate. Based on the closing sale price for American National's common stock on the Nasdaq Global Select Market on February 5, 2019 (\$33.32), the last trading day before the date of this joint proxy statement/prospectus, the 0.4150 exchange ratio represented approximately \$13.83 in value for each share of HomeTown common stock or \$80.3 million in the aggregate. It is expected that existing holders of HomeTown common stock will own approximately 22% of American National's outstanding common stock, on a fully diluted basis, after the merger.

Shares of American National common stock held by American National shareholders will remain unchanged in the merger. It is expected that existing holders of American National common stock will own approximately 78% of American National's outstanding common stock, on a fully diluted basis, after the merger.

Treatment of HomeTown Stock Options and Restricted Stock Awards (page 78)

Stock Options. If the merger is completed, all outstanding HomeTown stock options will be converted into stock options of American National, exercisable for common stock of American National on the same terms and conditions (except as otherwise described herein) as were in effect immediately prior to the completion of the merger, subject to any accelerated vesting as a result of the merger to the extent provided by the terms of the applicable plan or agreements under such plans. The number of shares issuable under, and exercise prices for, those options will be adjusted based on the exchange ratio.

Restricted Stock Awards. If the merger is completed, all outstanding HomeTown restricted stock awards which are unvested or contingent will be converted into American National restricted stock awards, with the same terms and conditions (except as otherwise described herein) as were in effect immediately prior to the completion of the merger, subject to any accelerated vesting as a result of the merger to the extent provided by the terms of the applicable plan or agreements under such plans. The number of shares subject to the restricted stock awards will be adjusted based on the exchange ratio.

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Dividend Information (page 91)

American National is currently paying a quarterly cash dividend on shares of its common stock at a rate of \$0.25 per share. American National has no current intention to change its dividend strategy of paying a quarterly cash dividend, but has and will continue to evaluate that decision based on a quarterly review of earnings, growth, capital and such other factors that the American National board of directors considers relevant to the dividend decision process. HomeTown currently pays a quarterly cash dividend on shares of its common stock at a rate of \$0.04 per share.

Material U.S. Federal Income Tax Consequences (page 88)

The merger will be treated as a reorganization within the meaning of Section 368(a) of the Code. In connection with the filing of the registration statement of which this document forms a part, Williams Mullen has delivered to American National, and Gentry Locke has delivered to HomeTown, their respective opinions (Exhibits 8.1 and 8.2, respectively) to that effect. Subject to the limitations and qualifications described in Material U.S. Federal Income Tax Consequences (page 88), for U.S. federal income tax purposes, the merger generally will be tax-free to HomeTown shareholders as to the shares of American National common stock they receive in the merger. However, HomeTown shareholders may recognize gain or loss in connection with cash received instead of any fractional shares of American National common stock they would otherwise be entitled to receive. Additionally, it is a condition to HomeTown's and American National's obligations to complete the merger that they each receive a legal opinion that the merger will be treated for U.S. federal income tax purposes as a reorganization within the meaning of Section 368(a) of the Code. These opinions, however, will not bind the Internal Revenue Service, which could take a different view.

The tax consequences of the merger to you will depend on your own situation and the consequences described in this joint proxy statement/prospectus may not apply to you. HomeTown shareholders will also be required to file certain information with their federal income tax returns and to retain certain records with regard to the merger. In addition, you may be subject to state, local or foreign tax laws and consequences that are not addressed in this joint proxy statement/prospectus. You are urged to consult with your own tax advisor for a full understanding of the tax consequences of the merger to you. For greater detail, see Material U.S. Federal Income Tax Consequences beginning on page 88.

American National's Board of Directors Unanimously Recommends that American National Shareholders Vote FOR the American National Merger Proposal and FOR the American National Adjournment Proposal (page 47)

American National's board of directors has determined that the merger, the merger agreement and the transactions contemplated by the merger agreement are in the best interests of American National and its shareholders and has approved the merger agreement. The American National board of directors unanimously recommends that American National shareholders vote FOR the American National merger proposal and FOR the American National adjournment proposal. For additional discussion of the factors considered by American National's board of directors in reaching its decision to approve the merger agreement, see The Merger American National's Reasons for the Merger; Recommendation of American National's Board of Directors.

HomeTown's Board of Directors Unanimously Recommends that HomeTown Shareholders Vote FOR the HomeTown Merger Proposal, FOR the Compensation Proposal and FOR the HomeTown Adjournment Proposal (page 49)

HomeTown's board of directors has determined that the merger, the merger agreement and the transactions contemplated by the merger agreement are in the best interests of HomeTown and its shareholders and has

unanimously approved the merger agreement. The HomeTown board of directors unanimously recommends that HomeTown shareholders vote FOR the HomeTown merger proposal, FOR the compensation proposal and FOR the HomeTown adjournment proposal. For additional discussion of the factors considered by HomeTown's board of directors in reaching its decision to approve the merger agreement, see The Merger HomeTown's Reasons for the Merger; Recommendation of HomeTown's Board of Directors.

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Opinion of American National's Financial Advisor (page 53)

In connection with the merger, Keefe, Bruyette & Woods, Inc. (KBW) delivered a written opinion, dated October 1, 2018, to the American National board of directors as to the fairness, from a financial point of view and as of the date of the opinion, to American National of the exchange ratio in the proposed merger. The full text of KBW's opinion, which describes the procedures followed, assumptions made, matters considered, and qualifications and limitations on the review undertaken by KBW in preparing the opinion, is attached as Appendix B to this joint proxy statement/prospectus. **The opinion was for the information of, and was directed to, the American National board of directors (in its capacity as such) in connection with its consideration of the financial terms of the merger. The opinion did not address the underlying business decision of American National to engage in the merger or enter into the merger agreement or constitute a recommendation to the American National board of directors in connection with the merger, and it does not constitute a recommendation to any holder of American National common stock or any shareholder of any other entity as to how to vote in connection with the merger or any other related matter.**

Opinion of HomeTown's Financial Advisor (page 63)

On October 1, 2018, the HomeTown board of directors received an oral opinion, which was subsequently confirmed in writing, from Sandler O'Neill & Partners, L.P. (Sandler O'Neill), its financial advisor, to the effect that, as of such date and subject to the procedures followed, assumptions made, matters considered and qualifications and limitations on the review undertaken by Sandler O'Neill as set forth in its opinion, the exchange ratio in the proposed merger was fair, from a financial point of view, to the holders of HomeTown common stock. The full text of Sandler O'Neill's written opinion is attached as Appendix C to this joint proxy statement/prospectus. HomeTown shareholders should read the entire opinion carefully for a discussion of, among other things, the assumptions made, matters considered and qualifications and limitations on the review undertaken by Sandler O'Neill in rendering its opinion.

Sandler O'Neill's opinion speaks only as of the date of the opinion. The opinion was directed to HomeTown's board of directors in connection with its consideration of the merger agreement and the merger and does not constitute a recommendation to any shareholder of HomeTown as to how any such shareholder should vote at any meeting of shareholders called to consider and vote upon the approval of the merger. Sandler O'Neill's opinion was directed only to the fairness, from a financial point of view, of the exchange ratio to the holders of HomeTown common stock and does not address the underlying business decision of HomeTown to engage in the merger, the form or structure of the merger or any other transactions contemplated in the merger agreement, the relative merits of the merger as compared to any other alternative transactions or business strategies that might exist for HomeTown or the effect of any other transaction in which HomeTown might engage.

The Parties to the Merger (pages 93 and 94)

American National Bankshares Inc.

American National is a multi-state bank holding company headquartered in Danville, Virginia. American National provides a wide range of financial products and services through its wholly-owned subsidiary, American National Bank and Trust Company, a national banking association chartered in 1909. American National Bank provides commercial, mortgage and consumer banking services, trust and investment services, and insurance services through 24 banking offices and two loan production offices serving southern and central Virginia and north central North Carolina.

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As of September 30, 2018, American National had total consolidated assets of approximately \$1.8 billion, total consolidated loans, net of unearned income, of approximately \$1.3 billion, total consolidated deposits through American National Bank of approximately \$1.5 billion and consolidated shareholders' equity of approximately \$216.1 million.

The principal executive offices of American National are located at 628 Main Street, Danville, Virginia 24541, and its telephone number is (434) 792-5111. American National's website can be accessed at <http://www.amnb.com>. Information contained in American National's website does not constitute part of, and is not incorporated into, this

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joint proxy statement/prospectus. American National's common stock is traded on the Nasdaq Global Select Market under the symbol AMNB. Additional information about American National is included in documents incorporated by reference in this joint proxy statement/prospectus. See [Where You Can Find More Information](#).

HomeTown Bankshares Corporation

HomeTown Bankshares Corporation is a bank holding company headquartered in Roanoke, Virginia. Through its wholly-owned subsidiary, HomeTown Bank, HomeTown provides a broad range of consumer and commercial banking services throughout its primary service area, which includes the City of Roanoke, Roanoke County, and the City of Salem, Virginia, and contiguous counties, including Bedford, Franklin and Montgomery, Virginia. HomeTown places an emphasis on personal service offers its products and services through six full-service branches, seven 24-hour ATMs and one mortgage office.

As of September 30, 2018, HomeTown had total consolidated assets of approximately \$558.7 million, total net loans of approximately \$462.4 million, total deposits through HomeTown Bank of approximately \$483.5 million and consolidated shareholders' equity of approximately \$53.0 million.

The principal executive offices of HomeTown are located at 202 South Jefferson Street, Roanoke, Virginia 24011, and its telephone number is (540) 345-6000. HomeTown's website can be accessed at <http://www.hometownbank.com>. Information contained in HomeTown's website does not constitute part of, and is not incorporated into, this joint proxy statement/prospectus. HomeTown's common stock is traded on the Nasdaq Capital Market under the symbol HMTA. Additional information about HomeTown is included in documents incorporated by reference in this joint proxy statement/prospectus. See [Where You Can Find More Information](#).

Regulatory Approvals (page 76)

American National and HomeTown cannot complete the merger without prior approval from the Board of Governors of the Federal Reserve System (the "Federal Reserve"), the Office of the Comptroller of the Currency (the "OCC") and the Virginia State Corporation Commission (the "Virginia SCC"). As of the date of this joint proxy statement/prospectus, American National has filed the required applications with the Federal Reserve and the Virginia SCC seeking approval of the merger and with the OCC seeking approval of the subsidiary bank merger, but we have not yet received the required regulatory approvals. While we do not know of any reason why we would not be able to obtain the necessary regulatory approvals in a timely manner, we cannot be certain when or if we will receive them or, if obtained, whether they will contain terms, conditions or restrictions not currently contemplated that will be detrimental to the combined company after completion of the merger.

Conditions to Completion of the Merger (page 81)

American National's and HomeTown's respective obligations to complete the merger are subject to the fulfillment or waiver of certain conditions, including the following:

approval of the American National merger proposal and the HomeTown merger proposal by American National and HomeTown shareholders, respectively;

approval of the merger by the necessary federal and state regulatory authorities;

the effectiveness of American National's registration statement on Form S-4, of which this joint proxy statement/prospectus is a part;

approval from the Nasdaq Stock Market for the listing on the Nasdaq Global Select Market of the shares of common stock of American National to be issued in the merger;

the absence of any order, decree or injunction of a court or regulatory agency that enjoins or prohibits the completion of the merger;

the accuracy of the other party's representations and warranties in the merger agreement, subject to the material adverse effect standard in the merger agreement;

the other party's performance in all material respects of its obligations under the merger agreement; and

the receipt by each party from its respective outside legal counsel of a written legal opinion to the effect that the merger will be treated as a reorganization within the meaning of Section 368(a) of the Code.

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Where the merger agreement and/or law permits, American National and HomeTown could choose to waive a condition to its obligation to complete the merger even if that condition has not been satisfied. We cannot be certain when, or if, the conditions to the merger will be satisfied or waived or that the merger will be completed.

Timing of the Merger (page 77)

American National and HomeTown expect to complete the merger after all conditions to the merger in the merger agreement are satisfied or waived, including after shareholder approvals are received at the respective special meetings of American National and HomeTown and the receipt of all required regulatory approvals. We currently expect to complete the merger early in the second quarter of 2019. However, it is possible that factors outside of either party's control could require us to complete the merger at a later time or not to complete it at all.

Interests of Certain HomeTown Directors and Executive Officers in the Merger (page 72)

Certain directors and executive officers of HomeTown have interests in the merger that differ from, or are in addition to, their interests as shareholders of HomeTown. These interests include, among other things, payments to certain of HomeTown's executive officers after their respective HomeTown employment agreements are terminated in connection with the merger, continued employment of certain of HomeTown's executive officers with American National following completion of the merger, accelerated vesting of stock options and restricted stock awards held by HomeTown's executive officers, appointment of three directors of HomeTown and/or HomeTown Bank to serve on American National's board of directors, appointment of the remaining HomeTown directors to serve on an advisory board for a period of two years after the merger and rights to indemnification and directors' and officers' liability insurance following the merger.

The members of the HomeTown board of directors were fully informed about these additional interests and thoroughly considered them when they approved the merger agreement and the merger. These interests are discussed in more detail in "The Merger - Interests of Certain HomeTown Directors and Executive Officers in the Merger" beginning on page 72.

No Solicitation (page 83)

HomeTown has agreed that it will not directly or indirectly:

initiate, solicit, endorse or encourage any inquiries, proposals or offers with respect to any acquisition proposal (as defined in the merger agreement); or

furnish any confidential or nonpublic information relating to, or engage or participate in any negotiations or discussions concerning, an acquisition proposal.

The merger agreement does not, however, prohibit HomeTown from considering an unsolicited bona fide acquisition proposal from a third party if certain specified conditions are met.

Termination of the Merger Agreement (page 84)

The merger agreement may be terminated, and the merger abandoned, by American National and HomeTown at any time before the merger is completed if the boards of directors of both parties vote to do so. In addition, the merger

agreement may be terminated, and the merger abandoned, under the following circumstances:

by the board of directors of American National or HomeTown if the merger has not been completed by September 30, 2019, unless the failure to complete the merger by such time was caused by a breach or failure to perform an obligation under the merger agreement by the terminating party;

by the board of directors of American National or HomeTown if there is a breach by the other party of any representation, warranty, covenant or agreement contained in the merger agreement that would cause the failure of the closing conditions described above, and the breach cannot be or is not cured within 30 days following written notice to the breaching party;

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by the board of directors of American National or HomeTown if any of the conditions precedent to the obligations of such party to consummate the merger set forth in the merger agreement cannot be satisfied or fulfilled by September 30, 2019;

by the board of directors of American National at any time before the HomeTown special meeting if (i) HomeTown's board of directors (a) fails to recommend to the HomeTown shareholders that they approve the HomeTown merger proposal, or (b) withdraws, modifies or changes such recommendation in any manner adverse to American National; or (ii) HomeTown fails to comply in all material respects with its obligations in the merger agreement requiring the calling and holding of a meeting of shareholders to consider the HomeTown merger proposal or its obligations regarding the non-solicitation of competing offers for certain corporate transactions;

by the board of directors of American National or HomeTown if HomeTown shareholders do not approve the HomeTown merger proposal;

by the board of directors of HomeTown at any time before the American National special meeting if (i) American National's board of directors (a) fails to recommend to the American National shareholders that they approve the American National merger proposal, or (b) withdraws, modifies or changes such recommendation in any manner adverse to HomeTown; or (ii) American National fails to comply in all material respects with its obligations in the merger agreement requiring the calling and holding of a meeting of shareholders to consider the American National merger proposal;

by the board of directors of American National or HomeTown if American National shareholders do not approve the American National merger proposal;

by the board of directors of American National, if (i) HomeTown enters into an agreement with any person to acquire, merge or consolidate with HomeTown, or purchase, lease or otherwise acquire all or substantially all of the assets of HomeTown, or purchase or otherwise acquire from HomeTown securities representing 10% or more of the voting power of HomeTown or (ii) a tender or exchange offer is commenced for 10% or more of the outstanding shares of HomeTown common stock, and the board of directors of HomeTown recommends that HomeTown's shareholders tender their shares or otherwise fails to recommend that shareholders reject such offer; or

by the board of directors of HomeTown at any time before the HomeTown special meeting to enter into an agreement with respect to a superior proposal (as defined in the merger agreement), which has been received and considered by HomeTown in compliance with the applicable terms of the merger agreement.

Termination Fee and Expenses (page 85)

HomeTown must pay American National a termination fee of \$4.0 million if the merger agreement is terminated by either party under certain specified, limited circumstances. The termination and payment circumstances are more fully described elsewhere in this joint proxy statement/prospectus. See The Merger Agreement Termination Fee beginning on page 85 and in Article 7 of the merger agreement.

In general, whether or not the merger is completed, American National and HomeTown will each pay its respective expenses incident to preparing, entering into and carrying out the terms of the merger agreement. The parties will share the costs of printing this joint proxy statement/prospectus and all filing fees paid to the SEC and other governmental authorities.

The American National Special Meeting (page 33)

The American National special meeting will be held on Tuesday, March 19, 2019 at 9:00 a.m. local time, at The Wednesday Club, located at 1002 Main Street, Danville, Virginia.

At the special meeting, the shareholders of American National will be asked to vote on the following matters:

the American National merger proposal; and

the American National adjournment proposal.

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The HomeTown Special Meeting (page 37)

The HomeTown special meeting will be held on Tuesday, March 19, 2019 at 2:00 p.m. local time, at Fitzpatrick Hall of The Jefferson Center, located at 541 Luck Avenue, S.W., Roanoke, Virginia.

At the special meeting, the shareholders of HomeTown will be asked to vote on the following matters:

the HomeTown merger proposal;

the compensation proposal; and

the HomeTown adjournment proposal.

Record Date and Votes Required American National Special Meeting (page 33)

You can vote at the American National special meeting of shareholders if you owned American National common stock at the close of business on January 31, 2019. On that date, American National had 8,739,509 shares of common stock outstanding and entitled to vote. For each proposal presented at the American National special meeting, a shareholder can cast one vote for each share of American National common stock owned on the record date.

The votes required to approve the proposals at the American National special meeting are as follows:

The American National merger proposal requires the affirmative vote of more than two-thirds of the outstanding shares of American National common stock entitled to vote on the proposal.

The American National adjournment proposal requires the affirmative vote of a majority of the shares voted on the proposal, whether or not a quorum is present.

Record Date and Votes Required HomeTown Special Meeting (page 37)

You can vote at the HomeTown special meeting of shareholders if you owned HomeTown common stock at the close of business on January 31, 2019. On that date, HomeTown had 5,809,023 shares of common stock outstanding and entitled to vote. For each proposal presented at the HomeTown special meeting, a shareholder can cast one vote for each share of HomeTown common stock owned on the record date.

The votes required to approve the proposals at the HomeTown special meeting are as follows:

The HomeTown merger proposal requires the affirmative vote of a majority of the outstanding shares of HomeTown common stock entitled to vote on the proposal.

Approval of the compensation proposal, to be obtained on an advisory basis only, requires the affirmative vote of at least a majority of the shares voted on the proposal.

The HomeTown adjournment proposal requires the affirmative vote of a majority of the shares voted on the proposal, whether or not a quorum is present.

Affiliate and Noncompetition Agreements and Voting by HomeTown Directors (page 86)

Each of HomeTown's directors has agreed, subject to several conditions and exceptions, to vote all of his or her shares of HomeTown common stock in favor of the HomeTown merger proposal. As of January 31, 2019, the record date for the HomeTown special meeting, directors of HomeTown and their affiliates beneficially owned and are entitled to vote 293,470 shares of HomeTown common stock, or approximately 5.1% of the total voting power of the shares of HomeTown common stock outstanding on that date, of which 291,515 shares or 5.0% of the total voting power of the shares of HomeTown common stock outstanding on that date are subject to an affiliate agreement.

In addition, each of HomeTown's directors has entered into a noncompetition agreement with American National that contains negative covenants that limit the ability of HomeTown's directors to compete with American National for a period of at least 24 months from the effective time of the merger.

No Appraisal or Dissenters' Rights (page 76)

Under Virginia law, the shareholders of American National and HomeTown are not entitled to appraisal or dissenters' rights in connection with the merger.

Table of Contents**Shareholders of American National and HomeTown Have Different Rights (page 97)**

American National and HomeTown are Virginia corporations governed by the Virginia Stock Corporation Act (the Virginia SCA). In addition, the rights of American National and HomeTown shareholders are governed by their respective articles of incorporation and bylaws. Upon completion of the merger, HomeTown shareholders will become shareholders of American National, and as such their shareholder rights will then be governed by the articles of incorporation and bylaws of American National, each as amended, and by the Virginia SCA. The rights of shareholders of American National differ in certain respects from the rights of shareholders of HomeTown.

The Merger Will Be Accounted for Under the Acquisition Method of Accounting (page 76)

American National will use the acquisition method of accounting to account for the merger.

Listing of American National Common Stock (page 91)

American National will list the shares of common stock to be issued in the merger on the Nasdaq Global Select Market.

Market Prices and Share Information (page 91)

American National's common stock is listed on the Nasdaq Global Select Market under the symbol AMNB and HomeTown's common stock is listed on the Nasdaq Capital Market under the symbol HMTA. The following table sets forth the closing sale prices per share of American National common stock and HomeTown common stock as reported on the Nasdaq Stock Market on October 1, 2018, the last trading day before we announced the signing of the merger agreement, and on February 5, 2019, the last trading day before the date of this joint proxy statement/prospectus.

	American National Common Stock	HomeTown Common Stock	Implied Value of one Share of HomeTown Common Stock
October 1, 2018	\$ 39.11	\$ 13.80	\$ 16.23
February 5, 2019	\$ 33.32	\$ 13.45	\$ 13.83

American National cannot assure HomeTown shareholders that its stock price will continue to trade at or above the prices shown in the table above. You should obtain current stock price quotations for American National common stock and HomeTown common stock from a newspaper, via the Internet or by calling your broker.

Risk Factors (page 26)

You should consider all the information contained in or incorporated by reference into this joint proxy statement/prospectus in deciding how to vote for the proposals presented in the joint proxy statement/prospectus. In particular, you should consider the factors under Risk Factors.

Recent Financial Developments

American National. For the three months ended December 31, 2018, net income for American National was \$5.0 million, or \$0.57 per diluted common share, compared to net income of \$2.1 million, or \$0.24 per diluted

common share, for the same period in 2017. For the year ended December 31, 2018, net income for American National was \$22.6 million, or \$2.59 per diluted common share, compared to \$15.2 million, or \$1.76 per diluted common share, for 2017. At December 31, 2018, American National had total assets of \$1.9 billion, net loans of \$1.3 billion and total deposits of \$1.6 billion.

HomeTown. For the three months ended December 31, 2018, net income for HomeTown was \$459 thousand, or \$0.08 per diluted common share, compared to net income of \$380 thousand, or \$0.07 per diluted common share, for the same period in 2017. For the year ended December 31, 2018, net income for HomeTown was \$4.0 million, or \$0.68 per diluted common share, compared to \$2.5 million, or \$0.43 per diluted common share, for 2017. At December 31, 2018, HomeTown had total assets of \$565.0 million, net loans of \$467.5 million and total deposits of \$493.2 million.

Table of Contents**SELECTED HISTORICAL FINANCIAL DATA OF AMERICAN NATIONAL**

The following table sets forth certain of American National's consolidated financial data as of the end of and for each of the years in the five-year period ended December 31, 2017 and as of and for the nine months ended September 30, 2018 and 2017. The historical consolidated financial information as of the end of and for each of the years in the five-year period ended December 31, 2017 is derived from American National's audited consolidated financial statements, which are incorporated by reference into this joint proxy statement/prospectus. The consolidated financial information as of and for the nine-month periods ended September 30, 2018 and 2017 is derived from American National's unaudited consolidated financial statements, which are incorporated by reference into this joint proxy statement/prospectus. In American National's opinion, such unaudited consolidated financial statements include all adjustments (consisting of normal recurring adjustments) necessary for a fair presentation of its financial position and results of operations for such periods. Interim results for the nine months ended September 30, 2018 are not necessarily indicative of, and are not projections for, the results to be expected for the full year ending December 31, 2018.

The selected historical financial data below is only a summary and should be read in conjunction with the consolidated financial statements that are incorporated by reference into this joint proxy statement/prospectus and their accompanying notes.

	Nine Months Ended September 30, (Unaudited)		December 31,				
	2018	2017	2017	2016	2015	2014	2013
	(Dollars in thousands, except per share data)						
<u>Results of Operations:</u>							
Interest income	\$ 50,877	\$ 46,558	\$ 63,038	\$ 56,170	\$ 55,169	\$ 47,455	\$ 52,956
Interest expense	6,795	5,174	7,291	6,316	5,904	5,730	6,583
Net interest income	44,082	41,384	55,747	49,854	49,265	41,725	46,373
Provision for loan losses	(97)	1,090	1,016	250	950	400	294
Net interest income after provision for loan losses	44,179	40,294	54,731	49,604	48,315	41,325	46,079
Non interest income	10,276	10,423	14,227	13,505	13,287	11,176	10,827
Non interest expenses	32,608	31,862	42,883	39,801	40,543	34,558	35,105
	21,847	18,855	26,075	23,308	21,059	17,943	21,801

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Income before income taxes								
Income tax expense	4,270	5,726	10,826	7,007	6,020	5,202	6,054	
Net income	\$ 17,577	\$ 13,129	\$ 15,249	\$ 16,301	\$ 15,039	\$ 12,741	\$ 15,747	

Financial Condition:

Total assets	\$ 1,806,491	\$ 1,780,541	\$ 1,816,078	\$ 1,678,638	\$ 1,547,599	\$ 1,346,492	\$ 1,307,512
Loans, net of unearned income	1,331,153	1,295,154	1,336,125	1,164,821	1,005,525	840,925	794,671
Securities	303,103	277,714	327,447	352,726	345,661	349,250	351,013
Deposits	1,523,107	1,480,205	1,534,726	1,370,640	1,262,660	1,075,837	1,057,675
Shareholders equity	216,066	210,214	208,717	201,380	197,835	173,780	167,551
Shareholders equity, tangible ⁽¹⁾	171,213	165,071	163,654	155,789	151,280	132,692	125,349

Per Share Data:

Earnings per common share, basic	\$ 2.02	\$ 1.52	\$ 1.76	\$ 1.89	\$ 1.73	\$ 1.62	\$ 2.00
Earnings per common share, diluted	2.02	1.52	1.76	1.89	1.73	1.62	2.00
Cash dividends paid	0.75	0.72	0.97	0.96	0.93	0.92	0.92
Book value	24.79	24.31	24.13	23.37	22.95	22.07	21.23
Book value, tangible ⁽¹⁾	19.65	19.09	18.92	18.08	17.55	16.86	15.89
Weighted average shares outstanding, basic	8,691,423	8,639,433	8,641,717	8,611,507	8,680,502	7,867,198	7,872,870
Weighted average shares outstanding, diluted	8,703,662	8,657,891	8,660,628	8,621,241	8,688,450	7,877,576	7,884,561

Selected Ratios:

Return on average	1.29%	1.01%	0.87%	1.02%	0.99%	0.97%	1.20%
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assets ⁽²⁾							
Return on average equity ⁽²⁾⁽³⁾	11.04	8.48	7.34	8.07	7.65	7.40	9.52
Return on average tangible equity ⁽¹⁾⁽²⁾⁽⁴⁾	14.14	11.11	9.59	10.85	10.62	10.31	13.75
Dividend payout ratio	37.11	47.39	54.98	50.71	53.65	56.80	46.03
Efficiency ratio ⁽¹⁾	59.94	61.23	60.89	61.47	63.81	63.41	57.57
Net interest margin	3.49	3.51	3.50	3.52	3.69	3.66	4.10

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	Nine Months Ended September 30, (Unaudited)		December 31,				
	2018	2017	2017	2016	2015	2014	2013
(Dollars in thousands)							
Asset Quality Ratios:							
Allowance for loan losses to period end loans	1.02%	1.07%	1.02%	1.10%	1.25%	1.48%	1.59%
Allowance for loan losses to period end non-performing loans	587.72	456.46	531.37	360.39	242.09	302.21	248.47
Non-performing assets to total assets	0.18	0.29	0.21	0.29	0.48	0.46	0.65
Net charge-offs to average loans	(0.01)		0.02		0.08	0.07	(0.02)
Capital Ratios:							
Total risk-based capital ratio	15.47%	14.79%	14.39%	14.81%	16.34%	17.86%	18.14%
Common equity tier 1 capital ratio	12.56	11.79	11.50	11.77	12.88	n/a	n/a
Tier 1 capital ratio	14.51	13.77	13.42	13.83	15.23	16.59	16.88
Tier 1 leverage ratio	11.72	11.21	10.95	11.67	12.05	12.16	11.81
Tangible equity to tangible assets ratio ⁽¹⁾⁽⁵⁾	9.72	9.51	9.24	9.54	10.08	10.16	9.91

(1) This is a non-GAAP financial measure. See the section entitled *Reconciliation of American National Non-GAAP Financial Measures*.

(2) Annualized for the nine months ended September 30, 2018 and 2017.

(3) Return on average equity is calculated by dividing net income by average common equity.

(4) Return on average tangible equity is calculated by dividing net income plus amortization of intangibles tax effected by average common equity less average intangibles.

(5) Tangible equity to tangible assets ratio is calculated by dividing period-end common equity less period-end intangibles by period-end assets less period-end intangibles.

Reconciliation of American National Non-GAAP Financial Measures

In reporting the consolidated financial data as of and for each of the years in the five-year period ended December 31, 2017 and as of and for the nine months ended September 30, 2018 and 2017, American National has provided supplemental performance measures on a tax-equivalent or tangible basis. These non-GAAP financial measures are a supplement to generally accepted accounting principles in the United States (GAAP), which is used to prepare American National s financial statements, and should not be considered in isolation or as a substitute for comparable measures calculated in accordance with GAAP. In addition, American National s non-GAAP financial measures may not be comparable to non-GAAP financial measures of other companies. American National uses the non-GAAP financial measures discussed herein in its analysis of American National s performance.

The efficiency ratio is calculated by dividing noninterest expense excluding gains or losses on the sale of other real estate owned by net interest income including tax equivalent income on nontaxable loans and securities and noninterest income and excluding (i) gains or losses on securities and (ii) gains or losses on sale of premises and equipment. American National believes that this measure provides investors with important information regarding operational efficiency.

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American National believes tangible equity is an important indication of its ability to grow organically and through business combinations as well as its ability to pay dividends and to engage in various capital management strategies. Tangible common equity is used in the calculation of certain profitability, capital, and per share ratios. These ratios are meaningful measures of capital adequacy because they provide a meaningful base for period-to-period comparisons, which American National believes will assist investors in assessing the capital of American National and its ability to absorb potential losses.

	Nine Months Ended September 30, (Unaudited)		December 31,				
	2018	2017	2017	2016	2015	2014	2013
	(Dollars in thousands)						
Efficiency Ratio:							
Noninterest expense	\$ 32,608	\$ 31,862	\$ 42,883	\$ 39,801	\$ 40,543	\$ 34,558	\$ 35,105
Add/subtract: loss/(gain) on sale OREO	(34)	(73)	(164)	(228)	99	(2)	(986)
	32,574	31,789	42,719	39,573	40,642	34,556	34,119
Net interest income	44,082	41,384	55,747	49,854	49,265	41,725	46,373
Tax equivalent adjustment	442	1,040	1,339	1,846	2,014	2,088	2,259
Noninterest income	10,276	10,423	14,227	13,505	13,287	11,176	10,827
Subtract: gain on securities	(393)	(590)	(812)	(836)	(867)	(505)	(192)
Add/subtract: (gain)/loss on sale of fixed assets	(66)	(337)	(344)	9	(11)	10	
	\$ 54,341	\$ 51,920	\$ 70,157	\$ 64,378	\$ 63,688	\$ 54,494	\$ 59,267
Efficiency ratio	59.94%	61.23%	60.89%	61.47%	63.81%	63.41%	57.57%

Tangible Assets:

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Assets	\$ 1,806,491	\$ 1,780,541	\$ 1,816,078	\$ 1,678,638	\$ 1,547,599	\$ 1,346,492	\$ 1,307,512
Subtract: intangible assets	44,853	45,143	45,063	45,591	46,555	41,088	42,202
Tangible assets	\$ 1,761,638	\$ 1,735,398	\$ 1,771,015	\$ 1,633,047	\$ 1,501,044	\$ 1,305,404	\$ 1,265,310
<u>Tangible</u>							
<u>Equity:</u>							
Shareholders equity	\$ 216,066	\$ 210,214	\$ 208,717	\$ 201,380	\$ 197,835	\$ 173,780	\$ 167,551
Subtract: intangible assets	44,853	45,143	45,063	45,591	46,555	41,088	42,202
Shareholders equity, tangible	\$ 171,213	\$ 165,071	\$ 163,654	\$ 155,789	\$ 151,280	\$ 132,692	\$ 125,349
Average shareholders equity	\$ 212,268	\$ 206,440	\$ 207,807	\$ 202,074	\$ 196,518	\$ 172,207	\$ 165,338
Subtract: average intangible assets	44,958	45,347	45,287	46,037	47,575	41,620	42,949
Average shareholders equity, tangible	\$ 167,310	\$ 161,093	\$ 162,520	\$ 156,037	\$ 148,943	\$ 130,587	\$ 122,389
Net income	17,577	13,129	15,249	16,301	15,039	12,741	15,747
Add: amortization of intangibles	210	448	528	964	1,201	1,114	1,501
	\$ 17,787	\$ 13,577	\$ 15,777	\$ 17,265	\$ 16,240	\$ 13,855	\$ 17,248
Return on average tangible equity	14.14%	11.11%	9.59%	10.85%	10.62%	10.31%	13.75%
Book value, tangible	\$ 19.65	\$ 19.09	\$ 18.92	\$ 18.08	\$ 17.55	\$ 16.86	\$ 15.89
	9.72%	9.51%	9.24%	9.54%	10.08%	10.16%	9.91%

Tangible
equity to
tangible
assets ratio

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The following table sets forth certain of HomeTown's consolidated financial data as of the end of and for each of the years in the five-year period ended December 31, 2017 and as of and for the nine months ended September 30, 2018 and 2017. The historical consolidated financial information as of the end of and for each of the years in the five-year period ended December 31, 2017 is derived from HomeTown's audited consolidated financial statements, which are incorporated by reference into this joint proxy statement/prospectus. The consolidated financial information as of and for the nine-month periods ended September 30, 2018 and 2017 is derived from HomeTown's unaudited consolidated financial statements, which are incorporated by reference into this joint proxy statement/prospectus. In HomeTown's opinion, such unaudited consolidated financial statements include all adjustments (consisting of normal recurring adjustments) necessary for a fair presentation of its financial position and results of operations for such periods. Interim results for the nine months ended September 30, 2018 are not necessarily indicative of, and are not projections for, the results to be expected for the full year ending December 31, 2018.

The selected historical financial data below is only a summary and should be read in conjunction with the consolidated financial statements that are incorporated by reference into this joint proxy statement/prospectus and their accompanying notes.

	Nine Months Ended September 30, (Unaudited)		December 31,				
	2018	2017	2017	2016	2015	2014	2013
	(Dollars in thousands)						
Results of Operations:							
Interest income	\$ 16,619	\$ 15,364	\$ 20,669	\$ 19,174	\$ 17,701	\$ 16,798	\$ 16,030
Interest expense	2,643	2,267	3,046	3,018	2,311	2,118	2,222
Net interest income	13,976	13,097	17,623	16,156	15,390	14,680	13,808
Provision for loan losses	371	575	1,142	1,082			125
Net interest income after provision for loan losses	13,605	12,522	16,481	15,074	15,390	14,680	13,683
Noninterest income	2,940	2,487	3,283	3,101	2,971	1,886	1,444
Noninterest expenses	12,325	11,909	15,967	14,154	13,155	11,564	11,058
Income before income taxes	4,220	3,100	3,797	4,021	5,206	5,002	4,069
Income tax expense	687	930	1,228	1,440	1,595	1,587	1,340
Net income	\$ 3,533	\$ 2,170	\$ 2,569	\$ 2,581	\$ 3,611	\$ 3,415	\$ 2,729
Less net income attributable to non-controlling interest	38	54	73	62	57		
Net income attributable to HomeTown Bankshares Corporation	\$ 3,495	\$ 2,116	\$ 2,496	\$ 2,519	\$ 3,554	\$ 3,415	\$ 2,729
Dividends on preferred stock				408	840	840	846

Accretion of discount on preferred stock								142
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Net income available to common shareholders	\$	3,495	\$	2,116	\$	2,496	\$	2,111	\$	2,714	\$	2,575	\$	1,741
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Financial Condition:

Total assets	\$	558,741	\$	551,447	\$	550,253	\$	517,290	\$	479,385	\$	428,209	\$	402,437
Loans, net of allowance		462,396		431,104		440,437		415,355		364,060		328,347		294,212
Securities		48,063		55,965		57,715		55,188		55,079		57,079		60,486
Deposits		483,497		478,944		477,320		450,848		399,546		362,595		339,770
Shareholders equity		52,970		50,678		50,892		48,225		46,391		43,225		39,538
Shareholders equity, tangible		52,970		50,678		50,892		48,225		46,391		43,225		39,538

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	Nine Months Ended September 30, (Unaudited)		December 31,				
	2018	2017	2017	2016	2015	2014	2013
(Dollars in thousands, except per share data)							
Per Share Data:							
Earnings per common share, basic	\$ 0.60	\$ 0.37	\$ 0.43	\$ 0.45	\$ 0.79	\$ 0.78	\$ 0.53
Earnings per common share, diluted	0.60	0.37	0.43	0.37	0.62	0.62	0.48
Common cash dividends paid	0.08						
Book value	8.98	8.70	8.71	8.30	7.99	7.52	7.72
Book value, tangible	8.98	8.70	8.71	8.30	7.99	7.52	7.72
Weighted average shares outstanding, basic	5,804,251	5,767,306	5,769,752	4,652,853	3,432,457	3,284,870	3,269,063
Weighted average shares outstanding, diluted	5,854,715	5,792,204	5,804,382	5,776,292	5,756,586	5,524,870	4,416,679
Selected Ratios:							
Return on average assets ⁽¹⁾	0.85%	0.53%	0.46%	0.50%	0.78%	0.82%	0.71%
Return on average equity ⁽¹⁾⁽²⁾	9.02	5.73	5.02	5.31	7.94	8.20	6.67
Return on average tangible equity ⁽¹⁾⁽³⁾	9.02	5.73	5.02	5.31	7.94	8.20	6.67
Common cash dividend payout ratio	12.10						
Efficiency ratio ⁽⁴⁾	73.09	74.67	73.94	71.38	70.47	68.09	67.72
Net interest margin	3.55	3.48	3.47	3.55	3.79	3.90	3.92

Asset Quality**Ratios:**

Allowance for loan losses to period end loans	0.85%	0.85%	0.85%	0.87%	0.90%	1.00%	1.25%
Allowance for loan losses to period end non-performing loans	46.73	45.24	45.38	33.43	27.34	23.31	24.15
Non-performing assets to total assets	1.51	1.49	1.51	2.10	2.52	3.34	3.83
Net charge-offs to average loans	0.05	0.16	0.23	0.19	0.01	0.12	0.07
Capital Ratios:							
Total risk-based capital ratio ⁽⁵⁾	12.48%	12.54%	12.48%	12.59%	13.80%	13.00%	13.56%
Common equity tier 1 capital ratio ⁽⁵⁾	11.72	11.78	11.71	11.80	12.96	n/a	n/a
Tier 1 capital ratio ⁽⁵⁾	11.73	11.78	11.72	11.80	12.97	12.05	12.38
Tier 1 leverage ratio ⁽⁵⁾	10.87	10.60	10.39	10.67	10.83	10.00	9.87
Tangible equity to tangible assets ratio ⁽⁶⁾	9.48	9.19	9.25	9.32	9.68	10.09	9.82

(1) Annualized for the nine months ended September 30, 2018 and 2017.

(2) Return on average equity is calculated by dividing net income available to common shareholders by average common equity.

(3) Return on average tangible equity is calculated by dividing net income available to common shareholders plus amortization of intangibles tax effected by average common equity less average intangibles.

(4) This is a non-GAAP financial measure. See the section entitled Reconciliation of HomeTown Non-GAAP Financial Measures.

(5) Capital ratios are presented for HomeTown Bank only and not on a consolidated basis.

(6) Tangible equity to tangible assets ratio is calculated by dividing period-end common equity less period-end intangibles by period-end assets less period-end intangibles.

Table of Contents**Reconciliation of HomeTown Non-GAAP Financial Measures**

In reporting the consolidated financial data as of and for each of the years in the five-year period ended December 31, 2017 and as of and for the nine months ended September 30, 2018 and 2017, HomeTown has provided supplemental performance measures that are non-GAAP financial measures. These non-GAAP financial measures are a supplement to GAAP, which is used to prepare HomeTown's financial statements, and should not be considered in isolation or as a substitute for comparable measures calculated in accordance with GAAP. In addition, HomeTown's non-GAAP financial measures may not be comparable to non-GAAP financial measures of other companies. HomeTown uses the non-GAAP financial measures discussed herein in its analysis of HomeTown's performance.

The efficiency ratio is calculated by dividing noninterest expense excluding foreclosed property expense and gains or losses on the sale of other real estate owned and by net interest income excluding (i) gains or losses on securities and (ii) gains or losses on sale of premises and equipment and (iii) other nonrecurring items. HomeTown believes that this measure provides investors with important information regarding operational efficiency.

Nine Months Ended

	September 30, (Unaudited)		December 31				
	2018	2017	2017	2016	2015	2014	2013
	(Dollars in thousands)						
Efficiency Ratio:							
Noninterest expense	\$ 12,325	\$ 11,909	\$ 15,967	\$ 14,154	\$ 13,155	\$ 11,564	\$ 11,058
Add/subtract: loss/(gain) on sale OREO	(160)	(380)	(581)	(495)	(346)	10	(582)
OREO Expenses	(249)	(66)	(106)	(97)	(151)	(224)	(250)
Legal & marketing fees related to litigation						(157)	
Merger related expense	(65)						
	\$ 11,851	\$ 11,463	\$ 15,280	\$ 13,562	\$ 12,658	\$ 11,193	\$ 10,226
Net interest income	\$ 13,976	\$ 13,097	\$ 17,623	\$ 16,156	\$ 15,390	\$ 14,680	\$ 13,808
Noninterest income	2,940	2,487	3,283	3,101	2,971	1,886	1,444
Subtract: gain on securities	(60)	(60)	(69)	(257)	(52)	(128)	(152)
Add/subtract: (gain)/loss on sale of fixed assets					(348)		
Life insurance proceeds	(642)						
Bankruptcy settlement		(172)	(172)				
	\$ 16,214	\$ 15,352	\$ 20,665	\$ 19,000	\$ 17,961	\$ 16,438	\$ 15,100
Efficiency ratio	73.09%	74.67%	73.94%	71.38%	70.47%	68.09%	67.72%

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UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

The following unaudited pro forma condensed combined financial information combines the historical consolidated financial position and results of operations of American National and HomeTown, as an acquisition by American National of HomeTown using the acquisition method of accounting and giving effect to the related pro forma adjustments described in the accompanying notes. Under the acquisition method of accounting, the assets and liabilities of HomeTown will be recorded by American National at their respective fair values as of the date the merger is completed. The pro forma financial information should be read in conjunction with the Quarterly Reports on Form 10-Q for the period ended September 30, 2018 and Annual Reports on Form 10-K for the calendar year ended December 31, 2017 of both American National and HomeTown, which are incorporated by reference herein. See Selected Historical Financial Data of American National beginning on page 13, Selected Historical Financial Data of HomeTown beginning on page 16, Information About American National on page 93, Information About HomeTown on page 94, and Where You Can Find More Information beginning on page 103.

The merger was announced on October 1, 2018. As a result of the merger, the holders of shares of HomeTown common stock will receive 0.4150 shares of American National common stock for each share of HomeTown common stock held immediately prior to the effective time of the merger. Each share of American National common stock outstanding immediately prior to the merger will continue to be outstanding after the merger. Each option to purchase shares of HomeTown common stock granted under a HomeTown equity-based compensation plan that is outstanding immediately prior to the effective time of the merger will be converted into an option to purchase shares of American National common stock, adjusted based on the 0.4150 exchange ratio. Each restricted share of HomeTown common stock granted under a HomeTown equity-based compensation plan that is outstanding immediately prior to the effective time of the merger will be converted into a restricted share of American National common stock, adjusted based on the 0.4150 exchange ratio. The merger is intended to be treated as a reorganization for federal income tax purposes; American National and HomeTown shareholders are not expected to recognize, for federal income tax purposes, any gain or loss on the merger or the receipt of shares of American National common stock, except with respect to certain HomeTown shareholders receipt of cash in lieu of American National common stock. For more information, see Material U.S. Federal Income Tax Consequences beginning on page 88.

The unaudited pro forma condensed combined balance sheet gives effect to the merger as if the transaction had occurred on September 30, 2018. The unaudited pro forma condensed combined income statements for the nine months ended September 30, 2018 and the year ended December 31, 2017 give effect to the merger as if the transaction had occurred on January 1, 2017.

The unaudited pro forma condensed combined financial information included herein is presented for informational purposes only and does not necessarily reflect the financial results of the combined companies had the companies actually been combined at the beginning of the periods presented. The adjustments included in this unaudited pro forma condensed combined financial information are preliminary and may be revised and may not agree to actual amounts recorded by American National upon consummation of the merger. This financial information does not reflect the benefits of the expected cost savings and expense efficiencies, opportunities to earn additional revenue, potential impacts of current market conditions on revenues or asset dispositions, among other factors, and includes various preliminary estimates and may not necessarily be indicative of the financial position or results of operations that would have occurred if the merger had been consummated on the date or at the beginning of the period indicated or which may be attained in the future. The unaudited pro forma condensed combined financial information should be read in conjunction with and is qualified in its entirety by reference to the historical consolidated financial statements and related notes thereto of American National and its subsidiaries, which are incorporated in this document by reference, and the historical consolidated financial statements and related notes thereto of HomeTown and its subsidiaries, which are also incorporated by reference.

Table of Contents**AMERICAN NATIONAL BANKSHARES INC. AND HOMETOWN BANKSHARES CORPORATION****Unaudited Pro Forma Condensed Combined Balance Sheet****September 30, 2018****(dollars in thousands)**

	American National Historical	HomeTown Historical	Pro Forma Adjustments	Notes	Pro Forma Combined
ASSETS					
Cash and due from banks	\$ 32,688	\$ 18,126	\$		\$ 50,814
Federal funds and interest-bearing deposits in banks	37,355	193			37,548
Total cash and cash equivalents	70,043	18,319			88,362
Equity securities, at fair value	2,087				2,087
Securities available for sale, at fair value	295,777	45,704			341,481
Mortgage loans held for sale	1,934	1,378			3,312
Loans, net of unearned income	1,331,153	466,343	(12,759)	(1)	1,784,737
Less allowance for loan losses	13,588	3,947	(3,947)	(2)	13,588
Net loans	1,317,565	462,396	(8,812)		1,771,149
Premises and equipment, net	25,690	13,096	500	(3)	39,286
Other real estate owned	916	3,196			4,112
Core deposit intangibles, net	981		7,933	(4)	8,914
Goodwill	43,872		42,046	(5)	85,918
Bank-owned life insurance	18,785	8,147			26,932
Restricted stock	5,239	2,359			7,598
Other assets	23,602	4,146	163	(6)	27,911
Total assets	\$ 1,806,491	\$ 558,741	\$ 41,830		\$ 2,407,062
LIABILITIES					
Noninterest-bearing deposits	\$ 420,486	\$ 121,598	\$		\$ 542,084
Interest-bearing deposits:					
Interest-bearing transaction accounts	230,984	99,410			330,394
Money market accounts	362,575	83,582			446,157
Savings accounts	135,702	47,981			183,683
Time deposits	373,360	130,926	453	(7)	504,739
Brokered deposits					

Total interest-bearing deposits	1,102,621	361,899	453		1,464,973
Total deposits	1,523,107	483,497	453		2,007,057
Securities sold under agreements to repurchase	29,104				29,104
Other short-term borrowings		10,048			10,048
Long-term borrowings		2,028	14	(8)	2,042
Subordinated debt	27,902	7,277	(69)	(9)	35,110
Other liabilities	10,312	2,921			13,233
Total liabilities	1,590,425	505,771	398		2,096,594
Commitments and contingencies					
SHAREHOLDERS EQUITY					
Preferred stock					
Common stock	8,661	28,836	(26,424)	(10)	11,073
Surplus	77,842	18,151	73,496	(10)	169,489
Retained earnings	138,715	6,798	(6,798)	(10)	138,715
Accumulated other comprehensive loss, net	(9,152)	(1,158)	1,158	(10)	(9,152)
Total shareholders equity	216,066	52,627	41,432		310,125
Noncontrolling interest		343			343
Total shareholders equity	216,066	52,970	41,432		310,468
Total liabilities and shareholders equity	\$ 1,806,491	\$ 558,741	\$ 41,830		\$ 2,407,062

The accompanying notes are an integral part of the unaudited pro forma condensed combined financial information. Certain reclassifications have been made to HomeTown's balance sheet to conform with American National's presentation.

Table of Contents**AMERICAN NATIONAL BANKSHARES INC. AND HOMETOWN BANKSHARES CORPORATION****Unaudited Pro Forma Condensed Combined Statements of Income****For the Nine Months ended September 30, 2018****(dollars in thousands, except per share data)**

	American National Historical	HomeTown Historical	Pro Forma Adjustments	Notes	Pro Forma Combined
Interest Income					
Interest and fees on loans	\$ 44,485	\$ 15,374	\$ 450	(11)	\$ 60,309
Interest on federal funds sold and deposits in other banks	516	138			654
Dividends	240	111			351
Interest and dividends on securities:					
Taxable	4,432	824			5,256
Nontaxable	1,204	172			1,376
Total interest and dividend income	50,877	16,619	450		67,946
Interest Expense					
Interest on deposits	5,746	1,998	(170)	(12)	7,574
Interest on short-term borrowings	41	202			243
Interest on long-term borrowings		41	(5)	(13)	36
Interest on subordinated debt	1,008	402	26	(14)	1,436
Total interest expense	6,795	2,643	(149)		9,289
Net interest income	44,082	13,976	599		58,657
Provision for loan losses	(97)	371			274
Net interest income after provision for loan losses	44,179	13,605	599		58,383
Noninterest Income					
Trust fees and brokerage	3,478				3,478
Service charges on deposit accounts	1,809	419			2,228
Other service charges, commissions and fees	1,977	754			2,731
Mortgage banking income	1,492	587			2,079
Gains on securities transactions, net	393	60			453
Income from Small Business Investment Companies	476				476
Gains on bank premises and equipment, net	66				66

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Income from life insurance death benefit		642		642
Other operating income	585	478		1,063
Total noninterest income	10,276	2,940		13,216
Noninterest Expense				
Salaries and benefits	18,699	6,465		25,164
Occupancy expenses	3,297	1,253		4,550
FDIC assessment	412	182		594
Bank franchise tax	863	313		1,176
Amortization of core deposit premiums	210		974 (15)	1,184
Data processing	2,275	1,214		3,489
Other real estate owned, net	101	409		510
Merger related expenses	20	65	(85) (16)	
Other expenses	6,731	2,424		9,155
Total noninterest expenses	32,608	12,325	889	45,822
Income before income taxes	21,847	4,220	(289)	25,778
Income tax expense	4,270	687	(61) (17)	4,896
Net income	\$ 17,577	\$ 3,533	\$ (229)	\$ 20,881
Less income attributable to non-controlling interest		38		38
Net income available to common shareholders	\$ 17,577	\$ 3,495	\$ (229)	\$ 20,843
Earnings per common share, basic	\$ 2.02	\$ 0.60		\$ 1.88
Earnings per common share, diluted	\$ 2.02	\$ 0.60		\$ 1.88
Average shares outstanding Basic	8,691,423	5,804,251	2,411,765	11,103,188
Average shares outstanding Diluted	8,703,662	5,854,715	2,411,765	11,115,427

The accompanying notes are an integral part of the unaudited pro forma condensed combined financial information. Certain reclassifications have been made to HomeTown's income statement to conform with American National's presentation.

Table of Contents**AMERICAN NATIONAL BANKSHARES INC. AND HOMETOWN BANKSHARES INC.****Unaudited Pro Forma Condensed Combined Statements of Income****For the Year Ended December 31, 2017****(dollars in thousands, except per share data)**

	American National Historical	Hometown Historical	Pro Forma Adjustments	Notes	Pro Forma Combined
Interest Income					
Interest and fees on loans	\$ 55,276	\$ 18,973	\$ 994	(11)	\$ 75,243
Interest on federal funds sold and deposits in other banks	734	225			959
Dividends	319	132			451
Interest and dividends on securities:					
Taxable	4,666	1,031			5,697
Nontaxable	2,043	308			2,351
Total interest and dividend income	63,038	20,669	994		84,701
Interest Expense					
Interest on deposits	5,794	2,282	(140)	(12)	7,937
Interest on short-term borrowings	173	116			289
Interest on long-term borrowings	296	111	(61)	(13)	346
Interest on subordinated debt	1,028	537	318	(14)	1,883
Total interest expense	7,291	3,046	118		10,455
Net interest income	55,747	17,623	877		74,247
Provision for loan losses	1,016	1,142			2,158
Net interest income after provision for loan losses	54,731	16,481	877		72,089
Noninterest Income					
Trust fees and brokerage					