

AMERICAN NATIONAL BANKSHARES INC.

Form 424B3

February 07, 2019

Table of Contents

Filed Pursuant to Rule 424(b)(3)
File Number 333-228810

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 6, 2019 was \$33.37. The most recent reported closing sale price for HomeTown common stock on February 6, 2019 was \$13.75. 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 7, 2019 and is first being mailed to shareholders of American National and HomeTown on or about February 13, 2019.

Table of Contents

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 7, 2019

Table of Contents

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.

Table of Contents

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 7, 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.

Table of Contents

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.

Table of Contents

TABLE OF CONTENTS

| | Page |
|---|-------------|
| <u>QUESTIONS AND ANSWERS ABOUT THE MERGER AND THE SPECIAL MEETINGS</u> | 1 |
| <u>SUMMARY</u> | 5 |
| <u>SELECTED HISTORICAL FINANCIAL DATA OF AMERICAN NATIONAL</u> | 13 |
| <u>SELECTED HISTORICAL FINANCIAL DATA OF HOMETOWN</u> | 16 |
| <u>UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION</u> | 19 |
| <u>COMPARATIVE HISTORICAL AND PRO FORMA UNAUDITED PER SHARE DATA</u> | 25 |
| <u>RISK FACTORS</u> | 26 |
| <u>CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS</u> | 31 |
| <u>THE AMERICAN NATIONAL SPECIAL MEETING</u> | 33 |
| <u>Date, Place and Time</u> | 33 |
| <u>Purposes of the American National Special Meeting</u> | 33 |
| <u>Recommendation of the American National Board of Directors</u> | 33 |
| <u>Record Date and Voting Rights; Quorum</u> | 33 |
| <u>Votes Required</u> | 33 |
| <u>Stock Ownership of American National Executive Officers and Directors</u> | 34 |
| <u>Voting at the American National Special Meeting</u> | 34 |
| <u>Revocation of Proxies</u> | 34 |
| <u>Solicitation of Proxies</u> | 35 |
| <u>PROPOSALS TO BE CONSIDERED AT THE AMERICAN NATIONAL SPECIAL MEETING</u> | 36 |
| <u>Approval of the American National Merger Proposal (American National Proposal No. 1)</u> | 36 |
| <u>Approval of the American National Adjournment Proposal (American National Proposal No. 2)</u> | 36 |
| <u>THE HOMETOWN SPECIAL MEETING</u> | 37 |
| <u>Date, Place and Time</u> | 37 |
| <u>Purposes of the HomeTown Special Meeting</u> | 37 |
| <u>Recommendation of the HomeTown Board of Directors</u> | 37 |
| <u>Record Date and Voting Rights; Quorum</u> | 37 |
| <u>Votes Required</u> | 37 |
| <u>Stock Ownership of HomeTown Executive Officers and Directors</u> | 38 |
| <u>Voting at the HomeTown Special Meeting</u> | 38 |
| <u>Revocation of Proxies</u> | 39 |
| <u>Solicitation of Proxies</u> | 40 |
| <u>PROPOSALS TO BE CONSIDERED AT THE HOMETOWN SPECIAL MEETING</u> | 41 |
| <u>Approval of the HomeTown Merger Proposal (HomeTown Proposal No. 1)</u> | 41 |
| <u>Approval of the Compensation Proposal (HomeTown Proposal No. 2)</u> | 41 |
| <u>Approval of the HomeTown Adjournment Proposal (HomeTown Proposal No. 3)</u> | 41 |
| <u>THE MERGER</u> | 43 |
| <u>General</u> | 43 |
| <u>Background of the Merger</u> | 43 |
| <u>American National's Reasons for the Merger; Recommendation of American National's Board of Directors</u> | 47 |
| <u>HomeTown's Reasons for the Merger; Recommendation of HomeTown's Board of Directors</u> | 49 |
| <u>Financial Forecasts</u> | 50 |
| <u>Opinion of American National's Financial Advisor</u> | 53 |
| <u>Opinion of HomeTown's Financial Advisor</u> | 63 |

| | |
|---|----|
| <u>Amendment to American National Bylaws</u> | 72 |
| <u>Interests of Certain HomeTown Directors and Executive Officers in the Merger</u> | 72 |
| <u>Regulatory Approvals</u> | 76 |
| <u>Appraisal or Dissenters' Rights in the Merger</u> | 76 |
| <u>Certain Differences in the Rights of Shareholders</u> | 76 |
| <u>Accounting Treatment</u> | 76 |
| <u>THE MERGER AGREEMENT</u> | 77 |
| <u>Terms of the Merger</u> | 77 |
| <u>Effective Time; Closing</u> | 77 |
| <u>Merger Consideration</u> | 77 |
| <u>Treatment of HomeTown Stock Options and Restricted Stock Awards</u> | 78 |
| <u>Exchange of Stock in the Merger</u> | 78 |

Table of Contents

| | Page |
|--|-------------|
| <u>Corporate Governance</u> | 79 |
| <u>Representations and Warranties</u> | 80 |
| <u>Conditions to Completion of the Merger</u> | 81 |
| <u>Business Pending the Merger</u> | 81 |
| <u>Regulatory Matters</u> | 83 |
| <u>Shareholder Meetings and Recommendations of Boards of Directors</u> | 83 |
| <u>No Solicitation</u> | 83 |
| <u>Termination of the Merger Agreement</u> | 84 |
| <u>Termination Fee</u> | 85 |
| <u>Indemnification and Insurance</u> | 86 |
| <u>Expenses</u> | 86 |
| <u>Waiver and Amendment</u> | 86 |
| <u>Affiliate and Director Noncompetition Agreements</u> | 86 |
| <u>Possible Alternative Merger Structure</u> | 87 |
| <u>Assumption of Subordinated Notes</u> | 87 |
| <u>Resales of American National Stock</u> | 87 |
| <u>MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES</u> | 88 |
| <u>MARKET FOR COMMON STOCK AND DIVIDENDS</u> | 91 |
| <u>INFORMATION ABOUT AMERICAN NATIONAL</u> | 93 |
| <u>INFORMATION ABOUT HOMETOWN</u> | 94 |
| <u>DESCRIPTION OF AMERICAN NATIONAL CAPITAL STOCK</u> | 95 |
| <u>Authorized and Outstanding Capital Stock</u> | 95 |
| <u>Common Stock</u> | 95 |
| <u>Preferred Stock</u> | 96 |
| <u>COMPARATIVE RIGHTS OF SHAREHOLDERS</u> | 97 |
| <u>Authorized Capital Stock</u> | 97 |
| <u>Dividend Rights</u> | 97 |
| <u>Voting Rights</u> | 97 |
| <u>Directors and Classes of Directors</u> | 97 |
| <u>Anti-takeover Provisions</u> | 98 |
| <u>Amendments to Articles of Incorporation and Bylaws</u> | 99 |
| <u>Dissenters and Appraisal Rights</u> | 100 |
| <u>Director and Officer Exculpation</u> | 101 |
| <u>Indemnification</u> | 101 |
| <u>LEGAL MATTERS</u> | 102 |
| <u>EXPERTS</u> | 102 |
| <u>FUTURE SHAREHOLDER PROPOSALS</u> | 102 |
| <u>OTHER MATTERS</u> | 102 |
| <u>WHERE YOU CAN FIND MORE INFORMATION</u> | 103 |
| | |
| Appendix A <u>Agreement and Plan of Reorganization, including the Plan of Merger</u> | A-1 |
| Appendix B <u>Opinion of Keefe, Bruyette & Woods, Inc., Financial Advisor to American National</u> | B-1 |
| Appendix C <u>Opinion of Sandler O'Neill & Partners, L.P., Financial Advisor to HomeTown</u> | C-1 |

Table of Contents

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.

Table of Contents

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

Table of Contents

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.

Table of Contents

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.

Table of Contents

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 6, 2019 (\$33.37), the last trading day before the date of this joint proxy statement/prospectus, the 0.4150 exchange ratio represented approximately \$13.85 in value for each share of HomeTown common stock or \$80.4 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.

Table of Contents

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.

Table of Contents

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.

Edgar Filing: AMERICAN NATIONAL BANKSHARES INC. - Form 424B3

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

Table of Contents

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"). 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. As of the date of this joint proxy statement/prospectus, we have received the approval of the Virginia SCC but have not yet received the other 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.

Table of Contents

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;

Table of Contents

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.

Table of Contents

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 6, 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 6, 2019 | \$ 33.37 | \$ 13.75 | \$ 13.85 |

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 |

| | | | | | | | | |
|----------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|--|
| 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% | |
|-------------------|-------|-------|-------|-------|-------|-------|-------|--|

| | | | | | | | |
|--|-------|-------|-------|-------|-------|-------|-------|
| 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 |

Table of Contents

| | 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.

Table of Contents

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:

Edgar Filing: AMERICAN NATIONAL BANKSHARES INC. - Form 424B3

| | | | | | | | |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| 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

15

Table of Contents**SELECTED HISTORICAL FINANCIAL DATA OF HOMETOWN**

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 |
|--|--|--|--|--|--|--|--|-----|

| | | | | | | | |
|---|----------|----------|----------|----------|----------|----------|----------|
| Net income available to common shareholders | \$ 3,495 | \$ 2,116 | \$ 2,496 | \$ 2,111 | \$ 2,714 | \$ 2,575 | \$ 1,741 |
|---|----------|----------|----------|----------|----------|----------|----------|

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 |

Table of Contents

| | 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% |

Table of Contents

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 |

Edgar Filing: AMERICAN NATIONAL BANKSHARES INC. - Form 424B3

| | | | | |
|---|------------------|------------------|------------------|-------------------|
| 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 | 4,755 | | | | 4,755 |
| Service charges on deposit accounts | 2,002 | 544 | | | 2,546 |
| Other service charges, commissions and fees | 2,895 | 837 | | | 3,732 |
| Mortgage banking income | 2,208 | 959 | | | 3,167 |
| Gains on securities transactions, net | 812 | 69 | | | 881 |
| Income from Small Business Investment Companies | 236 | | | | 236 |
| Gains on bank premises and equipment, net | 344 | | | | 344 |

| | | | | |
|---|------------------|------------------|------------------|-------------------|
| Other operating income | 975 | 874 | | 1,849 |
| Total noninterest income | 14,227 | 3,283 | | 17,510 |
| Noninterest Expense | | | | |
| Salaries and benefits | 24,348 | 8,098 | | 32,446 |
| Occupancy expenses | 4,487 | 1,650 | | 6,137 |
| FDIC assessment | 538 | 248 | | 786 |
| Bank franchise tax | 1,072 | 399 | | 1,471 |
| Amortization of core deposit premiums | 528 | | 1,415 (15) | 1,943 |
| Data processing | 3,158 | 1,511 | | 4,669 |
| Other real estate owned, net | 303 | 687 | | 990 |
| Other expenses | 8,449 | 3,374 | | 11,823 |
| Total noninterest expenses | 42,883 | 15,967 | 1,415 | 60,265 |
| Income before income taxes | 26,075 | 3,797 | (538) | 29,334 |
| Income tax expense | 10,826 | 1,228 | (188) (17) | 11,866 |
| Net income | \$ 15,249 | \$ 2,569 | \$ (350) | \$ 17,468 |
| Less income attributable to non-controlling interest | | 73 | | 73 |
| Net income available to common shareholders | \$ 15,249 | \$ 2,496 | \$ (350) | \$ 17,395 |
| Earnings per common share, basic | \$ 1.76 | \$ 0.43 | | \$ 1.58 |
| Earnings per common share, diluted | \$ 1.76 | \$ 0.43 | | \$ 1.57 |
| Average shares outstanding Basic | 8,641,717 | 5,769,752 | 2,396,873 | 11,038,590 |
| Average shares outstanding Diluted | 8,660,628 | 5,804,382 | 2,396,873 | 11,057,501 |

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**Notes to Unaudited Pro Forma Condensed Combined Financial Statements****NOTE A PRO FORMA ADJUSTMENTS**

The following pro forma adjustments have been reflected in the unaudited pro forma condensed combined financial information. All adjustments are based on current valuations, estimates and assumptions. Subsequent to the completion of the merger, American National will engage an independent third-party valuation firm to determine the fair value of the assets acquired and liabilities assumed, which could significantly change the amount of the estimated fair values used in the pro forma financial information presented.

- (1) The interest rate portion (\$1.8 million) reflects fair value based upon current interest rates for similar loans. It will later be confirmed by an outside valuation firm. This adjustment will be accreted into income over the estimated lives of these loans. Estimated accretion in the pro forma was determined using the sum-of-the-years-digits method which approximates the level yield method.

Upon closing, an independent valuation will be conducted and the resulting adjustment amortized or accreted using the level yield (interest) method. The larger portion (\$11.0 million) of the adjustment to loans reflects the estimated credit portion of the fair value adjustment as required under ASC Topic 805. This amount is an estimate of the contractual principal cash flows not expected to be collected over the estimated lives of these loans. It differs from the allowance for loan losses under ASC Topic 450 using the incurred loss model, which estimated probable loan losses incurred as of the balance sheet date. Under the incurred loss model losses expected as a result of future events are not recognized. When using the expected cash flow approach these losses are considered in the valuation. Further, when estimating the present value of expected cash flows the loans are discounted using an effective interest rate, which is not considered in the incurred loss method. Accordingly, the differences in the loss methodologies and the application of a market interest rate have led to a credit loss estimate of \$11.0 million. For pro forma presentation purposes, we have estimated this loss at 2.4% of gross loans.

The final accounting, as of the transaction date, will principally consider the income approach. This will focus on portfolio characteristics, including loan balances, average coupons and average maturities; assumptions on prepayment rates which will directly impact cash flows; assumptions as to default and severity rates; and assumptions as to discount rates to convert future cash flows into present values.

- (2) Elimination of HomeTown's allowance for loan losses.
- (3) Estimated fair value adjustment for HomeTown's premises and equipment.
- (4) Estimation of fair value of core deposit intangible asset (CDI). The estimated CDI represents the estimated future economic benefit resulting from the acquired customer balances and relationships. This value was estimated based on similar transactions while the final value will be determined based upon an independent appraisal at the date of the acquisition. For pro forma purposes, we are amortizing the CDI using the sum-of-the-years-digits method which approximates the level yield method, and an estimated life of 10 years.

(5) Estimated amount of goodwill to be recorded in the acquisition of HomeTown, calculated as follows:

| | |
|--|-----------|
| Purchase Price: | |
| Total consideration (purchase price) | \$ 94,059 |
| Net assets acquired (book value) | 52,627 |
| Excess of purchase price over book value | 41,432 |
| Fair Value Adjustments: | |
| Core deposit intangible | 7,933 |
| Loans | (12,759) |
| Eliminate existing allowance for loan losses | 3,947 |
| Deposits | (453) |
| Premises and equipment | 500 |
| Long-term borrowings | (14) |
| Subordinated debt | 69 |
| Deferred income tax asset | 163 |
| Total fair value adjustments | (614) |
| Preliminary pro forma goodwill | \$ 42,046 |

Table of Contents

- (6) Estimated deferred tax asset arising from the adjustments to record the assets and liabilities of HomeTown at fair value.
- (7) Estimated fair value adjustment on deposits at current market rates for similar products. This adjustment will be accreted into income over the estimated lives of the deposits. Estimated accretion was computed using the straight line method.
- (8) Estimated fair value adjustment of long-term borrowings at current interest rates for similar borrowings. This adjustment will be accreted into income over the estimated life of the borrowings. Estimated accretion was determined using the straight line method.
- (9) Estimated fair value adjustment of subordinated debt at current interest rates for similar borrowings. This adjustment will be amortized into income over the estimated life of the debt. Estimated amortization was determined using the straight line method.
- (10) Elimination of HomeTown's shareholders' equity as part of the purchase accounting adjustments representing the conversion of all outstanding HomeTown common shares into American National common shares at a ratio of 0.4150 American National shares for each share of HomeTown.
- (11) The level yield adjustment is the accretion of the fair value adjustments to loans over the expected life of the loans.
- (12) The straight line adjustment is the accretion of the fair value adjustments to deposits over their expected life.
- (13) The straight line adjustment is the accretion of the fair value adjustments to long-term borrowings over their expected life.
- (14) The straight line adjustment is the amortization of the fair value adjustment to subordinated debt over its expected life.
- (15) Amount represents CDI amortization over an estimated life of 10 years.
- (16) Elimination of costs incurred in relation to the merger.
- (17) Amount represents income tax expense estimated at 21% for 2018 and 35% for 2017.

NOTE B ESTIMATED AMORTIZATION/ACCRETION OF PURCHASE ACCOUNTING ADJUSTMENTS

The following table sets forth an estimate of the expected effects of the estimated aggregate purchase accounting adjustments reflected in the pro forma condensed combined financial statements on the future pre-tax net income of American National after the merger. The actual effect of purchase accounting adjustments on the future pre-tax income of American National will differ from these estimates based on the closing date estimates of fair values.

Impact of purchase accounting adjustments on pre-tax net income (increase (decrease)) over next five years (dollars in thousands):

| | Fair Value Adjustments | Core Deposit Intangible | Total |
|--------|-----------------------------------|------------------------------------|--------------|
| Year 1 | \$ 877 | \$ (1,415) | \$ (538) |
| Year 2 | 545 | (1,273) | (728) |
| Year 3 | 331 | (1,132) | (801) |
| Year 4 | | (990) | (990) |
| Year 5 | | (849) | (849) |

Table of Contents**COMPARATIVE HISTORICAL AND PRO FORMA UNAUDITED PER SHARE DATA**

Summarized below is historical unaudited per share information for American National and HomeTown and additional information as if the companies had been combined for the periods shown, which is referred to as pro forma information.

The HomeTown pro forma equivalent per share amounts are calculated by multiplying the pro forma combined book value per share and net income per share amounts by the exchange ratio of 0.4150 so that the per share amounts equate to the respective values for one share of HomeTown common stock.

It is expected that both American National and HomeTown will incur merger and integration charges as a result of the merger. Also anticipated is that the merger will provide the combined company with financial benefits that may include reduced operating expenses. The information set forth below, while helpful in illustrating the financial characteristics of the combined company under one set of assumptions, may not reflect all of these anticipated financial expenses and does not reflect all of these anticipated financial benefits or consider any potential impacts of current market conditions or the merger on revenues, expense efficiencies, asset dispositions, and share repurchases, among other factors, and, accordingly, does not attempt to predict or suggest future results. It also does not necessarily reflect what the historical results of the combined company would have been had the companies been combined during the periods presented.

In addition, the information set forth below has been prepared based on preliminary estimates of merger consideration and fair values attributable to the merger; the actual amounts recorded for the merger may differ from the information presented. The estimation and allocations of merger consideration are subject to change pending further review of the fair value of the assets acquired and liabilities assumed and actual transaction costs. A final determination of fair value will be based on the actual net tangible and intangible assets and liabilities of HomeTown that will exist on the date of completion of the merger.

The information in the following table is based on, and should be read together with, the historical financial information and the notes thereto for American National and HomeTown incorporated by reference into this joint proxy statement/prospectus.

| | Historical | | Proforma | Proforma Equivalent |
|-----------------------------------|------------|----------|----------|---------------------|
| | American | HomeTown | Combined | HomeTown |
| | National | | | Share |
| Basic earnings per common share | | | | |
| Year ended December 31, 2017 | \$ 1.76 | \$ 0.43 | \$ 1.58 | \$ 0.65 |
| For the nine months ended | | | | |
| September 30, 2018 | \$ 2.02 | \$ 0.60 | \$ 1.88 | \$ 0.78 |
| Diluted earnings per common share | | | | |
| Year ended December 31, 2017 | \$ 1.76 | \$ 0.43 | \$ 1.57 | \$ 0.65 |
| For the nine months ended | | | | |
| September 30, 2018 | \$ 2.02 | \$ 0.60 | \$ 1.88 | \$ 0.78 |
| Cash dividends per common share | | | | |
| Year ended December 31, 2017 | \$ 0.97 | \$ | \$ 0.97 | \$ 0.40 |
| For the nine months ended | | | | |
| September 30, 2018 | \$ 0.75 | \$ 0.08 | \$ 0.78 | \$ 0.33 |

Book value per common share

| | | | | |
|--------------------|----------|---------|----------|----------|
| December 31, 2017 | \$ 24.13 | \$ 8.72 | \$ 28.07 | \$ 11.65 |
| September 30, 2018 | \$ 24.79 | \$ 9.06 | \$ 27.87 | \$ 11.57 |

Table of Contents

RISK FACTORS

*In addition to general investment risks and the other information contained in or incorporated by reference into this joint proxy statement/prospectus, including the matters addressed under the heading **Cautionary Statement Regarding Forward-Looking Statements** beginning on page 31, you should consider carefully the following risk factors in deciding how to vote on the proposals presented in this joint proxy statement/prospectus. Certain risks can also be found in the documents incorporated by reference into this joint proxy statement/prospectus by American National and HomeTown. See **Where You Can Find More Information** beginning on page 103.*

Because of the fixed exchange ratio and the fluctuation of the market price of American National common stock, shareholders of American National and HomeTown will not know at the time of the special meetings the market value of the merger consideration to be paid by American National to HomeTown shareholders.

If the merger is completed, each share of HomeTown common stock will be converted into the right to receive 0.4150 shares of American National common stock, the value of which will depend upon the price of American National common stock at the effective time of the merger. The price of American National common stock as of the effective time of the merger may vary from its price at the date the fixed exchange ratio was established, at the date of this joint proxy statement/prospectus, and at the date of the special meetings. Such variations in the price of American National common stock may result from changes in the business, operations or prospects of American National, regulatory considerations, general market and economic conditions, and other factors. At the time of the special meetings, shareholders of American National and HomeTown will not know the exact value of the consideration to be paid by American National when the merger is completed. You should obtain current market quotations for shares of American National common stock and for shares of HomeTown common stock.

The market price of American National common stock after the merger may be affected by factors different from those affecting the shares of American National or HomeTown currently.

Upon completion of the merger, holders of HomeTown common stock will become holders of American National common stock. American National's business differs in important respects from that of HomeTown, and, accordingly, the results of operations of the combined company and the market price of American National common stock after the completion of the merger may be affected by factors different from those currently affecting the independent results of operations of each of American National and HomeTown. For a discussion of the businesses of American National and HomeTown and of certain factors to consider in connection with those businesses, see the information described elsewhere in this joint proxy statement/prospectus and the documents incorporated herein by reference.

Combining American National and HomeTown may be more difficult, costly or time-consuming than we expect.

The success of the merger will depend, in part, on American National's ability to realize the anticipated benefits and cost savings from combining the businesses of American National and HomeTown and to combine the businesses of American National and HomeTown in a manner that permits growth opportunities and cost savings to be realized without materially disrupting the existing customer relationships of HomeTown or American National or decreasing revenues due to loss of customers. However, to realize these anticipated benefits and cost savings, American National must successfully combine the businesses of American National and HomeTown. If American National is not able to achieve these objectives, the anticipated benefits and cost savings of the merger may not be realized fully, or at all, or may take longer to realize than expected.

American National and HomeTown have operated, and, until the completion of the merger, will continue to operate, independently. The success of the merger will depend, in part, on American National's ability to successfully combine

the businesses of American National and HomeTown. To realize these anticipated benefits, after the completion of the merger, American National expects to integrate HomeTown's business into its own. The integration process in the merger could result in the loss of key employees, the disruption of each party's ongoing business, inconsistencies in standards, controls, procedures and policies that affect adversely either party's ability to maintain relationships with customers and employees or achieve the anticipated benefits of the merger. The loss of key employees could adversely affect American National's ability to successfully conduct its business in the markets in which HomeTown now operates, which could have an adverse effect on American National's financial results and the value of its common stock. If American National experiences difficulties with the integration process, the anticipated benefits of the merger may not be realized, fully or at all, or may take longer to realize than expected. As with any merger of financial institutions, there also may be disruptions that cause American National and HomeTown to lose customers or cause customers to withdraw their deposits from HomeTown's or American National's

Table of Contents

banking subsidiaries, or other unintended consequences that could have a material adverse effect on American National's results of operations or financial condition after the merger. These integration matters could have an adverse effect on each of HomeTown and American National during this transition period and for an undetermined period after consummation of the merger.

American National may not be able to effectively integrate the operations of HomeTown Bank into American National Bank.

The future operating performance of American National and American National Bank will depend, in part, on the success of the merger of HomeTown Bank and American National Bank, which is expected to occur at the time of or as soon as reasonably practicable after the merger of American National and HomeTown. The success of the merger of the banks will, in turn, depend on a number of factors, including American National's ability to: (i) integrate the operations and branches of HomeTown Bank and American National Bank; (ii) retain the deposits and customers of HomeTown Bank and American National Bank; (iii) control the incremental increase in noninterest expense arising from the merger in a manner that enables the combined bank to improve its overall operating efficiencies; and (iv) retain and integrate the appropriate personnel of HomeTown Bank into the operations of American National Bank, as well as reducing overlapping bank personnel. The integration of HomeTown Bank and American National Bank following the subsidiary bank merger will require the dedication of the time and resources of the banks' management and may temporarily distract managements' attention from the day-to-day business of the banks. If American National Bank is unable to successfully integrate HomeTown Bank, American National Bank may not be able to realize expected operating efficiencies and eliminate redundant costs.

Regulatory approvals may not be received, may take longer than expected or may impose conditions that are not presently anticipated or that could have an adverse effect on American National following the merger.

Before the merger of HomeTown into American National, or the merger of HomeTown Bank into American National Bank, may be completed, American National, HomeTown, and American National Bank must obtain approvals from the Federal Reserve, the OCC and the Virginia SCC. Other approvals, waivers or consents from regulators may also be required. In determining whether to grant these approvals the regulators consider a variety of factors, including the regulatory standing of each party, the competitive effects of the contemplated transactions, and the factors described under The Merger Regulatory Approvals. An adverse development in either party's regulatory standing or these factors could result in an inability to obtain approval or delay their receipt. The Community Reinvestment Act of 1977, as amended, and the regulations issued thereunder (which we refer to as the CRA) also requires that the bank regulatory authorities, in deciding whether to approve the merger and the subsidiary bank merger, assess the records of performance of American National Bank and HomeTown Bank in meeting the credit needs of the communities they serve, including low and moderate income neighborhoods. Each of American National Bank and HomeTown Bank currently maintains a CRA rating of Satisfactory from its primary regulator. As part of the review process under the CRA, it is not unusual for the bank regulatory authorities to receive protests and other adverse comments from community groups and others. Any such protests or adverse comments could prolong the period during which the merger and the subsidiary bank merger are subject to review by the bank regulatory authorities.

These regulators may impose conditions on the completion of the merger or the subsidiary bank merger or require changes to the terms of the merger or the subsidiary bank merger. Such conditions or changes could have the effect of delaying or preventing completion of the merger or the subsidiary bank merger or imposing additional costs on or limiting the revenues of American National or American National Bank following the merger and the subsidiary bank merger, any of which might have an adverse effect on American National following the merger. See The Merger Regulatory Approvals.

The merger will not be completed unless important conditions are satisfied.

Specified conditions set forth in the merger agreement must be satisfied or waived to complete the merger. If the conditions are not satisfied or waived, the merger will not occur or will be delayed and each of American National and HomeTown may lose some or all of the intended benefits of the merger.

The merger and the subsidiary bank merger may distract management of American National and HomeTown from their other responsibilities.

The merger and the subsidiary bank merger could cause the respective management groups of American National and HomeTown to focus their time and energies on matters related to the transaction that otherwise would be directed to their

Table of Contents

business and operations. Any such distraction on the part of either company's management could affect its ability to service existing business and develop new business and adversely affect the business and earnings of American National or HomeTown before the merger, or the business and earnings of American National after the merger.

Termination of the merger agreement could negatively impact American National or HomeTown.

If the merger agreement is terminated, American National's or HomeTown's business may be impacted adversely by the failure to pursue other beneficial opportunities due to the focus of management on the merger, without realizing any of the anticipated benefits of completing the merger. Additionally, if the merger agreement is terminated, the market price of American National's or HomeTown's common stock could decline to the extent that the current market prices reflect a market assumption that the merger will be completed. Furthermore, costs relating to the merger, such as legal, accounting and financial advisory fees, must be paid even if the merger is not completed. If the merger agreement is terminated under certain circumstances, including circumstances involving a change in recommendation by HomeTown's board of directors, HomeTown may be required to pay to American National a termination fee of \$4.0 million. See *The Merger Agreement Termination Fee* beginning on page 85.

The fairness opinions received by the respective boards of directors of American National and HomeTown in connection with the merger prior to the signing of the merger agreement do not reflect changes in circumstances since the date the opinions were rendered.

The opinions rendered by KBW, financial advisor to American National, and Sandler O'Neill, financial advisor to HomeTown, on October 1, 2018, were based upon information available as of such date. Neither opinion reflects changes that may occur or may have occurred after the date on which each respective opinion was delivered, including changes to the operations and prospects of American National or HomeTown, changes in general market and economic conditions, or other changes. Any such changes may alter the relative value of American National or HomeTown or the prices of shares of American National common stock or HomeTown common stock by the time the merger is completed. The opinions do not speak as of the date the merger will be completed or as of any date other than the date of such opinions. For a description of the opinion that the American National board received from American National's financial advisor, please see *The Merger Opinion of American National's Financial Advisor* beginning on page 53. For a description of the opinion that the HomeTown board received from HomeTown's financial advisor, please see *The Merger Opinion of HomeTown's Financial Advisor* beginning on page 63.

HomeTown's directors and executive officers have interests in the merger that differ from the interests of HomeTown's other shareholders.

HomeTown shareholders should be aware that certain of HomeTown's directors and executive officers have interests in the merger that are different from, or in addition to, those of HomeTown shareholders generally. The HomeTown board of directors was fully informed of these interests and thoroughly considered these interests, among other matters, when making its decision to approve the merger agreement and recommend that HomeTown's shareholders vote in favor of approving the HomeTown merger proposal. 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. For a more complete description of these interests, see *The Merger Interests of Certain HomeTown Directors and Executive Officers in the Merger* beginning on page 72.

The merger agreement limits the ability of HomeTown to pursue alternatives to the merger and might discourage competing offers for a higher price or premium.

The merger agreement contains no-shop provisions that, subject to limited exceptions, limit the ability of HomeTown to discuss, solicit, facilitate or commit to competing third-party proposals to acquire all or a significant part of HomeTown. In addition, under certain circumstances, if the merger agreement is terminated and HomeTown, subject to certain restrictions, consummates a similar transaction other than the merger, HomeTown must pay to American National a termination fee of \$4.0 million. These provisions might discourage a potential competing acquiror that might have an interest in acquiring all or a significant percentage of ownership of HomeTown from considering or proposing the acquisition even if it were prepared to pay consideration with a higher per share market price than that proposed in the merger. See The Merger Agreement Termination Fee beginning on page 85.

Table of Contents

American National and HomeTown will be subject to business uncertainties and contractual restrictions while the merger is pending.

Uncertainty about the effect of the merger on employees and customers may have an adverse effect on American National and HomeTown. These uncertainties may impair American National's and HomeTown's ability to attract, retain and motivate key personnel until the merger is completed, and could cause customers and others that deal with American National and HomeTown to seek to change existing business relationships with American National and HomeTown. Retention of certain employees by American National and HomeTown may be challenging while the merger is pending, as certain employees may experience uncertainty about their future roles with American National or HomeTown. If key employees depart because of issues relating to the uncertainty and difficulty of integration or a desire not to remain with American National or HomeTown, American National's or HomeTown's business, or the business of the combined company following the merger, could be harmed. In addition, subject to certain exceptions, American National and HomeTown have each agreed to operate its business in the ordinary course prior to closing and refrain from taking certain specified actions until the merger occurs, which may prevent American National or HomeTown from pursuing attractive business opportunities that may arise prior to completion of the merger. See "The Merger Agreement - Business Pending the Merger" beginning on page 81 for a description of the restrictive covenants applicable to American National and HomeTown.

If the merger is not completed, American National and HomeTown will have incurred substantial expenses without realizing the expected benefits of the merger.

Each of American National and HomeTown has incurred and will incur substantial expenses in connection with the negotiation and completion of the transactions contemplated by the merger agreement, as well as the costs and expenses of filing, printing and mailing this joint proxy statement/prospectus and all filing and other fees paid to the SEC in connection with the merger. If the merger is not completed, American National and HomeTown would have to incur these expenses without realizing the expected benefits of the merger.

Future results of American National after the merger may be materially different from those reflected in the unaudited pro forma condensed combined financial statements included in this document, which are preliminary and do not reflect actual merger-related expenses and restructuring charges.

The unaudited pro forma condensed combined financial statements in this document are presented for illustrative purposes only and are not necessarily indicative of what American National's actual financial condition or results of operations would have been had the merger been completed on the dates indicated or of the future financial condition or operating results of American National after the merger. The unaudited pro forma condensed combined financial statements reflect adjustments to illustrate the effect of the merger had it been completed on the dates indicated, which are based upon preliminary estimates, to record the HomeTown identifiable assets acquired and liabilities assumed at fair value and the resulting goodwill recognized. The purchase price allocation for the merger reflected in this document is preliminary, and final allocation of the purchase price will be based upon the actual purchase price and the fair value of the assets and liabilities of HomeTown as of the date of the completion of the merger. Accordingly, the final purchase accounting adjustments may differ materially from the pro forma adjustments reflected in this document.

In addition, American National estimates that the combined company will record an aggregate of approximately \$17.0 million in merger-related expenses and restructuring charges. The actual charges may be higher or lower than estimated, depending upon how costly or difficult it is to integrate the two companies. These charges will decrease the capital of the combined company available for future profitable, income-earning investments.

For more information, see Unaudited Pro Forma Condensed Combined Financial Information beginning on page 19.

Current holders of American National and HomeTown common stock will have less influence as holders of American National common stock after the merger.

It is expected that the current holders of American National common stock will own approximately 78% of the outstanding common stock of American National after the merger. As a group, the current holders of common stock of HomeTown will own approximately 22% of the outstanding common stock of American National after the merger. Each current holder of American National and HomeTown common stock will own a smaller percentage of American National after the merger than they currently own of American National or HomeTown, respectively. As a result of the merger, holders of American National and HomeTown common stock will have less influence on the management and policies of American National than they currently have on the management and policies of American National or HomeTown, respectively.

Table of Contents

American National is not obligated to pay cash dividends on its common stock.

American National is a bank holding company and, currently, its primary source of funds for paying dividends to its shareholders is dividends it receives from American National Bank. American National is currently paying a quarterly cash dividend to holders of its common stock at a rate of \$0.25 per share. However, American National is not obligated to pay dividends in any particular amounts or at any particular times. Its decision to pay dividends in the future will depend on a number of factors, including its capital and the availability of funds from which dividends may be paid. See *Market for Common Stock and Dividends* beginning on page 91 and *Description of American National Capital Stock* beginning on page 95.

The shares of American National common stock to be received by HomeTown shareholders as a result of the merger will have different rights than shares of HomeTown common stock.

Upon completion of the merger, HomeTown shareholders will become American National shareholders and their rights as shareholders will be governed by Virginia law and the American National articles of incorporation and bylaws. The rights associated with HomeTown common stock are different from the rights associated with American National common stock. See *Comparative Rights of Shareholders* beginning on page 97 for a discussion of the different rights associated with American National common stock.

HomeTown shareholders are not entitled to appraisal rights in connection with the merger.

Appraisal rights are statutory rights that, if applicable under law, enable shareholders to dissent from an extraordinary transaction, such as a merger, and to demand that the corporation pay the fair value for their shares as determined by a court in a judicial proceeding instead of receiving the consideration offered to shareholders in connection with the extraordinary transaction. The Virginia SCA provides that appraisal rights are not available to holders of common or preferred stock of a Virginia corporation in a merger when the stock is either listed on a national securities exchange, such as the Nasdaq Stock Market, or is held by at least 2,000 shareholders of record. The stock of each of American National and HomeTown is listed on the Nasdaq Stock Market. Therefore, HomeTown shareholders are not entitled to appraisal rights in connection with the merger.

The trading volume of American National's common stock has been relatively low, and market conditions and other factors may affect the value of its common stock, which may make it difficult for American National shareholders to sell their shares at times, volumes or prices they find attractive.

While American National's common stock is traded on the Nasdaq Global Select Market, the shares are thinly traded and the common stock has substantially less liquidity than the average trading market for many other publicly traded financial institutions of similar size. Thinly traded stocks can be more volatile than stock trading in an active public market. As such, American National's stock price could fluctuate significantly in the future, with such fluctuations being unrelated to its performance. General market declines or market volatility in the future, especially in the financial institutions sector of the economy, could adversely affect the price of American National common stock, and the current market price may not be indicative of future market prices. Therefore, American National shareholders may not be able to sell their shares at the volume, prices or times that they desire.

Table of Contents

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

The Private Securities Litigation Reform Act of 1995 provides a "safe harbor" for forward-looking statements to encourage companies to provide prospective information, so long as those statements are identified as forward-looking and are accompanied by meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those discussed in the statement. American National and HomeTown desire to take advantage of these "safe harbor" provisions with regard to the forward-looking statements in this joint proxy statement/prospectus and in the documents that are incorporated herein by reference. These forward-looking statements reflect the current views of American National and HomeTown with respect to future events and financial performance. Specifically, forward-looking statements may include:

statements relating to the ability of American National and HomeTown to timely complete the merger and the benefits thereof, including anticipated efficiencies, opportunities, synergies and cost savings estimated to result from the merger;

projections of revenues, expenses, income, income per share, net interest margins, asset growth, loan production, asset quality, deposit growth and other performance measures, including the information set forth under the heading "Financial Forecasts" beginning on page 50;

statements regarding expansion of operations, including branch openings, entrance into new markets, development of products and services, and execution of strategic initiatives;

discussions of the future state of the economy, competition, regulation, taxation, our business strategies, subsidiaries, investment risk and policies; and

statements preceded by, followed by or that include the words "estimate," "plan," "project," "forecast," "intend," "expect," "anticipate," "believe," "seek," "target" or similar expressions.

These forward-looking statements express the best judgment of American National and HomeTown based on currently available information and we believe that the expectations reflected in our forward-looking statements are reasonable.

By their nature, however, forward-looking statements often involve assumptions about the future. Such assumptions are subject to risks and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements. As such, American National and HomeTown cannot guarantee you that the expectations reflected in our forward-looking statements actually will be achieved. Actual results may differ materially from those in the forward-looking statements due to, among other things, the following factors:

the businesses of American National and HomeTown may not be integrated successfully or such integration may be more difficult, time-consuming or costly than expected;

expected revenue synergies and cost savings from the merger may not be fully realized or realized within the expected timeframe;

revenues following the merger may be lower than expected;

customer and employee relationships and business operations may be disrupted by the merger;

the ability to obtain required regulatory and shareholder approvals, and the ability to complete the merger within the expected timeframe, may be more difficult, time-consuming or costly than expected;

changes in general business, economic and market conditions;

changes in fiscal and monetary policies, and laws and regulations;

changes in interest rates, deposit flows, loan demand and real estate values;

a deterioration in credit quality and/or a reduced demand for, or supply of, credit;

volatility in the securities markets generally or in the market price of American National's stock specifically;
and

the risks outlined in "Risk Factors" beginning on page 26.

We caution you not to place undue reliance on any forward-looking statements, which speak only as of the date of this joint proxy statement/prospectus or, in the case of a document incorporated herein by reference, as of the date of that document. Except as required by law, neither American National nor HomeTown undertakes any obligation to publicly

Table of Contents

update or release any revisions to these forward-looking statements to reflect any events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

Additional factors that could cause actual results to differ materially from those expressed in the forward-looking statements are discussed in reports filed with the SEC by American National and HomeTown. See [Where You Can Find More Information](#) beginning on page 103 for a list of the documents incorporated herein by reference.

Table of Contents

THE AMERICAN NATIONAL SPECIAL MEETING

Date, Place and Time

This joint proxy statement/prospectus is first being mailed on or about February 13, 2019 to American National shareholders who held shares of American National common stock, par value \$1.00 per share, on the record date for the American National special meeting of shareholders. This joint proxy statement/prospectus is accompanied by the notice of the special meeting and a form of proxy that is solicited by the board of directors of American National for use at the special meeting to 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, and at any adjournments of that meeting.

Purposes of the American National Special Meeting

At the special meeting, the shareholders of American National will be asked:

to approve the American National merger proposal as more fully described in this joint proxy statement/prospectus; and

to approve the American National adjournment proposal as more fully described in this joint proxy statement/prospectus.

Recommendation of the American National Board of Directors

The American National board of directors believes that the proposed merger with HomeTown is fair to and is in the best interests of American National and its shareholders and unanimously recommends that American National shareholders vote **FOR** each of the proposals that will be presented at the American National special meeting as described in this joint proxy statement/prospectus.

Record Date and Voting Rights; Quorum

The American National board of directors has fixed the close of business on January 31, 2019 as the record date for determining the shareholders of American National entitled to notice of and to vote at the special meeting or any adjournments thereof. Accordingly, you are only entitled to notice of and to vote at the special meeting if you were a record holder of American National common stock at the close of business on the record date. At that date, 8,739,509 shares of American National common stock were outstanding and entitled to vote.

To have a quorum that permits American National to conduct business at the American National special meeting, the presence, whether in person or by proxy, of the holders of American National's common stock representing a majority of the voting shares outstanding on the record date is required. You are entitled to one vote for each outstanding share of American National common stock you held as of the close of business on the record date.

Holders of shares of American National common stock present in person at the special meeting but not voting, and shares of the common stock for which proxy cards are received indicating that their holders have abstained, will be counted as present at the special meeting for purposes of determining whether there is a quorum for transacting business. Shares held in street name that have been designated by brokers on proxies as not voted will not be counted as votes cast for or against any proposal and will not be counted for purposes of determining the presence of a quorum.

unless the broker has been instructed to vote on at least one of the proposals at the American National special meeting.

Votes Required

Vote Required for Approval of the American National Merger Proposal. The approval of the American National merger proposal requires the affirmative vote of more than two-thirds of the shares of American National common stock outstanding on the record date for the special meeting.

Failures to vote, abstentions and broker non-votes will not count as votes cast on the proposal. Because, however, approval of the American National merger proposal requires the affirmative vote of more than two-thirds of the shares of American National common stock outstanding on the record date, failures to vote, abstentions and broker non-votes will have the same effect as votes against the American National merger proposal.

Vote Required for Approval of the American National Adjournment Proposal. The approval of the American National adjournment proposal requires the affirmative vote of a majority of the shares of American National common stock voted on the proposal, whether or not a quorum is present.

Table of Contents

Failures to vote, abstentions and broker non-votes will not count as votes cast and will have no effect for purposes of determining whether the American National adjournment proposal has been approved.

Stock Ownership of American National Executive Officers and Directors

As of the record date, directors and executive officers of American National and their affiliates beneficially owned and were entitled to vote approximately 522,592 shares of American National common stock at the American National special meeting, or approximately 6.0% of the total voting power of American National shares entitled to vote at the special meeting.

Voting at the American National Special Meeting

Record Holders. If your shares of American National common stock are held of record in your name, your shares can be voted at the American National special meeting in any of the following ways:

By Mail. You can vote your shares by using the proxy card which is enclosed for your use in connection with the special meeting. If you complete and sign the proxy card and return it in the enclosed postage-paid envelope, you will be appointing the proxies named in the proxy card to vote your shares for you at the meeting. The authority you will be giving the proxies is described in the proxy card. When your proxy card is returned properly executed, the shares of American National common stock represented by it will be voted at the American National special meeting in accordance with the instructions contained in the proxy card.

If proxy cards are returned properly executed without an indication as to how the proxies should vote, the American National common stock represented by each such proxy card will be considered to be voted **FOR** the American National merger proposal and **FOR** the American National adjournment proposal.

By the Internet or Telephone. You can 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 vote by the Internet or telephone, you need not sign and return a proxy card. Under Virginia law, you will be appointing the proxies to vote your shares on the same terms as are described above and with the same authority as if you completed, signed and returned a proxy card. The authority you will be giving the proxies is described in the proxy card.

In Person. You can attend the American National special meeting and vote in person. A ballot will be provided for your use at the meeting.

Your vote is important. Accordingly, please sign, date and return the enclosed proxy card, or follow the instructions above to vote by the Internet or telephone, whether or not you plan to attend the American National special meeting in person.

Shares Held in Street Name. Only the record holders of shares of American National common stock, or their appointed proxies, may vote those shares. As a result, if your shares of American National common stock are held for

you in street name by a broker or other nominee, such as a bank or custodian, then only your broker or nominee (*i.e.*, the record holder) may vote them for you, or appoint the proxies to vote them for you, unless you previously have made arrangements for your broker or nominee to assign its voting rights to you or for you to be recognized as the person entitled to vote your shares. You will need to follow the directions your broker or nominee provides you and give it instructions as to how it should vote your shares by following the instructions you received from your broker or nominee with your copy of this joint proxy statement/prospectus. Brokers and other nominees who hold shares in street name for their clients typically have the discretionary authority to vote those shares on routine proposals when they have not received instructions from beneficial owners of the shares. However, they may not vote those shares on non-routine matters, such as the proposals that will be presented at the American National special meeting, unless their clients give them voting instructions. To ensure that your shares are represented at the American National special meeting and voted in the manner you desire, ***it is important that you instruct your broker or nominee as to how it should vote your shares.***

If your shares are held in street name and you wish to vote them in person at the American National special meeting, you must obtain a proxy, executed in your favor, from the holder of record.

Revocation of Proxies

Record Holders. If you are the record holder of shares of American National common stock and you sign and return a proxy card or appoint the proxies by the Internet or telephone and you later wish to revoke the authority or change the voting

Table of Contents

instructions you gave the proxies, you can do so at any time before the voting takes place at the American National special meeting by taking the appropriate action described below.

To change the voting instructions you gave the proxies:

you can complete, sign and submit a new proxy card, dated after the date of your original proxy card, which contains your new instructions, and submit it so that it is received before the special meeting or, if hand delivered, before the voting takes place at the American National special meeting; or

if you appointed the proxies by the Internet or telephone, you can go to the same Internet website (www.investorvote.com/AMNB), or use the same telephone number ((800) 652-8683) before 1:00 a.m. Eastern Time on March 19, 2019 (the day of the special meeting), enter the same control number (printed just above your name on the enclosed proxy card) that you previously used to appoint the proxies, and then change your voting instructions.

The proxies will follow the last voting instructions received from you before the special meeting.

To revoke your proxy card or your appointment of the proxies by the Internet or telephone:

you can give American National's Corporate Secretary a written notice, before the special meeting or, if hand delivered, before the voting takes place at the special meeting, that you want to revoke your proxy card or Internet or telephone appointment; or

you can attend the special meeting and vote in person or notify American National's Corporate Secretary, before the voting takes place, that you want to revoke your proxy card or Internet or telephone appointment. Simply attending the special meeting alone, without voting in person or notifying American National's Corporate Secretary, will not revoke your proxy card or Internet or telephone appointment.

If you submit your new proxy card or notice of revocation by mail, it should be addressed to American National's Corporate Secretary at American National Bankshares Inc., Attention: Corporate Secretary, 628 Main Street, Danville, Virginia 24541, and must be received no later than the beginning of the American National special meeting or, if the special meeting is adjourned, before the adjourned meeting is actually held. If hand delivered, your new proxy card or notice of revocation must be received by American National's Corporate Secretary before the voting takes place at the special meeting or at any adjourned meeting.

If you need assistance in changing or revoking your proxy, please 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; or

Regan & Associates, Inc. by calling (800) 737-3426 or by writing to Regan & Associates, 505 Eighth Avenue Suite 800, New York, New York 10018, Attention: Artie Regan.

Shares Held in Street Name. If your shares are held in street name and you want to change or revoke voting instructions you have given to the record holder of your shares, you must follow the directions given by your bank, broker, custodian or nominee.

Solicitation of Proxies

This solicitation is made on behalf of the American National board of directors, and American National will pay the costs of soliciting and obtaining proxies, including the cost of reimbursing banks and brokers for forwarding proxy materials to shareholders. Proxies may be solicited, without extra compensation, by American National's officers and employees by mail, electronic mail, telephone, fax or personal interviews. In addition, American National has engaged Regan & Associates, Inc. to assist it in the distribution and solicitation of proxies for a fee of approximately \$21,000. American National will also reimburse brokers and other custodians, nominees and fiduciaries for their expenses in sending these materials to you and getting your voting instructions.

Table of Contents

**PROPOSALS TO BE CONSIDERED AT THE
AMERICAN NATIONAL SPECIAL MEETING**

Approval of the American National Merger Proposal (American National Proposal No. 1)

At the special meeting, shareholders of American National will be asked to approve the American National merger proposal providing for the merger of HomeTown with and into American National. Shareholders of American National should read this joint proxy statement/prospectus carefully and in its entirety, including the appendices, for more detailed information concerning the merger agreement and the merger. A copy of the merger agreement is attached to this joint proxy statement/prospectus as Appendix A.

After careful consideration, the American National board of directors approved the merger agreement and the merger to be advisable and in the best interests of American National and the shareholders of American National. See *The Merger – American National’s Reasons for the Merger; Recommendation of American National’s Board of Directors* included elsewhere in this joint proxy statement/prospectus for a more detailed discussion of the American National board of directors’ recommendation.

The American National board of directors unanimously recommends that American National shareholders vote FOR the American National merger proposal.

Approval of the American National Adjournment Proposal (American National Proposal No. 2)

If at the American National special meeting there are not sufficient votes to approve the American National merger proposal, the meeting may be adjourned to a later date or dates, if necessary or appropriate, to permit further solicitation of proxies to approve the American National merger proposal. In that event, American National shareholders will be asked to vote on the American National adjournment proposal and will not be asked to vote on the American National merger proposal.

In order to allow proxies that have been received by American National at the time of the American National special meeting to be voted for the American National adjournment proposal, American National is submitting the American National adjournment proposal to its shareholders as a separate matter for their consideration. This proposal asks American National shareholders to authorize the holder of any proxy solicited by the American National board of directors on a discretionary basis to vote in favor of adjourning the American National special meeting to another time and place for the purpose of soliciting additional proxies, including the solicitation of proxies from American National shareholders who have previously voted.

If it is necessary to adjourn the American National special meeting, then, unless the meeting will have been adjourned for a total of more than 120 days, no notice of such adjourned meeting is required to be given to shareholders, other than an announcement at the special meeting of the place, date and time to which the American National special meeting is adjourned. Even if a quorum is not present, shareholders who are represented at a meeting may approve an adjournment of the meeting.

The American National board of directors unanimously recommends that American National shareholders vote FOR the American National adjournment proposal.

Table of Contents

THE HOMETOWN SPECIAL MEETING

Date, Place and Time

This joint proxy statement/prospectus is first being mailed on or about February 13, 2019 to HomeTown shareholders who held shares of HomeTown common stock, par value \$5.00 per share, on the record date for the HomeTown special meeting of shareholders. This joint proxy statement/prospectus is accompanied by the notice of the special meeting and a form of proxy that is solicited by the board of directors of HomeTown for use at the special meeting to 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, and at any adjournments of that meeting.

Purposes of the HomeTown Special Meeting

At the special meeting, the shareholders of HomeTown will be asked:

to approve the HomeTown merger proposal as more fully described in this joint proxy statement/prospectus;

to approve, on a non-binding advisory basis only, the compensation proposal as more fully described in this joint proxy statement/prospectus; and

to approve the HomeTown adjournment proposal as more fully described in this joint proxy statement/prospectus.

Recommendation of the HomeTown Board of Directors

The HomeTown board of directors believes that the proposed merger with American National is fair to and is in the best interests of HomeTown and its shareholders and unanimously recommends that HomeTown shareholders vote **FOR** each of the proposals that will be presented at the HomeTown special meeting as described in this joint proxy statement/prospectus.

Record Date and Voting Rights; Quorum

The HomeTown board of directors has fixed the close of business on January 31, 2019 as the record date for determining the shareholders of HomeTown entitled to notice of and to vote at the special meeting or any adjournments thereof. Accordingly, you are only entitled to notice of and to vote at the special meeting if you were a record holder of HomeTown common stock at the close of business on the record date. At that date, 5,809,023 shares of HomeTown common stock were outstanding and entitled to vote.

To have a quorum that permits HomeTown to conduct business at the HomeTown special meeting, the presence, whether in person or by proxy, of the holders of HomeTown's common stock representing a majority of the voting shares outstanding on the record date is required. You are entitled to one vote for each outstanding share of HomeTown common stock you held as of the close of business on the record date.

Holders of shares of HomeTown common stock present in person at the special meeting but not voting, and shares of the common stock for which proxy cards are received indicating that their holders have abstained, will be counted as

present at the special meeting for purposes of determining whether there is a quorum for transacting business. Shares held in street name that have been designated by brokers on proxies as not voted will not be counted as votes cast for or against any proposal and will not be counted for purposes of determining the presence of a quorum unless the broker has been instructed to vote on at least one of the proposals at the HomeTown special meeting.

Votes Required

Vote Required for Approval of the HomeTown Merger Proposal. The approval of the HomeTown merger proposal requires the affirmative vote of a majority of the shares of HomeTown common stock outstanding on the record date for the special meeting.

Failures to vote, abstentions and broker non-votes will not count as votes cast on the proposal. Because, however, approval of the HomeTown merger proposal requires the affirmative vote of at least a majority of the shares of HomeTown common stock outstanding on the record date, failures to vote, abstentions and broker non-votes will have the same effect as votes against the HomeTown merger proposal.

Vote Required for Approval, on an Advisory Basis Only, of the Compensation Proposal. The approval, on an advisory basis only, of the compensation proposal requires the affirmative vote of a majority of the shares of HomeTown common stock voted on the proposal.

Table of Contents

Failures to vote, abstentions and broker non-votes will not count as votes cast and will have no effect on the compensation proposal.

Vote Required for Approval of the HomeTown Adjournment Proposal. The approval of the HomeTown adjournment proposal requires the affirmative vote of a majority of the shares of HomeTown common stock voted on the proposal, whether or not a quorum is present.

Failures to vote, abstentions and broker non-votes will not count as votes cast and will have no effect for purposes of determining whether the HomeTown adjournment proposal has been approved.

Stock Ownership of HomeTown Executive Officers and Directors

As of the record date, directors and executive officers of HomeTown and their affiliates beneficially owned and were entitled to vote approximately 293,470 shares of HomeTown common stock at the HomeTown special meeting, or approximately 5.1% of the total voting power of HomeTown shares entitled to vote at the special meeting. Each director of HomeTown has entered into an affiliate agreement with American National and HomeTown pursuant to which he or she has agreed to vote all of his or her shares in favor of the HomeTown merger proposal, subject to certain conditions and exceptions, including that certain shares he or she holds in a fiduciary capacity or for which he or she does not have sole voting or dispositive power are not covered by the agreement. As of the record date, 291,515 shares, or approximately 5.0% of the total voting power of the shares of HomeTown common stock outstanding on that date, were subject to an affiliate agreement.

Voting at the HomeTown Special Meeting

Record Holders. If your shares of HomeTown common stock are held of record in your name, your shares can be voted at the HomeTown special meeting in any of the following ways:

By Mail. You can vote your shares by using the proxy card which is enclosed for your use in connection with the special meeting. If you complete and sign the proxy card and return it in the enclosed postage-paid envelope, you will be appointing the proxies named in the proxy card to vote your shares for you at the meeting. The authority you will be giving the proxies is described in the proxy card. When your proxy card is returned properly executed, the shares of HomeTown common stock represented by it will be voted at the HomeTown special meeting in accordance with the instructions contained in the proxy card.

If proxy cards are returned properly executed without an indication as to how the proxies should vote, the HomeTown common stock represented by each such proxy card will be considered to be voted FOR the HomeTown merger proposal, FOR the compensation proposal and FOR the HomeTown adjournment proposal.

By the Internet or Telephone. You can 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. If you vote by the Internet or telephone, you need not sign and return a proxy card. Under Virginia law, you will be appointing the proxies

to vote your shares on the same terms as are described above and with the same authority as if you completed, signed and returned a proxy card. The authority you will be giving the proxies is described in the proxy card.

In Person. You can attend the HomeTown special meeting and vote in person. A ballot will be provided for your use at the meeting.

Your vote is important. Accordingly, please sign, date and return the enclosed proxy card, or follow the instructions above to vote by the Internet or telephone, whether or not you plan to attend the HomeTown special meeting in person.

Shares Held in Street Name. Only the record holders of shares of HomeTown common stock, or their appointed proxies, may vote those shares. As a result, if your shares of HomeTown common stock are held for you in street name by a broker or other nominee, such as a bank or custodian, then only your broker or nominee (*i.e.*, the record holder) may vote them for you, or appoint the proxies to vote them for you, unless you previously have made arrangements for your broker or nominee to assign its voting rights to you or for you to be recognized as the person entitled to vote your shares. You will need to follow the directions your broker or nominee provides you and give it instructions as to how it should vote your

Table of Contents

shares by following the instructions you received from your broker or nominee with your copy of this joint proxy statement/prospectus. Brokers and other nominees who hold shares in street name for their clients typically have the discretionary authority to vote those shares on routine proposals when they have not received instructions from beneficial owners of the shares. However, they may not vote those shares on non-routine matters, such as the proposals that will be presented at the HomeTown special meeting, unless their clients give them voting instructions. To ensure that your shares are represented at the HomeTown special meeting and voted in the manner you desire, ***it is important that you instruct your broker or nominee as to how it should vote your shares.***

If your shares are held in street name and you wish to vote them in person at the HomeTown special meeting, you must obtain a proxy, executed in your favor, from the holder of record.

Revocation of Proxies

Record Holders. If you are the record holder of shares of HomeTown common stock and you sign and return a proxy card or appoint the proxies by the Internet or telephone and you later wish to revoke the authority or change the voting instructions you gave the proxies, you can do so at any time before the voting takes place at the HomeTown special meeting by taking the appropriate action described below.

To change the voting instructions you gave the proxies:

you can complete, sign and submit a new proxy card, dated after the date of your original proxy card, which contains your new instructions, and submit it so that it is received before the special meeting or, if hand delivered, before the voting takes place at the HomeTown special meeting; or

if you appointed the proxies by the Internet or telephone, you can go to the same Internet website (www.proxyvote.com), or use the same telephone number ((800) 690-6903) before 11:59 p.m. Eastern Time on March 18, 2019 (the day before the special meeting), enter the same control number (printed just above your name on the enclosed proxy card) that you previously used to appoint the proxies, and then change your voting instructions.

The proxies will follow the last voting instructions received from you before the special meeting.

To revoke your proxy card or your appointment of the proxies by the Internet or telephone:

you can give HomeTown's Corporate Secretary a written notice, before the special meeting or, if hand delivered, before the voting takes place at the special meeting, that you want to revoke your proxy card or Internet or telephone appointment; or

you can attend the special meeting and vote in person or notify HomeTown's Corporate Secretary, before the voting takes place, that you want to revoke your proxy card or Internet or telephone appointment. Simply attending the special meeting alone, without voting in person or notifying HomeTown's Corporate Secretary, will not revoke your proxy card or Internet or telephone appointment.

If you submit your new proxy card or notice of revocation by mail, it should be addressed to HomeTown's Corporate Secretary at HomeTown Bankshares Corporation, Attention: Corporate Secretary, 101 S. Jefferson Street, Roanoke, Virginia 24002, and must be received no later than the beginning of the HomeTown special meeting or, if the special meeting is adjourned, before the adjourned meeting is actually held. If hand delivered, your new proxy card or notice of revocation must be received by HomeTown's Corporate Secretary before the voting takes place at the special meeting or at any adjourned meeting.

If you need assistance in changing or revoking your proxy, please 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; or

Regan & Associates, Inc. by calling (800) 737-3426 or by writing to Regan & Associates, 505 Eighth Avenue Suite 800, New York, New York 10018, Attention: Artie Regan.

Shares Held in Street Name. If your shares are held in street name and you want to change or revoke voting instructions you have given to the record holder of your shares, you must follow the directions given by your bank, broker, custodian or nominee.

Table of Contents

Solicitation of Proxies

This solicitation is made on behalf of the HomeTown board of directors, and HomeTown will pay the costs of soliciting and obtaining proxies, including the cost of reimbursing banks and brokers for forwarding proxy materials to shareholders. Proxies may be solicited, without extra compensation, by HomeTown's officers and employees by mail, electronic mail, telephone, fax or personal interviews. In addition, HomeTown has engaged Regan & Associates, Inc. to assist it in the distribution and solicitation of proxies for a fee of approximately \$10,000. HomeTown will also reimburse brokers and other custodians, nominees and fiduciaries for their expenses in sending these materials to you and getting your voting instructions.

Table of Contents

**PROPOSALS TO BE CONSIDERED AT THE
HOMETOWN SPECIAL MEETING**

Approval of the HomeTown Merger Proposal (HomeTown Proposal No. 1)

At the special meeting, shareholders of HomeTown will be asked to approve the HomeTown merger proposal providing for the merger of HomeTown with and into American National. Shareholders of HomeTown should read this joint proxy statement/prospectus carefully and in its entirety, including the appendices, for more detailed information concerning the merger agreement and the merger. A copy of the merger agreement is attached to this joint proxy statement/prospectus as Appendix A.

After careful consideration, the HomeTown board of directors, by a unanimous vote of all directors, approved the merger agreement and the merger, to be advisable and in the best interests of HomeTown and the shareholders of HomeTown. See *The Merger HomeTown s Reasons for the Merger; Recommendation of HomeTown s Board of Directors* included elsewhere in this joint proxy statement/prospectus for a more detailed discussion of the HomeTown board of directors recommendation.

The HomeTown board of directors unanimously recommends that HomeTown shareholders vote FOR the HomeTown merger proposal.

Approval of the Compensation Proposal (HomeTown Proposal No. 2)

As required by Section 14A of the Securities Exchange Act of 1934, as amended (the Exchange Act), HomeTown is providing its shareholders with the opportunity to approve, in a non-binding advisory vote, the compensation proposal, by voting on the following resolution:

RESOLVED, that the compensation that may be paid to the named executive officers of HomeTown in connection with or as a result of the merger, as disclosed in the sections entitled *The Merger Interests of Certain HomeTown Directors and Executive Officers in the Merger Employment and Related Agreements and Payments and Benefits to HomeTown Named Executive Officers* and the related table and narrative, is hereby APPROVED.

Approval of this proposal is not a condition to completion of the merger. The vote on this proposal is a vote separate and apart from the vote on the HomeTown merger proposal. Because the compensation proposal is advisory in nature only, a vote for or against approval will not be binding on either HomeTown or American National.

The compensation that is subject to this proposal is a contractual obligation of HomeTown and/or HomeTown Bank and of American National and American National Bank as the successors thereto. If the merger is approved and completed, such compensation may be paid, subject only to the conditions applicable thereto, even if shareholders fail to approve this proposal. If the merger is not completed, the HomeTown board of directors will consider the results of the vote in making future executive compensation decisions.

The HomeTown board of directors unanimously recommends that HomeTown shareholders vote FOR the compensation proposal.

Approval of the HomeTown Adjournment Proposal (HomeTown Proposal No. 3)

If at the HomeTown special meeting there are not sufficient votes to approve the HomeTown merger proposal, the meeting may be adjourned to a later date or dates, if necessary or appropriate, to permit further solicitation of proxies to approve the HomeTown merger proposal. In that event, HomeTown shareholders will be asked to vote on the HomeTown adjournment proposal, may be asked to vote on the compensation proposal and will not be asked to vote on the HomeTown merger proposal.

In order to allow proxies that have been received by HomeTown at the time of the HomeTown special meeting to be voted for the HomeTown adjournment proposal, HomeTown is submitting the HomeTown adjournment proposal to its shareholders as a separate matter for their consideration. This proposal asks HomeTown shareholders to authorize the holder of any proxy solicited by the HomeTown board of directors on a discretionary basis to vote in favor of adjourning the HomeTown special meeting to another time and place for the purpose of soliciting additional proxies, including the solicitation of proxies from HomeTown shareholders who have previously voted.

Table of Contents

If it is necessary to adjourn the HomeTown special meeting, then, unless the meeting will have been adjourned for a total of more than 120 days, no notice of such adjourned meeting is required to be given to shareholders, other than an announcement at the special meeting of the place, date and time to which the HomeTown special meeting is adjourned. Even if a quorum is not present, shareholders who are represented at a meeting may approve an adjournment of the meeting.

The HomeTown board of directors unanimously recommends that HomeTown shareholders vote FOR the HomeTown adjournment proposal.

Table of Contents

THE MERGER

The following discussion contains certain information about the merger. The discussion is subject to and is qualified in its entirety by reference to the merger agreement, which is attached as Appendix A to this joint proxy statement/prospectus and incorporated herein by reference. We urge you to read carefully this joint proxy statement/prospectus, including the merger agreement attached as Appendix A, for a more complete understanding of the merger.

General

The American National board of directors and the HomeTown board of directors have each approved the merger agreement and the merger, which provides for the merger of HomeTown with and into American National.

Pursuant to the terms of the merger agreement, as a result of the merger, each share of HomeTown common stock issued and outstanding before the merger will be converted into the right to receive 0.4150 shares of American National common stock. We sometimes refer to this as the exchange ratio. The exchange ratio is fixed and will not be adjusted to reflect stock price changes prior to the effective time of the merger. No fractional shares will be issued; instead cash will be paid for fractional shares.

As of the date of this joint proxy statement/prospectus, American National expects that it will issue approximately 2,360,903 shares of American National common stock to the holders of HomeTown common stock in the merger. At the completion of the merger, it is expected that there will be issued and outstanding approximately 11,100,412 shares of American National common stock, with current American National shareholders owning approximately 78% of American National's outstanding common stock, on a fully diluted basis, and former holders of HomeTown common stock owning approximately 22% of American National's outstanding common stock, on a fully diluted basis.

After the merger, it is expected that HomeTown Bank, the Virginia chartered bank subsidiary of HomeTown, will merge with and into American National Bank, the federally chartered national bank subsidiary of American National. American National Bank will be the surviving bank in the subsidiary bank merger.

Background of the Merger

Each of American National's and HomeTown's board of directors and management have from time to time separately engaged in strategic reviews and have considered ways to enhance shareholder value and their respective company's performance and prospects in light of competitive and other relevant developments. These reviews have focused on, among other things, the business environment facing financial institutions, as well as conditions and ongoing consolidation in the financial services industry. For each company, these reviews have included periodic discussions concerning potential transactions with other parties that could further its strategic objectives, including the potential benefits and risks of such transactions.

Over the past decade, American National and HomeTown have developed a business relationship, including a loan participation and American National's purchase, with other investors, of shares of HomeTown's 6.0% Series C non-cumulative perpetual convertible preferred stock in June 2013 (which have since converted into 120,100 shares of HomeTown common stock). During such period, Jeffrey V. Haley, President and Chief Executive Officer of American National, and Susan K. Still, President and Chief Executive Officer of HomeTown, on occasion have discussed the business relationship, their respective companies and the community bank industry in general.

Since HomeTown's inception, HomeTown's board of directors has held annual strategic planning retreats. During the past five years, HomeTown's board and senior management have focused these planning retreats on HomeTown's growth and options for expansion—both organic and acquisitive. During this time, HomeTown held meetings with numerous investment banking firms and capital markets experts, including Sandler O'Neill, to provide advice on avenues for expansion, including evaluations of potential merger partners. Over the past few years, as authorized by the HomeTown board of directors, an informal committee of the board consisting of Ms. Still, George B. Cartledge, Jr., Chairman of the board of directors of HomeTown, and William R. Rakes, a director of HomeTown and an attorney with HomeTown's outside legal counsel, Gentry Locke, held exploratory meetings and discussions from time to time with several potential merger partners, including merger-of-equals candidates and acquisitive merger candidates, in furtherance of the company's strategy of growth by acquisition. While the HomeTown board did not consider the company to be for sale during this time and was not actively seeking a merger partner, the HomeTown board also from time to time evaluated the possibility of creating shareholder value by merging HomeTown with another banking institution, and several of these meetings included meetings

Table of Contents

with potential candidates to acquire the company (including American National). The members of this informal committee regularly informed the HomeTown board of directors of the substance of these meetings and discussions, but none of these preliminary conversations resulted in any proposals that the board, after thorough consideration, could recommend to HomeTown's shareholders. More recently, HomeTown also began to explore its chief executive officer succession plan options in earnest, given that Ms. Still's employment agreement expired in 2019 and the likelihood that she might retire soon thereafter.

American National's management has long viewed Roanoke, Virginia as an attractive banking market. In September 2016, American National, as part of its growth strategy, hired six seasoned commercial loan officers in the Roanoke, Virginia market who had deep, well-established relationships with customers in that area. American National believed that the new hires would enhance its profile in Roanoke, and provide it with a solid foundation on which American National eventually could build a significant presence in the market. Since the hiring of those officers, American National has established a banking office in the Roanoke market.

In January 2018, considering American National's increasing efforts to promote its brand in Roanoke, the business and personal relationships management and banking officers had established in the market, and the professional relationships that American National management had developed with HomeTown management, Charles H. Majors, Chairman of the board of directors of American National, contacted Mr. Rakes by telephone. Mr. Majors has known Mr. Rakes personally and professionally for many years, and suggested that they meet on an informal basis for the purpose of further understanding each company's business, operations, culture and philosophy.

On February 13, 2018, Messrs. Haley and Majors met in-person with Mr. Rakes, Ms. Still and Mr. Cartledge to share perspectives on the respective markets, operations and strategies of American National and HomeTown. Messrs. Haley and Majors discussed the American National business model and recent successful merger integrations. Ms. Still outlined the HomeTown business model and its operations. At this meeting, the American National representatives informed the HomeTown representatives that American National may be interested in pursuing a merger transaction with HomeTown if HomeTown was interested in such a transaction. No specific terms of a potential merger were discussed at this meeting.

During the remainder of February 2018 through April 2018, the American National representatives and HomeTown representatives named above had additional informal discussions from time to time in-person, on the telephone and by email to further explore the potential for a combination of the two companies and the virtues of such a transaction. Their discussions remained general in nature, and no financial or other terms of a merger transaction were conferred at that time.

On March 20, 2018, at a regularly scheduled board meeting of the American National board of directors, Messrs. Haley and Majors informed the American National board of their February 13th meeting and additional informal discussions with the HomeTown representatives. The American National board engaged in a brief and general discussion about HomeTown and authorized management to evaluate further a possible transaction with HomeTown and to enter into a confidentiality agreement with HomeTown to facilitate further discussions, due diligence and further analysis of a potential business combination.

On April 10, 2018, at regularly scheduled meetings of the HomeTown board of directors and its executive committee (consisting of all members of the HomeTown board of directors except Nancy H. Agee), the informal committee of Mr. Cartledge, Ms. Still, and Mr. Rakes reported in detail on the status of discussions with American National. The board of directors directed the informal committee to continue to pursue opportunities with American National and execute any necessary agreements to facilitate further discussions.

On April 26, 2018, American National and HomeTown entered into a mutual nondisclosure and confidentiality agreement under the terms of which each company agreed not to disclose any of the other party's confidential information.

On May 4, 2018, at the invitation of the HomeTown representatives, Mr. Haley presented to the HomeTown board of directors information on American National and its business operations and provided American National's view of how a potential merger of their organizations might be structured. Mr. Haley indicated that the merger could be an all-stock transaction, if desired by the parties, and that current directors of HomeTown could be appointed to American National's board of directors in proportion to the aggregate post-merger ownership interest of HomeTown shareholders in the combined company. Mr. Haley also offered that, after the merger, an advisory board made up of directors of HomeTown and HomeTown Bank could be established to serve the Roanoke market and assist in the merger integration. The HomeTown board asked questions of Mr. Haley regarding American National's business operations and Mr. Haley responded to such questions. After Mr. Haley left the meeting, the HomeTown board discussed its assessment of American National as a

Table of Contents

merger partner, including its financial condition, stock performance and dividend history, and concluded that a combination with American National warranted further consideration. Overall, the opportunity to accelerate HomeTown's financial performance goals for its shareholders due to the increased scale and market presence of the combined company and to provide its shareholders with greater returns through stock appreciation and dividend payout, proved compelling to the HomeTown board of directors. The HomeTown board authorized management and the informal committee of Mr. Cartledge, Ms. Still and Mr. Rakes to continue discussions regarding a potential combination with American National.

On May 21, 2018, in consideration of the status of negotiations, ongoing due diligence and the dedication of resources to the transaction, and because each believed the potential transaction would provide value for their respective shareholders and create a good long-term strategic combination, American National and HomeTown entered into a mutual exclusivity agreement. Under the terms of the exclusivity agreement, HomeTown agreed that for a period of 45 days from the date of the agreement it would not (i) solicit, encourage or facilitate any agreement, offer or proposal for, or any indication of interest in, any acquisition or other transaction involving 20% or more of HomeTown's common stock or its consolidated assets, whether by way of a merger, asset sale, stock purchase, tender offer or other business combination, other than any proposal made by American National (an alternative transaction), or (ii) agree to, accept, recommend or endorse an alternative transaction. In the exclusivity agreement, American National agreed that during the exclusivity period it would not, other than with HomeTown, (i) enter into an agreement contemplating another merger or any acquisition of an equity interest in an entity, or (ii) take any action that could reasonably be expected to materially delay a potential transaction with HomeTown. After the initial 45-day exclusivity period, the agreement could be extended automatically for an additional 15-day period and multiple 15-day periods thereafter if the parties were in merger discussions and wanted such extensions.

Following execution of the exclusivity agreement, American National management continued to gather information regarding HomeTown, HomeTown's employee benefit arrangements and estimated costs of a business combination transaction, and analyze the financial aspects of such a transaction. Additionally, HomeTown engaged Sandler O'Neill, a nationally recognized investment banking firm that has provided services to HomeTown in the past, to assist HomeTown in evaluating American National as a potential merger partner and to advise HomeTown on possible terms of a merger with American National.

The HomeTown board and its executive committee held several meetings during the remainder of May and June at which Sandler O'Neill participated. At these meetings, the board, with the assistance of Sandler O'Neill, discussed financial analyses of a potential combination with American National, non-financial considerations in connection with such a transaction, and evaluated alternative growth strategies to maximize shareholder return. With Sandler O'Neill's assistance, the HomeTown board analyzed the current merger market for community banking institutions, including the pricing metrics of recently announced transactions, and generally discussed the range of values that HomeTown's shareholders could potentially realize in a business combination transaction. The HomeTown board also reviewed other potential merger partners and debated the strengths and weaknesses of each at length, including the amounts those companies might be able to pay.

On June 12, 2018, at a regularly scheduled meeting of the American National board of directors, Mr. Haley updated the board on the merger discussions with HomeTown and the results of preliminary due diligence on certain aspects of HomeTown's operations. Representatives of KBW, a nationally recognized investment banking firm that has provided services to American National in the past, also attended the board meeting by telephone. The KBW representatives reviewed with the American National board information concerning the current business environment for community banks and merger and acquisition activity in the banking industry and specific feedback regarding a merger with HomeTown, including a review of financial aspects of the potential combined company after the merger. After further discussion among board members, the board encouraged American National management to continue exploring the

merger with its HomeTown counterparts and approved management submitting a formal non-binding merger proposal to HomeTown reflecting the discussions between the parties and proposed financial terms, including a merger consideration value range, that were discussed at the board meeting.

On July 9, 2018, American National delivered a preliminary non-binding letter of intent to acquire HomeTown. The financial terms provided for an all-stock transaction at an indicated price ranging from \$16.92 to \$17.18 per share based on a fixed exchange ratio between 0.4010 to 0.4070 shares of American National common stock for each share of HomeTown common stock, derived from American National's closing price on that day, subject to further due diligence. American National's proposal also indicated, among other things, that following the subsidiary bank merger, the Virginia banking headquarters of American National Bank would be located in Roanoke, Virginia and that American National would offer board positions to three members of HomeTown's board, one of which would be Ms. Still, so that there would be pro rata representation on the American National board based on the pro forma ownership of the combined company upon the closing of merger. The letter of intent further stated that American National would work with HomeTown after the merger was

Table of Contents

announced to assess continued post-merger employment of current HomeTown employees. The letter also stated that American National would need to conduct additional due diligence to finalize the exchange ratio and that HomeTown would have the opportunity to conduct reverse due diligence on American National. To give the parties additional time to complete the due diligence process, American National recommended an extension of the termination date of the exclusivity agreement.

On July 12, 2018, the HomeTown board of directors held a meeting of the full board at which American National's preliminary non-binding letter of intent was discussed. At the invitation of the HomeTown board, Messrs. Haley and Majors attended the meeting and discussed the terms as outlined in the letter and the company's post-merger strategy for the Roanoke market. Members of the HomeTown board asked questions about the American National offer and the company's business and strategy, and Messrs. Haley and Majors responded to the inquiries. Representatives of Sandler O'Neill also attended the board meeting in person serving as the financial advisor to HomeTown. The Sandler O'Neill representatives reviewed with the HomeTown board information concerning the current business environment for community banks and merger and acquisition activity in the banking industry. In addition, Sandler O'Neill provided feedback regarding the non-binding letter of intent and on a potential merger with American National, including a review of financial aspects of the potential combined company after the merger. After meeting with Messrs. Haley and Majors and representatives of Sandler O'Neill, the HomeTown board of directors discussed American National's proposal at length and further discussed changes it would require to continue merger discussions. On July 16, 2018, HomeTown responded to American National's July 9, 2018 letter, requesting changes to the exchange ratio and board composition, a commitment to the Roanoke market and other non-substantive changes to American National's proposal.

On July 24, 2018, American National delivered to HomeTown a revised preliminary non-binding letter of intent containing certain modifications to the July 9 letter of intent based on the suggested changes HomeTown believed were necessary if the parties were to continue merger discussions. In the revised letter of intent, American National increased and fixed the exchange ratio to 0.4150 shares of American National common stock for each share of HomeTown common stock, pending further due diligence. American National also agreed to create an advisory board of American National Bank that would operate for a period of two years after the merger to assist with retaining HomeTown Bank customers, developing new business and representing the combined bank positively in the communities served by HomeTown. The advisory board initially would be composed of all members of the HomeTown and HomeTown Bank boards of directors that would not be members of the boards of directors of American National and American National Bank following completion of the merger.

On July 26, 2018, representatives of HomeTown discussed the revised non-binding letter of intent with Sandler O'Neill. Sandler O'Neill provided advice as to how the terms of the letter of intent compared to the market for similar transactions.

On August 6, 2018, in consideration of the expiration of the exclusivity agreement on August 4, 2018 after two 15-day extensions, American National and HomeTown entered into another exclusivity agreement containing similar terms as the initial exclusivity agreement in order to allow the parties to continue merger discussions and conduct additional due diligence review of their respective companies.

On August 14, 2018, HomeTown's executive committee discussed the status of negotiations with American National and directed HomeTown's management to continue discussions and the diligence process with American National.

During August 8-21, 2018, members of American National's management conducted a credit analysis and review of a portion of HomeTown's loan portfolio and related documentation. This review was in addition to the business, legal and other financial due diligence of HomeTown that American National had been conducting on an ongoing basis

since entering into the confidentiality agreement.

On August 24, 2018, American National's board of directors held a regular meeting at which management reviewed with the board the proposed revised terms of the transaction and the status of the due diligence review process. A representative of KBW attended the board meeting in person and provided an update regarding financial aspects of the potential combined company based on the revised exchange ratio and reported June 30 financial information on each company. Mr. Haley informed the American National board that he had heard from Ms. Still that the revised non-binding letter of intent was received favorably and that HomeTown was interested in moving forward with the merger discussions.

On August 30, 2018, representatives of Williams Mullen, outside legal counsel to American National, provided representatives of Gentry Locke with a draft merger agreement.

Table of Contents

On September 4, 2018, members of HomeTown's management and representatives of Sandler O'Neill conducted supplemental due diligence on American National's business operations, including interviews with members of American National's management.

Beginning after the Labor Day holiday (September 3, 2018) until September 30, 2018, American National and HomeTown, with the assistance of their respective legal counsel and financial advisors, negotiated the provisions of the merger agreement and ancillary documents. Key terms negotiated between the first draft of the merger agreement delivered on August 30, 2018 and the final draft of the merger agreement as presented to the boards of directors of American National and HomeTown on October 1 included: (i) covenants regarding the conduct of HomeTown's business prior to the closing of the merger; (ii) the circumstances in which the merger agreement may be terminated; and (iii) the amount of the termination fee payable by HomeTown if the merger agreement was terminated under certain circumstances. During this time, the parties continued to conduct final due diligence regarding their organizations. The representatives of American National and HomeTown also negotiated and agreed upon the board positions that certain HomeTown directors would have with American National after the merger, and the employment arrangements and/or change in control payments that certain HomeTown officers may have or expect to receive from American National in connection with the transaction.

On the morning of October 1, 2018, the board of directors of HomeTown held a special meeting to consider the proposed merger and the merger agreement. Management of HomeTown discussed the status of the proposed merger. A representative of Gentry Locke discussed the terms of the proposed merger and reviewed the terms of the proposed merger agreement. During and after the presentation by Gentry Locke, HomeTown's board of directors extensively discussed the material terms of the merger agreement. Sandler O'Neill then presented its analyses to HomeTown's board of directors with respect to the financial terms of the proposed merger. Sandler O'Neill rendered to HomeTown's board of directors its oral opinion (which was subsequently confirmed in writing), as described under the caption Opinion of HomeTown's Financial Advisor, to the effect that, as of the date of its opinion, the exchange ratio was fair, from a financial point of view, to the holders of HomeTown's common stock. Following Sandler O'Neill's presentation, the board further discussed the merger agreement and the terms of the merger, including the factors described under the caption HomeTown's Reasons for the Merger; Recommendation of HomeTown's Board of Directors, and unanimously approved the merger and the merger agreement and approved the signing of the merger agreement.

On the afternoon of October 1, 2018, the board of directors of American National held a special meeting to consider the proposed merger and the merger agreement. Management reviewed for the American National board the progress of its negotiations with HomeTown and reported on the status of its due diligence review of HomeTown. American National's management and board also discussed the proposed representation that HomeTown would have on the American National board after the merger. At this meeting, KBW reviewed the financial aspects of the proposed merger and rendered to the American National board of directors an opinion to the effect that, as of that date and subject to the procedures followed, assumptions made, matters considered, and qualifications and limitations on the review undertaken by KBW as set forth in such opinion, the exchange ratio in the proposed merger was fair, from a financial point of view, to American National. At this meeting, representatives of Williams Mullen, American National's legal counsel, also discussed with the board of directors the legal standards applicable to its decisions and actions with respect to its consideration of the proposed merger, and reviewed the legal terms of the proposed merger agreement and related transaction agreements. After review and discussion among members of the American National board of directors, including consideration of the factors described under the caption American National's Reasons for the Merger; Recommendation of American National's Board of Directors, the American National board determined that the transactions contemplated by the merger agreement and the related agreements were advisable and in the best interests of American National and its shareholders and the directors voted to approve the merger, approve and adopt the merger agreement, and directed American National's management to finalize and execute a definitive merger agreement on the terms presented at the meeting.

Following the completion of the meetings of the American National board and the HomeTown board on October 1, 2018, the merger agreement and related agreements were placed in final form and were executed and delivered. The transaction was announced after the stock markets closed on October 1, 2018 in a press release issued jointly by American National and HomeTown.

American National's Reasons for the Merger; Recommendation of American National's Board of Directors

After careful consideration, American National's board of directors, at a meeting held on October 1, 2018, determined that the merger agreement is in the best interests of American National and its shareholders. Accordingly, American National's board of directors adopted and approved the merger agreement and unanimously recommends that American National shareholders vote FOR the American National merger proposal and FOR the American National adjournment proposal.

Table of Contents

In reaching its decision to adopt and approve the merger agreement and to recommend that its shareholders approve the merger agreement, American National's board of directors evaluated the merger in consultation with American National's management, as well as American National's financial and legal advisors, and considered a number of factors, including, but not limited to, the following material factors, which are not presented in order of priority:

the strategic opportunities associated with American National's continued expansion in Roanoke, Virginia, including the attractive core deposit base, small business lending opportunities, and the ability to leverage American National's experienced lending teams already operating in the market;

its belief that HomeTown is a high quality community banking franchise with strong management and leadership, with a compatible business culture and meaningful branch overlap;

its knowledge and review of HomeTown's financial condition, earnings, business operations and prospects, taking into account the results of American National's extensive due diligence investigation of HomeTown's loan portfolio;

the current and prospective environment in the financial services industry, including national and local economic conditions, competition and consolidation in the financial services industry, the regulatory and compliance environment, and the likely effect of the foregoing factors on American National with and without the merger;

its belief that American National's increased size and scale, with pro forma assets of approximately \$2.4 billion, prominent pro forma market position of the combined organization in the Roanoke, Virginia, market, and quality of operations would better position it to compete and grow its business;

American National's expectations and analyses of the financial metrics of the merger, including potential cost saving opportunities, expected earnings per share accretion and manageable dilution to tangible book value projected to be earned back in approximately three years;

the opinion, dated October 1, 2018, of KBW 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, as more fully described below under "Opinion of American National's Financial Advisor";

the corporate governance aspects of the transaction, including the post-merger board composition and the establishment of an advisory board of American National Bank to serve the Roanoke market; and

its assessment of the likelihood that the merger would be completed in a timely manner without unacceptable regulatory conditions or requirements, including that no branch divestitures would likely be required, and the ability of the management team to successfully integrate and operate the businesses of American National and HomeTown after the merger.

The American National board also considered potential risks and potentially negative factors concerning the merger in connection with its deliberations on the merger, including the following material factors:

the potential for an initial negative impact on the market price of American National common stock;

the possibility that the merger and related integration process could result in the loss of key employees, the disruption of American National's on-going business and the loss of customers;

the possibility of encountering difficulties in achieving cost savings in the amount currently estimated or in the timeframe currently contemplated;

the substantial merger and integration related expenses, estimated at approximately \$17.0 million; and

the risks of the type and nature described under Cautionary Statement Regarding Forward-Looking Statements, Risk Factors and in filings of American National incorporated in this joint proxy statement/prospectus by reference.

The foregoing discussion of the information and factors considered by American National's board of directors is not intended to be exhaustive but includes the material factors considered by American National's board of directors. In view of the wide variety of the factors considered in connection with its evaluation of the merger and the complexity of these matters, American National's board of directors did not find it useful, and did not attempt, to quantify, rank or otherwise assign relative weights to these factors. In considering the factors described above, the individual members of American National's board of directors may have given different weight to different factors. American National's board of directors conducted an overall analysis of the factors described above and considered the factors overall to be favorable to, and to support, its determination to approve the merger agreement and the transactions contemplated thereby.

Table of Contents

The foregoing explanation of American National's board of directors' reasoning and all other information presented in this section is forward-looking in nature and, therefore, should be read in light of the factors discussed in the section entitled "Cautionary Statement Concerning Forward-Looking Statements."

HomeTown's Reasons for the Merger; Recommendation of HomeTown's Board of Directors

After careful consideration, at a meeting held on October 1, 2018, HomeTown's board of directors unanimously determined that the merger agreement and the transactions contemplated thereby are in the best interests of HomeTown and its shareholders. Accordingly, HomeTown's board of directors approved and adopted the merger agreement and unanimously recommends that HomeTown shareholders vote FOR the HomeTown merger proposal and FOR the HomeTown adjournment proposal.

In reaching its decision to adopt and approve the merger agreement and to recommend that its shareholders approve the merger agreement, HomeTown's board of directors evaluated the merger in consultation with HomeTown's management, as well as HomeTown's financial and legal advisors, and considered a number of factors, including, but not limited to, the following material factors, which are not presented in order of priority:

HomeTown's belief that the merger will accelerate achievement of its financial performance goals for its shareholders;

the expanded possibilities, including organic growth and future acquisitions, that would be available to the combined company due to its larger size, asset base, capital, market capitalization and geographic footprint as compared to HomeTown as an independent organization;

American National's financial condition, earnings, business, operations, asset quality and prospects, taking into account the results of HomeTown's due diligence investigation of American National;

the strength of American National's management, board of directors and succession plan;

the increasing importance of operational scale and financial resources in maintaining efficiency and remaining competitive over the long term and in being able to capitalize on technological developments that may impact HomeTown's industry competitive condition;

the expected receipt by HomeTown shareholders, after the effective time of the merger, of dividends declared and paid by American National on shares of American National common stock consistent with historical levels and trends;

the market for alternative merger or acquisition transactions in the financial services industry and the likelihood and timing of other material strategic transactions;

HomeTown's understanding of the current and prospective environment in which American National and HomeTown operate, including national, regional and local economic conditions, the competitive environment for financial institutions generally and the likely effect of these factors on HomeTown both with and without the merger;

the regulatory and other approvals required in connection with the merger and the expectation that the approvals will be received in a timely manner and without imposition of unacceptable conditions;

the compatibility of and complementary nature of American National's business, operations and business culture with those of HomeTown;

HomeTown's expectations and analyses of cost synergies, earnings accretion, tangible book value dilution and internal rate of return, among other metrics;

the benefits to HomeTown and its customers of operating as a larger organization, including enhancements in products and services, higher lending limits and greater financial resources;

American National's past record of integrating acquisitions and realizing the benefits of acquisitions; and

the opinion of Sandler O'Neill delivered to the HomeTown board of directors on October 1, 2018 to the effect that, as of that date, and subject to and based on the various assumptions, considerations, qualifications and limitations set forth in the opinion, the exchange ratio in the merger agreement was fair, from a financial point of view, to the holders of HomeTown common stock, as more fully described below under "Opinion of HomeTown's Financial Advisor."

Table of Contents

The HomeTown board of directors also considered potential risks and potentially negative factors concerning the merger in connection with its deliberations on the merger, including the following material factors:

that the exchange ratio is fixed, so, if the market price of American National common stock is lower at the time of the consummation of the merger than at the date of this joint proxy statement/prospectus or the date of the special meetings, the economic value of the merger consideration to be received by holders of HomeTown common stock also would be lower;

the costs associated with the completion of the merger and the realization of the benefits expected to be obtained in connection with the merger, including management's time and energy and potential opportunity cost;

the fact that certain of HomeTown's directors and officers have interests in the merger that are in addition to their interests generally as HomeTown shareholders, which have the potential effect to influence such directors' and officers' views and actions in connection with the merger;

the potential risks of diverting management attention and resources from the operation of HomeTown's business and toward the completion of the merger;

the restrictions on the conduct of HomeTown's business during the period between the execution of the merger agreement and the completion of the merger;

the possibility that the merger and the related integration process could result in the loss of key employees, in the disruption of HomeTown's on-going business and in the loss of customers;

the challenges in absorbing the effect of any failure to complete the merger, including potential payment of a termination fee and market reactions;

the risk that regulatory agencies may not approve the merger or may impose terms and conditions on their approvals that adversely affect the business and financial results of the combined company; and

the possibility of litigation challenging the merger, and its belief that any such litigation would be without merit.

The foregoing discussion of the information and factors considered by the HomeTown board of directors is not intended to be exhaustive but includes the material factors considered by the HomeTown board of directors. In view of the wide variety of the factors considered in connection with its evaluation of the merger and the complexity of these matters, the HomeTown board of directors did not find it useful, and did not attempt, to quantify, rank or otherwise assign relative weights to these factors. In considering the factors described above, the individual members

of the HomeTown board of directors may have given different weight to different factors. The HomeTown board of directors conducted an overall analysis of the factors described above and considered the factors overall to be favorable to, and to support, its determination.

This explanation of the HomeTown board of directors' reasoning and all other information presented in this section is forward-looking in nature and, therefore, should be read in light of the factors discussed under the heading "Cautionary Statement Regarding Forward-Looking Statements."

Financial Forecasts

American National and HomeTown do not as a matter of course make public projections as to future performance, revenues, earnings or other financial results due to, among other reasons, the inherent uncertainty of the underlying assumptions and estimates. However, American National and HomeTown are including in this joint proxy statement/prospectus certain unaudited prospective financial information that was made available to or discussed with the parties' respective financial advisors in connection with the merger. The inclusion of this information should not be regarded as an indication that any of American National, HomeTown, KBW or Sandler O'Neill, their respective representatives or any other recipient of this information considered, or now considers, it to be necessarily predictive of actual future results, or that it should be construed as financial guidance, and it should not be relied on as such.

This information was prepared solely for internal use and is subjective in many respects. While presented with numeric specificity, the unaudited prospective financial information reflects numerous estimates and assumptions made with respect to business, economic, market, competition, regulatory and financial conditions and matters specific to American National's and HomeTown's respective business, all of which are difficult to predict and many of which are beyond American National's and HomeTown's control. The unaudited prospective financial information reflects both assumptions as to certain business decisions that are subject to change and, in many respects, subjective judgment, and thus is susceptible to multiple interpretations and periodic revisions based on actual experience and business developments. American National and

Table of Contents

HomeTown can give no assurance that the unaudited prospective financial information and the underlying estimates and assumptions will be realized. In addition, since the unaudited prospective financial information covers multiple years, such information by its nature becomes less predictive with each successive year. Actual results may differ materially from those set forth below, and important factors that may affect actual results and cause the unaudited prospective financial information to be inaccurate include, but are not limited to, risks and uncertainties relating to American National's and HomeTown's business, industry performance, general business and economic conditions, competition and adverse changes in applicable laws, regulations or rules, and the various risks similar to those set forth in the Risk Factors section beginning on page 26.

The unaudited prospective financial information was not prepared with a view toward public disclosure, nor was it prepared with a view toward compliance with GAAP, published guidelines of the Securities and Exchange Commission (the SEC) or the guidelines established by the American Institute of Certified Public Accountants for preparation and presentation of prospective financial information. In addition, the unaudited prospective financial information requires significant estimates and assumptions that make it inherently less comparable to the similarly titled GAAP measures in American National's and HomeTown's historical GAAP financial statements. Neither American National's or HomeTown's auditors, nor any other independent accountants, have compiled, examined or performed any procedures with respect to the unaudited prospective financial information contained herein, nor have they expressed any opinion or any other form of assurance on such information or its achievability.

Furthermore, the unaudited prospective financial information does not take into account any circumstances or events occurring after the date it was prepared. American National and HomeTown can give no assurance that, had the unaudited prospective financial information been prepared as of the date of this joint proxy statement/prospectus, similar estimates and assumptions would be used. American National and HomeTown do not intend to, and disclaim any obligation to, make publicly available any update or other revision to the unaudited prospective financial information to reflect circumstances existing since their preparation or to reflect the occurrence of unanticipated events, even in the event that any or all of the underlying assumptions are shown to be in error, or to reflect changes in general economic or industry conditions. The unaudited prospective financial information does not take into account the possible financial and other effects on either American National or HomeTown, as applicable, of the merger and does not attempt to predict or suggest future results of American National after giving effect to the merger. The unaudited prospective financial information does not give effect to the merger, including the impact of negotiating or executing the merger agreement, the expenses that may be incurred in connection with completing the merger, the potential synergies that may be achieved by American National as a result of the merger, the effect on either American National or HomeTown, as applicable, of any business or strategic decision or action that has been or will be taken as a result of the merger agreement having been executed, or the effect of any business or strategic decisions or actions that would likely have been taken if the merger agreement had not been executed, but which were instead altered, accelerated, postponed or not taken in anticipation of the merger. Further, the unaudited prospective financial information does not take into account the effect on either or American National or HomeTown, as applicable, of any possible failure of the merger to occur. None of American National, HomeTown, KBW or Sandler O'Neill or their respective affiliates, officers, directors, advisors or other representatives has made, makes or is authorized in the future to make any representation to any American National or HomeTown shareholder or other person regarding American National's or HomeTown's ultimate performance compared to the information contained in the unaudited prospective financial information or that the projected results will be achieved. The inclusion of the unaudited prospective financial information in this joint proxy statement/prospectus should not be deemed an admission or representation by American National or HomeTown that it is viewed as material information of American National or HomeTown, particularly in light of the inherent risks and uncertainties associated with such forecasts. The summary of the unaudited prospective financial information included below is not being included to influence your decision whether to vote for the merger proposal, but is being provided solely because it was made available to KBW or Sandler O'Neill in connection with the merger.

In light of the foregoing, and considering that the special meetings will be held many months after the unaudited prospective financial information was prepared, as well as the uncertainties inherent in any forecasted information, American National and HomeTown shareholders are cautioned not to place unwarranted reliance on such information, and American National and HomeTown urge all shareholders to review American National's and HomeTown's financial statements and other information contained elsewhere in or incorporated by reference into this joint proxy statement/prospectus for a description of American National's and HomeTown's business and financial results.

Table of Contents

The following table presents a summary of selected unaudited prospective financial data of HomeTown provided by HomeTown to Sandler O'Neill as of and for the periods presented (dollars in millions):

| | 2018 | 2019 | 2020 |
|---|---------|---------|---------|
| Net interest income | \$ 18.9 | \$ 20.5 | \$ 22.0 |
| Noninterest income | 4.1 | 3.9 | 4.2 |
| Noninterest expense | 16.0 | 16.4 | 17.1 |
| Net income available to common shareholders | 4.9 | 5.4 | 6.2 |

For purposes of Sandler O'Neill's HomeTown net present value analysis performed in connection with Sandler O'Neill's opinion, Sandler O'Neill used projected earnings per share for the years ending December 31, 2018 through December 31, 2020, as provided by the senior management of HomeTown, as well as a long-term earnings per share growth rate for the years thereafter and dividends per share for the years ending December 31, 2018 through December 31, 2022, as provided by the senior management of HomeTown. The following table summarizes this unaudited prospective financial information for the periods presented with respect to HomeTown as used by Sandler O'Neill for its HomeTown net present value analysis:

| | 2018 | 2019 | 2020 | 2021 | 2022 |
|---------------------|---------|---------|---------|---------|---------|
| Earnings per share | \$ 0.83 | \$ 0.93 | \$ 1.06 | \$ 1.15 | \$ 1.24 |
| Dividends per share | 0.12 | 0.16 | 0.20 | 0.24 | 0.28 |

For purposes of Sandler O'Neill's American National net present value analysis performed in connection with Sandler O'Neill's opinion, Sandler O'Neill used the publicly available median consensus analyst estimate of earnings per share of American National for the years ending December 31, 2018 and December 31, 2019, as well as a long-term earnings per share growth rate for the years thereafter and dividends per share for the years ending December 31, 2018 through December 31, 2022, as provided by the senior management of American National. The following table summarizes this unaudited prospective financial information for the periods presented with respect to American National as used by Sandler O'Neill:

| | 2018 | 2019 | 2020 | 2021 | 2022 |
|---------------------|---------|---------|---------|---------|---------|
| Earnings per share | \$ 2.70 | \$ 2.90 | \$ 3.02 | \$ 3.14 | \$ 3.26 |
| Dividends per share | 1.00 | 1.04 | 1.08 | 1.12 | 1.17 |

For purposes of Sandler O'Neill's pro forma merger analysis performed in connection with Sandler O'Neill's opinion, Sandler O'Neill used the publicly available median consensus analyst estimate of earnings per share of American National for the years ending December 31, 2018 and December 31, 2019, as well as a long-term earnings per share growth rate for the years thereafter, as provided by the senior management of American National, as well as estimated earnings per share of HomeTown for the years ending December 31, 2018 through December 31, 2022, as provided by the senior management of American National. The following table summarizes this unaudited prospective financial information for the periods presented with respect to American National and HomeTown:

| | 2018 | 2019 | 2020 | 2021 | 2022 |
|--------------------------------------|---------|---------|---------|---------|---------|
| American National earnings per share | \$ 2.70 | \$ 2.90 | \$ 3.02 | \$ 3.14 | \$ 3.26 |

| | | | | | |
|-----------------------------|------|------|------|------|------|
| HomeTown earnings per share | 0.77 | 0.85 | 0.93 | 1.03 | 1.13 |
|-----------------------------|------|------|------|------|------|

Table of Contents

For purposes of the financial analyses performed in connection with KBW's opinion, KBW used publicly available mean analyst estimates of 2018 and 2019 EPS of American National and financial forecasts and projections relating to 2018 and 2019 EPS of HomeTown provided by American National management. KBW also used assumed long-term EPS growth rates for American National and HomeTown for the years thereafter as provided by the management of American National. In addition, KBW used publicly available mean analyst estimates of the assets of American National as of March 31, 2019 and December 31, 2019 and estimates of the assets of HomeTown as of March 31, 2019 and December 31, 2019 provided by American National management, as well as assumed long-term asset growth rates for American National and HomeTown as provided by the management of American National. The following tables summarize certain of the above unaudited prospective financial information with respect to American National and HomeTown (including extrapolations based on the assumed long-term growth rates described above):

| | For the Years Ended December 31, | | | | |
|-----------------------|---|-------------|-------------|-------------|-------------|
| | 2018 | 2019 | 2020 | 2021 | 2022 |
| American National EPS | \$ 2.69 | \$ 2.90 | \$ 3.02 | \$ 3.14 | \$ 3.26 |
| HomeTown EPS | \$ 0.77 | \$ 0.85 | \$ 0.94 | \$ 1.03 | \$ 1.13 |

| | 3/31/2019 | 12/31/2019 | 12/31/2020 | 12/31/2021 | 12/31/2022 |
|--|------------------|-------------------|-------------------|-------------------|-------------------|
| American National Assets (millions) | \$ 1,912 | \$ 1,995 | \$ 2,075 | \$ 2,158 | \$ 2,245 |
| HomeTown Assets (millions) | \$ 583 | \$ 609 | \$ 646 | \$ 685 | \$ 726 |

Opinion of American National's Financial Advisor

American National engaged KBW to render financial advisory and investment banking services to American National, including an opinion to the American National board of directors as to the fairness, from a financial point of view, to American National of the exchange ratio in the proposed merger. American National selected KBW because KBW is a nationally recognized investment banking firm with substantial experience in transactions similar to the merger. As part of its investment banking business, KBW is continually engaged in the valuation of financial services businesses and their securities in connection with mergers and acquisitions.

As part of its engagement, representatives of KBW attended the meeting of the American National board held on October 1, 2018 at which the American National board evaluated the proposed merger. At this meeting, KBW reviewed the financial aspects of the proposed merger and rendered an opinion 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 KBW as set forth in such opinion, the exchange ratio in the proposed merger was fair, from a financial point of view, to American National. The American National board approved the merger agreement at this meeting.

The description of the opinion set forth herein is qualified in its entirety by reference to the full text of the opinion, which is attached as Appendix B to this joint proxy statement/prospectus and is incorporated herein by reference, and describes the procedures followed, assumptions made, matters considered, and qualifications and limitations on the review undertaken by KBW in preparing the opinion.

KBW's opinion speaks only as of the date of the opinion. The opinion was for the information of, and was directed to, the American National board (in its capacity as such) in connection with its consideration of the

financial terms of the merger. The opinion addressed only the fairness, from a financial point of view, of the exchange ratio in the merger to American National. It 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 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 matter, nor does it constitute a recommendation as to whether or not any such shareholder should enter into a voting, shareholders , affiliates or other agreement with respect to the merger or exercise any dissenters or appraisal rights that may be available to such shareholder.

KBW's opinion was reviewed and approved by KBW's Fairness Opinion Committee in conformity with its policies and procedures established under the requirements of Rule 5150 of the Financial Industry Regulatory Authority.

In connection with the opinion, KBW reviewed, analyzed and relied upon material bearing upon the financial and operating condition of American National and HomeTown and bearing upon the merger, including, among other things:

a draft of the merger agreement, dated October 1, 2018 (the most recent draft then made available to KBW);

Table of Contents

the audited financial statements and the Annual Reports on Form 10-K for the three fiscal years ended December 31, 2017 of American National;

the unaudited quarterly financial statements and Quarterly Reports on Form 10-Q for the quarters ended March 31, 2018 and June 30, 2018 of American National;

the audited financial statements and the Annual Reports on Form 10-K for the three fiscal years ended December 31, 2017 of HomeTown;

the unaudited quarterly financial statements and Quarterly Reports on Form 10-Q for the fiscal quarters ended March 31, 2018 and June 30, 2018 of HomeTown;

certain regulatory filings of American National, HomeTown and their respective subsidiaries, including, as applicable, the quarterly reports on Form FRY-9C and quarterly call reports that were filed with respect to each quarter during the three year period ended December 31, 2017 as well as the quarters ended March 31, 2018 and June 30, 2018;

certain other interim reports and other communications of American National and HomeTown to their respective shareholders; and

other financial information concerning the respective businesses and operations of American National and HomeTown that was furnished to KBW by American National and HomeTown or which KBW was otherwise directed to use for purposes of its analysis.

KBW's consideration of financial information and other factors that it deemed appropriate under the circumstances or relevant to its analyses included, among others, the following:

the historical and current financial position and results of operations of American National and HomeTown;

the assets and liabilities of American National and HomeTown;

the nature and terms of certain other merger transactions and business combinations in the banking industry;

a comparison of certain financial and stock market information of American National and HomeTown with similar information for certain other companies, the securities of which were publicly traded;

financial and operating forecasts and projections of HomeTown that were prepared by American National management, provided to and discussed with KBW by such management, and used and relied upon by KBW at the direction of such management and with the consent of the American National board;

publicly available consensus street estimates of American National, as well as assumed American National long-term growth rates that were provided to KBW by American National management, all of which information was discussed with KBW by such management and used and relied upon by KBW at the direction of such management and with the consent of the American National board; and

estimates regarding certain pro forma financial effects of the merger on American National (including without limitation the cost savings and related expenses expected to result or be derived from the merger) that were prepared by American National management, provided to and discussed with KBW by such management, and used and relied upon by KBW at the direction of such management and with the consent of the American National board.

KBW also performed such other studies and analyses as it considered appropriate and took into account its assessment of general economic, market and financial conditions and its experience in other transactions, as well as its experience in securities valuation and knowledge of the banking industry generally. KBW also participated in discussions that were held by the managements of American National and HomeTown regarding the past and current business operations, regulatory relations, financial condition and future prospects of their respective companies and such other matters as KBW deemed relevant to its inquiry.

In conducting its review and arriving at its opinion, KBW relied upon and assumed the accuracy and completeness of all of the financial and other information provided to it or that was publicly available and KBW did not independently verify the accuracy or completeness of any such information or assume any responsibility or liability for such verification, accuracy or completeness. KBW relied upon American National management as to the reasonableness and achievability of the financial and operating forecasts and projections of HomeTown, the publicly available consensus street estimates of American National, the assumed American National long-term growth rates, and the estimates regarding certain pro forma financial

Table of Contents

effects of the merger on American National (including, without limitation, the cost savings and related expenses expected to result or be derived from the merger), all as referred to above, and the assumptions and bases for all such information, and KBW assumed that all such information was reasonably prepared and represented, or in the case of the publicly available consensus street estimates of American National referred to above that such estimates were consistent with, the best currently available estimates and judgments of American National management and that the forecasts, projections and estimates reflected in such information would be realized in the amounts and in the time periods estimated.

It is understood that the portion of the foregoing financial information of American National and HomeTown that was provided to and discussed with KBW was not prepared with the expectation of public disclosure, that all of the foregoing financial information, including the publicly available consensus street estimates of American National referred to above, was based on numerous variables and assumptions that are inherently uncertain, including, without limitation, factors related to general economic and competitive conditions, and that, accordingly, actual results could vary significantly from those set forth in such information. KBW assumed, based on discussions with American National management and with the consent of the American National board, that all such information provided a reasonable basis upon which KBW could form its opinion and KBW expressed no view as to any such information or the assumptions or bases therefor. KBW relied on all such information without independent verification or analysis and did not in any respect assume any responsibility or liability for the accuracy or completeness thereof.

KBW also assumed that there were no material changes in the assets, liabilities, financial condition, results of operations, business or prospects of either American National or HomeTown since the date of the last financial statements of each such entity that were made available to KBW and that KBW was directed to use. KBW is not an expert in the independent verification of the adequacy of allowances for loan and lease losses and KBW assumed, without independent verification and with American National's consent, that the aggregate allowances for loan and lease losses for each of American National and HomeTown are adequate to cover such losses. In rendering its opinion, KBW did not make or obtain any evaluations or appraisals or physical inspection of the property, assets or liabilities (contingent or otherwise) of American National or HomeTown, the collateral securing any of such assets or liabilities, or the collectability of any such assets, nor did KBW examine any individual loan or credit files, nor did it evaluate the solvency, financial capability or fair value of American National or HomeTown under any state or federal laws, including those relating to bankruptcy, insolvency or other matters. Estimates of values of companies and assets do not purport to be appraisals or necessarily reflect the prices at which companies or assets may actually be sold. Because such estimates are inherently subject to uncertainty, KBW assumed no responsibility or liability for their accuracy.

KBW assumed, in all respects material to its analyses:

the merger and any related transactions (including the subsidiary bank merger) would be completed substantially in accordance with the terms set forth in the merger agreement (the final terms of which KBW assumed would not differ in any respect material to its analyses from the draft version of the merger agreement reviewed by KBW and referred to above), with no adjustments to the exchange ratio and with no other consideration or payments in respect of HomeTown common stock;

the representations and warranties of each party in the merger agreement and in all related documents and instruments referred to in the merger agreement were true and correct;

each party to the merger agreement or any of the related documents would perform all of the covenants and agreements required to be performed by such party under such documents;

there were no factors that would delay or subject to any adverse conditions, any necessary regulatory or governmental approval for the merger or any related transaction (including the subsidiary bank merger) and that all conditions to the completion of the merger and any such related transaction would be satisfied without any waivers or modifications to the merger agreement or any of the related documents; and

in the course of obtaining the necessary regulatory, contractual, or other consents or approvals for the merger and any related transactions (including the subsidiary bank merger), no restrictions, including any divestiture requirements, termination or other payments or amendments or modifications, would be imposed that would have a material adverse effect on the future results of operations or financial condition of American National, HomeTown or the pro forma entity, or the contemplated benefits and effects of the merger, including without limitation the cost savings and related expenses expected to result or be derived from the merger.

KBW assumed that the merger would be consummated in a manner that complied with the applicable provisions of the Securities Act of 1933, as amended (the Securities Act), the Exchange Act, and all other applicable federal and state

Table of Contents

statutes, rules and regulations. KBW was further advised by representatives of American National that American National relied upon advice from its advisors (other than KBW) or other appropriate sources as to all legal, financial reporting, tax, accounting and regulatory matters with respect to American National, HomeTown, the merger and any related transaction (including the subsidiary bank merger), and the merger agreement. KBW did not provide advice with respect to any such matters.

KBW's opinion addressed only the fairness, from a financial point of view, as of the date of such opinion, of the exchange ratio in the merger to American National. KBW expressed no view or opinion as to any other terms or aspects of the merger or any term or aspect of any related transaction, including without limitation, the form or structure of the merger or any such related transaction, any consequences of the merger to American National, its shareholders, creditors or otherwise, or any terms, aspects, merits or implications of any employment, retention, consulting, voting, support, cooperation, shareholder or other agreements, arrangements or understandings contemplated or entered into in connection with the merger, any such related transaction, or otherwise. KBW's opinion was necessarily based upon conditions as they existed and could be evaluated on the date of such opinion and the information made available to KBW through such date. Developments subsequent to the date of KBW's opinion may have affected, and may affect, the conclusion reached in KBW's opinion and KBW did not and does not have an obligation to update, revise or reaffirm its opinion. KBW's opinion did not address, and KBW expressed no view or opinion with respect to:

the underlying business decision of American National to engage in the merger or enter into the merger agreement;

the relative merits of the merger as compared to any strategic alternatives that are, have been or may be available to or contemplated by American National or the American National board;

any business, operational or other plans with respect to HomeTown or the pro forma entity that may be currently contemplated by American National or the American National board or that may be implemented subsequent to the closing of the merger;

the fairness of the amount or nature of any compensation to any of American National's officers, directors or employees, or any class of such persons, relative to any compensation to the holders of American National common stock or relative to the exchange ratio;

the effect of the merger or any related transaction on, or the fairness of the consideration to be received by, holders of any class of securities of American National, HomeTown or any other party to any transaction contemplated by the merger agreement;

the actual value of American National common stock to be issued in connection with the merger;

the prices, trading range or volume at which American National common stock or HomeTown common stock would trade following the public announcement of the merger or the prices, trading range or volume at which American National common stock would trade following the consummation of the merger;

any advice or opinions provided by any other advisor to any of the parties to the merger or any other transaction contemplated by the merger agreement; or

any legal, regulatory, accounting, tax or similar matters relating to American National, HomeTown, any of their respective shareholders, or relating to or arising out of or as a consequence of the merger or any other related transaction, including whether or not the merger would qualify as a tax-free reorganization for United States federal income tax purposes.

In performing its analyses, KBW made numerous assumptions with respect to industry performance, general business, economic, market and financial conditions and other matters, which are beyond the control of KBW, American National and HomeTown. Any estimates contained in the analyses performed by KBW are not necessarily indicative of actual values or future results, which may be significantly more or less favorable than suggested by these analyses. Additionally, estimates of the value of businesses or securities do not purport to be appraisals or to reflect the prices at which such businesses or securities might actually be sold. Accordingly, these analyses and estimates are inherently subject to substantial uncertainty. In addition, the KBW opinion was among several factors taken into consideration by the American National board in making its determination to approve the merger agreement and the merger. Consequently, the analyses described below should not be viewed as determinative of the decision of the American National board with respect to the fairness of the exchange ratio. The type and amount of consideration payable in the merger were determined through negotiation between American National and HomeTown and the decision of American National to enter into the merger agreement was solely that of the American National board.

The following is a summary of the material financial analyses presented by KBW to the American National board in connection with its opinion. The summary is not a complete description of the financial analyses underlying the opinion or

Table of Contents

the presentation made by KBW to the American National board, but summarizes the material analyses performed and presented in connection with such opinion. The financial analyses summarized below include information presented in tabular format. The tables alone do not constitute a complete description of the financial analyses. The preparation of a fairness opinion is a complex analytic process involving various determinations as to appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances. Therefore, a fairness opinion is not readily susceptible to partial analysis or summary description. In arriving at its opinion, KBW did not attribute any particular weight to any analysis or factor that it considered, but rather made qualitative judgments as to the significance and relevance of each analysis and factor. Accordingly, KBW believes that its analyses and the summary of its analyses must be considered as a whole and that selecting portions of its analyses and factors or focusing on the information presented below in tabular format, without considering all analyses and factors or the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of the process underlying its analyses and opinion.

For purposes of the financial analyses described below, KBW utilized an implied transaction value for the proposed merger of \$16.19 per outstanding share of HomeTown common stock, or \$95.3 million in the aggregate (inclusive of the implied value of HomeTown options in the proposed merger), based on the 0.415x exchange ratio in the proposed merger and the closing price of American National common stock on September 28, 2018.

HomeTown Selected Companies Analysis. Using publicly available information, KBW compared the financial performance, financial condition and market performance of HomeTown to nine selected major exchange-traded banks and thrifts that were headquartered in the Southeast United States (defined as Alabama, Arkansas, Florida, Georgia, Mississippi, North Carolina, South Carolina, Tennessee, Virginia and West Virginia) with total assets between \$400 million and \$1.0 billion. Merger targets were excluded from the selected companies.

The selected companies were as follows:

Auburn National Bancorporation, Inc.

Bank of South Carolina Corporation

Bank of the James Financial Group, Inc.

Carolina Trust BancShares, Inc.

Citizens Holding Company

Fauquier Bankshares, Inc.

First US Bancshares, Inc.

Southwest Georgia Financial Corporation

Village Bank and Trust Financial Corp.

To perform this analysis, KBW used profitability and other financial information for the most recent completed quarter (MRQ) or the latest 12 months (LTM) available (which in the case of HomeTown were the periods ended June 30, 2018) or as of the end of such periods and market price information as of September 28, 2018. Where consolidated holding company level financial data for HomeTown and the selected companies was unreported,

subsidiary bank level data was utilized to calculate ratios. Certain financial data prepared by KBW, as referenced in the tables presented below, may not correspond to the data presented in HomeTown's historical financial statements, or the data prepared by Sandler O'Neill presented under the section "The Merger" Opinion of HomeTown's Financial Advisor, as a result of the different periods, assumptions and methods used by KBW to compute the financial data presented.

KBW's analysis showed the following concerning the financial performance of HomeTown and the selected companies:

| | HomeTown | Selected Companies | | | 75th Percentile |
|---|----------|--------------------|--------|---------|--------------------|
| | | 25th Percentile | Median | Average | |
| MRQ Core Return on Average Assets (%) ⁽¹⁾ | 0.69 | 0.64 | 0.79 | 0.81 | 0.91 |
| MRQ Core Return on Average Tangible Common Equity (%) ⁽¹⁾ | 7.45 | 7.56 | 9.65 | 9.14 | 10.48 |
| MRQ Net Interest Margin (%) | 3.56 | 3.73 | 3.76 | 3.88 | 4.02 |
| MRQ Fee Income / Revenue Ratio (%) ⁽²⁾ | 14.3 | 11.7 | 18.4 | 16.8 | 19.9 |
| MRQ Efficiency Ratio (%) | 74.5 | 77.4 | 72.2 | 72.6 | 68.6 |

(1) Core income excluded extraordinary items, gain/loss on sale of securities, nonrecurring revenue/expenses, and amortization of intangibles as calculated by S&P Global Market Intelligence.

(2) Excluded gains/losses on sale of securities.

Table of Contents

KBW's analysis also showed the following concerning the financial condition of HomeTown and the selected companies:

| | Selected Companies | | | | |
|--|--------------------|--------------------|--------|---------|--------------------|
| | HomeTown | 25th Percentile | Median | Average | 75th Percentile |
| Tangible Common Equity / Tangible Assets (%) | 9.27 | 8.18 | 8.86 | 9.22 | 10.23 |
| Total Risk Based Capital Ratio (%) | 12.40 | 12.98 | 13.59 | 15.08 | 17.29 |
| Loans / Deposits (%) | 95.9 | 67.8 | 83.3 | 78.8 | 90.2 |
| Loan Loss Reserve / Gross Loans (%) | 0.85 | 0.88 | 0.97 | 1.01 | 1.04 |
| Nonperforming Assets / Loans + OREO (%) | 1.91 | 1.68 | 1.16 | 1.36 | 0.51 |
| MRQ Net Charge-Offs / Average Loans (%) | 0.05 | 0.23 | 0.14 | 0.13 | (0.02) |

In addition, KBW's analysis showed the following concerning the market performance of HomeTown and the selected companies (excluding the impact of the LTM earnings per share (EPS) multiples for two of the selected companies, which multiples were considered to be not meaningful because they were greater than 30.0):

| | Selected Companies | | | | |
|---|---------------------|--------------------|--------|---------|--------------------|
| | HomeTown | 25th Percentile | Median | Average | 75th Percentile |
| 1-Year Stock Price Change (%) | 23.5 | (1.6) | 7.5 | 7.7 | 10.8 |
| YTD Stock Price Change (%) | 19.9 | (4.2) | 1.7 | 1.4 | 9.0 |
| Stock Price / Tangible Book Value per Share (x) | 1.50 | 1.32 | 1.40 | 1.50 | 1.63 |
| Stock Price / LTM EPS ⁽¹⁾ (x) | 22.1 ⁽²⁾ | 15.4 | 16.9 | 17.6 | 17.9 |
| Dividend Yield (%) | 1.2 | 0.7 | 1.9 | 1.8 | 2.5 |
| LTM ⁽¹⁾ Dividend Payout Ratio (%) | 26.4 ⁽²⁾ | 22.5 | 27.3 | 30.4 | 39.8 |

(1) LTM EPS adjusted for deferred tax asset revaluation due to the Tax Cuts and Jobs Act in the fourth quarter of 2017.

(2) Hometown LTM EPS adjusted for charge in the fourth quarter 2017 tax provision related to the Tax Cuts and Jobs Act per disclosure in HomeTown earnings release.

No company used as a comparison in the above selected companies analysis is identical to HomeTown. Accordingly, an analysis of these results is not mathematical. Rather, it involves complex considerations and judgments concerning differences in financial and operating characteristics of the companies involved.

American National Selected Companies Analysis. Using publicly available information, KBW compared the financial performance, financial condition and market performance of American National to 12 selected major exchange-traded banks that were headquartered in North Carolina or Virginia with total assets between \$1.0 billion and \$5.0 billion. Merger targets were excluded from the selected companies.

The selected companies were as follows:

Access National Corporation
C&F Financial Corporation
Community Bankers Trust Corporation
Entegra Financial Corp.
First Community Bancshares, Inc.
FVCBankcorp, Inc.

HomeTrust Bancshares, Inc.
National Bankshares, Inc.
Old Point Financial Corporation
Peoples Bancorp of North Carolina, Inc.
Select Bancorp, Inc.
Southern National Bancorp of Virginia, Inc.

To perform this analysis, KBW used profitability and other financial information for the most recent completed quarter or the latest 12 months available (which in the case of American National were the periods ended June 30, 2018) or as of the end of such periods and market price information as of September 28, 2018. KBW also used 2018 and 2019 consensus street estimates for American National and the selected companies to the extent publicly available (consensus street estimates were not publicly available for three of the selected companies). Certain financial data prepared by KBW, as referenced in the tables presented below, may not correspond to the data presented in American National's historical financial statements, or the data prepared by Sandler O'Neill presented under the section "The Merger" Opinion of HomeTown's Financial Advisor, as a result of the different periods, assumptions and methods used by KBW to compute the financial data presented.

Table of Contents

KBW's analysis showed the following concerning the financial performance of American National and the selected companies:

| | Selected Companies | | | | |
|--|--------------------|-----------------|--------|---------|-----------------|
| | American National | 25th Percentile | Median | Average | 75th Percentile |
| MRQ Core Return on Average Assets (%) ⁽¹⁾ | 1.27 | 1.05 | 1.19 | 1.16 | 1.35 |
| MRQ Core Return on Average Tangible Common Equity (%) ⁽¹⁾ | 13.90 | 10.41 | 12.04 | 12.23 | 15.59 |
| MRQ Net Interest Margin (%) | 3.50 | 3.48 | 3.69 | 3.92 | 4.28 |
| MRQ Fee Income / Revenue Ratio (%) ⁽²⁾ | 18.1 | 9.2 | 16.8 | 17.8 | 26.8 |
| MRQ Efficiency Ratio (%) | 59.8 | 66.9 | 62.5 | 62.4 | 55.4 |

(1) Core income excluded extraordinary items, gain/loss on sale of securities, nonrecurring revenue/expenses, and amortization of intangibles as calculated by S&P Global Market Intelligence.

(2) Excluded gains/losses on sale of securities.

KBW's analysis also showed the following concerning the financial condition of American National and the selected companies:

| | Selected Companies | | | | |
|--|--------------------|-----------------|--------|---------|-----------------|
| | American National | 25th Percentile | Median | Average | 75th Percentile |
| Tangible Common Equity / Tangible Assets (%) | 9.46 | 8.99 | 9.47 | 9.90 | 10.59 |
| Total Risk Based Capital Ratio (%) | 15.06 | 13.13 | 13.55 | 14.58 | 14.90 |
| Loans / Deposits (%) | 85.8 | 86.4 | 92.8 | 92.6 | 96.0 |
| Loan Loss Reserve / Gross Loans (%) | 1.01 | 0.83 | 0.94 | 1.13 | 1.09 |
| Nonperforming Assets / Loans + OREO (%) | 0.29 | 1.89 | 1.29 | 1.26 | 0.63 |
| MRQ Net Charge-Offs / Average Loans (%) | 0.01 | 0.16 | 0.08 | 0.13 | 0.01 |

In addition, KBW's analysis showed the following concerning the market performance of American National and, to the extent publicly available, the selected companies (excluding the impact of the LTM EPS multiples for two of the selected companies, which multiples were considered to be not meaningful because they were greater than 30.0):

| | Selected Companies | | | | |
|---|--------------------|-----------------|--------|---------|-----------------|
| | American National | 25th Percentile | Median | Average | 75th Percentile |
| 1-Year Stock Price Change (%) | (6.3) | (5.3) | 2.5 | 2.0 | 8.0 |
| YTD Stock Price Change (%) | 1.8 | (2.1) | 0.8 | 2.9 | 9.2 |
| Stock Price / Tangible Book Value per Share (x) | 2.02 | 1.50 | 1.58 | 1.73 | 1.85 |
| Stock Price / LTM EPS ⁽¹⁾ (x) | 15.8 | 15.0 | 17.7 | 18.1 | 20.8 |
| Stock Price / 2018 Estimated EPS (x) | 14.5 | 14.3 | 15.8 | 15.9 | 18.0 |
| Stock Price / 2019 Estimated EPS (x) | 13.4 | 13.1 | 14.3 | 14.3 | 15.5 |

| | | | | | |
|--|------|-----|------|------|------|
| Dividend Yield (%) | 2.6 | 0.0 | 1.6 | 1.3 | 2.4 |
| LTM ⁽¹⁾ Dividend Payout Ratio (%) | 40.5 | 0.0 | 26.8 | 37.2 | 42.6 |

(1) LTM EPS adjusted for deferred tax asset revaluation due to the Tax Cuts and Jobs Act in the fourth quarter of 2017.

No company used as a comparison in the above selected companies analysis is identical to American National. Accordingly, an analysis of these results is not mathematical. Rather, it involves complex considerations and judgments concerning differences in financial and operating characteristics of the companies involved.

Table of Contents

Selected Transactions Analysis. KBW reviewed publicly available information related to 21 selected whole bank transactions in the Southeast United States announced since January 1, 2017 with acquired company assets between \$300 million and \$1.0 billion. Terminated transactions and mergers of equals were excluded from the selected transactions. The selected transactions were as follows:

| Acquiror | Acquired Company |
|---|--|
| Park National Corporation | CAB Financial Corporation |
| First Bancshares, Inc. | FMB Banking Corporation |
| Seacoast Banking Corporation of Florida | First Green Bancorp, Inc. |
| CapStar Financial Holdings, Inc. | Athens Bancshares Corporation |
| National Commerce Corporation | Landmark Bancshares, Inc. |
| Park National Corporation | NewDominion Bank |
| First Citizens BancShares, Inc. | HomeBancorp, Inc. |
| FCB Financial Holdings, Inc. | Floridian Community Holdings, Inc. |
| Ameris Bancorp | Atlantic Coast Financial Corporation |
| CB Financial Services, Inc. | First West Virginia Bancorp, Inc. |
| WesBanco, Inc. | First Sentry Bancshares, Inc. |
| First Bancshares, Inc. | Southwest Banc Shares, Inc. |
| Reliant Bancorp Inc. | Community First, Inc. |
| National Commerce Corporation | FirstAtlantic Financial Holdings, Inc. |
| CenterState Bank Corporation | Sunshine Bancorp, Inc. |
| United Community Banks, Inc. | Four Oaks Fincorp, Inc. |
| State Bank Financial Corporation | AloStar Bank of Commerce |
| SmartFinancial, Inc. | Capstone Bancshares, Inc. |
| Seacoast Banking Corporation of Florida | Palm Beach Community Bank |
| First Bancorp | ASB Bancorp, Inc. |

United Community Banks, Inc.

HCSB Financial Corporation

For each selected transaction, KBW derived the following implied transaction statistics, in each case based on the transaction consideration value paid for the acquired company and using financial data based on the acquired company's then latest publicly available financial statements prior to the announcement of the acquisition:

Price per common share to tangible book value per share of the acquired company (in the case of selected transactions involving a private acquired company, this transaction statistic was calculated as total transaction consideration divided by total tangible common equity);

Tangible equity premium to core deposits (total deposits less time deposits greater than \$100,000) of the acquired company, referred to as core deposit premium; and

Price per common share to LTM EPS of the acquired company (in the case of selected transactions involving a private acquired company, this transaction statistic was calculated as total transaction consideration divided by LTM net income).

KBW also reviewed the price per common share paid for the acquired company for the 10 selected transactions in which the acquired company was publicly traded as a premium to the closing price of the acquired company one day prior to the announcement of the respective transaction (expressed as a percentage and referred to as the one-day market premium). The above transaction statistics for the selected transactions were compared with the corresponding transaction statistics for the proposed merger based on the implied transaction value for the proposed merger of \$16.19 per outstanding share of HomeTown common stock, or \$95.3 million in the aggregate, and using historical financial information for HomeTown as of or for the 12 months ended June 30, 2018 and the closing price of HomeTown common stock on September 28, 2018.

Table of Contents

The results of the analysis are set forth in the following table (excluding the impact of the LTM EPS multiples for four of the selected transactions, which multiples were considered to be not meaningful because they were greater than 35.0x):

| Transaction Price to | Selected Transactions | | | | |
|-------------------------------------|-------------------------|--------------------|--------|---------|--------------------|
| | American National | | | | |
| | / HomeTown Merger | 25th Percentile | Median | Average | 75th Percentile |
| Price to Tangible Book Value (x) | 1.82 | 1.71 | 1.81 | 1.81 | 1.88 |
| Core Deposit Premium (%) | 11.0 | 9.6 | 12.4 | 12.2 | 14.1 |
| Price to LTM EPS ⁽¹⁾ (x) | 26.7 ⁽²⁾ | 16.4 | 20.0 | 20.9 | 23.7 |
| One - Day Market Premium (%) | 20.8 | 21.1 | 24.4 | 27.4 | 31.7 |

- (1) LTM EPS adjusted for revaluation of deferred tax asset/liability due to the Tax Cuts and Jobs Act in the fourth quarter of 2017, where applicable. In the case of three acquired companies (FMB Banking Corporation, Southwest Banc Shares, Inc. and Palm Beach Community Bank) which were S-corporations, LTM EPS was tax-effected.
- (2) Hometown LTM EPS adjusted for charge in the fourth quarter 2017 tax provision related to the Tax Cuts and Jobs Act per disclosure in HomeTown earnings release.

No company or transaction used as a comparison in the above selected transaction analysis is identical to HomeTown or the proposed merger. Accordingly, an analysis of these results is not mathematical. Rather, it involves complex considerations and judgments concerning differences in financial and operating characteristics of the companies involved.

Relative Contribution Analysis. KBW analyzed the relative standalone contribution of American National and HomeTown to various pro forma balance sheet and income statement items and the pro forma market capitalization of the combined entity. This analysis did not include purchase accounting adjustments or cost savings. To perform this analysis, KBW used (i) historical balance sheet data for American National and HomeTown as of June 30, 2018, (ii) publicly available consensus street estimates of American National, (iii) financial forecasts and projections of HomeTown provided by American National management, and (iv) market price data as of September 28, 2018. The results of KBW's analysis are set forth in the following table, which also compares the results of KBW's analysis with the implied pro forma ownership percentages of American National and HomeTown shareholders in the combined company based on the 0.415x exchange ratio in the proposed merger:

| | American National as a % of Total | HomeTown as a % of Total |
|---|--|--------------------------------|
| Ownership | | |
| Ownership at 0.415x Merger Exchange Ratio | 78% | 22% |

| Balance Sheet | | |
|--------------------------------|-----|-----|
| Assets | 77% | 23% |
| Gross Loans | 74% | 26% |
| Deposits | 76% | 24% |
| Tangible Common Equity | 76% | 24% |
| Income Statement | | |
| 2018 Est. GAAP Net Income | 84% | 16% |
| 2019 Est. GAAP Net Income | 84% | 16% |
| Market Capitalization | | |
| Pre-Deal Market Capitalization | 81% | 19% |

Pro Forma Financial Impact Analysis. KBW performed a pro forma financial impact analysis that combined projected income statement and balance sheet information of American National and HomeTown. Using (i) closing balance sheet estimates as of March 31, 2019 for American National and HomeTown, extrapolated from historical data using growth rates taken from publicly available consensus street estimates of American National in the case of American National and provided by American National management in the case of HomeTown, (ii) publicly available consensus street estimates of American National and assumed American National long-term growth rates provided by American National management, (iii) financial and operating forecasts and projections of HomeTown provided by American National management, and (iv) pro forma assumptions (including, without limitation, the cost savings and related expenses expected to result from the merger, certain accounting adjustments and restructuring charges assumed with respect thereto) provided by American National management, KBW analyzed the estimated financial impact of the merger on certain projected financial results.

Table of Contents

This analysis indicated that the merger could be accretive to American National's 2019 and 2020 estimated EPS and dilutive to American National's estimated tangible book value per share at closing as of March 31, 2019. Furthermore, the analysis indicated that, pro forma for the merger, each of American National's tangible common equity to tangible assets ratio, Leverage Ratio, Common Equity Tier 1 Ratio, Tier 1 Risk-Based Capital Ratio and Total Risk-Based Capital Ratio could be lower at closing as of March 31, 2019. For all of the above analysis, the actual results achieved by American National following the merger may vary from the projected results, and the variations may be material.

HomeTown Discounted Cash Flow Analysis. KBW performed a discounted cash flow analysis to estimate a range for the implied equity value of HomeTown, taking into account the cost savings and related expenses expected to result from the merger as well as certain accounting adjustments and restructuring charges assumed with respect thereto. In this analysis, KBW used financial and operating forecasts and projections relating to the earnings and assets of HomeTown provided by American National management and estimated cost savings and related expenses and accounting adjustments and restructuring charges provided by American National management, and KBW assumed discount rates ranging from 15.0% to 19.0%. The range of values was derived by adding (i) the present value of the estimated excess cash flows that HomeTown could generate over the five-year period from 2019 to 2023 and (ii) the present value of HomeTown's implied terminal value at the end of such period, in each case applying estimated cost savings and related expenses and accounting adjustments and restructuring charges. KBW assumed that HomeTown would maintain a tangible common equity to tangible assets ratio of 8.00% and HomeTown would retain sufficient earnings to maintain that level. In calculating the terminal value of HomeTown, KBW applied a range of 12.0x to 16.0x HomeTown's estimated 2024 earnings. This discounted cash flow analysis resulted in a range of implied values per share of HomeTown common stock, taking into account the cost savings and related expenses expected to result from the merger as well as certain accounting adjustments and restructuring charges assumed with respect thereto, of \$16.02 per share to \$23.74 per share.

The discounted cash flow analysis is a widely used valuation methodology, but the results of such methodology are highly dependent on the assumptions that must be made, including asset and earnings growth rates, terminal values, dividend payout rates, and discount rates. The above analyses did not purport to be indicative of the actual values or expected values of HomeTown.

American National Discounted Cash Flow Analysis. KBW performed a discounted cash flow analysis to estimate a range for the implied equity value of American National. In this analysis, KBW used publicly available consensus street estimates of American National and assumed American National long-term growth rates provided by American National management, and KBW assumed discount rates ranging from 10.0% to 14.0%. The range of values was derived by adding (i) the present value of the estimated excess cash flows that American National could generate over the five-year period from 2019 to 2023 and (ii) the present value of American National's implied terminal value at the end of such period. KBW assumed that American National would maintain a tangible common equity to tangible assets ratio of 8.00% and American National would retain sufficient earnings to maintain that level. In calculating the terminal value of American National, KBW applied a range of 12.0x to 16.0x American National's estimated 2024 earnings. This discounted cash flow analysis resulted in a range of implied values per share of American National common stock of \$33.14 per share to \$46.39 per share.

The discounted cash flow analysis is a widely used valuation methodology, but the results of such methodology are highly dependent on the assumptions that must be made, including asset and earnings growth rates, terminal values, dividend payout rates, and discount rates. The above analyses did not purport to be indicative of the actual values or expected values of American National.

Miscellaneous. KBW acted as financial advisor to American National in connection with the proposed merger and did not act as an advisor to or agent of any other person. As part of its investment banking business, KBW is continually

engaged in the valuation of bank and bank holding company securities in connection with acquisitions, negotiated underwritings, secondary distributions of listed and unlisted securities, private placements and valuations for various other purposes. As specialists in the securities of banking companies, KBW has experience in, and knowledge of, the valuation of banking enterprises. KBW and its affiliates, in the ordinary course of its and their broker-dealer businesses, may from time to time purchase securities from, and sell securities to, American National and HomeTown. In addition, as a market maker in securities, KBW and its affiliates may from time to time have a long or short position in, and buy or sell, debt or equity securities of American National or HomeTown for its and their own accounts and for the accounts of its and their respective customers and clients.

Pursuant to the KBW engagement agreement, American National has agreed to pay KBW a total cash fee equal to 0.88% of the aggregate merger consideration, \$150,000 of which became payable with the rendering of KBW's opinion and

Table of Contents

the balance of which is contingent upon the consummation of the merger. American National also agreed to reimburse KBW for reasonable out-of-pocket expenses and disbursements incurred in connection with its engagement and to indemnify KBW against certain liabilities relating to or arising out of KBW's engagement or KBW's role in connection therewith. In addition to the present engagement, in the two years preceding the date of KBW's opinion, KBW provided investment banking and financial advisory services to American National but did not receive any compensation for such services or enter into any engagement agreement in connection therewith. In the two years preceding the date of KBW's opinion, KBW did not provide investment banking or financial advisory services to HomeTown. KBW may in the future provide investment banking and financial advisory services to American National or HomeTown and receive compensation for such services.

Opinion of HomeTown's Financial Advisor

HomeTown retained Sandler O'Neill to act as financial advisor to HomeTown's board of directors in connection with HomeTown's consideration of a possible business combination. HomeTown selected Sandler O'Neill as its financial advisor because Sandler O'Neill is a nationally recognized investment banking firm whose principal business specialty is financial institutions. In the ordinary course of its investment banking business, Sandler O'Neill is regularly engaged in the valuation of financial institutions and their securities in connection with mergers and acquisitions and other corporate transactions.

Sandler O'Neill acted as financial advisor to HomeTown in connection with the proposed merger and participated in certain of the negotiations leading to the execution of the merger agreement. At the October 1, 2018 meeting at which HomeTown's board of directors considered the merger and the merger agreement, Sandler O'Neill delivered to the board its oral opinion, which was subsequently confirmed in writing on October 1, 2018, to the effect that, as of such date, the exchange ratio was fair to the holders of HomeTown common stock from a financial point of view. **The full text of Sandler O'Neill's opinion is attached as Appendix C to this joint proxy statement/prospectus. The opinion outlines the procedures followed, assumptions made, matters considered and qualifications and limitations on the review undertaken by Sandler O'Neill in rendering its opinion. The description of the opinion set forth below is qualified in its entirety by reference to the full text of the opinion. Holders of HomeTown common stock are urged to read the entire opinion carefully in connection with their consideration of the proposed merger.**

Sandler O'Neill's opinion was directed to the board of directors of HomeTown 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 agreement and 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 did 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. Sandler O'Neill also did not express any opinion as to the fairness of the amount or nature of the compensation to be received in the merger by any officer, director or employee of HomeTown or American National, or any class of such persons, if any, relative to the compensation to be received in the merger by any other shareholder. Sandler O'Neill's opinion was approved by Sandler O'Neill's fairness opinion committee.

In connection with its opinion, Sandler O'Neill reviewed and considered, among other things:

A draft of the merger agreement, dated as of September 25, 2018;

Certain publicly available financial statements and other historical financial information of HomeTown that Sandler O'Neill deemed relevant;

Certain publicly available financial statements and other historical financial information of American National that Sandler O'Neill deemed relevant;

Certain internal financial projections for HomeTown for the years ending December 31, 2018 through December 31, 2020, as provided by the senior management of HomeTown, as well as a long-term earnings per share growth rate for the years thereafter and estimated dividends per share for the years ending December 31, 2018 through December 31, 2022, as provided by the senior management of HomeTown;

Publicly available median analyst earnings per share estimates for American National for the years ending December 31, 2018 and December 31, 2019, as well as a long-term earnings per share growth rate for the years thereafter and annual dividends per share for the years ending December 31, 2018 through December 31, 2022, as provided by the senior management of American National;

Table of Contents

The pro forma financial impact of the merger on American National based on certain assumptions relating to purchase accounting adjustments, cost savings and transaction expenses, as well as earnings per share estimates for HomeTown for the years ending December 31, 2018 through December 31, 2022, as provided by the senior management of American National (collectively, the Pro Forma Assumptions);

The publicly reported historical price and trading activity for HomeTown common stock and American National common stock, including a comparison of certain stock market information for HomeTown common stock and American National common stock and certain stock indices as well as publicly available information for certain other similar companies, the securities of which were publicly traded;

A comparison of certain financial information for HomeTown and American National with similar financial institutions for which information was publicly available;

The financial terms of certain recent business combinations in the banking industry (on a regional and nationwide basis), to the extent publicly available;

The current market environment generally and the banking environment in particular; and

Such other information, financial studies, analyses and investigations and financial, economic and market criteria as Sandler O Neill considered relevant.

Sandler O Neill also discussed with certain members of the senior management of HomeTown and its representatives the business, financial condition, results of operations and prospects of HomeTown and held similar discussions with certain members of the management of American National and its representatives regarding the business, financial condition, results of operations and prospects of American National.

In performing Sandler O Neill s review, Sandler O Neill relied upon the accuracy and completeness of all of the financial and other information that was available to and reviewed by Sandler O Neill from public sources, that was provided to Sandler O Neill by HomeTown or American National or their respective representatives, or that was otherwise reviewed by Sandler O Neill, and Sandler O Neill assumed such accuracy and completeness for purposes of rendering its opinion without any independent verification or investigation. Sandler O Neill relied on the assurances of the respective managements of HomeTown and American National that they are not aware of any facts or circumstances that would have made any of such information inaccurate or misleading. Sandler O Neill was not asked to and did not undertake an independent verification of any of such information and Sandler O Neill did not assume any responsibility or liability for the accuracy or completeness thereof. Sandler O Neill did not make an independent evaluation or perform an appraisal of the specific assets, the collateral securing assets or the liabilities (contingent or otherwise) of HomeTown or American National or any of their respective subsidiaries, nor was Sandler O Neill furnished with any such evaluations or appraisals. Sandler O Neill rendered no opinion or evaluation on the collectability of any assets or the future performance of any loans of HomeTown or American National. Sandler O Neill did not make an independent evaluation of the adequacy of the allowance for loan losses of HomeTown or American National, or of the combined entity after the merger, and Sandler O Neill did not review any individual credit files relating to HomeTown or American National. Sandler O Neill assumed, with HomeTown s consent, that the respective allowances for loan losses for both HomeTown and American National were adequate to cover such losses and would be adequate on a pro forma basis for the combined entity.

In preparing its analyses, Sandler O'Neill used certain internal financial projections for HomeTown for the years ending December 31, 2018 through December 31, 2020, as provided by the senior management of HomeTown, as well as a long-term earnings per share growth rate for the years thereafter and estimated dividends per share for the years ending December 31, 2018 through December 31, 2022, as provided by the senior management of HomeTown. In addition, Sandler O'Neill used publicly available median analyst earnings per share estimates for American National for the years ending December 31, 2018 and December 31, 2019, as well as a long-term earnings per share growth rate for the years thereafter and annual dividends per share for the years ending December 31, 2018 through December 31, 2022, as provided by the senior management of American National. Sandler O'Neill also received and used in its pro forma analyses the Pro Forma Assumptions, as provided by the senior management of American National. With respect to the foregoing information, the respective senior managements of HomeTown and American National confirmed to Sandler O'Neill that such information reflected (or, in the case of the publicly available median analyst estimates referred to above, were consistent with) the best currently available projections, estimates and judgments of those respective managements as to the future financial performance of HomeTown and American National, respectively, and the other matters covered thereby, and Sandler O'Neill assumed that the future financial performance reflected in such information would be achieved. Sandler O'Neill expressed no opinion as to such information, or the assumptions on which such information was based. Sandler O'Neill also assumed that there had been no material change in the respective assets, financial condition, results of operations, business or prospects of

Table of Contents

HomeTown or American National since the date of the most recent financial statements made available to Sandler O'Neill. Sandler O'Neill assumed in all respects material to Sandler O'Neill's analysis that HomeTown and American National would remain as going concerns for all periods relevant to its analyses.

Sandler O'Neill also assumed, with HomeTown's consent, that (i) each of the parties to the merger agreement would comply in all material respects with all material terms and conditions of the merger agreement and all related agreements, that all of the representations and warranties contained in such agreements were true and correct in all material respects, that each of the parties to such agreements would perform in all material respects all of the covenants and other obligations required to be performed by such party under such agreements and that the conditions precedent in such agreements were not and would not be waived, (ii) in the course of obtaining the necessary regulatory or third party approvals, consents and releases with respect to the merger, no delay, limitation, restriction or condition would be imposed that would have an adverse effect on HomeTown, American National, the merger or any related transactions, and (iii) the merger and any related transactions would be consummated in accordance with the terms of the merger agreement without any waiver, modification or amendment of any material term, condition or agreement thereof and in compliance with all applicable laws and other requirements. Finally, with HomeTown's consent, Sandler O'Neill relied upon the advice that HomeTown received from its legal, accounting and tax advisors as to all legal, accounting and tax matters relating to the merger and the other transactions contemplated by the merger agreement. Sandler O'Neill expressed no opinion as to any such matters.

Sandler O'Neill's opinion was necessarily based on financial, economic, regulatory, market and other conditions as in effect on, and the information made available to Sandler O'Neill as of, the date thereof. Events occurring after the date thereof could materially affect Sandler O'Neill's opinion. Sandler O'Neill has not undertaken to update, revise, reaffirm or withdraw its opinion or otherwise comment upon events occurring after the date thereof. Sandler O'Neill expressed no opinion as to the trading values of HomeTown common stock or American National common stock at any time or what the value of American National common stock will be once it is actually received by the holders of HomeTown common stock.

In rendering its opinion, Sandler O'Neill performed a variety of financial analyses. The summary below is not a complete description of all the analyses underlying Sandler O'Neill's opinion or the presentation made by Sandler O'Neill to HomeTown's board of directors, but is a summary of the material analyses performed and presented by Sandler O'Neill. The summary includes information presented in tabular format. **In order to fully understand the financial analyses, these tables must be read together with the accompanying text. The tables alone do not constitute a complete description of the financial analyses.** The preparation of a fairness opinion is a complex process involving subjective judgments as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances. The process, therefore, is not necessarily susceptible to a partial analysis or summary description. Sandler O'Neill believes that its analyses must be considered as a whole and that selecting portions of the factors and analyses to be considered without considering all factors and analyses, or attempting to ascribe relative weights to some or all such factors and analyses, could create an incomplete view of the evaluation process underlying its opinion. Also, no company included in Sandler O'Neill's comparative analyses described below is identical to HomeTown or American National and no transaction is identical to the merger. Accordingly, an analysis of comparable companies or transactions involves complex considerations and judgments concerning differences in financial and operating characteristics of the companies and other factors that could affect the public trading values or merger transaction values, as the case may be, of HomeTown and American National and the companies to which they were compared. In arriving at its opinion, Sandler O'Neill did not attribute any particular weight to any analysis or factor that it considered. Rather, Sandler O'Neill made qualitative judgments as to the significance and relevance of each analysis and factor. Sandler O'Neill did not form an opinion as to whether any individual analysis or factor (positive or negative) considered in isolation supported or failed to support its opinion, rather, Sandler O'Neill made its determination as to the fairness of the exchange ratio to the holders of HomeTown

common stock on the basis of its experience and professional judgment after considering the results of all its analyses taken as a whole.

In performing its analyses, Sandler O'Neill also made numerous assumptions with respect to industry performance, business and economic conditions and various other matters, many of which cannot be predicted and are beyond the control of HomeTown, American National, and Sandler O'Neill. The analyses performed by Sandler O'Neill are not necessarily indicative of actual values or future results, both of which may be significantly more or less favorable than suggested by such analyses. Sandler O'Neill prepared its analyses solely for purposes of rendering its opinion and provided such analyses to HomeTown's board of directors at its October 1, 2018 meeting. Estimates on the values of companies do not purport to be appraisals or necessarily reflect the prices at which companies or their securities may actually be sold. Such estimates are inherently subject to uncertainty and actual values may be materially different. Accordingly, Sandler O'Neill's analyses do not necessarily reflect the value of HomeTown common stock or American National common stock or the prices at which HomeTown or American National common stock may be sold at any time. The analyses of Sandler O'Neill and its opinion were among a number of factors taken into consideration by HomeTown's board of directors in making its determination to approve the merger agreement and the analyses described below should not be viewed as determinative of the decision of HomeTown's board of directors with respect to the fairness of the merger.

Table of Contents

Summary of Proposed Merger Consideration and Implied Transaction Metrics. Sandler O'Neill reviewed the financial terms of the proposed transaction. Sandler O'Neill calculated an implied purchase price per share of \$16.19, or an aggregate implied transaction value of approximately \$95.3 million, consisting of the implied value of 0.4150 shares of American National common stock based on the closing price of American National common stock on September 28, 2018. Based upon financial information for HomeTown as of or for the most recent available completed quarter (MRQ) ended June 30, 2018 and the closing price of HomeTown common stock on September 28, 2018, Sandler O'Neill calculated the following implied transaction metrics:

| | |
|---|-------|
| Purchase Price Per Share / LTM EPS | 27.4x |
| Purchase Price Per Share / June 30, 2018 Book Value Per Share | 182% |
| Purchase Price Per Share / June 30, 2018 Tangible Book Value Per Share | 182% |
| Tangible Book Premium / Core Deposits ¹ (Core Deposit Premium) | 11.0% |
| Market Premium as of September 28, 2018 | 20.8% |

(1) Core Deposits defined as total deposits less time deposits greater than \$100,000.

Stock Trading History. Sandler O'Neill reviewed the historical publicly reported trading prices of HomeTown common stock and American National common stock for the one-year period ended September 28, 2018. Sandler O'Neill then compared the relationship between the movements in the price of HomeTown common stock and American National common stock, respectively, to movements in their respective peer groups (as described below) as well as certain stock indices.

HomeTown's One-Year Stock Performance

| | Beginning Value September 28, 2017 | Ending Value September 28, 2018 |
|--------------------------------|--|---------------------------------------|
| HomeTown | 100% | 123.5% |
| HomeTown Peer Group | 100% | 118.6% |
| SNL U.S. Bank and Thrift Index | 100% | 106.0% |
| S&P 500 Index | 100% | 116.1% |
| NASDAQ Bank Index | 100% | 103.5% |

American National's One-Year Stock Performance

| | Beginning Value September 28, 2017 | Ending Value September 28, 2018 |
|------------------------------|--|---------------------------------------|
| American National | 100% | 93.7% |
| American National Peer Group | 100% | 104.2% |

| | | |
|--------------------------------|------|--------|
| SNL U.S. Bank and Thrift Index | 100% | 106.0% |
| S&P 500 Index | 100% | 116.1% |
| NASDAQ Bank Index | 100% | 103.6% |

Comparable Company Analyses. Sandler O'Neill used publicly available information to compare selected financial information for HomeTown with a group of financial institutions selected by Sandler O'Neill. The HomeTown peer group included 24 United States-based banks and thrifts headquartered in Virginia whose securities were publicly traded and with assets between \$250 million and \$1.0 billion, but excluded targets of announced merger transactions (the HomeTown Peer Group). The HomeTown Peer Group consisted of the following companies:

Bay Banks of Virginia, Inc.
Chesapeake Financial Shares, Inc.
F & M Bank Corp.
New Peoples Bankshares, Inc.
Virginia National Bankshares Corporation
Benchmark Bankshares, Inc.
Bank of Southside Virginia Corporation
Freedom Bank of Virginia
Pinnacle Bankshares Corporation
Farmers Bankshares, Inc.
Bank of Botetourt
Citizens Bancorp of Virginia, Inc.

MainStreet Bancshares, Inc.
Eagle Financial Services, Inc.
First National Corporation
Bank of the James Financial Group, Inc.
Fauquier Bankshares, Inc.
Highlands Bankshares, Inc.
Parkway Acquisition Corp.
Village Bank and Trust Financial Corp.
Blue Ridge Bankshares, Inc.
Touchstone Bank
Virginia Partners Bank
Virginia Community Bankshares, Inc.

Table of Contents

The analysis compared publicly available financial information for HomeTown with corresponding data for the HomeTown Peer Group as of or for year-to-date ended June 30, 2018 with pricing data as of September 28, 2018. The table below sets forth the data for HomeTown and the high, low, mean, and median data for the HomeTown Peer Group. Certain financial data prepared by Sandler O'Neill, as referenced in the table presented below, may not correspond to the data presented in HomeTown's historical financial statements, as a result of the different periods, assumptions and methods used by Sandler O'Neill to compute the financial data presented.

HomeTown Comparable Company Analysis

| | HomeTown | HomeTown Peer Group High | HomeTown Peer Group Low | HomeTown Peer Group Mean | HomeTown Peer Group Median |
|---|----------|-----------------------------------|----------------------------------|-----------------------------------|-------------------------------------|
| Total Assets (\$ millions) | 558 | 983 | 252 | 596 | 578 |
| Loans / Deposits | 95.9% | 111.5% | 51.0% | 87.6% | 89.7% |
| Non-Performing Assets ¹ / Total Assets | 1.59% | 3.09% | 0.01% | 1.15% | 1.02% |
| Net Charge-offs / Average Loans | 0.05% | 0.72% | (0.15%) | 0.12% | 0.06% |
| Tangible Common Equity / Tangible Assets | 9.27% | 17.60% | 6.87% | 9.79% | 9.81% |
| Leverage Ratio | 10.70% | 17.49% | 8.66% | 10.50% | 9.93% |
| Total Risk Based Capital Ratio | 12.40% | 29.24% | 10.10% | 14.72% | 13.63% |
| CRE / Total Risk Based Capital Ratio | 244.5% | 377.3% | 24.5% | 190.4% | 192.2% |
| YTD Return on Average Assets (ROAA) | 0.79% | 1.47% | 0.01% | 0.90% | 0.97% |
| YTD Return on Average Equity (ROAE) | 8.45% | 17.18% | 0.12% | 8.84% | 9.05% |
| YTD Net Interest Margin | 3.55% | 4.77% | 3.35% | 3.87% | 3.77% |
| YTD Efficiency Ratio | 75.9% | 97.1% | 55.3% | 73.9% | 74.6% |
| Stock Price / Tangible Book Value | 151% | 179% | 93% | 138% | 135% |
| Stock Price / YTD Annualized Earnings Per Share | 18.1x | 29.5x | 9.4x | 16.0x | 13.9x |
| Current Dividend Yield | 1.19% | 3.23% | 0.93% | 2.13% | 2.07% |
| Market Capitalization (\$ millions) | 78 | 175 | 25 | 85 | 75 |

(1) Nonperforming assets defined as nonaccrual loans and leases, renegotiated loans and leases, and real estate owned.

Note: Prior period or bank level data used where GAAP data unavailable

Sandler O'Neill used publicly available information to perform a similar analysis for American National by comparing selected financial information for American National with a group of financial institutions selected by Sandler O'Neill. The American National peer group included 11 North Carolina and Virginia headquartered banks and thrifts whose securities were publicly traded on major United States exchanges and with assets between \$1.0 billion and \$5.0 billion but excluded targets of announced merger transactions and Live Oak Bancshares due to its business model (the American National Peer Group). The American National Peer Group consisted of the following companies:

HomeTrust Bancshares, Inc.

Access National Corporation

Southern National Bancorp of Virginia, Inc.
Entegra Financial Corp.
Community Bankers Trust Corporation
Select Bancorp, Inc.
Old Point Financial Corporation

First Community Bancshares, Inc.
C&F Financial Corporation
National Bankshares, Inc.
Peoples Bancorp of North Carolina, Inc.

The analysis compared publicly available financial information for American National with corresponding data for the American National Peer Group as of or for the year-to-date ended June 30, 2018 with pricing data as of September 28, 2018. The table below sets forth the data for American National and the high, low, mean, and median data for the American National Peer Group. Certain financial data prepared by Sandler O'Neill, as referenced in the table presented below, may not correspond to the data presented in American National's historical financial statements, as a result of the different periods, assumptions and methods used by Sandler O'Neill to compute the financial data presented.

Table of Contents**American National Comparable Company Analysis**

| | American National | American National Peer Group High | American National Peer Group Low | American National Peer Group Mean | American National Peer Group Median |
|--|----------------------|---|--|---|---|
| Total Assets (\$ millions) | 1,825 | 3,304 | 1,032 | 1,859 | 1,536 |
| Loans / Deposits | 85.8% | 115.0% | 64.6% | 92.4% | 92.4% |
| Non-Performing Assets ¹ / Total Assets | 0.21% | 1.78% | 0.25% | 0.94% | 0.95% |
| Net Charge-offs / Average Loans | 0.01% | 0.83% | (0.05%) | 0.14% | 0.09% |
| Tangible Common Equity / Tangible Assets | 9.46% | 14.27% | 7.93% | 9.98% | 9.50% |
| Leverage Ratio | 11.41% | 15.36% | 8.97% | 10.79% | 10.44% |
| Total Risk Based Capital Ratio | 15.06% | 23.92% | 12.18% | 14.71% | 13.72% |
| CRE / Total Risk Based Capital Ratio | 226.3% | 354.7% | 123.2% | 217.4% | 207.1% |
| YTD Return on Average Assets | 1.29% | 1.51% | 0.25% | 0.98% | 1.17% |
| YTD Return on Average Equity | 11.19% | 12.62% | 2.05% | 8.40% | 8.76% |
| YTD Net Interest Margin | 3.48% | 5.72% | 3.33% | 3.96% | 3.72% |
| YTD Efficiency Ratio | 59.5% | 82.9% | 51.4% | 63.9% | 62.9% |
| Stock Price / Tangible Book Value | 202% | 236% | 144% | 170% | 157% |
| Stock Price / YTD Annualized Earnings Per Share | 14.3x | 39.3x | 11.4x | 19.1x | 16.0x |
| Stock Price / Consensus Analyst 2018E Earnings Per Share ² | 14.4x | 21.4x | 12.3x | 15.4x | 15.1x |
| Stock Price / Consensus Analyst 2019E Earnings Per Share ² | 13.4x | 18.0x | 10.8x | 14.3x | 14.2x |
| Current Dividend Yield | 2.56% | 2.55% | 1.47% | 2.16% | 2.36% |
| Market Capitalization (\$ millions) | 340 | 564 | 155 | 322 | 239 |

(1) Nonperforming assets defined as nonaccrual loans and leases, renegotiated loans and leases, and real estate owned.

(2) Represents median analyst estimates.

Note: Prior period or bank level data used where GAAP data unavailable.

Analysis of Precede