



AMERICAN NATIONAL
BANKSHARES INC.

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Forward-Looking Statements

This presentation may contain "forward-looking statements," within the meaning of federal securities laws that involve significant risks and uncertainties. Statements herein are based on certain assumptions and analyses by the Corporation and are factors it believes are appropriate in the circumstances. Actual results could differ materially from those contained in or implied by such statements for a variety of reasons including, but not limited to: changes in interest rates; changes in accounting principles, policies, or guidelines; significant changes in the economic scenario; significant changes in regulatory requirements; and significant changes in securities markets. Consequently, all forward-looking statements made herein are qualified by these cautionary statements and the cautionary language in the Corporation's most recent Form 10-K report and other documents filed with the Securities and Exchange Commission. American National Bankshares Inc. does not undertake to update forward-looking statements to reflect circumstances or events that occur after the date the forward-looking statements are made.

Balance Sheet Highlights – 6/30/08

- \$791 million in assets
 - \$102 million in shareholders' equity
 - \$567 million in loans
 - \$627 million in deposits and customer repurchase agreements
 - \$472 million in Trust and Brokerage assets
-

American National Profile

- Bank founded in 1909
- Holding company founded in 1984
- Headquartered in Danville, VA
- Commercial and retail banking
- Financial services
 - Trust
 - Brokerage
 - Insurance
 - Mortgage
- Twenty branch locations
- One loan production office



AMERICAN NATIONAL
Your Relationship Bank

Market Area

- Market Area:
 - Southern and Central Virginia
 - North Central North Carolina

- Danville Region
 - Danville, VA
 - Yanceyville, NC
 - 8 offices
- Southside Region
 - Martinsville, South Boston and Pittsylvania County, VA
 - Greensboro, NC loan production office
 - 7 offices
- Central Region
 - Lynchburg, Bedford, Smith Mountain Lake, and Lovingston, VA
 - 6 offices

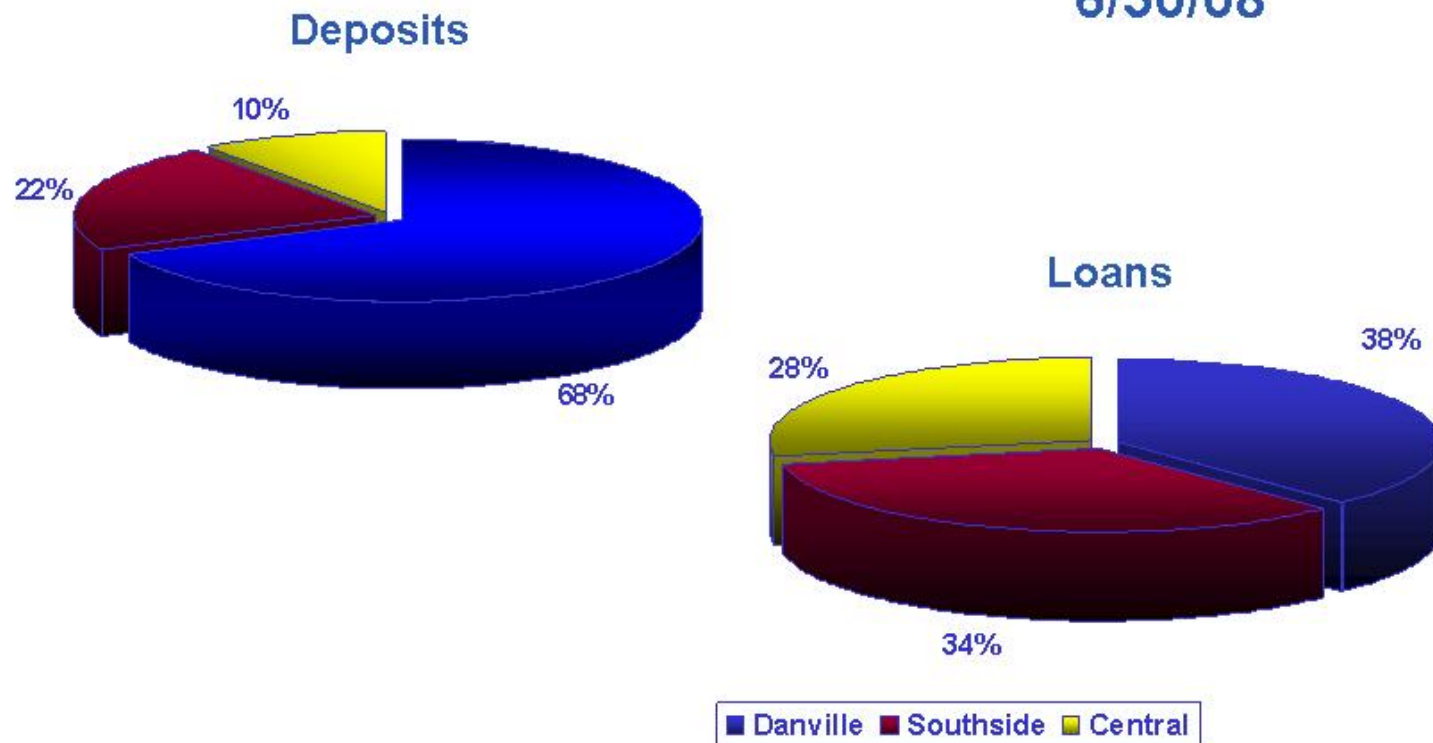


Acquisition of Community First Financial Corporation

- Parent company of Community First Bank
 - Date Closed – April 1, 2006
 - Approximately \$140 million in loans and deposits each
 - Growth market
 - Four offices
-

Deposit and Loan Distribution by Market

6/30/08



Common Stock Information

- Market: **Nasdaq Global Select Market**
 - Symbol: **AMNB**
 - Shares outstanding: **6.1 million**
 - 52 week range through 7/31/08: **\$16.12 - \$22.97**
 - Closing price, 7/31/08: **\$16.53**
 - Avg daily volume (52 wk): **2,092 shares**
 - Market cap: **\$100.8 million**
-

Strategic Focus

- Profitable growth
 - Higher growth in Central region
 - Maintain market share and operational efficiency in Danville and Southside regions
 - Opportunistic
 - Look for opportunities in new markets with higher growth potential
 - Generally, markets within 150 miles of Danville in all directions
 - De novo or acquisition
 - Retail or asset management / Trust
 - Relationship banking / exceptional customer service
 - Maintain attractive dividend
-

Attractive Stock Price

- Price to earnings (LTM): **10.3**
 - Peer group average 14.1 *
- Price to book: **0.99**
 - Peer group average 1.21 *
- Price to tangible book: **1.31**
 - Peer group average 1.34 *

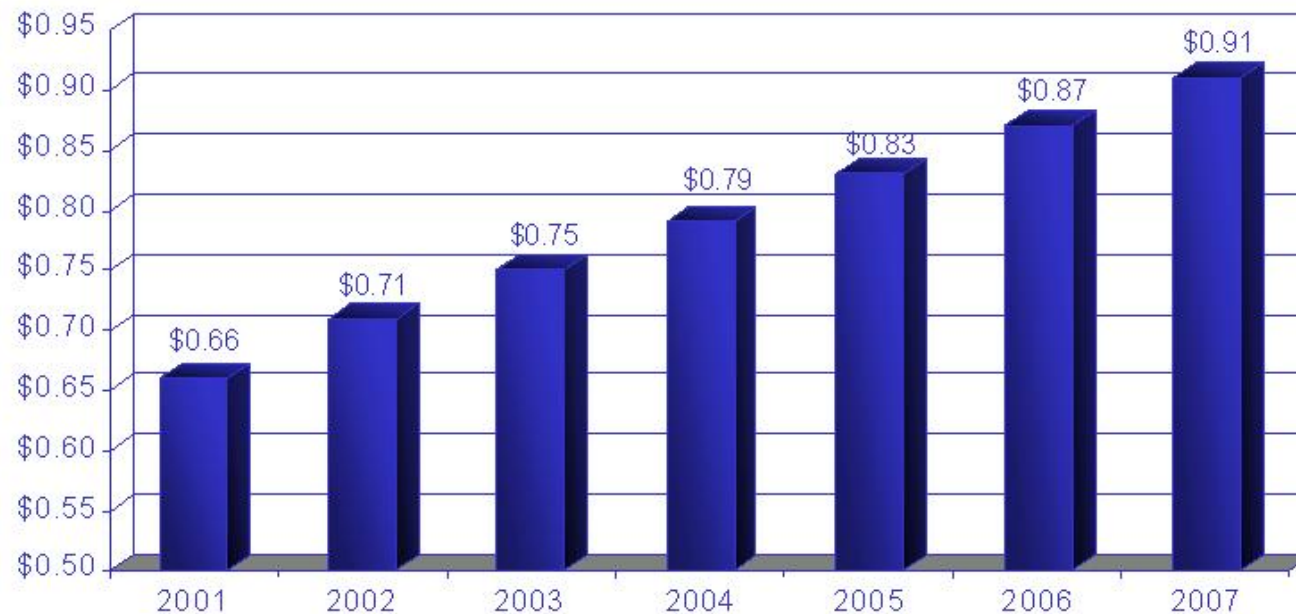
** Bank holding companies with consolidated assets between \$500 million and \$1 billion.*

Peer Source: SNL

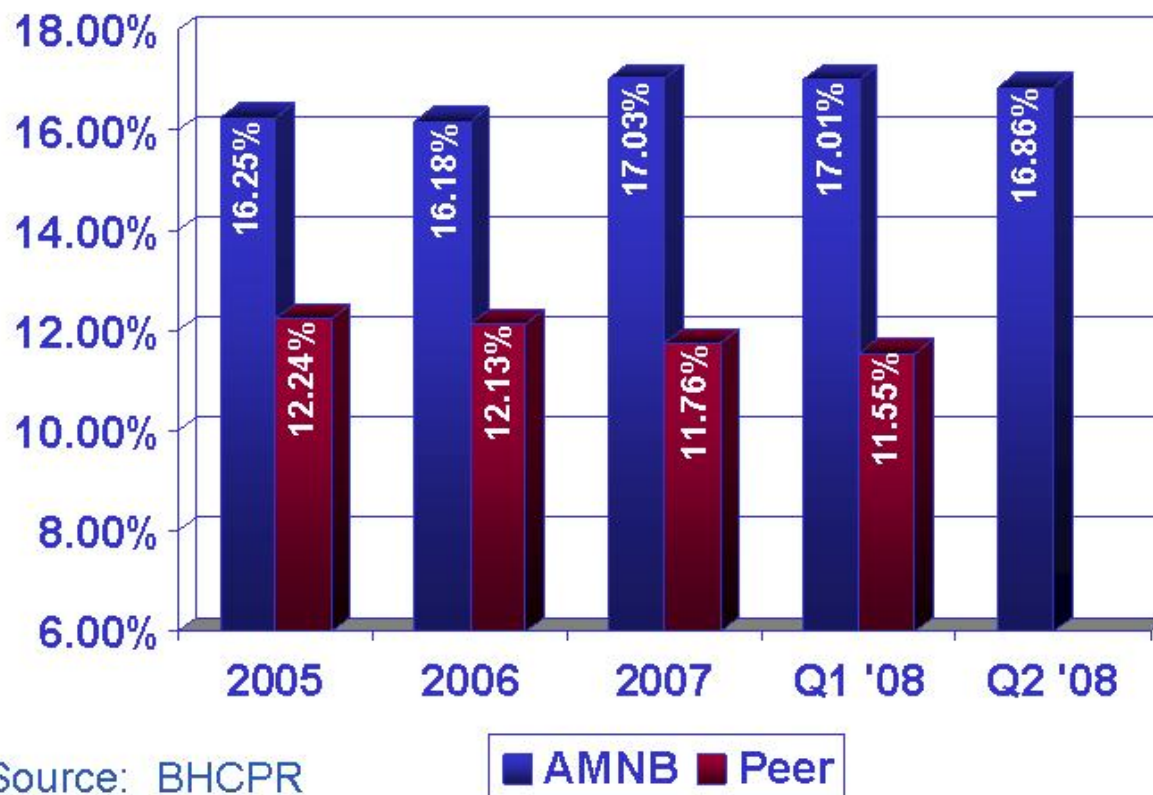
Ratios based on 7/31/08 closing price

Dividends

- Dividend: **\$.23 per share quarterly**
- Dividend yield: **5.57% (at \$16.53 per share)**



Tier 1 Capital %



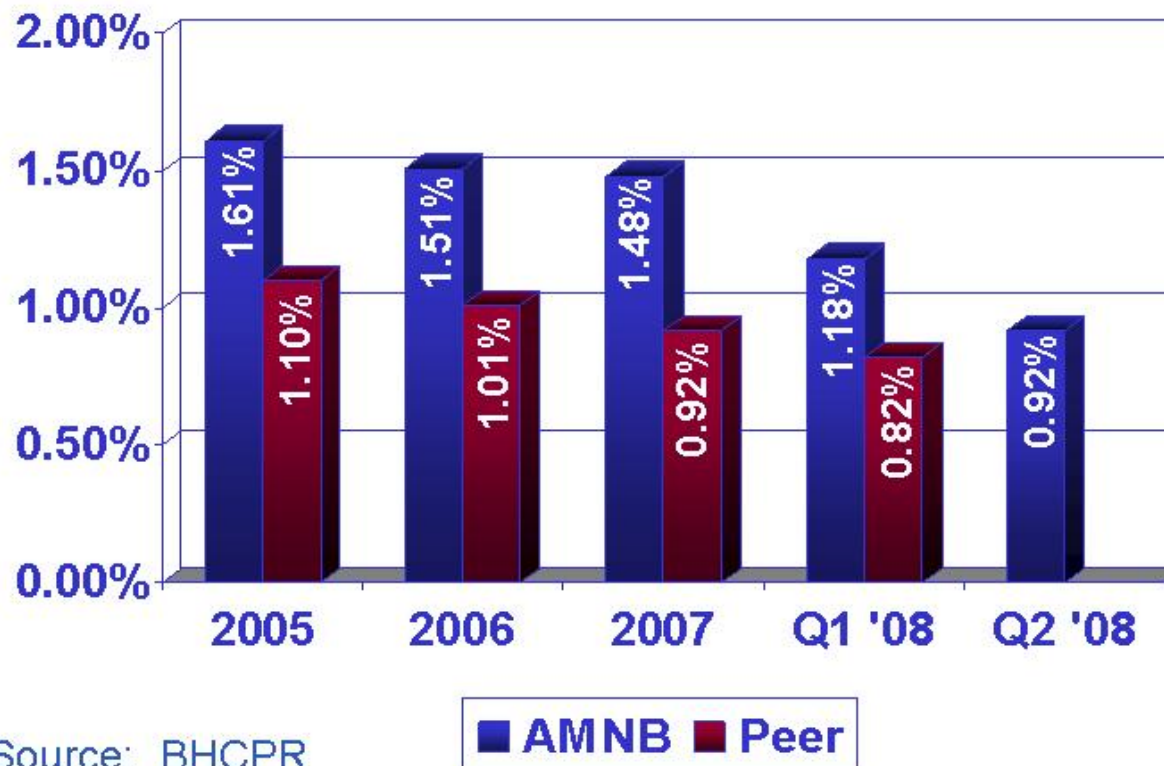
Key Financial Ratios – 2008

	<u>Q2 2008</u>	<u>YTD 6/30/08</u>
● Return on average assets:	0.92%	1.05%
● Return on average equity:	7.06%	8.03%
● Return on average tangible equity:	9.69%	10.96%

Profitability – 2008

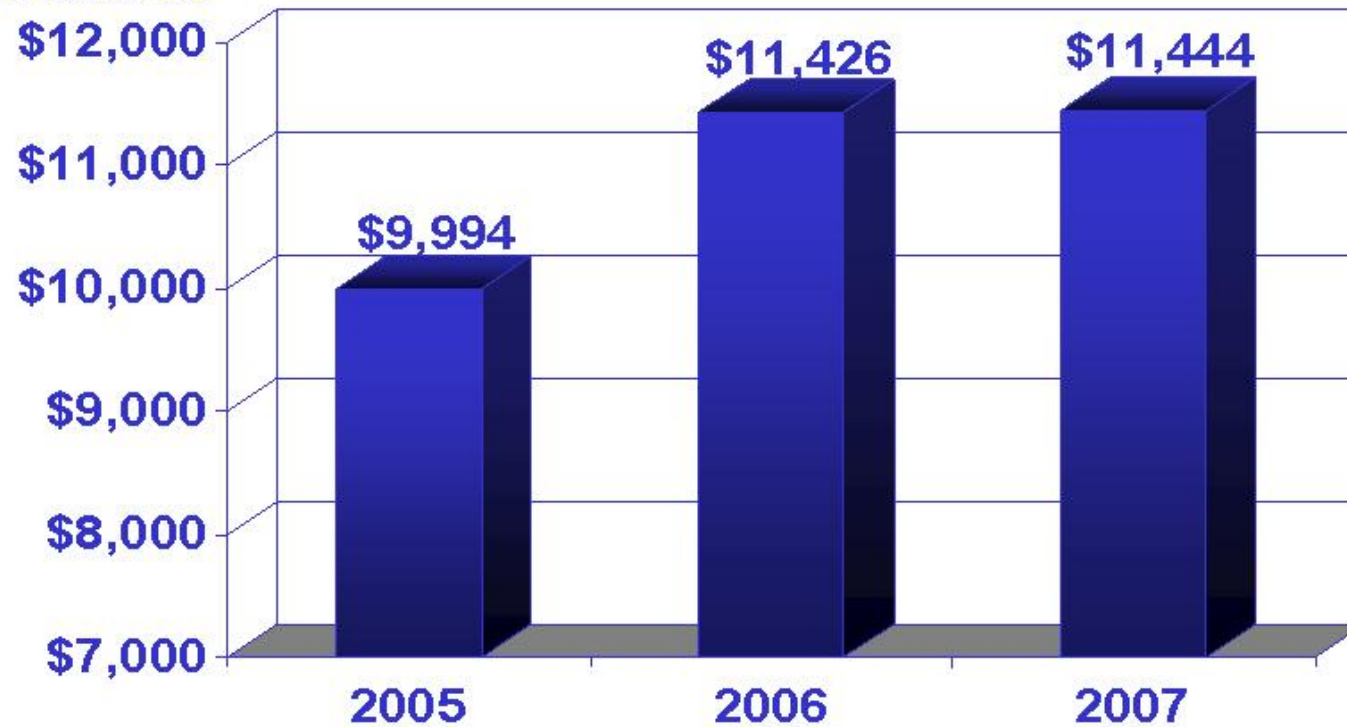
	<u>YTD 6/30/08</u>	<u>YTD 6/30/07</u>
● Net Income (000's)	\$3,031	\$4,114
● EPS	\$0.49	\$0.67

ROA Consistently Above Peers

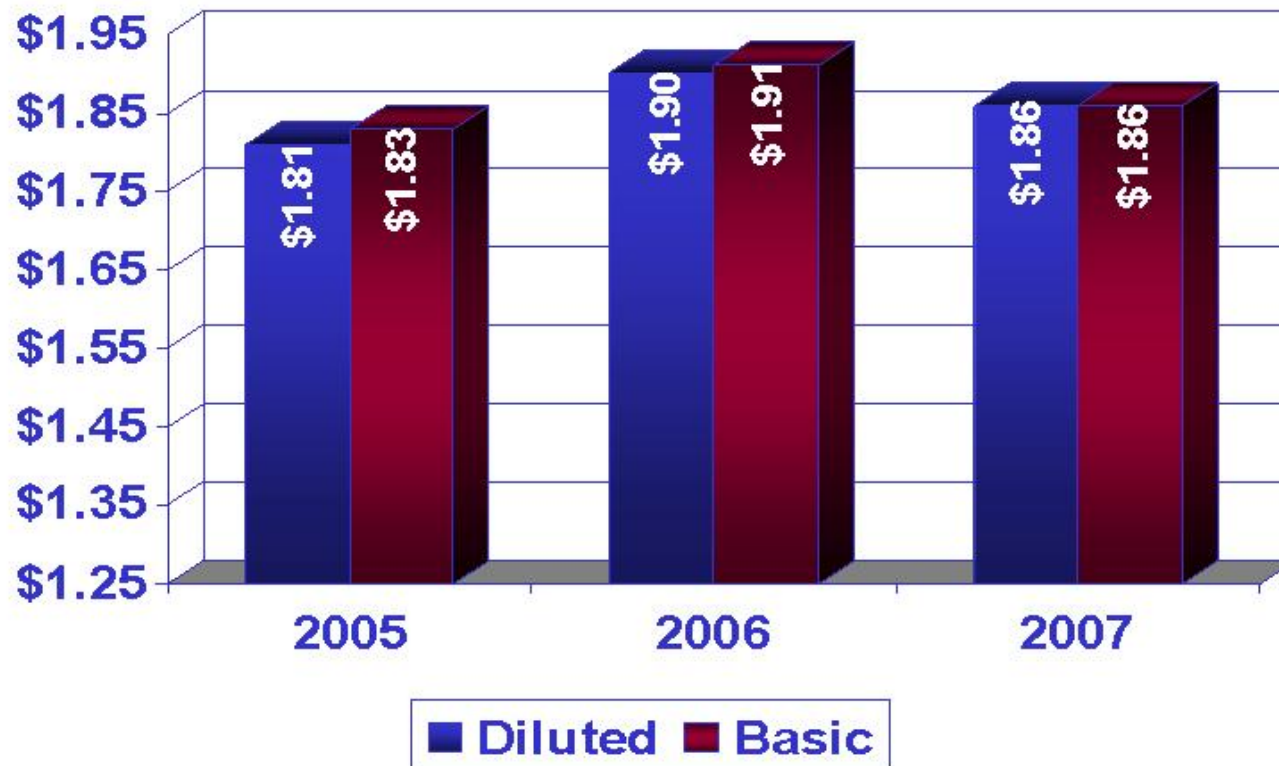


Net Income

In thousands

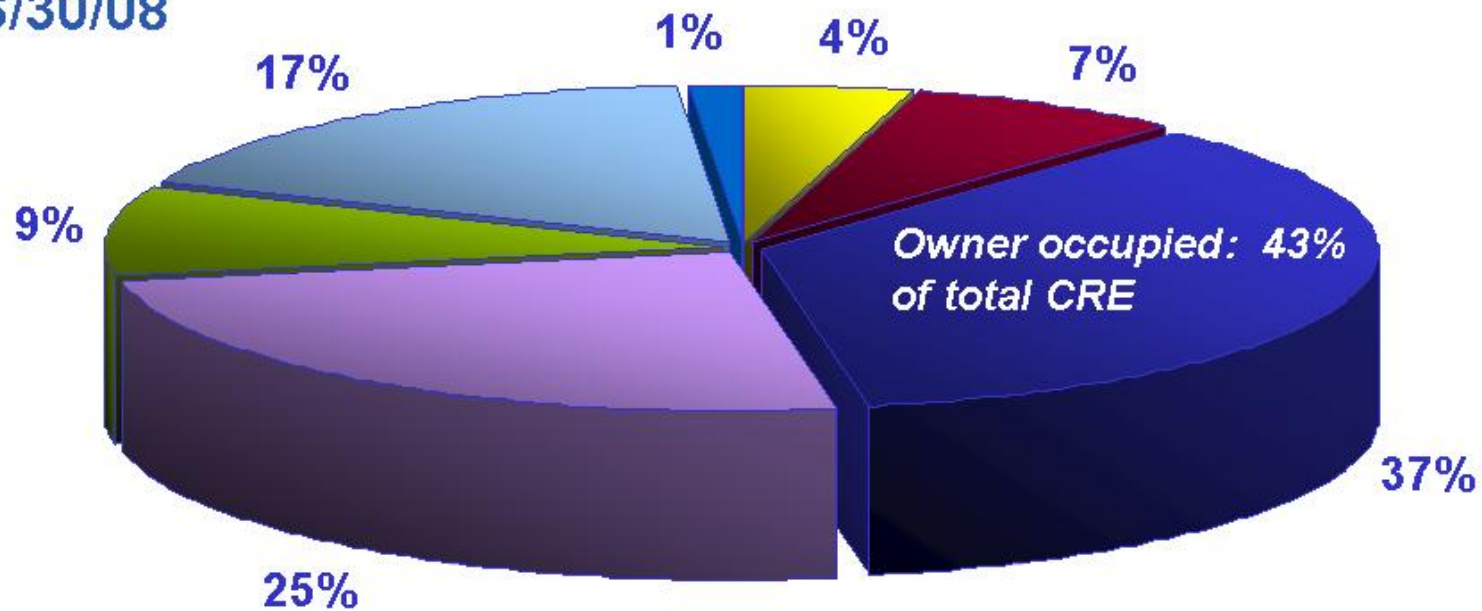


Earnings Per Share



Loan Composition – Good Balance

6/30/08



 C & D - Residential	 C & D - Commercial	 Commercial Real Estate	 Residential
 Home Equity	 Commercial	 Consumer	

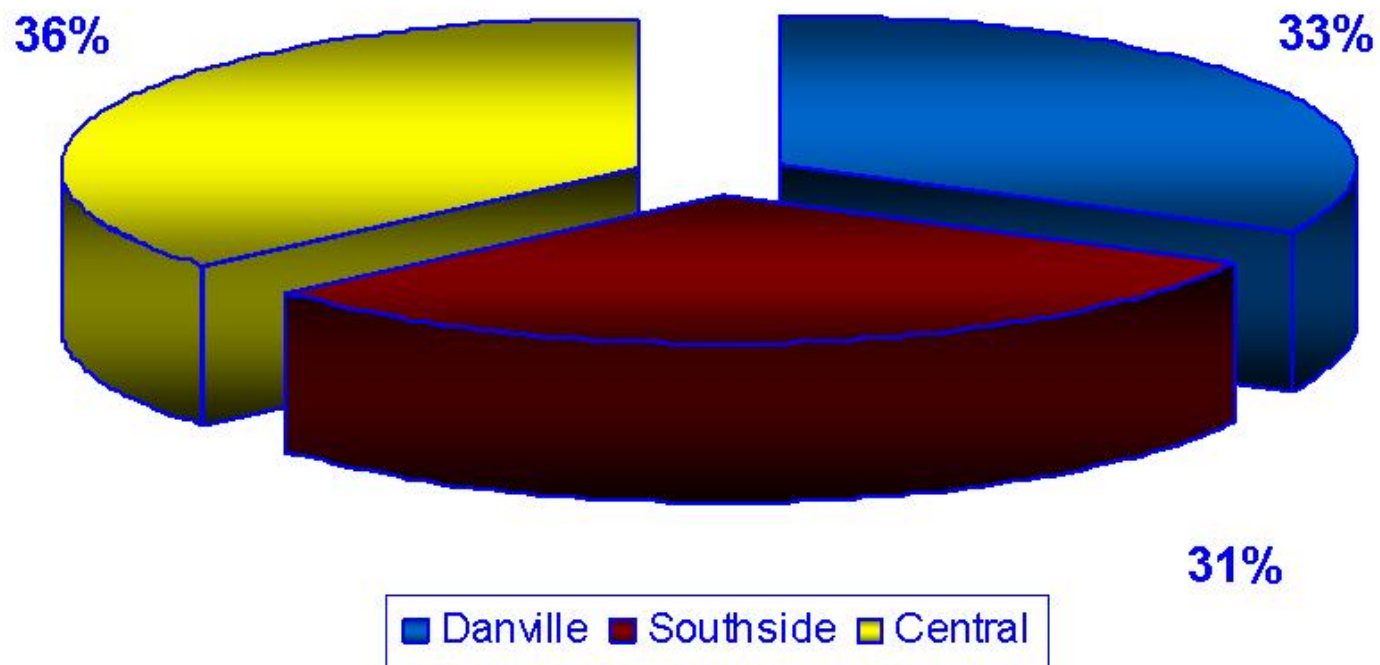
Loans

(averages)

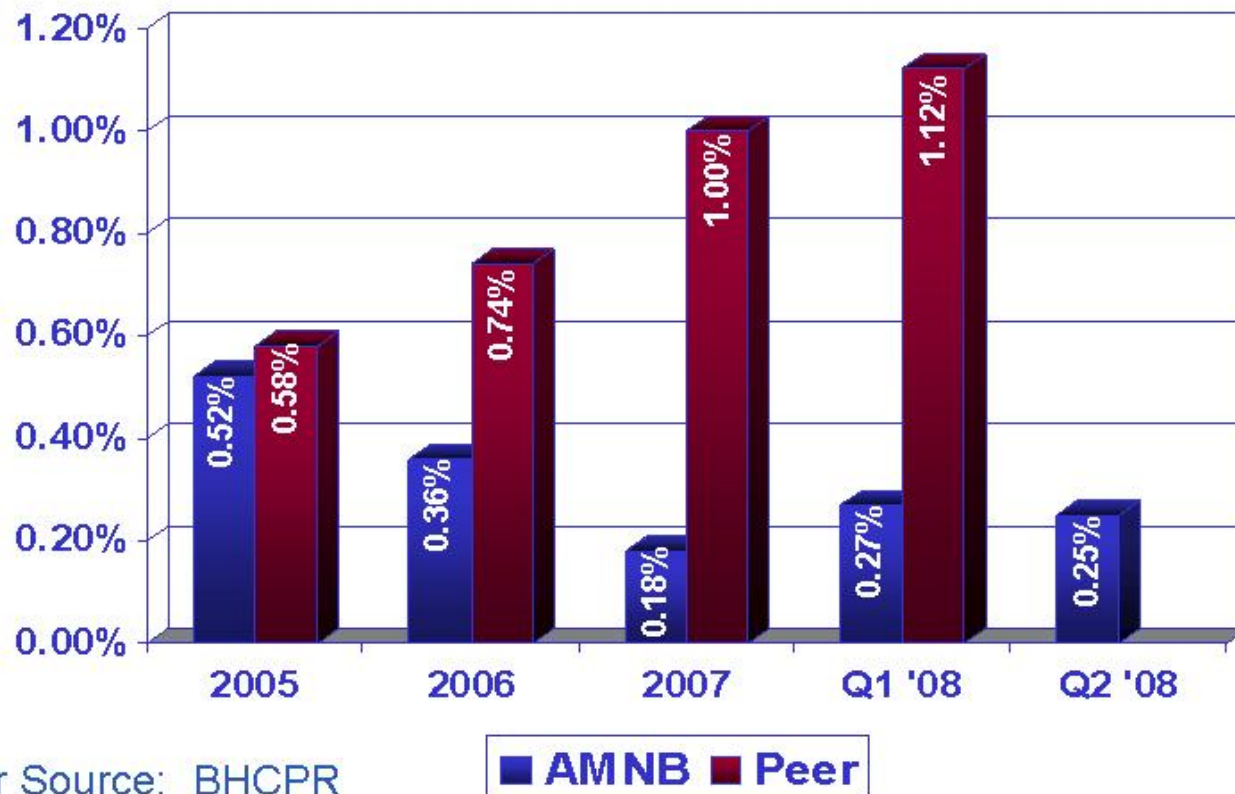
In thousands



New Loan Volume Q2 2008

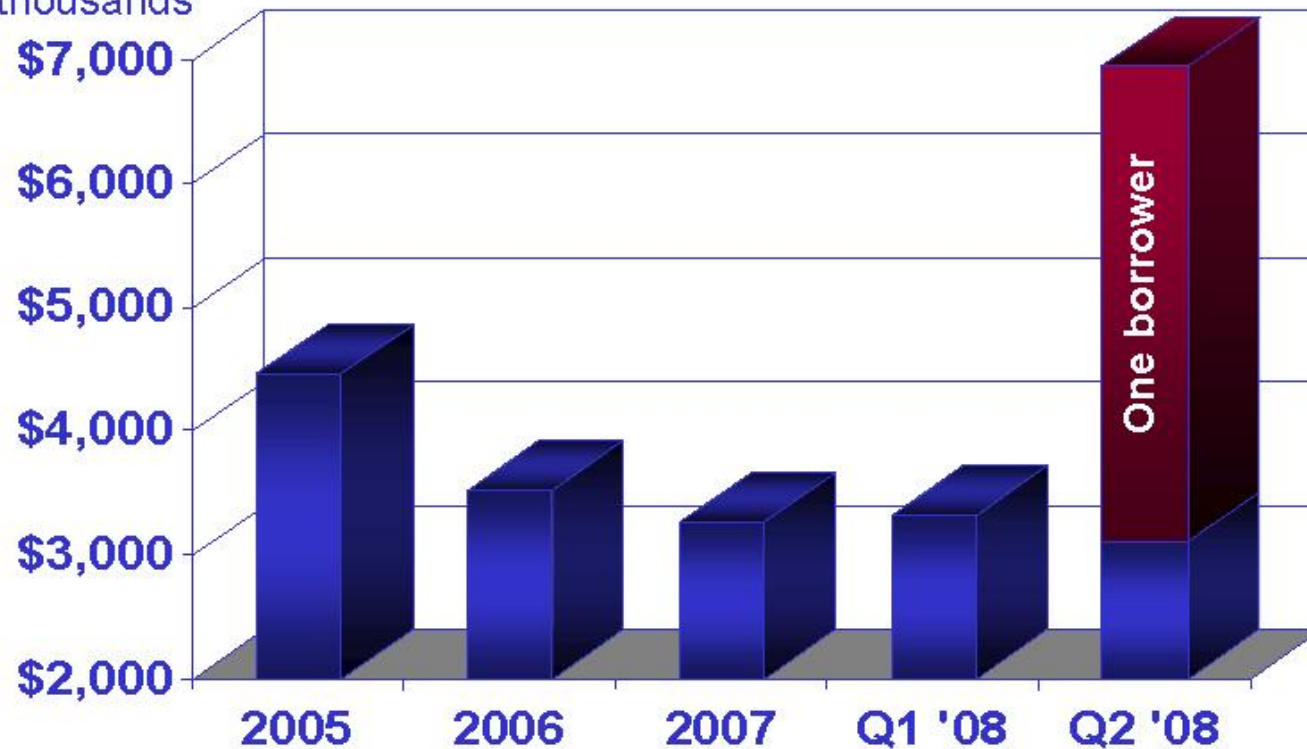


30 – 89 Day Delinquencies Well Below Peer

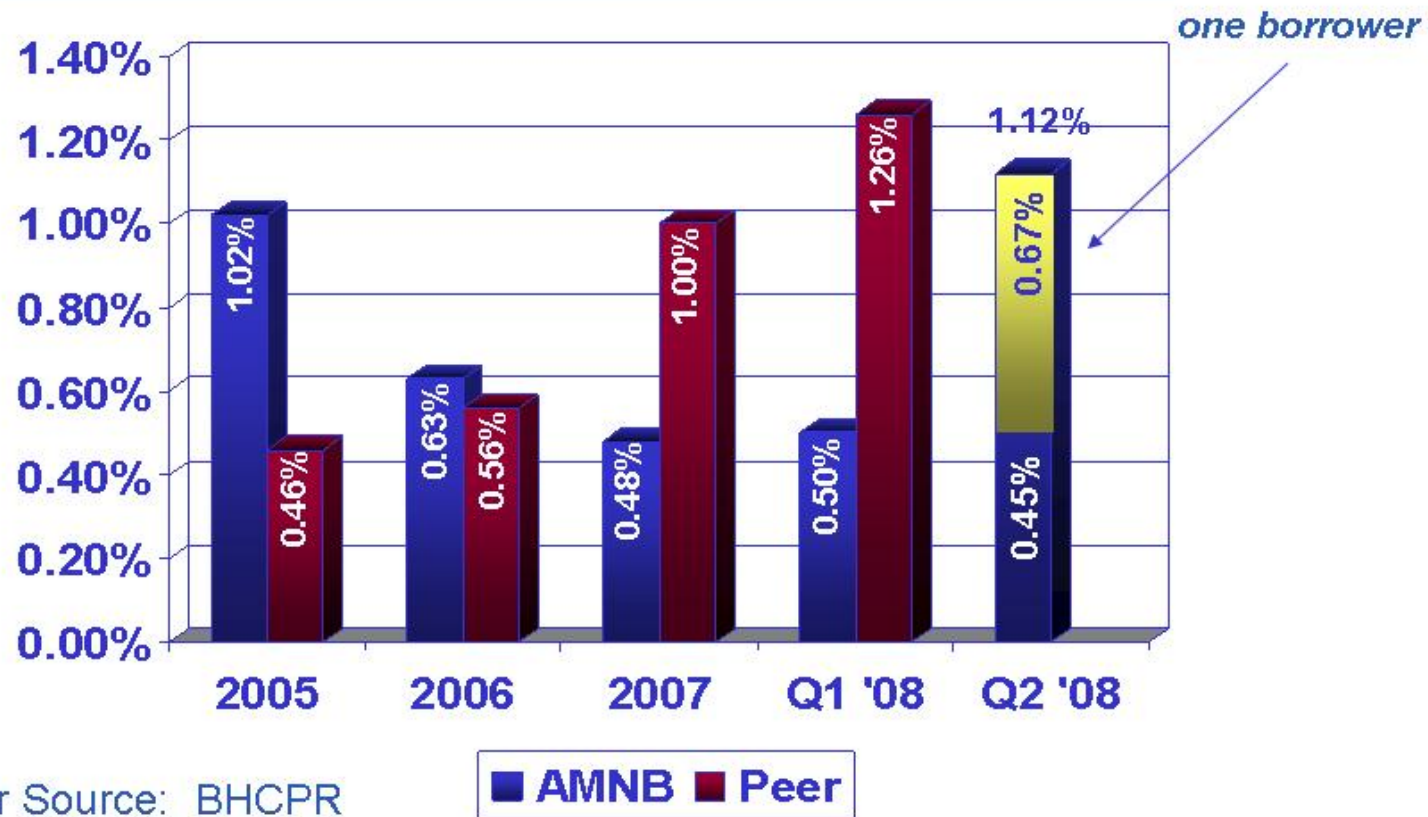


Nonperforming Assets

In thousands



NPA's to Total Loans

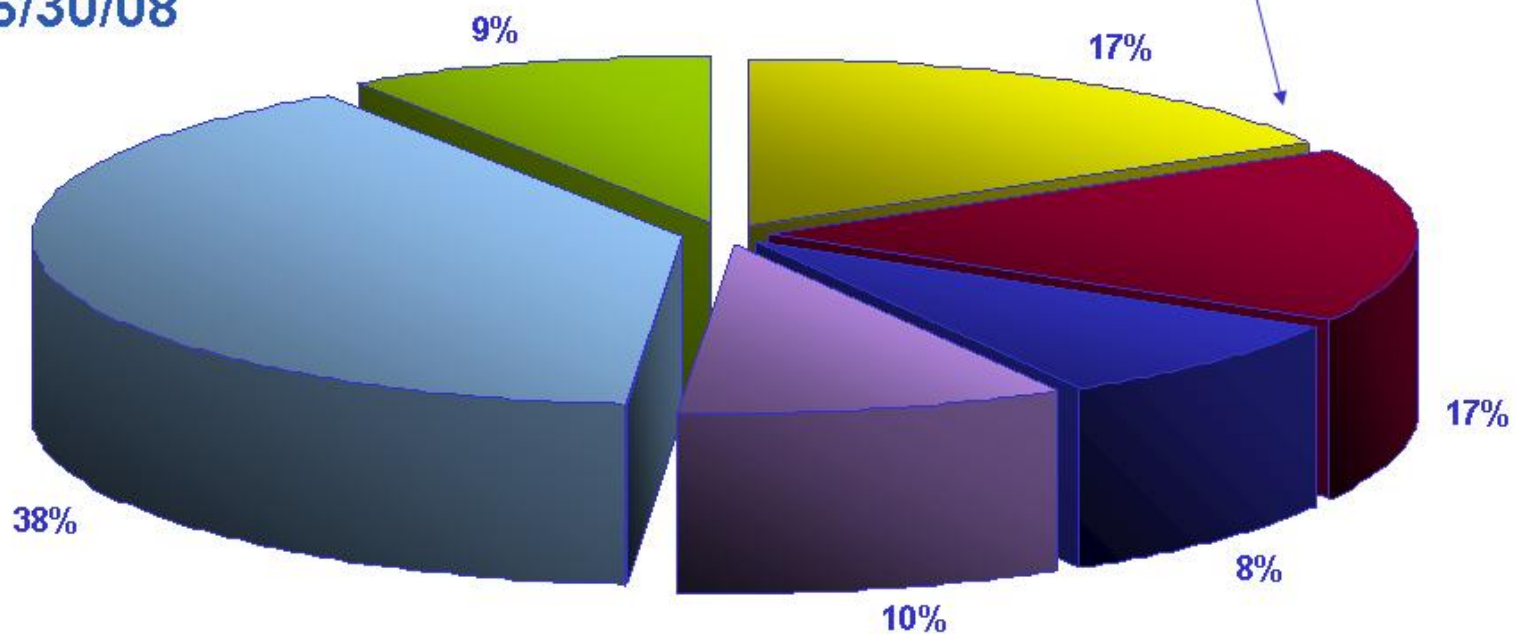


Peer Source: BHCPR

Deposit Composition

92nd percentile in demand deposits

6/30/08

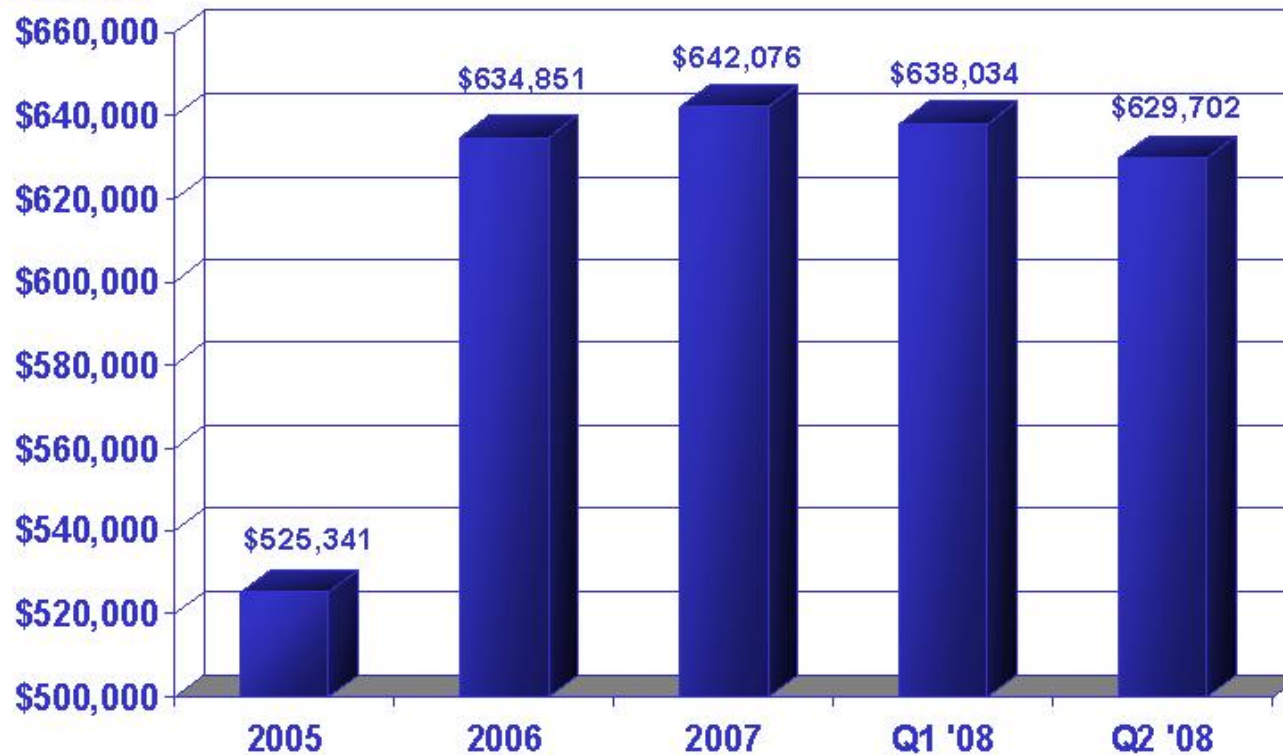


- | | | |
|---|--|---|
|  Interest Bearing Demand |  Noninterest Bearing Demand |  Money Market |
|  Savings |  CD's |  Repurchase Agreements |

Deposits and Repurchase Agreements

(averages)

In thousands



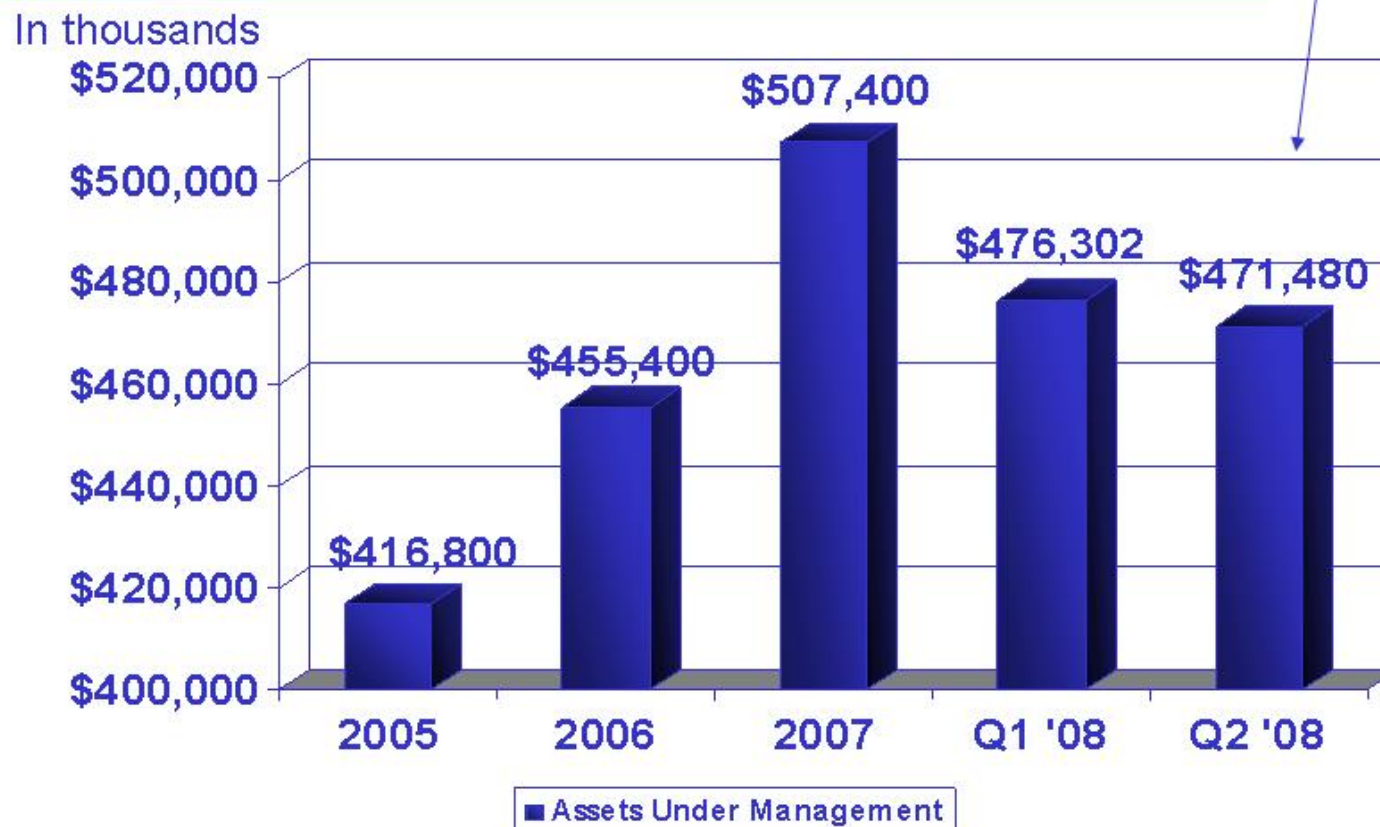
Noninterest Income

In thousands

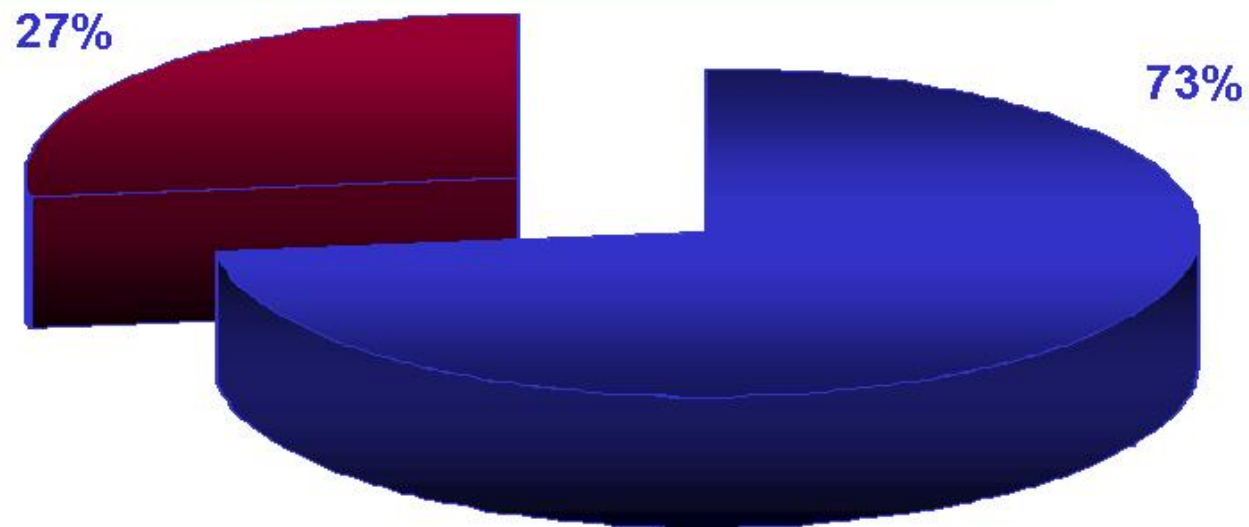
<u>June 30th</u>	<u>YTD 2008</u>	<u>YTD 2007</u>	<u>Change</u>
Trust fees	\$1,796	\$1,803	0%
Service charges	1,166	1,247	-6%
Mortgage banking	395	519	-24%
Retail brokerage	244	248	-2%
Other	738	737	-24%
Core	4,339	4,554	-5%
Gains/losses on sales	-108	89	
Securities impairment	-255	0	
TOTAL	\$3,976	\$4,554	-10%

*S&P 500 down 12% YTD,
managed assets down 7%*

Trust and Investment Services



Revenue Components Q2 2008



Peer average Q1 '08 79/21

Net interest income is after loan loss provision

■ Net Interest Income ■ Fee Income

Why Own AMNB?

- Sound, efficient, and highly profitable
 - Long-term history of high performance and profitability
 - High credit quality
 - Core deposits
 - Above-average margins
 - Low operating expenses
 - Significant fee income, particularly from Trust
 - Asset management
 - Strong capital position
 - High dividend
 - Attractive stock price
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Thank you!



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BANKSHARES INC.

