American National Bankshares Inc. and Subsidiaries Consolidated Balance Sheets

(Dollars in thousands, except share and per share data)
Unaudited

Cash and due from banks \$ 22,699 \$ 24,07* Interest-bearing deposits in other banks 56,278 54,194 Securities available for sale, at fair value 328,534 347,611 Restricted stock, at cost 4,529 4,888 cears fail for sale 811 3,91 Less allowance for loan losses (12,620) (12,620) Net Loans 803,968 786,31 Premises and equipment, net 23,055 23,308 786,31 Other real estate owned, net 2,364 4,21 3,000		Septem	nber 30		
Securities available for sale, at fair value 328,534 347,616 328,534 347,616 328,534 347,616 328,534 347,616 329 4,868 361 3,913 3,9043 3,9043 3,9043 3,9043 3,9043 3,9043 3,9043 3,9044 3,9044	ASSETS	2014			
Securities available for sale, at fair value 328,534 347,616 328,534 347,616 328,534 347,616 328,534 347,616 329 4,868 361 3,913 3,9043 3,9043 3,9043 3,9043 3,9043 3,9043 3,9043 3,9044 3,9044					
Securities available for sale, at fair value 328,534 347,611 Restricted stock, at cost 4,529 4,881 Lans field for sale 811 3,911 Lans field for sale 816,588 798,995 Net Loans 816,588 798,995 Net Loans 803,968 766,311 Premises and equipment, net 23,085 23,986 Other real estate owned, net 2,304 4,211 Core deposit intangibles, net 39,043 39,043 Core deposit intangibles, net 39,043 39,043 Core deposit intangibles, net 32,211 3,486 Accrued interest receivable and other assets 18,531 17,856 Total assets 13,19,157 \$1,324,186 Liabilities 244,469 \$231,586 Demand deposits incirrest-bearing \$244,469 \$231,586 Total deposits incirrest-bearing \$244,469 \$231,586 Total deposits incirrest-bearing \$244,469 \$231,586 Time deposits incirrent-bearing \$244,469 \$231,586 Time deposits incirrent-bearing \$244,469 \$231,586 Time deposits incirrent-bearing \$244,469 \$231,586 Time deposits incirrent-bearin	Cash and due from banks	\$ 22,699	\$ 24,071		
Restricted stock, at cost 4,829 4,888 Loans held for sale 811 3,915 Loans 816,588 79,935 Less allowance for loan losses (12,620) 12,888 Net Loans 803,968 786,312 Premises and equipment, net 23,085 23,985 Obtor real estate owned, net 2,364 4,215 Socodwill 39,043 39,043 Core deposit intangibles, net 2,271 3,483 Bank owned life insurance 15,044 14,593 Accrued interest receivable and other assets 18,531 17,856 Total assets 2,31,585 23,1585 Demand deposits interest-bearing 85,292 170,64 Money market deposits 173,192 181,555 Savings deposits 88,226 85,011 Time deposits 1,051,060 1,071,060 Customer repurchase agreements 51,945 44,022 Long-term borrowings 9,930 9,935 Total labilities 2,565 2,577	Interest-bearing deposits in other banks	58,278	54,198		
Leans held for sale 811 3,915 Leas allowance for loan losses (12,620) (12,680) Net Loans 803,968 766,317 Premises and equipment, net 23,085 23,985 Other real estate owned, net 2,364 4,211 Goodwill 39,043 39,043 Gord edeposit intangibles, net 2,271 3,488 Bank owned life insurance 15,044 14,591 Accrued interest receivable and other assets 18,531 17,856 Total assets \$1,319,157 \$1,324,188 Liabilities \$2 \$271 3,488 Demand deposits noninterest-bearing \$244,469 \$231,588 Demand deposits interest-bearing \$244,469 \$231,588 Savings deposits \$8,226 \$5,555 Savings deposits \$8,226 \$5,555 Savings deposits \$39,911 402,284 Total deposits \$1,051,060 1,071,085 Total deposits \$1,051,060 1,071,085 Total preferred capital notes \$5,562<	Securities available for sale, at fair value	328,534	347,618		
Loans 816,588 798,999 Less allowance for loan losses (12,620) (12,680) Net Loans 803,968 766,312 Premises and equipment, net 23,085 23,985 Other real estate owned, net 23,084 4,211 Coodowill 39,043 39,043 Core deposit intangibles, net 2,271 3,48 Bank owned life insurance 15,044 14,59 Accrued interest receivable and other assets 18,531 17,851 Total assets \$ 1,319,157 \$ 1,324,186 Liabilities \$ 1,319,157 \$ 1,324,186 Demand deposits - noninterest-bearing \$ 244,469 \$ 231,587 Demand deposits - interest-bearing \$ 244,469 \$ 231,587 Demand deposits - interest-bearing \$ 244,469 \$ 231,587 Savings deposits \$ 38,919 \$ 170,648 Time deposits \$ 359,191 \$ 40,228 Time deposits \$ 359,191 \$ 40,228 Total deposits \$ 1,051,060 \$ 1,071,080 Customer repurchase agreements	Restricted stock, at cost	4,529	4,885		
Less allowance for loan losses (12,620) (12,620) (12,620) (12,620) (12,620) (786,31) Permises and equipment, net 23,064 4,211 30,043 39,0	Loans held for sale	811	3,919		
Net Loans 803,966 786,312 Premises and equipment, net 23,085 23,985 Other real estate owned, net 2,364 4,215 Goodwill 39,043 39,043 Ozore deposit intangibles, net 2,271 3,485 Bank owned life insurance 15,044 14,597 Accrued interest receivable and other assets 18,531 17,856 Total assets \$ 1,319,157 \$ 1,324,188 Demand deposits – noninterest-bearing \$ 244,469 \$ 231,588 Demand deposits – interest-bearing 185,982 170,64 Money market deposits 173,192 181,558 Savings deposits 88,226 88,111 Time deposits 359,191 402,286 Total deposits 1,051,060 1,071,081 Customer repurchase agreements 51,945 44,021 Long-term borrowings 9,930 9,933 Trust preferred capital notes 27,495 27,39 Accrued interest payable and other liabilities 5,562 5,87 Total liabilities	Loans	816,588	798,996		
Premises and equipment, net	Less allowance for loan losses	(12,620)	(12,684		
Other real estate owned, net 2,364 4,215 Goodwill 39,043 39,043 Goodwill 39,043 39,043 Goodwill 2,271 3,488 Bank owned life insurance 15,044 14,593 Accrued interest receivable and other assets 18,531 17,856 Total assets \$1,319,157 \$1,324,188 Liabilities \$244,469 \$231,583 Demand deposits noninterest-bearing 185,982 170,648 Money market deposits 173,192 181,555 Savings deposits 88,226 85,014 Time deposits 359,191 402,284 Total deposits 1,051,060 1,071,083 Total deposits 1,051,060 1,071,083 Customer repurchase agreements 51,945 44,024 Long-term borrowings 9,930 9,983 Trust preferred capital notes 27,495 27,394 Accrued interest payable and other liabilities 5,562 5,877 Total liabilities 1,145,992 1,158,355	Net Loans	803,968	786,312		
Other real estate owned, net 2,364 4,215 Goodwill 39,043 39,043 Goodwill 39,043 39,043 Goodwill 2,271 3,488 Bank owned life insurance 15,044 14,593 Accrued interest receivable and other assets 18,531 17,856 Total assets \$1,319,157 \$1,324,188 Liabilities \$244,469 \$231,583 Demand deposits noninterest-bearing 185,982 170,648 Money market deposits 173,192 181,555 Savings deposits 88,226 85,014 Time deposits 359,191 402,284 Total deposits 1,051,060 1,071,083 Total deposits 1,051,060 1,071,083 Customer repurchase agreements 51,945 44,024 Long-term borrowings 9,930 9,983 Trust preferred capital notes 27,495 27,394 Accrued interest payable and other liabilities 5,562 5,877 Total liabilities 1,145,992 1,158,355	Premises and equipment net	23.085	23 982		
Goodwill 39,043 39,043 Core deposit intangibles, net 2,271 3,488 Sank owned life insurance 15,044 14,593 Accrued interest receivable and other assets 18,531 17,856 Total assets \$1,319,157 \$1,324,188 Liabilities Demand deposits noninterest-bearing \$244,469 \$231,583 Demand deposits interest-bearing 185,982 170,64 Money market deposits 173,192 181,558 Savings deposits 88,226 85,014 Savings deposits 359,191 402,286 Time deposits 1,051,060 1,071,085 Total deposits 1,051,060 1,071,081 Customer repurchase agreements 51,945 44,026 Long-term borrowings 9,930 9,985 Trust preferred capital notes 27,495 27,39 Accrued interest payable and other liabilities 5,562 5,875 Total liabilities 1,145,992 1,158,355 Shareholders' equity 7,843 7,843 7,843	· · ·	•	4,215		
Core deposit intangibles, net 2,271 3,485 Bank owned life insurance 15,044 14,593 Accrued interest receivable and other assets 18,531 17,856 Total assets \$ 1,319,157 \$ 1,324,188 Liabilities \$ 244,469 \$ 231,585 Demand deposits noninterest-bearing 185,982 170,64* Money market deposits 173,192 181,555 Savings deposits 88,226 85,011 Time deposits 359,191 402,28* Total deposits 1,051,060 1,071,08* Customer repurchase agreements 51,945 44,02* Long-term borrowings 9,930 9,98* Trust preferred capital notes 27,495 27,39* Accrued interest payable and other liabilities 5,562 5,87* Total liabilities 1,145,992 1,158,35* Shareholders' equity - - Preferred stock, \$5 par, 2,000,000 shares authorized, none outstanding at September 30, 2014 and 7,886,476 shares outstanding at September 30, 2014 and 7,886,476 shares outstanding at September 30, 2014 and 7,886,476 shares outstanding at September 30, 2014 an	Goodwill	•	39,043		
Bank owned life insurance 15,044 14,593 Accrued interest receivable and other assets 18,531 17,856 Total assets \$1,319,157 \$1,324,188 Liabilities Use and deposits - noninterest-bearing \$244,469 \$231,583 Demand deposits - interest-bearing \$185,982 \$170,644 Money market deposits \$173,192 \$181,555 Savings deposits \$8,226 \$5,011 Savings deposits \$8,226 \$5,011 Time deposits \$8,226 \$5,011 Total deposits \$1,951,060 \$1,071,083 Customer repurchase agreements \$1,945 \$4,024 Long-term borrowings \$9,930 \$9,935 Trust preferred capital notes \$27,495 \$27,39 Accrued interest payable and other liabilities \$5,562 \$5,872 Total liabilities \$1,145,992 \$1,156,355 Shareholders' equity \$7,843 \$7,886 Preferred stock, \$5 par, 2,000,000 shares authorized, none outstanding at September 30, 2014 and 7,886,476 shares outstanding at September 30, 2014 and 7,886,476 shares outstanding at Septem		•			
Accrued interest receivable and other assets 18,531 17,856 Total assets \$ 1,319,157 \$ 1,324,185 Liabilities \$ 244,469 \$ 231,585 Demand deposits interest-bearing 185,982 170,64 Money market deposits 173,192 181,592 Savings deposits 88,226 85,016 Savings deposits 359,191 402,284 Time deposits 359,191 402,284 Total deposits 1,051,060 1,071,083 Customer repurchase agreements 51,945 44,026 Long-term borrowings 9,930 9,983 Trust preferred capital notes 27,495 27,39 Accrued interest payable and other liabilities 5,562 5,873 Total liabilities 1,145,992 1,158,355 Shareholders' equity 2 4,720 Preferred stock, \$5 par, 2,000,000 shares authorized, none outstanding at September 30, 2014 and 7,884,454 shares outstanding at September 30, 2014 and 7,884,45	Bank owned life insurance	•	,		
Liabilities Section 1 244,469 \$ 231,583 Demand deposits interest-bearing 185,982 170,64* Money market deposits 173,192 181,555 Savings deposits 88,226 85,011 Time deposits 359,191 402,28* Total deposits 1,051,060 1,071,08* Customer repurchase agreements 51,945 44,02* Long-term borrowings 9,930 9,98* Trust preferred capital notes 27,495 27,39* Accrued interest payable and other liabilities 5,562 5,87* Total liabilities 1,145,992 1,158,35* Shareholders' equity - - Preferred stock, \$5 par, 2,000,000 shares authorized, none outstanding - - 7,843,454 shares outstanding at September 30, 2014 and 7,886,476 shares outstanding at September 30, 2014 and 7,886,476 shares outstanding at September 30, 2014 and 57,866,476 shares outstanding at September 30, 201	Accrued interest receivable and other assets		17,856		
Demand deposits noninterest-bearing \$244,469 \$231,580 Demand deposits interest-bearing 185,982 170,641 Money market deposits 173,192 181,556 Savings deposits 88,226 85,016 Time deposits 359,191 402,286 Total deposits 1,051,060 1,071,083 Customer repurchase agreements 51,945 44,026 Long-term borrowings 9,930 9,983 Trust preferred capital notes 27,495 27,394 Accrued interest payable and other liabilities 5,562 5,873 Total liabilities 5,562 5,873 Total liabilities 1,145,992 1,158,350 Shareholders' equity Preferred stock, \$5 par, 2,000,000 shares authorized, none outstanding - - 7,843,454 shares outstanding at September 30, 2014 and 7,843 7,846 7,886,476 shares outstanding at September 30, 2013 7,843 7,886 7,843,454 shares outstanding at September 30, 2013 7,843 7,886 7,843,454 shares outstanding at September 30, 2013 7,843<	Total assets	<u>\$ 1,319,157</u>	\$ 1,324,185		
Demand deposits noninterest-bearing \$244,469 \$231,580 Demand deposits interest-bearing 185,982 170,641 Money market deposits 173,192 181,556 Savings deposits 88,226 85,016 Time deposits 359,191 402,286 Total deposits 1,051,060 1,071,083 Customer repurchase agreements 51,945 44,026 Long-term borrowings 9,930 9,983 Trust preferred capital notes 27,495 27,394 Accrued interest payable and other liabilities 5,562 5,873 Total liabilities 5,562 5,873 Total liabilities 1,145,992 1,158,350 Shareholders' equity Preferred stock, \$5 par, 2,000,000 shares authorized, none outstanding - - 7,843,454 shares outstanding at September 30, 2014 and 7,843 7,846 7,886,476 shares outstanding at September 30, 2013 7,843 7,886 7,843,454 shares outstanding at September 30, 2013 7,843 7,886 7,843,454 shares outstanding at September 30, 2013 7,843<					
Demand deposits interest-bearing 185,982 170,64* Money market deposits 173,192 181,55 Savings deposits 88,226 85,016* Time deposits 359,191 402,28* Total deposits 1,051,060 1,071,08* Customer repurchase agreements 51,945 44,026* Long-term borrowings 9,930 9,93 Trust preferred capital notes 27,495 27,39* Accrued interest payable and other liabilities 5,562 5,87* Total liabilities 5,562 5,87* Total liabilities 1,145,992 1,158,35* Shareholders' equity Preferred stock, \$5 par, 2,000,000 shares authorized,		¢ 244.460	¢ 004 500		
Money market deposits 173,192 181,555 Savings deposits 88,226 85,016 Time deposits 359,191 402,284 Total deposits 1,051,060 1,071,083 Customer repurchase agreements 51,945 44,026 Long-term borrowings 9,930 9,983 Trust preferred capital notes 27,495 27,394 Accrued interest payable and other liabilities 5,562 5,875 Total liabilities 1,145,992 1,158,355 Shareholders' equity Preferred stock, \$5 par, 2,000,000 shares authorized, none outstanding - - 7,843,454 shares outstanding at September 30, 2014 and 7,843,454 shares outstanding at September 30, 2014 and 7,843 7,886 7,886,476 shares outstanding at September 30, 2013 7,843 7,886 Capital in excess of par value 57,087 57,905 Retained earnings 103,515 97,762 Accumulated other comprehensive income, net 4,720 2,273 Total shareholders' equity 173,165 165,826	·	• ,	+ ,		
Savings deposits 88,226 85,016 Time deposits 359,191 402,284 Total deposits 1,051,060 1,071,083 Customer repurchase agreements 51,945 44,026 Long-term borrowings 9,930 9,983 Trust preferred capital notes 27,495 27,394 Accrued interest payable and other liabilities 5,562 5,873 Total liabilities 1,145,992 1,158,353 Shareholders' equity Preferred stock, \$5 par, 2,000,000 shares authorized, none outstanding - 7,843,454 shares outstanding at September 30, 2014 and 7,886,476 shares outstanding at September 30, 2014 and 7,886,476 shares outstanding at September 30, 2013 7,843 7,886 Capital in excess of par value 57,087 57,905 Retained earnings 103,515 97,766 Accumulated other comprehensive income, net 4,720 2,273 Total shareholders' equity 173,165 165,826	· · · · · · · · · · · · · · · · · · ·	•			
Time deposits 359,191 402,284 Total deposits 1,051,060 1,071,083 Customer repurchase agreements 51,945 44,026 Long-term borrowings 9,930 9,983 Trust preferred capital notes 27,495 27,394 Accrued interest payable and other liabilities 5,562 5,875 Total liabilities 1,145,992 1,158,355 Shareholders' equity Preferred stock, \$5 par, 2,000,000 shares authorized, none outstanding - - 7,843,454 shares outstanding at September 30, 2014 and 7,886,476 shares outstanding at September 30, 2014 and 7,886,476 shares outstanding at September 30, 2013 7,843 7,886 Capital in excess of par value 57,087 57,900 Retained earnings 103,515 97,760 Accumulated other comprehensive income, net 4,720 2,273 Total shareholders' equity 173,165 165,826	•				
Total deposits 1,051,060 1,071,083 Customer repurchase agreements 51,945 44,026 Long-term borrowings 9,930 9,983 Trust preferred capital notes 27,495 27,394 Accrued interest payable and other liabilities 5,562 5,873 Total liabilities 1,145,992 1,158,353 Shareholders' equity *** *** Preferred stock, \$5 par, 2,000,000 shares authorized, none outstanding *** *** Common stock, \$1 par, 20,000,000 shares authorized, 7,843,454 shares outstanding at September 30, 2014 and 7,886,476 shares outstanding at September 30, 2014 and 7,886,476 shares outstanding at September 30, 2013 7,843 7,886 Capital in excess of par value 57,087 57,900 Retained earnings 103,515 97,760 Accumulated other comprehensive income, net 4,720 2,273 Total shareholders' equity 165,826					
Customer repurchase agreements 51,945 44,026 Long-term borrowings 9,930 9,983 Trust preferred capital notes 27,495 27,394 Accrued interest payable and other liabilities 5,562 5,873 Total liabilities 1,145,992 1,158,353 Shareholders' equity Preferred stock, \$5 par, 2,000,000 shares authorized, none outstanding - - 7,843,454 shares outstanding at September 30, 2014 and 7,886,476 shares outstanding at September 30, 2013 7,843 7,886 Capital in excess of par value 57,087 57,900 Retained earnings 103,515 97,760 Accumulated other comprehensive income, net 4,720 2,273 Total shareholders' equity 173,165 165,826	·				
Long-term borrowings 9,930 9,980 Trust preferred capital notes 27,495 27,394 Accrued interest payable and other liabilities 5,562 5,873 Total liabilities 1,145,992 1,158,353 Shareholders' equity Preferred stock, \$5 par, 2,000,000 shares authorized,	l otal deposits	1,051,060	1,071,083		
Trust preferred capital notes 27,495 27,394 Accrued interest payable and other liabilities 5,562 5,873 Total liabilities 1,145,992 1,158,353 Shareholders' equity Preferred stock, \$5 par, 2,000,000 shares authorized, none outstanding - - Common stock, \$1 par, 20,000,000 shares authorized, 7,843,454 shares outstanding at September 30, 2014 and 7,886,476 shares outstanding at September 30, 2014 and 7,886,476 shares outstanding at September 30, 2013 7,843 7,886 Capital in excess of par value 57,087 57,905 Retained earnings 103,515 97,762 Accumulated other comprehensive income, net 4,720 2,273 Total shareholders' equity 173,165 165,826	Customer repurchase agreements	51,945	44,026		
Accrued interest payable and other liabilities 5,562 5,873 Total liabilities 1,145,992 1,158,358 Shareholders' equity Preferred stock, \$5 par, 2,000,000 shares authorized, none outstanding - - Common stock, \$1 par, 20,000,000 shares authorized, 7,843,454 shares outstanding at September 30, 2014 and 7,886,476 shares outstanding at September 30, 2013 7,843 7,843 Capital in excess of par value 57,087 57,900 Retained earnings 103,515 97,762 Accumulated other comprehensive income, net 4,720 2,273 Total shareholders' equity 173,165 165,826	Long-term borrowings	9,930	9,983		
Shareholders' equity Preferred stock, \$5 par, 2,000,000 shares authorized, none outstanding - Common stock, \$1 par, 20,000,000 shares authorized, 7,843,454 shares outstanding at September 30, 2014 and 7,886,476 shares outstanding at September 30, 2013 7,843 7,843 7,843 7,843 7,843 7,866 476 57,087 57,905 Retained earnings 103,515 97,762 Accumulated other comprehensive income, net 4,720 2,273 Total shareholders' equity 1173,165 165,826	Trust preferred capital notes	27,495	27,394		
Shareholders' equity Preferred stock, \$5 par, 2,000,000 shares authorized, none outstanding - Common stock, \$1 par, 20,000,000 shares authorized, - 7,843,454 shares outstanding at September 30, 2014 and 7,886,476 shares outstanding at September 30, 2013 7,843 7,886 Capital in excess of par value 57,087 57,900 Retained earnings 103,515 97,760 Accumulated other comprehensive income, net 4,720 2,273 Total shareholders' equity 173,165 165,826	Accrued interest payable and other liabilities	5,562	5,873		
Preferred stock, \$5 par, 2,000,000 shares authorized, none outstanding - Common stock, \$1 par, 20,000,000 shares authorized, - 7,843,454 shares outstanding at September 30, 2014 and 7,886,476 shares outstanding at September 30, 2013 7,843 7,886 Capital in excess of par value 57,087 57,900 Retained earnings 103,515 97,760 Accumulated other comprehensive income, net 4,720 2,270 Total shareholders' equity 173,165 165,826	Total liabilities	1,145,992	1,158,359		
Preferred stock, \$5 par, 2,000,000 shares authorized, none outstanding - Common stock, \$1 par, 20,000,000 shares authorized, - 7,843,454 shares outstanding at September 30, 2014 and 7,886,476 shares outstanding at September 30, 2013 7,843 7,886 Capital in excess of par value 57,087 57,900 Retained earnings 103,515 97,760 Accumulated other comprehensive income, net 4,720 2,270 Total shareholders' equity 173,165 165,826	Shareholders' equity				
none outstanding - Common stock, \$1 par, 20,000,000 shares authorized, - 7,843,454 shares outstanding at September 30, 2014 and 7,886,476 shares outstanding at September 30, 2013 7,843 7,886 Capital in excess of par value 57,087 57,905 Retained earnings 103,515 97,762 Accumulated other comprehensive income, net 4,720 2,273 Total shareholders' equity 173,165 165,826					
7,843,454 shares outstanding at September 30, 2014 and 7,886,476 shares outstanding at September 30, 2013 7,843 7,886 Capital in excess of par value 57,087 57,905 Retained earnings 103,515 97,762 Accumulated other comprehensive income, net 4,720 2,273 Total shareholders' equity 173,165 165,826		-	-		
7,843,454 shares outstanding at September 30, 2014 and 7,886,476 shares outstanding at September 30, 2013 7,843 7,886 Capital in excess of par value 57,087 57,905 Retained earnings 103,515 97,762 Accumulated other comprehensive income, net 4,720 2,273 Total shareholders' equity 173,165 165,826	Common stock, \$1 par, 20,000,000 shares authorized,				
7,886,476 shares outstanding at September 30, 2013 7,843 7,886 Capital in excess of par value 57,087 57,906 Retained earnings 103,515 97,762 Accumulated other comprehensive income, net 4,720 2,273 Total shareholders' equity 173,165 165,826	7,843,454 shares outstanding at September 30, 2014 and				
Capital in excess of par value 57,087 57,905 Retained earnings 103,515 97,762 Accumulated other comprehensive income, net 4,720 2,273 Total shareholders' equity 173,165 165,826		7,843	7,886		
Accumulated other comprehensive income, net 4,720 2,273 Total shareholders' equity 173,165 165,826	Capital in excess of par value	57,087	57,905		
Accumulated other comprehensive income, net 4,720 2,273 Total shareholders' equity 173,165 165,826	Retained earnings	103,515	97,762		
	Accumulated other comprehensive income, net	4,720	2,273		
Total liabilities and shareholders' equity \$ 1,319.157 \$ 1.324.185	Total shareholders' equity	173,165	165,826		
	Total liabilities and shareholders' equity	\$ 1,319,157	\$ 1.324.185		

American National Bankshares Inc. and Subsidiaries Consolidated Statements of Income

(Dollars in thousands, except share and per share data)
Unaudited

		Three Months Ended September 30				Nine Month Septemb				
	_	2014		2013		2014		2013		
Interest and Dividend Income:										
Interest and fees on loans	\$	9,864	\$	11,100	\$	29,398	\$	33,853		
Interest and dividends on securities:										
Taxable		918		845		2,850		2,574		
Tax-exempt		966		1,056		3,017		3,153		
Dividends		72		67		221		176		
Other interest income		32		38		100		106		
Total interest and dividend income	_	11,852		13,106		35,586	_	39,862		
Interest Expense:										
Interest on deposits		1,120		1,338		3,510		4,143		
Interest on short-term borrowings		4		3		8		38		
Interest on long-term borrowings		82		82		243		246		
Interest on trust preferred capital notes		186		190		555		567		
Total interest expense		1,392	_	1,613	_	4,316	_	4,994		
Net Interest Income		10,460		11,493		31,270		34,868		
Provision for loan losses		10,400		-		150		294		
Net Interest Income After Provision										
for Loan Losses		10.460		11,493		31,120		34,574		
Tor Louis Education		10,400		11,400		01,120	-	04,074		
Noninterest Income:										
Trust fees		992		1,077		3,131		2,609		
Service charges on deposit accounts		441		452		1,285		1,290		
Other fees and commissions		479		471		1,416		1,393		
Mortgage banking income		342		464		880		1,713		
Securities gains, net		315		4		504		203		
Other		412		299		1,168		1,015		
Total noninterest income		2,981		2,767		8,384		8,223		
Noninterest Expense:										
Salaries		3,714		3,610		10,890		10,552		
Employee benefits		799		856		2,621		2,622		
Occupancy and equipment		933		933		2,779		2,721		
FDIC assessment		157		163		486		485		
Bank franchise tax		216		187		669		559		
Core deposit intangible amortization		227		330		888		1,171		
Data processing		361		305		1,054		892		
Software		248		198		745		659		
Foreclosed real estate, net		141		245		148		681		
Merger related expenses		268		-		268		-		
Other		1,763		1,628		5,067		4,859		
Total noninterest expense		8,827		8,455		25,615		25,201		
Income Before Income Taxes		1611		E OUE		12 000		17 506		
Income Taxes		4,614 1,446		5,805 1,562		13,889 4,038		17,596 4,992		
Net Income	\$	3,168	\$	4,243	\$	9,851	\$	12,604		
New January Bare Communication	_									
Net Income Per Common Share: Basic	ø	0.40	Ф	0.54	¢	1 OF	¢	1.60		
	\$ \$	0.40	\$	0.54	\$	1.25	\$			
Diluted	\$	0.40	\$	0.54	\$	1.25	\$	1.60		
Average Common Shares Outstanding:		7,841,078		7 077 004		7 074 040		7 067 025		
Basic				7,877,901		7,871,016		7,867,835		
Diluted		7,851,735		7,892,015		7,881,441		7,878,961		

American National Bankshares Inc. and Subsidiaries Financial Highlights

nonfinancial data, unaudited)	3rd Qtr 2014		2nd Qtr 2014		3rd Qtr			YTD 2014	YTD		
EARNINGS	_	2014	_	2014	_	2013	_	2014	_	2013	
Interest income	\$	11,852	\$	11,780	\$	13,106	\$	35,586	\$	39,862	
Interest expense	Ψ	1,392	Ψ	1,429	Ψ	1,613	Ψ	4,316	Ψ	4,994	
Net interest income		10,460		10,351		11,493		31,270		34,868	
Provision for loan losses		-		150		- 11,100		150		294	
Noninterest income		2.981		2,700		2,767		8,384		8,223	
Noninterest expense		8,827		8,365		8,455		25,615		25,201	
Income taxes		1,446		1,303		1,562		4,038		4,992	
Net income		3,168		3,233		4,243		9,851		12,604	
PER COMMON SHARE											
Earnings per share - basic	\$	0.40	\$	0.41	\$	0.54	\$	1.25	\$	1.60	
Earnings per share - diluted	•	0.40	Ψ	0.41	Ψ	0.54	•	1.25	Ψ	1.60	
Cash dividends paid		0.23		0.23		0.23		0.69		0.69	
Book value per share		22.08		21.95		21.03		22.08		21.03	
Book value per share - tangible (a)		16.81		16.65		15.63		16.81		15.63	
Closing market price		22.75		21.73		23.20		22.75		23.20	
FINANCIAL DATIOS											
FINANCIAL RATIOS		0.97%	,	1.00%	,	1.30%		1.01%	,	1.29	
Return on average assets		7.35	0	7.53	D	10.40)	7.66	D	10.21	
Return on average equity Return on average tangible equity (b)		10.12		10.67		14.90		10.72		14.76	
Average equity to average assets		13.18		13.22		12.48		13.15		12.64	
Tangible equity to tangible assets (a)		10.32		10.37		9.62		10.32		9.62	
Net interest margin, taxable equivalent		3.68		3.68		4.06		3.69		4.14	
Efficiency ratio (e)		64.35		62.87		56.60		63.01		56.02	
Effective tax rate		31.34		28.73		26.91		29.07		28.37	
PERIOD-END BALANCES	•	000 000	Φ	054.700	Φ	050 500	•	000 000	Φ.	050 500	
Securities	\$	333,063	\$	354,783	\$	352,502	\$	333,063	\$	352,502	
Loans held for sale		811		118		3,919		811		3,919	
Loans, net of unearned income		816,588		813,057		798,996		816,588		798,996	
Goodwill and other intangibles		41,314		41,541		42,532		41,314		42,532	
Assets		1,319,157		1,300,648		1,324,185		1,319,157		1,324,185	
Assets - tangible (a)		1,277,843		1,259,107		1,281,653		1,277,843		1,281,653	
Deposits		1,051,060		1,035,800		1,071,083		1,051,060		1,071,083	
Customer repurchase agreements		51,945		38,420		44,026		51,945		44,026	
Long-term borrowings		37,425		37,394		37,377		37,425		37,377	
Shareholders' equity		173,165		172,083		165,826		173,165		165,826	
Shareholders' equity - tangible (a)		131,851		130,542		123,294		131,851		123,294	
AVERAGE BALANCES											
Securities	\$	329,455	\$	347,726	\$	339,582	\$	340,720	\$	333,785	
Loans held for sale		1,998		1,685		5,109		1,905		6,053	
Loans, net of unearned income		815,564		793,060		790,846		799,114		788,192	
Interest-earning assets		1,191,761		1,183,559		1,189,844		1,186,763		1,179,680	
Goodwill and other intangibles		41,455		41,738		42,731		41,754		43,133	
Assets		1,309,120		1,299,535		1,307,347		1,303,788		1,302,070	
Assets - tangible (a)		1,267,665		1,257,797		1,264,616		1,262,034		1,258,937	
Interest-bearing deposits		806,267		820,342		834,305		818,858		829,029	
Deposits		1,044,913		1,043,479		1,053,124		1,046,644		1,045,623	
Customer repurchase agreements		45,725		40,720		46,712		41,443		48,016	
Long-term borrowings		37,406		37,376		37,388		37,385		37,393	
Shareholders' equity		172,493		171,784		163,130		171,450		164,595	
Shareholders' equity - tangible (a)		131,038		130,046		120,399		129,696		121,462	

American National Bankshares Inc. and Subsidiaries Financial Highlights

(In thousands, except share, ratio and										
nonfinancial data, unaudited	3rd Qtr		2nd Qtr		3rd Qtr		YTD		YTD	
	2014		2014		2013		2014			2013
CAPITAL										
Average shares outstanding - basic	7,841,078		7,872,079			7,877,901		7,871,016	7	7,867,835
Average shares outstanding - diluted		7,851,735		7,879,854		7,892,015		7,881,441	7	7,878,961
ALLOWANCE FOR LOAN LOSSES										
Beginning balance	\$	12,763	\$	12,614	\$	12,676	\$	12,600	\$	12,118
Provision for loan losses		-		150		-		150		294
Charge-offs		(230)		(95)		(162)		(398)		(629)
Recoveries		87		94		170	_	268	_	901
Ending balance	\$	12,620	\$	12,763	\$	12,684	\$	12,620	\$	12,684
LOANG										
LOANS Construction and land development	\$	47,060	\$	50,856	\$	43,386	\$	47,060	\$	43,386
Commercial real estate	Ą	371,743	Φ	366,722	Ф	361,968	Ф	371,743	Φ	361,968
Residential real estate		175,091		175,387		173,695		175,091		173,695
Home equity		90,952		89,725		89,154		90,952		89,154
Commercial and industrial		126,437		125,163		124,504		126,437		124,504
Consumer		5,305		5,204		6,289		5,305		6,289
Total	\$	816,588	\$	813,057	\$	798,996	\$	816,588	Φ.	798,996
Total	Ą	010,300	Φ	613,037	Ф	790,990	Ф	010,500	Φ	790,990
NONPERFORMING ASSETS AT PERIOD-END										
Nonperforming loans:										
90 days past due and accruing	\$		\$	-	\$	-	\$	-	\$	-
Nonaccrual		4,494	Ť	5,224		4,647	_	4,494	Ť	4,647
Foreclosed real estate		2,364		2,622		4,215		2,364		4,215
Nonperforming assets	\$	6,858	\$	7.846	\$	8,862	\$	6,858	\$	8,862
The second second	•	,,,,,,	_	.,	_	-,	•	5,555	7	5,552
ASSET QUALITY RATIOS										
Allowance for loan losses to total loans		1.55		1.57		1.59		1.55		1.59
Allowance for loan losses to										
nonperforming loans		280.82		244.31		272.95		280.82		272.95
Nonperforming assets to total assets		0.52		0.60		0.67		0.52		0.67
Nonperforming loans to total loans		0.55		0.64		0.58		0.55		0.58
Annualized net charge-offs (recoveries)										
to average loans		0.07%	,	0.00%	,	0.00%		0.02%		(0.05)%
										, ,
OTHER DATA		444	_	450		400		444		400.0==
Fiduciary assets at period-end (c)	\$	441,753	\$	450,352	\$	430,853	\$	441,753	\$	430,853
Retail brokerage assets at period-end (c)	\$	201,327	\$	197,625	\$	175,856	\$	201,327	\$	175,856
Number full-time equivalent employees (d)		292		291		290		292		290
Number of full service offices		24		25 2		25		24		25
Number of loan production offices Number of ATM's		2 30		31		2 31		2 30		2 31
NUMBER OF A LIVES		30		31		31		30		31

Notes:

- (a) Excludes goodwill and other intangible assets
- (b) Excludes amortization expense, net of tax, of intangible assets
- (c) Market value
- (d) Average for quarter
- (e) The efficiency ratio is calculated by dividing noninterest expense excluding gains or losses on the sale of OREO by net interest income including tax equivalent income on nontaxable loans and securities and excluding (a) gains or losses on securities and (b) gains or losses on sale of premises and equipment.

Net Interest Income Analysis
For the Three Months Ended September 30, 2014 and 2013
(in thousands, except rates)

								Interest				
	_	Average	Bal	ance	_	Income/	Exp	ense	Yield/Rate			
		2014		2013	_	2014		2013	2014	2013		
Loans:							_			. ===./		
Commercial	\$	126,340	\$	126,745	\$	1,339	\$	1,511	4.20%	4.73%		
Real estate		686,682		663,539		8,451		9,517	4.92	5.74		
Consumer	_	4,540	_	5,671		85	_	104	7.43	7.28		
Total loans	_	817,562	_	795,955	_	9,875	_	11,132	4.83	5.59		
Securities:												
Federal agencies & GSEs		72,828		55,543		212		126	1.16	0.91		
Mortgage-backed & CMOs		58,365		72,505		345		322	2.36	1.78		
State and municipal		183,679		195,673		1,783		1,945	3.88	3.98		
Other		14,583		15,861		114		116	3.36	2.93		
Total securities	_	329,455	_	339,582	_	2.454	_	2,509	2.99	2.96		
Total occumios	_	020,100	_	000,002	_	2,	_	2,000	2.00	2.00		
Deposits in other banks		45,744	_	54,307	_	32	_	38	0.28	0.28		
Total interest-earning assets		1,192,761		1,189,844	_	12,361		13,679	4.14	4.59		
Non-earning assets	_	116,359	_	117,503								
Total assets	\$	1,309,120	\$	1,307,347								
Deposits:												
Demand	\$	189,208	\$	163,825		15		25	0.03	0.06		
Money market	Ť	167,777	Ť	184,428		51		83	0.12	0.18		
Savings		88,456		84,390		10		17	0.04	0.08		
Time		360,826		401,662		1,044		1,213	1.15	1.20		
Total deposits		806,267		834,305		1,120		1,338	0.55	0.64		
· ·												
Customer repurchase agreements		45,725		46,712		2		3	0.02	0.03		
Other short-term borrowings		2,215		-		2		-	0.36	-		
Long-term borrowings	_	37,406	_	37,388		268	_	272	2.87	2.91		
Total interest-bearing												
liabilities	-	891,613	_	918,405	_	1,392	_	1,613	0.62	0.70		
Noninterest bearing demand deposits		238,646		218,819								
Other liabilities		6,368		6,993								
Shareholders' equity		172,493		163,130								
Total liabilities and												
shareholders' equity	\$	1,309,120	\$	1,307,347								
Interest rate spread									3.52%	3.89%		
Net interest margin									3.68%	4.06%		
ū								:				
Net interest income (taxable equivalen	t ba	asis)				10,969		12,066				
Less: Taxable equivalent adjustment						509		573				
Net interest income					\$	10,460	\$	11,493				

Net Interest Income Analysis
For the Nine Months Ended September 30, 2014 and 2013
(in thousands, except rates)

			D - I				Interest me/Expense Yield/Rate							
	_	Average	Bai	ance	_	Income/	Expe	ense	Y leid/Ra	ite				
	_	2014		2013		2014		2013	2014	2013				
Loans:	_													
Commercial	\$	122,441	\$	127,592	\$	4,096	\$	4,706	4.49%	4.95%				
Real estate Consumer		673,745 4,833		660,698 5,955		25,072 261		28,927 316	4.96 7.25	5.84 7.12				
Total loans	_	801,019	_	794,245	_	29,429	_	33.949	4.90	5.70				
Total loans	_	801,019	_	794,245	_	29,429	_	33,949	4.90	5.70				
Securities:														
Federal agencies & GSEs		73,506		51,668		617		368	1.12	0.95				
Mortgage-backed & CMOs		62,420		76,286		1,116		1,040	2.38	1.82				
State and municipal		189,311		192,113		5,548		5,804	3.91	4.03				
Other		15,483		13,718		362		306	3.33	2.97				
Total securities		340,720		333,785		7,643		7,518	3.00	3.00				
Deposits in other banks		46,024	_	51,650		100	_	106	0.29	0.28				
Total interest-earning assets	_	1,187,763		1,179,680		37,172	_	41,573	4.18	4.70				
Non-earning assets		116,025		122,390										
Total assets	\$	1,303,788	\$	1,302,070										
Deposits:														
Demand	\$	181,040	\$	160,858		56		85	0.04	0.07				
Money market		177,279		175,486		176		254	0.13	0.19				
Savings		88,286		83,859		35		54	0.05	0.09				
Time	_	372,253	_	408,826		3,243	_	3,750	1.17	1.23				
Total deposits		818,858		829,029		3,510		4,143	0.58	0.67				
Customer repurchase														
agreements		41,443		48,016		5		38	0.02	0.11				
Other short-term borrowings		937		-		3			0.43	<u> </u>				
Long-term borrowings	_	37,385	_	37,393		798	_	813	2.85	2.90				
Total interest-bearing		222 222		0.1.1.100		4.040		4.004	0.04	0.70				
liabilities		898,623	_	914,438	_	4,316	_	4,994	0.64	0.73				
Negistarest bearing demand														
Noninterest bearing demand deposits		227,786		216,594										
Other liabilities		5,929		6,443										
Shareholders' equity		171,450		164,595										
Total liabilities and		,	_	,										
shareholders' equity	\$	1,303,788	\$	1,302,070										
	_		_											
Interest rate spread									3.54%	3.97%				
Net interest margin								-	3.69%	4.14%				
Net interest income (taxable eq	uivo	lent hasis)				32,856		36,579						
Less: Taxable equivalent adjust		,				1,586		1,711						
Net interest income					\$	31,270	\$	34,868						
Net interest income					Φ	31,210	Φ	34,000						