

## HomeTown Bankshares Corporation (NASDAQ: HMTA; Roanoke, VA) has agreed to merge with American National Bankshares, Inc. (NASDAQ: AMNB; Danville, VA)

**Aggregate Deal Value: Approximately \$95.6 million**

Sandler O'Neill acted as sole financial advisor and rendered a fairness opinion to HomeTown Bankshares Corporation in this transaction.

This transaction represents Sandler O'Neill's 196th bank or thrift transaction nationwide since January 1, 2015 representing \$63.0 billion in aggregate transaction value. Sandler O'Neill has served as a financial advisor on more bank and thrift transactions and for a greater aggregate transaction value than any other investment bank during that time period.<sup>1</sup>

Since January 1, 2015, Sandler O'Neill has advised on 11 bank or thrift transactions in Virginia, representing over \$3.1 billion in aggregate transaction value, more than any other investment bank during that time period.<sup>1</sup>

**DANVILLE, VA** – American National Bankshares Inc. (NASDAQ: AMNB - "American National"), headquartered in Danville, Va., and HomeTown Bankshares Corporation (NASDAQ: HMTA - "HomeTown"), headquartered in Roanoke, Va., today announced the signing of an agreement that calls for HomeTown to merge with American National in a transaction valued at approximately \$95.6 million. The combination deepens American National's footprint in the Roanoke MSA and creates a presence in the New River Valley with an office in Christiansburg, Va. Upon completion of the merger and with two office consolidations, American National will have 8 offices in the combined Roanoke/New River Valley markets with total deposits of over \$700 million. Based on financial results as of June 30, 2018, the combined company will have approximately \$2.4 billion in assets, \$1.8 billion in loans, and \$2.0 billion in deposits across Virginia and North Carolina.

Under the terms of the agreement, HomeTown shareholders will receive 0.4150 shares of American National common stock for each share of HomeTown common stock. As of the close of business on October 1, 2018, the per share acquisition price equaled approximately \$16.23, or approximately 182% of HomeTown's June 30, 2018 book value per share. The exchange ratio is fixed and the per share acquisition price will fluctuate with the market value of American National common stock. Following the completion of the merger, American National will remain well-capitalized and the company expects the transaction will be accretive to earnings per share.

Subject to customary closing conditions, including regulatory and shareholder approvals, the merger is expected to close in the first quarter of 2019. Following completion of the merger, HomeTown's subsidiary bank, HomeTown Bank, will be merged into American National's subsidiary bank, American National Bank and Trust Company ("American National Bank").

After the merger, Roanoke will serve as the combined bank's Virginia banking headquarters as well as the center for its Corporate Credit Function. As the geographic hub of the company's North Carolina banking footprint, Greensboro will serve as the North Carolina banking headquarters, while Danville will serve as the corporate headquarters for American National and American National Bank.

Susan K. Still, President and CEO of HomeTown, said, "American National's culture, corporate character and commitment to the community are a natural fit for HomeTown Bank's employees, shareholders and customers. We are excited about this partnership and the opportunity it presents to leverage the strengths of each community bank for the customers and communities we serve."

### Financial Highlights

(Dollars in thousands)

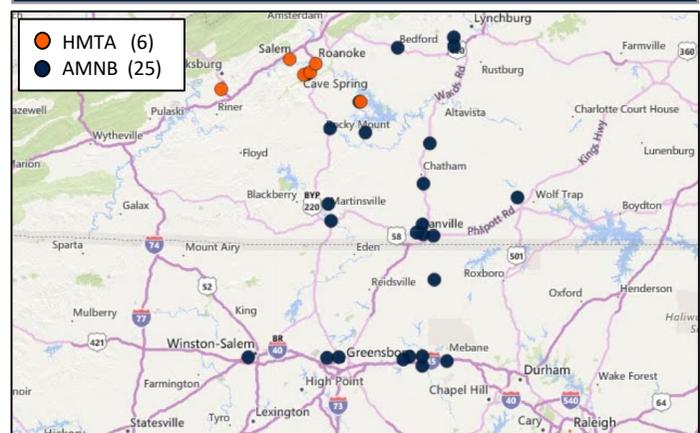
	AMNB	HMTA
Total Assets	\$1,824,531	\$558,108
Total Net Loans	\$1,328,167	\$457,815
Total Deposits	\$1,560,746	\$481,085
Total Equity	\$213,348	\$52,077
TCE / TA	9.46%	9.27%

<sup>1)</sup> Includes majority and minority transactions; Excludes terminated transactions and self-advisory roles

Note: Financial data as of June 30, 2018

Source: S&P Global Market Intelligence, Company documents

### Pro Forma Branch Map



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