

Corporate Profile

Auburn National Bancorporation, Inc., is a one-bank holding company established in 1984, and incorporated under the laws of the State of Delaware. Its total assets were \$776 million as of December 31, 2011. Since its inception, Auburn National Bancorporation has wholly owned AuburnBank.

Last year marked a milestone in the history of the bank as our Chairman of the Board, E. L. Spencer, Jr., was inducted into the Alabama Business Hall of Fame. Much of the bank's success, through prosperity and adversity, is the direct result of Mr. Spencer's leadership. Top achievers remain at the top through their example and performance. In particular, we have been fortunate to have a leader like Mr. Spencer and our Board of Directors to guide us through several years of an economic downturn.

Throughout 2011, AuburnBank continued to emphasize sound banking practices to mark a year of solid financial performance. Although we continued to face a weak but improving housing market and challenging credit conditions, AuburnBank significantly exceeded last year's bottom line and continued to strengthen its reserves. For the sixth consecutive year, AuburnBank was named one of the top 200 community banks in America by *U.S. Banker* magazine, one of many external measures of the bank's strength. Our officers and staff have worked extremely hard to produce these strong results.

AuburnBank's profitability showed a noticeable improvement over the previous year, with \$5.5 million in net earnings compared to \$5.3 million in 2010. Also, we reported \$12.4 million growth in deposits and provided increased dividend payments to shareholders for 15 of the last 16 years. By any measure, AuburnBank is a well-capitalized bank with sound reserves and significant liquidity to meet both short- and long-term cash needs. We continue to observe the highest standards in our underwriting process and will continue our efforts to provide our customers with the highest quality customer service in the communities we serve.

There were a number of challenges we faced during 2011 that will continue to test us in the future. For example, the recently formed Consumer Financial Protection Bureau (CFPB) has not decided how far to extend enforcement for small banks. In addition, we continue to prepare for and respond to regulatory changes (Dodd-Frank) that could have a significant impact on all banks. Other challenges we continue to focus our efforts on include reducing our nonperforming assets, increasing our loans outstanding, maintaining our overall efficiency and providing top quality service.

Highlighting the fourth quarter of 2011 was the launching of a full-service bank in Valley, Alabama. Although we have had a mortgage production office in Valley for a number of years, we felt the time was right to build a full-service bank in the greater Valley area.

Giving back to the communities we serve is part of the bank's original mission. We remain involved in many local charities, special events, education, and opportunities for service, both at a corporate level and among individual employees. Throughout the years, the bank has enjoyed a mutually beneficial relationship among its customers, the University, and the communities we serve. In 2012, we look forward to meeting your financial needs, and we are pleased to be able to serve our customers and shareholders from a position of financial strength.

AuburnBank provides a wide range of services, including traditional checking and savings accounts, loans, and internet banking. These services are available to individuals, families, and businesses, and are offered at our many convenient locations.

In addition to its principal office, AuburnBank operates full-service branches in Opelika, Valley, Hurtsboro, and Notasulga, Alabama, as well as the Bent Creek branch in Auburn. In-store branches are located in Auburn and Tiger Town Kroger supermarkets as well as Wal-Mart SuperCenter stores in Auburn, Opelika, and Phenix City, Alabama. Loan production offices are also located in Phenix City and Montgomery, Alabama. An extensive network of automated teller machines is operated throughout East Alabama. Also, AuburnBank offers full financial consulting through a partnership with Bert Harris and Investment Professionals, Inc. (IPI), specializing in retirement planning, college saving and estate planning.

To all of our current customers we would like to say thank you for your continued support and to those prospective customers we would like to invite you to give us a try.

AuburnBank has been operating continuously since 1907 when it was established as the first financial institution in Auburn, Alabama. Auburn National Bancorporation's initial public offering was held in 1995. The common stock is traded on the NASDAQ Global Market under the symbol "AUBN."



Robert W. Dumas
President and CEO
AuburnBank