



# 1ST QUARTER

2016  
**QUARTERLY  
 REPORT TO  
 SHAREHOLDERS**

## COMPANY STOCK **ATLO**

NASDAQ Capital Market

March 31, 2016 Closing Price: **\$24.76**  
 First Quarter Price Range: **\$22.54 - \$25.20**  
 Declared Quarterly Cash Dividend: **\$0.21**  
 (Payable on May 15, 2016)

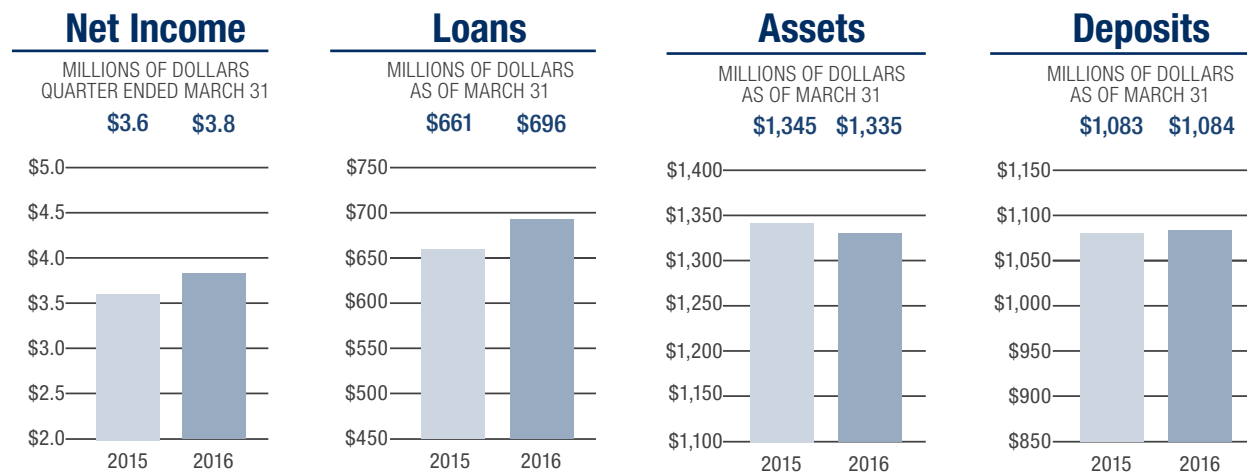
## First Quarter Financial Highlights

- Net income for Ames National Corporation totaled \$3,807,000 or \$0.41 per share, compared to \$3,635,000 or \$0.39 per share earned during the first quarter of 2015. The higher earnings are primarily the result of higher loan interest income, higher net securities gains and lower other real estate owned expenses. Net loans were \$35 million higher as of March 31, 2016 compared to a year earlier.
- Net interest income totaled \$9,836,000, an increase of \$390,000, or 4%, compared to the same quarter a year ago, due primarily to growth in the real estate loan portfolio.
- Noninterest income for the first quarter of 2016 totaled \$2,099,000 as compared to \$1,766,000 for the same period in 2015. The increase in noninterest income is primarily due to an increase in realized securities gains of \$197,000 and higher wealth management income of \$99,000 compared to the prior year's quarter.
- Ames National Corporation ranked 133 among the top 200 publicly traded banks with less than \$2 billion in assets in the May edition of the *American Banker* Magazine. 684 institutions fit the criteria for the ranking.

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## AT A GLANCE... FINANCIAL HIGHLIGHTS

	Three Months Ended March 31,	
	2015	2016
Net Income	\$3,635,000	\$3,807,000
Earnings Per Share – Basic	\$0.39	\$0.41
Dividends Per Share	\$0.20	\$0.21
Return on Average Assets (ROA)	1.10%	1.16%
Return on Average Equity (ROE)	9.25%	9.28%
Efficiency Ratio	54.76%	53.91%
Net Interest Margin (FTE)	3.27%	3.36%
Equity Capital Ratio	11.80%	12.40%

## Consolidated Balance Sheets

(unaudited)	March 31, 2016	March 31, 2015
<b>ASSETS</b>		
Cash and due from banks	\$ 21,620,875	\$ 24,944,438
Interest bearing deposits in financial institutions	59,739,010	62,209,248
Securities available-for-sale	523,272,746	554,649,829
Loans receivable, net	695,627,262	660,790,412
Loans held for sale	443,571	352,200
Bank premises and equipment, net	16,768,218	15,798,836
Accrued income receivable	7,381,129	7,518,141
Other real estate owned	1,124,384	7,365,534
Deferred income taxes	-	1,364,975
Core deposit intangible, net	1,213,483	1,616,608
Goodwill	6,732,216	6,732,216
Other assets	975,895	1,388,911
<b>Total assets</b>	<b>\$ 1,334,898,789</b>	<b>\$ 1,344,731,348</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>LIABILITIES</b>		
Deposits		
Demand, noninterest bearing	\$ 193,177,754	\$ 191,229,947
NOW accounts	304,055,155	308,945,497
Savings and money market	369,326,455	348,930,524
Time, \$250,000 and over	38,715,001	33,398,309
Other time	178,579,704	200,285,917
<b>Total deposits</b>	<b>1,083,854,069</b>	<b>1,082,790,194</b>
Securities sold under agreements to repurchase	50,379,586	58,801,317
FHLB advances and other borrowings	28,500,000	37,394,121
Deferred income taxes	139,019	-
Dividend payable	1,955,292	1,862,183
Accrued expenses and other liabilities	4,598,993	5,237,675
<b>Total liabilities</b>	<b>1,169,426,959</b>	<b>1,186,085,490</b>
<b>STOCKHOLDERS' EQUITY</b>		
Common stock, \$2 par value, authorized 18,000,000 shares; issued and outstanding 9,310,913 shares as of March 31, 2016 and 2015	18,621,826	18,621,826
Additional paid-in capital	20,878,728	20,878,728
Retained earnings	120,119,566	112,474,593
Accumulated other comprehensive income-net unrealized income on securities available-for-sale	5,851,710	6,670,711
<b>Total stockholders' equity</b>	<b>165,471,830</b>	<b>158,645,858</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 1,334,898,789</b>	<b>\$ 1,344,731,348</b>

## Consolidated Statements of Income

(unaudited)	Three Months Ended March 31,	
	2016	2015
<b>INTEREST INCOME:</b>		
Loans	\$7,857,970	\$7,399,690
Securities		
Taxable	1,495,310	1,566,398
Tax-exempt	1,400,031	1,486,360
Interest bearing deposits and federal funds sold	95,703	93,378
<b>Total interest income</b>	<b>10,849,014</b>	<b>10,545,826</b>
<b>INTEREST EXPENSE:</b>		
Deposits	750,121	762,396
Other borrowed funds	263,370	338,163
<b>Total interest expense</b>	<b>1,013,491</b>	<b>1,100,559</b>
<b>Net interest income</b>	<b>9,835,523</b>	<b>9,445,267</b>
Provision for loan losses	192,014	77,300
<b>Net interest income after provision for loan losses</b>	<b>9,643,509</b>	<b>9,367,967</b>
<b>NONINTEREST INCOME:</b>		
Wealth management income	787,108	687,910
Service fees	397,091	394,559
Securities gains, net	201,693	4,949
Gain on sale of loans held for sale	176,757	213,986
Merchant and card fees	344,073	314,594
Other noninterest income	192,750	150,221
<b>Total noninterest income</b>	<b>2,099,472</b>	<b>1,766,219</b>
<b>NONINTEREST EXPENSE:</b>		
Salaries and employee benefits	4,051,784	3,724,934
Data processing	761,132	664,535
Occupancy expenses, net	603,437	526,087
FDIC insurance assessments	163,988	182,996
Professional fees	267,916	292,438
Business development	235,160	232,844
Other real estate owned (income) expense, net	(19,616)	148,063
Core deposit intangible amortization	95,248	113,623
Other operating expenses, net	275,675	253,337
<b>Total noninterest expense</b>	<b>6,434,724</b>	<b>6,138,857</b>
<b>Income before income taxes</b>	<b>5,308,257</b>	<b>4,995,329</b>
<b>PROVISION FOR INCOME TAX</b>	<b>1,501,166</b>	<b>1,360,400</b>
<b>NET INCOME</b>	<b>\$ 3,807,091</b>	<b>\$ 3,634,929</b>
Basic and diluted earnings per share	\$ 0.41	\$ 0.39
Declared dividends per share	\$ 0.21	\$ 0.20

## Mission

**Ames National Corporation is a result-oriented financial services holding company providing leadership, counsel and support to its community affiliate banks and superior performance for its shareholders.**

## Core Values

### Excellence:

Striving to exceed expectations

### Integrity:

Demonstrating high moral and ethical conduct

### Leadership:

Creating and developing opportunities that benefit our employees, customers, communities and shareholders

### Stability:

Maintaining financial strength and a dedicated staff to successfully serve the current and future needs of our employees, customers, communities, and shareholders

### Trust:

Acting in the best interest of our employees, customers, and shareholders

### Community:

Dedicated to serving our communities through local decision making, community involvement and active boards of directors

## Company Directors

### DOUGLAS C. GUSTAFSON, DVM

Chairman of the Board | Retired Veterinarian

### THOMAS H. POHLMAN

President & CEO, Ames National Corporation

### DAVID W. BENSON

Attorney, Nyemaster Goode, P.C.

### LISA M. ESLINGER

Senior Vice President, Finance & Operations,  
Iowa State University Foundation

### STEVEN D. FORTH

Farmer

### BETTY A. BAUDLER HORRAS

President, Baudler Enterprises, Inc.

### JAMES R. LARSON, II

President, Larson Development Corporation

### JOHN P. NELSON

Chief Financial Officer, Ames National Corporation

### RICHARD O. PARKER

Attorney, Parker Law Firm

### KEVIN L. SWARTZ

Chief Executive Officer, Wolfe Clinic PC

## Affiliate Banks



UNITED BANK & TRUST



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