

A background image showing a laptop screen with a data dashboard. The dashboard includes a line graph with three peaks and a table with columns for 'Revenue', 'Profit', and 'Growth'. The text '2022 SUMMARY ANNUAL REPORT' is overlaid in white on a dark blue semi-transparent rectangle.

2022 SUMMARY ANNUAL REPORT

AMES NATIONAL CORPORATION AT A GLANCE

Background

Ames National Corporation (ANC) is an Iowa-based bank holding company. ANC was organized and incorporated on January 21, 1975, under the laws of the State of Iowa to serve as a holding company for its principal banking subsidiary, First National Bank, Ames, Iowa.

In 1983, ANC acquired the stock of State Bank & Trust Co. located in Nevada, Iowa; in 1991, ANC acquired Boone Bank & Trust Co., located in Boone, Iowa; in 1995, ANC acquired the stock of Reliance State Bank located in Story City, Iowa; and in 2002, ANC chartered and commenced operations of United Bank & Trust NA, located in Marshalltown, Iowa. In 2012, Reliance State Bank acquired an office located in Garner, Iowa. In 2014, First National Bank acquired two offices in West Des Moines and two in Osceola, Iowa, in 2018. In 2019, ANC acquired Iowa State Savings Bank headquartered in Creston, Iowa.

Affiliate Bank Structure

Each affiliate bank operates independently with a board of directors and a bank president. Decisions are made locally, which means customers receive quick responses to questions, and services are customized to meet customer needs in each community.

The affiliate banks' lending activities consist primarily of short-term and medium-term commercial, agricultural, and residential real estate loans, agricultural and business operating loans, lines of credit, home improvement loans and the origination of mortgage loans for sale into the secondary market. Affiliate banks also offer a variety of checking, savings, money market, and time deposits accounts; cash management services; wealth management and trust services; merchant credit card processing; and safe deposit box services. Convenient access to funds and account information is also available through: online banking, video banking, mobile banking, online bill pay, mobile wallet, online statements, and debit cards.

Ames National Corporation's Services

ANC provides various services to the affiliate banks, which include: management assistance, payroll, internal auditing, human resources, compliance management, marketing assistance, loan review, technology support, and employee training and development. ANC employees seek to incorporate efficiencies across the affiliate banks' operational functions so the affiliate bank management teams can focus on what they do best... banking and taking care of customers' financial needs.

NOTABLE COMMUNITY GIVING



Creston, Iowa, has been experiencing a major daycare shortage. Daycare is essential to the economic vitality of all communities. To help fill this need, Iowa State Savings Bank (ISSB) donated \$50,000 toward the building of the Greater Connections Childhood Development Center, scheduled to open mid-2023.

ISSB is trustee for the W. D. and Shirley Schafer-Ray Educational Trust. In 2022, the Trust awarded more than \$95,000 to 19 local scholarship recipients. As trustee, ISSB's Trust Department collected, reviewed, and selected the recipients on behalf of the Trust.

MISSION STATEMENT

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



CORE VALUES

Ames National Corporation's foundation is built on these values which guide our actions.

EXCELLENCE • INTEGRITY • LEADERSHIP
STABILITY • TRUST • COMMUNITY

STRATEGIC DIRECTION

The Ames National Corporation's five-year strategic plan is focused on three driving initiatives:

Employee Engagement. Enhance systems and activities to acquire, develop, and retain employees.

Customer Engagement. Develop a customer experience that supports relationship growth and customer acquisition.

Continuous Improvement. Continually improve key processes to increase customer engagement, employee engagement, and shareholder value.



SPECIAL RECOGNITION

Three staff members with Reliance State Bank of Garner, Iowa, were honored by the Iowa Bankers Association (IBA) for 50 years of service in banking. Recipients Gloria Halverson, Barbara Blumer, and

Mary Nedved received their awards during the IBA Annual Convention in September 2022.

"Each year, it's amazing to hear these bankers' stories of dedication to their communities and the many relationships they have formed throughout their 50-plus years of service. We're honored to be able to celebrate their exemplary commitment and experience," said IBA President and CEO John Sorensen. "This event allows us the opportunity to recognize these legendary bankers among their family and friends, and in an environment that sets an example for our younger generation of bankers."

Bill Paulus, Market President for Reliance State Bank in Garner, commended the award winners. "Wow, what an accomplishment. It is a great achievement to provide great customer service in banking for 50 years, but it is even more impressive that you've been serving all those years at the same location. Thank you, Gloria, Barbara, and Mary, for everything you do. We appreciate you."

LETTER TO SHAREHOLDERS

Ames National Corporation (the “Company”) and our affiliate banks continued to deliver on our mission to our customers, employees, and shareholders, and we are pleased to share our 2022 accomplishments.

Financial Results

For the year ended December 31, 2022, net income for the Company totaled \$19.3 million or \$2.14 per share, compared to \$23.9 million or \$2.62 per share earned in 2021. The decrease in earnings for the year is mainly due to higher interest expense on deposits and fewer Paycheck Protection Program (“PPP”) fees recognized into income, offset in part by an increase in interest income on loans and taxable securities. PPP fees for the year ended December 31, 2022, totaled \$218,000 compared to \$4.3 million for the previous year. The higher expense on deposits is due to an increase in market interest rates. In 2022, the Federal Open Market Committee has increased its target for the federal funds interest rate by 4.25%. This increase in interest rates caused a significant unrealized loss on our investment portfolio, which was the main driver for the \$58.7 million decrease in our stockholders’ equity. These unrealized losses on the investment portfolio should recover as the investments mature or sooner if interest rates decline.

Highlights & Accomplishments

Banking is constantly evolving, new technology is continuously being introduced into banking systems, and our banks are implementing improved financial products and services. Here are four examples highlighting the developments within the Company’s affiliate banks in 2022:

- **Relationship Checking.** All of our affiliate banks rolled out three new Relationship Checking products to reward our customers for banking with us...*The way they prefer to bank.*
- **Clover®.** Through a partnership with Clover® our affiliate banks have been able to offer our retail business customers a unified merchant card service and point of sales solutions.
- **Deposit Director Flex.** Our affiliates have fully automated the process of opening checking and savings accounts online, providing convenience for consumers

and freeing up staff to spend time meeting customers’ needs.

- **nCino.** First National Bank launched nCino’s cloud-based bank operating system streamlining retail loan applications. As a result of this new online application process, customers will find it easier and quicker to apply for loans.

Boards of Directors

During 2022, Patrick G. Hagan was elected Chairman of the Company’s Board of Directors. Hagan has served as Director of the Company since 2017. He retired in 2019 as Senior Vice President and Treasurer of Fareway Stores, Inc., a large privately owned grocery store chain headquartered in Iowa. Prior to joining Fareway, he was Executive Vice President and Director of Citizens National Bank in Boone, Iowa, for five years. Mr. Hagan has also served on Boone Bank & Trust Co.’s Board of Directors since 2015.

Thomas H. Pohlman will be retiring from the Company’s and First National Bank’s Board of Directors when his present board terms expire in April of 2023. He has served as a Director of the Company since 2007, and as President and Chief Executive Officer of the Company from 2007 to June 2018. From 2000 to 2008, Pohlman served as President of First National Bank. We extend our sincere thanks to Tom for his dedication and service to our Company and affiliate banks.

In December 2022, Dr. Mike Roof was named to First National Bank’s Board of Directors. Mike serves as the Chief Technology Officer for the Vaccines and Immunotherapeutic research and innovation platform, which supports the State of Iowa’s biosciences-based economic growth initiative for technology transfer and commercialization in the vaccine and immunotherapeutic area.

Also being named to First National Bank’s Board of Directors in December of 2022 was Everett Miles. Everett serves as Vice President, Capital Markets at the Principal Financial Group®, and has an extensive domestic and international background in long-term capital planning, acquisition, and strategy.

We also want to thank Neil Fell who serves on Reliance State Bank's Board of Directors for his service. Neil will be retiring from the Reliance Board in April 2023 and served the Company as the Market President of Reliance from 2012 to 2017. He has been an instrumental part of the success of adding the Garner market to Reliance State Bank. We appreciate Neil's efforts and all of our Company and affiliate bank Board members for lending their expertise to further our mission, and for providing us with valuable insights into the communities we serve.

Banking Economic Outlook

One of the biggest questions we have as bankers as we look at 2023 is "How high will the Federal Reserve raise interest rates to bring the rate of inflation down to a satisfactory level?," said President & CEO John P. Nelson. Presently, the economic forecast we utilize to estimate future Federal Funds interest rates for 2023 indicates the rate will peak at 4.9% in June 2023. The latest Consumer Price Index All Urban Consumer (CPI) was up 6.5% during 2022. As short-term interest rate levels become more aligned with inflation rates, we are hopeful interest rates will not be as volatile in 2023 as they were in 2022.

The run-up in interest rates in 2022 is likely going to impact our 2023 earnings results; we are forecasting interest expense to increase faster than interest income, as deposit rates move higher more quickly than rates on loans and investments.

Despite higher interest rates, we were able to grow loans to a record \$1.2 billion, a 7% annual increase. In addition, loan quality indicators remain favorable for the Company. Fourth quarter Gross Domestic Product (GDP) came in at an improved 2.9% in the fourth quarter of 2022, which was a healthy improvement from the negative quarterly results posted earlier in 2022.

In Summary

The Company and our industry had to navigate a challenging economic environment in 2022 as we dealt with inflation and interest rates increasing at their fastest pace in last 40 years. We feel fortunate that in spite of these challenges we were able to meet our budgeted earnings goal.

In 2023, the Company Board and senior management will engage in a strategic planning retreat to reassess our strategic initiatives. Our current plan was centered on customer engagement, employee engagement, and continuous improvement initiatives. This plan proved to be very successful and since the start of 2019, total assets were up 46%, loans grew 38%, and deposits increased 55%, which contributed to record earnings of nearly \$19 million for the year ended 2020 and another record earning year of \$24 million for 2021. We are looking forward to bringing our leaders together to think strategically about the best ways to serve our customers, employees, and shareholders in the quickly changing financial services industry.

We thank all of our stakeholders for supporting our Company and we look forward to seeing you at the annual meeting on April 26, 2023.

Annual Meeting

We look forward to providing you additional financial highlights at our Annual Meeting of Shareholders which will be held on April 26, 2023, at 4:30 p.m. More details are available on page 15 of this report.



Patrick G. Hagan

Patrick G. Hagan
Chairman of the Board



John P. Nelson

John P. Nelson
President & CEO

FINANCIAL HIGHLIGHTS

As of and for the year ended December 31, 2022



Net Income
\$19.3 Million



Assets
\$2.1 Billion



**Dividends Declared
Per Share**
\$1.08



**Return on
Average Assets**
0.90%



**Return on
Average Equity**
11.43%



**ATLO Closing
Price**
\$23.61

Per Common Share

Year Ended 2022

Cash Dividends Declared	\$1.08
Dividend Payout*	50%
Dividend Yield**	4.57%

Loan Quality

(as % of gross loans)

Years Ended	2022	2021
Allowance	1.26%	1.43%
Net Charge-Offs	0.00%	-0.01%
Non-Performing	1.19%	1.11%

Market Price Per Share

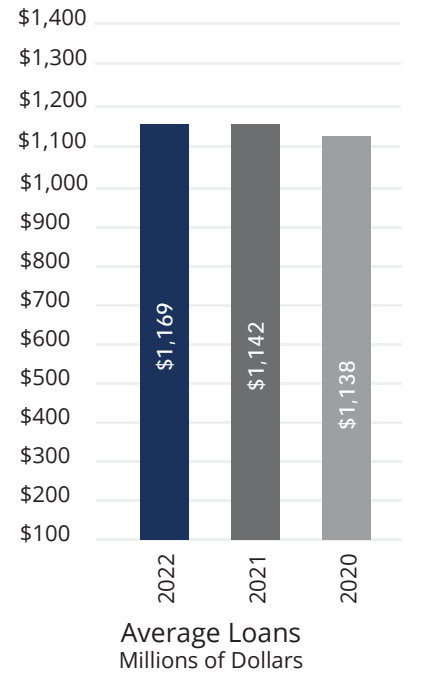
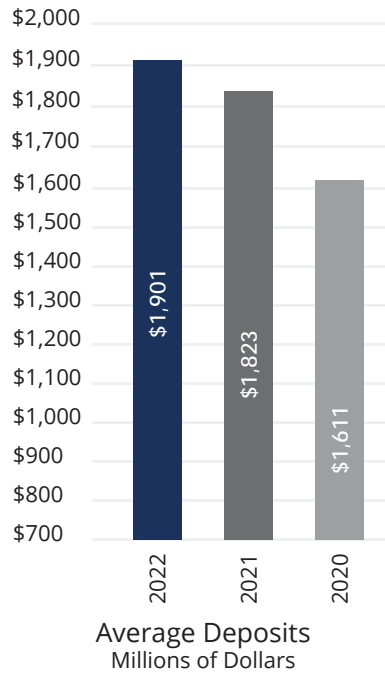
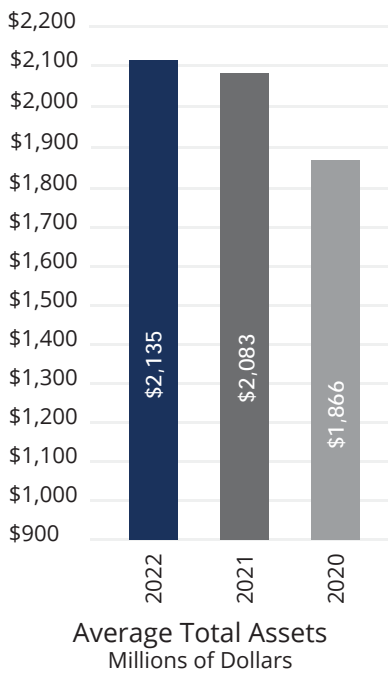
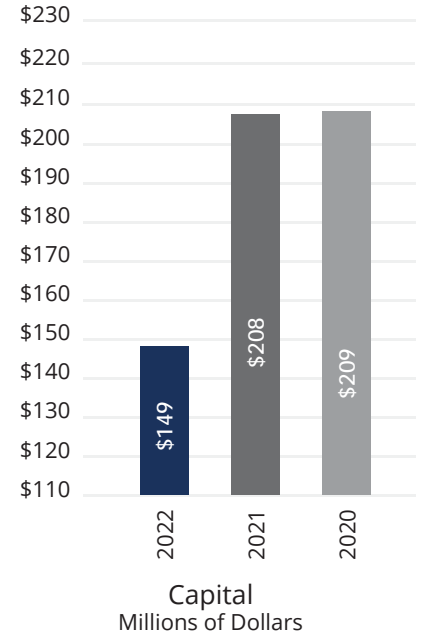
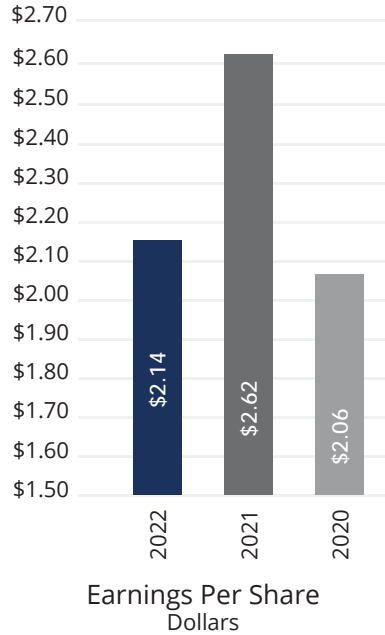
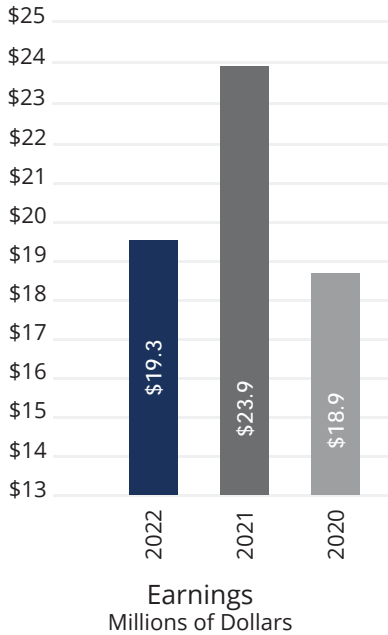
Years Ended	2022	2021
Closing	\$23.61	\$24.49
High	\$25.55	\$27.90
Low	\$20.16	\$22.04

* Cash dividends declared divided by net income

** Based upon latest quarterly dividend of \$0.27 and year-end ALTO closing price

PERFORMANCE RECORD

THREE-YEAR FINANCIAL HIGHLIGHTS



AFFILIATE BANKS

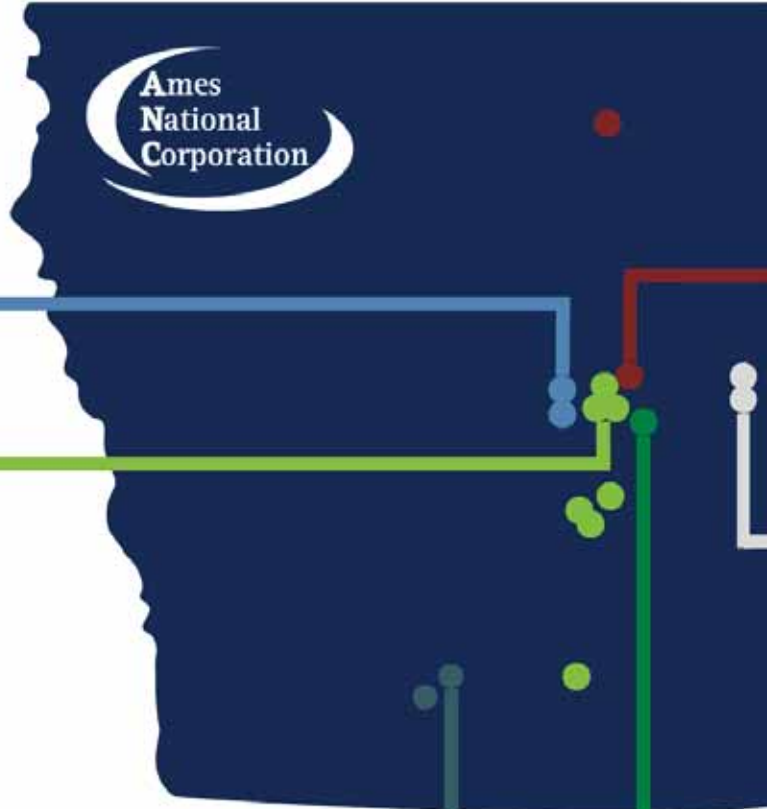
AFFILIATE BANKS



Contact: (515) 432-6200
BooneBankIowa.com
Charter: State
Organized: 1883
Offices: Two locations in Boone, Iowa
Employees: 20
Capital: \$7.6 Million
Assets: \$158 Million
2022 Net Income: \$1.3 Million



Contact: (515) 232-5561
FNB247.com
Charter: National
Organized: 1903
Offices: Eight locations in Ames, Ankeny, Osceola, and West Des Moines, Iowa
Employees: 122
Capital: \$77 Million
Assets: \$1.12 Billion
2022 Net Income: \$10.4 Million



Contact: (641) 782-1000
ISSBbank.com
Charter: State
Organized: 1883
Offices: Three locations in Creston and Lenox, Iowa
Employees: 33
Capital: \$21.4 Million
Assets: \$258 Million
2022 Net Income: \$2.3 Million

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Contact: (515) 733-4396
RSBiowa.com
Charter: State
Organized: 1928
Offices: Two locations in Story City and Garner, Iowa
Employees: 34
Capital: \$21.3 Million
Assets: \$303 Million
2022 Net Income: \$2.4 Million



UNITED BANK & TRUST

Contact: (641) 753-5900
BankUBT.com
Charter: State
Organized: 2002
Offices: Two locations in Marshalltown, Iowa
Employees: 18
Capital: \$8.8 Million
Assets: \$130 Million
2022 Net Income: \$1.2 Million



Contact: (515) 382-2191
BankSBT.com
Charter: State
Organized: 1939
Offices: One location in Nevada, Iowa
Employees: 20
Capital: \$12.9 Million
Assets: \$216 Million
2022 Net Income: \$2.6 Million

CONSOLIDATED BALANCE SHEETS

(in thousands, except share and per share data)

Unaudited

	December 31, 2022	December 31, 2021
ASSETS		
Cash and due from banks	\$ 20,819	\$ 19,590
Interest-bearing deposits in financial institutions and federal funds sold	7,065	69,539
Total cash and cash equivalents	<u>27,884</u>	<u>89,129</u>
Interest-bearing time deposits	14,669	16,922
Securities available-for-sale	786,438	831,003
Federal Home Loan Bank (FHLB) and Federal Reserve Bank (FRB) stock, at cost	4,613	3,422
Loans receivable, net	1,226,011	1,144,108
Loans held for sale	154	-
Bank premises and equipment, net	18,895	17,512
Accrued income receivable	11,275	10,124
Bank-owned life insurance	3,054	2,985
Deferred income taxes, net	22,130	1,922
Other intangible assets, net	1,931	2,505
Goodwill	12,424	12,424
Other assets	5,448	4,985
Total assets	<u><u>\$ 2,134,926</u></u>	<u><u>\$ 2,137,041</u></u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES		
Deposits		
Non-interest bearing checking	\$ 391,576	\$ 411,585
Interest bearing checking	617,379	575,997
Savings and money market	675,031	674,975
Time, \$250 and over	42,886	40,793
Other time	171,085	174,699
Total deposits	<u>1,897,957</u>	<u>1,878,019</u>
Securities sold under agreements to repurchase	40,676	39,851
FHLB advances and other borrowings	39,120	3,000
Dividends payable	2,428	2,364
Accrued expenses and other liabilities	5,647	6,029
Total liabilities	<u>1,985,828</u>	<u>1,929,263</u>
STOCKHOLDERS' EQUITY		
Common stock, \$2 par value, authorized 18,000,000 shares; issued and outstanding 8,992,167 and 9,092,167 shares as of December 31, 2022 and 2021, respectively	17,984	18,184
Additional paid-in capital	14,253	16,353
Retained earnings	179,931	170,377
Accumulated other comprehensive income (loss)	(63,070)	2,864
Total stockholders' equity	<u>149,098</u>	<u>207,778</u>
Total liabilities and stockholders' equity	<u><u>\$ 2,134,926</u></u>	<u><u>\$ 2,137,041</u></u>

CONSOLIDATED STATEMENTS OF INCOME

(in thousands, except share and per share data)

Unaudited

Years Ended December 31

INTEREST AND DIVIDEND INCOME

Loans, including fees	
Securities	
Taxable	
Tax-exempt	
Other interest and dividend income	
Total interest and dividend income	

INTEREST EXPENSE

Deposits	
Other borrowed funds	
Total interest expense	
Net interest income	
Provision (credit) for loan losses	
Net interest income after provision (credit) for loan losses	

NONINTEREST INCOME

Wealth management income	
Service fees	
Securities gains, net	
Gain on sale of loans held for sale	
Merchant and card fees	
Other noninterest income	
Total noninterest income	

NONINTEREST EXPENSE

Salaries and employee benefits	
Data processing	
Occupancy expenses, net	
FDIC insurance assessments	
Professional fees	
Business development	
Intangible asset amortization	
New Market Tax Credit projects amortization	
Other operating expenses, net	
Total noninterest expense	
Income before income taxes	

Provision for income taxes

Net Income

Basic and diluted earnings per share

Declared dividends per share

	2022	2021
	\$	\$
	45,956	47,829
	12,101	8,861
	2,595	3,095
	901	697
	<u>61,553</u>	<u>60,482</u>
	7,316	4,342
	993	143
	<u>8,309</u>	<u>4,485</u>
	53,244	55,997
	(874)	(757)
	<u>54,118</u>	<u>56,754</u>
	4,938	4,448
	1,351	1,474
	37	24
	606	1,673
	1,817	2,019
	938	899
	<u>9,687</u>	<u>10,537</u>
	22,909	22,281
	6,153	5,549
	2,945	2,664
	608	578
	1,888	1,663
	1,427	1,465
	574	628
	755	639
	1,385	1,151
	<u>38,644</u>	<u>36,618</u>
	25,161	30,673
	5,868	6,760
	<u>\$ 19,293</u>	<u>\$ 23,913</u>
	\$	\$
	2.14	2.62
	\$	\$
	1.08	1.29

FIRST NATIONAL BANK

Scott T. Bauer

President
First National Bank

**Community Focused | Innovative
Responsive | Secure | Trustworthy**

We place tremendous significance in these five phrases that define the values of First National Bank. We take great pride in our virtues, which have earned us a reputation as a bank that goes above and beyond for our customers, delivering *What Banking Should Be...* in a way that is meaningful for each customer.

Our goal is to contribute just a little bit more than is expected to each of our relationships; this simple formula continues to allow us to be successful.

We started in 1903 as Ames Savings Bank, located solely in Ames. Then we became Ames National Bank in 1913. In 1967, the name was changed to First National Bank under a national charter.

In 1971, First National Bank opened its doors at its present Main Branch location at 405 5th Street in Ames, Iowa. Since then, the bank has flourished, with locations in Ames, Ankeny, West Des Moines, and Osceola.

And, while we've made considerable technological advancements over the years, we're still a community bank, providing superior commercial and retail services for our customers.

You can find our branches on main street, as well as in urban areas, but always supporting the financial wellness of our customers, businesses, agricultural partners, and the communities we call home.

Our employees are your friends and neighbors, working together to support each other and our local economies.



Valley Junction Branch

First National Bank's new Valley Junction branch, which replaced a sorely outdated bank location, opened its doors in July 2022. Designers of the building took inspiration from the mid-century modern style of several surrounding buildings in this thriving commercial district. The combination of a rising metropolitan population, an attractive, walkable historic commercial district, a strong economic environment, and a flourishing tourist hub, makes Valley Junction one of the most desirable markets in the metro.

Our fiscal responsibility and strength, local decision-making, hometown involvement, and community giving are what sets our community bank apart from the rest.

We are committed to meeting the changing needs of our customers and provide exceptional customer service. And we will continue to have a vested interest in the overall prosperity of the communities we serve.

Our mission is to help our customers achieve economic success and financial security, thereby making the communities we serve better places to live, work, and raise a family.

We will continue to focus on maintaining our financial strength. Strong capital and expense controls will enable us to continue to take advantage of opportunities in the markets we serve.

3 Areas of Support



Financial Literacy



Community & Economic Development



Health & Human Services

272 Employees Served ...



225
organizations

18
Locations

9,971

11
Communities



volunteer
hours

DAN JOHNSON STATE BANK & TRUST CO.



Dan Johnson

State Bank & Trust Co. President Steve McGill retired January 13, 2023.

State Bank & Trust Co.'s Executive Vice President and Director Dan Johnson assumed the role as President January 16, 2023.

Johnson started with State Bank & Trust Co. in July 2011, where he has managed the bank's loan department, with primary duties focused on large agricultural and commercial lines, participations, and bank-wide regulatory compliance.

Johnson is a graduate with honors of the Graduate School of Banking at the University of Colorado in Boulder Colorado.

He also holds a bachelor's degree in Ag Business from Iowa State University.

Johnson is a current instructor at the Iowa Bankers Association's Commercial Lending School and Consumer Lending School, and is a former advisory board member.

BOARD OF DIRECTORS



Jeffrey C. Baker

Retired partner from RSM US LLP

Betty A. Baudler Horras

President, Baudler Enterprises, Inc.

David W. Benson

Retired attorney from Nyemaster Goode, P.C.

Michelle R. Cassabaum

Chief Operating & Financial Officer, 21st Century Rehab P.C.

Lisa M. Eslinger

Retired Chief Financial and Administrative Officer for the Iowa State University Foundation

Steven D. Forth

Farm Owner and Operator

Patrick G. Hagan

Chairman of the Board
Retired Senior Vice President of Fareway Stores, Inc.

James R. Larson II

President, Larson Development Corporation

John P. Nelson

President & CEO

John L. Pierschbacher

Chief Financial Officer

Thomas H. Pohlman

Former Chairman of the Board and retired President of Ames National Corporation

Kevin L. Swartz

Retired Chief Executive Officer, Wolfe Clinic PC

AMES NATIONAL TEAM

John P. Nelson
President & CEO

John L. Pierschbacher
Chief Financial Officer

Michael A. Wilson
Executive Vice President, Innovation & Corporate Services

Timothy J. Lupardus
Senior Vice President, Chief Information Officer

Joel L. Regenwether
Senior Vice President, Operations Project Manager

Dena M. Gray-Fisher
Vice President & Marketing Director

Matthew R. Hackbart
Vice President, Information Technology

Jennifer J. Hanson
Vice President & Human Resources Director

Joel P. Jacobsen
Vice President & Risk Management Officer

Tracy W. Laws
Vice President & Internal Auditor

David A. Troe
Vice President & Valuation Officer

Justin C. Clausen
Controller

Paul M. Crowe
Information Technology Systems Admin I

Dan J. Giesinger
Microsoft 365 Administrator

Lori J. Hill
Valuation Services Coordinator & Administrative Officer

Melodee L. Kelley
Payroll Officer

Doug S.H. Kinsey
Information Technology Systems Admin II

Tyler D. Nablo
Information Technology Support Analyst II

Marie Roberts
Accounting Specialist

Erica Weeks-Burger
Training & Development Manager

12/31/2022

SHAREHOLDER INFORMATION

Annual Meeting

The Board of Directors of Ames National Corporation has established Wednesday, April 26, 2023, at 4:30 p.m. as the date of its Annual Meeting of Shareholders.

The in-person meeting will be held at Reiman Gardens, 1407 University Blvd, Ames, Iowa 50011.

Shareholders are encouraged to attend the Annual Meeting in person or virtually through a live broadcast.

To participate virtually, visit Ames National Corporation's website at: amesnational.com to find information on how to access and view the broadcast, as well as participate in the Question and Answer segment. Shareholders are encouraged to vote their shares in advance by proxy after the proxy materials have been mailed, as online voting will not be available through the broadcast.

Professional Experts

External Auditor

CliftonLarsonAllen LLP, West Des Moines, IA

Counsel

Nyemaster Goode, P.C., Des Moines, IA

Market Makers and Brokers

Ames National Corporation's common stock is listed on the NASDAQ Capital Market under the symbol "ATLO." To purchase stock, contact a Market Maker or Broker.

- First Point Wealth Management, First National Bank, 405 5th Street, Ames, IA 50010 (515) 715-1942
- D.A. Davidson | (800) 642-5082
- Raymond James Financial Inc. | (800) 248-8863

Stock Transfer Agent

Continental Stock Transfer & Trust
1 State Street, 30th Floor
New York, NY 10004
(212) 509-4000
continentalstock.com

Form 10-K and Other Information

A copy of the Company's Annual Report to the Securities and Exchange Commission on Form 10-K will be available on the Securities and Exchange Commission's website at <http://www.sec.gov> and through a link on the Company's website at amesnational.com, at Financial Information, SEC Filings on or about March 10, 2023.

Additional information is also available by contacting John L. Pierschbacher, CFO at 515-232-6251 or info@amesnational.com.

Ames National Corporation

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