

**AMES NATIONAL CORPORATION AND SUBSIDIARIES**

**Consolidated Balance Sheets**

**June 30, 2018 and 2017**

*(unaudited)*

<b>ASSETS</b>	<b>2018</b>	<b>2017</b>
Cash and due from banks	\$ 20,554,902	\$ 19,573,969
Interest bearing deposits in financial institutions	41,831,023	28,126,299
Securities available-for-sale	478,733,417	515,886,446
Federal Home Loan Bank and Federal Reserve Bank stock, at cost	2,561,200	3,027,800
Loans receivable, net	780,259,704	768,208,213
Loans held for sale	1,480,648	543,683
Bank premises and equipment, net	15,203,655	15,845,997
Accrued income receivable	7,755,177	7,413,393
Other real estate owned	385,509	425,359
Deferred income taxes, net	4,135,552	1,713,812
Other intangible assets, net	934,968	1,212,470
Goodwill	6,732,216	6,732,216
Other assets	1,486,743	915,960
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<b>Total assets</b>	<b>\$ 1,362,054,714</b>	<b>\$ 1,369,625,617</b>
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<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>LIABILITIES</b>		
Deposits		
Demand, noninterest bearing	\$ 218,222,877	\$ 202,864,782
NOW accounts	338,858,159	332,846,478
Savings and money market	400,566,104	393,254,840
Time, \$250,000 and over	39,727,075	37,291,573
Other time	154,440,954	160,513,103
<b>Total deposits</b>	<hr/>	<hr/>
	1,151,815,169	1,126,770,776
Securities sold under agreements to repurchase	34,107,530	38,683,268
Federal Home Loan Bank (FHLB) advances and other borrowings	2,000,000	26,500,000
Dividends payable	2,141,510	2,048,401
Accrued expenses and other liabilities	4,049,475	3,979,793
<b>Total liabilities</b>	<hr/>	<hr/>
	1,194,113,684	1,197,982,238
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<b>STOCKHOLDERS' EQUITY</b>		
Common stock, \$2 par value, authorized 18,000,000 shares; issued and outstanding 9,310,913 shares as of June 30, 2018 and 2017	18,621,826	18,621,826
Additional paid-in capital	20,878,728	20,878,728
Retained earnings	133,510,931	129,167,032
Accumulated other comprehensive income (loss)	(5,070,455)	2,975,793
<b>Total stockholders' equity</b>	<hr/>	<hr/>
	167,941,030	171,643,379
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<b>Total liabilities and stockholders' equity</b>	<b>\$ 1,362,054,714</b>	<b>\$ 1,369,625,617</b>

**AMES NATIONAL CORPORATION AND SUBSIDIARIES**

**Consolidated Statements of Income**  
*(unaudited)*

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Interest income:				
Loans	\$ 8,996,222	\$ 8,499,729	\$ 17,885,077	\$ 16,615,414
Securities				
Taxable	1,590,138	1,566,707	3,146,976	3,079,626
Tax-exempt	1,179,607	1,290,808	2,365,953	2,608,870
Interest bearing deposits and federal funds sold	229,726	113,353	395,045	250,526
Total interest income	<u>11,995,693</u>	<u>11,470,597</u>	<u>23,793,051</u>	<u>22,554,436</u>
Interest expense:				
Deposits	1,633,395	1,113,389	2,995,876	2,034,819
Other borrowed funds	151,463	291,343	399,853	570,744
Total interest expense	<u>1,784,858</u>	<u>1,404,732</u>	<u>3,395,729</u>	<u>2,605,563</u>
Net interest income	10,210,835	10,065,865	20,397,322	19,948,873
Provision for loan losses	63,978	766,769	92,978	1,164,343
Net interest income after provision for loan losses	<u>10,146,857</u>	<u>9,299,096</u>	<u>20,304,344</u>	<u>18,784,530</u>
Noninterest income:				
Wealth Management Income	906,364	734,375	1,657,364	1,433,307
Service fees	334,606	365,753	672,848	724,885
Securities gains, net	-	95,644	-	460,679
Gain on sale of loans held for sale	191,385	226,530	368,585	364,542
Merchant and card fees	366,863	353,479	676,522	668,515
Other noninterest income	191,654	249,367	379,555	453,838
Total noninterest income	<u>1,990,872</u>	<u>2,025,148</u>	<u>3,754,874</u>	<u>4,105,766</u>
Noninterest expense:				
Salaries and employee benefits	4,316,823	3,986,327	8,884,868	8,031,971
Data processing	887,358	850,133	1,668,390	1,673,912
Occupancy expenses, net	459,445	475,556	954,391	1,019,586
FDIC insurance assessments	102,073	111,140	208,068	214,971
Professional fees	354,998	313,528	700,405	611,673
Business development	238,811	222,720	493,359	460,461
Intangible asset amortization	83,919	92,174	171,454	190,976
Other operating expenses, net	269,636	347,836	497,265	672,588
Total noninterest expense	<u>6,713,063</u>	<u>6,399,414</u>	<u>13,578,200</u>	<u>12,876,138</u>
Income before income taxes	5,424,666	4,924,830	10,481,018	10,014,158
Income tax expense	1,107,400	1,452,500	2,127,000	2,931,700
Net income	<u>\$ 4,317,266</u>	<u>\$ 3,472,330</u>	<u>\$ 8,354,018</u>	<u>\$ 7,082,458</u>
Basic and diluted earnings per share	<u>\$ 0.46</u>	<u>\$ 0.37</u>	<u>\$ 0.90</u>	<u>\$ 0.76</u>
Declared dividends per share	<u>\$ 0.23</u>	<u>\$ 0.22</u>	<u>\$ 0.71</u>	<u>\$ 0.44</u>