



# 3RD QUARTER

2017 | QUARTERLY REPORT TO SHAREHOLDERS

COMPANY STOCK  
**ATLO**

NASDAQ Capital Market

September 30, 2017 Closing Price: **\$29.85**

Third Quarter Price Range: **\$26.60 - \$31.15**

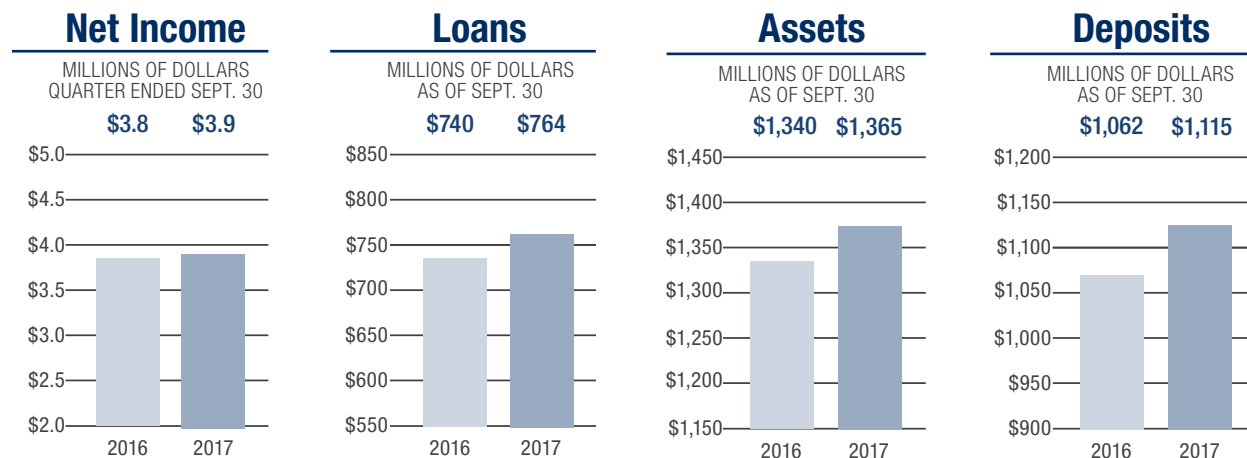
## Third Quarter Financial Highlights

- Net income for the quarter totaled \$3,928,000 or \$0.42 per share, compared to \$3,804,000 or \$0.41 per share earned in 2016. The increase in earnings is primarily due to interest income growth and a result of the higher volume in the loan portfolio.
- Third quarter net interest income totaled \$10,152,000, an increase of \$102,000, or 1.0 percent, compared to the same quarter a year ago.
- Interest expense moved up \$433,000. Deposit interest rates increased in conjunction with general market interest rates, as the Federal Reserve Bank increased short term interest rate targets by 0.50 percent since December 2016.
- Net loans as of September 30, 2017 increased 3 percent, to \$764,229,000, as compared to \$740,322,000 as of September 30, 2016. Although loan volume is higher than a year ago, loan demand since June 30, 2017, has softened as reflected in a decrease in the net loans of \$4.0 million since June 30, 2017.
- Deposits totaled \$1,114,538,000 at quarter-end compared to \$1,061,809,000 recorded at September 30, 2016. All deposit categories had higher average balances except for time deposits.
- On August 9, 2017, the Company declared a quarterly cash dividend on common stock, payable on November 15, 2017 to stockholders of record as of November 1, 2017, equal to \$0.22 per share.

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## AT A GLANCE... FINANCIAL HIGHLIGHTS

	Three Months Ended September 30,		Six Months Ended September 30,	
	2016	2017	2016	2017
Net Income	\$3,804,000	\$3,928,000	\$11,710,000	\$11,011,000
Earnings Per Share – Basic	\$0.41	\$0.42	\$1.26	\$1.18
Dividends Per Share	\$0.21	\$0.22	\$0.63	\$0.66
Return on Average Assets (ROA)	1.15%	1.15%	1.18%	1.07%
Return on Average Equity (ROE)	8.91%	9.08%	9.33%	8.64%
Efficiency Ratio	50.71%	52.42%	51.99%	53.16%
Net Interest Margin (FTE)	3.38%	3.29%	3.37%	3.25%
Equity Capital Ratio	-	-	12.74%	12.70%

## Consolidated Balance Sheets

(unaudited)

	September 30, 2017	September 30, 2016
<b>ASSETS</b>		
Cash and due from banks	\$ 23,087,890	\$ 21,305,138
Interest bearing deposits in financial institutions	35,486,284	25,998,518
Securities available-for-sale	506,610,435	517,579,320
Loans receivable, net	764,228,850	740,321,874
Loans held for sale	279,800	1,188,415
Bank premises and equipment, net	15,595,418	16,342,418
Accrued income receivable	8,423,038	8,370,918
Other real estate owned	385,509	653,684
Deferred income taxes	1,817,543	-
Other intangible assets net	1,133,736	1,035,525
Goodwill	6,732,216	6,732,216
Other assets	1,159,533	815,950
<b>Total assets</b>	<b>\$ 1,364,940,252</b>	<b>\$ 1,340,343,976</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>LIABILITIES</b>		
Deposits		
Demand, noninterest bearing	\$ 202,368,921	\$ 187,835,703
NOW accounts	337,062,117	302,133,497
Savings and money market	380,454,650	366,167,359
Time, \$250,000 and over	36,776,010	35,663,074
Other time	157,876,361	170,009,512
<b>Total deposits</b>	<b>1,114,538,059</b>	<b>1,061,809,145</b>
Securities sold under agreements to repurchase	39,001,050	49,858,395
FHLB advances and other borrowings	32,000,000	51,000,000
Deferred income taxes	-	1,039,151
Dividend payable	2,048,401	1,955,292
Accrued expenses and other liabilities	4,023,858	3,945,268
<b>Total liabilities</b>	<b>1,191,611,368</b>	<b>1,169,607,251</b>
<b>STOCKHOLDERS' EQUITY</b>		
Common stock, \$2 par value, authorized 18,000,000 shares; issued and outstanding 9,310,913 shares as of September 30, 2017 and 2016	18,621,826	18,621,826
Additional paid-in capital	20,878,728	20,878,728
Retained earnings	131,047,038	124,112,244
Accumulated other comprehensive income	2,781,292	7,123,927
<b>Total stockholders' equity</b>	<b>173,328,884</b>	<b>170,736,725</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 1,364,940,252</b>	<b>\$ 1,340,343,976</b>

## Consolidated Statements of Income

(unaudited)

	Nine Months Ended September 30,	
	2017	2016
<b>INTEREST INCOME:</b>		
Loans	\$8,729,702	\$8,236,401
Securities		
Taxable	1,557,872	1,425,366
Tax-exempt	1,210,510	1,329,071
Interest bearing deposits and federal funds sold	114,820	86,869
<b>Total interest income</b>	<b>11,612,904</b>	<b>11,077,707</b>
<b>INTEREST EXPENSE:</b>		
Deposits	1,169,292	753,642
Other borrowed funds	292,054	274,297
<b>Total interest expense</b>	<b>1,461,350</b>	<b>1,027,939</b>
<b>Net interest income</b>	<b>10,151,554</b>	<b>10,049,768</b>
Provision for loan losses	57,277	234,703
<b>Net interest income after provision for loan losses</b>	<b>10,094,277</b>	<b>9,815,065</b>
<b>NONINTEREST INCOME:</b>		
Wealth management income	747,634	684,908
Service fees	401,237	429,711
Securities gains, net	37,881	64,917
Gain on sale of loans held for sale	179,553	339,501
Merchant and card fees	348,847	350,488
Other noninterest income	144,953	137,153
<b>Total noninterest income</b>	<b>1,860,105</b>	<b>2,003,678</b>
<b>NONINTEREST EXPENSE:</b>		
Salaries and employee benefits	4,026,932	3,977,495
Data processing	807,419	824,429
Occupancy expenses, net	527,071	449,775
FDIC insurance assessments	111,987	109,289
Professional fees	307,484	296,720
Business development	262,408	239,917
Other real estate owned (income), net	(3,200)	(91,173)
Core deposit intangible amortization	89,861	86,492
Other operating expenses, net	166,026	219,283
<b>Total noninterest expense</b>	<b>6,295,988</b>	<b>6,112,227</b>
<b>Income before income taxes</b>	<b>5,658,394</b>	<b>5,706,516</b>
<b>PROVISION FOR INCOME TAX</b>	<b>1,729,987</b>	<b>1,902,636</b>
<b>NET INCOME</b>	<b>\$ 3,928,407</b>	<b>\$ 3,803,880</b>
Basic and diluted earnings per share	\$ 0.42	\$ 0.41
Declared dividends per share	\$ 0.22	\$ 0.21

## 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

### THOMAS H. POHLMAN

Chairman, President & CEO,  
Ames National Corporation

### JOHN P. NELSON

Chief Financial Officer, 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

### PATRICK G. HAGAN

Senior Vice President & Treasurer,  
Fareway Stores, Inc.

### BETTY A. BAUDLER HORRAS

President, Baudler Enterprises, Inc.

### JAMES R. LARSON, II

President, Larson Development 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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