

3RD QUARTER | 2022

**QUARTERLY REPORT**  
TO SHAREHOLDERS



AT A GLANCE

As of and for the Three Months Ended September 30.

# FINANCIAL HIGHLIGHTS

## Company Stock

NASDAQ Capital Market

# ATLO

Sept. 30, 2022 Closing Price: \$22.18

Second Quarter Price Range: \$20.16 to \$22.90

Cash Dividend Declared on Aug. 10, 2022: \$ 0.27  
(Payable on Nov. 15, 2022)

Dividend Yield 4.87%

Net Income (Dollars in Thousands)

Earnings Per Share – Basic

Return on Average Assets (ROA)

Return on Average Equity (ROE)

Efficiency Ratio

Net Interest Margin (FTE)

Equity Capital Ratio

2022

2021

\$ 5,543 \$ 6,714

\$ 0.62 \$ 0.74

1.05% 1.29%

13.65% 12.60%

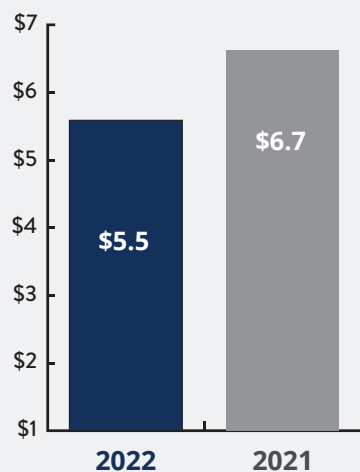
59.48% 51.35%

2.63% 2.97%

6.58% 10.04%

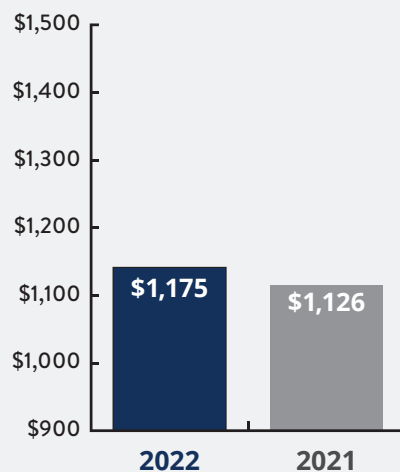
## NET INCOME

Millions of Dollars  
Quarter Ended September 30



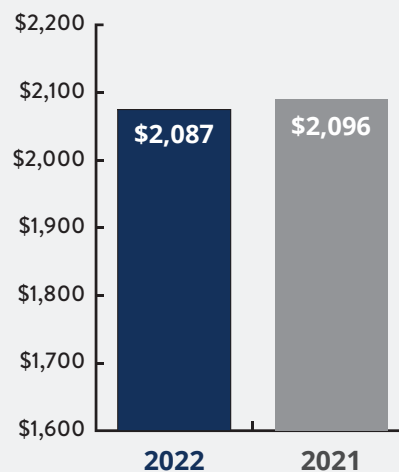
## LOANS

Millions of Dollars  
As of September 30



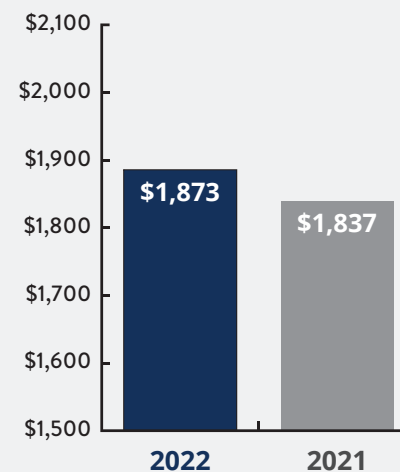
## ASSETS

Millions of Dollars  
As of September 30



## DEPOSITS

Millions of Dollars  
As of September 30



THIRD QUARTER 2022

# FINANCIAL HIGHLIGHTS

**Net Income**  
**\$5.5 Million**

Net income for the third quarter of 2022 of \$5.5 million, or \$0.62 per share, compared to \$6.7 million, or \$0.74 per share, earned in the third quarter of 2021. The decrease in earnings for the three months ended is primarily the result of lower interest income on loans and higher interest expense on deposits, offset in part by an increase in interest income on taxable securities.

The reduction in interest income on loans was primarily due to fewer Paycheck Protection Program (“PPP”) fees recognized into income compared to the same period in 2021. The higher interest expense on deposits is due to an increase in market rates in 2022. The Federal Open Market Committee has increased its target for the federal funds interest rate by 3.00% through September 30, 2022. The increase in interest income on taxable securities was primarily due to growth in the investment portfolio.

**\$520**  
**Thousand**  
Credit for  
loan losses

A credit for loan losses of (\$520) thousand was recognized in the third quarter of 2022 as compared to a credit for loan losses of (\$94) thousand in the third quarter of 2021. Net loan charge-offs totaled \$31 thousand for the quarter ended September 30, 2022, compared to net loan recoveries of \$31 thousand in 2021. The credit for loan losses in 2022 was primarily due to a reduction in specific reserves and an overall improvement in the quality of the loan portfolio.

**Noninterest**  
**Income**  
**\$2.3**  
**Million**

Noninterest income for the third quarter of 2022 totaled \$2.3 million, as compared to \$2.7 million in 2021, a decrease of 14%. The decrease in noninterest income was primarily due to fewer gains on sale of residential loans held for sale as refinancing volume has slowed.

**Noninterest**  
**Expense**  
**\$9.5**  
**Million**

Noninterest expense for the third quarter of 2022 totaled \$9.5 million, compared to \$8.9 million recorded in 2021, an increase of 7%. The increase is primarily due to data processing costs as a result of additional investments in technology and normal increases in salaries and benefits. The efficiency ratio was 59.5% for the third quarter of 2022 as compared to 51.4% in 2021.

# CONSOLIDATED BALANCE SHEETS

(dollars in thousands, except share and per share data)

(unaudited)	Sept. 30, 2022	Sept. 30, 2021
<b>ASSETS</b>		
Cash and due from banks	\$ 22,944	\$ 25,607
Interest bearing deposits in financial institutions & Fed Funds sold	6,311	105,621
<b>Total cash and cash equivalents</b>	<b>29,255</b>	<b>131,228</b>
Interest-bearing time deposits	15,410	17,165
Securities available-for-sale	783,967	765,423
Federal Home Loan Bank and Federal Reserve Bank stock, at cost	4,141	3,424
Loans receivable, net	1,175,247	1,126,059
Loans held for sale	467	378
Bank premises and equipment, net	18,155	16,929
Accrued income receivable	12,073	11,178
Bank-owned life insurance	3,036	2,968
Deferred income taxes, net	25,453	725
Other intangible assets, net	2,067	2,654
Goodwill	12,424	12,424
Other assets	5,244	5,841
<b>Total assets</b>	<b>\$ 2,086,939</b>	<b>\$ 2,096,396</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>LIABILITIES</b>		
Deposits		
Noninterest-bearing checking	\$ 381,137	\$ 373,883
Interest-bearing checking	621,082	585,056
Savings and money market	675,826	654,345
Time, \$250 and over	34,955	44,641
Other time	160,011	178,783
<b>Total deposits</b>	<b>1,873,011</b>	<b>1,836,708</b>
Securities sold under agreements to repurchase	41,069	36,277
Federal Home Loan Bank advances and other borrowings	27,450	3,000
Dividends payable	2,428	2,366
Accrued expenses and other liabilities	5,710	7,665
<b>Total liabilities</b>	<b>1,949,668</b>	<b>1,886,016</b>
<b>STOCKHOLDERS' EQUITY</b>		
Common stock, \$2 par value, authorized 18,000,000 shares; issued and outstanding 8,992,167 and 9,098,144 shares as of September 30, 2022 and 2021, respectively.	\$ 17,984	\$ 18,196
Additional paid-in capital	14,253	16,480
Retained earnings	174,832	167,443
Accumulated other comprehensive income (loss)	(72,913)	8,261
<b>Total stockholders' equity</b>	<b>137,271</b>	<b>210,380</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 2,086,939</b>	<b>\$ 2,096,396</b>

# CONSOLIDATED STATEMENTS OF INCOME

(dollars in thousands, except per share data)

(unaudited)	Three Months Ended September 30,	
	2022	2021
<b>INTEREST AND DIVIDEND INCOME:</b>		
Loans, including fees	\$ 11,688	\$ 12,530
Securities		
Taxable	3,226	2,256
Tax-exempt	641	725
Other interest and dividend income	259	168
<b>Total interest &amp; dividend income</b>	<b>15,805</b>	<b>15,679</b>
<b>INTEREST EXPENSE:</b>		
Deposits	1,847	993
Other borrowed funds	295	34
<b>Total interest expense</b>	<b>2,142</b>	<b>1,027</b>
<b>Net interest income</b>	<b>13,663</b>	<b>14,652</b>
Provision (credit) for loan losses	(520)	(94)
<b>Net interest income after provision (credit) for loan losses</b>	<b>14,183</b>	<b>14,746</b>
<b>NONINTEREST INCOME:</b>		
Wealth management income	1,063	1,147
Service fees	348	385
Securities gains, net	2	24
Gain on sale of loans held for sale	137	429
Merchant and card fees	462	488
Other noninterest income	274	200
<b>Total noninterest income</b>	<b>2,286</b>	<b>2,673</b>
<b>NONINTEREST EXPENSE:</b>		
Salaries and employee benefits	5,731	5,487
Data processing	1,494	1,307
Occupancy expenses, net	674	632
FDIC insurance assessments	155	154
Professional fees	431	396
Business development	346	344
Intangible asset amortization	145	159
New markets tax credits projects amortization	189	160
Other operating expenses, net	322	258
<b>Total noninterest expense</b>	<b>9,487</b>	<b>8,897</b>
<b>Income before income taxes</b>	<b>6,982</b>	<b>8,522</b>
<b>INCOME TAX EXPENSE</b>	<b>1,439</b>	<b>1,808</b>
<b>NET INCOME</b>	<b>\$ 5,543</b>	<b>\$ 6,714</b>
Basic and diluted earnings per share	\$ 0.62	\$ 0.74
Declared dividends per share	\$ 0.27	\$ 0.52