

1ST QUARTER | 2023

QUARTERLY REPORT
TO SHAREHOLDERS



AT A GLANCE

As of and for the Three Months Ended March 30, 2023.

FINANCIAL HIGHLIGHTS

Company Stock

NASDAQ Capital Market

ATLO

Closing price	\$20.80
Price range	\$20.20 - \$25.00
Book value per common share	\$17.69
Cash dividend declared on February 8, 2023 (Payable May 15, 2023)	\$ 0.27
Dividend yield	5.19%

Net Income (Dollars in Thousands)

Earnings Per Share - basic & diluted

Return on Average Assets (ROA)

Return on Average Equity (ROE)

Efficiency Ratio

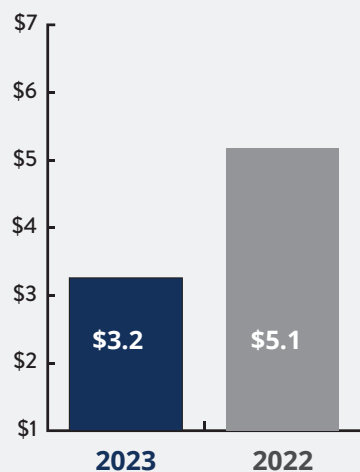
Net Interest Margin (FTE)

Capital Ratio

	2023	2022
Net Income (Dollars in Thousands)	\$ 3,197	\$ 5,145
Earnings Per Share - basic & diluted	\$ 0.36	\$ 0.57
Return on Average Assets (ROA)	0.60%	0.96%
Return on Average Equity (ROE)	8.36%	10.28%
Efficiency Ratio	70.70%	59.72%
Net Interest Margin (FTE)	2.23%	2.55%
Capital Ratio	7.27%	8.09%

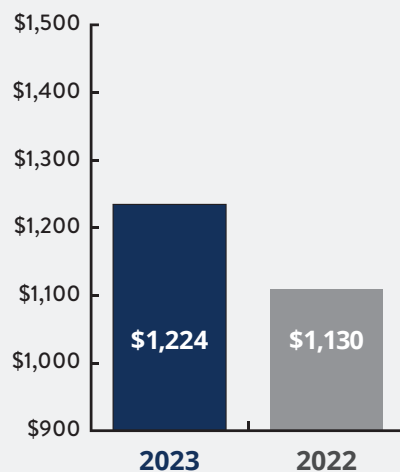
NET INCOME

Millions of Dollars
Quarter Ended March 31, 2023



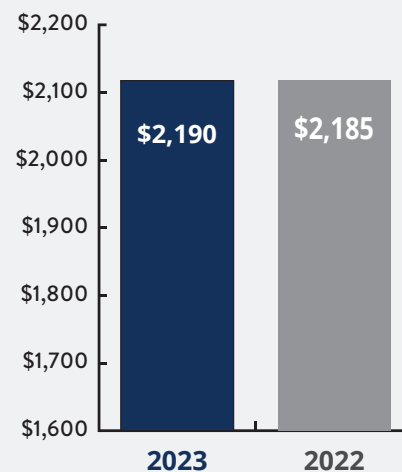
LOANS

Millions of Dollars
As of March 31, 2023



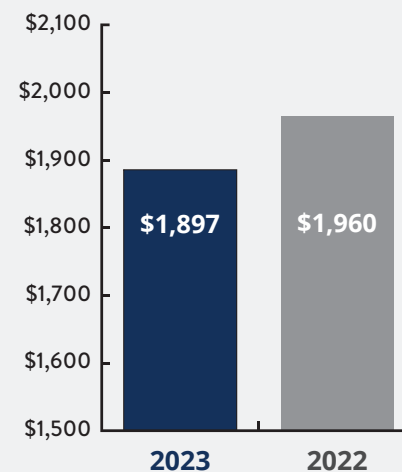
ASSETS

Millions of Dollars
As of March 31, 2023



DEPOSITS

Millions of Dollars
As of March 31, 2023



FIRST QUARTER 2023

FINANCIAL HIGHLIGHTS

Net Income
\$3.2 Million

Net income for the first quarter of 2023 of \$3.2 million, or \$0.36 per share, compared to \$5.1 million, or \$0.57 per share, earned in the first quarter of 2022.

The decrease in earnings is primarily the result of higher interest expense on deposits and other borrowed funds, offset in part by an increase in interest income on loans and taxable securities.

The higher interest expense on deposits is due to an increase in market rates. Since March 1, 2022, The Federal Open Market Committee has increased its target for the federal funds interest rate by 4.75%.

The increase in interest income on loans and taxable securities was primarily due to higher rates and growth in the loan and investment portfolios.

\$212
Thousand
Credit Loss
Expense

A credit loss expense of \$212 thousand was recognized in the first quarter of 2023 as compared to a credit loss benefit of (\$127) thousand in the first quarter of 2022.

Net loan charge-offs totaled \$158 thousand for the quarter ended March 31, 2023 compared to net loan charge-offs of \$10 thousand for the quarter ended March 31, 2022.

The credit loss expense in 2023 was primarily due to a charge-off in the agriculture loan portfolio. The credit loss benefit in the first quarter of 2022 was primarily due to a decline in loans outstanding from December 31, 2021.

Noninterest
Income
\$2.3
Million

Noninterest income for the first quarter of 2023 totaled \$2.3 million as compared to \$2.6 million in the first quarter of 2022, a decrease of 12%.

The decrease in noninterest income was primarily due to fewer gains on sale of residential loans held for sale as refinancing volume has slowed and a decrease in wealth management income as a decline in the market values of investments negatively impacts wealth management income.

Noninterest
Expense
\$9.8
Million

Noninterest expense for the first quarter of 2023 totaled \$9.8 million compared to \$9.4 million recorded in the first quarter of 2022, an increase of 5%.

The increase is primarily due to normal increases in salaries and employee benefits.

The efficiency ratio was 70.7% for the first quarter of 2023 as compared to 59.7% in the first quarter of 2022.

CONSOLIDATED BALANCE SHEETS

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

(unaudited)	March 31, 2023	March 31, 2022
ASSETS		
Cash and due from banks	\$ 20,493	\$ 28,681
Interest bearing deposits in financial institutions & Fed Funds sold	66,693	119,651
Total cash and cash equivalents	87,186	148,332
Interest-bearing time deposits	13,923	16,419
Securities available-for-sale	788,910	823,897
Federal Home Loan Bank and Federal Reserve Bank stock, at cost	3,328	3,473
Loans receivable, net	1,224,045	1,130,077
Loans held for sale	313	-
Bank premises and equipment, net	20,168	17,733
Accrued income receivable	10,594	9,330
Bank-owned life insurance	3,073	3,002
Deferred income taxes, net	19,250	13,112
Other intangible assets, net	1,801	2,359
Goodwill	12,424	12,424
Other assets	4,636	4,560
Total assets	\$ 2,189,651	\$ 2,184,718
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES		
Deposits		
Noninterest-bearing checking	\$ 374,358	\$ 413,114
Interest-bearing checking	650,518	630,016
Savings and money market	629,288	705,560
Time, \$250 and over	62,168	41,460
Other time	180,461	169,743
Total deposits	1,896,793	1,959,893
Securities sold under agreements to repurchase	46,202	39,902
Other borrowings	78,550	-
Dividends payable	2,428	2,455
Accrued expenses and other liabilities	6,596	5,803
Total liabilities	2,030,569	2,008,053
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 March 31, 2023, and 2022, respectively.	17,984	18,184
Additional paid-in capital	14,253	16,353
Retained earnings	180,097	173,067
Accumulated other comprehensive (loss)	(53,252)	(30,939)
Total stockholders' equity	159,082	176,665
Total liabilities and stockholders' equity	\$ 2,189,651	\$ 2,184,718

CONSOLIDATED STATEMENTS OF INCOME

(dollars in thousands, except per share data)

(unaudited)	Three Months Ended March 31, 2023	
	2023	2022
INTEREST AND DIVIDEND INCOME:		
Loans, including fees	\$ 13,071	\$ 10,644
Securities		
Taxable	3,216	2,588
Tax-exempt	614	674
Other interest and dividend income	295	166
Total interest & dividend income	17,196	14,072
INTEREST EXPENSE:		
Deposits	4,715	888
Other borrowed funds	812	32
Total interest expense	5,527	920
Net interest income	11,669	13,152
Credit loss expense (benefit)	212	(127)
Net interest income after credit loss expense (benefit)	11,457	13,279
NONINTEREST INCOME:		
Wealth management income	1,165	1,280
Service fees	323	338
Securities gains, net	-	35
Gain on sale of loans held for sale	50	180
Merchant and card fees	414	442
Other noninterest income	302	278
Total noninterest income	2,254	2,553
NONINTEREST EXPENSE:		
Salaries and employee benefits	5,970	5,611
Data processing	1,321	1,432
Occupancy expenses, net	810	717
FDIC insurance assessments	170	147
Professional fees	460	474
Business development	359	336
Intangible asset amortization	130	146
New markets tax credits projects amortization	192	189
Other operating expenses, net	431	327
Total noninterest expense	9,843	9,379
Income before income taxes	3,868	6,453
INCOME TAX EXPENSE	671	1,308
NET INCOME	\$ 3,197	\$ 5,145
Basic and diluted earnings per share	\$ 0.36	\$ 0.57
Declared dividends per share	\$ 0.27	\$ 0.27