

2nd QUARTER | 2023

QUARTERLY REPORT
TO SHAREHOLDERS



AT A GLANCE

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

FINANCIAL HIGHLIGHTS

Company Stock

NASDAQ Capital Market

ATLO

Closing price	\$18.03
Price range	\$17.67 - \$20.99
Book value per common share	\$17.28
Cash dividend declared on May 10, 2023 (Payable August 15, 2023)	\$ 0.27
Dividend yield	5.99%

Net Income (Dollars in Thousands)

Earnings Per Share - basic & diluted

Return on Average Assets (ROA)

Return on Average Equity (ROE)

Efficiency Ratio

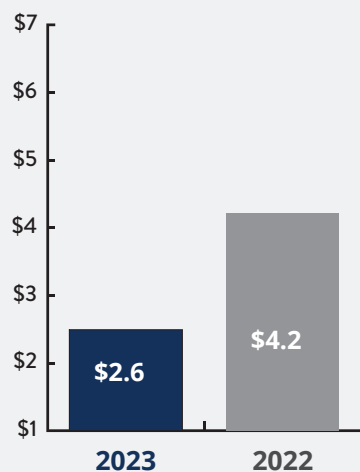
Net Interest Margin (FTE)

Capital Ratio

	2023	2022
Net Income (Dollars in Thousands)	\$ 2,557	\$ 4,193
Earnings Per Share - basic & diluted	\$ 0.28	\$ 0.46
Return on Average Assets (ROA)	0.47%	0.77%
Return on Average Equity (ROE)	6.45%	9.78%
Efficiency Ratio	77.57%	61.51%
Net Interest Margin (FTE)	2.20%	2.63%
Capital Ratio	7.15%	7.38%

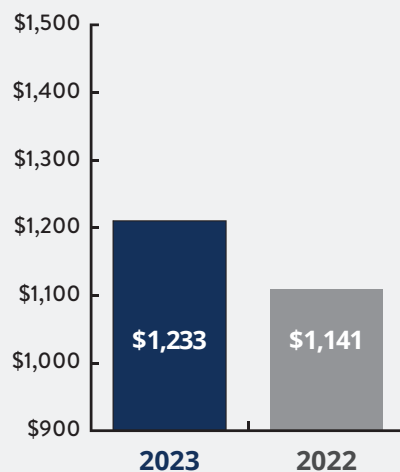
NET INCOME

Millions of Dollars
Quarter Ended June 30, 2023



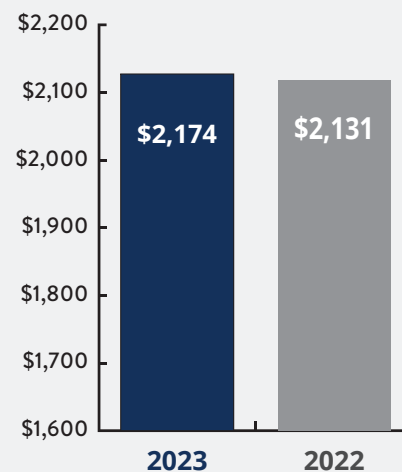
LOANS

Millions of Dollars
As of June 30, 2023



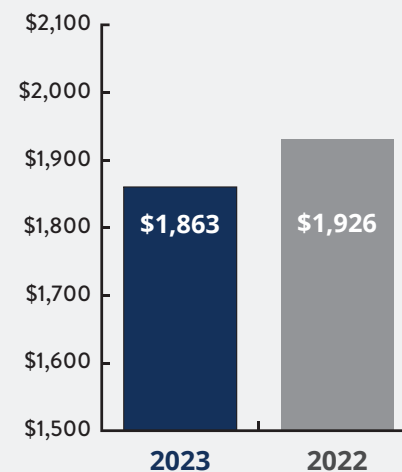
ASSETS

Millions of Dollars
As of June 30, 2023



DEPOSITS

Millions of Dollars
As of June 30, 2023



SECOND QUARTER 2023

FINANCIAL HIGHLIGHTS

Net Income
\$2.6 Million

Ames National Corporation (the "Company") reported net income for the second quarter of 2023 of \$2.6 million, or \$0.28 per share, compared to \$4.2 million, or \$0.46 per share, earned in the second quarter of 2022.

For the six months ended June 30, 2023, net income for the Company totaled \$5.8 million or \$0.64 per share, compared to \$9.3 million or \$1.03 per share earned in 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. The higher interest expense on deposits is due to an increase in market rates. The increase in interest income on loans was primarily due to higher rates and growth in the loan portfolio.

Since March 1, 2022, The Federal Open Market Committee has increased its target for the federal funds interest rate by 4.75%.

\$33
Thousand
Credit Loss
Expense

A credit loss expense of \$33 thousand was recognized in the second quarter of 2023, as compared to a credit loss benefit of (\$59) thousand in the second quarter of 2022.

Net loan charge-offs totaled \$23 thousand for the quarter ended June 30, 2023, compared to net loan charge-offs of \$5 thousand for the quarter ended June 30, 2022.

Noninterest
Income
\$2.3
Million

Noninterest income for the second quarter of 2023 totaled \$2.3 million, as compared to \$2.4 million in the second quarter of 2022, a decrease of 3%.

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
\$10.6
Million

Noninterest expense for the second quarter of 2023 totaled \$10.6 million compared to \$9.9 million recorded in the second quarter of 2022, an increase of 7%.

The increase is primarily due to a wire fraud loss of \$523 thousand recorded in the second quarter of 2023.

The efficiency ratio was 77.6% for the second quarter of 2023, as compared to 61.5% in the second quarter of 2022.

CONSOLIDATED BALANCE SHEETS

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

(unaudited)	June 30, 2023	June 30, 2022
ASSETS		
Cash and due from banks	\$ 22,045	\$ 24,097
Interest-bearing deposits in financial institutions & fed funds sold	71,254	50,581
Total cash and cash equivalents	93,299	74,678
Interest-bearing time deposits	11,114	14,677
Securities available-for-sale	758,520	828,389
Federal Home Loan Bank and Federal Reserve Bank stock, at cost	4,007	3,201
Loans receivable, net	1,232,772	1,140,609
Loans held for sale	652	473
Bank premises and equipment, net	20,877	18,274
Accrued income receivable	10,560	9,478
Bank-owned life insurance	3,092	3,019
Deferred income taxes, net	20,411	18,352
Other intangible assets, net	1,673	2,212
Goodwill	12,424	12,424
Other assets	4,860	5,187
Total assets	\$ 2,174,261	\$ 2,130,973
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES		
Deposits		
Noninterest-bearing checking	\$ 390,382	\$ 396,499
Interest-bearing checking	608,825	616,308
Savings and money market	608,000	708,589
Time, \$250 and over	67,382	39,182
Other time	188,688	165,562
Total deposits	1,863,277	1,926,140
Securities sold under agreements to repurchase	48,081	35,666
Other borrowings	97,400	4,000
Dividends payable	2,428	2,428
Accrued expenses and other liabilities	7,646	5,388
Total liabilities	2,018,832	1,973,622
STOCKHOLDERS' EQUITY		
Common stock, \$2 par value, authorized 18,000,000 shares; issued and outstanding 8,992,167 shares as of June 30, 2023, and 2022.	17,984	17,984
Additional paid-in capital	14,253	14,253
Retained earnings	180,228	174,832
Accumulated other comprehensive (loss)	(57,036)	(49,718)
Total stockholders' equity	155,429	157,351
Total liabilities and stockholders' equity	\$ 2,174,261	\$ 2,130,973

CONSOLIDATED STATEMENTS OF INCOME

(dollars in thousands, except per share data)

(unaudited)	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
INTEREST AND DIVIDEND INCOME:				
Loans, including fees	\$ 14,001	\$ 10,897	\$ 27,072	\$ 21,541
Securities				
Taxable	3,188	3,047	6,404	5,635
Tax-exempt	585	675	1,199	1,349
Other interest and dividend income	713	259	1,008	425
Total interest & dividend income	18,487	14,878	35,683	28,950
INTEREST EXPENSE:				
Deposits	5,981	1,186	10,696	2,074
Other borrowed funds	1,204	56	2,016	88
Total interest expense	7,185	1,242	12,712	2,162
Net interest income	11,302	13,636	22,971	26,788
Credit loss expense (benefit)	33	(59)	308	(186)
Net interest income after credit loss expense (benefit)	11,269	13,695	22,663	26,974
NONINTEREST INCOME:				
Wealth management income	1,185	1,246	2,350	2,526
Service fees	334	327	657	665
Securities gains, net	7	-	7	35
Gain on sale of loans held for sale	109	184	159	364
Merchant and card fees	431	458	845	900
Other noninterest income	249	164	551	442
Total noninterest income	2,315	2,379	4,569	4,932
NONINTEREST EXPENSE:				
Salaries and employee benefits	5,879	5,750	11,849	11,361
Data processing	1,577	1,668	2,898	3,100
Occupancy expenses, net	792	706	1,602	1,423
FDIC insurance assessments	349	148	519	295
Professional fees	535	502	995	976
Business development	305	299	664	635
Intangible asset amortization	128	147	258	293
New markets tax credits projects amortization	191	189	383	378
Other operating expenses, net	807	442	1,175	769
Total noninterest expense	10,563	9,851	20,343	19,230
Income before income taxes	3,021	6,223	6,889	12,676
INCOME TAX EXPENSE	464	2,030	1,135	3,338
NET INCOME	\$ 2,557	\$ 4,193	\$ 5,754	\$ 9,338
Basic and diluted earnings per share	\$ 0.28	\$ 0.46	\$ 0.64	\$ 1.03
Declared dividends per share	\$ 0.27	\$ 0.27	\$ 0.54	\$ 0.54