

3rd QUARTER | 2023

**QUARTERLY REPORT**  
TO SHAREHOLDERS



AT A GLANCE

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

# FINANCIAL HIGHLIGHTS

## Company Stock

NASDAQ Capital Market

# ATLO

Closing price	\$16.59
Price range	\$16.38 - \$20.32
Book value per common share	\$16.31
Cash dividend declared on August 9, 2023 (Payable November 15, 2023)	\$ 0.27
Dividend yield	6.51%

Net Income (Dollars in Thousands)

Earnings Per Share - basic & diluted

Return on Average Assets (ROA)

Return on Average Equity (ROE)

Efficiency Ratio

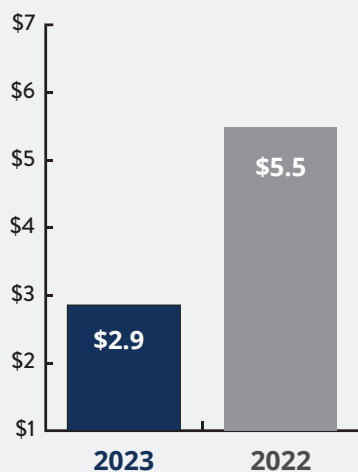
Net Interest Margin (FTE)

Capital Ratio

	2023	2022
Net Income (Dollars in Thousands)	\$ 2,924	\$ 5,543
Earnings Per Share - basic & diluted	\$ 0.33	\$ 0.62
Return on Average Assets (ROA)	0.55%	1.05%
Return on Average Equity (ROE)	7.60%	13.65%
Efficiency Ratio	75.12%	59.48%
Net Interest Margin (FTE)	2.11%	2.71%
Capital Ratio	6.81%	6.58%

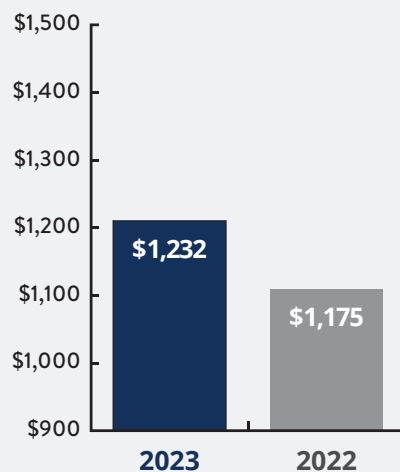
## NET INCOME

Millions of Dollars  
Quarter Ended September 30, 2023



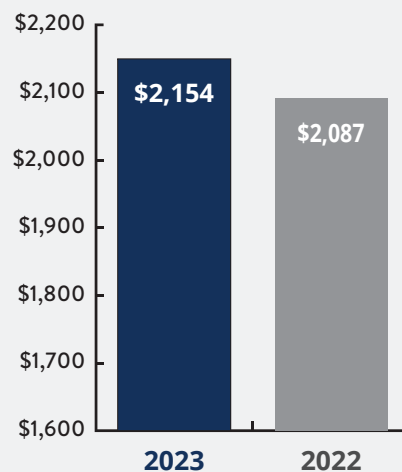
## LOANS

Millions of Dollars  
As of September 30, 2023



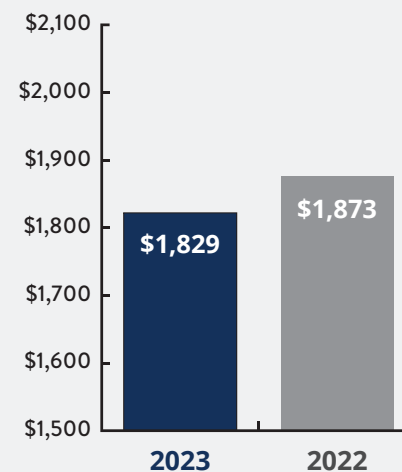
## ASSETS

Millions of Dollars  
As of September 30, 2023



## DEPOSITS

Millions of Dollars  
As of September 30, 2023



THIRD QUARTER 2023

# FINANCIAL HIGHLIGHTS

**Net Income**  
**\$2.9 Million**

Ames National Corporation (the "Company") reported net income for the third quarter of 2023 of \$2.9 million, or \$0.33 per share, compared to \$5.5 million, or \$0.62 per share, earned in the third quarter of 2022.

For the nine months ended September 30, 2023, net income for the Company totaled \$8.7 million or \$0.97 per share, compared to \$14.9 million or \$1.64 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.

Since March 1, 2022, The Federal Open Market Committee has increased its target for the federal funds interest rate by 5.25%. The increase in interest income on loans was primarily due to higher rates and growth in the loan portfolio.

**\$274**  
**Thousand**  
**Credit Loss**  
**Benefit**

A credit loss benefit of (\$274) thousand was recognized in the third quarter of 2023 as compared to a credit loss benefit of (\$520) thousand in the third quarter of 2022.

Net loan recoveries totaled \$4 thousand for the quarter ended September 30, 2023 compared to net loan charge-offs of \$3 thousand for the quarter ended September 30, 2022.

**Noninterest**  
**Income**  
**\$2.4**  
**Million**

Noninterest income for the third quarter of 2023 totaled \$2.4 million as compared to \$2.3 million in the third quarter of 2022, an increase of 3%.

**Noninterest**  
**Expense**  
**\$9.8**  
**Million**

Noninterest expense for the third quarter of 2023 totaled \$9.8 million compared to \$9.5 million recorded in the third quarter of 2022, an increase of 3%.

The increase is primarily due to higher FDIC assessments and normal increases in salaries and benefits.

The efficiency ratio was 75.1% for the third quarter of 2023 as compared to 59.5% in the third quarter of 2022.

# CONSOLIDATED BALANCE SHEETS

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

(unaudited)	September 30, 2023	September 30, 2022
<b>ASSETS</b>		
Cash and due from banks	\$ 21,992	\$ 22,944
Interest-bearing deposits in financial institutions & fed funds sold	68,071	6,311
<b>Total cash and cash equivalents</b>	<b>90,063</b>	<b>29,255</b>
Interest-bearing time deposits	9,889	15,410
Securities available-for-sale	736,944	783,967
Federal Home Loan Bank and Federal Reserve Bank stock, at cost	4,000	4,141
Loans receivable, net	1,231,893	1,175,247
Loans held for sale	428	467
Bank premises and equipment, net	21,828	18,155
Accrued income receivable	13,794	12,073
Bank-owned life insurance	3,111	3,036
Deferred income taxes, net	23,206	25,453
Other intangible assets, net	1,543	2,067
Goodwill	12,424	12,424
Other assets	4,928	5,244
<b>Total assets</b>	<b>\$ 2,154,051</b>	<b>\$ 2,086,939</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>LIABILITIES</b>		
Deposits		
Noninterest-bearing checking	\$ 371,691	\$ 381,137
Interest-bearing checking	616,382	621,082
Savings and money market	567,461	675,826
Time, \$250 and over	74,360	34,955
Other time	198,787	160,011
<b>Total deposits</b>	<b>1,828,681</b>	<b>1,873,011</b>
Securities sold under agreements to repurchase	60,941	41,069
Other borrowings	105,942	27,450
Dividends payable	2,428	2,428
Accrued interest payable	3,561	319
Accrued expenses and other liabilities	5,858	5,391
<b>Total liabilities</b>	<b>2,007,411</b>	<b>1,949,668</b>
<b>STOCKHOLDERS' EQUITY</b>		
Common stock, \$2 par value, authorized 18,000,000 shares; issued and outstanding 8,992,167 shares as of September 30, 2023, and 2022.	17,984	17,984
Additional paid-in capital	14,253	14,253
Retained earnings	180,724	177,947
Accumulated other comprehensive (loss)	(66,321)	(72,913)
<b>Total stockholders' equity</b>	<b>146,640</b>	<b>137,271</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 2,154,051</b>	<b>\$ 2,086,939</b>

# CONSOLIDATED STATEMENTS OF INCOME

(dollars in thousands, except per share data)

(unaudited)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
<b>INTEREST AND DIVIDEND INCOME:</b>				
Loans, including fees	\$ 14,585	\$ 11,688	\$ 41,647	\$ 33,229
Securities				
Taxable	3,152	3,226	9,556	8,861
Tax-exempt	549	641	1,748	1,990
Other interest and dividend income	476	250	1,484	675
<b>Total interest &amp; dividend income</b>	<b>18,762</b>	<b>15,805</b>	<b>54,445</b>	<b>44,755</b>
<b>INTEREST EXPENSE:</b>				
Deposits	6,518	1,847	17,214	3,921
Other borrowed funds	1,555	295	3,571	383
<b>Total interest expense</b>	<b>8,073</b>	<b>2,142</b>	<b>20,785</b>	<b>4,304</b>
Net interest income	10,689	13,663	33,660	40,451
Credit loss expense (benefit)	(274)	(520)	34	(706)
Net interest income after credit loss expense (benefit)	10,963	14,183	33,626	41,157
<b>NONINTEREST INCOME:</b>				
Wealth management income	1,157	1,063	3,507	3,589
Service fees	343	348	1,000	1,013
Securities gains, net	28	2	35	37
Gain on sale of loans held for sale	95	137	254	501
Merchant and card fees	404	462	1,249	1,362
Other noninterest income	333	274	884	716
<b>Total noninterest income</b>	<b>2,360</b>	<b>2,286</b>	<b>6,929</b>	<b>7,218</b>
<b>NONINTEREST EXPENSE:</b>				
Salaries and employee benefits	5,902	5,731	17,751	17,092
Data processing	1,497	1,494	4,395	4,594
Occupancy expenses, net	671	674	2,273	2,097
FDIC insurance assessments	284	155	803	450
Professional fees	545	431	1,540	1,407
Business development	311	346	975	981
Intangible asset amortization	130	145	388	438
New markets tax credits projects amortization	192	189	575	567
Other operating expenses, net	270	322	1,445	1,091
<b>Total noninterest expense</b>	<b>9,802</b>	<b>9,487</b>	<b>30,145</b>	<b>28,717</b>
<b>Income before income taxes</b>	<b>3,521</b>	<b>6,982</b>	<b>10,410</b>	<b>19,658</b>
INCOME TAX EXPENSE	597	1,439	1,732	4,777
<b>NET INCOME</b>	<b>\$ 2,924</b>	<b>\$ 5,543</b>	<b>\$ 8,678</b>	<b>\$ 14,881</b>
Basic and diluted earnings per share	\$ 0.33	\$ 0.62	\$ 0.97	\$ 1.64
Declared dividends per share	\$ 0.27	\$ 0.27	\$ 0.81	\$ 0.81