



2ND QUARTER

2017 | QUARTERLY
REPORT TO
SHAREHOLDERS

COMPANY STOCK
ATLO

NASDAQ Capital Market

June 30, 2017 Closing Price: **\$30.60**
 Second Quarter Price Range: **\$29.45 - \$32.00**
 Declared Quarterly Cash Dividend: **\$0.22**
 (Payable on November 15, 2017)

Second Quarter Financial Highlights

- Net income for Ames National Corporation totaled \$3,472,000 or \$0.37 per share, compared to \$4,099,000 or \$0.44 per share earned in 2016. The decline in earnings is primarily the result of an increased provision for loan losses and higher deposit interest expense, offset in part by an increase in loan interest income.
- Net loans as of June 30, 2017, increased 8%, to \$768,208,000, as compared to \$712,941,000 as of June 30, 2016. The higher volume in the loan portfolio had a positive effect, resulting in increased loan interest income. The increase in loan volume occurred primarily in Ames and Des Moines metro markets.
- Net interest income totaled \$10,066,000, an increase of \$74,000, or 0.7%, compared to the same quarter a year ago, while noninterest income totaled \$2,025,000 as compared to \$1,926,000, an increase of 5.2%, for the same period in 2016.
- Deposits totaled \$1,126,771,000 on June 30, 2017, compared to \$1,065,364,000 recorded at June 30, 2016. The increase in deposits is mainly due to increases in retail and public demand deposit balances and retail money market balances, offset in part by a decrease in time deposits.
- The Company declared a cash dividend of \$0.22 per common share on August 9, 2017. The dividend is payable November 15, 2017, to shareholders of record at the close of business on November 1, 2017.
- Ames National Corporation was recently ranked as one of the most profitable 200 community banks when considering a three-year average on Return on Equity (ROE) by the American Banker Magazine. More information is available online at www.amesnational.com.

You can now receive quarterly reports, dividend information, news releases and more by email!

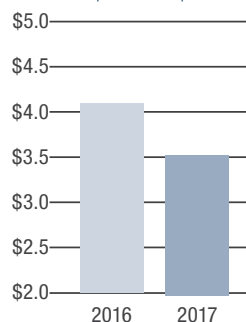
If you haven't signed up already, simply contact:

Lori Hill, Shareholder Relations • [515] 232-6251 • info@amesnational.com

Net Income

MILLIONS OF DOLLARS
QUARTER ENDED JUNE 30

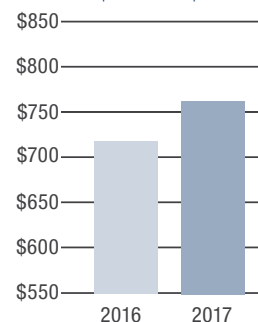
\$4.1 **\$3.5**



Loans

MILLIONS OF DOLLARS
AS OF JUNE 30

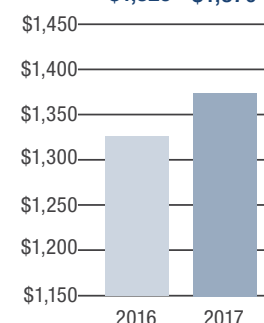
\$713 **\$768**



Assets

MILLIONS OF DOLLARS
AS OF JUNE 30

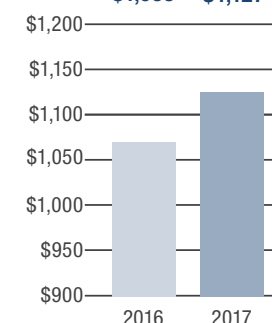
\$1,329 **\$1,370**



Deposits

MILLIONS OF DOLLARS
AS OF JUNE 30

\$1,065 **\$1,127**



AT A GLANCE... FINANCIAL HIGHLIGHTS

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2017	2016	2017
Net Income	\$4,099,000	\$3,472,000	\$7,906,000	\$7,082,000
Earnings Per Share – Basic	\$0.44	\$0.37	\$0.85	\$0.76
Dividends Per Share	\$0.21	\$0.22	\$0.42	\$0.44
Return on Average Assets (ROA)	1.23%	1.01%	1.19%	1.03%
Return on Average Equity (ROE)	9.82%	8.17%	9.55%	8.41%
Efficiency Ratio	51.36%	52.93%	52.64%	53.53%
Net Interest Margin (FTE)	3.36%	3.25%	3.36%	3.22%
Equity Capital Ratio	-	-	12.80%	12.53%

Consolidated Balance Sheets

(unaudited)

	June 30, 2017	June 30, 2016
ASSETS		
Cash and due from banks	\$ 19,573,969	\$ 20,299,644
Interest bearing deposits in financial institutions	28,126,299	31,235,295
Securities available-for-sale	518,914,246	528,801,262
Loans receivable, net	768,208,213	712,940,747
Loans held for sale	543,683	1,645,090
Bank premises and equipment, net	15,845,997	16,590,627
Accrued income receivable	7,413,393	7,384,529
Other real estate owned	425,359	1,053,923
Deferred income taxes	1,713,812	-
Other intangible assets net	1,212,470	1,122,017
Goodwill	6,732,216	6,732,216
Other assets	915,960	1,041,651
Total assets	\$ 1,369,625,617	\$ 1,328,847,001
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES		
Deposits		
Demand, noninterest bearing	\$ 202,864,782	\$ 192,096,304
NOW accounts	332,846,478	298,819,035
Savings and money market	393,254,840	365,932,378
Time, \$250,000 and over	37,291,573	35,089,704
Other time	160,513,103	173,427,209
Total deposits	1,126,770,776	1,065,364,630
Securities sold under agreements to repurchase	38,683,268	41,945,656
Federal funds purchased	-	959,000
FHLB advances and other borrowings	26,500,000	42,800,000
Deferred income taxes	-	1,498,380
Dividend payable	2,048,401	1,955,292
Accrued expenses and other liabilities	3,979,793	4,236,546
Total liabilities	1,197,982,238	1,158,759,504
STOCKHOLDERS' EQUITY		
Common stock, \$2 par value, authorized 18,000,000 shares; issued and outstanding 9,310,913 shares as of June 30, 2017 and 2016	18,621,826	18,621,826
Additional paid-in capital	20,878,728	20,878,728
Retained earnings	129,167,032	122,263,655
Accumulated other comprehensive income-net unrealized income on securities available-for-sale	2,975,793	8,323,288
Total stockholders' equity	171,643,379	170,087,497
Total liabilities and stockholders' equity	\$ 1,369,625,617	\$ 1,328,847,001

Consolidated Statements of Income

(unaudited)

	Three Months Ended June 30,	
	2017	2016
INTEREST INCOME:		
Loans	\$8,499,729	\$8,030,602
Securities		
Taxable	1,566,707	1,471,926
Tax-exempt	1,290,808	1,388,791
Interest bearing deposits and federal funds sold	113,353	114,353
Total interest income	11,470,597	11,005,672
INTEREST EXPENSE:		
Deposits	1,113,389	755,377
Other borrowed funds	291,343	258,339
Total interest expense	1,404,732	1,013,716
Net interest income	10,065,865	9,991,956
Provision for loan losses	766,769	14,070
Net interest income after provision for loan losses	9,299,096	9,977,886
NONINTEREST INCOME:		
Wealth management income	734,375	738,213
Service fees	365,753	404,614
Securities gains, net	95,644	29,500
Gain on sale of loans held for sale	226,530	257,254
Merchant and card fees	353,479	356,817
Other noninterest income	249,367	139,235
Total noninterest income	2,025,148	1,925,633
NONINTEREST EXPENSE:		
Salaries and employee benefits	3,986,327	3,854,417
Data processing	850,133	780,732
Occupancy expenses, net	475,556	407,989
FDIC insurance assessments	111,140	161,531
Professional fees	313,528	325,085
Business development	222,720	220,956
Other real estate owned (income) expense, net	(3,330)	23,225
Intangible asset amortization	92,174	91,466
Other operating expenses, net	351,166	255,286
Total noninterest expense	6,399,414	6,120,687
Income before income taxes	4,924,830	5,782,832
PROVISION FOR INCOME TAX	1,452,500	1,683,451
NET INCOME	\$ 3,472,330	\$ 4,099,381
Basic and diluted earnings per share	\$ 0.37	\$ 0.44
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

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

JOHN P. NELSON

CFO & COO, Ames National 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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