

AMES NATIONAL CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2016 and 2015

(unaudited)

| ASSETS | 2016 | 2015 |
|---|-------------------------|-------------------------|
| Cash and due from banks | \$ 29,478,068 | \$ 24,005,801 |
| Interest bearing deposits in financial institutions | 31,737,259 | 26,993,091 |
| Securities available-for-sale | 516,079,506 | 537,632,990 |
| Loans receivable, net | 752,181,730 | 701,328,171 |
| Loans held for sale | 242,618 | 539,370 |
| Bank premises and equipment, net | 16,049,379 | 17,007,798 |
| Accrued income receivable | 7,768,689 | 7,565,791 |
| Other real estate owned | 545,757 | 1,249,915 |
| Deferred income taxes | 3,485,689 | 1,276,571 |
| Other intangible assets, net | 1,352,812 | 1,308,731 |
| Goodwill | 6,732,216 | 6,732,216 |
| Other assets | 799,306 | 1,106,698 |
| | <hr/> | <hr/> |
| Total assets | \$ 1,366,453,029 | \$ 1,326,747,143 |
| | <hr/> <hr/> | <hr/> <hr/> |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| LIABILITIES | | |
| Deposits | | |
| Demand, noninterest bearing | \$ 212,074,792 | \$ 202,542,011 |
| NOW accounts | 310,427,812 | 298,227,493 |
| Savings and money market | 381,852,433 | 354,026,475 |
| Time, \$250,000 and over | 39,031,663 | 36,956,653 |
| Other time | 166,022,165 | 182,440,490 |
| Total deposits | <hr/> 1,109,408,865 | <hr/> 1,074,193,122 |
| Securities sold under agreements to repurchase | 58,337,367 | 54,289,915 |
| Federal Home Loan Bank (FHLB) advances and other borrowings | 27,500,000 | 31,542,203 |
| Dividend payable | 1,955,292 | 1,862,183 |
| Accrued expenses and other liabilities | 4,146,262 | 3,609,663 |
| Total liabilities | <hr/> 1,201,347,786 | <hr/> 1,165,497,086 |
| | <hr/> <hr/> | <hr/> <hr/> |
| STOCKHOLDERS' EQUITY | | |
| Common stock, \$2 par value, authorized 18,000,000 shares; issued and outstanding 9,310,913 shares as of December 31, 2016 and 2015 | 18,621,826 | 18,621,826 |
| Additional paid-in capital | 20,878,728 | 20,878,728 |
| Retained earnings | 126,181,376 | 118,267,767 |
| Accumulated other comprehensive income (loss) | (576,687) | 3,481,736 |
| Total stockholders' equity | <hr/> 165,105,243 | <hr/> 161,250,057 |
| | <hr/> <hr/> | <hr/> <hr/> |
| Total liabilities and stockholders' equity | \$ 1,366,453,029 | \$ 1,326,747,143 |
| | <hr/> <hr/> | <hr/> <hr/> |

AMES NATIONAL CORPORATION AND SUBSIDIARIES

Consolidated Statements of Income
(unaudited)

| | Three Months Ended December 31, | | Year Ended December 31, | |
|---|------------------------------------|--------------|----------------------------|---------------|
| | 2016 | 2015 | 2016 | 2015 |
| Interest income: | | | | |
| Loans | \$ 8,233,055 | \$ 7,860,335 | \$ 32,358,028 | \$ 30,780,496 |
| Securities | | | | |
| Taxable | 1,460,544 | 1,540,094 | 5,853,146 | 6,179,492 |
| Tax-exempt | 1,322,015 | 1,408,388 | 5,439,908 | 5,808,011 |
| Interest bearing deposits and federal funds sold | 98,032 | 93,935 | 394,957 | 382,346 |
| Total interest income | 11,113,646 | 10,902,752 | 44,046,039 | 43,150,345 |
| Interest expense: | | | | |
| Deposits | 814,518 | 743,269 | 3,073,658 | 3,019,273 |
| Other borrowed funds | 265,617 | 267,301 | 1,061,623 | 1,165,866 |
| Total interest expense | 1,080,135 | 1,010,570 | 4,135,281 | 4,185,139 |
| Net interest income | 10,033,511 | 9,892,182 | 39,910,758 | 38,965,206 |
| Provision for loan losses | 83,578 | 62,573 | 524,365 | 1,099,183 |
| Net interest income after provision for loan losses | 9,949,933 | 9,829,609 | 39,386,393 | 37,866,023 |
| Noninterest income: | | | | |
| Wealth Management Income | 719,227 | 683,495 | 2,929,456 | 2,724,451 |
| Service fees | 404,762 | 455,677 | 1,633,178 | 1,740,740 |
| Securities gains, net | 127,491 | 279,253 | 423,601 | 888,179 |
| Gain on sale of loans held for sale | 308,835 | 202,505 | 1,082,347 | 907,875 |
| Merchant and card fees | 354,373 | 361,435 | 1,405,751 | 1,378,218 |
| Other noninterest income | 169,835 | 161,645 | 638,973 | 627,730 |
| Total noninterest income | 2,084,523 | 2,144,010 | 8,113,306 | 8,267,193 |
| Noninterest expense: | | | | |
| Salaries and employee benefits | 3,803,639 | 3,812,974 | 15,687,335 | 15,231,369 |
| Data processing | 930,786 | 937,840 | 3,297,079 | 3,027,203 |
| Occupancy expenses, net | 501,525 | 481,329 | 1,962,726 | 1,889,793 |
| FDIC insurance assessments | 105,429 | 160,601 | 540,237 | 680,563 |
| Professional fees | 289,203 | 322,463 | 1,178,924 | 1,274,298 |
| Business development | 320,332 | 344,673 | 1,016,365 | 1,064,362 |
| Other real estate owned (income) expense, net | (85,064) | 7,982 | (172,628) | 613,812 |
| Intangible asset amortization | 95,053 | 95,251 | 368,259 | 421,500 |
| Other operating expenses, net | 331,876 | 335,691 | 1,082,120 | 1,109,121 |
| Total noninterest expense | 6,292,779 | 6,498,804 | 24,960,417 | 25,312,021 |
| Income before income taxes | 5,741,677 | 5,474,815 | 22,539,282 | 20,821,195 |
| Income tax expense | 1,717,253 | 1,559,754 | 6,804,506 | 5,806,544 |
| Net income | \$ 4,024,424 | \$ 3,915,061 | \$ 15,734,776 | \$ 15,014,651 |
| Basic and diluted earnings per share | \$ 0.43 | \$ 0.42 | \$ 1.69 | \$ 1.61 |
| Declared dividends per share | \$ 0.21 | \$ 0.20 | \$ 0.84 | \$ 0.80 |