



**2013 | SUMMARY**  
**ANNUAL REPORT**

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# MISSION STATEMENT

## 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.

## CORPORATE CULTURE

Provide an environment where our affiliates and employees can be successful and provide products and services that enhance the financial well-being of customers and 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

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# AMES NATIONAL CORPORATION AT A GLANCE

Ames National Corporation (the “Company”) is an Iowa-based bank holding company. The Company was organized and incorporated on January 21, 1975, under the laws of the State of Iowa to serve as a holding company for its principal banking subsidiary, First National Bank, Ames, Iowa. In 1983, the Company acquired the stock of the State Bank & Trust Co. located in Nevada, Iowa; in 1991, the Company, through a newly-chartered state bank known as Boone Bank & Trust Co., acquired certain assets and assumed certain liabilities of the former Boone State Bank & Trust Company located in Boone, Iowa; in 1995, the Company acquired the stock of the Reliance State Bank located in Story City, Iowa; and in 2002, the Company chartered and commenced operations of United Bank & Trust NA, located in Marshalltown, Iowa. In 2012, Reliance State Bank acquired two offices in Garner and Klemme, Iowa. Today, each Affiliate Bank is operated as a wholly-owned subsidiary of the Company.

Each Affiliate Bank operates with a local board of directors and a local bank president. All decisions are made locally which means customers receive quick responses to questions, and services are customized to meet customer needs in each community. The principal sources of Company revenue are: interest and fees earned on loans made and held by the Company and Affiliate Banks, interest on fixed income investments, fees on trust services provided by those Affiliate Banks exercising trust powers, service charges on deposit accounts maintained by Affiliate Banks, gain on sale of loans, securities gains and merchant and card fees. The Affiliate Banks’ lending activities consist primarily of short-term and medium-term commercial, agricultural and residential real estate loans, agricultural and business operating loans and lines of credit, equipment loans, vehicle loans, personal loans and lines of credit, home improvement loans and origination of mortgage loans for sale into the secondary market. Affiliate Banks also offer a variety of demand, savings and time deposits, cash management services, merchant credit card processing and safe deposit box services. Convenient access to funds and account information is also available through online banking, mobile banking, online bill pay, online statements and debit cards.

The Company provides various services to the Affiliate Banks which include: management assistance, internal auditing services, human resources services and administration, compliance management, marketing assistance and coordination, loan review and technology support. Company staff handles the backroom operations that make the Company more efficient so the Affiliate Bank staff can focus on what they do best: banking and taking care of customers’ financial needs.

The principal executive office of Ames National Corporation is located at 405 5th Street, Ames, Iowa 50010. The Company’s phone number is (515) 232-6251. More information about the Company can also be found at [www.amesnational.com](http://www.amesnational.com).

## RECENT RECOGNITIONS

- Ranked **25th on Bank Director’s Nifty 50** for NYSE, NYSE MKT and NASDAQ-listed companies based on profitability and capital levels (1st Quarter 2014)
- Ranked among the **top 100 best-performing community banks** in the country by SNL Financial (3/13)
- Ranked among the **top 100 top banks with assets less than \$2 billion in assets** based on a 3-year average ROE by the American Banker Magazine (4/13)
- Ranked in the **top 13 among banks between \$1 billion and \$5 billion in assets** based on the 2013 Bank Performance Scorecard for profitability, capital strength and asset quality by Bank Director Magazine (8/13)
- Ranked as the **6th largest Iowa commercial bank** holding company based on total deposits



# LETTER TO SHAREHOLDERS

## Strategic Thinking. Strategic Goals. Strategic Focus.

2013 presented many challenges such as the interest rate environment and regulatory changes. These challenges provided opportunities for our staff to think strategically which resulted in positive outcomes transpiring during the year. Total assets, loans and deposits reached record levels. Loans grew over 10% and finished the year at a new all-time high. Asset quality improved and our low ratio of problem loans to total assets ranked up in the upper quartile (best performance) in comparison to our peers. Our exceptional people provided quality products and services that fueled the expansion of our client base. Our banks provide financial leadership in the communities we serve, and we are fortunate to have the right people in the proper positions who find extraordinary ways to serve our clients. Our bankers are focused on making our client experiences valuable and rewarding, as we build long-term, mutually beneficial relationships.

We are pleased to present our 2013 financial report, highlighting earnings performance, growth strategies, new products and services, and our people. Let's begin with earnings.

## Earnings.

Ames National Corporation ended 2013 with net income of 14.0 million, or \$1.50 per share, compared to \$14.2 million, or \$1.52 per share earned in 2012. We were pleased with higher net interest income in 2013 over 2012 considering the low market interest rates for the first half of the year, but earnings were lower primarily as the result of funding the loan loss reserve. Net interest margins improved in the second half of the year as intermediate and long term interest rates have increased compared to those of one year ago. Loan growth, good asset quality, and better intermediate interest rates should provide momentum for earnings as we enter 2014.

Rapid growth in assets over the past several years and lower market interest rates for much of that time have made it difficult to deliver our historical norms for average Return on Average Assets (ROAA) during 2013. ROAA was 1.14% for the year compared to 1.24% in 2012. Return on Average Equity (ROAE) was 9.76% for the year compared to 10.08% in 2012. The Company's ROAA and ROAE generally compared favorably to the averages as shown below:

## Ames National Corporation vs. U.S. and Iowa FDIC Insured Banks (ROAA and ROAE)

		Industry	Iowa-Based Banks
ROAA	1.14%	1.07%	0.93%
ROAE	9.76%	9.56%	10.19%

The Company's efficiency ratio is a measurement of our ability to convert resources into revenue, the lower the number, the more efficient the organization. Ames National Corporation's efficiency ratio for 2013 was 52.78%, consistent with the 52.33% reported in 2012. The Company compares favorably to the industry which reported 61.46% for FDIC Insured Iowa Banks during 2013.

The regulatory environment has been a challenge as we work to maximize earnings. With the expansion of regulatory mandates stemming from the Dodd-Frank Act, more dollars have been shifted to complying with new processes, which unfortunately can be discouraging for consumers when obtaining financing and looking for access to products and services. The most significant new mandate, the Ability-to-Repay Rule, significantly increases the underwriting processes when making certain consumer mortgage loans. Clients will be asked to provide more documentation and verification information than previously required. Some mortgage loan features and terms will no longer be offered due to the Ability-to-Repay Rule. Other new mortgage rules require changes to disclosure documents, loan servicing processes, appraisal usage, and lender compensation and qualification requirements. Our compliance staff has been diligently reviewing current procedures and changing processes to meet the 2014 mandates.

## Loan Growth.

An important part of Ames National Corporation's success is driven by loan growth. A quality, well-managed loan portfolio provides our organization with the best opportunities to enhance earnings, and building our loan business has been a strategic focus for our bankers. Loans grew to \$564.5 million, or a \$54 million increase over 2012 levels. The majority of this growth was in real estate, primary in the 1-4 family, commercial and agricultural loan portfolios. As the economic environment has improved, affiliate bank's opportunities to assist clients with new projects and business expansions have increased.

Loan growth will drive earnings as long as asset quality remains favorable. We are pleased to report that the Company had net recoveries for 2013 of \$13,000; compared to net charge-offs of \$154,000 for 2012. In addition, net impaired loans as of December 31, 2013, were \$2.2 million, or 0.39% of gross loans, compared to \$5.9 million, or 1.1% of gross loans as of the end of 2012. Ames National Corporation's low level of problem loans places us in the top 15% of peer bank-holding companies in the country and is an indication of the importance we have placed on effectively monitoring and managing credit quality.

### On the Balance Sheet.

Driven by loan growth, assets reached record levels at \$1.2 billion as of December 31, 2013, a \$15.4 million increase compared to year-end 2012. Deposits exceeded \$1 billion at the end of 2013, a 0.7% increase over last year. The deposit growth was primary due to increases in core deposits, such as: interest-bearing checking, savings and money market accounts. Long-term certificates of deposit decreased as we believe clients are anticipating an interest rate increase and are keeping their funds more liquid.

The Company's stockholders' equity represented 11.5% of total assets as of December 31, 2013, with all of the Company's five affiliate banks continuing to maintain strong capital levels. Total equity was \$142 million as of December 31, 2013, compared to \$145 million reported at year-end 2012. Lower capital levels were directly attributed to a change in the unrealized gains in our investment portfolio, one of the elements included in our capital. Capital is impacted by earnings, dividends and the fair value of the investment portfolio. When interest rates increase, the fair value of the investment portfolio is reduced and that change is reflected in capital.

### Growth through Acquisition.

As we reflect on our strategic initiatives, acquisition considerations have been a growth opportunity for Ames National Corporation. We are also pleased to report that the acquisition of the Garner and Klemme, Iowa offices by Reliance State Bank in April of 2012 continues to generate positive returns. Reliance State Bank's net income for 2013 was \$2,172,000, as compared to \$1,833,000 for the year ended December 31, 2012, an 18.5% increase. The acquisition contributed to increases in net interest income, noninterest income and noninterest expense, and has proven to be a profitable model as we look for future growth strategies.

### Company Stock.

Company stock, which is listed on the NASDAQ Capital Market under the symbol ATLO, closed at \$22.39 on December 31, 2013. During the year the price ranged from \$18.50 to \$23.94 with 2,925,300 shares traded. Dividends declared to shareholders in 2013 totaled \$0.64 per share.

### Our People.

During 2013, a director and long-term employee retired from service at Ames National Corporation. Frederick Samuelson, president of James Michael & Associates, Inc. and member of the Ames National Corporation and State Bank & Trust Co. Boards of Directors and Michael Bloom, Senior Vice President and Trust Officer and board member at United Bank & Trust, retired from their respective positions during the year. We appreciate their advice and council over the years. They will truly be missed.

We were pleased to welcome Richard Parker, Attorney, and the Company's Chief Financial Officer, John Nelson, to the Ames National Corporation Board of Directors. Jim Kurtenbach, Sr. Manager at Web Filings, joined the board at State Bank & Trust Co. With the acquisition of Garner and Klemme, we added two new board positions at Reliance State Bank. Mike Hrubes, farmer and business owner in Garner, and Neil Fell, Market President for Reliance State Bank in Garner, joined the board in May. We are fortunate to have these community leaders serving our organization.

We were saddened by the passing of Edward C. Jacobson, former senior vice president at First National Bank, Treasurer of Ames National Corporation and board member at Reliance State Bank, on December 30, 2013. He joined First National Bank in 1964 and was part of the original group of incorporators of Ames National Corporation in 1975. Ed retired from First National Bank in 2003 where he served his entire banking career. We would like to express our condolences to Ed's family.

### In Conclusion.

As we reflect on 2013, we would like to thank our shareholders, employees and boards of directors for their commitment and support to Ames National Corporation. We hope you find this report valuable and informative as we review the financial results, growth in services and Company accomplishments. 2014 will bring many new opportunities, and we are looking forward to our continued focus on strategic direction and profitable growth. Please mark your calendars and plan to join us for the Ames National Corporation 39th Annual Meeting of Shareholders at Reiman Gardens on April 30th. We encourage you to contact us if you have any questions prior to the meeting.



*Thomas H. Pohlman*  
Thomas H. Pohlman  
President



*Douglas C. Gustafson*  
Douglas C. Gustafson  
Chairman



# BOARD OF DIRECTORS

FINANCIALLY STRONG. STABLE. STRATEGIC. GROWING.



BACK ROW, LEFT TO RIGHT:

**Warren R. Madden**

Vice President for Business & Finance, Iowa State University

**John P. Nelson**

Vice President and Chief Financial Officer of the Company

**Douglas C. Gustafson**

Retired Veterinarian, Boone Veterinary Hospital  
and Chairman of the Company

**Richard O. Parker**

Attorney, Parker Law Firm

**Thomas H. Pohlman**

President of the Company

**Steven D. Forth**

Farmer

**Charles D. Jons**

Retired Physician, McFarland Clinic

FRONT ROW, LEFT TO RIGHT:

**David W. Benson**

Partner, Nyemaster Goode Attorneys at Law

**Larry A. Raymon**

Chief Executive Officer, Raymon Enterprises, Inc.

**Betty A. Baudler Horras**

President, Baudler Enterprises, Inc. *(marketing)*

**James R. Larson, II**

President, Larson Development Corporation *(real estate development)*

**Robert L. Cramer**

Retired President and Chief Operating Officer  
Fareway Stores, Inc. *(grocery stores)*

# 2013 HIGHLIGHTS

## **Innovative Financial Solutions. Client-Focused.**

An important aspect of our plan for growth is providing unique and valuable products and services that enhance the banking experience for our clients. Providing innovative solutions that are focused on our clients' needs is a key component to maintaining our client base and driving new business. When considering our product and services mix, we have been diligently working on a variety of strategic initiatives to engage our clients and generate new opportunities. We would like to provide you with a snapshot of some of these initiatives that our clients are finding important in helping them at every life stage with their financial needs.

***“Banking should be easy, convenient and stress free – and that’s what I get from First National Bank.”***

**Carrie and Andrew Ricklefs**  
Mobile Deposit Clients



## **Online Solutions: Simplifying Banking**

Technology has given clients easy access to a myriad of information. Through a few swipes on their smart phones or tablets, they have powerful tools to help them make decisions. Clients have high expectations for convenience, and these expectations are no different with banking. Clients want their financial information easily accessible so they can manage their cash flow, wherever and whenever they want. We are very much in-tune with the wants and needs of our clients and are focused on providing solutions that simplify banking. Over the past five years, we have been building our suite of mobile and online banking services, and our clients are responding. Our most recent launch of Mobile Deposit has given clients the ability to deposit checks using their smart phones. Clients are enjoying the added convenience, and the Company is benefiting from the powerful new retention tool.

## **ID TheftSmart: Offering Peace of Mind**

Identify theft continues to grow each year. According to Javelin and Associates, 12.6 million people were affected by identity theft in 2012. As a victim, it can be a very time-consuming and overwhelming process to repair the damage done. During 2013, we expanded our ID TheftSmart restoration services to include a credit monitoring feature. Clients are looking for solutions to help them restore confidence and their reputations should they ever have problems, and this service brings peace of mind.

## **Wealth Management: Delivering Financial Expertise**

Expanding our Wealth Management Services has been an important strategic initiative over the past three years. The need for services like financial management, trust services, financial planning and estate planning continues to grow, and we have found a niche in delivering financial expertise to assist clients with their short and long-term financial goals. Within the Company, we have two CERTIFIED FINANCIAL PLANNERS™ and a Chartered Financial Analyst on staff in addition to many trust officers with extensive years of experience. When combining financial expertise and a custom-designed experience for each client, the response has been remarkable.

These are just a few of the services we offer to make our clients financial lives better. By asking important questions and listening to customers' needs, we are continually enhancing our services and building stronger client relationships. Our account numbers are growing, and clients are finding value in our banking model. Clients appreciate the fact that what our employees do, the decisions we make and the services offered are truly in their best interest. We are focused on doing the right things daily to take care of clients. This philosophy produces long-term financial success for our clients, and, in turn, for our organization.

# FINANCIAL HIGHLIGHTS

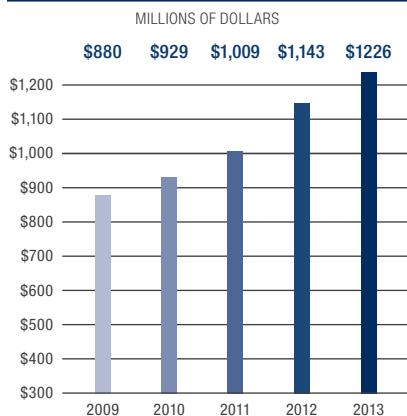
	2013	2012	2011	2010	2009
<b>FOR THE YEAR</b>					
<b>PERFORMANCE</b>					
Net Income (in thousands)	\$13,954	\$14,182	\$13,921	\$12,966	\$9,006
Return on					
Average Assets	1.14%	1.24%	1.38%	1.40%	1.02%
Average Equity	9.76%	10.08%	10.82%	10.91%	8.31%
Efficiency Ratio	52.78%	52.33%	49.80%	50.12%	63.72%
<b>PER COMMON SHARE DATA</b>					
Basic and Diluted Earnings	\$1.50	\$1.52	\$1.48	\$1.37	\$0.95
Cash Dividends Declared	\$0.64	\$0.60	\$0.52	\$0.44	\$0.40
Dividend Payout Ratio	42.67%	39.47%	35.14%	32.12%	42.11%
Dividend Yield	2.9%	2.7%	2.7%	2.0%	1.9%
<b>AT DECEMBER 31</b>					
<b>BALANCE SHEET DATA (in thousands)</b>					
Total Assets	\$1,233,084	\$1,217,692	\$1,035,564	\$962,975	\$915,570
Net Loans	\$564,502	\$510,126	\$438,651	\$418,094	\$415,434
Deposits	\$1,011,803	\$1,004,732	\$818,705	\$743,862	\$722,164
Stockholders' Equity	\$ 142,106	\$144,736	\$134,557	\$121,363	\$112,340
<b>LOAN QUALITY</b>					
Allowance for loan losses to total loans	1.50%	1.50%	1.77%	1.77%	1.81%
Net charge-offs to average outstanding loans	0.00%	0.03%	0.03%	0.19%	0.16%
Non performing loans to total loans	0.44%	1.07%	1.81%	1.48%	2.44%
<b>CAPITAL</b>					
Tier 1 Risk-Based Capital Ratio	11.0%	10.9%	12.2%	12.5%	12.0%
Total Equity/Total Assets	11.5%	11.9%	13.0%	12.6%	12.3%
Market Price per Share					
Closing	\$22.39	\$21.90	\$19.50	\$21.67	\$21.11
High	\$23.94	\$24.00	\$21.92	\$22.84	\$28.79
Low	\$18.50	\$18.30	\$14.15	\$16.61	\$14.87



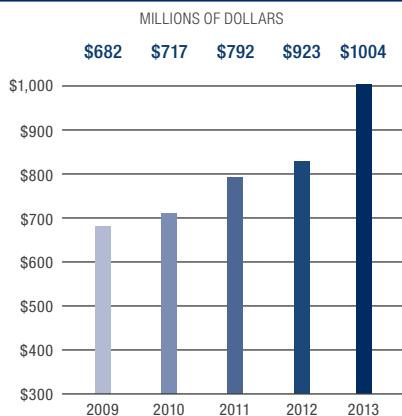
# FIVE-YEAR PERFORMANCE RECORD

## FIVE-YEAR FINANCIAL HIGHLIGHTS

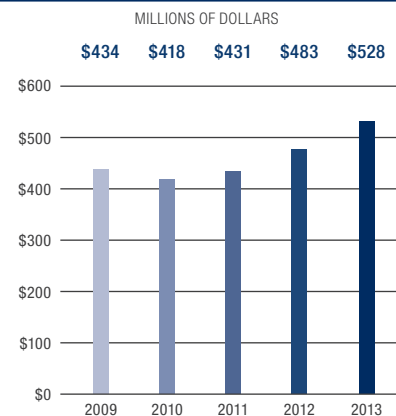
### AVERAGE TOTAL ASSETS



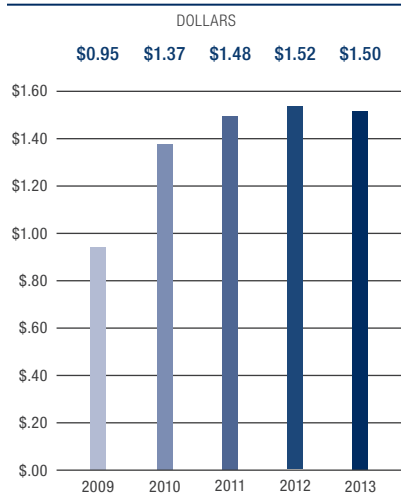
### AVERAGE DEPOSITS



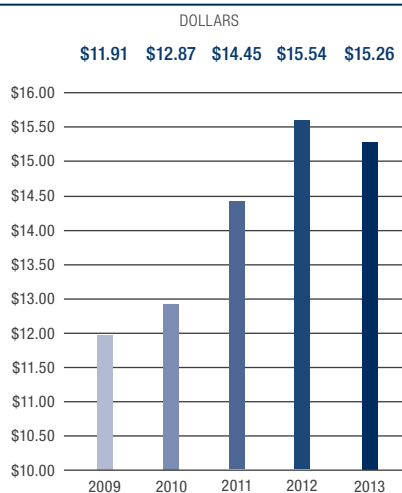
### AVERAGE LOANS



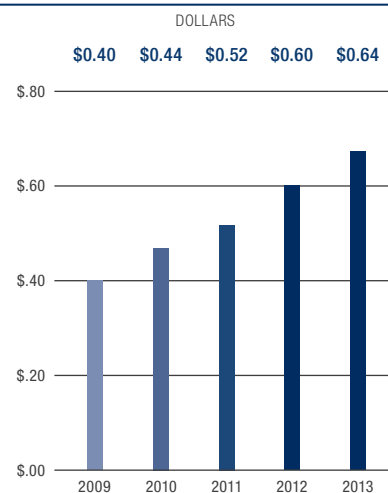
### EARNINGS PER SHARE



### BOOK VALUE PER SHARE



### DECLARED DIVIDENDS PER SHARE



## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

### The Board of Directors of Ames National Corporation:

We have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Ames National Corporation and subsidiaries as of December 31, 2013 and 2012, and the related consolidated statements of income, comprehensive income, stockholders' equity and cash flows (not presented herein) for each of the three years in the period ended December 31, 2013; and in our report dated March 12, 2014, we expressed an unqualified opinion on those consolidated financial statements.

In our opinion, the information set forth in the accompanying condensed consolidated financial statements is fairly stated, in all material respects, in relation to the consolidated financial statements from which it has been derived.

CliftonLarsonAllen LLP  
West Des Moines, Iowa  
March 12, 2014

# CONDENSED CONSOLIDATED BALANCE SHEETS

	December 31, 2013	December 31, 2012
<b>ASSETS</b>		
Cash and due from banks	\$ 24,270,031	\$ 34,805,371
Interest bearing deposits in financial institutions	23,628,117	44,639,033
Securities available-for-sale	580,039,080	588,417,037
Loans receivable, net	564,501,547	510,125,880
Loans held for sale	295,618	1,030,180
Bank premises and equipment, net	11,892,329	12,233,464
Accrued income receivable	7,437,673	7,173,703
Other real estate owned	8,861,107	9,910,825
Deferred income taxes	5,027,103	-
Core deposit intangible, net	1,029,564	1,303,264
Goodwill	5,600,749	5,600,749
Other assets	501,242	2,452,593
<b>Total assets</b>	<b>\$ 1,233,084,160</b>	<b>\$ 1,217,692,099</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<i>LIABILITIES</i>		
Deposits		
Demand, noninterest bearing	\$ 179,946,472	\$ 182,033,279
NOW accounts	299,788,852	287,294,015
Savings and money market	289,307,102	279,774,197
Time, \$100,000 and over	97,077,717	99,925,619
Other time	145,683,035	155,705,340
<b>Total deposits</b>	<b>1,011,803,178</b>	<b>1,004,732,450</b>
Federal funds purchased and securities sold under agreements to repurchase	39,616,644	27,088,660
FHLB advances and other long-term borrowings	34,540,526	34,611,035
Dividend payable	1,489,746	1,396,627
Deferred income taxes	-	1,632,560
Accrued expenses and other liabilities	3,527,882	3,495,032
<b>Total liabilities</b>	<b>1,090,977,976</b>	<b>1,072,956,364</b>
<i>STOCKHOLDERS' EQUITY</i>		
Common stock, \$2 par value, authorized 18,000,000 shares; issued 9,432,915 shares; outstanding 9,310,913 shares as of December 31, 2013 and 2012	18,865,830	18,865,830
Additional paid-in capital	22,651,222	22,651,222
Retained earnings	102,154,498	94,159,839
Accumulated other comprehensive income-net unrealized income on securities available-for-sale	451,132	11,075,342
Treasury stock, at cost; 122,002 shares at December 31, 2013 and 2012	(2,016,498)	(2,016,498)
<b>Total stockholders' equity</b>	<b>142,106,184</b>	<b>144,735,735</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 1,233,084,160</b>	<b>\$ 1,217,692,099</b>

# CONDENSED CONSOLIDATED STATEMENTS OF INCOME

	Years Ended December 31,		
	2013	2012	2011
<b>INTEREST INCOME:</b>			
Loans	\$ 25,433,950	\$ 24,761,633	\$ 23,600,471
Securities			
Taxable	5,744,321	6,058,556	6,993,213
Tax-exempt	6,864,948	6,767,545	6,555,546
Interest bearing deposits and federal funds sold	390,594	484,004	466,475
<b>Total interest income</b>	<b>38,433,813</b>	<b>38,071,738</b>	<b>37,615,705</b>
<b>INTEREST EXPENSE:</b>			
Deposits	3,861,713	4,472,337	5,313,476
Other borrowed funds	1,213,050	1,279,604	1,416,589
<b>Total interest expense</b>	<b>5,074,763</b>	<b>5,751,941</b>	<b>6,730,065</b>
<b>Net interest income</b>	<b>33,359,050</b>	<b>32,319,797</b>	<b>30,885,640</b>
Provision for loan losses	786,390	22,277	532,961
<b>Net interest income after provision for loan losses</b>	<b>32,572,660</b>	<b>32,297,520</b>	<b>30,352,679</b>
<b>NONINTEREST INCOME:</b>			
Trust services income	1,970,938	2,060,308	2,046,914
Service fees	1,580,811	1,578,672	1,465,055
Securities gains, net	1,002,920	646,755	1,025,714
Other-than-temporary impairment of investment securities	—	(259,851)	—
Gain on sale of loans held for sale	1,200,402	1,589,122	1,048,583
Merchant and card fees	1,142,027	1,055,613	739,951
Other noninterest income	820,680	764,765	644,163
<b>Total noninterest income</b>	<b>7,717,778</b>	<b>7,435,384</b>	<b>6,970,380</b>
<b>NONINTEREST EXPENSE:</b>			
Salaries and employee benefits	13,131,556	12,465,403	11,631,032
Data processing	2,414,564	2,239,003	1,985,329
Occupancy expenses	1,471,978	1,462,898	1,377,333
FDIC insurance assessments	661,127	664,285	738,893
Professional fees	1,127,666	1,224,093	989,856
Business development	957,702	941,090	816,639
Other real estate owned, net	651,401	482,904	434,041
Core deposit intangible amortization	273,700	196,736	—
Other operating expenses, net	989,178	1,126,541	878,849
<b>Total noninterest expense</b>	<b>21,678,872</b>	<b>20,802,953</b>	<b>18,851,972</b>
<b>Income before income taxes</b>	<b>18,611,566</b>	<b>18,929,951</b>	<b>18,471,087</b>
<b>PROVISION FOR INCOME TAXES</b>	<b>4,657,922</b>	<b>4,747,643</b>	<b>4,550,280</b>
<b>NET INCOME</b>	<b>\$ 13,953,644</b>	<b>\$ 14,182,308</b>	<b>\$ 13,920,807</b>
Basic and diluted earnings per share	\$ 1.50	\$ 1.52	\$ 1.48

# AFFILIATE BANKS



**Organized:** The former Boone State Bank & Trust Co., was organized in 1883. In 1992, the Bank was organized by the Company under a new state charter in connection with a purchase and assumption transaction, whereby Boone Bank & Trust Co. purchased certain assets and assumed certain liabilities of the former Boone State Bank & Trust Co. in exchange for a cash payment.

**Financial Highlights:** As of December 31, 2013, Boone Bank had capital of \$12,495,000 and 25 full-time equivalent employees. Boone Bank had net income for the years ended December 31, 2013, 2012 and 2011 of approximately \$1,533,000, \$1,764,000 and \$1,828,000, respectively. Total assets as of December 31, 2013, 2012 and 2011 were approximately \$128,551,000, \$123,829,000 and \$118,345,000, respectively.

**Locations:**

**Main Office:**  
716 8th Street, Boone  
**Boone Branch Office:**  
1326 S. Story Street, Boone

**Contact Information:**

**Phone:** (515) 432-6200  
**Fax:** (515) 432-3312  
**Web:** [www.boonebankiowa.com](http://www.boonebankiowa.com)  
**Email:** [service@boonebankiowa.com](mailto:service@boonebankiowa.com)

**Board Of Directors:** Back Row, Left to Right: *Robert L. Cramer, Richard D. Blomgren, Douglas C. Gustafson, DVM, Patrick J. McMullan*  
Front Row, Left to Right: *William S. Zinnel, Thomas H. Pohlman, Jeffrey K. Putzier*



**Organized:** The Bank was organized in 1903 and became a wholly-owned subsidiary of the Company in 1975 through a bank holding company reorganization, whereby those shareholders of First National exchanged all of their First National stock for stock in the Company.

**Financial Highlights:** As of December 31, 2013, First National had capital of \$63,571,000 and 96 full-time equivalent employees. First National had net income for the years ended December 31, 2013, 2012 and 2011 of approximately \$7,200,000, \$7,193,000 and \$7,517,000, respectively. Total assets as of December 31, 2013, 2012 and 2011 were approximately \$629,414,000, \$616,287,000 and \$560,753,000, respectively.

**Locations:**

**Main Office:**  
405 5th Street, Ames  
**University Office:**  
2330 Lincoln Way, Ames  
**North Grand Office:**  
2406 Grand Avenue, Ames  
**Ankeny Office:**  
1205 North Ankeny Blvd., Ankeny

**Contact Information:**

**Phone:** (515) 232-5561  
**Fax:** (515) 232-5778  
**Web:** [www.FNBames.com](http://www.FNBames.com)  
**Email:** [info@FNBames.com](mailto:info@FNBames.com)

**Board Of Directors:** Back Row, Left to Right: *Warren R. Madden, Scott T. Bauer, David W. Benson, Thomas H. Pohlman, Terrill L. Wycoff, James R. Larson, II*  
Front Row, Left to Right: *Charles D. Jons, Lisa M. Eslinger, Betty A. Baudler Horras, John R. Lynch*

**Organized:** Reliance State Bank, formerly known as “Randall-Story State Bank,” Story City, Iowa, is an Iowa, state-chartered, FDIC insured commercial bank. Organized in 1928, Reliance Bank was acquired by the Company in 1995 through a stock transaction whereby the then shareholders of Reliance Bank exchanged all their Reliance Bank stock for stock in the Company. In 2012, Reliance Bank acquired the Garner, Iowa and Klemme, Iowa offices with a purchase and assumption transaction whereby Reliance Bank purchased certain assets and assumed certain liabilities in exchange for a cash payment.

**Financial Highlights:** As of December 31, 2013, Reliance Bank had capital of \$24,204,000 and 31 full-time equivalent employees. Reliance Bank had net income for the years ended December 31, 2013, 2012 and 2011 of approximately \$2,172,000, \$1,833,000 and \$1,234,000, respectively. Total assets as of December 31, 2013, 2012 and 2011 were approximately \$221,597,000, \$221,799,000 and \$91,279,000, respectively.

**Locations:**

606 Broad Street, Story City  
 175 E. 3rd Street, Garner  
 100 E. Main Street, Klemme

**Contact Information:**

Phone: (515) 733-4396  
 Fax: (515) 733-2068  
 Web: [www.RSbiowa.com](http://www.RSbiowa.com)  
 Email: [info@rsbiowa.com](mailto:info@rsbiowa.com)



**Board Of Directors:** Back Row, Left to Right: *Harold E. Thompson, Cory K. Milbrandt, Michael M. Hrubes, Elaine C. Tekippe, Steven D. Forth, Gary G. Vulgamott*  
 Front Row, Left to Right: *Neil W. Fell, John P. Nelson, Richard J. Schreier*

**Organized:** The Bank was organized in 1939 and acquired by the Company in 1983 through a stock transaction, whereby those shareholders of State Bank exchanged all of their State Bank stock for stock in the Company.

**Financial Highlights:** As of December 31, 2013, State Bank had capital of \$16,738,000 and 23 full-time equivalent employees. State Bank had net income for the years ended December 31, 2013, 2012 and 2011 of approximately \$2,122,000, \$2,208,000 and \$2,059,000, respectively. Total assets as of December 31, 2013, 2012 and 2011 were approximately \$154,405,000, \$151,859,000 and \$148,839,000, respectively.

**Locations:**

**Main Office:**  
 1025 6th Street, Nevada  
**Colo Office:**  
 405 Main Street, Colo

**Contact Information:**

Phone: (515) 382-2191  
 Fax: (515) 382-3826  
 Web: [www.banksbt.com](http://www.banksbt.com)  
 Email: [info@banksbt.com](mailto:info@banksbt.com)



**Board Of Directors:** Back Row, Left to Right: *Dan E. Johnson, Stephen C. McGill, Richard O. Parker, James M. Kurtenbach*  
 Front Row, Left to Right: *Laurie L. Henry, Thomas H. Pohlman, Michelle R. Cassabaum*

**Organized:** The Bank was chartered as a national bank in June 2002.

**Financial Highlights:** As of December 31, 2013, United Bank had capital of \$13,160,000 and 23 full-time equivalent employees. United Bank had net income for the years ended December 31, 2013, 2012 and 2011 of approximately \$1,103,000, \$1,269,000 and \$1,228,000, respectively. Total assets as of December 31, 2013, 2012 and 2011 were approximately \$111,420,000, \$107,627,000 and \$107,555,000, respectively.

**Locations:**

**Main Office:**  
 2101 S. Center Street, Marshalltown  
 Courthouse Branch:  
 29 S. Center Street, Marshalltown

**Contact Information:**

Phone: (641) 753-5900  
 Fax: (641) 753-0800  
 Web: [www.ubtna.com](http://www.ubtna.com)  
 Email: [info@ubtna.com](mailto:info@ubtna.com)



UNITED BANK & TRUST

**Board Of Directors:** Back Row, Left to Right: *Michael W. Bloom, John S. Wise, Thomas H. Pohlman*  
 Front Row, Left to Right: *Keith R. Brown, Larry A. Raymon, Kathy L. Baker, Curtis A. Hoff, Kevin L. Swartz*



# STOCK & DIVIDEND INFORMATION

## Market Price & Dividend Information

On February 28, 2014, the Company had approximately 416 shareholders and 1,091 beneficial owners whose shares were held in nominee titles through brokerage or other accounts. The Company's common stock is traded on the NASDAQ Capital Market under the symbol "ATLO." Trading in the Company's common stock is, however, relatively limited. The closing price of the Company's common stock was \$22.28 on February 28, 2014.

Below is a summary of the Company's high and low sales price for the common stock on a per share basis during the last two years, based on information provided to and gathered by the Company on an informal basis. The comparison also outlines the Company's declared cash dividends during the past two years. The Company declared aggregate annual cash dividends in 2013 and 2012 of \$5,959,000 and \$5,587,000, respectively, or \$0.64 per share in 2013 and \$0.60 per share in 2012. In February 2014, the company declared a cash dividend of \$1,676,000 or \$0.18 per share.

## Market Price & Dividend Two-Year Comparison

2013				2012			
Quarter	MARKET PRICE		CASH DIVIDENDS	Quarter	MARKET PRICE		CASH DIVIDENDS
	High	Low	Declared		High	Low	Declared
1st	\$22.91	\$19.92	\$0.16	1st	\$24.00	\$18.30	\$0.15
2nd	\$23.15	\$18.50	\$0.16	2nd	\$24.00	\$19.51	\$0.15
3rd	\$23.94	\$19.87	\$0.16	3rd	\$23.72	\$20.06	\$0.15
4th	\$23.05	\$21.09	\$0.16	4th	\$21.99	\$18.39	\$0.15

The decision to declare cash dividends in the future and the amount thereof rests within the discretion of the Board of Directors of the Company and will be subject to, among other things, the future earnings, capital requirements and financial condition of the Company and certain regulatory restrictions imposed on the payment of dividends by the Banks. Such restrictions are discussed in greater detail in Management's Discussion and Analysis of Financial Condition and Results of Operations – Liquidity and Capital Resources and Regulatory Matters and in the Notes to the Company's Financial Statements appearing in the Company's Annual Report on Form 10-K.

# SHAREHOLDER INFORMATION

## Company Contact Information

Ames National Corporation  
P.O. Box 846  
405 5th Street  
Ames, IA 50010  
(515) 232-6251 | Fax (515) 663-3033  
info@amesnational.com | www.amesnational.com

## Company Officers

Thomas H. Pohlman President & CEO  
John P. Nelson Vice President & CFO  
John L. Pierschbacher Controller  
Kevin G. Deardorff Vice President & Technology Director  
Nicole J. Gebhart Vice President & Marketing Director  
Tracy W. Laws Vice President & Auditor  
Jennifer J. Hanson Asst. Vice President & Human Resources Director  
Timothy J. Lupardus Vice President & Information Systems Manager  
Joel P. Jacobsen Asst. Vice President & Compliance Officer  
Lori J. Hill Asst. Corporate Secretary  
Matthew R. Hackbart Vice President  
& Information Systems Asst. Manager  
Colin T. Richey Information Systems Officer

## Independent Auditors

CliftonLarsonAllen LLP  
West Des Moines, Iowa

## Counsel

Nyemaster Goode, P.C.  
Des Moines, Iowa

## Annual Meeting

The Board of Directors of Ames National Corporation has established Wednesday, April 30, 2014, at 4:30 p.m. as the date of the Annual Meeting of Shareholders. Registration will begin at 4:00 p.m. We invite all shareholders to attend the meeting, which will be held at Reiman Gardens, 1407 University Boulevard, Ames, Iowa.

## Market Makers

Ames National Corporation's common stock is listed on the NASDAQ Capital Market under the symbol "ATLO." Market makers and brokers in the stock include:

First Point Wealth Management, First National Bank, Ames  
(515) 663-3074

Stifel Nicolaus | (515) 233-4064

Monroe Securities, Inc. | (800) 766-5560

Raymond James | (800) 800-4693

FTN Financial Group | (800) 456-5460

## Stock Transfer Agent

Illinois Stock Transfer Company  
433 S. Carlton Avenue  
Wheaton, IL 60187  
(800) 757-5755 | Fax: (630) 480-0641  
www.istshareholderservices.com

## Form 10-K and Other Information

A copy of the Company's annual report to the Securities and Exchange Commission on form 10-K will be available on the Securities and Exchange Commission's website at <http://www.sec.gov> and through a link on the Company's website, [www.amesnational.com](http://www.amesnational.com), at Financial Information, SEC Filings. A copy of the annual report can also be obtained upon request to John Nelson, Vice President & CFO at 515-232-6251 or [info@amesnational.com](mailto:info@amesnational.com).

**Ames National Corporation**

405 5th Street, Box 846 | Ames, IA 50010

t (515) 232-6251 | f (515) 663-3033

[info@amesnational.com](mailto:info@amesnational.com)