



2020 SUMMARY
ANNUAL REPORT

AMES NATIONAL CORPORATION AT A GLANCE

BACKGROUND

Ames National Corporation (ANC) is an Iowa-based bank holding company. ANC 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, ANC acquired the stock of State Bank & Trust Co. located in Nevada, Iowa; in 1991, ANC acquired Boone Bank & Trust Co., located in Boone, Iowa; in 1995, ANC acquired the stock of Reliance State Bank located in Story City, Iowa; and in 2002, ANC chartered and commenced operations of United Bank & Trust NA, located in Marshalltown, Iowa. In 2012, Reliance State Bank acquired an office located in Garner, Iowa. In 2014, First National Bank acquired three offices located in West Des Moines and Johnston, Iowa, and three locations in the Osceola, Iowa area in 2018. In 2019, ANC acquired Iowa State Savings Bank in the Creston, Iowa area.

AMES NATIONAL CORPORATION SERVICES

ANC provides various services to the affiliate banks, which include: management assistance, payroll, internal auditing, human resources, compliance management, marketing assistance, loan review, technology support, training and employee development. ANC employees seek to incorporate efficiencies across the affiliate banks' operational functions so the affiliate bank management teams can focus on what they do best: banking and taking care of customers' financial needs.

AFFILIATE BANK STRUCTURE

Each affiliate bank operates independently with a board of directors and a bank president. Decisions are made locally, which means customers receive quick responses to questions, and services are customized to meet customer needs in each community.

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, lines of credit, home improvement loans and the origination of mortgage loans for sale into the secondary market. Affiliate banks also offer a variety of checking, savings and time deposits accounts, cash management services, wealth management and trust services, merchant credit card processing and safe deposit box services. Convenient access to funds and account information is also available through: Online Banking, Video Banking, Mobile Banking, Online Bill Pay, Mobile Wallet, online statements and debit cards.

MISSION STATEMENT

Ames National Corporation is a results-oriented financial services holding company providing leadership, counsel and support to its community affiliate banks and superior performance for its shareholders.



CORE VALUES

Ames National Corporation's foundation is built on these values which guide our actions.

EXCELLENCE • INTEGRITY • LEADERSHIP
STABILITY • TRUST • COMMUNITY

STRATEGIC DIRECTION

The Ames National Corporation five-year strategic plan is focused on three driving initiatives:

EMPLOYEE ENGAGEMENT

Enhance systems and activities to acquire, develop and retain employees.

CONTINUOUS IMPROVEMENT

Continually improve key processes to increase customer engagement, employee engagement and shareholder value.

CUSTOMER ENGAGEMENT

Develop a customer experience that supports relationship growth and customer acquisition.

LETTER TO SHAREHOLDERS

The journey of 2020 was unprecedented and unanticipated. Early in the first quarter, we realized that 2020 would be a year like no other. Though our plans and expectations quickly changed due to the pandemic, we could not be more proud of our affiliate bank teams and their resilience in adjusting and adapting throughout this year.

We have always emphasized that it is imperative for our organization that decisions are made by leaders who work directly with customers to best understand their needs and community needs.

This philosophy proved to be valuable when faced with the rapidly changing COVID-19 environment and its varying effects on the communities we serve. Our affiliate leadership teams were responsive, caring and diligent in finding solutions to continue to serve our employees, customers and communities while keeping health and safety as a top priority. Digital Banking usage reached new highs as customers took even greater advantage of our online and mobile delivery. In addition, affiliate bank offices remained open to continue to provide personal service. Through flexibility, innovation, discernment and empathy, our leaders responded and forged a unique path in 2020.

Customers value the continuum of services provided by our team of experts at each life stage. We are in the long-term relationship building business. Whether opening up a child's first savings account, purchasing a first home, assisting with finances during retirement or managing business cash flow, we know just how important relationships are as we walk alongside our customers every day, but especially through events like a pandemic. Although it seemed that each day brought a new set of challenges, whether pandemic or derecho-related, we remained focused on delivering on our core values of:

EXCELLENCE • INTEGRITY • LEADERSHIP •
STABILITY • TRUST • COMMUNITY

Driven by these core value promises, Ames National Corporation was able to reach record levels in net income, assets, loans and deposits. We are pleased to provide our 2020 financial overview and highlight drivers of the record growth.

FINANCIAL RESULTS

Net income for 2020 totaled a record \$18.9 million or \$2.06 per share, compared to \$17.2 million or \$1.86 per share earned in 2019. The increase in earnings was primarily the result of the Iowa State Savings Bank acquisition, growth in mortgage lending and a reduction in interest expense due to declines in market rates. We are pleased to report that, as a result of the 2019 acquisition, Iowa State Savings Bank contributed \$1.7 million in earnings to the bottom line in 2020 compared to just over \$300,000 for a partial year in 2019. Earnings were partially offset by a \$4.4 million increase in the provision for loan losses in 2020 compared to 2019. The increase in the loan loss reserve was a result of the economic slowdown associated with the COVID-19 pandemic on our loan portfolio and, to a lesser extent, loan growth.

Loan interest income was \$6.2 million higher in 2020 in 2019. This increase was primarily due to the Iowa State Savings Bank acquisition, Paycheck Protection Program (PPP) loans and organic loan growth, offset in part by a reduction in interest rates. Deposit interest expense decreased \$2.4 million, mostly due to market interest rate declines. Net interest income for 2020 totaled \$54.8 million, a \$9.6 million increase, or 21%, compared to 2019.

Non-interest income for 2020 totaled \$10.6 million, as compared to \$8.6 million in 2019, an increase of 23%. The three factors that drove growth in noninterest income were an uptick in refinancing of home loans in a low interest rate environment, security gains on investment sales and customers seeking wealth management and trust services advice. Income from the sale of residential loans was up

nearly \$1.1 million over 2019, security gains were \$413,000 higher in 2020 than in 2019, while Wealth Management income increased just over \$250,000.

The balance sheet for 2020 also showed record growth. Assets reached \$2.0 billion, an increase of \$238.5 million compared to 2019. Investment securities, PPP loans and organic loan growth were the drivers of this 14% rise in assets. These assets were funded mainly due to a surge in deposits as a result of the federal government stimulus programs. Deposits reached record levels, and totaled \$1.7 billion at year-end, 15% higher than year-end 2019, and this growth was mainly in commercial and retail core deposits. The amount of government stimulus dollars that have been injected into the economy is unprecedented. Deposits held by all FDIC insured institutions in the United States totaled \$17.1 trillion as of September 30, 2020 which compares to \$14.3 trillion as of September 30, 2019. This excess liquidity in the banking system has contributed to a challenging environment, as we work to deploy investable funds. Loan prospects and bond issuers have a significant number of options which constrains funding opportunities and puts downward pressure on yields.

Despite these constraints, 2020 net loans increased 8%, to \$1.1 billion, as compared to \$1.0 billion in 2019. Ames National Corporation affiliate banks extended credit for local projects and funded nearly \$80 million in PPP loans to assist business owners through the economic slowdown due to the pandemic. During the fourth quarter, the Affiliate Banks began the process of assisting PPP loan customers with the loan forgiveness application process and \$34.1 million in loans had been granted forgiveness by the end of the year.

OUR AFFILIATE BANKS

continue to support the local economy, small businesses and our customers and have begun processing applications for the second Phase of the PPP in response to additional government stimulus programs.

ECONOMIC OUTLOOK

As mentioned earlier, the Company's provision for loan losses increased by \$4.4 million in 2020 as a precaution to safeguard from uncertainties in the market derived from the pandemic. We are optimistic that consumer confidence will rebound with the vaccine rollout which we expect to result in a more normalized economic environment. Nevertheless, boosting the loan loss reserve will help us weather uncertainties in the market and fortify the balance sheet. We are also appreciative of the diversification of our loan portfolio. With a quality mix of commercial, agricultural and residential loans, we believe we are well-positioned for potential uncertain economic conditions.

IN SUMMARY

As we begin 2021, we are hopeful and excited for the opportunities ahead. Our management teams will focus on the factors that we can control. We have a talented team of bankers that will continue to build on our past success and find opportunities to strengthen our Company. We continue to set high standards for profitable growth and are focused on serving our communities. On behalf of the employees and board of directors, thank you for your ongoing support of Ames National Corporation, and we appreciate the opportunity to serve you.

ANNUAL MEETING

We look forward to providing you additional financial highlights at our Annual Meeting of Shareholders which will be held on April 28, 2021 at 4:30 p.m. More details are available on page 15 of this report.

We encourage you to attend the annual meeting virtually.



Thomas H. Pohlman
Thomas H. Pohlman
Chairman



John P. Nelson
John P. Nelson
President & CEO

FINANCIAL HIGHLIGHTS

As of December 31, 2020



Net Income
\$18.9 Million



Assets
\$2.0 Billion



Dividends Paid Per Share
\$0.99



ROA
1.01%



ROE
9.48%



ATLO Closing Price
\$24.02

Per Common Share

	2020
Cash Dividends Declared	\$0.75
Cash Dividends Paid	\$0.99
Dividend Payout	36.41%
Dividend Yield	3.12%

Loan Quality

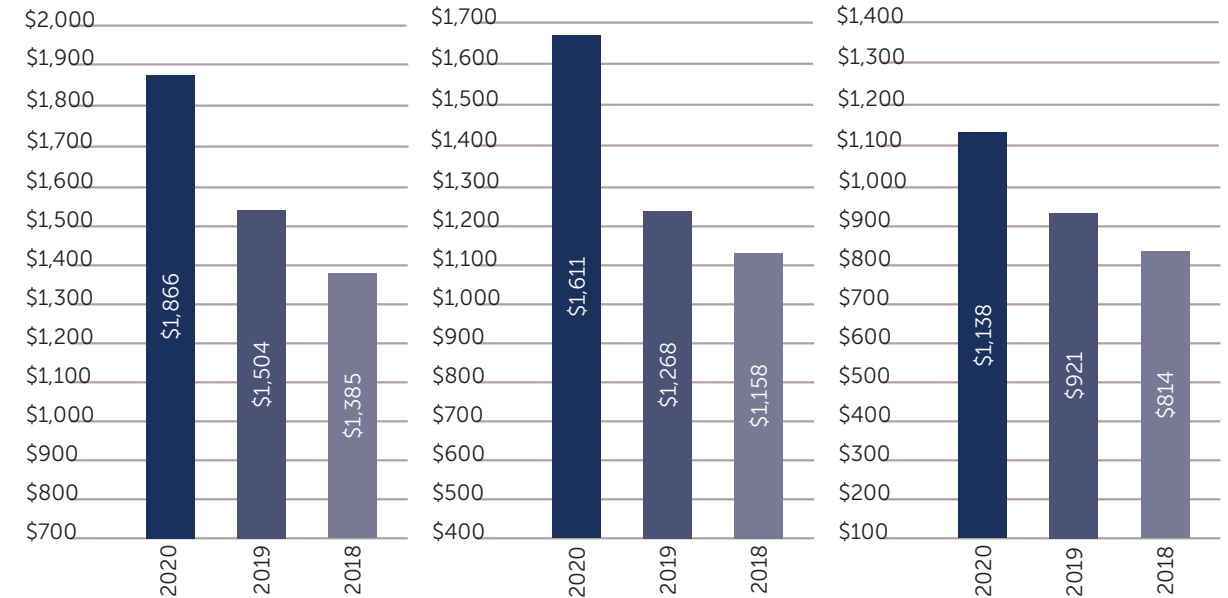
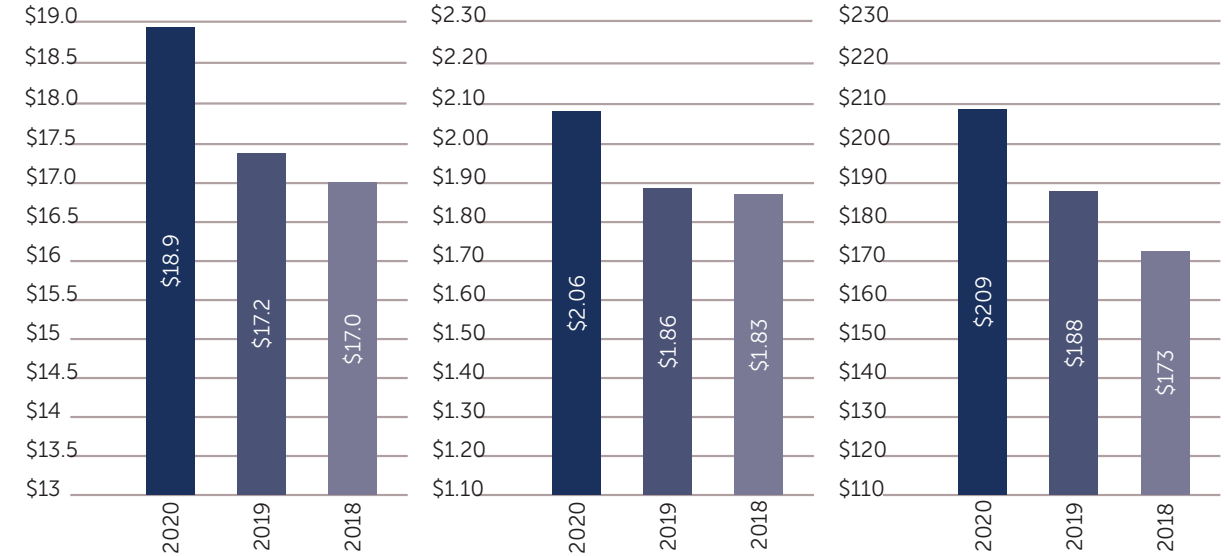
	2020	2019
Allowance	1.50%	1.19%
Net Charge-Offs	0.10%	0.04%
Non Performing	1.33%	0.48%

Market Price Per Share

	2020	2019
Closing	\$24.02	\$28.06
High	\$26.87	\$29.46
Low	\$16.62	\$24.47

PERFORMANCE RECORD

THREE-YEAR FINANCIAL HIGHLIGHTS



AFFILIATE BANKS



Contact: (515) 432-6200
www.boonebankiowa.com
 Charter: State
 Organized: 1883
 Offices: Two locations in Boone, Iowa
 Employees: 20
 Capital: \$15.9 Million
 Assets: \$150 Million
 2020 Net Income: \$1.6 Million



Contact: (515) 232-5561
www.FNB247.com
 Charter: National
 Organized: 1903
 Offices: Nine locations in Ames, Ankeny, Johnston, Osceola, and West Des Moines, Iowa
 Employees: 132
 Capital: \$101 Million
 Assets: \$1.0 Billion
 2020 Net Income: \$9.8 Million



Contact: (641) 753-5900
www.ISSBbank.com
 Charter: State
 Organized: 1883
 Offices: Three locations in Creston and Lenox, Iowa
 Employees: 38
 Capital: \$26.8 Million
 Assets: \$237 Million
 2020 Net Income: \$1.7 Million

Ames
 National
 Corporation



Contact: (515) 733-4396
www.RSBIowa.com
 Charter: State
 Organized: 1928
 Offices: Two locations in Story City and Garner, Iowa
 Employees: 33
 Capital: \$30 Million
 Assets: \$259 Million
 2020 Net Income: \$2.6 Million



UNITED BANK & TRUST
 Contact: (641) 753-5900
www.ubtna.com
 Charter: National
 Organized: 2002
 Offices: Two locations in Marshalltown, Iowa
 Employees: 21
 Capital: \$11.4 Million
 Assets: \$118 Million
 2020 Net Income: \$1.2 Million



Contact: (515) 382-2191
www.bankSBT.com
 Charter: State
 Organized: 1939
 Offices: One location in Nevada, Iowa
 Employees: 22
 Capital: \$17.6 Million
 Assets: \$197 Million
 2020 Net Income: \$2.6 Million

CONSOLIDATED BALANCE SHEETS

Unaudited

	December 31, 2020	December 31, 2019
ASSETS		
Cash and due from banks	\$ 24,818,619	\$ 34,616,880
Interest bearing deposits in financial institutions and federal funds sold	166,704,001	108,947,624
Securities available-for-sale	596,999,072	479,843,448
Federal Home Loan Bank (FHLB) and Federal Reserve Bank (FRB) stock, at cost	3,147,500	3,138,900
Loans receivable, net	1,129,505,157	1,048,147,496
Loans held for sale	1,620,801	2,776,785
Bank premises and equipment, net	17,340,250	17,810,605
Accrued income receivable	11,142,897	11,788,409
Other real estate owned	217,856	4,003,684
Bank-owned life insurance	2,915,715	2,842,713
Deferred income taxes	-	1,151,016
Other intangible assets, net	3,133,240	3,959,260
Goodwill	12,424,434	12,114,559
Other assets	5,678,201	6,041,126
Total assets	\$ 1,975,647,743	\$ 1,737,182,505
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES		
Deposits		
Non-interest bearing checking	\$ 349,500,268	\$ 267,441,988
Interest bearing checking	528,795,635	461,857,728
Savings and money market	581,223,880	481,642,221
Time, \$250,000 and over	60,019,296	74,206,421
Other time	196,907,101	208,026,740
Total deposits	1,716,446,180	1,493,175,098
Securities sold under agreements to repurchase	37,293,019	42,033,570
FHLB advances	3,000,000	5,000,000
Dividends payable	-	2,213,459
Deferred Income Taxes	1,731,211	-
Accrued expenses and other liabilities	7,690,907	7,180,906
Total liabilities	1,766,161,317	1,549,603,033
STOCKHOLDERS' EQUITY		
Common stock, \$2 par value, authorized 18,000,000 shares; issued and outstanding 9,122,747 and 9,222,747 shares as of December 31, 2020 and 2019, respectively	18,245,494	18,445,494
Additional paid-in capital	17,001,736	18,794,141
Retained earnings	158,216,626	146,225,085
Accumulated other comprehensive income	16,022,570	4,114,752
Total stockholders' equity	209,486,426	187,579,472
Total liabilities and stockholders' equity	\$ 1,975,647,743	\$ 1,737,182,505

CONSOLIDATED STATEMENTS OF INCOME

Unaudited

INTEREST AND DIVIDEND INCOME:

Loans, including fees	
Securities	
Taxable	
Tax-exempt	
Other interest and dividend income	
Total interest and dividend income	

INTEREST EXPENSE:

Deposits	
Other borrowed funds	
Total interest expense	
Net interest income	
Provision for loan losses	
Net interest income after provision for loan losses	

NON-INTEREST INCOME:

Wealth management income	
Service fees	
Securities gains, net	
Gain on sale of loans held for sale	
Merchant and card fees	
Other non-interest income	
Total non-interest income	

NON-INTEREST EXPENSE:

Salaries and employee benefits	
Data processing	
Occupancy expenses, net	
FDIC insurance assessments	
Professional fees	
Business development	
Intangible asset amortization	
New market tax credit projects amortization	
Other operating expenses, net	
Total non-interest expense	
Income before income taxes	

INCOME TAX EXPENSE

NET INCOME	
Basic and diluted earnings per share	
Declared dividends per share	

	December 31, 2020	December 31, 2019
INTEREST AND DIVIDEND INCOME:		
Loans, including fees	\$ 50,469,873	\$ 44,282,197
Securities		
Taxable	7,763,684	6,483,893
Tax-exempt	3,628,123	4,047,054
Other interest and dividend income	1,078,967	1,364,349
Total interest and dividend income	62,940,647	56,177,493
INTEREST EXPENSE:		
Deposits	7,820,828	10,200,626
Other borrowed funds	276,982	728,723
Total interest expense	8,097,810	10,929,349
Net interest income	54,842,837	45,248,144
Provision for loan losses	5,680,656	1,314,104
Net interest income after provision for loan losses	49,162,181	43,934,040
NON-INTEREST INCOME:		
Wealth management income	3,848,497	3,596,770
Service fees	1,523,189	1,619,269
Securities gains, net	429,925	17,031
Gain on sale of loans held for sale	2,111,893	1,044,798
Merchant and card fees	1,772,469	1,525,309
Other non-interest income	934,164	826,221
Total non-interest income	10,620,137	8,629,398
NON-INTEREST EXPENSE:		
Salaries and employee benefits	22,868,601	19,675,952
Data processing	5,181,705	4,130,506
Occupancy expenses, net	2,667,788	2,275,882
FDIC insurance assessments	313,069	193,593
Professional fees	1,537,254	1,753,531
Business development	1,081,537	1,242,271
Intangible asset amortization	826,020	609,624
New market tax credit projects amortization	638,851	581,563
Other operating expenses, net	1,436,430	1,058,747
Total non-interest expense	36,551,255	31,521,669
Income before income taxes	23,231,063	21,041,769
INCOME TAX EXPENSE	4,381,000	3,847,600
NET INCOME	\$ 18,850,063	\$ 17,194,169
Basic and diluted earnings per share	\$ 2.06	\$ 1.86
Declared dividends per share	\$ 0.75	\$ 0.96

COMMUNITY INVOLVEMENT



Community Involvement is a guiding core value for Ames National Corporation. Even with all of the challenges of 2020, there were so many examples of friends and neighbors working to help in whatever way they were able. As we take a moment to reflect on the over **7,200 volunteer hours through nearly 200 organizations**, it is inspiring to consider the great things we can do as a community when we unite our efforts.

Throughout 2020, we joined together as a team to give our time and talents to support our key areas of focus. Each affiliate community is unique, and we encourage our employees to find ways to help our customers and community members live productive and enriched lives. Volunteering and giving had to be approached differently in 2020, but our team was flexible and adjusted to new ways of getting involved. Whether making and distributing masks to encourage health and safety during the pandemic or assisting with clean-up efforts after the historic and devastating "derecho" that made its way through Iowa, our employees didn't miss a beat in stepping up and getting involved.

Thank you to all employees, board members, customers and local business partners for your support in our efforts to make a difference in the communities we serve. It is a privilege to see the impact of our core values in action. Visit www.amesnational.com for more details on our commitment to Community.

AREAS OF SUPPORT

19 Locations serving 12 Communities



FINANCIAL LITERACY AND EDUCATION



COMMUNITY AND ECONOMIC DEVELOPMENT



HEALTH AND HUMAN SERVICES



BOARD OF DIRECTORS



BACK, LEFT TO RIGHT:

Thomas H. Pohlman
Chairman

John P. Nelson
President & CEO

Steven D. Forth Farmer

John L. Pierschbacher
Chief Financial Officer

MIDDLE, LEFT TO RIGHT:

Michelle R. Cassabaum
Chief Operating &
Financial Officer, 21st
Century Rehab

Betty A. Baudler Horras
President, Baudler
Enterprises, Inc.

Lisa M. Eslinger
Chief Financial and
Administrative Officer,
Iowa State University
Foundation

FRONT, LEFT TO RIGHT:

Patrick G. Hagan
Retired Senior Vice
President of Fareway
Stores, Inc.

David W. Benson
Partner, Nyemaster
Goode Attorneys at Law

Kevin L. Swartz
Retired Chief Executive
Officer, Wolfe Clinic PC

James R. Larson II
President, Larson
Development
Corporation

MANAGEMENT TEAM

John P. Nelson
President & CEO

John L. Pierschbacher
CFO

Timothy J. Lupardus
Senior Vice President & Chief Information Officer

Nicole J. Rasmussen
Vice President & Strategic Engagement Officer

Jennifer J. Hanson
Vice President & Human Resources Director

Tracy W. Laws
Vice President & Internal Auditor

Matthew R. Hackbart
Vice President of Information Technology

Joel P. Jacobsen
Vice President & Risk Management Officer

David A. Troe
Vice President & Valuation Officer

Wendy S. Current
Vice President & Training and Development Director

Justin C. Clausen
Controller

Marie I. Roberts
Accounting Specialist

Lori J. Hill
Valuation Services Coordinator & Administrative Officer

Douglas S.H. Kinsey
Information Technology Systems Admin II

Paul M. Crowe
Information Technology Systems Admin I

Tyler D. Nablo
Information Technology Support Analyst II

SHAREHOLDER INFORMATION

ANNUAL MEETING

The Board of Directors of Ames National Corporation has established Wednesday, April 28, 2021, at 4:30 p.m. as the date of the Annual Meeting of Shareholders.

The meeting will be held at First National Bank, 405 5th Street Ames, Iowa. Due to the continued public health impact of the coronavirus pandemic (COVID-19), recommendations and orders from federal and Iowa authorities, and to support the health and well-being of our shareholders, the Annual Meeting will also be available through a virtual format. Shareholders are strongly encouraged to participate virtually. To participate virtually, visit the Ames National Corporation website, www.amesnational.com, shortly before the meeting on April 28, 2021. Shareholders are encouraged to participate virtually and to vote their shares in advance by proxy, as online voting will not be available through the virtual format.

Shareholders may attend the meeting in person, but are requested to notify the Company of their attendance in advance to enable the Company to plan for and ensure compliance with state and local ordinances relating to the pandemic. Notification should be made by email, info@amesnational.com or by calling 515-232-6251

PROFESSIONAL EXPERTS

External Auditor: CliftonLarsonAllen LLP

West Des Moines, Iowa

Counsel: Nyemaster Goode, P.C.

Des Moines, 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

D.A. Davidson | (800) 755-7589

Raymond James | (800) 800-4693

STOCK TRANSFER AGENT

Continental Stock Transfer & Trust

17 Battery Place

New York, NY 10004

(212) 509-4000

www.continentalstock.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, at Financial Information, SEC Filings on or about, March 12, 2021.

Additional information is also available by contacting John L. Pierschbacher, CFO at 515-232-6251 or info@amesnational.com.

Ames National Corporation

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Ames, IA 50010

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