

NEWS RELEASE

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**AMES NATIONAL CORPORATION
ANNOUNCES FIRST QUARTER 2005 FINANCIAL RESULTS
AND FORECASTED EARNINGS FOR 2005**

The Company had net income of \$3,014,000, or \$0.96 per share for the three months ended March 31, 2005, compared to net income of \$2,965,000, or \$0.95 per share, for the three months ended March 31, 2004, an increase of 2%. The Company's return on average assets was 1.45% and 1.56% respectively, for the three-month periods ending March 31, 2005 and 2004. The Company's return on average equity was 10.90% for the three months ended March 31, 2005 compared to 10.91% for the same period a year ago. Total assets increased from \$799 million for the quarter ended March 31, 2004 to \$863 million for the quarter ended March 31, 2005, an increase of 8%.

Net interest income increased marginally for the first quarter of 2005 compared to the same period in 2004. Non-interest expense was 4% higher in the first quarter of 2005 primarily as the result of higher expenses associated with auditing costs as well as employee salaries and benefits. The efficiency ratio for the three months ended March 31, 2005 and 2004 was 48.38% and 48.02%, respectively. Higher quarterly earnings were posted primarily as the result of an increase in non-interest income which included higher securities gains in the Company's investment portfolio for first quarter 2005 compared to the same period a year ago.

Deposits increased 5% to a record \$691 million from March 31, 2004 with the majority of the growth in interest-bearing checking and large certificates of deposit. State Bank & Trust Co., Nevada, and United Bank & Trust, Marshalltown, accounted for most of the increase in this area. United Bank has grown to over \$82 million in deposits since it began operations in June of 2002.

Loans increased 18% to \$425 million, a \$65 million increase since March 31, 2004 with the growth realized in all loan categories. United Bank & Trust, Marshalltown, and First National Bank, Ames, both increased their loan portfolios over 20% in the past year. Net charge-offs totaled \$13,000 for the most recent quarter end compared to \$20,000 for the three month period ended March 31, 2004. The allowance for loan losses as of March 31, 2005 and 2004 totaled \$6,516,000 and \$6,090,000, respectively.

Capital decreased 3% to \$108 million from one year ago because of a decline in the market value of the Company and Banks' investment portfolios. Capital relating to net unrealized gains on securities available for sale as of March 31, 2005 and 2004 totaled three and eleven million, respectively. Capital at the end of March 2005 represented 12% of total assets.

Ames National Corporation stock, under the symbol ATLO, traded in the \$82.71 to \$98.00 range in the first quarter of 2005 and closed at \$94.00 on March 31, 2005.

Ames National Corporation is forecasting earnings for the year ending December 31, 2005 of \$4.05 to \$4.10 per share compared to the \$3.95 per share earned for the year ending December 31, 2004. Higher earnings are forecast as the result of a projected increase in net interest income and a higher level of realized capital gains on securities.

Ames National Corporation affiliate Iowa banks are First National Bank, Ames, Boone Bank & Trust Co., Boone, State Bank & Trust Co., Nevada, Randall-Story State Bank, Story City, and United Bank & Trust, Marshalltown.

The Company's earnings forecast for 2005 is a forward-looking statement under the Private Securities Litigation Reform Act of 1995 that is subject to certain risks and uncertainties that could cause the actual earnings to differ materially from forecasted earnings. A number of factors, many of which are beyond the Company's control, could cause actual earnings to differ significantly from those described in this forward-looking statement. Such risks and uncertainties with respect to the Company include those related to the economic environment, particularly in the areas in which the Company and the Banks operate, competitive products and pricing, fiscal and monetary policies of the U.S. government, changes in governmental regulations affecting financial institutions, including regulatory fees and capital requirements, changes in prevailing interest rates, credit risk management and asset/liability management, the financial and securities markets and the availability of and costs associated with sources of liquidity.