

NEWS RELEASE

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CONTACT: DANIEL L. KRIEGER,  
CHAIRMAN & PRESIDENT  
(515) 232-6251

JULY 17, 2003

**AMES NATIONAL CORPORATION  
ANNOUNCES SECOND QUARTER AND FIRST SIX MONTHS  
2003 EARNINGS**

Second Quarter 2003 earnings were \$2,649,000 or \$.85 per share, which were 3% lower than the \$2,741,000 or \$.88 per share earned in the same period last year. For the six-month period, earnings were \$5,520,000, or \$1.76 per share, 3% lower than the \$5,682,000 or \$1.82 per share earned in the same period last year. Declining net interest margins and additions to the loan reserve at the affiliate banks contributed to lower earnings. Return on average assets for the second quarter was 1.44 % compared to 1.73% for the same quarter in 2002. Return on average equity for second quarter 2003 was 10.18% compared to 11.32% for second quarter 2002. For the six months ended June 30, 2003 return on average equity was 10.70% compared to 11.84% for the first six months of 2002.

Deposits increased 18% to \$604 million compared to \$511 million on June 30, 2002. United Bank & Trust, Marshalltown, Iowa has grown to over \$53 million in deposits since it began business in late June 2002.

Loans increased 12% to \$346 million, or \$38 million higher than a year ago with commercial real estate lending the major contributor to the increase. Total assets of \$742 million were \$113 million more than the \$629 million on June 30, 2002.

Total capital was \$106 million, an 8% increase over June 30, 2002. Included in total capital at June 30, 2003 was \$11 million in unrealized gains, net of deferred tax liability.

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.