

NEWS RELEASE

FOR IMMEDIATE RELEASE

CONTACT: DANIEL L. KRIEGER,
PRESIDENT
(515) 232-6251
(515) 663-3042

APRIL 23, 2003

**AMES NATIONAL CORPORATION
ANNOUNCES FIRST QUARTER 2003 EARNINGS**

The Company earned net income of \$2,870,000, or \$0.92 per share for the three months ended March 31, 2003, compared to net income of \$2,941,000, or \$0.94 per share, for the three months ended March 31, 2002, a decrease of 2.4%. The Company's return on average assets was 1.67% and 1.91%, respectively, for the three-month periods ending March 31, 2003 and 2002. The Company's return on average equity was 9.76% and 12.26%, respectively for the three-month periods ending March 31, 2003 and 2002. Average earning assets increased from \$617.5 million during the first quarter of 2002 to \$688.1 million during the same period in 2003, an increase of 11.4%.

While net interest income was relatively unchanged for the first quarter of 2003 versus the same period in 2002, non-interest expense was significantly higher in 2003 as the result of higher overhead expenses relating to the opening of United Bank & Trust NA (United Bank) in Marshalltown, Iowa. Overhead expenses for United Bank totaled \$324,000 for the first quarter ended March 31, 2003. The higher non-interest expense was partially offset by higher securities gains in the Company's stock portfolio and an increase in loan and secondary market fees for the first quarter of 2003 versus the same period a year ago. The secondary mortgage market activity remains brisk but it is not anticipated to remain at current levels once interest rates stabilize or increase.

Loans increased 11.8% to \$340 million, a \$35 million increase over first quarter 2002. Loans on commercial real estate accounted for most of the growth with United Bank & Trust, Marshalltown generating a good share of the growth. Deposits showed a strong 15.7% gain over first quarter 2002 with all interest bearing deposit categories reflecting significant growth.

Capital increased 7.6% to 102.6 million, which included \$7.4 million in net unrealized gains on securities available for sale. Capital at the end of March 2003, represented 13.9% of total assets.

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.