

NEWS RELEASE

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**AMES NATIONAL CORPORATION
ANNOUNCES
2003 AND FOURTH QUARTER EARNINGS**

As of December 31, 2003, record numbers were posted for net income, total assets, deposits, loans, and capital. Net income for the year ended December 31, 2003 increased 2.5% and totaled \$11,625,000 or \$3.71 per share compared to 2002 results of \$11,340,000 or \$3.63 per share. The improvement in net income is the result of higher net interest income, secondary market fees and security gains which was partially offset by higher non interest expense.

Return on average assets for 2003 and 2002 was 1.60% and 1.78%, respectively, while the return on equity for the same periods equaled 11.16% and 11.54%, respectively. The efficiency ratio for the year ending December 31, 2003 was 47.18% compare to 44.64% for the previous year. Increased salaries and employee benefits were the primary reason for the increase in non interest expense.

Net income for the quarter ended December 31, 2003 was \$2,864,000, 5.9% higher than the \$2,706,000 earned in the fourth quarter last year. Earnings per share were \$.91 for the quarter compared to \$.87 for the same period in 2002. The increase in quarterly earnings can be primarily attributed to higher net interest income and lower provision for loan losses expense which was partially offset by increased salary and benefit expenses, lower secondary market fees, and decreased security gains.

Return on average assets was 1.52% this quarter compared to 1.65% in fourth quarter 2002. Return on average equity was 10.83% for the three months ended December 31, 2003 which was slightly higher than the 10.71% posted a year ago. The efficiency ratio for fourth quarter was 49.66% compared to 47.09% for the same period last year. Increased salaries and employee benefits were the largest contributor to the increase in non interest expense.

Deposits increased to \$619,549,000 as of year end 2003, a 12.5% increase over the \$550,622,000 as of year end 2002. The increase in certificates of deposits balances totaled \$30,037,000 while interest bearing checking accounts increased \$16,983,000. United Bank & Trust's deposit growth represented \$36,997,000 of the total increase.

Loans rose 7.9% to \$355,533,000, a \$25,940,000 increase over year end 2002. Commercial real estate loans originated by United Bank & Trust accounted for most of the portfolio growth. The allowance for loan losses as of December 31, 2003 totaled \$6,051,000 compared to \$5,758,000 for December 31, 2002. Net charge-offs for the year ended December 31, 2003 were \$352,000 compared to \$376,000 for the previous year.

Year end capital rose 5.8% to \$107,325,000 compared to \$101,523,000 on December 31, 2002. Included in capital are unrealized gains on securities available for sale which amounted to \$8,916,000 this period compared to \$7,819,000 for the same quarter last year. Capital represented over 14% of total assets at the end of 2003.

Company stock, which is listed on the Bulletin Board under the symbol ATLO, closed at \$58.25 on December 31, 2003. During fourth quarter, the price ranged from \$57.00 to \$59.75. The fourth quarter dividend paid was \$.46 per share compared to \$.44 per share paid in the same period a year ago.

United Bank & Trust, Marshalltown, Iowa, the de novo started in mid 2002, continues to make progress and has exceeded projected deposit and loan numbers for the year.

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.

This news release contains forward-looking statements under the Private Securities Litigation Reform Act of 1995 that are subject to certain risks and uncertainties. A number of factors, many of which are beyond the Company's control, could cause actual conditions to differ significantly from those described in forward-looking statements. 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.