

On November 9, 2011, the Company's Board of Directors approved the following amended Ethics and Confidentiality Policy to comply with the NASDAQ Stock Market, Inc. Marketplace Rules.

AMES NATIONAL CORPORATION
Ames, Iowa

ETHICS AND CONFIDENTIALITY POLICY

November 9, 2011

GENERAL: This Policy addresses ethics and confidentiality issues to be followed by all Ames National Corporation (Company) and its affiliate banks' (Banks') officers, directors, employees or agents and their related interests – to be referred to as insiders for the duration of this Policy – with respect to ethical conduct. The Company and Banks' directors, officers, and employees will provide written acknowledgment that they have read this Policy and will abide by its terms. The Board of Directors, through the Audit Committee, will oversee prompt and consistent enforcement of this Policy and the process to determine any violations.

OBJECTIVES: The objectives of this Policy are to:

- Promote professional conduct;
- Establish complete and total prohibition of soliciting anything of value in exchange for favorable treatment in connection with any transaction or business of the Company or Banks;
- Define appropriate circumstances under which gratuities (i.e., gifts, entertainment, etc.) may be received;
- Set limitations on the value of these gratuities and to establish procedures for disclosure of the receipt of gratuities;
- Protect the confidentiality of customer information; and
- Provide a reporting process for any questionable activities not in conformance with this Policy.

PRINCIPLES:

Insiders covered by this Policy will to the extent applicable:

- Act with honesty and integrity, avoiding actual or apparent conflicts of interest in their personal and professional relationships.
- Provide information that is accurate, complete, objective, fair, relevant, timely and understandable in filings with and other submissions to the U.S. Securities and Exchange Commission (SEC) and in other public communications made by the Company or Banks.
- Comply with rules and regulations of federal, state and local governments and other appropriate public regulatory agencies.
- Act in good faith, responsibly, with due care, competence and diligence, without misrepresenting material facts or allowing one's independent judgment to be subordinated.
- Respect the confidentiality of information acquired in the course of one's work, except when authorized or otherwise legally obligated to disclose.
- Confidential information acquired in the course of one's work will not be used for personal advantage.
- Ensure the responsible use, control and stewardship over all Company and Bank assets and resources.
- Not unduly or fraudulently influence, coerce, manipulate or mislead any authorized audit or interfere with any auditor engaged in the performance of an internal or independent audit of the Company and Banks' financial statements or accounting books and records.

BENEFITS: The Company prohibits the solicitation of anything of value by its insiders in connection with any transaction or business of its institutions. This Policy is not intended to prohibit the receipt of normal business amenities of nominal value in the ordinary course of business, however, no insider may, under any circumstances, directly or indirectly solicit any form of gratuity or entertainment. For purposes of this Policy, “nominal value” is defined as not more than \$100.00 per item received. Insiders may receive gratuities of nominal value in situations that facilitate business discussions for this institution, which may include, but are not limited to, reasonable business meals, holiday gifts of nominal amounts, or entertainment or athletic events where the customer is present. However, the Company’s policy is to permit the receipt of gifts in any amount from customers who have a pre-existing social or family relationship with an insider.

In contrast to the benefits permitted above, the following types of benefits are not permitted: expensive gifts, expense paid outings such as hunting or fishing trips, etc., or expensive or scarce athletic or entertainment tickets.

DISCLOSURE: Each time any Company or Bank insiders that are subject to the reporting provisions and trading restrictions of Section 16 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the underlying rules and regulations promulgated by the SEC receives anything with a value of over \$100 in connection with any transaction or business of the Company or Banks as outlined in this Policy, that individual will report the following information to the Audit Committee: the name of the person giving the gift and his/her company affiliation, nature of the gift, value of the gift, and circumstances surrounding the receipt of the gift.

Each time any Company or Bank insiders that are **not** subject to Section 16 of the Exchange Act receives anything with a value of over \$100 in connection with any transaction or business of the Company or Banks as outlined in this Policy, that individual will report the following information to the Company or Bank president: the name of the person giving the gift and his/her company affiliation, nature of the gift, value of the gift, and circumstances surrounding the receipt of the gift.

The Company or Bank presidents shall report to their Board of Directors at its regular meetings all gifts or gratuities with a value over \$100 received by any insider since the last board meeting. **The Company and Banks are encouraged to have insiders obtain prior approval/disapproval of questionable or borderline gifts that have been offered.**

Directors and executive officers shall disclose related interests annually as required by Regulation O as well as any material interest in the business of a borrower, an applicant, other bank customer, vendor, or supplier. Insiders should abstain from the decision making process on any transaction in which the insider may benefit directly or indirectly from the decision.

Written documentation of disclosure information should be maintained for three years.

ARMS-LENGTH: Arms-length treatment is required for all transactions which involve insiders, including bank customers.

INSIDER TRANSACTIONS: Insider transactions are permissible in regard to lending if they are in accordance with Regulation O. Other insider transactions involving bank facilities, real or personal property, or available personnel will require the approval of the President if not permitted by this or other existing bank policies. The use of insider information in security transactions is strictly prohibited.

PENALTIES FOR NON-COMPLIANCE: The receipt of anything of over \$100 in value in exchange for favorable treatment regarding extension of credit or any other transaction or business of this

institution shall constitute grounds for immediate dismissal. In addition, the Company or Bank President shall report such violations to the appropriate authorities and the Department of Justice for further action.

Deliberate failure to disclose the receipt of gratuities shall constitute a violation of this Policy. Additionally, the receipt of an excessive number of gratuities, as determined by the Board of Directors, after due notice to the individual involved, shall constitute a violation of this Policy. Violations of this nature shall result in the individual being placed on probation for a period not to exceed one year, and appropriate notation made in the individual's personnel file. Any further violations during this probationary period shall constitute grounds for immediate dismissal.

CONFIDENTIALITY: A banking relationship is confidential in nature and should be handled accordingly. It is the responsibility of every insider to protect the privacy and confidentiality of customers, other employees, and the work itself. Confidential information is to be used only when necessary in the performance of duties and should be shared only with those who have a legal right to the information.

Insiders who violate state and federal confidentiality statutes in the course of their work assume personal liability for the consequences of their actions. Failure to comply may result in disciplinary action, termination of employment or removal from the Board.

POLICY WAIVERS: Waivers of this Policy are normally prohibited but if there is evidence to consider a waiver, the approval process would be as follows:

Waivers of this Policy may be granted by the Board of Directors or the Audit Committee for insiders that are subject to Section 16 of the Exchange Act.

Waivers of this Policy for insiders that are **not** subject to Section 16 of the Exchange Act may be granted by the Company or Bank President.

WHISTLEBLOWER PROVISIONS: Confidentiality will be maintained to the extent possible for reporting potential or questionable behavior in regard to this Policy. The Company relies on insiders to report the discovery of any questionable, fraudulent or illegal activities that violate Company policy. If you are aware of any suspected or known violations of this Policy, you should promptly report such concerns to the Company Auditor Tracy Laws via email at tracyl@amesnational.com, by phone to 515 663-3060, or by mail to 405 Fifth Street, Ames, Iowa 50010. Tracy Laws reports directly to the Audit Committee for any matter based on his discretion that requires the Committee's attention. Other parties that can be contacted regarding suspected or known violations include members of the Audit Committee, your manager, another responsible member of management or a human resources representative. If you have a concern about a questionable accounting or auditing matter and wish to submit the concern confidentially or anonymously, you may do so by contacting the Audit Committee or Tracy Laws. The Company will handle all inquiries discretely and make every effort to maintain, within the limits allowed by law, the confidentiality of anyone requesting guidance or reporting questionable behavior and/or a compliance concern. It is the Company's intention that this Policy be the written code of ethics under Section 406 of the Sarbanes-Oxley Act of 2002 complying with the standards set forth in Securities and Exchange Commission Regulation S-K Item 406.

CONCLUSION: The purpose of this Policy is to prohibit either the solicitation or receipt of benefits by anyone associated with Ames National Corporation that might have a corrupting influence upon its business or that of its affiliate banks and to ensure the confidentiality of customer information.