

**AMES NATIONAL CORPORATION**  
**COMPENSATION COMMITTEE CHARTER**

**I. Purpose**

The purpose of the Compensation Committee (the “Committee”) of the Board of Directors (the “Board”) of Ames National Corporation (the “Company”) is to assist the Board in discharging its responsibilities relating to administration of the Management Incentive Compensation Plan adopted by the Company (the “MIC Plan”) and the compensation thereunder of those executive officers of the Company’s subsidiary banks (the “Banks”) and those executive officers of the Company that are determined from time to time to be covered by the MIC Plan (collectively, the “Executive Officers”). The Committee shall also assist the Board in discharging its responsibilities with respect to determining appropriate employee benefit programs to be provided to eligible employees of the Banks and the Company.

**II. Membership**

The Committee shall consist of at least three members of the Board. Each member of the Committee shall have been determined by the Board to meet the independence requirements for compensation committee members as established under the corporate governance rules of the NASDAQ Stock Market. The members of the Committee shall be appointed by the Board on an annual basis and shall serve until such member’s successor is duly elected and qualified or until such member’s earlier resignation or removal. Committee members may be removed by majority vote of the Board at any time. The Board shall annually designate one of the members of the Committee as chairperson.

**III. Meetings**

The Committee will meet on at least two (2) occasions each year, with authority to convene additional meetings as circumstances may require. The Committee may invite members of management and other individuals, as appropriate, to attend its meetings. The Chairman will approve the agenda, with input from management and other directors on the Committee and the Board, as appropriate. The Committee may meet in executive session when determined to be appropriate by the Chairman and shall meet in executive session when determining and recommending compensation for the President of the Company. All actions of the Committee shall be reflected in minutes of Committee meetings which shall be maintained with the permanent corporate records of the Company.

**IV. Responsibilities**

The Committee shall have the following powers and responsibilities:

1. Determine and recommend to the Board those members of the management team of the Banks and the Company whose compensation shall be determined in

accordance with the MIC Plan. In undertaking this responsibility, the Committee shall receive and review any recommendations made by the board of directors of a Bank regarding its management team.

2. Review, determine and recommend to the Board on an annual basis those parameters required under the terms of the MIC Plan to establish compensation for each Executive Officer, including:
  - Performance criteria for each Bank which are used to determine entitlement to deferred salary and performance awards;
  - An allocation percentage for each Executive Officer which is also necessary in determining entitlement to deferred salary and performance awards; and
  - Total salary for each Executive Officer and the allocation thereof between base salary and deferred salary.

In undertaking this responsibility, the Committee shall also receive and review any recommendations made by the board of directors of a Bank regarding members of its management team covered by the MIC Plan.

3. Evaluate the continuing effectiveness of the MIC Plan on an annual basis and determine whether any modifications may be necessary from time to time and, if so, make appropriate recommendations to the Board.
4. Review and evaluate any perquisites to be provided to the Executive Officers and make recommendations to the Board with respect thereto.
5. Recommend to the Board fees to be paid to the non-employee directors of the Company for service on the Board and committees thereof.
6. Review the “Compensation Discussion and Analysis” to be prepared by management on an annual basis and discuss the same with management, such that the Committee may recommend inclusion of the Compensation Discussion and Analysis in the Company’s annual proxy statement and annual report on Form 10-K and, in addition, prepare a report of the Committee to also be included in the proxy statement, all as required by the rules of the Securities and Exchange Commission.
7. Review the employee benefit programs offered from time to the time by the Banks and the Company to eligible employees and make recommendations to the Board with respect to the appropriate benefits to be offered and the various terms and conditions of the plans under which those benefits are offered.

8. Facilitate the process for review of the Company's Chair and Chief Executive Officer's performance of the responsibilities and duties outlined in their respective job descriptions.
9. Conduct every three years, through the Company's proxy statement, a shareholder advisory vote regarding the Company's executive compensation program.
10. Authority to engage compensation consultants, independent legal counsel or other advisers. The Committee shall be directly responsible for the appointment, compensation and oversight of the work of any compensation consultant, independent legal counsel or other adviser. The Company will provide for appropriate funding, as determined by the Committee, in its capacity as a committee of the board of directors, for payment of reasonable compensation to any such consultant. Prior to retaining any compensation consultant, legal counsel or other adviser that will provide advice to the Committee, the Committee will conduct an independence assessment with respect to such consultant utilizing the independence criteria as established under the corporate governance rules of the NASDAQ Stock Market.
11. Report regularly to the Board following meetings of the Committee with respect to those matters that are relevant to the Committee's discharge of its responsibilities and with respect to those recommendations required of the Committee under this Charter.
12. The Committee shall review and reassess periodically the adequacy of this Charter and recommend to the Board any improvements to this Charter that the Committee considers to be necessary or appropriate.

Board adopted - February 14, 2007

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