

IOWA FIRST BANCSHARES CORP.

300 East Second Street
Muscatine, Iowa 52761
(563) 263-4221

For more information contact:

**D. Scott Ingstad, Chairman, President and CEO (563-262-4202) Or
Teresa A. Carter, Chief Financial Officer (563-262-4214)**

PRESS RELEASE

FOR RELEASE April 27, 2021, at 11:00 a.m. Central Standard Time

Iowa First Bancshares Corp. Reports First Quarter Financial Results and Dividend Payment

Iowa First Bancshares Corp. (OTC Pink: IOFB) (“Iowa First” or the “Company”), the holding company for First National Bank of Muscatine and First National Bank in Fairfield, today reported financial results for the three month period ended March 31, 2021. Net income was \$475,000 for the quarter ended March 31, 2021, compared to net income of \$765,000 for the quarter ended March 31, 2020, a decrease of \$290,000 or 37.9%. The decrease in first quarter net income year-over-year of \$290,000 was primarily attributable to lower net interest income which decreased \$384,000. Other factors affecting Iowa First’s first quarter results were provision for loan losses increasing \$150,000, noninterest income increasing \$141,000, noninterest expense decreasing \$19,000, and income tax expense decreasing \$84,000.

Iowa First maintains a strong capital position, as evidenced by its March 31, 2021 total risk-based capital ratio of 18.2%. Basic and diluted earnings per share were \$.42 for the three months ended March 31, 2021, a decrease of \$0.26 or 38% from the same period in 2020. The Company’s annualized return on average assets for the first quarter of 2021 and 2020 was .37% and .66% respectively. The Company’s annualized return on average equity for the three months ended March 31, 2021 and March 31, 2020 was 3.8% and 6.2%, respectively.

Total assets at March 31, 2021 were \$547,967,000, an increase of \$93,459,000 (20.6%) from March 31, 2020. Gross loans outstanding decreased \$26,053,000 (7.4%), while deposits increased \$93,210,000 (23.9%) year-over-year. The allowance for loan losses totaled \$6,493,000 at March 31, 2021, or 2.00% of gross loans outstanding. Net loans recovered during the first quarter of 2021 and 2020 totaled \$60,000 and \$32,000, respectively. Nonaccrual loans totaled \$9.8 million or 3.0% of gross loans outstanding at March 31, 2021, a decrease from \$14.6 million or 4.2% at September 30, 2020. While nonaccrual loans remain at a higher than desired level, this decrease is a reflection of the focus at the Fairfield subsidiary on improving the quality of the overall loan portfolio and reducing the nonaccrual loans.

Both of the Iowa First banks continue to be very active in the PPP loan program established through the Small Business Administration to assist businesses and farmers as they attempt to survive the coronavirus pandemic. Outstanding PPP loans as of March 31, 2021 totaled \$21 million resulting from 412 loans at the two banks, and since the program began in 2020, approximately 700 loans have been made totaling nearly \$40 million.

During the first quarter of 2021, Debra R. Lins was elected President and CEO of First National Bank of Muscatine, replacing retiring President and CEO D. Scott Ingstad who had served in that role for over thirty years. During her forty year banking career, Debra has served as President and CEO of two banks in her home state of Wisconsin for over twenty years and has received numerous awards for her banking accomplishments. Prior to becoming CEO at Muscatine, she served the bank as Chief Credit Officer in a consulting capacity for eight months.

The board of directors declared a quarterly cash dividend of \$.15 per share payable May 25, 2021, to shareholders of record May 3, 2021. On an annualized basis this dividend represents a return of 1.66% on the December 31, 2020 stock price. Iowa First Bancshares Corp. has paid a cash dividend to shareholders every year since 1989.

About Us

Iowa First Bancshares Corp. is a bank holding company headquartered in Muscatine, Iowa. The Company provides a wide array of banking and other financial services to individuals, businesses and governmental organizations through its two wholly-owned national banks located in Muscatine and Fairfield, Iowa.

Special Note Concerning Forward-Looking Statements

This press release contains, and future oral and written statements of the Company and its management may contain, forward-looking statements with respect to the financial condition, results of operations, plans, objectives, future performance and business of the Company. Investors are cautioned that all forward-looking statements involve risks and uncertainties, and many factors could cause actual results to differ materially from the results anticipated or projected. Our ability to predict results, or the actual effect of future plans or strategies, is inherently uncertain. Additionally, all statements in this document, including forward-looking statements, speak only as of the date they are made, and the Company undertakes no obligation to update any statement in light of new information or future events. Factors that could cause actual results to differ materially from those set forth in the forward-looking statements or that could have a material effect on the operations and future prospects of the Company include, but are not limited to: (1) the effects of the COVID-19 pandemic, including its potential effects on the economic environment, the Company's customers and its operations, as well as any changes to federal, state or local government laws, regulations or orders in connection with the pandemic; (2) credit quality deterioration or pronounced and sustained reduction in real estate or other collateral values could cause an increase in the allowance for loan losses and a reduction in net income; (3) our management's ability to reduce and effectively manage interest rate risk and the impact of interest rates in general on the level and volatility of our net interest income (including the impact of LIBOR phase-out); (4) changes in the economic environment, competition, or other factors that may affect our ability to acquire loans or influence the anticipated growth rate of loans and deposits and the quality of the loan portfolio and loan and deposit pricing; (5) fluctuation in the value of our investment securities; (6) governmental monetary and fiscal policies; (7) legislative, regulatory and tax law changes; (8) the ability to attract and retain key executives and employees; (9) the sufficiency of the allowance for loan losses to absorb the amount of actual losses inherent in our loan portfolio; (10) our ability to adapt successfully to technological changes; (11) credit risks from concentrations (by geographic area and by industry) within our loan portfolio; (12) the effects of competition from numerous sources; (13) volatility, duration and matching risks of rate-sensitive assets and liabilities as well as liquidity risk; (14) operational risks, including data processing system failure or fraud; (15) the costs, effects and outcomes of existing or future litigation; (16) changes in general economic or industry conditions, nationally or in the communities in which we conduct business; and (17) changes in accounting policies and practices (including as a result of the future implementation of the current expected credit loss (CECL) impairment standards, that will change how the Company estimates credit losses).

CONSOLIDATED FINANCIAL HIGHLIGHTS
(Dollar amounts in thousands, except share and per share data)
(unaudited)

	For the Quarter Ended March 31, 2021		For the Quarter Ended March 31, 2020
Net Interest Income	\$3,090		\$3,474
Provision for Loan Losses	325		175
Noninterest Income	990		849
Noninterest Expense	3,134		3,153
Income Tax Expense	146		230
Net Income after Income Taxes	475		765
Net Income Per Common Share, Basic and Diluted	\$ 0.42		\$ 0.68
Average year-to-date common shares outstanding, Basic and Diluted	1,122,881		1,126,253
	As of March 31, 2021	As of December 31, 2020	As of March 31, 2020
Gross Loans	\$324,077	\$324,356	\$350,130
Total Assets	547,967	511,522	454,508
Total Deposits	483,293	445,952	390,083
Tier 1 Capital	50,691	50,216	49,444
Return on Average Equity	3.8%	4.6%	6.2%
Return on Average Assets	.37	.48	.66
Net Interest Margin (tax equivalent)	2.52	2.93	3.21
Allowance as a Percent of Total Loans	2.00	1.88	1.78