IOWA FIRST BANCSHARES CORP.

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PRESS RELEASE
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Iowa First Bancshares Corp. Reports Fourth Quarter and Full Year 2020 Financial Results

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 both the fourth quarter and full year of 2020. Net income was $84,000 for the quarter ended December 31, 2020, compared to net income of $974,000 for the quarter ended December 31, 2019, a decrease of $890,000 or 91.4%. The decrease in fourth quarter net income year-over-year of $890,000 was primarily attributable to higher provision for loan losses which increased $1,145,000. In December 2020, First National Bank in Fairfield, the smaller of the two subsidiary banks, recognized a provision expense of $875,000 related to a specific problem credit, resulting in a 2020 net loss of the $547,000 for the bank. Other factors affecting Iowa First's fourth quarter results were net interest income decreasing $31,000, noninterest expense increasing $162,000, noninterest income increasing $204,000 and income tax expense decreasing $244,000.

Basic and diluted earnings per share were $.08 for the three months ended December 31, 2020, $.79 or 91% less than the same period in 2019.

The Company's consolidated net income of $2,327,000 for the twelve months ended December 31, 2020, was $1,149,000 (33.1%) less than the prior year. The decrease in consolidated net income resulted mainly from an increase in provision for loan losses of $950,000 (82.3%), a decrease in net interest income of $988,000 (6.8%), an increase in noninterest expense of $474,000 (3.9%), and was offset by an increase in noninterest income of $923,000 (26.6%) and a decrease in income tax expense of $340,000 (32.8%). The increase in noninterest income year-over-year was primarily attributable to servicing fee income and gains recognized by First National Bank of Muscatine from residential real estate mortgages sold to the secondary market as consumers refinanced their home loans to take advantage of the historically low interest rates.

Iowa First maintains a strong capital position, as evidenced by its December 31, 2020 total risk-based capital ratio of 17.4%. Basic and diluted earnings per share were $2.07 for the twelve months ended December 31, 2020, a decrease of $1.01 or 33% from the same period in 2019. The Company's annualized return on average assets for 2020 and 2019 was .47% and .75% respectively. The Company's annualized return on average equity for the twelve months ended December 31, 2020 and December 31, 2019 was 4.6% and 7.2%, respectively.

Total assets at December 31, 2020 were $511,522,000, an increase of $40,987,000 (8.7%) from year-end 2019. Gross loans outstanding decreased $30,968,000 (8.7%), while deposits increased $40,083,000 (9.9%) year-over-year. The allowance for loan losses totaled $6,107,000 at December 31, 2020, or 1.88% of gross loans outstanding.

As a result of a decline in December of First National Bank in Fairfield's capital position due to its provision expense, Iowa First completed a capital (cash) injection of $450,000 into the bank to allow it to maintain a Tier 1 Capital to average assets ratio in excess of 9.0%. This injection was funded by cash on hand maintained at the holding company level.

The necessity of advancing this significant cash amount to our affiliate bank was combined with a concern that the coronavirus pandemic economic effect could negatively impact certain of our borrowers. In order to maintain sufficient reserves during what could be a time of challenging earnings, the board chose to suspend the dividend which would have been payable in January 2021.

Notwithstanding the decision to suspend the dividend, the directors, management, and employees of Iowa First continue to be committed to our longtime tradition of providing our local communities valuable financial services and guidance which they have come to expect over many years. Once again, our company is taking an active role in helping our small business clients gain necessary funding assistance through utilization of the SBA Paycheck Protection Program.

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 2020; audited 2019)

	For the Three Months Ended December 31, 2020	For the Three Months Ended December 31, 2019	For the Twelve Months Ended December 31, 2020	For the Twelve Months Ended December 31, 2019
Net Interest Income	$3,425	$3,456	$13,489	$14,477
Provision for Loan Losses	1,260	115	2,105	1,155
Noninterest Income	1,144	940	4,389	3,466
Noninterest Expense	3,183	3,021	12,750	12,276
Income Tax Expense	42	286	696	1,036
Net Income after Income Taxes	84	974	2,327	3,476
Net Income Per Common Share, Basic and Diluted	$ .08	$ .87	$ 2.07	$ 3.08
Average year-to-date common shares outstanding, Basic and Diluted	1,123,944	1,126,253	1,124,833	1,129,352

	As of December 31, 2020	As of December 31, 2019
Gross Loans	$324,356	$355,324
Total Assets	511,522	470,535
Total Deposits	445,952	405,869
Tier 1 Capital	50,216	49,006
Return on Average Equity	4.6%	7.2%
Return on Average Assets	.47	.75
Net Interest Margin (tax equivalent)	2.93	3.29
Allowance as a Percent of Total Loans	1.88	1.69