

IOWA FIRST BANCSHARES CORP.

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PRESS RELEASE

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

Iowa First Bancshares Corp. (OTC Pink: IOFB) today reported operating results for the three month period ended March 31, 2020. Consolidated net income totaled \$765,000 compared to net income of \$809,000 for the same period last year, a decrease of \$44,000 or 5.4%. Comparing first quarter 2020 and first quarter 2019 results: net interest income decreased \$264,000 or 7.1%; provision for loan losses decreased \$200,000 or 53.3%; noninterest income increased by \$35,000 or 4.3%; noninterest expense increased \$22,000 or 0.7%; and income tax expense decreased \$7,000 or 3.0%.

Basic and diluted earnings per share were \$.68 for the three months ended March 31, 2020, a decrease of \$.04 from the same period in 2019. The Company's annualized return on average assets for the first quarter of 2020 and 2019 was .66% and .70%, respectively. The Company's annualized return on average equity for the first quarter of 2020 and 2019 was 6.2% and 6.9%, respectively.

Total assets at March 31, 2020 were approximately \$454,508,000, a decrease of approximately \$28,536,000 (5.9%) from March 31, 2019. Deposits totaled \$390,083,000, a decrease of approximately \$25,640,000 (6.2%) when comparing the end of the first quarter of 2020 to 2019. Gross loans outstanding at March 31, 2020, decreased \$23,064,000 (6.2%), compared to March 31, 2019.

The allowance for loan losses totaled \$6,205,000 at March 31, 2020, or 1.78% of gross loans outstanding compared to 1.74% of gross loans at March 31, 2019. Net loan recoveries totaled \$32,000 during the first quarter of 2020 compared to net loans charged off of \$213,000 for the same period last year.

The board of directors declared a quarterly cash dividend of \$.29 per share payable April 28, 2020, to shareholders of record April 1, 2020. On an annualized basis this dividend represents a return of 2.67% on the December 31, 2019 stock price. Iowa First Bancshares Corp. has paid a cash dividend to shareholders every year since 1989.

At the annual shareholders meeting held April 16, 2020, the shareholders voted in favor of the election of all five director nominees. The shareholders also voted in favor of each of the other proposals which had been recommended by the Company.

The coronavirus pandemic has significantly impacted the world, national, and local economies. The directors, management, and employees of Iowa First Bancshares are fully committed to our longtime tradition of providing our customers and local communities the valuable financial services and guidance they have come to expect over many years. Most recently during these unprecedented times, our company has been a reliable provider of helpful lending assistance to many of our small business clients through utilization of the SBA Paycheck Protection Program.

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.

This press release may contain forward-looking statements. 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. 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) 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; (2) 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; (3) 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; (4) fluctuations in the value of our investment securities; (5) governmental monetary and fiscal policies; (6) legislative, regulatory and tax law changes as well as changes in the scope and cost of Federal Deposit Insurance Corporation insurance and other fees; (7) the ability to attract and retain key executives and employees; (8) the sufficiency of the allowance for loan losses to absorb the amount of actual losses inherent in our loan portfolio; (9) our ability to adapt successfully to technological changes; (10) credit risks and risks from concentrations (by geographic area and by industry) within our loan portfolio; (11) the effects of competition from numerous sources; (12) the failure of assumptions underlying the establishment of allowances for loan losses and estimation of values of collateral and various other financial assets and liabilities; (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; (17) changes in accounting policies and practices; and (18) other risks.

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

	For the Quarter Ended <u>March 31, 2020</u>	For the Quarter Ended <u>March 31, 2019</u>
Net Interest Income	\$ 3,474	\$ 3,738
Provision for Loan Losses	175	375
Noninterest Income	849	814
Noninterest Expense	3,153	3,131
Income Tax Expense	230	237
Net Income after Income Taxes	765	809
Net Income Per Common Share, Basic and Diluted	\$ 0.68	\$ 0.72

	As of <u>March 31, 2020</u>	As of <u>December 31, 2019</u>	As of <u>March 31, 2019</u>
Gross Loans	\$ 350,130	\$ 355,324	\$ 373,194
Total Assets	454,508	470,535	483,044
Total Deposits	390,083	405,869	415,723
Tier 1 Capital	49,444	49,006	47,516
Average Common Shares Outstanding, Basic and Diluted	1,126,253	1,129,352	1,130,966
Return on Average Equity	6.2%	7.2%	6.9%
Return on Average Assets	.66%	.75%	.70%
Net Interest Margin (tax equivalent)	3.21%	3.29%	3.43%
Allowance as a Percent of Total Loans	1.78%	1.69%	1.74%