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PRESS RELEASE

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Iowa First Bancshares Corp. Reports 2018 Financial Results and Dividend Payment

Iowa First Bancshares Corp. (OTC Pink: IOFB) today reported financial results for the year ended December 31, 2018. Consolidated net income of $2,311,000 for the year ended December 31, 2018, was $87,000 (3.6%) less than the prior year. The two subsidiary banks owned by Iowa First Bancshares Corp., First National Bank of Muscatine ("Muscatine") and First National Bank in Fairfield ("Fairfield"), reported quite divergent operating results during 2018. On a positive note, Muscatine's 2018 net income of approximately $3,414,000 exceeded the prior year by $487,000. Unfortunately, Fairfield experienced a net loss for 2018 totaling $749,000. This net loss at Fairfield resulted primarily from lower net interest income and the need for large provision for loan losses due to high levels of problem loans and charge-offs.

The consolidated decrease in net income year-over-year of $87,000 resulted mainly from a decrease in net interest income of $464,000 (3.0%), an increase in provision for loan losses of $603,000 (20.5%), and an increase in noninterest expense of $133,000 (1.1%). Partially offsetting these reductions in net income was an increase in noninterest income of $32,000 (0.9%) and lower income tax expense totaling $1,081,000 (61.6%).

As has been previously reported, a number of actions have been taken to address the loan quality and credit administration weaknesses at Fairfield, including changes in bank senior management, policies, procedures, committee functions and board oversight, along with intensified training for loan officers and support staff. In order to provide the bank the opportunity to succeed in its efforts to improve, Iowa First injected $2.0 million of capital (cash) into the Fairfield bank in 2018's first quarter. This amount, of which $1.4 million was borrowed, was intended to provide the Fairfield Board of Directors and management team the ability to maintain acceptable capital levels as they pursued the necessary strategies to reduce the level of problem loans. A key effect has been to bring the bank's tier 1 capital to average assets ratio and total capital to risk-weighted assets ratio to over 9.0% and 13.0%, respectively.

The board of directors declared a $.29 per common share cash dividend which was paid on January 29, 2019 to shareholders of record January 2, 2019. On an annualized basis this dividend represents a return of 2.6% on the December 31, 2017 stock price. Iowa First Bancshares Corp. has paid a cash dividend to shareholders every year since 1989.

Total assets at December 31, 2018 were $462,159,000, a decrease of $19,999,000 (4.2%) from year-end 2017. Gross loans outstanding decreased $26,630,000 (6.6%), while total deposits decreased $14,705,000 (3.6%) year-over-year. The allowance for loan losses totaled $6,320,000 at December 31, 2018, or 1.66% of gross loans outstanding.

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 Three Months Ended December 31, 2018	For the Three Months Ended December 31, 2017	For the Twelve Months Ended December 31, 2018	For the Twelve Months Ended December 31, 2017
Net Interest Income	$ 3,697	$ 3,864	$ 15,063	$ 15,527
Provision for Loan Losses	1,425	528	3,546	2,943
Noninterest Income	892	877	3,517	3,485
Noninterest Expense	2,954	3,052	12,049	11,916
Income Tax Expense (Benefit)	15	776	674	1,755
Net Income after Income Taxes	195	385	2,311	2,398
Net Income Per Common Share, Basic and Diluted	$ .17	$ .34	$ 2.04	$ 2.12
Average year-to-date common shares outstanding, basic and diluted	1,130,966	1,131,847	1,131,455	1,131,440

	As of December 31, 2018	As of December 31, 2017
Gross Loans	$ 379,737	$ 406,367
Total Assets	462,159	482,158
Total Deposits	396,047	410,752
Tier 1 Capital	47,036	45,942
Return on Average Equity	4.9%	5.2%
Return on Average Assets	.49	.50
Net Interest Margin (tax equivalent)	3.42	3.47
Allowance as a Percent of Total Loans	1.66	1.40