IOWA FIRST BANCSHARES CORP.

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PRESS RELEASE

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

Iowa First Bancshares Corp. (OTC Pink: IOFB) today reported net income of $961,000 for the quarter ended June 30, 2018, compared to record net income of $1,140,000 for the quarter ended June 30, 2017. The decrease in second quarter net income year-over-year of $179,000 (15.7%) was primarily attributable to lower net interest income of $175,000 (4.5%), higher provision for loan losses of $210,000 (100.0%), and higher noninterest expense of $90,000 (3.1%). Noninterest income increased $7,000 (0.8%) and income tax expense decreased $289,000 (51.5%) when comparing the second quarter of 2018 to the same quarter in 2017. The decline in income tax expense was mainly a result of the lower federal income tax rates which became effective at the beginning of 2018.

The Company recorded net income of $1,694,000 for the six months ended June 30, 2018, compared with net income of $1,533,000 for the two quarters ended June 30, 2017, an increase of $161,000 (10.5%). Over that time period, net interest income decreased $204,000 (2.7%), noninterest income decreased $15,000 (0.9%), and noninterest expense increased $209,000 (3.6%). Over the same period, however, provision for loan losses decreased $330,000 (25.6%) and income tax expense decreased $259,000 (34.6%).

Basic and diluted earnings per share were $1.50 for the six months ended June 30, 2018, up $.14 or 10.3% from the same period in 2017. The Company's annualized return on average assets for the first two quarters of 2018 and 2017 was .72% and .64%, respectively. The Company's annualized return on average equity for the six months ended June 30, 2018 and June 30, 2017 was 7.3% and 6.8%, respectively.

Total assets at June 30, 2018 were $475,965,000, a decrease of $10,112,000 (2.1%) from June 30, 2017. Gross loans outstanding decreased $12,557,000 (3.1%), while total deposits decreased $7,171,000 (1.7%) year-over-year. The allowance for loan losses totaled $6,032,000 at June 30, 2018, or 1.52% of gross loans outstanding. Nonaccrual loans totaled $6.4 million or 1.6% of gross loans outstanding on June 30, 2018, a reduction of $1.2 million from March 31, 2018, but significantly higher than the $2.3 million or .6% of gross loans that were on nonaccrual on June 30, 2007. The heightened level of nonaccrual loans during 2018 helps explain the decline in consolidated net interest margin from 3.47% for the year ended December 31, 2017 to 3.40% during the first two quarters of 2018. As the increase in nonaccrual loans has come primarily from our Fairfield subsidiary bank, the newer leadership team at that bank remains extremely focused on improving the quality of the overall loan portfolio and reducing the amount of nonaccrual loans. The Iowa First Bancshares Board of Directors and senior management both support and encourage those efforts, realizing that it may take several quarters of hard work to accomplish the significant goals that are expected.

The board of directors declared a $.29 per common share cash dividend to be paid on July 31, 2018, to shareholders of record July 2, 2018. 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.

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 June 30, 2018	For the Three Months Ended June 30, 2017	For the Six Months Ended June 30, 2018	For the Six Months Ended June 30, 2017
Net Interest Income	$ 3,759	$ 3,934	$ 7,503	$ 7,707
Provision for Loan Losses	420	210	960	1,290
Noninterest Income	890	883	1,723	1,738
Noninterest Expense	2,996	2,906	6,082	5,873
Income Tax Expense	272	561	490	749
Net Income after Income Taxes	961	1,140	1,694	1,533
Net Income Per Common Share, Basic and Diluted	$ 0.85	$ 1.01	$ 1.50	$ 1.36
Average year-to-date common shares outstanding, basic and diluted	1,131,847	1,131,630	1,131,847	1,131,033

	As of June 30, 2018	As of December 31, 2017	As of June 30, 2017
Gross Loans	$ 395,554	$ 406,367	$ 408,111
Total Assets	475,965	482,158	486,077
Total Deposits	406,960	410,752	414,131
Tier 1 Capital	47,115	45,942	45,734
Return on Average Equity	7.3%	5.2%	6.8%
Return on Average Assets	.72	.50	.64
Net Interest Margin (tax equivalent)	3.40	3.47	3.47
Allowance as a Percent of Total Loans	1.52	1.40	1.17