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 $682,000 for the quarter ended June 30, 2020, compared to net income of $909,000 for the quarter ended June 30, 2019. The decrease in second quarter net income year-over-year of $227,000 (25.0%) was primarily attributable to lower net interest income of $467,000 (12.5%) and higher noninterest expense of $166,000 (5.5%). The significant reduction in net interest income was heavily influenced by the substantial decrease in interest rates engineered by the Federal Reserve Bank (Fed) in March 2020, which significantly reduced yields earned on both loans and deposits maintained at the Fed by our banks. Provision for loan losses decreased $15,000 (4.2%) Noninterest income increased $326,000 (38.4%) and income tax expense decreased $65,000 (23.2%) when comparing the second quarter of 2020 to the same quarter in 2019.

The Company recorded net income of $1,447,000 for the six months ended June 30, 2020, compared with net income of $1,718,000 for the two quarters ended June 30, 2019, a decrease of $271,000 (15.8%). Over that time period, net interest income decreased $731,000 (9.8%), noninterest income increased $361,000 (21.7%), and noninterest expense increased $188,000 (3.0%). Over the same period provision for loan losses decreased $215,000 (29.3%) and income tax expense decreased $72,000 (13.9%).

Basic and diluted earnings per share were $1.29 for the six months ended June 30, 2020, down $.23 or 15.1% from the same period in 2019. The Company's annualized return on average assets for the first two quarters of 2020 and 2019 was .61% and .74%, respectively. The Company's annualized return on average equity for the six months ended June 30, 2020 and June 30, 2019 was 5.8% and 7.2%, respectively.

Total assets at June 30, 2020 were $493,731,000, an increase of $33,303,000 (7.2%) from June 30, 2019. Gross loans outstanding decreased $11,256,000 (3.1%), while total deposits increased $36,120,000 (9.2%) year-over-year. The allowance for loan losses totaled $6,054,000 at June 30, 2020, or 1.70% of gross loans outstanding.

The board of directors declared a $.29 per common share cash dividend to be paid on July 28, 2020, to shareholders of record July 1, 2020. On an annualized basis this dividend represents a return of 2.7% on the December 31, 2019 stock price. Iowa First Bancshares Corp. has paid a cash dividend to shareholders every year since 1989.

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 Three Months Ended June 30, 2020	For the Three Months Ended June 30, 2019	For the Six Months Ended June 30, 2020	For the Six Months Ended June 30, 2019
Net Interest Income	$ 3,267	$ 3,734	$ 6,741	$ 7,472
Provision for Loan Losses	345	360	520	735
Noninterest Income	1,174	848	2,023	1,662
Noninterest Expense	3,199	3,033	6,352	6,164
Income Tax Expense	215	280	445	517
Net Income after Income Taxes	682	909	1,447	1,718
Net Income Per Common Share, Basic and Diluted	$ 0.61	$ 0.80	$ 1.29	$ 1.52
Average year-to-date common shares outstanding, basic and diluted	1,126,253	1,130,966	1,126,253	1,130,966

	As of June 30, 2020	As of December 31, 2019	As of June 30, 2019
Gross Loans	$ 356,783	$ 355,324	$ 368,039
Total Assets	493,731	470,535	460,428
Total Deposits	429,515	405,869	393,395
Tier 1 Capital	49,799	49,006	48,098
Return on Average Equity	5.8%	7.2%	7.2%
Return on Average Assets	.61	.75	.74
Net Interest Margin (tax equivalent)	3.05	3.29	3.39
Allowance as a Percent of Total Loans	1.70	1.69	1.81