IOWA FIRST BANCSHARES CORP.

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PRESS RELEASE

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Iowa First Bancshares Corp. Revises 2017 Financial Results

Iowa First Bancshares Corp. (OTC Pink: IOFB) today reported revised financial results for the year ended December 31, 2017. Net income of $2,398,000 for the year ended December 31, 2017, was $400,000 less than originally reported. This revision was attributable to higher provision for loan losses which was recognized retroactive to September 30, 2018. The revised full year net income of $2,398,000 compared favorably to net income of $1,430,000 for the year ended December 31, 2016. These results would have been better were it not for new federal income tax legislation, as subsequently will be explained in some detail.

The increase in net income year-over-year of $968,000 (67.7%) resulted mainly from an increase in net interest income of $576,000 and a decrease of $4,498,000 in noninterest expense. This decrease in noninterest expense year-over-year was largely the result of a loss on a legal settlement which was included in 2016 noninterest expense. Partially offsetting these improvements was an increase in provision for loan losses of $2,283,000, reduction of $506,000 in noninterest interest income (most of which was attributable to a nonrecurring insurance reimbursement recognized in 2016), and an increase of $1,317,000 in income tax expense.

On December 22, 2017, comprehensive new tax legislation was enacted which lowered the federal corporate income tax rate from 35% to 21%, which should assist Iowa First Bancshares in increasing future net income. However, this new law also reduced 2017 net income by $490,000 as the Company's net deferred income tax asset was reduced to reflect the effect of the lower future income tax rate. It is important to note that this fourth quarter 2017 additional income tax expense is a one-time, non-cash accounting charge against net income.

A major factor that limited the potential earnings improvement that the Company otherwise would have enjoyed was a substantially higher provision for loan losses in 2017, rising from $660,000 in 2016 to $2,943,000 in 2017. While there was a 1.3% increase in loan totals to reach $406,367,000, and a slightly improved net interest margin from 3.43% to 3.47% in 2017, there was a significant deterioration in loan quality, primarily at the smaller of our two subsidiary banks. Net charge-offs for the Company as a percentage of gross loans rose to .48% in 2017 versus only .14% in 2016, and total nonperforming loans grew to $8,422,000 at year-end 2017 compared to $5,770,000 on December 31, 2016. Nonperforming loans are defined as accruing loans which are past due 90 days or more, plus nonaccrual loans and troubled debts which have been restructured.

A number of actions have been taken to address the loan quality and credit administration at our subsidiary bank which has experienced most of the loan quality deterioration, 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, Company management currently is considering options to fund a capital injection to increase the amount of capital at the bank. Such action should result in the subsidiary bank's tier 1 capital to average assets ratio increasing from 7.8% at December 31, 2017, to at least 9.0%, and its total capital to risk-weighted assets ratio increasing from 11.0% to at least 12.0%.

Iowa First's earnings and cash flow provided for an increase in its dividend to shareholders of $.02 per share during 2017 to equal $1.16 per share. Iowa First Bancshares Corp. has paid a cash dividend to shareholders every year since 1989. While thinly traded, it should be noted that Iowa First's stock price per share increased by 22% during 2017, reaching $45.00 per share at December 31, 2017.

Total assets at December 31, 2017 were $482,158,000, a decrease of $7,818,000 (1.6%) from year-end 2016. Gross loans outstanding increased $5,326,000 (1.3%), while total deposits decreased $3,927,000 (0.9%) year-over-year. The allowance for loan losses totaled $5,684,000 at December 31, 2017, or 1.40% 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.

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.

The following table shows unaudited financial highlights for the fourth quarter of 2017 and 2016 as well as the full-year results for both years. Third quarter 2017 results were revised; therefore, results through September 30, 2017, as revised, also have been shown in the table.

CONSOLIDATED FINANCIAL HIGHLIGHTS

(Dollar amounts in thousands, except share and per share data)

(unaudited)

	For the Nine Months Ended September 30, 2017	For the Three Months Ended December 31, 2017	For the Three Months Ended December 31, 2016	For the Twelve Months Ended December 31, 2017	For the Twelve Months Ended December 31, 2016
Net Interest Income	$ 11,663	$ 3,864	$ 3,822	$ 15,527	$ 14,951
Provision for Loan Losses	2,415	528	285	2,943	660
Noninterest Income	2,608	877	1,333	3,485	3,991
Noninterest Expense	8,864	3,052	7,777	11,916	16,414
Income Tax Expense (Benefit)	979	776	(1,155)	1,755	438
Net Income after Income Taxes	2,013	385	(1,752)	2,398	1,430
Net Income Per Common Share, Basic and Diluted	$ 1.78	$ .34	$ (1.55)	$ 2.12	$ 1.27
Average year-to-date common shares outstanding, basic and diluted	1,131,304	1,131,847	1,130,436	1,131,304	1,129,930

	As of December 31, 2017	As of December 31, 2016
Gross Loans	$ 406,367	$ 401,041
Total Assets	482,158	489,976
Total Deposits	410,752	414,679
Tier 1 Capital	45,942	44,796
Return on Average Equity	5.2%	3.1%
Return on Average Assets	.50	.30
Net Interest Margin (tax equivalent)	3.47	3.43
Allowance as a Percent of Total Loans	1.40	1.16