

# IOWA FIRST BANCSHARES CORP.

300 East Second Street  
Muscatine, Iowa 52761  
(563) 263-4221

**For more information contact:**

**D. Scott Ingstad, Chairman, President and CEO (563-262-4202) Or**

**Teresa A. Carter, Senior Vice President, Chief Financial Officer (563-262-4214)**

## **PRESS RELEASE**

**FOR RELEASE October 31, 2019, at 11:00 a.m. Central Standard Time**

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

Iowa First Bancshares Corp. (OTC Pink: IOFB) today reported net income of \$784,000 for the quarter ended September 30, 2019, compared to net income of \$422,000 for the quarter ended September 30, 2018. The increase in third quarter net income year-over-year of \$362,000 (85.8%) essentially resulted from a decrease in provision for loan losses of \$856,000 (73.7%). During the quarter ending September 30, 2019, the company experienced a decrease in net interest income of \$314,000 (8.1%), a decrease in noninterest income of \$38,000 (4.2%), an increase in noninterest expense of \$78,000 (2.6%) and an increase in income tax expense of \$64,000 (37.9%) when compared to the same quarter in 2018.

The Company recorded net income of \$2,502,000 for the nine months ended September 30, 2019, compared with net income of \$2,116,000 for the three quarters ended September 30, 2018, an increase of \$386,000 (18.2%). Over that time period, provision for loan losses decreased \$1,081,000 (51.0%), net interest income decreased \$345,000 (3.0%), noninterest income decreased \$99,000 (3.8%), noninterest expense increased \$160,000 (1.8%), and income tax expense increased \$91,000 (13.8%).

Basic and diluted earnings per share were \$2.21 for the nine months ended September 30, 2019, up \$.34 or 18.2% from the earnings per share for the same period in 2018. The Company's annualized return on average assets for the first three quarters of 2019 and 2018 was .72% and .60%, respectively. The Company's annualized return on average equity for the nine months ended September 30, 2019 and September 30, 2018 was 7.0% and 6.0%, respectively.

Total assets at September 30, 2019 were \$454,628,000, a decrease of \$2,178,000 (0.5%) from September 30, 2018. Gross loans outstanding decreased \$21,545,000 (5.6%), while total deposits decreased \$630,000 (0.2%) year-over-year. The allowance for loan losses totaled \$6,782,000 at September 30, 2019, or 1.85% of gross loans outstanding compared to \$7,224,000 or 1.86% of gross loans outstanding at the same time last year. Net loans charged-off during the first nine months of 2019 and 2018 were \$578,000 and \$581,000, respectively. Nonaccrual loans totaled \$9.0 million or 2.45% of gross loans outstanding on September 30, 2019, an increase of \$4.5 million from September 30, 2018.

The board of directors declared a \$.29 per common share cash dividend payable on October 29, 2019, to shareholders of record October 1, 2019. On an annualized basis this dividend represents a return of 3.2% on the December 31, 2018 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)

	<b>For the Three Months Ended <u>September 30, 2019</u></b>	<b>For the Three Months Ended <u>September 30, 2018</u></b>	<b>For the Nine Months Ended <u>September 30, 2019</u></b>	<b>For the Nine Months Ended <u>September 30, 2018</u></b>
Net Interest Income	\$ 3,549	\$ 3,863	\$ 11,021	\$ 11,366
Provision for Loan Losses	305	1,161	1,040	2,121
Noninterest Income	864	902	2,526	2,625
Noninterest Expense	3,091	3,013	9,255	9,095
Income Tax Expense	233	169	750	659
Net Income after Income Taxes	784	422	2,502	2,116
Net Income Per Common Share, Basic and Diluted	\$ .69	\$ .37	\$ 2.21	\$ 1.87
Average year-to-date common shares outstanding, basic and diluted	1,129,224	1,131,158	1,130,385	1,131,617
	<b>As of <u>September 30, 2019</u></b>	<b>As of <u>December 31, 2018</u></b>	<b>As of <u>September 30, 2018</u></b>	
Gross Loans	\$ 366,256	\$ 379,737	\$ 387,801	
Total Assets	454,628	462,159	456,806	
Total Deposits	388,004	396,047	388,634	
Tier 1 Capital	48,359	47,036	47,169	
Return on Average Equity	7.0%	4.9%	6.0%	
Return on Average Assets	.72	.49	.60	
Net Interest Margin (tax equivalent)	3.35	3.42	3.44	
Allowance as a Percent of Total Loans	1.85	1.66	1.86	