

First Ottawa Bancshares, Inc. Announces Completion of \$24.25 Million Subordinated Notes Offering

Ottawa, Illinois, September 30th, 2020. First Ottawa Bancshares, Inc. (OTC Pink: FOTB) (the "Company" or "First Ottawa"), the parent company of The First National Bank of Ottawa and its divisions (American Commercial Bank & Trust, Morris National Bank & Trust, Streator National Bank, and Yorkville National Bank & Trust) (the "Bank") announced today that it has completed the private placement of \$24.25 million in fixed-to-floating rate subordinated notes due September 2030 (the "Notes") to certain accredited investors. The Notes have been structured to qualify as Tier 2 capital for the Company under bank regulatory guidelines, and the proceeds from the sale of the Notes will be utilized to support regulatory capital ratios and for general corporate purposes, including growth initiatives at the Bank.

President and CEO, Steven M. Gonzalo, stated, "We are pleased to announce the successful completion of our subordinated debt offering at terms that are favorable to our Company. The portion of this new capital that we downstream to our Bank is leverageable, Tier 1 capital for the Bank, which will be integral to fueling the growth that we strategically envision for our organization. Through the issuance of these Notes, we have cost-effectively increased our capital levels without diluting our current shareholders."

The Notes will initially bear interest at 5.50% per annum, from and including the closing date to but excluding September 15, 2025 or earlier redemption date, payable semi-annually in arrears. From and including September 15, 2025, to but excluding the maturity date or earlier redemption date, the interest rate shall reset quarterly to an interest rate per annum equal to the then current three-month SOFR (provided, however, that in the event three-month SOFR is less than zero, three-month SOFR shall be deemed to be zero) plus a spread of 538 basis points, payable quarterly in arrears. If three-month SOFR cannot be determined on a given date, a different index shall be determined and used in accordance with the terms of the Notes.

The Company may redeem the Notes, in whole or in part, at its option, on or after September 15, 2025, or prior to such date under certain limited circumstances.

D.A. Davidson & Co. served as the sole placement agent and was advised by Vedder Price P.C. First Ottawa Bancshares, Inc. was advised by Barack Ferrazzano Kirschbaum & Nagelberg LLP.

About First Ottawa Bancshares, Inc.

First Ottawa Bancshares, Inc. is a community-based bank holding company headquartered in Ottawa, Illinois, and is the sole shareholder of The First National Bank of Ottawa. As of June 30, 2020, The First National Bank of Ottawa had total assets of approximately \$786 million. In 2020, The First National Bank of Ottawa celebrated 155 years of continuous service, making it one of the most senior banks in the United States.

Safe Harbor Statement

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements include, but are not limited to, statements about (i) future financial and operating results; (ii) First Ottawa's plans, objectives, expectations and intentions and other statements contained in this press release that are not historical facts; and (iii) other statements identified by words such as "expects," "anticipates," "intends," "plans," "believes," "seeks," "estimates," "targets," "projects," or words of similar meaning generally intended to identify forward-looking statements. These forward-looking statements are based upon the current beliefs and expectations of the management of First Ottawa and are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond the control of First Ottawa. In addition, these forward-looking statements are subject to assumptions with respect to future business strategies and decisions that are subject to change. Actual results may differ materially from the anticipated results discussed in these forward-looking statements because of possible uncertainties.

The following factors, among others, could cause actual results to differ materially from the anticipated results or other expectations expressed in the forward-looking statements: (i) the effects of the COVID-19 pandemic, including its potential effects on the economic environment, First Ottawa's customers and its operations, as well as any changes to federal, state or local government laws, regulations or orders in connection with the pandemic; (ii) the strength of the local, state, national and international economies (including the impact of the 2020 presidential election and the impact of tariffs, a U.S. withdrawal from or significant renegotiation of trade agreements, trade wars and other changes in trade regulations); (iii) changes in accounting policies and practices (including as a result of the future implementation of the current expected credit loss (CECL) impairment standards, that will change how First Ottawa estimates credit losses); (iv) changes in state and federal laws, regulations and governmental policies concerning First Ottawa's general business; (v) changes in interest rates and prepayment rates of First Ottawa's assets (including the impact of LIBOR phase-out); (vi) increased competition in the financial services sector and the inability to attract new customers; (vii) the economic impact of any future terrorist threats and attacks, and the response of the United States to any such threats and attacks; (viii) changes in technology and the ability to develop and maintain secure and reliable electronic

systems; (ix) the loss of key executives or employees; (x) changes in consumer spending; and (xi) unexpected outcomes of existing or new litigation involving First Ottawa. These risks and uncertainties should be considered in evaluating forward-looking statements and undue reliance should not be placed on such statements.

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