

You're the *One*[®]



2010 ANNUAL REPORT

TO OUR SHAREHOLDERS

THE YEAR 2010 HAS COME AND GONE.

As we look back, we see a year that is best defined by the word “progress” for MidWestOne Financial Group, Inc. Progress was clearly made in the earnings performance and stock price performance of your company. But there were strides made in other areas as well. The theme, then, of this annual letter to our shareholders is to discuss the progress that has been made throughout the year and, more importantly, how this progress serves as the foundation for what we believe will be a very bright future.

For those who are reading our annual letter for the first time, we provide a historical perspective. MidWestOne Financial Group, Inc. is a relatively new banking organization that came into existence in March 2008 and was the merger of two long time and like-minded Iowa community banking organizations. Shortly after our merger, the great recession of 2008 struck with ferocity. As with almost every commercial bank in America, our earnings suffered as we dealt with larger than normal loan delinquencies and charge-offs and significantly higher FDIC insurance premiums. 2008 brought a tornado that destroyed our Parkersburg office and, less than two weeks later, the Flood of 2008 that severely damaged two more MidWestOne offices. 2009, of course, brought continued economic woes as our company began to put the pieces together for a successful future. As we said in our shareholder letter one year ago: “If we have learned anything during these two years, it is the art of perseverance. This necessary mind-set prompts us to be very optimistic about the long term future of MidWestOne.”

Our optimism proved to be well-founded as 2010 produced net income available to common shareholders of \$9,262,000 or \$1.07 per diluted common share, and more than doubled 2009 results of \$3,630,000 and \$0.42, respectively. Our return on tangible equity improved to 7.14%, well above 2009’s 3.00%. As we look to the future, we believe the days of a consistent 13 to 15 percent return on tangible common equity are a thing of the past for community banks. While the “new normal” is unclear, it appears that 10 to 12 percent will be the standard for high performance in the future. Thus, while we are very pleased with our 2010 results, we also acknowledge that there is more work to be done.

Those who read our quarterly shareholder reports will recognize that we have regularly discussed three keys to performance and survival during the recent turbulent times.

CAPITAL continues to be critical to the long term survival and performance of banking organizations. At year-end, 2010 MidWestOne continued to exhibit excellent capital strength. Tangible common equity to tangible assets of 8.37% and total equity to assets of 10.02% are strong numbers that give us good protection from risk in our balance sheet and also provide the foundation for us to grow in the future.

CREDIT QUALITY is what has separated the winners from the losers in the banking industry over the past three years. While our ratio of non-performing loans to total loans increased to 2.11% in our bank loan portfolio, we note that this number, while higher than it has been historically, is a solid number. We measure ourselves against 17 other Midwestern banks of similar size. At September 30, 2010, our ratio of non-performing loans to loans was the second best of the 18 bank universe. Similarly, our net charge-offs to total loans were 0.50% in 2010. This ratio ranks near the top of that peer group. Our reserve for loan losses in the bank portfolio was 1.62% at year-end, the highest since the merger. While we can never be complacent about the quality of our loan portfolio, we can state that at year-end, 2010, we were very comfortable with our credit quality and, most importantly, where it is headed.

LIQUIDITY has always been evident at MidWestOne. We will quickly acknowledge that our style has never been to “lever up” our balance sheet. We know that in good times this style of balance sheet management sometimes costs us income. But, in bad times, we are very happy to have the added liquidity. In our first shareholder letter to you, we stated that our goal was to move our loan to deposit ratio “into the 80’s” (at the time it was in the mid-90’s due to the merger). We are pleased to report that we were at 82.5% at year end. Going forward, our goal is to maintain this ratio between 75 and 90%. Over the long term, we believe this is a prudent and relatively safe way to manage your company.

We’ve also talked about the need to increase our non-interest income and set a long term goal of moving non-interest income to 30% of total revenues over time. We are making progress but it is slow. Thanks to the terrific performance of our Home Loan Center in the great refinance boom in the fourth quarter of 2010, mortgage origination and loan fees propelled non-interest income to 23.7% of total revenues for 2010. That is a long way from our goal of 30%, but it is progress. To get to our goal, we will need continued improvement from our Trust Department

As we said in our shareholder letter one year ago: “If we have learned anything during these two years, it is the art of perseverance. This necessary mind set prompts us to be very optimistic about the long term future of MidWestOne.”



Charles N. Funk, President and CEO,
and W. Richard Summerwill, Chairman.

and Investment Services Department. Both of these business units had very nice gains in net income in 2010 and we are planning their continued expansion. In addition, we have an insurance subsidiary that is currently operating at a small loss and we expect to see vast improvement in the next three years to help us to our 30% goal.

Expense management has been a consistent theme in these letters as well. We are very happy to report that we excelled in this area during 2010. Our non-interest expenses declined nearly \$2.3 million, or 5.0% compared to 2009. The progress was throughout the company as professional fees, FDIC insurance premiums, and other expenses all declined. As we began the year, we were aware that we had more employees than other banking companies of similar size. As the year unfolded, we found opportunities to reduce our staff by more than 30 positions. This was done mostly through attrition. We are proud of the efforts from all corners of the company to achieve this with very little disruption to our customers. We also made the difficult decision to close three offices that were deemed to have low volume and low potential. In each case, the offices' deposits were moved to a near-by MidWestOne office. While these decisions are never easy, they are necessary for us to be as efficient as possible going forward.

The loan pool participations, which had been a part of the former MidWestOne dating back to 1988, continue to create a drag on our earnings power. The loan pools have traditionally given the company an “all-in” yield of 8-12% and for many years they produced returns in the high end of that range. For the past few years—since the recession began—returns have been poorer. This past year, the pools returned 3.88%. The balance of these loans has continued to decline and ended 2010 at \$65.9 million, only 4.2% of total assets. We are not adding to our position in the loan pools and our plan is to exit this line of business as principal repayments continue. We believe that the future in community banking in Iowa is bright and these assets do not fit with our strategic plans for the future.

One of our operating principles is to “hire and retain good people”. We realize almost every annual shareholder letter contains an obligatory tip of the cap to a company's staff. We want to do more than that. Having the right persons in the right jobs has never been more critical to our success. We thank a superb senior management team for its leadership in 2010. And we thank the many associates

throughout the company who have gone the extra mile to fulfill our corporate mission statement of “taking care of our customers and those who should be”. There is not a day that passes when we do not see several extraordinary acts of good customer service in all corners of the company. MidWestOne has continued its commitment to train its employees in the fundamentals of good customer service through its Extraordinary Deeds through Genuine Effort (EDGE) training program. Since 2006, your company has invested more than \$250,000 in this program to assure that our customers are served in a superior manner. 2010 marked the inaugural year for the MidWestOne Leadership Institute, a year-long program in which twelve selected officers received monthly training in the art of leadership and execution. We have a new class enrolled in the program in 2011. We will continue to invest significant resources in the training and development of our staff. We know that nothing is more important to a successful future than an engaged and talented staff.

A year ago, we surveyed more than 450 customers, employees and directors as a first step in articulating a clear and succinct brand promise. It was no surprise that MidWestOne’s brand was drilled down to two basic themes: relationships and high quality customer service. Our fledgling company introduced “You’re the One” as our new slogan and theme last spring. Inside our walls, “You’re the One” ties perfectly to our mission statement – “taking care of our customers and those who should be”. Out in the community, “You’re the One” states unequivocally that we make our customers “number one” in all that we do. Our slogan is copyrighted and you’ll see it used in multiple ways in the future.

As we look ahead, we see a promising future for MidWestOne. The many economic calamities that have unfolded since the Great Recession began in 2008 have made us even more thankful that our business is located in Iowa, where the unemployment rate never exceeded 7% (and sits at 6.3% as this is written). The banking business has been much better in our State than almost anywhere in America. While only 42nd in population in our country, Iowa has the fourth highest number of banking charters. We believe that the approximately 350 banking charters in Iowa will dwindle at a consistent pace over the next five years and we are well positioned to be a selective acquirer of banks when it is in our shareholders’ best interest.

Our regulatory climate is much different than just a few years ago. Several aspects of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 are troubling for all commercial banks. At this writing, there are serious questions about all banks’ ability to continue to offer free debit cards to customers due to the Durbin Amendment, which price fixes the amount of interchange income per transaction. This is not a small item to your company and we continue to make our case to our Congressional delegation and Senators to overturn this destructive legislation, which, we might add, had absolutely nothing to do with financial reform. We also suffer from increased compliance requirements. For example, due to increased regulatory requirements, we estimate that it takes roughly 50% more manpower to close a real estate loan than it did *just two years ago!* This is not good for consumers and it is not good for banks. We hasten to add that, at year-end 2010, your company had just *eight residential real estate loans*

in foreclosure. As with most other Iowa banks, we have acted responsibly in our lending practices and foreclosure for MidWestOne is a last resort.

The ingredients for success, then, are not much different than they have been since your company was founded in 1934. We collect deposits, we make good loans and we offer a broad array of financial solutions to make our customers’ lives better. And we do this, always, knowing that we must provide outstanding customer service in every encounter with our customers. We know that these encounters do not always take place in our banking offices but now take place increasingly on the telephone or at MidWestOne.com. And we know that competition in the banking and financial services industry has never been keener. Our ability to retain and expand our current banking relationships and attract new ones will continue to be the key to our future success.

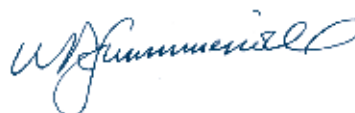
We finish by saluting two outgoing directors. W. Richard Summerwill and James G. Wake will retire at the conclusion of the 2010 annual meeting. Jim has been a director of the company since 2008, and of the former MidWestOne since 2000. He is an expert in the field of agriculture and we will miss his counsel as well as his very good sense of humor. Dick’s retirement marks the end of 48 years with this company as an officer and/or director. He was the CEO from 1983–2000 and has been the Chairman of the Board since stepping down as CEO. Although he will remain as a Director Emeritus, we will nonetheless miss his leadership and counsel. During the year, Sally Mason resigned unexpectedly from the board and we miss her contribution to our board as well. We welcomed the well qualified Barbara J. Kniff-McCulla to serve Sally’s unexpired term on the Board of Directors.

We know we have challenges in the new year and beyond. But we firmly believe that the best years for MidWestOne are ahead. Our decisions will continue to be thoughtful and in the *long-term* interests of our shareholders. And so, we thank you, our shareholders, for your support, encouragement, patience, and trust. You’re the *Ones* for whom we will diligently work to exceed your expectations.



Charles N. Funk

President and CEO



W. Richard Summerwill

Chairman

MIDWESTONE FINANCIAL GROUP, INC. **OFFICERS**

W. Richard Summerwill, Chairman
Charles S. Howard, Vice Chairman
Charles N. Funk, President & Chief Executive Officer
Susan R. Evans, Chief Operating Officer
Gary J. Ortale, Executive Vice President, Chief Financial Officer & Treasurer
Kent L. Jehle, Executive Vice President & Chief Lending Officer
James M. Cantrell, Vice President & Chief Risk Officer
Gregory W. Turner, Vice President & Head of Wealth Management
Kenneth R. Urmie, Secretary



MIDWESTONE FINANCIAL GROUP, INC. AND MIDWESTONE BANK **BOARD OF DIRECTORS**

Row One:

Charles S. Howard
 Vice Chairman, MidwestOne Financial Group, Inc. and Vice Chairman, MidwestOne Bank

W. Richard Summerwill
 Chairman, MidwestOne Financial Group, Inc. and Chairman, MidwestOne Bank

Barbara Kniff-McCulla
 CEO, KLK Construction
 MOFG and MidwestOne Bank Board Member

Kevin W. Monson
 Managing Partner, Neumann-Monson Architects, PC
 MOFG Board Member

Charles N. Funk
 President & CEO, MidwestOne Financial Group, Inc. and President & CEO, MidwestOne Bank

Row Two:

Richard J. Schwab
 Investor, Entrepreneur, and Builder
 MidwestOne Bank Board Member

R. Scott Zaiser
 Owner, Zaiser's Landscaping, Inc.
 MOFG Board Member

Richard R. Donohue
 Managing Principal,
 TD&T Financial Group, P.C.
 MOFG and MidwestOne Bank Board Member

John S. Koza
 Retired Bank Executive,
 MidwestOne Bank
 MOFG Board Member

Row Three:

Suzanne Summerwill,
 Retired Bank Executive,
 MidwestOne Bank
 MidwestOne Bank Board Member

Stephen L. West
 President, West Music
 Company, Inc.
 MOFG and MidwestOne
 Bank Board Member

Robert D. Wersen
 President, Interpower
 Corporation
 MOFG Board Member

Row Four:

John P. Pothoven
 Retired Bank
 Executive,
 MidwestOne Bank
 MOFG and
 MidwestOne Bank
 Board Member

James G. Wake
 General Manager,
 Smith-Wake Ag
 Services
 MOFG Board
 Member

HONORING TWO BOARD MEMBERS

MidWestOne Bank director **Dorothy King** of Conrad, Iowa, passed away on August 16, 2010. King spent 42 years at First State Bank in Conrad, serving as senior vice president, cashier, and trust officer at the time of her retirement in December 2001. She joined the board of directors of First State Bank in January 1980 and was elected to MidWestOne Bank's newly formed board when the banks merged in 2008. King broke through the glass ceiling within the Conrad business community. She was the first female vice president of First State Bank, first female president of the Grundy County Bankers Association, and first female city council member in Conrad. Upon her death, the MidWestOne board passed a resolution noting, in part, that King "will continue to be an inspiration, personally and professionally, for everyone who had the rare good fortune to know her and work with her." She is survived by her husband of 52 years, Warren King, two children, and six grandchildren.

James G. Wake of Clive, Iowa, will retire from the MidWestOne Financial Group, Inc. board as of the annual shareholders meeting on April 21, 2011. Wake is chairman of the board of Oskaloosa-based Tetra Agra Group; he is the third generation of family leadership in the 94-year-old agricultural business, which includes feed and livestock production, contract finishing, grain services and storage and land management. Wake became a director of the former Mahaska State Bank in Oskaloosa in 1987 and continued in that capacity to the present day. "Being a bank board member over the past 25 years has been a true privilege," Wake says. "The merger of two outstanding community banking organizations into one has been a very rewarding experience. I believe MidWestOne is positioned for a great future." Following his retirement, Wake and his spouse, Jayne, plan to spend more time in Arizona and with their four children and five grandchildren.





THE SUMMERWILL **LEGACY:**

“We’re going to be around a long, long time”

PEOPLE. FAMILY. COMMUNITY.

Ask Dick Summerwill what’s most important, what he’s proudest of, and what he’ll miss when he steps down this year as chairman of MidWestOne Financial Group and MidWestOne Bank, and these three words come up time after time.

In fact, in Summerwill’s view, they’re practically interchangeable, which says a lot about his upbringing as well as MidWestOne’s approach to banking.

An Iowa City native, Summerwill attended the University of Michigan, where he earned a B.A. in economics. He served as an officer in the U.S. Navy and Naval Reserve, and then began his banking career at Northern Trust Company in Chicago. In 1963 he joined Iowa State Bank & Trust, which his grandfather, Ben Summerwill, Sr., had helped organize during the Great Depression.

“Grandpa Ben used to stress three things about the business,” remembers Summerwill. “Take good care of your customers, hire really good people and treat them well, and have the utmost integrity. That mantra is still what we’re about.”

Summerwill was named as the bank’s CEO in 1984 and served in that capacity until he retired to become chairman in 2000. His grandfather’s “mantra” was clearly at work during the 2008 merger of Iowa State Bank & Trust and its parent company, ISB Financial, with MidWestOne Financial Group, which Summerwill steered as ISB board chair.

“I’m very proud of being able to move us from a family-owned community bank to a community bank run by professional management, which means we’re going to be around a long, long time,” says Summerwill, who will become Director Emeritus of the company upon his retirement from the board. “Too frequently, when family banks are purchased by large out-of-state banks, they can lose their connection to the community and become less willing to take risks on local customers.”

Some of Summerwill’s best memories are of helping local business owners expand or rebuild their businesses when other banks were hesitant to do so. In many cases, Summerwill saw opportunities that would yield dividends for the community as a whole; he knew the business owners and their work ethic, and felt sure that the businesses would thrive and grow. More often than not, his predictions of success proved true.

Although he clearly relishes such opportunities to make a difference, Summerwill says it’s time for transition. “At age 75, after 48 years, I’m ready to slow down,” he says. “We have a good board, a good CEO, a good staff, and wonderful customers; our numbers are positive; and the merger is behind us, so it’s the right time to go. It will be nice to not be running at full speed all the time.”

With his boundless enthusiasm, it’s difficult to imagine Summerwill operating at anything less than full speed. Fortunately, he and his wife, Joyce (“my wonderful partner”), have plenty of other outlets, including their children and grandchildren. The couple also is involved in a host of local charitable organizations, from the arts and education to health care and the environment.

So even in retirement, Dick Summerwill will keep on making a difference, for the benefit of all. “When you love what you do and are passionate about it, it makes life fun,” he says. “In the end, it’s all about the people.”



MidWestOne Builds First LEED-C



Top: The Parkersburg MidWestOne Bank (then First State Bank) after a deadly tornado tore through Parkersburg in late May 2008.

Bottom: Kevin Monson, Neumann-Monson Architects; Clint Ackerson, Market President; Joe Johnson, Iowa LEED Vice Chair; Charlie Funk, President and CEO, Adam Hahn, Knutson Construction; Doug Benjamin, Senior Vice President.

Like every resident of Parkersburg and surrounding northeastern Iowa communities, Doug Benjamin won't ever forget Sunday, May 25, 2008—the day a deadly EF-5 tornado tore through Parkersburg, flattening much of the town of 1,800 and claiming eight lives in Parkersburg and nearby New Hartford.

Three years later, Parkersburg itself is roaring back, anchored by a new MidWestOne Bank building that stands as a symbol of the town's forward-thinking resiliency, and of MidWestOne's commitment to stewarding our natural resources.

Benjamin, who at the time was president and CEO of First State Bank (now MidWestOne) in Parkersburg, was at home that afternoon in May, watching televised tornado warnings with growing alarm. When he realized the massive storm was bearing down on Parkersburg, about 30 miles to the north, Benjamin began calling his employees. Unable to reach anyone by phone, he quickly drove to Parkersburg with his wife and another bank employee. They were shocked by the devastation.

"We parked one mile outside of Parkersburg and walked into town," Benjamin recalls. "The bank was completely destroyed." The building's obliteration was captured on the bank's security cameras—a horrifying 56 seconds of footage that aired widely on national television and can still be viewed on the internet.

Relying on the bank's Business Continuity Plan, Benjamin and his staff took immediate action and began the rebuilding process as soon as a temporary location was secured. "It became evident that the most efficient and cost-effective route was to rebuild the identical structure at the same location," Benjamin says. "We began to talk about LEED certification right away, and when we realized we would be the first LEED-Certified bank in Iowa, it was an easy decision."

Developed by the U.S. Green Building Council (USGBC), Leadership in Energy & Environmental Design (LEED) is an internationally recognized green building certification system that verifies buildings or communities designed and built with energy savings, water efficiency, emission reduction and improved environmental quality.

Dedicated to building a LEED-Certified project, MidWestOne turned to Neumann-Monson Architects and Knutson Construction in Iowa City to deliver a



Certified Bank in Iowa

facility that met the USGBC's strict guidelines. Working from the existing concrete slab, the bank was rebuilt with the same square footage, but with a number of small yet significant changes that allowed the bank to achieve its LEED status.

In addition to an air-to-air geothermal heating and cooling system, the new building features more efficient windows, better insulation in the walls and ceiling, more efficient lighting with automated controls and sensors, and the use of interior materials comprised of recycled content.

Of all the changes, says Benjamin, now Senior Vice President and Regional Manager for MidWestOne, the geothermal heating system has been the biggest surprise. "We've substantially reduced our annual heating and cooling costs in the first year of operation," he notes. The bank celebrated its energy-efficiency certification with a LEED plaque dedication and public open house on September 30, 2010.

"MidWestOne Bank is proud of our LEED Certification," says Charlie Funk, President and CEO. "It's everyone's responsibility to conserve our natural resources and MidWestOne is doing our small part. To the naked eye, the Parkersburg bank is the same building as it was before the tornado. We simply made some small modifications to be more efficient. Our employees are very proud to be the first bank location in Iowa to be LEED Certified, and we're happy to have it completed in Parkersburg."

Kevin Monson, President, Neumann-Monson Architects, says his firm was pleased to be involved in the landmark project. "MidWestOne Bank took this tragedy and turned it into an opportunity to reduce its carbon footprint, improve working conditions for its employees, and reduce energy use and operational costs," he says. "We applaud MidWestOne's leadership in the sustainable building movement."

Doug Benjamin is equally proud of his bank and his employees, but like every good community banker, his thoughts are for his customers and their neighbors.

"The community has been very supportive of our bank from the beginning," he says. "But the challenges we had to go through were minimal compared to what the community faced." Today, Parkersburg and its MidWestOne Bank are happily facing a brighter and more energy-efficient future.

Of all the changes, says Doug Benjamin, now Senior Vice President and Regional Manager for MidWestOne, the geothermal heating system has been the biggest surprise. "We've substantially reduced our annual heating and cooling costs in the first year of operation," he notes.

All for one, one for all



Extremely involved and passionate about the communities we serve, we asked all of our offices what was the “one thing” they did for their local customers and communities that they were most proud of in 2010. It’s no surprise that our affiliates responded with enthusiasm, variety, and creativity—impacting communities throughout Eastern Iowa in many more ways than one. Our thanks to the hundreds of MidWestOne staff members who participated in meaningful programs like these:

- **Belle Plaine:** Hosted a “Go Red for Women” luncheon benefiting the American Heart Association.
- **Burlington:** Sponsored outdoor showing of “Charlotte’s Web” with piggy banks for kids.
- **Cedar Falls:** Employee donations to a local food bank served local families at Thanksgiving.
- **Conrad:** “Teach Children to Save” day resulted in donations to charity from local 2nd graders.
- **Coralville:** Delivered over 600 boxes of Kleenex to area elementary schools.
- **Davenport:** “Lunch for a Buck” to benefit local charities drew more than 180 non-customers.
- **Fairfield:** Hosted Santa & Mrs. Claus at the bank with free photo opportunities for kids.
- **Fort Madison:** Employees collected food and financial contributions for the local food pantry.
- **Iowa City Downtown:** Customers were given laminated copies of news articles in which they were featured.
- **Iowa City Keokuk Street:** Employees donated food items to a local domestic violence program.
- **Iowa City Rochester Avenue:** “Wrap for a Cause” holiday promotion supported local charities.
- **Melbourne:** Delivered homemade rolls and flowers to customers on their 80th birthday.
- **North English:** Staff prepared all of the food for Customer Appreciation Meal, with 170 guests.
- **North Liberty:** Supported Junior Achievement, “Teach Children to Save” day, and local schools.
- **Oskaloosa:** Employees volunteered at the Special Olympics regional competition.
- **Ottumwa:** Holiday Salvation Army Angel Tree project collected toys for needy children.
- **Parkersburg:** Organized community bus trip to Kansas City Chiefs game featuring 3 local NFL players.
- **Pella:** Adopted a local family of 6 for the holidays to ensure all family members had gifts.
- **Sigourney:** Promotion of MidWestOne grants yielded \$29,000 to improve local business properties.
- **Waterloo:** Conducted grade school assemblies on “Fairness,” one of the 6 pillars of character.
- **West Liberty:** Delivered annual May Day baskets to school employees.

FINANCIAL HIGHLIGHTS

(dollars in thousands, except per share amounts)

YEAR-END BALANCES

	2010	2009	2008
Assets	\$ 1,581,259	\$ 1,534,783	\$ 1,508,962
Investment Securities	465,986	370,912	280,505
Loans	938,035	966,998	1,014,814
Loan Pool Participation	68,005	85,186	95,066
Non-Performing Bank Loans	19,781	13,879	15,233
Deposits	1,219,328	1,179,868	1,128,189
Shareholder's Equity	158,466	152,208	130,342

AVERAGE BALANCES

Assets	\$ 1,559,035	\$ 1,543,307	\$ 1,359,667
Investment Securities	415,571	347,965	282,822
Loans	955,562	990,540	893,451
Loan Pools	78,150	92,456	72,558
Deposits	1,054,069	1,035,938	894,823
Shareholder's Equity	157,190	147,544	138,603

RESULTS OF OPERATIONS

Net Interest Income	\$ 47,865	\$ 45,115	\$ 39,811
Provision for Loan Losses	5,950	7,725	4,366
Noninterest Income	14,907	12,519	5,542
Noninterest Expense	43,289	45,579	65,999
Income (Loss) Before Income Taxes	13,533	4,330	(25,012)
Net Income (Loss)	10,130	4,409	(24,562)

PER COMMON SHARE

Net Income – Basic	\$ 1.08	\$ 0.42	\$ (3.09)
Net Income – Diluted	1.07	0.42	(3.09)
Dividends	0.20	0.30	0.46
Tangible Book Value	15.27	14.42	13.58
Closing Price	15.11	8.74	9.90

RATIOS

Return on Average Equity	6.44%	2.99%	-15.96%
Return on Average Assets	0.65	0.29	-1.61
Net Interest Margin	3.43	3.27	3.29
Average Equity as a % of Average Assets	10.08	9.56	10.19
Allowance for Bank Loan Losses as a % of Bank Loans	1.62	1.44	1.08
Net Bank Loan Charge-offs as a % of Average Bank Loans	0.50	0.48	0.48
Non-Performing Bank Loans as a % of Bank Loans	2.11	1.44	1.50

CONDENSED CONSOLIDATED BALANCE SHEETS

(dollars in thousands, except per share amounts)

ASSETS	DECEMBER 31, 2010	DECEMBER 31, 2009
Cash and due from banks	\$ 13,720	\$ 25,452
Federal funds sold and other short-term investments	6,803	2,136
Cash and cash equivalents	20,523	27,588
Securities available for sale	461,954	362,903
Securities held to maturity	4,032	8,009
Loans held for sale	702	1,208
Loans	938,035	966,998
Allowance for loan losses	(15,167)	(13,957)
Loans, net	922,868	953,041
Loan pool participations, net	65,871	83,052
Premises and equipment, net	26,518	28,969
Accrued interest receivable	10,648	11,534
Other intangible assets, net	11,143	12,172
Bank owned life insurance	26,772	18,118
Other real estate owned	3,850	3,635
Other assets	26,378	24,554
Total Assets	\$ 1,581,259	\$ 1,534,783
LIABILITIES AND SHAREHOLDERS' EQUITY	DECEMBER 31, 2010	DECEMBER 31, 2009
Liabilities		
Deposits:		
Non-interest bearing demand	\$ 129,978	\$ 133,990
Interest-bearing checking	442,878	401,264
Savings	74,826	62,989
Certificates of deposit under \$100,000	380,082	394,369
Certificates of deposit \$100,000 and over	191,564	187,256
Total Deposits	1,219,328	1,179,868
Federal funds purchased and securities sold under agreements to repurchase	50,194	44,973
Federal Home Loan Bank borrowings	127,200	130,200
Long-term debt	15,464	15,588
Accrued expenses and other liabilities	10,607	11,946
Total Liabilities	1,422,793	1,382,575
Shareholders' Equity		
Preferred stock, no par value, with a liquidation preference of \$1,000 per share; authorized 500,000 shares; issued and outstanding 16,000 shares as of December 31, 2010 and 2009	15,767	15,699
Capital stock, common, \$1 par value; authorized 15,000,000 shares; 8,690,398 shares issued at December 31, 2010 and 2009	8,690	8,690
Additional paid-in capital	81,268	81,179
Treasury stock, at cost; 75,608 shares and 85,065 shares at December 31, 2010 and 2009, respectively	(1,052)	(1,183)
Retained earnings	55,619	48,079
Accumulated other comprehensive (loss)	(1,826)	(256)
Total Shareholders' Equity	158,466	152,208
Total Liabilities and Shareholders' Equity	\$ 1,581,259	\$ 1,534,783

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(dollars in thousands, except per share amounts)

	YEARS ENDED DECEMBER 31,		
	2010	2009	2008
INTEREST INCOME			
Loans	\$ 54,731	\$ 58,697	\$ 53,104
Loan pool participations	2,631	1,809	4,459
Securities:			
Taxable securities	9,667	8,797	8,222
Tax-exempt securities	3,912	3,997	4,080
Federal funds sold and other short-term investments	40	58	341
Total interest income	70,981	73,358	70,206
INTEREST EXPENSE			
Interest-bearing checking	4,260	4,501	4,149
Savings	183	213	1,362
Certificates of deposit	13,137	16,897	17,646
Federal funds purchased and securities sold under agreements to repurchase	303	464	1,122
Federal Home Loan Bank advances	4,650	5,450	5,348
Long-term debt	534	658	631
Other borrowings	49	60	137
Total interest expense	23,116	28,243	30,395
Net interest income	47,865	45,115	39,811
Provision for loan losses	5,950	7,725	4,366
Net interest income after provision for loan losses	41,915	37,390	35,445
NONINTEREST INCOME			
Trust and investment fees	4,556	4,180	4,011
Service charges on deposit accounts	4,042	3,988	5,611
Mortgage origination and servicing fees	3,506	2,770	907
Bank-owned life insurance income	685	778	542
Securities gains (losses), net	453	813	(346)
Investment securities impairment losses	(189)	(2,404)	(6,194)
Other income	1,854	2,394	1,011
Total Noninterest Income	14,907	12,519	5,542
NONINTEREST EXPENSE			
Salaries and employee benefits	23,170	23,152	20,903
Net occupancy and equipment	6,566	6,961	4,759
Data processing	1,702	1,844	1,860
FDIC insurance	2,850	3,244	595
Goodwill impairment	-	-	27,295
Other expenses	9,001	10,378	10,587
Total noninterest expense	43,289	45,579	65,999
Income (loss) before income taxes	13,533	4,330	(25,012)
Income tax expense (benefit)	3,403	(79)	(450)
Net income (loss)	\$ 10,130	\$ 4,409	\$ (24,562)
Less: Preferred stock dividends and discount accretion	868	779	-
Net income (loss) available to common shareholders	\$ 9,262	\$ 3,630	\$ (24,562)
EARNINGS (LOSS) PER COMMON SHARE			
Basic	\$ 1.08	\$ 0.42	\$ (3.09)
Diluted	\$ 1.07	\$ 0.42	\$ (3.09)

CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY AND OTHER COMPREHENSIVE INCOME (LOSS)

(dollars in thousands, except per share amounts)

YEARS ENDED DECEMBER 31, 2010, 2009, AND 2008	ACCUMULATED OTHER COMPREHENSIVE INCOME							TOTAL
	PREFERRED STOCK	COMMON STOCK	ADDITIONAL PAID-IN CAPITAL	TREASURY STOCK	RETAINED EARNINGS	COMPREHENSIVE INCOME		
Balance, December 31, 2007	\$ -	\$ 5,165	\$ 100	\$ -	\$ 72,333	\$ (206)	\$ 77,392	
Comprehensive Income:								
Net loss	-	-	-	-	(24,562)	-	(24,562)	
Net change in unrealized losses on securities, net of reclassification adjustment and tax	-	-	-	-	-	1,058	(2,425)	
Net change in unrealized pension liability, net of tax	-	-	-	-	-	(2,425)	1,058	
Total Comprehensive Income							(25,929)	
Cash dividends paid, \$0.46 per share	-	-	-	-	(3,955)	-	(3,955)	
Stock options exercised for 7,959 shares	-	5	29	38	-	-	72	
Treasury stock purchased	-	-	-	(1,253)	-	-	(1,253)	
Fractional shares purchased in merger	-	-	(3)	-	-	-	(3)	
Shares issued in merger	-	3,520	78,245	-	-	-	81,765	
Stock compensation	-	-	21	-	-	-	21	
Stock option value allocated to transaction purchase price	-	-	2,365	-	-	-	2,365	
Cumulative effect of adjustment for postretirement split dollar life insurance benefits	-	-	-	-	(133)	-	(133)	
Balance, December 31, 2008	\$ -	\$ 8,690	\$ 80,757	\$ (1,215)	\$ 43,683	\$ (1,573)	\$ 130,342	
Cumulative effect of FASB ASC 320, net of tax	-	-	-	-	3,266	(3,266)	-	
Comprehensive Income (Loss):								
Comprehensive Income:								
Net income	-	-	-	-	4,409	-	4,409	
Net change in unrealized gains on securities, net of reclassification adjustment and tax	-	-	-	-	-	3,920	663	
Net change in unrealized pension liability, net of tax	-	-	-	-	-	663	3,920	
Total Comprehensive Income							8,992	
Cash dividends paid, \$0.30 per share	-	-	-	-	(2,602)	-	(2,602)	
Cash dividends paid on preferred stock	-	-	-	-	(620)	-	(620)	
Release/lapse of restrictions on RSUs	-	-	(32)	32	-	-	-	
Issuance of preferred shares (16,000 shares)	15,642	-	-	-	-	-	15,642	
Common warrants issued	-	-	358	-	-	-	358	
Preferred stock discount accretion	57	-	-	-	(57)	-	-	
Stock compensation	-	-	96	-	-	-	96	
Balance, December 31, 2009	\$ 15,699	\$ 8,690	\$ 81,179	\$ (1,183)	\$ 48,079	\$ (256)	\$ 152,208	
Comprehensive Income:								
Net income	-	-	-	-	10,130	-	10,130	
Net change in unrealized gains on securities, net of reclassification adjustment and tax	-	-	-	-	-	(1,380)	(1,380)	
Net change in unrealized pension liability, net of tax	-	-	-	-	-	(190)	(190)	
Total Comprehensive Income							8,560	
Cash dividends paid, \$0.20 per share	-	-	-	-	(1,722)	-	(1,722)	
Cash dividends paid on preferred stock	-	-	-	-	(800)	-	(800)	
Stock options exercised for 3,953 shares	-	-	(23)	53	-	-	30	
Release/lapse of restrictions on RSUs	-	-	(78)	78	-	-	-	
Preferred stock discount accretion	68	-	-	-	(68)	-	-	
Stock compensation	-	-	190	-	-	-	190	
Balance, December 31, 2010	\$ 15,767	\$ 8,690	\$ 81,268	\$ (1,052)	\$ 55,619	\$ (1,826)	\$ 158,466	

STOCK

2009	HIGH	LOW	CASH DIVIDEND DECLARED
First Quarter	\$ 10.35	\$ 5.90	\$ 0.1525
Second Quarter	\$ 10.52	\$ 6.51	\$ 0.0500
Third Quarter	\$ 9.50	\$ 7.00	\$ 0.0500
Fourth Quarter	\$ 9.00	\$ 7.57	\$ 0.0500

2010	HIGH	LOW	CASH DIVIDEND DECLARED
First Quarter	\$ 11.94	\$ 7.70	\$ 0.0500
Second Quarter	\$ 17.00	\$ 11.26	\$ 0.0500
Third Quarter	\$ 15.70	\$ 12.37	\$ 0.0500
Fourth Quarter	\$ 15.95	\$ 13.91	\$ 0.0500

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors, MidWestOne Financial Group, Inc.:

We have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of MidWestOne Financial Group, Inc. and subsidiaries as of December 31, 2010 and 2009, and the related consolidated statements of operations, shareholders' equity and other comprehensive income (loss), and cash flows (not presented herein) for each of the years in the three-year period ended December 31, 2010; and in our report dated March 4, 2011, we expressed an unqualified opinion on those consolidated financial statements.

In our opinion, the information set forth in the accompanying condensed consolidated financial statements is fairly stated, in all material respects, in relation to the consolidated financial statements from which it has been derived.

KPMG LLP

KPMG LLP
Des Moines, Iowa
March 4, 2011

TRANSFER AGENT/ DIVIDEND PAYING AGENT

IST Shareholder Services
209 West Jackson Boulevard, Suite 903
Chicago, Illinois 60606-6905

GENERAL COUNCIL

Barack Ferrazzano Kirschbaum &
Nagelberg LLP
200 West Madison Street, Suite 3900
Chicago, Illinois 60606-3465

INDEPENDENT ACCOUNTING FIRM

KPMG LLP
666 Grand Avenue
2500 Ruan Center
Des Moines, Iowa 50309

©2011 MIDWESTONE FINANCIAL GROUP, INC.

Direction: Nick Pfeiffer, MidWestOne
Writing: Shullaw and Associates, Iowa City
Photography: *The Gazette*, Cedar Rapids
fisheye, Hiawatha
Design: Benson & Hepker Design, Iowa City
Printing: Tru Art, Iowa City

You're the *One*[®]

MIDWEST ONE BANK OFFICES

Belle Plaine	822 12th Street	319-444-2842
Belle Plaine	802 13th Street	(Drive Up)
Burlington	3225 Division Street	319-754-6526
Cedar Falls	4510 Prairie Parkway	319-277-2500
Conrad	120 West Center Street	641-366-2165
Coralville	110 First Avenue	319-356-5800
Davenport	101 W. Second St., Suite 100	563-322-9900
Fairfield	58 East Burlington Avenue	641-472-6511
Fairfield	2408 West Burlington Avenue	641-472-2424
Fort Madison	926 Avenue G	319-372-3991
Iowa City	102 South Clinton Street	319-356-5800
Iowa City	325 South Clinton Street	319-356-5960
Iowa City	1906 Keokuk Street	319-356-5800
Iowa City	2233 Rochester Avenue	319-356-5800
Melbourne	202 Main Street	641-482-3105
North English	10030 Highway 149	319-664-3311
North Liberty	465 Hwy 965 NE, Suite A	319-356-5800
Oskaloosa	124 South First Street	641-673-8303
Oskaloosa	222 First Avenue East	(Drive Up)
Ottumwa	116 West Main Street	641-682-8355
Parkersburg	1001 Hwy 57	319-346-1645
Pella	700 Main Street	641-628-4356
Pella	500 Oskaloosa Street	(Drive Up)
Sigourney	112 North Main Street	641-622-2381
Waterloo	3110 Kimball Avenue	319-232-5513
West Liberty	305 West Rainbow Drive	319-627-2100

MIDWEST ONE INSURANCE SERVICES, INC.

Butler-Brown Insurance		
Oskaloosa	309 High Ave. East	641-673-8603
Cook & Son Agency		
Pella	700 Main St.	641-628-4904
MidWestOne Insurance Agency		
Melbourne	202 Main St.	641-482-3105

MIDWEST ONE FINANCIAL GROUP, INC.

Corporate Headquarters
102 South Clinton Street
Iowa City, Iowa 52240-4065
1-800-247-4418

www.MidWestOne.com
NASDAQ Symbol: MOFG

Toll Free 1-800-247-4418
En Español 319-688-3938

