

2015 ANNUAL REPORT

OUR OPERATING PRINCIPLES:

TAKE GOOD CARE OF OUR CUSTOMERS

HIRE AND RETAIN EXCELLENT EMPLOYEES

ALWAYS CONDUCT YOURSELF WITH THE UTMOST INTEGRITY

WORK AS ONE TEAM

Learn constantly so we can continually improve

TO OUR SHAREHOLDERS

CHARLES N. FUNK, President & CEO

JOHN M. MORRISON, Chairman

A year ago in this space, we called 2014 a year of “achievement, success, and, yes, excitement.”

In this context, 2015 could be best described in one word: “ditto.” MidWestOne Financial Group, Inc., ended 2015 with all-time record earnings. That’s the headline that many will see but there is much more to our story than the headline. It’s been quite a ride in 2015 as we build this company to survive and, yes, thrive in the new world of post-recession banking. We thank you for taking the time to read this report of progress as we recap “the year that was,” 2015.

Our merger with Central Bancshares, Inc., of Golden Valley, Minnesota, was completed on May 1, 2015. Since that time, our energies have been focused on bringing together two very similar, yet different, cultures as well as preparing for the merger of the two subsidiary banks, MidWestOne Bank of Iowa City and Central Bank of Golden Valley. We have been very cognizant of the need to do so without disrupting our customers’ banking business. As this is being written, we are on track to consummate this merger on April 2, 2016. When merged, the bank will have \$2.9 billion in assets and will be one of the largest community banks in the Upper Midwest.

Considering that the company operated for the last eight months of 2015 with Central Bank as a contributor to earnings, it is no surprise that net income for 2015 was a record \$25.118 million, far in excess of the \$18.522 million that was recorded in 2014 with the smaller MidWestOne. More important, shareholder earnings per share set an all-time record with \$2.42 earnings per diluted share in 2015 compared to \$2.19 in 2014. It is significant that when excluding one-time merger-related charges, earnings of \$2.70 per share far surpassed the \$2.32 per share reported in 2014.

Regular readers of this letter will find this year’s discussion of the company a bit different than in prior years. This is due to all of the “noise” that has been created in our financial statements as a result of the merger. It is said “mergers are messy” and that’s never truer than when trying to decipher the financial statements. We will attempt to assist readers with that task in the following paragraphs.

MidWestOne Bank in Iowa City had a solid year in 2015. The bank ended the year with a return on average assets of 1.31% and a return on average tangible equity of 14.40%. More significant, the efficiency ratio, which is a metric we monitor closely, remained relatively stable at an impressive 55.06%. We concentrate on the efficiency ratio because effective management of expenses allows a company to succeed in times of robust growth as well as in times of stress. The Iowa bank saw its assets decline during the year, from \$1.790 billion at year-end 2014 to \$1.720 billion at year-end 2015. To some extent, this was a planned event. To pay for the Central Bank acquisition, the bank liquidated some \$83.5 million of securities during 2015 at a profit of \$1.01 million. Additionally, the bank sold its Ottumwa office to Peoples State Bank of Albia, Iowa, in December. With this sale, approximately \$33.0 million in deposits and \$17.1 million in loans left the company and a gain on the sale of \$0.7 million was recognized.

One of the highlights of the Iowa bank in 2015 was sustained bank loan growth of 5.1% from year-end 2014 when the effect of the Ottumwa loan portfolio’s sale is excluded. Our commercial bankers did an excellent job of expanding existing relationships and forging new ones. Unfortunately, we continue to be challenged with sustained deposit growth in Iowa, although

a late surge in December deposits resulted in deposits ending the year just 0.60% lower than in 2014. Every employee in our company has heard our call to grow our deposits and, especially, our core deposits.

The MidWestOne Trust Department again grew gross revenues from the prior year. Our Investment Services Department fought challenging fourth-quarter conditions to post an increase in gross revenues over 2014. Both of these units have continued their multi-year record of increasing gross revenues and net income. We also commend MidWestOne Insurance Services, Inc., which posted its best year of net income since our 2008 merger. With that said, current market conditions will challenge all three of these wealth management groups in terms of posting higher revenues and earnings in 2016.

Turning to Central Bank, the multi-year run of success for this bank continued in 2015. To fully appreciate what Central has accomplished, one must understand its unique history. In 2008, this bank was a \$430 million bank with six offices in Minnesota. Sensing an oncoming recession in the Twin Cities, Central management contacted the FDIC to express its interest in acquiring failed banks. And acquire they did! Between 2009 and 2011, Central acquired six failed banks and expanded its footprint into Western Wisconsin and Southwestern Florida. At December 31, 2015, this bank had grown to more than \$1.2 billion in assets. One does not execute this type of a strategy without an ample pool of talent which we recognize as we have become more acquainted with our new partners.

Central Bank enjoyed a banner year in 2015. As the portfolio acquired from the FDIC winds down, the team at Central Bank has taken full advantage of

the robust Twin Cities economy and the loan portfolio exceeded \$1 billion for the first time in its history. The growth of the bank’s loan portfolio was an impressive 9% in 2015. The loan growth propelled the bank’s earnings, which, excluding purchase accounting adjustments, were up 24% compared to a year ago. Decreases in overhead continued in 2015 at Central Bank. Expense reductions related to distressed assets acquired from failed banks had a significant positive impact on the bottom line.

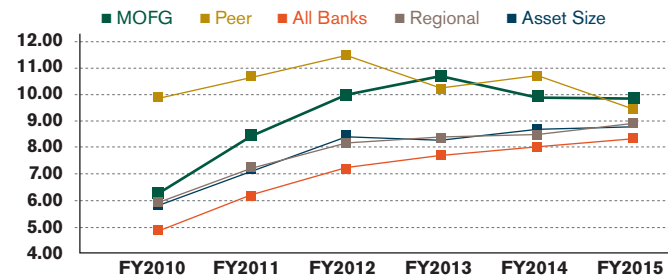
Central Bank relies almost exclusively on “spread income” (between loans and deposits) for its revenue and during the past five years, its focus has been exclusively on soaking up the excess liquidity it had acquired through its transactions involving failed banks. Consequently, deposits have not increased at a rate commensurate with the growth in the Twin Cities economy. As with its sister bank in Iowa, Central Bankers have been challenged to focus on deposit growth in 2016. It is also important to note that Central Bank has done a very good job of shifting its deposit composition to lower-cost non-interest bearing deposits. We are very optimistic that the Central Bank footprint will produce good deposit growth at an attractive cost over time. It is anticipated that the standardization of products and fees when our banks are merged will yield an increase in service charge income in the Minnesota-based bank.

Turning to asset quality, it is no secret that we lend to the agriculture industry and it has been a tough few years for farmers in the Midwest. Our agricultural portfolio amounts to approximately 9.7% of our total loans. At this point in time, we see the stress that two tough pricing years have created but we believe our monitoring of the situation has been appropriate. We

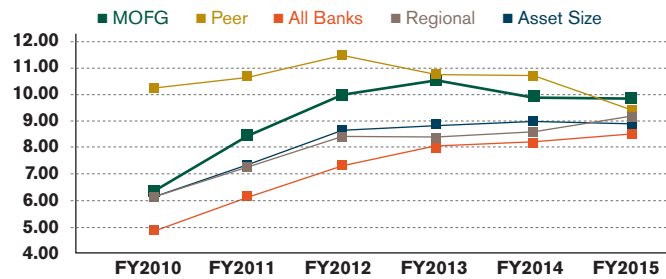
John M. Morrison (left), Chairman and Charles N. Funk, President & CEO.



RETURN ON AVERAGE EQUITY (%)



RETURN ON AVERAGE COMMON EQUITY (%)



believe our bankers fully understand the current situation. Our concern remains that this tough pricing will continue into 2017 and 2018. We will continue to report on this situation in our quarterly updates. Those who have followed our company's history know that superior asset quality has been evident since the beginning of the recession. At year-end 2015, our nonperforming loans plus other real estate owned declined from 0.83% of total assets at year-end 2014 to 0.68% at year-end 2015. Net charged-off loans for 2015 were a very low 0.11% of total average loans. This continues the long record of lower than industry average charge-offs.

Our loan loss reserve, which is our cushion against a poor economy and any erosion in our asset quality, stood at 168.5% of nonperforming assets at year-end 2015. This is substantially higher than 125.7% a year earlier. However, the loan loss reserve as a percentage of total loans declined significantly from 1.44% at December 31, 2014, to 0.90% at December 31, 2015. At first glance, this can be unsettling, but under the rules of merger accounting, all acquired loans from Central Bank were marked to market at merger close and the loan loss reserve was eliminated. This means we are rebuilding this reserve as we move forward. Our management of the loan loss reserve adequacy has always been and will continue to be conservative, as we believe a strong balance sheet serves everyone's best interest.

One noticeable change from year to year is in our capital structure. For several years, MidWestOne Financial Group, Inc., accumulated what we considered to be "excess" capital in our company. We openly talked about the need to more prudently deploy this excess over time. The Central Bancshares, Inc., acquisition did just that and while our returns on tangible equity have increased significantly, our tangible equity as a percentage of tangible assets has declined. This was a planned strategy. At year-end, our tangible equity as a percentage of tangible assets was 7.51%, down from 10.29% a year earlier. Our oft-stated goal is to build this ratio back to what we consider to be our "garden spot" of 8.00 to 8.50% and we believe this can be accomplished during 2016 or by early 2017. We believe this strategy is critical to serving our shareholders' best interests in the years ahead.

We went to the market to raise a small amount of capital via a Private Investment offering of Public Equity (PIPE) in mid-2015. We were gratified to receive strong interest as we raised an additional \$7.9 million of new equity investment. This was our effort to raise a relatively small amount of "comfort capital," which we believe benefits our shareholders.

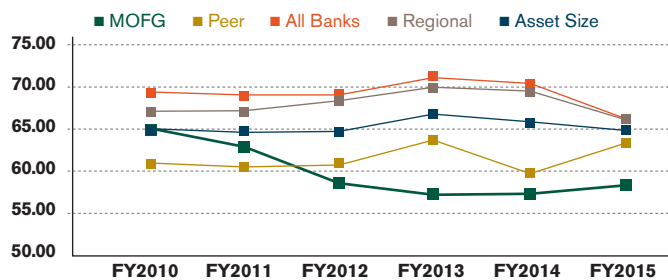
As we look to 2016 and beyond, we see a few challenges worthy of mention in this space. The first one concerns residential real estate lending. A year ago in this letter, we wrote "mortgage lending has become much more complex due to

the continual onslaught of regulation from the Dodd-Frank Act." We continue to deal with these complexities and the increase in expense that is required to deliver real estate loans to our customers. While real estate loan originations in both banks were up significantly in 2015, we must now deliver the profitability from this line of business that our shareholders expect. Home mortgage loans are a core part of our business and we are not the only bank in America struggling to find adequate profitability under the new rules. We are pleased that our Stillwater, Minnesota-based Stig Sandell has assumed responsibility for mortgage lending in both banks. Stig is a 14-year veteran of the company and we look forward to progress on this front.

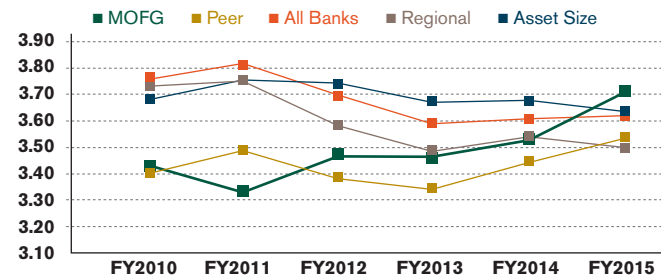
Since 2010, we have had a laser focus on our efficiency ratio and we have spoken of it frequently in this space, in management meetings, and in the boardroom. With the merger, our core efficiency ratio is now well above the 60% threshold. This is not unexpected. Our focus and commitment is to thoughtfully make decisions that will move us back into "the fifties" over the next two to three years. Note the word "thoughtfully." Being thoughtful in this journey is critical to the eventual success of our company.

In any merger, there is a blending of cultures. It can be a messy process and when problems arise, it should be no surprise as it "goes with the territory." In that regard, we have encountered success on many fronts as our staff from both banks has come forward to work through issues with an open mind. It is fair to say that we have taken good ideas from each bank as we strive to build a culture that endures for many years. With that said, we acknowledge that we still have work to do and will continue to forge ahead, always, with our five oft-stated MidWestOne operating principles at the forefront of our thinking.

EFFICIENCY RATIO (%)



NET INTEREST MARGIN (%)



As is customary in this space, we briefly review the progress of our four key constituencies in 2015:

Our customers saw better products and technological advances in 2015, all with the idea of delivering service to them in the manner they prefer. EMV (Europay, MasterCard, Visa) debit and credits cards represent one such product. These smart cards safeguard against fraud by using a computer chip to authenticate your identity. Another extension in using technology to better serve our customers is the installation of our company's first ITM (Interactive Teller Machine) at One Place in Iowa City. This ITM looks like a typical drive-up ATM and functions as one. Through a video monitor and cameras, the customer also is able to interact with a Service Banker who can perform 90% of the functions a customer can complete at a traditional teller window. The versatility that a machine like this provides brings countless opportunities to better serve our customers in many locations in the future.

MidWestOne customers continue to give us high marks for our customer service and product availability. Each year we survey our customers in each market to assure we are living up to our high expectations. Our overall satisfaction level remained steady at 4.5 on a 5-point scale, and 85% of respondents indicated they were either likely or very likely to recommend MidWestOne Bank to a family member or friend. This is up from 82% the previous year. We plan to survey Central Bank customers in early 2016 to ascertain their satisfaction with our bank.

There were many highlights related to our employees in 2015, but none more satisfying than the third consecutive year of MidWestOne Bank appearing on the Des Moines Register's list of 100 best places to work in Iowa. We moved up this year to seventh in the mid-sized company category. This is reflective of many years of making sound hiring decisions as well as having

a well-designed strategy to communicate effectively with our employees. The merger of our companies has provided many career advancement opportunities for dozens of employees. We are most likely to retain good employees when we offer them growth opportunities and the merger did just that.

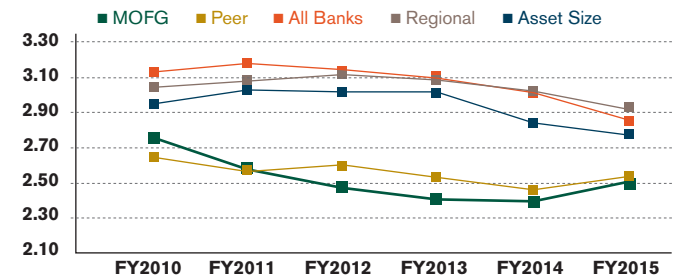
Our annual Rally Day was held on Columbus Day and, for the first time, we had both banks involved, albeit remotely. At MidWestOne Bank, we honored three employees with our highest honor, the President's Award for excellence. This year's winners were Mike Sullivan, Network Engineer; Brian Ties, LPL Registered Sales Associate in our Investment Services Department; and Kim Ross, Vice President of Deposit Operations. These three employees provide exemplary service, both internally and externally, and always get the job done right the first time.

The MidWestOne Leadership Institute will move north of the Iowa border in 2016 with the majority of participants from the Central Bank footprint. We look forward to introducing many leadership concepts to twelve deserving participants in 2016.

Our company now has approximately 650 full-time equivalent employees. While this presents new challenges, it also presents opportunity and we continue to communicate those opportunities to each employee.

Our communities have continued

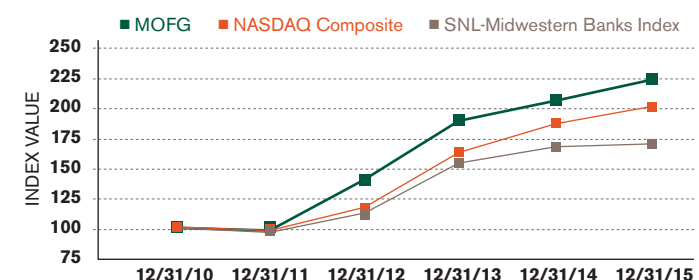
NONINTEREST EXPENSE / AVERAGE ASSETS (%)



to benefit from our presence and support. You received our pledge many years ago that this would not change, and it hasn't. The MidWestOne Foundation now has nearly \$2.4 million in assets and representation on the board from the Central Bank area. In 2015, the Foundation contributed \$107,338 to 27 different projects in our footprint, including five worthy grant applications in Central Bank markets. As in prior years, our bankers have been prominent in every community we serve. We serve on countless not-for-profit boards, on school boards, and we even had one employee elected mayor of his community this year! We believe to our core that support of our communities is among our most important obligations.

We believe our shareholders have been well served in the past year. We have long maintained that we cannot control the price of our stock. Rather, we focus on making good decisions every day and we try to take a long-term approach to our decision making. Some years, the market rewards that approach and some years it doesn't, but we've found that the long term takes care of itself if we make good decisions on a daily basis. MOFG common stock has handily outperformed the average Midwestern bank stock in the five years ending December 31, 2015. It has also outperformed the NASDAQ composite index for the same period. As recently as 2010, our annual dividend was \$0.20 per share. In January, 2016, MOFG

TOTAL RETURN PERFORMANCE





ONE PLACE, MANY BENEFITS

When the University of Iowa approached MidWestOne about purchasing the bank's home mortgage and drive-thru location near the corner of Burlington and Clinton Streets in downtown Iowa City, company management saw a win-win-win opportunity.

"The university needed a site for its new Music Building, the bank was nearing capacity in its downtown locations, and the City was looking to develop the new Riverfront Crossings district," explains Jehle, MidWestOne's Executive Vice President. "In this one project, we saw a way to benefit everyone involved."

Recently completed, that singular project — One Place at Riverfront Crossings — will house the bank's Home Mortgage, Network Services, Compliance, Loan Operations, Service Center, and Deposit Operations. The six-story, 55,600-square-foot office building is a model of energy efficiency, including solar panels, geothermal energy, and more. It was designed by local architects Neumann Monson, and Jehle is hopeful the building will receive LEED Gold-level certification.

MidWestOne's historic and newly renovated headquarters at Clinton and Washington Streets has been an Iowa City landmark for more than 100 years, Jehle notes. "We're proud that One Place at Riverfront Crossings — still on Clinton Street and just a few blocks south — will become a cornerstone for Iowa City's expanding downtown, just as our historic headquarters is a cornerstone for Iowa City's original downtown."

raised its dividend to an annualized rate of \$0.64 per share. We have long maintained a stated strategy of rewarding our shareholders by paying out 20%-40% of our earnings in dividends.

As we look now to the future, we recognize a few employees who have agreed to take on a bigger role in our company. Katie A. Lorenson will assume the duties of Chief Financial Officer from Gary J. Ortale, upon his retirement on August 31, 2016. While we will be sorry to see Gary leave us after 28 strong years of service, we are excited about the ability and passion Katie brings as she continues her career with our company. She has been Senior Vice President and CFO of Central Bank since 2011. Prior to joining Central, Katie was a manager with McGladrey in the financial institutions practice for more than 10 years.

Douglas L. Benjamin was promoted to Chief Banking Officer at Central Bank. Doug was formerly the North Region Regional President at MidWestOne Bank. In his new position, Doug will be charged with rolling out an integrated retail banking platform in the Central Bank footprint that is similar to the one that has been employed successfully at MidWestOne.

Wealth Management Senior Vice President Gregory W. Turner added Regional Manager to his duties as well by assuming responsibility for MidWestOne's Northern Region.

Mark G. Erickson was promoted to Wisconsin Regional President for Central Bank. Mark's territory comprises the Wisconsin offices of Central Bank and he is a leader in our Osceola, Wisconsin, market.

Senior Vice President Barbara A. Finney was promoted to Chief Operations Officer of the soon-to-be combined banks. Barb did a fine job as Oskaloosa Market President and South Region Manager at MidWestOne and the new position is very well suited to her considerable talents. Barb is celebrating her 20th year with our company in 2016.

We also have announced a few Board-level retirements.

At our annual meeting in May, Barbara J. Kniff-McCulla retired after ten years of Bank Board service and five years of service on the Company board. She was and is a positive and consistent advocate for our company.

John P. Pothoven also retired in May after a splendid banking career spanning 40 years. John is the former President of the former MidWestOne Bank and has been a stalwart in the Oskaloosa community. We will miss him for his service and counsel over the years.

Larry D. Albert retired as the Chief Executive Officer of Central Bank in August. Under Larry's leadership, Central completed its failed bank acquisitions and began to prepare for future growth. Larry's keen eye for asset quality allowed Central to largely escape the woes other Twin Cities area banks faced during the recession and he has continued to serve on the company's board of directors since his retirement. Though Larry will retire from the MOFG Board of Directors at this year's annual meeting, he will continue to serve on the bank board and we look forward to his continued contribution.

Robert J. Latham will retire from the board at this year's annual meeting after five years of service. Bob's level of engagement is second to none and we will greatly miss his counsel as he always has made himself available to help when needed.

To say we are optimistic about our future is an understatement. We know that 2016 will be another year of hard work with challenges to be confronted. We face those challenges knowing that we have acquired better scale to face the future. No, bigger does not mean better, but scale, if used properly, will reward our shareholders handsomely in the long run. We remain committed to the ongoing stewardship of this fine company, now in its 81st year of community banking.

Serving our shareholders is a privilege. We are available to speak with you and answer your questions at any time. After all, you are the Ones for whom we diligently build as we strive to exceed your expectations.

Thank you for your faithful support,

Charles N. Funk
President & CEO

John M. Morrison
Chairman



MIDWESTONE FINANCIAL GROUP, INC. AND MIDWESTONE BANK BOARDS OF DIRECTORS

From left:

Michael A. Hatch: Attorney, Blackwell Burke P.A.

R. Scott Zaiser: Owner, Zaiser's Landscaping, Inc., MidWestOne Bank Board Member

Stephen L. West: Chairman, West Music Company, Inc.

Kurt R. Weise: Chairman of the Board, Central Bank

Tracy S. McCormick: Past Vice President, Investment Banking, JP Morgan and Co.

Robert J. Latham: Chairman and President, Latham and Associates, Inc.

Richard J. Schwab: Investor, Entrepreneur, and Builder

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

Patricia A. Heiden: Executive Director, Oaknoll Retirement Residence, MidWestOne Bank Board Member

Larry D. Albert: Retired Bank Executive, Central Bank

W. Richard Summerwill: Retired Bank Executive, MidWestOne Bank, Director Emeritus

Kevin W. Monson: Managing Partner, Neumann Monson Architects, PC, Vice Chairman, MidWestOne Financial Group, Inc.

John M. Morrison: Chairman, MidWestOne Financial Group, Inc.

Richard R. Donohue: Managing Principal, TD&T Financial Group, P.C.

William N. Ruud: President, University of Northern Iowa

Mitchell W. Cook: President & Chief Operating Officer, Central Bank, Former Central Bank and MidWestOne Bank Board Member

Ruth E. Stanoch: Corporate Affairs Consultant

Not Pictured:

John S. Koza: Retired Bank Executive, MidWestOne Bank, Director Emeritus



MIDWESTONE FINANCIAL GROUP, INC. EXECUTIVE OFFICERS

From left:

Kurt R. Weise: Executive Vice President

Gary J. Ortale: Executive Vice President, Chief Financial Officer & Treasurer

Susan R. Evans: Chief Operating Officer

Kent L. Jehle: Executive Vice President and Chief Credit Officer

MIDWESTONE FINANCIAL GROUP, INC. OFFICERS

John M. Morrison: Chairman of the Board

Kevin W. Monson: Vice Chairman of the Board

Charles N. Funk: President and 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 and Chief Credit Officer

Kurt R. Weise: Executive Vice President

James M. Cantrell: Vice President and Chief Risk Officer

Karin M. Taylor: Vice President

Katie A. Lorenson: Vice President

Gregory W. Turner: Vice President and Head of Wealth Management

Douglas L. Benjamin: Chief Banking Officer

Kenneth R. Urmie: Corporate Secretary



LEARN CONSTANTLY SO WE CAN CONTINUALLY IMPROVE

Risk and rewards

KARIN TAYLOR IS A RUNNER – “just for fun, with some neighbors,” she says. It’s a hobby that serves Karin well in her current job as Chief Risk Officer for Central Bank in Golden Valley, MN, where she has to move fast to keep pace with today’s rapidly-evolving regulatory environment.

“The 2008 recession triggered so many regulatory changes,” she explains, citing creation of the Consumer Financial Protection Bureau as just one example. “People can debate about whether the rules are reasonable for community banks, but the fact is, we have to be up to speed on all of them.”

In other words, staying current is a moving target, making MidWestOne’s operating principle – “learn constantly so we can continually improve” – essential to Karin’s job. That’s just one reason she’s looking forward to completion of the MidWestOne-Central Bank merger in 2016. Karin will then transition to even broader responsibilities as MidWestOne’s Vice President of Audit and Compliance.

“During my visits to Iowa City, I’ve seen that we’re more alike than different,” she says of the merger plans. “We’re community banks with a strong customer focus, and we’re fortunate to have very positive and proactive relationships with our regulators.”

Regulatory compliance is among the responsibilities covered by Karin and her team, in addition to internal audit, external loan review, assessing

enterprise risk, and more, “We spend a lot of time reviewing trade publications, reading the latest bulletins, attending webinars and conferences, and seeking regulatory guidance, all in an attempt to anticipate how the changes will affect us,” she says.

“Karin has impressed everyone at MidWestOne with her professionalism and broad knowledge of our industry. She brings a common sense approach to compliance, audit and risk management. More importantly, she has openly embraced our culture and operating principles and has quickly become a leader in the new company,” says Charlie Funk, MidWestOne President and CEO.

In her new position with MidWestOne, Karin will continue to be based in the Twin Cities area, where she was born. Her father was a life-long banker and she pursued the same path after college. Starting as a teller, she served at a number of financial institutions and also worked for the McGladrey consulting group, handling internal audits, regulatory compliance, and other aspects of risk assessment.

When Karin was approached by Central Bank in 2009 to build its risk management department, she jumped at the chance. She’s been running fast ever since – and MidWestOne and its customers will soon reap the rewards of her commitment to constant learning.

“We’re community banks with a strong customer focus, and we’re fortunate to have very positive and proactive relationships with our regulators.”

Karin Taylor, Chief Risk Officer, Central Bank
Golden Valley, MN

Leading from within

MIDWESTONE'S COMMITMENT to constant learning and improvement begins at the top. In fact, it was an idea proposed by President and CEO Charles N. Funk that led to the bank's most prestigious staff development program: the MidWestOne Leadership Institute.

"Charlie and I first began talking about this concept not long after our 2008 merger, in the context of envisioning what the organization would look like in the years ahead," says Soni Harney, MidWestOne Senior Vice President and Director of Human Resources. Susan Weinschenk, Vice President, Human Resource Development, soon joined the conversation.

"I'm passionate about leadership and management, so it was exciting to jump in and figure out our goals, what the curriculum would look like, and how we would want staff to participate," Susan says. "We began the program in 2010 and have continued to refine it along the way."

The Leadership Institute is a year-long program involving approximately 12 students in each class. Participants meet for one full day each month for 9 months, with homework assignments in between and an individual capstone project at the end of the course. Institute faculty include three external facilitators "who know us well," says Susan; she and other senior Officers provide instruction as well. Since the Institute began, about 75 bank Officers have participated.

"The Institute has always had two main areas of focus," Susan explains. "First, we help people figure out who they are as leaders. What are their strengths and values, how do they communicate, what motivates them, what is their leadership style, and how are they perceived by others? We use a behavioral assessment tool that allows Officers to better understand their predictable tendencies, and how those behaviors might be adapted or leveraged for more effective leadership.

"Our second main focus is change management and how to use one's communication skills to help others navigate through change," she continues. "We added a decision-making course in this part of the curriculum in 2012, and it proved so popular that we made it available to Institute alumni and our Executive Management Team."

In the program's fifth year, Susan and Soni saw a call for entries in HR.com's annual Leadership 500 Excellence Awards program.

"We decided to nominate the Leadership Institute, even though we figured it was a long shot," Soni recalls. "But HR.com contacted us and urged us to come to the 2014 Global Leadership Excellence Forum in Colorado that fall. They told us we placed in the top 10, but wouldn't tell us where. Then, at the awards ceremony, we found out we landed the number two spot among all mid-sized companies in the nation! It was so cool. To me, it was a real affirmation of everything Susan has done to grow this program." Susan adds that the

award also confirmed what MidWestOne has known all along — that programs like the Leadership Institute are rare in the banking industry. "It's a testament to MidWestOne's senior leadership for its ongoing support of this Officer development initiative," she says.

The Institute's national recognition only added to its visibility within the bank. But Soni explains that while Officers consider it a privilege to be selected for Institute participation, it's not their only means of acquiring leadership skills. "MidWestOne invests in a broad spectrum of leadership development opportunities, including local Community Leadership Programs, the Iowa School of Banking, the Graduate School of Banking in Colorado, and more," she says.



"We are trying to breed internal champions of change. And a huge part of that is the ongoing process of self-awareness and reflection. Good leadership is a life-long journey."

Soni Harney (right), Senior Vice President and Director of Human Resources, pictured with Susan Weinschenk, Vice President, Human Resource Development

When choosing Leadership Institute participants, Soni says she and her colleagues look at officers and middle managers "on what I would call our list of rising stars with high potential. We then identify individuals who we believe would benefit from more focused leadership learning."

Among the earliest and most important lessons Institute participants learn is the distinction between leadership and management. "We spend a fair amount of time talking about this," says Susan. "Institute participants understand right away that management is when I help my people get their tasks done so we can reach our goals. But leadership is more visionary. For example, say we are rolling out some sort of process change, and you find an issue with what's proposed. Leadership

is being able to raise that issue in a way that doesn't register as a complaint, but helps people understand and gets them all on the same page."

Soni puts it another way. "We are trying to breed internal champions of change. And a huge part of that is the ongoing process of self-awareness and reflection. Good leadership is a life-long journey."

For Institute participants, perhaps the most meaningful journey of self-discovery comes at the end of the course, when they are required to complete a final project requiring extensive research, a written report, and an oral presentation.

"In the beginning, these presentations were more like book reports," Susan says. "So we adjusted our expecta-

tions and directions, added a class on presentation skills — something many participants were lacking — and now these projects have much more depth and impact. They're not just a reflection of what students have learned, but what they are pledging to do better."

She shares a list of topics chosen for final Institute presentations, which makes clear that program participants are taking Leadership Institute lessons to heart. From embracing better teamwork and more effective communication, to examining the value of introspection and humor in the workplace, these future leaders are committed to constant learning — about themselves, their roles at MidWestOne, and their contributions to a vibrant atmosphere of constant change and improvement.



PURCHASE AMT	INTEREST CHARGE	TOTAL AMT	MINIMUM PMT
\$500	\$499	\$999	\$10
\$1000	\$997	\$1997	\$20
\$2500	\$2493	\$4993	\$50
\$5000	\$4985	\$9985	\$100

How much do minimum payments...

LEARN CONSTANTLY SO WE CAN CONTINUALLY IMPROVE

The ripple effect

COMMUNITY BANKS ARE ATTUNED to local needs, and after 23 years at MidWestOne in Oskaloosa, Iowa, Jane Krutzfeldt knows her community well. She also knows first-hand that when community members gain financial literacy, the effects can be far-reaching.

Jane serves as an Investment Services Assistant at MidWestOne. In 2006, she and her husband were approached about teaching a financial literacy class by Love INC, a nationwide nonprofit organization that brings churches together to help disadvantaged individuals and families. Love INC had been working in Oskaloosa since 1998, collaborating with local nonprofits and service agencies to help transform lives.

“After reviewing the curriculum, we loved the way the class took financial education way beyond how to balance a checkbook,” Jane recalls. “Sometimes a short-term financial need must be met, but education makes a more lasting impact on class participants, which in turn ripples out into the community. We agreed to get involved and we’ve been teaching the course together ever since.”

Each class involves between 8 and 15 participants and is offered in the spring and fall. Course topics include

opening a bank account, using and maintaining a checking account, organizing financial documents, recording expenses, developing financial goals, creating a budget, paying bills, determining net worth, credit cards and debt, loans, savings, investments, taxes, insurance, and credit reports. That’s a lot to absorb, but the lessons seem to be sinking in.

“I have a growing stack of thank-you notes that I treasure,” Jane says. “But the greatest reward is to see participants out in the community, working or raising their children, and having them tell us that they still use the principles taught in the classes, and that they made a difference.”

The classes are making a difference for Jane, too, reminding her of the value of constant learning. “We must always be ready to serve our clients, even when their reality suddenly changes,” she explains. “A client who was a wife and mother yesterday, for example, might suddenly find herself as a widow and employee.

“Teaching this course keeps me aware of the changing needs of our community, and how MidWestOne can continue to address those needs today and in the future.”

“The greatest reward is to see participants out in the community, working or raising their children.”

Jane Krutzfeldt, Investment Services Assistant

The knowledge network

“BACK TO SCHOOL” is the phrase most people associate with summer’s end. In the banking industry, summertime is school time, when banking schools across the nation welcome students eager to advance their knowledge and professional skills.

MidWestOne offers its employees opportunities to participate in two such programs:

- The Iowa School of Banking, sponsored by the Iowa Bankers Association, a two-year program for first- and mid-level managers, consisting of a one-week session each summer and an intercession project
- The Graduate School of Banking at Colorado (GSBC), a three-year program for bank officers, regulators, and other bank affiliates; classes meet in Boulder for two weeks each summer, with three intercession projects each year

Customer Relationship Management Officer McKenzie Paulsen and

Assistant Retail Manager John Schickendanz completed their first year of the Iowa School of Banking this past June. Both came away with new insights – and new connections.

“I hoped to gain a better understanding of banking as a whole, especially interest rate risk and portfolio pricing, and I wasn’t disappointed,” says John. “But I was surprised by how much I benefitted from the networking aspects of the program. By talking to other bankers, I was able to think about ways we can better serve our customers.”

For McKenzie, the experience helped reveal the bigger picture. “Before the Iowa School of Banking, I mostly envisioned the separate pieces that make up the bank, like sales, accounting, and so on. Banking school opened my eyes to how the bank functions as one cohesive unit, and the important part each department plays in the success of the bank as a whole.”

Shortly after John and McKenzie completed their Iowa banking school

session, two MidWestOne employees headed to Boulder, Colorado, for the 2015 Graduate School of Banking – one to begin her schooling there, the other to complete her final year.

Thais Winkleblack, Vice President, Private Banking & Trust Business Development Officer, is the new GSBC graduate. Like John, she cites her large network of classmates as one of GSBC’s most valuable aspects. But she was also impressed by the third-year banking simulation exercise, and how much she learned in a course she hadn’t chosen for herself.

“I got assigned to a class on agricultural lending, where the instructor talked about global economics to help lenders understand the importance of connectivity on a world scale,” she recalls. “It was seriously the best class I had.”

Kim Ross, Vice President, Deposit Operations, entered GSBC as a second-year student this summer due to her previous attendance at the Iowa School of Banking, which Thais had done as well. Kim, too, says she increased her knowledge of the banking environment, and she appreciates making so many new contacts across the country. But there’s another takeaway, which McKenzie, John, and Thais echo as well.

“Listening to other GSCB classmates discuss issues at their banks, I feel very fortunate to work for a company with such a strong culture and proven practices,” Kim says. “More than anything else, my banking school experience reinforced the pride and gratitude I have for MidWestOne.”

“Banking school opened my eyes to how the bank functions as one cohesive unit, and the important part each department plays in the success of the bank as a whole.”

McKenzie Paulsen, Customer Relationship Management Officer



From left: Kim Ross, McKenzie Paulsen, John Schickendanz, Thais Winkleblack.

FINANCIAL HIGHLIGHTS

(dollars in thousands, except per share amounts)

	2015	2014	2013
YEAR-END BALANCES			
Assets	\$2,979,975	\$1,800,302	\$1,755,218
Investment Securities	545,664	526,466	531,186
Loans	2,151,942	1,132,519	1,088,412
Loan Pool Participations	-	21,466	27,667
Deposits	2,463,521	1,408,542	1,374,942
Stockholders' Equity	296,178	192,731	178,016
AVERAGE BALANCES			
Assets	\$2,773,095	\$1,760,776	\$1,756,344
Investment Securities	542,515	534,371	568,518
Loans	1,962,846	1,092,280	1,059,356
Loan Pool Participations	10,032	24,321	32,648
Total Deposits	2,276,003	1,384,084	1,359,479
Shareholders' Equity	255,307	186,375	175,666
RESULTS OF OPERATIONS			
Net Interest Income	\$90,052	\$54,853	\$53,962
Provision for Loan Losses	5,132	1,200	1,350
Noninterest Income	21,193	15,313	14,728
Noninterest Expense	73,176	43,413	42,087
Income Before Income Taxes	32,937	25,553	25,253
Net Income	25,118	18,522	18,607
PER COMMON SHARE			
Net Income - Basic	\$2.42	\$2.20	\$2.19
Net Income - Diluted	2.42	2.19	2.18
Dividends	0.60	0.58	0.50
Book Value	25.96	23.07	20.99
Closing Price	30.41	28.81	27.20
ASSET QUALITY			
Bank Loans Past Due 30-89 Days	8,491	3,862	4,901
Non-Performing Bank Loans	11,528	13,021	13,776
Net Charge Offs	2,068	1,016	1,128
RATIOS			
Return on Average Equity	9.84%	9.94%	10.59%
Return on Average Tangible Equity	14.70%	10.61%	11.43%
Return on Average Assets	0.91%	1.05%	1.06%
Net Interest Margin	3.71%	3.53%	3.46%
Efficiency Ratio	61.08%	58.74%	57.23%
Average Equity as a % of Average Assets	9.21%	10.58%	10.00%
Allowance for Bank Loan Losses as a % of Bank Loans	0.90%	1.44%	1.49%
Net Bank Loan Charge-offs as a % of Average Bank Loans	0.11%	0.09%	0.11%
Non-performing Bank Loans as a % of Bank Loans	0.54%	1.15%	1.27%

SHARE PRICE

2014	HIGH	LOW	CASH DIVIDEND DECLARED
First Quarter	\$27.67	\$23.53	\$0.145
Second Quarter	\$26.18	\$22.50	\$0.145
Third Quarter	\$24.95	\$23.00	\$0.145
Fourth Quarter	\$29.10	\$22.73	\$0.145
2015	HIGH	LOW	CASH DIVIDEND DECLARED
First Quarter	\$29.82	\$27.74	\$0.150
Second Quarter	\$33.88	\$28.33	\$0.150
Third Quarter	\$34.04	\$28.43	\$0.150
Fourth Quarter	\$32.52	\$28.06	\$0.150

CONDENSED CONSOLIDATED BALANCE SHEETS

(dollars in thousands)

	DECEMBER 31,	
	2015	2014
ASSETS		
Cash and due from banks	\$44,199	\$23,028
Federal funds sold and other short-term investments	2,898	381
Cash and cash equivalents	47,097	23,409
Securities available for sale	427,241	474,942
Securities held to maturity	118,423	51,524
Loans held for sale	3,187	801
Loans	2,151,942	1,132,519
Allowance for loan losses	(19,427)	(16,363)
Loans, net	2,132,515	1,116,156
Loan pool participations, net	-	19,332
Premises and equipment, net	76,202	37,770
Accrued interest receivable	13,736	10,898
Goodwill	64,548	-
Other intangible assets, net	19,141	8,259
Bank owned life insurance	46,295	38,142
Other real estate owned	8,834	1,916
Other assets	22,756	17,153
Total assets	\$2,979,975	\$1,800,302
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities		
Deposits:		
Non-interest-bearing demand	\$559,586	\$214,461
Interest-bearing checking	1,064,350	618,540
Savings	189,489	102,527
Certificates of deposit under \$100,000	348,268	235,395
Certificates of deposit \$100,000 and over	301,828	237,619
Total deposits	2,463,521	1,408,542
Federal funds purchased and securities sold under agreements to repurchase	68,963	78,229
Federal Home Loan Bank borrowings	87,000	93,000
Junior subordinated notes issued to capital trusts	23,587	15,464
Long-term debt	22,500	-
Accrued expenses and other liabilities	18,226	12,336
Total liabilities	2,683,797	1,607,571
Shareholders' Equity		
Preferred stock, no par value, with a liquidation preference of \$1,000 per share; authorized 500,000 shares; no shares issued and outstanding as of December 31, 2015 and 2014	-	-
Capital stock, common, \$1 par value; authorized 15,000,000 shares; 11,713,481 shares issued at December 31, 2015 and 8,690,398 shares issued at December 31, 2014	11,713	8,690
Additional paid-in capital	163,487	80,537
Treasury stock, at cost; 304,708 shares and 334,732 shares at December 31, 2015 and 2014, respectively	(6,331)	(6,945)
Retained earnings	123,901	105,127
Accumulated other comprehensive income	3,408	5,322
Total shareholders' equity	296,178	192,731
Total liabilities and shareholders' equity	\$2,979,975	\$1,800,302

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(dollars in thousands, except per share amounts)

INTEREST INCOME	YEAR ENDED DECEMBER 31,		
	2015	2014	2013
Loans	\$86,544	\$48,466	\$48,828
Loan pool participations	798	1,516	2,046
Securities:			
Taxable securities	7,734	8,921	9,905
Tax-exempt securities	5,553	5,455	5,298
Federal funds sold and other short-term investments	71	46	17
Total interest income	100,700	64,404	66,094
INTEREST EXPENSE:			
Interest-bearing checking	2,627	2,168	2,362
Savings	360	145	140
Certificates of deposit	4,851	4,714	6,453
Federal funds purchased and securities sold under agreements to repurchase	210	127	166
Federal Home Loan Bank advances	1,451	2,092	2,686
Other borrowings	22	24	29
Junior subordinated notes issued to capital trusts	592	281	296
Subordinated notes	162	-	-
Long-term debt	373	-	-
Total interest expense	10,648	9,551	12,132
Net interest income	90,052	54,853	53,962
PROVISION FOR LOAN LOSSES	5,132	1,200	1,350
Net interest income after provision for loan losses	84,920	53,653	52,612
NONINTEREST INCOME:			
Trust, investment, and insurance fees	6,005	5,771	5,345
Service charges on deposit accounts	4,401	3,279	2,980
Mortgage origination and servicing fees	2,756	1,554	3,209
Other service charges, commissions and fees	5,742	2,381	2,210
Bank-owned life insurance income	1,307	1,102	922
Securities gains, net	1,011	1,227	65
Loss on sale of premises and equipment	(29)	(1)	(3)
Total noninterest income	21,193	15,313	14,728
NONINTEREST EXPENSE:			
Salaries and employee benefits	41,865	24,918	24,596
Net occupancy and equipment	9,975	6,293	6,356
Data processing	2,659	1,565	1,452
FDIC insurance	1,397	964	1,066
Amortization of intangible assets	3,271	547	663
Other expenses	14,009	9,126	7,954
Total noninterest expense	73,176	43,413	42,087
Income before income taxes	32,937	25,553	25,253
Income Taxes	7,819	7,031	6,646
NET INCOME	\$25,118	\$18,522	\$18,607
EARNINGS PER COMMON SHARE			
Basic	\$ 2.42	\$ 2.20	\$ 2.19
Diluted	\$ 2.42	\$ 2.19	\$ 2.18

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(dollars in thousands, except per share amounts)

YEARS ENDED DECEMBER 31, 2015, 2014, AND 2013	PREFERRED STOCK	COMMON STOCK	ADDITIONAL PAID-IN CAPITAL	TREASURY STOCK	RETAINED EARNINGS	ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)	TOTAL
Balance, December 31, 2012	\$ -	\$8,690	\$80,383	\$(3,316)	\$77,125	\$11,050	\$173,932
Net income	-	-	-	-	18,607	-	18,607
Dividends paid on common stock (\$0.50 per share)	-	-	-	-	(4,259)	-	(4,259)
Stock options exercised (56,314 shares)	-	-	9	296	-	-	305
Release/lapse of restriction on RSUs (19,585 shares)	-	-	(270)	285	-	-	15
Repurchase of common stock (40,713 shares)	-	-	-	(967)	-	-	(967)
Stock compensation	-	-	384	-	-	-	384
Other comprehensive income, net of tax	-	-	-	-	-	(10,001)	(10,001)
Balance, December 31, 2013	\$ -	\$8,690	\$80,506	\$(3,702)	\$91,473	\$1,049	\$178,016
Net income	-	-	-	-	18,522	-	18,522
Dividends paid on common stock (\$0.58 per share)	-	-	-	-	(4,868)	-	(4,868)
Stock options exercised (15,419 shares)	-	-	(26)	285	-	-	259
Release/lapse of restriction on RSUs (27,491 shares)	-	-	(436)	459	-	-	23
Repurchase of common stock (165,766 shares)	-	-	-	(3,987)	-	-	(3,987)
Stock compensation	-	-	493	-	-	-	493
Other comprehensive income, net of tax	-	-	-	-	-	4,273	4,273
Balance, December 31, 2014	\$ -	\$8,690	\$80,537	\$(6,945)	\$105,127	\$5,322	\$192,731
Net income	-	-	-	-	25,118	-	25,118
Issuance of common stock due to business combination (2,723,083 shares)	-	2,723	75,172	-	-	-	77,895
Issuance of common stock - private placement (300,000 shares)	-	300	7,600	-	-	-	7,900
Dividends paid on common stock (\$0.60 per share)	-	-	-	-	(6,344)	-	(6,344)
Stock options exercised (8,414 shares)	-	-	(40)	169	-	-	129
Release/lapse of restriction on RSUs (23,123 shares)	-	-	(416)	445	-	-	29
Stock compensation	-	-	634	-	-	-	634
Other comprehensive income, net of tax	-	-	-	-	-	(1,914)	(1,914)
Balance, December 31, 2015	\$ -	\$11,713	\$163,487	\$(6,331)	\$123,901	\$3,408	\$296,178

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Coon Rapids	3585 124th Avenue	763-780-0484
Eden Prairie	6640 Shady Oak Road	952-944-6640
Elk River	18233 Carson Court NW	763-274-3200
Forest Lake	1650 South Lake Street	651-464-2880
Golden Valley	945 Winnetka Avenue North	763-545-9005
Minneapolis (Lowry Hill)	2120 Hennepin Avenue South	612-767-5600
Newport	2104 Hastings Avenue	651-256-7250
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