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DELTA REPORT

10-K

MOFG - MIDWESTONE FINANCIAL GROU
10-K - DECEMBER 31, 2023 COMPARED TO 10-K - DECEMBER 31, 2022

The following comparison report has been automatically generated

| | |
|--------------|------|
| TOTAL DELTAS | 5027 |
| CHANGES | 515 |
| DELETIONS | 1048 |
| ADDITIONS | 3464 |

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended **December 31, 2022** **December 31, 2023**

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number **001-35968**

MIDWESTONE FINANCIAL GROUP, INC.

(Exact name of Registrant as specified in its charter)

Iowa
(State or Other Jurisdiction of
Incorporation or Organization)

42-1206172
(I.R.S. Employer
Identification Number)

102 South Clinton Street, Iowa City, IA 52240
(Address of principal executive offices, including zip code)

(319) 356-5800
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

| <u>Title of each Class</u> | <u>Trading Symbol(s)</u> | <u>Name of each exchange on which registered</u> |
|--------------------------------|--------------------------|--|
| Common Stock, \$1.00 par value | MOFG | The Nasdaq Stock Market LLC |

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. ☐ Yes ☒ No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. ☐ Yes ☒ No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (Section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). ☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definition of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

| | | | |
|-------------------------|--------------------------|---------------------------|-------------------------------------|
| Large accelerated filer | <input type="checkbox"/> | Accelerated filer | <input checked="" type="checkbox"/> |
| Non-accelerated filer | <input type="checkbox"/> | Smaller reporting company | <input type="checkbox"/> |
| | | Emerging growth company | <input type="checkbox"/> |

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to Section 240.10D-1(b) ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). ☐ Yes ☒ No

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant, based on the last sales price quoted on the Nasdaq Global Select Market of **\$29.72** **\$21.37** on the last business day of the registrant's most recently completed second fiscal quarter, was approximately **\$464.7 million** **\$335.2 million**.

The number of shares outstanding of the registrant's common stock, par value \$1.00 per share, as of **March 9, 2023** **March 6, 2024**, was **15,675,325** **15,750,471**.

DOCUMENTS INCORPORATED BY REFERENCE

Portions The information required by Part III is incorporated by reference to portions of the registrant's Proxy Statement for the 2023 Annual Meeting of Shareholders of MidWestOne Financial Group, Inc. to be held on April 27, 2023, definitive proxy statement to be filed within 120 days after December 31, 2022 are incorporated by reference into Part III December 31, 2023, pursuant to Regulation 14A under the Securities Exchange Act of this Annual Report 1934 in connection with the annual meeting of stockholders to be held on Form 10-K to the extent indicated in such part. April 25, 2024.

MIDWESTONE FINANCIAL GROUP, INC.
Annual Report on Form 10-K
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Glossary of Acronyms, Abbreviations, and Terms

The acronyms, abbreviations, and terms listed below are used in various sections of this Form 10-K, including, "Cautionary Note Regarding Forward-Looking Statements," "Item 1. Business," "Item 1A. Risk Factors," "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations," "Item 7A. Quantitative and Qualitative Disclosures About Market Risk," and "Item 8. Financial Statements and Supplemental Data."

| | | | |
|-----------------|---|------------------------|--|
| ABTW | American Bank and Trust-Wisconsin of Cuba City, Wisconsin | FHLB | Federal Home Loan Bank |
| ACL | Allowance for Credit Losses | FHLBC | Federal Home Loan Bank of Chicago |
| AFS | Available for Sale | FHLBDM | Federal Home Loan Bank of Des Moines |
| AOCI AFS | Accumulated Other Comprehensive Income Available for Sale | FHLMC | Federal Home Loan Mortgage Corporation |
| ASC AOCI | Accounting Standards Codification Accumulated Other Comprehensive Income | FNBF | First National Bank in Fairfield |
| ASU ASC | Accounting Standards Update Codification | FNBM | First National Bank of Muscatine |
| ATB ASU | ATBancorp Accounting Standards Update | FNMA | Federal National Mortgage Association |
| ATM ATB | Automated Teller Machine ATBancorp | FRB or Federal Reserve | Board of Governors of the Federal Reserve System |
| ATSB ATM | American Trust & Savings Bank of Dubuque, Iowa Automated Teller Machine | GAAP | U.S. Generally Accepted Accounting Principles |
| Basel III Rules | A comprehensive capital framework and rules for U.S. banking organizations approved by the FRB and the FDIC in 2013 | GLBA | Gramm-Leach-Bliley Act of 1999 |
| BHCA | Bank Holding Company Act of 1956, as amended | GNMA | Government National Mortgage Association |
| BOLI | Bank-Owned Life Insurance | HTM | Held to Maturity |
| CAA BOD | Consolidated Appropriations Act, 2021 Bank of Denver | IOFB | Iowa First Bancshares Corp. |
| CARES Act BOLI | Coronavirus Aid, Relief and Economic Security Act Bank-Owned Life Insurance | LIBOR | The London Inter-bank Offered Rate |
| CDARS BTFP | Certificate of Deposit Account Registry Service Bank Term Funding Program | MBEFD | Loan Modification for Borrowers Experiencing Financial Difficulty |
| CAA | Consolidated Appropriations Act, 2021 | MBS | Mortgage-Backed Securities |
| CECL | Current Expected Credit Loss | PCD | Purchased Financial Assets with Credit Deterioration |
| CMO | Collateralized Mortgage Obligations | PPP | Paycheck Protection Program |
| COVID-19 | Coronavirus Disease 2019 | PRSUs | Performance-Based Restricted Stock Unit Awards |
| CRA | Community Reinvestment Act | ROU | Right-of-Use |
| CRE | Commercial Real Estate | RPA | Credit Risk Participation Agreement |
| DNVB | Denver Bankshares, Inc. | RRE | Residential Real Estate |
| DCF | Discounted Cash Flow Method | RRE SBA | Residential Real Estate U.S. Small Business Administration |
| Dodd-Frank Act | Dodd-Frank Wall Street Reform and Consumer Protection Act | SBA SEC | U.S. Small Business Administration Securities and Exchange Commission |
| ESOP | Employee Stock Ownership Plan | SEC SOFR | U.S. Securities and Exchange Commission Secured Overnight Financing Rate |
| EVE | Economic Value of Equity | SOFR TDR | Secured Overnight Financing Rate Troubled Debt Restructuring |
| FASB | Financial Accounting Standards Board | TDR TRSUs | Troubled Debt Restructuring Time-Based Restricted Stock Unit Awards |
| FDIC | Federal Deposit Insurance Corporation | | |
| TRSUs FHLB | Time-Based Restricted Stock Unit Awards Federal Home Loan Bank | | |

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This annual report on Form 10-K contains certain "forward-looking statements" within the meaning of such term in the Private Securities Litigation Reform Act of 1995. We and our representatives may, from time to time, make written or oral statements that are "forward-looking" and provide information other than historical information. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results to be materially different from any results, levels of activity, performance or achievements expressed or implied by any forward-looking statement. These factors include, among other things, the factors listed below. Forward-looking statements, which may be based upon beliefs, expectations and assumptions of our management and on information currently available to management, are generally identifiable by the use of words such as "believe," "expect," "anticipate," "should," "could," "would," "plans," "intend," "project," "estimate," "forecast,"

"may" or similar expressions. These forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those expressed in, or implied by, these statements. Readers are cautioned not to place undue reliance on any such forward-looking statements, which speak only as of the date made. Additionally, we undertake no obligation to update any statement in light of new information or future events, except as required under federal securities law.

Our ability to predict results or the actual effect of future plans or strategies is inherently uncertain. Factors that could have an impact on our ability to achieve operating results, growth plan goals and future prospects include, but are not limited to, the following:

- the risks of mergers or branch sales (including with IOFB the sale of our Florida branches and the acquisition of Denver Bankshares, Inc.), including, without limitation, the related time and costs of implementing such transactions, integrating operations as part of these transactions and possible failures to achieve expected gains, revenue growth and/or expense savings from such transactions;
- credit quality deterioration, pronounced and sustained reduction in real estate market values, or other uncertainties, including the impact of inflationary pressures on economic conditions and our business, resulting in an increase in the allowance for credit losses, an increase in the credit loss expense, and a reduction in net earnings;
- the effects of actual recent and expected potential additional increases in inflation and interest rates, including on our net income and the value of our securities portfolio;
- changes in the economic environment, competition, or other factors that may affect our ability to acquire loans or influence the anticipated growth rate of loans and deposits and the quality of the loan portfolio and loan and deposit pricing;
- fluctuations in the value of our investment securities portfolio, which has experienced unrealized losses as a result of rising interest rates; securities;
- governmental monetary and fiscal policies;
- changes in and uncertainty related to benchmark interest rates used to price loans and deposits, including the expected elimination of LIBOR and the adoption of a substitute; deposits;
- legislative and regulatory changes, including changes in banking, securities, trade, and tax laws and regulations and their application by our regulators, including the new 1.0% excise tax on stock buybacks by publicly traded companies; companies and any changes in response to the recent failures of other banks;
- the ability to attract and retain key executives and employees experienced in banking and financial services;
- the sufficiency of the allowance for credit losses to absorb the amount of actual losses inherent in our existing loan portfolio;
- our ability to adapt successfully to technological changes to compete effectively in the marketplace;
- credit risks and risks from concentrations (by geographic area and by industry) within our loan portfolio;
- the effects of competition from other commercial banks, thrifts, mortgage banking firms, consumer finance companies, credit unions, securities brokerage firms, insurance companies, money market and other mutual funds, financial technology companies, digital asset service providers, and other financial institutions operating in our markets or elsewhere or providing similar services;
- the failure of assumptions underlying the establishment of allowances for credit losses and estimation of values of collateral and various financial assets and liabilities;
- volatility of rate-sensitive deposits;
- operational risks, including data processing system failures or fraud;
- asset/liability matching risks and liquidity risks;
- the costs, effects and outcomes of existing or future litigation;
- changes in general economic, political, or industry conditions, nationally, internationally or in the communities in which we conduct business; business, including the risk of a recession;
- changes in accounting policies and practices, as may be adopted by state and federal regulatory agencies and the FASB;
- war or terrorist activities, including the war in Israeli-Palestinian conflict and the Russian invasion of Ukraine, widespread disease or pandemic, or other adverse external events, which may cause deterioration in the economy or cause instability in credit markets;
- the effects occurrence of cyber-attacks; fraudulent activity, breaches, or failures of our or our third-party vendors' information security controls or cyber-security related incidents, including as a result of sophisticated attacks using artificial intelligence and similar tools;
- the imposition of tariffs or other domestic or international governmental policies impacting the value of the agricultural or other products of our borrowers;
- potential changes in federal policy and at regulatory agencies as a result of the upcoming 2024 presidential election;
- the concentration of large deposits from certain clients who have balances above current FDIC insurance limits;
- the effects of recent developments and events in the ongoing COVID-19 pandemic, financial services industry, including its effects on the economic environment, our customers, employees and supply chain; large-scale deposit withdrawals over a short period of time at other banks that resulted in failure of those institutions; and
- other factors and risks described under "Risk Factors" in this Form 10-K and in other reports we file with the SEC.

We qualify all of our forward-looking statements by the foregoing cautionary statements. Because of these risks and other uncertainties, our actual future results, performance or achievement, or industry results, may be materially different from the results indicated by these forward-looking statements. In addition, our past results of operations are not necessarily indicative of our future results.

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PART I

ITEM 1. BUSINESS.

General

MidWestOne Financial Group, Inc., an Iowa corporation formed in 1983, is a bank holding company registered under the BHCA and a financial holding company under the GLBA, with our corporate headquarters in Iowa City, Iowa. Our principal business is to serve as the holding company for our wholly-owned subsidiary, MidWestOne Bank. References to the "Bank" refer to MidWestOne Bank. References to "MidWestOne," "we," "us," or the "Company," refer to MidWestOne Financial Group, Inc. together with its subsidiaries on a consolidated basis.

The Bank is focused on delivering relationship-based business and personal banking products and services. The Bank provides commercial loans, real estate loans, agricultural loans, credit card loans, and consumer loans. The Bank also provides deposit products including demand and interest checking accounts, savings accounts, money market accounts, and time deposits. Complementary to our loan and deposit products, the Bank also provides products and services including treasury management, Zelle, online and

mobile banking, debit cards, ATMs, and safe deposit boxes. The Bank offers its products and services primarily through its network of full-service banking offices, including which includes, as of December 31, 2023, 35 banking offices located throughout central and eastern Iowa, 12 banking offices located principally in the Minneapolis/St. Paul metropolitan area, in Minnesota, 7 banking offices in southwestern Wisconsin, one banking office in each of Naples and Fort Myers, Florida, and one banking office in Denver, Colorado. The Bank also has a trust department wealth management services through which it offers services including the administration of estates, personal trusts, and conservatorships, and the management of real property. Finally, the Bank's investments services department offers as well as financial planning, investment advisory, and retail securities brokerage services (the latter of which is provided through an agreement with a third-party registered broker-dealer), services.

As of December 31, 2022 December 31, 2023, we had total assets of \$6.58 billion \$6.43 billion, total loans, net of unearned income, of \$3.84 billion \$4.13 billion, total deposits of \$5.47 billion \$5.40 billion, and shareholders' equity of \$492.8 million \$524.4 million.

Recent Developments

On June 9, 2022 September 25, 2023, the Company announced the execution of a definitive purchase and assumption agreement for the sale of its Florida operations to DFCU Financial. The transaction is an all cash deal and is expected to close in the second quarter of 2024, subject to regulatory approvals.

On January 31, 2024, the Company acquired Iowa First Bancshares Corp., DNVB, a bank holding company whose wholly-owned banking subsidiaries were First National Bank of Muscatine and First National Bank in Fairfield, subsidiary was BOD, a community banks bank located in Muscatine and Fairfield, Iowa, respectively. Denver, Colorado. Immediately following the completion of the acquisition, First National Bank of Muscatine and First National Bank in Fairfield were BOD merged with and into the Bank. As consideration for the merger, we paid cash in the amount of \$46.7 million \$32.6 million.

Operating Strategy

Our operating strategy is based upon a community banking model of delivering a comprehensive suite of financial products and services while following five operating principles: (1) take care of generate impact for our customers; stakeholders; (2) hire and retain excellent employees; (3) always conduct business yourself with the utmost integrity; (4) work as one team; and (5) learn constantly so we can continually improve. Management believes the depth and breadth of the Company's products and services coupled with the personal and professional delivery of the same provides an appealing alternative to competitors.

Lending Activities

General

We provide a range of commercial and retail lending services to businesses, individuals including public sector and government agencies, non-profit entities, and individuals. These credit activities include commercial and industrial loans, commercial and residential real estate loans, agricultural loans, and consumer loans.

We market our services to qualified lending customers. Lending officers actively solicit the business of new companies entering their market areas as well as long-standing members of the business communities in which we operate. Through professional service, competitive pricing, and innovative structure, we have been successful in attracting new lending customers. We also actively pursue consumer lending opportunities. With convenient locations, advertising, customer communications, and competitive technology, we believe that we have been successful in capitalizing on the credit needs of our market areas.

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Our management emphasizes credit quality and seeks to avoid undue concentrations of loans to a single industry or based on a single class of collateral. We have established lending policies that include a number of underwriting factors to be considered in making a loan, including: location, loan-to-value ratio, cash flow, interest rate, and credit history of the borrower.

Commercial and Industrial Loans

We have a strong commercial loan base. We focus on, and tailor our commercial loan programs to, small- to mid-sized businesses in our market areas. Our loan portfolio includes loans to wholesalers, manufacturers, contractors, business services companies and retailers. We provide a wide range of business loans, including lines of credit for working capital and operational purposes and term loans for the acquisition of equipment. Although most loans are made on a secured basis, loans may be made on an unsecured basis where warranted by the overall financial condition of the borrower. Terms of commercial business loans generally range from one to five years.

Our commercial and industrial loans are primarily made based on the reported cash flow of the borrower and secondarily on the underlying collateral provided by the borrower. The collateral support provided by the borrower for most of these loans and the probability of repayment is based on the liquidation of the pledged collateral and enforcement of a personal guarantee, if any exists. The primary repayment risks of commercial loans are that the cash flows of the borrower may be unpredictable, and the collateral securing these loans may fluctuate in value. As of December 31, 2022 December 31, 2023, commercial and industrial loans comprised approximately 27.5% 26.0% of our total loan portfolio.

Commercial Real Estate Loans

We also offer mortgage loans to our commercial and agricultural customers for the acquisition of real estate used in their businesses, such as offices, farmland, warehouses and production facilities, and to real estate investors for the acquisition of apartment buildings, retail centers, office buildings and other commercial buildings. In deciding whether to make a commercial real estate loan, we consider, among other things, the experience and qualifications of the borrower as well as the value and cash flow of the underlying property. Some factors considered are net operating income of the property before debt service and depreciation, the debt service coverage ratio (the ratio of the property's net cash flow to debt service requirements), the cash flows of the borrower, the ratio of the loan amount to the property value and the overall creditworthiness of the prospective borrower. The primary repayment risks of commercial real estate loans are that the cash flows of the borrower may be unpredictable, and the collateral securing these loans may fluctuate in value. As of December 31, 2022 December 31, 2023, commercial real estate loans constituted approximately 51.6% 54.0% of our total loan portfolio.

Construction and Development Loans. We offer loans both to individuals who are constructing personal residences and to real estate developers and building contractors for the acquisition of land for development and the construction of homes and commercial properties. These loans are generally in-market to known and established

borrowers. Construction and development loans generally have a short term, such as one to two years. As of [December 31, 2022](#) [December 31, 2023](#), construction and development loans constituted approximately [7.1%](#) [7.8%](#) of our total loan portfolio.

Farmland. We offer agricultural mortgage loans to our agricultural customers for the acquisition of real estate used in their business, generally farmland. As of [December 31, 2022](#) [December 31, 2023](#), farmland loans represented approximately [4.8%](#) [4.5%](#) of our total loan portfolio.

Multifamily. We offer mortgage loans to real estate investors for the acquisition of multifamily (apartment) buildings. As of [December 31, 2022](#) [December 31, 2023](#), multifamily loans represented approximately [6.6%](#) [9.3%](#) of our total loan portfolio.

Commercial real estate-other. We offer commercial mortgage loans for the acquisition of real estate used in the customer's business, such as offices, warehouses, and production facilities. As of [December 31, 2022](#) [December 31, 2023](#), commercial real estate-other loans represented approximately [33.1%](#) [32.3%](#) of our total loan portfolio.

Residential Real Estate Loans

Residential mortgage comprised approximately [15.9%](#) [15.5%](#) of our total loan portfolio at [December 31, 2022](#) [December 31, 2023](#). Included in this category are home equity loans made to individuals. We generally retain short-term residential mortgage loans that we originate for our own portfolio and sell most long-term residential mortgage loans to other parties, while retaining servicing rights on the majority of such loans. At [December 31, 2022](#) [December 31, 2023](#), we serviced approximately [\\$991.5 million](#) [\\$931.2 million](#) in mortgage loans for others. We do not offer subprime mortgage loans and do not operate a wholesale mortgage business.

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Agricultural Loans

Agricultural loans comprised approximately [3.0%](#) [2.9%](#) of our total loan portfolio at [December 31, 2022](#) [December 31, 2023](#). Agricultural loans, most of which are secured by crops, livestock and machinery, are generally provided to finance capital improvements and farm operations as well as acquisitions of livestock and machinery. The ability of the borrower to repay may be affected by many factors outside of the borrower's control, including adverse weather conditions, loss of livestock due to disease or other factors, declines in market prices for agricultural products and the impact of government regulations. The ultimate repayment of agricultural loans is dependent upon the profitable operation or management of the agricultural entity.

Our agricultural lenders work closely with our customers, including companies and individual farmers, and review the preparation of budgets and cash flow projections for the ensuing crop year. These budgets and cash flow projections are monitored closely during the year and reviewed with the customers at least once annually. We also work closely with governmental agencies to help agricultural customers obtain credit enhancement products such as loan guarantees or interest rate assistance.

Consumer Lending

Our consumer lending department provides many types of consumer loans, including personal loans (secured or unsecured) and automobile loans. Consumer loans typically have shorter terms, lower balances, higher yields and higher risks of default than one- to four-family residential real estate mortgage loans. Consumer loan collections are dependent on the borrower's continuing financial stability and are therefore more likely to be affected by adverse personal circumstances. As of [December 31, 2022](#) [December 31, 2023](#), consumer loans comprised [2.0%](#) [1.6%](#) of our total loan portfolio.

Other Products and Services

Deposit Products

We offer competitive deposit products and programs that address the needs of customers in each of the local markets that we serve. The deposit products are offered to individuals, nonprofit organizations, partnerships, small businesses, corporations and public entities. These products include noninterest bearing and interest bearing demand deposits, savings accounts, money market accounts and time deposits. Approximately [88.5%](#) [87.6%](#) of our total deposits were considered "core" deposits as of [December 31, 2022](#) [December 31, 2023](#), compared to [91.8%](#) [88.5%](#) at [December 31, 2021](#) [December 31, 2022](#). We consider core deposits to be the total of all deposits other than time deposits greater than \$250k and [non-reciprocal](#) brokered [money market](#) deposits.

Trust and Investment Services

We offer trust and investment services to help our business and individual clients in meeting their financial goals and preserving wealth. Our services include administering estates, [personal](#) trusts, and conservatorships, and providing property management, farm management, investment advisory, retail securities brokerage, financial planning and custodial services. Licensed brokers, [who who](#) are registered representatives of a third-party registered [broker-dealer](#) [broker-dealer](#), serve selected branches and provide investment-related services, [including securities trading, such as investment management and financial planning, mutual funds sales, fixed and variable annuities and tax-exempt and conventional unit trusts. planning.](#)

Liquidity and Funding

We depend on deposits and external financing sources to fund our operations. We employ a variety of financing arrangements, including brokered deposits, term debt, subordinated debt, and equity. A discussion of our liquidity and funding programs has been included in [Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations](#) under "Liquidity," and [Item 7A. Quantitative and Qualitative Disclosures About Market Risk](#) under "Liquidity Risk."

Competition

The banking business and related financial service providers operate in a highly competitive market. The Company competes with other commercial banks, thrifts, credit unions, stockbrokers, finance divisions of auto and farm equipment companies, agricultural suppliers, and other agriculture-related lenders. Some of these competitors are local, while others are statewide, regional or nationwide. In addition, financial technology companies and digital asset service providers are emerging in key areas of banking. We compete for deposits, loans, and other financial services through the range and quality of services we provide, with an emphasis on building long-lasting relationships.

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Human Capital Resources

MidWestOne is built on a long-standing tradition's mission statement, "Take care of our customers and those who should be" and our vision statement, "To be the preeminent relationship-driven community bank where our expertise and proactive approach generate meaningful impact for our stakeholders", are the foundation for everything we do. This includes striving to be a great place to work for our employees and providing exceptional service to our customers. To fulfill our mission and the communities vision, we serve. MidWestOne believes that community banking is a relationship-driven business, which is why we have bankers at a local level who know and serve our customers with a personalized approach. Just as we value and strive to serve our customers in each of our communities, we deem our relationship with our employees to be vital to our ongoing success. To carry are focused on our commitment to our customers and stakeholders, recruitment, development, and retention of top talent is a critical component to our success. Building and maintaining strong human capital capabilities and enhancing our culture requires strategies focused on for talent development, employee engagement and recognition, total compensation, and Diversity, Equity, Inclusion, and Belonging ("DEIB").

Demographics: As of December 31, 2022, the Company employed 811 full and part-time 732 full-time equivalent employees. Our workforce is principally in the following geographical regions: Iowa; the Minneapolis/St. Paul metropolitan area and its respective outer rim communities in Minnesota and northwest Wisconsin; southwest Wisconsin; Denver, Colorado; and southwest Florida.

Learning & Talent Development: The Company's operating principle A core part of "Learn Constantly So We Continually Improve" reflects our ongoing commitment to developing all employees. We leverage learn constantly so we can continually improve. Accordingly, we invest in a range of formal and informal development programs opportunities to identify, cultivate and retain a highly skilled workforce. We provide internally designed learning programs to address onboarding, management, and leadership development needs. We commit resources for participation in Graduate and State Banking schools, business line specific education and certifications, and industry peer groups. to external professional education. The Company supports and reinforces the learning is reinforced with experience-based assignments, mentorship, project teams, and department training, and community involvement initiatives. Through effective coaching, performance management, mentoring, and succession planning programs, we continue to provide talented and well-deserving employees internal promotional opportunities that are aligned to their career aspirations.

Feedback Engagement & Recognition: An important element of MidWestOne's the Company's culture is recognizing and celebrating the success of our individual employees, teams, and the collective business. In 2023 our employees celebrated the eleventh consecutive year of being recognized as a Top Workplace in Iowa. This recognition is a result of employee feedback surveys that measure employee engagement, organizational health, and job satisfaction. While our engagement surveys provide a good opportunity to gather feedback, we are constantly listening and learning from our employees, including employee town halls and leadership forums. Peer to peer and leader recognition occurs regularly, through multiple avenues, including at our all-company monthly "One Call" and our annual "Rally Day" event. MidWestOne celebrated our tenth consecutive year of being named by our associates as a Top Workplace in Iowa. The Company welcomes and values feedback from our associates to improve our work environment and to position the Company as an employer of choice. For the second consecutive year Newsweek Magazine named MidWestOne Bank one of America's Best Banks and the Best Small Bank in Iowa.

Compensation and Benefits: Total Compensation: The Company provides is committed to offering a competitive total compensation package based upon industry best practices and comparative market data. Our compensation programs include base salary and incentive compensation opportunities, including product and service referral incentives, business line and management incentive plans, an equity incentive plan, a company profit-sharing program, and spot incentives. opportunities. We also provide offer a complete benefit suite, broad array of benefits including healthcare and 401(k), medical, dental, vision, disability, life insurance benefits, plans, PTO plan, employee stock ownership program, health savings and flexible spending accounts, an employee stock ownership program, 401(k) plan match funding, paid time off, and family leave options, for all life stages. We offer an employee assistance program, wellness program, and educational assistance, including student loan debt reduction and tuition reimbursement. assistance. These programs are designed to attract and retain top talent, reward excellent performance, and motivate teams to drive the achievement of the Company's financial performance objectives and aligned performance goals in a balanced, risk-based manner.

Diversity, Equity, Inclusion, and Inclusion: Belonging: MidWestOneThe Company is committed to fostering a culture of DEIB. We voluntarily participate in the voluntary FDIC Diversity Self-Assessment and report our Affirmative Action Compliance Program results. R.I.S.E. ("Retention. Innovation. Support. Empowerment.") serves as an umbrella strategy We have a formal program that drives our commitment to achieving our workforce DEIB initiatives, and it also provides a framework for our approach to the acquisition of acquiring new talent and to embracing the full potential of our workforce. R.I.S.E. reflects the Company's operating principles and commitment to a workforce centered on respect and belonging.

To lead our efforts forward, we have a Our Diversity & Inclusion Officer, a R.I.S.E. Leadership Council, DEIB leadership council, and a R.I.S.E. Advisory Council of employees across DEIB employee advisory council help lead this journey and our footprint. We will further develop DEIB initiatives through internal feedback, learning and development, our

employee resource groups, and other programming, current initiatives. We believe that our DEIB efforts are critical to allowing better understanding, serving, and supporting our employees, colleagues, customers, and leaders to better understand, serve, and support our client base and the communities we serve, communities.

Available Information

We file Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, proxy statements and other information with the SEC. The public may obtain copies of these reports and any amendments at the SEC's Internet site, www.sec.gov.

Additionally, reports filed with the SEC can be obtained free of charge through our website at www.midwestone.com under "Investor Relations - SEC Filings". These reports are made available through our website as soon as reasonably practicable after they are filed electronically with, or furnished to, the SEC. Information on, or accessible through, our website is not part of, or incorporated by reference in, this Annual Report on Form 10-K.

Supervision and Regulation

General

FDIC-insured institutions, like the Bank, their holding companies and their affiliates are extensively regulated under federal and state law. As a result, our growth and earnings performance may be affected not only by management decisions and general

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economic conditions, but also by the requirements of federal and state statutes and by the regulations and policies of various bank regulatory agencies, including the Iowa Division of Banking (the "Iowa Division"), the Federal Reserve, the FDIC and the Consumer Financial Protection Bureau (the "CFPB"). Furthermore, taxation laws administered by the Internal Revenue Service and state taxing authorities, accounting rules developed by the FASB, securities laws administered by the SEC and state securities authorities, and anti-money laundering laws enforced by the U.S. Department of the Treasury ("Treasury") have an impact on our business. The effect of these statutes, regulations, regulatory policies and accounting rules are significant to our operations and results.

Federal and state banking laws impose a comprehensive system of supervision, regulation and enforcement on the operations of FDIC-insured institutions, their holding companies and affiliates that is intended primarily for the protection of the FDIC-insured deposits and depositors of banks, rather than shareholders. These laws, and the regulations of the bank regulatory agencies issued under them, affect, among other things, the scope of our business, the kinds and amounts of investments the Company and the Bank may make, required capital levels relative to assets, the nature and amount of collateral for loans, the establishment of branches, the ability to merge, consolidate and acquire, dealings with our insiders and affiliates and the payment of dividends. In reaction to the global financial crisis and particularly following the passage of the Dodd-Frank Act, we experienced heightened regulatory requirements and scrutiny. Although the reforms primarily targeted systemically important financial service providers, their influence filtered down in varying degrees to community banks over time and caused our compliance and risk management processes, and the costs thereof, to increase. The Economic Growth, Regulatory Relief and Consumer Protection Act of 2018 ("Regulatory Relief Act") eliminated questions about the applicability of certain Dodd-Frank Act reforms to community bank systems, including relieving us of any requirement to engage in mandatory stress tests, maintain a risk committee or comply with the Volcker Rule's complicated prohibitions on proprietary trading and ownership of private funds. These reforms have been favorable to our operations.

The supervisory framework for U.S. banking organizations subjects banks and bank holding companies to regular examination by their respective regulatory agencies, which results in examination reports and ratings that are not publicly available and that can impact the conduct and growth of their business. These examinations consider not only compliance with applicable laws and regulations, but also capital levels, asset quality and risk, management ability and performance, earnings, liquidity, and various other factors. The regulatory agencies generally have broad discretion to impose restrictions and limitations on the operations of a regulated entity where the agencies determine, among other things, that such operations are unsafe or unsound, fail to comply with applicable law or are otherwise inconsistent with laws and regulations.

The following is a summary of the material elements of the supervisory and regulatory framework applicable to the Company and the Bank. It does not describe all of the statutes, regulations and regulatory policies that apply, nor does it restate all of the requirements of those that are described. The descriptions are qualified in their entirety by reference to the particular statutory and regulatory provision.

The Role of Capital

Regulatory capital represents the net assets of a banking organization available to absorb losses. Because of the risks attendant to their business, FDIC-insured institutions are generally required to hold more capital, than other businesses, which directly affects our earnings capabilities. Although capital has historically been one of the key measures of the financial health of both bank holding companies and banks, its role became fundamentally more important in the wake of the global financial crisis, as the banking regulators recognized that the amount and quality of capital held by banks prior to the crisis was insufficient to absorb losses during periods of severe stress.

Capital Levels. Banks have been required to hold minimum levels of capital based on guidelines established by the bank regulatory agencies since 1983. The minimums have been expressed in terms of ratios of "capital" divided by "total assets." The capital guidelines for U.S. banks beginning in 1989 have been based upon international capital accords (known as "Basel" rules) adopted by the Basel Committee on Banking Supervision, a committee of central banks and bank supervisors that acts as the primary global standard-setter for prudential regulation, as implemented by the U.S. bank regulatory agencies on an interagency basis. The accords recognized that bank assets for the purpose of the capital ratio calculations needed to be risk weighted (the theory being that riskier assets should require more capital) and that off-balance sheet exposures needed to be factored in the

calculations. Following the global financial crisis, the Group of Governors and Heads of Supervision, the oversight body of the Basel Committee on Banking Supervision, announced agreement on a strengthened set of capital requirements for banking organizations around the world, known as Basel III, to address deficiencies recognized in connection with the global financial crisis.

The Basel III Rule. The United States bank regulatory agencies adopted the Basel III regulatory capital reforms, and, at the same time, effected changes required by the Dodd-Frank Act, in regulations that were effective (with certain phase-ins) in 2015. Basel III, or the Basel III Rule, established capital standards for banks and bank holding companies that are meaningfully more stringent than those in place previously: it increased the required quantity and quality of capital; and it required a more complex, detailed and calibrated assessment of risk in the calculation of risk weightings. The Basel III Rule is applicable to all banking organizations that are subject to minimum capital requirements, including federal and state banks and savings and loan

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associations, as well as to most bank and savings and loan holding companies. The Company and the Bank are each subject to the Basel III Rule as described below.

Basel III also increased the required quantity and quality of capital. Not only did the Basel III Rule increase most of the required minimum capital ratios in effect prior to January 1, 2015, but, in requiring that forms of capital be of higher quality to absorb loss, it introduced the concept of Common Equity Tier 1 Capital, which consists primarily of common stock, related surplus (net of Treasury stock), retained earnings, and Common Equity Tier 1 minority interests subject to certain regulatory adjustments. The Basel III Rule also changed the definition of capital by establishing more stringent criteria that instruments must meet to be considered Additional Tier 1 Capital (primarily non-cumulative perpetual preferred stock that meets certain requirements) and Tier 2 Capital (primarily other types of preferred stock and subordinated debt, subject to limitations). The Basel III Rule also constrained the inclusion of minority interests, mortgage-servicing assets, and deferred tax assets in capital and required deductions from Common Equity Tier 1 Capital in the event that if such assets exceeded a percentage of a banking institution's Common Equity Tier 1 Capital.

The Basel III Rule required **minimum** capital ratios as of January 1, 2015, as follows:

- A ratio of Common Equity Tier 1 Capital equal to 4.5% of risk-weighted assets;
- A ratio of Tier 1 Capital equal to 6% of risk-weighted assets;
- A continuation of the minimum required amount of Total Capital (Tier 1 plus Tier 2) at 8% of risk-weighted assets; and
- A leverage ratio of Tier 1 Capital to total quarterly average assets equal to 4% in all circumstances.

In addition, institutions that seek the freedom to make capital distributions (including for dividends and repurchases of stock) and pay discretionary bonuses to executive officers without restriction must also maintain 2.5% in Common Equity Tier 1 Capital attributable to a capital conservation buffer. The purpose of the conservation buffer is to ensure that banking institutions maintain a buffer of capital that can be used to absorb losses during periods of financial and economic stress. Factoring in the conservation buffer increases the minimum ratios depicted above to 7% for Common Equity Tier 1 Capital, 8.5% for Tier 1 Capital and 10.5% for Total Capital.

Well-Capitalized Requirements. The ratios described above are minimum standards in order for banking organizations to be considered "adequately capitalized." Bank regulatory agencies uniformly encourage banks to hold more capital and be "well-capitalized" and, to that end, federal law and regulations provide various incentives for banking organizations to maintain regulatory capital at levels in excess of minimum regulatory requirements. For example, a banking organization that is well-capitalized may: (i) qualify for exemptions from prior notice or application requirements otherwise applicable to certain types of activities; (ii) qualify for expedited processing of other required notices or applications; and (iii) accept, roll-over or renew brokered deposits. Higher capital levels could also be required if warranted by the particular circumstances or risk profiles of individual banking organizations. For example, the Federal Reserve's capital guidelines contemplate that additional capital may be required to take adequate account of, among other things, interest rate risk, or the risks posed by concentrations of credit, nontraditional activities or securities trading activities. Further, any banking organization experiencing or anticipating significant growth would be expected to maintain capital ratios, including tangible capital positions (i.e., Tier 1 Capital less all intangible assets), well above the minimum levels.

Under the capital regulations of the Federal Reserve for the Company and the FDIC for the Bank, in order to be well-capitalized, we must maintain:

- A Common Equity Tier 1 Capital ratio to risk-weighted assets of 6.5% or more;
- A ratio of Tier 1 Capital to total risk-weighted assets of 8% or more;
- A ratio of Total Capital to total risk-weighted assets of 10% or more; and
- A leverage ratio of Tier 1 Capital to total adjusted average quarterly assets of 5% or greater.

It is possible under the Basel III Rule to be well-capitalized while remaining out of compliance with the capital conservation buffer discussed above.

As of **December 31, 2022** **December 31, 2023**: (i) the Bank was not subject to a directive from the FDIC to increase its capital and (ii) the Bank was well-capitalized, as defined by FDIC regulations. As of **December 31, 2022** **December 31, 2023**, the Company had regulatory capital in excess of the Federal Reserve's requirements and met the Basel III Rule requirements to be well-capitalized. We are also in compliance with the capital conservation buffer.

Prompt Corrective Action. The concept of an institution being "well-capitalized" is part of a regulatory enforcement regime that provides the federal banking regulators with broad power to take "prompt corrective action" to resolve the problems of institutions based on the capital level of each particular institution. The extent of the regulators' powers depends

on whether the institution in question is “adequately capitalized,” “undercapitalized,” “significantly undercapitalized” or “critically

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undercapitalized,” in each case as defined by regulation. Depending upon the capital category to which an institution is assigned, the regulators’ corrective powers include: (i) requiring the institution to submit a capital restoration plan; (ii) limiting the institution’s asset growth and restricting its activities; (iii) requiring the institution to issue additional capital stock (including additional voting stock) or to sell itself; (iv) restricting transactions between the institution and its affiliates; (v) restricting the interest rate that the institution may pay on deposits; (vi) ordering a new election of directors of the institution; (vii) requiring that senior executive officers or directors be dismissed; (viii) prohibiting the institution from accepting deposits from correspondent banks; (ix) requiring the institution to divest certain subsidiaries; (x) prohibiting the payment of principal or interest on subordinated debt; and (xi) ultimately, appointing a receiver for the institution.

Community Bank Capital Simplification. Community banks have long raised concerns with bank regulators about the regulatory burden, complexity, and costs associated with certain provisions of the Basel III Rule. In response, Congress provided an “off-ramp” for institutions, like us, with total consolidated assets of less than \$10 billion. Section 201 of the Regulatory Relief Act instructed the federal banking regulators to establish a single “Community Bank Leverage Ratio” (“CBLR”) of between 8 and 10%. Under the final rule, a community banking organization is eligible to elect the new framework if it has: less than \$10 billion in total consolidated assets, limited amounts of certain assets and off-balance sheet exposures, and a CBLR greater than 9%. We **may elect have not elected to use** the CBLR framework at **any time but have not currently determined to do so, this time.**

Supervision and Regulation of the Company

General. The Company, as the sole shareholder of the Bank, is a bank holding company that has elected financial holding company status. As a bank holding company, we are registered with, and subject to regulation, supervision and enforcement by, the Federal Reserve under the BHCA. We are legally obligated to act as a source of financial and managerial strength to the Bank and to commit resources to support the Bank in circumstances where we might not otherwise do so. Under the BHCA, we are subject to periodic examination by the Federal Reserve and are required to file with the Federal Reserve periodic reports of our operations and such additional information regarding us and the Bank as the Federal Reserve may require.

Acquisitions, Activities and Financial Holding Company Election. The primary purpose of a bank holding company is to control and manage banks. The BHCA generally requires the prior approval of the Federal Reserve for any merger involving a bank holding company or any acquisition by a bank holding company of another bank or bank holding company. Subject to certain conditions (including deposit concentration limits established by the BHCA), the Federal Reserve may allow a bank holding company to acquire banks located in any state of the United States. In approving interstate acquisitions, the Federal Reserve is required to give effect to applicable state law limitations on the aggregate amount of deposits that may be held by the acquiring bank holding company and its FDIC-insured institution affiliates in the state in which the target bank is located (provided that those limits do not discriminate against out-of-state institutions or their holding companies) and state laws that require that the target bank have been in existence for a minimum period of time (not to exceed five years) before being acquired by an out-of-state bank holding company. Furthermore, in accordance with the Dodd-Frank Act, bank holding companies must be well-capitalized and well-managed in order to effect interstate mergers or acquisitions. For a discussion of the capital requirements, see “—The Role of Capital” above.

The BHCA generally prohibits us from acquiring direct or indirect ownership or control of more than 5% of the voting shares of any company that is not a bank and from engaging in any business other than that of banking, managing and controlling banks or furnishing services to banks and their subsidiaries. This general prohibition is subject to a number of exceptions. The principal exception allows bank holding companies to engage in, and to own shares of companies engaged in, certain businesses found by the Federal Reserve prior to November 11, 1999 to be “so closely related to banking ... as to be a proper incident thereto.” This authority permits us to engage in a variety of banking-related businesses, including the ownership and operation of a savings association, or any entity engaged in consumer finance, equipment leasing, the operation of a computer service bureau (including software development) and mortgage banking and brokerage services. The BHCA does not place territorial restrictions on the domestic activities of nonbank subsidiaries of bank holding companies.

Additionally, bank holding companies that meet certain eligibility requirements prescribed by the BHCA and elect to operate as financial holding companies may engage in, or own shares in companies engaged in, a wider range of nonbanking activities, including securities and insurance underwriting and sales, merchant banking and any other activity that the Federal Reserve, in consultation with the Secretary of the Treasury, determines by regulation or order is financial in nature or incidental to any such financial activity or that the Federal Reserve determines by order to be complementary to any such financial activity, as long as the activity does not pose a substantial risk to the safety or soundness of FDIC-insured institutions or the financial system generally. We have elected to operate as a financial holding company. In order to maintain our status as a financial holding company, the Company and the Bank must be well-capitalized, well-managed, and the Bank must have a least a satisfactory CRA rating. If the Federal Reserve determines that either the Company or the Bank is not well-capitalized or well-managed, the Federal Reserve will provide a period of time in which to achieve compliance, but during the period of noncompliance, the

Federal Reserve may place any limitations on us that it deems appropriate. Furthermore, if non-compliance is based on the failure of the Bank to achieve a satisfactory CRA rating, we would not be able to commence any new financial activities or acquire a company that engages in such activities.

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Change in Control. Federal law also prohibits any person or company from acquiring “control” of an FDIC-insured depository institution or its holding company without prior notice to the appropriate federal bank regulator. “Control” is conclusively presumed to exist upon the acquisition of 25% or more of the outstanding voting securities of a bank or bank holding company, but may arise under certain circumstances between 10% and 24.99% ownership.

Capital Requirements. We are required to maintain consolidated capital in accordance with Federal Reserve capital adequacy requirements. For a discussion of capital requirements, see “—The Role of Capital” above.

Dividend Payments. Our ability to pay dividends to our shareholders may be affected by both general corporate law considerations and policies of the Federal Reserve applicable to bank holding companies. As an Iowa corporation, we are subject to the limitations of Iowa law, which allows us to pay dividends unless, after such dividend, (i) we would not be able to pay our debts as they become due in the usual course of business or (ii) our total assets would be less than the sum of our total liabilities plus any amount that would be needed if we were to be dissolved at the time of the dividend payment, to satisfy the preferential rights upon dissolution of shareholders whose rights are superior to the rights of the shareholders receiving the distribution.

As a general matter, the Federal Reserve has indicated that the board of directors of a bank holding company should eliminate, defer or significantly reduce dividends to shareholders if: (i) the company's net income available to shareholders for the past four quarters, net of dividends previously paid during that period, is not sufficient to fully fund the dividends; (ii) the prospective rate of earnings retention is inconsistent with the company's capital needs and overall current and prospective financial condition; or (iii) the company will not meet, or is in danger of not meeting, its minimum regulatory capital adequacy ratios. The Federal Reserve also possesses enforcement powers over bank holding companies and their nonbank subsidiaries to prevent or remedy actions that represent unsafe or unsound practices or violations of applicable statutes and regulations. Among these powers is the ability to proscribe the payment of dividends by banks and bank holding companies. In addition, under the Basel III Rule, institutions that seek the freedom to pay dividends have to maintain 2.5% in Common Equity Tier 1 Capital attributable to the capital conservation buffer. See “—The Role of Capital” above.

Incentive Compensation. There have been a number of developments in recent years focused on incentive compensation plans sponsored by bank holding companies and banks, reflecting recognition by the bank regulatory agencies and Congress that flawed incentive compensation practices in the financial industry were one of many factors contributing to the global financial crisis. Layered on top of that are the abuses in the headlines dealing with product cross-selling incentive plans. The result is interagency guidance on sound incentive compensation practices.

The interagency guidance recognized three core principles. Effective incentive plans should: (i) provide employees incentives that appropriately balance risk and reward; (ii) be compatible with effective controls and risk-management; and (iii) be supported by strong corporate governance, including active and effective oversight by the organization's board of directors. Much of the guidance addresses large banking organizations and, because of the size and complexity of their operations, the regulators expect those organizations to maintain systematic and formalized policies, procedures, and systems for ensuring that the incentive compensation arrangements for all executive and non-executive employees covered by this guidance are identified and reviewed, and appropriately balance risks and rewards. Smaller banking organizations like us that use incentive compensation arrangements are expected to be less extensive, formalized, and detailed than those of the larger banks.

Monetary Policy. The monetary policy of the Federal Reserve has a significant effect on the operating results of financial or bank holding companies and their subsidiaries, and this is evidenced in its increases in the targeted federal funds rate throughout 2022, 2022 and 2023. Among the tools available to the Federal Reserve to affect the money supply are open market transactions in U.S. government securities and changes in the discount rate on bank borrowings. These means are used in varying combinations to influence overall growth and distribution of bank loans, investments and deposits, and their use may affect interest rates charged on loans or paid on deposits.

Federal Securities Regulation. Our common stock is registered with the SEC under the Securities Act of 1933, as amended, and the Exchange Act. Consequently, we are subject to the information, proxy solicitation, insider trading and other restrictions and requirements of the SEC under the Exchange Act.

Corporate Governance. The Dodd-Frank Act addressed many investor protection, corporate governance and executive compensation matters that will affect most U.S. publicly traded companies. It increased shareholder influence over boards of directors by requiring companies to give shareholders a nonbinding vote on executive compensation and so-called “golden parachute” payments, and authorizing the SEC to promulgate rules that would allow shareholders to nominate and solicit voters for their own candidates using a company's proxy materials. The legislation also directed the Federal Reserve to promulgate

rules prohibiting excessive compensation paid to executives of bank holding companies, regardless of whether such companies are publicly traded.

Supervision and Regulation of the Bank

General. The Bank is an Iowa-chartered bank. The deposit accounts of the Bank are insured by the FDIC's Deposit Insurance

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Fund (“DIF”) to the maximum extent provided under federal law and FDIC regulations, currently \$250,000 per insured depositor category. As an Iowa-chartered FDIC-insured bank, the Bank is subject to the examination, supervision, reporting and enforcement requirements of the Iowa Division, the chartering authority for Iowa banks, and the FDIC, designated by federal law as the primary federal regulator of insured state banks that, like the Bank, are not members of the Federal Reserve System (nonmember banks).

Deposit Insurance. As an FDIC-insured institution, the Bank is required to pay deposit insurance premium assessments to the FDIC. The FDIC has adopted a risk-based assessment system whereby FDIC-insured institutions pay insurance premiums at rates based on their risk classification. For institutions like the Bank that are not considered large and highly complex banking organizations, assessments are now based on examination ratings and financial ratios. The total base assessment rates currently range from 1.5 2.5 basis points to 30 32 basis points.

At least semi-annually, the FDIC updates its loss and income projections for the DIF and, if needed, increases or decreases the assessment rates, following notice and comment on proposed rulemaking.

The For this purpose, the reserve ratio is the DIF balance divided by estimated insured deposits. In response to the global financial crisis, the Dodd-Frank Act increased the minimum reserve ratio from 1.15% to 1.35% of the estimated amount of total insured deposits. Prior to in the COVID-19 pandemic, semiannual update in June 2022, the FDIC projected that the reserve ratio briefly exceeded was at risk of not reaching the statutory threshold, but, because minimum of extraordinary insured deposit growth caused by an unprecedented inflow of deposits during the pandemic, the reserve ratio fell below 1.35% and continues to be below the threshold. The FDIC staff closely monitors the factors that affect the reserve ratio, and, in order to raise the reserve ratio to 1.35 % by September 30, 2028, the statutory deadline. Based on this update, the FDIC increased the approved an increase in initial base deposit insurance rates assessment rate schedules by two basis points, applicable to all insured depository institutions. The increase was effective on January 1, 2023, applicable to the first quarterly assessment period of the 2023 assessment (January 1 through March 31, 2023).

In addition, because the total cost of the failures of Silicon Valley Bank and Signature Bank was approximately \$16.3 billion, the FDIC adopted a special assessment for banks having deposits above \$5 billion, at an annual rate of 13.4 basis points beginning with the first quarterly assessment period of 2024 (January 1 through March 31, 2024) with an invoice payment date of June 28, 2024, and will continue to collect special assessments for an anticipated total of eight quarterly assessment periods. The base for the 2023 assessment. As a result of this change, special assessment is equal to an insured depository institution's estimated uninsured deposits for the Bank's FDIC insurance assessment will increase beginning December 31, 2022 reporting period, adjusted to exclude the first \$5 billion in 2023.

The DIF balance was approximately \$125.5 billion on September 30, 2022, up \$1.0 billion from the end of the second quarter. The reserve ratio remained at 1.26%, as growth in the fund balance kept pace with growth in insured estimated uninsured deposits. The FDIC staff continues to closely monitor the factors that affect the reserve ratio, and any change could impact FDIC assessments.

Supervisory Assessments. All Iowa banks are required to pay supervisory assessments to the Iowa Division to fund the operations of that agency. The amount of the assessment is calculated on the basis of the Bank's total assets. The amount of the assessment is calculated on the basis of the Bank's total assets. During the year ended December 31, 2022 December 31, 2023, the Bank paid supervisory assessments to the Iowa Division totaling approximately \$166,000, \$195,000.

Capital Requirements. Banks are generally required to maintain capital levels in excess of other businesses. For a discussion of capital requirements, see "—The Role of Capital" above.

Liquidity Requirements. Liquidity is a measure of the ability and ease with which bank assets may be converted to cash. Liquid meet financial obligations such as deposits or other funding sources. Banks are required to implement liquidity risk management frameworks that ensure they maintain sufficient liquidity, including a cushion of unencumbered, high quality liquid assets, are those that can be converted to cash quickly if needed withstand a range of stress events. The level and speed of deposit outflows contributing to the failures of Silicon Valley Bank, Signature Bank and First Republic Bank in the first half of 2023 was unprecedented and contributed to acute liquidity and funding strain. These events have further underscored the importance of liquidity risk management and contingency funding planning by insured depository institutions like the Bank.

The primary role of liquidity risk management is to: (i) prospectively assess the need for funds to meet financial obligations. To remain viable, FDIC-insured institutions must have enough liquid assets obligations; and (ii) ensure the availability of cash or collateral to meet their near-term obligations, such as withdrawals fulfill those needs at the appropriate time by depositors. Because coordinating the global financial crisis was in part a liquidity crisis, various sources of funds available to the institution under normal and stressed conditions. Basel III also includes a liquidity framework that requires FDIC-insured the largest insured institutions to measure their liquidity against specific liquidity tests. One test, referred to as the liquidity coverage ratio Liquidity Coverage Ratio, or LCR, is designed to ensure that the banking entity has an adequate stock of unencumbered high-quality liquid assets that can be converted easily and immediately in private markets into cash to meet liquidity needs for a 30-calendar day liquidity stress scenario. The other test, known as the net stable funding ratio Net Stable Funding Ratio, or NSFR, is designed to promote more medium- and long-term funding of the assets and activities of FDIC-insured institutions over a one-year horizon. These tests provide an incentive for banks and holding companies to increase their holdings in Treasury securities and other sovereign debt as a component of assets, increase the use of long-term debt as a funding source and rely on stable funding like core deposits (in lieu of brokered deposits).

In addition to liquidity guidelines already in place, the federal bank regulatory agencies implemented the Basel III LCR in September 2014, which requires large financial firms to hold levels of liquid assets sufficient to protect against constraints on their funding during times of financial turmoil, and in 2016 proposed implementation of the NSFR. While Although these rules tests do not, and will not, apply to the Bank, we continue to review our liquidity risk management policies in light of regulatory requirements and industry developments.

Dividend Payments. The primary source of funds for the Company is dividends from the Bank. Under the Iowa Banking Act, Iowa-chartered banks generally may pay dividends only out of undivided profits. The Iowa Division may restrict the declaration or payment of a dividend by an Iowa-chartered bank, such as the Bank. The payment of dividends by any FDIC-insured institution is affected by the requirement to maintain adequate capital pursuant to applicable capital adequacy guidelines and regulations, and a FDIC-insured institution generally is prohibited from paying any dividends if, following payment thereof, the

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thereof, the institution would be undercapitalized. As described above, the Bank exceeded its capital requirements under applicable guidelines as of December 31, 2022 December 31, 2023. Notwithstanding the availability of funds for dividends, however, the FDIC and the Iowa Division may prohibit the payment of dividends by the Bank if either or both determine such payment would constitute an unsafe or unsound practice. In addition, under the Basel III Rule, institutions that seek the freedom to pay dividends have to maintain 2.5% in Common Equity Tier 1 Capital attributable to the capital conservation buffer. See "—The Role of Capital" above.

State Bank Investments and Activities. The Bank is permitted to make investments and engage in activities directly or through subsidiaries as authorized by Iowa law. However, under federal law and FDIC regulations, FDIC-insured state banks are prohibited, subject to certain exceptions, from making or retaining equity investments of a type, or in an amount, that are not permissible for a national bank. Federal law and FDIC regulations also prohibit FDIC-insured state banks and their subsidiaries, subject to certain exceptions,

from engaging as principal in any activity that is not permitted for a national bank unless the bank meets, and continues to meet, its minimum regulatory capital requirements and the FDIC determines that the activity would not pose a significant risk to the DIF. These restrictions have not had, and are not currently expected to have, a material impact on the operations of the Bank.

Insider Transactions. The Bank is subject to certain restrictions imposed by federal law on “covered transactions” between the Bank and its “affiliates.” The Company is an affiliate of the Bank for purposes of these restrictions, and covered transactions subject to the restrictions include extensions of credit to the Company, investments in the stock or other securities of the Company and the acceptance of the stock or other securities of the Company as collateral for loans made by the Bank. The Dodd-Frank Act enhanced the requirements for certain transactions with affiliates, including an expansion of the definition of “covered transactions” and an increase in the amount of time for which collateral requirements regarding covered transactions must be maintained.

Certain limitations and reporting requirements are also placed on extensions of credit by the Bank to its directors and officers, to directors and officers of the Company and its subsidiaries, to principal shareholders of the Company and to “related interests” of such directors, officers and principal shareholders. In addition, federal law and regulations may affect the terms on which any person who is a director or officer of the Company or the Bank, or a principal shareholder of the Company, may obtain credit from banks with which the Bank maintains a correspondent relationship.

Safety and Soundness Standards/Risk Management. The federal banking agencies have adopted operational and managerial standards to promote the safety and soundness of FDIC-insured institutions. The standards apply to internal controls, information systems, internal audit systems, loan documentation, credit underwriting, interest rate exposure, asset growth, compensation, fees and benefits, asset quality and earnings.

In general, the safety and soundness standards prescribe the goals to be achieved in each area, and each institution is responsible for establishing its own procedures to achieve those goals. While regulatory standards do not have the force of law, if an institution operates in an unsafe and unsound manner, the FDIC-insured institution's primary federal regulator may require the institution to submit a plan for achieving and maintaining compliance. If an FDIC-insured institution fails to submit an acceptable compliance plan, or fails in any material respect to implement a compliance plan that has been accepted by its primary federal regulator, the regulator is required to issue an order directing the institution to cure the deficiency. Until the deficiency cited in the regulator's order is cured, the regulator may restrict the FDIC-insured institution's rate of growth, require the FDIC-insured institution to increase its capital, restrict the rates that the institution pays on deposits or require the institution to take any action that the regulator deems appropriate under the circumstances. Noncompliance with safety and soundness may also constitute grounds for other enforcement action by the federal bank regulatory agencies, including cease and desist orders and civil money penalty assessments.

During the past decade, the bank regulatory agencies have increasingly emphasized the importance of sound risk management processes and strong internal controls when evaluating the activities of the FDIC-insured institutions they supervise. Properly managing risk has been identified as critical to the conduct of safe and sound banking activities and has become even more important as new technologies, product innovation, and the size and speed of financial transactions have changed the nature of banking markets. The agencies have identified a spectrum of risks facing a banking institution including, but not limited to, credit, market, liquidity, operational, legal and reputational risk. The key risk themes identified for 2023 are discussed in “Item 1.A. Risk Factors” section. The Bank is expected to have active board and senior management oversight; adequate policies, procedures and limits; adequate risk measurement, monitoring and management information systems; and comprehensive internal controls.

Privacy and Cybersecurity. The Bank is subject to many U.S. federal and state laws and regulations governing requirements for maintaining policies and procedures to protect non-public confidential information of their customers. These laws require the Bank to periodically disclose its privacy policies and practices relating to sharing such information and permit consumers to opt out of their ability to share information with unaffiliated third parties under certain circumstances. They also impact the Bank's ability to share certain information with affiliates and non-affiliates for marketing and/or non-marketing purposes, or to contact customers with marketing offers.

In addition, the Bank is required to implement a comprehensive information security program

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that includes administrative, technical, and physical safeguards to ensure the security and confidentiality of customer records and information. These security and privacy policies and procedures are in effect across all businesses and geographic locations.

Risks and exposures related to cybersecurity require financial institutions to design multiple layers of security controls to establish lines of defense and to ensure that their risk management processes also address the risk posed by compromised customer credentials, including security measures to reliably authenticate customers accessing internet-based services of the financial institution. Bank management is expected to maintain sufficient business continuity planning processes to ensure the rapid recovery, resumption and maintenance of the institution's operations after a cyber-attack involving destructive malware.

Branching Authority. Iowa banks, such as the Bank, have the authority under Iowa law to establish branches anywhere in the State of Iowa, subject to receipt of all required regulatory approvals. The establishment of new interstate branches has historically been permitted only in those states the laws of which expressly authorize such expansion. The Dodd-Frank Act permits well-capitalized and well-managed banks to establish new interstate branches or the acquisition of individual branches of a bank in another state (rather than the acquisition of an out-of-state bank in its entirety) without impediments. Federal law permits state and national banks to merge with banks in other states subject to: (i) regulatory approval; (ii) federal and state deposit concentration limits; and (iii) state law limitations requiring the merging bank to have been in existence for a minimum period of time (not to exceed five years) prior to the merger.

Transaction Account Reserves. Federal law requires FDIC-insured institutions to maintain reserves against their transaction accounts (primarily NOW and regular checking accounts) to provide liquidity. The amount of reserves is established by the Federal Reserve based on tranches of zero, three and ten percent of a bank's transaction account deposits. However, in March 2020, in an unprecedented move, the Federal Reserve announced that the banking system had ample reserves, and, as reserve requirements no longer played a significant role in this regime, it reduced all reserve tranches to zero percent, thereby freeing banks from the legally mandated reserve maintenance requirement. The action permits the Bank to loan or invest funds that were previously unavailable. The Federal Reserve has indicated that it expects to continue to operate in an ample reserves regime for the foreseeable future.

Community Reinvestment Act Requirements. The CRA requires the Bank to have a continuing and affirmative obligation in a safe and sound manner to help meet the credit needs of the entire community, including low- and moderate-income neighborhoods. Federal regulators regularly assess the Bank's record of meeting the credit needs of its communities. Applications for additional acquisitions would be affected by the evaluation of the Bank's effectiveness in meeting its CRA requirements.

In May 2022, On October 24, 2023, the bank regulatory agencies issued a notice of proposed rulemaking called final rule to strengthen and modernize the Joint Proposal to Strengthen and Modernize Community Reinvestment Act Regulations CRA regulations (the "CRA Proposal" Rule), some of which is effective on April 1, 2024. The CRA Proposal Rule is designed to update how CRA activities qualify for consideration, where CRA activities are considered, and how CRA activities are evaluated. More specifically, the bank regulatory agencies described the goals of the CRA Proposal Rule as follows: (i) to expand access to credit, investment, and basic banking services in low and moderate income communities; (ii) to adapt to changes in the banking industry, including mobile and internet banking by modernizing assessment areas while maintaining a focus on branch based areas; (iii) to provide greater clarity, consistency, and transparency in the application of the regulations through the use of standardized metrics as part of CRA evaluation and clarifying eligible CRA activities focused on low and moderate income communities and under-served underserved rural communities; (iv) to tailor CRA rules and data collection to bank size and business model; and (v) to maintain a unified approach among the regulators. A final rule has not yet been issued. Management of the Bank is assessing the impact of the CRA Rule on its CRA lending and investment activities in its markets.

Anti-Money Laundering. The USA PATRIOT Act, the Bank Secrecy Act ("BSA") is the common name for a series of laws and other similar laws regulations enacted in the United States to combat money laundering and the financing of terrorism. They are designed to deny terrorists and criminals the ability to obtain access to the U.S. financial system and have significant implications for FDIC-insured institutions and other businesses involved in the transfer of money. These The so-called Anti-Money Laundering / Countering the Financing of Terrorism ("AML/CFT") regime under the BSA provides a foundation to promote financial transparency and deter and detect those who seek to misuse the U.S. financial system to launder criminal proceeds, finance terrorist acts, or move funds for other illicit purposes. The laws mandate financial services companies to have policies and procedures with respect to measures designed to address the following matters: address: (i) customer identification programs; (ii) money laundering; (iii) terrorist financing; (iv) identifying and reporting suspicious activities and currency transactions; (v) currency crimes; and (vi) cooperation between FDIC-insured institutions and law enforcement authorities.

Concentrations in Commercial Real Estate. Concentration risk exists when FDIC-insured institutions deploy too many assets to any one industry or segment. A concentration in commercial real estate is one example of regulatory concern. The interagency Concentrations in Commercial Real Estate Lending, Sound Risk Management Practices guidance ("CRE Guidance") provides supervisory criteria, including the following numerical indicators, to assist bank examiners in identifying banks with potentially significant commercial real estate loan concentrations that may warrant greater supervisory scrutiny: (i) commercial real estate loans exceeding 300% of capital and increasing 50% or more in the preceding three years; or (ii) construction and land development loans exceeding 100% of capital. The CRE Guidance does not limit banks' levels of commercial real estate lending activities, but rather guides institutions in developing risk management practices and levels of capital that are commensurate with the level and nature of their commercial real estate concentrations. On December 18, 2015, the federal banking agencies issued a statement to reinforce prudent risk-management practices related to CRE lending, having observed substantial growth in many CRE asset and lending markets, increased competitive pressures, rising CRE concentrations in

banks, and an easing of CRE underwriting standards. The federal bank agencies reminded FDIC-insured institutions to maintain underwriting discipline and exercise prudent risk-management practices to identify, measure, monitor, and manage the risks arising from CRE lending. In addition, FDIC-insured institutions must maintain capital commensurate with the level and nature of their CRE concentration risk. As of December 31, 2022 December 31, 2023, the Bank did not exceed these guidelines.

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Consumer Financial Services. The historical structure of federal consumer protection regulation applicable to all providers of consumer financial products and services changed significantly on July 21, 2011, when the CFPB commenced operations to supervise and enforce consumer protection laws. The CFPB has broad rulemaking authority for a wide range of consumer protection laws that apply to all providers of consumer products and services, including the Bank, as well as the authority to prohibit "unfair, deceptive or abusive" acts and practices. The CFPB has examination and enforcement authority over providers with more than \$10 billion in assets. FDIC-insured institutions with \$10 billion or less in assets, like the Bank, continue to be examined by their applicable bank regulators.

Because abuses in connection with residential mortgages were a significant factor contributing to the financial crisis, many rules issued by the CFPB, as required by the Dodd-Frank Act, addressed mortgage and mortgage-related products, their underwriting, origination, servicing and sales. The Dodd-Frank Act significantly expanded underwriting requirements applicable to loans secured by 1-4 family residential real property and augmented federal law combating predatory lending practices. In addition to numerous disclosure requirements, the Dodd-Frank Act and the CFPB's rules imposed new standards for mortgage loan originations on all lenders, including banks and savings associations, in an effort to strongly encourage lenders to verify a borrower's ability to repay, while also establishing a presumption of compliance for certain "qualified mortgages." The CFPB's rules have not had a significant impact on the Bank's operations, except for higher compliance costs.

ITEM 1A. RISK FACTORS.

An investment in our securities is subject to risks inherent in our business. Before making an investment decision, you should carefully consider the risks and uncertainties described below together with all of the other information included in this report. In addition to the risks and uncertainties described below, other risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially and adversely affect our business, financial condition and results of operations. The value or market price of our securities could decline due to any of these identified or other risks, and you could lose all or part of your investment.

Economic and Market Risks

Our business is concentrated in and largely dependent upon the continued growth and welfare of the Iowa and Minneapolis/St. Paul markets.

We operate primarily in the central and eastern Iowa and Minneapolis/St. Paul, Minnesota markets and their surrounding communities in the upper-Midwest. As a result, our financial condition, results of operations and cash flows are significantly impacted by changes in the economic conditions in those areas. Our success depends to a significant extent upon the business activity, population, income levels, deposits and real estate activity in these markets. Although our customers' businesses and financial interests may extend well beyond these market areas, adverse economic conditions that affect these market areas could reduce our growth rate, affect the ability of our customers to repay their loans to us, affect the value of collateral underlying loans and generally affect our financial condition and results of operations. Unfavorable or uncertain economic and market conditions can be caused by declines in economic growth, business activity or investor or business confidence; limitations on the availability or increases in the cost of credit and capital; increases in inflation or interest rates; high unemployment; uncertainty in U.S. trade policies, legislation, treaties and tariffs; natural disasters; acts of war or terrorism; widespread disease or pandemics; or a combination of these or other factors. Because of our geographic concentration, we are less able than other regional or national financial institutions to diversify our credit risks across multiple markets.

The COVID-19 pandemic could continue to have adverse effects on our business.

The COVID-19 pandemic has had a significant economic impact on the communities in which we operate, our borrowers and depositors, and the national economy generally. These effects have diminished in the past year, but future developments and uncertainties will be difficult to predict, such as the potential emergence of a new variant, the course of the pandemic in China and other major economies, the persistence of pandemic-related work and lifestyle changes, changes in consumer preferences associated with the emergence of the pandemic, and other market disruptions. Any such developments could have a complex and negative effect on our business, including with respect to the prevailing economic environment, our lending and investment activities, and our business operations.

Continued elevated levels of inflation could adversely impact our business, results of operations and financial condition.

The United States has recently experienced elevated levels of inflation, with the consumer price index climbing approximately 6.5% in 2022. Continued levels of inflation could have complex effects on our business, results of operations and financial condition, some of which could be materially adverse. For example, while we generally expect any inflation-related increases in our interest expense to be offset by increases in our interest revenue, inflation-driven increases in our levels of noninterest expense could negatively impact our results of operations. Continued elevated levels of inflation could also cause increased volatility and uncertainty in the business environment, which could adversely affect loan demand and our clients' ability to repay indebtedness. It is also possible that governmental responses to the current inflation environment could adversely affect our business, such as changes to monetary and fiscal policies.

We are subject to interest rate risk, which could adversely affect our financial condition and profitability.

Shifts in short-term interest rates may reduce our net interest income, which is the principal component of our earnings. The impact on earnings can be adverse when the slope of the yield curve flattens, that is, when short-term interest rates increase more than long-term interest rates or when long-term interest rates decrease more than short-term interest rates.

Changes in interest rates also can affect the value of loans, securities and other assets. An increase in interest rates that adversely affects the ability of borrowers to pay the principal or interest on loans may lead to an increase in nonperforming assets and a reduction of income recognized, which could have a material adverse effect on our results of operations and cash flows. Rising interest rates will likely result in a decline in fair value of our fixed-rate debt securities. Unrealized losses due to changes in interest rates on available for sale securities are recognized in other comprehensive income and reduce total shareholders' equity and do not negatively impact our regulatory capital ratios. However, tangible common equity and the associated ratios used by many investors would be reduced. Realized losses from debt securities sales reduce our regulatory capital ratios.

The Federal Reserve throughout 2022 has raised interest rates, tapered its quantitative easing program, and reduced its balance sheet
[Table of bonds and other assets, with a goal of avoiding abrupt or unpredictable changes in economic or financial conditions so as not to disrupt the financial systems, also known as "shocks;" despite this, the impact of these changes cannot be certain. Vulnerabilities in the financial system can amplify the impact of an initial shock following rate increases, potentially leading to unintended volatility, as well to disruptions in the provision of financial services, such as clearing payments, the provision of liquidity, and the availability of credit. Furthermore, asset liquidation pressures can be amplified by liquidity mismatches and the leverage of certain non-bank financial intermediaries such as hedge funds. The financial crisis in March 2020 also demonstrated that pressures on dealer intermediation can limit the availability of liquidity during times of market stress. Given the interconnectedness of the global financial system, these vulnerabilities could impact the Company's business operations and financial condition.](#)[Contents](#)

We measure interest rate risk under various rate scenarios and using specific criteria and assumptions. A summary of this process, along with the results of our net interest income simulations, is included at [Item 7A. Quantitative and Qualitative Disclosures About Market Risk](#) under ["Interest Rate Risk."](#) Although we believe our current level of interest rate sensitivity is reasonable and effectively managed, significant fluctuations in interest rates may have an adverse effect on our business, financial condition and results of operations.

Continued elevated levels of inflation could adversely impact our business, results of operations and financial condition.

The United States has experienced elevated levels of inflation throughout 2022 and 2023. Continued levels of inflation could have complex effects on our business, results of operations and financial condition, some of which could be materially adverse. Inflation could adversely impact our net interest income, while inflation-driven increases in our levels of noninterest expense could negatively impact our results of operations. Continued elevated levels of inflation could also cause increased volatility and uncertainty in the business environment, which could adversely affect loan demand and our clients' ability to repay indebtedness. It is also possible that governmental responses to the current inflation environment, such as changes to monetary and fiscal policy that are too strict, or the imposition or threatened imposition of price controls, could adversely affect our business.

Monetary policies and regulations of the Federal Reserve could adversely affect our business, financial condition and results of operations.

In addition to being affected by general economic conditions, our earnings and growth are affected by the policies of the Federal Reserve. An important function of the Federal Reserve is to regulate the money supply and credit conditions. Among the instruments used by the Federal Reserve to implement these objectives are open market operations in U.S. government securities, adjustments of the discount rate and changes in reserve requirements against bank deposits. These instruments are used in varying combinations to influence overall economic growth and the distribution of credit, bank loans, investments and deposits. Their use also affects interest rates charged on loans or paid on deposits.

Beginning in March 2022 the Federal Reserve made a series of significant increases to the target Federal Funds rate throughout 2022 and 2023 as part of an effort to combat elevated levels of inflation affecting the U.S. economy, which is expected to continue in the near term. This has helped drive a significant increase in prevailing interest rates, and, while this increased our net interest income, it also harmed which has impacted the value of our securities portfolio, which had \$108.2 million \$78.0 million in net unrealized losses from available-for-sale investment securities and \$179.9 million in net unrealized losses from held-to-maturity securities at December 31, 2022, which has negatively affected our tangible book value. December 31, 2023. Higher interest rates can also negatively affect our customers' businesses and financial condition, and the value of collateral securing loans in our portfolio.

Given the complex factors affecting the strength of the U.S. economy, including uncertainties regarding the persistence of inflation, geopolitical developments such as the war in conflicts between Israel and Palestine and between Russia and Ukraine and resulting disruptions in the global energy market, the effects of the pandemic in China, and tight labor market conditions and supply chain issues, there is a meaningful risk that the Federal

Reserve and other central banks may raise interest rates too much, thereby limiting economic growth and potentially causing an economic recession. recession or other political instability. This could decrease loan demand, harm the credit characteristics of our existing loan portfolio, impact our net interest income, impact our investment security valuation, and decrease the value of collateral securing loans in the portfolio.

The monetary policies and regulations of the Federal Reserve have had a significant effect on the operating results of commercial banks in the past and are expected to continue to do so in the future. The effects of such policies upon our business, financial condition and results of operations cannot be predicted.

We are subject to risk concerning the discontinuance of LIBOR.

LIBOR represents the interest rate at which banks offer to lend funds to one another in the international interbank market for short-term loans. On July 27, 2017, the U.K. Financial Conduct Authority announced that it will no longer persuade or compel banks to submit rates for the calculation of LIBOR rates after 2021. In March 2022, the U.S. Government enacted the Adjustable Interest Rate (LIBOR) Act to provide a smooth transition for contracts that reference LIBOR, but have no clearly defined replacement benchmark rate. Under the LIBOR Act, such contracts will transition to the applicable reference rates recommended by the FRB on June 30, 2023 (LIBOR replacement date). On December 16, 2022, the FRB published a final rule setting forth the replacement benchmark rates that will replace LIBOR on the LIBOR replacement date pursuant to the LIBOR Act. Such recommendations by the FRB included the use of varying SOFR rates for derivatives and other financial contracts that are currently indexed to LIBOR.

Contracts linked to LIBOR are vast in number and value, are intertwined with numerous financial products and services, and have diverse parties. Although the Company has actively worked to plan for the transition away from LIBOR, the transition is both complex and challenging and the downstream effect of unwinding or transitioning such contracts could cause instability and negatively impact financial markets and individual institutions. If the company's selected alternative rate is based on small transaction volume, it could be susceptible to volatility and disruption during times of market stress. Furthermore, if the company fails to properly address legacy contracts by adding robust fallback positions, it will be exposed to interest rate risks and potential loss of yields. Finally, if the Company or other market participants fail to properly plan to implement alternative rates other than LIBOR, it could have an adverse effect on the Company and the financial system as a whole.

We could recognize losses on securities held in our securities portfolio, particularly if interest rates increase remain at their current levels or economic and market conditions deteriorate.

As of December 31, 2022 December 31, 2023, the fair value of our securities portfolio was approximately \$2.08 billion \$1.69 billion. Factors beyond our control can significantly influence the fair value of securities in our portfolio and can cause potential adverse changes to the fair value of these securities. For example, fixed-rate securities acquired by us are generally subject to decreases in market value when interest rates rise. Additional factors include, but are not limited to, rating agency downgrades of the securities, defaults by the issuer or individual mortgagors with respect to the underlying securities, and instability in the credit markets. Any of the foregoing factors could result in the recognition of a loss through earnings. Because of changing economic and market conditions affecting interest rates, the financial condition of issuers of the securities and the performance of the underlying collateral, we may recognize realized and/or unrealized losses in future periods, which could have an adverse effect on our financial condition and results of operations.

At December 31, 2022 December 31, 2023, we had \$108.2 million \$78.0 million in net unrealized losses in our debt securities available for sale portfolio and \$204.5 million \$179.9 million in net unrealized losses in our held to maturity debt securities portfolio. If we are forced to liquidate any of those investments prior to maturity, including because of a lack of liquidity, we would recognize as a charge to earnings the losses

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attributable to those securities. Our securities portfolio has an average duration of 4.9 years, so we expect an increase in realized losses if interest rates continue to increase in 2023, 2024.

Weather-related events and other natural disasters, as well as man-made disasters, could cause a disruption in our operations or other consequences that could have an adverse impact on financial results and condition.

A significant portion of our operations are located in areas that are susceptible to floods, droughts, tornadoes and other severe weather events. Severe weather events, such as the August 2020 Midwest derecho natural disasters and Hurricane Ian in 2022, effects of climate change, could cause disruptions to our operations and could have a material adverse effect on our overall business, results of operations or financial condition. While we maintain insurance covering many of these weather-related events, including coverage for lost profits and extra expense, there is no insurance against the disruption that a severe weather event could produce to the markets that we serve and the resulting adverse impact on our borrowers to timely repay their loans and the value of any collateral held by us. The severity and impact of weather-related events are difficult to predict and may be exacerbated by global climate change.

Risks arising from climate change, including physical risks and transition risks, could have an adverse impact on our business and results of operations.

Climate change could present financial risks to us through changes in the physical climate that affect our operations directly or that impact our customer's operations or loan collateral. Climate change also could present financial risks to us as a result of transition risks, such as societal and/or technological responses to climate change, which could include changes in climate policy or in the regulation of financial institutions with respect to risks posed by climate change. These climate-related physical risks and transition risks could have an adverse impact on our business and results of operations due to the impact such risks may have on our operations and our customers, such as declines in asset values, reduced availability of insurance, significant interruptions to business operations, and negative consequences to business models and the need to make changes in response to those consequences. The risks of regulatory changes and compliance requirements related to climate change may impose operational burdens and increased compliance costs, capital requirements, or the risk of litigation, which could adversely affect the Company's businesses, results of operations and financial condition.

Credit and Lending Risks

We must manage our credit risk effectively.

There are risks inherent in making any loan, including risks inherent in dealing with individual borrowers, risks of nonpayment, risks resulting from uncertainties as to the future value of collateral and cash flows available to service debt and risks resulting from changes in economic and industry conditions. Default risk may arise from events or circumstances that are difficult to detect, such as fraud, or difficult to predict, such as catastrophic events affecting certain industries. In addition, we primarily serve the banking and financial services needs of small to mid-sized businesses. These businesses generally have fewer financial resources in terms of capital or borrowing capacity than larger entities, may be more vulnerable to economic downturns, may experience volatility in operating results, and may have elevated business continuity risk due to the limited size of the management group, any of which may impair a borrower's ability to repay a loan. We attempt to minimize our credit risk through prudent loan application approval procedures, careful monitoring of the concentration of our loans within specific industries and periodic independent reviews of outstanding loans by our credit review department. We periodically examine our credit process and implement changes to improve our procedures and standards. However, we cannot assure you that such approval and monitoring procedures will reduce these credit risks. If the overall economic climate in the United States, generally, or our market areas, specifically, declines, or even if it does not, our borrowers may experience difficulties in repaying their loans, and the level of nonperforming loans, charge-offs and delinquencies could rise and require increases in the provision for loan losses, which would cause our net income and return on equity to decrease.

Our loan portfolio has a significant concentration of commercial real estate loans, which involve risks specific to real estate value.

Commercial real estate lending comprises a significant portion of our lending business. Specifically, commercial real estate loans were approximately 51.6% 54.0% of our total loan portfolio as of December 31, 2022 December 31, 2023. The market value of real estate securing our commercial real estate loans can fluctuate significantly in a short period of time as a result of market conditions in the geographic area in which the real estate is located. Although a significant portion of such loans is secured by real estate as a secondary form of repayment, adverse developments affecting real estate values in one or more of our markets could increase the credit risk associated with our loan portfolio. Additionally, the repayment of the commercial real estate loans lending typically involves higher loan principal amounts, and repayment is generally is dependent, in large part, on sufficient income from the properties securing the loans to cover operating expenses and debt service. Economic events, including decreases in office occupancy as a result of the shift to remote working environments following the COVID-19 pandemic, or governmental regulations outside of the control of the borrower or lender could negatively impact the future cash flow and market values of the affected properties.

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If problems develop in the commercial real estate sector, particularly within one or more of our markets, the value of collateral securing our commercial real estate loans could decline, which could adversely affect our operating results, financial condition and/or capital. In light of the continued general uncertainty that exists in the economy and credit markets nationally, we may experience deterioration in the performance of our commercial real estate loan customers.

Commercial, industrial and agricultural loans make up a significant portion of our loan portfolio.

Commercial, industrial, and agricultural loans (including credit cards and commercially related overdrafts) were approximately 30.5% 28.9% of our total loan portfolio as of December 31, 2022 December 31, 2023. Our commercial loans are primarily made based on the identified cash flow of the borrower and secondarily on the underlying collateral provided by the borrower. Most often, this collateral is accounts receivable, inventory and equipment. Credit support provided by the borrower for most of these loans and the probability of repayment is based on the liquidation value of the pledged collateral and enforcement of a personal guarantee, if any exists. As a result, in the case of loans secured by accounts receivable, the availability of funds for the repayment of these loans may be substantially dependent on the ability of the borrower to collect amounts due from its customers. The

collateral securing these loans may depreciate over time, may be difficult to appraise and may fluctuate in value based on the success of the business. In addition, if the U.S. economy declines, this could harm the businesses of our commercial and industrial customers and reduce the value of the collateral securing these loans.

Payments on agricultural loans are dependent on the successful operation or management of the farm property. The success of the farm may be affected by many factors outside the control of the borrower, including adverse weather conditions that prevent the planting of a crop or limit crop yields, such as hail, drought and floods (although borrowers may attempt to mitigate this risk by purchasing crop insurance), loss of livestock due to disease or other factors, declines in market prices for agricultural products both domestically and internationally, and the impact of government regulations, including changes in price supports,

subsidies, tariffs, trade agreements, and environmental regulations. In addition, many farms are dependent on a limited number of key individuals whose injury or death may significantly affect the successful operation of the farm. If the cash flow from a farming operation is diminished, the borrower's ability to repay the loan may be impaired. The primary crops in our market areas are corn and soybeans. Accordingly, adverse circumstances affecting these crops could have an adverse effect on our agricultural portfolio. Likewise, agricultural operating loans involve a greater degree of risk than lending on residential properties, particularly in the case of loans that are unsecured or secured by rapidly depreciating assets such as farm equipment or assets such as livestock or crops. In these cases, any repossessed collateral for a defaulted loan may not provide an adequate source of repayment of the outstanding loan balance as a result of the greater likelihood of damage, loss or depreciation.

Our allowance for credit losses may prove to be insufficient to absorb losses in our loan portfolio.

We establish our allowance for credit losses at a level considered appropriate by management to absorb current expected credit losses based on an analysis of the portfolio, market environment and other factors we deem relevant. The allowance for credit losses represents our estimate of current expected losses in the portfolio at each balance sheet date and is based upon relevant information available to us. The allowance contains an allocation for loans specifically evaluated, as well as loans collectively evaluated. Additions to the allowance for credit losses, are estimated through the current expected credit loss model, which reflects current and forecasted conditions. The determination of the appropriate level of the allowance for credit losses inherently involves a high degree of subjectivity and requires us to make significant estimates of current credit risks and future trends, all of which may undergo material changes. Although management has established an allowance for credit losses it believes is adequate to absorb current expected credit losses, the allowance may not be adequate. We could sustain credit losses that are significantly higher than the amount of our allowance for credit losses. Higher loan losses could arise for a variety of reasons, including changes in economic, operating and other conditions within our markets, as well as changes in the financial condition, cash flows, and operations of our borrowers. At **December 31, 2022** **December 31, 2023**, our allowance for credit losses as a percentage of total loans held for investment, net was **1.28%** **1.25%** and as a percentage of nonaccrual loans was approximately **322.50%** **198.91%**. An increase in the allowance for credit losses will result in a decrease in net income and, most likely, capital, and may have a material negative impact on our financial condition and results of operations.

Nonperforming assets take significant time and resources to resolve and adversely affect our results of operations and financial condition, and could result in further losses in the future.

As of **December 31, 2022** **December 31, 2023**, our nonperforming loans, which includes nonaccrual loans and loans past due 90 days or more and still accruing interest, totaled **\$15.8 million** **\$26.4 million**, or **0.41%** **0.64%** of our loan portfolio. Our nonperforming assets, which include nonperforming loans plus foreclosed assets, net, totaled **\$15.9 million** **\$30.3 million**, or **0.24%** **0.47%** of total assets.

Our nonperforming assets adversely affect our net income in various ways. We do not record interest income on nonaccrual loans or foreclosed assets, thereby adversely affecting our net income and returns on assets and equity, increasing our loan administration costs and adversely affecting our efficiency ratio. When we take collateral in foreclosure and similar proceedings, we are required to mark the collateral to its fair market value, which may result in a loss. These nonperforming loans and foreclosed assets also increase our risk profile and the capital our regulators believe is appropriate in light of such risks. The resolution of nonperforming assets requires significant time commitments from management and can be detrimental

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to the performance of their other **responsibilities**. **responsibilities**, and may also involve additional financial resources. If we experience increases in nonperforming loans and nonperforming assets, our net interest income may be negatively impacted and our loan administration costs could increase, each of which could have an adverse effect on our net income and related ratios, such as return on assets and equity.

We may encounter issues with environmental law compliance if we take possession, through foreclosure or otherwise, of the real property that secures a loan.

A significant portion of our loan portfolio is secured by real property. In the ordinary course of business, we may foreclose on and take title to properties securing certain loans. In doing so, there is a risk that hazardous or toxic substances could be found on these properties. If hazardous or toxic substances are found, we may be liable for remediation costs, as well as for personal injury and property damage. Environmental laws may require us to incur substantial expenses and may materially reduce the affected property's value or limit our ability to use or sell the affected property. In addition, future laws or more stringent interpretations or enforcement policies with respect to existing laws may increase our exposure to environmental liability. The remediation costs and any other financial liabilities associated with an environmental hazard could have a material adverse effect on our financial condition and results of operations.

Capital & Liquidity Risks

Liquidity risks could affect operations and jeopardize our business, financial condition and results of operations.

Liquidity is essential to our business. An inability to raise funds through deposits, borrowings, the sale of loans and other sources could have a substantial negative effect on our liquidity. Our most important source of funds consists of customer deposits. Deposit balances can decrease when customers perceive alternative investments, such as money market funds, treasury securities, and certificates of deposit at other financial institutions as providing a better risk/return trade-off. If customers move money out of bank deposits and into other investments, we could lose a relatively low cost source of funds,

which would require us to seek other, potentially higher cost funding alternatives. Other primary sources of funds consist of cash from operations, investment securities maturities and sales, and funds from sales of our stock. Additional liquidity is provided by brokered deposits, bank lines of credit, repurchase agreements and the ability to borrow from the Federal Reserve Bank and the FHLB. The Federal Reserve established the BTFP on March 12, 2023, offering qualifying banks loans of up to one year in length collateralized by qualifying assets, including U.S. securities valued at par, to serve as a source of additional liquidity against high-quality securities and reducing an institution's need to quickly sell high-quality securities to meet liquidity needs. The Federal Reserve has announced that it is ending the BTFP and will cease making new loans under this program on March 11, 2024. Our access to funding sources in amounts adequate to finance or capitalize our activities or on terms that are acceptable to us could be impaired by factors that affect us directly or the financial services industry or economy in general, such as disruptions in the financial markets or negative views and expectations about the prospects for the financial services industry.

Additionally, uninsured deposits historically have been viewed by the FDIC as less stable than insured deposits. According to statements made by the FDIC staff and the leadership of the federal banking agencies, customers with larger uninsured deposit account balances often are small- and mid-sized businesses that rely upon deposit funds for payment of operational expenses and, as a result, are more likely to closely monitor the financial condition and performance of their depository institutions. As a result, in the event of financial distress, uninsured depositors historically have been more likely to withdraw their deposits. If a significant portion of our deposits were to be withdrawn within a short period of time such that additional sources of funding would be required to meet withdrawal demands, the Company may be unable to obtain funding at favorable terms, which may have an adverse effect on our net interest margin. Moreover, obtaining adequate funding to meet our deposit obligations may be more challenging during periods of elevated prevailing interest rates, such as the present period. Our ability to attract depositors during a time of actual or perceived distress or instability in the marketplace may be limited. Further, interest rates paid for borrowings generally exceed the interest rates paid on deposits. This spread may be exacerbated by higher prevailing interest rates. In addition, because our AFS investment securities lose value when interest rates rise, after-tax proceeds resulting from the sale of such assets may be diminished during periods when interest rates are elevated. Under such circumstances, we may be required to access funding from sources such as the Federal Reserve's discount window in order to manage our liquidity risk.

At December 31, 2022 December 31, 2023, our average borrowed funds increased to \$372.1 million \$425.2 million, compared to \$370.2 million \$372.1 million at December 31, 2021 December 31, 2022. As a result, our cost of funds increased, which resulted in a decline in our net interest margin in 2022 2023 compared to 2021 2022, that was partially offset by higher interest earning asset yields.

Any decline in available funding could adversely impact our ability to originate loans, invest in securities, pay our expenses, pay dividends to our shareholders, or fulfill obligations such as repaying our borrowings or meeting deposit withdrawal demands, any of which could have a material adverse impact on our liquidity, business, financial condition and results of operations.

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We may desire or be required to raise additional capital in the future, but that capital may not be available.

We are required by federal and state regulatory authorities to maintain adequate levels of capital to support our operations. We intend to grow our business organically and to explore opportunities to grow our business by taking advantage of attractive acquisition opportunities, and such growth plans may require us to raise additional capital to ensure that we have adequate levels of capital to support such growth on top of our current operations. In order to accommodate future capital needs, we maintain a universal shelf registration statement, which allows for future sale up to \$100 million of securities. Our ability to raise additional capital will depend on conditions in the capital markets, economic conditions and a number of other factors, including investor perceptions regarding the banking industry, market conditions and governmental activities, and on our financial condition and performance. If we were required to raise additional capital in the current interest rate environment, we believe the pricing and other terms investors may require in such an offering may not be attractive to us. Accordingly, we cannot assure you of our ability to raise additional capital, if needed or desired, on terms acceptable to us. If we cannot raise additional capital when needed or desired, our ability to further expand our operations through internal growth or acquisitions could be materially impaired.

Downgrades in the credit rating of one or more insurers that provide credit enhancement for our state and municipal securities portfolio may have an adverse impact on the market for, and valuation of, these types of securities.

We invest in tax-exempt and taxable state and local municipal securities, some of which are insured by monoline insurers. As of December 31, 2022 December 31, 2023, we had \$824.1 million \$671.9 million of amortized cost of municipal securities, which represented 36.1% 34.5% of our total securities portfolio based upon recorded values, amortized cost. Following the onset of the financial crisis, several of these insurers came under scrutiny by rating agencies. Even though management generally purchases municipal securities on the overall credit strength of the issuer, the reduction in the credit rating of an insurer may negatively impact the market for and valuation of our investment securities. Such a downgrade could adversely affect our liquidity, financial condition and results of operations.

Our ability to pay dividends is subject to certain limitations and restrictions, and there is no guarantee that we will be able to continue paying the same level of dividends in the future that we have paid in the past or that we will be able to pay future dividends at all.

The ability of the Bank to pay dividends to us is limited by its obligations to maintain sufficient capital and liquidity and by other general restrictions on dividends that are applicable to the Bank, including the requirement under the Iowa Banking Act that the Bank may not pay dividends in excess of its undivided profits. If these regulatory requirements are not met, the Bank will not be able to pay dividends to us, and we may be unable to pay dividends on our common stock.

In addition, as a bank holding company, our ability to declare and pay dividends is subject to the guidelines of the Federal Reserve regarding capital adequacy and dividends. The Federal Reserve guidelines generally require us to review the effects of the cash payment of dividends on common stock and other Tier 1 capital instruments (e.g. perpetual preferred stock and trust preferred debt) in light of our earnings, capital adequacy and financial condition. As a general matter, the Federal Reserve indicates that the board of directors of a bank holding company (including a financial holding company) should eliminate, defer or significantly reduce the company's dividends if:

- the company's net income available to shareholders for the past four quarters, net of dividends previously paid during that period, is not sufficient to fully fund the dividends;
- the prospective rate of earnings retention is inconsistent with the company's capital needs and overall current and prospective financial condition; or
- the company will not meet, or is in danger of not meeting, its minimum regulatory capital adequacy ratios.

Also, banking institutions that do not maintain a capital conservation buffer, comprised of Common Equity Tier 1 Capital, of 2.5% above the regulatory minimum capital requirements will face constraints on the payment of dividends, stock repurchases and discretionary bonus payments to executive officers based on the amount of the shortfall, unless prior regulatory approval is obtained. Accordingly, if the Bank fails to maintain the applicable minimum capital ratios and the capital conservation buffer, distributions to the Company may be prohibited or limited, and if the Company fails to maintain the applicable minimum capital ratios and the capital conservation buffer, distributions to or stock repurchases from the Company's shareholders may be prohibited or limited.

As of **December 31, 2022** **December 31, 2023**, we had **\$42.1 million** **\$42.3 million** of junior subordinated debentures held by five statutory business trusts that we control. Interest payments on the debentures, which totaled **\$1.9 million** **\$3.5 million** for the year ended **December 31, 2022** **December 31, 2023**, must be paid before we pay dividends on our capital stock, including our common stock. We have the right to defer interest payments on the debentures for up to 20 consecutive quarters. However, if we elect to defer interest payments, all deferred interest must be paid before we may pay dividends on our capital stock.

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We have counterparty risk, and therefore, we may be adversely affected by the soundness of other financial institutions.

Our ability to engage in routine funding and other transactions could be negatively affected by the actions and the soundness of other financial institutions. Financial services institutions are generally interrelated as a result of trading, clearing, counterparty, credit, **reputational**, or other relationships. We have exposure to many different industries and counterparties and regularly engage in transactions with counterparties in the financial services industry, including commercial banks, brokers and dealers, investment banks and other institutional customers. Many of these transactions may expose us to credit or other risks if another financial institution experiences adverse circumstances. **For example, certain community banks experienced deposit outflows following the failures of Silicon Valley Bank, Signature Bank and First Republic Bank in 2023.** In certain circumstances, the collateral that we hold may be insufficient to fully cover the risk that a counterparty defaults on its obligations, which may cause us to experience losses that could have a material adverse effect on our business, financial condition and results of operations.

Competitive and Strategic Risks

We face intense competition in all phases of our business from banks, other financial institutions, and non-banks.

The banking and financial services businesses in our markets are highly competitive. Our competitors include large regional banks, local community banks, savings and loan associations, securities and brokerage companies, mortgage companies, insurance companies, finance companies, money market mutual funds, small local credit unions as well as large aggressive and expansion-minded credit unions, fintech companies, and other non-bank financial services providers. Many of these competitors are not subject to the same regulatory restrictions as we are. Many of our unregulated competitors compete across geographic boundaries and are able to provide customers with a competitive alternative to traditional banking services, including financial transaction processing, lending platforms, and maintenance of funds.

While we do not offer products relating to digital assets, including cryptocurrencies, stablecoins and other similar assets, there has been a significant increase in digital asset adoption globally over the past several years. Certain characteristics of digital asset transactions, such as the speed with which such transactions can be conducted, the ability to transact without the involvement of regulated intermediaries, the ability to engage in transactions across multiple jurisdictions, and the anonymous nature of the transactions, are appealing to certain consumers notwithstanding the various risks posed by such transactions. Accordingly, digital asset service providers—which, at present are not subject to the same degree of scrutiny and oversight as banking organizations and other financial institutions—are becoming active competitors to more traditional financial institutions. The process of eliminating banks as intermediaries, known as “disintermediation,” could result in the loss of fee income, as well as the loss of customer deposits and the related income generated from those deposits. The loss of these revenue streams and the lower cost of deposits as a source of funds could have a material adverse effect on our financial condition and results of operations. Potential partnerships with digital asset companies, moreover, could also entail significant investment.

Increased competition in our markets may result in a decrease in the amounts of our loans and deposits, reduced spreads between loan rates and deposit rates, increased pressure on underwriting standards, or loan terms that are more favorable to the borrower. Any of these results could have a material adverse effect on our results, our financial condition, and our ability to grow and remain profitable. In addition, the diminishing role of banks as financial intermediaries has resulted and could continue to result in the loss of fee income, as well as the loss of customer deposits and the related income generated from those deposits.

We have a continuing need for technological change, and we may not have the resources to effectively implement new technology.

The financial services industry continues to undergo rapid technological changes with frequent introductions of new technology-driven products and services. In addition to enabling us to better serve our customers, the effective use of technology increases efficiency and the potential for cost reduction. Our future success will depend in part upon our ability, both

internally and through our core processor, **and other third party partners**, to address the needs of our customers by using technology to provide products and services that will satisfy customer demands for convenience as well as to create additional efficiencies in our operations as we continue to grow our market share. Many of our larger competitors have substantially greater resources to invest in technological improvements. As a result, they may be able to offer additional or superior products to those that we will be able to offer, which could put us at a competitive disadvantage. Accordingly, we cannot provide you with assurance that we will be able to effectively implement new technology-driven products and services or be successful in marketing such products and services to our customers.

The widespread adoption of new technologies, including internet services, **artificial intelligence**, cryptocurrencies and payment systems, could require us in the future to make substantial expenditures to modify or adapt our existing products and services as we grow and develop new products to satisfy our customers' expectations, **remain competitive** and comply with regulatory guidance.

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We may be adversely affected by risks associated with completed and potential acquisitions, including execution risks, failure to realize anticipated transaction benefits, and failure to overcome integration risks, which could adversely affect our growth and profitability.

We plan to continue to grow our businesses organically, but remain open to considering potential bank or other acquisition opportunities, in addition to **this year's acquisition our recent acquisitions of DNVB and IOFB**, that make financial and strategic sense. In the event that we do pursue **strategic** acquisitions, we may fail to realize some or all of the anticipated transaction benefits. Acquisition activities could be material to our business and involve a number of risks, including the following:

- We may incur time and expense associated with identifying and evaluating potential acquisitions and negotiating potential transactions, resulting in our attention being diverted from the operation of our existing business.
- We are exposed to potential asset and credit quality risks and unknown or contingent liabilities of the banks or businesses we acquire. If these issues or liabilities exceed our estimates, our earnings, capital and financial condition may be materially and adversely affected.
- The acquisition of other entities generally requires integration of systems, procedures and personnel of the acquired entity. This integration process is complicated and time consuming and can also be disruptive to the customers and employees of the acquired business and our business. If the integration process is not conducted successfully, we may not realize the anticipated economic benefits of acquisitions within the expected time frame, or ever, and we may lose customers or employees of the acquired business. We may also experience greater than anticipated customer losses even if the integration process is successful.
- To finance an acquisition, we may borrow funds or pursue other forms of financing, such as issuing convertible preferred stock, which may have high dividend rates or may be highly dilutive to holders of our common stock, thereby increasing our leverage and diminishing our liquidity, or issuing capital stock, which could dilute the interests of our existing shareholders.
- We may be unsuccessful in realizing other anticipated benefits from acquisitions. For example, we may not be successful in realizing anticipated cost savings.

In addition to the foregoing, we may face additional risks in acquisitions to the extent we acquire new lines of business, new products, or enter new geographic areas, in which we have little or no current experience, especially if we lose key employees of the acquired operations. We cannot assure you that we will be successful in overcoming these risks or any other problems encountered in connection with acquisitions. Our inability to overcome risks associated with acquisitions could have an adverse effect on our ability to successfully implement our acquisition growth strategy and grow our business and profitability.

Accounting and Tax Risks

Our accounting estimates and risk management processes rely on analytical and forecasting models.

The processes that we use to estimate expected credit losses and to measure the fair value of assets carried on the balance sheet at fair value, as well as the processes used to estimate the effects of changing interest rates and other market measures on our financial condition and results of operations, depend upon the use of analytical and forecasting models. These models are complex and reflect assumptions that may not be accurate, particularly in times of market stress or other unforeseen circumstances, such as the COVID-19 pandemic. Although we have processes and procedures in place governing internal valuation models and their testing and calibration, such assumptions are complex as we must make judgments about the effect of matters that are inherently uncertain. Different assumptions could have resulted in significant changes in valuation, which in turn could have a material adverse effect on our financial condition and results of operations.

The Company is subject to changes in tax law and may not realize tax benefits which could adversely affect our results of operations.

Changes in tax laws at national or state levels, such as the new 1.0% excise tax on stock buybacks for publicly traded companies, could have an effect on the Company's short-term and long-term earnings. Changes in tax laws could affect the Company's earnings as well as its customers' financial positions, or both. Changes in tax laws could also require the revaluation of the Company's net deferred tax position, which could have a material adverse effect on our results of operations and financial condition. In addition, current portions of the Company's net deferred tax assets relate to tax-effected state net operating loss carry-forwards, the utilization of which may be further limited in the event of certain material changes in the Company's ownership.

Operational Risks

We face the risk of possible future goodwill impairment.

In 2020, based upon the Company's interim goodwill assessment as of September 30, 2020, we concluded that an impairment of goodwill existed, and we incurred a \$31.5 million goodwill impairment charge. We will be are required to perform additional goodwill impairment assessments on at least an annual basis, and perhaps more frequently, which could result in additional goodwill impairment charges. Any future goodwill impairment charge on the current goodwill balance, or future goodwill arising out of acquisitions that we are required to take, could have a material adverse effect on our results of operations by reducing our net income or increasing our net losses.

Our ability to attract and retain management and key personnel may affect future growth and earnings.

Much of our success and growth has been influenced by our ability to attract and retain management experienced in banking and financial services and familiar with the communities in our market areas. Our ability to attract and retain executive officers, management teams, branch managers and loan officers will continue to be important to the successful implementation of our strategy. The Dodd-Frank Act also directs the Federal Reserve to promulgate rules prohibiting excessive compensation paid to bank holding company executives. These rules, when adopted, may make it more difficult to attract and retain the people we need to operate our businesses and limit our ability to promote our objectives through our compensation and incentive programs. The unexpected loss of services of any key management personnel, or the inability to recruit and retain qualified personnel in the future, could have an adverse effect on our business, results of operations and financial condition.

Labor shortages and a failure to attract and retain qualified employees could negatively impact our business, results of operations and financial condition.

A number of factors may adversely affect the labor force available to us or increase labor costs, including high employment levels, decreased labor force size and participation rates. Although we have not experienced any material labor shortage to date, we have recently observed continue to observe an overall tightening of and competitive an increase in competition in local labor market markets. A sustained labor shortage or increased turnover rates within our employee base and also within our third-party vendors could lead to increased costs, such as increased compensation expense to attract and retain employees, employees, as well as decreased efficiency. In addition, if we are unable to hire and retain employees capable of performing at a high-level, or if mitigation measures we take to respond to a decrease in labor availability have unintended negative effects, our business could be adversely affected. An overall labor shortage, lack of skilled labor, increased turnover or labor inflation, could have a material adverse impact on our business, results of operations and financial condition.

The occurrence of fraudulent activity, breaches or failures of our information security controls or cybersecurity-related incidents could have a material adverse effect on our business, financial condition, results of operations and growth prospects.

As a bank, we are susceptible to fraudulent activity, information security breaches and cybersecurity-related incidents that may be committed against us, our third party partners, or our clients, which may result in financial losses or increased costs to us or our clients, disclosure or misuse of our information or our client information, misappropriation of assets, privacy breaches against our clients, litigation or damage to our reputation. Such fraudulent activity may take many forms, including check fraud, electronic fraud, wire fraud, phishing, social engineering and other dishonest acts. Information security breaches and cybersecurity-related incidents may include fraudulent or unauthorized access to systems used by us or our clients, denial or degradation of service attacks, ransomware, malware or other cyber-attacks.

There continues to be a rise in electronic fraudulent activity, security breaches and cyber-attacks within the financial services industry, especially in the commercial banking sector due to cyber criminals targeting commercial bank accounts, accounts, and as a result of increasingly sophisticated methods of conducting cyber attacks, including those employing artificial intelligence. Several large corporations, including financial institutions, vendors specializing in providing services to financial institutions and retail companies, have suffered major data breaches, in some cases exposing not only confidential and proprietary corporate information, but also sensitive financial and other personal information of their customers and employees and subjecting them to potential fraudulent activity. Some of our clients may have been affected by these breaches, which could increase their risks of identity theft and other fraudulent activity that could involve their accounts with us.

Information pertaining to us and our clients is maintained, and transactions are executed, on networks and systems maintained by us and certain third party partners, such as our online banking, mobile banking or accounting systems. The secure maintenance and transmission of confidential information, as well as execution of transactions over these systems, are essential to protect us and our clients against fraud and security breaches and to maintain the confidence of our clients. Breaches of information security also may occur through intentional or unintentional acts by those having access to our systems or the confidential information of our clients, including employees. In addition, increases in criminal activity levels and sophistication, advances in computer capabilities, new discoveries, vulnerabilities in third party technologies (including browsers and operating systems) or other developments could result in a compromise or breach of the technology, processes and controls that we use to prevent fraudulent transactions and to protect data about us, our clients and underlying transactions, as well as the technology used by our clients to access our systems. Our third party partners' inability to anticipate, or failure to adequately mitigate, breaches of security could result in a number of negative events, including losses to us or our clients, loss of business or clients, damage to our reputation, the incurrence of additional expenses, disruption to our business, additional regulatory scrutiny or penalties or our exposure to civil litigation and possible financial liability, any of which could have a material adverse effect on our business, financial condition, results of operations and growth prospects. While we maintain insurance coverage that may, subject to policy terms and conditions, cover certain aspects of cyber risks, such insurance coverage may be insufficient to cover all losses.

Issues with the use of artificial intelligence in our marketplace may result in reputational harm or liability, or could otherwise adversely affect our business.

Artificial intelligence, including generative artificial intelligence, is or may be enabled by or integrated into our products or those developed by our third party partners. As with many developing technologies, artificial intelligence presents risks and challenges that could affect its further development, adoption, and use, and therefore our business. Artificial intelligence algorithms may be flawed, for example datasets may contain biased information or otherwise be insufficient, and inappropriate or controversial data practices could impair the acceptance of artificial intelligence solutions and result in burdensome new regulations. If the analyses that products incorporating artificial intelligence assist in producing for us or our third party partners are deficient, biased or inaccurate, we could be subject to competitive harm, potential legal liability and brand or reputational harm. The use of artificial intelligence may also present ethical issues. If we or our third party partners offer artificial intelligence enabled products that are controversial because of their purported or real impact on human rights, privacy, or other issues, we may experience competitive harm, potential legal liability and brand or reputational harm. In addition, we expect that governments will continue to assess and implement new laws and regulations concerning the use of artificial intelligence, which may affect or impair the usability or efficiency of our products and services and those developed by our third party partners.

The Company is or may become involved from time to time in suits, legal proceedings, information-gathering requests, investigations and proceedings by governmental and self-regulatory agencies that may lead to adverse consequences.

Many aspects of our business and operations involve the risk of legal liability, and in some cases we or our subsidiaries have been named or threatened to be named as defendants in various lawsuits arising from our business activities. In addition, companies in our industry are frequently the subject of governmental and self-regulatory agency information-gathering requests, reviews, investigations and proceedings. The results of such proceedings could lead to significant civil or criminal penalties, including monetary penalties, damages, adverse judgments, settlements, fines, injunctions, restrictions on the way in which we conduct our business, or reputational harm.

Although we establish accruals for legal proceedings when information related to the loss contingencies represented by those matters indicates both that a loss is probable and that the amount of loss can be reasonably estimated, we do not have accruals for all legal proceedings where we face a risk of loss. In addition, due to the inherent subjectivity of the assessments and unpredictability of the outcome of legal proceedings, amounts accrued may not represent the ultimate loss to us from the legal proceedings in question. Accordingly, our ultimate losses may be higher, and possibly significantly so, than the amounts accrued for legal loss contingencies, which could adversely affect our financial condition and results of operations.

We depend on information technology and telecommunications systems of third parties, and any systems failures, interruptions or data breaches involving these systems could adversely affect our operations and financial condition.

Our business is highly dependent on the successful and uninterrupted functioning of our information technology and telecommunications systems, third party servicers, accounting systems, mobile and online banking platforms and financial intermediaries. We outsource to third parties many of our major systems, such as data processing and mobile and online banking. The failure of these systems, or the termination of a third party software license or service agreement on which any of these systems is based, could interrupt our operations. Because our information technology and telecommunications systems interface with and depend on third party systems, we could experience service denials if demand for such services exceeds capacity or such third party systems fail or experience interruptions. A system failure or service denial could result in a deterioration of our ability to process loans or gather deposits and provide customer service, compromise our ability to operate effectively, result in potential noncompliance with applicable laws or regulations, damage our reputation, result in a loss of customer business or subject us to additional regulatory scrutiny and possible financial liability, any of which could have a material adverse effect on business, financial condition, results of operations and growth prospects. In addition, failures of third parties to comply with applicable laws and regulations, or fraud or misconduct on the part of employees of any of these third parties, could disrupt our operations or adversely affect our reputation.

It may be difficult for us to replace some of our third party vendors, particularly vendors providing our core banking and information services, in a timely manner if they are unwilling or unable to provide us with these services in the future for any reason, and even if we are able to replace them, it may be at higher cost or result in the loss of customers. Any such events could have a material adverse effect on our business, financial condition, results of operations and growth prospects.

Our operations rely heavily on the secure processing, storage and transmission of information and the monitoring of a large number of transactions on a minute-by-minute basis, and even a short interruption in service could have significant consequences. We also interact with and rely on retailers, for whom we process transactions, as well as financial counterparties and regulators. Each of these third parties may be targets of the same types of fraudulent activity, computer break-ins and other cybersecurity breaches described above, **including those employing artificial intelligence**, and the cybersecurity measures that they maintain to mitigate the risk of such activity may be different than our own and may be inadequate.

As a result of financial entities and technology systems becoming more interdependent and complex, a cyber incident, information breach or loss, or technology failure that compromises the systems or data of one or more financial entities could have a material impact on counterparties or other market participants, including ourselves. As a result of the foregoing, our

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ability to conduct business may be adversely affected by any significant disruptions to us or to third parties with whom we interact.

We are subject to certain operational risks, including, but not limited to, customer or employee fraud and data processing system failures and errors.

Employee errors and employee and customer misconduct could subject us to financial losses or regulatory sanctions and seriously harm our reputation. Misconduct by our employees could include hiding unauthorized activities from us, improper or unauthorized activities on behalf of our customers or improper use of confidential information. It is not always possible to prevent employee errors and misconduct, and the precautions we take to prevent and detect this activity may not be effective in all cases. Employee errors could also subject us to financial claims for negligence.

We maintain a system of internal controls and insurance coverage to mitigate against operational risks, including data processing system failures and errors and customer or employee fraud. Should our internal controls fail to prevent or detect an occurrence, and if any resulting loss is not insured or exceeds applicable insurance limits, such failure could have a material adverse effect on our business, financial condition and results of operations.

Our framework for managing risks may not be effective in mitigating risk and loss to us.

Our risk management framework seeks to mitigate risk and loss to us. We have established processes and procedures intended to identify, measure, monitor, report and analyze the types of risk to which we are subject, including liquidity risk, credit risk, market risk, interest rate risk, operational risk, compensation risk, legal and compliance risk, and reputational risk, among others. However, as with any risk management framework, there are inherent limitations to our risk management strategies as there may exist, or develop

in the future, risks that we have not appropriately anticipated or identified. If our risk management framework proves ineffective, we could suffer unexpected losses and could be materially adversely affected.

Our internal controls may be ineffective.

Management regularly reviews and updates our internal controls, disclosure controls and procedures and corporate governance policies and procedures. Any system of controls, however well designed and operated, is based in part on certain assumptions and can provide only reasonable, not absolute, assurances that the objectives of the system are met. Any failure or circumvention of our controls and procedures or failure to comply with regulations related to controls and procedures could have a material adverse effect on our financial condition and results of operations.

We depend on the accuracy and completeness of information provided by customers and counterparties.

In deciding whether to extend credit or enter into other transactions with customers and counterparties, we may rely on information furnished to us by or on behalf of customers and counterparties, including financial statements and other financial information. We also may rely on representations of customers and counterparties as to the accuracy and completeness of that information. In deciding whether to extend credit, we may rely upon our customers' representations that their financial statements conform to GAAP and present fairly, in all material respects, the financial condition, results of operations and cash flows of the customer. We also may rely on customer representations and certifications, or other audit or accountants' reports, with respect to the business and financial condition of our clients. Our financial condition, results of operations, financial reporting and reputation could be negatively affected if we rely on materially misleading, false, inaccurate or fraudulent information.

Regulatory Risks

We operate in a highly regulated industry, and the laws and regulations to which we are subject, or changes in them, or our failure to comply with them, may adversely affect us.

The Company and the Bank are subject to extensive regulation by multiple regulatory agencies. These regulations may affect the manner and terms of delivery of our services. If we do not comply with governmental regulations, we may be subject to fines, penalties, lawsuits or material restrictions on our businesses in the jurisdiction where the violation occurred, which may adversely affect our business operations. Changes in these regulations can significantly affect the services that we provide, as well as our costs of compliance with such regulations. In addition, political developments, including possible changes in law introduced by the new presidential administration or the appointment of new personnel in regulatory agencies, add uncertainty to the implementation, scope and timing of regulatory reforms. In addition, adverse publicity and damage to our reputation arising from the failure or perceived failure to comply with legal, regulatory or contractual requirements could affect our ability to attract and retain customers.

The Company and the Bank are subject to stringent capital and liquidity requirements.

As a result of the implementation of the Basel III Rules, we were required to meet new and increased capital requirements beginning on January 1, 2015. In addition, beginning in 2016, banking institutions that do not maintain a capital conservation

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buffer, comprised of Common Equity Tier 1 Capital, of 2.5% above the regulatory minimum capital requirements face constraints on the payment of dividends, stock repurchases and discretionary bonus payments to executive officers based on the amount of the shortfall, unless prior regulatory approval is obtained. Accordingly, if the Bank or the Company fails to maintain

the applicable minimum capital ratios and the capital conservation buffer, distributions by the Bank to the Company, or dividends or stock repurchases by the Company, may be prohibited or limited.

Future increases in minimum capital requirements could adversely affect our net income. Furthermore, if we fail to comply with the minimum capital requirements, our failure could result in our regulators taking formal or informal actions against us which could restrict our future growth or operations.

Federal and state regulators periodically examine our business, and we may be required to remediate adverse examination findings.

The Federal Reserve, the FDIC, and the Iowa Division periodically examine our business, including our compliance with laws and regulations. If, as a result of an examination, a banking agency were to determine that our financial condition, capital resources, asset quality, earnings prospects, management, liquidity or other aspects of any of our operations had become unsatisfactory, or that we were in violation of any law or regulation, they may take a number of different remedial actions as they deem appropriate. These actions include the power to enjoin "unsafe or unsound" practices, to require affirmative action to correct any conditions resulting from any violation or practice, to issue an administrative order that can be judicially enforced, to direct an increase in our capital, to restrict our growth, to assess civil money penalties, to fine or remove officers and directors and, if it is concluded that such conditions cannot be corrected or there is an imminent risk of loss to depositors, to terminate our deposit insurance and place our bank into receivership or conservatorship. Any regulatory action against us could have an adverse effect on our business, financial condition and results of operations.

We are subject to numerous laws designed to protect consumers, including the CRA and fair lending laws, and failure to comply with these laws could lead to a wide variety of sanctions.

The CRA requires the Bank, consistent with safe and sound operations, to ascertain and meet the credit needs of its entire community, including low and moderate income areas. The Bank's failure to comply with the CRA could, among other things, result in the denial or delay of certain corporate applications filed by us or the Bank, including applications for branch openings or relocations and applications to acquire, merge or consolidate with another banking institution or holding company. In addition, the Equal Credit Opportunity Act, the Fair Housing Act and other fair lending laws and regulations prohibit discriminatory lending practices by financial institutions. The U.S. Department of Justice, federal banking agencies, and other federal agencies are responsible for enforcing these laws and regulations. A challenge to an institution's compliance with fair lending laws and regulations could result in a wide variety of sanctions, including damages and civil money penalties, injunctive relief, restrictions on mergers and acquisitions activity, restrictions on expansion, and restrictions on entering new business lines. Private parties may also challenge an institution's performance under fair lending laws in private class action litigation. Such actions could have a material adverse effect on our business, financial condition, results of operations and growth prospects.

Non-compliance with the USA PATRIOT Act, the Bank Secrecy Act or other laws and regulations could result in fines or sanctions against us.

The USA PATRIOT Act and the Bank Secrecy Act require financial institutions to design and implement programs to prevent financial institutions from being used for money laundering and terrorist activities. If such activities are detected, financial institutions are obligated to file suspicious activity reports with the Financial Crimes Enforcement Network of the Treasury. These rules require financial institutions to establish procedures for identifying and verifying the identity of customers seeking to open new financial accounts. Federal and state bank regulators also have focused on compliance with Bank Secrecy Act and anti-money laundering regulations. Failure to comply with these regulations could result in fines or sanctions, including restrictions on conducting acquisitions or establishing new branches. In recent years, several banking institutions have received large fines for non-compliance with these laws and regulations. While we have developed policies and procedures designed to assist in compliance with these laws and regulations, these policies and procedures may not be effective in preventing violations of these laws and regulations. Failure to maintain and implement adequate programs to combat money laundering and terrorist financing could also have serious reputational consequences for us, which could have a material adverse effect on our business, financial condition or results of operations.

Common Stock Risks

There is a limited trading market for our common shares, and you may not be able to resell your shares at or above the price you paid for them.

Although our common shares are listed for quotation on the Nasdaq Global Select Market, the trading in our common shares has substantially less liquidity than many other companies listed on Nasdaq. A public trading market having the desired characteristics of depth, liquidity and orderliness depends on the presence in the market of willing buyers and sellers of our common shares at any given time. This presence depends on the individual decisions of investors and general economic and

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market conditions over which we have no control. We cannot assure you that the volume of trading in our common shares will increase in the future.

Certain shareholders own a significant interest in the Company and may exercise their control in a manner detrimental to your interests.

Certain MidWestOne shareholders who are descendants of our founder collectively control approximately 17.9% of our outstanding common stock. In addition, certain MidWestOne shareholders that previously owned ATBancorp ATB collectively control approximately 21.0% 19.2% of our outstanding common stock. These shareholders may have the opportunity to exert influence on the outcome of matters required to be submitted to shareholders for approval. In addition, the significant level of ownership by these shareholders may contribute to the rather limited liquidity of our common stock on the Nasdaq Global Select Market.

ITEM 1B. UNRESOLVED STAFF COMMENTS.

None.

ITEM 1C. Cybersecurity.

Cybersecurity Risk Management and Strategy

The Company has established an information security program that uses a risk-based methodology to ensure the confidentiality, integrity, and availability of its information. The Board of Directors and the Enterprise Risk Management Committee set enterprise risk strategy and make risk-informed decisions, which includes assessment and response to cybersecurity risk. The Board has appointed an Information Security Officer ("ISO") to oversee the program. The program utilizes a combination of automated tools, manual processes, and third-party assessments to identify and assess potential cybersecurity threats. The program is supported by an organization structure that reflects support from across the business. Program objectives and results are regularly reported to the Enterprise Risk Management Committee, Audit Committee, and Board of Directors.

The Company conducts risk assessments and compliance audits, both internally and by independent third parties for comparison against industry standards, including the National Institute of Standards and Technology ("NIST") cybersecurity framework and Federal Financial Institution Examination Council ("FFIEC") guidance. Risk assessment results are used to develop appropriate cybersecurity controls and risk mitigation strategies, which are implemented throughout the organization.

We maintain a cybersecurity incident response plan to help ensure a timely, consistent, and effective response to actual or attempted cybersecurity incidents impacting the Company. The plan includes considerations for (1) detection, (2) analysis, which may include timely notice to our Board if deemed material or appropriate, (3) containment, (4) eradication, (5) recovery and (6) post-incident review. In addition, we also maintain a formal information security training program for all employees that includes training on topics such as phishing and email security best practices. Employees are also required to complete regular training on data privacy.

While we have a cybersecurity program designed to protect and preserve the integrity of our information systems, the Company also maintains cybersecurity insurance to manage potential liabilities resulting from specific cyber-attacks. However, it's important to note that although we maintain cybersecurity insurance, there can be no guarantee that our insurance coverage limits will protect against any future claims or that such insurance proceeds will be paid to us in a timely manner. For further discussion of risks from cybersecurity threats, see the section captioned "Operational Risks" in Item 1A. Risk Factors.

We use third party partners to audit, assess, and test our cybersecurity program governance and control effectiveness on an annual basis. These engagements include an IT general controls review, internal and external penetration testing, social engineering testing, and incident response exercises. Findings and recommendations from these engagements are reported to the Enterprise Risk Management and Audit Committees.

We rely on our information technology systems and networks in connection with many of our business activities. Some of these networks and systems are managed by third-party service providers and are not under our direct control. The Company has implemented a third-party risk management program to manage the cybersecurity risks associated with its use of third-party service providers.

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Cybersecurity Incidents

While we have no knowledge that we have experienced a cybersecurity incident that has had or is reasonably likely to have a material adverse impact on our operations or financial results as of the date of this Form 10-K, there can be no assurance that we will not encounter such an incident in the future, notwithstanding the cybersecurity measures and processes we have undertaken. Such incidents, whether or not successful, could result in our incurring significant costs related to, for example, remediating or restoring our internal systems or information, implementing additional threat protection measures, defending against litigation, responding to regulatory inquiries or actions, paying damages, providing customers with incentives to maintain a business relationship with us, or taking other remedial steps with respect to third parties, as well as incurring significant reputational harm. Further, there is increasing regulation regarding responses to cybersecurity incidents, including reporting to regulators, which could subject us to additional liability and reputational harm. Cybersecurity threats are expected to continue to be persistent and severe.

Cybersecurity Governance

The Board and the Enterprise Risk Management Committee have oversight responsibility for our information security program and receive regular updates on the status of the program and any emerging threats or incidents with the potential to impact operations or financial performance. To ensure that the Board is fully informed about cybersecurity risks, the ISO provides regular reports to both the Board and the Enterprise Risk Management Committee. These regular reports include an overview of the Company's current cybersecurity risk assessment, key risk areas, and any significant cyber incidents that have occurred or are reasonably likely to occur. In addition, the Enterprise Risk Management Committee receives regular updates on cybersecurity trends and emerging threats from program management. Our Audit Committee also plays a role in overseeing the Company's cybersecurity and information security program. The Audit Committee reviews final reports from third-party engagements and receives presentations at its meetings concerning cybersecurity risk and related issues. All members of the Board receive copies of Audit Committee reports.

Company management is responsible for assessing and administering the cybersecurity risk program. Specifically, the Chief Information Officer ("CIO") and the ISO are responsible for the prevention, mitigation, detection, and remediation of cybersecurity incidents. The ISO has relevant expertise in cybersecurity, with 18 years of experience managing components of the information technology and information security programs at the Company. The ISO has established expertise and proficiency in cybersecurity, and holds several cybersecurity certifications, including Certified Information Systems Security Professional (CISSP), Certified Information Security Manager (CISM), and Certified in Risk and Information Systems Control (CRISC). The ISO and CIO work closely with other management positions, including the Chief Risk Officer, Chief Financial Officer, General Counsel, President, and CEO to ensure that the Company has effective communication and understanding regarding its cybersecurity risk and related controls.

The IT and Security teams monitor the prevention, mitigation, detection, and remediation of cybersecurity incidents through various processes. These processes include risk assessments, vulnerability assessments, penetration testing, program exercises, security incident and event management, continuous monitoring, and threat intelligence gathering.

In 2023, the Board held an education session with outside experts on cybersecurity. The Company has also implemented a cybersecurity training and compliance program to ensure regular education for all employees. In addition, external parties are engaged to assess Company information security programs and practices, including incident management, service continuity, and information security compliance programs.

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ITEM 2. PROPERTIES.

The Company's principal location is our corporate headquarters located at 102 South Clinton Street, Iowa City, Iowa. We own or lease other banking offices and operating facilities located throughout central and eastern Iowa, the Minneapolis / St. Paul metropolitan area, of Minnesota, southwestern Wisconsin, Naples and Fort Myers Florida, and Denver, Colorado. The number of banking offices per state at December 31, 2022 December 31, 2023 is detailed in the following table:

| | Number of Banking Offices |
|---------------------------|---------------------------|
| Iowa banking offices | 35 |
| Minnesota banking offices | 12 |
| Wisconsin banking offices | 7 |
| Florida banking offices | 2 |
| Colorado banking offices | 1 |
| | 57 |

Additional information with respect to premises and equipment is presented in [Note 6. Premises and Equipment](#) and [Note 22. Leases](#) to the consolidated financial statements in "Item 8. Financial Statements and Supplementary Data."

ITEM 3. LEGAL PROCEEDINGS.

We and our subsidiaries are from time to time parties to various legal actions arising in the normal course of business. We believe that there is no threatened or pending proceeding, other than ordinary routine litigation incidental to the Company's business, against us or our subsidiaries or of which our property is the subject, which, if determined adversely, would have a material adverse effect on our consolidated business or financial condition.

ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

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PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES.

Marketplace Designation and Holders

Our common stock is listed on the Nasdaq Global Select Market under the symbol "MOFG." As of ~~March 1, 2023~~ March 1, 2024, there were ~~15,675,325~~ 15,750,471 shares of common stock outstanding held by approximately ~~423,421~~ holders of record. Additionally, there are an estimated ~~4,393~~ 4,884 beneficial holders whose stock was held in street name by brokerage houses and other nominees as of that date.

Dividends

The Company paid quarterly cash dividends on common shares in 2023 and 2022 and anticipates continuing to pay comparable dividends. Total dividends paid on common shares were \$0.97 in 2023 and \$0.95 in 2022. However, we have no obligation to pay dividends and we may change our dividend policy at any time without notice to our shareholders.

The ability of the Company to pay dividends in the future will depend primarily upon the earnings of the Bank and its ability to pay dividends to the Company, as well as regulatory requirements of the Federal Reserve relating to the payment of dividends by bank holding companies. The ability of the Bank to pay dividends is governed by various statutes. These statutes provide that a bank may pay dividends only out of undivided profits. In addition, applicable bank regulatory authorities have the power to require any bank to suspend the payment of dividends until the bank complies with all requirements that may be imposed by such authorities.

Issuer Purchases of Equity Securities

The following table sets forth information about the Company's purchases of its common stock during the fourth quarter of ~~2022~~ 2023:

| | Total Number of Shares Purchased ⁽¹⁾ | Average Price Paid per Share | Total Number of Shares Purchased as Part of Publicly Announced Programs ⁽²⁾ | Approximate Dollar Value of Shares That May Yet Be Purchased Under the Program |
|-----------------------|--|---------------------------------|---|--|
| October 1 - 31, 2022 | — | \$ — | — | \$ 3,042,363 |
| November 1 - 30, 2022 | 207 | 35.14 | — | 3,042,363 |
| December 1 - 31, 2022 | — | — | — | 3,042,363 |
| Total | 207 | \$ 35.14 | — | \$ 3,042,363 |

| | Total Number of Shares Purchased ⁽¹⁾ | Average Price Paid per Share | Total Number of Shares Purchased as Part of Publicly Announced Programs ⁽²⁾ | Approximate Dollar Value of Shares That May Yet Be Purchased Under the Program |
|-----------------------|--|---------------------------------|---|--|
| October 1 - 31, 2023 | — | \$ — | — | \$ 15,000,000 |
| November 1 - 30, 2023 | 58 | 22.16 | — | 15,000,000 |

| | | | | |
|-----------------------|----|----------|---|---------------|
| December 1 - 31, 2023 | — | — | — | 15,000,000 |
| Total | 58 | \$ 22.16 | — | \$ 15,000,000 |

(1)The Company repurchased no common shares during the three months ended **December 31, 2022** **December 31, 2023**, while **207** **58** shares were surrendered by employees of the Company to pay withholding taxes on vesting of restricted stock unit awards.

(2)On June 22, 2021, the Board of Directors of the Company approved a share repurchase program, allowing for the repurchase of up to \$15.0 million of the Company's common stock through December 31, 2023. This **new** repurchase program replaced the Company's prior repurchase program, which was due to expire on December 31, 2021. Since June 23, 2021 and through **December 31, 2022** April 27, 2023, the Company repurchased 403,368 shares of common stock for approximately \$12.0 million, leaving \$3.0 million available to be repurchased. **On April 27, 2023, the Board of Directors of the Company approved a share repurchase program, allowing for the repurchase of up to \$15.0 million of the Company's common stock through December 31, 2025. This repurchase program replaced the Company's prior repurchase program, adopted in June 2021, which was due to expire on December 31, 2023. Since April 28, 2023 and through December 31, 2023, the Company repurchased no shares of common stock, leaving \$15.0 million available to be repurchased.**

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Performance Graph

The following table compares MidWestOne**s** **Financial Group, Inc's ("MOFG")** performance, as measured by the change in price of its common stock plus reinvested dividends, with the Nasdaq Composite Index and the S&P U.S. BMI Banks - Midwest Region Index for the five years ended **December 31, 2022** **December 31, 2023**.

MidWestOne Financial Group, Inc.



| At | | | | | | | | | | | | | | |
|---|---|------------|------------|------------|------------|------------|------------|-------|------------|------------|------------|------------|------------|------------|
| At | | | | | | | | At | | | | | | |
| Index | Index | 12/31/2017 | 12/31/2018 | 12/31/2019 | 12/31/2020 | 12/31/2021 | 12/31/2022 | Index | 12/31/2018 | 12/31/2019 | 12/31/2020 | 12/31/2021 | 12/31/2022 | 12/31/2023 |
| MidWestOne | MidWestOne | | | | | | | | | | | | | |
| Financial Group, Inc. | Financial Group, Inc. | \$ 100.00 | \$ 75.88 | \$ 113.69 | \$ 79.93 | \$ 108.81 | \$ 109.99 | | | | | | | |
| Nasdaq Composite Index | Nasdaq Composite Index | 100.00 | 97.16 | 132.81 | 192.47 | 235.15 | 158.65 | | | | | | | |
| S&P U.S. BMI Banks - Midwest Region Index | S&P U.S. BMI Banks - Midwest Region Index | 100.00 | 85.39 | 111.10 | 95.52 | 126.19 | 108.91 | | | | | | | |

The companies in the custom peer group - S&P U.S. BMI Banks - Midwest Region Index - represents all banks, thrifts or financial service companies traded on a major exchange, headquartered in Iowa, Illinois, Indiana, Kansas, Kentucky, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota and Wisconsin.

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ITEM 6. **SELECTED FINANCIAL DATA.** **Reserved.**

Not applicable.

ITEM 7. **MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.**

This section should be read in conjunction with the following parts of this Form 10-K: [Part I, Item 1 "Business,"](#) [Part II, Item 7A, "Quantitative and Qualitative Disclosures About Market Risk,"](#) and [Part II, Item 8 "Financial Statements and Supplementary Data."](#) For a discussion on the comparison of results of operations for the years ended **December 31, 2021** **December 31, 2022** and **2020,** **2021,** refer to Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operation" in the Company's Annual Form 10-K filed with the SEC on **March 10, 2022** **March 13, 2023.**

In addition to historical information, this discussion and analysis contains forward-looking statements that involve risks, uncertainties and assumptions. Certain risks, uncertainties and other factors, including but not limited to those set forth under "Cautionary Note Regarding Forward-Looking Statements," "Item 1A. Risk Factors" and elsewhere in this report, may cause actual results to differ materially from those projected in the forward-looking statements. The Company assumes no obligation to update any of these forward-looking statements. Readers of the Company's Annual Report on Form 10-K should consider these risks and uncertainties in evaluating forward-looking statements and should not place undue reliance on forward-looking statements.

Overview

We are headquartered in Iowa City, Iowa, and are a bank holding company under the BHCA that has elected to be a financial holding company. We are the holding company for MidWestOne Bank, an Iowa state non-member bank with its main office in Iowa City, Iowa.

On January 31, 2024, the Company completed the acquisition of DNVB, parent company of the BOD. Immediately following completion of the acquisition, the BOD was merged with and into MidWestOne Bank. Under the terms of the merger agreement, DNVB shareholders received \$462.42 in cash exchange for each share of DNVB stock. The value of the total deal consideration was \$32.6 million.

On September 25, 2023, the Company announced the execution of a definitive purchase and assumption agreement for the sale of its Florida operations to DFCU Financial. The transaction is an all cash deal and is expected to close in the second quarter of 2024 subject to regulatory approvals.

On June 9, 2022, the Company acquired IOFB, a bank holding company whose wholly-owned banking subsidiaries were FNBM and FNBF, community banks located in Muscatine and Fairfield, Iowa, respectively.

The As of December 31, 2023, the Bank operates operated a total of 57 banking offices, which are located throughout central and eastern Iowa, the Minneapolis/St. Paul metropolitan area, of Minnesota, southwestern Wisconsin, Naples and Fort Myers, Florida, and Denver, Colorado. The Bank is focused on delivering relationship-based business and personal banking products and services. The Bank provides commercial loans, real estate loans, agricultural loans, credit card loans, and consumer loans. The Bank also provides deposit products including demand and interest checking accounts, savings accounts, money market accounts, and time deposits. Complementary to our loan and deposit products, the Bank also provides products and services including treasury management, Zelle, digital payments, online and mobile banking, credit and debit cards, ATMs, and safe deposit boxes. The Bank also has a trust department wealth management services through which it offers services including the administration of estates, personal trusts, and conservatorships, and the management of real property. Finally, the Bank's investment services department offers as well as financial planning, investment advisory, and retail securities brokerage services (the latter of which is provided through an agreement with a third-party registered broker-dealer). services.

Our results of operations are significantly affected by our net interest income. Results of operations are also affected by noninterest income and expense, credit loss expense and income tax expense. Significant external factors that impact our results of operations include general economic and competitive conditions, as well as changes in market interest rates, government policies, and actions of regulatory authorities.

Financial Summary

The Company reported net income for the year ended December 31, 2022 December 31, 2023 of \$60.8 million \$20.9 million, a decrease of \$8.7 million \$40.0 million, or 12.4% 65.7%, compared to \$69.5 million \$60.8 million of net income for 2021, 2022, with diluted earnings per share of \$3.87 \$1.33 and \$4.37 \$3.87 for the respective annual periods.

The period as of December 31, 2022 December 31, 2023 and for the year then ended was also highlighted by the following results:

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[Balance Sheet:](#)

- Total assets increased decreased to \$6.43 billion at December 31, 2023 from \$6.58 billion at December 31, 2022 from \$6.03 billion at December 31, 2021, with the completion of the IOFB acquisition largely driven by securities sales transactions completed in the second quarter of 2022 contributing largely to this increase. 2023, as described in more detail below, which was partially offset by an increase in loans.
- At December 31, 2022 the December 31, 2023, total amount of held to maturity debt securities was were \$1.08 billion and total debt securities available for sale were \$795.1 million. At December 31, 2022, total held to maturity debt securities were \$1.13 billion and the total amount of debt securities available for sale were \$1.15 billion. The decrease in debt securities available for sale was \$1.15 billion due to the sale of \$346 million of such securities in 2023, which resulted in pretax losses of \$19.8 million. There The securities sales were no held conducted to maturity debt securities at December 31, 2021, while improve our liquidity and earnings profile and reduce the total amount liability sensitive position of the debt securities available for sale was \$2.29 billion. our balance sheet.
- Gross loans held for investment increased \$602.6 million, \$283.6 million from \$3.25 billion at December 31, 2021, to \$3.85 billion at December 31, 2022 to \$4.14 billion at December 31, 2023. This increase was primarily driven by the loans acquired in the IOFB acquisition, coupled with organic new loan growth and increased revolving line of credit utilization. production.
- The allowance for credit losses was \$51.5 million, or 1.25% of total loans as of December 31, 2023, compared with \$49.2 million, or 1.28% of total loans, as of at December 31, 2022, compared with \$48.7 million, or 1.50% of total loans, at December 31, 2021.
- Nonperforming assets declined \$16.0 million, increased \$14.4 million from \$31.9 million at December 31, 2021, to \$15.9 million at December 31, 2022 to \$30.3 million at December 31, 2023.
- Total deposits increased \$354.4 million decreased \$73.3 million, from \$5.11 billion at December 31, 2021, to \$5.47 billion at December 31, 2022. This increase was primarily due to the close of the IOFB acquisition during the second quarter of 2022, \$5.40 billion at December 31, 2023.
- Short-term borrowings increased decreased to \$300.3 million at December 31, 2023 from \$391.9 million at December 31, 2022 from \$181.4 million at December 31, 2021, while long-term debt decreased to \$123.3 million at December 31, 2023 from \$139.2 million at December 31, 2022 from \$154.9 million at December 31, 2021.
- The Company is well-capitalized with a total risk-based capital ratio of 12.07% 12.53% at December 31, 2022 December 31, 2023.

Income Statement:

- Net interest income increased \$10.1 million decreased \$22.2 million, from \$156.3 million for the year ended December 31, 2021, to \$166.4 million for the year ended December 31, 2022, while tax to \$144.2 million for the year ended December 31, 2023. Tax equivalent net interest income (a non-GAAP financial measure - see the "Non-GAAP Presentations" section for a reconciliation to the most comparable GAAP equivalent) increased \$10.4 million decreased \$22.3 million, from \$160.9 million for the year ended December 31, 2021, to \$171.3 million for the year ended December 31, 2022, to \$149.0 million for the year ended December 31, 2023. The increase decrease reflected increases in tax equivalent net interest income was paid on interest bearing deposits and borrowed funds of \$65.5 million and \$9.5 million, respectively, due primarily to an increase higher costs and volumes, coupled with a decrease of \$12.6 million, or 33%, \$2.5 million in interest income earned from investment securities which stemmed from the higher yield and volume of such securities, coupled with due to lower volumes. These decreases were offset by an increase of \$7.7 million, or 5%, \$54.4 million in loan interest income, which reflected higher loan volume stemming from the IOFB acquisition and organic new loan growth, production, coupled with an increase in loan yield. Partially offsetting these increases was an increase in interest expense from interest bearing deposits and borrowed funds of \$7.0 million and \$2.9 million, respectively, which stemmed from higher funding costs and volumes.
- Credit loss expense of \$4.5 million was \$5.8 million during 2022 2023, compared with credit loss benefit expense of \$7.3 million \$4.5 million in 2021 2022, which was primarily attributable to loan growth.
- Noninterest income increased \$5.1 million decreased \$29.1 million, from \$42.5 million for the year ended December 31, 2021, to \$47.5 million for the year ended December 31, 2022 to \$18.4 million for the year ended December 31, 2023. The largest drivers driver of the increase were decrease was net investment securities losses of \$18.8 million, attributable to balance sheet repositioning, coupled with \$6.3 million and \$5.8 million unfavorable changes in other revenue which included a \$3.8 million bargain purchase gain recognized in connection with the IOFB acquisition, and service charges and fees, partially offset by a reduction in loan revenue, revenue, respectively.
- Noninterest expense increased \$16.2 million decreased \$0.9 million, from \$116.6 million for the year ended December 31, 2021, to \$132.8 million for the year ended December 31, 2022 to \$131.9 million for the year ended December 31, 2023 primarily due to increases a decrease in all noninterest expense categories, except communications and foreclosed assets, net. These increases primarily reflected costs associated with the acquisition of IOFB, including merger-related expenses coupled with normal annual salary and compensation and employee benefit increases, a decline in the benefit received from loan origination costs, elevated legal expenses related to litigation, loan legal expenses and executive recruitment, in addition to an increase in occupancy expense stemming from the write-down of fixed assets transferred to held for sale. benefits.

Critical Accounting Policies

We have identified the following critical accounting policies and practices relative to the reporting of our results of operations and financial condition. These accounting policies relate to the allowance for credit losses, fair value of assets acquired and liabilities assumed in a business combination, and the annual impairment testing of goodwill and other intangible assets.

Allowance for Credit Losses

Loans Held for Investment

Under the current expected credit loss CECL model, the allowance for credit losses is a valuation account estimated at each balance sheet date and deducted from the amortized cost basis of loans held for investment to present the net amount expected to be collected.

The Company estimates the ACL based on the underlying assets' amortized cost basis, which is the amount at which the financing receivable is originated or acquired, adjusted for collection of cash and charge-offs, as well as applicable accretion or amortization of premium, discount, and net deferred fees or costs. In the event that collection of principal becomes uncertain, the Company has policies in place to reverse accrued interest in a timely manner. Therefore, the Company has made a policy election to exclude accrued interest from the measurement of ACL. The Company's estimate of the ACL reflects losses

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expected over the contractual life of the assets, adjusted for estimated prepayments or curtailments. The contractual term does not consider extensions, renewals or modifications unless the Company has identified an expected MBEFD. A loan that has been modified or renewed is considered a MBEFD when the borrower is experiencing financial difficulty.

Expected credit losses are reflected in the allowance for credit losses through a charge to credit loss expense. When the Company deems all or a portion of a financial asset to be uncollectible, the appropriate amount is written off and the ACL is reduced by the same amount. The Company applies judgment to determine when a financial asset is deemed uncollectible; however, generally speaking, an asset will be considered uncollectible no later than when all efforts at collection have been exhausted. Subsequent recoveries, if any, are credited to the ACL when received.

The Company measures expected credit losses of financial assets on a collective (pool) basis when the financial assets share similar risk characteristics. Depending on the nature of the pool of financial assets with similar risk characteristics, the Company uses a DCF method or a loss-rate method to estimate expected credit losses.

The Company's methodologies for estimating the ACL consider available relevant information about the collectability of cash flows, including information about past events, current conditions, and reasonable and supportable forecasts. The methodologies apply historical loss information, adjusted for asset-specific characteristics, economic conditions at the measurement date, and forecasts about future economic conditions expected to exist through the contractual lives of the financial assets that are reasonable and supportable, to the identified pools of financial assets with similar risk characteristics for which the historical loss experience was observed. Specifically, the economic forecast used by the Company is sensitive to changes in the following loss drivers: (1) Midwest unemployment, (2) year-to-year change in national retail sales, (3) year-to-year change in the CRE Index, (4) year-to-year change in U.S. GDP, (5) year-to-year change in the National Home Price Index ("HPI"), and (6) Rental Vacancy. General deterioration in these loss drivers, coupled with any changes to our modeling assumptions stemming from overall uncertainties in the current and future economic conditions, also impacts the Company's estimation of the ACL. The Company's economic forecast assumptions revert back to historical loss driver information on a straight-line basis over four quarters.

Discounted Cash Flow Method

The Company uses the DCF method to estimate expected credit losses for the agricultural, commercial and industrial, CRE - construction and development, CRE - farmland, CRE - multifamily, CRE - other, RRE - owner-occupied one-to-four family first liens, RRE - non-owner-occupied one-to-four family first liens, RRE - one-to-four family junior liens, and consumer loan pools. For each of these pools, the Company generates cash flow projections at the instrument level wherein payment expectations are adjusted for estimated prepayment speed, curtailments, time to recovery, probability of default, and loss given default. The modeling of expected prepayment speeds, curtailment rates, and time to recovery are based on historical internal data.

The Company uses regression analysis of historical internal and peer data to determine which variables are best suited to be economic variables utilized when modeling lifetime probability of default and loss given default. This analysis also determines how expected probability of default and loss given default will react to forecasted levels of the economic variables. For the loan pools utilizing the DCF method, management utilizes one or multiple of the following economic variables: Midwest unemployment, national retail sales, CRE index, US rental vacancy rate, US gross domestic product, and national home price index ("HPI").

For all DCF models, management has determined that four quarters represents a reasonable and supportable forecast period and reverts back to a historical loss rate over four quarters on a straight-line basis. Management leverages economic projections from a reputable and independent third party to inform its loss driver forecasts over the four quarter forecast period. Other internal and external indicators of economic forecasts are also considered by management when developing the forecast metrics.

The combination of adjustments for credit expectations (default and loss) and timing expectations (prepayment, curtailment, and time to recovery) produces an expected cash flow stream at the instrument level. Instrument effective yield is calculated, net of the impacts of prepayment assumptions, and the instrument expected cash flows are then discounted at that effective yield to produce an instrument-level net present value of expected cash flows ("NPV"). An ACL is established for the difference between the instrument's NPV and amortized cost basis. In addition, management utilizes qualitative factors to adjust the calculated ACL as appropriate. Qualitative factors are based on management's judgment of company, market, industry or business specific data, changes in underlying loan composition of specific portfolios, trends relating to credit quality, delinquency, non-performing and adversely rated loans, and reasonable and supportable forecasts of economic conditions.

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Loss-Rate Method

The Company uses a loss-rate method to estimate expected credit losses for the credit card and overdraft pools. For each of these pools, the Company applies an expected loss ratio based on internal and peer historical losses, adjusted as appropriate for qualitative factors. Qualitative loss factors are based on management's judgment of company, market, industry or business specific data, changes in underlying loan composition of specific portfolios, trends relating to credit quality, delinquency, non-performing and adversely rated loans, and reasonable and supportable forecasts of economic conditions.

Collateral Dependent Financial Assets

Loans that do not share risk characteristics are evaluated on an individual basis. For collateral dependent financial assets where the Company has determined that foreclosure of the collateral is probable, or where the borrower is experiencing financial difficulty and the Company expects repayment of the financial asset to be provided substantially through the operation or sale of the collateral, the ACL is measured based on the difference between the fair value of the collateral and the amortized cost basis of the asset as of the measurement date. When repayment is expected to be from the operation of the collateral, expected credit losses are calculated as the amount by which the amortized cost basis of the financial asset exceeds the present value of expected cash flows from the operation of the collateral. When repayment is expected to be from the sale of the collateral, expected credit losses are calculated as the amount by which the amortized cost basis of the financial asset exceeds the fair value of the underlying collateral less estimated cost to sell. The ACL may be zero if the fair value of the collateral at the measurement date exceeds the amortized cost basis of the financial asset.

The Company's estimate of the ACL reflects losses expected over the remaining contractual life of the assets. The contractual term does not consider extensions, renewals or modifications unless the Company has identified an expected TDR.

A loan that has been modified or renewed is considered a TDR when two conditions are met: 1) the borrower is experiencing financial difficulty and 2) concessions are made for the borrower's benefit that would not otherwise be considered for a borrower or transaction with similar credit risk characteristics. The Company's ACL reflects all effects of a TDR when an individual asset is specifically identified as a reasonably expected TDR. The Company has determined that a TDR is reasonably expected no later than the point when the lender concludes that modification is the best course of action and it is at least reasonably possible that the troubled borrower will accept some form of concession from the lender to avoid a default. Reasonably expected TDRs and executed non-performing TDRs are evaluated individually to determine the required ACL. TDRs performing in accordance with their modified contractual terms for a reasonable period of time may be included in the Company's existing pools based on the underlying risk characteristics of the loan to measure the ACL.

Accounting for Business Combinations

In June 2022, we completed the acquisition of IOFB, which generated significant amounts of fair value adjustments to assets and liabilities, such as: valuation of the acquired PCD and non-PCD loan portfolio, core deposit intangible, fixed-term deposits, and real property. The fair value adjustments assigned to assets and liabilities, as well as their related useful lives, are subject to judgment and estimation by our management. Valuation of intangible assets is generally based on the estimated cash flows related to those assets, while the initial value assigned to goodwill is the residual of the purchase price over the fair value of all identifiable assets acquired and liabilities assumed. When amounts allocated to assets acquired and liabilities assumed is greater than the purchase price, a bargain purchase gain is recognized. Useful lives are determined based on the expected future period of the benefit of the asset or liability, the assessment of which considers various characteristics of the asset or liability, including the historical cash flows. Due to the number of estimates involved, we have identified accounting for business combinations as a critical accounting policy.

Goodwill and Other Intangible Assets

Goodwill and intangible assets arise from business combinations. Goodwill represented \$62.5 million of our \$6.58 billion \$6.43 billion total assets at December 31, 2022 December 31, 2023. Under the Intangibles - Goodwill and Other topic of the FASB ASC, goodwill is tested at least annually for impairment. The Company's annual assessment is done at the reporting unit level, which the Company has concluded is at the consolidated level. We review goodwill for impairment annually during the fourth quarter and also test for impairment between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of our reporting unit below its carrying amount. Such events and circumstances may include among others: a significant adverse change in legal factors or in the general business climate; significant decline in our stock price and market capitalization; unanticipated competition; the testing for recoverability of a significant asset group within the reporting unit; and an adverse action or assessment by a regulator. Any adverse change in these factors could have a significant impact on the recoverability of goodwill and could have a material impact on our consolidated financial statements.

No goodwill impairment charge was recorded in 2022 2023 and 2021 2022 as a result of the Company's internal assessment. In 2020, due to the economic impact that COVID-19 had on the Company, management concluded that factors, such as the decline in macroeconomic conditions and a sustained decrease in share price, led to the occurrence of a triggering event and therefore an interim impairment test over goodwill was performed as of September 30, 2020. As a result of the interim assessment, the Company recorded a goodwill impairment charge of \$31.5 million as its estimated fair value was less than its book value on that date.

Other intangible assets represented \$30.3 million \$24.1 million of our \$6.58 billion \$6.43 billion total assets at December 31, 2022 December 31, 2023. The accounting for a recognized intangible asset is based on its useful life to the Company. An intangible asset with a finite useful life is amortized over its estimated useful life to the Company; an intangible asset with an indefinite useful life is not amortized but rather is tested at least annually for impairment. The intangible assets with finite lives reflected on our financial statements relate to core deposit relationships, trade name, and customer lists. The initial and subsequent measurements of intangible assets involve the

use of significant estimates and assumptions. These estimates and assumptions include, among other things, the estimated cost to service deposits acquired, discount rates, estimated attrition rates and useful lives, future economic and market conditions, comparison of our market value to book value and determination of appropriate market comparables. Periodically we evaluate the estimated useful lives of intangible assets and whether events or changes in circumstances warrant a revision to the remaining periods of amortization. We also assess these intangible assets for impairment annually or more often if conditions indicate a possible impairment. If the asset is considered to be impaired, the amount of any impairment is measured as the

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difference between the carrying value and the fair value of the impaired asset. See Note 7. Goodwill and Intangible Assets to our consolidated financial statements for additional information related to our intangible assets.

Results of Operations

Summary

| | | As of or For the Years Ended December 31, | | | | | | | | |
|--|--|--|-----------|-----------|--|------|------|---|--|--|
| | | As of or For the Years Ended December 31, | | | | | | As of or For the Years Ended December 31, | | |
| (dollars in thousands, except per share amounts) | (dollars in thousands, except per share amounts) | 2022 | 2021 | 2020 | (dollars in thousands, except per share amounts) | 2023 | 2022 | 2021 | | |
| Net Interest Income | Net Interest Income | \$166,358 | \$156,281 | \$152,964 | | | | | | |
| Noninterest Income | Noninterest Income | 47,519 | 42,453 | 38,620 | | | | | | |

| | | | | |
|--------------------------|--------------------------|-----------|-----------|----------|
| Total | Total | | | |
| Revenue, | Revenue, | | | |
| Net of | Net of | | | |
| Interest | Interest | | | |
| Expense | Expense | 213,877 | 198,734 | 191,584 |
| Credit Loss (Benefit) | | | | |
| Expense | | 4,492 | (7,336) | 28,369 |
| Credit Loss | | | | |
| Expense | | | | |
| (Benefit) | | | | |
| Noninterest | Noninterest | | | |
| Expense | Expense | 132,788 | 116,592 | 149,893 |
| Income | Income | | | |
| Before | Before | | | |
| Income Tax | Income Tax | | | |
| Expense | Expense | 76,597 | 89,478 | 13,322 |
| Income Tax | Income Tax | | | |
| Expense | Expense | 15,762 | 19,992 | 6,699 |
| Net Income | Net Income | \$ 60,835 | \$ 69,486 | \$ 6,623 |
| Diluted | Diluted | | | |
| Earnings | Earnings | | | |
| Per Share | Per Share | \$ 3.87 | \$ 4.37 | \$ 0.41 |
| Return on | Return on | | | |
| Average | Average | | | |
| Assets | Assets | 0.97 % | 1.20 % | 0.13 % |
| Return on Average | | | | |
| Assets | | | | |
| Return on Average | | | | |
| Assets | | | 0.32 % | 0.97 % |
| | | | | 1.20 % |
| Return on | Return on | | | |
| Average | Average | | | |
| Equity | Equity | 12.16 | 13.18 | 1.28 |
| Return on | Return on | | | |
| Average | Average | | | |
| Tangible | Tangible | | | |
| Equity ⁽¹⁾ | Equity ⁽¹⁾ | 15.89 | 16.63 | 10.80 |
| Efficiency | Efficiency | | | |
| Ratio ⁽¹⁾ | Ratio ⁽¹⁾ | 56.98 | 54.65 | 56.92 |
| Dividend | Dividend | | | |
| Payout | Payout | | | |
| Ratio | Ratio | 24.42 | 20.55 | 214.63 |
| Common | Common | | | |
| Equity Ratio | Equity Ratio | 7.49 | 8.75 | 9.27 |
| Common Equity Ratio | | | | |
| Common Equity Ratio | | | | |
| Tangible | Tangible | | | |
| Common | Common | | | |
| Equity | Equity | | | |
| Ratio ⁽¹⁾ | Ratio ⁽¹⁾ | 6.17 | 7.49 | 7.82 |
| Book Value | Book Value | | | |
| per Share | per Share | \$ 31.54 | \$ 33.66 | \$ 32.17 |
| Tangible | Tangible | | | |
| Book Value | Book Value | | | |
| per Share ⁽¹⁾ | per Share ⁽¹⁾ | \$ 25.60 | \$ 28.40 | \$ 26.69 |

⁽¹⁾A non-GAAP financial measure - see the "Non-GAAP Presentations" section for a reconciliation to the most comparable GAAP equivalent.

Net Interest Income

Net interest income is the difference between interest income and fees earned on interest-earning assets, less interest expense incurred on interest-bearing liabilities. Tax equivalent net interest margin is the net interest income, on a tax equivalent basis, as a percentage of average interest-earning assets.

Net Interest Income Summary

The following table shows the consolidated average balance sheets, detailing the major categories of assets and liabilities, the interest income earned on interest-earning assets, the interest expense paid for interest-bearing liabilities, and the related interest yields and costs for the periods indicated.

| | | Year ended December 31, | | | | | | | | | | | | | | | |
|--------------------------------------|--------------------------------------|-------------------------|----------------|--------------------|-----------------|-------------------------|--------------------|-----------------|-------------------------|--------------------|-------------------------------|-----------------|-------------------------|------|--------------------|--|--|
| | | 2022 | | | 2021 | | | 2020 | | | | | | | | | |
| | | Year ended December 31, | | | | | | | | | | | | | | | |
| | | 2023 | | | | | | | | | | | | | | | |
| | | Interest | | | Interest | | | Interest | | | | Interest | | | | | |
| (dollars in thousands) | (dollars in thousands) | Average Balance | Income/Expense | Average Yield/Cost | Average Balance | Interest Income/Expense | Average Yield/Cost | Average Balance | Interest Income/Expense | Average Yield/Cost | (dollars in thousands) | Average Balance | Interest Income/Expense | | Average Yield/Cost | | |
| ASSETS | ASSETS | | | | | | | | | | | | | | | | |
| Loans, including fees | Loans, including fees | | | | | | | | | | | | | | | | |
| Loans, including fees | Loans, including fees | | | | | | | | | | | | | | | | |
| Loans, including fees | Loans, including fees | \$3,511,192 | \$150,791 | 4.29 % | \$3,362,488 | \$143,141 | 4.26 % | \$3,551,945 | \$160,752 | 4.53 % | \$3,993,389 | \$205,189 | 5.14 | 5.14 | % | | |
| Taxable investment securities | Taxable investment securities | 1,891,234 | 39,019 | 2.06 | 1,577,146 | 25,692 | 1.63 | 797,954 | 17,610 | 2.21 | | | | | | | |
| Tax-exempt investment securities | Tax-exempt investment securities | 435,907 | 11,788 | 2.70 | 463,526 | 12,468 | 2.69 | 342,000 | 10,395 | 3.04 | | | | | | | |
| Total securities held for investment | Total securities held for investment | 2,327,141 | 50,807 | 2.18 | 2,040,672 | 38,160 | 1.87 | 1,139,954 | 28,005 | 2.46 | | | | | | | |
| Other | Other | 20,827 | 77 | 0.37 | 52,617 | 91 | 0.17 | 73,255 | 262 | 0.36 | | | | | | | |
| Total interest earning assets | Total interest earning assets | \$5,859,160 | \$201,675 | 3.44 % | \$5,455,777 | \$181,392 | 3.32 % | \$4,765,154 | \$189,019 | 3.97 % | Total interest earning assets | \$6,055,994 | \$254,436 | 4.20 | 4.20 | | |
| Other assets | Other assets | 385,124 | | | 324,779 | | | 370,687 | | | | | | | | | |
| Total assets | Total assets | \$6,244,284 | | | \$5,780,556 | | | \$5,135,841 | | | | | | | | | |
| Total assets | Total assets | | | | | | | | | | | | | | | | |
| LIABILITIES AND SHAREHOLDERS' EQUITY | LIABILITIES AND SHAREHOLDERS' EQUITY | | | | | | | | | | | | | | | | |
| LIABILITIES AND SHAREHOLDERS' EQUITY | LIABILITIES AND SHAREHOLDERS' EQUITY | | | | | | | | | | | | | | | | |
| LIABILITIES AND SHAREHOLDERS' EQUITY | LIABILITIES AND SHAREHOLDERS' EQUITY | | | | | | | | | | | | | | | | |
| Interest checking deposits | Interest checking deposits | | | | | | | | | | | | | | | | |
| Interest checking deposits | Interest checking deposits | \$1,640,303 | \$5,416 | 0.33 % | \$1,440,585 | \$4,208 | 0.29 % | \$1,108,997 | \$4,435 | 0.40 % | \$1,398,538 | \$8,990 | 0.64 | 0.64 | % | | |
| Money market deposits | Money market deposits | 992,390 | 4,707 | 0.47 | 946,784 | 2,006 | 0.21 | 844,137 | 3,696 | 0.44 | | | | | | | |

| | | | | | | | | | | | | | | | | | | | | |
|--|--|-------------|-----------|--------|-------------|----------|--------|-------------|----------|--------|------------------------------------|----|-------------|------|------|-----------|------|-----|--|--|
| Savings deposits | Savings deposits | 674,846 | 1,169 | 0.17 | 594,543 | 1,210 | 0.20 | 454,000 | 1,386 | 0.31 | | | | | | | | | | |
| Time deposits | Time deposits | 925,592 | 8,953 | 0.97 | 882,271 | 5,774 | 0.65 | 945,234 | 14,402 | 1.52 | | | | | | | | | | |
| Total interest bearing deposits | Total interest bearing deposits | 4,233,131 | 20,245 | 0.48 | 3,864,183 | 13,198 | 0.34 | 3,352,368 | 23,919 | 0.71 | | | | | | | | | | |
| Securities sold under agreements to repurchase | Securities sold under agreements to repurchase | 152,466 | 872 | 0.57 | 176,606 | 436 | 0.25 | 150,557 | 774 | 0.51 | | | | | | | | | | |
| Federal funds purchased | Federal funds purchased | 237 | 10 | 4.22 | 8 | — | — | 51 | 1 | 1.96 | | | | | | | | | | |
| Other short-term borrowings | | | | | | | | | | | | | | | | | | | | |
| Other short-term borrowings | | | | | | | | | | | | | | | | | | | | |
| Other short-term borrowings | Other short-term borrowings | 70,492 | 2,188 | 3.10 | 15,143 | 115 | 0.76 | 6,738 | 139 | 2.06 | | | | | | | | | | |
| Total short-term borrowings | Total short-term borrowings | 223,195 | 3,070 | 1.38 | 191,757 | 551 | 0.29 | 157,346 | 914 | 0.58 | | | | | | | | | | |
| Long-term debt | Long-term debt | 148,863 | 7,086 | 4.76 | 178,395 | 6,736 | 3.78 | 220,448 | 6,990 | 3.17 | | | | | | | | | | |
| Total borrowed funds | Total borrowed funds | 372,058 | 10,156 | 2.73 | 370,152 | 7,287 | 1.97 | 377,794 | 7,904 | 2.09 | | | | | | | | | | |
| Total interest-bearing liabilities | Total interest-bearing liabilities | \$4,605,189 | \$30,401 | 0.66 % | \$4,234,335 | \$20,485 | 0.48 % | \$3,730,162 | \$31,823 | 0.85 % | | | | | | | | | | |
| | | | | | | | | | | | Total interest-bearing liabilities | | \$4,929,651 | \$ | | \$105,441 | 2.14 | 2.1 | | |
| Noninterest bearing deposits | Noninterest bearing deposits | 1,075,918 | | | 974,044 | | | 832,038 | | | | | | | | | | | | |
| Other liabilities | Other liabilities | 62,706 | | | 45,141 | | | 58,186 | | | | | | | | | | | | |
| Other liabilities | | | | | | | | | | | | | | | | | | | | |
| Other liabilities | | | | | | | | | | | | | | | | | | | | |
| Shareholders' equity | Shareholders' equity | 500,471 | | | 527,036 | | | 515,455 | | | | | | | | | | | | |
| Shareholders' equity | | | | | | | | | | | | | | | | | | | | |
| Shareholders' equity | | | | | | | | | | | | | | | | | | | | |
| Total liabilities and shareholders' equity | | | | | | | | | | | | | | | | | | | | |
| Total liabilities and shareholders' equity | | | | | | | | | | | | | | | | | | | | |
| Total liabilities and shareholders' equity | Total liabilities and shareholders' equity | \$6,244,284 | | | \$5,780,556 | | | \$5,135,841 | | | | | | | | | | | | |
| Net interest income | Net interest income | | \$171,274 | | \$160,907 | | | \$157,196 | | | | | | | | | | | | |
| (2) | (2) | | \$171,274 | | \$160,907 | | | \$157,196 | | | | | | | | | | | | |
| Net interest income (2) | | | | | | | | | | | | | | | | | | | | |
| Net interest income (2) | | | | | | | | | | | | | | | | | | | | |
| Net interest spread (2) | | | | | | | | | | | | | | | | | | | | |
| Net interest spread (2) | | | | | | | | | | | | | | | | | | | | |
| Net interest spread | Net interest spread | | | | | | | | | | | | | | | | | | | |
| (2) | (2) | | | 2.78 % | | | 2.84 % | | | 3.12 % | | | | | | | | | | |
| Net interest margin | Net interest margin | | | | | | | | | | | | | | | | | | | |
| (2) | (2) | | | 2.92 % | | | 2.95 % | | | 3.30 % | | | | | | | | | | |
| Net interest margin (2) | | | | | | | | | | | | | | | | | | | | |
| Net interest margin (2) | | | | | | | | | | | | | | | | | | | | |
| Total deposits (5) | | | | | | | | | | | | | | | | | | | | |
| Total deposits (5) | | | | | | | | | | | | | | | | | | | | |
| Total deposits (5) | Total deposits (5) | \$5,309,049 | \$20,245 | 0.38 % | \$4,838,227 | \$13,198 | 0.27 % | \$4,184,406 | \$23,919 | 0.57 % | \$5,455,609 | \$ | \$85,764 | 1.57 | 1.57 | | | | | |

| | | | | | | | |
|---|---|----------|--------|----------|----------|------------|----------|
| Interest checking deposits | Interest checking deposits | 620 | 588 | 1,208 | 1,138 | (1,365) | (227) |
| Interest checking deposits | | | | | | | |
| Interest checking deposits | | | | | | | |
| Money market deposits | Money market deposits | 102 | 2,599 | 2,701 | 412 | (2,102) | (1,690) |
| Savings deposits | Savings deposits | 150 | (191) | (41) | 383 | (559) | (176) |
| Time deposits | Time deposits | 297 | 2,882 | 3,179 | (902) | (7,726) | (8,628) |
| Total interest bearing deposits | Total interest bearing deposits | 1,169 | 5,878 | 7,047 | 1,031 | (11,752) | (10,721) |
| Securities sold under agreements to repurchase | Securities sold under agreements to repurchase | (67) | 503 | 436 | 116 | (454) | (338) |
| Federal funds purchased | | — | 10 | 10 | — | (1) | (1) |
| Other short-term borrowings | | | | | | | |
| Other short-term borrowings | | | | | | | |
| Other short-term borrowings | Other short-term borrowings | 1,125 | 948 | 2,073 | 101 | (125) | (24) |
| Total short-term borrowings | Total short-term borrowings | 1,058 | 1,461 | 2,519 | 217 | (580) | (363) |
| Long-term debt | Long-term debt | (1,229) | 1,579 | 350 | (1,460) | 1,206 | (254) |
| Total borrowed funds | Total borrowed funds | (171) | 3,040 | 2,869 | (1,243) | 626 | (617) |
| Change in interest expense | Change in interest expense | 998 | 8,918 | 9,916 | (212) | (11,126) | (11,338) |
| Change in net interest income (1) | Change in net interest income (1) | \$10,255 | \$ 112 | \$10,367 | \$ 8,836 | \$ (5,125) | \$ 3,711 |
| Percentage increase (decrease) in net interest income over prior period | Percentage increase (decrease) in net interest income over prior period | 6.4 % | | 2.4 % | | (13.0)% | |
| (1) Tax equivalent | (1) Tax equivalent | | | | | | |

When compared to the year ended **December 31, 2021** **December 31, 2022**, our tax equivalent net interest income for the year ended **December 31, 2022** increased **December 31, 2023** decreased to **\$171.3 million** **\$149.0 million** from **\$160.9 million** **\$171.3 million**, due primarily to an increase of **\$20.3 million**, **\$75.0 million**, or **11%** **247%**, in interest income, which was expense, partially offset by an increase of **\$9.9 million**, **\$52.8 million**, or **48%** **26%**, in interest expense. The change in interest income reflected an increase of **\$12.6 million**, or **33%**, in interest income earned from investment securities, which stemmed from the higher yield and volume of such securities, coupled with an increase of **\$7.7 million**, or **5%**, in loan interest income, which reflected higher loan volume from the IOFB acquisition and organic loan growth, coupled with an increase in loan yield. income. The change in

Tax equivalent net interest margin for the year ended December 31, 2022 December 31, 2023 declined to 2.92% 2.46%, from 2.95% 2.92% for the year ended December 31, 2021 December 31, 2022, driven by higher funding costs and volumes, partially offset by higher interest earning asset yields. The cost of interest bearing liabilities increased 18 148 basis points to 0.66% 2.14%, due to interest bearing deposit costs of 0.48% 1.90%, short-term borrowing costs of 1.38% 3.78%, and long-term debt costs of 4.76% 6.53%, which increased 14 142 basis points, 109 240 basis points and 98 177 basis points, respectively, from the prior year end. Total interest earning assets yield increased 12 76 basis points primarily as a result of an increase in securities and loan yields of 31 85 basis points and 3 basis points, respectively. PPP loan fee accretion and interest increased 2021 loan yields by 17 basis points compared to 2 19 basis points in 2022. loan and securities yields, respectively.

Credit loss expense of **\$4.5 million** **\$5.8 million** was recorded in **2022**, **2023**, as compared to a credit loss benefit expense of **\$7.3 million** **\$4.5 million** in **2021**, **2022**, an increase of **\$11.8 million** **\$1.4 million**, or **161.2%** **30.2%**, and was primarily attributable to loan growth stemming from the acquisition of IOFB, coupled with growth in the organic loan portfolio, and individually evaluated loans. Net loan charge-offs were **\$3.7 million** in the year ended December 31, 2023 as compared to net loan charge-offs of **\$6.6 million** in the year ended December 31, 2022 as compared to net loan recoveries of **\$0.4 million** in the year ended December 31, 2021. The economic forecasts utilized by the Company for its loan credit loss estimation process are: (1) Midwest unemployment, (2) year-to-year change in national retail sales, (3) year-to-year change in the CRE Index, (4) year-to-year change in U.S. GDP, (5) year-to-year change in the National Home Price Index, HPI, and (6) Rental Vacancy, rental vacancy. In addition, management utilized qualitative factors to adjust the calculated ACL as appropriate. Qualitative factors are based on management's judgment of company, market, industry or business specific data, changes in underlying loan composition of specific portfolios, trends

relating to credit quality, delinquency, non-performing and adversely rated loans, and reasonable and supportable forecasts of economic conditions.

The following table sets forth the various categories of noninterest income for the years ended December 31, 2022, December 31, 2023, 2021, 2022, and 2020, 2021.

Noninterest income for the year ended December 31, 2022 increased \$5.1 million December 31, 2023 decreased \$29.1 million, or 11.9% 61.2%, from \$42.5 million \$47.5 million during the same period of 2021. The increase was 2022, primarily due to increases investment securities losses, net of \$6.4 million \$18.8 million for the year ended December 31, 2023, coupled with a \$6.3 million and \$1.2 million \$5.8 million unfavorable change in other revenue and service charges loan revenue, respectively. Investment securities losses

Noninterest Expense

| For the Year Ended December 31, | | | | | | | | | | | | | | | | | | | |
|------------------------------------|------------------------------------|-----------|-----------|-----------|----------|-----------|-----------|------------|----------|------------------------------------|-----------|-----------|--------------|----------|-----------|-----------|--|--|--|
| For the Year Ended December 31, | | | | | | | | | | | | | | | | | | | |
| (dollars in thousands) | (dollars in thousands) | | | | | | | | | (dollars in thousands) | | | | | | | | | |
| | | 2022 | 2021 | \$ Change | % Change | 2021 | 2020 | \$ Change | % Change | | 2023 | 2022 | \$ Change | % Change | 2022 | 2021 | | | |
| Compensation and employee benefits | Compensation and employee benefits | \$ 78,103 | \$ 69,937 | \$ 8,166 | 11.7 % | \$ 69,937 | \$ 66,397 | \$ 3,540 | 5.3 % | Compensation and employee benefits | \$ 76,410 | \$ 78,103 | \$ \$(1,693) | (2.2) % | \$ 78,103 | \$ 69,937 | | | |
| Occupancy expense of premises, net | Occupancy expense of premises, net | 10,272 | 9,274 | 998 | 10.8 | 9,274 | 9,348 | (74) | (0.8) | | | | | | | | | | |
| Equipment | Equipment | 8,693 | 7,816 | 877 | 11.2 | 7,816 | 7,865 | (49) | (0.6) | | | | | | | | | | |
| Legal and professional | Legal and professional | 8,646 | 5,256 | 3,390 | 64.5 | 5,256 | 6,153 | (897) | (14.6) | | | | | | | | | | |
| Data processing | Data processing | 5,574 | 5,216 | 358 | 6.9 | 5,216 | 5,362 | (146) | (2.7) | | | | | | | | | | |
| Marketing | Marketing | 4,272 | 4,022 | 250 | 6.2 | 4,022 | 3,815 | 207 | 5.4 | | | | | | | | | | |
| Amortization of intangibles | Amortization of intangibles | 6,069 | 5,357 | 712 | 13.3 | 5,357 | 6,976 | (1,619) | (23.2) | | | | | | | | | | |
| FDIC insurance | FDIC insurance | 1,660 | 1,572 | 88 | 5.6 | 1,572 | 1,858 | (286) | (15.4) | | | | | | | | | | |
| Communications | Communications | 1,125 | 1,332 | (207) | (15.5) | 1,332 | 1,746 | (414) | (23.7) | | | | | | | | | | |
| Foreclosed assets, net | Foreclosed assets, net | (18) | 233 | (251) | (107.7) | 233 | 150 | 83 | 55.3 | | | | | | | | | | |
| Other | Other | 8,392 | 6,577 | 1,815 | 27.6 | 6,577 | 8,723 | (2,146) | (24.6) | | | | | | | | | | |
| Goodwill impairment | | — | — | — | — | — | 31,500 | (31,500) | N/A | | | | | | | | | | |
| Total noninterest expense | Total noninterest expense | \$132,788 | \$116,592 | \$16,196 | 13.9 % | \$116,592 | \$149,893 | \$(33,301) | (22.2)% | | | | | | | | | | |
| Total noninterest expense | | | | | | | | | | | \$131,913 | \$132,788 | \$ (875) | (0.7) % | \$132,788 | \$116,592 | | | |

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| | | For the Year Ended December 31, | | | | | | | | |
|---------------------------------------|-----------------------------|---------------------------------------|------|------|------------------------|------|------|---------------------------------|--|--|
| | | For the Year Ended December 31, | | | | | | For the Year Ended December 31, | | |
| (dollars in thousands) | (dollars in thousands) | 2022 | 2021 | 2020 | (dollars in thousands) | 2023 | 2022 | 2021 | | |
| Merger-related expenses: | Merger-related expenses: | | | | | | | | | |
| Compensation and employee benefits | | | | | | | | | | |
| Compensation and employee benefits | | | | | | | | | | |

| | | | | |
|--|--|---------|-------|------|
| Compensation and employee benefits | Compensation and employee benefits | \$ 471 | \$ — | \$ — |
| Occupancy expense of premises, net | Occupancy expense of premises, net | 1 | — | 7 |
| Equipment | Equipment | 29 | 18 | — |
| Legal and professional | Legal and professional | 948 | 202 | — |
| Data processing | Data processing | 511 | — | 44 |
| Marketing | Marketing | 164 | 2 | — |
| Communications | Communications | 3 | — | — |
| Other | Other | 74 | 2 | 10 |
| Total impact of merger-related expenses to noninterest expense | Total impact of merger-related expenses to noninterest expense | \$2,201 | \$224 | \$61 |

Noninterest expense for the year ended December 31, 2022 increased \$16.2 million December 31, 2023 decreased \$0.9 million, or 13.9% 0.7%, from \$116.6 million \$132.8 million during the same period of 2021, 2022. The increase decline was primarily driven by a \$1.8 million decline in merger-related expenses, as well as a decline in compensation and employee benefits. The largest offset to the decrease in noninterest expense was due to an increase in all noninterest FDIC insurance expense, categories, except communications and foreclosed assets, net. These increases which was primarily reflected costs associated with the acquired operations of IOFB, including merger-related expenses of \$2.2 million. Also contributing to driven by the increase in compensation and employee benefits the assessment rate that was normal annual salary and employee benefit increases, coupled with a decline of \$1.6 million effective in the benefit from loan origination costs, which are deferred and amortized over the life first quarterly assessment of the loan to which they relate. This benefit was elevated in the prior year due to costs associated with PPP loan originations. In addition to the identified increases above, occupancy expense also reflected an increase of \$0.6 million from the write-down of fixed assets transferred to held for sale, while legal and professional expense reflected elevated legal expenses related to litigation, loan legal expenses, and executive recruitment. 2023.

Full-time equivalent employee levels were 732, 784, and 731 at December 31, 2023, 2022 and 757 at December 31, 2022, 2021, and 2020, respectively.

Income Tax Expense

Our effective tax rate, or income taxes divided by income before taxes, was 16.0% for 2023 compared with 20.6% for 2022, compared with 22.3% for 2021, which reflected lower taxable income and a larger benefit from tax exempt investment income. The decline in effective income tax expense rate for 2024 is reflective of the decrease in taxable income, partially offset by the change in tax law in the state of Iowa, which resulted in a one-time income tax expense of \$0.8 million stemming from the re-measurement of our deferred tax assets and liabilities. The effective tax rate in 2022 was also impacted by the bargain purchase gain recognized from the IOFB acquisition.

expected to be 20-22%.

Financial Condition

Following is a table that represents the major categories of the Company's balance sheet as of the dates indicated:

| | | December 31, | December 31, | | |
|------------------------------------|---------------------------|--------------|--------------|-------------------|-------------------|
| (dollars in thousands) | (dollars in thousands) | 2022 | 2021 | \$ Change | % Change |
| (dollars in thousands) | | | | | |
| (dollars in thousands) | | | | December 31, 2023 | December 31, 2022 |
| | | | | \$ Change | % Change |
| Assets | Assets | | | | |
| Cash and cash equivalents | Cash and cash equivalents | \$ 86,435 | \$ 203,830 | \$ (117,395) | (57.6)% |
| Cash and cash equivalents | | | | | |
| Cash and cash equivalents | | | | \$ 81,727 | \$ 86,435 |
| | | | | \$ (4,708) | (5.4) % |
| Loans held for sale | Loans held for sale | 612 | 12,917 | (12,305) | (95.3) |
| Debt securities available for sale | | 1,153,547 | 2,288,110 | (1,134,563) | (49.6) |

| | | | | | | | | | |
|--|--|----|-----------|-------|---|----|-----------|-------|---|
| U.S. Government agencies and corporations | U.S. Government agencies and corporations | \$ | 7,345 | 0.6 | % | \$ | 266 | — | % |
| States and political subdivisions | States and political subdivisions | | 285,356 | 24.7 | | | 765,742 | 33.5 | |
| States and political subdivisions | | | | | | | | | |
| States and political subdivisions | | | | | | | | | |
| Mortgage-backed securities | Mortgage-backed securities | | 5,944 | 0.5 | | | 100,626 | 4.4 | |
| Mortgage-backed securities | | | | | | | | | |
| Mortgage-backed securities | | | | | | | | | |
| Collateralized loan obligations | | | | | | | | | |
| Collateralized loan obligations | | | | | | | | | |
| Collateralized loan obligations | | | | | | | | | |
| Collateralized mortgage obligations | | | | | | | | | |
| Collateralized mortgage obligations | | | | | | | | | |
| Collateralized mortgage obligations | Collateralized mortgage obligations | | 147,193 | 12.8 | | | 768,899 | 33.6 | |
| Corporate debt securities | Corporate debt securities | | 707,709 | 61.4 | | | 652,577 | 28.5 | |
| Corporate debt securities | | | | | | | | | |
| Corporate debt securities | | | | | | | | | |
| Fair value of debt securities available for sale | | | | | | | | | |
| Fair value of debt securities available for sale | | | | | | | | | |
| Fair value of debt securities available for sale | Fair value of debt securities available for sale | \$ | 1,153,547 | 100.0 | % | \$ | 2,288,110 | 100.0 | % |
| Held to Maturity | | | | | | | | | |
| Held to Maturity | | | | | | | | | |
| Held to Maturity | | | | | | | | | |
| States and political subdivisions | | | | | | | | | |
| States and political subdivisions | | | | | | | | | |
| States and political subdivisions | States and political subdivisions | \$ | 538,746 | 47.7 | % | \$ | — | — | % |
| Mortgage-backed securities | Mortgage-backed securities | | 81,032 | 7.2 | | | — | — | |
| Mortgage-backed securities | | | | | | | | | |
| Mortgage-backed securities | | | | | | | | | |
| Collateralized mortgage obligations | | | | | | | | | |
| Collateralized mortgage obligations | | | | | | | | | |
| Collateralized mortgage obligations | Collateralized mortgage obligations | | 509,643 | 45.1 | | | — | — | |
| Amortized cost of debt securities held to maturity | Amortized cost of debt securities held to maturity | \$ | 1,129,421 | 100.0 | % | \$ | — | — | % |
| Amortized cost of debt securities held to maturity | | | | | | | | | |
| Amortized cost of debt securities held to maturity | | | | | | | | | |

The maturities, fair values and weighted average yields of held to maturity debt securities as of **December 31, 2022** **December 31, 2023** were as follows:

| | Maturity | | | |
|--|-----------------|-------------------|------------------|-----------------|
| | Within One Year | After One but | After Five but | |
| | | Within Five Years | | |
| | | | Within Ten Years | After Ten Years |

| Maturity | | | | | | | | | | | | | | | | | | |
|---|---|----------|--------|----------|--------|-----------|--------|-----------|--------|---|--------|------------|-----------|-----------|--------|-----------------|--------|-----------|
| After One but | | | | | | | | | | | | | | | | | | |
| Within One Year | | | | | | | | | | | | | | | | | | |
| Within One Year | | | | | | | | | | | | | | | | | | |
| Within One Year | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | Within Five Years | | | | Ten Years | | After Ten Years | | |
| (dollars in thousands) | (dollars in thousands) | Amount | Yield | Amount | Yield | Amount | Yield | Amount | Yield | (dollars in thousands) | Amount | Yield | Amount | Yield | Amount | Yield | Amount | Am |
| Held to Maturity | Held to Maturity | | | | | | | | | | | | | | | | | |
| States and political subdivisions ⁽¹⁾⁽²⁾ | | | | | | | | | | | | | | | | | | |
| States and political subdivisions ⁽¹⁾⁽²⁾ | | | | | | | | | | | | | | | | | | |
| States and political subdivisions ⁽¹⁾⁽²⁾ | States and political subdivisions ⁽¹⁾⁽²⁾ | \$ 4,350 | 0.73 % | \$95,692 | 1.62 % | \$164,989 | 1.93 % | \$185,366 | 2.02 % | \$ 2,502 | 0.31 | 0.31 % | \$133,315 | 1.68 | 1.68 % | \$200,270 | 1.88 | 1.88 % \$ |
| Mortgage-backed securities ⁽²⁾ | Mortgage-backed securities ⁽²⁾ | 68 | 0.84 | 64 | 1.10 | 648 | 1.45 | 67,401 | 1.83 | | | | | | | | | |
| Collateralized mortgage obligations ⁽²⁾ | Collateralized mortgage obligations ⁽²⁾ | — | — | 1,399 | 1.27 | 809 | 1.39 | 404,108 | 1.45 | | | | | | | | | |
| Total held to maturity debt securities | Total held to maturity debt securities | \$ 4,418 | 4.80 % | \$97,155 | 2.48 % | \$166,446 | 3.43 % | \$656,875 | 2.92 % | | | | | | | | | |
| Total held to maturity debt securities | | | | | | | | | | \$2,502 | 0.31 % | \$ 134,907 | 2.16 % | \$201,117 | 4.23 % | \$556,737 | | |
| ⁽¹⁾ Yield is on a tax-equivalent basis, assuming a federal income tax rate of 21%. | ⁽¹⁾ Yield is on a tax-equivalent basis, assuming a federal income tax rate of 21%. | | | | | | | | | ⁽¹⁾ Yield is on a tax-equivalent basis, assuming a federal income tax rate of 21%. | | | | | | | | |
| ⁽²⁾ These securities are presented based upon contractual maturities. | ⁽²⁾ These securities are presented based upon contractual maturities. | | | | | | | | | | | | | | | | | |

Our investment securities portfolio is managed to provide a source of both liquidity and earnings. The size of the portfolio varies along with fluctuations in levels of deposits and loans. We consider many factors in determining the composition of our investment portfolio including tax-equivalent yield, credit quality, duration, expected cash flows and prepayment risk, as well as the liquidity position and the interest rate risk profile of the Company.

As of December 31, 2022, December 31, 2023 and 2021, 2022, the Company's mortgage-backed and collateralized mortgage obligations portfolios consisted of securities issued by government-sponsored enterprises ("GSEs") such as the Federal National Mortgage Corporation, Federal Home Loan Mortgage Corporation, Government National Mortgage Corporation and private entities. GSE issues are predominantly backed by one- to four-family mortgage loans and underwritten to the standards of and guaranteed by the issuer. The receipt of principal, at par, and interest on these securities is guaranteed by the respective GSE, and as such the Company believes exposure for credit-related losses from its mortgage-backed securities and collateralized mortgage obligations is reduced. Further, the Company owns several privately issued collateralized mortgage obligations. These securities are structured with high levels of credit enhancement and carry the highest ratings from the one or more of the major statistical credit rating agencies. The Company's holdings of corporate bonds are primarily comprised of securities that are rated in one of the three highest rating categories by at least one of the major statistical credit rating

agencies. In evaluating corporate bonds, the company considers each issuers' financial performance, liquidity, capital position and other company **fundamentals in evaluating corporate securities.fundamentals**. Similarly, the majority of the Company's municipal holdings carry ratings in the top three ratings categories of one of the major statistical credit rating agencies. Relating to the Company's holdings of non-rated municipal bonds, these issuers are predominantly located in the Company's market area in the upper Midwest. In general, the small issue size of **the non-rated these** bond offerings makes the cost obtaining a credit rating prohibitively expensive, which explains the lack of a credit rating.

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On January 1, 2022, the Company re-classified, at fair value, from available for sale to held to maturity, \$1.25 billion of mortgage-backed securities, collateralized mortgage obligations, and securities issued by state and political subdivisions. The net unrealized after tax loss of \$11.5 million associated with those re-classified securities remained in accumulated other comprehensive loss and will be amortized over the remaining life of the securities. No gains or losses were recognized in earnings at the time of the transfer.

As of **December 31, 2022** **December 31, 2023**, there were \$0.2 million of gross unrealized gains and **\$108.4 million** **\$78.2 million** of gross unrealized losses in our debt securities available for sale portfolio for a net unrealized loss of **\$108.2 million** **\$78.0 million**. As of **December 31, 2022** **December 31, 2023** there were no gross unrealized gains and there was **\$204.5 million** **\$179.9 million** of gross unrealized losses in our held to maturity debt securities for a net unrealized loss of **\$204.5 million** **\$179.9 million**.

Subsequent to December 31, 2022, During the first and fourth quarters of 2023, the Company undertook a balance sheet repositioning related to its debt securities portfolio. Specifically, the Company executed the sale of approximately **\$231 million** **\$347.0 million** in book value of its AFS debt securities **and equity securities** for an estimated **a** pre-tax realized loss of **approximately \$13.2 million** **\$18.9 million**. **Sale proceeds of \$220 million are being redeployed towards paying off existing wholesale borrowings and purchasing Proceeds from the sale were utilized to purchase higher yielding AFS debt securities with spread differentials of approximately 180 basis points and 350 basis points, respectively, higher than the securities that were sold, reduce short-term borrowings.** The Company estimates the loss will be recouped within approximately **two to** three years. **We expect the** **The** impact to our Tier 1 leverage ratio **will be** **was** neutral. The restructuring is expected to be accretive to earnings, net interest margin, return on assets, and tangible common equity in future periods, while providing greater flexibility in managing balance sheet growth and deposit funding.

See [Note 3. Debt Securities](#) to our consolidated financial statements for additional information related to our debt securities portfolio.

Loans

The composition of our loan portfolio by type of loan was as follows:

| | | As of December 31, | | | |
|---------------------------|---------------------------|--------------------|------------|------------|------------|
| | | As of December 31, | | | |
| | | As of December 31, | | | |
| | | 2023 | | | |
| | | As of December 31, | | | |
| (dollars in thousands) | | | | | |
| | | 2022 | | 2021 | |
| (dollars in thousands) | | | | | |
| (dollars in thousands) | (dollars in thousands) | Amount | % of Total | Amount | % of Total |
| Agricultural | Agricultural | \$ 115,320 | 3.0 % | \$ 103,417 | 3.2 % |
| Agricultural | | | | | |
| Agricultural | | | | | |
| Commercial and industrial | | | | | |
| Commercial and industrial | | | | | |
| Commercial and industrial | Commercial and industrial | 1,055,162 | 27.5 | 902,314 | 27.8 |
| Commercial real estate | Commercial real estate | 1,980,018 | 51.6 | 1,704,541 | 52.5 |
| Commercial real estate | | | | | |
| Commercial real estate | | | | | |
| Residential real estate | | | | | |
| Residential real estate | | | | | |
| Residential real estate | Residential real estate | 614,428 | 15.9 | 466,322 | 14.4 |
| Consumer | Consumer | 75,596 | 2.0 | 68,418 | 2.1 |
| Consumer | | | | | |

| | | | | | |
|---|---|----|-----------|-------|-----------|
| Consumer | | | | | |
| Loans held for investment, net of unearned income | | | | | |
| Loans held for investment, net of unearned income | | | | | |
| Loans held for investment, net of unearned income | Loans held for investment, net of unearned income | \$ | 3,840,524 | 100.0 | % |
| | | | | \$ | 3,245,012 |
| | | | | | 100.0 |
| | | | | | % |
| Loans held for sale | Loans held for sale | \$ | 612 | | |
| | | | | \$ | 12,917 |
| Loans held for sale | | | | | |
| Loans held for sale | | | | | |

The composition of our commercial real estate loan portfolio as of December 31, 2023 was as follows:

| (dollars in thousands) | December 31, 2023 | |
|----------------------------|-------------------|------------------|
| | Amount | % of Total Loans |
| Construction & Development | \$ 323,195 | 7.8 % |
| Farmland | 184,955 | 4.5 |
| Multifamily | 383,178 | 9.3 |
| CRE Other: | | |
| NOO CRE Office | 154,713 | 3.8 |
| OO CRE Office | 82,741 | 2.0 |
| Industrial and Warehouse | 380,517 | 9.2 |
| Retail | 263,664 | 6.4 |
| Hotel | 128,481 | 3.1 |
| Other | 323,866 | 7.8 |
| Total CRE | \$ 2,225,310 | 53.9 % |

Loans held for investment, net of unearned income, increased \$595.5 million \$286.4 million, or 18.4% 7.5%, from December 31, 2021 December 31, 2022 to \$3.84 billion \$4.13 billion, driven primarily by loans acquired in the IOFB acquisition, coupled with organic new loan growth and increased revolving line of credit utilization, partially offset by PPP loan forgiveness. As of December 31, 2022, the amortized cost of the outstanding PPP loans totaled \$0.1 million, compared to \$30.8 million at December 31, 2021. production. See [Note 4. Loans Receivable and the Allowance for Credit Losses](#) to our consolidated financial statements for additional information related to our loan portfolio.

As of December 31, 2023, the amortized cost of non-owner occupied CRE office was \$154.7 million and represented 3.8% of our total loan portfolio.

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Commitments under standby letters of credit, unused lines of credit and other conditionally approved credit lines totaled approximately \$1.21 billion and \$1.03 billion as of December 31, 2022 December 31, 2023 and December 31, 2021, respectively. December 31, 2022.

Our loan to deposit ratio increased to 70.22% 76.5% as of December 31, 2022 December 31, 2023 as compared to 63.45% 70.2% as of December 31, 2021 December 31, 2022. The loan to deposit ratio increased when compared to the prior year-end due to the loans acquired in the IOFB acquisition, organic loan growth, and increased revolving line of credit utilization, which more than offset the increase in total coupled with lower deposits.

The following table sets forth remaining maturities and rate types of loans at December 31, 2022 December 31, 2023:

| Due | Maturities Within | | Maturities After | |
|------------|-------------------|-----------|------------------|----------|
| | One Year | | One Year | |
| Within | Due In | Due After | Fixed | Variable |
| Due Within | Due In | After | Fixed | Variable |
| Maturities | | | | |
| Within | | | | |
| One Year | | | | |
| | Due | Due | | |
| | Within | After | Fixed | Variable |

| (dollars in thousands) | (dollars in thousands) | 1 Year | 1-5 Years | 5-15 Years | 15 Years | Total | Rates | Rates | Rates | Rates | (dollars in thousands) 1 Year | 1-5 Years | 5-15 Years | 15 Years | Total | Rates |
|-----------------------------------|-----------------------------------|-----------|-------------|-------------|-----------|-------------|-----------|-----------|-------------|-------------|-------------------------------|-----------|------------|----------|-------|-------|
| Agricultural | Agricultural | \$ 72,322 | \$ 31,980 | \$ 10,259 | \$ 759 | \$ 115,320 | \$ 31,786 | \$ 40,536 | \$ 36,367 | \$ 6,631 | | | | | | |
| Commercial and industrial | Commercial and industrial | 156,458 | 329,787 | 341,051 | 227,866 | 1,055,162 | 45,031 | 111,427 | 591,998 | 306,706 | | | | | | |
| Commercial real estate: | Commercial real estate: | | | | | | | | | | | | | | | |
| Construction & development | | | | | | | | | | | | | | | | |
| Construction & development | | | | | | | | | | | | | | | | |
| Construction & development | Construction & development | 68,458 | 148,679 | 53,403 | 451 | 270,991 | 35,645 | 32,813 | 149,891 | 52,642 | | | | | | |
| Farmland | Farmland | 11,341 | 81,877 | 67,230 | 23,465 | 183,913 | 9,498 | 1,843 | 134,390 | 38,182 | | | | | | |
| Multifamily | Multifamily | 7,731 | 99,947 | 143,130 | 1,321 | 252,129 | 480 | 7,251 | 183,096 | 61,302 | | | | | | |
| Commercial real estate-other | Commercial real estate-other | 57,498 | 639,820 | 542,838 | 32,829 | 1,272,985 | 47,255 | 10,243 | 757,912 | 457,575 | | | | | | |
| Total commercial real estate | Total commercial real estate | 145,028 | 970,323 | 806,601 | 58,066 | 1,980,018 | 92,878 | 52,150 | 1,225,289 | 609,701 | | | | | | |
| Residential real estate: | Residential real estate: | | | | | | | | | | | | | | | |
| One- to four- family first liens | One- to four- family first liens | 18,941 | 97,770 | 100,661 | 233,838 | 451,210 | 14,532 | 4,409 | 211,626 | 220,643 | | | | | | |
| One- to four- family first liens | | | | | | | | | | | | | | | | |
| One- to four- family junior liens | One- to four- family junior liens | 3,230 | 26,622 | 130,425 | 2,941 | 163,218 | 1,722 | 1,508 | 82,927 | 77,061 | | | | | | |
| Total residential real estate | Total residential real estate | 22,171 | 124,392 | 231,086 | 236,779 | 614,428 | 16,254 | 5,917 | 294,553 | 297,704 | | | | | | |
| Consumer | Consumer | 10,151 | 50,508 | 14,852 | 85 | 75,596 | 4,983 | 5,168 | 64,554 | 891 | | | | | | |
| Total loans | Total loans | \$406,130 | \$1,506,990 | \$1,403,849 | \$523,555 | \$3,840,524 | \$190,932 | \$215,198 | \$2,212,761 | \$1,221,633 | | | | | | |

Of the **\$1.44 billion** **\$1.64 billion** of variable rate loans, approximately **\$827.6 million** **\$892.8 million**, or **57.6%** **54.4%**, are subject to interest rate floors, with a weighted average floor rate of **3.81%** **4.04%**.

Nonperforming Assets

The following table sets forth information concerning nonperforming assets as of the dates indicated:

| | | December 31, | |
|--------------------------------------|--------------------------------------|--------------|-----------|
| | | December 31, | |
| | | December 31, | |
| | | December 31, | |
| (dollars in thousands) | (dollars in thousands) | 2022 | 2021 |
| Nonaccrual loans held for investment | Nonaccrual loans held for investment | \$ 15,256 | \$ 31,540 |
| Nonaccrual loans held for investment | | | |
| Nonaccrual loans held for investment | | | |

| | | | |
|---|---|----------|----------|
| Accruing loans contractually past due 90 days or more | | | |
| Accruing loans contractually past due 90 days or more | | | |
| Accruing loans contractually past due 90 days or more | Accruing loans contractually past due 90 days or more | 565 | — |
| Total nonperforming loans | Total nonperforming loans | 15,821 | 31,540 |
| Total nonperforming loans | | | |
| Total nonperforming loans | | | |
| Foreclosed assets, net | Foreclosed assets, net | 103 | 357 |
| Foreclosed assets, net | | | |
| Foreclosed assets, net | | | |
| Total nonperforming assets | | | |
| Total nonperforming assets | | | |
| Total nonperforming assets | Total nonperforming assets | \$15,924 | \$31,897 |
| Nonaccrual loans ratio ⁽¹⁾ | Nonaccrual loans ratio ⁽¹⁾ | 0.40 % | 0.97 % |
| Nonaccrual loans ratio ⁽¹⁾ | | | |
| Nonaccrual loans ratio ⁽¹⁾ | | | |
| Nonperforming loans ratios ⁽²⁾ | | | |
| Nonperforming loans ratios ⁽²⁾ | | | |
| Nonperforming loans ratios ⁽²⁾ | Nonperforming loans ratios ⁽²⁾ | 0.41 % | 0.97 % |
| Nonperforming assets ratio ⁽³⁾ | Nonperforming assets ratio ⁽³⁾ | 0.24 % | 0.53 % |
| Nonperforming assets ratio ⁽³⁾ | | | |
| Nonperforming assets ratio ⁽³⁾ | | | |
| ⁽¹⁾ Nonaccrual loans ratio is calculated as nonaccrual loans divided by loans held for investment, net of unearned income, at the end of the period. | | | |
| ⁽¹⁾ Nonaccrual loans ratio is calculated as nonaccrual loans divided by loans held for investment, net of unearned income, at the end of the period. | | | |

⁽¹⁾ Nonaccrual loans ratio is calculated as nonaccrual loans divided by loans held for investment, net of unearned income, at the end of the period. ⁽²⁾ Nonperforming loans ratio is calculated as total nonperforming loans divided by loans held for investment, as total nonperforming assets divided by net of unearned income, at the end of the period. ⁽³⁾ Nonperforming assets ratio is calculated as total nonperforming assets divided by total assets at the end of the period.

When compared to December 31, 2021, December 31, 2022, overall asset quality was improved. The nonperforming loans ratio declined 56 and nonperforming assets ratios both increased 23 basis points from the prior year-end, to 0.41%, 0.64% and 0.47%, while the nonperforming assets ratio declined 29 basis points from the prior year-end to 0.24%, respectively.

Loan Review and Classification Process for Agricultural, Commercial and Industrial, and Commercial Real Estate Loans:

The Bank maintains a loan review and classification process which involves multiple officers of the Bank and is designed to assess the general quality of credit underwriting and to promote early identification of potential problem loans. All commercial

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and agricultural loan officers are charged with the responsibility of risk rating all loans in their portfolios and updating the ratings, positively or negatively, on an ongoing basis as conditions warrant. Risk ratings are selected from an 8-point scale with ratings as follows: ratings 1- 4 Satisfactory (pass), rating 5 **Special Mention/Watch** (potential weakness), rating 6 Substandard (well-defined weakness), rating 7 Doubtful, and rating 8 Loss.

When a loan officer originates a new loan, based upon proper loan authorization, they document the credit file with an offering sheet summary, supplemental underwriting analysis, relevant financial information and collateral evaluations. This information is used in the determination of the initial loan risk rating. **Segregation of owner-occupied and non-owner occupied residential real estate loans is made at the time of origination.** The Bank's loan review department undertakes independent credit reviews of relationships based on either criteria established by loan policy, risk-focused sampling, or random sampling. Credit relationships with larger exposure may pose incrementally higher risks. As a result, the Bank's loan review department is required to review all credit relationships with total exposure of \$5.0 million or more at least annually. In addition, the individual loan reviews consider such items as: loan type; nature, type and estimated value of collateral; borrower and/or guarantor estimated financial strength; most recently available financial information; related loans and total borrower exposure; and current and anticipated performance of the loan. The results of such reviews are presented to both executive management and the audit committee of the Company's board of directors.

Through the review of delinquency reports, updated financial statements or other relevant information, the lending officer and/or loan review personnel may determine that a loan relationship has weakened to the point that a **watch (loan grade Special Mention/Watch (risk rating 5) or classified (loan grades Classified (risk ratings 6 through 8) status is warranted.** At least quarterly, the loan strategy committee will meet to discuss loan relationships with total **related** exposure of \$1.0 million or above that are **Special Mention/Watch** rated credits, loan relationships with total **related** exposure of \$500 thousand and above that are Substandard or worse rated credits, as well as loan relationships with total **related** exposure of \$250 thousand and above that are on non-accrual. **Credits below Loan relationships outside** these designated thresholds are reviewed upon request. The lending officer is charged with preparing a loan strategy summary worksheet that outlines the background of the credit problem, current repayment status of the loans, current collateral evaluation and a workout plan of action. This plan may include goals to improve the credit rating, assist the borrower in moving the loans to another institution and/or collateral liquidation. All such reports are presented to the loan strategy committee. **Copies The minutes of the minutes of these loan strategy** committee meetings are **presented provided** to the board of directors of the Bank.

Depending upon the individual facts and circumstances and the result of the classified/watch review process, loan officers and/or loan review personnel may categorize a loan relationship as requiring an individual analysis. Once that determination has occurred, the credit analyst will complete an individually analyzed worksheet that contains an evaluation of the collateral (for collateral-dependent loans) based upon the estimated collateral value, adjusting for current market conditions and other local factors that may affect collateral value. Loan review personnel may also complete an independent individual analysis when deemed necessary. These judgmental evaluations may produce an initial specific allowance for **placement recognition** in the Company's allowance for credit losses calculation. An analysis for the underlying collateral value of each individually analyzed loan relationship is completed in the last month of the quarter. The individually analyzed worksheets are reviewed by the Credit Administration department prior to quarter-end. The board of directors of the Bank on a quarterly basis reviews the classified/watch reports including changes in credit grades of 5 or higher as well as all individually analyzed loans, the related allowances and foreclosed assets, net.

The review process also provides for the upgrade of loans that show improvement since the last review. All requests for an upgrade of a credit are approved by the proper authority based upon the aggregate credit exposure before the rating can be changed.

Loan Modifications for Borrowers Experiencing Financial Difficulty

A TDR is a **Infrequently, the Company makes modification of to certain loans in order to alleviate temporary difficulties in the terms of borrower's financial condition and/or constraints on the borrower's ability to repay a loan, when a borrower is troubled (i.e., experiencing financial difficulties) and we grant a concession to minimize potential losses to the borrower Company. GAAP requires that we would not otherwise consider. Prior to granting a concession we consider the borrower's past loan certain types of modifications be reported, including:**

- **Principal forgiveness.**
- **Interest rate reduction.**
- **An other than-insignificant payment performance, credit history, the individual circumstances surrounding the troubled borrower, and the troubled borrower's plan to meet the terms of the loan in the future. Generally, short-term deferral of required payments is not considered a concession, delay.**

If a loan whose terms have been modified in a TDR has gone 90 days or more past due or is placed on nonaccrual status, it is included in the 90 days or more past due or nonaccrual totals. • Term extension.

During the year ended **December 31, 2022** **December 31, 2023,** the **Company modified 16** **amortized cost of the loans that were considered TDRs. See modified to borrowers in financial distress was \$12.8 million, which represented 0.31% of total loans held for investment, net of unearned income for each respective period.**

Note 1. Nature Table of Business and Significant Accounting PoliciesContents for additional information on factors considered related to concessions and also for details pertaining to loan modifications that were a result of COVID-19 that were not deemed to be TDRs.

Allowance for Credit Losses

The following table sets forth the allowance for credit losses by loan portfolio segments compared to the percentage of loans to total loans by loan portfolio segment for the periods indicated:

| December 31, | |
|--------------|------|
| 2022 | 2021 |
| December 31, | |
| December 31, | |

| December 31, | | | | | | | |
|--|--|-------------------------------------|--------|---|-----------------------------|----------------|---|
| 2023 | | | | | | | |
| (dollars in thousands) | | | | | | | |
| (dollars in thousands) | | | | | | | |
| (dollars in thousands) | (dollars in thousands) | % of Loans in Each Segment to Total | | | % of Loans in Each Segment | | |
| | | Allowance for Credit Losses | Loans | | Allowance for Credit Losses | to Total Loans | |
| Agricultural | Agricultural | \$ 923 | 3.0 | % | \$ 667 | 3.2 | % |
| Agricultural | | | | | | | |
| Agricultural | | | | | | | |
| Commercial and industrial | | | | | | | |
| Commercial and industrial | | | | | | | |
| Commercial and industrial | Commercial and industrial | 22,855 | 27.5 | | 17,294 | 27.8 | |
| Commercial real estate | Commercial real estate | 20,123 | 51.5 | | 26,120 | 52.5 | |
| Commercial real estate | | | | | | | |
| Commercial real estate | | | | | | | |
| Residential real estate | | | | | | | |
| Residential real estate | | | | | | | |
| Residential real estate | Residential real estate | 4,678 | 16.0 | | 4,010 | 14.4 | |
| Consumer | Consumer | 621 | 2.0 | | 609 | 2.1 | |
| Consumer | | | | | | | |
| Consumer | | | | | | | |
| Total | Total | \$ 49,200 | 100.0 | % | \$ 48,700 | 100.0 | % |
| Total | | | | | | | |
| Total | | | | | | | |
| Allowance for credit losses ratio ⁽¹⁾ | | | | | | | |
| Allowance for credit losses ratio ⁽¹⁾ | | | | | | | |
| Allowance for credit losses ratio ⁽¹⁾ | Allowance for credit losses ratio ⁽¹⁾ | | 1.28 | % | | 1.50 | % |
| Allowance for credit losses to nonaccrual loans ratio ⁽²⁾ | Allowance for credit losses to nonaccrual loans ratio ⁽²⁾ | | 322.50 | % | | 154.41 | % |
| Allowance for credit losses to nonaccrual loans ratio ⁽²⁾ | | | | | | | |
| Allowance for credit losses to nonaccrual loans ratio ⁽²⁾ | | | | | | | |
| ⁽¹⁾ Allowance for credit losses ratio is calculated as allowance for credit losses divided by loans held for investment, net of unearned income at the end of the period. | | | | | | | |
| ⁽¹⁾ Allowance for credit losses ratio is calculated as allowance for credit losses divided by loans held for investment, net of unearned income at the end of the period. | | | | | | | |
| ⁽¹⁾ Allowance for credit losses ratio is calculated as allowance for credit losses divided by loans held for investment, net of unearned income at the end of the period. | ⁽¹⁾ Allowance for credit losses ratio is calculated as allowance for credit losses divided by loans held for investment, net of unearned income at the end of the period. | | | | | | |

(2) Allowance for credit losses to nonaccrual loans ratio is calculated as allowance for credit losses divided by nonaccrual loans at the end of the period.

(2) Allowance for credit losses to nonaccrual loans ratio is calculated as allowance for credit losses divided by nonaccrual loans at the end of the period.

(2) Allowance for credit losses to nonaccrual loans ratio is calculated as allowance for credit losses divided by nonaccrual loans at the end of the period.

(2) Allowance for credit losses to nonaccrual loans ratio is calculated as allowance for credit losses divided by nonaccrual loans at the end of the period.

The following table sets forth the net (charge-offs) recoveries by loan portfolio segments for the periods indicated:

| For the Years Ended December 31, 2022 and 2021 | | | | | | | | For the Years Ended December 31, 2023 and 2022 | | | | | | | |
|--|--|---------------------------------------|------------|-------------|-------------|----------|------------|--|--------------|---------------------------|------------------------|-------------------------|----------|-------|--|
| For the Years Ended December 31, 2023 and 2022 | | | | | | | | For the Years Ended December 31, 2023 and 2022 | | | | | | | |
| (in thousands) | (in thousands) | Commercial and Commercial Residential | | | | | | (in thousands) | Agricultural | Commercial and Industrial | Commercial Real Estate | Residential Real Estate | Consumer | Total | |
| | | Agricultural | Industrial | Real Estate | Real Estate | Consumer | Total | | Agricultural | Commercial and Industrial | Commercial Real Estate | Residential Real Estate | Consumer | Total | |
| 2022 | | | | | | | | | | | | | | | |
| 2023 | | | | | | | | | | | | | | | |
| Charge-offs | | | | | | | | | | | | | | | |
| Charge-offs | | | | | | | | | | | | | | | |
| Charge-offs | Charge-offs | \$ (326) | \$ (2,051) | \$ (4,328) | \$ (195) | \$ (756) | \$ (7,656) | | | | | | | | |
| Recoveries | Recoveries | 11 | 682 | 160 | 86 | 154 | 1,093 | | | | | | | | |
| Net (charge-offs) recoveries | Net (charge-offs) recoveries | | | | | | | | | | | | | | |
| Net (charge-off) recovery ratio ⁽¹⁾ | Net (charge-off) recovery ratio ⁽¹⁾ | | | | | | | | | | | | | | |
| Net (charge-off) recovery ratio ⁽¹⁾ | Net (charge-off) recovery ratio ⁽¹⁾ | \$ (315) | \$ (1,369) | \$ (4,168) | \$ (109) | \$ (602) | \$ (6,563) | | | | | | | | |
| Net (charge-off) recovery ratio ⁽¹⁾ | Net (charge-off) recovery ratio ⁽¹⁾ | | | | | | | | | | | | | | |
| Net (charge-off) recovery ratio ⁽¹⁾ | Net (charge-off) recovery ratio ⁽¹⁾ | | | | | | | | | | | | | | |
| Net (charge-off) recovery ratio ⁽¹⁾ | Net (charge-off) recovery ratio ⁽¹⁾ | | | | | | | | | | | | | | |
| Net (charge-off) recovery ratio ⁽¹⁾ | Net (charge-off) recovery ratio ⁽¹⁾ | | | | | | | | | | | | | | |
| Net (charge-off) recovery ratio ⁽¹⁾ | Net (charge-off) recovery ratio ⁽¹⁾ | | | | | | | | | | | | | | |
| Net (charge-off) recovery ratio ⁽¹⁾ | Net (charge-off) recovery ratio ⁽¹⁾ | | | | | | | | | | | | | | |
| Net (charge-off) recovery ratio ⁽¹⁾ | Net (charge-off) recovery ratio ⁽¹⁾ | | | | | | | | | | | | | | |
| Net (charge-off) recovery ratio ⁽¹⁾ | Net (charge-off) recovery ratio ⁽¹⁾ | | | | | | | | | | | | | | |
| Net (charge-off) recovery ratio ⁽¹⁾ | Net (charge-off) recovery ratio ⁽¹⁾ | | | | | | | | | | | | | | |
| Net (charge-off) recovery ratio ⁽¹⁾ | Net (charge-off) recovery ratio ⁽¹⁾ | | | | | | | | | | | | | | |
| Net (charge-off) recovery ratio ⁽¹⁾ | Net (charge-off) recovery ratio ⁽¹⁾ | | | | | | | | | | | | | | |
| Net (charge-off) recovery ratio ⁽¹⁾ | Net (charge-off) recovery ratio ⁽¹⁾ | | | | | | | | | | | | | | |
| Net (charge-off) recovery ratio ⁽¹⁾ | Net (charge-off) recovery ratio ⁽¹⁾ | | | | | | | | | | | | | | |
| Net (charge-off) recovery ratio ⁽¹⁾ | Net (charge-off) recovery ratio ⁽¹⁾ | | | | | | | | | | | | | | |
| Net (charge-off) recovery ratio ⁽¹⁾ | Net (charge-off) recovery ratio ⁽¹⁾ | | | | | | | | | | | | | | |
| Net (charge-off) recovery ratio ⁽¹⁾ | Net (charge-off) recovery ratio ⁽¹⁾ | | | | | | | | | | | | | | |
| Net (charge-off) recovery ratio ⁽¹⁾ | Net (charge-off) recovery ratio ⁽¹⁾ | | | | | | | | | | | | | | |
| Net (charge-off) recovery ratio ⁽¹⁾ | Net (charge-off) recovery ratio ⁽¹⁾ | | | | | | | | | | | | | | |
| Net (charge-off) recovery ratio ⁽¹⁾ | Net (charge-off) recovery ratio ⁽¹⁾ | | | | | | | | | | | | | | |
| Net (charge-off) recovery ratio ⁽¹⁾ | Net (charge-off) recovery ratio ⁽¹⁾ | | | | | | | | | | | | | | |
| Net (charge-off) recovery ratio ⁽¹⁾ | Net (charge-off) recovery ratio ⁽¹⁾ | | | | | | | | | | | | | | |
| Net (charge-off) recovery ratio ⁽¹⁾ | Net (charge-off) recovery ratio ⁽¹⁾ | | | | | | | | | | | | | | |
| Net (charge-off) recovery ratio ⁽¹⁾ | Net (charge-off) recovery ratio ⁽¹⁾ | | | | | | | | | | | | | | |
| Net (charge-off) recovery ratio ⁽¹⁾ | Net (charge-off) recovery ratio ⁽¹⁾ | | | | | | | | | | | | | | |
| Net (charge-off) recovery ratio ⁽¹⁾ | Net (charge-off) recovery ratio ⁽¹⁾ | | | | | | | | | | | | | | |
| Net (charge-off) recovery ratio ⁽¹⁾ | Net (charge-off) recovery ratio ⁽¹⁾ | | | | | | | | | | | | | | |
| Net (charge-off) recovery ratio ⁽¹⁾ | Net (charge-off) recovery ratio ⁽¹⁾ | | | | | | | | | | | | | | |
| Net (charge-off) recovery ratio ⁽¹⁾ | Net (charge-off) recovery ratio ⁽¹⁾ | | | | | | | | | | | | | | |
| Net (charge-off) recovery ratio ⁽¹⁾ | Net (charge-off) recovery ratio ⁽¹⁾ | | | | | | | | | | | | | | |
| Net (charge-off) recovery ratio ⁽¹⁾ | Net (charge-off) recovery ratio ⁽¹⁾ | | | | | | | | | | | | | | |
| Net (charge-off) recovery ratio ⁽¹⁾ | Net (charge-off) recovery ratio ⁽¹⁾ | | | | | | | | | | | | | | |
| Net (charge-off) recovery ratio ⁽¹⁾ | Net (charge-off) recovery ratio ⁽¹⁾ | | | | | | | | | | | | | | |
| Net (charge-off) recovery ratio ⁽¹⁾ | Net (charge-off) recovery ratio ⁽¹⁾ | | | | | | | | | | | | | | |
| Net (charge-off) recovery ratio ⁽¹⁾ | Net (charge-off) recovery ratio ⁽¹⁾ | | | | | | | | | | | | | | |
| Net (charge-off) recovery ratio ⁽¹⁾ | Net (charge-off) recovery ratio ⁽¹⁾ | | | | | | | | | | | | | | |
| Net (charge-off) recovery ratio ⁽¹⁾ | Net (charge-off) recovery ratio ⁽¹⁾ | | | | | | | | | | | | | | |
| Net (charge-off) recovery ratio ⁽¹⁾ | Net (charge-off) recovery ratio ⁽¹⁾ | | | | | | | | | | | | | | |
| Net (charge-off) recovery ratio ⁽¹⁾ | Net (charge-off) recovery ratio ⁽¹⁾ | | | | | | | | | | | | | | |
| Net (charge-off) recovery ratio ⁽¹⁾ | Net (charge-off) recovery ratio ⁽¹⁾ | | | | | | | | | | | | | | |
| Net (charge-off) recovery ratio ⁽¹⁾ | Net (charge-off) recovery ratio ⁽¹⁾ | | | | | | | | | | | | | | |
| Net (charge-off) recovery ratio ⁽¹⁾ | Net (charge-off) recovery ratio ⁽¹⁾ | | | | | | | | | | | | | | |
| Net (charge-off) recovery ratio ⁽¹⁾ | Net (charge-off) recovery ratio ⁽¹⁾ | | | | | | | | | | | | | | |
| Net (charge-off) recovery ratio ⁽¹⁾ | Net (charge-off) recovery ratio ⁽¹⁾ | | | | | | | | | | | | | | |

[illegible]

(3) Net (charge-off) recovery ratio is calculated as net (charge-offs) recoveries divided by average loans held for investment, net of unearned income and average loans held for sale, during the period.

Actual Results: Our ACL as of December 31, 2022 December 31, 2023 was \$49.2 million \$51.5 million, which was 1.28% 1.25% of loans held for investment, net of unearned income. This compares with an ACL of \$48.7 million \$49.2 million as of December 31, 2021 December 31, 2022, which was 1.50% 1.28% of loans held for investment, net of unearned income. The ACL at December 31, 2022 and December 31, 2021 does not include a reserve for the PPP loans as they are fully guaranteed by the SBA. The increase in the ACL primarily reflected \$3.1 million of credit loss expense related to the acquired IOFB non-PCD loans, in addition to the initial allowance for credit losses of \$3.4 million recorded for the IOFB PCD loans acquired, as well as a an additional reserve taken to support loan growth. growth and related to individually evaluated loans. The liability for off-balance sheet credit exposures totaled \$4.8 million, which included \$0.2 million of unfunded loan commitments that were established in the IOFB acquisition, \$4.6 million as of December 31, 2022 December 31, 2023 and \$4.8 million as compared to \$4.0 million at December 31, 2021 of December 31, 2022, and is included in 'Other liabilities' on the balance sheet.

Economic Forecast: At **December 31, 2022** **December 31, 2023**, the economic forecast used by the Company showed the following: (1) Midwest unemployment – increases over the next four forecasted quarters; (2) Year-to-year change in national retail sales - increases

over the next four forecasted quarters; (3) Year-to-year change in CRE Index - **increases over decreases in** the next **two four** forecasted **quarters, with a decline in the third and fourth forecasted quarter; quarters;** (4) Year-to-year change in U.S. GDP - increases over the next four forecasted quarters; (5) Year-to-year change in National Home Price Index - **increase in increases over** the **first next two** forecasted **quarter, quarters,** with declines in the **second through third and** fourth forecasted quarters; and (6) Rental Vacancy - increases over the next four forecasted quarters. In addition, management utilized qualitative factors to adjust the calculated ACL as appropriate. Qualitative factors are based on management's judgment of company, market, industry or business specific data, changes in underlying loan composition of specific portfolios, trends relating to credit quality, delinquency, non-performing and adversely rated loans, and reasonable and supportable forecasts of economic conditions.

Based on the inherent risk in the loan portfolio, management believed that as of **December 31, 2022** **December 31, 2023**, the ACL was adequate; however, there is no assurance that loan credit losses will not exceed the ACL. In addition, growth in the loan portfolio or

Deposits

| | As of December 31, 2022 | As of December 31, 2021 |
|--|----------------------------|----------------------------|
|--|----------------------------|----------------------------|

| As of December 31, 2023 | | | | | | As of December 31, 2023 | | | | | | As of December 31, 2022 | | | |
|----------------------------------|----------------------------------|--------------|------------|--------------|------------|------------------------------|--------------|-------|------------|---|----|-------------------------|-------|------------|---|
| (in thousands) | (in thousands) | Balance | % of Total | Balance | % of Total | (in thousands) | Balance | | % of Total | | | Balance | | % of Total | |
| Noninterest bearing deposits | Noninterest bearing deposits | \$ 1,053,450 | 19.3 % | \$ 1,005,369 | 19.6 % | Noninterest bearing deposits | \$ 897,053 | 16.6 | 16.6 | % | \$ | 1,053,450 | 19.3 | 19.3 | % |
| Interest checking deposits | Interest checking deposits | 1,624,278 | 29.8 | 1,619,136 | 31.6 | | | | | | | | | | |
| Money market deposits | Money market deposits | 937,340 | 17.1 | 939,523 | 18.4 | | | | | | | | | | |
| Savings deposits | Savings deposits | 664,169 | 12.1 | 628,242 | 12.3 | | | | | | | | | | |
| Total non-maturity deposits | Total non-maturity deposits | 4,279,237 | 78.3 | 4,192,270 | 81.9 | | | | | | | | | | |
| Time deposits of \$250 and under | Time deposits of \$250 and under | 559,466 | 10.2 | 505,392 | 9.9 | | | | | | | | | | |
| Time deposits of over \$250 | Time deposits of over \$250 | 630,239 | 11.5 | 416,857 | 8.2 | | | | | | | | | | |
| Total time deposits | Total time deposits | \$ 1,189,705 | 21.7 % | \$ 922,249 | 18.1 % | Total time deposits | \$ 1,422,037 | 26.3 | 26.3 | % | \$ | 1,189,705 | 21.7 | 21.7 | % |
| Total deposits | Total deposits | \$ 5,468,942 | 100.0 % | \$ 5,114,519 | 100.0 % | Total deposits | \$ 5,395,673 | 100.0 | 100.0 | % | \$ | 5,468,942 | 100.0 | 100.0 | % |

Deposits increased \$354.4 million Total deposits decreased \$73.3 million from **December 31, 2021** December 31, 2022, or **6.9%** 1.3%. Included within time deposits of \$250 and under is \$221.0 million of brokered deposits at December 31, 2023, reflecting growth which increased \$94.3 million from the acquisition of IOFB, coupled with an increase of \$126.8 million in brokered time deposits. **December 31, 2022**. Approximately **88.5%** 87.6% of our total deposits were considered “core” deposits as of **December 31, 2022** December 31, 2023, compared to **91.8%** 88.5% at **December 31, 2021** December 31, 2022. We consider core deposits to be the total of all deposits other than time deposits greater than \$250k and non-reciprocal brokered money market deposits. Total uninsured deposits, excluding collateralized municipal deposits, represent approximately 27% of total deposits at December 31, 2023. See [Note 10. Deposits](#) to our consolidated financial statements for additional information related to our deposits and [Note 2. Business Combinations](#) for additional information related to the IOFB deposits assumed. deposits.

The following table shows the composition and average balance of deposits for the indicated years:

| Year Ended December 31, | | | | | | | | | |
|------------------------------|------------------------------|--------------|---------|------|------------|--------|------|--|--|
| 2022 | | | | | 2021 | | | | |
| Average | % | Average | Average | % | Average | | | | |
| Year Ended December 31, | | | | | | | | | |
| Year Ended December 31, | | | | | | | | | |
| Year Ended December 31, | | | | | | | | | |
| 2023 | | | | | | | | | |
| Average | | | | | | | | | |
| Average | | | | | | | | | |
| Average | | | | | | | | | |
| (dollars in thousands) | | | | | | | | | |
| (dollars in thousands) | | | | | | | | | |
| (dollars in thousands) | (dollars in thousands) | Balance | Total | Rate | Balance | Total | Rate | | |
| Noninterest bearing deposits | Noninterest bearing deposits | \$ 1,075,918 | 20.3 % | N/A | \$ 974,044 | 20.1 % | N/A | | |
| Noninterest bearing deposits | | | | | | | | | |
| Noninterest bearing deposits | | | | | | | | | |

| | | | | | | | | | |
|------------------------------------|------------------------------------|--------------|-------|------|---|--------------|-------|------|---|
| Interest checking and money market | | | | | | | | | |
| Interest checking and money market | | | | | | | | | |
| Interest checking and money market | Interest checking and money market | | | | | | | | |
| | | 2,632,693 | 49.6 | 0.38 | % | 2,387,369 | 49.4 | 0.26 | % |
| Savings deposits | Savings deposits | 674,846 | 12.7 | 0.17 | | 594,543 | 12.3 | 0.20 | |
| Savings deposits | | | | | | | | | |
| Savings deposits | | | | | | | | | |
| Time deposits | | | | | | | | | |
| Time deposits | | | | | | | | | |
| Time deposits | Time deposits | 925,592 | 17.4 | 0.97 | | 882,271 | 18.2 | 0.65 | |
| Total deposits | Total deposits | \$ 5,309,049 | 100.0 | % | | \$ 4,838,227 | 100.0 | % | |
| Total deposits | | | | | | | | | |
| Total deposits | | | | | | | | | |

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Time deposits of \$250,000 and over, which represents the U.S. time deposits in excess of the FDIC insurance limit and time deposits that are otherwise uninsured, had the following maturities:

| (in thousands) | (in thousands) | As of December 31, 2022 | As of December 31, 2021 | (in thousands) | As of December 31, 2023 | As of December 31, 2022 |
|----------------------------------|----------------------------------|-------------------------|-------------------------|----------------|-------------------------|-------------------------|
| Three months or less | Three months or less | \$ 215,848 | \$ 137,570 | | | |
| Over three through six months | Over three through six months | 202,422 | 100,379 | | | |
| Over six months through one year | Over six months through one year | 133,142 | 106,615 | | | |
| Over one year | Over one year | 78,827 | 72,293 | | | |
| Total | Total | \$ 630,239 | \$ 416,857 | | | |

Short-Term Borrowings and Long-Term Debt

The following table sets forth the composition of short-term borrowings and long-term debt for the periods presented.

| | | Year Ended December 31, | | | |
|--|--|-------------------------|-----------|-------------------------|------|
| | | Year Ended December 31, | | Year Ended December 31, | |
| (dollars in thousands) | (dollars in thousands) | 2022 | 2021 | (dollars in thousands) | 2023 |
| Securities sold under agreements to repurchase | Securities sold under agreements to repurchase | \$156,373 | \$181,368 | | |
| Federal home loan bank advances | Federal home loan bank advances | 235,500 | — | | |
| Federal reserve bank borrowings | | | | | |

| | | | |
|--|--|-----------|-----------|
| Federal reserve bank borrowings | | | |
| Federal reserve bank borrowings | | | |
| Total short-term borrowings | Total short-term borrowings | \$391,873 | \$181,368 |
| Total short-term borrowings | | | |
| Total short-term borrowings | | | |
| Junior subordinated notes issued to capital trusts | | | |
| Junior subordinated notes issued to capital trusts | | | |
| Junior subordinated notes issued to capital trusts | Junior subordinated notes issued to capital trusts | 42,116 | 41,940 |
| Subordinated debentures | Subordinated debentures | 64,006 | 63,875 |
| Finance lease payable | Finance lease payable | 787 | 951 |
| Federal home loan bank borrowings | Federal home loan bank borrowings | 17,301 | 48,113 |
| Other long-term debt | Other long-term debt | 15,000 | — |
| Total long-term debt | Total long-term debt | \$139,210 | \$154,879 |

See [Note 11. Short-Term Borrowings](#) and [Note 12. Long-Term Debt](#) to our consolidated financial statements for additional information related to short-term borrowings and long-term debt.

Off-Balance-Sheet Transactions

During the normal course of business, we are a party to financial instruments with off-balance-sheet risk in order to meet the financing needs of our customers. These financial instruments include commitments to extend credit, commitments to sell loans, and standby letters of credit. We follow the same credit policy (including requiring collateral, if deemed appropriate) to make such commitments as is followed for those loans that are recorded in our financial statements.

Our exposure to credit losses in the event of nonperformance is represented by the contractual amount of the commitments. Management does not expect any significant losses as a result of these commitments, and also expects to have sufficient liquidity available to cover these off-balance-sheet instruments. Off-balance-sheet transactions are more fully discussed in [Note 18. Commitments and Contingencies](#) to our consolidated financial statements.

The following table summarizes the Bank's commitments by expiration period, as of **December 31, 2022** **December 31, 2023**:

| | | Less than | | | | | More than | | | | |
|------------------------------|------------------------------|-------------|------------|-----------|-----------|-----------|----------------|-------|--------|-------|---------|
| | | Less than | | | | | More than | | | | |
| | | Less than | | | | | More than | | | | |
| (in thousands) | (in thousands) | Total | 1 year | years | years | 5 years | (in thousands) | Total | 1 year | years | 5 years |
| Commitments to extend credit | Commitments to extend credit | \$1,190,607 | \$ 321,520 | \$308,975 | \$219,739 | \$340,373 | | | | | |
| Commitments to sell loans | Commitments to sell loans | 612 | 612 | — | — | — | | | | | |
| Standby letters of credit | Standby letters of credit | 18,398 | — | 8,341 | 519 | 9,538 | | | | | |
| Total | Total | \$1,209,617 | \$ 322,132 | \$317,316 | \$220,258 | \$349,911 | | | | | |

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Capital Resources

Contractual Obligations

We are a party to many contractual financial obligations, including repayments of deposits and borrowings and payments for noncancellable operating lease and finance lease obligations. The table below summarizes certain future financial obligations of the Company due by period, as of **December 31, 2022** **December 31, 2023**:

| Contractual Obligations | Contractual Obligations | | Less than | 1 to 3 | 3 to 5 | More than | Contractual Obligations | | Less than | 1 to 3 | 3 to 5 | More than |
|---|---|-------------|-------------|-----------|----------|-----------|-------------------------|-------|-----------|--------|---------|-----------|
| (dollars in thousands) | (dollars in thousands) | Total | 1 year | years | years | 5 years | (dollars in thousands) | Total | 1 year | years | 5 years | |
| Time certificates of deposit | Time certificates of deposit | \$1,189,705 | \$ 923,837 | \$225,383 | \$33,855 | \$ 6,630 | | | | | | |
| Federal funds purchased, repurchase agreements, and FHLB overnight advances | Federal funds purchased, repurchase agreements, and FHLB overnight advances | 391,873 | 391,873 | — | — | — | | | | | | |
| FHLB borrowings | FHLB borrowings | 17,301 | 11,039 | 6,262 | — | — | | | | | | |
| Junior subordinated notes issued to capital trusts | Junior subordinated notes issued to capital trusts | 42,116 | — | — | — | 42,116 | | | | | | |
| Subordinated debentures | Subordinated debentures | 64,006 | — | — | — | 64,006 | | | | | | |
| Other long-term debt | Other long-term debt | 15,000 | 5,000 | 10,000 | — | — | | | | | | |
| Noncancellable operating leases and finance lease obligations | Noncancellable operating leases and finance lease obligations | 5,351 | 1,354 | 1,687 | 612 | 1,698 | | | | | | |
| Total | Total | \$1,725,352 | \$1,333,103 | \$243,332 | \$34,467 | \$114,450 | | | | | | |

Shareholders' Equity & Capital Adequacy

The following table summarizes certain capital ratios and per share amounts of the Company for the periods presented:

| December 31, 2023 | | | | December 31, 2023 | | December 31, 2022 | |
|--|--|---------|---------|-------------------|---------|-------------------|--|
| | | | | December 31, 2022 | | December 31, 2021 | |
| Total shareholders' equity to total assets ratio | | | | | | | |
| Total shareholders' equity to total assets ratio | | | | | | | |
| Total shareholders' equity to total assets ratio | Total shareholders' equity to total assets ratio | 7.49 % | 8.75 % | 8.16 % | 7.49 % | | |
| Tangible common equity ratio ⁽¹⁾ | Tangible common equity ratio ⁽¹⁾ | 6.17 % | 7.49 % | 6.90 % | 6.17 % | | |
| Total risk-based capital ratio | Total risk-based capital ratio | 12.07 % | 13.09 % | 12.53 % | 12.07 % | | |

| | | | | | | |
|---|---|----------|----------|---|---------|---------|
| Tier 1 risk-based capital ratio | Tier 1 risk-based capital ratio | 10.05 % | 10.83 % | Tier 1 risk-based capital ratio | 10.38 % | 10.05 % |
| Common equity tier 1 risk-based capital ratio | Common equity tier 1 risk-based capital ratio | 9.28 % | 9.94 % | Common equity tier 1 risk-based capital ratio | 9.59 % | 9.28 % |
| Tier 1 leverage ratio | Tier 1 leverage ratio | 8.35 % | 8.67 % | Tier 1 leverage ratio | 8.58 % | 8.35 % |
| Book value per share | Book value per share | \$ 31.54 | \$ 33.66 | | | |
| Tangible book value per share ⁽¹⁾ | Tangible book value per share ⁽¹⁾ | \$ 25.60 | \$ 28.40 | | | |

⁽¹⁾A non-GAAP financial measure - see the "Non-GAAP Presentations" section for a reconciliation to the most comparable GAAP equivalent.

Shareholders' Equity: Total shareholders' equity was \$524.4 million as of December 31, 2023, compared to \$492.8 million as of December 31, 2022, compared to \$527.5 million as an increase of December 31, 2021, a decrease of \$34.7 million \$31.6 million, or 6.58% 6.41%, primarily due to driven by a decrease in AOCI which was partially offset by and an increase in retained earnings.

Capital Adequacy: The Federal Reserve uses capital adequacy guidelines in its examination and regulation of bank holding companies and their subsidiary banks. Risk-based capital ratios are established by allocating assets and certain off-balance-sheet commitments into four risk-weighted categories. These balances are then multiplied by the factor appropriate for that risk-weighted category. Pursuant to the Basel III Rules, the Company and the Bank, respectively, are subject to regulatory capital adequacy requirements promulgated by the Federal Reserve and the FDIC. Failure by the Company or the Bank to meet minimum capital requirements could result in certain mandatory and discretionary actions by our regulators that could have a material adverse effect on our consolidated financial statements. Under the capital requirements and the regulatory framework for prompt corrective action, the Company and the Bank must meet specific capital guidelines that involve quantitative measures of the Company's and the Bank's assets, liabilities and certain off-balance-sheet items as calculated under regulatory accounting practices. The Company's and the Bank's capital amounts and classifications are also subject to qualitative judgments by regulators about components, risk weightings and other factors. Quantitative measures established by regulation to ensure capital adequacy require the Company and the Bank to maintain minimum amounts and ratios of total risk-based capital, Tier 1 capital (as defined in the regulations) and Common Equity Tier 1 Capital (as defined in the regulations) to risk-weighted assets (as defined in the regulations), and a leverage ratio consisting of Tier 1 capital (as defined in the regulations) to average assets (as defined in the regulations). As of December 31, 2022 December 31, 2023, the Company and the Bank exceeded federal regulatory minimum capital requirements to be classified as well-capitalized (including the capital conservation buffer). See [Note 17. Regulatory Capital Requirements and Restrictions on Subsidiary Cash](#) to our consolidated financial statements for additional information related to our regulatory capital ratios.

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In order to be a "well-capitalized" depository institution, the Company and the Bank must maintain a Common Equity Tier 1 capital ratio of 6.5% or more; a Tier 1 capital ratio of 8% or more; a total capital ratio of 10% or more; and a leverage ratio of 5% or more. A capital conservation buffer, comprised of 2.5% of Common Equity Tier 1 Capital, is also established above the regulatory minimum capital requirements.

Stock Compensation

On April 20, 2017 April 27, 2023, the Company's shareholders approved the MidWestOne Financial Group, Inc. 2023 Equity Incentive Plan (the "2023 Plan"). The 2023 Plan replaced the MidWestOne Financial Group, Inc. 2017 Equity Incentive Plan (the "2017 Plan"). The 2017 Plan is the successor to the MidWestOne Financial Group, Inc. 2008 Equity Incentive Plan (the "2008 Plan"), which expired on November 20, 2017.

Restricted stock units were granted to certain officers and directors of the Company on February 15, 2022 February 15, 2023, May 15, 2022, August 15, 2022 May 15, 2023, and November 15, 2022 August 15, 2023, in the amounts of 67,608, 9,615, 4,509, 75,331, 20,148, and 7,114, 894, respectively. Additionally, during the year ended 2022, 53,072 2023, 90,665 whole restricted stock units were vested in connection with the vesting of previously awarded grants of restricted stock units, of which 8,841 20,336 shares were surrendered by grantees to satisfy tax requirements, and 1,870 requirements. There were 1,309 unvested restricted stock units were forfeited. Additionally, officers and directors received cash in lieu of 92,138 fractional restricted stock units vested during 2022, 2023.

See [Note 15. Stock Compensation Plans](#) to our consolidated financial statements for additional information related to our stock compensation program.

Liquidity

Liquidity Management

Liquidity management involves meeting the cash flow requirements of depositors and borrowers. We conduct liquidity management on both a daily and long-term basis, and adjust our investments in liquid assets based on expected loan demand, projected loan maturities and payments, expected deposit flows, yields available on interest-bearing deposits, and the objectives of our asset/liability management program. Excess liquidity is invested generally in short-term U.S. government and agency securities, short- and medium-term state

and political subdivision securities, and other investment securities. Our most liquid assets are cash and due from banks, interest-bearing bank deposits, and federal funds sold. The balances of these assets are dependent on our operating, investing, and financing activities during any given period.

Cash and cash equivalents are summarized in the table below:

| | | Year Ended December 31, | |
|---------------------------|---------------------------|-------------------------|------------|
| | | Year Ended December 31, | |
| | | Year Ended December 31, | |
| | | Year Ended December 31, | |
| (dollars in thousands) | (dollars in thousands) | 2022 | 2021 |
| Cash and due from banks | Cash and due from banks | \$ 83,990 | \$ 42,949 |
| Cash and due from banks | | | |
| Cash and due from banks | | | |
| Interest-bearing deposits | Interest-bearing deposits | 2,445 | 160,881 |
| Interest-bearing deposits | | | |
| Interest-bearing deposits | | | |
| Federal funds sold | | | |
| Federal funds sold | | | |
| Federal funds sold | | | |
| Total | Total | \$ 86,435 | \$ 203,830 |
| Total | | | |
| Total | | | |

Generally, our principal sources of funds are deposits, advances from the FHLB, principal repayments on loans, proceeds from the sale of loans, proceeds from the maturity and sale of investment securities, our federal funds lines, and funds provided by operations. While scheduled loan amortization and maturing interest-bearing deposits are relatively predictable sources of funds, deposit flows and loan prepayments are greatly influenced by economic conditions, the general level of interest rates, and competition. We utilized particular sources of funds based on comparative costs and availability. The Bank maintains unsecured lines of credit with several correspondent banks and secured lines with the Federal Reserve Bank of Chicago and the FHLB that would allow us to borrow funds on a short-term basis, if necessary. We also hold debt securities classified as available for sale that could be sold to meet liquidity needs if necessary.

Net cash provided by operations was another major source of liquidity. The net cash provided by operating activities was \$62.6 million for the year ended December 31, 2023 and \$90.3 million for the year ended December 31, 2022 and \$111.6 million for the year ended December 31, 2021.

As of December 31, 2022 December 31, 2023, we had outstanding commitments to extend credit to borrowers of \$1.19 billion \$1.20 billion, standby letters of credit of \$18.4 million \$7.8 million, and commitments to sell loans of \$0.6 million \$1.0 million. Certificates of deposit maturing in one year or less totaled \$923.8 million \$1.24 billion as of December 31, 2022 December 31, 2023. We believe that a significant portion of these deposits will remain with us upon maturity.

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Inflation

The effects of price changes and inflation can vary substantially for most financial institutions. While management believes that inflation affects the growth of total assets, it is difficult to assess its overall impact on the Company. The price of one or more of the components of the Consumer Price Index may fluctuate considerably and thereby influence the overall Consumer Price Index without having a corresponding effect on interest rates or upon the cost of those goods and services normally purchased by us. Inflation and related increases in market rates by the Federal Reserve generally decrease the market value of investments and loans held and may adversely affect liquidity, earnings and shareholders' equity. Ongoing higher inflation levels and higher interest rates could have a negative impact on both our consumer and commercial borrowers. We anticipate our noninterest income may be adversely affected in future periods as a result of increasing interest rates and inflationary pressure, which has begun to and will continue to adversely affect mortgage originations and mortgage banking revenue. Additionally, the economic impact of the recent rise in inflation and rising interest rates could place increased demand on our liquidity if we experience significant credit deterioration and as we meet borrowers' needs. There is also a risk that interest rate increases to fight inflation could lead to a recession.

Non-GAAP Presentations

Certain ratios and amounts not in conformity with GAAP are provided to evaluate and measure the Company's operating performance and financial condition, including return on average tangible equity, tangible common equity, tangible book value per share, tangible common equity ratio, net interest margin (tax equivalent), core net interest margin, and the efficiency ratio. Management believes these ratios and amounts provide investors with useful information regarding the Company's profitability, financial condition and capital adequacy, consistent with how management evaluates the Company's financial performance. The following tables provide a reconciliation of each non-GAAP measure to the most comparable GAAP equivalent.

| |
|-----------------------------------|
| Return on Average Tangible Equity |
| Return on Average Tangible Equity |

| Return on Average Tangible Equity (Dollars in thousands) | Return on Average Tangible Equity (Dollars in thousands) | For the Year Ended December 31, | | | | | | | | For the Year Ended December 31, | |
|--|--|---------------------------------|----------|------|----------|------|-----------|---|--|---------------------------------------|--|
| | | For the Year Ended December 31, | | | | | | | | | |
| | | 2022 | | 2021 | | 2020 | | | | | |
| Net income | Net income | \$ | 60,835 | \$ | 69,486 | \$ | 6,623 | | | | |
| Net income | | | | | | | | | | | |
| Net income | | | | | | | | | | | |
| Intangible amortization, net of tax ⁽¹⁾ | Intangible amortization, net of tax ⁽¹⁾ | | 4,552 | | 4,018 | | 5,232 | | | | |
| Goodwill impairment | | | — | | — | | 31,500 | | | | |
| Intangible amortization, net of tax ⁽¹⁾ | | | | | | | | | | | |
| Intangible amortization, net of tax ⁽¹⁾ | | | | | | | | | | | |
| Tangible net income | | | | | | | | | | | |
| Tangible net income | | | | | | | | | | | |
| Tangible net income | Tangible net income | \$ | 65,387 | \$ | 73,504 | \$ | 43,355 | | | | |
| Average shareholders' equity | Average shareholders' equity | \$ | 500,471 | \$ | 527,036 | \$ | 515,455 | | | | |
| Average shareholders' equity | | | | | | | | | | | |
| Average shareholders' equity | | | | | | | | | | | |
| Average intangible assets, net | Average intangible assets, net | | (88,917) | | (84,927) | | (113,978) | | | | |
| Average intangible assets, net | | | | | | | | | | | |
| Average intangible assets, net | | | | | | | | | | | |
| Average tangible equity | | | | | | | | | | | |
| Average tangible equity | | | | | | | | | | | |
| Average tangible equity | Average tangible equity | \$ | 411,554 | \$ | 442,109 | \$ | 401,477 | | | | |
| Return on average equity | Return on average equity | | 12.16 | % | 13.18 | % | 1.28 | % | | | |
| Return on average equity | | | | | | | | | | | |
| Return on average equity | | | | | | | | | | | |
| Return on average tangible equity ⁽²⁾ | | | | | | | | | | | |
| Return on average tangible equity ⁽²⁾ | | | | | | | | | | | |
| Return on average tangible equity ⁽²⁾ | Return on average tangible equity ⁽²⁾ | | 15.89 | % | 16.63 | % | 10.80 | % | | | |

(1) Computed on a tax-equivalent basis, assuming an income tax rate of 25%.

(1) Computed on a tax-equivalent basis, assuming an income tax rate of 25%.

(1) Computed on a tax-equivalent basis, assuming an income tax rate of 25%.

(2) Tangible net income divided by average tangible equity

Tangible Common Equity
/ Tangible Book Value Per
Share/ Tangible Common
Equity Ratio
Tangible Common Equity
/ Tangible Book Value Per
Share/ Tangible Common
Equity Ratio

| Tangible Common Equity / Tangible Book Value Per Share/ Tangible Common Equity Ratio | Tangible Common Equity / Tangible Book Value Per Share/ Tangible Common Equity Ratio | As of December 31, | | | As of December 31, |
|--|--|--------------------|-------------|-------------|--------------------|
| (Dollars in thousands, except per share data) | (Dollars in thousands, except per share data) | 2022 | 2021 | 2020 | |
| Total shareholders' equity | Total shareholders' equity | \$ 492,793 | \$ 527,475 | \$ 515,250 | |
| Total shareholders' equity | | | | | |
| Total shareholders' equity | | | | | |
| Intangible assets, net | Intangible assets, net | (92,792) | (82,362) | (87,719) | |
| Intangible assets, net | | | | | |
| Intangible assets, net | | | | | |
| Tangible common equity | | | | | |
| Tangible common equity | | | | | |
| Tangible common equity | Tangible common equity | \$ 400,001 | \$ 445,113 | \$ 427,531 | |
| Total assets | Total assets | \$6,577,876 | \$6,025,128 | \$5,556,648 | |
| Total assets | | | | | |
| Total assets | | | | | |
| Intangible assets, net | Intangible assets, net | (92,792) | (82,362) | (87,719) | |
| Intangible assets, net | | | | | |
| Intangible assets, net | | | | | |
| Tangible assets | | | | | |
| Tangible assets | | | | | |
| Tangible assets | Tangible assets | \$6,485,084 | \$5,942,766 | \$5,468,929 | |
| Book value per share | Book value per share | \$ 31.54 | \$ 33.66 | \$ 32.17 | |
| Book value per share | | | | | |
| Book value per share | | | | | |
| Tangible book value per share ⁽¹⁾ | Tangible book value per share ⁽¹⁾ | \$ 25.60 | \$ 28.40 | \$ 26.69 | |
| Tangible book value per share ⁽¹⁾ | | | | | |
| Tangible book value per share ⁽¹⁾ | | | | | |
| Shares outstanding | | | | | |
| Shares outstanding | | | | | |
| Shares outstanding | Shares outstanding | 15,623,977 | 15,671,147 | 16,016,780 | |
| Common equity ratio | Common equity ratio | 7.49 % | 8.75 % | 9.27 % | |

| | | | | |
|---|---------------------------------|--------|--------|--------|
| Common equity ratio | | | | |
| Common equity ratio | | | | |
| Tangible common equity ratio(2) | | | | |
| Tangible common equity ratio(2) | | | | |
| Tangible common equity ratio(2) | Tangible common equity ratio(2) | 6.17 % | 7.49 % | 7.82 % |
| (1) Tangible common equity divided by shares outstanding. | | | | |
| (1) Tangible common equity divided by shares outstanding. | | | | |
| (1) Tangible common equity divided by shares outstanding. | | | | |
| (2) Tangible common equity divided by tangible assets. | | | | |

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| | | | | |
|--|--|---------------------------------|------------|------------|
| Net Interest Margin, Tax Equivalent / Core Net Interest Margin | | | | |
| Net Interest Margin, Tax Equivalent / Core Net Interest Margin | | | | |
| Net Interest Margin, Tax Equivalent / Core Net Interest Margin | Net Interest Margin, Tax Equivalent / Core Net Interest Margin | For the Year Ended December 31, | | |
| Net Interest Margin | Net Interest Margin | For the Year Ended December 31, | | |
| (Dollars in thousands) | (Dollars in thousands) | 2022 | 2021 | 2020 |
| Net interest income | Net interest income | \$ 166,358 | \$ 156,281 | \$ 152,964 |
| Net interest income | | | | |
| Net interest income | | | | |
| Tax equivalent adjustments: | | | | |
| Tax equivalent adjustments: | | | | |
| Tax equivalent adjustments: | Tax equivalent adjustments: | 2,507 | 2,105 | 2,096 |
| Loans(1) | | | | |
| Loans(1) | | | | |
| Securities(1) | | | | |
| Securities(1) | | | | |
| Securities(1) | Securities(1) | 2,409 | 2,521 | 2,136 |
| Net interest income, tax equivalent | Net interest income, tax equivalent | \$ 171,274 | \$ 160,907 | \$ 157,196 |
| Net interest income, tax equivalent | | | | |
| Net interest income, tax equivalent | | | | |

| | | | | |
|--|--|-------------|-------------|-------------|
| Loan purchase discount accretion | Loan purchase discount accretion | (4,561) | (3,344) | (9,098) |
| Loan purchase discount accretion | | | | |
| Loan purchase discount accretion | | | | |
| Core net interest income | | | | |
| Core net interest income | | | | |
| Core net interest income | Core net interest income | \$ 166,713 | \$ 157,563 | \$ 148,098 |
| Net interest margin | Net interest margin | 2.84 % | 2.86 % | 3.21 % |
| Net interest margin | | | | |
| Net interest margin | | | | |
| Net interest margin, tax equivalent ⁽²⁾ | | | | |
| Net interest margin, tax equivalent ⁽²⁾ | | | | |
| Net interest margin, tax equivalent ⁽²⁾ | Net interest margin, tax equivalent ⁽²⁾ | 2.92 % | 2.95 % | 3.30 % |
| Core net interest margin ⁽³⁾ | Core net interest margin ⁽³⁾ | 2.85 % | 2.89 % | 3.11 % |
| Core net interest margin ⁽³⁾ | | | | |
| Core net interest margin ⁽³⁾ | | | | |
| Average interest earning assets | Average interest earning assets | \$5,859,160 | \$5,455,777 | \$4,765,154 |
| Average interest earning assets | | | | |
| Average interest earning assets | | | | |
| (1) The federal statutory tax rate utilized was 21%. | | | | |
| (1) The federal statutory tax rate utilized was 21%. | | | | |

(1) The federal statutory tax rate utilized was 21%.

(2) Tax equivalent net interest income divided by average interest earning assets.

| | | | | |
|------------------------|------------------------|---------------------------------|------|------|
| Efficiency Ratio | | | | |
| Efficiency Ratio | | | | |
| Efficiency Ratio | Efficiency Ratio | For the Year Ended December 31, | | |
| (Dollars in thousands) | (Dollars in thousands) | 2022 | 2021 | 2020 |

| | | | | | | | |
|--|--|----|---------|----|---------|----|----------|
| Total noninterest expense | Total noninterest expense | \$ | 132,788 | \$ | 116,592 | \$ | 149,893 |
| Total noninterest expense | | | | | | | |
| Total noninterest expense | | | | | | | |
| Amortization of intangibles | | | | | | | |
| Amortization of intangibles | | | | | | | |
| Amortization of intangibles | Amortization of intangibles | | (6,069) | | (5,357) | | (6,976) |
| Merger-related expenses | Merger-related expenses | | (2,201) | | (224) | | (61) |
| Goodwill impairment | | | — | | — | | (31,500) |
| Merger-related expenses | | | | | | | |
| Merger-related expenses | | | | | | | |
| Noninterest expense used for efficiency ratio | | | | | | | |
| Noninterest expense used for efficiency ratio | | | | | | | |
| Noninterest expense used for efficiency ratio | Noninterest expense used for efficiency ratio | \$ | 124,518 | \$ | 111,011 | \$ | 111,356 |
| Net interest income, tax equivalent ⁽¹⁾ | Net interest income, tax equivalent ⁽¹⁾ | \$ | 171,274 | \$ | 160,907 | \$ | 157,196 |
| Net interest income, tax equivalent ⁽¹⁾ | | | | | | | |
| Net interest income, tax equivalent ⁽¹⁾ | | | | | | | |
| Plus: Noninterest income | Plus: Noninterest income | | 47,519 | | 42,453 | | 38,620 |
| Less: Investment securities gains, net | | | 271 | | 242 | | 184 |
| Plus: Noninterest income | | | | | | | |
| Plus: Noninterest income | | | | | | | |
| Less: Investment securities (losses) gains, net | | | | | | | |
| Less: Investment securities (losses) gains, net | | | | | | | |
| Less: Investment securities (losses) gains, net | | | | | | | |
| Net revenues used for efficiency ratio | | | | | | | |
| Net revenues used for efficiency ratio | | | | | | | |
| Net revenues used for efficiency ratio | Net revenues used for efficiency ratio | \$ | 218,522 | \$ | 203,118 | \$ | 195,632 |
| Efficiency ratio ⁽²⁾ | Efficiency ratio ⁽²⁾ | | 56.98 % | | 54.65 % | | 56.92 % |
| Efficiency ratio ⁽²⁾ | | | | | | | |
| Efficiency ratio ⁽²⁾ | | | | | | | |
| (1) Computed on a tax-equivalent basis, assuming a federal income tax rate of 21%. | | | | | | | |
| (1) Computed on a tax-equivalent basis, assuming a federal income tax rate of 21%. | | | | | | | |

(2) Noninterest expense adjusted for amortization of intangibles, merger-related expenses, and goodwill impairment divided by the sum of tax equivalent net interest income, noninterest income and net investment securities gains.

(1) Computed on a tax-equivalent basis, assuming a federal income tax rate of 21%.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

In general, market risk is the risk of change in asset values due to movements in underlying market rates and prices. Interest rate risk is the risk to earnings and capital arising from movements in interest rates. Interest rate risk is the most significant market risk affecting us as other types of market risk, such as foreign currency exchange rate risk and commodity price risk, do not arise in the normal course of our business activities.

In addition to interest rate risk, economic conditions in recent years have made liquidity risk (namely, funding liquidity risk) a more prevalent concern among financial institutions. In general, liquidity risk is the risk of being unable to fund an entity's obligations to creditors (including, in the case of banks, obligations to depositors) as such obligations become due and/or fund its acquisition of assets.

Liquidity Risk

Liquidity refers to our ability to fund operations, to meet depositor withdrawals, to provide for our customers' credit needs, and to meet maturing obligations and existing commitments. Our liquidity principally depends on cash flows from operating activities, investment in and maturity of assets, changes in balances of deposits and borrowings, and our ability to borrow funds.

Net cash inflows from operating activities were \$90.3 million \$62.6 million during 2022, the year ended December 31, 2023, compared with \$90.3 million in the year ended December 31, 2022 and \$111.6 million in 2021 and \$9.2 million in 2020, the year ended December 31, 2021. Net cash outflows/inflows from investing activities were \$273.3 million \$129.7 million during 2022, the year ended December 31, 2023, compared with net cash outflows of \$428.3 million \$273.3 million in 2021 the year ended December 31, 2022 and net cash outflows of \$867.4 million \$428.3 million in 2020, the year ended December 31, 2021. Net cash inflows/outflows from financing activities were

\$65.5 million \$197.0 million during 2022, the year ended December 31, 2023, compared with net cash inflows of \$437.9 million \$65.5 million in 2021, the year ended December 31, 2022, and net cash inflows of \$867.5 million \$437.9 million in 2020, the year ended December 31, 2021.

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To manage liquidity risk, the Bank has several sources of liquidity in place to maximize funding availability and increase the diversification of funding sources. The criteria for evaluating the use of these sources include volume concentration (percentage of liabilities), cost, volatility, and the fit with the current asset/liability management plan. These acceptable sources of liquidity include:

- Federal Funds Lines
- Federal Reserve Bank Discount [Window](#) [Window/Bank Term Funding Program](#)
- Federal Home Loan Bank Advances
- Brokered Deposits
- Brokered Repurchase Agreements

Federal Funds Lines: Routine Federal funds positions provide a source of short-term liquidity requirements are met by fluctuations in funding for the federal funds position of the Bank. The principal function of these funds is to maintain short-term liquidity. Unsecured federal funds purchased lines are viewed as a volatile liability and are not used as a long-term funding solution, especially when used to fund long-term assets. The current federal funds purchased limit is 10% of total assets, or the amount of established federal funds lines, whichever is smaller. Currently, the Bank maintains several unsecured federal funds lines totaling \$155.0 million, which are tested annually to ensure availability.

Federal Reserve Bank Discount [Window](#); [Window and Bank Term Funding Program](#): The Federal Reserve Bank Discount Window is another source and the BTFP are additional sources of liquidity, particularly during periods of economic uncertainty or stress. The Bank has a borrowing capacity with the Federal Reserve Bank of Chicago limited by the amount of municipal securities pledged against the line. As of December 31, 2022 December 31, 2023, the Bank had municipal securities with an approximate market value of \$115.2 million \$797.6 million pledged for liquidity purposes, and had an additional borrowing capacity of \$105.6 million \$428.8 million. There were no outstanding borrowings through the FRB Discount Window at December 31, 2022 December 31, 2023. There were \$285.0 million of BTFP borrowings outstanding at December 31, 2023. The Federal Reserve has announced that it is ending the BTFP and will cease making new loans under this program on March 11, 2024.

Federal Home Loan Bank Advances/Advances: FHLB advances provide both a source of liquidity and long-term funding for the Bank. Advances All credit exposure, including advances and federal funds borrowings from the FHLBDM are collateralized primarily by one- to four-family residential, commercial and agricultural real estate first mortgages equal to various percentages of the total outstanding notes. The current FHLB borrowing credit limit established by the FHLBDM is equal to 45% of the Bank's total assets. This credit capacity limit includes short-term and long-term borrowings, federal funds, letters of credit, and other sources of credit exposure to the FHLB. As of December 31, 2022 December 31, 2023, the Bank had \$235.5 million in outstanding \$10.2 million of short-term FHLB short-term advances and \$17.3 million \$6.3 million in outstanding long-term FHLB long-term advances, leaving \$405.1 million available for liquidity needs, based on collateral capacity; borrowings and additional borrowing capacity of \$795.9 million.

Brokered Deposits and Reciprocal Deposits: The Bank has brokered time deposit and non-maturity deposit relationships available to diversify its funding sources. Brokered deposits offer several benefits relative to other funding sources, such as: maturity structures which cannot be duplicated in the current retail market, deposit gathering which does not cannibalize the existing deposit base, the unsecured nature of these liabilities, and the ability to quickly generate funds. The Bank's internal policy limits the use of brokered deposits as a funding source to no more than 10% 20% of total assets. Board approval is required to exceed this limit. The Bank will also have to must maintain a "well capitalized" standing rating to access brokered deposits as an without FDIC waiver. An "adequately capitalized" rating would require requires an FDIC waiver to do so, access brokered deposits

and an “undercapitalized” rating **would prohibit it prohibits the Bank** from using brokered **deposits altogether deposits**. At **December 31, 2022 December 31, 2023**, the Company held **\$126.8 million \$221.0 million** of brokered deposits.

Under a final rule that was issued by the FDIC in December 2018, financial institutions that are considered “well capitalized” qualify for the exemption of certain reciprocal deposits from being considered brokered deposits. Such exemption is limited to the lesser of 20 percent of total liabilities or **\$5 billion \$5.00 billion**, with some exceptions for financial institutions that do not meet such criteria. At **December 31, 2022 December 31, 2023**, the Company had **\$4.3 million \$15.2 million** of reciprocal time deposits and **\$40.0 million \$128.0 million** of reciprocal interest bearing non-maturity deposits, and **\$58.0 million non-interest bearing non-maturity deposits** that qualified for the brokered deposit exemption. These reciprocal deposits are part of the IntraFi Network Deposits program, which is used by financial institutions to spread deposits that exceed the FDIC insurance coverage limits out to numerous institutions in order to provide insurance coverage for all participating deposits.

Brokered Repurchase Agreements: Brokered repurchase agreements may be established with approved brokerage firms and banks. Repurchase agreements create rollover risk (the risk that a broker will discontinue the relationship due to market factors) and are not used as a long-term funding solution, especially when used to fund long-term assets. Collateral requirements and availability are evaluated and monitored. The current policy limit for brokered repurchase agreements is **10.0% 15%** of total assets. There were no outstanding brokered repurchase agreements at **December 31, 2022 December 31, 2023**.

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Interest Rate Risk

Interest rate risk is defined as the exposure of net interest income and fair value of financial instruments (interest-earning assets, deposits and borrowings) to movements in interest rates. The Company’s results of operations depend to a large degree on its net interest income and its ability to manage interest rate risk. The Company considers interest rate risk to be a significant market risk. The major sources of the Company’s interest rate risk are timing differences in the maturity and re-pricing characteristics of assets and liabilities, changes in the shape of the yield curve, changes in customer behavior and changes in relationships between rate indices (basis risk). Management measures these risks and their impact in various ways, including through the use of income simulation and valuation analyses. Multiple interest rate scenarios are used in this analysis which include changes in interest rates, spread narrowing and widening, yield curve twists and changes in assumptions about customer behavior in various interest rate scenarios. A mismatch between maturities, interest rate sensitivities and prepayment characteristics of assets and liabilities results in interest-rate risk. Like most financial institutions, we have material interest-rate risk exposure to changes in both short-term and long-term interest rates, as well as variable interest rate indices (e.g., the prime rate **LIBOR**, or SOFR).

The Bank’s asset and liability committee meets regularly and is responsible for reviewing its interest rate sensitivity position and establishing policies to monitor and limit exposure to interest rate risk. Our asset and liability committee seeks to manage interest rate risk under a variety of rate environments by structuring our balance sheet and off-balance-sheet positions in such a way that changes in interest rates do not have a large negative impact. The risk is monitored and managed within approved policy limits.

We use a third-party service to model and measure our exposure to potential interest rate changes. For various assumed hypothetical changes in market interest rates, numerous other assumptions are made, such as prepayment speeds on loans and securities backed by mortgages, the slope of the Treasury yield-curve, the rates and volumes of our deposits, and the rates and volumes of our loans. There are two primary tools used to evaluate interest rate risk: net interest income simulation and economic value of equity (“EVE”). In addition, interest rate gap is reviewed to monitor asset and liability repricing over various time periods.

Net Interest Income Simulation: Management utilizes net interest income simulation models to estimate the near-term effects of changing interest rates on its net interest income. Net interest income simulation involves projecting net interest income under a variety of scenarios, which include varying the level of interest rates and shifts in the shape of the yield curve. Management exercises its best judgment in making assumptions regarding events that management can influence, such as non-contractual deposit re-pricings, and events outside management’s control, such as customer behavior on loan and deposit activity and the effect that competition has on both loan and deposit pricing. These assumptions are subjective and, as a result, net interest income simulation results will differ from actual results due to the timing, magnitude and frequency of interest rate changes, changes in market conditions, customer behavior and management strategies, among other factors. We perform various sensitivity analyses on assumptions of deposit attrition and deposit re-pricing.

The following table presents the anticipated effect on net interest income over a twelve month period if short- and long-term interest rates were to sustain an immediate decrease of 100 basis points or 200 basis points, or an immediate increase of 100 basis points or 200 basis **points (the effects of which are not meaningful as of December 31, 2021 in the low interest rate environment): points:**

| Immediate Change in Rates | | | | | | | | | | | |
|---------------------------|------------------------|---------|---------|-----------|------------|---------------------------|-------|---------|-------|-------|--|
| Immediate Change in Rates | | | | | | Immediate Change in Rates | | | | | |
| (dollars in thousands) | (dollars in thousands) | -200 | -100 | +100 | +200 | (dollars in thousands) | -200 | -100 | +100 | +200 | |
| December 31, 2022 | | | | | | | | | | | |
| December 31, 2023 | | | | | | | | | | | |
| Dollar change | | | | | | | | | | | |
| Dollar change | | | | | | | | | | | |
| Dollar change | Dollar change | \$8,398 | \$5,637 | \$(6,738) | \$(13,921) | | | | | | |
| Percent change | Percent change | 5.2 % | 3.5 % | (4.2)% | (8.7)% | Percent change | 0.9 % | (0.2) % | 0.2 % | 0.1 % | |

| | | | | | | | | | |
|-------------------|----------------|-----|-----|----------|------------|----------------|-------|-------|---------|
| December 31, 2021 | | | | | | | | | |
| December 31, 2022 | | | | | | | | | |
| December 31, 2022 | | | | | | | | | |
| December 31, 2022 | | | | | | | | | |
| Dollar change | | | | | | | | | |
| Dollar change | | | | | | | | | |
| Dollar change | Dollar change | N/A | N/A | \$ (996) | \$ (2,237) | | | | |
| Percent change | Percent change | N/A | N/A | (0.7)% | (1.5)% | Percent change | 5.2 % | 3.5 % | (4.2) % |
| | | | | | | (8.7) % | | | |

As of **December 31, 2022** **December 31, 2023**, **26.8%** **32.9%** of the Company's interest-earning asset balances will reprice or are expected to pay down in the next 12 months, and **49.0%** **41.1%** of the Company's deposit balances are low cost or no cost deposits.

Economic Value of Equity: Management also uses EVE to measure risk in the balance sheet that might not be taken into account in the net interest income simulation analysis. Net interest income simulation highlights exposure over a relatively short time period, while EVE analysis incorporates all cash flows over the estimated remaining life of all balance sheet positions. The valuation of the balance sheet, at a point in time, is defined as the discounted present value of asset cash flows minus the

discounted present value of liability cash flows. EVE analysis addresses only the current balance sheet and does not incorporate

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the run-off replacement assumptions that are used in the net interest income simulation model. As with the net interest income simulation model, EVE analysis is based on key assumptions about the timing and variability of balance sheet cash flows and does not take into account any potential responses by management to anticipated changes in interest rates.

Interest Rate Gap: **Gap** - The interest rate gap is the difference between interest-earning assets and interest-bearing liabilities re-pricing within a given period and represents the net asset or liability sensitivity at a point in time. An interest rate gap measure could be significantly affected by external factors such as loan prepayments, early withdrawals of deposits, changes in the correlation of various interest-bearing instruments, competition, or a rise or decline in interest rates.

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of MidWestOne Financial Group, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of MidWestOne Financial Group, Inc. **and its subsidiary** (the Company) as of **December 31, 2022** **December 31, 2023** and **2021, 2022**, the related consolidated statements of income, comprehensive income, shareholders' equity and cash flows for each of the three years in the period ended **December 31, 2022** **December 31, 2023**, and the related notes to the consolidated financial statements (collectively, the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of **December 31, 2022** **December 31, 2023** and **2021, 2022**, and the results of its operations and its cash flows for each of the three years in the period ended **December 31, 2022** **December 31, 2023**, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of **December 31, 2022** **December 31, 2023**, based on criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013, and our report dated **March 13, 2023** **March 8, 2024**, expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter Matters

The critical audit matter matters communicated below is a matter are matters arising from the current period audit of the financial statements that was were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of a critical audit matter matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter matters below, providing a separate opinions opinion on the critical audit matter matters or on the accounts or disclosures to which it relates, they relate.

Allowance for Credit Losses

At December 31, 2022 December 31, 2023, the Company's total loans were \$3.9 billion \$4.13 billion and the associated allowance for credit losses was \$49.2 million \$51.5 million. As explained in Note 1 of the consolidated financial statements, the allowance for credit losses consists of reserves for expected losses over the life of the loans that have been identified by management related to specific borrowing relationships that are collateral dependent financial assets evaluated for impairment (individual basis), as well as expected credit losses inherent in the loan portfolio that are not specifically identified (pool basis). The Company measures expected credit losses of financial assets on a collective (pool) basis when the financial assets share similar risk characteristics. Depending on the nature of the pool of financial assets with similar risk characteristics, the Company uses a discounted cash flow (DCF) method or a loss-rate method to estimate expected credit losses which includes adjustments for forecast periods. In addition, management utilizes qualitative factors to adjust the calculated allowance for credit losses as appropriate. Qualitative factors are based on management's judgement of company, market, industry, or business specific data, changes in underlying loan composition of specific portfolios, trends relating to credit quality, delinquency, non-performing and adversely rated loans, and reasonable and supportable forecast forecasts of economic conditions.

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We identified the qualitative factors applied to the allowance for credit losses as a critical audit matter, because auditing this matter required significant auditor judgement due to the highly subjective nature of management's significant inputs and assumptions used in the allowance for credit losses model.

Our audit procedures related to management's evaluation and establishment of the qualitative factors applied to the allowance for credit losses include the following, among others:

- We obtained an understanding of the relevant controls related to the qualitative factors applied to the allowance for credit losses and tested such controls for design and operating effectiveness, including controls over management's establishment, review and approval of the qualitative factors and the data used in determining the qualitative factors.
- We tested the completeness, accuracy and relevance of the data inputs used by management as a basis for the qualitative factors by agreeing them to internal and external data sources.
- We tested management's process and evaluated the reasonableness of their inputs and assumptions by evaluating the reasonableness of the overall qualitative factor adjustments based on the data inputs used by management.

Goodwill

The Company's goodwill balance on December 31, 2023 was \$62.5 million. As explained in Note 1 of the consolidated financial statements, goodwill of a reporting unit is tested for impairment on an annual basis, or between annual tests if an event occurs or circumstances change that could reduce the fair value of a reporting unit below its carrying amount. The Company estimates the fair value of the single reporting unit by making significant estimates and assumptions related to the specific circumstances of the reporting unit, such as net interest income and net income projections, based on historical results and industry data, and the selection of an appropriate discount rate. During 2023, the Company identified a triggering event due to the volatility and overall decrease in the Company's stock price and performed an interim impairment test.

We identified management's goodwill impairment assessments as a critical audit matter because of the complexity of the analyses and certain significant assumptions, including the magnitude projected cash flows, discount rate, control premium, transaction multiples and directional consistency trading multiples of comparable companies. Auditing management's assumptions required significant auditor judgment and increased audit effort, including the use of our valuation specialists.

Our audit procedures related to management's goodwill impairment assessments include the following, among others:

- We obtained an understanding of the adjustments, relevant controls related to the goodwill impairment assessments and tested such controls for design and operating effectiveness, including controls over management's preparation of cash flow projections, review of the significant assumptions, such as discount rate, control premium and transaction multiples of comparable market companies and review of the computations.
- We utilized internal valuation specialists to assist in evaluating the reasonableness of significant assumptions by:
 - Reviewing publicly available market data and comparing it to management's estimate of the control premium used by management;
 - Comparing publicly available market transactions and trading multiples for comparable market companies to assumptions used in management's analysis; and

- Testing the relevance and reliability of source information underlying the determination of the discount rates and testing the mathematical accuracy of the calculation.
- We evaluated the reasonableness of management's cash flow projections by comparing forecasts to historical data and by comparison of current operating ratios, such as return on assets, loan to deposit and net interest margin to historical and peer group results.

/s/ RSM US LLP

We have served as the Company's auditor since 2013.

Des Moines, Iowa

March 13, 2023 8, 2024

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**MIDWESTONE FINANCIAL GROUP, INC.
CONSOLIDATED BALANCE SHEETS**

| December 31, | | | | | |
|---|---|-----------|-----------|------------------------|------|
| December 31, | | | | December 31, | |
| (dollars in thousands) | (dollars in thousands) | 2022 | 2021 | (dollars in thousands) | |
| ASSETS | ASSETS | | | 2023 | 2022 |
| Cash and due from banks | Cash and due from banks | \$ 83,990 | \$ 42,949 | | |
| Cash and due from banks | | | | | |
| Cash and due from banks | | | | | |
| Interest earning deposits in banks | Interest earning deposits in banks | 2,445 | 160,881 | | |
| Federal funds sold | | | | | |
| Total cash and cash equivalents | Total cash and cash equivalents | 86,435 | 203,830 | | |
| Debt securities available for sale at fair value | Debt securities available for sale at fair value | 1,153,547 | 2,288,110 | | |
| Held to maturity securities at amortized cost | Held to maturity securities at amortized cost | 1,129,421 | — | | |
| Total securities | Total securities | 2,282,968 | 2,288,110 | | |
| Loans held for sale | Loans held for sale | 612 | 12,917 | | |
| Gross loans held for investment | Gross loans held for investment | 3,854,791 | 3,252,194 | | |
| Unearned income, net | Unearned income, net | (14,267) | (7,182) | | |
| Loans held for investment, net of unearned income | Loans held for investment, net of unearned income | 3,840,524 | 3,245,012 | | |
| Allowance for credit losses | Allowance for credit losses | (49,200) | (48,700) | | |
| Total loans held for investment, net | Total loans held for investment, net | 3,791,324 | 3,196,312 | | |
| Premises and equipment, net | Premises and equipment, net | 87,125 | 83,492 | | |
| Goodwill | Goodwill | 62,477 | 62,477 | | |
| Other intangible assets, net | Other intangible assets, net | 30,315 | 19,885 | | |

| | | | |
|------------------------|------------------------|-------------|-------------|
| Foreclosed assets, net | Foreclosed assets, net | 103 | 357 |
| Other assets | Other assets | 236,517 | 157,748 |
| Total assets | Total assets | \$6,577,876 | \$6,025,128 |

LIABILITIES AND SHAREHOLDERS' EQUITY

LIABILITIES AND SHAREHOLDERS' EQUITY

LIABILITIES AND SHAREHOLDERS' EQUITY

Noninterest bearing deposits

Noninterest bearing deposits

| | | | |
|------------------------------|------------------------------|-------------|-------------|
| Noninterest bearing deposits | Noninterest bearing deposits | \$1,053,450 | \$1,005,369 |
| Interest bearing deposits | Interest bearing deposits | 4,415,492 | 4,109,150 |
| Total deposits | Total deposits | 5,468,942 | 5,114,519 |

| | | | |
|-----------------------|-----------------------|---------|---------|
| Short-term borrowings | Short-term borrowings | 391,873 | 181,368 |
|-----------------------|-----------------------|---------|---------|

| | | | |
|----------------|----------------|---------|---------|
| Long-term debt | Long-term debt | 139,210 | 154,879 |
|----------------|----------------|---------|---------|

| | | | |
|-------------------|-------------------|--------|--------|
| Other liabilities | Other liabilities | 85,058 | 46,887 |
|-------------------|-------------------|--------|--------|

| | | | |
|-------------------|-------------------|-----------|-----------|
| Total liabilities | Total liabilities | 6,085,083 | 5,497,653 |
|-------------------|-------------------|-----------|-----------|

| | | | |
|---|---|--|--|
| Commitments and contingencies (Note 18) | Commitments and contingencies (Note 18) | | |
|---|---|--|--|

Commitments and contingencies (Note 18)

Commitments and contingencies (Note 18)

| | | | |
|----------------------|----------------------|--|--|
| Shareholders' equity | Shareholders' equity | | |
|----------------------|----------------------|--|--|

Shareholders' equity

Shareholders' equity

| | | | |
|---|---|--------|--------|
| Preferred stock, no par value; authorized 500,000 shares; no shares issued and outstanding | Preferred stock, no par value; authorized 500,000 shares; no shares issued and outstanding | — | — |
| Common stock, \$1.00 par value; authorized 30,000,000 shares; issued shares of 16,581,017 and 16,581,017; outstanding shares of 15,623,977 and 15,671,147 | Common stock, \$1.00 par value; authorized 30,000,000 shares; issued shares of 16,581,017 and 16,581,017; outstanding shares of 15,623,977 and 15,671,147 | 16,581 | 16,581 |

Preferred stock, no par value; authorized 500,000 shares; no shares issued and outstanding

Preferred stock, no par value; authorized 500,000 shares; no shares issued and outstanding

| | | | |
|---|--|-------------|-------------|
| Common stock, \$1.00 par value; authorized 30,000,000 shares; issued shares of 16,581,017 and 16,581,017; outstanding shares of 15,694,306 and 15,623,977 | | | |
| Additional paid-in capital | Additional paid-in capital | 302,085 | 300,940 |
| Retained earnings | Retained earnings | 289,289 | 243,365 |
| Treasury stock at cost, 957,040 and 909,870 shares | | (26,115) | (24,546) |
| Treasury stock at cost, 886,711 and 957,040 shares | | | |
| Accumulated other comprehensive loss | Accumulated other comprehensive loss | (89,047) | (8,865) |
| Total shareholders' equity | Total shareholders' equity | 492,793 | 527,475 |
| Total liabilities and shareholders' equity | Total liabilities and shareholders' equity | \$6,577,876 | \$6,025,128 |

See accompanying notes to consolidated financial statements.

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**MIDWESTONE FINANCIAL GROUP, INC.
CONSOLIDATED STATEMENTS OF INCOME**

| Years ended December 31, | | | | | Years ended December 31, | | |
|--|--|-----------|-----------|-----------|--|------|------|
| Years ended December 31, | | | | | Years ended December 31, | | |
| (dollars in thousands, except per share amounts) | (dollars in thousands, except per share amounts) | 2022 | 2021 | 2020 | (dollars in thousands, except per share amounts) | 2023 | 2022 |
| Interest income | Interest income | | | | | | |
| Loans, including fees | Loans, including fees | | | | | | |
| Loans, including fees | Loans, including fees | | | | | | |
| Loans, including fees | Loans, including fees | \$148,284 | \$141,036 | \$158,656 | | | |
| Taxable investment securities | Taxable investment securities | 39,019 | 25,692 | 17,610 | | | |
| Tax-exempt investment securities | Tax-exempt investment securities | 9,379 | 9,947 | 8,259 | | | |
| Other | Other | 77 | 91 | 262 | | | |
| Total interest income | Total interest income | 196,759 | 176,766 | 184,787 | | | |
| Interest expense | Interest expense | | | | | | |

| | | | | |
|---|---|---------|---------|---------|
| Deposits | | | | |
| Deposits | | | | |
| Deposits | Deposits | 20,245 | 13,198 | 23,919 |
| Short-term borrowings | Short-term borrowings | 3,070 | 551 | 914 |
| Long-term debt | Long-term debt | 7,086 | 6,736 | 6,990 |
| Total interest expense | Total interest expense | 30,401 | 20,485 | 31,823 |
| Net interest income | Net interest income | 166,358 | 156,281 | 152,964 |
| Credit loss expense (benefit) | Credit loss expense (benefit) | 4,492 | (7,336) | 28,369 |
| Net interest income after credit loss expense (benefit) | Net interest income after credit loss expense (benefit) | 161,866 | 163,617 | 124,595 |
| Noninterest income | | | | |
| Investment services and trust activities | Investment services and trust activities | 11,223 | 11,675 | 9,632 |
| Investment services and trust activities | | | | |
| Investment services and trust activities | | | | |
| Service charges and fees | Service charges and fees | 7,477 | 6,259 | 6,178 |
| Card revenue | Card revenue | 7,210 | 7,015 | 5,719 |
| Loan revenue | Loan revenue | 10,504 | 12,948 | 10,185 |
| Bank-owned life insurance | Bank-owned life insurance | 2,305 | 2,162 | 2,226 |
| Investment securities gains, net | | 271 | 242 | 184 |
| Investment securities (losses) gains, net | | | | |
| Other | Other | 8,529 | 2,152 | 4,496 |
| Total noninterest income | Total noninterest income | 47,519 | 42,453 | 38,620 |
| Noninterest expense | | | | |
| Compensation and employee benefits | | | | |
| Compensation and employee benefits | | | | |
| Compensation and employee benefits | Compensation and employee benefits | 78,103 | 69,937 | 66,397 |
| Occupancy expense of premises, net | Occupancy expense of premises, net | 10,272 | 9,274 | 9,348 |
| Equipment | Equipment | 8,693 | 7,816 | 7,865 |
| Legal and professional | Legal and professional | 8,646 | 5,256 | 6,153 |
| Data processing | Data processing | 5,574 | 5,216 | 5,362 |
| Marketing | Marketing | 4,272 | 4,022 | 3,815 |

| | | | | |
|-----------------------------|-----------------------------|-------|-------|--------|
| Amortization of intangibles | Amortization of intangibles | 6,069 | 5,357 | 6,976 |
| FDIC insurance | FDIC insurance | 1,660 | 1,572 | 1,858 |
| Communications | Communications | 1,125 | 1,332 | 1,746 |
| Foreclosed assets, net | Foreclosed assets, net | (18) | 233 | 150 |
| Goodwill impairment | | — | — | 31,500 |

| | | | | |
|-------|--|--|--|--|
| Other | | | | |
| Other | | | | |

| | | | | |
|----------------------------------|----------------------------------|-----------|-----------|----------|
| Other | Other | 8,392 | 6,577 | 8,723 |
| Total noninterest expense | Total noninterest expense | 132,788 | 116,592 | 149,893 |
| Income before income tax expense | Income before income tax expense | 76,597 | 89,478 | 13,322 |
| Income tax expense | Income tax expense | 15,762 | 19,992 | 6,699 |
| Net income | Net income | \$ 60,835 | \$ 69,486 | \$ 6,623 |

| | | | | |
|------------------------------|------------------------------|--|--|--|
| Per common share information | Per common share information | | | |
|------------------------------|------------------------------|--|--|--|

| | |
|------------------------------|--|
| Per common share information | |
|------------------------------|--|

| | |
|------------------------------|--|
| Per common share information | |
|------------------------------|--|

| | |
|------------------|--|
| Earnings - basic | |
| Earnings - basic | |

| | | | | |
|--------------------|--------------------|---------|---------|---------|
| Earnings - basic | Earnings - basic | \$ 3.89 | \$ 4.38 | \$ 0.41 |
| Earnings - diluted | Earnings - diluted | \$ 3.87 | \$ 4.37 | \$ 0.41 |

See accompanying notes to consolidated financial statements.

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MIDWESTONE FINANCIAL GROUP, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

| (dollars in thousands) | Years Ended December 31, | | |
|---|--------------------------|-----------|----------|
| | 2022 | 2021 | 2020 |
| Net income | \$ 60,835 | \$ 69,486 | \$ 6,623 |
| Other comprehensive (loss) income, net of tax: | | | |
| Unrealized (loss) gain from available for sale debt securities: | | | |
| Unrealized net holding (loss) gain on debt securities available for sale arising during the period | (111,667) | (45,032) | 27,546 |
| Reclassification adjustment for gains included in net income | (271) | (242) | (184) |
| Income tax benefit (expense) | 28,951 | 11,817 | (7,142) |
| Unrealized net (loss) gain on available for sale debt securities, net of reclassification adjustments | (82,987) | (33,457) | 20,220 |
| Reclassification of available for sale debt securities to held to maturity: | | | |
| Amortization of the net unrealized loss from the reclassification of available for sale debt securities to held to maturity | 3,781 | — | — |
| Income tax expense | (976) | — | — |
| Amortization of the net unrealized loss from the reclassification of available for sale debt securities to held to maturity | 2,805 | — | — |
| Unrealized loss from cash flow hedging instruments: | | | |
| Unrealized net holding loss in cash flow hedging instruments arising during the period | — | — | (1,002) |
| Reclassification adjustment for net loss in cash flow hedging instruments included in income | — | — | 1,002 |
| Income tax benefit | — | — | — |
| Unrealized net loss on cash flow hedge instruments, net of reclassification adjustment | — | — | — |

| | | | |
|---|-------------|-------------|-----------|
| Other comprehensive (loss) income, net of tax | \$ (80,182) | \$ (33,457) | \$ 20,220 |
| Comprehensive (loss) income | \$ (19,347) | \$ 36,029 | \$ 26,843 |

| (dollars in thousands) | Years Ended December 31, | | |
|---|--------------------------|-------------|-------------|
| | 2023 | 2022 | 2021 |
| Net income | \$ 20,859 | \$ 60,835 | \$ 69,486 |
| Other comprehensive income (loss), net of tax: | | | |
| Unrealized gain (loss) from AFS debt securities: | | | |
| Unrealized net gain (loss) on debt securities AFS | 10,421 | (111,667) | (45,032) |
| Reclassification adjustment for losses (gains) included in net income | 19,768 | (271) | (242) |
| Reclassification of the change in fair value of AFS debt securities attributable to change in hedged risk | (819) | — | — |
| Income tax (expense) benefit | (7,433) | 28,951 | 11,817 |
| Unrealized net gain (loss) on AFS debt securities, net of reclassification adjustments | 21,937 | (82,987) | (33,457) |
| Reclassification of AFS debt securities to HTM: | | | |
| Amortization of the net unrealized loss from the reclassification of AFS debt securities to HTM | 2,284 | 3,781 | — |
| Income tax expense | (578) | (976) | — |
| Amortization of net unrealized loss from the reclassification of AFS debt securities to HTM, net | 1,706 | 2,805 | — |
| Unrealized gain from cash flow hedging instruments: | | | |
| Unrealized net gains in cash flow hedging instruments | 2,471 | — | — |
| Reclassification adjustment for net gain in cash flow hedging instruments included in income | (1,795) | — | — |
| Income tax expense | (171) | — | — |
| Unrealized net gains on cash flow hedge instruments, net of reclassification adjustment | 505 | — | — |
| Other comprehensive income (loss), net of tax | \$ 24,148 | \$ (80,182) | \$ (33,457) |
| Comprehensive income (loss) | \$ 45,007 | \$ (19,347) | \$ 36,029 |

See accompanying notes to consolidated financial statements.

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MIDWESTONE FINANCIAL GROUP, INC.
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

| (dollars in thousands, except per share amounts) | Common Stock | | | | | Total |
|--|------------------|-------------------|-------------------|--------------------|-----------------------------|-------------------|
| | Par | Additional | Retained | Treasury | Accumulated Other | |
| | Value | Paid-in Capital | Earnings | Stock | Comprehensive Income (Loss) | |
| Balance at December 31, 2019 | \$ 16,581 | \$ 297,390 | \$ 201,105 | \$ (10,466) | \$ 4,372 | \$ 508,982 |
| Cumulative effect of change in accounting principle ⁽¹⁾ | — | — | (5,362) | — | — | (5,362) |
| Net income | — | — | 6,623 | — | — | 6,623 |
| Other comprehensive income | — | — | — | — | 20,220 | 20,220 |
| Acquisition fair value finalization ⁽²⁾ | — | 2,355 | — | — | — | 2,355 |
| Release/lapse of restriction on RSUs (34,032 shares, net) | — | (988) | — | 839 | — | (149) |
| Repurchase of common stock (179,428 shares) | — | — | — | (4,624) | — | (4,624) |
| Share-based compensation | — | 1,380 | — | — | — | 1,380 |
| Dividends paid on common stock (\$0.8800 per share) | — | — | (14,175) | — | — | (14,175) |
| Balance at December 31, 2020 | <u>\$ 16,581</u> | <u>\$ 300,137</u> | <u>\$ 188,191</u> | <u>\$ (14,251)</u> | <u>\$ 24,592</u> | <u>\$ 515,250</u> |
| Net income | — | — | 69,486 | — | — | 69,486 |
| Other comprehensive loss | — | — | — | — | (33,457) | (33,457) |
| Release/lapse of restriction on RSUs (49,907 shares, net) | — | (1,350) | (30) | 1,259 | — | (121) |
| Repurchase of common stock (395,540 shares) | — | — | — | (11,554) | — | (11,554) |
| Share-based compensation | — | 2,153 | — | — | — | 2,153 |

| | | | | | | |
|---|------------------|-------------------|-------------------|--------------------|--------------------|-------------------|
| Dividends paid on common stock (\$0.9000 per share) | — | — | (14,282) | — | — | (14,282) |
| Balance at December 31, 2021 | \$ 16,581 | \$ 300,940 | \$ 243,365 | \$ (24,546) | \$ (8,865) | \$ 527,475 |
| Net income | — | — | 60,835 | — | — | 60,835 |
| Other comprehensive loss | — | — | — | — | (80,182) | (80,182) |
| Release/lapse of restriction on RSUs (44,231 shares, net) | — | (1,396) | (41) | 1,156 | — | (281) |
| Repurchase of common stock (91,401 shares) | — | — | — | (2,725) | — | (2,725) |
| Share-based compensation | — | 2,541 | — | — | — | 2,541 |
| Dividends paid on common stock (\$0.9500 per share) | — | — | (14,870) | — | — | (14,870) |
| Balance at December 31, 2022 | \$ 16,581 | \$ 302,085 | \$ 289,289 | \$ (26,115) | \$ (89,047) | \$ 492,793 |

(1) Reclassification pursuant to adoption of ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. See [Note 1. Nature of Business and Significant Accounting Policies](#) for additional information.

(2) Relates to the finalization of the purchase accounting adjustments for the ATBancorp acquisition, which occurred on May 1, 2019. This purchase accounting adjustment had a \$2.06 million impact on goodwill, \$296 thousand impact on deferred income taxes, with the offsetting impact being to additional paid-in capital. See [Note 7. Goodwill and Intangible Assets](#) for additional information.

| | Common Stock | | | | | |
|---|------------------|-------------------|-------------------|--------------------|--------------------|-------------------|
| | Par | Additional | Retained | Treasury | Accumulated Other | |
| | Value | Paid-in | Earnings | Stock | Comprehensive | Total |
| | | Capital | | | Income (Loss) | |
| <i>(dollars in thousands, except per share amounts)</i> | | | | | | |
| Balance at December 31, 2020 | \$ 16,581 | \$ 300,137 | \$ 188,191 | \$ (14,251) | \$ 24,592 | \$ 515,250 |
| Net income | — | — | 69,486 | — | — | 69,486 |
| Other comprehensive loss | — | — | — | — | (33,457) | (33,457) |
| Release/lapse of restriction on RSUs (49,907 shares, net) | — | (1,350) | (30) | 1,259 | — | (121) |
| Repurchase of common stock (395,540 shares) | — | — | — | (11,554) | — | (11,554) |
| Share-based compensation | — | 2,153 | — | — | — | 2,153 |
| Dividends paid on common stock (\$0.9000 per share) | — | — | (14,282) | — | — | (14,282) |
| Balance at December 31, 2021 | <u>\$ 16,581</u> | <u>\$ 300,940</u> | <u>\$ 243,365</u> | <u>\$ (24,546)</u> | <u>\$ (8,865)</u> | <u>\$ 527,475</u> |
| Net income | — | — | 60,835 | — | — | 60,835 |
| Other comprehensive loss | — | — | — | — | (80,182) | (80,182) |
| Release/lapse of restriction on RSUs (44,231 shares, net) | — | (1,396) | (41) | 1,156 | — | (281) |
| Repurchase of common stock (91,401 shares) | — | — | — | (2,725) | — | (2,725) |
| Share-based compensation | — | 2,541 | — | — | — | 2,541 |
| Dividends paid on common stock (\$0.9500 per share) | — | — | (14,870) | — | — | (14,870) |
| Balance at December 31, 2022 | <u>\$ 16,581</u> | <u>\$ 302,085</u> | <u>\$ 289,289</u> | <u>\$ (26,115)</u> | <u>\$ (89,047)</u> | <u>\$ 492,793</u> |
| Net income | — | — | 20,859 | — | — | 20,859 |
| Other comprehensive income | — | — | — | — | 24,148 | 24,148 |
| Release/lapse of restriction on RSUs (70,329 shares, net) | — | (2,331) | (148) | 1,870 | — | (609) |
| Share-based compensation | — | 2,403 | — | — | — | 2,403 |
| Dividends paid on common stock (\$0.9700 per share) | — | — | (15,216) | — | — | (15,216) |
| Balance at December 31, 2023 | <u>\$ 16,581</u> | <u>\$ 302,157</u> | <u>\$ 294,784</u> | <u>\$ (24,245)</u> | <u>\$ (64,899)</u> | <u>\$ 524,378</u> |

See accompanying notes to consolidated financial statements.

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MIDWESTONE FINANCIAL GROUP, INC. CONSOLIDATED STATEMENTS OF CASH FLOWS

| Years Ended December 31, | | | | | | | | |
|--------------------------|-----------------------|------|------|------|--------------------------|------|------|------|
| Years Ended December 31, | | | | | Years Ended December 31, | | | |
| (in thousands) | (in thousands) | 2022 | 2021 | 2020 | (in thousands) | 2023 | 2022 | 2021 |
| Operating Activities: | Operating Activities: | | | | | | | |

| | | | | |
|---|---|-----------|-----------|-----------|
| Net income | Net income | \$ 60,835 | \$ 69,486 | \$ 6,623 |
| Net income | | | | |
| Net income | | | | |
| Adjustments to reconcile net income to net cash provided by operating activities: | Adjustments to reconcile net income to net cash provided by operating activities: | | | |
| Credit loss expense (benefit) | Credit loss expense (benefit) | 4,492 | (7,336) | 28,369 |
| Goodwill impairment | | — | — | 31,500 |
| Credit loss expense (benefit) | | | | |
| Credit loss expense (benefit) | | | | |
| Depreciation, amortization, and accretion | | | | |
| Depreciation, amortization, and accretion | Depreciation, amortization, and accretion | 10,162 | 1,566 | 4,555 |
| Net change in premises and equipment due to writedown or sale | Net change in premises and equipment due to writedown or sale | 724 | 271 | 274 |
| Share-based compensation | Share-based compensation | 2,541 | 2,153 | 1,380 |
| Net gain on sale or call of debt securities available for sale | | (271) | (242) | (157) |
| Net loss (gain) on sale or call of debt securities available for sale | | | | |
| Net gain on sale of equity securities | | | | |
| Net change in foreclosed assets due to writedown or sale | | | | |
| Net change in foreclosed assets due to writedown or sale | | | | |
| Net change in foreclosed assets due to writedown or sale | Net change in foreclosed assets due to writedown or sale | (31) | 155 | 66 |
| Net gain on sale of loans held for sale | Net gain on sale of loans held for sale | (1,842) | (8,052) | (8,872) |
| Origination and participations purchased of loans held for sale | Origination and participations purchased of loans held for sale | (90,493) | (293,235) | (438,215) |
| Proceeds from sales of loans held for sale | Proceeds from sales of loans held for sale | 104,640 | 348,326 | 392,531 |

| | | | | |
|--|--|------------------|-------------------|-----------------|
| Increase in cash surrender value of bank-owned life insurance | Increase in cash surrender value of bank-owned life insurance | (2,305) | (1,889) | (2,117) |
| Decrease (increase) in deferred income taxes, net | | 4,326 | 1,768 | (5,225) |
| Increase in cash surrender value of bank-owned life insurance | | | | |
| Increase in cash surrender value of bank-owned life insurance | | | | |
| (Increase) decrease in deferred income taxes, net | | | | |
| Bargain purchase gain | Bargain purchase gain | (3,769) | — | — |
| Change in: | Change in: | | | |
| Other assets | | | | |
| Other assets | | | | |
| Other assets | Other assets | (37,206) | 6,615 | (5,065) |
| Other liabilities | Other liabilities | 38,525 | (8,032) | 3,512 |
| Net cash provided by operating activities | Net cash provided by operating activities | \$ 90,328 | \$ 111,554 | \$ 9,159 |
| Investing Activities: | Investing Activities: | | | |
| Purchases of equity securities | Purchases of equity securities | \$ (1,250) | \$ — | \$ — |
| Purchases of equity securities | | | | |
| Purchases of equity securities | | | | |
| Proceeds from sales of equity securities | | | | |
| Proceeds from sales of debt securities available for sale | Proceeds from sales of debt securities available for sale | 129,823 | 52,183 | 27,391 |
| Proceeds from maturities and calls of debt securities available for sale | Proceeds from maturities and calls of debt securities available for sale | 142,006 | 404,894 | 267,427 |
| Purchases of debt securities available for sale | Purchases of debt securities available for sale | (386,278) | (1,137,996) | (1,139,747) |
| Proceeds from maturities and calls of debt securities held to maturity | Proceeds from maturities and calls of debt securities held to maturity | 125,456 | — | — |
| Proceeds from maturities and calls of debt securities held to maturity | | | | |

| | | | | |
|--|--|-------------|--------------|--------------|
| Proceeds from maturities and calls of debt securities held to maturity | | | | |
| Net (increase) decrease in loans held for investment | | | | |
| Net (increase) decrease in loans held for investment | | | | |
| Net (increase) decrease in loans held for investment | Net (increase) decrease in loans held for investment | (312,562) | 251,856 | (24,249) |
| Purchases of premises and equipment | Purchases of premises and equipment | (2,663) | (2,014) | (2,128) |
| Proceeds from sale of foreclosed assets | Proceeds from sale of foreclosed assets | 795 | 2,117 | 2,927 |
| Proceeds from sale of premises and equipment | Proceeds from sale of premises and equipment | 29 | 642 | 679 |
| Proceeds of principal and earnings from bank-owned life insurance | | — | — | 259 |
| Net cash acquired in business acquisition | Net cash acquired in business acquisition | 31,375 | — | — |
| Net cash used in provided by investing activities | | \$(273,269) | \$ (428,318) | \$ (867,441) |
| Net cash acquired in business acquisition | | | | |
| Net cash acquired in business acquisition | | | | |
| Net cash provided by (used in) provided by investing activities | | | | |
| Financing Activities: Financing Activities: | | | | |
| Net (decrease) increase in: | Net (decrease) increase in: | | | |
| Net (decrease) increase in: | | | | |
| Deposits | | | | |
| Deposits | | | | |
| Deposits | Deposits | \$(109,378) | \$ 567,302 | \$ 818,046 |
| Short-term borrowings | Short-term borrowings | 208,964 | (49,421) | 91,440 |
| Proceeds from issuance of subordinated debt | | — | — | 65,000 |
| Payments of subordinated debt issuance costs | | | | |
| Payments of subordinated debt issuance costs | | | | |

| | | | | |
|---|---|----------|----------|----------|
| Payments of subordinated debt issuance costs | Payments of subordinated debt issuance costs | — | (9) | (1,303) |
| Redemption of subordinated debentures | Redemption of subordinated debentures | — | (10,835) | — |
| Payments on finance lease liability | Payments on finance lease liability | (164) | (145) | (128) |
| Payments of Federal Home Loan Bank borrowings | Payments of Federal Home Loan Bank borrowings | (31,000) | (43,000) | (54,400) |

Payments of Federal Home Loan Bank borrowings

Payments of Federal Home Loan Bank borrowings

| | | | | |
|------------------------------------|------------------------------------|----------|---|----------|
| Proceeds from other long-term debt | Proceeds from other long-term debt | 25,000 | — | — |
| Payments of other long-term debt | Payments of other long-term debt | (10,000) | — | (32,250) |

Taxes paid relating to the release/lapse of restriction on RSUs

Taxes paid relating to the release/lapse of restriction on RSUs

| | | | | |
|---|---|----------|----------|----------|
| Taxes paid relating to the release/lapse of restriction on RSUs | Taxes paid relating to the release/lapse of restriction on RSUs | (281) | (121) | (149) |
| Dividends paid | Dividends paid | (14,870) | (14,282) | (14,175) |
| Repurchase of common stock | Repurchase of common stock | (2,725) | (11,554) | (4,624) |

Net cash provided by financing activities

\$ 65,546 \$ 437,935 \$ 867,457

Repurchase of common stock

Repurchase of common stock

Net cash (used in) provided by financing activities

| | | | | |
|---|---|--------------------|-------------------|------------------|
| Net change in cash and cash equivalents | Net change in cash and cash equivalents | \$(117,395) | \$ 121,171 | \$ 9,175 |
| Cash and cash equivalents at beginning of year | Cash and cash equivalents at beginning of year | 203,830 | 82,659 | 73,484 |
| Cash and cash equivalents at end of year | Cash and cash equivalents at end of year | \$ 86,435 | \$ 203,830 | \$ 82,659 |

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MIDWESTONE FINANCIAL GROUP, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)

| Years Ended December 31, | | | | | | | | |
|---|--|-----------|-----------|-----------|--------------------------|------|------|------|
| Years Ended December 31, | | | | | Years Ended December 31, | | | |
| (in thousands) | (in thousands) | 2022 | 2021 | 2020 | (in thousands) | 2023 | 2022 | 2021 |
| Supplemental disclosures of cash flow information: | Supplemental disclosures of cash flow information: | | | | | | | |
| Supplemental disclosures of cash flow information: | | | | | | | | |
| Supplemental disclosures of cash flow information: | | | | | | | | |
| Cash paid during the period for interest | Cash paid during the period for interest | \$ 27,841 | \$ 21,451 | \$ 31,558 | | | | |
| Cash paid during the period for income taxes | | 13,222 | 17,985 | 10,545 | | | | |
| Cash paid during the period for interest | | | | | | | | |
| Cash paid during the period for interest | | | | | | | | |
| Cash paid during the period for income taxes, net of refunds | | | | | | | | |
| Supplemental schedule of non-cash investing and financing activities: | Supplemental schedule of non-cash investing and financing activities: | | | | | | | |
| Transfer of loans to foreclosed assets | | | | | | | | |
| Transfer of loans to foreclosed assets | | | | | | | | |
| Transfer of loans to foreclosed assets | Transfer of loans to foreclosed assets | \$ 510 | \$ 313 | \$ 1,603 | | | | |
| Investment securities purchased but not settled | Investment securities purchased but not settled | — | 2,480 | 2,330 | | | | |
| Transfer of premises and equipment to assets held for sale | Transfer of premises and equipment to assets held for sale | 1,349 | — | 1,329 | | | | |
| Transfer of debt securities available for sale to debt securities held to maturity | Transfer of debt securities available for sale to debt securities held to maturity | 1,253,179 | — | — | | | | |
| Transfer due to adoption of ASU 2016-03, reclassified from Retained Earnings to Allowance for Credit Losses | | | | | | | | |
| Transfer due to adoption of ASU 2016-03, reclassified from Retained Earnings to Allowance for Credit Losses | | | | | | | | |
| Supplemental Schedule of non-cash investing activities from acquisition: | | | | | | | | |
| Supplemental Schedule of non-cash investing activities from acquisition: | | | | | | | | |

| | | | | | |
|--|--|------------|------|------|--|
| Supplemental Schedule of non-cash investing activities from acquisition: | Supplemental Schedule of non-cash investing activities from acquisition: | | | | |
| Non-cash assets acquired: | Non-cash assets acquired: | | | | |
| Non-cash assets acquired: | Non-cash assets acquired: | | | | |
| Investment securities | Investment securities | | | | |
| Investment securities | Investment securities | \$ 119,820 | \$ — | \$ — | |
| Total loans held for investment, net | Total loans held for investment, net | 281,326 | — | — | |
| Premises and equipment | Premises and equipment | 7,363 | — | — | |
| Core deposit intangible | Core deposit intangible | 16,500 | — | — | |
| Core deposit intangible | Core deposit intangible | | | | |
| Bank-owned life insurance | Bank-owned life insurance | 7,862 | — | — | |
| Bank-owned life insurance | Bank-owned life insurance | | | | |
| Other assets | Other assets | | | | |
| Other assets | Other assets | 6,278 | — | — | |
| Total non-cash assets acquired | Total non-cash assets acquired | 439,149 | — | — | |
| Liabilities assumed: | Liabilities assumed: | | | | |
| Liabilities assumed: | Liabilities assumed: | | | | |
| Deposits | Deposits | | | | |
| Deposits | Deposits | 463,638 | — | — | |
| Short-term borrowings | Short-term borrowings | 1,541 | — | — | |
| FHLB borrowings | FHLB borrowings | 250 | — | — | |
| Other liabilities | Other liabilities | 1,326 | — | — | |
| Other liabilities | Other liabilities | | | | |
| Other liabilities | Other liabilities | | | | |
| Total liabilities assumed | Total liabilities assumed | \$ 466,755 | \$ — | \$ — | |

See accompanying notes to consolidated financial statements.

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MIDWESTONE FINANCIAL GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Nature of Business and Significant Accounting Policies

Nature of business: MidWestOne Financial Group, Inc. (the “Company”), an Iowa Corporation formed in 1983, is a bank holding company under the BHCA and a financial holding company under the GLBA. Our principal executive offices are located at 102 South Clinton Street, Iowa City, Iowa 52240. The Company owns all of the outstanding common stock of MidWestOne Bank (the “Bank”), an Iowa state non-member bank chartered in 1934 with its main office in Iowa City, Iowa. We operate primarily through MidWestOne Bank, our

bank subsidiary, and provide services to individuals, businesses, governmental units and institutional customers through a total of 57 banking offices **as of December 31, 2023** in central and eastern Iowa, the Minneapolis/St. Paul metropolitan area in Minnesota, southwestern Wisconsin, Naples and Fort Myers, Florida, and Denver, Colorado. The Bank is actively engaged in many areas of commercial banking, including: acceptance of demand, savings and time deposits; making commercial, real estate, agricultural and consumer loans, and other banking services tailored for its individual customers. The wealth management area of the Bank administers estates, personal trusts, and conservatorship accounts along with providing other management services to customers.

On June 9, 2022, the Company acquired Iowa First Bancshares Corp., a bank holding company whose wholly-owned banking subsidiaries were First National Bank of Muscatine and First National Bank in Fairfield, community banks located in Muscatine and Fairfield, Iowa, respectively. Immediately following the completion of the acquisition, First National Bank of Muscatine and First National Bank in Fairfield were merged with and into the Bank. As consideration for the merger, we paid cash in the amount of \$46.7 million.

Accounting estimates Estimates: The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect: (1) the reported amount of assets and liabilities, (2) the disclosure of contingent assets and liabilities at the date of the financial statements, and (3) the reported amounts of revenues and expenses during the reporting period. **These estimates are based on information available to management at the time the estimates are made.** Actual results could differ from those estimates.

Certain significant estimates Significant Estimates: The allowance for credit losses, fair value of assets acquired and liabilities assumed in a business combination, and the annual impairment testing of goodwill and other intangible assets involve certain significant estimates made by management. These estimates are reviewed by management routinely, and it is reasonably possible that circumstances that exist may change in the near-term future and that the effect could be material to the consolidated financial statements.

Principles of consolidation Consolidation: The consolidated financial statements include the accounts of MidWestOne Financial Group, Inc., a bank holding company, and its wholly-owned subsidiary MidWestOne Bank, which is a state chartered bank whose primary federal regulator is the FDIC. All significant inter-company accounts and transactions have been eliminated in consolidation.

Trust assets, other than cash deposits held by the Bank in a fiduciary or agency capacity for its customers, are not included in the accompanying consolidated financial statements because such accounts are not assets of the Bank.

Presentation of cash flows Cash Flows: For purposes of reporting cash flows, cash and due from banks includes cash on hand, amounts due from banks, and federal funds sold. Cash flows from loans, deposits, and short-term borrowings are reported net. Cash receipts and cash payments resulting from originations and sales of loans held for sale are classified as operating cash flows on a gross basis in the consolidated statements of cash flows.

The nature of the Company's business requires that it maintain amounts due from banks that, at times, may exceed federally insured limits. In the opinion of management, no material risk of loss exists due to the various correspondent banks' financial condition and the fact that they are well capitalized.

Investment securities Securities: Debt securities that the Company has the positive intent and ability to hold to maturity are classified as held to maturity and recorded at amortized cost. Debt securities not classified as held to maturity are classified as available for sale and recorded at fair value, with unrealized gains and losses excluded from earnings and reported in other comprehensive income. A debt security is placed on nonaccrual status at the time any principal or interest payments become 90 days delinquent. Interest accrued but not received for a security placed on nonaccrual is reversed against interest income.

The Company employs valuation techniques that utilize observable inputs when those inputs are available. These observable inputs reflect assumptions market participants would use in pricing the security, developed based on market data obtained from

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MIDWESTONE FINANCIAL GROUP, INC. **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

sources independent of the Company. When such information is not available, the Company employs valuation techniques

MIDWESTONE FINANCIAL GROUP, INC. **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

which utilize unobservable inputs, or those which reflect the Company's own assumptions about assumptions that market participants would use, based on the best information available in the circumstances. These valuation methods typically involve cash flow and other financial modeling techniques. Changes in underlying factors, assumptions, estimates, or other inputs to the valuation techniques could have a material impact on the Company's future financial condition and results of operations. Fair value measurements are required to be classified as Level 1 (quoted prices), Level 2 (based on observable inputs) or Level 3 (based on unobservable inputs) discussed in more detail in [Note 20. Estimated Fair Value of Financial Instruments and Fair Value Measurements](#) to the consolidated financial statements.

Purchase premiums and discounts are recognized in interest income using the interest method between the date of purchase and the first call date, or the maturity date of the security when there is no call date. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method.

Held to Maturity Debt Securities - The Company evaluates debt securities held to maturity for current expected credit losses. Held-to-maturity securities are evaluated on a quarterly basis using historical probability of default and loss given default information specific to the investment category. If this evaluation determines that credit losses exist, an allowance for credit loss is recorded and included in earnings as a component of credit loss expense. The Company's mortgage-backed securities and collateralized mortgage obligations are issued by U.S. government agencies and U.S. government-sponsored enterprises and are implicitly guaranteed by the U.S. government, and as such are excluded from the credit loss evaluation. Accrued interest receivable on held to maturity debt securities is recorded within 'Other Assets,' and is excluded from the estimate of credit losses.

Available for Sale Debt Securities - Available for sale debt securities are recorded at fair value. Realized gain or losses on sales of available for sale debt securities are included in earnings. Available for sale debt securities with unrealized gains are excluded from earnings and included in other comprehensive income as a separate component of shareholders' equity, net of tax. When the fair value of an available for sale debt security falls below the amortized cost basis, it is evaluated to determine if any of the decline in value is attributable to credit loss. Decreases in fair value attributable to credit loss would be recorded directly to earnings with a corresponding allowance for credit losses, limited by the amount that the fair value is less than the amortized cost basis. If the credit quality subsequently improves the allowance would be reversed up to a maximum of the previously recorded credit losses. If the Company intends to sell an impaired available for sale debt security, or if it is more likely than not that the Company will be required to sell the security prior to recovering the amortized cost basis, the entire fair value adjustment would be immediately recognized in earnings with no corresponding allowance for credit losses. Accrued interest receivable is excluded from the estimate of credit losses.

Loans: Loans are stated at the principal amount outstanding, net of purchase premiums, purchase discounts and net deferred loan fees. Net deferred loan fees include nonrefundable loan origination fees less direct loan origination costs. Net deferred loan fees, purchase premiums and purchase discounts are amortized into interest income using either the interest method or straight-line method over the terms of the loans, adjusted for actual prepayments. The interest method is used for all loans except revolving loans, for which the straight-line method is used. Interest on loans is credited to income as earned based on the principal amount outstanding.

The accrual of interest on agricultural, commercial, commercial real estate, non-owner occupied residential real estate, and consumer loan segments is discontinued at the time the loan is 90 days past due, and owner occupied residential real estate loan segments at 120 days past due, unless the credit is well secured and in process of collection. Credit card loans and other personal loans are typically charged off no later than 180 days past due. Past due status is based on contractual terms of the loan. In all cases, loans are placed on nonaccrual or charged off at an earlier date, if collection of principal or interest is considered doubtful.

All interest accrued but not collected for loans that are placed on nonaccrual or charged off is reversed against interest income. The interest on these loans is generally accounted for on the cost-recovery method, until qualifying for return to accrual. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured.

The Company requires a loan to be charged-off, in whole or in part, as soon as it becomes apparent that some loss will be incurred, or when its collectability is sufficiently questionable that it no longer is considered a bankable asset. The primary

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considerations when determining if and how much of a loan should be charged-off are as follows: (1) the potential for future cash flows; (2) the value of any collateral; and (3) the strength of any co-makers or guarantors.

MIDWESTONE FINANCIAL GROUP, INC.
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Acquired Loans - Acquired loans are separated into two categories based on the credit risk characteristics of the underlying borrowers as either PCD, for loans which have experienced more than insignificant credit deterioration since origination, or loans with no credit deterioration (non-PCD). At the date of acquisition, an ACL on PCD loans is determined and added to the amortized cost basis of the individual loans. The difference between the initial amortized cost basis and the par value of the loan is a noncredit discount or premium, which is amortized into interest income over the life of the loan. The ACL on PCD loans is recorded in the acquisition accounting and no provision for credit losses is recognized at the acquisition date. Subsequent changes to the ACL are recorded through provision expense. For non-PCD loans, an ACL is established immediately after the acquisition through a charge to the provision for credit losses.

The risk characteristics of each loan portfolio segment are as follows:

Agricultural - Agricultural loans, most of which are secured by crops, livestock, and machinery, are provided to finance capital improvements and farm operations as well as acquisitions of livestock and machinery. The ability of the borrower to repay may be affected by many factors outside of the borrower's control including adverse weather conditions, loss of livestock due to disease or other factors, declines in market prices for agricultural products and the impact of government regulations. The ultimate repayment of agricultural loans is dependent upon the profitable operation or management of the agricultural entity. Collateral for these loans generally includes accounts receivable, inventory, equipment and real estate. However, depending on the overall financial condition of the borrower, some loans are made on an unsecured basis. The collateral securing these loans may depreciate over time, may be difficult to appraise and may fluctuate in value based on the success of the business.

Commercial and Industrial - Commercial and industrial loans are primarily made based on the reported cash flow of the borrower and secondarily on the underlying collateral provided by the borrower. The collateral support provided by the borrower for most of these loans and the probability of repayment are based on the liquidation of the pledged

collateral and enforcement of a personal guarantee, if any exists. The primary repayment risks of commercial and industrial loans are that the cash flows of the borrower may be unpredictable, and the collateral securing these loans may fluctuate in value. The size of the loans the Company can offer to commercial customers is less than the size of the loans that competitors with larger lending limits can offer. This may limit the Company's ability to establish relationships with the largest businesses in the areas in which the Company operates. As a result, the Company may assume greater lending risks than financial institutions that have a lesser concentration of such loans and tend to make loans to larger businesses. Collateral for these loans generally includes accounts receivable, inventory, equipment and real estate. However, depending on the overall financial condition of the borrower, some loans are made on an unsecured basis. The collateral securing these loans may depreciate over time, may be difficult to appraise and may fluctuate in value based on the success of the business. In addition, a decline in the U.S. economy could harm or continue to harm the businesses of the Company's commercial and industrial customers and reduce the value of the collateral securing these loans.

Commercial Real Estate - The Company offers mortgage loans to commercial and agricultural customers for the acquisition of real estate used in their businesses, such as offices, warehouses and production facilities, and to real estate investors for the acquisition of apartment buildings, retail centers, office buildings and other commercial buildings. The market value of real estate securing commercial real estate loans can fluctuate significantly in a short period of time as a result of market conditions in the geographic area in which the real estate is located. Adverse developments affecting real estate values in one or more of the Company's markets could increase the credit risk associated with its loan portfolio. Additionally, real estate lending typically involves higher loan principal amounts than other loans, and the repayment of the loans generally is dependent, in large part, on sufficient income from the properties securing the loans to cover operating expenses and debt service. Economic events or governmental regulations outside of the Company's control or that of the borrower could negatively impact the future cash flow and market values of the affected properties.

Residential Real Estate - The Company generally retains short-term residential mortgage loans that are originated for its own portfolio but sells most long-term loans to other parties while retaining servicing rights on the majority of those loans. The market value of real estate securing residential real estate loans can fluctuate as a result of market conditions in the geographic area in which the real estate is located. Adverse developments affecting real estate values in one or more of the Company's markets could increase the credit risk associated with its loan portfolio. Additionally, real estate lending typically involves higher loan principal amounts than other loans, and the repayment of the loans generally is dependent, in large part, on the borrower's continuing financial stability, and is therefore more likely to be affected by adverse personal circumstances.

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Consumer - Consumer loans typically have shorter terms, lower balances, higher yields and higher risks of default than real estate-related loans. Consumer loan collections are dependent on the borrower's continuing financial stability, and are therefore more likely to be affected by adverse personal circumstances. Collateral for these loans generally includes automobiles, boats, recreational vehicles, mobile homes, and real estate. However, depending on the overall financial condition of the borrower, some loans are made on an unsecured basis. The collateral securing these loans may depreciate over time, may be difficult to recover and may fluctuate in value based on condition. In addition, a decline in the United States economy could result in reduced employment, impacting the ability of customers to repay their obligations.

TDR Loan Modifications for Borrowers Experiencing Financial Difficulty: TDRs exist when Infrequently, the Company for economic or legal reasons related makes modifications to certain loans in order to alleviate temporary difficulties in the borrower's financial difficulties, grants condition and/or constraints on the borrower's ability to repay a concession (either imposed by court order, law, or agreement between the borrower loan, and the Company) to minimize potential losses to the borrower Company. GAAP requires that it would not otherwise consider. The Company attempts to maximize its recovery certain types of the balances of the loans through these various concessionary restructurings. All loans deemed TDR are considered impaired, modifications be reported, including:

The following factors are potential indicators that a concession has been granted (one or multiple items may be present):

- The borrower receives a reduction of the stated interest rate for the remaining original life of the debt, Principal forgiveness.
- The borrower receives an extension of the maturity date or dates at a stated interest Interest rate lower than the current market interest rate for new debt with similar risk characteristics, reduction.
- The borrower receives a reduction of the face amount or maturity amount of the debt as stated in the instrument or An other agreement, than-insignificant payment delay.
- The borrower receives a deferral of required payments (principal and/or interest).
- The borrower receives a reduction of the accrued interest.

Guidance on Non-TDR Loan Modifications due to COVID-19: Between March 2020 and December 2021, the Company granted various loan modifications to provide borrowers relief from the economic impacts of COVID-19. In accordance with the CARES Act and as extended by the CAA, the Company elected to not apply TDR classification to COVID-19 related loan modifications that met all of the requisite criteria as stipulated in the CARES Act, Term extension.

Loans held Held for Sale Sale: Loans originated and intended for sale in the secondary market are carried at the lower of aggregate cost or estimated fair value, as determined by aggregate outstanding commitments from investors or current investor yield requirements. Net unrealized losses, if any, are recognized through a valuation allowance by charges to income. As of December 31, 2022, loans held for sale were \$0.6 million.

Mortgage loans held for sale are generally sold with the mortgage servicing rights retained. Gains or losses on sales of mortgage loans are recognized based on the difference between the selling price plus the value of servicing rights, less the carrying value of the related mortgage loans sold.

Allowance for credit losses related Credit Losses Related to loans held Loans Held for investment: Investment: Under the current expected credit loss model, the allowance for credit losses is a valuation account estimated at each balance sheet date and deducted from the amortized cost basis of loans held for investment to present the net amount expected to be collected.

The Company estimates the ACL based on the underlying assets' amortized cost basis, which is the amount at which the financing receivable is originated or acquired, adjusted for collection of cash and charge-offs, as well as applicable accretion or amortization of premium, discount, and net deferred fees or costs. In the event that collection of principal becomes uncertain, the Company has policies in place to reverse accrued interest in a timely manner. Therefore, the Company has made a policy election to exclude accrued interest from the measurement of ACL.

Expected credit losses are reflected in the allowance for credit losses through a charge to credit loss expense. When the Company deems all or a portion of a financial asset to be uncollectible, the appropriate amount is written off and the ACL is reduced by the same amount. The Company applies judgment to determine when a financial asset is deemed uncollectible; however, generally speaking, an asset will be considered uncollectible no later than when all efforts at collection have been exhausted. Subsequent recoveries, if any, are credited to the ACL when received.

The Company measures expected credit losses of financial assets on a collective (pool) basis when the financial assets share similar risk characteristics. Depending on the nature of the pool of financial assets with similar risk characteristics, the Company uses a DCF method or a loss-rate method to estimate expected credit losses.

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The Company's methodologies for estimating the ACL consider available relevant information about the collectability of cash flows, including information about past events, current conditions, and reasonable and supportable forecasts. The methodologies apply historical loss information, adjusted for asset-specific characteristics, economic conditions at the measurement date, and forecasts about future economic conditions expected to exist through the contractual lives of the financial assets that are reasonable and supportable, to the identified pools of financial assets with similar risk characteristics for which the historical loss experience was observed. The Company's economic forecast assumptions revert over four quarters to historical loss driver information on a straight-line basis after four quarters.

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Discounted Cash Flow Method

The Company uses the DCF method to estimate expected credit losses for the agricultural, commercial and industrial, CRE - construction and development, CRE - farmland, CRE - multifamily, CRE - other, RRE - owner-occupied one-to-four family first liens, RRE - nonowner-occupied one-to-four family first liens, RRE - one-to-four family junior liens, and consumer loan pools. For each of these pools, the Company generates cash flow projections at the instrument level wherein payment expectations are adjusted for estimated prepayment speed, curtailments, time to recovery, probability of default, and loss given default. The modeling of expected prepayment speeds, curtailment rates, and time to recovery are based on historical internal data.

The Company uses regression analysis of historical internal and peer data to determine which variables are best suited to be economic variables utilized when modeling lifetime probability of default and loss given default. This analysis also determines how expected probability of default and loss given default will react to forecasted levels of the economic variables. For the loan pools utilizing the DCF method, management utilizes one or multiple of the following economic variables: Midwest unemployment, national retail sales, CRE index, US rental vacancy rate, US gross domestic product, and HPI.

For all DCF models, management has determined that four quarters represents a reasonable and supportable forecast period and reverts back to a historical loss rate over four quarters on a straight-line basis. Management leverages economic projections from a reputable and independent third party to inform its loss driver forecasts over the four quarter forecast period. Other internal and external indicators of economic forecasts are also considered by management when developing the forecast metrics.

The combination of adjustments for credit expectations (default and loss) and timing expectations (prepayment, curtailment, and time to recovery) produces an expected cash flow stream at the instrument level. Instrument effective yield is calculated, net of the impacts of prepayment assumptions, and the instrument expected cash flows are then discounted at that effective yield to produce an instrument-level net present value of expected cash flows ("NPV"). An ACL is established for the difference between the instrument's NPV and amortized cost basis. In addition, management utilizes qualitative factors to adjust the calculated ACL as appropriate. Qualitative factors are based on management's judgment of company, market, industry or business specific data, changes in underlying loan composition of specific portfolios, trends relating to credit quality, delinquency, non-performing and adversely rated loans, and reasonable and supportable forecasts of economic conditions.

Loss-Rate Method

The Company uses a loss-rate method to estimate expected credit losses for the credit card and overdraft pools. For each of these pools, the Company applies an expected loss ratio based on internal and peer historical losses, adjusted as appropriate for qualitative factors. Qualitative loss factors are based on management's judgment of company, market, industry or business specific data, changes in underlying loan composition of specific portfolios, trends relating to credit quality, delinquency, non-performing and adversely rated loans, and reasonable and supportable forecasts of economic conditions.

Collateral Dependent Financial Assets

Loans that do not share risk characteristics are evaluated on an individual basis. For collateral dependent financial assets where the Company has determined that foreclosure of the collateral is probable, or where the borrower is experiencing financial difficulty and the Company expects repayment of the financial asset to be provided substantially through the operation or sale of the collateral, the ACL is measured based on the difference between the fair value of the collateral and the amortized cost basis of the asset as of the measurement date. When repayment is expected to be from the operation of the collateral, expected credit losses are calculated as the amount by which the amortized cost basis of the financial asset exceeds the present value of expected cash flows from the operation of the collateral. When repayment is expected to be from the sale of the collateral, expected credit losses are calculated as the amount by which the amortized cost basis of the financial asset exceeds the fair

MIDWESTONE FINANCIAL GROUP, INC.
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value of the underlying collateral less estimated cost to sell. The ACL may be zero if the fair value of the collateral at the measurement date exceeds the amortized cost basis of the financial asset.

The Company's estimate of the ACL reflects losses expected over the contractual life of the assets, adjusted for estimated prepayments or curtailments. The contractual term does not consider extensions, renewals or modifications unless the Company has identified an expected TDR. A loan that has been modified or renewed is considered a TDR when two conditions are met: 1) the borrower is experiencing financial difficulty and 2) concessions are made for the borrower's benefit that would not otherwise be considered for a borrower or transaction with similar credit risk characteristics. The Company's ACL reflects all effects of a TDR when an individual asset is specifically identified as a reasonably expected TDR. The Company has determined that a TDR is reasonably expected no later than the point when the lender concludes that modification is the best course of action and it is at least reasonably possible that the troubled borrower will accept some form of concession from the lender to avoid a default. Reasonably expected TDRs and executed non-performing TDRs are evaluated individually to determine the required ACL. TDRs performing in accordance with their modified contractual terms for a reasonable period of time may be included in the Company's existing pools based on the underlying risk characteristics of the loan to measure the ACL.

Liability for Off-Balance Sheet Credit Losses: Financial instruments include off-balance sheet credit losses, such as commitments to make loans and commercial letters of credit, issued to meet customer financing needs. The Company's

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exposure to credit loss in the event of nonperformance by the other party to the financial instrument for off-balance sheet loan commitments is represented by the contractual amount of those instruments. Such financial instruments are recorded when they are funded.

The Company recognizes a liability for off-balance sheet credit losses through a charge to credit loss expense for off-balance sheet credit losses, which is included in credit loss expense in the Company's consolidated statements of income, unless the commitments to extend credit are unconditionally cancellable. The liability for off-balance sheet credit losses is estimated by loan segment at each balance sheet date under the current expected credit loss model using the same methodologies as portfolio loans, taking into consideration the likelihood that funding will occur, and is included in other liabilities on the Company's consolidated balance sheets.

Transfers of financial assets: Revenue from the origination and sale of loans in the secondary market is recognized upon the transfer of financial assets and accounted for as sales when control over the assets has been surrendered. The Company also sells participation interests in some large loans originated to non-affiliated entities. Control over transferred assets is deemed to be surrendered when: (1) the assets have been isolated from the Company; (2) the transferee has the right to pledge or exchange the assets it received and no condition both constrains the transferee from taking advantage of its right to pledge or exchange and provides more than a trivial benefit to the transferor; and (3) the Company does not maintain effective control over the transferred assets through an agreement to repurchase them before their maturity or the ability to unilaterally cause the holder to return specific assets.

Credit-related financial instruments: In the ordinary course of business, the Company has entered into commitments to extend credit, including commitments under credit card arrangements, commitments to sell loans, commercial letters of credit and standby letters of credit. Such financial instruments are recorded when they are funded.

Derivatives and hedging instruments: As part of its asset and liability management strategy, the Company uses derivative financial instruments to mitigate exposure to interest rate risks. The Company records all derivatives on the balance sheet at fair value. The accounting for changes in the fair value of derivatives depends on the intended use of the derivative, whether the Company has elected to designate a derivative in a hedging relationship and apply hedge accounting and whether the hedging relationship has satisfied the criteria necessary to apply hedge accounting. Derivatives designated and qualifying as a hedge of the exposure to changes in the fair value of an asset, liability, or firm commitment attributable to a particular risk, such as interest rate risk, are considered fair value hedges. Derivatives designated and qualifying as a hedge of the exposure to variability in expected future cash flows, or other types of forecasted transactions, are considered cash flow hedges. Hedge accounting generally provides for the matching of the timing of gain or loss recognition on the hedging instrument with the recognition of the changes in the fair value of the hedged asset or liability that are attributable to the hedged risk in a fair value hedge or the earnings effect of the hedged forecasted transactions in a cash flow hedge. The Company may enter into derivative contracts that are intended to economically hedge certain of its risk, even though hedge accounting does not apply or the Company elects not to apply hedge accounting.

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In accordance with the FASB's fair value measurement guidance, the Company made an accounting policy election to measure the credit risk of its derivative financial instruments that are subject to master netting agreements on a net basis by counterparty portfolio.

Premises and equipment: Land is carried at cost. Premises and equipment are stated at cost less accumulated depreciation. The estimated useful lives and primary method of depreciation for the principal items are as follows:

| Type of Assets | Years | | Depreciation Method |
|--------------------------------------|---------|---------|---------------------|
| | Minimum | Maximum | |
| Buildings and leasehold improvements | 10 | - 39 | Straight-line |
| Furniture and equipment | 3 | - 10 | Straight-line |

Charges for maintenance and repairs are expensed as incurred. When assets are retired or disposed of, the related cost and accumulated depreciation are removed from the respective accounts and the resulting gain or loss is recorded.

Leases: The Company determines if a lease is present at the inception of an agreement. Operating leases are capitalized at commencement and operating lease ROU assets and operating lease liabilities are recognized based on the present value of lease payments over the lease term and are reported in "Other assets" and "Other liabilities," respectively, on the Company's

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consolidated balance sheets. ROU assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Leases with original terms of less than 12 months are not capitalized. If at lease inception, the Company considers exercising of a renewal option to be reasonably certain, the Company will include the extended term in the calculation of the ROU asset and lease liability.

Foreclosed assets, net Assets, Net: Real estate properties and other assets acquired through or in lieu of foreclosure are initially recorded at fair value less estimated selling cost at the date of foreclosure, establishing a new cost basis. Fair value is determined by management by obtaining appraisals or other market value information at least annually. Any write-downs in value at the date of acquisition are charged to the allowance for credit losses. After foreclosure, valuations are periodically performed by management by obtaining updated appraisals or other market value information. Any subsequent write-downs are recorded as a charge to operations, if necessary, to reduce the carrying value of a property to the updated fair value less estimated selling cost. Net costs related to the holding of properties are included in noninterest expense.

Goodwill and other intangibles Other Intangibles: Goodwill is the excess of the purchase price over the fair value of identifiable net assets acquired in business combinations accounted for as acquisitions. Under ASC Topic 350, goodwill of a reporting unit is tested for impairment on an annual basis, or between annual tests if an event occurs or circumstances change that would reduce the fair value of a reporting unit below its carrying amount. The Company's annual assessment is done at the reporting unit level, which the Company has concluded is at the consolidated level.

In 2023, due to the volatility and overall decrease in the Company's stock price, management concluded that these factors led to the occurrence of a triggering event and therefore an interim impairment test over goodwill was performed as of June 30, 2023. The Company concluded based upon the results of the interim assessment that the fair value of goodwill exceeded the book value on that date, and as such goodwill was not impaired. Based upon the Company's annual assessment, the Company also concluded that goodwill was not impaired and therefore did not recognize any impairment losses during the year ended December 31, 2023 and December 31, 2022.

As of September 30, 2020, Management concluded that a triggering event occurred and performed an interim impairment test over goodwill. The Company performed a market capitalization approach, a guideline public company approach and a discounted cash flow approach, to determine the fair value of the Company. As a result of this interim assessment, the Company recorded a goodwill impairment charge of \$31.5 million as the estimated fair value was less than the book value on that date. This non-cash charge was reflected within "Noninterest expense" in the Consolidated Statements of Income and had no impact on the Company's regulatory capital ratios, cash flows and liquidity position.

Certain other intangible assets that have finite lives are amortized on an accelerated basis over the estimated life of the assets. Such assets are evaluated for impairment if events and circumstances indicate a possible impairment. See [Note 7. Goodwill and Intangible Assets](#) for additional information.

Federal Home Loan Bank Stock: The Bank is a member of the FHLB of Des Moines as well as the FHLB of Chicago, and ownership of FHLB stock is a requirement for such membership. The amount of FHLB stock the Bank is required to hold is directly related to the amount of FHLB advances borrowed. This security is redeemable at par by the FHLB, and is, therefore, carried at cost. Redemption of this investment is at the option of the FHLB.

Mortgage Servicing rights Servicing Rights: Mortgage servicing rights are recorded at fair value based on assumptions through a third-party valuation service. The valuation model incorporates assumptions that are observable in the marketplace and that market

MIDWESTONE FINANCIAL GROUP, INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

participants would use in estimating future net servicing income, such as the servicing cost per loan, the discount rate, the escrow float rate, an inflation rate, ancillary income, prepayment speeds and default rates and losses.

Bank-owned life insurance Bank-Owned Life Insurance: BOLI represents life insurance policies on the lives of certain Company officers and directors or former officers and directors for which the Company is the beneficiary. Bank-owned life insurance is carried at cash surrender value, net of surrender and other charges, with increases/decreases reflected as noninterest income/expense in the consolidated statements of income.

Employee benefit plans: **Benefit Plans:** Deferred benefits under a salary continuation plan are charged to expense during the period in which the participating employees attain full eligibility.

Stock-based compensation: **Stock-Based Compensation:** Compensation expense for share based awards is recorded over the vesting period at the fair value of the award at the time of grant. The exercise price of options or fair value of nonvested shares granted under the Company's incentive plans is equal to the fair market value of the underlying stock at the grant date. The Company assumes no projected forfeitures on its stock based compensation, since actual historical forfeiture rates on its stock-based incentive awards have been negligible.

Income taxes: **Taxes:** The Company and/or its subsidiaries file tax returns in all states and local taxing jurisdictions which impose corporate income, franchise or other taxes where it operates. The methods of filing and the methods for calculating taxable and

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apportionable income vary depending upon the laws of the taxing jurisdiction. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the financial statement carrying amount of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of a change in tax rates on deferred tax assets and liabilities is recognized as income or expense in the period that includes the enactment date of such change. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized.

In accordance with ASC 740, *Income Taxes*, the Company recognizes a tax position as a benefit only if it is more likely than not that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized upon examination. For tax positions not meeting the more likely than not test, no tax benefit is recorded. The Company recognizes interest and/or penalties related to income tax matters in income tax expense. There were no material unrecognized tax benefits or any interest or penalties on any unrecognized tax benefits as of **December 31, 2022** **December 31, 2023** and **2021**, **2022**.

Common stock: **Stock:** Under the share repurchase program that was approved by the board of directors of the Company in October 2018, the repurchase of up to \$5.0 million of stock was authorized. This plan was due to expire on December 31, 2020. Since the plan was announced in October 2018, the Company repurchased 174,702 shares of common stock for approximately \$4.7 million.

On August 20, 2019, the Board of Directors of the Company approved a **new** share repurchase program, allowing for the repurchase of up to \$10.0 million of common stock through December 31, 2021. The **new** repurchase program replaced the Company's prior repurchase program that was announced in October 2018. Since the plan was announced on August 20, 2019, the Company repurchased 297,158 shares of common stock for approximately \$7.9 million, leaving \$2.1 million available to be repurchased under that repurchase program as of June 22, 2021, the end of such program.

On June 22, 2021, the Board of Directors of the Company approved a share repurchase program, allowing for the repurchase of up to \$15.0 million of the Company's common stock through December 31, 2023. The repurchase program replaced the Company's prior repurchase program, which was due to expire on December 31, 2021. Since June 23, 2021 and through April 27, 2023, the Company repurchased 403,368 shares of common stock for approximately \$12.0 million, leaving \$3.0 million available to be repurchased.

On April 27, 2023, the Board of Directors of the Company approved a new share repurchase program, allowing for the repurchase of up to \$15.0 million of the Company's common stock through **December 31, 2023** **December 31, 2025**. **The** **This** new repurchase program replaced the Company's prior repurchase program, adopted in June 2021, which was due to expire on **December 31, 2021** **December 31, 2023**. For the period June 23, 2021 Since April 28, 2023 and through **December 31, 2022** **December 31, 2023**, the Company repurchased **403,368** **no** shares of common stock, **for** **approximately \$12.0 million**, leaving **\$3.0 million** **\$15.0 million** available to be repurchased.

Comprehensive income: **Income:** Accounting principles generally require that recognized revenue, expenses, gains and losses be included in net income. Certain changes in assets and liabilities, such as unrealized gains and losses on available-for-sale securities, are reported as a separate component of shareholders' equity on the consolidated balance sheets, and are disclosed in the consolidated statements of comprehensive income.

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The components of accumulated other comprehensive loss included in shareholders' equity were as follows:

| (in thousands) | Year Ended December 31, | |
|--|-------------------------|-------------|
| | 2022 | 2021 |
| Unrealized losses on available for sale debt securities | \$ (123,934) | \$ (11,996) |
| Less: Tax effect | (32,082) | (3,131) |
| Accumulated other comprehensive loss on available for sale debt securities, net of tax | (91,852) | (8,865) |

| | | |
|---|--------------------|-------------------|
| Reclassification of available for sale debt securities to held to maturity | 3,781 | — |
| Less: Tax effect | 976 | — |
| Amortization of the net unrealized loss from the reclassification of available for sale debt securities to held to maturity, net of tax | 2,805 | — |
| Accumulated other comprehensive loss, net of tax | <u>\$ (89,047)</u> | <u>\$ (8,865)</u> |

Effect of New Financial Accounting Standards

Accounting Guidance Pending Adoption in 2022 2023

On March 12, 2020, the FASB issued ASU 2020-04, *Reference Rate Reform (ASC 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*. ASC 848 contains optional expedients and exceptions for applying GAAP to contracts, hedging relationships, and other transactions affected by reference rate reform. Certain optional expedients and exceptions for contract modifications and hedging relationships were amended in ASU 2021-01, *Reference Rate Reform (Topic 848): Scope Refinement*, issued on January 7, 2021. In addition, ASU 2022-06, *Reference Rate Reform (Topic 848): Deferral of the Sunset Date of Topic 848*, deferred the sunset date of Topic 848 from December 31, 2022 to December 31, 2024, after which time entities will no longer be permitted to apply the relief in Topic 848. The adoption of ASU 2020-04 is not expected to have a material impact on the Company's consolidated financial statements.

On March 29, 2023, the FASB issued ASU 2023-02, *Accounting for Investments in Tax Credit Structures Using the Proportional Amortization Method*. Under this ASU, if certain conditions are met, a reporting entity may elect to account for its tax equity investments by using the proportional amortization method regardless of the program from which it receives income tax credits. The amendments are effective for fiscal years beginning after December 15, 2023, including interim periods within those fiscal years, with an option to early adopt. The amendments must be applied on either a modified retrospective or a

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MIDWESTONE FINANCIAL GROUP, INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

retrospective basis, with certain exceptions for low-income-housing tax credit structures that aren't accounted for using the proportional amortization method. The Company is currently evaluating the impact of ASU 2023-02.

On November 27, 2023, the FASB issued ASU 2023-07, *Segment Reporting (Topic 280) - Improvements to Reportable Segment Disclosures*. Enhanced disclosures about significant segment expenses are included within this ASU. The amendments are effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, with an option to early adopt. The amendments should be applied retrospectively to all prior periods presented in the financial statements, with the segment expense categories and amounts disclosed in prior periods being based on the significant segment expense categories identified and disclosed in the period of adoption. The Company is currently evaluating the impact of ASU 2023-07.

On December 14, 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740) - Improvements to Income Tax Disclosures*. Additional transparency about income tax information through improvements to income tax disclosures, primarily related to the rate reconciliation and income taxes paid information, will be required. The amendments are effective for annual periods beginning after December 15, 2024, with an option to early adopt. The amendments should be applied on a prospective basis, with retrospective application being permitted. The Company is currently evaluating the impact of ASU 2023-09.

Accounting Guidance Adopted in 2023

On March 31, 2022, the FASB issued ASU 2022-02, *Financial Instruments - Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures*. For creditors that have adopted the CECL accounting guidance within ASU 2016-13, the amendments eliminate the accounting guidance for TDRs within ASC 310-40, while also enhancing the disclosure requirements for certain loan refinancings and restructurings when a borrower is experiencing financial difficulty. In addition, public business entities must also disclose current-period gross write-offs by year of origination for financing receivables and net investments in leases within the scope of ASC 326-20. The amendments are effective for fiscal years beginning after December 15, 2022 and should be applied prospectively, with an option to apply a modified retrospective transition approach for the recognition and measurement of TDRs. The adoption of ASU 2022-02 is was applied prospectively and did not expected to have a material impact on the Company's Company's consolidated financial statements.

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MIDWESTONE FINANCIAL GROUP, INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 2. Business Combinations

Iowa First Bancshares Corp.

On June 9, 2022, the Company acquired 100% of the equity of IOFB through a merger and acquired its wholly-owned subsidiaries FNBM and FNBF for cash consideration of \$46.7 million. The primary reasons for the acquisition were to enter the Muscatine, Iowa market and increase our the Company's presence in Fairfield, Iowa. Immediately following the completion of the acquisition, First National Bank of Muscatine FNBM and First National Bank in Fairfield FNBF were merged with and into the Bank.

The assets acquired and liabilities assumed have been accounted for under the acquisition method of accounting. The assets and liabilities, both tangible and intangible, were recorded at their fair values as of the June 9, 2022 acquisition date, net of any applicable tax effects using a methodology similar to the Company's legacy assets and liabilities (refer to [Note 20. Estimated Fair Value of Financial Instruments and Fair Value Measurements](#) for additional information regarding the fair value methodology). The bargain purchase gain, which is recorded in 'Other' noninterest income, was generated as a result of the estimated fair value of identifiable net assets acquired exceeding the merger consideration. Bargain purchase gains are recorded net of deferred taxes and are treated as permanent differences, resulting in a lower effective tax rate in the period recorded. The revenue and earnings amount specific to IOFB since the acquisition date that are included in the consolidated results for the year ended December 31, 2022 are not readily determinable. The disclosures of these amounts are impracticable due to the merging of certain processes and systems at the acquisition date.

The table below summarizes the amounts recognized as of the acquisition date for each major class of assets acquired and liabilities assumed.

| <i>(in thousands)</i> | June 9, 2022 | |
|--|--------------|-----------|
| Merger consideration | | |
| Cash consideration | \$ | 46,672 |
| Identifiable net assets acquired, at fair value | | |
| Assets acquired | | |
| Cash and due from banks | \$ | 10,192 |
| Interest earning deposits in banks | | 67,855 |
| Debt securities | | 119,820 |
| Loans held for investment | | 281,326 |
| Premises and equipment | | 7,363 |
| Core deposit intangible | | 16,500 |
| Other assets | | 14,140 |
| Total assets acquired | | 517,196 |
| Liabilities assumed | | |
| Deposits | \$ | (463,638) |
| Other liabilities | | (3,117) |
| Total liabilities assumed | | (466,755) |
| Identifiable net assets acquired, at fair value | | 50,441 |
| Bargain Purchase Gain | \$ | 3,769 |

Of the \$281.3 million net loans acquired, \$11.0 million exhibited credit deterioration on the date of purchase. The following table provides a summary of these PCD loans at acquisition:

| <i>(in thousands)</i> | June 9, 2022 | |
|----------------------------------|--------------|---------|
| Par value of PCD loans acquired | \$ | 15,396 |
| PCD ACL at acquisition | | (3,371) |
| Non-credit discount on PCD loans | | (1,005) |
| Purchase price of PCD loans | \$ | 11,020 |

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MIDWESTONE FINANCIAL GROUP, INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For illustrative purposes only, the following table presents certain unaudited pro forma information for the years ended December 31, 2022 and 2021. This unaudited, estimated pro forma information was calculated as if IOFB had been acquired as of the beginning of the year prior to the date of acquisition. This unaudited pro forma information combines the historical results of IOFB and the Company and includes adjustments for the estimated impact of certain fair value purchase accounting, interest expense, acquisition-related expenses, and income tax expense for the respective periods. The pro forma information is not indicative of what would have occurred had the acquisition occurred as of the beginning of the year prior to the acquisition. Additionally, MidWestOne expects to achieve further operating cost savings and other business synergies, including revenue growth as a result of the acquisition, which are not reflected in the pro forma amounts that follow. As a result, actual amounts would have differed from the unaudited pro forma information presented.

| <i>(in thousands, except per share amounts)</i> | Unaudited Pro Forma for the Years Ended December 31, | |
|---|---|------------|
| | 2022 | 2021 |
| Total revenues | \$ 217,157 | \$ 223,317 |

| | | | | |
|---------------|----|--------|----|--------|
| Net Income | \$ | 61,451 | \$ | 71,376 |
| EPS - basic | \$ | 3.93 | \$ | 4.50 |
| EPS - diluted | \$ | 3.91 | \$ | 4.49 |

The following table summarizes DNVB acquisition-related expenses incurred in the year ended December 31, 2023, and IOFB acquisition-related expenses incurred in the years ended December 31, 2022 and December 31, 2021 and ATB acquisition-related expenses incurred in the year ended December 30, 2020 December 30, 2021:

| | | Years Ended December 31, | | | | | | Years Ended December 31, | |
|------------------------------------|------------------------------------|-----------------------------|-------|------|----------------|------|------|-----------------------------|------|
| (in thousands) | (in thousands) | 2022 | 2021 | 2020 | (in thousands) | 2023 | 2022 | | 2021 |
| Noninterest Expense | Noninterest Expense | | | | | | | | |
| Compensation and employee benefits | Compensation and employee benefits | | | | | | | | |
| Compensation and employee benefits | Compensation and employee benefits | | | | | | | | |
| Compensation and employee benefits | Compensation and employee benefits | \$ 471 | \$ — | \$ — | | | | | |
| Occupancy expense of premises, net | Occupancy expense of premises, net | 1 | — | 7 | | | | | |
| Equipment | Equipment | 29 | 18 | — | | | | | |
| Legal and professional | Legal and professional | 948 | 202 | — | | | | | |
| Data processing | Data processing | 511 | — | 44 | | | | | |
| Marketing | Marketing | 164 | 2 | — | | | | | |
| Communications | Communications | 3 | — | — | | | | | |
| Other | Other | 74 | 2 | 10 | | | | | |
| Total acquisition-related expenses | Total acquisition-related expenses | \$2,201 | \$224 | \$61 | | | | | |

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MIDWESTONE FINANCIAL GROUP, INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 3. Debt Securities

On January 1, 2022, the Company transferred, at fair value, \$1.25 billion of mortgage-backed securities, collateralized mortgage obligations, and securities issued by state and political subdivisions from the available for sale classification to the held to maturity classification. The net unrealized after tax loss of \$11.5 million associated with those re-classified securities remained in accumulated other comprehensive loss and will be amortized over the remaining life of the securities. At December 31, 2022 December 31, 2023, there was \$8.7 million \$7.0 million of net unrealized after tax loss remaining in accumulated other comprehensive loss. No gains or losses were recognized in earnings at the time of the transfer.

The following tables summarize the amortized cost, gross unrealized gains and losses and the resulting fair value of debt securities for the periods indicated. There were no held to maturity debt securities as of December 31, 2021, the dates indicated:

| As of December 31, 2022 | | | | |
|----------------------------------|------------------------------|-------------------------------|--|---|
| | | | | Allowance for Credit Loss related to Debt Securities |
| Amortized Cost ⁽¹⁾ | Gross Unrealized Gains | Gross Unrealized Losses | | |
| | | | | Fair Value |

| As of December 31, 2023 | | | | | | | As of December 31, 2023 | |
|---|--|-------------|--------|-----------|----------|-------------|--|------------------------|
| | | | | | | | Allowance for Credit Loss related to Debt Securities | |
| | | | | | | | Fair Value | |
| | Amortized Cost ⁽¹⁾ | | | | | | Amortized Cost ⁽¹⁾ | Gross Unrealized Gains |
| | | | | | | | Gross Unrealized Losses | |
| (in thousands) | (in thousands) | | | | | | | |
| Available for Sale | Available for Sale | | | | | | | |
| U.S. Government agencies and corporations | \$ 7,598 | \$ — | \$ 253 | \$ — | \$ 7,345 | | | |
| Available for Sale | | | | | | | | |
| Available for Sale | | | | | | | | |
| State and political subdivisions | | | | | | | | |
| State and political subdivisions | | | | | | | | |
| State and political subdivisions | State and political subdivisions | 303,573 | 27 | 18,244 | — | 285,356 | | |
| Mortgage-backed securities | Mortgage-backed securities | 6,165 | 11 | 232 | — | 5,944 | | |
| Collateralized loan obligations | | | | | | | | |
| Collateralized mortgage obligations | Collateralized mortgage obligations | 172,568 | — | 25,375 | — | 147,193 | | |
| Corporate debt securities | Corporate debt securities | 771,836 | 125 | 64,252 | — | 707,709 | | |
| Total available for sale debt securities | Total available for sale debt securities | \$1,261,740 | \$ 163 | \$108,356 | \$ — | \$1,153,547 | | |
| Held to Maturity | Held to Maturity | | | | | | | |
| Held to Maturity | | | | | | | | |
| Held to Maturity | | | | | | | | |
| State and political subdivisions | | | | | | | | |
| State and political subdivisions | | | | | | | | |
| State and political subdivisions | State and political subdivisions | \$ 538,746 | \$ — | \$ 88,349 | \$ — | \$ 450,397 | | |
| Mortgage-backed securities | Mortgage-backed securities | 81,032 | — | 12,851 | — | 68,181 | | |
| Collateralized mortgage obligations | Collateralized mortgage obligations | 509,643 | — | 103,327 | — | 406,316 | | |

| | | | | | | | | | |
|--|--|-------------|----|---|-----------|----|---|----|---------|
| Total held to maturity debt securities | Total held to maturity debt securities | \$1,129,421 | \$ | — | \$204,527 | \$ | — | \$ | 924,894 |
|--|--|-------------|----|---|-----------|----|---|----|---------|

(1) Amortized cost for the held to maturity securities includes \$0.2 million of unamortized gain in state and political subdivisions, \$36.0 thousand of unamortized losses in mortgage-backed securities and \$11.9 million of unamortized losses in collateralized mortgage obligations related to the re-classification of securities from available for sale to held to maturity on January 1, 2022.

(1) Amortized cost for the held to maturity securities includes \$0.2 million of unamortized gain in state and political subdivisions, \$58.0 thousand of unamortized gains in mortgage-backed securities and \$9.7 million of unamortized losses in collateralized mortgage obligations related to the re-classification of securities from available for sale to held to maturity on January 1, 2022.

(1) Amortized cost for the held to maturity securities includes \$0.2 million of unamortized gain in state and political subdivisions, \$58.0 thousand of unamortized gains in mortgage-backed securities and \$9.7 million of unamortized losses in collateralized mortgage obligations related to the re-classification of securities from available for sale to held to maturity on January 1, 2022.

(1) Amortized cost for the held to maturity securities includes \$0.2 million of unamortized gain in state and political subdivisions, \$58.0 thousand of unamortized gains in mortgage-backed securities and \$9.7 million of unamortized losses in collateralized mortgage obligations related to the re-classification of securities from available for sale to held to maturity on January 1, 2022.

| | | As of December 31, 2021 | | | | | | | | | |
|---|---|-------------------------------|--------|------------|------------|------------|-------------------------------|------------------------|-------------------------|-----|--|
| | | | | Gross | Gross | Allowance | | | | | |
| | | | | Unrealized | Unrealized | for Credit | | | | | |
| | | | | Gains | Losses | Loss | | | | | |
| | | | | | | related to | | | | | |
| | | Amortized | | | | Debt | | | | | |
| | | Cost | Gains | Losses | Securities | Fair Value | | | | | |
| | | | | | | | | | | | |
| | | As of December 31, 2022 | | | | | As of December 31, 2022 | | | | |
| | | | | | | | | Allowance | | | |
| | | | | | | | | for Credit | | | |
| | | | | | | | | Loss | | | |
| | | | | | | | | related to | | | |
| | | | | | | | | Debt | Fair | | |
| | | Amortized Cost ⁽¹⁾ | | | | Securities | Value | | | | |
| (in thousands) | (in thousands) | | | | | | Amortized Cost ⁽¹⁾ | Gross Unrealized Gains | Gross Unrealized Losses | | |
| <u>Available for Sale</u> | | | | | | | | | | | |
| <u>Available for Sale</u> | | | | | | | | | | | |
| <u>Available for Sale</u> | | | | | | | | | | | |
| U.S. Government agencies and corporations | | | | | | | | | | | |
| U.S. Government agencies and corporations | | | | | | | | | | | |
| U.S. Government agencies and corporations | U.S. Government agencies and corporations | \$ | 265 | \$ | 1 | \$ | — | \$ | — | 266 | |
| State and political subdivisions | State and political subdivisions | 760,894 | 10,484 | 5,636 | — | 765,742 | | | | | |

| | | | | | | |
|-------------------------------------|-------------------------------------|-------------|-----------|-----------|------|-------------|
| Mortgage-backed securities | Mortgage-backed securities | 100,325 | 932 | 631 | — | 100,626 |
| Collateralized mortgage obligations | | | | | | |
| Collateralized mortgage obligations | | | | | | |
| Collateralized mortgage obligations | Collateralized mortgage obligations | 785,945 | 1,274 | 18,320 | — | 768,899 |
| Corporate debt securities | Corporate debt securities | 652,677 | 6,305 | 6,405 | — | 652,577 |
| Total debt securities | Total debt securities | \$2,300,106 | \$ 18,996 | \$ 30,992 | \$ — | \$2,288,110 |

Held to Maturity.

Held to Maturity.

Held to Maturity.

| |
|--|
| State and political subdivisions |
| State and political subdivisions |
| State and political subdivisions |
| Mortgage-backed securities |
| Collateralized mortgage obligations |
| Total held to maturity debt securities |

| | |
|---|---|
| (1) Amortized cost for the held to maturity securities includes \$0.2 million of unamortized gain in state and political subdivisions, \$36 thousand of unamortized losses in mortgage-backed securities and \$11.9 million of unamortized losses in collateralized mortgage obligations related to the re-classification of securities from available for sale to held to maturity on January 1, 2022. | (1) Amortized cost for the held to maturity securities includes \$0.2 million of unamortized gain in state and political subdivisions, \$36 thousand of unamortized losses in mortgage-backed securities and \$11.9 million of unamortized losses in collateralized mortgage obligations related to the re-classification of securities from available for sale to held to maturity on January 1, 2022. |
|---|---|

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MIDWESTONE FINANCIAL GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Investment securities with a fair value of \$1.16 billion and \$690.2 million at December 31, 2023 and \$582.2 million at December 31, 2022 and December 31, 2021, respectively, were pledged against on public deposits, securities sold under agreements to repurchase and for other purposes, as required or permitted by law.

Accrued interest receivable on available for sale debt securities and held to maturity debt securities is recorded within 'Other Assets,' and is excluded from the estimate of credit losses. At December 31, 2022 December 31, 2023 the accrued interest receivable on available for sale debt securities and held to maturity debt securities totaled \$7.6 million \$5.5 million and \$3.7 million, respectively. At December 31, 2021 December 31, 2022 the accrued interest receivable on available for sale debt securities totaled \$9.5 million. There was no accrued interest receivable on and held to maturity debt securities at December 31, 2021. totaled \$7.6 million and \$3.7 million, respectively.

MIDWESTONE FINANCIAL GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The following table presents debt securities AFS in an unrealized loss position for which an allowance for credit losses has not been recorded at December 31, 2022 December 31, 2023, aggregated by investment category and length of time in a continuous loss position:

| | As of December 31, 2022 | | | | | | | | | | Number | | As of December 31, 2023 | | | |
|---|---|---------------------|------------|-------------------|------------|-------------------|------------|-------------------|--------------------|---------------|------------|-------------------|-------------------------|-------------------|------|------------|
| | | | | | | | | | | | | | Fair | Unrealized | Fair | Unrealized |
| | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | |
| | Number | Less than 12 Months | | 12 Months or More | | Total | | | | Number | Fair | Unrealized | Fair | Unrealized | | |
| Available for Sale | Available for Sale | of Securities | Fair Value | Unrealized Losses | Fair Value | Unrealized Losses | Fair Value | Unrealized Losses | Available for Sale | of Securities | Fair Value | Unrealized Losses | Fair Value | Unrealized Losses | | |
| (in thousands, except number of securities) | (in thousands, except number of securities) | | | | | | | | | | | | | | | |

| | | | | | | | | |
|---|-------------------------------------|-----|-----------|----------|-----------|----------|-------------|-----------|
| U.S. Government agencies and corporations | | 8 | \$ 7,345 | \$ 253 | \$ — | \$ — | \$ 7,345 | \$ 253 |
| State and political subdivisions | | | | | | | | |
| State and political subdivisions | | | | | | | | |
| State and political subdivisions | State and political subdivisions | 380 | 248,339 | 14,553 | 20,631 | 3,691 | 268,970 | 18,244 |
| Mortgage-backed securities | Mortgage-backed securities | 27 | 5,323 | 231 | 45 | 1 | 5,368 | 232 |
| Collateralized loan obligations | | | | | | | | |
| Collateralized mortgage obligations | Collateralized mortgage obligations | 20 | 75,041 | 7,121 | 72,152 | 18,254 | 147,193 | 25,375 |
| Corporate debt securities | Corporate debt securities | 159 | 369,441 | 21,679 | 288,329 | 42,573 | 657,770 | 64,252 |
| Total | Total | 594 | \$705,489 | \$43,837 | \$381,157 | \$64,519 | \$1,086,646 | \$108,356 |

As of **December 31, 2022** December 31, 2023, 8 U.S. Government agencies and corporations securities with total unrealized losses of \$0.3 million were held by the Company. Management considered the implied U.S. government guarantee of these agency and corporation securities. In addition, management evaluated securities by considering the yield spread to treasury securities and the most recent financial information available. Based on this evaluation, management concluded that the decline in fair value was not attributable to credit losses.

As of December 31, 2022, 380 149 state and political subdivisions securities with total unrealized losses of \$18.2 million \$9.3 million were held by the Company. Management evaluated these securities through a process that included consideration of credit agency ratings and payment history. In addition, management evaluated securities by considering the yield spread to treasury securities and the most recent financial information available. Based on this evaluation, management concluded that the decline in fair value was not attributable to credit losses.

As of **December 31, 2022** December 31, 2023, 27 19 mortgage-backed securities and 20 collateralized mortgage obligations with unrealized losses totaling \$25.6 million \$21.3 million were held by the Company. Management evaluated the payment history of these securities. In addition, management considered the implied U.S. government guarantee of these agency securities, the level of credit enhancement, and credit agency ratings for non-agency securities. Based on this evaluation, management concluded that the decline in fair value was not attributable to credit losses.

As of December 31, 2023, 2 collateralized loan obligations with unrealized losses of \$239 thousand were held by the Company. Management evaluated these securities through a process that included consideration of credit agency ratings, priority of cash flows and the amount of over-collateralization. In addition, management may evaluate securities by considering the yield spread to treasury securities and the most recent financial information available. Based on this evaluation, management concluded that the decline in fair value was not attributable to credit losses.

As of **December 31, 2022** December 31, 2023, 159 133 corporate debt securities with total unrealized losses of \$64.3 million \$47.4 million were held by the Company. Management evaluated these securities by considering credit agency ratings and payment history. In addition, management evaluated securities by considering the yield spread to treasury securities and the most recent financial information available. Based on this evaluation, management concluded that the decline in fair value was not attributable to credit losses.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The following table presents debt securities AFS in an unrealized loss position for which an allowance for credit losses has not been recorded at December 31, 2021 as of December 31, 2022, aggregated by investment category and length of time in a continuous loss position.

| Number of Securities | As of December 31, 2021 | | | Number of Securities | As of December 31, 2022 | | |
|----------------------------|-------------------------|-------------------|-------|----------------------------|-------------------------|----------------------------|--|
| | | | | | | | |
| | Less than 12 Months | 12 Months or More | Total | | Less than 12 Months | 12 Months or More | |
| | | | | | | | |

| Available for Sale | Available for Sale | Fair Value | Unrealized Losses | Fair Value | Unrealized Losses | Fair Value | Unrealized Losses | Available for Sale | Fair Value | Unrealized Losses | Fair Value | Unrealized Losses |
|---|---|------------|-------------------|------------|-------------------|------------|-------------------|--------------------|------------|-------------------|------------|-------------------|
| (in thousands, except number of securities) | (in thousands, except number of securities) | | | | | | | | | | | |
| U.S. Government agencies and corporations | U.S. Government agencies and corporations | | | | | | | | | | | |
| U.S. Government agencies and corporations | U.S. Government agencies and corporations | | | | | | | | | | | |
| U.S. Government agencies and corporations | U.S. Government agencies and corporations | | | | | | | | | | | |
| State and political subdivisions | State and political subdivisions | 136 | \$ 311,960 | \$ 5,216 | \$ 15,343 | \$ 420 | \$ 327,303 | \$ 5,636 | | | | |
| Mortgage-backed securities | Mortgage-backed securities | 6 | 43,319 | 631 | 80 | — | 43,399 | 631 | | | | |
| Collateralized mortgage obligations | Collateralized mortgage obligations | 44 | 605,729 | 15,693 | 61,984 | 2,627 | 667,713 | 18,320 | | | | |
| Corporate debt securities | Corporate debt securities | 52 | 303,750 | 4,567 | 27,071 | 1,838 | 330,821 | 6,405 | | | | |
| Total | Total | 238 | \$1,264,758 | \$26,107 | \$104,478 | \$4,885 | \$1,369,236 | \$30,992 | | | | |

MIDWESTONE FINANCIAL GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The Company evaluates debt securities held to maturity for current expected credit losses. There were no debt securities held to maturity classified as nonaccrual or past due as of **December 31, 2022** **December 31, 2023**. Held-to-maturity securities are evaluated on a quarterly basis using historical probability of default and loss given default information specific to the investment category. If this evaluation determines that credit losses exist, an allowance for credit loss is recorded and included in earnings as a component of credit loss expense. Based on this evaluation, management concluded that no allowance for credit loss for these securities was required.

Proceeds and gross realized gains and losses on debt securities available for sale for the years ended **December 31, 2022** **December 31, 2023**, **2021** **2022** and **2020**, **2021**, were as follows:

| (in thousands) | (in thousands) | Year Ended December 31, | | | (in thousands) | Year Ended December 31, | | |
|---|---|-------------------------|----------|----------|----------------|-------------------------|------|------|
| | | 2022 | 2021 | 2020 | | 2023 | 2022 | 2021 |
| Proceeds from sales of debt securities available for sale | Proceeds from sales of debt securities available for sale | \$129,823 | \$52,183 | \$27,391 | | | | |
| Gross realized gains from sales of debt securities available for sale | Gross realized gains from sales of debt securities available for sale | — | 940 | 280 | | | | |
| Gross realized gains from sales of debt securities available for sale | Gross realized gains from sales of debt securities available for sale | | | | | | | |

Gross realized gains
from sales of debt
securities available for
sale

| | | | | |
|--|---|----------|--------|--------|
| Gross realized losses from sales of debt securities available for sale | Gross realized losses from sales of debt securities available for sale | | | |
| | | (167) | (791) | (123) |
| Net realized (loss) gain from sales of debt securities available for sale ⁽¹⁾ | Net realized (loss) gain from sales of debt securities available for sale | \$ (167) | \$ 149 | \$ 157 |

⁽¹⁾ The difference in investment security (losses) gains, net reported herein as compared to the Consolidated Statements of Income is associated with the net realized gain from the call or maturity of debt securities of \$438 thousand, \$93 thousand and \$27 thousand for the years ended December 31, 2022, 2021, and 2020, respectively.

Net realized (loss) gain
from sales of debt
securities available for
sale⁽¹⁾

Net realized (loss) gain
from sales of debt
securities available for
sale⁽¹⁾

(1) The difference in investment security (losses) gains, net reported herein as compared to the Consolidated Statements of Income is associated with the net realized gain from the call or maturity of debt securities of \$76 thousand, \$438 thousand and \$93 thousand for the years ended December 31, 2023, 2022, and 2021, respectively, and net realized gain from the sale of equity securities of \$979 thousand for the year ended December 31, 2023.

(1) The difference in investment security (losses) gains, net reported herein as compared to the Consolidated Statements of Income is associated with the net realized gain from the call or maturity of debt securities of \$76 thousand, \$438 thousand and \$93 thousand for the years ended December 31, 2023, 2022, and 2021, respectively, and net realized gain from the sale of equity securities of \$979 thousand for the year ended December 31, 2023.

The contractual maturity distribution of investment debt securities at **December 31, 2022** **December 31, 2023**, is shown below. Expected maturities of MBS, **CLO**, and CMO may differ from contractual maturities because the mortgages underlying the securities may be called or prepaid without any penalties. Therefore, these securities are not included in the maturity categories in the following summary.

| (in thousands) | (in thousands) | Available For Sale | | Held to Maturity | | (in thousands) | Available For Sale | | Held to Maturity | |
|--|--|--------------------|------------|------------------|------------|----------------|--------------------|------------|------------------|------------|
| | | Amortized | | Amortized | | | Amortized Cost | Fair Value | Amortized Cost | Fair Value |
| | | Cost | Fair Value | Cost | Fair Value | | | | | |
| Due in one year or less | Due in one year or less | \$ 67,275 | \$ 67,115 | \$ 4,404 | \$ 4,350 | | | | | |
| Due after one year through five years | Due after one year through five years | 731,861 | 676,976 | 108,359 | 95,692 | | | | | |
| Due after five years through ten years | Due after five years through ten years | 238,530 | 216,201 | 196,816 | 164,989 | | | | | |

| | | | | | |
|-------------------------------------|-------------------------------------|-------------|-------------|-------------|-----------|
| Due after ten years | Due after ten years | 45,341 | 40,118 | 229,167 | 185,366 |
| | | \$1,083,007 | \$1,000,410 | \$ 538,746 | \$450,397 |
| | | | | | |
| | | | | | |
| | | | | | |
| Mortgage-backed securities | Mortgage-backed securities | 6,165 | 5,944 | 81,032 | 68,181 |
| | | | | | |
| Collateralized loan obligations | | | | | |
| | | | | | |
| Collateralized mortgage obligations | Collateralized mortgage obligations | 172,568 | 147,193 | 509,643 | 406,316 |
| | | | | | |
| Total | Total | \$1,261,740 | \$1,153,547 | \$1,129,421 | \$924,894 |

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MIDWESTONE FINANCIAL GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 4. Loans Receivable and the Allowance for Credit Losses

The composition of loans by class of receivable was as follows:

| As of December 31, | | | | As of December 31, | |
|---------------------------|-----------------------------------|------------|------------|--------------------|------|
| As of December 31, | | | | As of December 31, | |
| (in thousands) | (in thousands) | 2022 | 2021 | (in thousands) | 2023 |
| Agricultural | Agricultural | \$ 115,320 | \$ 103,417 | | |
| Commercial and industrial | Commercial and industrial | 1,055,162 | 902,314 | | |
| Commercial real estate: | Commercial real estate: | | | | |
| | Construction & development | | | | |
| | Construction & development | | | | |
| | Construction & development | 270,991 | 172,160 | | |
| | Farmland | 183,913 | 144,673 | | |
| | Multifamily | 252,129 | 244,503 | | |
| | Commercial real estate-other | 1,272,985 | 1,143,205 | | |
| | Total commercial real estate | 1,980,018 | 1,704,541 | | |
| Residential real estate: | Residential real estate: | | | | |
| | One- to four- family first liens | | | | |
| | One- to four- family first liens | | | | |
| | One- to four- family first liens | 451,210 | 333,308 | | |
| | One- to four- family junior liens | 163,218 | 133,014 | | |
| | Total residential real estate | 614,428 | 466,322 | | |

| | | | |
|---|---|-------------|-------------|
| Consumer | Consumer | 75,596 | 68,418 |
| Loans held for investment, net of unearned income | Loans held for investment, net of unearned income | \$3,840,524 | \$3,245,012 |
| Allowance for credit losses | Allowance for credit losses | \$ (49,200) | \$ (48,700) |
| Allowance for credit losses | | | |
| Allowance for credit losses | | | |
| Total loans held for investment, net | Total loans held for investment, net | \$3,791,324 | \$3,196,312 |

Loans with unpaid principal in the amount of **\$1.13 billion** and **\$1.01 billion** at **December 31, 2023** and **\$816.0 million** at December 31, 2022 and **December 31, 2021**, respectively, were pledged to the FHLB as collateral for borrowings.

Non-accrual and Delinquent Loans Status

Loans are placed on non-accrual when (1) payment in full of principal and interest is no longer expected or (2) principal or interest has been in default for 90 days or more for all loan types, except owner occupied residential real estate, **loans**, which are moved to non-accrual at 120 days or more past due, unless the loan is both well secured with marketable collateral and in the process of collection. All loans rated doubtful or worse, and certain loans rated substandard, are placed on non-accrual.

A non-accrual loan may be restored to an accrual status when (1) all past due principal and interest has been paid (excluding renewals and modifications that involve the capitalizing of interest) or (2) the loan becomes well secured with marketable collateral and is in the process of collection. An established track record of performance is also considered when determining accrual status.

Loans are considered past due or delinquent when the contractual principal or interest due in accordance with the terms of the loan agreement or any portion thereof remains unpaid after the due date of the scheduled payment.

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MIDWESTONE FINANCIAL GROUP, INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The following **table presents** **tables present** the amortized cost basis of loans based on delinquency status:

| Age Analysis of Past-Due Financial Assets | | | | | | | |
|---|---------------------------|--|----------|---------|----------|------------|----------|
| Age Analysis of Past-Due Financial Assets | | | | | | | |
| (in thousands) | (in thousands) | 60 - 89 Days or More Past Due and Accruing | | | | | |
| | | Current | Past Due | Due | Past Due | Total | Accruing |
| | | 30 - 59 Days | Past Due | or More | | | |
| | | Days | Past | or More | | | |
| December 31, 2022 | | | | | | | |
| (in thousands) | | | | | | | |
| (in thousands) | | | | | | | |
| December 31, 2023 | | | | | | | |
| Agricultural | | | | | | | |
| Agricultural | | | | | | | |
| Agricultural | Agricultural | \$ 114,922 | \$ 100 | \$ — | \$ 298 | \$ 115,320 | \$ — |
| Commercial and industrial | Commercial and industrial | 1,052,406 | 922 | 111 | 1,723 | 1,055,162 | — |
| Commercial real estate: | Commercial real estate: | | | | | | |
| Construction & development | | | | | | | |
| Construction & development | | | | | | | |

| | | | | | | | |
|-----------------------------------|-----------------------------------|-------------|----------|---------|----------|-------------|--------|
| Construction & development | Construction & development | 270,905 | 86 | — | — | 270,991 | — |
| Farmland | Farmland | 182,115 | 729 | — | 1,069 | 183,913 | — |
| Multifamily | Multifamily | 252,129 | — | — | — | 252,129 | — |
| Commercial real estate- other | Commercial real estate- other | 1,266,874 | 5,574 | 45 | 492 | 1,272,985 | — |
| Total commercial real estate | Total commercial real estate | 1,972,023 | 6,389 | 45 | 1,561 | 1,980,018 | — |
| Residential real estate: | Residential real estate: | | | | | | |
| One- to four- family first liens | | | | | | | |
| One- to four- family first liens | | | | | | | |
| One- to four- family first liens | One- to four- family first liens | 446,066 | 3,177 | 954 | 1,013 | 451,210 | 565 |
| One- to four- family junior liens | One- to four- family junior liens | 161,989 | 301 | 78 | 850 | 163,218 | — |
| Total residential real estate | Total residential real estate | 608,055 | 3,478 | 1,032 | 1,863 | 614,428 | 565 |
| Consumer | Consumer | 75,443 | 110 | 17 | 26 | 75,596 | — |
| Total | Total | \$3,822,849 | \$10,999 | \$1,205 | \$ 5,471 | \$3,840,524 | \$ 565 |
| December 31, 2021 | | | | | | | |
| December 31, 2022 | | | | | | | |
| December 31, 2022 | | | | | | | |
| December 31, 2022 | | | | | | | |
| Agricultural | | | | | | | |
| Agricultural | | | | | | | |
| Agricultural | Agricultural | \$ 102,352 | \$ 244 | \$ — | \$ 821 | \$ 103,417 | \$ — |
| Commercial and industrial | Commercial and industrial | 899,423 | 529 | 134 | 2,228 | 902,314 | — |
| Commercial real estate: | Commercial real estate: | | | | | | |
| Construction & development | | | | | | | |
| Construction & development | | | | | | | |
| Construction & development | Construction & development | 171,169 | 396 | — | 595 | 172,160 | — |
| Farmland | Farmland | 141,814 | 116 | — | 2,743 | 144,673 | — |
| Multifamily | Multifamily | 243,117 | — | 1,386 | — | 244,503 | — |
| Commercial real estate- other | Commercial real estate- other | 1,129,073 | 8,417 | 306 | 5,409 | 1,143,205 | — |
| Total commercial real estate | Total commercial real estate | 1,685,173 | 8,929 | 1,692 | 8,747 | 1,704,541 | — |
| Residential real estate: | Residential real estate: | | | | | | |
| One- to four- family first liens | One- to four- family first liens | 330,992 | 1,057 | 1,057 | 202 | 333,308 | — |
| One- to four- family first liens | | | | | | | |
| One- to four- family first liens | | | | | | | |

| | | | | | | | |
|---|---|-------------|----------|---------|----------|-------------|------|
| One- to four- family junior liens | One- to four- family junior liens | 132,392 | 261 | 135 | 226 | 133,014 | — |
| Total residential real estate | Total residential real estate | 463,384 | 1,318 | 1,192 | 428 | 466,322 | — |
| Consumer | Consumer | 68,326 | 66 | 14 | 12 | 68,418 | — |
| Total | Total | \$3,218,658 | \$11,086 | \$3,032 | \$12,236 | \$3,245,012 | \$ — |

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MIDWESTONE FINANCIAL GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The following table presents the amortized cost basis of loans on non-accrual status, amortized cost basis of loans on non-accrual status with no allowance for credit losses recorded, and loans past due 90 days or more and still accruing by class of loan:

| | | Nonaccrual with no Allowance for Credit Losses | | | | | | Nonaccrual with no Allowance for Credit Losses | | | | | | 90 Days or More Past Due And Accruing | |
|--------------------------------------|--------------------------------------|--|----------------------|----------------------|----------------------|----------------------|----------------------|---|----------------------|----------------------|----------------------|----------------------|----------------------|--|----------------------|
| | | Nonaccrual | | Nonaccrual | | Nonaccrual | | Nonaccrual | | Nonaccrual | | Nonaccrual | | Nonaccrual | |
| (in thousands) | (in thousands) | December 31, 2022 | December 31, 2021 | December 31, 2022 | December 31, 2021 | December 31, 2022 | December 31, 2021 | (in thousands) | December 31, 2023 | December 31, 2022 | December 31, 2023 | December 31, 2022 | December 31, 2023 | December 31, 2022 | December 31, 2022 |
| Agricultural | Agricultural | \$ 377 | \$ 2,090 | \$ 281 | \$ 1,341 | \$ — | \$ — | | | | | | | | |
| Commercial and industrial | Commercial and industrial | 2,728 | 3,803 | 1,049 | 1,341 | — | — | | | | | | | | |
| Commercial real estate: | Commercial real estate: | | | | | | | | | | | | | | |
| Construction and development | Construction and development | | | | | | | | | | | | | | |
| Construction and development | Construction and development | — | 595 | — | 595 | — | — | | | | | | | | |
| Farmland | Farmland | 2,278 | 5,499 | 1,997 | 4,156 | — | — | | | | | | | | |
| Multifamily | Multifamily | — | 987 | — | 323 | — | — | | | | | | | | |
| Commercial real estate-other | Commercial real estate-other | 6,397 | 16,544 | 5,647 | 1,063 | — | — | | | | | | | | |
| Total commercial real estate | Total commercial real estate | 8,675 | 23,625 | 7,644 | 6,137 | — | — | | | | | | | | |
| Residential real estate: | Residential real estate: | | | | | | | | | | | | | | |
| One- to four- family first liens | One- to four- family first liens | 2,275 | 1,275 | 928 | 345 | 565 | — | | | | | | | | |
| One- to four- family junior liens | One- to four- family junior liens | 1,165 | 713 | — | — | — | — | | | | | | | | |
| Total residential real estate | Total residential real estate | 3,440 | 1,988 | 928 | 345 | 565 | — | | | | | | | | |
| Consumer | Consumer | 36 | 34 | — | — | — | — | | | | | | | | |
| Total | Total | \$15,256 | \$31,540 | \$ 9,902 | \$ 9,164 | \$ 565 | \$ — | | | | | | | | |

The interest income recognized on loans that were on nonaccrual for the years ended December 31, 2023 and December 31, 2022 is \$0.7 million and December 31, 2021 is \$0.5 million and \$0.6 million, respectively.

Credit Quality Information

The Company aggregates loans into risk categories based on relevant information about the ability of borrowers to service their debt, such as: current financial information, historical payment experience, credit documentation, and other factors. The Company analyzes loans individually to classify the loans as to credit risk. This analysis includes non-homogenous loans, such as agricultural, commercial and industrial, commercial real estate and non-owner occupied residential real estate loans. Loans not meeting the criteria described below that are analyzed individually are considered to be pass-rated. The Company uses the following definitions for risk ratings:

Special Mention/Watch - A special mention/watch asset has potential weaknesses that deserve management's close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the asset or in the Company's credit position at some future date. Special mention/watch assets are not adversely classified and do not expose the Company to sufficient risk to warrant adverse classification.

Substandard - Substandard loans are inadequately protected by the current net worth and paying capacity of the obligor or of the collateral pledged, if any. Loans so classified have a well-defined weakness or weaknesses that jeopardize the liquidation of the debt. They are characterized by the distinct possibility that the Company will sustain some loss if the deficiencies are not corrected.

Doubtful - Loans classified as doubtful have all the weaknesses inherent in those classified as substandard with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of currently known facts, conditions and values, highly questionable and improbable.

Loss - Loans classified as loss are considered uncollectible and of such little value that their continuance as bankable assets is not warranted. This classification does not mean that the loan has absolutely no recovery or salvage value but rather it is not practical or desirable to defer writing off this basically worthless asset even though partial recovery may be affected in the future.

Homogenous loans, including owner occupied residential real estate and consumer loans, are not individually risk rated. Instead, these loans are categorized based on performance: performing and nonperforming. Nonperforming loans include those loans on nonaccrual and loans greater than 90 days past due and on accrual.

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MIDWESTSTONE FINANCIAL GROUP, INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The following table sets forth the amortized cost basis of loans by class of receivable by credit quality indicator, and vintage, in addition to the current period gross write-offs by class of receivable and vintage, based on the most recent analysis performed, as of December 31, 2023. As of December 31, 2023, there were no 'loss' rated credits.

| December 31, 2023 (in thousands) | Term Loans by Origination Year | | | | | | Revolving Loans | Total | |
|-------------------------------------|--------------------------------|------------|------------|------------|-----------|------------|-----------------|--------------|--|
| | 2023 | 2022 | 2021 | 2020 | 2019 | Prior | | | |
| Agricultural | | | | | | | | | |
| Pass | \$ 11,859 | \$ 12,149 | \$ 8,352 | \$ 2,752 | \$ 689 | \$ 1,139 | \$ 71,680 | \$ 108,620 | |
| Special mention / watch | 266 | 550 | 670 | 91 | 5 | 522 | 3,705 | 5,809 | |
| Substandard | 709 | 193 | 302 | 208 | — | 224 | 2,349 | 3,985 | |
| Doubtful | — | — | — | — | — | — | — | — | |
| Total | \$ 12,834 | \$ 12,892 | \$ 9,324 | \$ 3,051 | \$ 694 | \$ 1,885 | \$ 77,734 | \$ 118,414 | |
| Commercial and industrial | | | | | | | | | |
| Pass | \$ 176,021 | \$ 224,924 | \$ 193,011 | \$ 117,326 | \$ 25,555 | \$ 116,661 | \$ 147,690 | \$ 1,001,188 | |
| Special mention / watch | 2,541 | 416 | 3,209 | 3,385 | 193 | 272 | 14,692 | 24,708 | |
| Substandard | 897 | 2,921 | 2,010 | 561 | 8,507 | 29,432 | 4,779 | 49,107 | |
| Doubtful | — | — | — | — | — | — | — | — | |
| Total | \$ 179,459 | \$ 228,261 | \$ 198,230 | \$ 121,272 | \$ 34,255 | \$ 146,365 | \$ 167,161 | \$ 1,075,003 | |
| CRE - Construction and development | | | | | | | | | |
| Pass | \$ 99,803 | \$ 163,126 | \$ 43,189 | \$ 3,393 | \$ 821 | \$ 700 | \$ 9,552 | \$ 320,584 | |
| Special mention / watch | 1,097 | — | 464 | — | — | — | 467 | 2,028 | |
| Substandard | 343 | 240 | — | — | — | — | — | 583 | |
| Doubtful | — | — | — | — | — | — | — | — | |
| Total | \$ 101,243 | \$ 163,366 | \$ 43,653 | \$ 3,393 | \$ 821 | \$ 700 | \$ 10,019 | \$ 323,195 | |
| CRE - Farmland | | | | | | | | | |
| Pass | \$ 25,666 | \$ 44,907 | \$ 47,068 | \$ 18,863 | \$ 6,587 | \$ 14,845 | \$ 1,642 | \$ 159,578 | |
| Special mention / watch | 1,229 | 6,898 | 2,409 | 5,982 | — | 965 | 276 | 17,759 | |
| Substandard | 1,830 | 210 | 1,542 | 1,052 | 926 | 2,029 | 29 | 7,618 | |
| Doubtful | — | — | — | — | — | — | — | — | |
| Total | \$ 28,725 | \$ 52,015 | \$ 51,019 | \$ 25,897 | \$ 7,513 | \$ 17,839 | \$ 1,947 | \$ 184,955 | |
| CRE - Multifamily | | | | | | | | | |
| Pass | \$ 32,077 | \$ 96,969 | \$ 111,032 | \$ 77,532 | \$ 8,701 | \$ 6,508 | \$ 4,208 | \$ 337,027 | |
| Special mention / watch | 5,318 | 1,237 | 277 | 18,984 | 7,850 | 4,586 | — | 38,252 | |
| Substandard | — | — | 7,572 | 327 | — | — | — | 7,899 | |
| Doubtful | — | — | — | — | — | — | — | — | |
| Total | \$ 37,395 | \$ 98,206 | \$ 118,881 | \$ 96,843 | \$ 16,551 | \$ 11,094 | \$ 4,208 | \$ 383,178 | |

| | | | | | | | | | | | | | | | | |
|---|----|---------|----|---------|----|---------|----|---------|----|--------|----|---------|----|--------|----|-----------|
| CRE - Other | | | | | | | | | | | | | | | | |
| Pass | \$ | 199,698 | \$ | 295,066 | \$ | 256,718 | \$ | 250,676 | \$ | 77,509 | \$ | 90,170 | \$ | 51,827 | \$ | 1,221,664 |
| Special mention / watch | | 364 | | 1,306 | | 3,300 | | 4,823 | | 4,282 | | 2,395 | | 3,856 | | 20,326 |
| Substandard | | 325 | | 26,555 | | 19,253 | | 19,103 | | 8,242 | | 17,876 | | 638 | | 91,992 |
| Doubtful | | — | | — | | — | | — | | — | | — | | — | | — |
| Total | \$ | 200,387 | \$ | 322,927 | \$ | 279,271 | \$ | 274,602 | \$ | 90,033 | \$ | 110,441 | \$ | 56,321 | \$ | 1,333,982 |
| RRE - One- to four- family first liens | | | | | | | | | | | | | | | | |
| Pass/Performing | \$ | 62,644 | \$ | 125,777 | \$ | 92,767 | \$ | 54,028 | \$ | 19,674 | \$ | 81,660 | \$ | 13,283 | \$ | 449,833 |
| Special mention / watch | | 629 | | 716 | | 36 | | 620 | | 1,827 | | 319 | | — | | 4,147 |
| Substandard/Nonperforming | | 1,156 | | 191 | | 738 | | 165 | | 164 | | 3,404 | | — | | 5,818 |
| Doubtful | | — | | — | | — | | — | | — | | — | | — | | — |
| Total | \$ | 64,429 | \$ | 126,684 | \$ | 93,541 | \$ | 54,813 | \$ | 21,665 | \$ | 85,383 | \$ | 13,283 | \$ | 459,798 |
| RRE - One- to four- family junior liens | | | | | | | | | | | | | | | | |
| Performing | \$ | 23,551 | \$ | 29,919 | \$ | 18,733 | \$ | 7,292 | \$ | 2,590 | \$ | 7,867 | \$ | 89,810 | \$ | 179,762 |
| Nonperforming | | — | | 192 | | — | | 25 | | 23 | | 637 | | — | | 877 |
| Total | \$ | 23,551 | \$ | 30,111 | \$ | 18,733 | \$ | 7,317 | \$ | 2,613 | \$ | 8,504 | \$ | 89,810 | \$ | 180,639 |
| Consumer | | | | | | | | | | | | | | | | |
| Performing | \$ | 26,028 | \$ | 14,319 | \$ | 10,042 | \$ | 4,421 | \$ | 1,451 | \$ | 7,350 | \$ | 4,145 | \$ | 67,756 |
| Nonperforming | | — | | 22 | | — | | — | | 3 | | 2 | | — | | 27 |
| Total | \$ | 26,028 | \$ | 14,341 | \$ | 10,042 | \$ | 4,421 | \$ | 1,454 | \$ | 7,352 | \$ | 4,145 | \$ | 67,783 |

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MIDWESTONE FINANCIAL GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

| | Term Loans by Origination Year | | | | | | | |
|--|--------------------------------|--------------|------------|------------|------------|------------|-----------------|--------------|
| December 31, 2023 (in thousands) | 2023 | 2022 | 2021 | 2020 | 2019 | Prior | Revolving Loans | Total |
| Total by Credit Quality Indicator Category | | | | | | | | |
| Pass | \$ 607,768 | \$ 962,918 | \$ 752,137 | \$ 524,570 | \$ 139,536 | \$ 311,683 | \$ 299,882 | \$ 3,598,494 |
| Special mention / watch | 11,444 | 11,123 | 10,365 | 33,885 | 14,157 | 9,059 | 22,996 | 113,029 |
| Substandard | 5,260 | 30,310 | 31,417 | 21,416 | 17,839 | 52,965 | 7,795 | 167,002 |
| Doubtful | — | — | — | — | — | — | — | — |
| Performing | 49,579 | 44,238 | 28,775 | 11,713 | 4,041 | 15,217 | 93,955 | 247,518 |
| Nonperforming | — | 214 | — | 25 | 26 | 639 | — | 904 |
| Total | \$ 674,051 | \$ 1,048,803 | \$ 822,694 | \$ 591,609 | \$ 175,599 | \$ 389,563 | \$ 424,628 | \$ 4,126,947 |
| | Term Loans by Origination Year | | | | | | | |
| December 31, 2023 (in thousands) | 2023 | 2022 | 2021 | 2020 | 2019 | Prior | Revolving Loans | Total |
| Year-to-date Current Period Gross Write-offs | | | | | | | | |
| Agricultural | \$ — | \$ 8 | \$ 1 | \$ 17 | \$ 2 | \$ — | \$ — | \$ 28 |
| Commercial and industrial | 239 | 343 | 223 | 133 | 464 | 45 | — | 1,447 |
| CRE - Construction and development | — | — | — | — | — | — | — | — |
| CRE - Farmland | — | — | — | — | — | — | — | — |
| CRE - Multifamily | — | — | — | — | — | — | — | — |
| CRE - Other | — | — | — | — | — | 2,337 | — | 2,337 |

| | | | | | | | | |
|---------------------------------------|--------|--------|--------|--------|--------|----------|------|----------|
| RRE - One-to-four-family first liens | — | — | — | — | — | 36 | — | 36 |
| RRE - One-to-four-family junior liens | — | 19 | — | — | — | — | — | 19 |
| Consumer | — | 621 | 30 | 12 | 12 | 10 | | 685 |
| Total Current Period Gross Write-offs | \$ 239 | \$ 991 | \$ 254 | \$ 162 | \$ 478 | \$ 2,428 | \$ — | \$ 4,552 |

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MIDWESTSTONE FINANCIAL GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The following table sets forth the amortized cost basis of loans by class of receivable by credit quality indicator and vintage based on the most recent analysis performed, as of December 31, 2022. As of December 31, 2022, there were no 'loss' rated credits.

| | Term Loans by Origination Year | | | | | | | | |
|--|--------------------------------|------------|------------|------------|-----------|------------|-----------------|--------------|--|
| December 31, 2022 (in thousands) | 2022 | 2021 | 2020 | 2019 | 2018 | Prior | Revolving Loans | Total | |
| Agricultural | | | | | | | | | |
| Pass | \$ 20,279 | \$ 12,511 | \$ 5,398 | \$ 2,883 | \$ 939 | \$ 1,063 | \$ 65,395 | \$ 108,468 | |
| Special mention / watch | 143 | 1,012 | 115 | 36 | — | 604 | 1,655 | 3,565 | |
| Substandard | 48 | 646 | 366 | 4 | 7 | 302 | 1,914 | 3,287 | |
| Doubtful | — | — | — | — | — | — | — | — | |
| Total | \$ 20,470 | \$ 14,169 | \$ 5,879 | \$ 2,923 | \$ 946 | \$ 1,969 | \$ 68,964 | \$ 115,320 | |
| Commercial and industrial | | | | | | | | | |
| Pass | \$ 262,500 | \$ 232,263 | \$ 151,567 | \$ 48,199 | \$ 27,680 | \$ 115,877 | \$ 163,205 | \$ 1,001,291 | |
| Special mention / watch | 3,975 | 3,574 | 5,465 | 592 | 3,299 | 1,864 | 12,299 | 31,068 | |
| Substandard | 556 | 166 | 1,172 | 756 | 556 | 18,585 | 1,012 | 22,803 | |
| Doubtful | — | — | — | — | — | — | — | — | |
| Total | \$ 267,031 | \$ 236,003 | \$ 158,204 | \$ 49,547 | \$ 31,535 | \$ 136,326 | \$ 176,516 | \$ 1,055,162 | |
| CRE - Construction and development | | | | | | | | | |
| Pass | \$ 144,597 | \$ 73,832 | \$ 19,324 | \$ 989 | \$ 1,058 | \$ 549 | \$ 28,069 | \$ 268,418 | |
| Special mention / watch | 1,787 | 499 | — | — | — | — | — | 2,286 | |
| Substandard | 281 | — | — | — | — | 6 | — | 287 | |
| Doubtful | — | — | — | — | — | — | — | — | |
| Total | \$ 146,665 | \$ 74,331 | \$ 19,324 | \$ 989 | \$ 1,058 | \$ 555 | \$ 28,069 | \$ 270,991 | |
| CRE - Farmland | | | | | | | | | |
| Pass | \$ 55,251 | \$ 52,802 | \$ 28,744 | \$ 7,266 | \$ 8,406 | \$ 12,895 | \$ 1,946 | \$ 167,310 | |
| Special mention / watch | 3,058 | 2,229 | 1,470 | — | 225 | 21 | 1,693 | 8,696 | |
| Substandard | 148 | 1,974 | 1,192 | 1,136 | 1,459 | 1,998 | — | 7,907 | |
| Doubtful | — | — | — | — | — | — | — | — | |
| Total | \$ 58,457 | \$ 57,005 | \$ 31,406 | \$ 8,402 | \$ 10,090 | \$ 14,914 | \$ 3,639 | \$ 183,913 | |
| CRE - Multifamily | | | | | | | | | |
| Pass | \$ 31,018 | \$ 93,907 | \$ 84,573 | \$ 17,137 | \$ 2,549 | \$ 5,161 | \$ 49 | \$ 234,394 | |
| Special mention / watch | 1,000 | — | 1,567 | — | 5,931 | 1,178 | — | 9,676 | |
| Substandard | — | 7,725 | 334 | — | — | — | — | 8,059 | |
| Doubtful | — | — | — | — | — | — | — | — | |
| Total | \$ 32,018 | \$ 101,632 | \$ 86,474 | \$ 17,137 | \$ 8,480 | \$ 6,339 | \$ 49 | \$ 252,129 | |
| CRE - Other | | | | | | | | | |
| Pass | \$ 322,753 | \$ 314,376 | \$ 296,368 | \$ 79,408 | \$ 31,041 | \$ 81,708 | \$ 51,064 | \$ 1,176,718 | |
| Special mention / watch | 8,858 | 3,399 | 13,245 | 10,365 | 1,137 | 8,122 | 2,518 | 47,644 | |
| Substandard | 752 | 589 | 19,702 | 13,294 | 10,197 | 4,089 | — | 48,623 | |
| Doubtful | — | — | — | — | — | — | — | — | |
| Total | \$ 332,363 | \$ 318,364 | \$ 329,315 | \$ 103,067 | \$ 42,375 | \$ 93,919 | \$ 53,582 | \$ 1,272,985 | |
| RRE - One- to four- family first liens | | | | | | | | | |
| Pass/Performing | \$ 139,289 | \$ 103,534 | \$ 63,627 | \$ 23,831 | \$ 21,868 | \$ 77,967 | \$ 11,438 | \$ 441,554 | |
| Special mention / watch | 1,074 | 611 | 672 | 1,920 | 150 | 702 | — | 5,129 | |
| Substandard/Nonperforming | 175 | 438 | 174 | 175 | 674 | 2,891 | — | 4,527 | |

| | | | | | | | | | |
|---|---|------------|-----------|-----------|-----------|-----------|-----------|-----------|-------------|
| Doubtful | Doubtful | — | — | — | — | — | — | — | — |
| Total | Total | \$ 301,561 | \$203,438 | \$ 58,294 | \$ 36,764 | \$ 64,635 | \$ 92,538 | \$145,084 | \$ 902,314 |
| CRE - Construction and development | CRE - Construction and development | | | | | | | | |
| Pass | | | | | | | | | |
| Pass | | | | | | | | | |
| Pass | Pass | \$ 90,662 | \$ 37,098 | \$ 4,942 | \$ 1,611 | \$ 1,543 | \$ 578 | \$ 33,197 | \$ 169,631 |
| Special mention / watch | Special mention / watch | 874 | — | 169 | — | — | — | — | 1,043 |
| Substandard | Substandard | — | 879 | 596 | — | — | 11 | — | 1,486 |
| Doubtful | Doubtful | — | — | — | — | — | — | — | — |
| Total | Total | \$ 91,536 | \$ 37,977 | \$ 5,707 | \$ 1,611 | \$ 1,543 | \$ 589 | \$ 33,197 | \$ 172,160 |
| CRE - Farmland | CRE - Farmland | | | | | | | | |
| Pass | Pass | \$ 51,682 | \$ 33,870 | \$ 18,674 | \$ 5,105 | \$ 5,060 | \$ 10,240 | \$ 1,812 | \$ 126,443 |
| Pass | | | | | | | | | |
| Pass | | | | | | | | | |
| Special mention / watch | Special mention / watch | 3,105 | 3,824 | — | 734 | 292 | 223 | — | 8,178 |
| Substandard | Substandard | 1,580 | 2,004 | 1,681 | 2,562 | 1,667 | 558 | — | 10,052 |
| Doubtful | Doubtful | — | — | — | — | — | — | — | — |
| Total | Total | \$ 56,367 | \$ 39,698 | \$ 20,355 | \$ 8,401 | \$ 7,019 | \$ 11,021 | \$ 1,812 | \$ 144,673 |
| CRE - Multifamily | CRE - Multifamily | | | | | | | | |
| Pass | | | | | | | | | |
| Pass | | | | | | | | | |
| Pass | Pass | \$ 97,188 | \$ 96,389 | \$ 19,234 | \$ 2,754 | \$ 4,555 | \$ 3,813 | \$ 273 | \$ 224,206 |
| Special mention / watch | Special mention / watch | 7,871 | — | — | 6,000 | 1,859 | 544 | — | 16,274 |
| Substandard | Substandard | 663 | 2,049 | — | — | — | 1,311 | — | 4,023 |
| Doubtful | Doubtful | — | — | — | — | — | — | — | — |
| Total | Total | \$ 105,722 | \$ 98,438 | \$ 19,234 | \$ 8,754 | \$ 6,414 | \$ 5,668 | \$ 273 | \$ 244,503 |
| CRE - Other | CRE - Other | | | | | | | | |
| Pass | Pass | \$ 325,902 | \$384,591 | \$ 94,449 | \$ 37,960 | \$ 60,890 | \$ 60,543 | \$ 45,910 | \$1,010,245 |
| Pass | | | | | | | | | |
| Pass | | | | | | | | | |
| Special mention / watch | Special mention / watch | 5,302 | 26,239 | 5,172 | 11,243 | 2,557 | 1,905 | 1,768 | 54,186 |
| Substandard | Substandard | 4,182 | 48,885 | 12,497 | 5,401 | 973 | 6,836 | — | 78,774 |
| Doubtful | Doubtful | — | — | — | — | — | — | — | — |
| Total | Total | \$ 335,386 | \$459,715 | \$112,118 | \$ 54,604 | \$ 64,420 | \$ 69,284 | \$ 47,678 | \$1,143,205 |
| RRE - One- to four- family first liens | RRE - One- to four- family first liens | | | | | | | | |
| Performing | | \$ 115,539 | \$ 77,086 | \$ 27,279 | \$ 24,697 | \$ 16,425 | \$ 65,676 | \$ 5,331 | \$ 332,033 |
| Nonperforming | | 352 | 20 | 45 | 295 | — | 563 | — | 1,275 |
| Pass/ performing | | | | | | | | | |
| Pass/ performing | | | | | | | | | |
| Pass/ performing | | | | | | | | | |

| | | | | | | | | | | |
|---|---|--------------|------------|------------|------------|------------|------------|------------|--|--------------|
| Special | | | | | | | | | | |
| mention / | | | | | | | | | | |
| watch | | | | | | | | | | |
| Substandard/ | | | | | | | | | | |
| nonperforming | | | | | | | | | | |
| Doubtful | | | | | | | | | | |
| Total | Total | \$ 115,891 | \$ 77,106 | \$ 27,324 | \$ 24,992 | \$ 16,425 | \$ 66,239 | \$ 5,331 | | \$ 333,308 |
| RRE - One- to four- family junior liens | RRE - One- to four- family junior liens | | | | | | | | | |
| Performing | | | | | | | | | | |
| Performing | | | | | | | | | | |
| Performing | Performing | \$ 29,904 | \$ 13,335 | \$ 4,295 | \$ 5,109 | \$ 3,574 | \$ 5,104 | \$ 70,980 | | \$ 132,301 |
| Nonperforming | Nonperforming | 31 | — | 156 | 198 | 16 | 207 | 105 | | 713 |
| Total | Total | \$ 29,935 | \$ 13,335 | \$ 4,451 | \$ 5,307 | \$ 3,590 | \$ 5,311 | \$ 71,085 | | \$ 133,014 |
| Consumer | Consumer | | | | | | | | | |
| Performing | Performing | \$ 33,124 | \$ 14,386 | \$ 5,917 | \$ 4,080 | \$ 1,686 | \$ 5,778 | \$ 3,412 | | \$ 68,383 |
| Performing | | | | | | | | | | |
| Performing | | | | | | | | | | |
| Nonperforming | Nonperforming | — | — | 15 | — | 13 | 7 | — | | 35 |
| Total | Total | \$ 33,124 | \$ 14,386 | \$ 5,932 | \$ 4,080 | \$ 1,699 | \$ 5,785 | \$ 3,412 | | \$ 68,418 |
| Total by | Total by | | | | | | | | | |
| Credit Quality | Credit Quality | | | | | | | | | |
| Indicator | Indicator | | | | | | | | | |
| Category | Category | | | | | | | | | |
| Pass | | | | | | | | | | |
| Pass | | | | | | | | | | |
| Pass | Pass | \$ 882,864 | \$ 759,876 | \$ 197,924 | \$ 84,212 | \$ 133,227 | \$ 151,463 | \$ 271,634 | | \$ 2,481,200 |
| Special | Special | | | | | | | | | |
| mention / | mention / | | | | | | | | | |
| watch | watch | 22,675 | 32,553 | 6,367 | 18,447 | 9,029 | 17,939 | 10,391 | | 117,401 |
| Substandard | Substandard | 7,082 | 56,416 | 16,155 | 8,956 | 2,681 | 11,916 | 8,465 | | 111,671 |
| Doubtful | Doubtful | — | — | — | — | — | — | — | | — |
| Performing | Performing | 178,567 | 104,807 | 37,491 | 33,886 | 21,685 | 76,558 | 79,723 | | 532,717 |
| Nonperforming | Nonperforming | 383 | 20 | 216 | 493 | 29 | 777 | 105 | | 2,023 |
| Total | Total | \$ 1,091,571 | \$ 953,672 | \$ 258,153 | \$ 145,994 | \$ 166,651 | \$ 258,653 | \$ 370,318 | | \$ 3,245,012 |

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MIDWESTONE FINANCIAL GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Allowance for Credit Losses

At December 31, 2022, The following are the economic forecast used factors utilized by the Company showed for its loan credit loss estimation process at December 31, 2023, and the following: forecast for each factor at that date: (1) Midwest unemployment – increases over the next four forecasted quarters; (2) Year-to-year change in national retail sales - increases over the next four forecasted quarters; (3) Year-to-year change in CRE Index - increases over decreases in the next two four forecasted quarters, with a decline in the third and fourth forecasted quarter; quarters; (4) Year-to-year change in U.S. GDP - increases over the next four forecasted quarters; (5) Year-to-year change in National Home Price Index – increase in increases over the first next two forecasted quarter, quarters, with declines in the second through third and fourth forecasted quarters; and (6) Rental Vacancy rental vacancy - increases over the next four forecasted quarters. In addition, management utilized qualitative factors to adjust the calculated ACL as appropriate. Qualitative factors are based on management's judgment of company, market, industry or business specific data, changes in underlying loan composition of specific portfolios, trends relating to credit quality, delinquency, non-performing and adversely rated loans, and reasonable and supportable forecasts of economic conditions.

The increase in the ACL between the years ended December 31, 2021 December 31, 2022 and December 31, 2022 is primarily December 31, 2023 was driven by the initial allowance for credit losses of \$3.4 million recorded for the PCD loans acquired, loan growth, as well as \$3.1 million reserves related to loans individually evaluated for impairment. Net loan charge-offs were \$3.7 million for the acquired non-PCD loans, coupled with the additional reserve taken year ended December 31, 2023, as compared to support loan growth. Partially offsetting these ACL increases were net loan charge-offs of \$6.6 million for the year ended December 31, 2022, an increase when compared to the net loan recoveries of \$0.4 million for the year ended December 31, 2021.

We have made a policy election to report interest receivable as a separate line on the balance sheet. Accrued interest receivable, which is recorded within 'Other Assets' totaled \$15.3 \$19.7 million and \$10.4 million \$15.3 million at December 31, 2022 December 31, 2023 and December 31, 2021 December 31, 2022, respectively and is excluded from the estimate of credit losses.

The changes in the allowance for credit losses by portfolio segment were as follows:

| For the Years Ended December 31, 2023, 2022 and 2021 | | | | | | | | | | | | | | | |
|--|--|--------------|------------|-------------|-------------|----------|---------|----------------|--------------|---------------------------|------------------------|-------------------------|----------|-------|--|
| | For the Years Ended December 31, 2022, 2021 and 2020 | | | | | | | | | | | | | | |
| For the Years Ended December 31, 2023, 2022 and 2021 | | | | | | | | | | | | | | | |
| For the Years Ended December 31, 2023, 2022 and 2021 | | | | | | | | | | | | | | | |
| | Commercial and Commercial Residential | | | | | | | | | | | | | | |
| (in thousands) | (in thousands) | Agricultural | Industrial | Real Estate | Real Estate | Consumer | Total | (in thousands) | Agricultural | Commercial and Industrial | Commercial Real Estate | Residential Real Estate | Consumer | Total | |
| 2023 | | | | | | | | | | | | | | | |
| Beginning balance | | | | | | | | | | | | | | | |
| Beginning balance | | | | | | | | | | | | | | | |
| Beginning balance | | | | | | | | | | | | | | | |
| Charge-offs | | | | | | | | | | | | | | | |
| Charge-offs | | | | | | | | | | | | | | | |
| Charge-offs | | | | | | | | | | | | | | | |
| Recoveries | | | | | | | | | | | | | | | |
| Credit loss | | | | | | | | | | | | | | | |
| expense | | | | | | | | | | | | | | | |
| (benefit) ⁽¹⁾ | | | | | | | | | | | | | | | |
| Ending balance | | | | | | | | | | | | | | | |
| 2022 | 2022 | | | | | | | | | | | | | | |
| Beginning balance | | | | | | | | | | | | | | | |
| Beginning balance | | | | | | | | | | | | | | | |
| Beginning balance | | | | | | | | | | | | | | | |
| Beginning balance | Beginning balance | \$ | 667 | \$ | 17,294 | \$ | 26,120 | \$ | 4,010 | \$ | 609 | \$ | 48,700 | | |
| PCD allowance established in acquisition | PCD allowance established in acquisition | | | | | | | | | | | | | | |
| | | 512 | 1,473 | 1,227 | 159 | — | 3,371 | | | | | | | | |
| Charge-offs | Charge-offs | (326) | (2,051) | (4,328) | (195) | (756) | (7,656) | | | | | | | | |
| Recoveries | Recoveries | 11 | 682 | 160 | 86 | 154 | 1,093 | | | | | | | | |
| Credit loss expense ⁽¹⁾ | | 59 | 5,457 | (3,056) | 618 | 614 | 3,692 | | | | | | | | |
| Credit loss expense (benefit) ⁽¹⁾ | | | | | | | | | | | | | | | |
| Ending balance | Ending balance | \$ | 923 | \$ | 22,855 | \$ | 20,123 | \$ | 4,678 | \$ | 621 | \$ | 49,200 | | |
| 2021 | 2021 | | | | | | | | | | | | | | |
| Beginning balance | Beginning balance | \$ | 1,346 | \$ | 15,689 | \$ | 32,640 | \$ | 4,882 | \$ | 943 | \$ | 55,500 | | |
| Beginning balance | | | | | | | | | | | | | | | |
| Beginning balance | | | | | | | | | | | | | | | |
| Charge-offs | | | | | | | | | | | | | | | |
| Charge-offs | | | | | | | | | | | | | | | |
| Charge-offs | Charge-offs | (170) | (1,015) | (602) | (107) | (438) | (2,332) | | | | | | | | |
| Recoveries | Recoveries | 149 | 1,604 | 742 | 88 | 185 | 2,768 | | | | | | | | |
| Credit loss (benefit) expense ⁽¹⁾ | | (658) | 1,016 | (6,660) | (853) | (81) | (7,236) | | | | | | | | |
| Ending balance | | \$ | 667 | \$ | 17,294 | \$ | 26,120 | \$ | 4,010 | \$ | 609 | \$ | 48,700 | | |
| 2020 | | | | | | | | | | | | | | | |

| | | | | | | | | | | | | | |
|---------------------------------------|---------------------------------------|----|---------|----|-----------|----|-----------|----|---------|----|--------|----|-----------|
| Individually evaluated for impairment | Individually evaluated for impairment | \$ | 2,531 | \$ | 2,184 | \$ | 15,768 | \$ | 1,650 | \$ | — | \$ | 22,133 |
| Collectively evaluated for impairment | Collectively evaluated for impairment | | 112,789 | | 1,052,978 | | 1,964,250 | | 612,778 | | 75,596 | | 3,818,391 |
| Total | Total | \$ | 115,320 | \$ | 1,055,162 | \$ | 1,980,018 | \$ | 614,428 | \$ | 75,596 | \$ | 3,840,524 |

| | |
|-------|--|
| Total | |
| Total | |

| | |
|-----------------------------|-----------------------------|
| Allowance for credit losses | Allowance for credit losses |
|-----------------------------|-----------------------------|

| | |
|---------------------------------------|--|
| Individually evaluated for impairment | |
| Individually evaluated for impairment | |

| | | | | | | | | | | | | | |
|---------------------------------------|---------------------------------------|----|-----|----|--------|----|--------|----|-------|----|-----|----|--------|
| Individually evaluated for impairment | Individually evaluated for impairment | \$ | 500 | \$ | 600 | \$ | 705 | \$ | 180 | \$ | — | \$ | 1,985 |
| Collectively evaluated for impairment | Collectively evaluated for impairment | | 423 | | 22,255 | | 19,418 | | 4,498 | | 621 | | 47,215 |
| Total | Total | \$ | 923 | \$ | 22,855 | \$ | 20,123 | \$ | 4,678 | \$ | 621 | \$ | 49,200 |

| | |
|-------|--|
| Total | |
| Total | |

| |
|-------------------------|
| As of December 31, 2021 |
|-------------------------|

| | |
|-------------------------|-------------------------|
| As of December 31, 2022 | As of December 31, 2022 |
|-------------------------|-------------------------|

| | Commercial and Residential | | | | | | | | | | | | | | |
|---|---|--------------|------------|------------------------|-------------------------|-----------|--------------|----------------|--------------|---------------------------|------------------------|-------------------------|----------|-------|--|
| | | Agricultural | Industrial | Commercial Real Estate | Residential Real Estate | Consumer | Total | (in thousands) | Agricultural | Commercial and Industrial | Commercial Real Estate | Residential Real Estate | Consumer | Total | |
| (in thousands) | (in thousands) | | | | | | | thousands) | | | | | | | |
| Loans held for investment, net of unearned income | Loans held for investment, net of unearned income | | | | | | | | | | | | | | |
| Individually evaluated for impairment | Individually evaluated for impairment | | | | | | | | | | | | | | |
| Individually evaluated for impairment | Individually evaluated for impairment | | | | | | | | | | | | | | |
| Individually evaluated for impairment | Individually evaluated for impairment | \$ 1,341 | \$ 3,005 | \$ 23,118 | \$ 570 | \$ — | \$ 28,034 | | | | | | | | |
| Collectively evaluated for impairment | Collectively evaluated for impairment | 102,076 | 899,309 | 1,681,423 | 465,752 | 68,418 | 3,216,978 | | | | | | | | |
| Total | Total | \$ 103,417 | \$ 902,314 | \$ 1,704,541 | \$ 466,322 | \$ 68,418 | \$ 3,245,012 | | | | | | | | |
| Total | | | | | | | | | | | | | | | |

| | | | | | | | | | | | | | |
|---------------------------------------|---------------------------------------|-----|--------|--------|--------|-----|--------|----|-------|----|-----|----|--------|
| Total | | | | | | | | | | | | | |
| Allowance for loan losses | Allowance for loan losses | | | | | | | | | | | | |
| Individually evaluated for impairment | | | | | | | | | | | | | |
| Individually evaluated for impairment | | | | | | | | | | | | | |
| Individually evaluated for impairment | Individually evaluated for impairment | \$ | — | \$ | 681 | \$ | 2,193 | \$ | 224 | \$ | — | \$ | 3,098 |
| Collectively evaluated for impairment | Collectively evaluated for impairment | | | | | | | | | | | | |
| | | 667 | 16,613 | 23,927 | 3,786 | 609 | 45,602 | | | | | | |
| Total | Total | \$ | 667 | \$ | 17,294 | \$ | 26,120 | \$ | 4,010 | \$ | 609 | \$ | 48,700 |
| Total | | | | | | | | | | | | | |
| Total | | | | | | | | | | | | | |

The following table presents the amortized cost basis of collateral dependent loans, by the primary collateral type, which are individually evaluated to determine expected credit losses, and the related ACL allocated to these loans:

| | | As of December 31, 2022 | | | | | | | | | | | | | | | | | |
|----------------------------------|----------------------------------|----------------------------|-----------|-------|----------|----------------|----------------|-------------|-----------|-------|-------|----------------|----------------|----------------------------|-----------|-------|-------|----------------|----------------|
| | | Primary Type of Collateral | | | | | | | | | | | | | | | | | |
| | | As of December 31, 2023 | | | | | | | | | | | | | | | | | |
| | | As of December 31, 2023 | | | | | | | | | | | | | | | | | |
| | | As of December 31, 2023 | | | | | | | | | | | | | | | | | |
| | | Primary Type of Collateral | | | | | | | | | | | | Primary Type of Collateral | | | | | |
| (in thousands) | (in thousands) | Real Estate | Equipment | Other | Total | ACL Allocation | (in thousands) | Real Estate | Equipment | Other | Total | ACL Allocation | (in thousands) | Real Estate | Equipment | Other | Total | ACL Allocation | (in thousands) |
| Agricultural | Agricultural | \$ 68 | \$ 2,463 | \$ — | \$ 2,531 | \$ 500 | | | | | | | | | | | | | |
| Commercial and industrial | Commercial and industrial | 856 | 736 | 592 | 2,184 | 600 | | | | | | | | | | | | | |
| Commercial real estate: | Commercial real estate: | | | | | | | | | | | | | | | | | | |
| Construction and development | Construction and development | | | | | | | | | | | | | | | | | | |
| Construction and development | Construction and development | | | | | | | | | | | | | | | | | | |
| Construction and development | Construction and development | — | — | — | — | — | | | | | | | | | | | | | |
| Farmland | Farmland | 4,515 | — | — | 4,515 | — | | | | | | | | | | | | | |
| Multifamily | Multifamily | — | — | — | — | — | | | | | | | | | | | | | |
| Commercial real estate-other | Commercial real estate-other | 11,006 | — | 247 | 11,253 | 705 | | | | | | | | | | | | | |
| Residential real estate: | Residential real estate: | | | | | | | | | | | | | | | | | | |
| One- to four- family first liens | One- to four- family first liens | 929 | — | — | 929 | — | | | | | | | | | | | | | |
| One- to four- family first liens | One- to four- family first liens | | | | | | | | | | | | | | | | | | |

| | | | | | | |
|-----------------------------------|-----------------------------------|----------|----------|---------|----------|----------|
| One- to four- family first liens | | | | | | |
| One- to four- family junior liens | One- to four- family junior liens | — | — | 721 | 721 | 180 |
| Consumer | Consumer | — | — | — | — | — |
| Total | Total | \$17,374 | \$ 3,199 | \$1,560 | \$22,133 | \$ 1,985 |

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MIDWESTONE FINANCIAL GROUP, INC.
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

| | | As of December 31, 2021 | | | | | | | | | | |
|-----------------------------------|-----------------------------------|----------------------------|-----------|---------|----------|----------------|----------------|----------------------------|-----------|-------|-------|----------------|
| | | Primary Type of Collateral | | | | | | | | | | |
| | | As of December 31, 2022 | | | | | | | | | | |
| | | As of December 31, 2022 | | | | | | | | | | |
| | | As of December 31, 2022 | | | | | | | | | | |
| | | Primary Type of Collateral | | | | | | Primary Type of Collateral | | | | |
| (in thousands) | (in thousands) | Real Estate | Equipment | Other | Total | ACL Allocation | (in thousands) | Real Estate | Equipment | Other | Total | ACL Allocation |
| Agricultural | Agricultural | \$ 916 | \$ 425 | \$ — | \$ 1,341 | \$ — | | | | | | |
| Commercial and industrial | Commercial and industrial | 408 | 374 | 2,223 | 3,005 | 681 | | | | | | |
| Commercial real estate: | Commercial real estate: | | | | | | | | | | | |
| Construction and development | Construction and development | | | | | | | | | | | |
| Construction and development | Construction and development | | | | | | | | | | | |
| Construction and development | Construction and development | 595 | — | — | 595 | — | | | | | | |
| Farmland | Farmland | 5,185 | — | — | 5,185 | 22 | | | | | | |
| Multifamily | Multifamily | 987 | — | — | 987 | 387 | | | | | | |
| Commercial real estate- other | Commercial real estate- other | 16,130 | — | 221 | 16,351 | 1,784 | | | | | | |
| Residential real estate: | Residential real estate: | | | | | | | | | | | |
| One- to four- family first liens | One- to four- family first liens | 410 | — | — | 410 | 64 | | | | | | |
| One- to four- family first liens | One- to four- family first liens | | | | | | | | | | | |
| One- to four- family first liens | One- to four- family first liens | | | | | | | | | | | |
| One- to four- family junior liens | One- to four- family junior liens | — | — | 160 | 160 | 160 | | | | | | |
| Consumer | Consumer | — | — | — | — | — | | | | | | |
| Total | Total | \$24,631 | \$ 799 | \$2,604 | \$28,034 | \$ 3,098 | | | | | | |

Troubled Debt Restructurings

TDRs totaled \$6.7 million **Loan Modifications to Borrowers Experiencing Financial Difficulty**

Occasionally, the Company may modify loans to borrowers who are experiencing financial difficulty. Loan modifications to borrowers experiencing financial difficulty may be in the form of principal forgiveness, term extension, an other-than-insignificant payment delay, interest rate reduction, or combination thereof.

The following table presents the amortized cost basis of loans as of **December 31, 2022** December 31, 2023 that were modified during the year ended December 31, 2023 and **\$20.0 million** experiencing financial difficulty at the time of the modification by class and by type of modification:

| (dollars in thousands) | Combination: | | | | | | | | |
|---|-------------------|----------------|---------------|-----------------|----------------|---------------|-----------|------------|----------------|
| | Principal | | | | | | | | Total Class of |
| | Forgiveness, Term | | | | | | | | |
| | Principal | | | | | | | | |
| | Term Extension | Principal | Extension, & | Payment Delay | Total Class of | | | | |
| Principal | Payment | | Interest Rate | & Interest Rate | Forgiveness & | Interest Rate | & Term | Financing | |
| Forgiveness | Delay | Term Extension | Reduction | Reduction | Term Extension | Reduction | Extension | Receivable | |
| Agricultural | \$ — | \$ 10 | \$ — | \$ — | \$ — | \$ — | \$ — | 0.01 % | |
| Commercial and industrial | — | 260 | 2,888 | — | 95 | 300 | — | 0.35 % | |
| CRE - Construction and development | — | — | 583 | — | — | — | — | 0.18 % | |
| CRE - Farmland | — | — | 1,823 | — | — | — | — | 0.99 % | |
| CRE - Multifamily | — | — | — | — | — | — | — | — % | |
| CRE - Other | — | 5,468 | 1,165 | — | — | — | — | 0.50 % | |
| RRE - One- to four- family first liens | — | — | — | — | — | — | — | — % | |
| RRE - One- to four- family junior liens | — | — | 14 | — | — | — | — | 0.01 % | |
| Consumer | — | — | — | — | — | — | — | — % | |
| Total | \$ — | \$ 5,738 | \$ 6,473 | \$ — | \$ 95 | \$ 300 | \$ — | 185 | |

The Company has no additional commitment to lend amounts to the borrowers included in the previous table as of **December 31, 2021** December 31, 2023. As of December 31, 2022 For the year ended December 31, 2023, the Company had **\$9 thousand of commitments to lend additional funds** 17 modified loans totaling \$1.4 million to borrowers with loans classified as TDR, experiencing financial difficulty that redefaulted within 12 months subsequent to the modification.

The following table sets forth information on the Company's TDRs by class of financing receivable occurring during the stated periods. TDRs may include multiple concessions, and the disclosure classifications in the table are based on the primary concession provided to the borrower.

| (dollars in thousands) | 2022 | | | 2021 | | | 2020 | | |
|---|------------------|---------------------|---------------------|------------------|---------------------|---------------------|------------------|---------------------|---------------------|
| | Pre-Modification | | Post-Modification | Pre-Modification | | Post-Modification | Pre-Modification | | Post-Modification |
| | Number of | Outstanding | Outstanding | Number of | Outstanding | Outstanding | Number of | Outstanding | Outstanding |
| | Contracts | Recorded Investment | Recorded Investment | Contracts | Recorded Investment | Recorded Investment | Contracts | Recorded Investment | Recorded Investment |
| CONCESSION - Interest rate reduction | | | | | | | | | |
| Commercial and industrial | — | \$ — | \$ — | — | \$ — | \$ — | 1 | \$ 143 | \$ 143 |
| Farmland | — | — | — | 2 | 1,982 | 1,982 | — | — | — |
| One- to four- family first liens | — | — | — | 1 | 171 | 171 | — | — | — |
| CONCESSION - Extended maturity date | | | | | | | | | |
| Agricultural | 1 | 12 | 12 | — | — | — | — | — | — |
| Commercial and industrial | 4 | 512 | 502 | — | — | — | 2 | 480 | 480 |
| Farmland | 4 | 988 | 888 | — | — | — | — | — | — |
| Multifamily | — | — | — | — | — | — | 1 | 39 | 39 |
| Commercial real estate-other | 3 | 894 | 894 | 2 | 9,717 | 9,623 | 3 | 759 | 808 |
| One- to four- family first liens | — | — | — | 3 | 263 | 263 | 3 | 274 | 278 |
| CONCESSION - Other | | | | | | | | | |
| Agricultural | 1 | 140 | 140 | — | — | — | 4 | 848 | 858 |
| Farmland | 3 | 1,529 | 1,529 | — | — | — | 3 | 504 | 514 |
| Multifamily | — | — | — | — | — | — | 1 | 706 | 706 |
| Commercial real estate-other | — | — | — | 1 | 44 | 44 | 1 | 667 | 667 |
| One- to four- family first liens | — | — | — | 1 | 150 | 150 | 3 | 317 | 317 |
| Total | 16 | \$ 4,075 | \$ 3,965 | 10 | \$ 12,327 | \$ 12,233 | 22 | \$ 4,737 | \$ 4,810 |

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MIDWESTONE FINANCIAL GROUP, INC.
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Loans by class The following table presents the performance as of **financing receivable** December 31, 2023 of loans that were modified as TDRs that redefaulted within while the borrower was experiencing financial difficulty at the time of modification in the last 12 months subsequent months:

| (in thousands) | Current | 30 - 59 Days Past Due | 60 - 89 Days Past Due | 90 Days or More Past Due | Total |
|---|-----------|-----------------------|-----------------------|--------------------------|-----------|
| Agricultural | \$ — | \$ 10 | \$ — | \$ — | \$ 10 |
| Commercial and industrial | 3,653 | — | — | 75 | 3,728 |
| CRE - Construction and development | 583 | — | — | — | 583 |
| CRE - Farmland | 1,471 | — | 352 | — | 1,823 |
| CRE - Multifamily | — | — | — | — | — |
| CRE - Other | 6,633 | — | — | — | 6,633 |
| RRE - One- to four- family first liens | — | — | — | — | — |
| RRE - One- to four- family junior liens | 14 | — | — | — | 14 |
| Consumer | — | — | — | — | — |
| Total | \$ 12,354 | \$ 10 | \$ 352 | \$ 75 | \$ 12,791 |

The following table presents the financial effect of the loan modifications presented above to restructure during borrowers experiencing financial difficulty for the stated periods were: year ended December 31, 2023:

| | 2022 | | 2021 | | 2020 | |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | Number of Contracts | Recorded Investment | Number of Contracts | Recorded Investment | Number of Contracts | Recorded Investment |
| (dollars in thousands) | | | | | | |
| CONCESSION - Interest rate reduction | | | | | | |
| Farmland | — | \$ — | 1 | \$ 1 | — | \$ — |
| CONCESSION - Extended maturity date | | | | | | |
| Commercial and industrial | 1 | 403 | — | — | 1 | 142 |
| Farmland | 3 | 490 | — | — | — | — |
| Commercial real estate-other | 3 | 7,820 | 1 | 132 | — | — |
| One- to four- family first liens | — | — | — | — | 2 | 203 |
| CONCESSION - Other | | | | | | |
| Agricultural | — | — | — | — | 1 | 59 |
| Farmland | — | — | — | — | 1 | 150 |
| Multifamily | — | — | 1 | 663 | — | — |
| One- to four- family first liens | — | — | — | — | 1 | 169 |
| Total | 7 | \$ 8,713 | 3 | \$ 796 | 6 | \$ 723 |

| (dollars in thousands) | Principal Forgiveness | Weighted Average Interest Rate Reduction | Weighted Average Term Extension (Months) |
|---|-----------------------|--|--|
| Commercial and industrial | \$ 63 | 1.25 % | 7.4 |
| CRE - Construction and development | — | — % | 15.9 |
| CRE - Farmland | — | — % | 1.3 |
| CRE - Other | 18 | — % | 5.6 |
| RRE - One- to four- family first liens | — | — % | 3.9 |
| RRE - One- to four- family junior liens | — | — % | 49.8 |
| Total | \$ 81 | 1.25 % | 5.3 |

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MIDWESTONE FINANCIAL GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 5. Derivatives, Hedging Activities and Balance Sheet Offsetting

The following table presents the total notional amounts and gross fair values of the Company's derivatives as of the dates indicated. The derivative asset and liability balances are presented on a gross basis, prior to the application of master netting agreements, as included in other assets and other liabilities, respectively, on the consolidated balance sheets. The fair values of the Company's derivative instrument assets and liabilities are summarized as follows:

| | | As of December 31, 2022 | | | As of December 31, 2021 | | | | | | |
|--|--|-------------------------|------------|-------------|-------------------------|-----------------|----------|-------------------------|-------------------------|--------|-------------|
| | | Notional | Fair Value | | Notional | Fair Value | | | | | |
| | | As of December 31, 2023 | Amount | | As of December 31, 2023 | Amount | | As of December 31, 2023 | As of December 31, 2022 | | |
| | | | | | | | | Fair Value | Fair Value | | |
| (in thousands) | (in thousands) | Notional Amount | Assets | Liabilities | (in thousands) | Notional Amount | Assets | Liabilities | Notional Amount | Assets | Liabilities |
| Designated as hedging instruments: | Designated as hedging instruments: | Notional Amount | | | | Notional Amount | | | | | |
| Fair value hedges: | Fair value hedges: | | | | | | | | | | |
| Fair value hedges: | | | | | | | | | | | |
| Interest rate swaps - loans | | | | | | | | | | | |
| Interest rate swaps - loans | | | | | | | | | | | |
| Interest rate swaps - loans | | | | | | | | | | | |
| Interest rate swaps - securities | | | | | | | | | | | |
| Cash flow hedges | | | | | | | | | | | |
| Interest rate swaps | Interest rate swaps | \$ | 24,018 | \$ 2,556 | \$ — | \$ 24,802 | \$ 424 | \$ 1,400 | | | |
| Interest rate swaps | | | | | | | | | | | |
| Interest rate swaps | | | | | | | | | | | |
| Total | Total | \$ | 24,018 | \$ 2,556 | \$ — | \$ 24,802 | \$ 424 | \$ 1,400 | | | |
| Not designated as hedging instruments: | Not designated as hedging instruments: | | | | | | | | | | |
| Not designated as hedging instruments: | | | | | | | | | | | |
| Not designated as hedging instruments: | | | | | | | | | | | |
| Interest rate swaps | | | | | | | | | | | |
| Interest rate swaps | | | | | | | | | | | |
| Interest rate swaps | Interest rate swaps | \$ | 331,197 | \$ 21,084 | \$ 21,087 | \$ 356,636 | \$ 5,352 | \$ 5,363 | | | |
| RPAs - protection sold | RPAs - protection sold | | — | — | — | 4,229 | — | — | | | |
| RPAs - protection purchased | RPAs - protection purchased | | 9,421 | — | — | 9,629 | — | 2 | | | |
| Interest rate lock commitments | Interest rate lock commitments | | 1,372 | 7 | — | 17,438 | 330 | — | | | |

| | | | | | | | |
|---------------|---------------|------------|-----------|-----------|------------|----------|----------|
| Interest rate | Interest rate | | | | | | |
| forward loan | forward loan | | | | | | |
| sales | sales | | | | | | |
| contracts | contracts | 1,400 | 8 | — | 22,710 | — | (24) |
| Total | Total | \$ 343,390 | \$ 21,099 | \$ 21,087 | \$ 410,642 | \$ 5,682 | \$ 5,341 |

Derivatives Designated as Hedging Instruments

The Company uses derivative instruments to hedge its exposure to economic risks, including interest rate, liquidity, and credit risk risks. Certain hedging relationships are formally designated and qualify for hedge accounting under GAAP as fair value or cash flow hedges.

Fair Value Hedges - Derivatives are designated as fair value hedges to limit the Company's exposure to changes in the fair value of assets or liabilities due to movements in interest rates. The Company entered into pay-fixed receive-floating interest rate swaps to manage its exposure to changes in fair value in certain fixed-rate assets, assets, including AFS debt securities and loans. The gain or loss on the loan fair value hedge derivative, as well as the offsetting loss or gain on the hedged item attributable to the hedged risk are recognized in interest income. The change in the fair value of the available for sale securities attributable to changes in the hedged risk is recorded in accumulated other comprehensive income and subsequently reclassified into interest income, as applicable, in the same period(s) to offset the changes in the fair value of the swap, which is also recognized in interest income.

MIDWESTONE FINANCIAL GROUP, INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Cash Flow Hedges - Derivatives are designated as cash flow hedges in order to minimize the variability in cash flows of earning assets or forecasted transactions caused by movement in interest rates. In February 2020, the Company entered into a pay-fixed receive-variable interest rate swap with a notional amount of \$30.0 million swaps to hedge against adverse fluctuations in interest rates by reducing exposure to variability in cash flows relating to interest payments on the Company's variable rate debt. The interest rate swap was designated as a cash flow hedge, debt, including brokered deposits. The gain or loss on the derivative was derivatives is recorded in accumulated other comprehensive income and subsequently reclassified into interest expense, as applicable, in the same period(s) during which the hedged transaction affects earnings. During the next 12 months, the Company estimates that an additional \$1.6 million of income will be reclassified into interest expense.

The Company terminated its table below presents the effect of cash flow hedge in accounting on AOCI for the fourth quarter years ended December 31, 2023 and 2022.

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MIDWESTONE FINANCIAL GROUP, INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

| (in thousands) | Amount of Gain (Loss) Recognized in AOCI on Derivative | | Location of Gain (Loss) Reclassified from AOCI | | Amount of Gain (Loss) Reclassified from AOCI into Income | |
|---------------------|--|------|--|--|--|------|
| | | | into Income | | | |
| | Year Ended December 31, | | | | Year Ended December 31, | |
| | 2023 | 2022 | | | 2023 | 2022 |
| Interest rate swaps | \$ 2,471 | \$ — | Interest Expense | | \$ 1,795 | \$ — |

The table below presents the effect of the Company's derivative financial instruments designated as hedging instruments on the consolidated statements of income for the years ended December 31, 2022, 2021, and 2020: periods indicated:

| Location and Amount of Gain or Loss Recognized in Income on Fair Value and Cash Flow Hedging Relationships | | | | | | | | | | | | | | |
|---|----------------|-----------------|--------------|-----------------|--------------|-----------------|--------------|----------------|-----------------|--------------|-----------------|--------------|-----------------|--------------|
| For the Years Ended December 31, | | | | | | | | | | | | | | |
| 2022 | | | | | | | | 2021 | | | | | | |
| 2020 | | | | | | | | | | | | | | |
| Location and Amount of Gain or Loss Recognized in Income on Hedging Relationships | | | | | | | | | | | | | | |
| For the Years Ended December 31, | | | | | | | | | | | | | | |
| 2023 | | | | | | | | 2022 | | | | | | |
| 2021 | | | | | | | | 2020 | | | | | | |
| Location and Amount of Gain or Loss Recognized in Income on Hedging Relationships | | | | | | | | | | | | | | |
| For the Years Ended December 31, | | | | | | | | | | | | | | |
| 2023 | | | | | | | | 2022 | | | | | | |
| 2021 | | | | | | | | 2020 | | | | | | |
| (in thousands) | (in thousands) | Interest Income | Other Income | Interest Income | Other Income | Interest Income | Other Income | (in thousands) | Interest Income | Other Income | Interest Income | Other Income | Interest Income | Other Income |
| Total amounts of income and expense line items presented in the consolidated statements of income in which the effects of fair value or cash flow hedges are recorded | | | | | | | | | | | | | | |
| | | \$ (36) | \$ — | \$ (439) | \$ — | \$ (335) | \$ — | | | | | | | |

| | | | | | | | |
|--|--|--|--|-----------|--|-------------|--|
| Income and expense included in the consolidated statements of income related to the effects of fair value or cash flow hedges are recorded | | | | | | | |
| The effects of fair value and cash flow hedging: | | The effects of fair value and cash flow hedging: | | | | | |
| Gain (Loss) on fair value hedging relationships: | | Interest contracts: | | | | | |
| Interest contracts: | | | | | | | |
| The effects of fair value and cash flow hedging: | | | | | | | |
| The effects of fair value and cash flow hedging: | | | | | | | |
| Gain (loss) on fair value hedging relationships in subtopic 815-20: | | | | | | | |
| Gain (loss) on fair value hedging relationships in subtopic 815-20: | | | | | | | |
| Gain (loss) on fair value hedging relationships in subtopic 815-20: | | | | | | | |
| Interest contracts - loans: | | | | | | | |
| Interest contracts - loans: | | | | | | | |
| Interest contracts - loans: | | | | | | | |
| Hedged items | | | | | | | |
| Hedged items | | | | | | | |
| Hedged items | | Hedged items (3,536) | | — (1,441) | | — 1,308 — | |
| Derivative designated as hedging instruments | | Derivative designated as hedging instruments 3,500 | | — 1,052 | | — (1,339) — | |
| Income statement effect of cash flow hedging relationships: | | | | | | | |
| Interest contracts - securities: | | | | | | | |
| Interest contracts - securities: | | | | | | | |
| Interest contracts - securities: | | | | | | | |
| Hedged items | | | | | | | |
| Hedged items | | | | | | | |
| Hedged items | | | | | | | |
| Derivative designated as hedging instruments | | | | | | | |
| Income statement effect of cash flow hedging relationship in subtopic 815-20: | | | | | | | |
| Income statement effect of cash flow hedging relationship in subtopic 815-20: | | | | | | | |
| Income statement effect of cash flow hedging relationship in subtopic 815-20: | | | | | | | |
| Interest contracts: | | | | | | | |
| Interest contracts: | | | | | | | |
| Interest contracts: | | Interest contracts: | | | | | |
| Amount reclassified from AOCI into income | | Amount reclassified from AOCI into income | | — — | | — — (226) — | |
| Amount of loss reclassified from AOCI into income upon de-designation of cash flow hedge | | | | — — | | — — (776) | |

Amount reclassified from AOCI into income

Amount reclassified from AOCI into income

As of **December 31, 2022** **December 31, 2023**, the following amounts were recorded on the balance sheet related to cumulative basis adjustment for fair value hedges:

| | | Cumulative Amount of Fair Value Hedging Adjustment Included in the Carrying Amount of the Hedged Asset | |
|---|--------------------------------------|--|--|
| Balance Sheet Line Item in Which the Hedged Item is Included | Carrying Amount of the Hedged Assets | the Carrying Amount of the Hedged Asset | Cumulative Amount of Fair Value Hedging Adjustment Included in the Carrying Amount of the Hedged Asset |
| Line Item in the Balance Sheet in Which the Hedged Item is Included | | | |
| (in thousands) | (in thousands) | | |
| Loans | Loans | \$ 21,489 | \$ (2,558) |
| Loans | | | |
| Loans | | | |
| Securities | | | |

Derivatives Not Designated as Hedging Instruments

Interest Rate Swaps - The Company periodically enters into commercial loan interest rate swap agreements in order to provide commercial loan customers with the ability to convert from variable to fixed interest rates. These derivative contracts relate to transactions in which the Company enters into an interest rate swap with a customer, while simultaneously entering into an offsetting interest rate swap with an institutional counterparty.

Credit Risk Participation Agreements - **The** - **The** Company enters into RPAs to manage the credit exposure on interest rate contracts associated with a syndicated **loan, loan or participation agreement**. The Company may enter into protection purchased RPAs with institutional counterparties to decrease or increase its exposure to a borrower. Under the RPA, the Company will receive or make payment if a borrower defaults on the related interest rate contract. The notional amount of the RPAs reflects the Company's pro-rata share of the derivative instrument.

Interest Rate Forward Loan Sales Contracts & Interest Rate Lock Commitments - **The** Company enters into forward delivery contracts to sell residential mortgage loans at specific prices and dates in order to hedge the interest rate risk in its portfolio of mortgage loans held for sale and its residential mortgage interest rate lock commitments.

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MIDWESTONE FINANCIAL GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The following table presents the net gains (losses) recognized on the consolidated statements of income related to the derivatives not designated as hedging instruments for the years ended December 31, 2022, 2021, and 2020: **periods indicated:**

| | | Location in the Consolidated Statements of Income | | For the Years Ended December 31, | | | | | | | |
|---------------------|---------------------|---|---------------------------------------|----------------------------------|-------|--------|----------------|---|------|------|------|
| (in thousands) | Income | (in thousands) | the Consolidated Statements of Income | 2022 | 2021 | 2020 | (in thousands) | Location in the Consolidated Statements of Income | 2023 | 2022 | 2021 |
| Interest rate swaps | Interest rate swaps | | of Income | \$ 9 | \$ 38 | \$ 126 | | | | | |
| | Other | | | | | | | | | | |

| RPAs | RPAs | income | 1 | 2 | 102 |
|---------------------------------------|---------------------------------------|--------------|---------|-------|-------|
| Interest rate lock commitments | Interest rate lock commitments | Loan revenue | (323) | 330 | — |
| Interest rate forward sales contracts | Interest rate forward sales contracts | Loan revenue | (15) | 24 | — |
| Total | Total | | \$(328) | \$394 | \$228 |

The Company has entered into agreements with certain counterparty financial institutions, which include master netting agreements. However, the Company has elected to account for all derivatives with counterparty institutions on a gross basis. The Company manages the risk of default by its borrower counterparties through its normal loan underwriting and credit monitoring policies and procedures.

| BALANCE SHEET | | | | | | | | | | | |
|-------------------------|--------------------------|--------------------------|--------------------------|-----------------------------|--|---|---------------------------------|--------------------------|--------------------------|---|--|
| | | Gross Amounts | | Net Amounts | | Gross Amounts Not Offset in the Balance Sheet | | | | Gross Amounts Not Offset in the Balance Sheet | |
| | | Gross Amounts Recognized | | Offset in the Balance Sheet | | Net Amounts presented in the Balance Sheet | | Net Assets / Liabilities | | Gross Amounts Not Offset in the Balance Sheet | |
| (in thousands) | Gross Amounts Recognized | (in thousands) | Gross Amounts Recognized | Offset in the Balance Sheet | Net Amounts presented in the Balance Sheet | Financial Instruments | Cash Collateral Received / Paid | Gross Amounts Recognized | Net Assets / Liabilities | Gross Amounts Offset in the Balance Sheet | Net Amounts presented in the Balance Sheet |
| As of December 31, 2022 | | | | | | | | | | | |
| As of December 31, 2023 | | | | | | | | | | | |
| As of December 31, 2023 | | | | | | | | | | | |
| As of December 31, 2023 | | | | | | | | | | | |
| Asset Derivatives | | | | | | | | | | | |
| Asset Derivatives | | | | | | | | | | | |
| Asset | Asset | | | | | | | | | | |
| Derivatives | Derivatives | \$ 23,655 | \$ — | \$ 23,655 | \$— | \$18,858 | \$ 4,797 | | | | |
| Liability | Liability | | | | | | | | | | |
| Derivatives | Derivatives | 21,087 | — | 21,087 | — | 3,460 | 17,627 | | | | |
| As of December 31, 2021 | | | | | | | | | | | |
| As of December 31, 2022 | | | | | | | | | | | |
| As of December 31, 2022 | | | | | | | | | | | |
| As of December 31, 2022 | | | | | | | | | | | |
| Asset Derivatives | | | | | | | | | | | |
| Asset Derivatives | | | | | | | | | | | |
| Asset | Asset | | | | | | | | | | |
| Derivatives | Derivatives | \$ 6,106 | \$ — | \$ 6,106 | \$— | \$ — | \$ 6,106 | | | | |
| Liability | Liability | | | | | | | | | | |
| Derivatives | Derivatives | 6,741 | — | 6,741 | — | 3,250 | 3,491 | | | | |

Credit-risk-related Credit-Risk-Related Contingent Features

The Company has an unsecured federal funds line with its institutional derivative **counterparty**, **counterparties**. The Company has an agreement with its institutional derivative **counterparty**, **counterparties** that contains a provision under which if the Company defaults on any of its indebtedness, including default where repayment of the indebtedness has not been accelerated by the lender, then the Company could also be declared in default on its derivative obligations. The Company also has an agreement with its derivative **counterparty**, **counterparties** that contains a provision under which the Company could be declared in default on its derivative obligations if repayment of the underlying indebtedness is accelerated by the lender due to the Company's default on the indebtedness. As of **December 31, 2022** **December 31, 2023**, the **Company had no derivatives with a fair value of derivatives** in a net liability position, **with its institutional derivative counterparties**.

which includes accrued interest but excludes any adjustment for nonperformance risk, related to these agreements was \$7.4 million.

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MIDWESTONE FINANCIAL GROUP, INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 6. Premises and Equipment

Premises and equipment as of **December 31, 2022** **December 31, 2023** and **2021** **2022** were as follows:

| As of December 31, | | | | | | | |
|---|---|-----------|-----------|--------------------|------|------|--|
| As of December 31, | | | | As of December 31, | | | |
| (in thousands) | (in thousands) | 2022 | 2021 | (in thousands) | 2023 | 2022 | |
| Land | Land | \$ 15,068 | \$ 14,144 | | | | |
| Buildings and leasehold improvements | Buildings and leasehold improvements | 93,627 | 89,141 | | | | |
| Furniture and equipment | Furniture and equipment | 22,614 | 20,978 | | | | |
| Construction in process | Construction in process | 503 | 319 | | | | |
| Premises and equipment | Premises and equipment | 131,812 | 124,582 | | | | |
| Accumulated depreciation and amortization | Accumulated depreciation and amortization | 44,687 | 41,090 | | | | |
| Premises and equipment, net | Premises and equipment, net | \$ 87,125 | \$ 83,492 | | | | |

Premises and equipment depreciation and amortization expense for the years ended **December 31, 2022** **December 31, 2023**, **2021** **2022** and **2020** **2021** was \$5.1 million, **\$4.8 million** **\$5.1 million** and **\$5.1 million** **\$4.8 million**, respectively.

Note 7. Goodwill and Intangible Assets

The carrying amount of goodwill was \$62.5 million at **December 31, 2022** **December 31, 2023** and **December 31, 2021** **December 31, 2022**.

As indicated in [Note 2. Business Combinations](#), the Company acquired a core deposit intangible **from IOFB** on June 9, 2022 with an estimated fair value of \$16.5 million, which will be amortized over its estimated useful life of 10 years. The following table presents the gross carrying amount, accumulated amortization, and net carrying amount of other intangible assets **at as of** the dates indicated:

| As of December 31, 2022 | | | | As of December 31, 2021 | | | | | | | | | | | |
|-------------------------|----------------|-----------------------|--------------------------|-------------------------|-----------------------|--------------------------|---------------------|--------------------|-----------------------|--------------------------|---------------------|-----------------------|--------------------------|---------------------|--|
| As of December 31, 2023 | | | | | | | | As of December 31, | | | | | | | |
| | | | | | | | | 2022 | | | | | | | |
| (in thousands) | (in thousands) | Gross Carrying Amount | Accumulated Amortization | Net Carrying Amount | Gross Carrying Amount | Accumulated Amortization | Net Carrying Amount | (in thousands) | Gross Carrying Amount | Accumulated Amortization | Net Carrying Amount | Gross Carrying Amount | Accumulated Amortization | Net Carrying Amount | |

| | | | | | | | |
|--|----------------------------------|-----------|-------------|-----------|-----------|-------------|-----------|
| Core deposit intangible | Core deposit intangible | \$ 58,245 | \$ (35,822) | \$ 22,423 | \$ 41,745 | \$ (30,629) | \$ 11,116 |
| Customer relationship intangible | Customer relationship intangible | 5,265 | (4,490) | 775 | 5,265 | (3,692) | 1,573 |
| Other | Other | 2,700 | (2,623) | 77 | 2,700 | (2,544) | 156 |
| | \$ | | | | | | |
| Indefinite-lived trade name intangible | | | | | | | |
| Total other intangible assets, net | | \$ 66,210 | \$ (42,935) | \$ 23,275 | \$ 49,710 | \$ (36,865) | \$ 12,845 |
| Indefinite-lived trade name intangible | | \$ 7,040 | | | \$ 7,040 | | |

The following table provides the estimated future amortization expense of intangible assets:

| (in thousands) | (in thousands) | Core Deposit Intangible | Customer Relationship Intangible | Other | Total |
|--------------------------|--------------------------|-------------------------|----------------------------------|----------------|----------------|
| Year ending December 31, | Year ending December 31, | (in thousands) | (in thousands) | (in thousands) | (in thousands) |
| 2023 | | \$ 5,677 | \$ 518 | \$ 51 | \$ 6,246 |
| 2024 | | | | | |
| 2024 | 2024 | 4,705 | 239 | 24 | 4,968 |
| 2025 | 2025 | 3,751 | 18 | 2 | 3,771 |
| 2026 | 2026 | 2,797 | — | — | 2,797 |
| 2027 | 2027 | 1,843 | — | — | 1,843 |
| 2028 | | | | | |
| Thereafter | Thereafter | 3,650 | — | — | 3,650 |
| Total | Total | \$ 22,423 | \$ 775 | \$ 77 | \$ 23,275 |

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MIDWESTONE FINANCIAL GROUP, INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 8. Other Assets

The components of the Company's other assets as of December 31, 2022, December 31, 2023 and December 31, 2021 were as follows:

| As of December 31, | | | | As of December 31, | |
|---------------------------|---------------------------|-----------|-----------|--------------------|------|
| (in thousands) | (in thousands) | 2022 | 2021 | (in thousands) | 2023 |
| Bank-owned life insurance | | | | | |
| Bank-owned life insurance | | | | | |
| Bank-owned life insurance | Bank-owned life insurance | \$ 95,539 | \$ 85,372 | | |
| Interest receivable | Interest receivable | 27,090 | 20,117 | | |
| FHLB stock | FHLB stock | 19,248 | 10,157 | | |

| | | | |
|--|--|------------------|------------------|
| Mortgage servicing rights | Mortgage servicing rights | 13,421 | 6,532 |
| Operating lease right-of-use assets, net | Operating lease right-of-use assets, net | 2,492 | 2,840 |
| Federal and state taxes, current | Federal and state taxes, current | 2,366 | 178 |
| Federal and state taxes, deferred | Federal and state taxes, deferred | 39,071 | 13,893 |
| Derivative assets | Derivative assets | 23,655 | 6,106 |
| Other receivables/assets | Other receivables/assets | 13,635 | 12,553 |
| | | <u>\$236,517</u> | <u>\$157,748</u> |
| | | <u>\$</u> | |

Note 9. Loans Serviced for Others

Loans serviced for others are not included in the accompanying consolidated balance sheets. The unpaid principal balances of mortgage and other loans serviced for others were **\$1.20 billion at December 31, 2023** and **\$1.25 billion at December 31, 2022** and **\$1.13 billion at December 31, 2021**. Servicing loans for others generally consists of collecting mortgage payments, maintaining escrow accounts, disbursing payments to investors and collection and foreclosure processing. Loan servicing income is recorded on the accrual basis and includes servicing fees from investors and certain charges collected from borrowers, such as late payment fees, and is net of fair value adjustments to capitalized mortgage servicing rights.

Note 10. Deposits

The following table presents the composition of our deposits as of the dates indicated:

| As of December 31, | | | | | | | |
|----------------------------------|----------------------------|--------------------|-------------|----------------|------|--------------------|--|
| | | As of December 31, | | | | As of December 31, | |
| (in thousands) | (in thousands) | 2022 | 2021 | (in thousands) | 2023 | 2022 | |
| Noninterest-bearing deposits | | \$1,053,450 | \$1,005,369 | | | | |
| Noninterest bearing deposits | | | | | | | |
| Interest checking deposits | Interest checking deposits | 1,624,278 | 1,619,136 | | | | |
| Money market deposits | Money market deposits | 937,340 | 939,523 | | | | |
| Savings deposits | Savings deposits | 664,169 | 628,242 | | | | |
| Time deposits under \$250 | | 559,466 | 505,392 | | | | |
| Time deposits of \$250 or more | | 630,239 | 416,857 | | | | |
| Time deposits of \$250 and under | | | | | | | |
| Time deposits over \$250 | | | | | | | |
| Time deposits over \$250 | | | | | | | |

| | | | |
|--------------------|----------------|-------------|-------------|
| Time deposits over | | | |
| \$250 | | | |
| Total deposits | Total deposits | \$5,468,942 | \$5,114,519 |

At **December 31, 2022** December 31, 2023, the scheduled maturities of certificates of deposits were as follows:

| (in thousands) | (in thousands) | |
|----------------|----------------|--------------|
| 2023 | | \$ 923,837 |
| 2024 | | |
| 2024 | | |
| 2024 | 2024 | 146,157 |
| 2025 | 2025 | 79,226 |
| 2026 | 2026 | 22,965 |
| 2027 | 2027 | 10,890 |
| 2028 | | |
| Thereafter | Thereafter | 6,630 |
| Total | Total | \$ 1,189,705 |

The Company had \$4.3 million \$15.2 million and \$3.4 million \$4.3 million in reciprocal time deposits as of **December 31, 2022** December 31, 2023 and **December 31, 2021** December 31, 2022, respectively. Included in money market deposits at **December 31, 2023** and December 31, 2022 were \$128.0 million and December 31, 2021 were \$40.0 million and \$35.4 million, respectively, of interest-bearing reciprocal deposits. Included in noninterest bearing deposits at December 31, 2023 were \$58.0 million of noninterest-bearing reciprocal deposits, with no noninterest-bearing reciprocal deposits at December 31, 2022. These reciprocal deposits are part of the IntraFi Network Deposits program, which is used by financial institutions to spread deposits that exceed the FDIC insurance coverage limits out to numerous institutions in order to provide insurance coverage for all participating deposits. In addition, the Company had \$126.8 million of brokered deposits as of December 31, 2022, with no brokered deposits held as of December 31, 2021.

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MIDWESTONE FINANCIAL GROUP, INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

coverage for all participating deposits. In addition, included within the time deposits of \$250 and under was \$221.0 million of brokered deposits as of December 31, 2023 and \$126.8 million of brokered deposits as of December 31, 2022.

As of **December 31, 2022** December 31, 2023 and **December 31, 2021** December 31, 2022, the Company had public entity deposits that were collateralized by investment securities of \$387.8 million \$183.4 million and \$303.3 million \$387.8 million, respectively.

Note 11. Short-Term Borrowings

The following table summarizes our short-term borrowings as of the dates indicated:

| | | December 31, 2022 | | December 31, 2021 | | | | | | | |
|--|--|-----------------------|-----------|-----------------------|-----------|------------------------|-----------------------|-------------------|-----------------------|-------------------|--|
| | | December 31, 2023 | | | | | | | | | |
| | | | | | | | | December 31, 2023 | | December 31, 2022 | |
| (dollars in thousands) | (dollars in thousands) | Weighted Average Rate | Balance | Weighted Average Rate | Balance | (dollars in thousands) | Weighted Average Rate | Balance | Weighted Average Rate | Balance | |
| Securities sold under agreements to repurchase | Securities sold under agreements to repurchase | 1.32 % | \$156,373 | 0.24 % | \$181,368 | | | | | | |
| Federal Home Loan Bank advances | Federal Home Loan Bank advances | 4.48 | 235,500 | — | — | | | | | | |
| Federal Reserve Bank borrowings | | | | | | | | | | | |
| Federal Reserve Bank borrowings | | | | | | | | | | | |

| | | | | | | | | | | | | | | |
|-------------------------------------|-------------------------------------|----------|----------|---------------------------|--------|------------|------------|-------------------------------------|--------|--------|--------|--|--|--------|
| ATBancorp Statutory Trust II | ATBancorp Statutory Trust II | 12,372 | 10,969 | Three-month LIBOR + 1.65% | 6.42 % | 09/15/2037 | 06/15/2012 | ATBancorp Statutory Trust II | 12,372 | 11,034 | 11,034 | Three-month CME Term SOFR + 0.26% Spread + 1.65% | Three-month CME Term SOFR + 0.26% Spread + 1.65% | 7.30 % |
| Barron Investment Capital Trust I | Barron Investment Capital Trust I | 2,062 | 1,832 | Three-month LIBOR + 2.15% | 6.88 % | 09/23/2036 | 09/23/2011 | Barron Investment Capital Trust I | 2,062 | 1,861 | 1,861 | Three-month CME Term SOFR + 0.26% Spread + 2.15% | Three-month CME Term SOFR + 0.26% Spread + 2.15% | 7.77 % |
| Central Bancshares Capital Trust II | Central Bancshares Capital Trust II | 7,217 | 6,923 | Three-month LIBOR + 3.50% | 8.27 % | 03/15/2038 | 03/15/2013 | Central Bancshares Capital Trust II | 7,217 | 6,964 | 6,964 | Three-month CME Term SOFR + 0.26% Spread + 3.50% | Three-month CME Term SOFR + 0.26% Spread + 3.50% | 9.15 % |
| MidWestOne Statutory Trust II | MidWestOne Statutory Trust II | 15,464 | 15,464 | Three-month LIBOR + 1.59% | 6.36 % | 12/15/2037 | 12/15/2012 | MidWestOne Statutory Trust II | 15,464 | 15,464 | 15,464 | Three-month CME Term SOFR + 0.26% Spread + 1.59% | Three-month CME Term SOFR + 0.26% Spread + 1.59% | 7.24 % |
| Total | Total | \$44,847 | \$42,116 | | | | | | | | | | | |

December 31, 2021

December 31, 2022

December 31, 2022

December 31, 2022

ATBancorp Statutory Trust I

ATBancorp Statutory Trust I

ATBancorp Statutory Trust I

| | | | | | | | | | | | | | | | |
|-------------------------------------|-------------------------------------|----------|----------|---------------------------|--------|------------|------------|-------------------------------------|----------|----------|--------|---------------------------|---------------------------|--------|------------|
| ATBancorp Statutory Trust I | ATBancorp Statutory Trust I | \$ 7,732 | \$ 6,888 | Three-month LIBOR + 1.68% | 1.88 % | 06/15/2036 | 06/15/2011 | ATBancorp Statutory Trust I | \$ 7,732 | \$ 6,928 | 6,928 | Three-month LIBOR + 1.68% | Three-month LIBOR + 1.68% | 6.45 % | 06/15/2036 |
| ATBancorp Statutory Trust II | ATBancorp Statutory Trust II | 12,372 | 10,908 | Three-month LIBOR + 1.65% | 1.85 % | 09/15/2037 | 06/15/2012 | ATBancorp Statutory Trust II | 12,372 | 10,969 | 10,969 | Three-month LIBOR + 1.65% | Three-month LIBOR + 1.65% | 6.42 % | |
| Barron Investment Capital Trust I | Barron Investment Capital Trust I | 2,062 | 1,800 | Three-month LIBOR + 2.15% | 2.37 % | 09/23/2036 | 09/23/2011 | Barron Investment Capital Trust I | 2,062 | 1,832 | 1,832 | Three-month LIBOR + 2.15% | Three-month LIBOR + 2.15% | 6.88 % | |
| Central Bancshares Capital Trust II | Central Bancshares Capital Trust II | 7,217 | 6,880 | Three-month LIBOR + 3.50% | 3.70 % | 03/15/2038 | 03/15/2013 | Central Bancshares Capital Trust II | 7,217 | 6,923 | 6,923 | Three-month LIBOR + 3.50% | Three-month LIBOR + 3.50% | 8.27 % | |

| MidWestOne Statutory Trust II | MidWestOne Statutory Trust II | 15,464 | 15,464 | Three- month LIBOR + 1.59% | 1.79 % | 12/15/2037 | 12/15/2012 | MidWestOne Statutory Trust II | 15,464 | 15,464 | 15,464 | Three- month LIBOR + 1.59% | Three- month LIBOR + 1.59% | 6.36 % |
|-------------------------------------|-------------------------------------|----------|----------|--|--------|------------|------------|-------------------------------------|--------|--------|--------|--|--|--------|
| Total | Total | \$44,847 | \$41,940 | | | | | | | | | | | |

The trust preferred securities are subject to mandatory redemption, in whole or in part, upon repayment of the junior subordinated notes at the stated maturity date or upon redemption of the junior subordinated notes. Each trust's ability to pay amounts due on the trust preferred securities is solely dependent upon the Company making payment on the related junior subordinated notes. The Company's obligation under the junior subordinated notes and other relevant trust agreements, in aggregate, constitutes a full and unconditional guarantee by the Company of each trust's obligations under the trust preferred securities issued by each trust. The Company has the right to defer payment of interest on the junior subordinated notes and, therefore, distributions on the trust preferred securities, for up to five years, but not beyond the stated maturity date in the table above. During any such deferral period the Company may not pay cash dividends on its stock and generally may not repurchase its stock.

Subordinated Debentures

On July 28, 2020, the Company completed the private placement offering of \$65.0 million of its subordinated notes, of which \$63.75 million have been exchanged for subordinated notes registered under the Securities Act of 1933. The 5.75% fixed-to-floating rate subordinated notes are due July 30, 2030. At **December 31, 2022** **December 31, 2023**, 100% of the subordinated notes qualified as Tier 2 capital. Per applicable Federal Reserve rules and regulations, the amount of the subordinated notes qualifying as Tier 2 regulatory capital will be phased-out by 20% of the amount of the subordinated notes in each of the five years beginning on the fifth anniversary preceding the maturity date of the subordinated notes.

Other Long-Term Debt

On June 7, 2022, the Company entered into an unsecured note payable with a correspondent bank with a maturity date of June 30, 2027. Payments of principal and interest are payable quarterly. Interest is payable at the monthly reset term SOFR plus 1.55%. As of December 31, 2022, \$15.0 million of that note was outstanding.

Other long-term borrowings were as follows as of **December 31, 2022** **December 31, 2023** and **December 31, 2021** **December 31, 2022**:

| | | December 31, 2022 | | December 31, 2021 | | | | | | | | | |
|------------------------------------|------------------------------------|-----------------------|----------|-----------------------|----------|----------------|-----------------------|---------|-----------------------|-------------------|--|-------------------|--|
| | | December 31, 2023 | | | | | | | | | | | |
| | | | | | | | | | | December 31, 2023 | | December 31, 2022 | |
| (in thousands) | (in thousands) | Weighted Average Rate | Balance | Weighted Average Rate | Balance | (in thousands) | Weighted Average Rate | Balance | Weighted Average Rate | Balance | | | |
| Finance lease payable | Finance lease payable | 8.89 % | \$ 787 | 8.89 % | \$ 951 | | | | | | | | |
| FHLB borrowings | FHLB borrowings | 2.91 | 17,301 | 2.76 | 48,113 | | | | | | | | |
| Notes payable to unaffiliated bank | Notes payable to unaffiliated bank | 5.67 | 15,000 | — | — | | | | | | | | |
| Total | Total | 4.30 % | \$33,088 | 2.88 % | \$49,064 | | | | | | | | |

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MIDWESTONE FINANCIAL GROUP, INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

On June 7, 2022, pursuant to a credit agreement with a correspondent bank, the Company entered into a \$35.0 million term note payable maturing on June 30, 2027. Principal and interest are payable quarterly and began on September 30, 2022. Interest accrues at the monthly reset term SOFR rate plus 1.55%. As customary, the credit agreement includes covenants requiring the Company to, among other things, maintain minimum levels of both regulatory capital and certain financial ratios; the Company certifies compliance with the covenants on a quarterly basis. For the reporting period ended December 31, 2023, the Company's fixed charge coverage ratio, as defined in the credit agreement, was below the minimum allowed. The violation was due primarily to investment securities losses in the first and fourth quarters of 2023 recognized in connection with the Company's balance sheet repositioning. The Company requested from the lender a waiver of default, which was granted on January 26, 2024. On February 12, 2024, the credit agreement, including certain covenants, was amended. We do not expect to be in violation of the covenants.

As a member of the FHLBDM, the Bank may borrow funds from the FHLB, in amounts up to 45% of the Bank's total assets, provided the Bank is able to pledge an adequate amount of qualified assets to secure the borrowings. In addition, the FHLB has established a maximum credit capacity to the Bank that is equal to 45% of the Bank's total assets. This credit capacity limit includes short-term and long-term borrowings, federal funds, letters of credit and other sources of credit exposure to the FHLB. Advances from the FHLB are collateralized primarily by one- to four-family residential, commercial and agricultural real estate first mortgages equal to various percentages of the total outstanding notes. See [Note 4. Loans Receivable and the Allowance for Credit Losses](#) of the notes to the consolidated financial statements. At December 31, 2022, FHLB long-term borrowings included advances from the FHLBC, which were collateralized by investment securities. See [Note 3. Debt Securities](#) of the notes to the consolidated financial statements.

As of **December 31, 2022** **December 31, 2023**, FHLB borrowings were as follows:

| (in thousands) | (in thousands) | Weighted Average Rate | Amount | (in thousands) | Weighted Average Rate | Amount |
|--|--|-----------------------|-----------|----------------|-----------------------|--------|
| Due in 2023 | | 2.79 % | \$ 11,000 | | | |
| Due in 2024 | Due in 2024 | 3.11 % | 6,250 | | | |
| Total | | | 17,250 | | | |
| Valuation adjustment from acquisition accounting | | | | | | |
| Valuation adjustment from acquisition accounting | | | | | | |
| Valuation adjustment from acquisition accounting | Valuation adjustment from acquisition accounting | | 51 | | | |
| Total | Total | | \$ 17,301 | | | |

Note 13. Income Taxes

Income taxes for the years ended **December 31, 2022** **December 31, 2023**, **2021** **2022** and **2020** **2021** are summarized as follows:

| December 31, | | | | | December 31, | | |
|-----------------------------|-----------------------------|-----------|-----------|----------|----------------|------|------|
| (in thousands) | (in thousands) | 2022 | 2021 | 2020 | (in thousands) | 2023 | 2022 |
| Current: | Current: | | | | | | |
| Federal tax expense | | | | | | | |
| Federal tax expense | | | | | | | |
| Federal tax expense | Federal tax expense | \$ 7,204 | \$ 12,675 | \$ 7,376 | | | |
| State tax expense | State tax expense | 4,232 | 5,549 | 4,548 | | | |
| Deferred: | Deferred: | | | | | | |
| Deferred income tax expense | Deferred income tax expense | 4,326 | 1,768 | (5,225) | | | |
| Deferred income tax expense | | | | | | | |
| Deferred income tax expense | | | | | | | |
| Total income tax provision | Total income tax provision | \$ 15,762 | \$ 19,992 | \$ 6,699 | | | |

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MIDWESTONE FINANCIAL GROUP, INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Income tax expense (benefit) based on statutory rate for the year ended **December 31, 2022** **December 31, 2023**, **2021** **2022** and **2020** **2021** varied from the amount computed by applying the maximum effective federal income tax rate of 21%, to the income before income taxes, because of the following items:

| Year ended December 31, | | |
|-------------------------|------|------|
| 2022 | 2021 | 2020 |

| Year ended December 31, | | | | | | | | Year ended December 31, | | | | | | | | | | | |
|---|---|-------------|--------|-------------|--------|-------------|--------|------------------------------------|-------------|--------|-------------|----------|-------------|--------|-------------|--------|-------------|--------|--|
| 2023 | | | | | | | | 2023 | | | | 2022 | | | | 2021 | | | |
| (dollars in thousands) | (dollars in thousands) | % of Pretax | | % of Pretax | | % of Pretax | | (dollars in thousands) | % of Pretax | | % of Pretax | | % of Pretax | | % of Pretax | | % of Pretax | | |
| | | Amount | Income | Amount | Income | Amount | Income | | Amount | Income | Amount | Income | Amount | Income | Amount | Income | Amount | Income | |
| Income tax based on statutory rate | Income tax based on statutory rate | \$16,085 | 21.0 % | \$18,790 | 21.0 % | \$2,798 | 21.0 % | Income tax based on statutory rate | \$5,215 | 21.0 | 21.0 % | \$16,085 | 21.0 | 21.0 % | \$18,790 | 21.0 | 21.0 % | 21.0 % | |
| Tax-exempt interest | Tax-exempt interest | (3,505) | (4.6) | (3,500) | (3.9) | (3,053) | (22.9) | | | | | | | | | | | | |
| Bank-owned life insurance | Bank-owned life insurance | (484) | (0.6) | (451) | (0.5) | (467) | (3.5) | | | | | | | | | | | | |
| State income taxes, net of federal income tax benefit | State income taxes, net of federal income tax benefit | 3,805 | 5.0 | 4,624 | 5.2 | 2,355 | 17.6 | | | | | | | | | | | | |
| Goodwill impairment | Goodwill impairment | — | — | — | — | 6,615 | 49.6 | | | | | | | | | | | | |
| Bargain purchase gain | Bargain purchase gain | (792) | (1.0) | — | — | — | — | | | | | | | | | | | | |
| Non-deductible acquisition expenses | Non-deductible acquisition expenses | 55 | 0.1 | 41 | — | — | — | | | | | | | | | | | | |
| General business credits | General business credits | (60) | (0.1) | 22 | — | (1,751) | (13.1) | | | | | | | | | | | | |
| State tax reduction | State tax reduction | 835 | 1.1 | — | — | — | — | | | | | | | | | | | | |
| Other | Other | (177) | (0.3) | 466 | 0.5 | 202 | 1.5 | | | | | | | | | | | | |
| Total income tax expense | Total income tax expense | \$15,762 | 20.6 % | \$19,992 | 22.3 % | \$6,699 | 50.2 % | Total income tax expense | \$3,974 | 16.0 | 16.0 % | \$15,762 | 20.6 | 20.6 % | \$19,992 | 22.3 | 22.3 % | 22.3 % | |

MIDWESTONE FINANCIAL GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Net deferred tax assets as of **December 31, 2022** December 31, 2023 and **December 31, 2021** December 31, 2022 consisted of the following components:

| December 31, | | | | December 31, | | | |
|--|--|----------|----------|----------------|------|------|--|
| December 31, | | | | December 31, | | | |
| (in thousands) | (in thousands) | 2022 | 2021 | (in thousands) | 2023 | 2022 | |
| Deferred income tax assets: | Deferred income tax assets: | | | | | | |
| Allowance for credit losses | Allowance for credit losses | | | | | | |
| Allowance for credit losses | Allowance for credit losses | \$13,693 | \$13,732 | | | | |
| Deferred compensation | Deferred compensation | 3,299 | 3,483 | | | | |
| Net operating losses (state and federal) | Net operating losses (state and federal) | 7,707 | 5,624 | | | | |

| | | | |
|--|--|-----------|-----------|
| Unrealized losses on investment securities | Unrealized losses on investment securities | 30,355 | 3,131 |
| Accrued compensation | Accrued compensation | 1,565 | 1,365 |
| ROU liabilities | ROU liabilities | 852 | 984 |
| Other | Other | 2,474 | 2,003 |
| Other | | | |
| Other | | | |
| Gross deferred tax assets | Gross deferred tax assets | 59,945 | 30,322 |
| Deferred income tax liabilities: | Deferred income tax liabilities: | | |
| Deferred income tax liabilities: | | | |
| Deferred income tax liabilities: | | | |
| Premises and equipment depreciation and amortization | | | |
| Premises and equipment depreciation and amortization | | | |
| Premises and equipment depreciation and amortization | Premises and equipment depreciation and amortization | 5,020 | 4,356 |
| Purchase accounting adjustments | Purchase accounting adjustments | 3,220 | 2,880 |
| Mortgage servicing rights | Mortgage servicing rights | 3,403 | 1,702 |
| ROU assets | | | |
| ROU assets | | | |
| ROU assets | ROU assets | 804 | 930 |
| Other | Other | 1,237 | 937 |
| Gross deferred tax liabilities | Gross deferred tax liabilities | 13,684 | 10,805 |
| Net deferred income tax asset | Net deferred income tax asset | 46,261 | 19,517 |
| Valuation allowance | Valuation allowance | 7,190 | 5,624 |
| Net deferred tax asset | Net deferred tax asset | \$ 39,071 | \$ 13,893 |

The Company has recorded a deferred tax asset for the future tax benefits of Iowa net operating loss carryforwards. The Iowa net operating loss carryforwards amounting to approximately \$70.8 million \$74.1 million will expire in various amounts from 2023 2024 to 2043, 2044. As of December 31, 2022 December 31, 2023 and 2021, 2022, the Company believed it was more likely than not that all temporary differences associated with the Iowa corporate tax return would not be fully realized. Accordingly, the Company has recorded a valuation allowance to reduce the net operating loss carryforward and the temporary differences associated with the Iowa corporate income tax return. A valuation allowance related to the remaining deferred tax assets has not been provided because management believes it is more likely than not that the results of future operations will generate sufficient taxable income to realize the deferred tax assets.

The Company had no material unrecognized tax benefits as of December 31, 2022 December 31, 2023 and December 31, 2021 December 31, 2022.

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MIDWESTONE FINANCIAL GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 14. Employee Benefit Plans

The Company has a salary reduction profit-sharing 401(k) plan covering all employees fulfilling minimum age and service requirements. Employee contributions to the plan are optional. Employer contributions are discretionary and may be made to the plan in an amount equal to a percentage of each participating employee's salary. **The For the period through July 31, 2023, the Company matches matched 100% of the first 3% of employee contributions, and 50% of the next 2% of employee contributions, up to a maximum amount of 4% of an employee's compensation. Effective August 1, 2023, the Company matches 100% of the first 4% of employee contributions, and 50% of the next 2% of employee contributions, up to a maximum amount of 5% of an employee's compensation.** Company matching contributions for the years ended **December 31, 2022** **December 31, 2023, 2022** and 2021 and 2020 were **\$2.0 million** **\$2.3 million, \$1.9 million** **\$2.0 million, and \$1.9 million, respectively.**

The Company has an ESOP covering all employees fulfilling minimum age and service requirements. Employer contributions are discretionary and may be made to the plan in an amount equal to a percentage of each participating employee's salary. **The For the year ended December 31, 2023, financial performance did not meet the threshold for contributions to the ESOP, and as such no contributions were made. For the years ended December 31, 2022 and December 31, 2021, total ESOP contribution expense for the years ended December 31, 2022, 2021 was \$1.7 million and 2020 were \$1.7 million, \$2.0 million, and \$1.2 million, respectively.**

The Company provides Health Savings Account contributions to its employees enrolled in high deductible plans. Company contributions for the years ended **December 31, 2022** **December 31, 2023, 2021** 2022 and **2020** 2021 were \$0.3 million each year.

Supplemental Executive Retirement Plans: The Company has entered into nonqualified supplemental executive retirement plans (SERPs) with certain executive officers. The SERPs allow certain executives to accumulate retirement benefits beyond those

MIDWESTONE FINANCIAL GROUP, INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

provided by the qualified plans. Changes in the liability related to the SERPs, included in other liabilities, were as follows for the years ended **December 31, 2022** **December 31, 2023, 2021** 2022 and 2020: 2021:

| (in thousands) | (in thousands) | 2022 | 2021 | 2020 | (in thousands) | 2023 | 2022 | 2021 |
|------------------------------------|------------------------------------|----------|----------|----------|----------------|------|------|------|
| Balance, beginning | Balance, beginning | \$ 1,246 | \$ 1,395 | \$ 1,632 | | | | |
| Company contributions and interest | Company contributions and interest | (12) | 79 | 104 | | | | |
| Cash payments made | Cash payments made | (147) | (228) | (341) | | | | |
| Balance, ending | Balance, ending | \$ 1,087 | \$ 1,246 | \$ 1,395 | | | | |

Salary Continuation Plans: The Company has salary continuation plans for several officers and directors. These plans provide payments of various amounts upon retirement or death. There are no employee compensation deferrals to these plans. The Company accrues the expense for these benefits by charges to operating expense during the period the respective officer or director attains full eligibility. Changes in the salary continuation agreements, included in other liabilities, were as follows for the years ended **December 31, 2022** **December 31, 2023, 2021** 2022 and 2020: 2021:

| (in thousands) | (in thousands) | 2022 | 2021 | 2020 | (in thousands) | 2023 | 2022 | 2021 |
|-----------------------|-----------------------|----------|----------|----------|----------------|------|------|------|
| Balance, beginning | Balance, beginning | \$ 4,289 | \$ 4,771 | \$ 5,452 | | | | |
| Company paid interest | Company paid interest | 103 | 137 | 246 | | | | |
| Company paid interest | Company paid interest | | | | | | | |
| Cash payments made | Cash payments made | (795) | (619) | (927) | | | | |
| Balance, ending | Balance, ending | \$ 3,597 | \$ 4,289 | \$ 4,771 | | | | |

Deferred Compensation Plans: The Company has entered into deferred compensation agreements with certain executive officers. Under the provisions of the agreements, the officers may defer compensation. Interest on the deferred amounts is earned at The Wall Street Journal's prime rate plus one percent. The Company also maintains deferred compensation agreements with certain other officers and directors, under which deferrals are no longer permitted, and the interest rate is fixed at 4%. In 2019 the Company also acquired deferred compensations plans as a result of the merger with ATBancorp. Under the provisions of the agreements, interest on the deferred amounts is earned at an annual interest rate equal to either the Bank's or Company's return on equity and deferrals are no longer permitted. Upon retirement, participants will generally receive the deferral balance in equal monthly installments over periods no longer that 180 months.

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MIDWESTONE FINANCIAL GROUP, INC.
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Changes in the deferred compensation agreements, included in other liabilities, were as follows for the years ended **December 31, 2022**, **December 31, 2023**, **2021** and **2020**; **2021**:

| (in thousands) | (in thousands) | 2022 | 2021 | 2020 | (in thousands) | 2023 | 2022 | 2021 |
|-----------------------|-----------------------|----------|----------|----------|----------------|------|------|------|
| Balance, beginning | Balance, beginning | \$ 5,880 | \$ 6,159 | \$ 7,021 | | | | |
| Employee deferrals | Employee deferrals | 441 | 223 | 200 | | | | |
| Employee deferrals | | | | | | | | |
| Company paid interest | Company paid interest | 582 | 142 | 560 | | | | |
| Cash payments made | Cash payments made | (747) | (644) | (1,622) | | | | |
| Balance, ending | Balance, ending | \$ 6,156 | \$ 5,880 | \$ 6,159 | | | | |

Post-retirement Death Benefit Plan: The Company has an insurance benefit plan for several officers that provides a life insurance benefit **of** upon retirement from the participant's last annual salary after retirement. **Company**. Changes in the accrued balance, included in other liabilities, were as follows for the years ended **December 31, 2022**, **December 31, 2023**, **2021** and **2020**; **2021**:

| (in thousands) | (in thousands) | 2022 | 2021 | 2020 | (in thousands) | 2023 | 2022 | 2021 |
|--------------------------|--------------------------|----------|----------|----------|----------------|------|------|------|
| Balance, beginning | Balance, beginning | \$ 1,991 | \$ 1,905 | \$ 1,670 | | | | |
| Company deferral expense | Company deferral expense | 214 | 86 | 235 | | | | |
| Balance, ending | Balance, ending | \$ 2,205 | \$ 1,991 | \$ 1,905 | | | | |

To provide the retirement benefits for the aforementioned SERPs, salary continuation plans, deferred compensation plans, and post-retirement death benefit plan, the Company carries life insurance policies which had cash values totaling **\$83.3 million**, **\$85.5 million**, **\$83.3 million** and **\$81.2 million** at **December 31, 2023**, **2022** and **\$79.0 million** at **December 31, 2022**, **2021**, and **2020**, respectively.

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Note 15. Stock Compensation Plans

The Under the Company's 2017 Equity Incentive Plan (the "2017 Plan") **permits**, the Company **was permitted** to grant a total of 500,000 shares of the Company's common stock as stock options, stock appreciation rights, **or** and stock awards, **(including restricted** and also to grant cash incentive awards to eligible individuals. On April 27, 2023, the 2023 Equity Incentive Plan (the "2023 Plan") was approved by the Company's shareholders. The 2023 Plan replaces the 2017 Plan, and allows the Company to grant a total of 700,000 shares of the Company's common stock as stock options, stock appreciation rights, and **restricted** stock **units** awards, and also to grant cash incentive awards to eligible individuals. As of **December 31, 2022**, **December 31, 2023**, **158,500** **670,462** shares of the Company's common stock remained available for future awards under the **2017** 2023 Plan.

During 2022, 2023, the Company recognized \$2.5 million \$2.4 million of stock based compensation expense related to restricted stock unit grants. In comparison, during 2021 2022 and 2020, 2021, the Company recognized \$2.2 million \$2.5 million and \$1.4 million \$2.2 million, respectively, related to restricted stock unit grants.

Under the 2017 Plan and the 2023 Plan, the Company may grant restricted stock unit awards that vest upon the completion of future service requirements or specified performance criteria. Generally, all restricted stock units vest upon death, disability, or in connection with a change in control. In addition, both TRSUs and PRSUs receive forfeitable dividend equivalents. To the extent there is a financial restatement, any performance-based or incentive-based compensation that has been paid is subject to clawback.

For TRSUs granted prior to 2020, the restricted stock units vest 25% per year over four years. Beginning with the TRSUs granted in 2020, each restricted stock unit award now vests 1/3rd per year over 3 years, with the first vesting date being the one-year anniversary of the grant date. Awards granted to directors vest 100% one year from the grant date.

The PRSUs cliff vest 3 years from the grant date based on certain performance conditions, which are weighted equally. The three-year performance measurement period commences at the beginning of the defined period. Upon retirement, PRSU awards remain eligible to vest at the conclusion of the performance period.

The Company recognizes stock-based compensation expense for TRSUs over the vesting period, using the straight-line method, based upon the number of awards ultimately expected to vest. The fair value of the TRSUs is equal to the market price of the common stock at the grant date. Stock-based compensation expense for PRSUs is based upon the fair value of the underlying stock on the grant date, and is amortized over the vesting period using the straight-line method unless it is determined that: (1)

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attainment of the financial metrics is less than probable, in which case a portion of the amortization is suspended, or (2) attainment of the financial metrics is improbable, in which case a portion of the previously recognized amortization is reversed and also suspended.

The following is a summary of non-vested restricted stock unit activity for the year ended December 31, 2022 December 31, 2023:

| | Weighted-Average | |
|---------------------------------|------------------|----------|
| | Grant-Date Fair | |
| | Shares | Value |
| Non-vested at December 31, 2021 | 148,082 | \$ 29.33 |

| | Weighted-Average | | Weighted-Average | |
|---|-------------------|-----------------------|------------------|-----------------------|
| | Shares | Grant-Date Fair Value | Shares | Grant-Date Fair Value |
| Non-vested at December 31, 2022 | | | | |
| Granted based upon satisfaction of a performance factor | | | | |
| Granted | Granted 88,846 | 31.48 | | |
| Vested | Vested (53,164) | 29.93 | | |
| Forfeited | Forfeited (1,870) | 30.11 | | |
| Reinvested | Reinvested 5,221 | 30.02 | | |
| Non-vested at December 31, 2022 | 187,115 | \$ 30.19 | | |
| Non-vested at December 31, 2023 | | | | |

The fair value of restricted stock unit awards that vested during 2022 2023 was \$1.7 million \$2.6 million, compared to \$1.6 million \$1.7 million and \$1.1 million \$1.6 million during the years ended December 31, 2021 December 31, 2022 and 2020, 2021, respectively. As of December 31, 2022 December 31, 2023, the total compensation costs related to non-vested restricted stock units that have not yet been recognized totaled \$3.0 million \$2.4 million, and the weighted average period over which these costs are expected to be recognized is approximately 1.9 1.7 years

Note 16. Earnings per Share

Basic per-share amounts are computed by dividing net income by the weighted average number of common shares outstanding. Diluted per-share amounts assume issuance of all common stock issuable upon conversion or exercise of other securities, unless the effect is to reduce the loss or increase the income per common share from continuing operations.

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The following table presents the computation of basic and diluted earnings per common share for the periods indicated:

| Year Ended December 31, | | | | | Year Ended December 31, | | |
|---|---|------------|------------|------------|--|------|------|
| Year Ended December 31, | | | | | Year Ended December 31, | | |
| (dollars in thousands, except per share amounts) | (dollars in thousands, except per share amounts) | 2022 | 2021 | 2020 | (dollars in thousands, except per share amounts) | 2023 | 2022 |
| Basic Earnings Per Share: | Basic Earnings Per Share: | | | | | | |
| Net income | Net income | | | | | | |
| Net income | Net income | | | | | | |
| Net income | Net income | \$ 60,835 | \$ 69,486 | \$ 6,623 | | | |
| Weighted average shares outstanding | Weighted average shares outstanding | 15,649,247 | 15,876,727 | 16,102,226 | | | |
| Basic earnings per common share | Basic earnings per common share | \$ 3.89 | \$ 4.38 | \$ 0.41 | | | |
| Diluted Earnings Per Share: | Diluted Earnings Per Share: | | | | | | |
| Diluted Earnings Per Share: | Diluted Earnings Per Share: | | | | | | |
| Net income | Net income | | | | | | |
| Net income | Net income | | | | | | |
| Net income | Net income | \$ 60,835 | \$ 69,486 | \$ 6,623 | | | |
| Weighted average shares outstanding, included all dilutive potential shares | Weighted average shares outstanding, included all dilutive potential shares | 15,700,607 | 15,905,035 | 16,110,296 | | | |
| Diluted earnings per common share | Diluted earnings per common share | \$ 3.87 | \$ 4.37 | \$ 0.41 | | | |

Note 17. Regulatory Capital Requirements and Restrictions on Subsidiary Cash

Regulatory Capital and Reserve Requirement: The Company (on a consolidated basis) and the Bank are subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the Company's consolidated financial statements. The capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings and other factors.

The ability of the Company to pay dividends to its shareholders is dependent upon dividends paid by the Bank to the Company. The Bank is subject to certain statutory and regulatory restrictions on the amount of dividends it may pay. In addition, as previously disclosed, subsequent to December 31, 2008, the Bank's board of directors adopted a capital policy requiring it to maintain a ratio of Tier 1 capital to total assets of at least 8% and a ratio of total capital to risk-based capital of at least 10%. Failure to maintain these ratios also could limit the ability of the Bank to pay dividends to the Company.

Effective March 31, 2020, we elected the 5-year phase-in option allowed under the interim final rule (IFR) issued by the federal banking regulatory agencies that delays the estimated impact on regulatory capital stemming from the implementation of CECL. The IFR allows the add back of 100% of the capital effect from the day one CECL transition

As of **December 31, 2022** December 31, 2023, the most recent notification from the FDIC categorized the Bank as "well capitalized" under the regulatory framework for prompt corrective action then in effect. There are no conditions or events since this date that

| | | | | | | | | | | | | | | |
|---|---|-----------|---------|-----------|---------|-----------|---------|--|---------|-------|---------|-----------|---------|-------|
| Tier 1 leverage capital/average assets | Tier 1 leverage capital/average assets | 544,300 | 8.35 | 260,891 | 4.00 | N/A | N/A | Tier 1 leverage capital/average assets | 554,177 | 8.58 | 8.58 | 258,487 | 258,487 | 4.00 |
| MidWestOne Bank: | MidWestOne Bank: | | | | | | | | | | | | | |
| Total capital/risk weighted assets | Total capital/risk weighted assets | \$654,297 | 12.10 % | \$567,684 | 10.50 % | \$540,652 | 10.00 % | | | | | | | |
| Total capital/risk weighted assets | | | | | | | | | | | | | | |
| Total capital/risk weighted assets | | | | | | | | | | | | | | |
| Tier 1 capital/risk weighted assets | Tier 1 capital/risk weighted assets | 610,217 | 11.29 | 459,554 | 8.50 | 432,522 | 8.00 | | | | | | | |
| Common equity tier 1 capital/risk weighted assets | Common equity tier 1 capital/risk weighted assets | 610,217 | 11.29 | 378,456 | 7.00 | 351,424 | 6.50 | | | | | | | |
| Tier 1 leverage capital/average assets | Tier 1 leverage capital/average assets | 610,217 | 9.36 | 260,776 | 4.00 | 325,970 | 5.00 | | | | | | | |
| At December 31, 2021: | | | | | | | | | | | | | | |
| At December 31, 2022: | | | | | | | | | | | | | | |
| Consolidated: | Consolidated: | | | | | | | | | | | | | |
| Consolidated: | | | | | | | | | | | | | | |
| Consolidated: | | | | | | | | | | | | | | |
| Total capital/risk weighted assets | | | | | | | | | | | | | | |
| Total capital/risk weighted assets | | | | | | | | | | | | | | |
| Total capital/risk weighted assets | Total capital/risk weighted assets | \$615,060 | 13.09 % | \$493,283 | 10.50 % | N/A | N/A | \$653,380 | 12.07 | 12.07 | % | \$568,452 | 10.50 | 10.50 |
| Tier 1 capital/risk weighted assets | Tier 1 capital/risk weighted assets | 508,687 | 10.83 | 399,324 | 8.50 | N/A | N/A | 544,300 | 10.05 | 10.05 | 460,175 | 460,175 | 8.50 | |
| Common equity tier 1 capital/risk weighted assets | Common equity tier 1 capital/risk weighted assets | 466,747 | 9.94 | 328,855 | 7.00 | N/A | N/A | 502,184 | 9.28 | 9.28 | 378,968 | 378,968 | 7.00 | |
| Tier 1 leverage capital/average assets | Tier 1 leverage capital/average assets | 508,687 | 8.67 | 234,745 | 4.00 | N/A | N/A | 544,300 | 8.35 | 8.35 | 260,891 | 260,891 | 4.00 | |
| MidWestOne Bank: | MidWestOne Bank: | | | | | | | | | | | | | |
| Total capital/risk weighted assets | Total capital/risk weighted assets | \$584,348 | 12.46 % | \$492,436 | 10.50 % | \$468,987 | 10.00 % | | | | | | | |
| Total capital/risk weighted assets | | | | | | | | | | | | | | |
| Total capital/risk weighted assets | | | | | | | | | | | | | | |
| Total capital/risk weighted assets | | | | | | | | | | | | | | |

| | | | | | | | |
|---|---|---------|-------|---------|------|---------|------|
| Tier 1 capital/risk weighted assets | Tier 1 capital/risk weighted assets | 542,975 | 11.58 | 398,639 | 8.50 | 375,189 | 8.00 |
| Common equity tier 1 capital/risk weighted assets | Common equity tier 1 capital/risk weighted assets | 542,975 | 11.58 | 328,291 | 7.00 | 304,841 | 6.50 |
| Tier 1 leverage capital/average assets | Tier 1 leverage capital/average assets | 542,975 | 9.25 | 234,686 | 4.00 | 293,358 | 5.00 |

Subordinated Notes: The Company completed a private placement of \$65.0 million aggregate principal amount of 5.75% fixed-to-floating rate subordinated notes on July 28, 2020. The subordinated notes are intended to qualify as Tier 2 capital for regulatory purposes.

Credit-related financial instruments Financial Instruments: The Bank is a party to financial instruments with off-balance-sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit, commitments to sell loans, and standby letters of credit. These instruments involve, to varying degrees, elements of credit risk in excess of the amount recognized in the balance sheets.

| December 31, | | | | | |
|------------------------------|------------------------------|-------------|-------------|----------------|------|
| December 31, | | | | December 31, | |
| (in thousands) | (in thousands) | 2022 | 2021 | (in thousands) | 2023 |
| Commitments to extend credit | | | | | |
| Commitments to extend credit | | | | | |
| Commitments to extend credit | Commitments to extend credit | \$1,190,607 | \$1,014,397 | | |
| Commitments to sell loans | Commitments to sell loans | 612 | 12,917 | | |
| Standby letters of credit | Standby letters of credit | 18,398 | 16,342 | | |
| Total | Total | \$1,209,617 | \$1,043,656 | | |

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Commitments to sell loans are agreements to sell loans held for sale to third parties at an agreed upon price.

Standby letters of credit are conditional commitments issued to guarantee the performance of a customer to a third party. Those guarantees are primarily issued to support public and private borrowing arrangements and, generally, have terms of one year or less. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers. The Bank holds collateral, which may include accounts receivable, inventory, property, equipment and income-producing properties, that support those commitments, if deemed necessary. In the event the customer does not perform in accordance with the terms of the agreement with the third party, the Bank would be required to fund the commitment. The maximum potential amount of future payments the Bank could be required to make is represented by the contractual amount shown in the summary above. If the commitment is funded, the Bank would be entitled to seek recovery from the customer.

Liability for Off-Balance Sheet Credit Losses: The Company records a liability for off-balance sheet credit losses through a charge to credit loss expense (or a reversal of credit loss expense) on the Company's consolidated statements of income and other liabilities on the Company's consolidated balance sheets. At **December 31, 2022** **December 31, 2023**, the liability for off-balance-sheet credit losses totaled **\$4.8 million** **\$4.6 million**, whereas the total amount of the liability as of **December 31, 2021** **December 31, 2022** was **\$4.0 million** **\$4.8 million**. The total amount recorded in credit loss (benefit) expense for the year years ended **December 31, 2023** and **December 31, 2022**, was a benefit of \$0.2 million and an expense of \$0.8 million, while a benefit of \$0.1 million was recorded for the year ended **December 31, 2021**, respectively.

Litigation: In the normal course of business, the Company and its subsidiaries have been named, from time to time, as defendants in various legal actions. Certain of the actual or threatened legal actions may include claims for substantial compensatory and/or punitive damages or claims for indeterminate amounts of damages. Management, after consulting with legal counsel, is of the opinion that the ultimate liability, if any, resulting from these pending or threatened actions and proceedings will not have a material effect on the financial statements of the Company.

Concentrations of credit risk Credit Risk: Substantially all of the Bank's loans, commitments to extend credit and standby letters of credit have been granted to customers in the Bank's market areas. Although the loan portfolio of the Bank is diversified, approximately **63%** **65%** of the loans are real estate loans and approximately **8%** **7%** are agriculturally related. The concentrations of credit by type of loan are set forth in **Note 4. Loans Receivable and the Allowance for Credit Losses**. Commitments to extend credit are primarily related to commercial loans and home equity loans. Standby letters of credit were granted primarily to commercial borrowers. Investments in securities issued by state and political subdivisions involve certain governmental entities within Iowa, **California**, and Minnesota. The carrying value of investment securities of Iowa, **California** and Minnesota political subdivisions totaled **14%** **13%**, **12%**, and 10%, respectively, as of **December 31, 2022** **December 31, 2023**.

Note 19. Related Party Transactions

Certain directors of the Company and certain principal officers are customers of, and have banking transactions with, the Bank in the ordinary course of business. Such indebtedness has been incurred on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with unrelated persons.

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The following is an analysis of the changes in the loans to related parties during the years ended **December 31, 2022** **December 31, 2023** and **2021**; **2022**:

| | | Year Ended December 31, | | | | | |
|--|--|----------------------------|-----------|----------------|------|-------------------------|--|
| | | Year Ended December 31, | | | | Year Ended December 31, | |
| (in thousands) | (in thousands) | 2022 | 2021 | (in thousands) | 2023 | 2022 | |
| Balance, beginning | Balance, beginning | \$ 14,584 | \$ 16,816 | | | | |
| Advances | Advances | | | | | | |
| Advances | Advances | 6,001 | 2,979 | | | | |
| Change due to collections, loans sold, or changes in related parties | Change due to collections, loans sold, or changes in related parties | (4,982) | (5,211) | | | | |
| Balance, ending | Balance, ending | \$ 15,603 | \$ 14,584 | | | | |
| Available credit | Available credit | \$ 8,716 | \$ 8,488 | | | | |

Available credit
Available credit

None of these loans are past due, nonaccrual or restructured to provide a reduction or deferral of interest or principal because of deterioration in the financial position of the borrower. Deposits from these related parties totaled \$14.4 million \$10.6 million and \$10.2 million \$14.4 million as of December 31, 2022 December 31, 2023 and December 31, 2021 December 31, 2022, respectively. Deposits from related parties are accepted subject to the same interest rates and terms as those from non-related parties.

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Note 20. Estimated Fair Value of Financial Instruments and Fair Value Measurements

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair values:

- Level 1 – Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.
- Level 2 – Significant other observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data.
- Level 3 – Significant unobservable inputs that reflect a company's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

The Company uses fair value to measure certain assets and liabilities on a recurring basis, primarily available for sale debt securities, derivatives and mortgage servicing rights. For assets measured at the lower of cost or fair value, the fair value measurement criteria may or may not be met during a reporting period, and such measurements are therefore considered "nonrecurring" for purposes of disclosing the Company's fair value measurements. Fair value is used on a nonrecurring basis to adjust carrying values for collateral dependent individually analyzed loans and foreclosed assets.

Recurring Basis

The Company used the following methods and significant assumptions to estimate the fair value of each type of financial instrument:

Investment Securities - The fair value for investment securities are determined by quoted market prices, if available (Level 1). The Company utilizes an independent pricing service to obtain the fair value of debt securities. Debt securities issued by the U.S. Treasury and other U.S. Government agencies and corporations, mortgage-backed securities, collateralized loan obligations, and collateralized mortgage obligations are priced utilizing industry-standard models that consider various assumptions, including time value, yield curves, volatility factors, prepayment speeds, default rates, loss severity, current market and contractual prices for the underlying financial instruments, as well as other relevant economic measures. Substantially all of these assumptions are observable in the marketplace, can be derived from observable data, or are supported by observable levels at which transactions are executed in the marketplace (Level 2). Municipal securities are valued using a type of matrix, or grid, pricing in which securities are benchmarked against the treasury rate based on credit rating (Level 2).

Derivatives - Interest rate swaps are valued by using cash flow valuation techniques with observable market data inputs (Level 2). The Company has entered into collateral agreements with its swap dealers which entitle it to receive collateral to cover market values on derivatives which are in asset position, thus a credit risk adjustment on interest rate swaps is not warranted. RPAs are entered into by the Company with institutional counterparties, under which the Company assumes its pro-rata share of the credit exposure associated with a borrower's performance related to interest rate derivative contracts. The fair value of

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RPAs is calculated by determining the total expected asset or liability exposure using observable inputs, such as yield curves and volatilities, of the derivatives to the borrowers and applying the borrowers' credit spread to that exposure (Level 2). The fair values of the interest rate lock commitments and interest rate forward loan sales contracts are estimated using quoted or published market prices for similar instruments, adjusted for factors such as pull-through rate assumptions based on historical information, where appropriate. The pull-through rate assumptions are considered Level 3 valuation inputs and are significant to the interest rate lock commitments valuation; as such, the interest rate lock commitments are classified as Level 3.

Mortgage Servicing Rights (MSR) - MSRs are recorded at fair value based on assumptions through a third-party valuation service. The valuation model incorporates assumptions that are observable in the marketplace and that market participants would use in estimating future net servicing income, such as servicing cost per loan, the discount rate, the escrow float rate, an inflation rate, ancillary income, prepayment speeds and default rates and losses (Level 2).

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The following table summarizes assets measured at fair value on a recurring basis as of **December 31, 2022** **December 31, 2023** and **December 31, 2021** **December 31, 2022** by level within the fair value hierarchy:

| | | Fair Value Measurement at December 31, 2022 Using | | | | | Fair Value Measurement at December 31, 2023 Using | | | |
|--|---|--|------|----------|-------|----------------|---|---------|---------|---------|
| | | Level | | | Level | | | | | |
| (in thousands) | (in thousands) | Total | 1 | Level 2 | 3 | (in thousands) | Total | Level 1 | Level 2 | Level 3 |
| Assets: | Assets: | | | | | | | | | |
| Available for sale debt securities: | Available for sale debt securities: | | | | | | | | | |
| U.S. Government agencies and corporations | | \$ 7,345 | \$ — | \$ 7,345 | \$ — | | | | | |
| Available for sale debt securities: | | | | | | | | | | |
| Available for sale debt securities: | | | | | | | | | | |
| State and political subdivisions | | | | | | | | | | |
| State and political subdivisions | | | | | | | | | | |
| State and political subdivisions | State and political subdivisions | 285,356 | — | 285,356 | — | | | | | |
| Mortgage- backed securities | Mortgage- backed securities | 5,944 | — | 5,944 | — | | | | | |
| Collateralized loan obligations | | | | | | | | | | |
| Collateralized mortgage obligations | Collateralized mortgage obligations | 147,193 | — | 147,193 | — | | | | | |
| Corporate debt securities | Corporate debt securities | 707,709 | — | 707,709 | — | | | | | |
| Derivative assets | Derivative assets | 23,655 | — | 23,648 | 7 | | | | | |
| Mortgage servicing rights | Mortgage servicing rights | 13,421 | — | 13,421 | — | | | | | |
| Liabilities: | Liabilities: | | | | | | | | | |
| Liabilities: | | | | | | | | | | |
| Liabilities: | | | | | | | | | | |
| Derivative liabilities | Derivative liabilities | \$21,087 | \$ — | \$21,087 | \$ — | | | | | |
| Derivative liabilities | | | | | | | | | | |
| Derivative liabilities | | | | | | | | | | |
| | | Fair Value Measurement at December 31, 2021 Using | | | | | Fair Value Measurement at December 31, 2022 Using | | | |
| | | Level | | | Level | | | | | |
| (in thousands) | (in thousands) | Total | 1 | Level 2 | 3 | (in thousands) | Total | Level 1 | Level 2 | Level 3 |
| Assets: | Assets: | | | | | | | | | |
| Available for sale debt securities: | Available for sale debt securities: | | | | | | | | | |
| Available for sale debt securities: | | | | | | | | | | |
| U.S. Government agencies and corporations | | | | | | | | | | |
| U.S. Government agencies and corporations | | | | | | | | | | |

| | | | | | |
|---|---|----------|------|----------|------|
| U.S. Government agencies and corporations | U.S. Government agencies and corporations | \$ 266 | \$ — | \$ 266 | \$ — |
| State and political subdivisions | State and political subdivisions | 765,742 | — | 765,742 | — |
| Mortgage-backed securities | Mortgage-backed securities | 100,626 | — | 100,626 | — |
| Collateralized mortgage obligations | Collateralized mortgage obligations | 768,899 | — | 768,899 | — |
| Corporate debt securities | Corporate debt securities | 652,577 | — | 652,577 | — |
| Derivative assets | Derivative assets | 6,106 | — | 5,776 | 330 |
| Mortgage servicing rights | Mortgage servicing rights | 6,532 | — | 6,532 | — |
| Liabilities: | Liabilities: | | | | |
| Liabilities: | | | | | |
| Liabilities: | | | | | |
| Derivative liabilities | Derivative liabilities | \$ 6,741 | \$ — | \$ 6,741 | \$ — |
| Derivative liabilities | | | | | |
| Derivative liabilities | | | | | |

There were no transfers of assets between Level 3 and other levels of the fair value hierarchy during the years ended **December 31, 2022**, **December 31, 2023** or **December 31, 2021**, **December 31, 2022**. Changes in the fair value of available for sale debt securities, including the changes attributable to the hedged risk, are included in other comprehensive income.

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The following table presents the valuation technique, significant unobservable inputs, and quantitative information about the unobservable inputs used for fair value measurements of the financial instruments held by the Company and categorized within Level 3 of the fair value hierarchy as of the dates indicated:

| Fair Value at | | | | | | | | | | | | | | | |
|--------------------------------|--------------------------------|-------------------|-------------------|--|--------------------|-----------------|------------------|-------------------------------------|-------------------|--|--|--|--------------------|-----------------|------------------|
| Fair Value at | | | | | | | | | | | | | | | |
| (dollars in thousands) | | | | | | | | | | | | | | | |
| (dollars in thousands) | | | | | | | | | | | | | | | |
| (dollars in thousands) | (dollars in thousands) | December 31, 2022 | December 31, 2021 | Valuation Techniques(s) | Unobservable Input | Range of Inputs | Weighted Average | December 31, 2023 | December 31, 2022 | | Valuation Techniques(s) | | Unobservable Input | Range of Inputs | Weighted Average |
| Interest rate lock commitments | Interest rate lock commitments | \$ 7 | \$ 330 | Quoted or published market prices of similar instruments, adjusted for factors such as pull-through rate assumptions | Pull-through rate | 69 % - 100 % | 90 % | Interest rate lock commitments \$50 | \$ 7 | | Quoted or published market prices of similar instruments, adjusted for factors such as pull-through rate assumptions | | Pull-through rate | 70 % - 100 % | |

Nonrecurring Basis

The Company used the following methods and significant assumptions to estimate the fair value of each type of financial instrument:

MIDWESTONE FINANCIAL GROUP, INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Collateral Dependent Individually Analyzed Loans - Collateral dependent individually analyzed loans are valued based on the fair value of the collateral less estimated costs to sell. These estimates are based on the most recently available appraisals by qualified licensed appraisers with certain adjustment made based on the type of property, age of appraisal, current status of the property, and other related factors to estimate the current value of the collateral (Level 3).

Foreclosed Assets, Net - Foreclosed assets are measured at fair value less costs to sell. These estimates are based on the most recently available appraisals by qualified licensed appraisers with certain adjustment made based on the type of property, age of appraisal, current status of the property, and other related factors to estimate the current value of the collateral (Level 3).

The following table presents assets measured at fair value on a nonrecurring basis as of the dates indicated:

| | Fair Value Measurement at December 31, 2022 Using | | | | | Fair Value Measurement at December 31, 2023 Using | | | | |
|--|--|--|-------|------|----------|---|---|---------|---------|---------|
| | | Level | Level | | | | | | | |
| (in thousands) | (in thousands) | Total | 1 | 2 | Level 3 | (in thousands) | Total | Level 1 | Level 2 | Level 3 |
| Collateral dependent individually analyzed loans | Collateral dependent individually analyzed loans | \$3,159 | \$ — | \$ — | \$3,159 | | | | | |
| Foreclosed assets, net | Foreclosed assets, net | 103 | — | — | 103 | | | | | |
| Foreclosed assets, net | | | | | | | | | | |
| Foreclosed assets, net | | | | | | | | | | |
| | | Fair Value Measurement at December 31, 2021 Using | | | | | | | | |
| | | Fair Value Measurement at December 31, 2022 Using | | | | | Fair Value Measurement at December 31, 2022 Using | | | |
| | | Level | Level | | | | | | | |
| (in thousands) | (in thousands) | Total | 1 | 2 | Level 3 | (in thousands) | Total | Level 1 | Level 2 | Level 3 |
| Collateral dependent individually analyzed loans | Collateral dependent individually analyzed loans | \$15,772 | \$ — | \$ — | \$15,772 | | | | | |
| Foreclosed assets, net | Foreclosed assets, net | 357 | — | — | 357 | | | | | |
| Foreclosed assets, net | | | | | | | | | | |
| Foreclosed assets, net | | | | | | | | | | |

The following presents the valuation technique(s), unobservable inputs, and quantitative information about the unobservable inputs used for fair value measurements of the financial instruments held by the Company and categorized within Level 3 of the fair value hierarchy as of the date indicated:

| | Fair Value at | | | | | | |
|------------------------|------------------------|-------------------|-------------------|-------------------------|--------------------|-----------------|------------------|
| (dollars in thousands) | (dollars in thousands) | December 31, 2022 | December 31, 2021 | Valuation Techniques(s) | Unobservable Input | Range of Inputs | Weighted Average |
| (dollars in thousands) | | | | | | | |
| | | December 31, 2023 | December 31, 2022 | Valuation Techniques(s) | Unobservable Input | Range of Inputs | Weighted Average |
| (dollars in thousands) | | | | | | | |

| | | | | | | | | | | | | | | | | | |
|--|--|----------|----------|--------------------------|-----------------------|-----|-------|------|--|----------|-----|----------|--------------------------|-----------------------|-----|------|------|
| Collateral dependent individually analyzed loans | Collateral dependent individually analyzed loans | \$ 3,159 | \$15,772 | Fair value of collateral | Valuation adjustments | — % | 100 % | 22 % | Collateral dependent individually analyzed loans | \$ 6,524 | \$ | \$ 3,159 | Fair value of collateral | Valuation adjustments | — % | 33 % | 11 % |
| Foreclosed assets, net | Foreclosed assets, net | 103 | 357 | Fair value of collateral | Valuation adjustments | 8 % | 8 % | 8 % | Foreclosed assets, net | 3,929 | 103 | 103 | Fair value of collateral | Valuation adjustments | 4 % | 4 % | 4 % |

Changes in assumptions or estimation methodologies may have a material effect on these estimated fair values.

Other Fair Value Methods

Cash and Cash Equivalents, Interest Receivable, Short-term Borrowings, Finance Lease Payable, and Other Long-Term Debt - The carrying amounts of these financial instruments approximate their fair values.

Loans Held for Sale - Loans held for sale are carried at the lower of cost or fair value, with fair value being based on binding contracts from third party investors (Level 2). The portfolio has historically consisted primarily of residential real estate loans.

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MIDWESTONE FINANCIAL GROUP, INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Loans Held for Investment, Net - The estimated fair value of loans, net, was performed using the income approach, with the market approach used for certain nonperforming loans, resulting in a Level 3 fair value classification.

FHLB stock - Investments in FHLB stock are recorded at cost and measured for impairment quarterly. Ownership of FHLB stock is restricted to member banks and the securities do not have a readily determinable market value. Purchases and sales of these securities are at par value with the issuer. The fair value of investments in FHLB stock is equal to the carrying amount.

Deposits - Deposits are carried at historical cost. The fair values of deposits with no stated maturity (defined as noninterest-bearing demand, interest checking, money market, and savings accounts) are equal to the amount payable on demand as of the balance sheet date and considered Level 1. The fair value of time deposits is based on the discounted value of contractual cash flows and considered Level 2. The discount rate is estimated using the rates currently offered for deposits of similar remaining maturities.

MIDWESTONE FINANCIAL GROUP, INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FHLB Borrowings - Borrowings are carried at amortized cost. The fair value of FHLB borrowings is calculated by discounting scheduled cash flows through the maturity dates or call dates, if applicable, using estimated market discount rates that reflect current rates offered for borrowings with similar remaining maturities and characteristics and are considered Level 2.

Junior Subordinated Notes Issued to Capital Trusts - Junior subordinated notes issued to capital trusts are carried at amortized cost. The fair value of these junior subordinated notes with variable rates is determined using a market discount rate on the expected cash flows and are considered Level 2.

Subordinated Debentures - Subordinated debentures are carried at amortized cost. The fair value of subordinated debentures is based on discounted cash flows on current borrowing rates being offered for similar subordinated debenture deals and considered Level 2.

The carrying amount and estimated fair value of financial instruments at **December 31, 2022** **December 31, 2023** and **December 31, 2021** **December 31, 2022** were as follows:

| (in thousands) | (in thousands) | December 31, 2022 | | | | | (in thousands) | December 31, 2023 | | | | |
|---------------------------|---------------------------|-------------------|----------------------|-----------|---------|---------|----------------|-------------------|----------------------|---------|---------|---------|
| | | Carrying Amount | Estimated Fair Value | Level 1 | Level 2 | Level 3 | | Carrying Amount | Estimated Fair Value | Level 1 | Level 2 | Level 3 |
| Financial assets: | Financial assets: | | | | | | | | | | | |
| Cash and cash equivalents | Cash and cash equivalents | \$ 86,435 | \$ 86,435 | \$ 86,435 | \$ — | \$ — | | | | | | |
| Cash and cash equivalents | Cash and cash equivalents | | | | | | | | | | | |
| Cash and cash equivalents | Cash and cash equivalents | | | | | | | | | | | |

| | | | | | | |
|--|--|-----------|-----------|-----------|-----------|-----------|
| Debt securities available for sale | Debt securities available for sale | 1,153,547 | 1,153,547 | — | 1,153,547 | — |
| Held to maturity debt securities | | 1,129,421 | 924,894 | — | 924,894 | — |
| Debt securities held to maturity | | | | | | |
| Loans held for sale | Loans held for sale | 612 | 622 | — | 622 | — |
| Loans held for investment, net | Loans held for investment, net | 3,791,324 | 3,702,527 | — | — | 3,702,527 |
| Interest receivable | Interest receivable | 27,090 | 27,090 | — | 27,090 | — |
| FHLB stock | FHLB stock | 19,248 | 19,248 | — | 19,248 | — |
| Derivative assets | Derivative assets | 23,655 | 23,655 | — | 23,648 | 7 |
| Financial liabilities: | Financial liabilities: | | | | | |
| Noninterest bearing deposits | | | | | | |
| Noninterest bearing deposits | | | | | | |
| Noninterest bearing deposits | Noninterest bearing deposits | 1,053,450 | 1,053,450 | 1,053,450 | — | — |
| Interest bearing deposits | Interest bearing deposits | 4,415,492 | 4,393,315 | 3,225,787 | 1,167,528 | — |
| Short-term borrowings | Short-term borrowings | 391,873 | 391,873 | 391,873 | — | — |
| Finance leases payable | Finance leases payable | 787 | 787 | — | 787 | — |
| FHLB borrowings | FHLB borrowings | 17,301 | 17,032 | — | 17,032 | — |
| Junior subordinated notes issued to capital trusts | Junior subordinated notes issued to capital trusts | 42,116 | 39,023 | — | 39,023 | — |
| Subordinated debentures | Subordinated debentures | 64,006 | 64,004 | — | 64,004 | — |
| Other long-term debt | Other long-term debt | 15,000 | 15,000 | — | 15,000 | — |
| Derivative liabilities | Derivative liabilities | 21,087 | 21,087 | — | 21,087 | — |

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MIDWESTONE FINANCIAL GROUP, INC.
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| (in thousands) | (in thousands) | December 31, 2021 | | | | | (in thousands) | December 31, 2022 | | | | |
|------------------------------------|------------------------------------|-------------------|----------------------|------------|-----------|---------|----------------|-------------------|----------------------|---------|---------|---------|
| | | Carrying Amount | Estimated Fair Value | Level 1 | Level 2 | Level 3 | | Carrying Amount | Estimated Fair Value | Level 1 | Level 2 | Level 3 |
| Financial assets: | Financial assets: | | | | | | | | | | | |
| Cash and cash equivalents | Cash and cash equivalents | \$ 203,830 | \$ 203,830 | \$ 203,830 | \$ — | \$ — | | | | | | |
| Cash and cash equivalents | | | | | | | | | | | | |
| Debt securities available for sale | Debt securities available for sale | 2,288,110 | 2,288,110 | — | 2,288,110 | — | | | | | | |
| Debt securities held to maturity | | | | | | | | | | | | |
| Loans held for sale | Loans held for sale | 12,917 | 12,970 | — | 12,970 | — | | | | | | |

| | | | | | | |
|--|--|-----------|-----------|-----------|---------|-----------|
| Loans held for investment, net | Loans held for investment, net | 3,196,312 | 3,207,314 | — | — | 3,207,314 |
| Interest receivable | Interest receivable | 20,117 | 20,117 | — | 20,117 | — |
| FHLB stock | FHLB stock | 10,157 | 10,157 | — | 10,157 | — |
| Derivative assets | Derivative assets | 6,106 | 6,106 | — | 5,776 | 330 |
| Financial liabilities: | Financial liabilities: | | | | | |
| Noninterest bearing deposits | Noninterest bearing deposits | 1,005,369 | 1,005,369 | 1,005,369 | — | — |
| Noninterest bearing deposits | | | | | | |
| Noninterest bearing deposits | | | | | | |
| Interest bearing deposits | Interest bearing deposits | 4,109,150 | 4,105,858 | 3,186,901 | 918,957 | — |
| Short-term borrowings | Short-term borrowings | 181,368 | 181,368 | 181,368 | — | — |
| Finance leases payable | Finance leases payable | 951 | 951 | — | 951 | — |
| FHLB borrowings | FHLB borrowings | 48,113 | 48,947 | — | 48,947 | — |
| Junior subordinated notes issued to capital trusts | Junior subordinated notes issued to capital trusts | 41,940 | 35,545 | — | 35,545 | — |
| Subordinated debentures | Subordinated debentures | 63,875 | 68,207 | — | 68,207 | — |
| Other long-term debt | | | | | | |
| Derivative liabilities | Derivative liabilities | 6,741 | 6,741 | — | 6,741 | — |

Note 21. Revenue Recognition

Substantially all of the Company's revenue is generated from contracts with customers. Topic 606 does not apply to revenue associated with financial instruments, including revenue from loans and securities. In addition, certain noninterest income streams such as fees associated with mortgage servicing rights, financial guarantees, derivatives, and certain credit card fees are also not in the scope of Topic 606. Noninterest revenue streams in-scope of Topic 606 are discussed below.

Trust and Asset Management

Trust and asset management income is primarily comprised of fees earned from the management and administration of trusts and other customer assets. The Company's performance obligation is generally satisfied over time, and the resulting fees are recognized monthly, based upon the month-end market value of the assets under management and the applicable fee rate. Payment is generally received a few days after month end through a direct charge to customers' accounts. The Company does not earn performance-based incentives. Optional services such as real estate property management and tax return preparation services are also available to existing trust and asset management customers. The Company's performance obligation for these transactional-based services is generally satisfied, and related revenue recognized, at a point in time (i.e., as incurred). Payment is received shortly after services are rendered.

Service Charges on Deposit Accounts

Service charges on deposit accounts consist of account analysis fees (i.e., net fees earned on analyzed business and public checking accounts), monthly service fees, check orders, and other deposit account related fees. The Company's performance obligation for account analysis fees and monthly service fees is generally satisfied, and the related revenue recognized, over the period in which the service is provided. Check orders and other deposit account related fees are largely transactional based, and therefore, the Company's performance obligation is satisfied, and related revenue recognized, at a point in time. Payment for service charges on deposit accounts is primarily received immediately or in the following month through a direct charge to customers' accounts.

Fees, Exchange, and Other Service Charges

Fees, exchange, and other service charges are primarily comprised of debit and credit card income, ATM fees, merchant services income, and other service charges. Debit and credit card income is primarily comprised of interchange fees earned whenever the Company's debit and credit cards are processed through card payment networks such as Visa. ATM fees are primarily generated when a Company cardholder uses a non-Company ATM or a non-Company cardholder uses a Company ATM. Merchant services income mainly represents fees charged to merchants to process their debit and credit card transactions, in addition to account management fees. Other service charges include revenue from processing wire transfers, bill pay service,

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MIDWESTONE FINANCIAL GROUP, INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

cashier's checks, and other services. The Company's performance obligation for fees, exchange, and other service charges are

MIDWESTONE FINANCIAL GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

largely satisfied, and related revenue recognized, when the services are rendered or upon completion. Payment is typically received immediately or in the following month.

Gains/Losses on Sales of Foreclosed Assets

Gain or loss from the sale of foreclosed assets occurs when control of the property transfers to the buyer, which generally occurs at the time of an executed deed. When the Company finances the sale of foreclosed assets to the buyer, the Company assesses whether the buyer is committed to perform their obligations under the contract and whether collectability of the transaction price is probable. Once these criteria are met, the foreclosed assets are derecognized and the gain or loss on sale is recorded upon the transfer of control of the property to the buyer. In determining the gain or loss on the sale, the Company adjusts the transaction price and related gain (loss) on sale if a significant financing component is present.

Other

Other noninterest income consists of other recurring revenue streams such as safe deposit box rental fees, and other miscellaneous revenue streams. Safe deposit box rental fees are charged to the customer on an annual basis and recognized upon receipt of payment. The Company determined that since rentals and renewals occur fairly consistently over time, revenue is recognized on a basis consistent with the duration of the performance obligation.

Contract Balances

A contract asset balance occurs when an entity performs a service for a customer before the customer pays consideration (resulting in a contract receivable) or before payment is due (resulting in a contract asset). A contract liability balance is an entity's obligation to transfer a service to a customer for which the entity has already received payment (or payment is due) from the customer. The Company's noninterest revenue streams are largely based on transactional activity, or standard month-end revenue accruals such as asset management fees based on month-end market values. Consideration is often received immediately or shortly after the Company satisfies its performance obligation and revenue is recognized. The Company does not typically enter into long-term revenue contracts with customers, and therefore, does not experience significant contract balances. As of **December 31, 2022** **December 31, 2023** and **December 31, 2021** **December 31, 2022**, the Company did not have any significant contract balances.

Contract Acquisition Costs

In connection with the adoption of Topic 606, an entity is required to capitalize, and subsequently amortize into expense, certain incremental costs of obtaining a contract with a customer if these costs are expected to be recovered. The incremental costs of obtaining a contract are those costs that an entity incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained (for example, sales commission). The Company utilizes the practical expedient which allows entities to immediately expense contract acquisition costs when the asset that would have resulted from capitalizing these costs would have been amortized in one year or less. Upon adoption of Topic 606, the Company did not capitalize any contract acquisition cost.

Note 22. Leases

The Company's lease commitments consist primarily of real estate property for banking offices and office space with terms extending through 2030. Substantially all of our leases are classified as operating leases, with the Company holding one finance lease for a banking office with a lease term of 2025.

| (dollars in thousands) | (dollars in thousands) | Classification | December 31, 2022 | December 31, 2021 | (dollars in thousands) | Classification | December 31, 2023 | December 31, 2022 |
|-------------------------------------|-------------------------------------|-----------------------------|-------------------|-------------------|------------------------|----------------|-------------------|-------------------|
| Operating lease right-of-use assets | Operating lease right-of-use assets | Other assets | \$2,492 | \$2,840 | | | | |
| Finance lease right-of-use asset | Finance lease right-of-use asset | Premises and equipment, net | 350 | 446 | | | | |
| Total right-of-use assets | Total right-of-use assets | | \$2,842 | \$3,286 | | | | |
| Operating lease liability | Operating lease liability | Other liabilities | \$3,359 | \$3,778 | | | | |
| Operating lease liability | Operating lease liability | | | | | | | |
| Finance lease liability | Finance lease liability | Long-term debt | 787 | 951 | | | | |

| | | | | |
|--|--|--|-------------|------------|
| Total lease liabilities | Total lease liabilities | | \$4,146 | \$4,729 |
| Weighted-average remaining lease term: | Weighted-average remaining lease term: | | | |
| | Operating leases | | 9.23 years | 9.13 years |
| | Finance lease | | 3.67 years | 4.67 years |
| Weighted-average remaining lease term: | | | | |
| Weighted-average remaining lease term: | Operating leases | | 10.20 years | 9.23 years |
| | Finance lease | | 2.67 years | 3.67 years |
| Weighted-average discount rate: | Weighted-average discount rate: | | | |
| | Operating leases | | 4.23 % | 4.13 % |
| | Finance lease | | 8.89 % | 8.89 % |
| Weighted-average discount rate: | Operating leases | | 4.43 % | 4.23 % |
| | Finance lease | | 8.89 % | 8.89 % |

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The following table represents lease costs and other lease information. As the Company elected, for all classes of underlying assets, not to separate lease and non-lease components and instead to account for them as a single lease component, the variable lease cost primarily represents variable payments such as common area maintenance and utilities.

| Years Ended December 31, | | | | | Years Ended December 31, | | |
|---|---|----------------|----------------|----------------|--------------------------|------|------|
| (in thousands) | (in thousands) | 2022 | 2021 | 2020 | (in thousands) | 2023 | 2022 |
| Lease Costs | Lease Costs | | | | | | |
| Operating lease cost | Operating lease cost | | | | | | |
| Operating lease cost | Operating lease cost | \$1,165 | \$1,194 | \$1,236 | | | |
| Variable lease cost | Variable lease cost | 56 | 107 | 241 | | | |
| Interest on lease liabilities ⁽¹⁾ | Interest on lease liabilities ⁽¹⁾ | 76 | 90 | 102 | | | |
| Amortization of right-of-use assets | Amortization of right-of-use assets | 96 | 95 | 96 | | | |
| Net lease cost | Net lease cost | \$1,393 | \$1,486 | \$1,675 | | | |
| Other Information | Other Information | | | | | | |
| Other Information | Other Information | | | | | | |
| Cash paid for amounts included in the measurement of lease liabilities: | Cash paid for amounts included in the measurement of lease liabilities: | | | | | | |
| Cash paid for amounts included in the measurement of lease liabilities: | Cash paid for amounts included in the measurement of lease liabilities: | | | | | | |

| | | | | |
|--|--|----------|----------|----------|
| Cash paid for amounts included in the measurement of lease liabilities: | | | | |
| Operating cash flows from operating leases | | | | |
| Operating cash flows from operating leases | | | | |
| Operating cash flows from operating leases | Operating cash flows from operating leases | \$ 1,186 | \$ 1,177 | \$ 1,146 |
| Operating cash flows from finance lease | Operating cash flows from finance lease | 76 | 90 | 102 |
| Finance cash flows from finance lease | Finance cash flows from finance lease | 164 | 145 | 128 |
| Supplemental non-cash information on lease liabilities: | Supplemental non-cash information on lease liabilities: | | | |
| Supplemental non-cash information on lease liabilities: | | | | |
| Supplemental non-cash information on lease liabilities: | | | | |
| Right-of-use assets obtained in exchange for new operating lease liabilities | Right-of-use assets obtained in exchange for new operating lease liabilities | 638 | 232 | 132 |
| Right-of-use assets obtained in exchange for new operating lease liabilities | | | | |
| Right-of-use assets obtained in exchange for new operating lease liabilities | | | | |

(1) Included in long-term debt interest expense in the Company's consolidated statements of income. All other lease costs in this table are included in occupancy expense of premises, net.

Future minimum payments for finance leases and operating leases with initial or remaining terms of one year or more as of **December 31, 2022** **December 31, 2023** were as follows:

| (in thousands) | (in thousands) | Finance Operating | | (in thousands) | Finance Leases | Operating Leases |
|----------------------------------|----------------------------------|-------------------|----------|----------------|----------------|------------------|
| | | Leases | Leases | | | |
| Twelve Months Ended: | Twelve Months Ended: | | | | | |
| December 31, 2023 | | \$ 245 | \$ 1,109 | | | |
| December 31, 2024 | | | | | | |
| December 31, 2024 | | | | | | |
| December 31, 2024 | December 31, 2024 | 250 | 826 | | | |
| December 31, 2025 | December 31, 2025 | 254 | 357 | | | |
| December 31, 2026 | December 31, 2026 | 172 | 262 | | | |
| December 31, 2027 | December 31, 2027 | — | 178 | | | |
| December 31, 2028 | | | | | | |
| Thereafter | Thereafter | — | 1,698 | | | |
| Total undiscounted lease payment | Total undiscounted lease payment | \$ 921 | \$ 4,430 | | | |

| | | | |
|-------------------------------|-------------------------------|--------|----------|
| Amounts representing interest | Amounts representing interest | (134) | (1,071) |
| Lease liability | Lease liability | \$ 787 | \$ 3,359 |

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 23. Accumulated Other Comprehensive Income (Loss)

The following table summarizes the changes in accumulated other comprehensive income (loss) by component, net of tax:

| (in thousands) | Unrealized Gain (Loss) | | Unrealized Gain from | |
|--|--------------------------|--|-------------------------------|-------------|
| | from AFS Debt Securities | Reclassification of AFS Debt Securities to HTM | Cash Flow Hedging Instruments | Total |
| Balance, December 31, 2020 | \$ 24,592 | \$ — | \$ — | \$ 24,592 |
| Other comprehensive loss before reclassifications | (33,278) | — | — | (33,278) |
| Amounts reclassified from AOCI | (179) | — | — | (179) |
| Net current-period other comprehensive loss | (33,457) | — | — | (33,457) |
| Balance, December 31, 2021 | \$ (8,865) | \$ — | \$ — | \$ (8,865) |
| Other comprehensive (loss) income before reclassifications | (82,788) | 2,805 | — | (79,983) |
| Amounts reclassified from AOCI | (199) | — | — | (199) |
| Net current-period other comprehensive (loss) income | (82,987) | 2,805 | — | (80,182) |
| Balance, December 31, 2022 | \$ (91,852) | \$ 2,805 | \$ — | \$ (89,047) |
| Other comprehensive income before reclassifications | 7,782 | 1,706 | 1,846 | 11,334 |
| Amounts reclassified from AOCI | 14,155 | — | (1,341) | 12,814 |
| Net current-period other comprehensive income | 21,937 | 1,706 | 505 | 24,148 |
| Balance, December 31, 2023 | \$ (69,915) | \$ 4,511 | \$ 505 | \$ (64,899) |

The following table presents reclassifications out of AOCI:

| (in thousands) | Years Ended December 31, | | |
|---|--------------------------|----------|----------|
| | 2023 | 2022 | 2021 |
| Investment securities losses (gains), net | \$ 19,768 | \$ (271) | \$ (242) |
| Interest income | (819) | — | — |
| Interest expense | (1,795) | — | — |
| Income tax expense | (4,340) | 72 | 63 |
| Net of tax | \$ 12,814 | \$ (199) | \$ (179) |

Note 23, 24. Operating Segments

The Company's activities are considered to be one reportable segment for financial reporting purposes. The Company is engaged in the business of commercial and retail banking and trust and investment management services with operations throughout central and eastern Iowa, the Minneapolis/St. Paul metropolitan area of Minnesota, southwestern Wisconsin, Naples and Fort Myers Florida, and Denver, Colorado. Substantially all income is derived from a diverse base of commercial, mortgage and retail lending activities, and investments.

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MIDWESTONE FINANCIAL GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 24, 25. Parent Company Only Financial Information

The following are condensed balance sheets of MidWestOne Financial Group, Inc. as of **December 31, 2022** **December 31, 2023** and **December 31, 2021** **December 31, 2022** (parent company only):

As of December 31,

| As of December 31, | | | | As of December 31, | |
|--|--|-----------|-----------|--------------------|------|
| (in thousands) | (in thousands) | 2022 | 2021 | (in thousands) | 2023 |
| Assets | Assets | | | | 2022 |
| Cash | | | | | |
| Cash | | | | | |
| Cash | Cash | \$ 11,749 | \$ 29,869 | | |
| Investment in subsidiaries | Investment in subsidiaries | 600,826 | 603,703 | | |
| Other assets | Other assets | 3,364 | 1,882 | | |
| Other assets | | | | | |
| Other assets | | | | | |
| Total assets | Total assets | \$615,939 | \$635,454 | | |
| Liabilities and Shareholders' Equity | Liabilities and Shareholders' Equity | | | | |
| Liabilities and Shareholders' Equity | | | | | |
| Long-term debt | | | | | |
| Long-term debt | | | | | |
| Long-term debt | Long-term debt | \$121,122 | \$105,815 | | |
| Other liabilities | | | | | |
| Other liabilities | | | | | |
| Other liabilities | Other liabilities | 2,024 | 2,164 | | |
| Total liabilities | Total liabilities | 123,146 | 107,979 | | |
| Total shareholders' equity | Total shareholders' equity | 492,793 | 527,475 | | |
| Total shareholders' equity | | | | | |
| Total shareholders' equity | | | | | |
| Total liabilities and shareholders' equity | Total liabilities and shareholders' equity | \$615,939 | \$635,454 | | |

The following are condensed statements of income of MidWestOne Financial Group, Inc. for the years ended **December 31, 2022**, **December 31, 2023**, **2021**, **2022**, and **2020** 2021 (parent company only):

| Year Ended December 31, | | | | Year Ended December 31, | | Year Ended December 31, | |
|--------------------------------------|--------------------------------------|----------|----------|-------------------------|----------------|-------------------------|------|
| (in thousands) | (in thousands) | 2022 | 2021 | 2020 | (in thousands) | 2023 | 2022 |
| Income | Income | | | | | | |
| Dividends received from subsidiaries | Dividends received from subsidiaries | \$36,000 | \$40,750 | \$3,500 | | | |
| Dividends received from subsidiaries | | | | | | | |
| Dividends received from subsidiaries | | | | | | | |
| Interest and other income | | | | | | | |
| Interest and other income | | | | | | | |
| Interest and other income | Interest and other income | 3,349 | 247 | 76 | | | |
| Total income | Total income | 39,349 | 40,997 | 3,576 | | | |
| Expense | Expense | | | | | | |

| | | | | |
|--|--|-----------|-----------|----------|
| Interest expense | Interest expense | (6,342) | (5,306) | (4,471) |
| Interest expense | | | | |
| Interest expense | | | | |
| Compensation and employee benefits | Compensation and employee benefits | (2,976) | (2,523) | (1,674) |
| Other | Other | (2,960) | (1,139) | (1,049) |
| Total expenses | Total expenses | (12,278) | (8,968) | (7,194) |
| Income (loss) before income taxes and equity in subsidiaries' undistributed income | | | | |
| | | 27,071 | 32,029 | (3,618) |
| Income before income taxes and equity in subsidiaries' undistributed income | | | | |
| Income tax benefit | Income tax benefit | 1,768 | 1,764 | 1,495 |
| Equity in subsidiaries' undistributed income | Equity in subsidiaries' undistributed income | 31,996 | 35,693 | 8,746 |
| Net income | Net income | \$ 60,835 | \$ 69,486 | \$ 6,623 |

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**MIDWESTONE FINANCIAL GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

The following are condensed statements of cash flows of MidWestOne Financial Group, Inc. for the years ended **December 31, 2022**, **December 31, 2023**, **2021**, **2022**, and **2020** **2021** (parent company only):

| Year Ended December 31, | | | | | Year Ended December 31, | | | | |
|---|---|-----------|-----------|----------|-------------------------|------|------|--|------|
| (in thousands) | (in thousands) | 2022 | 2021 | 2020 | (in thousands) | 2023 | 2022 | | 2021 |
| Operating Activities: | Operating Activities: | | | | | | | | |
| Net income | Net income | \$ 60,835 | \$ 69,486 | \$ 6,623 | | | | | |
| Net income | | | | | | | | | |
| Net income | | | | | | | | | |
| Adjustments to reconcile net income to net cash provided by operating activities: | Adjustments to reconcile net income to net cash provided by operating activities: | | | | | | | | |
| Equity in undistributed earnings of subsidiary | | | | | | | | | |
| Equity in undistributed earnings of subsidiary | | | | | | | | | |
| Equity in undistributed earnings of subsidiary | Equity in undistributed earnings of subsidiary | (31,996) | (35,693) | (8,746) | | | | | |

| | | | | |
|--|--|-------------------|------------------|-----------------|
| Share-based compensation | Share-based compensation | 2,541 | 2,153 | 1,380 |
| Net change in other assets and other liabilities | Net change in other assets and other liabilities | (433) | 327 | 2,460 |
| Net cash provided by operating activities | Net cash provided by operating activities | \$ 30,947 | \$ 36,273 | \$ 1,717 |
| Investing Activities: | Investing Activities: | | | |
| Proceeds from sales of equity securities | Proceeds from sales of equity securities | \$ 14 | \$ 70 | \$ — |
| Proceeds from sales of equity securities | | | | |
| Proceeds from sales of equity securities | | | | |
| Purchases of equity securities | Purchases of equity securities | (1,250) | (3) | (9) |
| Proceeds from intercompany sale of bank-owned life insurance | Proceeds from intercompany sale of bank-owned life insurance | — | 5,252 | — |
| Proceeds from sale of premises and equipment | Proceeds from sale of premises and equipment | — | — | 210 |
| Net cash paid in business acquisition | Net cash paid in business acquisition | (44,955) | — | — |
| Net cash (used in) provided by investing activities | Net cash (used in) provided by investing activities | \$(46,191) | \$ 5,319 | \$ 201 |
| Financing Activities: | Financing Activities: | | | |
| Proceeds from issuance of subordinated debt | Proceeds from issuance of subordinated debt | \$ — | \$ — | \$ 65,000 |
| Payments of subordinated debt issuance costs | | | | |
| Payments of subordinated debt issuance costs | | | | |
| Payments of subordinated debt issuance costs | Payments of subordinated debt issuance costs | — | (9) | (1,303) |
| Redemption of subordinated debentures | Redemption of subordinated debentures | — | (10,835) | — |
| Proceeds from other long-term debt | Proceeds from other long-term debt | 25,000 | — | — |

| | | | | |
|---|---|--------------------|--------------------|------------------|
| Payments of other long-term debt | Payments of other long-term debt | (10,000) | — | (32,250) |
| Taxes paid relating to the release/lapse of restriction on RSUs | Taxes paid relating to the release/lapse of restriction on RSUs | (281) | (121) | (149) |
| Dividends paid | Dividends paid | (14,870) | (14,282) | (14,175) |
| Repurchase of common stock | Repurchase of common stock | (2,725) | (11,554) | (4,624) |
| Net cash (used in) provided by financing activities | | \$ (2,876) | \$ (36,801) | \$ 12,499 |
| Net cash used in by financing activities | | | | |
| Net (decrease) increase in cash | Net (decrease) increase in cash | \$ (18,120) | \$ 4,791 | \$ 14,417 |
| Cash and cash equivalents at beginning of year | Cash and cash equivalents at beginning of year | 29,869 | 25,078 | 10,661 |
| Cash and cash equivalents at end of year | Cash and cash equivalents at end of year | \$ 11,749 | \$ 29,869 | \$ 25,078 |

Note 25. 26. Subsequent Events

Management evaluated subsequent events through the date the consolidated financial statements were issued. Events or transactions occurring after **December 31, 2022** **December 31, 2023**, but prior to the date the consolidated financial statements were issued, that provided additional evidence about conditions that existed at **December 31, 2022** **December 31, 2023** have been recognized in the consolidated financial statements for the period ended **December 31, 2022** **December 31, 2023**. Events or transactions that provided evidence about conditions that did not exist at **December 31, 2022** **December 31, 2023**, but arose before the consolidated financial statements were issued, have not been recognized in the consolidated financial statements for the period ended **December 31, 2022** **December 31, 2023**.

On **January 24, 2023** **January 23, 2024**, the board of directors of the Company declared a cash dividend of \$0.2425 per share payable on **March 15, 2023** **March 15, 2024** to shareholders of record as of the close of business on **March 1, 2023** **March 1, 2024**.

In the first quarter of 2023, On **January 31, 2024**, the Company **executed** completed the **sale** acquisition of **approximately \$231 million** DNVB, parent company of the BOD. Immediately following completion of the acquisition, the BOD was merged with and into MidWestOne Bank. Under the terms of the merger agreement, DNVB shareholders received \$462.42 in book cash exchange for each share of DNVB stock. The value of its AFS debt securities as part of a balance sheet repositioning, the total deal consideration was \$32.6 million. The sale resulted in pre-tax realized loss of approximately \$13.2 million, and the proceeds of approximately \$220 million will be redeployed towards paying off existing short-term borrowings and purchasing higher yielding AFS debt securities. The balance sheet repositioning **acquisition** is a non-recognized subsequent event and will be reflected in the first quarter 2023 consolidated financial statements.

not considered significant under SEC regulations.

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MIDWESTONE FINANCIAL GROUP, INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 26. 27. Quarterly Results of Operations (unaudited)

Three Months Ended

| | | December | September | | |
|--|--|--------------------|--------------|-----------|--------------------|
| | | 31 | 30 | June 30 | March 31 |
| | | Three Months Ended | | | Three Months Ended |
| | | December 31 | | | |
| | | December 31 | September 30 | June 30 | March 31 |
| (in thousands, except per share amounts) | (in thousands, except per share amounts) | | | | |
| 2022 | | | | | |
| 2023 | | | | | |
| 2023 | | | | | |
| 2023 | | | | | |
| Interest income | | | | | |
| Interest income | | | | | |
| Interest income | Interest income | \$ 56,757 | \$ 53,421 | \$ 44,729 | \$ 41,852 |
| Interest expense | Interest expense | 13,193 | 7,688 | 5,004 | 4,516 |
| Net interest income | Net interest income | 43,564 | 45,733 | 39,725 | 37,336 |
| Credit loss expense (benefit) | | 572 | 638 | 3,282 | — |
| Credit loss expense | | | | | |
| Noninterest income (loss) | | | | | |
| Noninterest expense | | | | | |
| Income before income taxes | | | | | |
| Income tax expense (benefit) | | | | | |
| Net income | | | | | |
| Earnings per common share | | | | | |
| Earnings per common share | | | | | |
| Earnings per common share | | | | | |
| Basic | | | | | |
| Basic | | | | | |
| Basic | | | | | |
| Diluted | | | | | |
| 2022 | | | | | |
| 2022 | | | | | |
| 2022 | | | | | |
| Interest income | | | | | |
| Interest income | | | | | |
| Interest income | | | | | |
| Interest expense | | | | | |

| | | | | | | |
|---|---------------------------|-----------|-----------|-----------|-----------|--|
| Net interest income | | | | | | |
| Credit loss expense | | | | | | |
| Noninterest income | Noninterest income | 10,940 | 12,588 | 12,347 | 11,644 | |
| Noninterest expense | Noninterest expense | 34,440 | 34,623 | 32,082 | 31,643 | |
| Income before income taxes | | 19,492 | 23,060 | 16,708 | 17,337 | |
| Income before income tax expense | | | | | | |
| Income tax expense | Income tax expense | 3,490 | 4,743 | 4,087 | 3,442 | |
| Net income | Net income | \$ 16,002 | \$ 18,317 | \$ 12,621 | \$ 13,895 | |
| Earnings per common share | Earnings per common share | | | | | |
| Earnings per common share | | | | | | |
| Earnings per common share | | | | | | |
| Basic | | | | | | |
| Basic | Basic | \$ 1.02 | \$ 1.17 | \$ 0.81 | \$ 0.89 | |
| Diluted | Diluted | \$ 1.02 | \$ 1.17 | \$ 0.80 | \$ 0.88 | |
| 2021 | | | | | | |
| Interest income | | \$ 43,556 | \$ 45,219 | \$ 43,787 | \$ 44,204 | |
| Interest expense | | 4,737 | 4,879 | 5,282 | 5,587 | |
| Net interest income | | 38,819 | 40,340 | 38,505 | 38,617 | |
| Credit loss (benefit) expense | | 622 | (1,080) | (2,144) | (4,734) | |
| Noninterest income | | 11,229 | 9,182 | 10,218 | 11,824 | |
| Noninterest expense | | 30,444 | 29,778 | 28,670 | 27,700 | |
| Income (loss) before income tax expense (benefit) | | 18,982 | 20,824 | 22,197 | 27,475 | |
| Income tax expense (benefit) | | 4,726 | 4,513 | 4,926 | 5,827 | |
| Net income (loss) | | \$ 14,256 | \$ 16,311 | \$ 17,271 | \$ 21,648 | |
| Earnings (loss) per common share | | | | | | |
| Basic | | \$ 0.91 | \$ 1.03 | \$ 1.08 | \$ 1.35 | |
| Diluted | | \$ 0.91 | \$ 1.03 | \$ 1.08 | \$ 1.35 | |

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

None.

ITEM 9A. CONTROLS AND PROCEDURES.

Disclosure Controls and Procedures

The Company's management, including the Chief Executive Officer, Chief Financial Officer, and Chief Accounting Officer, evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) or Rule 15d-15(e) under the Exchange Act) that are designed to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to the Company's management, including the Company's Chief Executive Officer, Chief Financial Officer, and Chief Accounting Officer, to allow timely decisions regarding required disclosure. Based on this evaluation, the Chief Executive Officer, Chief Financial Officer, and Chief Accounting Officer, have concluded that the Company's disclosure controls and procedures were effective as of **December 31, 2022** **December 31, 2023**.

Changes in Internal Control over Financial Reporting

There were no changes in the Company's internal controls over financial reporting (as defined in Rule 13a-15(f) and Rule 15d-15(f) under the Exchange Act) that occurred during the quarter ended **December 31, 2022** **December 31, 2023** that have materially affected or are reasonably likely to materially affect the Company's internal control over financial reporting.

Management's Annual Report on Internal Control over Financial Reporting

Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) to provide reasonable assurance to the Company's management and board of directors regarding the preparation of reliable published financial statements. Internal control over financial reporting includes self-monitoring mechanisms and taking action to correct deficiencies as they are identified. Because of inherent limitations in any system of internal control, no matter how well designed, misstatements due to error or fraud may occur and not be detected, including the possibility of the circumvention or overriding of controls. Accordingly, even effective internal control over financial reporting can provide only reasonable assurance with respect to financial statement preparation. Further, because of changes in conditions, internal control effectiveness may vary over time.

Management excluded from its assessment the internal control over financial reporting of Iowa First Bancshares Corporation, which was acquired on June 9, 2022, until the accounting systems were converted on July 22, 2022 and September 9, 2022, and whose financial data constituted approximately 10% of total assets as of the date of acquisition.

Management assessed the Company's internal control over financial reporting as of **December 31, 2022** **December 31, 2023**. This assessment was based on criteria for effective internal control over financial reporting described in *Internal Control-Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. **Commission in 2013**. Based on this assessment, the Chief Executive Officer, Chief Financial Officer, and Chief Accounting Officer, assert that the Company maintained effective internal control over financial reporting as of **December 31, 2022** **December 31, 2023** based on the specified criteria.

The effectiveness of the Company's internal control over financial reporting as of **December 31, 2022** **December 31, 2023**, has been audited by RSM US LLP, the independent registered public accounting firm who also has audited the Company's consolidated financial statements included in this Annual Report on Form 10-K. RSM US LLP's **attestation** report on the Company's internal control over financial reporting appears on the following page.

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of MidWestOne Financial Group, Inc.

Opinion on the Internal Control Over Financial Reporting

We have audited MidWestOne Financial Group, Inc. and subsidiary's (the Company) internal control over financial reporting as of **December 31, 2022** **December 31, 2023**, based on criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of **December 31, 2022** **December 31, 2023**, based on criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets as of **December 31, 2022** **December 31, 2023** and **2021, 2022**, and the **related** consolidated statements of income, comprehensive income, shareholders' equity, and cash flows for each of the three years in the period ended **December 31, 2022** **December 31, 2023**, and the related notes to the consolidated financial statements of the Company and our report dated **March 13, 2023** **March 8, 2024** expressed an unqualified opinion.

As described in Management's Annual Report, management has excluded Iowa First Bancshares Corporation from its assessment of internal control over financial reporting as of **December 31, 2022**, because it was acquired by the Company in a purchase business combination in the second quarter of 2022. We have also excluded Iowa First Bancshares Corporation from our audit of internal control over financial reporting. Iowa First Bancshares Corporation's entities operated under separate accounting systems from June 9, 2022 (the date of acquisition) until the systems were converted on July 22, 2022 and September 9, 2022. Iowa First Bancshares Corporation's total assets represent approximately 10% of the related consolidated financial statement amount as of the date of the acquisition.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting in the accompanying Management's Assessment of Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ RSM US LLP

Des Moines, Iowa

March 13, 2023 8, 2024

ITEM 9B. OTHER INFORMATION.

None. Insider Trading Policy and Guidelines with Respect to Certain Transactions in Company Securities

On January 23, 2024, the Board of Directors approved the amended Insider Trading Policy and corresponding Guidelines with Respect to Certain Transactions in Company Securities of MidWestOne Financial Group, Inc, governing the purchase, sale and/or other dispositions of its securities by directors, officers and employees, as well as by the Company itself, that is designed to promote compliance with insider trading laws, rules and regulations and any applicable listing standards. This amended policy is filed herewith as Exhibit 19.1.

Rule 10b5-1 Trading Plans

During the fiscal quarter ended December 31, 2023, none of the Company's directors or executive officers adopted or terminated any contract, instruction or written plan for the purchase or sale of Company securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or any "non-Rule 10b5-1 trading arrangement."

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not Applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE.

The information required by this Item 10 will be included in the Company's Definitive Proxy Statement for the 2023 2024 Annual Meeting of Shareholders under the headings "Proposal 1: Election of Directors," "Information About Nominees, Continuing Directors and Named Executive Officers," "Corporate Governance and Board Matters," "Delinquent Section 16(a) Reports," and "Shareholder Communications with the Board and Nomination and Proposal Procedures" and is incorporated herein by reference. The Definitive Proxy Statement will be filed with the SEC pursuant to Regulation 14A within 120 days of the end of the Company's 2022 2023 fiscal year.

ITEM 11. EXECUTIVE COMPENSATION.

The information required by this Item 11 will be included in the Company's Definitive Proxy Statement for the 2023 2024 Annual Meeting of Shareholders under the headings "Compensation Discussion and Analysis," "Compensation Committee Report," "Executive Compensation" and "Director Compensation" and is incorporated herein by reference. The Definitive Proxy Statement will be filed with the SEC pursuant to Regulation 14A within 120 days of the end of the Company's 2022 2023 fiscal year.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.

The information required by this Item 12 will be included in the Company's Definitive Proxy Statement for the 2023 2024 Annual Meeting of Shareholders under the headings "Security Ownership of Certain Beneficial Owners and Management" and "Equity Compensation Plan Information" and is incorporated herein by reference. The Definitive Proxy Statement will be filed with the SEC pursuant to Regulation 14A within 120 days of the end of the Company's 2022 2023 fiscal year.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE.

The information required by this Item 13 will be included in the Company's Definitive Proxy Statement for the 2023 2024 Annual Meeting of Shareholders under the headings "Corporate Governance and Board Matters" and "Certain Relationships and Related-Person Transactions" and is incorporated herein by reference. The Definitive Proxy Statement will be filed with the SEC pursuant to Regulation 14A within 120 days of the end of the Company's 2022 2023 fiscal year.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES (PCAOB ID: 49).

The information required by this Item 14 will be included in the Company's Definitive Proxy Statement for the 2023 2024 Annual Meeting of Shareholders under the caption "Proposal 4: Ratification of Appointment of Independent Registered Public Accounting Firm" and is incorporated herein by reference. The Definitive Proxy Statement will be filed with the SEC pursuant to Regulation 14A within 120 days of the end of the Company's 2022 2023 fiscal year.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.

(a) The following documents are filed as part of this report:

(1) Financial Statements: The following consolidated financial statements of the registrant and its subsidiaries are filed as part of this document under "Item 8. Financial Statements and Supplementary Data."

Report of Independent Registered Accounting Firm (PCAOB ID: 49)

Consolidated Balance Sheets - December 31, 2022 December 31, 2023 and 2021 2022

Consolidated Statements of Income - Years Ended December 31, 2022 December 31, 2023, 2021, 2022, and 2020 2021

Consolidated Statements of Comprehensive Income - Years Ended December 31, 2022 December 31, 2023, 2021, 2022, and 2020 2021

Consolidated Statements of Shareholders' Equity - Years Ended December 31, 2022 December 31, 2023, 2021, 2022, and 2020 2021

Consolidated Statements of Cash Flows - Years Ended December 31, 2022 December 31, 2023, 2021, 2022, and 2020 2021

Notes to Consolidated Financial Statements

(2) Financial Statement Schedules:

All schedules are omitted as such information is inapplicable or is included in the financial statements.

(3) Exhibits:

The exhibits are filed as part of this report and exhibits incorporated herein by reference to other documents are as follows:

| Exhibit Number | Description | Incorporated by Reference to: |
|---------------------|--|---|
| 2.1 | Agreement and Plan of Merger dated November 1, 2021, by and among MidWestOne Financial Group, Inc., IFBC Acquisition Corp., and Iowa First Bancshares Corp.^ | Exhibit 2.1 to the Company's Current Report on Form 8-K filed with the SEC on November 1, 2021 |
| 3.1 | Amended and Restated Articles of Incorporation of MidWestOne Financial Group, Inc. filed with the Secretary of State of the State of Iowa on March 14, 2008 | Exhibit 3.3 to the Company's Amendment No. 1 to Registration Statement on Form S-4 (File No. 333-147628) filed with the SEC on January 14, 2008 |
| 3.2 | Articles of Amendment (First Amendment) to the Amended and Restated Articles of Incorporation of MidWestOne Financial Group, Inc. filed with the Secretary of State of the State of Iowa on January 23, 2009 | Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the SEC on January 23, 2009 |
| 3.3 | Articles of Amendment (Second Amendment) to the Amended and Restated Articles of Incorporation of MidWestOne Financial Group, Inc. filed with the Secretary of State of the State of Iowa on February 4, 2009 (containing the Certificate of Designations for the Company's Fixed Rate Cumulative Perpetual Preferred Stock, Series A) | Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the SEC on February 6, 2009 |
| 3.4 | Articles of Amendment (Third Amendment) to the Amended and Restated Articles of Incorporation of MidWestOne Financial Group, Inc., filed with the Secretary of State of the State of Iowa on April 21, 2017 | Exhibit 3.1 to the Company's Form 10-Q for the quarter ended March 31, 2017, filed with the SEC on May 4, 2017 |
| 3.5 | Third Amended and Restated Bylaws, as Amended of MidWestOne Financial Group, Inc. as of October 18, 2022 | Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the SEC on October 19, 2022 |
| 4.1 | Reference is made to Exhibits 3.1 through 3.5 hereof | N/A |
| 4.2 | Description of the Company's Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934 | Filed herewith Exhibit 4.2 to the Company's Form 10-K for the year ended December 31, 2022, filed with the SEC on March 13, 2023 |
| Exhibit Number | Description | Incorporated by Reference to: |
| 4.3 | Indenture, dated July 28, 2020, by and between MidWestOne Financial Group, Inc. and U.S. Bank National Association, as trustee | Exhibit 4.1 to the Company's Current Report on Form 8-K filed with the SEC on July 29, 2020 |
| 4.4 | Forms of 5.75% Fixed-to-Floating Rate Subordinated Note due 2030 (included as Exhibit A-1 and Exhibit A-2 to the Indenture filed as Exhibit 4.3 hereto) | Exhibit 4.1 to the Company's Current Report on Form 8-K filed with the SEC on July 29, 2020 |

| Exhibit Number | Description | Incorporated by Reference to: |
|---|--|--|
| 10.1 | MidWestOne Financial Group, Inc. Employee Stock Ownership Plan and Trust (Restated as of January 1, 2013)* | Exhibit 10.1 to the Company's Annual Report on Form 10-K filed with the SEC on March 6, 2020 |
| 10.2 | ISB Financial Corp. (now known as MidWestOne Financial Group, Inc.) 2008 Equity Incentive Plan* | Appendix F of the Joint Proxy Statement-Prospectus constituting part of the Company's Amendment No. 2 to Registration Statement on Form S-4 (File No. 333-147628) filed with the SEC on January 22, 2008 |
| 10.3 | MidWestOne Financial Group, Inc. 2017 Equity Incentive Plan* | Appendix A of the Company's Definitive Proxy Statement on Schedule 14A filed with the SEC on March 10, 2017 |
| 10.4 10.3 | Form of MidWestOne Financial Group, Inc. 2017 Equity Incentive Plan Restricted Stock Unit Award Agreement* | Exhibit 10.4 to the Company's Annual Report on Form 10-K filed with the SEC on March 11, 2021 |
| 10.5 10.4 | Form of MidWestOne Financial Group, Inc. 2017 Equity Incentive Plan Performance-Based Restricted Stock Unit Award Agreement* | Exhibit 10.5 to the Company's Annual Report on Form 10-K filed with the SEC on March 11, 2021 |
| 10.6 10.5 | Employment Agreement between MidWestOne Financial Group, Inc. and Charles N. Funk, dated October 18, 2017* | Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on October 18, 2017 |
| 10.7 10.6 | Supplemental Retirement Agreement between Iowa State Bank & Trust Company (now known as MidWestOne Bank) and Charles N. Funk, dated November 1, 2001* | Exhibit 10.13 of the Company's Registration Statement on Form S-4 (File No. 333-147628) filed with the SEC on November 27, 2007 |
| 10.8 10.7 | Employment Agreement between MidWestOne Financial Group, Inc. and James M. Cantrell, dated October 18, 2017* | Exhibit 10.5 to the Company's Current Report on Form 8-K filed with the SEC on October 18, 2017 |
| 10.9 10.8 | Credit Agreement by and between MidWestOne Financial Group, Inc. and U.S. Bank National Association dated April 30, 2015 June 7, 2022 | Exhibit 10.1 to the Company's Form 10-Q for the quarter ended June 30, 2015 filed with the SEC on August 10, 2015 |
| 10.10 10.9 | Fourth First Amendment to the Credit Agreement by and between MidWestOne Financial Group, Inc. and U.S. Bank National Association dated April 29, 2019 September 30, 2022 | Exhibit 10.9 to the Company's Annual Report on Form 10-K Filed herewith filed with the SEC on March 6, 2020 |
| 10.11 10.10 | Seventh Second Amendment to the Credit Agreement by and between MidWestOne Financial Group, Inc. and U.S. Bank National Association dated December 11, 2020 September 19, 2023 | Exhibit 10.11 to the Company's Annual Report on Form 10-K Filed herewith filed with the SEC on March 11, 2021 |
| 10.12 10.11 | Eighth Third Amendment to the Credit Agreement by and between MidWestOne Financial Group, Inc. and U.S. Bank National Association dated October 22, 2021 February 12, 2024 | Exhibit 10.1 to the Company's Form 10-Q for the quarter ended September 30, 2021 filed with the SEC on November 4, 2021 |
| 10.13 10.12 | Employment Agreement between MidWestOne Financial Group, Inc. and Barry S. Ray, effective June 4, 2018* | Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on May 4, 2018 |
| 10.14 10.13 | Employment Agreement between MidWestOne Financial Group, Inc. and Gary L. Sims, effective June 25, 2018* | Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on June 11, 2018 |

| Exhibit Number | Description | Incorporated by Reference to: |
|---|--|--|
| 10.15 10.14 | Change in Control Agreement between MidWestOne Financial Group, Inc. and David Lindstrom, effective February 21, 2018* | Exhibit 10.23 to the Company's Annual Report on Form 10-K filed with the SEC on March 8, 2019 |

| Exhibit Number | Description | Incorporated by Reference to: |
|---|---|---|
| 10.16 10.15 | Change in Control Agreement between MidWestOne Financial Group, Inc. and Gregory W. Turner, effective October 13, 2017* | Exhibit 10.13 to the Company's Annual Report on Form 10-K filed with the SEC on March 6, 2020 |
| 10.17 10.16 | Amended and Restated MidWestOne Financial Group, Inc. Executive Deferred Compensation Plan, effective December 15, 2020* | Exhibit 10.16 to the Company's Annual Report on Form 10-K filed with the SEC on March 11, 2021 |
| 10.18 10.17 | Amended and Restated Employment Agreement between MidWestOne Financial Group, Inc. and Len D. Devaisher, dated March 8, 2022* | Exhibit 10.18 to the Company's Annual Report on Form 10-K filed with the SEC on March 10, 2022 |
| 10.19 10.18 | Letter Agreement which revises the Amended and Restated Employment Agreement between MidWestOne Financial Group, Inc. and Len D. Devaisher, dated September 27, 2022* | Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on September 29, 2022 |
| 10.20 10.19 | Employment Agreement between MidWestOne Financial Group, Inc. and Charles N. Reeves, dated November 1, 2022* | Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on October 19, 2022 |
| 10.21 10.20 | Letter Agreement, dated January 24, 2023, from the Compensation Committee of the Board of Directors of MidWestOne Financial Group, Inc., to Charles N. Funk regarding compensation matters* | Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on January 26, 2023 |
| 10.21 | MidWestOne Financial Group, Inc. 2023 Equity Incentive Plan* | Exhibit 4.6 to the Company's Form S-8 filed with the SEC on May 5, 2023 |
| 10.22 | Form of MidWestOne Financial Group, Inc. 2023 Equity Incentive Plan Restricted Stock Unit Award Agreement* | Exhibit 4.7 to the Company's Form S-8 filed with the SEC on May 5, 2023 |
| 10.23 | Form of MidWestOne Financial Group, Inc. 2023 Equity Incentive Plan Performance-Based Restricted Stock Unit Award Agreement* | Exhibit 4.8 to the Company's Form S-8 filed with the SEC on May 5, 2023 |
| 19.1 | Insider Trading Policy and Guidelines with Respect to Certain Transactions in Company Securities of MidWestOne Financial Group, Inc., as amended January 23, 2024 | Filed herewith |
| 21.1 | Subsidiaries of MidWestOne Financial Group, Inc. | Filed herewith |
| 23.1 | Consent of RSM US LLP | Filed herewith |
| 31.1 | Certification of Principal Executive Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) | Filed herewith |
| 31.2 | Certification of Principal Financial Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) | Filed herewith |

| Exhibit Number | Description | Incorporated by Reference to: |
|----------------------|--|-------------------------------|
| 31.3 | Certification of Principal Accounting Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) | Filed herewith |
| 32.1 | Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 | Filed herewith |
| 32.2 | Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 | Filed herewith |
| 32.3 | Certification of Principal Accounting Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 | Filed herewith |
| 97.1 | MidWestOne Financial Group, Inc. Clawback Policy | Filed herewith |

| Exhibit Number | Description | Incorporated by Reference to: |
|-------------------|---|-------------------------------|
| 101 | The following financial statements from the Company's Annual Report on Form 10-K for the year ended December 31, 2022 , 2023 , formatted in Inline XBRL: (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Income (iii) Consolidated Statements of Comprehensive Income, (iv) Consolidated Statements of Shareholders' Equity, (v) Consolidated Statements of Cash Flows, and (vi) Notes to Consolidated Financial Statements, tagged as blocks of text and including detailed tags. | Filed herewith |
| 101.SCH | Inline XBRL Taxonomy Extension Schema Document | Filed herewith |
| 101.CAL | Inline XBRL Taxonomy Extension Calculation Linkbase Document | Filed herewith |
| 101.DEF | Inline XBRL Taxonomy Extension Definition Linkbase Document | Filed herewith |
| 101.LAB | Inline XBRL Taxonomy Extension Label Linkbase Document | Filed herewith |
| 101.PRE | Inline XBRL Taxonomy Extension Presentation Linkbase Document | Filed herewith |
| 101.INS | The Inline XBRL Instance Document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document | Filed herewith |
| 104 | Cover Page Interactive Data File (formatted inline XBRL and contained in Exhibit 101) | Filed herewith |

* Indicates management contract or compensatory plan or arrangement.

^ The schedules have been omitted pursuant to Item 601(b)(2) of Regulation S-K and will be provided to the SEC upon request.

ITEM 16. FORM 10-K SUMMARY.

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

MIDWESTONE FINANCIAL GROUP, INC.

Dated: March 13, 20238, 2024

By: /s/ CHARLES N. REEVES

Charles N. Reeves

Chief Executive Officer

(Principal Executive Officer)

By: /s/ BARRY S. RAY

Barry S. Ray

Chief Financial Officer

(Principal Financial Officer)

By: /s/ JOHN J. RUPPEL

John J. Ruppel

Chief Accounting Officer

(Principal Accounting Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

| Signature | Title | Date |
|---|---|---------------|
| <div>/s/ CHARLES N. REEVES</div> <div>Charles N. Reeves</div> | <div>Chief Executive Officer; Director</div> <div>(Principal Executive Officer)</div> | March 8, 2024 |
| <div>/s/ BARRY S. RAY</div> <div>Barry S. Ray</div> | <div>Chief Financial Officer</div> <div>(Principal Financial Officer)</div> | March 8, 2024 |
| <div>/s/ JOHN J. RUPPEL</div> <div>John J. Ruppel</div> | <div>Chief Accounting Officer</div> <div>(Principal Accounting Officer)</div> | March 8, 2024 |
| <div>/s/ KEVIN W. MONSON</div> <div>Kevin W. Monson</div> | <div>Chairman of the Board</div> | March 8, 2024 |
| <div>/s/ LARRY D. ALBERT</div> <div>Larry D. Albert</div> | <div>Director</div> | March 8, 2024 |
| <div>/s/ RICHARD R. DONOHUE</div> <div>Richard R. Donohue</div> | <div>Director</div> | March 8, 2024 |
| <div>/s/ CHARLES N. FUNK</div> <div>Charles N. Funk</div> | <div>Director</div> | March 8, 2024 |
| <div>/s/ JANET E. GODWIN</div> <div>Janet E. Godwin</div> | <div>Director</div> | March 8, 2024 |

| | | |
|---|----------|---------------|
| <u>/s/ DOUGLAS H. GREEFF</u> Douglas H. Greeff | Director | March 8, 2024 |
| <u>/s/ RICHARD J. HARTIG</u> Richard J. Hartig | Director | March 8, 2024 |
| <u>/s/ JENNIFER L. HAUSCHILDT</u> Jennifer L. Hauschildt | Director | March 8, 2024 |
| <u>/s/ MATTHEW J. HAYEK</u> Matthew J. Hayek | Director | March 8, 2024 |
| <u>/s/ RUTH E. HEINONEN</u> Ruth E. Heinonen | Director | March 8, 2024 |
| <u>/s/ NATHANIEL J. KAEDING</u> Nathaniel J. Kaeding | Director | March 8, 2024 |
| <u>/s/ TRACY S. MCCORMICK</u> Tracy S. McCormick | Director | March 8, 2024 |

CREDIT AGREEMENT

by and between

MIDWESTONE FINANCIAL GROUP, INC.
(the “Borrower”)

and

U.S. BANK NATIONAL ASSOCIATION
(the “Bank”)

Dated as of June 7, 2022

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| <u>/s/ LARRY D. ALBERT</u> Larry D. Albert | Director | March 13, 2023 |
| | | |
| <u>/s/ RICHARD R. DONOHUE</u> Richard R. Donohue | Director | March 13, 2023 |
| | | |
| <u>/s/ CHARLES N. FUNK</u> Charles N. Funk | Director | March 13, 2023 |
| | | |
| <u>/s/ JANET E. GODWIN</u> Janet E. Godwin | Director | March 13, 2023 |

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CREDIT AGREEMENT

THIS CREDIT AGREEMENT dated as of June 7, 2022 (this “Agreement”) is by and between MidWestOne Financial Group, Inc. a corporation organized under the laws of the State of Iowa (the “Borrower”), and U.S. Bank National Association, a national banking association (the “Bank”).

RECITALS

WHEREAS, the Borrower has requested that the Bank provide a credit facility as set forth below, and the Bank is willing to do so on the terms and conditions set forth herein.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I. DEFINITIONS AND ACCOUNTING TERMS

Section 1.1 Defined Terms. As used in this Agreement the following terms shall have the following respective meanings (and such meanings shall be equally applicable to both the singular and plural form of the terms defined, as the context may require):

“Affiliate”: When used with reference to any Person, (a) each Person that, directly or indirectly, controls, is controlled by or is under common control with, the Person referred to, (b) each Person which beneficially owns or holds, directly or indirectly, five percent or more of any class of voting Equity Interests of the Person referred to, (c) each Person, five percent or more of the voting Equity Interests (or if such Person is not a corporation, five percent or more of the equity interest) of which is beneficially owned or held, directly or indirectly, by the Person referred to, and (d) each of such Person’s officers, directors, joint venturers and partners. The term control (including the terms “controlled by” and “under common control with”) means the possession, directly, of the power to direct or cause the direction of the management and policies of the Person in question.

"Anti-Corruption Laws": All laws, rules, and regulations of any jurisdiction applicable to the Borrower or its Subsidiaries, if any, from time to time concerning or relating to bribery or corruption.

"Applicable Margin": Means 1.55%.

"Bank": As defined in the opening paragraph hereof.

"Banking Day": Any day (other than a Saturday, Sunday or legal holiday in the State of Minnesota) on which national banks are permitted to be open in St. Paul, Minnesota and New York, New York.

"Bank Regulatory Authority": The Board, the Comptroller of the Currency, the FDIC, the Office of Thrift Supervision and all other relevant regulatory authorities (including, without limitation, relevant state bank regulatory authorities).

"Benchmark": As defined in Section 2.4(c).

"Beneficial Ownership Certification": A certification regarding beneficial ownership as required by the Beneficial Ownership Regulation.

"Beneficial Ownership Regulation": 31 C.F.R. § 1010.230.

"Board": The Board of Governors of the Federal Reserve System or any successor thereto.

"Borrower": As defined in the opening paragraph hereof.

"Capitalized Lease": A lease of (or other agreement conveying the right to use) real or personal property with respect to which at least a portion of the rent or other amounts thereon constitute Capitalized Lease Obligations.

"Capitalized Lease Obligations": As to any Person, the obligations of such Person to pay rent or other amounts under a lease of (or other agreement conveying the right to use) real or personal property which obligations are required to be classified and accounted for as a capital lease on a balance sheet of such Person under GAAP (including Statement of Financial Accounting Standards No. 13 of the Financial Accounting Standards Board), and, for purposes of this Agreement, the amount of such obligations shall be the capitalized amount thereof, determined in accordance with GAAP (including such Statement No. 13).

"Change": Means (a) Any change after the date of this Agreement in the Risk-Based Capital Guidelines or (b) any adoption of or change in any other law, governmental or quasi-governmental rule, regulation, policy, guideline, interpretation, or directive (whether or not having the force of law) or in the interpretation, promulgation, implementation or administration thereof after the date of this Agreement that affects the amount of capital required or expected to be maintained by the Bank or any corporation controlling the Bank. Notwithstanding the foregoing, for purposes of this Agreement, all requests, rules, guidelines or directives in connection with the Dodd-Frank Wall Street Reform and Consumer Protection Act shall be deemed to be a Change regardless of the date enacted, adopted or issued and all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States financial regulatory authorities shall be deemed to be a Change regardless of the date adopted, issued, promulgated or implemented.

"Change of Control": Either:

Article I. The acquisition of ownership, directly or indirectly, beneficially or of record, by any Person other than a Permitted Major Owner or group (within the meaning of the Securities Exchange Act of 1934 and the rules of the Securities Exchange Commission thereunder as in effect on the date hereof) of Equity Interests representing more than 25% of the aggregate ordinary voting power represented by the issued and outstanding Equity Interests of the Borrower;

(a) occupation of a majority of the seats (other than vacant seats) on the board of directors of the Borrower by Persons who were (i) not nominated by, or whose nomination for election was not approved or ratified by a majority of the directors of, the

board of directors of the Borrower, or (ii) not appointed by Persons described in the foregoing clause (i); or

(b) the occurrence of a change in control, or other similar provision, as defined in any agreement or instrument evidencing any Indebtedness of the Borrower or its Subsidiary Banks in excess of \$250,000.

"Closing Date": June 7, 2022.

"Code": The Internal Revenue Code of 1986, as amended.

"Commitments": The Revolving Commitment and the Term Loan Commitment.

"Contingent Obligation": With respect to any Person at the time of any determination, without duplication, any obligation, contingent or otherwise, of such Person guaranteeing or having the economic effect of guaranteeing any Indebtedness of any other Person (the "primary obligor") in any manner, whether directly or otherwise: (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or to purchase (or to advance or supply funds for the purchase of) any direct or indirect security therefor, (b) to purchase property, securities, Equity Interests or services for the purpose of assuring the owner of such Indebtedness of the payment of such Indebtedness, (c) to maintain working capital, equity capital or other financial statement condition of the primary obligor so as to enable the primary obligor to pay such Indebtedness or otherwise to protect the owner thereof against loss in respect thereof, or (d) entered into for the purpose of assuring in any manner the owner of such Indebtedness of the payment of such Indebtedness or to protect the owner against loss in respect thereof; provided, that the term "Contingent Obligation" shall not include endorsements for collection or deposit, in each case in the ordinary course of business.

"Current Liabilities": As of any date, the consolidated current liabilities of the Borrower, determined in accordance with GAAP.

"Daily Simple SOFR": Means a daily rate based on SOFR and determined by the Bank in accordance with the conventions for such rate selected by the Bank.

"Default": Any event which, with the giving of notice (whether such notice is required under Section 7.1, or under some other provision of this Agreement, or otherwise) or lapse of time, or both, would constitute an Event of Default.

"Equity Interests": All shares, interests, participation or other equivalents, however designated, of or in a corporation or limited liability company, whether or not voting, including but not limited to common stock, member interests, warrants, preferred stock, convertible debentures, and all agreements, instruments and documents convertible, in whole or in part, into any one or more or all of the foregoing.

"ERISA": The Employee Retirement Income Security Act of 1974, as amended.

"ERISA Affiliate": Any trade or business (whether or not incorporated) that is a member of a group of which the Borrower is a member and which is treated as a single employer under Section 414 of the Code.

"Event of Default": Any event described in Section 7.1.

"Existing Credit Agreement": Means that certain Credit Agreement dated as of April 30, 2015, by and between the Borrower and the Bank, as amended.

"First Bancshares": Iowa First Bancshares Corp., [an Iowa] corporation.

"First Bancshares Acquisition": The acquisition by Borrower of all of the Equity Interests of First Bancshares

"First Bancshares Acquisition Documents": The [Agreement and Plan of Merger] by and between the Borrower and First Bancshares evidencing the First Bancshares Acquisition, along with other instruments and agreements related to the First Bancshares Acquisition, copies of which have been provided to the Bank.

"First Bancshares Banks": First Bank Fairfield and First Bank Muscatine.

"First Bank Fairfield": First National Bank in Fairfield, [an Iowa] banking corporation.

"First Bank Muscatine": First National Bank of Muscatine, [an Iowa] banking corporation.

"Fixed Charge Coverage Ratio": As of any date of determination, with respect to any specified period ending on the date of determination, the ratio of:

- (a) the sum of (i) Net Income, plus (ii) non-cash charges or expenses, including depreciation and amortization, plus (iii) Interest Expense, plus (iv) one time losses associated with acquisitions or sales of assets, minus (v) any Restricted Payments paid in cash, minus (vi) non-cash income, minus (vii) one-time gains associated with acquisitions or sales of assets,
- to
- (b) the sum of (i) Interest Expense with respect to such period, plus (ii) the principal amount of the Term Loan required to be paid during such period pursuant to Section 2.5(b), plus (iii) one fifth of the Revolving Commitment Amount;

determined with respect to the Borrower, without consolidation with its Subsidiaries, in accordance with Regulatory Reporting Principles.

"GAAP": Generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as may be approved by a significant segment of the accounting profession, which are applicable to the circumstances as of any date of determination.

"Governmental Authority": means the government of the United States of America or any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including, without limitation, any supra-national bodies such as the European Union or the European Central Bank) and any group or body charged with setting financial accounting or regulatory capital rules or standards (including, without limitation, the Financial Accounting Standards Board, the Bank for International Settlements or the Basel Committee on Banking Supervisory Practices or any successor or similar authority to any of the foregoing).

"Immediately Available Funds": Funds with good value on the day and in the city in which payment is received.

"Indebtedness": With respect to any Person, at the time of any determination, without duplication, all obligations, contingent or otherwise, of such Person which in accordance with GAAP should be classified upon the balance sheet of such Person as liabilities, but in any event including the following: (a) all obligations of such Person for borrowed money (including non-recourse obligations), (b) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments, (c) all obligations of such Person upon which interest charges are customarily paid or accrued, (d) all obligations of such Person under conditional sale or other title retention agreements relating to property purchased by such Person, (e) all obligations of such Person issued or assumed as the deferred purchase price of property or services excluding trade payables incurred in the ordinary course of business, (f) all obligations of others secured by any Lien on property owned or acquired by such Person, whether or not the obligations secured thereby have been assumed, (g) all Capitalized Lease Obligations of such Person, (h) all obligations of such Person in respect of interest rate swap agreements, cap or collar agreements, interest rate futures or option contracts, currency swap agreements, currency futures or option agreements and other similar contracts, including all Rate Protection Agreements, (i) all obligations of such Person, actual or contingent, as an account party in respect of letters of credit or bankers' acceptances, (j) all obligations of any partnership or joint venture as to which such Person is or may become personally liable, (k) all obligations of such Person under any Equity Interests issued by such Person, and (l) all Contingent Obligations of such Person.

"Indemnatee": As defined in Section 8.12.

"Interest Expense": With respect to any Person, for any period of determination, the aggregate amount, without duplication, of interest paid, accrued or scheduled to be paid in respect of any Indebtedness of such Person, including (a) all but the principal component of payments in respect of conditional sale contracts, Capitalized Leases and other title retention agreements, (b) commissions, discounts and other fees and charges with respect to letters of credit and bankers' acceptance financings, (c) interest payments on the Trust Preferred Shares, and (d) net costs under any Rate Protection Agreement, in each case determined in accordance with GAAP.

"Investment": The acquisition, purchase, making or holding of any Equity Interests or other security, any loan, advance, contribution to capital, extension of credit (except for trade and customer accounts receivable for inventory sold or services rendered in the ordinary course of business and payable in accordance with customary trade terms), any acquisitions of real or personal property (other than real and personal property acquired in the ordinary course of business) and any purchase or commitment or option to purchase Equity Interests, securities or other debt of or any interest in another Person or any integral part of any business or the assets comprising such business or part thereof and the formation of, or entry into, any partnership as a limited or general partner or the entry into any joint venture. The amount of any Investment shall be the original cost of such Investment plus the cost of all additions thereto, without any adjustments for increases or decreases in value, or write-ups, write-downs or write-offs with respect to such Investment.

“Lien”: With respect to any Person, any security interest, mortgage, pledge, lien, charge, encumbrance, title retention agreement or analogous instrument or device (including the interest of each lessor under any Capitalized Lease), in, of or on any assets or properties of such Person, now owned or hereafter acquired, whether arising by agreement or operation of law.

“Loan”: Separately, the Revolving Loan or the Term Loan, without distinction, and collectively, the Revolving Loan and the Term Loan.

“Loan Documents”: This Agreement and the Notes.

“Loan Loss Reserves”: With respect to any Person, the loan loss reserve of such Person, as reported in the most recent call reports of such Person.

“Material Adverse Occurrence”: Any occurrence of whatsoever nature (including, without limitation, any adverse determination in any litigation, arbitration, or governmental investigation or proceeding upon which either (i) an enforcement proceeding shall have been commenced by any creditor upon a judgment or order; or (ii) there shall be any period of ten (10) consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect) which materially and adversely affects (a) the business, assets, properties, liabilities (actual or contingent), operations, condition (financial or otherwise) or prospects of the Borrower and its Subsidiaries taken as a whole, (b) the facts and information regarding the Borrower or any of its Subsidiaries which has been provided to the Bank, (c) the ability of the Borrower to perform its obligations under any of the Loan Documents, (d) the validity or enforceability of the material obligations of the Borrower under any Loan Document, or (e) the rights and remedies of the Bank against the Borrower.

“Maximum Rate”: As defined in Section 8.17.

“MidWestOne Bank”: MidWestOne Bank, an Iowa banking corporation.

“Monthly Reset Term SOFR Rate”: Means the greater of (a) zero and (b) the one-month forward-looking term rate based on SOFR quoted by the Bank from the Term SOFR Administrator’s Website (or other commercially available source providing such quotations as may be selected by the Bank from time to time), which shall be that one-month Term SOFR rate in effect two New York Banking Days prior to the Rate Adjustment Date, adjusted for any reserve requirement and any subsequent costs arising from a change in government regulation; provided that if the Term SOFR rate is not published on such New York Banking Day due to a holiday or other circumstance that the Bank deems in its sole discretion to be temporary, the applicable Term SOFR rate shall be the Term SOFR rate last published prior to such New York Banking Day. If the initial Revolving Loan or the Term Loan Advance under this Agreement occurs other than on the Rate Adjustment Date, the initial one-month Term SOFR rate in effect two New York Banking Days prior to the later of (a) the immediately preceding Rate Adjustment Date and (b) the Closing Date, which rate plus the percentage described above shall be in effect until the next Rate Adjustment Date.

“Multiemployer Plan”: A multiemployer plan, as such term is defined in Section 4001 (a) (3) of ERISA, which is maintained (on the Closing Date, within the five years preceding the Closing Date, or at any time after the Closing Date) for employees of the Borrower or any ERISA Affiliate.

“Net Income”: With respect to any Person, the net income of such Person, without consolidation with its Subsidiaries, after deductions for all expenses, including, but not limited to, income taxes if any, Interest Expense, and non-cash charges or expenses, including depreciation and amortization, all as determined in accordance with GAAP.

“New York Banking Day”: Any day (other than a Saturday or Sunday) on which commercial banks are open for business in New York, New York.

“Non-Performing Loans”: With respect to any Person, the sum of all loans including those listed as “other restructured” or “other renegotiated” in any report to Bank Regulatory Authorities made by such Person that are either (a) ninety (90) days or more past due (either principal or interest) or (b) in non-accrual status, minus, in each case, a dollar amount representing the obligation any Governmental Authority guarantying the repayment of such loan.

“Note”: Separately, the Revolving Note or the Term Note, without distinction, and collectively, the Revolving Note and the Term Note.

“Obligations”: The Borrower’s obligations in respect of the due and punctual payment of principal and interest on the Notes when and as due, whether by acceleration or otherwise and all fees, expenses, indemnities, reimbursements and other obligations of the Borrower under this Agreement (including Revolving Commitment Fees) or any other Loan Document, and the Rate Protection Obligations, if any, in all cases whether now existing or hereafter arising or incurred.

“OFAC”: The U.S. Department of the Treasury’s Office of Foreign Assets Control, and any successor thereto.

“OREO”: With respect to any Person, the value of all real estate owned by such Person and classified as such by the regulatory authorities responsible for examining such Person, as shown on the most recent call or examination reports for such Person, minus, in each case, a dollar

amount representing the obligation of any Governmental Authority guarantying the repayment of a loan financing such real estate.

"Participants": As defined in Section 8.6(b).

"PATRIOT Act": The USA PATRIOT Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)), as amended from time to time, and any successor statute.

"Payment Date": March 31, June 30, September 30 and December 31 of each year.

"PBGC": The Pension Benefit Guaranty Corporation, established pursuant to Subtitle A of Title IV of ERISA, and any successor thereto or to the functions thereof.

"Person": Any natural person, corporation, partnership, limited partnership, limited liability company, joint venture, firm, association, trust, unincorporated organization, government or governmental agency or political subdivision or any other entity, whether acting in an individual, fiduciary or other capacity.

"Plan": Each employee benefit plan (whether in existence on the Closing Date or thereafter instituted), as such term is defined in Section 3 of ERISA, maintained for the benefit of employees, officers or directors of the Borrower or of any ERISA Affiliate.

"Prepayment Event":

(a) any sale, transfer or other disposition (including pursuant to a sale and leaseback transaction) of any property or asset of the Borrower or any Subsidiary, other than dispositions described in clauses (a), (b), (c) and (d) of Section 6.2;

(b) any casualty or other insured damage to, or any taking under power of eminent domain or by condemnation or similar proceeding of, any property or asset of the Borrower or any Subsidiary, but only to the extent that the net proceeds therefrom have not been applied, or committed pursuant to an agreement (including any purchase orders) to be applied, to repair, restore or replace such property or asset within 180 days after such event; or

(c) the incurrence by the Borrower or any Subsidiary of any Indebtedness, other than Indebtedness permitted by Section 6.11.

"Prime Rate": A rate per annum equal to the greater of (i) zero percent (0.0%) and (ii) the prime rate of interest announced from time to time by the Bank or its parent (which is not necessarily the lowest rate charged to any customer), changing when and as said prime rate changes.

"Prohibited Transaction": The respective meanings assigned to such term in Section 4975 of the Code and Section 406 of ERISA.

"Property": any and all property, whether real, personal, tangible, intangible or mixed, of such Person, or other assets owned, leased or operated by such Person.

"Rate Adjustment Date": Means the first day of each month.

"Rate Protection Agreement": Any interest rate swap, cap or option agreement, or any other agreement pursuant to which the Borrower or any Subsidiary hedges interest rate risk.

"Rate Protection Obligations": The liabilities, indebtedness and obligations of the Borrower, if any, under a Rate Protection Agreement with the Bank, or any Affiliate of the Bank, excluding any joint venturers or partners of the Bank.

"Regulatory Action": Any cease and desist order, letter agreement, memorandum, or other similar regulatory action taken by a state or federal banking agency or other Person to which either the Borrower or any Subsidiary Bank is subject which, in the Bank's sole discretion, could reasonably be expected to have a material adverse effect on the Borrower or any Subsidiary Bank.

"Regulatory Reporting Principles": Principles of accounting required by applicable regulations and used in the preparation of the Borrower's periodic Form FRY-9LP statements filed with the Federal Reserve Board.

"Reportable Event": A reportable event as defined in Section 4043 of ERISA and the regulations issued under such Section, with respect to a Plan, excluding, however, such events as to which the PBGC by regulation has waived the requirement of Section 4043(a) of ERISA that it be notified within 30 days of the occurrence of such event, provided that a failure to meet the minimum funding standard of Section 412 of the Code and of Section 302 of ERISA shall be a Reportable Event regardless of the issuance of any waiver in accordance with Section 412(d) of the Code.

“Restricted Payments”: With respect to the Borrower, all dividends or other distributions of any nature (cash, Equity Interests, assets or otherwise) with respect to, and all other payments on account of, any class of Equity Interests (including warrants, options or rights therefor) issued by the Borrower, whether such Equity Interests are authorized or outstanding on the Closing Date or at any time thereafter, and any redemption or purchase of, or distribution in respect of, any Equity Interests of the Borrower, whether directly or indirectly.

“Revolving Commitment”: The agreement of the Bank to make Revolving Loans to the Borrower in an aggregate principal amount outstanding at any time not to exceed the Revolving Commitment Amount upon the terms and subject to the conditions and limitations of this Agreement.

“Revolving Commitment Amount”: \$25,000,000.

“Revolving Commitment Fees”: As defined in Section 2.9.

“Revolving Loan”: As defined in Section 2.1(a).

“Revolving Loan Date”: The date of the making of any Revolving Loan hereunder.

“Revolving Loan Maturity Date”: September 30, 2022.

“Revolving Loan Termination Date”: The earlier of (a) the Revolving Loan Maturity Date, and (b) the date on which the Revolving Note is accelerated pursuant to Section 7.2.

“Revolving Note”: A promissory note of the Borrower in the form of Exhibit A-1, evidencing the obligation of the Borrower to repay the Revolving Loan, as the same may be amended, restated or otherwise modified from time to time.

“Risk-Based Capital Guidelines”: Means (i) the risk-based capital guidelines in effect in the United States on the date of this Agreement, including transition rules, and (ii) the corresponding capital regulations promulgated by regulatory authorities outside the United States including transition rules, and any amendments to such regulations adopted prior to the date of this Agreement.

“Sanctioned Country”: At any time, any country or territory which is itself the subject or target of any comprehensive Sanctions.

“Sanctioned Person”: At any time, (a) any Person or group listed in any Sanctions-related list of designated Persons maintained by OFAC or the U.S. Department of State, the United Nations Security Council, the European Union or any EU member state, (b) any Person or group operating, organized or resident in a Sanctioned Country, (c) any agency, political subdivision or instrumentality of the government of a Sanctioned Country, or (d) any Person 50% or more owned, directly or indirectly, by any of the above.

“Sanctions”: Economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by (a) the U.S. government, including those administered by OFAC or the U.S. Department of State or (b) the United Nations Security Council, the European Union or Her Majesty's Treasury of the United Kingdom.

“SEC”: The Securities Exchange Commission, or any successor agency performing similar functions.

“SOFR”: Means the secured overnight financing rate which is published by the Board or any committee convened by the Board and available at www.newyorkfed.org.

“Subordinated Debt”: Any Indebtedness of the Borrower, now existing or hereafter created, incurred or arising, which (a) is subordinated in right of payment to the payment of the Obligations in a manner and to an extent that the Bank has approved in writing prior to the creation of such Indebtedness, or (b) is existing on the date of this Agreement and disclosed on Schedule 6.11 as Subordinated Debt for which the Bank has received subordination agreements satisfactory in scope, form and substance to the Bank.

“Subsidiary”: Any corporation or other entity of which Equity Interests having ordinary voting power for the election of a majority of the board of directors or other Persons performing similar functions are owned by the Borrower either directly or through one or more Subsidiaries.

“Subsidiary Banks”: Individually or collectively, as the context may require, any of the banks listed as “Subsidiary Banks” on Schedule 4.18 and each additional Subsidiary of the Borrower that is a federally- or state-chartered bank or thrift institution.

“Tangible Capital”: With respect to any Person, as of any date of determination, the sum of (i) the total amount of the capital stock, surplus, subordinated debt and undivided profits accounts less intangible assets of such Person, in each case determined in accordance with GAAP, and (ii) Loan Loss Reserves of such Person.

“Term Loan”: As defined in Section 2.1(b).

“Term Loan Advance”: As defined in Section 2.1(b).

“Term Loan Advance Date”: The date of the making of the Term Loan Advance hereunder.

“Term Loan Commitment”: The agreement of the Bank to make the Term Loan to the Borrower in an aggregate principal amount outstanding at any time not to exceed the Term Loan Commitment Amount upon the terms and subject to the conditions and limitations of this Agreement.

“Term Loan Commitment Amount”: Up to \$35,000,000.

“Term Loan Maturity Date”: June 30, 2027.

“Term Loan Termination Date”: The earlier of (a) the Term Loan Maturity Date, and (b) the date on which the Term Note is accelerated pursuant to Section 7.2.

“Term Note”: A promissory note of the Borrower in the form of Exhibit A-2 evidencing the obligation of the Borrower to repay the Term Loan, as the same may be amended, restated or otherwise modified from time to time.

“Term SOFR”: means a forward-looking term rate based on SOFR and recommended by the Board.

“Term SOFR Administrator’s Website”: Means the website or any successor source for Term SOFR identified by CME Group Benchmark Administration Ltd. (or a successor administrator of Term SOFR).

“Total Risk Based Capital Ratio”: With respect to any Person, the ratio of (a) total risk-based capital, to (b) total risk-weighted assets of such Person.

“Trust Preferred Shares”: The trust preferred shares issued or assumed by the Borrower.

“Unused Revolving Commitment”: As of any date of determination, the amount by which the Revolving Commitment Amount exceeds the Revolving Loans on such date.

Section 1.2 Accounting Terms and Calculations. Except as may be expressly provided to the contrary herein, all accounting terms used herein shall be interpreted and all accounting determinations hereunder shall be made in accordance with GAAP. To the extent any change in GAAP affects any computation or determination required to be made pursuant to this Agreement, such computation or determination shall be made as if such change in GAAP had not occurred unless the Borrower and the Bank agree in writing on an adjustment to such computation or determination to account for such change in GAAP.

Section 1.3 Computation of Time Periods. In this Agreement, in the computation of a period of time from a specified date to a later specified date, unless otherwise stated the word “from” means “from and including” and the word “to” or “until” each means “to but excluding.”

Section 1.4 Other Definitional Terms. The words “hereof,” “herein” and “hereunder” and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement. References to Sections, Exhibits, Schedules and like references are to this Agreement unless otherwise expressly provided. The words “include,” “includes” and “including” shall be deemed to be followed by the phrase “without limitation.” Unless the context in which used herein otherwise clearly requires, “or” has the inclusive meaning represented by the phrase “and/or.” All incorporation by reference of covenants, terms, definitions or other provisions from other agreements are incorporated into this Agreement as if such provisions were fully set forth herein, and such incorporation shall include all necessary definitions and related provisions from such other agreements but including only amendments thereto agreed to by the Bank, and shall survive any termination of such other agreements until the obligations of the Borrower under this Agreement and the Notes are irrevocably paid in full, and the commitments of the Bank to advance funds to the Borrower are terminated.

Section 1.5 Delaware Divisions Law and Comparable Laws in Other Jurisdictions. For all purposes under the Loan Documents, in connection with any division or plan of division under Delaware law (or any comparable event under a different jurisdiction’s laws): (a) if any asset, right, obligation or liability of any Person becomes the asset, right, obligation or liability of a different Person, then it shall be deemed to have been transferred from the original Person to the subsequent Person, and (b) if any new Person comes into existence, such new Person shall be deemed to have been organized on the first date of its existence by the holders of its Equity Interests at such time.

ARTICLE II.

TERMS OF THE CREDIT FACILITIES

Section 2.1. Lending Commitments

(a) On the terms and subject to the conditions hereof, the Bank agrees to make available to the Borrower a credit facility available as loans (each, a "Revolving Loan" and, collectively, the "Revolving Loans") on a revolving basis at any time and from time to time from the Closing Date to the Revolving Loan Termination Date, during which period the Borrower may borrow, repay and re-borrow in accordance with the provisions hereof, provided, the unpaid principal amount of outstanding Revolving Loans shall not at any time exceed the Revolving Commitment Amount.

(b) On the terms and subject to the conditions hereof, the Bank agrees to make available to the Borrower a term loan ("Term Loan") available in one advance (the "Term Loan Advance") on the Closing Date not to exceed the Term Loan Commitment Amount. Upon the occurrence of the Term Loan Advance, the Term Loan Commitment shall expire. Amounts paid or prepaid on the Term Loan may not be reborrowed.

Section 2.2. Procedure for Revolving Loans and Term Loan Advance. Any request by the Borrower for a Revolving Loan or the Term Loan Advance hereunder shall be in writing or by telephone and must be given so as to be received by the Bank not later than 2:00 p.m. (Saint Paul time) on the requested Revolving Loan Date or Term Loan Advance Date, as applicable. Each request for a Revolving Loan or the Term Loan Advance hereunder shall be irrevocable and shall be deemed a representation by the Borrower that, on the requested Revolving Loan Date or Term Loan Advance Date and after giving effect to the requested Revolving Loan or the Term Loan Advance, the applicable conditions specified in Article III have been and will be satisfied. Each request for a Revolving Loan or the Term Loan Advance hereunder shall specify (i) the requested Revolving Loan Date or Term Loan Advance Date, as applicable, and (ii) the amount of the Revolving Loan or Term Loan Advance to be made on such date, which amount, in the case of a Revolving Loan, shall be in the minimum amount of \$500,000, plus incremental amounts of \$100,000. The Bank may rely on any telephone request by the Borrower for a Revolving Loan or the Term Loan Advance hereunder which it believes in good faith to be genuine; and the Borrower hereby waives the right to dispute the Bank's record of the terms of such telephone request. Unless the Bank determines that any applicable condition specified in Article III has not been satisfied, the Bank will make available to the Borrower at the Bank's office in Saint Paul, Minnesota, in Immediately Available Funds on the requested Revolving Loan Date or Term Loan Advance Date, as applicable, the amount of the requested Revolving Loan or the Term Loan Advance.

Section 2.3. Notes. The Revolving Loans shall be evidenced by the Revolving Note payable to the order of the Bank in a principal amount equal to the Revolving Commitment Amount originally in effect. The Term Loan shall be evidenced by the Term Note payable to the order of the Bank in a principal amount equal to the Term Loan Advance. The Bank shall enter in its ledgers and records the amount of each Loan, converted or continued and the payments made thereon, and the Bank is authorized by the Borrower to enter on a schedule attached to the applicable Note, as appropriate, a record of such Loan and payments; provided, however that the failure by the Bank to make any such entry or any error in making such entry shall not limit or otherwise affect the obligation of the Borrower hereunder and on the Notes, and, in all events, the principal amounts owing by the Borrower in respect of the Revolving Note shall be the aggregate amount of all Revolving Loans made by the Bank less all payments of principal thereof made by the Borrower, and the principal amounts owing by the Borrower in respect of the Term Note shall be the aggregate amount of the Term Loan Advance less all payments of principal thereof made by the Borrower.

Section 2.4. Interest Rate.

(a) **Interest Rate on the Loans.** Interest on each Loan hereunder shall accrue at an annual rate equal to the Applicable Margin plus the Monthly Reset Term SOFR Rate. The Bank's internal records of applicable interest rates shall be determinative in the absence of manifest error.

(b) **Rates Applicable After Event of Default.** Upon the occurrence of any Event of Default, each Loan shall, at the option of the Bank (or, in the case of an Event of Default under Section 7.1 (e), (f) or (g), automatically upon the occurrence of such Event of Default), bear interest until paid in full at the rate otherwise applicable thereto plus 2.0%.

(c) **Term SOFR Unavailability.** If the Bank has determined in its sole discretion that (i) the administrator of Term SOFR, or any relevant agency or authority for such administrator, of Term SOFR (or any substitute index which replaces Term SOFR (Term SOFR or such replacement, the "Benchmark")) has announced that such Benchmark will no longer be provided, (ii) any relevant agency or authority has announced that such Benchmark is no longer representative, or (iii) any similar circumstance exists such that such Benchmark has become permanently unavailable or ceased to exist, the Bank will (x) replace such Benchmark with a replacement rate or (y) if any such circumstance applies to fewer than all tenors of such Benchmark used for determining an interest period hereunder, discontinue the availability of the affected interest periods. In the case of Term SOFR, such replacement rate will be Daily Simple SOFR. In the case of a replacement rate other than Term SOFR, the Bank may add a spread adjustment selected by the Bank, taking into consideration any selection or recommendation of a replacement rate by any relevant agency or authority, and evolving or prevailing market practice. In connection with the selection and implementation of any such replacement rate, the Bank may make any technical, administrative or operational changes that the Bank decides may be appropriate to reflect the adoption and implementation of such

replacement rate. Without limitation of the foregoing, in the case of a transition to Daily Simple SOFR, the Bank will remove any option to select another rate that may change or is reset on a daily basis, including, without limitation, the Prime Rate. The Bank does not warrant or accept any responsibility for the administration or submission of, or any other matter related to, Term SOFR or with respect to any alternative or successor rate thereto, or replacement rate thereof, including without limitation whether any such alternative, successor or replacement rate will have the same value as, or be economically equivalent to, Term SOFR.

Section 2.5. Payment of the Loans. Interest and principal upon the Loans shall be paid as follows:

(a) **Payment of Interest.** Interest on the Revolving Loans shall be paid (A) on each Payment Date, commencing on September 30, 2022 and (B) on the Revolving Loan Termination Date; provided that interest under Section 2.4(b) shall be payable on demand. Interest on the Term Loan shall be paid (A) on each Payment Date, commencing on September 30, 2022 and (B) on the Term Loan Termination Date; provided that interest under Section 2.4(b) shall be payable on demand.

(b) **Payment of Principal.** Principal of the Revolving Loan shall be paid on the Revolving Loan Termination Date. Principal on the Term Loan shall be paid on each Payment Date, commencing on September 30, 2022, in quarterly installments in the amount of the Term Loan Advance divided by 20, with the unpaid remaining principal balance to be paid in full on the Term Loan Termination Date.

Section 2.6. Prepayments.

(a) **Optional Prepayments.** The Borrower may pay the Loans at its option at any time without premium or penalty. All prepayments of the Loans shall be in a minimum amount of \$100,000 or, if less, in the remaining entire principal balance of the Loan being prepaid. All prepayments applied to the Term Loan shall be applied to the scheduled principal payments on the Term Loan in the inverse order of their maturities. Amounts paid or prepaid on the Term Loan may not be reborrowed. Any such prepayment of any Loan must be accompanied by payment of accrued and unpaid interest on the amount prepaid. Amounts paid (unless following an acceleration or upon termination of the Revolving Commitment in whole) or prepaid on the Revolving Loans under this clause (a) may be reborrowed upon the terms and subject to the conditions and limitations of this Agreement.

(b) **Mandatory Prepayments for a Prepayment Event.** If at any time a Prepayment Event occurs, the Borrower shall immediately pay to the Bank the net proceeds realized by such Prepayment Event as a prepayment of the Term Loan. Any such prepayments shall be applied to the Term Loan until the Term Loan is paid in full, and thereafter to the Revolving Loan until the Revolving Loan is paid in full. All prepayments applied to the Term Loan shall be applied to the scheduled principal payments on the Term Loan in the inverse order of their maturities. Amounts paid or prepaid on the Term Loan may not be reborrowed. Amounts paid (unless following an acceleration or upon termination of the Revolving Commitment in whole) or prepaid on the Revolving Loan under this clause (b) may be reborrowed upon the terms and subject to the conditions and limitations of this Agreement.

(c) **Mandatory Prepayment if First Bancshares Acquisition is not Consummated.** If the Term Loan has been funded by the Bank and the First Bancshares Acquisition is not consummated on or before June 30, 2022, the Borrower shall immediately pay to the Bank on such date the entire outstanding principal balance of the Term Loan along with all accrued interest thereon.

Section 2.7. Computations. Interest on the Loans and the Revolving Commitment Fees shall be computed on the basis of actual days elapsed and a year of 360 days.

Section 2.8. Payments. Payments and prepayments of principal of, and interest on, the Notes and all fees, expenses and other obligations under this Agreement payable to the Bank shall be made without setoff or counterclaim in Immediately Available Funds not later than 3:00 p.m. (St. Paul Time) on the dates called for under this Agreement and the Notes to the Bank at its office in Saint Paul, Minnesota. Funds received after such time shall be deemed to have been received on the next Banking Day. Whenever any payment to be made hereunder or on the Notes shall be stated to be due on a day which is not a Banking Day, such payment shall be made on the next succeeding Banking Day and such extension of time, in the case of a payment of principal, shall be included in the computation of any interest on such principal payment.

Section 2.9. Unused Revolving Commitment Fee.

The Borrower shall pay to the Bank fees (the "Revolving Commitment Fees") in an amount determined by applying a rate of 0.30% per annum to the average daily Unused Revolving Commitment during the period from and after Closing Date to and including the Revolving Loan Termination Date. Such Revolving Commitment Fees are payable in arrears on the dates on which interest is payable pursuant to Section 2.5.

Section 2.10. Yield Protection. If, on or after the date of this Agreement, the adoption of any law or any governmental or quasi-governmental rule, regulation, policy, guideline or directive (whether or not having the force of law), or any change in the interpretation, promulgation, implementation or administration thereof by any governmental or quasi-governmental authority, central bank or comparable agency charged with the interpretation or

administration thereof including, notwithstanding the foregoing, all requests, rules, guidelines or directives in connection with Dodd-Frank Wall Street Reform and Consumer Protection Act regardless of the date enacted, adopted or issued, or compliance by the Bank with any request or directive (whether or not having the force of law) of any such authority, central bank or comparable agency:

- (a) subjects the Bank to any Taxes, or changes the basis of taxation of payments (other than with respect to Excluded Taxes) to the Bank in respect of the Loans, or
- (b) imposes or increases or deems applicable any reserve, assessment, insurance charge, special deposit or similar requirement against assets of, deposits with or for the account of, or credit extended by, the Bank (other than reserves and assessments taken into account in determining the interest rate), or
- (c) imposes any other condition the result of which is to increase the cost to the Bank of making, funding or maintaining the Loans, or reduces any amount receivable by the Bank in connection with the Loans, or requires the Bank to make any payment calculated by reference to the amount of the Loans, by an amount deemed material by the Bank,

and the result of any of the foregoing is to increase the cost to the Bank of making or maintaining the Loans or the Commitments or to reduce the return received by the Bank in connection with the Loans or the Commitments, then, within 15 days after demand by the Bank, the Borrower shall pay the Bank such additional amount or amounts as will compensate the Bank for such increased cost or reduction in amount received. "Excluded Taxes" means any (a) taxes imposed on or measured in whole or in part by revenue, net income, capital, or net worth of the Bank and franchise or other taxes imposed in lieu thereof by any jurisdiction in which the Bank is organized or incorporated, maintains its principal office, or is doing business, and (b) any branch profits taxes imposed by the United States or any similar tax imposed by any other jurisdiction in which the Bank is located. "Taxes" means any and all present or future taxes, levies, imposts, deductions, charges, or withholdings, and all liabilities with respect thereto, excluding Excluded Taxes.

Section 2.11. Capital Adequacy. If the Bank determines the amount of capital required or expected to be maintained by the Bank, or any corporation controlling the Bank, is increased as a result of a Change, then, within 15 days of demand by the Bank, the Borrower shall pay the Bank the amount necessary to compensate for any shortfall in the rate of return on the portion of such increased capital which the Bank determines is attributable to this Agreement, the Loans or the Commitments, after taking into account the Bank's policies as to capital adequacy. A certificate as to such amount delivered to the Borrower by the Bank shall be conclusive absent manifest error.

Section 2.12. Advances and Paying Procedure. The Bank is authorized and directed to credit any of the Borrower's accounts with the Bank (or to the account the Borrower designates in writing) for all advances made under this Agreement, and the Bank is authorized to debit such account or any other account of the Borrower with the Bank for the amount of any principal or interest due under the Notes or other amounts due under this Agreement on the due date with respect thereto.

Section 2.13. Resting Period. The Borrower shall repay the Revolving Loans in full and not borrow any Revolving Loan for a period of 30 consecutive calendar days during each calendar year.

Section 2.14. Existing Credit Agreement. Effective as of the Closing Date, this Agreement amends and replaces in its entirety and restates the Existing Credit Agreement. The terms and conditions of this Agreement supersede, effective as of the Closing Date, the terms and conditions of the Existing Credit Agreement, provided, however, that the obligations incurred under the Existing Credit Agreement and as evidenced by the "Revolving Note" as such term is defined in the Existing Credit Agreement (the "Existing Revolving Note") shall continue under this Agreement and the Revolving Note and shall not in any circumstance be terminated, extinguished or discharged hereby, or constitute a novation of the Existing Revolving Note, but shall hereafter be governed by the terms of this Agreement and the Revolving Note.

ARTICLE III. CONDITIONS PRECEDENT

Section 3.1 Conditions of Initial Transaction. This Agreement shall become effective upon delivery by the Borrower of, and compliance by the Borrower with, the following:

- (a) Documents. The Bank shall have received the following:
 - (a) This Agreement duly executed by the Borrower.
 - (b) The Revolving Note and the Term Note duly executed by the Borrower and dated the Closing Date.

(c) A certificate of the Secretary or an Assistant Secretary of the Borrower dated as of the Closing Date and certifying as to the following:

A. A true and accurate copy of the corporate resolutions of the Borrower authorizing the execution, delivery and performance of the Loan Documents to which the Borrower is a party contemplated hereby and thereby;

B. The incumbency, names, titles, and signatures of the Borrower's officers authorized to execute the Loan Documents and to request the Loans;

C. A true and accurate copy of the Borrower's Articles of Incorporation and all amendments thereto certified by the appropriate government official of the jurisdiction of its incorporation or organization as of a date not more than 30 days prior to the Closing Date; and

D. A true and accurate copy of the Borrower's Bylaws and all amendments thereto.

E. A true and accurate copy of all First Bancshares Acquisition Documents.

F. True and accurate copies of subordination agreements for Indebtedness existing on the date of this Agreement and disclosed on Schedule 6.11 as Subordinated Debt.

G. That all necessary regulatory approvals required to consummate the First Bancshares Acquisition have been received by the Borrower, First Bancshares, the First Bancshares Banks or MidWestOne Bank.

H. That the Borrower and First Bancshares intend to consummate the First Bancshares Acquisition within 5 Business Days of the Closing Date for an aggregate cash purchase price of \$47,600,000.

(d) A certificate of good standing for the Borrower and each Subsidiary Bank in the jurisdiction of its incorporation or organization and certified by the appropriate governmental officials as of a date not more than 30 days prior to the Closing Date.

(e) A certificate dated the Closing Date of the president, chief executive officer or chief financial officer of the Borrower certifying as to the matters set forth in Section 3.2(a) and (b).

(f) Copies of all documents evidencing any necessary corporate action, consent or governmental or regulatory approval (if any) with respect to this Agreement or any of the other Loan Documents.

(g) UCC search for the Borrower and the Subsidiary Banks from the States of Minnesota and Iowa issued not more than 30 days prior to the Closing Date.

(h) Internal Revenue Service Form W-9 as prescribed by the Code with respect to the Borrower, as completed to the satisfaction of the Bank.

(i) The Bank shall have received a written opinion of the Borrower's counsel, addressed to the Bank and addressing the matters described on Exhibit C.

(b) Compliance. The Borrower shall have performed and complied with all agreements, terms and conditions contained in this Agreement required to be performed or complied with by the Borrower prior to or simultaneously with the Closing Date.

(c) Other Matters. All corporate proceedings relating to the Borrower and all instruments and agreements in connection with the transactions contemplated by this Agreement shall be reasonably satisfactory in scope, form and substance to the Bank and its counsel, and the Bank shall have received all information and copies of all documents, including records of corporate proceedings, as the Bank or its counsel may reasonably have requested in connection therewith, such documents where appropriate to be certified by proper corporate or governmental authorities.

(d) Know Your Customer; Patriot Act. Upon the reasonable request of the Bank made at least 10 days before the Closing Date, the Borrower shall have provided to the Bank the documentation and other information so requested in connection with applicable "know your customer" and anti-money-laundering Laws, including the PATRIOT Act, in each case at least five days before the Closing Date.

(e) Beneficial Ownership Certificate. At least five days before the Closing Date, if the Borrower qualifies as a "legal entity customer" under the Beneficial Ownership Regulation, the Borrower shall have delivered a Beneficial Ownership Certification in relation to the Borrower.

(f) **Legal Matters.** All legal matters, including income tax, regulatory, environmental, health and safety matters, shall be reasonably satisfactory to the Bank.

(g) **Fees and Expenses.** The Bank shall have received all fees and other amounts due and payable by the Borrower on or prior to the Closing Date, including the reasonable fees and expenses of counsel to the Bank payable pursuant to Section 8.2.

Any one or more of the conditions set forth above which have not been satisfied by the Borrower on or prior to the Closing Date shall not be deemed permanently waived by the Bank unless the Bank shall waive the same in a writing which expressly states that the waiver is permanent, and in all cases in which the waiver is not stated to be permanent the Bank may at any time subsequent thereto insist upon compliance and satisfaction of any such condition, and failure by the Borrower to comply with any such condition within five (5) Banking Days' written notice from the Bank to the Borrower shall constitute an Event of Default under this Agreement.

Section 3.2 **Conditions Precedent to all Loans.** The obligation of the Bank to make any Revolving Loan (including the initial Revolving Loan) or the Term Loan Advance hereunder shall be subject to the fulfillment of the following conditions:

(a) **Representations and Warranties.** The representations and warranties contained in Article IV shall be true and correct on and as of the Closing Date and on the date of each Revolving Loan and the Term Loan Advance, with the same force and effect as if made on such date.

(b) **No Default.** No Default or Event of Default shall have occurred and be continuing on the Closing Date and on the date of each Revolving Loan and the Term Loan Advance or will exist after giving effect to the Revolving Loan or the Term Loan Advance made on such date.

(c) **Notices and Requests.** The Bank shall have received the Borrower's request for such Term Loan Advance or Revolving Loan as required under Section 2.2.

ARTICLE IV. REPRESENTATIONS AND WARRANTIES

To induce the Bank to enter into this Agreement and to make the Revolving Loan and Term Loan hereunder, the Borrower represents and warrants to the Bank:

Section 4.1 **Organization, Standing, Etc.** The Borrower is a corporation duly incorporated and validly existing and in good standing under the laws of the jurisdiction named in the opening paragraph hereof and has all requisite power and authority to carry on its business as now conducted, to enter into this Agreement and to issue the Notes and to perform its obligations under the Loan Documents. Each Subsidiary is duly organized and validly existing and in good standing under the laws of the jurisdiction of its organization and has all requisite power and authority to carry on its business as now conducted. Each of the Borrower and the Subsidiaries (a) holds all certificates of authority, licenses and permits necessary to carry on its business as presently conducted in each jurisdiction in which it is carrying on such business, except where the failure to hold such certificates, licenses or permits could not reasonably be expected to constitute a Material Adverse Occurrence and (b) is duly qualified and in good standing as a foreign corporation (or other organization) in each jurisdiction in which the character of the properties owned, leased or operated by it or the business conducted by it makes such qualification necessary and the failure so to qualify would permanently preclude the Borrower or such Subsidiary from enforcing its rights with respect to any assets or expose the Borrower to any Material Adverse Occurrence.

Section 4.2 **Authorization and Validity.** The execution, delivery and performance by the Borrower of the Loan Documents have been duly authorized by all necessary corporate action by the Borrower. This Agreement constitutes, and the Notes and other Loan Documents when executed will constitute, the legal, valid and binding obligations of the Borrower, enforceable against the Borrower in accordance with their respective terms, subject to limitations as to enforceability which might result from bankruptcy, insolvency, moratorium and other similar laws affecting creditors' rights generally and subject to limitations on the availability of equitable remedies.

Section 4.3 **No Conflict; No Default.** The execution, delivery and performance by the Borrower of the Loan Documents will not (a) violate any provision of any law, statute, rule or regulation or any order, writ, judgment, injunction, decree, determination or award of any court, governmental agency or arbitrator presently in effect having applicability to the Borrower, (b) violate or contravene any provision of the Articles of Incorporation or Bylaws of the Borrower, or (c) result in a breach of or constitute a default under any indenture, loan or credit agreement or any other agreement, lease or instrument to which the Borrower is a party or by which it or any of its properties may be bound or result in the creation of any Lien thereunder. No Event of Default exists or would result from the incurrence by the Borrower of any Indebtedness hereunder or under any other Loan Document. Neither the Borrower nor any Subsidiary is in default under or in violation of any such law, statute, rule or regulation, order, writ, judgment, injunction, decree, determination or award in any case in which the consequences of such default or violation could reasonably be expected to constitute a

Material Adverse Occurrence, or in violation or breach of any indenture, loan or credit agreement or other agreement, lease or instrument involving an obligation of the Borrower in excess of \$100,000. The Borrower, its Subsidiaries and their respective officers and employees and to the knowledge of the Borrower its directors and agents, are in compliance with Anti-Corruption Laws and applicable Sanctions in all material respects. None of the Borrower, any Subsidiary or to the knowledge of the Borrower or such Subsidiary any of their respective directors, officers or employees is a Sanctioned Person. Neither any Loan, use of the proceeds of any Loan or other transactions contemplated hereby will violate Anti-Corruption Laws or applicable Sanctions. The Borrower and its Subsidiaries have all permits, licenses and approvals required by such laws, copies of which have been provided to the Bank. The Borrower and its Subsidiaries are in compliance in all material respects with the PATRIOT Act. Neither the making of the Loans nor the use of the proceeds thereof will violate the PATRIOT Act, the Trading with the Enemy Act, as amended, or any of the foreign assets control regulations of the United States Treasury Department (31 C.F.R., Subtitle B, Chapter V, as amended) or any enabling legislation or executive order relating thereto or successor statute thereto.

Section 4.4 Government Consent. Except for the regulatory approvals being sought in connection with the First Bancshares Acquisition, no order, consent, approval, license, authorization or validation of, or filing, recording or registration with, or exemption by, any governmental or public body or authority is required on the part of the Borrower to authorize, or is required in connection with the execution, delivery and performance of, or the legality, validity, binding effect or enforceability of, the Loan Documents.

Section 4.5 Financial Condition. The Borrower's call reports and other regulatory reports, including without limitation FRY-9C, and FRY-9LP reports, as heretofore furnished to the Bank, fairly present the financial condition of the Borrower and its Subsidiaries as at such dates and the results of their operations and changes in financial position for the respective periods then ended. As of the dates of such reports, neither the Borrower nor any Subsidiary had any material obligation, contingent liability, liability for taxes or long-term lease obligation which is not reflected in such call reports. Since December 31, 2021, there has been no Material Adverse Occurrence.

Section 4.6 Litigation. There are no actions, suits or proceedings pending or, to the knowledge of the Borrower, threatened against or affecting the Borrower or any Subsidiary or any of their properties before any court or arbitrator, or any governmental department, board, agency or other instrumentality which, if determined adversely to the Borrower or any Subsidiary, could reasonably be expected to constitute a Material Adverse Occurrence, and there are no unsatisfied judgments against the Borrower or Subsidiary, the satisfaction or payment of which could reasonably be expected to constitute a Material Adverse Occurrence.

Section 4.7 Environmental, Health and Safety Laws. To the Borrower's knowledge, there does not exist any violation by the Borrower or any Subsidiary of any applicable federal, state or local law, rule or regulation or order of any government, governmental department, board, agency or other instrumentality relating to environmental, pollution, health, safety or other matters which has, will or threatens to impose a material liability on the Borrower or a Subsidiary or which has required or would require a material expenditure by the Borrower or a Subsidiary to cure. Neither the Borrower nor any Subsidiary has received any written notice to the effect that any part of its operations or properties is not in material compliance with any such law, rule, regulation or order or notice that it or its property is the subject of any governmental investigation evaluating whether any remedial action is needed to respond to any release of any toxic or hazardous waste or substance into the environment, which non-compliance or remedial action could reasonably be expected to constitute a Material Adverse Occurrence. The Borrower does not have knowledge that it or its property or any Subsidiary or the property of any Subsidiary will become subject to environmental laws or regulations during the term of this Agreement, compliance with which could reasonably be expected to require Capital Expenditures which could reasonably be expected to constitute a Material Adverse Occurrence.

Section 4.8 ERISA. Each Plan is in substantial compliance with all applicable requirements of ERISA and the Code and with all material applicable rulings and regulations issued under the provisions of ERISA and the Code setting forth those requirements. No Reportable Event has occurred and is continuing with respect to any Plan which could reasonably be expected to constitute a Material Adverse Occurrence. All of the minimum funding standards applicable to such Plans have been satisfied and there exists no event or condition which would reasonably be expected to result in the institution of proceedings to terminate any Plan under Section 4042 of ERISA. With respect to each Plan subject to Title IV of ERISA, as of the most recent valuation date for such Plan, the present value (determined on the basis of reasonable assumptions employed by the independent actuary for such Plan and previously furnished in writing to the Bank) of such Plan's projected benefit obligations did not exceed the fair market value of such Plan's assets.

Section 4.9 Federal Reserve Regulations. Neither the Borrower nor any Subsidiary is engaged principally or as one of its important activities in the business of extending credit for the purpose of purchasing or carrying margin stock (as defined in Regulation U of the Board). The value of all margin stock owned by the Borrower does not constitute more than 25% of the value of the assets of the Borrower.

Section 4.10 Title to Property; Leases; Liens; Subordination. Each of the Borrower and the Subsidiaries has (a) good and marketable title to its real properties and (b) good and sufficient title to, or valid, subsisting and enforceable leasehold interest in, its other material properties, including all real properties, other properties and assets, referred to as owned by the Borrower and its Subsidiaries in the most recent financial statements referred to in Section 5.1 (other than property disposed of since the date of such financial statements in the ordinary course of business). None of

such properties is subject to a Lien, except as allowed under Section 6.12. The Borrower has not subordinated any of its rights under any obligation owing to it to the rights of any other person.

Section 4.11 Taxes. Each of the Borrower and the Subsidiaries has filed all federal, state and local tax returns required to be filed and has paid or made provision for the payment of all taxes due and payable pursuant to such returns and pursuant to any assessments made against it or any of its property and all other taxes, fees and other charges imposed on it or any of its property by any governmental authority (other than taxes, fees or charges the amount or validity of which is currently being contested in good faith by appropriate proceedings and with respect to which reserves in accordance with GAAP have been provided on the books of the Borrower). No tax Liens have been filed and no material claims are being asserted with respect to any such taxes, fees or charges. The charges, accruals and reserves on the books of the Borrower in respect of taxes and other governmental charges are adequate and the Borrower knows of no proposed material tax assessment against it or any Subsidiary or any basis therefor.

Section 4.12 Trademarks, Patents. Each of the Borrower and the Subsidiaries possesses or has the right to use all of the patents, trademarks, trade names, service marks and copyrights, and applications therefor, and all technology, know-how, processes, methods and designs used in or necessary for the conduct of its business, without known conflict with the rights of others.

Section 4.13 Burdensome Restrictions. Neither the Borrower nor any Subsidiary is a party to or otherwise bound by any indenture, loan or credit agreement or any lease or other agreement or instrument or subject to any charter, corporate or partnership restriction which could reasonably be expected to constitute a Material Adverse Occurrence.

Section 4.14 Force Majeure. Since the date of the most recent financial statements, call reports and other regulatory reports referred to in Section 5.1, the business, properties and other assets of the Borrower and the Subsidiaries have not been materially and adversely affected in any way as the result of any fire or other casualty, strike, lockout, or other labor trouble, embargo, sabotage, confiscation, condemnation, riot, civil disturbance, activity of armed forces or act of God.

Section 4.15 Investment Company Act. Neither the Borrower nor any Subsidiary is an "investment company" or a company "controlled" by an investment company within the meaning of the Investment Company Act of 1940, as amended.

Section 4.16 Retirement Benefits. Except as disclosed on Schedule 4.16 or as required under Section 4980B of the Code, Section 601 of ERISA or applicable state law, neither the Borrower nor any of its Subsidiaries is obligated to provide post-retirement medical or insurance benefits with respect to employees or former employees.

Section 4.17 Full Disclosure. Subject to the following sentence, neither the financial statements nor the call reports and other regulatory reports referred to in Section 5.1 nor any other certificate, written statement, exhibit or report furnished by or on behalf of the Borrower in connection with or pursuant to this Agreement contains any untrue statement of a material fact or omits to state any material fact necessary in order to make the statements contained therein not misleading. Certificates or statements furnished by or on behalf of the Borrower or any Subsidiary to the Bank consisting of projections or forecasts of future results or events have been prepared in good faith and based on good faith estimates and assumptions of the management of the Borrower or such Subsidiary, and the Borrower has no reason to believe that such projections or forecasts are not reasonable. As of the Closing Date, the information included in any Beneficial Ownership Certification is true and correct in all respects.

Section 4.18 Subsidiaries. Schedule 4.18 sets forth, as of the date of this Agreement, a list of all Subsidiaries (including Subsidiary Banks) and the number and percentage of the shares of each class of Equity Interests owned beneficially or of record by the Borrower or any Subsidiary therein, and the jurisdiction of incorporation of each Subsidiary including all Subsidiaries to be acquired in connection with the First Bancshares Acquisition. None of the Subsidiary Banks is subject to any Regulatory Action which has not been disclosed to the Bank.

Section 4.19 Labor Matters. There are no pending or threatened strikes, lockouts or slowdowns against the Borrower or any Subsidiary. Neither the Borrower nor any Subsidiary has been or is in violation in any material respect of the Fair Labor Standards Act or any other applicable Federal, state, local or foreign law dealing with such matters. All payments due from the Borrower or any Subsidiary on account of wages and employee health and welfare insurance and other benefits (in each case, except for de minimus amounts), have been paid or accrued as a liability on the books of the Borrower or such Subsidiary. The consummation of the transactions contemplated under the Loan Documents will not give rise to any right of termination or right of renegotiation on the part of any union under any collective bargaining agreement to which the Borrower or any Subsidiary is bound.

Section 4.20 Bank Holding Company Act. The Borrower has complied in all material respects with all federal, state and local laws pertaining to bank holding companies, including without limitation, the Bank Holding Company Act of 1956, as amended.

Section 4.21 **Capital Stock.** Neither the Borrower nor any Subsidiary Bank has issued any unregistered securities in violation of the registration requirements of the Securities Act of 1933, as amended, or any other law; or violated any rule, regulation or requirement under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, in either case, where the effect of such violation could reasonably be expected to cause a Material Adverse Occurrence.

Section 4.22 **Solvency.** As of the Closing Date, (a) the fair value of the assets of the Borrower, at a fair valuation, will exceed its debts and liabilities, subordinated, contingent or otherwise; (b) the present fair saleable value of the property of the Borrower will be greater than the amount that will be required to pay the probable liability of its debts and other liabilities, subordinated, contingent or otherwise, as such debts and other liabilities become absolute and matured; (c) the Borrower will be able to pay its debts and liabilities, subordinated, contingent or otherwise, as such debts and liabilities become absolute and matured; and (d) the Borrower will not have unreasonably small capital with which to conduct the business in which it is engaged as such business is proposed to be conducted following the Closing Date.

Section 4.23 **Insurance.** The Borrower maintains, and has caused each Subsidiary to maintain, with financially sound and reputable insurance companies insurance on all their Property in such amounts, subject to such deductibles and self-insurance retentions and covering such properties and risks as are consistent with sound business practice and as are customarily carried by companies engaged in similar business and owning similar properties in localities where the Borrower and its Subsidiaries operate.

Section 4.24 **Restrictive Agreements.** Neither the Borrower nor any Subsidiary is a party to or bound by any agreement, bond, note or other instrument of the type described in Section 6.6.

Section 4.25 **First Bancshares Acquisition.** The First Bancshares Acquisition has been or will be consummated in accordance with the purchase agreements and other documents and instruments which the Borrower has provided to the Bank and consistent with the structure and terms presented to and found acceptable by the Bank immediately upon the payment of consideration described Section 3.1(a) (iii) H.

ARTICLE V. AFFIRMATIVE COVENANTS

Until the Notes and all of the other Obligations have been paid in full, unless the Bank shall otherwise consent in writing:

Section 5.1 **Financial Statements and Reports.** The Borrower will furnish to the Bank:

(a) As soon as available and in any event within 120 days after the end of each fiscal year of the Borrower, its consolidated balance sheet and related statements of income, operations, stockholders' equity and cash flows as of the end of and for such year, setting forth in each case in comparative form the figures for the previous fiscal year, certified by McGladrey LLP or another independent public accountant of recognized national standing acceptable to the Bank, and presenting fairly in all material respects the financial condition and results of operations of the Borrower and its consolidated Subsidiaries on a consolidated basis in accordance with GAAP consistently applied, together with any management letters, management reports or other supplementary comments or reports to the Borrower or its board of directors furnished by such accountants, it being understood and agreed that the delivery of the Borrower's Form 10-K, if required, promptly following the filing thereof with the SEC shall satisfy the delivery requirements set forth in this clause (subject to the time periods set forth in this clause (a)).

(b) As soon as available and in any event within 90 days after the end of each fiscal quarter, its unaudited consolidated balance sheet and related statements of income, operations, stockholders' equity and cash flows as of the end of and for such quarter and for the period from the beginning of such fiscal year to the end of such quarter, and a consolidated balance sheet of the Borrower and its Subsidiaries as at the end of such quarter, setting forth in comparative form figures for the corresponding period for the preceding fiscal year, accompanied by a certificate signed by the Chief Financial Officer of the Borrower stating that such financial statements present fairly the financial condition of the Borrower and its Subsidiaries and that the same have been prepared in accordance with GAAP (except for the absence of footnotes and subject to year-end audit adjustments as to the interim statements), it being understood and agreed that the delivery of the Borrower's Form 10-Q, if required, promptly following the filing thereof with the SEC shall satisfy the delivery requirements set forth in this clause (subject to the time periods set forth in this clause (b)).

(c) As soon as available, but in any event within 60 days after the last day of each fiscal quarter, copies of the quarterly (and where appropriate, annual) call reports and other regulatory reports, including, without limitation FRY-9C, FRY-9LP reports and call reports prepared on FFIEC forms (or any successors thereto) filed by the Borrower or any Subsidiary Bank with any regulatory authority.

(d) As soon as practicable and in any event within 90 days after the end of each fiscal quarter, a Compliance Certificate in the form attached hereto as Exhibit B signed by the president, chief financial officer or controller of the Borrower demonstrating in reasonable detail

compliance (or noncompliance, as the case may be) with Sections 6.2(d) (for the fiscal quarter ending December 31 only), 6.14, 6.15, 6.16, 6.17 and, 6.18, as at the end of such quarter and stating that as at the end of such fiscal quarter there did not exist any Default or Event of Default or, if such Default or Event of Default existed, specifying the nature and period of existence thereof and what action the Borrower proposes to take with respect thereto.

(e) As soon as available, (i) copies of all reports or materials submitted or distributed to shareholders of the Borrower or filed with the Securities Exchange Commission, any national securities exchange or any regulatory authority having jurisdiction over the Borrower or any of its Subsidiaries, (ii) to the extent allowed by law, copies of all Regulatory Actions which have not been disclosed in the Borrower's most recent FRY-9C, FRY-9LP reports and call reports prepared on FFIEC forms (or any successors thereto), affecting or pertaining to the Borrower or any Subsidiary Bank, (iii) upon any officer of the Borrower becoming aware of any adverse development which occurs in any Regulatory Action previously disclosed by the Borrower, a notice from the Borrower describing the nature thereof, stating the nature and status of such Regulatory Action, and what action the Borrower proposes to take with respect thereto, and (iv) upon any officer of the Borrower becoming aware of any pending or threatened litigation or administrative proceeding of the type described in Section 4.6.

(f) Immediately upon any officer of the Borrower becoming aware of any Default or Event of Default, a notice describing the nature thereof and what action Borrower proposes to take with respect thereto.

(g) Immediately upon any officer of the Borrower becoming aware of the occurrence, with respect to any Plan, of any Reportable Event or any Prohibited Transaction, a notice specifying the nature thereof and what action the Borrower proposes to take with respect thereto, and, when received, copies of any notice from PBGC of intention to terminate or have a trustee appointed for any Plan.

(h) Immediately upon any officer of the Borrower becoming aware of any matter that has resulted or could reasonably be expected to result in a Material Adverse Occurrence, a notice from the Borrower describing the nature thereof and what action Borrower proposes to take with respect thereto.

(i) Immediately upon any officer of the Borrower becoming aware of any violation as to any environmental matter by the Borrower or any Subsidiary or of the commencement of any judicial or administrative proceeding relating to health, safety or environmental matters (a) in which an adverse determination or result could result in the revocation of or have a material adverse effect on any operating permits, air emission permits, water discharge permits, hazardous waste permits or other permits held by the Borrower or any Subsidiary which are material to the operations of the Borrower or such Subsidiary, or (b) which will or threatens to impose a material liability on the Borrower or such Subsidiary to any Person or which will require a material expenditure by the Borrower or such Subsidiary to cure any alleged problem or violation, a notice from the Borrower describing the nature thereof and what action the Borrower proposes to take with respect thereto.

(j) Immediately upon any officer of the Borrower becoming aware of either (i) the commencement of any action, suit or proceeding before any court or arbitrator or any governmental department, board, agency or other instrumentality affecting the Borrower or any Subsidiary or any property of the Borrower or a Subsidiary or to which the Borrower or a Subsidiary is a party in which an adverse determination or result could reasonably be expected to result in a Material Adverse Occurrence, or (ii) any adverse development which occurs in any action, suit or proceeding before any court or arbitrator or any governmental department, board, agency or other instrumentality previously disclosed by the Borrower to the Bank in which an adverse determination or result could reasonably be expected to result in a Material Adverse Occurrence, a notice from the Borrower describing the nature thereof, stating the nature and status of such action, suit or proceeding and what action the Borrower proposes to take with respect thereto.

(k) Promptly upon their becoming publicly available, copies of regular and periodic reports and all registration statements and prospectuses, if any, filed by the Borrower with any securities exchange or with the SEC.

(l) The Borrower will give prompt written notice to the Bank of any change in the accounting or financial reporting practices of the Borrower or any of its Subsidiaries.

(m) Such information and evidence of actions taken as reasonably requested by the Bank in order to assist the Bank in maintaining compliance with the Patriot Act.

(n) On or promptly after any date on which the Borrower or any Subsidiary becomes subject to the Beneficial Ownership Regulation, a completed Beneficial Ownership Certification in form and substance acceptable to the Bank.

(o) From time to time, such other information regarding the business, operation and financial condition of the Borrower and the Subsidiaries as the Bank may reasonably request.

Section 5.2 Use of Loan Proceeds. The Borrower shall use the proceeds of the Revolving Loan to fund general working capital and operating expenses. The Borrower shall use the proceeds of the Term Loan to finance the First Bancshares Acquisition. Without limitation of the above sentence, the Borrower will not request any Loan and the Borrower shall not use, and the Borrower shall ensure that its Subsidiaries, and its or their respective directors, officers, employees and agents shall not use, the proceeds of any Loan (a) in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any Person in violation of any Anti-Corruption Laws or (b) in any manner that would result in the violation of any applicable Sanctions.

Section 5.3 Existence; Additional Subsidiaries. The Borrower will maintain, and cause each Subsidiary to maintain, its corporate existence in good standing under the laws of its jurisdiction of organization and its qualification to transact business in each jurisdiction where failure so to qualify would permanently preclude the Borrower or such Subsidiary from enforcing its rights with respect to any material asset or would expose the Borrower or such Subsidiary to any material liability; provided, however, that nothing herein shall prohibit the merger, sale or liquidation of any Subsidiary allowed under Section 6.1 or 6.2. The Borrower shall not form or acquire any Subsidiary without the prior written consent of the Bank, provided that, the Borrower may form or acquire any Subsidiary, other than a Subsidiary Bank or a Subsidiary of a Subsidiary Bank, formed or acquired for the purpose of any other business or activity permitted by all applicable laws and regulations, provided further that the aggregate amount of assets of such formed or acquired Subsidiaries permitted under this sentence shall not, at any time during any fiscal year of the Borrower, exceed 5% of the consolidated assets of the Borrower and its Subsidiaries as of the end of the preceding fiscal year.

Section 5.4 Insurance. The Borrower shall maintain, and shall cause each Subsidiary to maintain, with financially sound and reputable insurance companies such insurance as may be required by law and such other insurance in such amounts and against such hazards as is customary in the case of reputable firms engaged in the same or similar business and similarly situated.

Section 5.5 Payment of Taxes and Claims. The Borrower shall file, and cause each Subsidiary to file, all tax returns and reports which are required by law to be filed by it and will pay, and cause each Subsidiary to pay, before they become delinquent all taxes, assessments and governmental charges and levies imposed upon it or its property and all claims or demands of any kind (including but not limited to those of suppliers, mechanics, carriers, warehouses, landlords and other like Persons) which, if unpaid, might result in the creation of a Lien upon its property; provided that the foregoing items need not be paid if they are being contested in good faith by appropriate proceedings, and as long as the Borrower's or such Subsidiary's title to its property is not materially adversely affected, its use of such property in the ordinary course of its business is not materially interfered with and adequate reserves with respect thereto have been set aside on Borrower's or such Subsidiary's books in accordance with GAAP.

Section 5.6 Inspection. The Borrower shall permit, upon three Banking Days prior written notice (which notice requirement shall not apply while any Event of Default is continuing), any Person designated by the Bank to visit and inspect any of the properties, books and financial records of the Borrower and the Subsidiaries, to examine and to make copies of the books of accounts and other financial records of the Borrower and the Subsidiaries, and to discuss the affairs, finances and accounts of the Borrower and the Subsidiaries with, and to be advised as to the same by, its officers at such reasonable times and intervals as the Bank may designate; provided, however, that the Bank will use its best efforts not to interfere with or impair the ability of the Borrower or any Subsidiary to conduct its business in the ordinary course. So long as no Event of Default exists, the expenses of the Bank for such visits, inspections and examinations shall be at the expense of the Bank, but any such visits, inspections and examinations made while any Event of Default is continuing shall be at the expense of the Borrower.

Section 5.7 Maintenance of Properties. The Borrower will maintain, and cause each Subsidiary to maintain its properties used or useful in the conduct of its business in good condition, repair and working order, and supplied with all necessary equipment, and make all necessary repairs, renewals, replacements, betterments and improvements thereto, all as may be necessary so that the business carried on in connection therewith may be properly and advantageously conducted at all times.

Section 5.8 Books and Records. The Borrower will keep, and will cause each Subsidiary to keep, adequate and proper records and books of account in which full and correct entries will be made of its dealings, business and affairs.

Section 5.9 Compliance. The Borrower will comply, and will cause each Subsidiary to comply, in all material respects with all laws, rules, regulations, orders, writs, judgments, injunctions, decrees or awards to which it may be subject; provided, however, that failure so to comply shall not be a breach of this covenant if such failure does not constitute a Material Adverse Occurrence and the Borrower or such Subsidiary is acting in good faith and with reasonable dispatch to cure such noncompliance. The Borrower and each of its Subsidiaries will comply with all Anti-Corruption Laws and applicable Sanctions, and will obtain all permits, licenses and approvals required by such laws, copies of which will be provided to the Bank upon request.

Section 5.10 ERISA. The Borrower will maintain, and cause each Subsidiary to maintain, each Plan in compliance with all material applicable requirements of ERISA and of the Code and with all applicable rulings and regulations issued under the provisions of ERISA and of the Code and will not, and will not permit any of the ERISA Affiliates to (a) engage in any transaction in connection with which the Borrower or any of the ERISA Affiliates would be subject to either a civil penalty assessed pursuant to Section 502(i) of ERISA or a tax imposed by Section 4975 of the Code, in

either case in an amount exceeding \$50,000, (b) fail to make full payment when due of all amounts which, under the provisions of any Plan, the Borrower any ERISA Affiliate is required to pay as contributions thereto, or permit to exist any accumulated funding deficiency (as such term is defined in Section 302 of ERISA and Section 412 of the Code), whether or not waived, with respect to any Plan in an aggregate amount exceeding \$50,000 or (c) fail to make any payments in an aggregate amount exceeding \$50,000 to any Multiemployer Plan that the Borrower or any of the ERISA Affiliates may be required to make under any agreement relating to such Multiemployer Plan or any law pertaining thereto.

Section 5.11 Environmental Matters; Reporting. The Borrower will observe and comply with, and cause each Subsidiary to observe and comply with, all laws, rules, regulations and orders of any government or government agency relating to health, safety, pollution, hazardous materials or other environmental matters to the extent non-compliance could result in a material liability or otherwise could reasonably be expected to constitute a Material Adverse Occurrence.

Section 5.12 Further Assurances. The Borrower shall promptly correct any defect or error that may be discovered in any Loan Document or in the execution, acknowledgment or recordation thereof. Promptly upon request by the Bank, the Borrower also shall execute, acknowledge, deliver, record, re-record, file, re-file, register and re-register, any and all deeds, conveyances, mortgages, deeds of trust, trust deeds, assignments, estoppel certificates, financing statements and continuations thereof, notices of assignment, transfers, certificates, assurances and other instruments as the Bank may reasonably require from time to time in order: (a) to carry out more effectively the purposes of the Loan Documents and (b) to better assure, convey, grant, assign, transfer, preserve, protect and confirm unto the Bank the rights granted now or hereafter intended to be granted to the Bank under any Loan Document or under any other instrument executed in connection with any Loan Document or that the Borrower may be or become bound to convey, mortgage or assign to the Bank in order to carry out the intention or facilitate the performance of the provisions of any Loan Document. The Borrower shall furnish to the Bank evidence satisfactory to the Bank of every such recording, filing or registration. The Borrower and each of its Subsidiaries shall (i) take such actions reasonably requested by the Bank in order to assist the Bank in maintaining compliance with the Patriot Act and (ii) inform the Bank of any change in the information provided in any Beneficial Ownership Certification that would result in a change to the list of beneficial owners identified in parts (c) or (d) of such certification.

Section 5.13 Compliance with Terms of Material Contracts. The Borrower and each of its Subsidiaries shall make all payments and otherwise perform all obligations in respect of all material contracts to which the Borrower or such Subsidiary is a party.

ARTICLE VI. NEGATIVE COVENANTS

Until the Notes and all of the other Obligations have been paid in full, unless the Bank shall otherwise consent in writing:

Section 6.1 Merger; Acquisitions. The Borrower will not merge or consolidate or enter into any analogous reorganization or transaction with any Person or liquidate, wind up or dissolve itself (or suffer any liquidation or dissolution); acquire all or substantially all of the stock or the assets of another Person except as permitted under Section 6.20; nor permit any Subsidiary to do any of the foregoing; provided, however, any Subsidiary other than a Subsidiary Bank may be merged with or liquidated into the Borrower or any wholly-owned Subsidiary other than a Subsidiary Bank (if the Borrower or such wholly-owned Subsidiary is the surviving corporation), and the First Bancshares Banks may be merged into MidWestOne Bank.

Section 6.2 Disposition of Assets. The Borrower will not, nor will permit any Subsidiary to, directly or indirectly, sell, assign, lease, convey, transfer or otherwise dispose of (whether in one transaction or a series of transactions) any property (including accounts and notes receivable, with or without recourse) or enter into any agreement to do any of the foregoing, except:

- (a) dispositions of inventory, or used, worn-out or surplus equipment, all in the ordinary course of business;
- (b) the sale of equipment to the extent that such equipment is exchanged for credit against the purchase price of similar replacement equipment, or the proceeds of such sale are applied with reasonable promptness to the purchase price of such replacement equipment;
- (c) dispositions in the ordinary course of business;
- (d) dispositions of branch banking locations having assets or liabilities, as measured as of the last day of the preceding fiscal year, in an aggregate amount for all such locations not to exceed \$200,000,000 during any fiscal year; and
- (e) the sale or other disposition of assets set forth on Schedule 6.2.

Section 6.3 Plans. The Borrower will not permit, nor will allow any Subsidiary to permit, any event to occur or condition to exist which would permit any Plan to terminate under any circumstances which would cause the Lien provided for in Section 4068 of ERISA to attach to any assets of the Borrower or any Subsidiary; and the Borrower will not permit, as of the most recent valuation date for any Plan subject to Title IV of ERISA, the

present value (determined on the basis of reasonable assumptions employed by the independent actuary for such Plan and previously furnished in writing to the Bank) of such Plan's projected benefit obligations to exceed the fair market value of such Plan's assets.

Section 6.4 Change in Nature of Business. The Borrower will not, nor will permit any Subsidiary to, make any material change in the nature of the business of the Borrower or such Subsidiary, as carried on at the date hereof.

Section 6.5 Loan Proceeds. The Borrower will not, nor will permit any Subsidiary to, use any part of the proceeds of any Loan directly or indirectly, and whether immediately, incidentally or ultimately, (a) to purchase or carry margin stock (as defined in Regulation U of the Board) or to extend credit to others for the purpose of purchasing or carrying margin stock or to refund Indebtedness originally incurred for such purpose or (b) for any purpose which entails a violation of, or which is inconsistent with, the provisions of Regulations U or X of the Board.

Section 6.6 Negative Pledges; Subsidiary Restrictions. The Borrower will not, nor will permit any Subsidiary to, enter into any agreement, bond, note or other instrument with or for the benefit of any Person other than the Bank which would (i) prohibit the Borrower or such Subsidiary from granting, or otherwise limit the ability of the Borrower or such Subsidiary to grant, to the Bank any Lien on any assets or properties of the Borrower or such Subsidiary (other than pursuant to agreements creating Liens under Section 6.12(j)), or (ii) require the Borrower or such Subsidiary to grant a Lien to any other Person if the Borrower or such Subsidiary grants any Lien to the Bank. The Borrower will not permit any Subsidiary to place or allow any restriction, directly or indirectly, on the ability of such Subsidiary to (a) pay Restricted Payments on or with respect to such Subsidiary's Equity Interests or (b) make loans or other cash payments to the Borrower.

Section 6.7 Restricted Payments. The Borrower shall not declare or pay Restricted Payments on any class of Equity Securities unless (a) the Borrower is in compliance with Sections 6.14, 6.15, 6.16, 6.17, and 6.18 both before and after giving effect to the proposed Restricted Payment, (b) no Event of Default has occurred and is continuing or would be caused by such declaration or payment, and (c) the proposed Restricted Payment has received all necessary prior approvals required from all regulatory authorities.

Section 6.8 Transactions with Affiliates. The Borrower will not, nor will permit any Subsidiary to, enter into any transaction with any Affiliate of the Borrower, except upon fair and reasonable terms no less favorable than the Borrower, or such Subsidiary, would obtain in a comparable arm's-length transaction with a Person not an Affiliate of the Borrower.

Section 6.9 Accounting Changes. The Borrower will not, nor will permit any Subsidiary to, make any significant change in accounting treatment or reporting practices, except as required by GAAP, or change its fiscal year or the fiscal year of any Subsidiary.

Section 6.10 Subordinated Debt. The Borrower will not, nor will permit any Subsidiary to, (a) make any scheduled payment of the principal of or interest on any Subordinated Debt which would be prohibited by the terms of such Subordinated Debt and any related subordination agreement; (b) directly or indirectly make any prepayment on or purchase, redeem or defease any Subordinated Debt or offer to do so (whether such prepayment, purchase or redemption, or offer with respect thereto, is voluntary or mandatory) unless, with respect to Subordinated Debt identified as such on Schedule 6.11, (i) the Borrower is in compliance with Sections 6.14, 6.15, 6.16, 6.17, and 6.18 both before and after giving effect to the proposed prepayment, purchase, redemption or defeasement, (ii) no Default or Event of Default exists or would be caused by such prepayment, purchase, redemption or defeasement, and (iii) such prepayment, purchase, redemption or defeasement is permitted under the related subordination agreement; (c) amend or cancel the subordination provisions applicable to any Subordinated Debt; (d) take or omit to take any action if as a result of such action or omission the subordination of such Subordinated Debt, or any part thereof, to the Obligations might be terminated, impaired or adversely affected; or (e) omit to give the Bank prompt notice of any notice received from any holder of Subordinated Debt, or any trustee therefor, or of any default under any agreement or instrument relating to any Subordinated Debt by reason whereof such Subordinated Debt might become or be declared to be due or payable.

Section 6.11 Indebtedness. The Borrower will not, nor will permit any Subsidiary to, incur, create, issue, assume or suffer to exist any Indebtedness, except:

- (a) The Obligations and other Indebtedness owing to the Bank.
- (b) Current Liabilities, other than for borrowed money, incurred in the ordinary course of business, including, but not limited to, deposits.
- (c) Indebtedness existing on the date of this Agreement and disclosed on Schedule 6.11 or the call reports referenced in Section 4.5.
- (d) With the express written consent of the Bank, Indebtedness owing to shareholders of the Borrower; provided that such Indebtedness is Subordinated Debt.
- (e) Indebtedness consisting of unsecured federal funds lines of credit provided by financial institutions.

- (f) Indebtedness consisting of financing provided by the Federal Home Loan Bank.
- (g) Subordinated Debt.
- (h) Indebtedness secured by Liens permitted under Section 6.12.
- (i) Indebtedness of the Subsidiary Banks arising in the ordinary course of the business of banking consistent with past practice.

Section 6.12 **Liens.** The Borrower will not, nor will permit any Subsidiary to, create, incur, assume or suffer to exist any Lien, or enter into, or make any commitment to enter into, any arrangement for the acquisition of any property through conditional sale, lease-purchase or other title retention agreements, with respect to any property now owned or hereafter acquired by the Borrower or a Subsidiary, including, without limitation, Equity Interests in any Subsidiary Bank, except:

- (a) Liens granted to the Bank to secure the Obligations.
- (b) Deposits or pledges to secure payment of workers' compensation, unemployment insurance, old age pensions or other social security obligations, in the ordinary course of business of the Borrower or a Subsidiary.
- (c) Liens for taxes, fees, assessments and governmental charges not delinquent or to the extent that payment therefor shall not at the time be required to be made in accordance with the provisions of Section 5.5.
- (d) Liens of carriers, warehousemen, mechanics and materialmen, and other like Liens arising in the ordinary course of business, for sums not due or to the extent that payment therefor shall not at the time be required to be made in accordance with the provisions of Section 5.5.
- (e) Liens incurred or deposits or pledges made or given in connection with, or to secure payment of, indemnity, performance or other similar bonds.
- (f) Liens arising solely by virtue of any statutory or common law provision relating to banker's liens, rights of set-off or similar rights and remedies as to deposit accounts or other funds maintained with a creditor depository institution; provided that (i) such deposit account is not a dedicated cash collateral account and is not subject to restriction against access by the Borrower or a Subsidiary in excess of those set forth by regulations promulgated by the Board, and (ii) such deposit account is not intended by the Borrower or any Subsidiary to provide collateral to the depository institution.
- (g) Encumbrances in the nature of zoning restrictions, easements and rights or restrictions of record on the use of real property and landlord's Liens under leases on the premises rented, which do not materially detract from the value of such property or impair the use thereof in the business of the Borrower or a Subsidiary.
- (h) Liens to secure Indebtedness owing to the Federal Home Loan Bank described in Section 6.11(f).
- (i) The interest of any lessor under any Capitalized Lease entered into after the Closing Date or purchase money Liens on property acquired after the Closing Date; provided, that, (i) the Indebtedness secured thereby is otherwise permitted by this Agreement and (ii) such Liens are limited to the property acquired and do not secure Indebtedness other than the related Capitalized Lease Obligations or the purchase price of such property.
- (j) Liens arising in the ordinary course of the business of banking consistent with past practice.

Section 6.13 **Contingent Liabilities.** The Borrower will not, nor will permit any Subsidiary to, be or become liable on any Contingent Obligations except Contingent Obligations for the benefit of the Bank.

Section 6.14 **Non-Performing Loans and OREO to Tangible Capital.** The Borrower will not permit the ratio of Non-Performing Loans plus OREO to Tangible Capital of the Subsidiary Banks, on a combined basis, expressed as a percentage, as of the last day of the fiscal quarter ending June 30, 2022 and the last day of each fiscal quarter thereafter, to be greater than 15.00%.

Section 6.15 **Loan Loss Reserves to Non-Performing Loans.** The Borrower shall not permit the ratio of (a) the sum of Loan Loss Reserves of the Subsidiary Banks, on a combined basis, to (b) Non-Performing Loans of the Subsidiary Banks, on a combined basis, expressed as a percentage, as of the last day of the fiscal quarter ending June 30, 2022 and the last day of each fiscal quarter thereafter, to be less than 80.00%.

Section 6.16 **Total Risk Based Capital.** The Borrower will not permit the Total Risk-Based Capital Ratio of the Subsidiary Banks, on a combined basis, expressed as a percentage, as of the last day of any fiscal quarter ending June 30, 2022 and the last day of each fiscal quarter

thereafter, to be less than 11.00%.

Section 6.17 Regulatory Capital - Bank Subsidiaries. The Borrower shall be, and shall cause each Subsidiary Bank to be, "well capitalized" (as defined in 12 CFR § 325.103(b)(1)) at all times.

Section 6.18 Fixed Charge Coverage Ratio. The Borrower will not permit the Fixed Charge Coverage Ratio, as of the last day of any fiscal quarter from and after June 30, 2022, for the four consecutive fiscal quarters ending on that date, to be less than 1.25 to 1.00.

Section 6.19 Hedging Agreements. The Borrower will not, nor will permit any Subsidiary to, enter into any hedging arrangements, other than any Rate Protection Agreements entered into in the ordinary course of the Borrower's or any Subsidiary's business.

Section 6.20 Investments. The Borrower will not, nor will permit any Subsidiary to, acquire for value, make, have or hold any Investments, except:

- (a) Investments in (i) bank repurchase agreements, (ii) savings accounts or certificates of deposit in a financial institution of recognized standing, (iii) obligations issued or fully guaranteed by the United States, (iv) prime commercial paper maturing within 90 days of the date of acquisition by the Borrower or any Subsidiary, and (v) with respect to the Borrower, other Investments permitted for bank holding companies under applicable federal, Minnesota and Iowa law (including rules and regulations promulgated by the Office of the Comptroller of the Currency, the Minnesota Department of Commerce, the Iowa Division of Banking or other applicable federal or state regulatory agency) and, with respect to the Subsidiary Banks, other Investments permitted for state banks under applicable federal, Minnesota law and Iowa law (including rules and regulations promulgated by the Office of the Comptroller of the Currency, the Minnesota Department of Commerce, the Iowa Division of Banking or other applicable federal or state regulatory agency);
- (b) loans and advances made to employees and agents in the ordinary course of business, such as travel and entertainment advances and similar items;
- (c) Investments in the Borrower by a Subsidiary; and
- (d) with respect to a Subsidiary, Investments or loans made in the ordinary course of banking business of such Subsidiary.

Section 6.21 First Bancshares Acquisition Documents. The Borrower will not amend, modify or waive any provision of the First Bancshares Acquisition Documents.

ARTICLE VII. EVENTS OF DEFAULT AND REMEDIES

Section 7.1 Events of Default. The occurrence of any one or more of the following events shall constitute an Event of Default:

- (a) The Borrower shall fail to make when due, whether by acceleration or otherwise, any payment of principal of or interest on any Note or any other Obligation required to be made to the Bank pursuant to this Agreement.
- (b) Any representation or warranty made by or on behalf of the Borrower or any Subsidiary in this Agreement or any other Loan Document or by or on behalf of the Borrower or any Subsidiary in any certificate, statement, report or document herewith or hereafter furnished to the Bank pursuant to this Agreement or any other Loan Document shall prove to have been false or misleading in any material respect on the date as of which the facts set forth are stated or certified.
- (c) The Borrower shall fail to comply with Section 5.2 or 5.3, any default or event of default however denominated under any other Loan Document shall exist, or the Borrower shall fail to comply with any Section of Article VI.
- (d) The Borrower shall fail to comply with any other agreement, covenant, condition, provision or term contained in this Agreement (other than those hereinabove set forth in this Section 7.1) and such failure to comply shall continue for 15 calendar days after whichever of the following dates is the earliest: (i) the date the Borrower gives notice of such failure to the Bank, (ii) the date the Borrower should have given notice of such failure to the Bank pursuant to Section 5.1, or (iii) the date the Bank gives notice of such failure to the Borrower.
- (e) The Borrower or any Subsidiary shall become insolvent or shall generally not pay its debts as they mature or shall apply for, shall consent to, or shall acquiesce in the appointment of a custodian, trustee or receiver of the Borrower or such Subsidiary or for a substantial part of the property thereof or, in the absence of such application, consent or acquiescence, a custodian, trustee or receiver shall be appointed for the Borrower or a Subsidiary or for a substantial part of the property thereof and shall not be discharged within 60 days, or the Borrower or any Subsidiary shall make an assignment for the benefit of creditors.

(f) Any bankruptcy, reorganization, debt arrangement or other proceedings under any bankruptcy or insolvency law shall be instituted by or against the Borrower or any Subsidiary, and, if instituted against the Borrower or any Subsidiary, shall have been consented to or acquiesced in by the Borrower or such Subsidiary, or shall remain undismissed for 60 days, or an order for relief shall have been entered against the Borrower or such Subsidiary.

(g) Any dissolution or liquidation proceeding not permitted by Section 6.1 shall be instituted by or against the Borrower or a Subsidiary, and, if instituted against the Borrower or any Subsidiary, shall be consented to or acquiesced in by the Borrower or such Subsidiary or shall remain for 60 days undismissed.

(h) A judgment or judgments for the payment of money in excess of the sum of \$250,000 in the aggregate shall be rendered against the Borrower or a Subsidiary and either (i) the judgment creditor executes on such judgment or (ii) such judgment remains unpaid or undischarged for more than 60 days from the date of entry thereof or such longer period during which execution of such judgment shall be stayed during an appeal from such judgment.

(i) The maturity of any material Indebtedness of the Borrower (other than Indebtedness under this Agreement) or a Subsidiary shall be accelerated, or the Borrower or a Subsidiary shall fail to pay any such material Indebtedness when due (after the lapse of any applicable grace period) or, in the case of such Indebtedness payable on demand, when demanded (after the lapse of any applicable grace period), or any event shall occur or condition shall exist and shall continue for more than the period of grace, if any, applicable thereto and shall have the effect of causing, or permitting the holder of any such Indebtedness or any trustee or other Person acting on behalf of such holder to cause, such material Indebtedness to become due prior to its stated maturity or to realize upon any collateral given as security therefor. For purposes of this Section, Indebtedness of the Borrower or a Subsidiary shall be deemed "material" if it exceeds \$100,000 as to any item of Indebtedness or in the aggregate for all items of Indebtedness with respect to which any of the events described in this Section 7.1(i) has occurred.

(j) Any execution or attachment shall be issued whereby any property of the Borrower or any Subsidiary which has, in aggregate with other such property, a value in excess of \$100,000, shall be taken or attempted to be taken and the same shall not have been vacated or stayed within 60 days after the issuance thereof.

(k) The Borrower or any Subsidiary Bank shall become subject to any Regulatory Action which has not been disclosed in writing to the Bank prior to the Closing Date, affecting or pertaining to the Borrower or any Subsidiary Bank and which could reasonably be expected to cause a Material Adverse Occurrence.

(l) Any Subsidiary Bank is unable to make a Restricted Payment without the prior approval of any state or federal banking agency.

(m) Any Change of Control shall occur, except for a Change of Control (i) resulting from the First Bancshares Acquisition or (ii) that the Bank has otherwise agreed to in writing.

(n) Any Loan Document fails to remain in full force or effect or any action is taken to discontinue or to assert the invalidity or unenforceability of any Loan Document.

(o) Any of the following shall occur: (i) any Reportable Event, (ii) the existence with respect to any Plan of an "accumulated funding deficiency" (as defined in Section 412 of the Code or Section 302 of ERISA), whether or not waived; (iii) the filing pursuant to Section 412(d) of the Code or Section 303(d) of ERISA of an application for a waiver of the minimum funding standard with respect to any Plan; (iv) the incurrence by the Borrower or any of its ERISA Affiliates of any liability under Title IV of ERISA with respect to the termination of any Plan; (v) the receipt by the Borrower or any of its ERISA Affiliates from the PBGC or a plan administrator of any notice relating to an intention to terminate any Plan or Plans or to appoint a trustee to administer any Plan; (vi) the incurrence by the Borrower or any of its ERISA Affiliates of any liability with respect to the withdrawal or partial withdrawal of the Borrower or any of its ERISA Affiliates from any Plan or Multiemployer Plan; or (vii) the receipt by the Borrower or any of its ERISA Affiliates of any notice, or the receipt by any Multiemployer Plan from the Borrower or any of its ERISA Affiliates of any notice, concerning the imposition upon the Borrower or any of its ERISA Affiliates of withdrawal liability or a determination that a Multiemployer Plan is, or is expected to be, insolvent or in reorganization, within the meaning of Title IV of ERISA, in any case where such occurrence could reasonably be expected to cause a Material Adverse Occurrence.

Section 7.2 Remedies. If any Event of Default described in Sections 7.1(e), (f) or (g) shall occur with respect to the Borrower, the Notes and all other Obligations shall automatically become immediately due and payable. If any other Event of Default shall occur and be continuing, then, the Bank may declare the outstanding unpaid principal balance of the Notes, the accrued and unpaid interest thereon and all other Obligations to be forthwith due and payable, whereupon the Notes, all accrued and unpaid interest thereon and all such Obligations shall immediately become due and payable, in each case without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived, anything in this

Agreement or in the Notes to the contrary notwithstanding. Upon the occurrence of any of the events described in this Section 7.2, the Bank may exercise all rights and remedies under any of the Loan Documents, and enforce all rights and remedies under any applicable law.

Section 7.3 Deposit Accounts; Offset. The Borrower hereby grants the Bank a security interest in all deposits, credits and deposit accounts of the Borrower with the Bank (the "Deposits"). In addition to the remedies set forth in Section 7.2, upon the occurrence of any Event of Default and thereafter while the same be continuing, the Borrower hereby irrevocably authorizes the Bank to (a) set off any Obligations against all Deposits of the Borrower with, and any and all claims of the Borrower against, the Bank, and (b) to enforce the security interest granted pursuant to the first sentence hereof. Such right shall exist whether or not the Bank shall have made any demand hereunder or under any other Loan Document, whether or not the Obligations, or any part thereof, or Deposits is or are matured or unmatured, and regardless of the existence or adequacy of any collateral, guaranty or any other security, right or remedy available to the Bank. The Bank agrees that, as promptly as is reasonably possible after the exercise of any such setoff or enforcement right, it shall notify the Borrower of its exercise of such setoff or enforcement right; provided, however, that the failure of the Bank to provide such notice shall not affect the validity of the exercise of such setoff or enforcement rights. Nothing in this Agreement shall be deemed a waiver or prohibition of or restriction on the Bank to all rights of banker's Lien, setoff and counterclaim available pursuant to law.

ARTICLE VIII. MISCELLANEOUS

Section 8.1 Modifications. Notwithstanding any provisions to the contrary herein, any term of this Agreement may be amended with the written consent of the Borrower; provided that no amendment, modification or waiver of any provision of this Agreement or consent to any departure by the Borrower therefrom shall in any event be effective unless the same shall be in writing and signed by the Bank, and then such amendment, modification, waiver or consent shall be effective only in the specific instance and for the purpose for which given.

Section 8.2 Expenses. Whether or not the transactions contemplated hereby are consummated, the Borrower agrees to pay or reimburse the Bank upon demand for all reasonable out-of-pocket expenses paid or incurred by the Bank, including filing and recording costs and fees, charges and disbursements of outside counsel to the Bank and/or the allocated costs of in-house counsel incurred from time to time, in connection with the negotiation, preparation, approval, review, execution, delivery, administration, amendment, modification, interpretation, collection and enforcement of this Agreement and the other Loan Documents and any commitment letters relating thereto paid or incurred by the Bank in connection with the collection and enforcement of this Agreement and any other Loan Document. The obligations of the Borrower under this Section 8.2 shall survive any termination of this Agreement.

Section 8.3 Waivers, etc. No failure on the part of the Bank or the holder of any Note to exercise and no delay in exercising any power or right hereunder or under any other Loan Document shall operate as a waiver thereof; nor shall any single or partial exercise of any power or right preclude any other or further exercise thereof or the exercise of any other power or right. The remedies herein and in the other Loan Documents provided are cumulative and not exclusive of any remedies provided by law.

Section 8.4 Notices. Except when telephonic notice is expressly authorized by this Agreement, any notice or other communication to any party in connection with this Agreement shall be in writing and shall be sent by manual delivery, facsimile transmission, overnight courier or United States mail (postage prepaid) addressed to such party at the address specified on the signature page hereof, or at such other address as such party shall have specified to the other party hereto in writing. All periods of notice shall be measured from the date of delivery thereof if manually delivered, from the date of sending thereof if sent by facsimile transmission, from the first Banking Day after the date of sending if sent by overnight courier, or from four days after the date of mailing if mailed; provided, however, that any notice to the Bank under Article II shall be deemed to have been given only when received by the Bank.

Section 8.5 Taxes. The Borrower agrees to pay, and save the Bank harmless from all liability for, any stamp or other taxes which may be payable with respect to the execution or delivery of this Agreement or the issuance of the Notes, which obligation of the Borrower shall survive the termination of this Agreement.

Section 8.6 Successors and Assigns; Participations; Purchasing Banks.

(a) This Agreement shall be binding upon and inure to the benefit of the Borrower, the Bank, all future holders of the Notes, and their respective successors and assigns, except that the Borrower may not assign or transfer any of its rights or obligations under this Agreement without the prior written consent of the Bank.

(b) The Bank may, in the ordinary course of its commercial banking business and in accordance with applicable law, at any time sell to one or more Persons ("Participants") participating interests in a minimum amount of \$100,000 in the Loans or other Obligation owing to the Bank, the Notes, or any other interest of the Bank hereunder. In the event of any such sale by the Bank of participating interests to a Participant, (i) the Bank's obligations under this Agreement to the other parties to this Agreement shall remain unchanged, (ii) the Bank shall remain solely responsible for the performance thereof, (iii) the Bank shall remain the holder of the applicable Note for all purposes under this

Agreement, (iv) the Borrower shall continue to deal solely and directly with the Bank in connection with the Bank's rights and obligations under this Agreement, (v) the Bank shall provide the Borrower with notice of the sale of such participation; and (vi) the agreement pursuant to which such Participant acquires its participating interest herein shall provide that the Bank shall retain the sole right and

responsibility to enforce the Obligations, including, without limitation the right to consent or agree to any amendment, modification, consent or waiver with respect to this Agreement or any other Loan Document, provided that such agreement may provide that the Bank will not consent or agree to any such amendment, modification, consent or waiver with respect to the matters set forth in Article II without the prior consent of such Participant. The Borrower agrees that if amounts outstanding under this Agreement, the Notes and the Loan Documents are due and unpaid, or shall have been declared or shall have become due and payable upon the occurrence of an Event of Default, each Participant shall be deemed to have, to the extent permitted by applicable law, the right of setoff in respect of its participating interest in amounts owing under this Agreement and the Notes or other Loan Document to the same extent as if the amount of its participating interest were owing directly to it as the Bank under this Agreement, the Notes or other Loan Documents. The Borrower also agrees that each Participant shall be entitled to the benefits of Section 2.4, 2.10, 2.11 and Section 8.2 with respect to its participation in the Loans; provided, that no Participant shall be entitled to receive any greater amount pursuant to such subsections than the Bank would have been entitled to receive in respect of the amount of the participation transferred by the Bank to such Participant had no such transfer occurred.

(c) The Borrower shall not be liable for any costs incurred by the Bank in effecting any participation under subparagraph (b) of this subsection.

(d) The Bank may disclose to any Assignee or Participant and to any prospective Assignee or Participant any and all financial information in the Bank's possession concerning the Borrower or any of their Subsidiaries (if any) which has been delivered to the Bank by or on behalf of the Borrower or any of its Subsidiaries pursuant to this Agreement or which has been delivered to the Bank by or on behalf of the Borrower or any of their Subsidiaries in connection with the Bank's credit evaluation of the Borrower or any of its Subsidiaries prior to entering into this Agreement, provided that prior to disclosing such information, the Bank shall first obtain the agreement of such prospective Assignee or Participant to comply with the provisions of Section 8.7.

(e) Notwithstanding any other provision in this Agreement, the Bank may at any time create a security interest in, or pledge, all or any portion of its rights under and interest in this Agreement and any note held by it in favor of any federal reserve bank in accordance with Regulation A of the Board or U.S. Treasury Regulation 31 CFR § 203.14, and such Federal Reserve Bank may enforce such pledge or security interest in any manner permitted under applicable law.

Section 8.7 Confidentiality of Information. The Bank shall use reasonable efforts to assure that information about the Borrower and its operations, affairs and financial condition, not generally disclosed to the public or to trade and other creditors, which is furnished to the Bank pursuant to the provisions hereof is used only for the purposes of this Agreement and any other relationship between the Bank and the Borrower and shall not be divulged to any Person other than the Bank, its Affiliates and their respective officers, directors, employees and agents, except: (a) to their attorneys and accountants, (b) in connection with the enforcement of the rights of the Bank hereunder and under the Loan Documents or otherwise in connection with applicable litigation, (c) in connection with assignments and participations and the solicitation of prospective assignees and participants referred to in the immediately preceding Section, (d) if such information is generally available to the public other than as a result of disclosure by the Bank, (e) to any direct or indirect contractual counterparty in any hedging arrangement or such contractual counterparty's professional advisor, (f) to any nationally recognized rating agency that requires information about the Bank's investment portfolio in connection with ratings issued with respect to the Bank, and (g) as may otherwise be required or requested by any regulatory authority having jurisdiction over the Bank or by any applicable law, rule, regulation or judicial process, the opinion of the Bank's counsel concerning the making of such disclosure to be binding on the parties hereto. The Bank shall not incur any liability to the Borrower by reason of any disclosure permitted by this Section.

Section 8.8 Governing Law and Construction. THE VALIDITY, CONSTRUCTION AND ENFORCEABILITY OF THIS AGREEMENT AND THE NOTES SHALL BE GOVERNED BY THE INTERNAL LAWS OF THE STATE OF MINNESOTA, WITHOUT GIVING EFFECT TO CONFLICT OF LAWS PRINCIPLES THEREOF, BUT GIVING EFFECT TO FEDERAL LAWS OF THE UNITED STATES APPLICABLE TO NATIONAL BANKS. Whenever possible, each provision of this Agreement and the other Loan Documents and any other statement, instrument or transaction contemplated hereby or thereby or relating hereto or thereto shall be interpreted in such manner as to be effective and valid under such applicable law, but, if any provision of this Agreement, the other Loan Documents or any other statement, instrument or transaction contemplated hereby or thereby or relating hereto or thereto shall be held to be prohibited or invalid under such applicable law, such provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement, the other Loan Documents or any other statement, instrument or transaction contemplated hereby or thereby or relating hereto or thereto.

Section 8.9 Consent to Jurisdiction. AT THE OPTION OF THE BANK, THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS MAY BE ENFORCED IN ANY FEDERAL COURT OR MINNESOTA STATE COURT SITTING IN HENNEPIN OR RAMSEY COUNTY; AND THE BORROWER

CONSENTS TO THE JURISDICTION AND VENUE OF ANY SUCH COURT AND WAIVES ANY ARGUMENT THAT VENUE IN SUCH FORUMS IS NOT CONVENIENT. IN THE EVENT THE BORROWER COMMENCES ANY ACTION IN ANOTHER JURISDICTION OR VENUE UNDER ANY TORT OR CONTRACT THEORY ARISING DIRECTLY OR INDIRECTLY FROM THE RELATIONSHIP CREATED BY THIS AGREEMENT, THE BANK AT ITS OPTION SHALL BE ENTITLED TO HAVE THE CASE TRANSFERRED TO ONE OF THE JURISDICTIONS AND VENUES ABOVE-DESCRIBED, OR IF SUCH TRANSFER CANNOT BE ACCOMPLISHED UNDER APPLICABLE LAW, TO HAVE SUCH CASE DISMISSED WITHOUT PREJUDICE.

Section 8.10 Waiver of Jury Trial. EACH OF THE BORROWER AND THE BANK IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY.

Section 8.11 Survival of Agreement. All representations, warranties, covenants and agreement made by the Borrower herein or in the other Loan Documents and in the certificates or other instruments prepared or delivered in connection with or pursuant to this Agreement or any other Loan Document shall be deemed to have been relied upon by the Bank and shall survive the making of the Loans by the Bank and the execution and delivery to the Bank by the Borrower of the Notes, regardless of any investigation made by or on behalf of the Bank, and shall continue in full force and effect as long as any Obligation is outstanding and unpaid and the Revolving Commitment and the Term Loan Commitment have not been terminated; provided, however, that the obligations of the under Section 8.2, 8.5 and 8.12 shall survive payment in full of the Obligations and the termination of the Commitments.

Section 8.12 Indemnification. The Borrower hereby agrees to defend, protect, indemnify and hold harmless the Bank and its Affiliates and the directors, officers, employees, attorneys and agents of the Bank and its Affiliates (each of the foregoing being an "Indemnitee" and all of the foregoing being collectively the "Indemnitees") from and against any and all claims, actions, damages, liabilities, judgments, costs and expenses (including all reasonable fees and disbursements of counsel which may be incurred in the investigation or defense of any matter) imposed upon, incurred by or asserted against any Indemnitee, whether direct, indirect or consequential and whether based on any federal, state, local or foreign laws or regulations (including securities laws, environmental laws, commercial laws and regulations), under common law or on equitable cause, or on contract or otherwise:

(a) by reason of, relating to or in connection with the execution, delivery, performance or enforcement of any Loan Document, any commitments relating thereto, or any transaction contemplated by any Loan Document; or

(b) by reason of, relating to or in connection with any credit extended or used under the Loan Documents or any act done or omitted by any Person, or the exercise of any rights or remedies thereunder, including the acquisition of any collateral by the Bank by way of foreclosure of the Lien thereon, deed or bill of sale in lieu of such foreclosure or otherwise;

provided, however, that the Borrower shall not be liable to any Indemnitee for any portion of such claims, damages, liabilities and expenses resulting from such Indemnitee's gross negligence or willful misconduct as determined by a nonappealable judgment of a court of competent jurisdiction. In the event this indemnity is unenforceable as a matter of law as to a particular matter or consequence referred to herein, it shall be enforceable to the full extent permitted by law.

This indemnification applies, without limitation, to any act, omission, event or circumstance existing or occurring on or prior to the later of the Revolving Loan Termination Date, the Term Loan Termination Date, and the date of payment in full of the Obligations, including specifically Obligations arising under clause (b) of this Section. The indemnification provisions set forth above shall be in addition to any liability the Borrower may otherwise have. Without prejudice to the survival of any other obligation of the Borrower hereunder the indemnities and obligations of the Borrower contained in this Section shall survive the payment in full of the other Obligations.

Section 8.13 Captions. The captions or headings herein and any table of contents hereto are for convenience only and in no way define, limit or describe the scope or intent of any provision of this Agreement.

Section 8.14 Entire Agreement. This Agreement and the other Loan Documents embody the entire agreement and understanding between the Borrower and the Bank with respect to the subject matter hereof and thereof. This Agreement supersedes all prior agreements and understandings relating to the subject matter hereof. Nothing contained in this Agreement or in any other Loan Document, expressed or implied, is intended to confer upon any Persons other than the parties hereto any rights, remedies, obligations or liabilities hereunder or thereunder.

Section 8.15 Counterparts. This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument, and any of the parties hereto may execute this Agreement by signing any such counterpart.

Section 8.16 Borrower Acknowledgements. The Borrower hereby acknowledges that (a) it has been advised by counsel in the negotiation, execution and delivery of this Agreement and the other Loan Documents, (b) the Bank has no fiduciary relationship to the Borrower, the relationship

being solely that of debtor and creditor, (c) no joint venture exists between the Borrower and the Bank, and (d) the Bank undertakes no responsibility to the Borrower to review or inform the Borrower of any matter in connection with any phase of the business or operations of the Borrower and the Borrower shall rely entirely upon its own judgment with respect to its business, and any review, inspection or supervision of, or information supplied to, the Borrower by the Bank is for the protection of the Bank and neither the Borrower nor any third party is entitled to rely thereon.

Section 8.17 Interest Rate Limitation. Notwithstanding anything herein to the contrary, if at any time the interest rate applicable to any Loan, together with all fees, charges and other amounts that are treated as interest on such Loan under applicable law (collectively, the "**Charges**"), shall exceed the maximum lawful rate (the "**Maximum Rate**") that may be contracted for, charged, taken, received or reserved by the Bank in accordance with applicable law, the rate of interest payable in respect of such Loan hereunder, together with all Charges payable in respect thereof, shall be limited to the Maximum Rate and, to the extent lawful, the interest and Charges that would have been payable in respect of such Loan but were not payable as a result of the operation of this Section shall be cumulated and the interest and Charges payable to the Bank in respect of such Loan or periods shall be increased (but not above the Maximum Rate therefor) until such cumulated amount, together with interest thereon at the Federal Funds Effective Rate to the date of repayment, shall have been received by the Bank.

Section 8.18 Electronic Records. The Borrower hereby acknowledges receipt of a copy of this Agreement and all other Loan Documents. The Bank may, on behalf of the Borrower, create a microfilm or optical disk or other electronic image of this Agreement and any or all of the Loan Documents. The Bank may store the electronic image of this Agreement and Loan Documents in its electronic form and then destroy the paper original as part of the Bank's normal business practices, with the electronic image deemed to be an original and of the same legal effect, validity and enforceability as the paper originals. The Bank is authorized, when appropriate, to convert any note into a "transferable record" under the Uniform Electronic Transactions Act.

Section 8.19 USA PATRIOT ACT NOTIFICATION. The following notification is provided to the Borrower pursuant to Section 326 of the USA PATRIOT Act of 2001, 31 U.S.C. Section 5318:

The Bank is subject to the requirements of the USA PATRIOT Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "Act") and hereby notifies the Borrower that pursuant to the requirements of the Act, it is required to obtain, verify and record information that identifies the Borrower, which information includes the name and address of the Borrower and other information that will allow the Bank to identify the Borrower in accordance with the Act.

[The next page is the signature page.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date first above written.

MIDWESTONE FINANCIAL GROUP, INC.

By:

Name: Charles N. Funk

Title: Chief Executive Officer

Address for Borrower:

MidWestOne Financial Group, Inc.

102 South Clinton Street

Iowa City, Iowa 52240

Fax: (319) 356-5849

[Signature Page 1 to Credit Agreement]

U.S. BANK NATIONAL ASSOCIATION

By:

Name: William P. Doran

Title: Vice President

Address for Bank:

U.S. Bank National Association
National Correspondent Banking
101 E 5th St. (EP-MN-S9CB)
St. Paul, MN 55101
Attention: William P. Doran
Fax: 651-466-8270

[Signature Page 2 to Credit Agreement]

EXHIBIT A-1 TO
CREDIT AGREEMENT

FORM OF REVOLVING NOTE

\$25,000,000 June 7, 2022
Saint Paul, Minnesota

FOR VALUE RECEIVED, MIDWESTONE FINANCIAL GROUP, INC., a corporation organized under the laws of the State of Iowa hereby promises to pay to the order of U.S. BANK NATIONAL ASSOCIATION (the "Bank") at its main office in Saint Paul, Minnesota, in lawful money of the United States of America in Immediately Available Funds (as such term and each other capitalized term used herein are defined in the Credit Agreement hereinafter referred to) on the Revolving Loan Termination Date the principal amount of TWENTY-FIVE MILLION DOLLARS (\$25,000,000) or, if less, the aggregate unpaid principal amount of all Revolving Loans made by the Bank under the Credit Agreement, and to pay interest (computed on the basis of actual days elapsed and a year of 360 days) in like funds on the unpaid principal amount hereof from time to time outstanding at the rates and times set forth in the Credit Agreement.

This note is the Revolving Note referred to in the Credit Agreement dated of even date herewith (as the same may hereafter be from time to time amended, restated or otherwise modified, the "Credit Agreement") between the undersigned and the Bank. The maturity of this note is subject to acceleration, in each case upon the terms provided in said Credit Agreement.

This note continues and evidences the principal indebtedness outstanding under that certain promissory note dated December 11, 2020, made by the Borrower to the order of the Bank in the original principal amount of \$25,000,000 (the "Existing Note"), provided that all principal, interest and other obligations under the Existing Note accrued prior to the date of this note shall not be deemed discharged and shall be due and payable in accordance with the terms of this note, and this note shall not constitute a novation of the Existing Note.

In the event of default hereunder, the undersigned agrees to pay all costs and expenses of collection, including reasonable attorneys' fees. The undersigned waives demand, presentment, notice of nonpayment, protest, notice of protest and notice of dishonor.

THE VALIDITY, CONSTRUCTION AND ENFORCEABILITY OF THIS NOTE SHALL BE GOVERNED BY THE INTERNAL LAWS OF THE STATE OF MINNESOTA WITHOUT GIVING EFFECT TO THE CONFLICT OF LAWS PRINCIPLES THEREOF, BUT GIVING EFFECT TO FEDERAL LAWS OF THE UNITED STATES APPLICABLE TO NATIONAL BANKS.

MIDWESTONE FINANCIAL GROUP, INC.

By:

Name: Charles N. Funk

Title: Chief Executive Officer
Ex A-1-1

EXHIBIT A-2 TO
CREDIT AGREEMENT

TERM NOTE

\$35,000,000 June 7, 2022
Saint Paul, Minnesota

FOR VALUE RECEIVED, MIDWESTONE FINANCIAL GROUP, INC., a corporation organized under the laws of the State of Iowa, hereby promises to pay to the order of U.S. BANK NATIONAL ASSOCIATION, a national banking association (the "Bank") at its main office in Saint Paul, Minnesota, in lawful money of the United States of America in Immediately Available Funds (as such term and each other capitalized term used herein are defined in the Credit Agreement hereinafter referred to) the principal amount of THIRTY-FIVE MILLION AND 00/100 DOLLARS (\$35,000,000) or, if less, the aggregate unpaid principal amount of the Term Loan Advance made by the Bank under the Credit Agreement and to pay interest (computed on the basis of actual days elapsed and a year of 360 days) in like funds on the unpaid principal amount hereof from time to time outstanding at the rates and times set forth in the Credit Agreement.

This note is the Term Note referred to in the Credit Agreement dated as of the date hereof (as the same may hereafter be from time to time amended, restated or otherwise modified, the "Credit Agreement") between the undersigned and the Bank. The maturity of this note is subject to acceleration upon the terms provided in the Credit Agreement.

In the event of default hereunder, the undersigned agrees to pay all costs and expenses of collection, including reasonable attorneys' fees. The undersigned waives demand, presentment, notice of nonpayment, protest, notice of protest and notice of dishonor.

THE VALIDITY, CONSTRUCTION AND ENFORCEABILITY OF THIS NOTE SHALL BE GOVERNED BY THE INTERNAL LAWS OF THE STATE OF MINNESOTA WITHOUT GIVING EFFECT TO THE CONFLICT OF LAWS PRINCIPLES THEREOF, BUT GIVING EFFECT TO FEDERAL LAWS OF THE UNITED STATES APPLICABLE TO NATIONAL BANKS.

[The next page is the signature page.]

Ex A-2-1

IN WITNESS WHEREOF, the Borrower has executed this Term Note as of the date first above written.

MIDWESTONE FINANCIAL GROUP, INC.

By:
Name: Charles N. Funk
Title: Chief Executive Officer

EXHIBIT B TO
CREDIT AGREEMENT

FORM OF COMPLIANCE CERTIFICATE

For use from and after June 7, 2022

See attached.

Ex B-1

COMPLIANCE CERTIFICATE

For use from and after June 7, 2022

To: U.S. Bank National Association:

THE UNDERSIGNED HEREBY CERTIFIES THAT:

- (1) I am the duly elected chief financial officer of MidWestOne Financial Group, Inc. (the "Borrower");
- (2) I have reviewed the terms of the Credit Agreement dated as of June 7, 2022, between the Borrower and U.S. Bank National Association (as amended, restated, or otherwise modified from time to time, the "Credit Agreement") and I have made, or have caused to be made under my supervision, a detailed review of the transactions and conditions of the Borrower during the accounting period covered by the Attachment hereto;
- (3) The examination described in paragraph (2) did not disclose, and I have no knowledge, whether arising out of such examinations or otherwise, of the existence of any condition or event that constitutes, a Default or an Event of Default (as such terms are defined in the Credit Agreement) during or at the end of the accounting period covered by the Attachment hereto or as of the date of this Certificate, except as described below (or on a separate attachment to this Certificate). The exceptions, listing, in detail, the nature of the condition or event, the period during which it has existed, and the action the Borrower has taken, is taking, or proposes to take with respect to each such condition or event, are as follows:

The foregoing certification, together with the computations in the Attachment hereto and any financial statement or call report delivered with this Certificate in support hereof, are made and delivered this ____ day of _____, _____ pursuant to Section 5.1 of the Credit Agreement.

MIDWESTONE FINANCIAL GROUP, INC.

By:

Name

Title: Chief Financial Officer

Ex B-2

ATTACHMENT TO COMPLIANCE CERTIFICATE
AS OF _____, _____ WHICH PERTAINS
TO THE PERIOD FROM _____, _____
TO _____, _____

Sections identified below are Sections of the Credit Agreement, to which reference should be made for a complete description of requirements.

| | | |
|--|--|----------|
| Section 6.2(d) (to be reported for December 31 fiscal quarter only) Dispositions of branch banking locations having assets or liabilities, as measured as of the last day of the preceding fiscal year, in an aggregate amount for all such locations not to exceed \$200,000,000 during any fiscal year (Maximum: \$200,000,000 each fiscal year ending from and after December 31, 2022) | | \$ _____ |
| Section 6.14 Non-Performing Loans and OREO to Tangible Capital of the Subsidiary Banks, on a combined basis (Maximum: 15.00% as of the last day of each fiscal quarter ending from and after June 30, 2022) | | _____ % |
| Section 6.15 The Loan Loss Reserves of the Subsidiary Bank, on a combined basis to Non-Performing Loans of the Subsidiary Banks, on a combined basis (Minimum: 80.00% as of the last day of each fiscal quarter ending from and after June 30, 2022) | | _____ % |
| Section 6.16 Total Risk-Based Capital Ratio of the combined Subsidiary Banks (Minimum: 11.00% as of the last day of each fiscal quarter ending from and after June 30, 2022) | | _____ % |
| Section 6.17 The Borrower and each Subsidiary Bank [is] / [is not] "well capitalized." [The Borrower and/or the following Subsidiary Bank(s) [is/are] not "well capitalized: | | _____ % |
| Section 6.18 Fixed Charge Coverage Ratio of the Borrower (Minimum: 1.25 to 1.0 as of the last day of each fiscal quarter ending from and after June 30, 2022) | | _____ % |

Ex B-3

MATTERS TO BE ADDRESSED BY OPINION OF COUNSEL

See attachment.

Ex C-1

POST-RETIREMENT MEDICAL OR INSURANCE BENEFITS

1. Employees who retire under the age of 65 will receive a subsidy equal to that of an active employee's single health, dental, and vision insurance premium toward the cost of a retiree health, dental, and vision plan for the first year following their retirement date. At the end of 12 month period following retirement, each retiree will be expected to pay 100% of his or her retiree insurance premiums.
2. Employees who retire at the age of 65 or older will receive a subsidy equal to that of an active employee's single health, dental, and vision insurance premium toward the cost of a Medicare Supplement plan, retiree dental plan, and vision plan for the first year following their retirement date. At the end of 12 month period following retirement, each retiree will be expected to pay 100% of his or her retiree insurance premiums, including the Medicare Supplement insurance.
3. "Bank Owned Life Insurance (BOLI) Insured Officer Life Insurance Program" provides eligible officers with a life insurance benefit up to a maximum of the officer's annual salary. The cost of the life insurance is paid by the company.
4. Group Term Life Insurance. The company pays for the cost associated with the retiree's participation in the group term life insurance plan. The amount of the life insurance is the retiree's annual salary (at the time of retirement) capped at a maximum of \$50,000. The maximum amount of life insurance coverage reduces over time.

Sch. 4.16-1

SUBSIDIARY BANKS

| Subsidiary Bank | Number of Shares Issued and Outstanding | Percentage Owned | State of Incorporation |
|--------------------------------------|---|------------------|------------------------|
| /s/ DOUGLAS H. GREEFFMidWestOne Bank | 100,000/ 100,000 | Director100% | |

Douglas H. Greeff

/s/ RICHARD J. HARTIG

Richard J. Hartig

Director

March 13, 2023

OTHER SUBSIDIARIES

| /s/ JENNIFER L. HAUSCHILTSubsidiary | Percentage Owned | State of Incorporation |
|---|------------------|------------------------|
| | | Director |
| Jennifer L. HauschildtATBancorp Statutory Trust I | 100% | Delaware |
| ATBancorp Statutory Trust II | 100% | Delaware |
| Barron Investment Capital Trust I | 100% | Delaware |
| Central Bancshares Capital Trust II | 100% | Delaware |
| MidWestOne Statutory Trust II | 100% | Delaware |
| | | |

/s/ MATTHEW J. HAYEK

Matthew J. Hayek

Director

March 13, 2023

/s/ NATHANIEL J. KAEDING

Nathaniel J. Kaeding

Director

March 13, 2023

/s/ TRACY S. MCCORMICK

Tracy S. McCormick

Director

March 13, 2023

/s/ RUTH E. STANOCH

Ruth E. Stanoch

Director

March 13, 2023

ASSET DISPOSITIONS

Sch. 6.2-1

EXISTING INDEBTEDNESS

Prior to the consummation of the First Bancshares Acquisition:

TRUST PREFERRED SHARES

As of March 31, 2022

| Name of Trust | Face Value (in thousands) | Book Value (in thousands) | Index/Spread | [Current]Interest Rate | Maturity Date | Call Date |
|-------------------------------------|------------------------------|------------------------------|---------------------------|------------------------|---------------|------------|
| ATBancorp Statutory Trust I | \$ 7,732 | \$ 6,898 | Three-month LIBOR + 1.68% | 2.51 % | 06/15/2036 | 06/15/2011 |
| ATBancorp Statutory Trust II | 12,372 | 10,923 | Three-month LIBOR + 1.65% | 2.48 % | 09/15/2037 | 06/15/2012 |
| Barron Investment Capital Trust I | 2,062 | 1,808 | Three-month LIBOR + 2.15% | 3.11 % | 09/23/2036 | 09/23/2011 |
| Central Bancshares Capital Trust II | 7,217 | 6,891 | Three-month LIBOR + 3.50% | 4.33 % | 03/15/2038 | 03/15/2013 |
| MidWestOne Statutory Trust II | 15,464 | 15,464 | Three-month LIBOR + 1.59% | 2.42 % | 12/15/2037 | 12/15/2012 |
| TRUPs Total | \$44,847 | \$41,984 | | | | |

SUBORDINATED DEBT

As of March 31, 2022

| | Face Value (in thousands) | Book Value (in thousands) | [Current]Interest Rate | Maturity Date | Call Date |
|-------------------|------------------------------|------------------------------|------------------------|---------------|------------|
| Subordinated Debt | \$65,000 | \$63,908 | 5.75% | 07/30/2030 | 07/30/2025 |

Sch. 6.11-1

Exhibit 4.2

DESCRIPTION OF THE COMPANY'S SECURITIES FIRST AMENDMENT TO CREDIT AGREEMENT

REGISTERED PURSUANT TO THIS FIRST AMENDMENT TO SECTION 12 OF THE

SECURITIES EXCHANGE ACT OF 1934

CREDIT AGREEMENT (this "The following description Amendment"), made and entered into as of the material terms of the common stock of MidWestOne September 30, 2022, is by and between MidWestOne Financial Group, Inc. a corporation organized under the laws of the State of Iowa (the "Company," "Borrower" which is also referred), and U.S. Bank National Association, a national banking association (the "Bank").

RECITALS

1. The Bank and the Borrower entered into a Credit Agreement dated as of June 7, 2022 (the "Credit Agreement"); and
2. The Borrower desires to herein as "we," "our" or "us") is only a summary. This summary does not purport amend certain provisions of the Credit Agreement, and the Bank has agreed to be a complete description of make such amendments, subject to the terms and conditions set forth in this Amendment.

AGREEMENT

NOW, THEREFORE, for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto hereby covenant and agree to be bound as follows:

Section 1. Capitalized Terms. Capitalized terms used and not otherwise defined herein shall have the meanings assigned to them in the Credit Agreement, unless the context otherwise requires.

Section 2. Amendments. The Credit Agreement is hereby amended as follows:

2.1 Section 1.1 – Defined Terms. Section 1.1 of the Company's common stock Credit Agreement is amended by amending the definitions of "Anti-Corruption Law," "Revolving Loan Maturity Date" and "Sanctions" in their entireties to read as follows:

"Anti-Corruption Laws": The Foreign Corrupt Practices Act of 1977, as amended, and the rules and regulations thereunder, and any other anti-corruption law applicable to the Borrower and its Subsidiaries.

"Revolving Loan Maturity Date": September 30, 2023.

"Sanctions": The sanctions administered or enforced from time to time by the U.S. government, including those administered by OFAC, the U.S. Department of State, the United Nations Security Council, the European Union, His Majesty's Treasury or other relevant sanctions authority.

Section 1.1 is further amended by adding thereto the following definitions in alphabetical order:

"Environmental Laws": Any and all laws, judicial decisions, judgments, orders, decrees, plans, injunctions, permits, concessions, grants, franchises, licenses, agreements and other governmental restrictions relating to (a) the protection of the environment, (b) personal injury or property damage relating to the release or discharge of Hazardous Materials, (c) emissions, discharges or releases of pollutants,

contaminants, hazardous substances or wastes into surface water, ground water or land, or (d) the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of pollutants, contaminants, hazardous substances or wastes or the clean-up or other remediation thereof.

“Hazardous Material”: Any explosive or radioactive substances or wastes, any hazardous or toxic substances, wastes or other pollutants, including petroleum or petroleum distillates, asbestos or asbestos containing materials, polychlorinated biphenyls, radon gas, infectious or medical wastes and any other substances or wastes of any nature regulated pursuant to any Environmental Law.

2.2 Section 4.3 – No Conflict or Default; Sanctions and Anti-Corruption Laws. Section 4.3 of the Credit Agreement is amended in its entirety to read as follows:

Section 4.3. **No Conflict; No Default; Sanctions and Anti-Corruption Laws.** The execution, delivery and performance by the Borrower of the Loan Documents will not (a) violate any provision of any law, statute, rule or regulation or any order, writ, judgment, injunction, decree, determination or award of any court, governmental agency or arbitrator presently in effect having applicability to the Borrower, (b) violate or contravene any provision of the Articles of Incorporation or Bylaws of the Borrower, or (c) result in a breach of or constitute a default under any indenture, loan or credit agreement or any other agreement, lease or instrument to which the Borrower is a party or by which it or any of its properties may be bound or result in the creation of any Lien thereunder. No Event of Default exists or would result from the incurrence by the Borrower of any Indebtedness hereunder or under any other Loan Document. Neither the Borrower nor any Subsidiary is in default under or in violation of any such law, statute, rule or regulation, order, writ, judgment, injunction, decree, determination or award in any case in which the consequences of such default or violation could reasonably be expected to constitute a Material Adverse Occurrence, or in violation or breach of any indenture, loan or credit agreement or other agreement, lease or instrument involving an obligation of the Borrower in excess of \$100,000. The Borrower, its Subsidiaries and their respective directors, officers, and employees and, to the knowledge of the Borrower, the agents of the Borrower and its Subsidiaries are in compliance with Anti-Corruption Laws and all applicable Sanctions in all material respects. The Borrower and its Subsidiaries have implemented and maintain in effect policies and procedures designed to ensure compliance with Anti-Corruption Laws and applicable Sanctions. None of the Borrower, any of its Subsidiaries or any director, officer, employee, agent, or affiliate of the Borrower or any of its Subsidiaries is an individual or entity that is, or is 50% or more owned (individually or in the aggregate, directly or indirectly) or controlled by individuals or entities (including any agency, political subdivision or instrumentality of any government) that are (a) the target of any Sanctions or (b) located, organized or resident in a country or territory that is the subject of Sanctions (at the time of this Agreement, Crimea, Cuba, Iran, North Korea, Syria, the so-called Donetsk People’s Republic, and the so-called Luhansk People’s Republic). The Borrower and its Subsidiaries have all permits, licenses and approvals required by such laws, copies of which have been provided to the Bank. The Borrower and its Subsidiaries are in compliance in all material respects with the PATRIOT Act. Neither the making of the Loans nor the use of the proceeds thereof will violate the PATRIOT Act, the Trading with the Enemy Act, as amended, or any of the foreign assets control regulations of the United

States Treasury Department (31 C.F.R., Subtitle B, Chapter V, as amended) or any enabling legislation or executive order relating thereto or successor statute thereto.

2.3 Section 5.2 – Use of Proceeds. Section 5.2 of the Credit Agreement is amended in its entirety to read as follows:

Section 5.2 **Use of Loan Proceeds.** The Borrower shall use the proceeds of the Revolving Loan to fund general working capital and operating expenses. The Borrower shall use the proceeds of the Term Loan to finance the First Bancshares Acquisition. The Borrower will not, and will not permit any Subsidiary to, use any of the proceeds of the Loans to purchase or carry any “margin stock” (as defined in Regulation U). The Borrower will not, directly or indirectly, use the proceeds of the Loans or lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or other Person, (a) in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any Person in violation of any Anti-Corruption Laws or (b)(i) to fund any activities or business of or with any Person, or in any country or territory, that, at the time of such funding, is the subject

of Sanctions, or (ii) in any other manner that would result in a violation of Sanctions by any Person (including any Person participating in the Loans, whether as lender, underwriter, advisor, investor, or otherwise).

2.4 Section 5.9 – Compliance with Laws. Section 5.9 of the Credit Agreement is amended in its entirety to read as follows:

Section 5.9 Compliance. The Borrower will (a) comply, and will cause each Subsidiary to comply, in all material respects with all laws, rules, regulations, orders, writs, judgments, injunctions, decrees or awards to which it may be subject, including Environmental Laws; provided, however, that, other than the compliance required in the following clause (b), failure so to comply shall not be a breach of this covenant if such failure does not constitute a Material Adverse Occurrence and the Borrower or such Subsidiary is acting in good faith and with reasonable dispatch to cure such noncompliance, (b) comply in all material respects with all Anti-Corruption Laws and applicable Sanctions, orders, writs, judgments, injunctions, decrees or awards related to Anti-Corruption Laws and applicable Sanctions to which it may be subject, and (c) obtain all permits, licenses and approvals required by the laws described in the preceding clauses (a) and (b), copies of which will be provided to the Bank upon request. The Borrower will, and will cause each Subsidiary to, maintain in effect and enforce policies and procedures designed to ensure compliance by the Borrower, its Subsidiaries and their respective directors, officers, employees and agents with Anti-Corruption Laws and applicable Sanctions. The Borrower will not use or allow any tenants or subtenants to use, or permit any Subsidiary to use or allow any tenants or subtenants to use, its Property for any business activity that violates any applicable federal or state law or that supports a business that violates any applicable federal or state law

Section 3. Effectiveness of Amendments. The amendments and waiver in this Amendment shall become effective upon delivery by the Borrower of, and compliance by the Borrower with, the following:

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3.1 This Amendment duly executed by the Borrower.

3.2 A certificate of an officer of the Borrower dated as of the date of this Amendment and certifying as to the following:

(a) The Borrower's Resolutions of the Board of Directors (the "Resolutions"), a copy of which was attached to a Secretary's Certificate of the Company dated June 7, 2022 (the "Existing Secretary's Certificate"), remain in full force and effect, are sufficient to authorize this Amendment by the Borrower and its execution and delivery by officers of the Borrower, and there has been no change in or revocation of the authority granted to the officers of the Borrower therein.

(b) The incumbency, names, titles, and signatures of the Borrower's officers authorized to execute this Amendment.

(c) There has been no amendment to the Borrower's articles of incorporation or bylaws since true and accurate copies thereof were delivered to the Bank with the Existing Secretary's Certificate.

3.3 A good standing certificate from the Secretary of State of the State of Iowa dated not more than 30 days prior to the date of this Amendment.

3.4 The Borrower shall have satisfied such other conditions as specified by the Bank, including payment of all unpaid legal fees and expenses incurred by the Bank through the date of this Amendment in connection with the Credit Agreement and the Amendment Documents (as defined below).

Section 4. Representations, Warranties, Authority, No Adverse Claim.

4.1 Reassertion of Representations and Warranties, No Default. The Borrower hereby represents that on and as of the date hereof and after giving effect to this Amendment (a) all of the representations and warranties in the Credit Agreement are true, correct, and complete in all respects as of the date hereof as though made on and as of such date, except for changes permitted by the terms of the Credit Agreement, and (b) there will exist no Default or Event of Default under the Credit Agreement as amended by this Amendment on such date that the Bank has not waived.

4.2 Authority, No Conflict, No Consent Required, Enforceability. The Borrower represents and warrants that it has the power, legal right, and authority to enter into this Amendment and has duly authorized as appropriate the execution and delivery of this Amendment and all other agreements and documents (collectively, the "Amendment Documents") executed and delivered by the Borrower in connection therewith by proper corporate action, and none of the Amendment Documents and the agreements therein contravenes or constitutes a default under any agreement, instrument, or indenture to which the Borrower is a party or a signatory, any provision of the Borrower's articles of incorporation or bylaws, or any other agreement or requirement of law, or results in the imposition of any Lien on any of its property under any agreement binding on or applicable to the Borrower or any of its property except, if any, in favor of the Bank. The Borrower represents and warrants that no consent, approval, or authorization of or registration or declaration with any Person, including but not limited to any governmental authority, is required in connection with the execution and delivery by the Borrower of the Amendment Documents or other agreements and documents executed and delivered by the Borrower in connection therewith or the performance of obligations of the

Borrower therein described, except for those that the Borrower has obtained or provided and as to which the Borrower has delivered certified copies of documents evidencing each such action to the Bank. The Borrower represents and warrants that the Amendment Documents constitute the legal, valid and binding obligations of the Borrower, enforceable against the Borrower in accordance with their terms, subject to limitations as to enforceability which might result from bankruptcy, insolvency, moratorium and other similar laws affecting creditors' rights generally and subject to limitations on the availability of equitable remedies.

4.3 No Adverse Claim. The Borrower warrants, acknowledges, and agrees that no events have taken place and no circumstances exist at the date hereof that would give the Borrower a basis to assert a defense, offset, or counterclaim to any claim of the Bank with respect to the Obligations.

Section 5. Affirmation of Credit Agreement, Further References. The Bank and the Borrower each acknowledge and affirm that the Credit Agreement, as hereby amended, is hereby ratified and confirmed in all respects and is subject to all terms, conditions, and qualified in its entirety by reference to provisions of the Company's Amended and Restated Articles of Incorporation, Credit Agreement, except as amended by this Amendment, shall remain unmodified and in full force and effect. All references in any document or instrument to the first, second Credit Agreement are hereby amended to refer to the Credit Agreement as amended by this Amendment.

Section 6. Merger and third amendments thereto ("Integration, Superseding Effect Articles). This Amendment, from and after the date hereof, embodies the entire agreement and understanding between the parties hereto and supersedes and has merged into this Amendment all prior oral and written agreements on the same subjects by and between the parties hereto with the effect that this Amendment shall control with respect to the specific subjects hereof and thereof.

Section 7. Severability. Whenever possible, each provision of Incorporation") this Amendment and the Company's Third Amended other Amendment Documents and Restated Bylaws, any other statement, instrument, or transaction contemplated thereby or relating thereto shall be interpreted so as Amended ("to be effective, valid, and enforceable under the applicable law of any jurisdiction, but if any provision of this Amendment, the other Amendment Documents, or any other statement, instrument or transaction contemplated thereby or relating thereto is held to be prohibited, invalid, or unenforceable under the applicable law, such provision shall be ineffective in such jurisdiction only to the extent of such prohibition, invalidity, or unenforceability, without invalidating or rendering unenforceable the remainder of such provision or the remaining provisions of this Amendment, the other Amendment Documents, or any other statement, instrument or transaction contemplated thereby or relating thereto in such jurisdiction, or affecting the effectiveness, validity, or enforceability of such provision in any other jurisdiction.

Section 8. Bylaws Successors. The Amendment Documents shall be binding upon the Borrower, the Bank, and their respective successors and assigns and shall inure to the benefit of the Borrower, the Bank, and the Bank's successors and assigns.

Section 9. Legal Expenses. As provided in Section 8.2 of the Credit Agreement, the Borrower shall pay or reimburse the Bank, upon execution of this Amendment, for all reasonable out-of-pocket expenses paid or incurred by the Bank, including filing and recording costs and fees, charges and disbursements of outside counsel to the Bank and/or the allocated costs of in-house counsel incurred from time to time, in connection with the Credit Agreement, including in connection with the negotiation, preparation, execution, collection, and enforcement of the Amendment Documents and all other documents negotiated, prepared, and executed in connection with the Amendment Documents, and in enforcing the

obligations of the Borrower under the Amendment Documents, and to pay and save the Bank harmless from all liability for any stamp or other taxes that may be payable with respect to the execution or delivery of the

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Amendment Documents, which obligations of the Borrower shall survive any termination of the Credit Agreement.

Section 10. Headings. The headings of various sections of this Amendment have been inserted for reference only and shall not be deemed to be a part of this Amendment.

Section 11. Counterparts. The Amendment Documents may be executed in several counterparts as deemed necessary or convenient, each of which, when so executed, shall be deemed an original, provided that all such counterparts shall be regarded as one and the same document.

Section 12. Governing Law. THE AMENDMENT DOCUMENTS SHALL BE GOVERNED BY THE INTERNAL LAWS OF THE STATE OF MINNESOTA, WITHOUT GIVING EFFECT TO CONFLICT OF LAW PRINCIPLES THEREOF, BUT GIVING EFFECT TO FEDERAL LAWS APPLICABLE TO NATIONAL BANKS, THEIR HOLDING COMPANIES, AND THEIR AFFILIATES.

Section 13. Acknowledgement and Release. IN ORDER TO INDUCE THE BANK TO ENTER INTO THIS AMENDMENT, THE BORROWER: (A) REPRESENTS AND WARRANTS TO THE BANK THAT NO EVENTS HAVE TAKEN PLACE AND NO CIRCUMSTANCES EXIST AT THE DATE HEREOF WHICH WOULD GIVE THE BORROWER THE RIGHT TO ASSERT A DEFENSE, OFFSET OR COUNTERCLAIM TO ANY CLAIM BY THE BANK FOR PAYMENT OF THE OBLIGATIONS; AND (B) HEREBY RELEASES AND FOREVER DISCHARGES THE BANK AND ITS SUCCESSORS, ASSIGNS, DIRECTORS, OFFICERS, AGENTS, EMPLOYEES AND PARTICIPANTS FROM ANY AND ALL ACTIONS, CAUSES OF ACTION, SUITS, PROCEEDINGS, DEBTS, SUMS OF MONEY, COVENANTS, CONTRACTS, CONTROVERSIES, CLAIMS AND DEMANDS, AT LAW OR IN EQUITY, WHICH THE BORROWER EVER HAD OR NOW HAS AGAINST THE BANK OR ANY OF ITS SUCCESSORS, ASSIGNS, DIRECTORS, OFFICERS, AGENTS, EMPLOYEES OR PARTICIPANTS BY VIRTUE OF THEIR RELATIONSHIP TO THE BORROWER IN CONNECTION WITH THIS AMENDMENT, THE CREDIT AGREEMENT, THE LOAN DOCUMENTS AND TRANSACTIONS RELATED THERETO.

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IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed as of the date and year first above written.

MIDWESTONE FINANCIAL GROUP, INC.

By: _____

Name: Barry S. Ray

Title: Chief Financial Officer

U.S. BANK NATIONAL ASSOCIATION

By: _____

Name: William P. Doran

Title: Vice President

[Signature Page to First Amendment to Credit Agreement]

SECOND AMENDMENT TO CREDIT AGREEMENT

This SECOND AMENDMENT TO CREDIT AGREEMENT (this "Amendment"), each made and entered into as of which are filed as an exhibit to September 19, 2023, is by and between MidWestOne Financial Group, Inc. a corporation organized under the Annual Report on Form 10-K laws of which this Exhibit 4.2 is a part, as well as the State of Iowa Business Corporation Act, as amended (the "IBC Borrower"), and any other documents referenced U.S. Bank National Association, a national banking association (the "Bank").

RECITALS

1. The Bank and the Borrower entered into a Credit Agreement dated as of June 7, 2022, as amended by that certain First Amendment to Credit Agreement dated as of September 30, 2022 (as amended, the "Credit Agreement"); and
2. The Borrower desires to amend certain provisions of the Credit Agreement, and the Bank has agreed to make such amendments, subject to the terms and conditions set forth in this Amendment.

AGREEMENT

NOW, THEREFORE, for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto hereby covenant and agree to be bound as follows:

Section 1. Capitalized Terms. Capitalized terms used and not otherwise defined herein shall have the meanings assigned to them in the summary Credit Agreement, unless the context otherwise requires.

Section 2. Amendments. The Credit Agreement is hereby amended as follows:

2.1 Section 1.1 – Defined Terms. Section 1.1 of the Credit Agreement is amended by amending the definitions of "Monthly Reset Term SOFR Rate" and from which the summary is derived. "Revolving Loan Maturity Date" in their respective entireties, to read as follows:

Description "Monthly Reset Term SOFR Rate": Means the greater of (a) zero and (b) the one-month forward-looking term rate based on SOFR quoted by the Bank from the Term SOFR Administrator's Website (or other commercially available source providing such quotations as may be selected by the Bank from time to time), which shall be that one-month Term SOFR rate in effect two New York Banking Days prior to the Rate Adjustment Date, adjusted for any reserve requirement and any subsequent costs arising from a change in government regulation, and reset monthly on each Rate Adjustment Date; provided that if the Term SOFR rate is not published on such New York Banking Day due to a holiday or other circumstance that the Bank deems in its sole discretion to be temporary, the applicable Term SOFR rate shall be the Term SOFR rate last published prior to such new York Banking Day.

"Revolving Loan Maturity Date": September 30, 2024.

Section 1.1 of the Credit Agreement is further amended by deleting the definitions of "Change" and "Payment Date" as each appears therein.

2.2 Section 2.4 – Interest Rate. Clause (a) of Section 2.4 of the Credit Agreement is amended in its entirety to read as follows:

(a) **Interest Rate on the Loans.** Interest on each Loan hereunder shall accrue at an annual rate equal to the Applicable Margin plus the Monthly Reset Term SOFR Rate. If the initial Revolving Loan or the Term Loan Advance under this Agreement occurs other than on the Rate Adjustment Date, the initial one-month Term SOFR rate in effect two New York Banking Days prior to the later of (a) the immediately preceding Rate Adjustment Date and (b) the Closing Date, which rate plus the percentage described above shall be in effect until the next Rate Adjustment Date. If Term SOFR is replacing a different rate index for an existing facility, and if such replacement becomes effective on a date other than the Rate Adjustment Date, the initial one-month Term SOFR rate hereunder shall be that one-month Term SOFR rate in effect two New York Banking Days prior to the effective date of such replacement, which rate plus the percentage described above shall be in effect until the next Rate Adjustment Date. The Bank's internal records of applicable interest rates shall be determinative in the absence of manifest error.

2.3 Section 2.5 – Payment of the Loans. Section 2.5 of the Credit Agreement is amended in its entirety to read as follows:

Section 2.5. **Payment of the Loans.** Interest and principal upon the Loans shall be paid as follows:

(a) **Payment of Interest.** Interest on the Revolving Loans is payable beginning June 30, 2022 and on the same date of each third month thereafter, plus a final interest payment with the final payment of principal; provided that interest under Section 2.4(b) shall be payable on demand. Interest on the Term Loans is payable beginning September 30, 2022 and on the same date of each third month thereafter, plus a final interest payment with the final payment of principal; provided that interest under Section 2.4(b) shall be payable on demand.

(b) **Payment of Principal.** Principal of the Revolving Loan shall be paid on the Revolving Loan Termination Date. Principal on the Term Loan shall be paid in installments each equal to the amount of the Term Loan Advance divided by 20, beginning on September 30, 2022 and on the same date of each third month thereafter, plus a final payment equal to all unpaid principal on the Term Loan Termination Date.

2.4 Section 2.7 – Computations. Section 2.7 of the Credit Agreement is amended in its entirety to read as follows:

Section 2.7. **Computations.** Interest on the Loans and the Revolving Commitment Fees shall be computed on the basis of actual days elapsed on the basis of a 360-day year.

2.5 Section 2.10 – Increased Costs. Section 2.10 of the Credit Agreement is amended in its entirety to read as follows:

Section 2.10. **Increased Costs; Capital Stock Requirements.** If there shall occur any Change in Law which shall have the effect of imposing on Bank (or Bank's holding company) any increase or expansion of or any new: tax (excluding taxes

General

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on its overall income and franchise taxes), charge, fee, assessment or deduction of any kind whatsoever, or reserve, capital adequacy, special deposits or similar requirements against credit extended by, assets of, or deposits with or for the account of Bank or other conditions affecting the extensions of credit under this Agreement; then Borrower shall pay to Bank such additional amount as Bank deems necessary to compensate Bank for any increased cost to Bank attributable to the extension(s) of credit under this Agreement and/or for any reduction in the rate of return on Bank's capital and/or Bank's revenue attributable to such extension(s) of credit. "Change in Law" means the occurrence, after the date of this Agreement, of any of the following: (a) the adoption or taking effect of any law, rule, regulation or treaty, (b) any change in any law, rule, regulation or treaty or in the administration, interpretation, implementation or application thereof by any governmental authority or (c) the making or issuance of any request, rule, guideline or directive (whether or not having the force of law) by any governmental authority; provided that notwithstanding anything herein to the contrary, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (y) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a "Change in Law," regardless of the date enacted, adopted or issued. Bank's determination of the additional amount(s) due under this paragraph shall be binding in the absence of manifest error, and such

amount(s) shall be payable within 15 days of demand and, if recurring, as otherwise billed by Bank. Failure or delay on the part of Bank to demand compensation pursuant to this Section shall not constitute a waiver of the Bank's right to demand such compensation.

2.6 Section 2.11 – Capital Adequacy. Section 2.11 of the Credit Agreement is deleted in its entirety.

2.7 Section 4.3 – No Conflict or Default; Sanctions and Anti-Corruption Laws. Section 4.3 of the Credit Agreement is amended in its entirety to read as follows:

Section 4.3. **No Conflict; No Default; Sanctions and Anti-Corruption Laws.** The execution, delivery and performance by the Borrower of the Loan Documents will not (a) violate any provision of any law, statute, rule or regulation or any order, writ, judgment, injunction, decree, determination or award of any court, governmental agency or arbitrator presently in effect having applicability to the Borrower, (b) violate or contravene any provision of the Articles of Incorporation **provide** or Bylaws of the Borrower, or (c) result in a breach of or constitute a default under any indenture, loan or credit agreement or any other agreement, lease or instrument to which the Borrower is a party or by which it or any of its properties may be bound or result in the creation of any Lien thereunder. No Event of Default exists or would result from the incurrence by the Borrower of any Indebtedness hereunder or under any other Loan Document. Neither the Borrower nor any Subsidiary is in default under or in violation of any such law, statute, rule or regulation, order, writ, judgment, injunction, decree, determination or award in any case in which the consequences of such default or violation could reasonably be expected to constitute a Material Adverse Occurrence, or in violation or breach of any indenture, loan or credit agreement or other agreement, lease or instrument involving an obligation of the Borrower in excess of \$100,000. The Borrower, its Subsidiaries and their respective directors, officers, and employees and, to the knowledge of the Borrower, the agents of the Borrower

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and its Subsidiaries are in compliance with Anti-Corruption Laws and all applicable Sanctions in all material respects. The Borrower and its Subsidiaries have implemented and maintain in effect policies and procedures designed to ensure compliance with Anti-Corruption Laws and applicable Sanctions. None of the Borrower, any of its Subsidiaries or any director, officer, employee, agent, or affiliate of the Borrower or any of its Subsidiaries is an individual or entity that **we** is, or is 50% or more owned (individually or in the aggregate, directly or indirectly) or controlled by individuals or entities (including any agency, political subdivision or instrumentality of any government) that are (a) the target of any Sanctions or (b) located, organized or resident in a country or territory that is the subject of Sanctions (at the time of this Agreement, Cuba, Iran, North Korea, Syria, Crimea, the so-called Donetsk People's Republic, the so-called Luhansk People's Republic, and the Kherson and Zaporizhzhia regions of Ukraine). The Borrower and its Subsidiaries have all permits, licenses and approvals required by such laws, copies of which have been provided to the Bank. The Borrower and its Subsidiaries are in compliance in all material respects with the PATRIOT Act. Neither the making of the Loans nor the use of the proceeds thereof will violate the PATRIOT Act, the Trading with the Enemy Act, as amended, or any of the foreign assets control regulations of the United States Treasury Department (31 C.F.R., Subtitle B, Chapter V, as amended) or any enabling legislation or executive order relating thereto or successor statute thereto.

Section 3. Effectiveness of Amendments. The amendments and waiver in this Amendment shall become effective upon delivery by the Borrower of, and compliance by the Borrower with, the following:

3.1 This Amendment duly executed by the Borrower.

3.2 A certificate of an officer of the Borrower dated as of the date of this Amendment and certifying as to the following:

(a) The Borrower's Resolutions of the Board of Directors (the "**Resolutions**"), a copy of which was attached to a Secretary's Certificate of the Company dated June 7, 2022 (the "**Existing Secretary's Certificate**"), remain in full force and effect, are sufficient to authorize this Amendment by the Borrower and its execution and delivery by officers of the Borrower, and there has been no change in or revocation of the authority granted to the officers of the Borrower therein.

(b) The incumbency, names, titles, and signatures of the Borrower's officers authorized to **execute this Amendment**.

(c) There has been no amendment to the Borrower's articles of incorporation or bylaws since true and accurate copies thereof were delivered to the Bank with the Existing Secretary's Certificate.

3.3 A good standing certificate from the Secretary of State of the State of Iowa dated not more than 30 days prior to the date of this Amendment.

3.4 The Borrower shall have satisfied such other conditions as specified by the Bank, including payment of all unpaid legal fees and expenses incurred by the Bank through the date of this Amendment in connection with the Credit Agreement and the Amendment Documents (as defined below).

Section 4. Representations, Warranties, Authority, No Adverse Claim.

4.1 Reassertion of Representations and Warranties, No Default. The Borrower hereby represents that on and as of the date hereof and after giving effect to this Amendment (a) all of the representations and warranties in the Credit Agreement are true, correct, and complete in all respects as of the date hereof as though made on and as of such date, except for changes permitted by the terms of the Credit Agreement, and (b) there will exist no Default or Event of Default under the Credit Agreement as amended by this Amendment on such date that the Bank has not waived.

4.2 Authority, No Conflict, No Consent Required, Enforceability. The Borrower represents and warrants that it has the power, legal right, and authority to enter into this Amendment and has duly authorized as appropriate the execution and delivery of this Amendment and all other agreements and documents (collectively, the "Amendment Documents") executed and delivered by the Borrower in connection therewith by proper corporate action, and none of the Amendment Documents and the agreements therein contravenes or constitutes a default under any agreement, instrument, or indenture to which the Borrower is a party or a signatory, any provision of the Borrower's articles of incorporation or bylaws, or any other agreement or requirement of law, or results in the imposition of any Lien on any of its property under any agreement binding on or applicable to the Borrower or any of its property except, if any, in favor of the Bank. The Borrower represents and warrants that no consent, approval, or authorization of or registration or declaration with any Person, including but not limited to any governmental authority, is required in connection with the execution and delivery by the Borrower of the Amendment Documents or other agreements and documents executed and delivered by the Borrower in connection therewith or the performance of obligations of the Borrower therein described, except for those that the Borrower has obtained or provided and as to which the Borrower has delivered certified copies of documents evidencing each such action to the Bank. The Borrower represents and warrants that the Amendment Documents constitute the legal, valid and binding obligations of the Borrower, enforceable against the Borrower in accordance with their terms, subject to limitations as to enforceability which might result from bankruptcy, insolvency, moratorium and other similar laws affecting creditors' rights generally and subject to limitations on the availability of equitable remedies.

4.3 No Adverse Claim. The Borrower warrants, acknowledges, and agrees that no events have taken place and no circumstances exist at the date hereof that would give the Borrower a basis to assert a defense, offset, or counterclaim to any claim of the Bank with respect to the Obligations.

Section 5. Affirmation of Credit Agreement, Further References. The Bank and the Borrower each acknowledge and affirm that the Credit Agreement, as hereby amended, is hereby ratified and confirmed in all respects and all terms, conditions, and provisions of the Credit Agreement, except as amended by this Amendment, shall remain unmodified and in full force and effect. All references in any document or instrument to the Credit Agreement are hereby amended to refer to the Credit Agreement as amended by this Amendment.

Section 6. Merger and Integration, Superseding Effect. This Amendment, from and after the date hereof, embodies the entire agreement and understanding between the parties hereto and supersedes and has merged into this Amendment all prior oral and written agreements on the same subjects by and between the parties hereto with the effect that this Amendment shall control with respect to the specific subjects hereof and thereof.

Section 7. Severability. Whenever possible, each provision of this Amendment and the other Amendment Documents and any other statement, instrument, or transaction contemplated thereby or relating thereto shall be interpreted so as to be effective, valid, and enforceable under the applicable law of any jurisdiction, but if any provision of this Amendment, the other Amendment Documents, or any other statement, instrument or transaction contemplated thereby or relating thereto is held to be prohibited, invalid, or unenforceable under the applicable law, such provision shall be ineffective in such jurisdiction only to the extent of such prohibition, invalidity, or unenforceability, without invalidating or rendering unenforceable the remainder of such provision or the remaining provisions of this Amendment, the other Amendment Documents, or any other statement, instrument or transaction contemplated thereby or relating thereto in such jurisdiction, or affecting the effectiveness, validity, or enforceability of such provision in any other jurisdiction.

Section 8. Successors. The Amendment Documents shall be binding upon the Borrower, the Bank, and their respective successors and assigns and shall inure to the benefit of the Borrower, the Bank, and the Bank's successors and assigns.

Section 9. Legal Expenses. As provided in Section 8.2 of the Credit Agreement, the Borrower shall pay or reimburse the Bank, upon execution of this Amendment, for all reasonable out-of-pocket expenses paid or incurred by the Bank, including filing and recording costs and fees, charges and disbursements of outside counsel to the Bank and/or the allocated costs of in-house counsel incurred from time to time, in connection with the Credit Agreement, including in connection with the negotiation, preparation, execution, collection, and enforcement of the Amendment Documents and all other documents negotiated, prepared, and executed in connection with the Amendment Documents, and in enforcing the obligations of the Borrower under the Amendment Documents, and to pay and save the Bank harmless from all liability for any stamp or other taxes that may be payable with respect to the execution or delivery of the Amendment Documents, which obligations of the Borrower shall survive any termination of the Credit Agreement.

Section 10. Headings. The headings of various sections of this Amendment have been inserted for reference only and shall not be deemed to be a part of this Amendment.

Section 11. Counterparts. The Amendment Documents may be executed in several counterparts as deemed necessary or convenient, each of which, when so executed, shall be deemed an original, provided that all such counterparts shall be regarded as one and the same document.

Section 12. Governing Law. THE AMENDMENT DOCUMENTS SHALL BE GOVERNED BY THE INTERNAL LAWS OF THE STATE OF MINNESOTA, WITHOUT GIVING EFFECT TO CONFLICT OF LAW PRINCIPLES THEREOF, BUT GIVING EFFECT TO FEDERAL LAWS APPLICABLE TO NATIONAL BANKS, THEIR HOLDING COMPANIES, AND THEIR AFFILIATES.

Section 13. Acknowledgement and Release. IN ORDER TO INDUCE THE BANK TO ENTER INTO THIS AMENDMENT, THE BORROWER: (A) REPRESENTS AND WARRANTS TO THE BANK THAT NO EVENTS HAVE TAKEN PLACE AND NO CIRCUMSTANCES EXIST AT THE DATE HEREOF WHICH WOULD GIVE THE BORROWER THE RIGHT TO ASSERT A DEFENSE, OFFSET OR COUNTERCLAIM TO ANY CLAIM BY THE BANK FOR PAYMENT OF THE OBLIGATIONS; AND (B) HEREBY RELEASES AND FOREVER DISCHARGES THE BANK AND ITS SUCCESSORS, ASSIGNS, DIRECTORS, OFFICERS, AGENTS, EMPLOYEES AND PARTICIPANTS FROM ANY AND ALL ACTIONS, CAUSES OF ACTION, SUITS, PROCEEDINGS, DEBTS, SUMS OF MONEY, COVENANTS, CONTRACTS,

CONTROVERSIES, CLAIMS AND DEMANDS, AT LAW OR IN EQUITY, WHICH THE BORROWER EVER HAD OR NOW HAS AGAINST THE BANK OR ANY OF ITS SUCCESSORS, ASSIGNS, DIRECTORS, OFFICERS, AGENTS, EMPLOYEES OR PARTICIPANTS BY VIRTUE OF THEIR RELATIONSHIP TO THE BORROWER IN CONNECTION WITH THIS AMENDMENT, THE CREDIT AGREEMENT, THE LOAN DOCUMENTS AND TRANSACTIONS RELATED THERETO.

[Remainder of page intentionally left blank.]

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IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed as of the date and year first above written.

MIDWESTONE FINANCIAL GROUP, INC.

By: _____

Name: Barry S. Ray

Title: Chief Financial Officer

U.S. BANK NATIONAL ASSOCIATION

By: _____

Name: William P. Doran

Title: Vice President

[Signature Page to Second Amendment to Credit Agreement]

Execution Version

THIRD AMENDMENT TO CREDIT AGREEMENT

This THIRD AMENDMENT TO CREDIT AGREEMENT (this "Amendment"), made and entered into as of February 12, 2024, is by and between MidWestOne Financial Group, Inc. a corporation organized under the laws of the State of Iowa (the "Borrower"), and U.S. Bank National Association, a national banking association (the "Bank").

RECITALS

1. The Bank and the Borrower entered into a Credit Agreement dated as of June 7, 2022, as amended by that certain First Amendment to Credit Agreement dated as of September 30, 2022 and that certain Second Amendment to Credit Agreement dated as of September 19, 2023 (as amended, the "Credit Agreement"); and
2. The Borrower desires to amend certain provisions of the Credit Agreement, and the Bank has agreed to make such amendments, subject to the terms and conditions set forth in this Amendment.

AGREEMENT

NOW, THEREFORE, for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto hereby covenant and agree to be bound as follows:

Section 1. Capitalized Terms. Capitalized terms used and not otherwise defined herein shall have the meanings assigned to them in the Credit Agreement, unless the context otherwise requires.

Section 2. Amendments. The Credit Agreement is hereby amended as follows:

2.1 Section 1.1 – Defined Terms. Section 1.1 of the Credit Agreement is amended by inserting the definitions of “Average Total Assets”, “Net Income”, and “Return on Assets” in their respective entirety, to read as follows:

“Average Total Assets” means Borrower’s average total consolidated assets determined in accordance with applicable Regulatory Reporting Principles, as reported on the Borrower’s Form Y-9C for the applicable period.

“Net Income” means respect to any Person for the four fiscal quarters most recently ended, the net income of such Person, consolidated with its Subsidiaries, after deductions for all expenses, including, but not limited to, income taxes if any, Interest Expense, and non-cash charges or expenses, including depreciation and amortization, all as determined in accordance with GAAP.

“Return on Assets” means Net Income divided by Average Total Assets.

Section 1.1 of the Credit Agreement is further amended by restating the definitions of “Monthly Reset Term SOFR Rate” and “Term SOFR” to read in their respective entirety as follows:

“Monthly Reset Term SOFR Rate”: Means the greater of (a) zero and (b) the one-month forward-looking term rate based on SOFR quoted by the Bank from the Term SOFR Administrator’s Website (or other commercially available source providing such quotations as may be selected by the Bank from time to time) (“Term SOFR”), which shall be that one-month Term SOFR rate in effect two New York Banking Days prior to the Rate Adjustment Date, adjusted for any reserve requirement and any subsequent costs arising from a change in government regulation; provided that if the Term SOFR rate is not published on such New York Banking Day due to a holiday or other circumstance that the Bank deems in its sole discretion to be temporary, the applicable Term SOFR rate shall be the Term SOFR rate last published prior to such New York Banking Day. If the initial Revolving Loan or the Term Loan Advance under this Agreement occurs other than on the Rate Adjustment Date, the initial one-month Term SOFR rate in effect two New York Banking Days prior to the later of (a) the immediately preceding Rate Adjustment Date and (b) the Closing Date, which rate plus the Applicable Margin shall be in effect until the next Rate Adjustment Date.

“Term SOFR” has the meaning given such term in the definition of “Monthly Reset Term SOFR Rate.”

Section 1.1 of the Credit Agreement is further amended to delete the definition of “Fixed Charge Coverage Ratio” as it appears therein.

2.2 Section 2.4(c) – Term SOFR Unavailability. Section 2.4(c) of the Credit Agreement is restated in its entirety to read as follows:

(c) **Term SOFR Unavailability.** If the Bank has determined in its sole discretion that (i) the administrator of Term SOFR, or any relevant agency or authority for such administrator, of Term SOFR (or any substitute index which replaces Term SOFR (Term SOFR or such replacement, the “Benchmark”)) has announced that such Benchmark will no longer be provided, (ii) any relevant agency or authority has announced that such Benchmark is no longer representative, or (iii) any similar circumstance exists such that such Benchmark has become permanently unavailable or ceased to exist, the Bank will (x) replace such Benchmark with a replacement rate or (y) if any such circumstance applies to fewer than all tenors of such Benchmark used for determining an interest period hereunder, discontinue the availability of the affected interest periods. In the case of Term SOFR, such replacement rate will be Daily Simple SOFR. In the case of the replacement of a rate other than Term SOFR, the Bank may add a spread adjustment selected by the Bank, taking into consideration any selection or recommendation of a replacement rate by any relevant agency or authority, and evolving or prevailing market practice. In connection with the selection and implementation of any such replacement rate, the Bank may make any technical, administrative or operational changes that the Bank decides may be appropriate to reflect the adoption and implementation of such replacement rate. Without limitation of the foregoing, in the case of a transition to Daily Simple SOFR, the Bank will remove any option to select another rate that may change or is reset on

a daily basis, including, without limitation, the Prime Rate. The Bank does not warrant or accept any responsibility for the administration or submission of, or any other matter related to, Term SOFR or with respect to any alternative or successor rate thereto, or replacement rate thereof, including without limitation whether any such alternative, successor or replacement rate will have the same value as, or be economically equivalent to, Term SOFR.

2.3 Section 6.18 – Return on Assets. Section 6.18 of the Credit Agreement is restated in its entirety to read as follows:

Section 6.18 **Return on Assets.** The Borrower shall (on a consolidated basis) maintain as of the last day of each fiscal quarter based on the trailing twelve month period then ending, a Return on Assets of at least 0.25%.

Section 3. Effectiveness of Amendments. The amendments in this Amendment shall become effective upon delivery by the Borrower of, and compliance by the Borrower with, the following:

3.1 This Amendment duly executed by the Borrower.

3.2 A certificate of an officer of the Borrower dated as of the date of this Amendment and certifying as to the following:

(a) The Borrower's Resolutions of the Board of Directors (the "Resolutions"), a copy of which was attached to a Secretary's Certificate of the Company dated June 7, 2022 (the "Existing Secretary's Certificate"), remain in full force and effect, are sufficient to authorize this Amendment by the Borrower and its execution and delivery by officers of the Borrower, and there has been no change in or revocation of the authority granted to the officers of the Borrower therein.

(b) The incumbency, names, titles, and signatures of the Borrower's officers authorized to execute this Amendment.

(c) There has been no amendment to the Borrower's articles of incorporation or bylaws since true and accurate copies thereof were delivered to the Bank with the Existing Secretary's Certificate.

3.3 A good standing certificate from the Secretary of State of the State of Iowa dated not more than 30 days prior to the date of this Amendment.

3.4 The Borrower shall have satisfied such other conditions as specified by the Bank, including payment of all unpaid legal fees and expenses incurred by the Bank through the date of this Amendment in connection with the Credit Agreement and the Amendment Documents (as defined below).

Section 4. Representations, Warranties, Authority, No Adverse Claim.

4.1 Reassertion of Representations and Warranties, No Default. The Borrower hereby represents that on and as of the date hereof and after giving effect to this Amendment (a) all of the representations and warranties in the Credit Agreement are true, correct, and complete in all respects as of the date hereof as though made on and as of

such date, except for changes permitted by the terms of the Credit Agreement, and (b) there will exist no Default or Event of Default under the Credit Agreement as amended by this Amendment on such date that the Bank has not waived.

4.2 Authority, No Conflict, No Consent Required, Enforceability. The Borrower represents and warrants that it has the power, legal right, and authority to enter into this Amendment and has duly authorized as appropriate the execution and delivery of this Amendment and all other agreements and documents (collectively, the "Amendment Documents") executed and delivered by the Borrower in connection therewith by proper corporate action, and none of the Amendment Documents and the agreements therein contravenes or constitutes a default under any agreement, instrument, or indenture to which the Borrower is a party or a signatory, any provision of the Borrower's articles of incorporation or bylaws, or any other agreement or requirement of law, or results in the imposition of any Lien on any of its property under any agreement binding on or applicable to the Borrower or any of its property except, if any, in favor of the Bank. The Borrower represents and warrants that no consent, approval, or authorization of or registration or declaration with any Person, including but not limited to any governmental authority, is required in connection with the execution and delivery by the Borrower of the Amendment Documents or other agreements and documents executed and delivered by the Borrower in connection therewith or the performance of obligations of the Borrower therein described, except for those that the Borrower has obtained or provided and as to which the Borrower has delivered certified copies of documents evidencing each such action to the Bank. The Borrower represents and warrants that the Amendment Documents constitute the legal, valid and binding obligations of the Borrower, enforceable against the Borrower in accordance with their terms, subject to limitations as to enforceability which might result from bankruptcy, insolvency, moratorium and other similar laws affecting creditors' rights generally and subject to limitations on the availability of equitable remedies.

4.3 No Adverse Claim. The Borrower warrants, acknowledges, and agrees that no events have taken place and no circumstances exist at the date hereof that would give the Borrower a basis to assert a defense, offset, or counterclaim to any claim of the Bank with respect to the Obligations.

Section 5. Affirmation of Credit Agreement, Further References. The Bank and the Borrower each acknowledge and affirm that the Credit Agreement, as hereby amended, is hereby ratified and confirmed in all respects and all terms, conditions, and provisions of the Credit Agreement, except as amended by this Amendment, shall remain unmodified and in full force and effect. All references in any document or instrument to the Credit Agreement are hereby amended to refer to the Credit Agreement as amended by this Amendment.

Section 6. Merger and Integration, Superseding Effect. This Amendment, from and after the date hereof, embodies the entire agreement and understanding between the parties hereto and supersedes and has merged into this Amendment all prior oral and written agreements on the same subjects by and between the parties hereto with the effect that this Amendment shall control with respect to the specific subjects hereof and thereof.

Section 7. Severability. Whenever possible, each provision of this Amendment and the other Amendment Documents and any other statement, instrument, or transaction contemplated thereby or relating thereto shall be interpreted so as to be effective, valid, and enforceable under the applicable law of any jurisdiction, but if any provision of this Amendment, the other Amendment Documents, or any other statement, instrument or transaction

contemplated thereby or relating thereto is held to be prohibited, invalid, or unenforceable under the applicable law, such provision shall be ineffective in such jurisdiction only to the extent of such prohibition, invalidity, or unenforceability, without invalidating or rendering unenforceable the remainder of such provision or the remaining provisions of this Amendment, the other Amendment Documents, or any other statement, instrument or transaction contemplated thereby or relating thereto in such jurisdiction, or affecting the effectiveness, validity, or enforceability of such provision in any other jurisdiction.

Section 8. Successors. The Amendment Documents shall be binding upon the Borrower, the Bank, and their respective successors and assigns and shall inure to the benefit of the Borrower, the Bank, and the Bank's successors and assigns.

Section 9. Legal Expenses. As provided in Section 8.2 of the Credit Agreement, the Borrower shall pay or reimburse the Bank, upon execution of this Amendment, for all reasonable out-of-pocket expenses paid or incurred by the Bank, including filing and recording costs and fees, charges and disbursements of outside counsel to the Bank and/or the allocated costs of in-house counsel incurred from time to time, in connection with the Credit Agreement, including in connection with the negotiation, preparation, execution, collection, and enforcement of the Amendment

Documents and all other documents negotiated, prepared, and executed in connection with the Amendment Documents, and in enforcing the obligations of the Borrower under the Amendment Documents, and to pay and save the Bank harmless from all liability for any stamp or other taxes that may be payable with respect to the execution or delivery of the Amendment Documents, which obligations of the Borrower shall survive any termination of the Credit Agreement.

Section 10. Headings. The headings of various sections of this Amendment have been inserted for reference only and shall not be deemed to be a part of this Amendment.

Section 11. Counterparts. The Amendment Documents may be executed in several counterparts as deemed necessary or convenient, each of which, when so executed, shall be deemed an original, provided that all such counterparts shall be regarded as one and the same document.

Section 12. Governing Law. THE AMENDMENT DOCUMENTS SHALL BE GOVERNED BY THE INTERNAL LAWS OF THE STATE OF MINNESOTA, WITHOUT GIVING EFFECT TO CONFLICT OF LAW PRINCIPLES THEREOF, BUT GIVING EFFECT TO FEDERAL LAWS APPLICABLE TO NATIONAL BANKS, THEIR HOLDING COMPANIES, AND THEIR AFFILIATES.

Section 13. Acknowledgement and Release. IN ORDER TO INDUCE THE BANK TO ENTER INTO THIS AMENDMENT, THE BORROWER: (A) REPRESENTS AND WARRANTS TO THE BANK THAT NO EVENTS HAVE TAKEN PLACE AND NO CIRCUMSTANCES EXIST AT THE DATE HEREOF WHICH WOULD GIVE THE BORROWER THE RIGHT TO ASSERT A DEFENSE, OFFSET OR COUNTERCLAIM TO ANY CLAIM BY THE BANK FOR PAYMENT OF THE OBLIGATIONS; AND (B) HEREBY RELEASES AND FOREVER DISCHARGES THE BANK AND ITS SUCCESSORS, ASSIGNS, DIRECTORS, OFFICERS, AGENTS, EMPLOYEES AND PARTICIPANTS FROM ANY AND ALL ACTIONS, CAUSES OF ACTION, SUITS, PROCEEDINGS, DEBTS, SUMS OF MONEY, COVENANTS, CONTRACTS, CONTROVERSIES, CLAIMS AND DEMANDS, AT LAW OR IN EQUITY, WHICH THE BORROWER EVER HAD OR NOW HAS AGAINST THE BANK OR ANY OF ITS SUCCESSORS, ASSIGNS, DIRECTORS, OFFICERS, AGENTS, EMPLOYEES OR

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PARTICIPANTS BY VIRTUE OF THEIR RELATIONSHIP TO THE BORROWER IN CONNECTION WITH THIS AMENDMENT, THE CREDIT AGREEMENT, THE LOAN DOCUMENTS AND TRANSACTIONS RELATED THERETO.

[Remainder of page intentionally left blank.]

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IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed as of the date and year first above written.

MIDWESTONE FINANCIAL GROUP, INC.

By: _____
Name: Barry S. Ray
Title: Chief Financial Officer

U.S. BANK NATIONAL ASSOCIATION

By: _____

Name: William P. Doran

Title: Vice President

[Signature Page to Third Amendment to Credit Agreement]

**Insider Trading Policy
and
Guidelines with Respect to Certain Transactions in Company Securities
of
MidWestOne Financial Group, Inc.
(as amended January 23, 2024)**

This Insider Trading Policy (this "Policy") provides guidelines to employees, officers, directors, and other related parties of MidWestOne Financial Group, Inc. and its subsidiaries (collectively, the "Company") with respect to transactions in the Company's securities.

I. Applicability of Policy

This Policy applies to all transactions in the Company's securities, including, without limitation, common stock, options for common stock and any other securities the Company may issue from time to time, such as preferred stock, warrants, debt securities, and convertible debentures, as well as securities of other companies under certain circumstances, as described in Section V below. The transactions covered by this Policy specifically include any transactions designed to hedge or offset any decrease in the market value of any of the Company's securities described in the preceding sentence.

It applies to all officers of the Company, all members of the Company's board of directors, and all employees of, and consultants and contractors to, the Company and its subsidiaries who receive or have access to Material Nonpublic Information (as defined below in Section VI) regarding the Company. This Policy also applies to any person who receives Material Nonpublic Information from any "Insider," which term, for purposes of this Policy, includes the following groups of people, together with their immediate family members¹ and members of their households:² (a) the Company's directors and officers; (b) the Company's employees, consultants, and contractors who receive or have access to Material Nonpublic Information regarding the Company; and (c) any person who possesses Material Nonpublic Information regarding the Company.

Any person who possesses Material Nonpublic Information regarding the Company is an Insider for so long as the information is not publicly known. Any employee can be an Insider from time to time, and would at these times be subject to this Policy.

II. Statement of General Policy

It is the policy of the Company to oppose the unauthorized disclosure of any nonpublic information acquired in the workplace and the misuse of Material Nonpublic Information in securities trading.

¹For purposes of this Policy, the term "immediate family member" includes any child, stepchild, grandchild, parent, stepparent, grandparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, and shall include adoptive relationships.

² For purposes of this Policy, a member of an Insider's household includes any other person who lives in such Insider's home or shares such Insider's address (except for employees or tenants of such Insider), or who are financially dependent upon such Insider.

(a) Trading on Material Nonpublic Information. No Insider shall engage in any transaction involving a purchase, sale, or other disposition of the Company's securities, including any offer to purchase or offer to sell, during any period commencing with the date that he or she possesses Material Nonpublic Information concerning the Company, and ending at the close of business on the **second Trading Day** following the date of public disclosure of that information, or at such time as such nonpublic information is no longer material unless such transfer is made (a) pursuant to an approved rule 10b5-1 trading plan or "non-rule 10b5-1 trading arrangement," as described below, or (b) in a transaction with the Company or another Insider who is also in possession of such Material Nonpublic Information. As used herein, the term "Trading Day" shall mean a day on which national stock exchanges are open for trading. In addition, the Company itself must not, directly or indirectly, purchase, sell, or otherwise dispose of the Company's securities in violation of insider trading laws, rules, and regulations, as well as any listing standards applicable to the Company.

(b) Tipping. No Insider shall disclose ("tip") any Material Nonpublic Information with respect to the Company or any of the Company's business partners (as defined in Section V below) to any other person (including family members) who is not a director, officer, or employee of the Company, or a consultant or a contractor to the Company who is subject to a confidentiality agreement with the Company, nor shall such Insider or related person make recommendations or express opinions on the basis of Material Nonpublic Information as to trading in the Company's securities or the securities of the Company's business partners.

(c) Confidentiality of Nonpublic Information. Nonpublic information relating to the Company is the property of the Company and the unauthorized disclosure of such information is forbidden.

III. Potential Criminal and Civil Liability and/or Disciplinary Action

(a) Liability for Insider Trading. Insiders may be subject to significant criminal penalties and civil liability for engaging in transactions in the Company's securities at a time when they have knowledge of Material Nonpublic Information regarding the Company.

(b) Liability for Tipping. Insiders also may be liable for improper transactions by any person (commonly referred to as a "tippee") to whom they have disclosed Material Nonpublic Information regarding the Company or to whom they have made recommendations or expressed opinions on the basis of such information as to trading in the Company's securities. The Securities and Exchange Commission (the "SEC") has imposed large penalties even when the disclosing person did not profit from the trading. The SEC, the Canadian Securities Commissions, the stock exchanges and the Financial Industry Regulatory Authority use sophisticated electronic surveillance techniques to uncover insider trading.

(c) Possible Disciplinary Actions. Insiders who violate this Policy also shall be subject to disciplinary action by the Company, which may include ineligibility for future participation in the Company's equity incentive plans, reduction or elimination of annual or other bonuses, or termination of employment.

(d) Company Liability. Although responsibility for compliance with this Policy and liability for non-compliance are primarily personal to the individuals involved, violations may result in civil and criminal liability for the Company. Significant criminal and financial penalties for corporations have also been assessed.

IV. Guidelines

(a) Mandatory Black-out Period for Officers, Directors and Certain Employees; Recommended For All Employees. The period beginning at the close of the Trading Day that is two weeks before the end of each fiscal quarter and ending two Trading Days following the date of public disclosure of the financial results for each fiscal quarter is a particularly sensitive period of time for transactions in the Company's securities from the perspective of compliance with applicable securities laws. This sensitivity is due to the fact that officers, directors and certain other employees will, during that period, often possess Material Nonpublic Information about the expected financial results for the quarter.

Accordingly, to ensure compliance with this Policy and applicable federal and state securities laws, all directors, officers and employees having access to the Company's internal financial statements or other Material Nonpublic Information shall refrain from conducting transactions involving the purchase or sale of the Company's securities during the period beginning two weeks before the last day of the quarter and ending two Trading Days following the date of public disclosure of the financial results for each fiscal quarter (the "Black-out Period"). The purpose behind the Black-out Period is to establish a diligent effort to avoid any improper transaction.

From time to time, the Company also may recommend that directors, officers, selected employees and others suspend trading for a fixed or unspecified period of time because of developments known to the Company and not yet disclosed to the public. In such event, such persons will be advised of such restriction,

and shall not engage in any transaction involving the purchase, sale, or other disposition of the Company's securities during such period and should not disclose to others the fact of such suspension of trading.

It should be noted, however, that even outside the Black-out Period, any person possessing Material Nonpublic Information concerning the Company should not engage in any transactions in the Company's securities until such information has been known publicly for at least two Trading Days, whether or not the Company has recommended a suspension of trading to that person, or until such information otherwise ceases to constitute Material Nonpublic Information. Assuming the absence of Material Nonpublic Information, trading in the Company's securities outside of the Black-out Period should not be considered a "safe harbor," and all directors, officers and other persons should use good judgment at all times.

(b) **Pre-Clearance of Trades.** The Company has determined that all of the Company's Section 16 reporting Insiders should refrain from trading, transacting, or otherwise making any transfer, gift, pledge, or loan of the Company's securities without **shareholder action**, first complying with the Company's "pre-clearance" process. Each Section 16 reporting Insider should contact the Company's Chief Financial Officer no less than 2 business days prior to commencing any trade, transaction, or other disposition or encumbrance of the Company's securities, including for transactions or other transfers that are not subject to the trading restrictions of this Policy; provided, however that pre-clearance is not required for transactions made pursuant to an approved 10b5-1 trading plan or "non-rule 10b5-1 trading arrangement," so long as pre-clearance was received prior to entering into such plan. The Company may find it necessary, from time to time, to require compliance with the pre-clearance process from certain officers, employees, consultants, and contractors other than and in addition to Section 16 reporting Insiders. Any person with any questions regarding trading in the Company's securities is encouraged to contact the Company's Chief Financial Officer.

(c) **Prohibition Against Short Sales.** No director, officer, or employee shall enter into any "short" position with respect to any equity security of the Company or otherwise violate Section 16(c) of the Securities Exchange Act of 1934, as amended (the "Exchange Act").

(d) **Prohibition Against Hedging.** No director, officer or employee is permitted to enter into any hedging transaction with respect to the Company's securities, including, but not limited to, the purchase or use of, directly or indirectly through any other persons or entities, any stock option, prepaid variable forward contracts, equity swaps, collars, exchange funds or any other instruments designed to offset any decrease in the market value of the Company's securities.

(e) **Pledging of Company Securities.** Section 16 Insiders are prohibited from pledging the Company's securities as collateral, including, but not limited to, holding any such securities in a margin account, without the prior approval of the Chief Financial Officer.

(f) **Section 16 Reporting Insiders.** Each year, on the date of the annual meeting of shareholders, the board of directors of the Company will identify the Section 16 reporting Insiders and notify them of their status as such. These individuals will be required to comply with Section 16 of the Exchange Act, including reporting obligations and limitations on short swing transactions, and the Company will inform them of these obligations.

(g) **Individual Responsibility.** Every officer, director, employee, contractor and consultant of the Company has the individual responsibility to comply with this Policy against insider trading, even if such Insider only trades outside the Black-out Period. An Insider may, from time to time, have to forego a proposed transaction in the Company's, or one of its business partners' (as applicable) securities even if he or she planned to make the transaction before learning of the Material Nonpublic Information and even though the Insider believes he or she may suffer an economic loss or forego anticipated profit by waiting.

V. Applicability of Policy to Inside Information Regarding Other Companies

This Policy and the guidelines described herein also apply to Material Nonpublic Information relating to other companies, including the Company's customers, vendors or suppliers ("business partners"), when that information is obtained in the course of employment with, or other services performed on behalf of, the Company.

Civil and criminal penalties, termination of employment, and other consequences may result from trading on Material Nonpublic Information regarding the Company's business partners. All employees should treat Material Nonpublic Information about the Company's business partners with the same care required with respect to information related directly to the Company.

VI. Definition of Material Nonpublic Information

It is not possible to define all categories of "material" information. Information should be regarded as material, however, if there is a reasonable likelihood that it would be considered important to a reasonable investor in making an investment decision regarding the purchase or sale of the Company's securities, or

information that is reasonably certain to have a substantial effect on the price of the Company's securities.

While it may be difficult under this standard to determine whether particular information is material, there are various categories of information that are particularly sensitive and, as a general rule, should always be considered material. Examples of such information may include, but is not limited to:

- a. Financial results
 - b. Projections of future earnings or losses
 - c. Dividend declarations
 - d. News of a pending or proposed merger, sale, or joint venture
 - e. News of the disposition of a subsidiary
 - f. Gain or loss of a substantial customer
-
- g. Stock splits or consolidations
 - h. New equity or debt offerings
 - i. Acquisitions
 - j. Significant litigation exposure due to actual or threatened litigation
 - k. Major changes in senior management
 - l. Cybersecurity risks and incidents, including vulnerabilities and breaches

Either positive or negative information may be material. Nonpublic information is information that has not been previously disclosed to the general public in a manner that complies with applicable securities laws (e.g., by a press release or in a Current Report on Form 8-K or other report filed with the SEC) and is otherwise not available to the general public. For purposes of this Policy, information regarding the Company and its securities will generally continue to be considered nonpublic information until at least two full Trading Days have elapsed since the information was publicly disclosed by the Company.

VII. Certain Exceptions

(a) **Exercise of Stock Options.** For the purposes of this Policy, the Company considers that exercise of stock options for cash under the Company's stock options plans (**but not the sale of any such shares**) is exempt from this Policy, since the other party to the transaction is the Company itself and the price does not vary with the market but is fixed by the terms of the option agreement or the plan.

(b) **Pre-Existing/10b5-1 Trading Plans.** An Insider may have trades in the Company's securities made on his or her behalf during a restricted period or when the Insider is in possession of Material Nonpublic Information if the Insider enters into a plan, contract or instruction at a time that is not during a restricted period and while the Insider is not in possession of Material Nonpublic Information. The trading plan must comply with the requirements of rule 10b5-1 under the Exchange Act, or otherwise qualify as a "non-rule 10b5-1 trading arrangement" pursuant to Item 408 of Regulation S-K, and must be approved in advance by the Company's CFO (an "Approved Trading Plan"). In accordance with the foregoing restrictions, trades may be made pursuant to an Approved Trading Plan despite the fact that the Insider may be in possession of Material Nonpublic Information, or the Company is in a restricted period, at the actual time of the trade. Generally, an Approved Trading Plan must specify the amount of securities to buy or sell, the price at which to buy or sell, as well as specific time periods for the trades. A sample plan is attached as **Appendix A**. However, please note that some brokers require use of their own form trading plan. **You must notify the Company's CFO no later than 2 business days prior to entering into a trading plan with respect to the Company's securities. The Company considers the adherence to the securities laws to be of utmost importance, and an Insider's reliance on a trading plan will not necessarily relieve the Insider of liability.**

Section 16 Insiders may generally not initiate trades under an Approved Trading Plan until the later of: (a) 90 days after adoption or modification of the plan; or (b) two business days following the disclosure in Forms 10-K or 10-Q of the Company's financial results for the fiscal quarter in which the plan was adopted or modified (but not to exceed 120 days following plan adoption or modification). For employees of the Company who are not Section 16 Insiders, trades under an Approved Trading Plan may not be made until 30 days after the adoption or modification of the plan.

Any modification or termination of an Approved Trading Plan must comply with this Policy and such modification or termination may only be adopted (a) upon receipt of approval of the Company's CFO, (b) at a time that is not during a Black-out Period, and (c) while the Insider is not in possession of Material Nonpublic Information. Modifications to existing Approved Trading Plans that do not change the sales or purchase prices or price ranges, the amount of securities to be sold or purchased, or the timing

of transactions under the plan (such as an adjustment for stock splits or a change in account information) will not trigger a new cooling-off period referred to in the preceding paragraph.

Generally, Insiders may not have more than one rule 10b5-1 trading plan or “non-rule 10b5-1 trading arrangement” for open market purchases or sales of the Company’s securities; provided that two successive trading plans may be maintained so long as (a) one of them is a successor trading plan under which trades are not authorized to begin until completion or expiration of the predecessor plan and (b) the predecessor plan is not terminated early. Additionally, Insiders are generally limited to one single-trade plan (one designed to effect the open market purchase or sale of the total amount of 30,000,000 the securities subject to the plan as a single transaction) in any 12 month period. All trading arrangements must be entered into and operated in accordance with all applicable SEC rules, as amended from time to time.

(c) **Bona fide Gifts or Donations of Company stock.** Bona fide gifts or donations of the Company’s securities made by Insiders to family members and charities also are generally exempt from this Policy. Whether a gift or donation is bona fide, however, will depend on the circumstances surrounding the gift. For example, gifts to dependent children followed by a sale of the “gift” shares by the donee in close proximity to the time of the gift, however, may imply some economic benefit to the donor, and therefore, make the gift non-bona fide. Donations of the Company’s securities that are made when the donor is aware of Material Nonpublic Information about the security or the Company and knows (or is reckless in not knowing) that the donee would sell the securities prior to the public disclosure of such information would not be considered a bona fide gift or donation. Insiders should also be aware that there may be some exposure to tax liability based on the timing and value of the gift.

(d) **401(k) Plan.** This Policy does not apply to periodic contributions to the Company’s 401(k) Plan which are used to purchase Company stock pursuant to an individual’s advance instructions. The Policy does apply, however, to certain elections Insiders may make under the 401(k) Plan, including (a) an election to increase or decrease the amount or percentage of the periodic contributions that will be allocated to the Company stock fund, (b) an election to make an intra-plan transfer of an existing account balance into or out of the Company stock fund, (c) an election to borrow money against the 401(k) Plan account, if the loan will result in a liquidation of some or all of the Insider’s Company stock fund balance, and (d) an election to prepay a plan loan if the prepayment will result in a change in the Insider’s Company stock fund balance.

VIII. Additional Information – Directors and Officers

The Company must comply with the reporting obligations and limitations on shortswing transactions set forth in Section 16 of the Exchange Act. The practical effect of these provisions is that officers and directors who purchase and sell the Company’s securities within a six-month period must disgorge all profits to the Company whether or not they had knowledge of any Material Nonpublic Information. Under these provisions, the receipt of an option under the Company’s option plans is deemed a purchase under Section 16; however, so long as certain other criteria are met, both the receipt of an option and the exercise of that option will be exempt from the shortswing liability rule. It should be noted that the sale of any such shares is a sale under Section 16 and is not exempt from shortswing liability under Section 16. Moreover, no officer or director may ever make a short sale of the Company’s stock. The Company has provided, or will provide, separate memoranda and other appropriate materials to its officers and directors regarding compliance with Section 16 and its related rules.

APPENDIX A

Sample Trading Plan

This Trading Plan, dated _____, 20__ the (the “Trading Plan”), between [name of seller or purchaser] (the [“Seller” or “Purchaser”]) and [market maker] (the “Broker”).

WHEREAS, the [Seller/Purchaser] desires to establish this Trading Plan to [sell or purchase] a certain amount of MidWestOne Financial Group, Inc.’s (the “Issuer”) common stock, par value \$1.00 per share (the “Common Stock”); and 500,000

WHEREAS, the [Seller/Purchaser] desires to engage Broker to effect [sales/purchases] of shares of preferred stock, no par value per share. The preferred stock may be issued the Common Stock in one accordance with the Trading Plan;

NOW, THEREFORE, the [Seller/Purchaser] and Broker hereby agree as follows:

1. Trading Requirements.

Alternative 1:

Broker shall effect a [sale/purchase] (each a ["Sale" or more series and with such terms and conditions, at such times and for such consideration as our board "Purchase"]) of directors may determine.

Common Stock

General. Under our Articles of Incorporation, we have the authority to issue 30,000,000 _____ shares of our common stock, par value \$1.00 per share. Our common stock Common Stock on [date or day on which to purchase or sell every month, quarter, etc.] in which the Common Stock is listed for trading quoted on the Nasdaq Global Select Market under the symbol "MOFG, (the "NasdaqGM") at a price of not [less/more] than \$ _____ per share [and not more/less than \$ _____ per share].

Each share of our common stock has the same relative rights and is identical in all respects to every other share of our common stock. Our shares of common stock are neither redeemable nor convertible, and the holders thereof have no preemptive

Alternative 2:

Broker shall effect a [sale/purchase] (each a ["Sale" or subscription rights to purchase any of our securities.

Voting Rights. Each outstanding share of our common stock is entitled to one vote on all matters submitted to a vote of shareholders. There is no cumulative voting in the election of directors. The board of directors is classified into three classes, with approximately one-third of the directors up for election each year.

Liquidation Rights. "Purchase" Upon our liquidation, dissolution or winding up, the holders of our common stock are entitled to receive, *pro rata*, our assets which are legally available for distribution, after payment of all debts and other liabilities and subject to the prior rights of any holders of preferred stock then outstanding.

Dividends Payable on Shares]] of Common Stock. In general, the holders Stock for an aggregate amount (before brokerage commissions or other transaction costs) of outstanding shares of our common stock are entitled to receive dividends out of assets legally available therefor \$ _____ at such times and in such amounts as our board of directors may from time to time determine. The ability of our board of directors to declare and pay dividends on our common stock may be affected by both general corporate law considerations and policies of the Board of Governors of the Federal Reserve applicable to bank holding companies.

Anti-Takeover Provisions.

General. Our Articles of Incorporation and Bylaws may have the effect of discouraging, delaying or preventing a change in control or an unsolicited acquisition proposal that a shareholder might consider favorable, including a proposal that might result in the payment of a premium over the market price of the Common Stock as quoted on the NasdaqGM provided that the market price of the Common Stock is not [less/more] than \$ _____ per share.

Alternative 3:

Broker shall effect a [sale or purchase] (each a ["Sale" or "Purchase"]) of _____ shares of Common Stock if at any time the price of the Common Stock as quoted on the NasdaqGM is [greater/less] than \$ _____ for a period of _____ consecutive trading days.

2. Effective Date/Termination. This Trading Plan shall become effective on [date] and shall terminate upon:

(a) the earlier of (i) [a specified date], (ii) such time as the aggregate [proceeds of the Sales received][amount spent] by the [Seller/Purchaser] equals \$ _____, or (iii) _____ shares held [or _____ %] of the Common Stock have [has] been [sold/purchased] pursuant to this Trading Plan;

(b) the death of the [Seller/Purchaser];

(c) if at any time any trade contemplated hereunder shall result in a violation or adverse consequence under the applicable securities laws.

3. Modifications. This Trading Plan may be modified by shareholders. These provisions are summarized the [Seller/Purchaser] provided that such modification is in the following paragraphs, writing, made in good faith and not as part of a plan or scheme to evade

Authorized Shares prohibitions of Capital Stock, Rule 10b-5 under the Securities Exchange Act of 1934, as amended (the “Authorized but unissued Exchange Act”) and is pre-cleared or acknowledged by the Issuer’s designated legal officer.

4. **Market Disruption or other Disruption.** [Seller/Purchaser] understands that Broker may not be able to effect a [Sale/Purchase] due to a market disruption or a legal, regulatory or contractual restriction applicable to the Broker or to the relevant market. If any [Sale/Purchase] cannot be executed as required by paragraph 1 above due to a market disruption, a legal, regulatory or contractual restriction applicable to the Broker or any other event, Broker shall effect such [Sale/Purchase] as promptly as practical after the cessation or termination of such market disruption, applicable restriction or other event, provided that, the [Sale/Purchase] complies with the Trading Requirements as provided in paragraph 1 above.

5. **[Seller/Purchaser] Representations and Warranties.** [Seller/Purchaser] represents and warrants that:

(a) [Seller/Purchaser] is not aware at the time of [his/her] execution hereof of material nonpublic information with respect to the Issuer or any securities of the Issuer (including the Common Stock) and is entering into this Trading Plan in good faith and not as part of a plan or scheme to evade the prohibitions of Rule 10b5-1 under the Exchange Act.

(b) [Seller/Purchaser] is currently able to [sell/purchase] shares of our common stock and preferred stock under our Articles of Incorporation could (within the limits imposed by applicable law and Nasdaq Marketplace Rules) be issued in one or more transactions that could make a change of control of us more difficult, and therefore more unlikely. The additional authorized shares could be used to discourage persons from attempting to gain control of us by diluting the voting power of shares then outstanding or increasing the voting power of persons who would support the board of directors in a potential takeover situation, including by preventing or delaying a proposed business combination that is opposed by the board of directors although perceived to be desirable by some shareholders.

Limitations on Right to Call Special Meetings; Shareholder Proposal Notice Requirements. Under our Bylaws, a special meeting of our shareholders may be called only by: (i) the Chairman of our board of directors, our Chief Executive Officer or our President; or (ii) Common Stock in accordance with Section 490.702 of the IBCA which requires Issuer’s insider trading policies and [Seller/Purchaser] has obtained the written demand by shareholders owning at least 10% of the total voting power of the outstanding stock entitled to vote on the issue proposed to be considered at the special meeting. Additionally, our Bylaws require that shareholder proposals meet certain advanced notice and minimum informational requirements. These provisions could have the effect of delaying until the next annual shareholders’ meeting shareholder actions which are favored by the holders of a majority of our outstanding voting securities.

State Anti-Takeover Laws. The IBCA contains an anti-takeover provision referred to as the “business combinations with interested shareholders” provision. This provision prevents a corporation from engaging in any business combination with an “interested shareholder” (as defined in the IBCA) for a period of three years following the time that the shareholder became an interested shareholder, unless one of the following conditions applies: (i) prior to the time that the shareholder became an interested shareholder, the board of directors of the corporation approved either the business combination or the transaction that resulted in the shareholder becoming an interested shareholder; (ii) upon consummation of the transaction which resulted in the shareholder becoming an interested shareholder, the interested shareholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced; or (iii) at or subsequent to the time the shareholder became an interested shareholder, the business combination is approved by the board of directors and authorized at an annual or special meeting of shareholders by the affirmative vote of at least 66 2/3% of the outstanding voting stock that is not owned by the interested shareholder.

The Bank Holding Company Act of 1956. The ability of a third party to acquire our stock is also limited under applicable U.S. banking laws, including regulatory approval requirements. The Bank Holding Company Act of 1956, as amended, requires any “bank holding company” to obtain the approval of the Federal Reserve before acquiring, directly or indirectly, more than 5% of our outstanding common stock. Federal law also prohibits any person or company from acquiring “control” of an FDIC-insured depository institution or its holding company without prior notice Issuer to enter into this Trading Plan.

6. **Compliance with the appropriate federal bank regulator. “Control” Securities Laws.** It is conclusively presumed to exist upon the acquisition of 25% or more intent of the outstanding voting securities parties that this Trading Plan comply with the requirements of a bank or bank holding company, but may arise Rule 10b5-1(c)(1)(i)(B) under certain circumstances between 10% the Exchange Act and 24.99% ownership. this Trading Plan shall be interpreted to comply with the requirements of Rule 10b5-1(c) under the Exchange Act.

7. **Governing Law.** This Trading Plan shall be governed by and construed in accordance with the laws of Iowa.

IN WITNESS WHEREOF, the undersigned have signed this Trading Plan as of the date first written above.

[Name of Seller/Purchaser]

[Name of Broker]

Acknowledged on this ____ day of _____, 20__:

MidWestOne Financial Group, Inc.

Name:

Title:

Exhibit 21.1

LIST OF SUBSIDIARIES

| <u>Subsidiaries of the Company</u> | <u>Organized Under the Laws of</u> | <u>Percent Owned by the Company</u> |
|-------------------------------------|------------------------------------|-------------------------------------|
| MidWestOne Bank | State of Iowa | 100% |
| MidWestOne Statutory Trust II | State of Delaware | 100% of common securities |
| Central Bancshares Capital Trust II | State of Delaware | 100% of common securities |
| Barron Investment Capital Trust I | State of Delaware | 100% of common securities |
| ATBancorp Statutory Trust I | State of Delaware | 100% of common securities |
| ATBancorp Statutory Trust II | State of Delaware | 100% of common securities |

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statements (Nos. 333-266263 and 333-207659) on Form S-3 and Registration Statements (Nos. 333-217718 and 333-149914) 333-271682 on Form S-8 of MidWestOne Financial Group, Inc. and subsidiary, of our reports dated March 13, 2023 March 8, 2024, relating to the consolidated financial statements and the effectiveness of internal control over financial reporting of MidWestOne Financial Group, Inc. and subsidiary, appearing in the Annual Report to Shareholders, which is incorporated in this Annual Report on Form 10-K of MidWestOne Financial Group, Inc. and subsidiary for the year ended December 31, 2022 December 31, 2023.

/s/ RSM US LLP

Des Moines, Iowa

March 13, 2023 8, 2024

Exhibit 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

PURSUANT TO EXCHANGE ACT RULE 13a - 14(a) / 15d - 14(a) AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Charles N. Reeves, Chief Executive Officer of MidWestOne Financial Group, Inc., certify that:

- 1) I have reviewed this Annual Report on Form 10-K of MidWestOne Financial Group, Inc.;
- 2) Based on my knowledge, this Annual Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Annual Report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this Annual Report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this Annual Report;
- 4) The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this Annual Report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ CHARLES N. REEVES

Charles N. Reeves

Chief Executive Officer

Date: March 13, 2023 8, 2024

Exhibit 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

PURSUANT TO EXCHANGE ACT RULE 13a - 14(a) / 15d - 14(a) AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Barry S. Ray, Chief Financial Officer of MidWestOne Financial Group, Inc., certify that:

- 1) I have reviewed this Annual Report on Form 10-K of MidWestOne Financial Group, Inc.;
- 2) Based on my knowledge, this Annual Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Annual Report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this Annual Report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this Annual Report;
- 4) The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this Annual Report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ BARRY S. RAY

Barry S. Ray

Chief Financial Officer

Date: March 13, 2023 8, 2024

Exhibit 31.3

CERTIFICATION OF PRINCIPAL ACCOUNTING OFFICER

PURSUANT TO EXCHANGE ACT RULE 13a - 14(a) / 15d - 14(a) AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, John J. Ruppel, Chief Accounting Officer of MidWestOne Financial Group, Inc., certify that:

- 1) I have reviewed this Annual Report on Form 10-K of MidWestOne Financial Group, Inc.;
- 2) Based on my knowledge, this Annual Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Annual Report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this Annual Report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this Annual Report;
- 4) The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this Annual Report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ JOHN J. RUPPEL

John J. Ruppel

Chief Accounting Officer

Date: March 13, 2023 8, 2024

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of MidWestOne Financial Group, Inc. on Form 10-K for the period ended December 31, 2022 December 31, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Charles N. Reeves, the Chief Executive Officer of MidWestOne Financial Group, Inc., certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

- (a) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (b) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of MidWestOne Financial Group, Inc.

/s/ CHARLES N. REEVES

Charles N. Reeves

Chief Executive Officer

Date: March 13, 2023 8, 2024

This certification accompanies this Form 10-K and shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, or otherwise subject to the liability of that Section.

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of MidWestOne Financial Group, Inc. on Form 10-K for the period ended **December 31, 2022** **December 31, 2023**, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Barry S. Ray, Chief Financial Officer of MidWestOne Financial Group, Inc., certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

- (a) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (b) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of MidWestOne Financial Group, Inc.

/s/ BARRY S. RAY

Barry S. Ray

Chief Financial Officer

Date: March **13, 2023** **8, 2024**

This certification accompanies this Form 10-K and shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, or otherwise subject to the liability of that Section.

Exhibit 32.3

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of MidWestOne Financial Group, Inc. on Form 10-K for the period ended **December 31, 2022** **December 31, 2023**, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, John J. Ruppel, the Chief Accounting Officer of MidWestOne Financial Group, Inc., certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

- (a) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (b) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of MidWestOne Financial Group, Inc.

/s/ JOHN J. RUPPEL

John J. Ruppel

Chief Accounting Officer

Date: March **13, 2023** **8, 2024**

This certification accompanies this Form 10-K and shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, or otherwise subject to the liability of that Section.

MIDWESTONE FINANCIAL GROUP, INC.

CLAWBACK POLICY

1. Introduction. The Board of Directors (the “Board”) of MidWestOne Financial Group, Inc. (the “Company”) believes that it is in the best interests of the Company and its shareholders to adopt this Clawback Policy (the “Policy”), which provides for the recovery of certain compensation in the event of an Accounting Restatement or Misconduct (each such term defined below). This Policy is designed to comply with, and shall be interpreted consistent with, Section 10D of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), Rule 10D-1 promulgated under the Exchange Act (“Rule 10D-1”) and Nasdaq Listing Rule 5608 (the “Listing Standards”).

2. Administration. Except as specifically set forth herein, this Policy shall be administered by the Compensation Committee of the Board (the “Administrator”). The Administrator is authorized to interpret and construe this Policy and to make all determinations necessary, appropriate or advisable for the administration of this Policy. Any determinations made by the Administrator shall be final and binding on all affected individuals and need not be uniform with respect to each individual covered by the Policy. In the administration of this Policy, the Administrator is authorized and directed to consult with the full Board or such other committees of the Board, such as the Audit Committee, as may be necessary or appropriate as to matters within the scope of such other committee’s responsibility and authority. Subject to any limitation at applicable law, the Administrator may authorize and empower any officer or employee of the Company to take any and all actions necessary or appropriate to carry out the purpose and intent of this Policy (other than with respect to any recovery under this Policy involving such officer or employee). Notwithstanding anything to the contrary, if any compensation (or portion thereof) of a Covered Executive is subject to a clawback policy or similar arrangement with the Company in addition to this Policy (each, an “Alternative Clawback Arrangement”), this Policy shall apply to such compensation (or portion thereof) to the extent recoupment under this Policy is required by applicable law, or would require or permit a more extensive recoupment by the Company. However, for the avoidance of doubt, this Policy shall in no way limit the Company’s ability to recoup any compensation (or portion thereof) subject to an Alternative Clawback Arrangement, provided that in no event shall the Company seek double recovery with respect to any compensation (or portion thereof).

3. Definitions. As used in this Policy, the following definitions shall apply:

a. “**Accounting Restatement**” means an accounting restatement of the Company’s financial statements due to the Company’s material noncompliance with any financial reporting requirement under the securities laws, including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements, or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period.

b. “**Applicable Period**” means the three completed fiscal years immediately preceding the date on which the Company is required to prepare an Accounting Restatement, as well as any transition period (that results from a change in the Company’s fiscal year) within or immediately following those three completed fiscal years (except that a transition period that comprises a period of at least nine months shall count as a completed fiscal year). The “date on which the Company is required to prepare an Accounting Restatement” is the earlier to occur of (a) the date the Board or committee of the Board concludes, or reasonably should have concluded, that the Company is required to prepare an Accounting Restatement or

(b) the date a court, regulator or other legally authorized body directs the Company to prepare an Accounting Restatement, in each case regardless of if or when the restated financial statements are filed.

c. “**Covered Executives**” means the current and former executive officers of the Company and its subsidiaries, as determined by the Administrator in accordance with the definition of executive officer set forth in Rule 10D-1 and the Listing Standards.

d. “**Erroneously Awarded Compensation**” has the meaning set forth in Section 6 of this Policy.

e. A **"Financial Reporting Measure"** is any measure that is determined and presented in accordance with the accounting principles used in preparing the Company's financial statements, and any measure that is derived wholly or in part from such measure. Financial Reporting Measures include but are not limited to the following (and any measures derived from the following): Company stock price; total shareholder return ("TSR"); revenues; net income; operating income; profitability of one or more reportable segments; financial ratios; earnings before interest, taxes, depreciation and amortization; funds from operations and adjusted funds from operations; liquidity measures (e.g., working capital, operating cash flow); return measures (e.g., return on invested capital, return on assets); earnings measures (e.g., earnings per share); any of such financial reporting measures relative to a peer group, where the Company's financial reporting measure is subject to an Accounting Restatement; and tax basis income. A Financial Reporting Measure need not be presented within the Company's financial statements or included in a filing with the Securities Exchange Commission.

f. **"Incentive-Based Compensation"** means any compensation that is granted, earned or vested based wholly or in part upon the attainment of a Financial Reporting Measure. Incentive-Based Compensation is "received" for purposes of this Policy in the Company's fiscal period during which the Financial Reporting Measure specified in the Incentive-Based Compensation award is attained, even if the payment or grant of such Incentive-Based Compensation occurs after the end of that period.

g. **"Misconduct"** means (i) where a Covered Executive is a party to any agreement with the Company that sets forth a definition of "cause" (or a substantially similar concept), conduct by the Covered Executive which satisfies such definition of "cause," and (ii) where a Covered Executive is not a party to any agreement with the Company that sets forth a definition of "cause" (or a substantially similar concept), a determination in the sole discretion of the Administrator that the Covered Executive has engaged in (A) any act of (1) fraud or intentional misrepresentation or (2) embezzlement, misappropriation or conversion of assets or opportunities of the Company or any subsidiary of the Company, (B) willful violation of any law, rule or regulation in connection with the performance of the Participant's duties to the Company or any subsidiary of the Company (other than traffic violations or similar offenses), (C) with respect to any employee of the Company or any subsidiary of the Company, commission of any act of moral turpitude or conviction of a felony or (D) the willful or negligent failure of the Participant to perform the Participant's duties to the Company or any subsidiary of the Company in any material respect.

h. **"Time-Based Compensation"** means any compensation, whether equity-based or cash-based, which is provided, directly or indirectly, by the Company or any of its subsidiaries that is not granted, earned, or vested, based on the attainment of a Financial Reporting Measure. Time-Based Compensation is "received" for purposes of this Policy in the Company's fiscal period during which any vesting or other time-based service period lapses with respect to such compensation, not when settlement or payment with respect thereto occurs.

4. **Covered Executives; Incentive-Based Compensation and Time-Based Compensation.** This Policy applies to Incentive-Based Compensation and Time-Based Compensation received by a Covered Executive (a) after beginning services as a Covered Executive; (b) if that person served as a Covered Executive at any time during the performance period for such Incentive-Based Compensation or the vesting period for such Time-Based Compensation; and (c) while the Company had a listed class of securities on a national securities exchange.

5. **Required Recoupment.** In the event the Company is required to prepare an Accounting Restatement, the Company shall promptly recoup the amount of any Erroneously Awarded Compensation received by any Covered Executive, as calculated pursuant to Section 6 hereof. In the event the Covered Executive is determined to have engaged in Misconduct, the Company shall promptly recoup the amount of any Erroneously Awarded Compensation received by any Covered Executive, as calculated pursuant to Section 6 hereof.

6. Erroneously Awarded Compensation: Amount Subject to Recovery.

a. The amount of "Erroneously Awarded Compensation" subject to recovery under the Policy, as determined by the Administrator:

i. with respect to the occurrence of any **Accounting Restatement**, is the amount of (1) Incentive-Based Compensation received by the Covered Executive during the Applicable Period that exceeds the amount of Incentive-Based Compensation that would have been received by the Covered Executive had it been determined based on the restated amounts, and (2) Time-Based Compensation received during the Applicable Period by the Covered Executive that exceeds the amount of Time-Based Compensation that would have been received, as determined in the reasonable discretion of the Administrator, by the Covered Executive had it been determined based on the restated amounts; and

ii. with respect to the occurrence of any **Misconduct**, is the amount of (1) any or all Incentive-Based Compensation or Time-Based Compensation received during the three (3) year period immediately preceding the occurrence of such occurrence of Misconduct, and (2) any or all Incentive-Based Compensation or Time-Based Compensation awarded after such occurrence of Misconduct if, in the Administrator's sole discretion, such compensation would not have been awarded had such Misconduct been known to the Administrator prior to any such award.

b. Erroneously Awarded Compensation shall be computed by the Administrator without regard to any taxes paid by the Covered Executive in respect of the Erroneously Awarded Compensation.

c. With respect to any compensation plans or programs that take into account Incentive-Based Compensation or Time-Based Compensation, the amount of Erroneously Awarded Compensation subject to recovery hereunder includes, but is not limited to, the amount contributed to any notional account based on Erroneously Awarded Compensation and any earnings accrued to date on that notional amount.

d. For Incentive-Based Compensation based on stock price or TSR: (a) the Administrator shall determine the amount of Erroneously Awarded Compensation based on a reasonable estimate of the effect of the Accounting Restatement on the stock price or TSR upon which the Incentive-Based Compensation was received; and (b) the Company shall maintain documentation of the determination of that reasonable estimate and provide such documentation to The Nasdaq Stock Market ("**Nasdaq**").

7. Method of Recoupment. The Administrator shall determine, in its sole discretion, the timing and method for promptly recouping Erroneously Awarded Compensation hereunder, which may include without limitation (a) seeking reimbursement of all or part of any cash or equity-based award, (b) cancelling prior cash or equity-based awards, whether vested or unvested or paid or unpaid, (c) cancelling or offsetting against any planned future cash or equity-based awards, (d) forfeiture of deferred compensation, subject to compliance with Section 409A of the Internal Revenue Code and the regulations promulgated thereunder and (e) any other method authorized by applicable law or contract. Subject to compliance with any applicable law, the Administrator may affect recovery under this Policy from any amount otherwise payable to the Covered Executive, including amounts payable to such individual under any otherwise applicable Company plan or program, including base salary, bonuses or commissions and compensation previously deferred by the Covered Executive.

a. In connection with the occurrence of any **Accounting Restatement**, the Company is authorized and directed pursuant to this Policy to recoup Erroneously Awarded Compensation in compliance with this Policy unless the Compensation Committee of the Board has determined that recovery would be impracticable solely for the following limited reasons, and subject to the following procedural and disclosure requirements:

i. The direct expense paid to a third party to assist in enforcing the Policy would exceed the amount to be recovered. Before concluding that it would be impracticable to recover any amount of Erroneously Awarded Compensation based on expense of enforcement, the Administrator must make a reasonable attempt to recover such erroneously awarded compensation, document such reasonable attempt(s) to recover and provide that documentation to Nasdaq;

ii. Recovery would violate home country law of the issuer where that law was adopted prior to November 28, 2022. Before concluding that it would be impracticable to recover any amount of Erroneously Awarded Compensation based on violation of home country law of the issuer, the Administrator must satisfy the applicable opinion and disclosure requirements of Rule 10D-1 and the Listing Standards; or iii. Recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the Company, to fail to meet the requirements of 26 U.S.C. 401(a)(13) or 26 U.S.C. 411(a) and regulations thereunder.

b. In connection with the occurrence of any **Misconduct**, the Company is authorized and directed pursuant to this Policy to recoup Erroneously Awarded Compensation in compliance with this Policy unless the Compensation Committee of the Board has determined, in its sole discretion, that recovery would be impracticable.

c. If any Covered Executive fails or refuses to repay any Incentive Compensation and/or TimeBased Compensation that is subject to recovery by the Company pursuant to this Policy, the Covered Executive shall be solely liable for any and all of the Company's costs and expenses (including, but not limited to legal fees) incurred in pursuing and obtaining such repayment.

8. No Indemnification of Covered Executives. Notwithstanding the terms of any indemnification or insurance policy or any contractual arrangement with any Covered Executive that may be interpreted to the contrary, the Company shall not indemnify any Covered Executives against the loss of any Erroneously Awarded Compensation, including any payment or reimbursement for the cost of

third-party insurance purchased by any Covered Executives to fund potential clawback obligations under this Policy.

9. Indemnification of Administrator. Any members of the Administrator, and any other members of the Board who assist in the administration of this Policy, shall not be personally liable for any action, determination or interpretation made with respect to this Policy and shall be fully indemnified by the Company to the fullest extent under applicable law and Company policy with respect to any such action, determination or interpretation. The foregoing sentence shall not limit any other rights to indemnification of the members of the Board under applicable law or Company policy.

10. Effective Date; Retroactive Application. This Policy shall be effective as of October 2, 2023 (the “Effective Date”). The terms of this Policy shall apply to any Incentive-Based Compensation or Time-Based Compensation that is received by Covered Executives on or after the Effective Date, even if such Incentive-Based Compensation or Time-Based Compensation was approved, awarded, granted or paid to Covered Executives prior to the Effective Date. Without limiting the generality of Section 6 hereof, and subject to applicable law, the Administrator may affect recovery under this Policy from any amount of compensation approved, awarded, granted, payable or paid to the Covered Executive prior to, on or after the Effective Date.

11. Amendment; Termination; Filing Requirement. The Board may amend this Policy from time to time in its discretion and shall amend this Policy as it deems necessary to reflect final regulations adopted by the Securities and Exchange Commission under Section 10D of the Exchange Act and to comply with any rules or standards adopted by a national securities exchange on which the Company's securities are listed. The Board may terminate this Policy at any time. A copy of this Policy and any amendments thereto shall be posted on the Company's website and filed as an exhibit to the Company's annual report on Form 10-K.

12. Other Recoupment Rights. The Board intends that this Policy will be applied to the fullest extent of the law. The Board may require that any employment agreement, equity award agreement, or similar agreement entered into on or after the Effective Date shall, as a condition to the grant of any benefit thereunder, require a Covered Executive to agree to abide by the terms of this Policy. Any right of recoupment under this Policy is in addition to, and not in lieu of, any other remedies or rights of recoupment that may be available to the Company pursuant to the terms of any similar policy in any employment agreement, equity award agreement, or similar agreement and any other legal remedies available to the Company.

13. Successors. This Policy shall be binding and enforceable against all Covered Executives and their beneficiaries, heirs, executors, administrators or other legal representatives.

14. Venue. Any action or proceeding seeking to enforce any provision of, or based on any right arising out of, this Policy, shall be brought exclusively in the courts of the State of Iowa, County of Johnson, or, if it has or can acquire jurisdiction, in the United States District court for the Northern District of Iowa, and each Covered Executive consents to the exclusive jurisdiction of such courts (and of the appropriate appellate courts) in any such action or proceeding and waives any objection to venue laid therein. Process in any action or proceeding referred to in the preceding sentence may be served anywhere in the world.

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