SUMMARY

This sample report addresses the value for MidwestOne Financial Group's common stock, which is traded on the NASDAQ. It was prepared using public information to demonstrate the underlying analysis, valuation approaches, report structure, and exhibits used by Informed Decisions.

MidwestOne operates 19 branches through which it provides a full range of traditional banking services in 11 counties in eastern Iowa, its core bank franchise. Since 1988, the company has purchased nearly 130 participations in loan pools through an independent, third party that also services the loans. These loan pools are analyzed as a separate business unit, independent of the core bank.

The company's pro rata value per share would approximate the observed publicly-traded price of $19.80 as of March 31, 2006 (letter, pages 33 and 36; EXHIBIT ELEVEN). This is based on the company's aggregate value of $77.1 million (EXHIBIT NINE). The cash flows used in the present value calculation (EXHIBIT FIVE) are based on the expected growth and performance developed for the two business segments (page 25).

Separate values were developed for the loan pools and the core bank to provide a check against the aggregate value. The two values could total to more than the $77.1 million derived on an aggregate basis, depending on the assumed distributions and the level of risk assigned to the cash flows.

- **LOAN POOLS:** Purchases of participations in the loan pools are independent on the company's core bank operations. The investments could be funded through borrowings and the loans are serviced by an independent third party (pages 4, 8, 9; EXHIBITS TWO and THREE, pages 4 and 5). Pro forma financial statements are developed on a historical basis (page 15; EXHIBITS TWO and THREE page 12). Cash flow projections are developed (page 33) in EXHIBIT FIFTEEN. Based on this analysis, the value for loan pools could approach $10.0 million.
- **CORE BANK:** Most of the report focuses on MidwestOne's core bank operations and its in-market loans (EXHIBITS TWO and THREE, pages 3 through 5). Pro forma financial statements for the core bank reflect the residual balances that remain after the loan pools have been segregated (page 15; EXHIBITS TWO and THREE page 13). As reflected in EXHIBIT FOURTEEN, the core bank value could approximate $75 million.

The number of communities served, the company's expansion, and the business unit analysis caused the sample report to run longer than normal. A typical report would have less than 30 pages of writing and ten exhibits with 25 pages.

MIDWESTONE
FINANCIAL GROUP, INC.

Oskaloosa, Iowa

FAIR MARKET VALUE
March 31, 2006

May 1, 2006

Trustees for
Company ESOP
1245 34th Street
Des Moines, IA 55235

Dear Trustees:

This sample valuation was prepared as if Informed Decisions, LLC had been engaged to provide a formal valuation report to set forth the fair market value of the common stock issued by MidwestOne Financial Group, Inc. (Company) and held in its Employee Stock Ownership Plan (ESOP) as of March 31, 2006. Based on the analysis presented in the following report, if Informed Decisions had been engaged for the stated purpose, the fair market value for these shares could have been determined to be $19.80 per share.

EXHIBIT ELEVEN presents a summary of the value derived for MidwestOne Financial Group, Inc. Based on the analysis presented in the following report, the aggregate value for the Company on a publicly-traded basis would approximate $77.1 million. Given the 3.7 million shares outstanding plus an additional 80,511 shares assumed to be issued for the currently exercisable options, the pro rata publicly-traded value is calculated to be $20.36.

The Company's stock is publicly-traded on the NASDAQ National Market System. At Mach 31, 2006, the closing price was $19.80 based on trading volume of 1,900 shares. This price is 3.0% lower than the pro rata value of $20.36. This difference is not significant. Therefore, the fair market value of the Company's common stock could be set at $19.80. No discount for lack of marketability is applied.

This is a sample valuation prepared to illustrate the valuation analysis and report format used by Informed Decisions, LLC. If prepared for a client, the report would address only the fair market value of the ESOP shares as of the date shown and could not be relied on to determine the value of any other shares. The report would be provided solely for the confidential use relating to the stated purpose. As a sample report, this does constitute a fair market value opinion.

Respectfully submitted,

Richard A. Place
Informed Decisions, LLC

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APPENDICES

EXHIBITS

I. ENGAGEMENT

This sample valuation was prepared as if Informed Decisions, LLC had been engaged to provide a formal valuation report to set forth the fair market value of the common stock issued by MidwestOne Financial Group, Inc. (Company) and held in its Employee Stock Ownership Plan (ESOP) as of March 31, 2006. Based on the analysis presented in the attached EXHIBITS, as discussed below, if Informed Decisions had been engaged for the stated purpose, the fair market value for the Company's common stock could have been determined to be $19.80 per share as of March 31, 2006. A valuation summary is presented in EXHIBIT ELEVEN. Such an opinion would be limited to the subject shares and could not be used or relied on for any other purpose. As a sample report, this does constitute a fair market value opinion.

II. VALUATION GUIDELINES

Generally, the subject would be a closely-held company and, thus, no public market price would exist for the stock to be valued. Although the Company's shares are publicly-traded, the valuation process applied for this sample valuation relies on traditionally accepted techniques to simulate market considerations in establishing a possible value for the Company's shares.

Fair market value is most often defined as the price at which the asset would change hands between a willing buyer and a willing seller when the former is not under any compulsion to buy and the latter is not under any compulsion to sell and both parties have a reasonable knowledge of the relevant facts, as set-forth in IRS Revenue Ruling 59-60.

IRS Ruling 59-60 also establishes a general framework for valuing a closely-held business with additional guidance available from the extensive case law relating to valuations for tax purposes. Factors discussed include:

- Prior sales of stock
- Historical earnings and earnings capacity
- Nature of the business
- Dividends paid and/or dividend paying capacity
- Tangible assets
- Net worth
- Pricing multiples for comparable companies
- Marketability

Prevalent throughout the decisions related to Revenue Ruling 59-60 and involving questions of value are the elements of common sense, informed judgment, and reasonableness. Little credence is placed on valuation techniques that rely on a single factor and result in a value significantly different from those based on all other factors.

Pursuant to the Employee Retirement Income Security Act (ERISA) employee benefit plans may not pay more than, nor may it receive less than, adequate consideration for the shares. This provision of ERISA has generally been interpreted to require an independent determination of fair market value for the shares held by such a plan when a publicly-traded price is not available. Proposed regulations pertaining to the definition of adequate consideration and the conduct of an independent valuation, which refer to Revenue Ruling 59-60 as promulgated by the Internal Revenue Service, have been issued by the Department of Labor. This sample valuation was performed in accordance with the proposed rules.

Those factors prescribed for consideration by the Internal Revenue Service are analyzed in detail and their impact on value is discussed below. The Company's capacity for generating growth, income and dividends is emphasized. Qualitative and intangible factors are considered as they contribute to the subject's underlying strength and their impact value.

III. COMPANY OVERVIEW

History: MidwestOne Financial Group, Inc. is a community-based financial holding company headquartered in Oskaloosa, Iowa. Incorporated in 1973 as the Mishaska Investment Company, it was a single-bank holding company for MidWestOne Bank and Trust. In June, 1994 the Company chartered Central Valley Bank as a federal savings association that was subsequently converted to a state chartered commercial bank. In December, 1997 the Company chartered Pella State Bank as an Iowa commercial bank. In September, 1999 the Company acquired Midwest FSLA of Iowa (Midwest FSLA). This thrift was renamed MidWestOneBank and subsequently converted to a commercial bank in January, 2004.

In February, 2003 the Company acquired the Belle Plaine Service Corp. and its wholly-owned subsidiary, Citizens Bank & Trust Company of Hudson, Iowa (Belle Plaine acquisition). The bank subsidiary was merged into MidwestOne Bank and Trust. The acquisition was for cash and treated as a purchase transaction. As a result, the Company recorded goodwill of $3.5 million and other intangibles of $554,000 in 2003.

Effective January 1, 2006, three bank subsidiaries - Central Valley Bank, Pella State Bank, and MidWestOneBank - were consolidated into Midwest Bank & Trust under a single Iowa state charter and renamed MidwestOne Bank. This is the only remaining bank subsidiary. Non-bank subsidiaries include MIC Financial, Inc., MidWestOne Investment Services, Inc., and Cook & Son Agency, Inc.

MIC Financial had provided factoring, equipment leasing, and accounts receivable financing to small business clients. Its operations were discontinued in 2005 and a substantial portion of its assets were charged-off. As of December 31, 2005, the subsidiary had no assets and is currently inactive.

MidWestOne Investment Services, Inc. provides retail brokerage and financial planning services at several of the Company's locations. It was organized in July, 2004 as a wholly-owned subsidiary to facilitate the purchase of the assets of Koogler Company of Iowa, a sole proprietorship. The Company paid $450,000 in cash plus 6,601 shares of its stock with a fair market value of $115,000. The seller and his staff were retained to provide investment advisory and brokerage services throughout the Company's banking offices. As a result of this transaction, the Company recorded goodwill of $179,000 and other intangibles of $383,000 in 2004.

Cook & Sons Agency, Inc. provides insurance agency services for individuals and corporations in markets served by the Company. It was acquired in September, 2005 for $830.000 in cash and 4,393 shares of the Company's common stock with a fair market value of $82,500. As a result of this transaction, the Company recorded goodwill of $249,000 and other intangibles of $404,000 in 2005.

Ownership: The Company reported that 3.7 million shares of common stock were issued and outstanding as of February 24, 2006 in its Proxy Statement dated March 23, 2006. The stock has traded on the NASDAQ National Market System for twelve years; its symbol is OSKY. There are less than 2,000 shareholders. The proxy reported that officers and directors have beneficial ownership of 13.8% of the outstanding shares; the Company's ESOP, 13.9%; and one institutional investment manager that had sole voting power over another 8.1% of the shares, second only to the ESOP in size.

The shares reported for the officers and directors include shares subject to currently exercisable options and allocated shares held in the ESOP. Although these shares should be reported given the definition of beneficial ownership, the 13.8% overstates the number of shares held by management relative to the number of shares outstanding. Shares subject to exercisable options do not represent shares that are actually outstanding; such shares are not included in the 3.7 million shares reported as outstanding. The officers and directors can vote their allocated shares held by the ESOP, but including these shares here and in the ESOP balance represents a double-count.

Officers and directors control 250,640 of the outstanding shares that are not included in the ESOP total: 6.8% of the outstanding shares. If all of the shares subject to currently exercisable options were issued, the ownership would increase to 10.7% of the adjusted number of shares outstanding.

Of the 3.7 million shares issued and outstanding, 76% is reported as being available for sale (referred to as float). Daily transactions average around 2,000 shares, less than .1% of the float.

The Company repurchased its common stock in each of the five years 2001 through 2005. The Board of Directors approved two stock buybacks of up to $2.0 million each in April and October, 2005. Through September, 2005, the Company had repurchased 80,000 shares in the open market for $1.5 million. Through December, 2005, an additional 33,000 shares had been repurchased for $604,000. During 2005, the Company also received nearly 15,000 shares from the exercise of options.

The Company had 562,649 options outstanding to purchase its common stock at an average exercise price of $16.56 under its 1998 Stock Incentive Plan. Of these, 431,096 were exercisable as of March 31, 2006. In February, 2006 the Directors adopted the 2006 Stock Incentive Plan, subject to shareholder approval at the Annual Meeting of Shareholders April 28, 2006. The 2006 plan is similar in purpose and design to the 1998 plan but includes a provision to issue restricted stock units. These units represent the right to receive a specified number of shares at a future date. The holder of a restricted stock unit will have the right to vote the shares and receive dividend equivalents on the shares. Non-employee directors will be awarded 1,000 shares of restricted stock upon election that will vest over three years. Existing non-employee directors will receive the shares with the number to be vested immediately determined by their years of service.

Services, Facilities, Market and Competition: The Company provides a full range of traditional banking services, trust services, residential mortgage services, insurance brokerage and retail securities brokerage services. It engages in retail and commercial banking services to individual and corporate customers. It provides the usual products and services such as deposits, commercial, agricultural, real estate, and consumer loans. Its bank subsidiary is a community oriented, full-service commercial bank providing traditional banking services to individuals, small to medium sized businesses, farmers, government and public entities and not-for profit organizations.

In addition to the traditional banking services provided to customers throughout the Company's geographic markets, it has purchased participation interests in pools of loans from large, non-affiliated banking organizations and from the FDIC (loan pools). These include loans secured by single-family, multi-family, and small commercial real estate; large numbers of small consumer loans secured by automobiles or mobile homes; and small to medium balance commercial loans. The loans may be categorized as performing or as past-due, non-performing loans.

These pools are serviced by States Resources Corporation (SRC), an independent loan servicing company owned by Mr. Randal Vardaman. Mr.

Vardaman has been engaged in credit analysis and loan portfolio management since 1970. The Company has maintained a business relationship with him since 1988.

SRC and Mr. Vardaman evaluate various loan pools to make pricing recommendations to the Company based on the creditworthiness of the loans. SRC services the underlying loans included in the various pools. Sales of the pools are generally conducted by sealed bid auction. Since 1988, Mr. Vardaman, SRC and its predecessor organizations have been successful in purchasing 123 loan portfolios on behalf of the Company, including six in 2005.

From 2001 through 2005, these purchased loan portfolios accounted for more than 20% of the total loans reported by the Company. The impact of this business segment on the Company's financial position and performance will be addressed below in greater detail.

As shown on page one of EXHIBIT ONE, the Company has nineteen facilities serving thirteen communities across eleven Iowa counties. The markets served are primarily located in the southeastern quadrant of Iowa, with Interstate 80 to the north and Interstate 35 to the west. Oskaloosa, the Company's headquarters, is approximately 60 miles east of Interstate 35 on Iowa State Highway 92; 30 miles south of Interstate 80 on U.S. Highway 63, and 60 miles southeast of Des Moines.

The Company served the community of Oskaloosa, located in Mahaska County, plus North English, in Keokuk County, through its original bank subsidiary. It expanded into Fairfield, Ottumwa, and Sigourney through its first de novo subsidiary, Central Valley Bank; and into Pella through a second de novo subsidiary, Pella State Bank. These were established in 1994 and 1997, respectively.

Midwest FSLA, with branches in Burlington, Wapello, and Fort Madison, was acquired in 1999 and renamed MidWestOne Bank. Burlington and Fort Madison in the counties of Des Moines and Lee, respectively, are situated on the Mississippi River. Louisa County is also on the river although the town of Wapello is not.

The Company progressively expanded its market beyond Mahaska and Keokuk Counties but continued to serve similar markets, primarily in southeastern Iowa. Fairfield (Jefferson County), Ottumwa (Wapello County), and Sigourney form a rectangle to the southeast of Oskaloosa with Fairfield less than 60 miles from Oskaloosa; Pella (Marion County) is 20 miles to the northeast. Fort Madison, Burlington, and Wapello range just beyond 100 miles to the southeast and east of Oskaloosa but are within 60 miles of Fairfield.

The Belle Plaine acquisition in 2003 added markets north of Interstate 80. Belle Plaine, in Benton County, is 60 miles north of Oskaloosa; Hudson, in Black Hawk County, is another 40 miles further north. Benton is included in the Cedar Rapids Metropolitan Statistical Area (MSA); Black Hawk, in the Waterloo-Cedar Falls MSA. The branch in Davenport, part of the Davenport-Moline-Rock Island MSA opened January, 2006.

Pages two through five of EXHIBIT ONE show a listing of the financial institutions with branches in the counties served by the Company, including deposits and market shares. At June 30, 2005, the Company ranked first in its two original markets, Mahaska and Keokuk Counties, with 37.7% and 24.8%, respectively, of the reported deposits. In both markets, the next four competitors control more than 50% of the deposits.

The Company's market share is less than 12.0% in each of the other six counties in the southeastern quadrant; and its ranking is generally fourth or fifth out of fewer than ten institutions. Building market share in such markets is generally difficult due to market fragmentation, the presence of established competition, and limited growth in the aggregate market.

The Company's recently acquired branches in Benton and Black Hawk Counties and its new branch in Scott County provide access to three MSAs and to larger markets. These provide an opportunity for the Company to diversify away from southeastern Iowa while continuing to serve markets with similar characteristics. However, these markets are highly competitive. As shown in EXHIBIT ONE, the competition includes super-regional and large regional holding companies, local community banks, and savings and loans. The Company already competes against many of these super-regional and regional holding companies in southeastern Iowa. Other competitors not listed here would include securities and brokerage companies, mortgage companies, insurance companies, finance companies, money managers, mutual funds, credit unions and other non-bank financial service providers. The level of competition affects the Company's ability to attract deposits, make loans, and maintain interest rate spreads and other profit margins.

Personnel, Management: On March 31, 2006 the Company had 216 full-time equivalent employees. The Company provides its employees with a comprehensive program of benefits, some of which are on a contributory basis, including comprehensive medical and dental plans, life insurance, long-term and short-term disability coverage, a 401(k) plan, and an employee stock ownership plan. None of the Company's employees is represented by unions. Management considers its relationship with its employees to be excellent. The core management team has remained relatively stable in recent years.

IV. FINANCIAL ANALYSIS

EXHIBIT TWO, pages one through thirteen, presents the historical financial statements for the Company for the six years ending December 31, 2005. These data are taken, primarily, from its FR-Y9C reports (FDIC reports) filed with bank regulators. The bank regulatory data has been supplemented with financial data reported annually to the U.S. Securities and Exchange Commission (SEC) in the Company's 10K report. These data are used to expand on the information available from the FDIC reports and presented in EXHIBIT TWO.

Total assets and net income per the FDIC and SEC reports are the same. The differences between the two reports relate to the level of detail reported for loans. The FDIC balance sheet data include total loan balances whereas the SEC reports separate the loan pools from loans originated by the Company in the markets served, described here as "in-market loans". This difference in reporting is also reflected in the allowance for loan losses, other real estate owned (OREO), and 90 day past due loans.

On the income statements, the difference in reporting is reflected in interest income, net interest income, and the provision for loan losses. In the FDIC reports, the loan loss provision, write-offs, and recoveries related to the loan pools are reported in aggregate with those amounts related to the in-market loans. The SEC income statements show the interest income on the loan pools net of the related loan loss provision; the write-offs and recoveries for the two loan categories are reported separately. These differences are discussed in the sections below.

EXHIBIT THREE presents the financial data from EXHIBIT TWO for December 31, 2005 in comparison to similar data for March 31, 2006. The FDIC quarterly reports are presented in the same level of detail as the December 31 reports. However, the 10Q quarterly reports filed with the SEC do not contain the same level of detail as the 10K reports filed on an annual basis. Thus, a breakout of the in-market loans by category is not available.

The various ratios presented in EXHIBITS TWO and THREE are calculated using publicly-available data from the FDIC reports. These include ratios that relate income and expense components from the income statements to average asset and liability balances, such as: yields on loans and other earnings assets; the cost of funds; return on assets (ROA); and return on equity. The level of detail available for these calculations may not be as exact as that used by the Company to calculate comparable ratios included in the SEC reports, its annual reports, and press releases. Any differences between the calculated ratios and the Company reported ratios do not materially affect the analysis presented below.

BALANCE SHEET

EXHIBIT TWO, page one, presents six years of historical balance sheets for the Company. The data for 2001 through 2005 were obtained from the FDIC reports; the data for 2000 were from the SEC. The 2000 loan balances from the SEC reports are shown net of that portion of the loan loss provision related to the loan pools. The loan balances and allowance for loan losses from the FDIC reports were adjusted to reflect this practice. The details of this adjustment are reflected on page ten, Credit Quality, under the heading Allowance Coverage, Non-Performing In-Market Assets. No adjustment is shown for 2001; this could be due to a difference in accounting between this year and later years. If an adjustment were warranted it would not impact this analysis.

Six years of data are presented so that growth rates can be calculated over a five years. Page two presents common sized balance sheets for the five years ending December 31, 2005. These loan data include both in-market loans and loan pools; pages three through five presented a breakdown of the aggregate loan data by in-market loans and loan pools.

Over the six years presented, total assets increased nearly $163.0 million, at an annual average rate of 5.6%. The growth was relatively balanced between loans and deposits. Total loans increased $148.7 million, at an annual rate of 6.7%. The growth in deposits was slightly slower at an annual rate of 6.5%, $135.9 million in total.

Loan growth varied year-to-year, as could be expected given the nature of the purchased loan pools, which accounted for more than 20% of the Company's total portfolio during the period presented. Total loans generated in-market would be expected to grow with inflation and as the population base increases; as existing agricultural and commercial customers grow and increase their borrowings; and as customers are attracted away from the competition. Generally, this type of growth is relatively steady, reflecting economic conditions, the level of competition, and a bank's overall performance in serving its market.

Conversely, the loan pools are acquired in a competitive bidding process. The amounts purchased are a function of loan availability, competitive bids, the Company's willingness to add deeply discounted, non-performing loans, and other non-market factors. Collection on the loan balances is critical to realizing a return on the loan pools; the goal is to reduce these balances over time. Conversely, the goal is to grow in-market loans by working with and providing banking services to retail and commercial clients. Given that the loan pools are depleting assets, these balances are increased through purchases of new loan pools are driven by management decisions, not by servicing clients or building market share.

Breakouts of the loan portfolio are presented in page three of EXHIBIT TWO. The FDIC reports did not breakout the loans between in-market loans and loan pools. The details from these reports are presented in the top section of page three. The breakout of loans presented in the lower section of the page is from the Company's SEC report. These data are used to estimate the breakout of the purchased loan participations on page four. The percentages for the loan categories are calculated on page five.

The shifts in the in-market loan portfolio can be observed in the lower section of page three, Subtotal In-Market Loans, at the bottom of page four, and on page five, Composition of the In-Market Loan Portfolio. A $16.7 million decline, 5.2%, from 2001 to 2002, is followed by a $71.0 million, 23.2%, increase in 2003. This increase is primarily attributable to the Belle Plaine acquisition which added $60.4 million in loans. Commercial and agricultural loans each accounted for about 50% of the increase in 2003; residential mortgages remained flat.

The Company built on this higher balance through 2005 adding another $56.4 million to the in-market portfolio over the two years, 7.2% annually. Land & construction, commercial real estate, and commercial & industrial loans accounted for this growth. Agricultural loans, residential mortgages, and consumer loans were flat over the two years.

Changes in the balances for the purchased pool participations are not directly related to changes in the in-market loans. The Company apparently does not use the pools to offset changes in the in-market loan portfolio. The purchased pool participations declined 25.4% in 2002 and increased 8.2% in 2003, at least matching the direction in change for the in-market loans. The increases in the in-market loan portfolio through 2005 are not correlated with the fluctuations in the purchased pool participations.

Fixed assets were increased in the normal course of business due to capital expenditures and with the 2003 Belle Plaine acquisition. This transaction and the subsequent non-bank acquisitions increased goodwill and other intangibles. Due to changes in accounting rules, goodwill is no longer amortized. Other assets include interest receivable and deferred tax assets, $5.3 million in FHLB stock, and $7.5 million for the cash surrender value of life insurance.

The Company has used a combination of Fed funds purchased, borrowings, and Trust preferred securities in addition to deposit liabilities and common equity to fund its assets throughout the six years presented. Essentially, the increase in loans from the Belle Plaine acquisition was funded by the $62.9 million in deposits included with the acquisition. Excluding the increase attributable to these deposits, the average annual increase in deposits approximated 4.5%. This growth was driven by Certificates of deposit (CDs) but demand deposits and NOW accounts contributed to the growth. Money market savings increased the least because of the $9.9 million decline in 2005.

The Fed funds purchased and borrowings fluctuated significantly. In 2001, the reduction in other earning assets and the increase in deposits were not sufficient to fund the $46.5 million increase in loans plus the increase in non-earning assets. Fed funds purchased and borrowings were increased $20.4 million to help fund the increase in total assets. In 2002, total assets declined $8.0 million due to the $45.9 million decline in loans. The greatest portion of the reduction in loans flowed into other earning assets. The remainder plus funds from an increase in deposits went to offset the prior year's increase in Fed funds purchased and borrowings. These balances were reduced $9.5 million below their aggregate level in 2001.

Borrowings were composed of the following balances:

	2001	**2002**	**2003**	**2004**	**2005**
Revolving line of credit - Harris, NA	$2.500	$0.000	$3.000	$4.700	$4.000
Term loan - Harris, NA	6.700	-	6.000	5.000	2.100
FHLB advances	80.864	69.293	78.944	91.874	83.100
TOTAL BORROWINGS	$90.064	$69.293	$87.944	$101.574	$89.200

Generally, the borrowings are used by the Company to manage liquidity. The revolving line of credit has a limit of $9.0 million and matured March 31, 2006; the term loan matures November 30, 2006. The Company has renewed these loans as they matured over the past five years. At September 30, 2005, the Company was not in compliance with two loan covenants relating to the level of non-performing assets and its return on assets (ROA). The non-performing asset covenant was renegotiated so that the Company was in compliance with both covenants at December 31, 2005.

The Company also secured $10.3 million in Trust preferred financing during 2002. This has a 30 year maturity, does not require any principal amortization, and is callable beginning in 2007 at the Company's option. The interest rate is variable based on the three month LIBOR rate plus 3.65%, with interest payable quarterly. One advantage to this financing is that it qualifies as Tier I capital, subject to some limitations. The Company's level of common equity allows for all of the Trust preferred balances to qualify as Tier I capital.

Common equity increased $9.1 million over the past five years, driven by retained earnings. Retained earnings added $15.5 million to the equity balance; the dividend payout ratio averaged 45% during this period. However, the Company added to its Treasury stock balance as it repurchased its stock in the open market, net of shares issued for options and in the acquisitions; $5.6 million was paid out to acquire Treasury shares. The net reduction in shares outstanding approximated 238,000, 6.0% of the shares outstanding at the end of 2000. The accumulative adjustment for the market value of the security portfolio shifted form a positive to a negative reducing the total common equity by $1.1 million.

Changes in the relative balances for assets and liabilities are reflected on page two of EXHIBIT TWO. Total earning assets remained fairly constant around 92% of total assets. The 2002 decline in loans reduced the balance for this asset to 72.1% of total assets. Over the following three years there is a shift from other earning assets to loans that increases this back to 79.0% of total assets in 2005, the level reported for 2001. The dollar balances for non-earning assets did increase over time and with the Belle Plaine acquisition, but remained fairly constant relative to total assets.

The source of funds did shift over the five years presented. Deposits increased from 69.6% of total assets in 2001 to 74.6% in 2005. This was offset by declines in Fed funds purchased and borrowings so that the percentage of total liabilities remained relatively unchanged. With the addition of Trust preferred financing and the on-going additions to Treasury shares, the source of equity funding did shift away from common equity. Common equity declined, slightly, from 9.3% of total assets in 2001 to 8.6% in 2005. The trust preferred securities pushed total equity to 12.3% in 2002. Payouts for dividends and to purchase Treasury shares reduced this ratio to 10.1% in 2005.

INCOME STATEMENT

The income statements presented in the SEC reports showed lower interest revenues and lower provisions for loan losses than accounts presented in the FDIC reports. A reconciliation between these income statement accounts is shown on page six of EXHIBIT TWO. In the SEC reports, loan loss expenses relating to the loan pools are shifted from the provision for loan losses to reduce the interest revenues reported for these loans. Thus, the SEC reports show lower revenues and lower expenses than do the FDIC reports. Net income is the same in both reports.

The interest revenues and provision for loan losses in the SEC reports, and reconciled to the FDIC reports on page six, are carried forward to the income statements and common-sized income statements presented on pages seven and eight, respectively.

Financial data as reported by the FDIC were not readily available for 2000. Data from the SEC reports are presented on page seven to provide the base year for calculating five years of growth. It is also presented on page eight for purposes of discussing changes in the Company's performance over the six years. However, only five years are included in the common-sized balance sheet averages.

The first peak in interest revenues shown in 2001 may be attributable to a change in accounting policies. The 2000 income statement data are taken directly from the 2000 SEC report, not adjusted from the FDIC report. Thus, this data may not be reported on the same basis for both as the later years. The adjustment attributable to the provision in loan losses is only $299,000 in 2001, which is significantly less than the adjustments shown for subsequent years. Finally, no adjustments related to the loan loss provision were identified for the loan pools in 2001. If such adjustments were identified the adjusted income revenues would have been lower; however, these adjustments would not significantly impact the analysis.

Interest revenues dropped significantly from 2001 to 2002, $2.3 million, due, in part, to the $8.3 million decline in earning assets. However, the decline in interest expenses was greater, $4.7 million, on a $15.5 million decline in interest-bearing liabilities. As a result, net interest income increased $2.4 million in 2002 Interest revenues remained flat through 2004 in spite of the Belle Plaine acquisition in 2003 and the continued growth into 2004. However, interest expenses continued to decline through 2004 even as interest-bearing liabilities continued to increase. As a result, net interest income increased $2.5 million in 2003 and $1.3 million in 2004.

Interest rates were declining across the financial markets through 2004. This is reflected in the declining and flat interest revenues and the declining interest expenses. Net interest income increased as the declines in the cost of funds outpaced the decline in yields on earning assets. The impact of these changes is reflected in the common sized income statements presented on page eight of EXHIBIT TWO.

Interest revenues and interest expenses can be affected by changes in the mix of earning assets and source of funds. The average balances for higher yielding loan pools peaked relative to total loans in 2001 and 2002. This contributed to the level of non-interest revenues generated in these two years. Page five shows a shift in the loan portfolio from residential mortgages to higher yielding business loans. This trend would increase interest revenues and yields, all else being equal.

The level of non-interest funds relative to total assets increased slightly from 2001 through 2005, but the increases in DDA accounts were partially offset by the decline in common equity. The ratio of average deposits to average liabilities did not change significantly; higher cost CDs increased slightly relative to total assets but remained virtually unchanged relative to total deposits. Of the possible changes in these mixes, the level of loan pools would have the greatest impact but there was no clear trend in the relative loan balances. Thus, the decline in market interest rates through 2004 is the dominant factor that affected net interest income.

This trend was reversed in 2005 as the Federal Reserve Board started raising short-term interest rates and overall market interest rates increased. The results of this shift is reflected in the common-sized income statement on page eight and in the Interest- Yield, Cost, Spread, Margin section of page eleven. In 2005, both the yield on earning assets and the cost of interest-bearing liabilities increased.

As noted previously, the provision for loan losses from the FDIC reports is the total for all loans but the presentations on pages seven and eight have been adjusted to reflect only that portion of the provision related to the in-market loan portfolio from the SEC reports. The adjustments are shown on page six. Generally, the provision declined from 2001 through 2005 even as the balance for in-market loans increased and the mix shifted toward higher risk business loans from residential mortgages. As a result, the expense declined from .33% of average total assets in 2001 to .07% in 2005.

The Company's net income increased nearly $2.1 million from 2000 through 2005, just over 52%. Most of the increase was generated in 2002 when net income increased $1.4 million. This is primarily attributable to the improved performance reflected in the higher return on assets (ROA), as opposed to asset growth. In 2002, more than $1.3 million of the total increase is due to the 25 basis point (bps) increase in the ROA. In turn, this improvement is directly related to the increases in net interest income discussed previously. The 38 bps increase in net interest income relative to total assets flowed through to net income. The reduction in the provision for loan losses contributed to the improved ROA.

The balance of the increase in net income is related to the growth in total assets. This observation holds for 2001 when average total assets increased $37.3 million while the ROA improved only one basis point. From 2002 through 2005, average total assets increased another $113.6 million, 21%, to $654.6 million but the Company's ROA declined 14 bps to .93%. Relative to total assets, net interest income and non-interest income remained fairly constant for the three years 2003 through 2005. The provision for loan losses was reduced by 13 bps. However, the increase in non-interest expense, primarily salaries and benefits, was 38 bps, from 2.70% in 2002 to 3.08% in 2005. This offset the reduction in the provision for loan losses and flowed through to net income resulting in 14 bps reduction in the Company's ROA.

LOAN PORTFOLIO

The breakout of the Company's total loans between in-market loans and loan pools was discussed previously relative to the growth in total assets. The following discussion focuses on the composition of the in-market portfolio. The composition of the purchased loan pools may be an indication of the availability of problem loans. However, this provides no information as to the Company's market focus or the customers being served to generate the loans.

As shown in the lower half of page three (Loan portfolio, SEC reports), the in-market loan portfolio increased $121.4 million from 2000 through 2005, nearly 40%. Growth was driven by commercial and agricultural loans: residential mortgages and consumer loans both declined slightly, around 7.0%, over the five years. Much of the growth came in 2003 as a result of the Belle Plaine acquisition, but residential mortgages and consumer loans even declined in this year. Increases in the various loan categories were generated in different years. Land & construction loans jumped 80% in 2005; the growth in commercial real estate was relatively steady; and the increases in commercial & industrial and agricultural loans, both production and land, were in 2003.

Page five shows that the Company's overall in-market loan portfolio was relatively balanced among business loans (land & construction, commercial real estate, and commercial & industrial), agricultural (production and land), and consumer (residential mortgages and consumer). However, there was a shift from consumer loans to business loans that began in 2003 and continued through 2005. Business loans increased from 26.6% of the total loan portfolio in 2000 to 44.8% in 2005. Consumer loans, primarily residential mortgages, declined from 51.0% in 2000 to 33.0% in 2005.

CREDIT QUALITY

Pages ten and eleven of EXHIBIT TWO provide various measures of the Company's credit quality and coverage of problem credits by the loan loss allowance. These schedules show the differences between the FDIC reports, which include the aggregate balances for the in-market loans and the loan pools, and the SEC reports, balances for only the in-market loans. That portion of 90 day past due loans, non-accruals, and OREO related to the loan pools provides no indication as to the Company's ability to manage credit quality or the economic conditions in the market served. The loan pools are priced based on the credit quality of the loans in the pool so that the level of non-performing assets is reflected in the price. Including the purchased loans that are categorized as 90 days past due per the FDIC reports would significantly distort the Company's apparent credit quality.

Over the five years presented, the in-market loans categorized as 90 days past due averaged $1.1 million, .31% of the in-market portfolio. The non-performing assets related to the in-market loans, primarily non-accrual loans, remained fairly low throughout the five years presented. Non-accrual loans averaged $1.7 million and OREO, $582,000. In total, these assets averaged .74% of the in-market loans plus OREO. Such a level is reasonable given a common benchmark of 1.0% for these non-performing assets.

The Company maintained its allowance at an average of 1.20% of the in-market loans. This provided a coverage of the related non-performing assets of 285%. At this level, the coverage would remain adequate, in excess of 100%, if the level of non-performing assets did slip to 1.00%. Due to a $2.3 million increase in the OREO balance in 2005, non-performing assets increased to 1.48% of in-market loans plus OREO. This caused the coverage of non-performing assets to decline to .77% for the year-end.

At December 31, 2005, the OREO balance included $2.5 million for a truck stop/convenience store complex that was in process of foreclosure. This property was sold during the first quarter of 2006 and refinanced. The Company did not realize any gains or losses as a result of this transaction. Adjusting the total non-performing assets for this amount increases the coverage significantly, to a reasonable level.

The provision for loan losses adjusted as discussed above declined from its peak of $1.8 million in 2001 through 2003 and then remained relatively flat through 2005, in spite of the higher level reported for OREO in 2005. Net charge-offs were not excessive over the five years, averaging .19% of the in-market portfolio. This is an indication that the level of non-performing assets was not managed through charge-offs: a significant portion of these loans were either collected or reclassified as performing. The allowance for loan losses increased in four of the five years as would be expected given the on-going growth in the balance for in-market loans.

Core Bank

Page twelve of EXHIBIT TWO presents a breakout of the loan pools from the aggregate Company as if it were a separate division; page thirteen presents the remaining balances assuming they represent core bank operations. The details in the SEC reports are sufficient to provide a reasonable level of confidence in this analysis.

The year-end and average balances for the loan pools are reported separately. No accrued interest is recorded for the loan pools so other non-earning assets are set at zero. Conversely, other liabilities are assumed to equal one month of interest expense. Common equity to support these assets is set at 9.0% to reflect the expectation that these loans would be risk-rated at 100% thus requiring higher risk-based capital than the in-market loans and securities. The balance of the funding is labeled as borrowings.

Interest revenues on the loan pools are reported separately. The assumption is that the average balances for the loan pools represent the amount to be financed. For calculating the interest expenses on these funds, the financing is assumed to be obtained first from the FHLB advances and then progressing through Fed funds purchased and total certificates of deposit (CDs) as needed. The average cost of funds for these sources are reported separately and are applied to the balances needed from each to support the average balance for the loan pools.

There are no non-interest revenues attributable to the purchased loan pools. The functions required to service the pools are provided by SRC; expenses related to this support are netted against interest revenues for reporting purposes as are the related provisions for loan losses. The tax rate on the net income from the loan pools is set at the average rate calculated for the aggregate Company.

The pro forma, summary balance sheets and income statements presented on page twelve were developed based on these assumptions and the information available from the SEC reports. These amounts are subtracted from the data presented for the aggregate Company on pages one and seven of EXHIBIT TWO to derive the pro forma, summary balance sheets and income statements presented on page thirteen for the core bank.

Separating the loan pools from the core bank on a pro forma basis provides key insights from two sources: 1) isolates the benefits from the interest revenues earned on the loan pools and the resulting spreads; 2) downsizes the Company's balance sheets to provide a more relevant measure of non-interest income and non-interest expense being generated relative to total assets.

Interest revenues relative to average total assets for the loan pools corresponds very closely to the yield on the loan pools from the SEC reports. Segregating these loans into a separate division reduces the interest revenues for the aggregate bank relative to total assets from an average of 6.66% shown on page eight to the 5.94% for the core bank shown on page thirteen. The comparable reduction in interest expense is from 2.75% to 2.35%. The highest earning loans are in the loan pools and the assumption is that the higher cost funds, except for the Harris term loan and line of credit, are shifted with these loans. The average net interest income for the loan pools over the five years is calculated at 5.58%; for the core bank, 3.59%, a 31bps reduction from that calculated for the aggregate company.

As noted, no other income or expenses are allocated to the loan pools until the provision for income taxes. Beyond net interest income, any differences in the common sized income statements for the aggregate Company to those for the core bank are a function of the reduction in average total assets. The core bank ratios for the income statement accounts are more relevant: the provision for loan losses relates only to the in-market loans; non-interest income is not generated from the loan pools; and the non-interest expense incurred to support the loan pools is minimal.

The common sized income statements on page thirteen show an average provision for loan losses of .20%; non-interest revenues, .78%; security gains/(losses), .07%; and non-interest expense, 3.42%. Each of these ratios is higher than that shown for the aggregate Company due to the lower level of average total assets related to the core bank. This indicates that the Company is more effective in generating non-interest revenues from total assets than indicated from its aggregate common sized income statement. Conversely, the Company incurs more non-interest expenses relative to average total assets than initially indicated. These measures indicate there is less room to improve on non-interest income and more room to reduce non-interest expenses than reflected by the aggregate common sized income statement.

The information reflected in the difference from the ratios calculated for the aggregate Company to those calculated for the core bank is revealing. The net change to the calculated ROA for the other income and expense items attributable to the lower assets was 26bps, and is greater than the 19bps reduction due to the change in net interest income. However, the changes in the other income and expense items are due only to the change in average total assets. The reduction attributable to net interest income is due to the reduction in the income account but is partially offset by the reduction in average assets.

2006 FINANCIAL PERFORMANCE

EXHIBIT THREE, pages one through thirteen, presents the December 31, 2005 financial statements taken from EXHIBIT TWO with financial data as of March 31, 2006 adjusted as discussed previously. The FDIC quarterly reports are presented in the same level of detail as the December 31st reports. However, the 10Q quarterly reports filed with the SEC do not contain the same level of detail as the 10K reports filed on an annual basis. Thus, a breakout of the in-market loans by category is not available.

Over the first three months of 2006, the Company's in-market loan portfolio increased 3.9% (page three) to $450.2 million from $433.4 million. In spite of this, total loans increased less than 1.0% and total assets declined, slightly, from $678.0 million to $674.0 million. The growth generated for the in-market loans was offset by a reduction in the balance for the loan pools. The increase in total loans was offset by a decline in securities so that total earning assets declined by $2.2 million. Other real estate owned (OREO) was reduced by $2.3 million as discussed below.

Fed funds purchased and borrowings were reduced due to the decline in total assets. Deposits remained flat and equity increased with retained earnings. The Company paid down the borrowings from Harris and the FHLB. Since the in-market loan portfolio increased, the reduction in total assets was driven by the decision to reduce borrowings rather than investing the funds from the loan pools in other earning assets.

The Company's net income was $1.9 million for the first three months of 2004, as shown on page six of EXHIBIT THREE. The annualized ROA increased to 1.12% from .93% for the 12 months ending December 31, 2005. Net interest income increased faster than total assets through March, 2006 as interest revenues continued to outpace interest expenses.

No provision for loan losses was taken. The Company realized a recovery on an agricultural loan that had been charged-off in 2001: $901,000 was credited to the allowance for loan losses; $364,000 was recorded as interest income; and $50,000 was recorded as other loan income. In addition, the Company sold and refinanced a truck stock/convenience store complex. This accounted for the largest portion of the $865,000 reduction in non-accrual loans and a $2.5 million to the in-market OREO balance. These reductions and the increase to the allowance for loan losses for recovery on the 2001 loan charge-off increased the coverage of non-performing assets so that management does not expect to record a provision for loan losses during 2006.

Non-interest income increased across most categories: deposit fees, following the implementation of an overdraft protection plan; brokerage fees, with more security sales, building on the 2004 Koogler acquisition; and insurance fees, following the September, 2005 Cook & Sons acquisition. Offsetting these revenue improvements were the security losses realized during the quarter and higher non-interest expenses.

Increases in non-interest expense were driven, primarily, by salaries and benefits. These were higher as personnel were added with the insurance agency acquisition and to staff the Davenport branch. Salaries increased with normal annual adjustments; benefit expenses were higher as health-care insurance premiums increased. Expenses were recognized for option grants due to changes in accounting rules.

The slight drop in total assets during 2006 is not critical. It resulted primarily from the decision to pay down the Company's borrowed funds and in spite of the increase to in-market loans. Net income, and the resulting ROA, was strong for the first quarter, but was boosted by the collection on the 2001 loan charge-off that contributed to net interest income and non-interest income and made it possible to take no provision for loan losses. This is a one-time item that, except for management's expectation that no provision for loan losses will be required for 2006, should not significantly impact the Company's on-going profitability. Non-interest expenses increased relative to average total assets to support the Company's expansion and to build infrastructure to support further in-market growth.

V. INDUSTRY, ECONOMY

INDUSTRY

The banking industry is regulated by state and Federal agencies, such as the Federal Reserve, the FDIC, and the Controller of the Currency. The oversight is intended to assure the safety, soundness, and stability of the national financial system. Deposit insurance is provided to depository institutions to promote these objectives. In turn, the institutions are subject to examination to protect the insured deposits.

The aggregate banking industry was performing at, or near, record levels during the five-year period reviewed above. Although the average return on assets (ROA) declined moderately from 2003, it remained in the elevated range that has prevailed since the mid-1990s. Banks' profitability and balance sheets benefited from a brisk expansion of the economy and supportive financial conditions during 2004 and into 2005.

The average ROAs for insured commercial banks were at 1.39% in 2003 and 1.34% in 2004: Growth in revenues, particularly non-interest income, was strong while overhead expenses remained under control. However, this average fell further to around 1.31% for 2005.

Although the Federal Reserve gradually raised its target for the federal funds rate over the second half of 2004 and through 2005, reaching 4.5% in January 2006, the policy stance remained accommodative. Short- and intermediate-term interest rates rose over the course of the year but yields on longer-term Treasury securities were little changed, on net, and the Treasury yield curve flattened noticeably.

Interest rates on residential mortgages ended 2004 a touch lower, on balance, and supported robust housing activity that continued into 2005. Concerns regarding a housing price bubble were being raised at mid-year. Housing construction remained strong to year-end, prices and new home sales began to soften by year-end.

Longer-term interest rates continued to increase through 2005, the ten-year Treasury rate rose 16 basis points, but slowed from the rate of increase experienced in 2004. Through the first half of 2005, loans at bank holding companies increased 4.6% driven by mortgage-related loan categories, primarily adjustable-rate mortgages (ARMs) and including nontraditional ARM products. This growth was funded by borrowings at the larger institutions, as opposed to deposits. Smaller institutions funded their loans through deposits and by liquidating securities. Core deposits were about flat, on balance, in early 2005. As a consequence, banks continued to ramp up large time deposits and other liabilities at a brisk rate.

Although slightly below the record levels of recent years, the profitability of the overall banking industry was strong through the end of 2005. Asset quality was sound, but pressure on net interest margins lowered the return on assets. . Growth in industry assets remained solid. These bank profit and balance sheet developments were in large part attributable to the generally favorable financial and economic conditions of the U.S. through 2005.

The profitability appears to have continued into 2006 according to the statements on first-quarter earnings of several large bank holding companies. Although results varied across institutions, some trimmed their loan loss provisions in the first quarter, citing solid asset quality. The pace of personal bankruptcy filings remained well below the level they had reached before the new bankruptcy law took effect this past October. Non-interest income was supported by gains in fee income and trading revenue.

The Federal Reserve firmed monetary policy by raising the target federal funds rate 25 basis points at each of its first two meetings in 2006. Longer-term interest rates also rose considerably over the first quarter as yields on ten-year nominal Treasury securities increased nearly 50 basis points. Despite continued increases in deposit rates, changes in net interest margins appear to have been mixed. With bank assets expanding notably, growth in net interest income appears to have been solid. Data for 2006 from the Federal Reserve indicate that asset growth for commercial banks was strong. Holdings of Treasury and agency debt expanded in spite of vigorous growth in commercial and real estate loans. Robust increases in deposits continued to help fund this expansion in assets.

NATIONAL ECONOMY

Following the 2001 downturn in the economy, growth in the real Gross Domestic Product strengthened from 2002 through 2005. In 2004, real GDP growth was 4.2%, a downward revision from the initial estimate of 4.4%; inflation, as measured by the core Consumer Price Index, was 1.8%; the unemployment rate, 5.5%. By virtually any measure the US economy was performing well in 2004. The strong economy was sustained through 2005 in spite of the natural disasters that struck the gulf coast and disrupted oil supplies. GDP increased at an annualized 4.1% rate during the third quarter of 2005; inflation as measured by the core personal consumption index (PCE) approximated 1.8%; and unemployment remained below 5.0%.

The economic outlook for 2006 is for these favorable economic conditions to continue with growth in real GDP above 3.5% through the first three quarters. Core inflation is expected to remain below 2.0% in spite of the potential impact of higher energy prices on the broader economy. And no significant increase in unemployment is anticipated.

The economy expanded briskly over the first three months of 2006. Growth in consumer spending and business purchases rebounded, and levels of resource utilization increased. The prices of crude oil and of some other commodities moved higher, and consumer energy prices rose further, but core inflation remained relatively low.

LOCAL ECONOMY, LOCAL MARKET

The aggregate banking industry is affected by the national economy, particularly interest rates, which would lead to broad profitability trends for the industry on a national level. Conversely, the relative strength of a bank’s local economy can cause its trends to move against those exhibited by the broader industry; can enhance the benefits of a broader economic expansion; or can exacerbate problems from an economic downturn. A discussion of the local economy and its affects on the Company follows.

The Company has fourteen branches across eight counties in the southeast quadrant of Iowa plus five branches in three counties in the northeast quadrant. EXHIBIT FOUR presents a summary of demographic and economic statistics for these counties.

The counties are segregated into three groups for discussion purposes: Central, Mississippi, and Metropolitan Statistical Areas (MSAs). The Central group includes the Company's oldest branches; the Mississippi group, those branches added with the Midwest FSLA acquisition dating back to 1999 in counties located along the Mississippi River. The MSA group includes those branches added in 2003 with the Belle Plaine acquisition plus the Davenport branch opened in January, 2006; each of these branches are in separate MSAs.

The southeast quadrant of Iowa is identified here as that area south of Interstate 80 and east of Interstate 35. It encompasses 18 counties in the three southern tiers of counties. The population is classified as predominantly rural although it includes six defined Micropolitan Areas (MPAs) and includes one of three counties included in the Iowa City MSA.

Agricultural is an important economic driver in southeastern Iowa. Crops include corn, beans, and hay. Livestock production includes cattle and hogs. Per the Iowa Economic Forecast prepared by The Institute for Economic Research at the University of Iowa (March, 2006 Revised), the nominal personal income for the state is projected to increase 4.15% in 2006, 4.88% in 2005, and 5.05% in 2008. However, nominal farm income is expected to drop more than 15% in 2006 and then increase 2.67% and 1.99% in 2007 and 2008, respectively. The expected downturn for 2006 is driven by lower crop prices, widespread drought conditions, and increased production costs related to higher oil prices that affect the cost of fuel and fertilizer.

Four of the five counties in the Central group each encompass one city that accounts for a large portion of the county's population:

- Mahaska Oskaloosa
- Wapello Ottumwa
- Marion Pella
- Jefferson Fairfield

Except for Fairfield, these are defined as MPAs.

Two of the three counties along the Mississippi also have cities that account for a large portion of the county's population. Burlington, in Des Moines County, has a population of 27,000, 36% of the county total. In Lee County, the cities of Keokuk and Fort Madison each have populations approximating 11,000; combined, they account for nearly 90% of the county total. These are also classified as MPAs. The sixth MPA is Muscatine, also along the Mississippi River, but there is no Company branch in this market.

Sigourney has a population of 2,200, approximately 20% of the total for Keokuk County, is the county seat and the largest community in the county. Keokuk lies between Mahaska County on the west and Washington County, part of the Iowa City MSA, on the east.

The northern most portion of Louisa County is wedged between Washington and Muscatine Counties. Wapello, with a population of 2,000 is further south, closer to the Illinois border and Mercer County, which is across the Mississippi River and included in the Davenport-Moline-Rock Island MSA. With Columbus Junction, which is a similar size to Wapello, the two communities account for 50% of the county's total population.

The broad southeastern Iowa market is closely tied to agriculture but the towns defined as MPAs include light manufacturing, food processing, transportation, and distribution. The economic base also includes medical services, colleges, government facilities, and the necessary retail, service, and transportation industries required to support the population, which in turn is somewhat dependent on agriculture. In aggregate, the data for the eight counties used to represent the market served by the Company show slower population growth and lower income levels than the state averages for Iowa, which includes the more urban areas of Des Moines and the Quad Cities.

Belle Plaine, in Benton County, has a population approximating 3,000. The county, with a population of 25,000, is one of the fastest growing in Iowa and is part of the Cedar Rapids MSA with Linn and Jones Counties. Linn County, to the east, includes Cedar Rapids which has the bulk of the population. However, Belle Plaine is on the western edge of Benton County, 40 miles from Cedar Rapids and 15 miles from Interstate 80.

Cedar Rapids has several large food processing and manufacturing plants. It is connected to Iowa City, 30 miles to the south, by Interstate 380, known as the Technology Corridor. This area contains much of Iowa's high-tech industry and continues to attract new businesses. Cedar Rapids also has a number of small, private colleges.

Black Hawk County, which borders Benton County to the north, encompasses Hudson and is part of the Waterloo-Cedar Falls MSA, which also includes Grundy and Bremer Counties; Interstate 380 extends 50 miles northwest from Cedar Rapids to Waterloo. With a population approaching 140,000, Black Hawk County contains most of the population in the MSA. Hudson, with a population approximating 2,100, is ten miles southwest of Waterloo on U.S. Highway 63.

Historically, Waterloo has been home to meatpacking plants and heavier manufacturing. Older, less efficient operations have closed but were replaced in the 1990's by a new IBP packing plant. Cedar Falls, to the north, has a population approximating 40,000 and is the home of the University of Northern Iowa.

Scott County is part of the Davenport-Moline-Rock Island MSA, commonly referred to as the Quad Cities. In 2004, Scott County reported a population approximating 160,000. Since 1990, it has shown modest growth of just over 6.0%. The broader Quad cities population was 375,000 in 2004, with growth of less than 2.0% since 1990 and no growth reported since 2000. The broader Quad Cities economy is largely based on manufacturing and transportation. The two largest employers are Deere & Company and the Rock Island Arsenal. Its central location on the Mississippi River, rail lines, and Interstate 80 running west from Chicago makes it a transportation hub. Scott County's economy also has a manufacturing and transportation base and the retail and personal services necessary to support its growing population. Beyond the more urbanized areas of Davenport and Bettendorf, the county has some of the most fertile farmland in Iowa.

As reflected in EXHIBIT FOUR, nearly 90% of the Company's deposits reported as of June 30, 2005 were generated in the more rural, southeastern markets. At December 31, 2005, 22.2% of its in-market loan portfolio was agricultural loans. Given the nature of the markets served, a large portion of the remaining loans would be affected, at least indirectly, by the farm economy.

The recent Belle Plaine acquisition and the Davenport branch that opened in January, 2006 provide access to MSAs and an opportunity for the Company to reduce its market concentration. However, the position in each market provides a special set of challenges to building deposits, assets, and market share. The Belle Plaine facility is distant from the population center for the Cedar Rapids MSA. The Waterloo-Cedar Falls market is not as strong. In both markets, the Company is starting from a relatively small base; the Davenport office is new. Each of these markets is highly competitive.

VI. CONCLUSIONS

MidWest*One* Financial Group, Inc. is an established bank holding company with the largest portion of its market located in southeastern Iowa. This market is predominantly rural with an economy that is tied to agriculture. Many of the communities served are defined as micropolitan areas and include food processing plants, light manufacturing and services required to support the area population. The demographics reflect slower than average growth relative to the average for Iowa; lower than average income levels; and higher than average unemployment.

Over the years, the Company has expanded geographically from its base in Oskaloosa, Iowa and nearby counties to more distant MSAs through de novo banks and acquisitions. It has expanded on the services provided through acquisitions.

In addition to these efforts to build its core business, the Company has purchased participations in loan pools serviced by States Recourse Services since 1988. This has contributed significantly to the Company's overall profitability but is not part of the core business of providing commercial banking services.

With its recent expansion into the MSAs, the Company has the opportunity to continue to build its core business. Access to these faster growing markets provides opportunities for sustained growth and to diversify away from the predominantly rural market in southeastern Iowa. However, the Company has significant challenges to meet to capture this growth and achieve the diversification.

Historically, the performance of the Company's core business has been well below the average for the banking industry. This could be attributable to the de novo expansion, acquisitions, and other such undertakings to grow. As asset growth is realized following the Belle Plaine acquisition and the opening of the Davenport branch, the Company could be expected to improve its profitability. Fee income generated following the brokerage and insurance agency acquisitions could be expected to contribute to this improvement.

VII. FINANCIAL PROJECTIONS

EXHIBIT FIVE presents summary financial projections for each of the twelve month periods ending March 31, 2007 through 2011. The projections, as outlined below, are based on the foregoing analysis and developed without any discussions with ownership or management. In no way do these projections reflect management expectations except for the statement regarding that no provision for loan losses is expected for 2006 contained in the March 31, 2006 10Q report.

These projections build on the breakout between the loan pools and core bank presented on pages twelve and thirteen of EXHIBIT TWO and pages eleven and twelve of EXHIBIT THREE. The loan pool balances are held at their current level, approximately $90.0 million, over the five years; these are assumed to be financed with borrowings. The balances for goodwill and other intangibles are projected to decrease as the other intangibles are amortized. Other assets and liabilities, generally related to core bank operations, are projected to increase 5.0%, annually. This is slightly below the historical average on a pro forma basis to allow for that growth attributable to the Belle Plaine acquisition and the fact that the growth rate is applied to higher balances.

The profits to be generated from the loan pools are projected in a similar manner to segregate these projections from the core bank projections. Historically, the pro forma ROA developed for the loan pools on page twelve of EXHIBIT TWO averaged 3.40%. Over the five years presented, it increased from 2.84% in 2001 to 3.61% in 2005. For the first three months of 2006, this ROA approximated 3.88%. Profitability on the loan pools is a function of the price paid and the SRC's ability to collect on these loans. Higher prices for the loans, lack of acceptable deeply-discounted loans, or SRC's inability to recoup the loan principle would reduce the yield on the pools and the pro forma ROA. Thus, the projected pro forma ROA is set at 3.40% over the next five years, slightly above the historical average but not reflecting the upward trend over the last five years.

The pro forma core bank ROA is projected to hold at .65% through March 31, 2007, above the .49% average through 2005. This allows for no provision for loan losses being recorded during this period. However, the .67% pro forma ROA reflected for the first quarter of 2006 is not sustainable given the one-time benefits generated during this period. Through March 31, 2011, the pro forma ROA for the core bank is projected to increase 1.00%. This allows for improvements to the Company's profitability as non-interest expenses grow at a slower rate than total assets and as fee income increases.

Given these assumptions developed separately for the loan pools and the core bank, the average growth rates and ROAs are as shown in EXHIBIT FIVE.

EXHIBIT SIX presents the changes to common equity given the income projections discussed previously. The dividend payout ratio is set at 70%, which is well above the five year average of 45.1% from page seven of EXHIBIT TWO. This higher payout rate is used to reflect the stock buybacks that the Company made during this period. In essence, these payouts are viewed as being made in lieu of dividends. Projecting stock buybacks into the future would require assumptions as to future stock prices and reductions in the number of shares outstanding. Setting the dividend rate to allow for such distributions generally captures the economics of the Company's historic practice to buyback its common stock.

To this point, the projections have reflected expectations based on the Company's historic performance, its dividend payouts and stock buybacks. EXHIBIT SEVEN was developed to reflect the Company's dividend paying capacity. This exhibit shows the level of dividends that can be paid while maintaining the tangible common equity at 7.0%. The dividends are reduced for the first twelve month period to increase tangible common equity to the target level and then are higher over the subsequent periods. These adjustments impact the level of funds available for investment and, in turn, net income is adjusted for the earnings to be generated from these funds. The adjusted net income and optimal dividends shown at the bottom of EXHIBIT SEVEN flow through as the cash flows used in the discounted cash flow (DCF) model presented in EXHIBIT EIGHT.

VIII. VALUATION APPROACHES

The American Society of Appraisers (ASA) advocates the use of three approaches for valuing a closely-held business: (1) Asset; (2) Income; and (3) Market. These approaches are developed below even though the Company's common stock is publicly-traded. Developing a determination of fair market value for ESOP shares is not uncommon for publicly-traded shares with limited trading volume.

ASSET APPROACH

Under the Asset Approach, the aggregate value of the underlying assets owned by the subject is to be considered net of its liabilities. This value can be presented in terms of either the proceeds from liquidation or the cost of replacing the assets. Values derived using these methodologies represent cash flows that are available in lieu of those available to the business as a going-concern. The liquidation proceeds could be considered as a minimum alternative value and the replacement cost as a maximum alternative value.

The Asset Approach has been extended to include the value of intangibles, including goodwill. Values for these intangibles have been determined as the difference between the value of the company's underlying assets and the value based on income. In essence, by including value based on income and assigning it to the company's intangible assets the Asset Approach becomes the Income Approach, which is addressed in the next section.

Generally, the liquidation and replacement methodologies of the Asset Approach are not relevant when valuing a bank. Given the financial leverage and regulation inherent to the industry, banks are not liquidated. If an existing bank is available, establishing a de novo bank as a replacement is not a relevant alternative.

INCOME APPROACH

The Income Approach quantifies the present value of future economic benefits by determining the present value of the subject's expected cash flows. This calculation is commonly based on either a capitalization of earnings or a discounted cash flow (DCF) model. The capitalization of earnings calculation is essentially a shortcut to development of a more detailed DCF model. Several constraints must be met for the use of this shortcut to produce a reasonable product: the earnings (cash flows) must be stable or expected to grow at a constant rate and a constant rate of growth must be identifiable.

The more detailed DCF model involves developing distinct expected cash flows for a specified number of periods to a future point in time. A terminal value is calculated as of that future date using the capitalization of earnings calculation to approximate the value of the expected cash flows beyond the specified horizon. A discount rate that reflects the time value of money and the risk associated with these expected cash flows is applied to the periodic cash flows and the terminal value to calculate the present value.

Cash Flows: Summary projections of the Company's balance sheets, ROA, and net income for the twelve month periods ending March 31, 2007 through 2011 are presented in EXHIBIT FIVE. EXHIBIT SIX shows the impact of the net income and dividend projections on common and total equity. EXHIBIT SEVEN shows a slight adjustment to dividends. The resulting adjusted net income, retained earnings, and dividend components are carried forward to the discounted cash flow analysis in EXHIBIT EIGHT.

Discount Rate: Three approaches to estimating the cost of equity are mentioned in valuation literature: dividend yield plus growth; the bond yield plus risk premium; and the capital asset pricing model (CAPM). Theoretically, the cost of equity to be estimated using these approaches is for equity represented by publicly-traded shares of common stock. As such, the estimated cost reflects all factors that impact the prices for such publicly-traded shares.

In the dividend yield plus growth approach the cost of equity could be generated from the market portfolio, often represented by the S&P 500; from a relevant industry average; or from the historical performance for the company. The bond yield plus risk premium and the CAPM start from the base of a risk-free market interest rate to which is added adjustments to reflect the risk attributed to the equity interest to be valued. Unless the subject company has debt that is valued by the market, selection of the proxy for the bond yield is subjective. Also, selection of the risk premium to be added to the bond yield is subjective.

The CAPM begins with the risk free rate of return as indicated by the yield on Treasury bonds. To this is added the equity premium, commonly taken from the Ibbotson publications, adjusted by the stock's estimated beta. Technically, this is the extent of the CAPM approach as it was originally established for publicly-traded stocks. However, appraisers add a small-cap risk premium, also commonly taken from the Ibbotson publications, and a firm specific risk premium to the CAPM base.

Addition of the small-cap premium could be considered as an objective adjustment because it is taken from a widely published source but the firm specific risk premium is clearly subjective.

The CAPM theory was developed for comparing the returns on investment portfolios after being adjusted for the riskiness of the portfolio as measured by beta. Beta is a measure that expresses the total return for an investment portfolio relative to the total return for the aggregate market. This is a measure of the correlation between the portfolio's return to the market's return. The higher this correlation, the closer beta is to one. Based on CAPM, the rate of return to be expected for an investment portfolio given its historical beta would be calculated as follows:

Risk free rate of return + (Equity Risk Premium x Beta)

Two issues should be considered in utilizing CAPM for determining the required rate of return. First, it was not intended for this purpose. It was developed for evaluating a portfolio of diversified financial assets, not an investment in a single stock. Second, the beta is based on historical price changes, not the risk associated with expected cash flows. Economic and market factors that affected historical prices will be reflected in the beta but may not be relevant to the expected cash flows used in the DCF model.

As of March 31, 2006 the yield for 10 year Treasury constant maturities was reported as 4.86%, which is used as the risk-free rate of return. To this is added the equity risk premium multiplied by the beta for publicly-traded stocks from the financial services industry. An equity risk premium of 7.20% was used to reflect the historic average annual difference between returns on the intermediate U.S. Treasury Note and the total returns on stocks of large companies as calculated by Ibbotson Associates in its <u>Stocks, Bonds, Bills and Inflation Valuation Edition 2005 Yearbook</u>. A beta of .30 was derived based on a five year average for all financial institutions.

Based on the CAPM theory and the values set forth above, the initial discount rate can be calculated as follows:

- Risk free rate of return +(Equity Risk Premium x Beta)
- 4.86 + (7.2% x .30)
- 7.02%

Additional adjustments to the equity risk premium are considered due to the Company's size and other characteristics specific to the Company and the cash flow projections. In general, a size premium is often required by investors in companies with smaller market capitalizations. In its 2005 Yearbook, Ibbotson Associates calculates the size effect for the small company group of depository institutions to be 4.36% as of year-end 2004. Investment in a single company is riskier than an investment in a diversified portfolio. The additional premium for this difference is commonly set at between 1.00% and 3.00% for established community banks. This adjustment is set at 2.50% for the projections to derive the discount rate as follows:

Risk-free rate of return	4.86%
Equity risk premium, adjusted	2.16%
Size premium	4.36%
Firm specific premium	2.50%
TOTAL	13.88%
ROUNDED TO:	14.00%

The firm specific premium is in the middle of the range for community banks but the resulting discount rate is at the high end of the range. The firm specific premium is balanced between the fact that given the Company's size and that it is publicly-traded the size premium may be at the high end. Conversely, the projections related to the loan pools are viewed as being relatively risky even though the Company has a long history with such investments and no growth is projected for the loan pools.

The resulting discount rate is at the high end of the range for community banks because the risk-free rate has increased approximately 50 to 150 basis points over levels in recent years. All else being equal, this increase would move the range for the discount rates applied to community banks higher. However, such increases in the risk-free rate may merely compress the premiums included to derive the discount rate.

Thus, a discount rate of 14.0% is applied to the dividend projections in each of the next five twelve month periods shown in EXHIBIT EIGHT to calculate the present value of the cash flows for this period.

Terminal Value: The present value of the terminal value is added to the present value of the annual cash flows to calculate the total present value of all expected cash flows. The terminal value is calculated by projecting earnings forward from year five to year six and applying a capitalization rate to the resulting terminal earnings projected for 2012. The capitalization rate is calculated as the discount rate minus the long-term growth rate projected for the period beyond year five, which is set at 4.0%. The present value of the terminal value is calculated by applying a discount factor for the end of year five.

The combination of the 14.0% required rate of return with the long-term growth rate of 4.0% results in the 10.0% earnings capitalization rate shown in EXHIBIT EIGHT. The inverse of this capitalization rate would equate to an earnings multiple of 10.0. However, the capitalization rate is applied to the 2011 earnings, which are effectively the forward earnings as of the end of the year 2010 date at which this calculation is being made. When the calculation is made using the trailing earnings for 2010, the effective earnings multiple is 10.4.

Present Value: As presented in EXHIBIT EIGHT, the present value of the terminal value plus the present value of the dividends for the first five years is

$77.1 million. This is derived using a discount rate based on a required rate of return of 14.0%. The required rate of return, built up from the CAPM approach as discussed previously, represents the risk associated with the Company's projected cash flows and the resulting terminal value projected for March 31, 2011.

MARKET APPROACH

The Market Approach is used to estimate the value of a closely-held company by comparing it to similar companies that have recently been acquired or whose securities are publicly-traded. An estimate is developed by comparing the financial and operating characteristics of the subject company to those of the comparable companies and adjusting the pricing multiples to reflect relevant differences.

The banking industry is highly regulated so that financial data presented in a standardized format is readily available. Pricing data can be found for institutions with assets in excess of $100 million for a variety of markets across the country. For comparison purposes, this is helpful in selecting institutions with market attributes at least somewhat similar to those of the subject company. Such pricing data facilitates development of a more reliable value for closely-held financial institutions than is generally possible for companies in other industries.

Variations of the price-to-book multiple and the price-to-earnings multiples are commonly used to assess the value of a financial institution. Both ratios are intended to relate the subject's expected future cash flows to some common financial metric. However, these price multiples are the result of the observed relationships between stock prices set in the marketplace and the financial metrics reported by the company. An inherent problem with these observations is that the price in the numerator is based on the economic expectations of investors interacting through financial markets but the earnings and book value in the denominator are based on historic numbers developed as a function of accounting practices.

As potential investors come together to trade securities through established markets, a single price is set based on the interaction of the buyers and the sellers, the supply and demand at various prices, and other pertinent factors. Relationships can be observed between the market prices for common stocks and an established financial metric: assets, book value, earnings. However, these are merely observations as to the relationship between the price set through a number of market trades and the selected financial metric. The decision to buy or sell was made by each investor based on their expectations regarding cash flows and risk.

This relationship between value and expected cash flows is fundamental to the valuation process. "In a market economy, ownership of an asset confers the rights to the stream of benefits generated by the asset. These benefits may be tangible, like the interest payments on a government bond, or intangible, like the pleasure experienced from viewing a beautiful painting. Either way, the value of any asset equals the present value of all future benefits. Finance theory focuses primarily on tangible benefits, typically the cash flows paid by an asset over time." This is the introduction to a section on valuation fundamentals from a textbook written for an MBA level finance course. (Smart, Megginson, Gitman; Corporate Finance (Thompson Southwestern, 2004), page 115).

The discussion goes on to address the present value of bonds and of common stock, and the role that risk plays: "that pricing an asset requires knowledge of both its future benefits and the appropriate discount rate that converts future benefits into a present value . . . the valuation process links an asset's risk and return to determine its price." The text presents the fundamental valuation model as the present value of all future cash flows, the calculation underlying the discounted cash flow model commonly used by business appraisers for the Income Approach promulgated by the ASA.

Given this fundamental of finance, any value derived for an asset regardless of the approach used to derive the value should relate back to the cash flows to be derived from ownership of that asset and the risk associated with those cash flows. An investor may derive a value based on pricing multiples without undertaking a detailed cash flow analysis. However, there exists a combination of cash flow/risk assumptions required to justify the derived value, even if it is not explicitly identified. Moving from the derived value to the set of cash flow/risk assumptions can provide a reasonableness test. There also exists a set of cash flow/risk assumptions that are highly probable and readily supportable. Significant differences between these two sets of assumptions, required versus probable and supportable, should be readily explained. Of course, based on fundamental algebraic properties, the reasonableness test can be reversed to work from the present value calculated in the discounted cash flow model to the resulting pricing multiples, which can then be compared to those in the markets.

Pricing multiples affect market transactions and are, in turn, affected by the process. The parties to a transaction may adjust their price expectations based on observed multiples. However, using market multiples to value an asset is circular reasoning, becomes a self-fulfilling prophecy, and may exacerbate market movements, such as those that give rise to market bubbles.

Given the basis of the pricing multiples, the level of one financial metric affects the calculated price multiples relative to the other metrics. A financial institution with a high level of capital (book relative to total assets) will have a higher price-to-earnings ratio, all else being equal. Similarly, one with a high level of earnings will have a higher price-to-book multiple, all else being equal. As a purely mathematical function, an unsustainable high level of earnings will reduce the price-to-earnings ratio and an unusually high level of capital will reduce the price-to-book ratio.

Beyond these simple observations there are many other factors, both qualitative and quantitative, that impact value and the observed price multiples, such as management expertise, competitive environment, and potential for growth. The reliability of the Market Approach depends on the comparability to the subject, adjustments made to the observed financial measures for any significant differences, and reconciliation of the pricing multiples. Unless the observed financial metrics for the publicly-traded group correspond closely to those for the subject company, application of the average or median pricing multiples is not necessarily appropriate.

EXHIBIT NINE shows the pricing multiples resulting from the $77.0 million value calculated above. These are presented with the median multiples from a group of publicly-traded financial institutions presented in EXHIBIT TEN for comparison purposes, as shown below.

	Midwest One Financial Multiples	**Median Publicly-Traded Group**
Price/earnings	10.0	15.6
Price/tangible book	1.72	1.62
Price/7% book	1.70	1.62
Premium/Assets	4.9%	4.4%

Based on total assets, the Company would be comparable to the average size for the group of publicly-traded companies. These financial institutions do not have a significant portion of the total assets invested in loan pools and serve markets that are generally more urban.

The Company's annualized ROA for the first three months of 2006 is about 40% above the median ROA calculated for the publicly-traded group. All else being equal, this would support a higher value for the Company's common stock. However, as noted, this ROA was boosted temporarily by one-time increases in income and reductions in expenses. Also, that portion of the Company's net income attributable to the loan pools would not warrant the same earnings multiple as that generated from the core bank. Each of these factors would contribute to a lower earnings multiple than the median calculated for the publicly-traded group.

The Company's ratio of Tangible book/Tangible assets is about 92% of the median for the publicly-treaded group. This and even the temporarily high ROA that is attributable, in part, to the loan pools would drive this book multiple and the 7% book multiple higher than the median calculated for the publicly-traded group.

The book multiples are adjusted to put both the Company and the publicly-traded group at a pro forma 7% tangible equity. Generally, this adjustment is necessary to adjust for large differences between differences in tangible capital levels. This resulting impact to the book multiple is not significant here because both the Company and the publicly-traded group have tangible common equity not significantly different from 7.0%.

PUBLICLY-TRADED VALUE

The $77.1 million value derived from the Income Approach is considered to be representative of Company's market capitalization if its common stock were publicly traded. This value is presented in EXHIBIT ELEVEN to calculate a per share value.

As of March 31, 2005 there are 3.7 million shares of common stock outstanding. The Company also has 431,096 exercisable options to purchase shares of its common stock under its 1998 Stock Incentive Plan. The average exercise price for these options is $16.56. An estimate of the shares to be issued for these options is developed based on the Treasury method. This assumes that the proceeds from exercising the options are used to repurchase shares at the calculated value. Given the $7.1 million available to repurchase shares, the net shares issued would approximate 80,511. The resulting estimate of total shares to be valued is 3,787,819. Thus, the pro rata value is calculated to be $20.36 per share.

At March 31, 2006, the market price for the Company's common stock was $19.80 based on trading volume of 1,900 shares. This price is at the high closing price for 2006. During 2005, the price range reported by the Company was from a low of $17.25 to a high of $20.26. The calculated pro rata value of $20.36 is not significantly different from the closing price of $19.80 as of the valuation date.

IMPACT OF LOAN POOLS

As discussed, the loan pools are purchased in conjunction with SRC, which services the loans in the pools. Changes in the balances are a function of management judgment regarding the benefits from purchasing the pools as an investment. These assets are inherent to the Company's core business. Unless new loan pools are purchased, the current balance of $89.5 million will run-off in the normal course of collecting on the loans.

Various factors could cause management to not continue with this investment strategy: such loans may not continue to be readily available; loan pools might be priced higher thereby reducing the expected yields at the time of purchase; or credit problems could develop after the purchase to reduce the yields. The assumption that the loan pools will remain constant could be viewed as relatively aggressive.

A second set of projections is summarized in EXHIBIT TWELVE. This shows the loan pools running off to a zero balance as of March 31, 2010. Under this scenario, the aggregate, weighted ROA for the Company is only 1.00% in 2011, the ROA projected for the core bank in EXHIBIT FIVE. Based on the adjustments, the aggregate value for the Company would be reduced to $61.6 million, as shown on page two of EXHIBIT TWELVE. This present value calculation represents a 20% reduction from the $77.1 million value derived in EXHIBIT EIGHT and carried through to EXHIBIT ELEVEN.

This set of projections developed in EXHIBIT TWELVE is not as risky as that developed in EXHIBIT FIVE. Given this assumption, the required rate of return used in EXHIBIT EIGHT may be excessive if it were used for these projections. EXHIBIT THIRTEEN indicates that a required rate of return of 12.2% would return the present value to $77.1 million.

EXHIBIT FOURTEEN shows the valuation for the core bank on a stand-alone basis; EXHIBIT FIFTEEN, a valuation for the loan pools given the assumption that they runoff, as discussed previously, on a stand-alone basis. The total for these two independent values, assuming the required rate of return of 12.2%, is $85.0 million, 10% above the present value derived in EXHIBIT THIRTEEN using the same set of assumptions. The difference arises because the equity attributable to the loan pools is shown as being paid-out in EXHIBIT FIFTEEN but not in EXHIBIT THIRTEEN. If the mechanics of the model were adjusted to eliminate this difference, the values would reconcile.

This analysis is an attempt to determine whether the market price of $19.80 properly reflects the separate values of the core bank and the loan pools. To maintain this value assuming that the loan pools run-off, the required rate of return must be reduced to 12.2%. However, if the equity allocated to the loan pools is distributed as dividends or through stock buybacks, the required rate of return could be higher. The reduction from 14.0% to 12.2% is not excessive given the reduced risk inherent to the two sets of cash flows. This analysis indicates that the market price of $19.80 as of March 31, 2006 does not significantly mis-price the core bank or the loan pools.

IX. <u>OTHER VALUATION FACTORS</u>

DISCOUNTS

Discounts for the fact that the ownership interest represents a minority interest in the subject and for the fact that no market exists for the interest being valued must be addressed.

The Income Approach was based on cash flows as if the Company's common stock were publicly-traded; the basis for the Market Approach was publicly-traded companies. Market prices for publicly-traded companies are predominately based on shares that represent a minority interest. Implicitly, for these companies, there is no block of stock that represents a controlling interest. Thus, the company is being managed for the benefit of all shareholders, equally, and not for the advantage of a controlling shareholder or to the detriment of the minority shareholders. Given this condition and the basis for the valuation to this point, no additional minority discount is applicable.

The shares being valued are not publicly-traded: no market exists for the Company's stock. Thus, a marketability discount must be considered. Research has been conducted into the effective discounts observed on restricted shares of publicly-traded companies and on closely-held company shares prior to an initial public offering (IPO). These empirical studies are discussed and summarized in Valuing a Business (4th ed., 2000) by Shannon Pratt, Robert Reilly, and Robert Schweis (pages 391 - 423). Marketability discounts observed in the restricted stock studies ranged from 23% to 45%.

The book goes on to discuss IPO studies based on observations as to the price set for stock before and after it became marketable. These studies reflected discounts ranging from 42% to 73%. As with pricing ratios, these observed discounts provide an indication of reasonableness.

The Valuing a Business (4th ed., 2000) goes on to discuss two court cases that addressed the lack of marketability discounts: 1) Bernard Mandelbaum, et al. vs. Commissioner, T.C. Memo 1995-255 (June 12, 1995); and 2) Esate of Barge v. Commissioner, T.C. Memo 1997-188 (April 23, 1995). Per the discussion presented in the book, the courts presented a variety of factors to be considered when determining the discount for lack of marketability, including:

1. Financial statement analysis
2. Nature of the company, history, industry, economic outlook
3. Company's management
4. Company's redemption policy
5. Company's dividend policy
6. Restrictions on transferability of the stock
7. Amount of control in transferred shares
8. Costs associated with public offering
9. Holding period for the stock
10. Required holding period return
11. Expected growth rate in value
12. Base value

These factors and the studies noted previously are factors to be considered when setting the discount for lack of marketability because although the Company's stock is publicly-traded, the number shares traded is relatively thin.

Over recent years, the Company has repurchased its shares and currently has a stock buyback in place. In addition, ESOP shares generally have a put option in place and the Company has a vested interest in the ESOP's ownership. These factors would reduce the discount for marketability.

EXHIBIT SIXTEEN presents two discounted cash flow models applied just to the equity distributions projected for the next five years. The first model, labeled Publicly-traded Pricing assumes that the stock can be sold based on the terminal value from EXHIBIT EIGHT. The second model, labeled On-going Dividends assume that the stock cannot be sold: the value is based on the receipt of dividends only beyond the fiver year horizon.

Given the assumption that the shares can be sold in five years, the present value for the dividends is higher than that calculated in EXHIBIT EIGHT. This is a function of the adjustment to increase the tangible common equity to 7.0% which reduced the dividends in year one. Also, the dividend payout rate is set at 70% to reflect the Company's stock buybacks.

In the second scenario, the value of $15.81 is derived because the terminal value is based on dividends only and no a sale at the five year horizon. This price reflects a discount of 20% from the $19.80 value established above.

Generally, the present values based on dividends generate much lower values than the present value calculated for the aggregate company. The values derived here are not significantly different from the Company's aggregate value because of the level of equity distributions. Based on these calculations, the factors noted previously, and the current market price for the Company's stock, the decision is that a lack of marketability discount is not warranted.

X. VALUATION SUMMARY

EXHIBIT ELEVEN presents a summary of the value derived for the common stock outstanding for MidwestOne Financial Group, Inc. Given the aggregate value of $77.1 million established for the Company on a publicly-traded basis, the per share value is calculated to be $20.36. As noted, the Company's stock is publicly-traded on the NASDAQ National Market System. At Mach 31, 2006, the closing price was $19.80, 3.0% below the calculated value. The analysis presented here is not such to conclude that the publicly-traded price is not reasonable. Thus, if Informed Decisions, LLC had been engaged to provide an opinion as to the Fair Market Value for the Company's common stock held in its ESOP, this value could have been determined to be $19.80 per share based on the foregoing analysis and calculations.

This valuation would address only the Fair Market Value of these shares as of the date shown. It could not be relied on to determine the value of any other shares of the Company's common stock nor would it be valid as of any other date. The report is provided solely as a sample valuation.

A. CERTIFICATION

1. The statements of fact contained in this report are true and correct to the best of my knowledge.

2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and reflect my impartial and unbiased professional opinion.

3. I do not have any current or prospective interest in the subject assets and have no interest or bias with respect to the parties involved.

4. Neither this engagement nor any related compensation was contingent on a predetermined conclusion or an action or event resulting from the analysis, opinions, or conclusions in this report or its use.

5. The analyses, opinions, and conclusions were developed and this report has been prepared in conformity with the Uniform Standards of Professional Appraisal Practice.

6. No one provided significant professional assistance to the person signing this report.

INFORMED DECISIONS, LLC

B. QUALIFICATIONS

Richard A. Place, the principal of Informed Decisions, LLC, has twenty-eight years of experience in financial management and consulting, including accounting, financial analysis, business valuations, and mergers and acquisitions. He served as Director of Valuations with Alex Sheshunoff & Company Investment Banking for six years. He was responsible for delivering nearly 200 bank valuations each year for PLANs, shareholder agreements, charitable gifts, estate taxes, ownership grants, fairness opinions, corporate reorganizations, and dissenter rights cases.

From 1990 to 1999, Rich was in mergers and acquisitions with Norwest Corporation, now Wells Fargo & Company. His responsibilities included financial modeling, managing due diligence, and supporting negotiations leading to the definitive agreement. He devised acquisition strategies and recommended specific targets in fifteen states; performed analysis on more than 250 banks and/or savings and loans; and managed 40 due diligence projects that led to 36 acquisitions with total assets exceeding $7.0 billion.

Prior to joining Norwest's M&A department, Rich worked in investment banking with Norwest Corporation and First Bank System, both in Minneapolis, and has prior experience preparing business valuations and in public accounting. He has a BS degree in Finance from Drake University, an MBA with specializations in Finance and Economics from the University of Chicago, and his CPA certificate. He holds the Chartered Financial Analyst designation from the CFA Institute and the Accredited Senior Appraiser designation from the American Society of Appraisers. Rich served as an Adjunct Professor in the MBA program at St. Edwards University in Austin, Texas where he taught corporate finance for four years.

C. STATEMENT OF LIMITING CONDITIONS

This appraisal is subject to the following conditions, limitations, and assumptions:

1. The historical information presented in the report may be incomplete and/or depart from generally accepted accounting principles (GAAP).

2. As implied by the financial statements, the subject company is assumed to have those legal rights to the assets and be subject to those claims represented by the liabilities presented in its financial statements. No investigation was undertaken to confirm these legal rights or claims. Specifically, no loan reviews were undertaken to determine the reasonableness of the allowance for loan losses.

3. The subject company is assumed to have no contingent liabilities, unusual contractual obligations, or significant commitments other than those arising in the normal course of business, including any pending litigation, except as noted in the report.

4. The subject company is assumed to be in full compliance with all applicable Federal, state, and local laws except as specifically noted in the report. Further, it is assumed not to have any exposure for liabilities relating to toxic or hazardous materials except as specifically noted in the report.

5. The information provided to Informed Decisions, LLC was relied on in this analysis without independent verification of its accuracy or completeness. Publicly-available information that is believed to be accurate was also relied on without independent verification.

6. Forward looking statements and/or financial projections provided by the client and/or the subject company were considered in the valuation process. No assurance regarding the accuracy, reasonableness, or completeness of any such statements and projections is made herein. Actual performance and results will invariably differ from expectations and these differences may be material.

7. This report does not constitute a fairness opinion, solvency opinion, or an investment recommendation and should not be construed as such. No responsibility is assumed for market prices that differ from the values presented in this report.

8. Informed Decisions has no obligation to update this report due to events subsequent to the valuation date.

9. This report was prepared for the purposes stated and may not be used for any other purpose. The report, its contents, and its conclusions may not be referred to or quoted, in whole or in part, in any registration statement, prospectus, public filing, loan agreement or other document without the prior written approval of Informed Decisions, LLC. The analysis and the report are not intended for general circulation or publication; they are not to be reproduced or distributed except for the stated purpose of the valuation.

D. DATA SOURCES

- FR - Y9Cs for MidwestOne Financial Group, Inc. as of December 31 for the six years 2000 - 2005 and March 31, 2006 as reported on the Federal Reserve System website.
- Form 10-K for MidwestOne Financial Group, Inc. as of December 31 for the six years
- Form 10-K for MidwestOne Financial Group, Inc. as of December 31 for 2005 and 2004 provided by the company.
- Proxy Statements for the years 2000 - 2005 and as reported on the U.S. Securities and Exchange Commission website.
- Proxy Statement dated March 23, 2006 for the year-ending December 31, 2005 provided by management.
- Annual Reports for MidwestOne Financial Group, Inc. as of December 31 for 2005 and 2004 provided by the company.
- MidwestOne Bank website.
- Financial data for MidwestOne Financial Group, Inc. as reported on Yahoo Finance.
- National Economic Trends, December, 2004, Research Division of the Federal Reserve Bank of St. Louis.
- Federal Reserve Bulletin, Spring 2005.
- U.S. Economy: 2005 in Review and Prospects for 2006, President of the Federal Reserve Bank of San Francisco, December 2, 2005.
- Economic Research and Data, January 13, 2006, Mark Spiegel, Vice President, Federal Reserve Bank of San Francisco.
- Federal Reserve Bulletin, 2006: Profits and Balance Sheet Developments at U.S. Commercial Banks in 2005.
- U.S. Census Bureau, State and County Quickfacts.
- Deposit data reported by the FDIC as of June 30, 2005 and 2004.
- Iowa Workforce Development website: Industry Projections 2004 - 2014 by defined regions.
- Iowa Workforce Development website: Labor Force Summary for Micropolitan Areas.
- State Data Center of Iowa website.

- The University of Iowa, Institute for Economic Research, Iowa Revenue Growth Forecast dated March 9, 2006.
- USDA National Agricultural Statistics Service, Iowa State Agriculture Overview - 2005; 2002 Census of Agriculture State Profile.
- USDA Economic Research Service, Iowa Farm and Farm-Related Employment, 2002.
- USDA/NASS Fact Finders for Agriculture, 2002 Census of Agriculture County Profiles
- Federal Reserve Bank of Chicago, Agricultural Newsletter, February, 2006.
- Federal Reserve Bank of Kansas City, Survey of Agricultural Credit Conditions, First Quarter, 2006: Drought conditions and high input costs signal caution.
- Federal Reserve Bank of Kansas City, The Main Street Economist, 2006, Volume I, Issue I: A Robust Rural Economy.
- Federal Reserve Bank of Kansas City, The Main Street Economist, 2006, Volume I, Issue III: U.S. Agricultural Credit Conitions: A Softening in 2006.
- Financial data as of December 31, 2005 and market prices as of March 31, 2005 for publicly-traded companies as reported on Yahoo Finance.

EXHIBIT ONE
MIDWESTONE FINANCIAL GROUP, INC.
BRANCH LISTING
JUNE 30, 2005
(000s)

				June 30, 2005			June 30, 2004		June 30, 2003	
	Address	City	County	Deposits	% of Inst	Increase	Deposits	Increase	Deposits	Year Opened
1	124 South First Street	Oskaloosa	Mahaska	$140,767	30.1%	5.0%	$134,105	0.6%	$133,354	1934
2	301 A Avenue West	Oskaloosa	Mahaska	3,544	0.8%	-4.1%	3,696	-6.0%	3,932	1934
3	222 First Avenue East	Oskaloosa	Mahaska	-	0.0%	NM	-	NM	-	1967
	TOTAL MAHASKA COUNTY			$144,311	30.9%	4.7%	$137,801	0.4%	$137,286	
4	3225 Division Street	Burlington	Des Moines	$52,505	11.2%	5.9%	$49,579	0.1%	$49,538	1919
5	323 Jefferson Street	Burlington	Des Moines	21,614	4.6%	-6.2%	23,032	-7.6%	24,933	1919
	TOTAL BENTON COUNTY			$74,119	15.9%	2.1%	$72,611	-2.5%	$74,471	
6	700 Main Street	Pella	Marion	$50,599	10.8%	1.8%	$49,707	13.4%	$43,834	1997
7	500 Oskaloosa Street	Pella	Marion	4,859	1.0%	-16.3%	5,805	4.5%	5,555	2001
	TOTAL BENTON COUNTY			$55,458	11.9%	-0.1%	$55,512	12.4%	$49,389	
8	112 North Main Street	Sigourney	Keokuk	$37,568	8.0%	2.7%	$36,597	0.2%	$36,521	1990
9	Highway 148 South	North English	Keokuk	15,886	3.4%	1.6%	15,640	3.0%	15,187	1897
	TOTAL BENTON COUNTY			$53,454	11.4%	2.3%	$52,237	1.0%	$51,708	
10	822 12th Street	Belle Plaine	Benton	$34,800	7.4%	-4.8%	$36,557	-1.5%	$37,109	1996
11	804-806 13th Street	Belle Plaine	Benton	-	0.0%	NM	-	NM	-	1976
	TOTAL BENTON COUNTY			$34,800	7.4%	-4.8%	$36,557	-1.5%	$37,109	
13	58 East Burlington	Fairfield	Jefferson	$24,091	5.2%	-3.3%	$24,919	-5.4%	$26,331	1919
12	2408 W. Burlington	Fairfield	Jefferson	6,673	1.4%	17.0%	5,702	13.5%	5,022	1995
	TOTAL BENTON COUNTY			$30,764	6.6%	0.5%	$30,621	-2.3%	$31,353	
14	116 West Main Street	Ottumwa	Wapello	25,954	5.6%	-0.3%	26,043	5.3%	24,733	1994
15	926 Avenue G	Fort Madison	Lee	25,063	5.4%	-1.8%	25,531	-7.8%	27,682	1919
16	405 Jefferson Street	Waterloo	Black Hawk	$7,796	1.7%	35.3%	$5,762	-49.7%	$11,445	1997
17	100 Eddystone Drive	Hudson	Black Hawk	7,242	1.6%	-12.6%	8,283	-5.1%	8,728	1869
	TOTAL BLACK HAWK COUNTY			$15,038	3.2%	7.1%	$14,045	-30.4%	$20,173	
18	Highway 61 & Isett	Wapello	Louisa	8,261	1.8%	9.6%	7,540	-5.1%	7,949	1919
19	200 West Third Street	Davenport	Scott	-	0.0%	NA	-	NA	-	2006
	TOTAL INSTITUTION			$467,222	100.0%	1.9%	$458,498	-0.7%	$461,853	

EXHIBIT ONE
MIDWESTONE FINANCIAL GROUP, INC.
MARKET SHARE
JUNE 30, 2005
(000s)

	Institution	State	Type	Branch Count	Deposits	% of Market
MAHASKA COUNTY:						
1	**MIDWESTONE FINANCIAL GROUP, INC.**	**IA**	**Bank**	**3**	**$144,311**	**37.7%**
2	IT&S OF IOWA, INC.	IA	Bank	1	74,596	19.5%
3	BANK IOWA CORPORATION	IA	Bank	2	67,474	17.6%
4	HORIZON FEDERAL SAVINGS BANK	IA	Thrift	2	50,417	13.2%
5	U.S. BANCORP	MN	Bank	1	16,009	4.2%
6	LEIGHTON INVESTMENT COMPANY	IA	Bank	1	15,262	4.0%
7	COMMERCIAL FED BK A FSB	NE	Thrift	1	14,930	3.9%
			TOTAL	11	$382,999	100.0%
KEOKUK COUNTY:						
1	**MIDWESTONE FINANCIAL GROUP, INC.**	**IA**	**Bank**	**2**	**$53,454**	**24.8%**
2	FARMERS SAVINGS BANK	IA	Thrift	1	44,139	20.5%
3	FOUNTAIN VIEW BANCORP., INC.	IA	Bank	1	40,118	18.6%
4	COUNTRY BANCORPORATION	IA	Bank	1	19,269	8.9%
5	GIBSON INVESTMENT COMPANY	IA	Bank	2	18,336	8.5%
6	HEDRICK BANCORP, INC.	IA	Bank	1	14,391	6.7%
7	IT&S OF IOWA, INC.	IA	Bank	1	13,159	6.1%
8	U.S. BANCORP	MN	Bank	1	8,634	4.0%
9	WASHINGTON BANCORP	IA	Bank	1	4,333	2.0%
			TOTAL	11	$215,833	100.0%
MARION COUNTY:						
1	PELLA FINANCIAL GROUP, INC.	IA	Bank	2	$125,660	24.2%
2	U.S. BANCORP	MN	Bank	1	84,297	16.2%
3	WELLS FARGO & COMPANY	CA	Bank	3	83,585	16.1%
4	DUCLARKEE, INC.	IA	Bank	4	71,049	13.7%
5	**MIDWESTONE FINANCIAL GROUP, INC.**	**IA**	**Bank**	**2**	**55,458**	**10.7%**
6	LEIGHTON INVESTMENT COMPANY	IA	Bank	1	33,380	6.4%
7	HORIZON FEDERAL SAVINGS BANK	IA	Thrift	1	26,540	5.1%
8	PLEASANTVILLE BANCORPORATION	IA	Bank	2	24,192	4.7%
9	TWIN CEDARS BANCORP.	IA	Bank	1	15,796	3.0%
				17	$519,957	100.0%

EXHIBIT ONE
MIDWESTONE FINANCIAL GROUP, INC.
MARKET SHARE
JUNE 30, 2005
(000s)

	Institution	State	Type	Branch Count	Deposits	% of Market
JEFFERSON COUNTY:						
1	IOWA FIRST BANCSHARES CORP.	IA	Bank	2	$82,367	30.9%
2	VILLAGE INVESTMENT COMPANY	IA	Bank	2	70,723	26.5%
3	IOWA STATE FINANCIAL SERVICES CORP.	IA	Bank	2	69,567	26.1%
4	**MIDWESTONE FINANCIAL GROUP, INC.**	**IA**	**Bank**	**2**	**30,764**	**11.5%**
5	PILOT GROVE SAVINGS BANK	IA	Bank	1	12,971	4.9%
				9	$266,392	100.0%
WAPELLO COUNTY:						
1	CORNERSTONE FIN. SERVICES GROUP	IA	Bank	4	$198,450	44.8%
2	U.S. BANCORP	MN	Bank	3	78,070	17.6%
3	WELLS FARGO & COMPANY	CA	Bank	1	59,043	13.3%
4	HEDRICK BANCORP, INC.	IA	Bank	2	37,298	8.4%
5	**MIDWESTONE FINANCIAL GROUP, INC.**	**IA**	**Bank**	**1**	**25,954**	**5.9%**
6	VILLAGE INVESTMENT COMPANY	IA	Bank	1	23,984	5.4%
7	COMMERCIAL FED BK A FSB	NE	Thrift	1	15,982	3.6%
8	GIBSON INVESTMENT COMPANY	IA	Bank	1	4,448	1.0%
				14	$443,229	100.0%
LEE COUNTY:						
1	PILOT GROVE SAVINGS BANK EMPLOYEE STO	IA	Bank	4	$125,385	20.0%
2	LOGAN INVESTMENT CORP.	IA	Bank	6	106,582	17.0%
3	KSB, LTD.	IA	Bank	5	87,225	13.9%
4	LEE CAPITAL CORP.	IA	Bank	3	83,893	13.4%
5	FORT MADISON FINANCIAL COMPANY	IA	Bank	3	82,315	13.2%
6	HEARTLAND FINANCIAL USA, INC.	IA	Bank	2	81,329	13.0%
7	FSB BANCORP	IA	Bank	2	33,985	5.4%
8	**MIDWESTONE FINANCIAL GROUP, INC.**	**IA**	**Bank**	**1**	**25,063**	**4.0%**
				26	$625,777	100.0%
DES MOINES COUNTY:						
1	FARMERS AND MERCHANTS BANCSHARES, IN	IA	Bank	7	$178,027	25.1%
2	GREAT RIVER FINANCIAL GROUP, INC.	IA	Bank	5	159,993	22.6%
3	MEDIAPOLIS BANCORPORATION	IA	Bank	2	89,280	12.6%
4	U.S. BANCORP	MN	Bank	3	75,100	10.6%
5	**MIDWESTONE FINANCIAL GROUP, INC.**	**IA**	**Bank**	**2**	**74,119**	**10.5%**
6	FIRST FSB OF IOWA	IA	Thrift	2	72,645	10.2%
7	DANVILLE BANCSHARES, INC.	IA	Bank	1	50,254	7.1%
8	RIVER VALLEY BANCORP, INC.	IA	Bank	1	9,578	1.4%
				23	$708,996	100.0%

EXHIBIT ONE
MIDWESTONE FINANCIAL GROUP, INC.
MARKET SHARE
JUNE 30, 2005
(000s)

	Institution	State	Type	Branch Count	Deposits	% of Market
LOUISA COUNTY:						
1	CJSB BANCORPORATION	IA	Bank	1	$39,237	27.8%
2	C-B-G, INC.	IA	Bank	1	38,146	27.0%
3	MORNING SUN BANK CORP.	IA	Bank	2	27,533	19.5%
4	WAPELLO BANKSHARES, INC.	IA	Bank	1	26,457	18.7%
5	**MIDWESTONE FINANCIAL GROUP, INC.**	**IA**	**Bank**	**1**	**8,261**	**5.8%**
6	FARMERS AND MERCHANTS BANCSHARES, IN	IA	Bank	1	1,581	1.1%
				7	$141,215	100.0%
BENTON COUNTY:						
1	TALEN, INC.	IA	Bank	1	$52,032	13.3%
2	CHEBELLE CORPORATION	IA	Bank	2	42,790	11.0%
3	U.S. BANCORP	MN	Bank	2	42,521	10.9%
4	**MIDWESTONE FINANCIAL GROUP, INC.**	**IA**	**Bank**	**2**	**34,800**	**8.9%**
5	TERRY BANCORPORATION	IA	Bank	1	33,639	8.6%
6	WATKINS SAVINGS BANK	IA	Thrift	1	33,586	8.6%
7	WELLS FARGO & COMPANY	CA	Bank	3	31,052	8.0%
8	ATKINS SAVINGS BANK&TRUST	IA	Thrift	1	27,438	7.0%
9	KEYSTONE COMMUNITY BANCORPORATION	IA	Bank	1	26,948	6.9%
10	BLAIRSTOWN BANCORP, INC.	IA	Bank	1	21,516	5.5%
11	REGIONS FINANCIAL CORPORATION	AL	Bank	1	17,746	4.5%
12	FIDELITY BAN CORPORATION	IA	Bank	1	16,729	4.3%
13	D & D BANCSHARES, INC.	IA	Bank	1	6,983	1.8%
14	INDEPENDENCE BANCSHARES, INC.	IA	Bank	1	2,413	0.6%
			TOTAL	19	$390,193	100.0%
BLACK HAWK COUNTY:						
1	REGIONS FINANCIAL CORPORATION	AL	Bank	8	$316,698	23.5%
2	WELLS FARGO & COMPANY	CA	Bank	5	262,574	19.5%
3	U.S. BANCORP	MN	Bank	6	251,176	18.7%
4	COMMUNITY NATIONAL BANCORPORATION	IA	Bank	4	180,750	13.4%
5	LINCOLN BANCORP	IA	Bank	4	72,651	5.4%
6	EVANS BANCSHARES, INC.	IA	Bank	3	72,302	5.4%
7	FIDELITY BAN CORPORATION	IA	Bank	2	63,223	4.7%
8	FIRST OF WAVERLY CORPORATION	IA	Bank	2	47,848	3.6%
9	JESUP BANCSHARES, INC.	IA	Bank	3	44,250	3.3%
10	D & D BANCSHARES, INC.	IA	Bank	1	19,387	1.4%
11	**MIDWESTONE FINANCIAL GROUP, INC.**	**IA**	**Bank**	**2**	**15,038**	**1.1%**
				40	$1,345,897	100.0%

EXHIBIT ONE
MIDWESTONE FINANCIAL GROUP, INC.
MARKET SHARE
JUNE 30, 2005
(000s)

	Institution	State	Type	Branch Count	Deposits	% of Market
SCOTTCOUNTY:						
1	WELLS FARGO & COMPANY	CA	Bank	10	$595,850	26.1%
2	QCR HOLDINGS, INC.	IL	Bank	4	358,528	15.7%
3	U.S. BANCORP	MN	Bank	5	319,262	14.0%
4	RIVER VALLEY BANCORP, INC.	IA	Bank	8	187,478	8.2%
5	NORTHWEST BANK&TRUST CO	IA	Thrift	3	141,093	6.2%
6	FIRST MIDWEST BANCORP, INC.	IL	Bank	4	121,555	5.3%
7	E M F CORPORATION	IA	Bank	1	120,924	5.3%
8	NATIONAL BANCSHARES, INC.	IA	Bank	2	91,940	4.0%
9	AMBANK HOLDINGS, INC.	IA	Bank	2	83,044	3.6%
10	PRINCETON/LECLAIRE AGENCY, INC.	IA	Bank	3	63,655	2.8%
11	WALCOTT TRUST&SAVINGS BANK	IA	Thrift	1	44,117	1.9%
12	OHNWARD BANCSHARES, INC.	IA	Bank	3	39,008	1.7%
13	METROCORP, INC.	IL	Bank	2	37,904	1.7%
14	APM BANCORP, INC.	IA	Bank	1	31,605	1.4%
15	COMMERCIAL FED BK A FSB	NE	Thrift	2	12,128	0.5%
16	UPTOWN BANCORPORATION, INC.	SD	Bank	2	10,433	0.5%
17	WHEATLAND BANCORPORATION	IA	Bank	1	8,974	0.4%
18	LIBERTY BANCORPORATION	IA	Bank	1	8,067	0.4%
19	MCLAUGHLIN HOLDING COMPANY	IL	Bank	1	4,358	0.2%
20	**MIDWESTONE FINANCIAL GROUP, INC.**	**IL**	**Bank**	**1**	**-**	**0.0%**
				57	$2,279,923	100.0%

EXHIBIT TWO
MIDWESTONE FINANCIAL GROUP, INC.
BALANCE SHEETS
(millions)

							Increase 2004 - 05		Average Growth Rate
	2000	2001	2002	2003	2004	2005	$s	%	Five Years
EARNING ASSETS									
Bank, interest-bearing deposits	$3.818	$3.064	$2.663	$0.857	$0.368	$0.417	$0.049	13.3%	-35.8%
Fed funds sold	1.155	-	1.950	-	0.930	-	(0.930)	-100.0%	-200.0%
Securities	86.679	66.131	102.123	106.250	91.545	82.211	(9.334)	-10.2%	-1.1%
Loans	386.836	433.373	387.507	462.428	502.383	535.554	33.171	6.6%	6.7%
EARNING ASSETS	$478.488	$502.568	$494.243	$569.535	$595.226	$618.182	$22.956	3.9%	5.3%
OTHER ASSETS									
Allowance for loan losses	(2.933)	(3.680)	(4.771)	(6.112)	(6.799)	(7.245)	(0.446)	6.6%	19.8%
Cash	10.544	13.252	12.765	14.077	14.340	13.806	(0.534)	-3.7%	5.5%
Fixed assets	6.318	8.354	8.459	10.436	10.492	10.815	0.323	3.1%	11.3%
Other real estate owned (OREO)	0.572	0.185	0.862	4.994	4.125	6.144	2.019	48.9%	60.8%
Goodwill	10.125	9.352	9.351	12.976	13.156	13.268	0.112	0.9%	5.6%
Intangibles	1.600	1.323	1.034	1.244	1.318	1.417	0.099	7.5%	-2.4%
Other assets	10.498	14.399	15.418	16.285	19.134	21.602	2.468	12.9%	15.5%
TOTAL ASSETS	$515.212	$545.753	$537.361	$623.435	$650.992	$677.989	$26.997	4.1%	5.6%
DEPOSITS									
Demand deposits (DDA)	$26.031	$27.739	$29.612	$40.755	$46.288	$51.097	$4.809	10.4%	14.4%
NOW accounts	43.380	47.816	47.825	60.718	70.342	67.693	(2.649)	-3.8%	9.3%
Money market, savings	88.378	96.050	99.822	117.863	122.906	112.969	(9.937)	-8.1%	5.0%
Certificates of deposit (CDs) < $100k	177.515	178.518	187.057	198.765	195.057	215.816	20.759	10.6%	4.0%
Certificates of deposit (CDs) > $100k	34.840	29.937	32.052	35.712	40.791	58.471	17.680	43.3%	10.9%
TOTAL DEPOSITS	$370.144	$380.060	$396.368	$453.813	$475.384	$506.046	$30.662	6.4%	6.5%
OTHER LIABILITIES									
Fed funds purchased	2.345	10.650	1.500	10.450	2.090	7.575	5.485	262.4%	26.4%
Borrowings	88.250	100.374	69.293	87.944	101.574	89.200	(12.374)	-12.2%	0.2%
Other liabilities	5.178	3.842	4.192	4.774	4.704	6.472	1.768	37.6%	4.6%
TOTAL LIABILITIES	$465.917	$494.926	$471.353	$556.981	$583.752	$609.293	$25.541	4.4%	5.5%
EQUITY									
Trust preferred	-	-	10.310	10.310	10.310	10.310	-	0.0%	NM
Common stock	60.793	62.679	65.881	69.372	72.605	76.080	3.475	4.8%	4.6%
Accumulated adjustment	0.371	0.743	1.780	1.361	(0.035)	(0.743)	(0.708)	NM	-214.9%
Treasury stock	(11.869)	(12.595)	(11.963)	(14.589)	(15.640)	(16.951)	(1.311)	8.4%	7.4%
TOTAL COMMON EQUITY	$49.295	$50.827	$55.698	$56.144	$56.930	$58.386	$1.456	2.6%	3.4%
TOTAL EQUITY	$49.295	$50.827	$66.008	$66.454	$67.240	$68.696	$1.456	2.2%	6.9%
TOTAL LIABS. & EQUITY	$515.212	$545.753	$537.361	$623.435	$650.992	$677.989	$26.997	4.1%	5.6%
	-	-	-	-	-	-			

EXHIBIT TWO
MIDWESTONE FINANCIAL GROUP, INC.
BALANCE SHEETS - COMMON SIZED

	2001	2002	2003	2004	2005	Averages 2001-05
EARNING ASSETS						
Bank, interest-bearing deposits	0.6%	0.5%	0.1%	0.1%	0.1%	0.3%
Fed funds sold	-	0.4%	-	0.1%	-	0.1%
Securities	12.1%	19.0%	17.0%	14.1%	12.1%	14.9%
Loans	79.4%	72.1%	74.2%	77.2%	79.0%	76.4%
EARNING ASSETS	92.1%	92.0%	91.4%	91.4%	91.2%	91.6%
OTHER ASSETS						
Allowance for loan losses	-0.7%	-0.9%	-1.0%	-1.0%	-1.1%	-0.9%
Cash	2.4%	2.4%	2.3%	2.2%	2.0%	2.3%
Fixed assets	1.5%	1.6%	1.7%	1.6%	1.6%	1.6%
Other real estate owned (OREO)	0.0%	0.2%	0.8%	0.6%	0.9%	0.5%
Goodwill	1.7%	1.7%	2.1%	2.0%	2.0%	1.9%
Intangibles	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%
Other assets	2.6%	2.9%	2.6%	2.9%	3.2%	2.8%
TOTAL ASSETS	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
DEPOSITS						
Demand deposits (DDA)	5.1%	5.5%	6.5%	7.1%	7.5%	6.4%
NOW accounts	8.8%	8.9%	9.7%	10.8%	10.0%	9.6%
Money market, savings	17.6%	18.6%	18.9%	18.9%	16.7%	18.1%
Certificates of deposit (CDs) < $100k	32.7%	34.8%	31.9%	30.0%	31.8%	32.2%
Certificates of deposit (CDs) > $100k	5.5%	6.0%	5.7%	6.3%	8.6%	6.4%
TOTAL DEPOSITS	69.6%	73.8%	72.8%	73.0%	74.6%	72.8%
OTHER LIABILITIES						
Fed funds purchased	2.0%	0.3%	1.7%	0.3%	1.1%	1.1%
Borrowings	18.4%	12.9%	14.1%	15.6%	13.2%	14.8%
Other liabilities	0.7%	0.8%	0.8%	0.7%	1.0%	0.8%
TOTAL LIABILITIES	90.7%	87.7%	89.3%	89.7%	89.9%	89.5%
EQUITY						
Trust preferred securities	0.0%	1.9%	1.7%	1.6%	1.5%	1.3%
Common stock	11.5%	12.3%	11.1%	11.2%	11.2%	11.4%
Accumulated adjustment	0.1%	0.3%	0.2%	0.0%	-0.1%	0.1%
Treasury stock	-2.3%	-2.2%	-2.3%	-2.4%	-2.5%	-2.4%
TOTAL COMMON EQUITY	9.3%	10.4%	9.0%	8.7%	8.6%	9.2%
TOTAL EQUITY	9.3%	12.3%	10.7%	10.3%	10.1%	10.5%
TOTAL LIABS. & EQUITY	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

EXHIBIT TWO
MIDWESTONE FINANCIAL GROUP, INC.
LOAN PORTFOLIO - FDIC/SEC COMPARISON
(millions)

	2000	2001	2002	2003	2004	2005	Averages 2001-05
LOAN PORTFOLIO, FDIC REPORTS							
Land & construction	NA	$14.250	$10.919	$12.376	$21.410	$38.295	$19.450
Commercial real estate	NA	98.758	82.299	103.165	124.261	131.149	107.926
Commercial & industrial	NA	47.218	49.713	64.526	90.028	90.909	68.479
Agricultural - production	NA	41.731	38.164	57.845	55.237	56.188	49.833
Agricultural - land	NA	31.846	33.969	57.716	49.922	62.063	47.103
Residential mortgages	NA	165.895	147.981	143.536	138.115	133.409	145.787
Consumer	NA	31.938	23.186	21.059	21.525	21.212	23.784
Other, lease financing	NA	1.737	1.276	2.205	1.885	2.329	1.886
TOTAL LOANS PER FDIC	$386.836	$433.373	$387.507	$462.428	$502.383	$535.554	$464.249
	-	-	-	-	-	-	
LOAN PORTFOLIO, SEC REPORTS							
Land & construction	$10.007	$12.555	$8.058	$10.475	$20.113	$36.654	$17.571
Commercial real estate	33.914	43.596	45.995	63.683	73.544	85.463	62.456
Commercial & industrial	39.081	40.180	39.324	60.532	70.104	72.248	56.478
Agricultural - production	45.404	41.084	38.004	56.036	53.545	55.471	48.828
Agricultural - land	23.855	28.075	28.947	42.809	38.163	40.641	35.727
Residential mortgages	139.098	138.900	133.850	132.801	132.702	130.605	133.772
Consumer	20.196	17.854	11.517	10.415	10.464	12.355	12.521
Other, lease financing	0.526	0.736	0.329	0.266	0.219	-	0.310
SUBTOTAL IN-MARKET LOANS	$312.081	$322.980	$306.024	$377.017	$398.854	$433.437	$367.662
Loan pools per SEC	74.755	110.393	82.341	89.059	105.502	103.570	98.173
COMBINED LOAN PORTFOLIOS	$386.836	$433.373	$388.365	$466.076	$504.356	$537.007	$465.835
Direct write-down, offset to provision	NA	-	(0.804)	(1.255)	(2.054)	(2.234)	(1.269)
Other adjustment	NA	-	(0.054)	(2.393)	0.081	0.781	(0.317)
TOTAL LOANS PER FDIC	$386.836	$433.373	$387.507	$462.428	$502.383	$535.554	$464.249
	-	-	-	-	-	-	-

EXHIBIT TWO
MIDWESTONE FINANCIAL GROUP, INC.
LOAN PORTFOLIO COMPOSITION
(millions)

	2000	2001	2002	2003	2004	2005	Averages 2001-05
LOAN POOLS FDIC REPORTS							
Loan pools per SEC	$74.755	$110.393	$82.341	$89.059	$105.502	$103.570	$98.173
Direct write-down, offset to provision	NA	-	(0.804)	(1.255)	(2.054)	(2.234)	(1.269)
Other adjustment	NA	-	(0.054)	(2.393)	0.081	0.781	(0.317)
NET LOAN POOLS PER FDIC	$74.755	$110.393	$81.483	$85.411	$103.529	$102.117	$96.587
LOAN POOLS (CALCULATED)							
Land & construction	NA	$1.695	$2.861	$1.901	$1.297	$1.641	$1.879
Commercial real estate	NA	55.162	36.304	39.482	50.717	45.686	45.470
Commercial & industrial	NA	7.038	10.389	3.994	19.924	18.661	12.001
Agricultural - production	NA	0.647	0.160	1.809	1.692	0.717	1.005
Agricultural - land	NA	3.771	5.022	14.907	11.759	21.422	11.376
Residential mortgages	NA	26.995	14.131	10.735	5.413	2.804	12.016
Consumer	NA	14.084	11.669	10.644	11.061	8.857	11.263
Other, lease financing	NA	1.001	0.947	1.939	1.666	2.329	1.576
LOAN POOLS	$74.755	$110.393	$81.483	$85.411	$103.529	$102.117	$96.587
Direct write-down, offset to provision	NA	-	0.804	1.255	2.054	2.234	1.269
Other adjustment	NA	-	0.054	2.393	(0.081)	(0.781)	0.317
BALANCE PER SEC	$74.755	$110.393	$82.341	$89.059	$105.502	$103.570	$98.173
CALCULATED BREAKOUT FOR FDIC REPORTS							
Subtotal in-market loans	$312.081	$322.980	$306.024	$377.017	$398.854	$433.437	$367.662
Net loan pools	74.755	110.393	81.483	85.411	103.529	102.117	96.587
TOTAL LOANS PER FDIC	$386.836	$433.373	$387.507	$462.428	$502.383	$535.554	$464.249

EXHIBIT TWO
MIDWESTONE FINANCIAL GROUP, INC.
LOAN PORTFOLIO COMPOSITION

	2000	2001	2002	2003	2004	2005	Averages 2001-05
BREAKOUT BETWEEN IN-MARKET LOANS AND LOAN POOLS							
In-market loans	80.7%	74.5%	79.0%	81.5%	79.4%	80.9%	79.1%
Loan pools	19.3%	25.5%	21.0%	18.5%	20.6%	19.1%	20.9%
TOTAL LOANS PER FDIC	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
COMPOSITION OF THE IN-MARKET LOAN PORTFOLIO							
Land & construction	3.2%	3.9%	2.6%	2.8%	5.0%	8.5%	4.6%
Commercial real estate	10.9%	13.5%	15.0%	16.9%	18.4%	19.7%	16.7%
Commercial & industrial	12.5%	12.4%	12.8%	16.1%	17.6%	16.7%	15.1%
Agricultural - production	14.5%	12.7%	12.4%	14.9%	13.4%	12.8%	13.2%
Agricultural - land	7.6%	8.7%	9.5%	11.4%	9.6%	9.4%	9.7%
Residential mortgages	44.6%	43.0%	43.7%	35.2%	33.3%	30.1%	37.1%
Consumer	6.5%	5.5%	3.8%	2.8%	2.6%	2.9%	3.5%
Other, lease financing	0.2%	0.2%	0.1%	0.1%	0.1%	0.0%	0.1%
TOTAL IN-MARKET LOANS	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
COMPOSITION OF LOAN POOLS							
Land & construction	NA	1.5%	3.5%	2.1%	1.2%	1.6%	2.0%
Commercial real estate	NA	50.0%	44.1%	44.3%	48.1%	44.1%	46.1%
Commercial & industrial	NA	6.4%	12.6%	4.5%	18.9%	18.0%	12.1%
Agricultural - production	NA	0.6%	0.2%	2.0%	1.6%	0.7%	1.0%
Agricultural - land	NA	3.4%	6.1%	16.7%	11.1%	20.7%	11.6%
Residential mortgages	NA	24.5%	17.2%	12.1%	5.1%	2.7%	12.3%
Consumer	NA	12.8%	14.2%	12.0%	10.5%	8.6%	11.6%
Other, lease financing	NA	0.9%	1.2%	2.2%	1.6%	2.2%	1.6%
LOAN POOLS	NA	100.0%	99.0%	95.9%	98.1%	98.6%	98.3%
Direct write-down, offset to provision	NA	0.0%	1.0%	1.4%	1.9%	2.2%	1.3%
Other adjustment	NA	0.0%	0.1%	2.7%	-0.1%	-0.8%	0.4%
BALANCE PER SEC	NA	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

EXHIBIT TWO

MIDWESTONE FINANCIAL GROUP, INC.
RECONCILIATION: FDIC TO SEC
ADJUSTMENTS TO INTEREST REVENUES
AND TO THE PROVISION FOR LOAN LOSSES

(millions)

	2001	2002	2003	2004	2005
RECONCILIATION					
Interest revenues per FDIC reports	$40.404	$41.085	$40.520	$40.319	$42.744
Shift from provision for loan losses	(0.299)	(3.545)	(2.942)	(2.947)	(2.664)
INTEREST REVENUES PER SEC REPORTS	$40.105	$37.540	$37.578	$37.372	$40.080
Tax equivalent adjustment	0.366	0.623	0.563	0.615	0.868
PRO FORMA INTEREST REVENUES	$40.471	$38.163	$38.141	$37.987	$40.948
	-	-	-	-	-
INTEREST REVENUES, SEC REPORTS					
In-market loans	$25.172	$22.845	$23.894	$23.885	$26.518
Loan pools, net of provision	9.595	10.058	8.985	9.395	10.222
Other earning assets (TE) *	5.704	5.260	5.262	4.707	4.208
TOTAL INTEREST REVENUES	$40.471	$38.163	$38.141	$37.987	$40.948
	-	-	-	-	-
COMPOSITION OF INTEREST REVENUES, SEC REPORTS					
In-market loans	62.2%	59.9%	62.6%	62.9%	64.8%
Loan pools, net of provision	23.7%	26.4%	23.6%	24.7%	25.0%
Other earning assets (TE) *	14.1%	13.8%	13.8%	12.4%	10.3%
TOTAL INTEREST REVENUES	100.0%	100.0%	100.0%	100.0%	100.0%
ADJUSTMENTS FOR LOAN POOLS LOSS PROVISION					
Loan pools, gross interest revenues	$9.894	$13.603	$11.927	$12.342	$12.886
Loan loss provision	(0.299)	(3.545)	(2.942)	(2.947)	(2.664)
NET PER SEC REPORTS	$9.595	$10.058	$8.985	$9.395	$10.222
	-	-	-	-	-
Provision for loan losses per FDIC reports	$2.075	$4.615	$3.531	$3.805	$3.132
Loan loss provision to loan pools	(0.299)	(3.545)	(2.942)	(2.947)	(2.664)
ADJUSTED LOAN LOSS PROVISION	$1.776	$1.070	$0.589	$0.858	$0.468
	-	-	-	-	-

* Adjusted to tax equivalent basis for tax exempt securities.

EXHIBIT TWO
MIDWESTONE FINANCIAL GROUP, INC.
INCOME STATEMENTS
(millions)

	2000	2001	2002	2003	2004	2005	Increase 2004 - 05 $s	Increase 2004 - 05 %	Average Growth Rate Five Years
INTEREST INCOME									
Interest revenue (TE) *	$39.178	$40.471	$38.163	$38.141	$37.987	$40.948	$2.960	7.8%	0.9%
Interest expense	21.427	21.427	16.731	14.247	12.822	14.677	1.855	14.5%	-7.3%
NET INTEREST INCOME (TE) *	$17.751	$19.044	$21.432	$23.894	$25.165	$26.271	$1.105	4.4%	8.2%
Provision for loan losses	0.892	1.776	1.070	0.589	0.858	0.468	(0.390)	-45.5%	-12.1%
NON-INTEREST INCOME									
Trust services	-	0.142	0.103	0.096	0.136	0.112	(0.024)	-17.6%	NM
Service charges	1.821	1.456	1.422	1.572	1.611	1.588	(0.023)	-1.4%	-2.7%
Miscellaneous fees, commissions	-	0.162	0.366	0.257	0.425	0.790	0.365	85.9%	NM
Other gains / (losses)	-	0.328	0.465	0.721	0.425	0.426	0.001	0.2%	NM
Other non-interest income	0.705	1.181	1.333	1.545	1.285	1.464	0.179	13.9%	15.7%
NON-INTEREST INCOME	$2.526	$3.269	$3.689	$4.191	$3.882	$4.380	$0.498	12.8%	11.6%
Security gains / (losses)	0.040	1.018	-	0.167	0.332	0.028	(0.304)	-91.6%	-6.9%
NON-INTEREST EXPENSE									
Salaries and benefits	6.378	7.146	7.745	9.882	10.700	11.151	0.451	4.2%	11.8%
Occupancy	2.535	2.162	2.339	2.874	3.222	3.468	0.246	7.6%	6.5%
Amortization expense	1.125	1.050	0.290	0.344	0.308	0.305	(0.003)	-1.0%	-23.0%
Other expenses	3.275	4.109	4.250	4.807	4.769	5.220	0.451	9.5%	9.8%
NON-INTEREST EXPENSE	$13.313	$14.467	$14.624	$17.907	$18.999	$20.144	$1.145	6.0%	8.6%
NET BEFORE TAXES (TE)*	$6.112	$7.088	$9.427	$9.756	$9.522	$10.067	$0.544	5.7%	10.5%
Provision for income taxes (TE) *	2.111	2.732	3.638	3.830	3.693	3.979	0.285	7.7%	13.5%
NET INCOME	$4.001	$4.356	$5.789	$5.926	$5.829	$6.088	$0.259	4.4%	8.8%
Effective tax rate	34.5%	38.5%	38.6%	39.3%	38.8%	39.5%			
Sub-chapter S election?	No	No	No	No	No	No			
Common dividends	2.410	$2.376	$2.496	$2.469	$2.576	$2.543			
Common payout ratio	60.2%	54.5%	43.1%	41.7%	44.2%	41.8%	45.1%	Five year average	
Reported shares, net of Treasury	3,939,314	3,872,594	3,930,508	3,782,708	3,751,386	3,701,387			

* Adjusted to tax equivalent basis for tax exempt securities.

EXHIBIT TWO
MIDWESTONE FINANCIAL GROUP, INC.
INCOME STATEMENTS - COMMON SIZED
% of Average Assets

	2000	2001	2002	2003	2004	2005	Averages 2001-05
INTEREST INCOME							
Interest revenue (TE) *	7.93%	7.62%	7.05%	6.31%	6.00%	6.26%	6.65%
Interest expense	4.34%	4.03%	3.09%	2.36%	2.02%	2.24%	2.75%
NET INTEREST INCOME (TE) *	3.59%	3.58%	3.96%	3.95%	3.97%	4.01%	3.90%
Provision for loan losses	0.18%	0.33%	0.20%	0.10%	0.14%	0.07%	0.17%
NON-INTEREST INCOME							
Trust services	0.00%	0.03%	0.02%	0.02%	0.02%	0.02%	0.02%
Service charges	0.37%	0.27%	0.26%	0.26%	0.25%	0.24%	0.26%
Miscellaneous fees, commissions	0.00%	0.03%	0.07%	0.04%	0.07%	0.12%	0.07%
Other gains / (losses)	0.00%	0.06%	0.09%	0.12%	0.07%	0.07%	0.08%
Other non-interest income	0.14%	0.22%	0.25%	0.26%	0.20%	0.22%	0.23%
NON-INTEREST INCOME	0.51%	0.62%	0.68%	0.69%	0.61%	0.67%	0.65%
Security gains / (losses)	0.01%	0.19%	0.00%	0.03%	0.05%	0.00%	0.06%
NON-INTEREST EXPENSE							
Salaries and benefits	1.29%	1.35%	1.43%	1.63%	1.69%	1.70%	1.56%
Occupancy	0.51%	0.41%	0.43%	0.48%	0.51%	0.53%	0.47%
Amortization expense	0.23%	0.20%	0.05%	0.06%	0.05%	0.05%	0.08%
Other expenses	0.66%	0.77%	0.79%	0.79%	0.75%	0.80%	0.78%
NON-INTEREST EXPENSE	2.70%	2.72%	2.70%	2.96%	3.00%	3.08%	2.89%
NET BEFORE TAXES (TE)*	1.24%	1.33%	1.74%	1.61%	1.50%	1.54%	1.55%
Provision for income taxes (TE) *	0.43%	0.51%	0.67%	0.63%	0.58%	0.61%	0.60%
NET INCOME	0.81%	0.82%	1.07%	0.98%	0.92%	0.93%	0.94%
Average total assets	$493.951	$531.220	$541.028	$604.694	$633.587	$654.624	millions

* Adjusted to tax equivalent basis for tax exempt securities.

EXHIBIT TWO
MIDWESTONE FINANCIAL GROUP, INC.
CREDIT QUALITY
(millions)

	2001	2002	2003	2004	2005	Averages 2001-05
PAST DUE, NON-PERFORMING ASSETS						
Total loans 90 days past due (FDIC)	$0.927	$21.462	$23.377	$37.256	$30.240	$22.652
Loans 90 days past due, loan pools	(0.001)	(20.061)	(22.552)	(36.398)	(28.569)	(21.516)
IN-MARKET LOANS 90 PAST DUE (SEC)	$0.926	$1.401	$0.825	$0.858	$1.671	$1.003
Non-accrual loans (FDIC reports equal SEC reports)	$2.559	$1.039	$1.737	$1.571	$1.522	$1.686
Total other real estate owned (FDIC)	$0.185	$0.862	$4.994	$4.125	$6.144	$3.262
OREO loan pools	(0.185)	(0.729)	(4.831)	(3.984)	(3.671)	(2.680)
IN-MARKET OREO (SEC)	$0.000	$0.133	$0.163	$0.141	$2.473	$0.109
IN-MARKET NON-PERFORMING ASSETS	$2.559	$1.172	$1.900	$1.712	$3.995	$1.795
PAST DUE, NON-PERFORMING RATIOS FOR IN-MARKET LOANS						
In- market 90 days past due / In-market loans	0.29%	0.46%	0.22%	0.22%	0.39%	0.31%
In-market non-accrual loans /In-market loans	0.79%	0.34%	0.46%	0.39%	0.35%	0.47%
In-market non-perf. assets/(In-mkt loans plus OREO)	0.79%	0.38%	0.50%	0.43%	0.92%	0.60%

EXHIBIT TWO
MIDWESTONE FINANCIAL GROUP, INC.
CREDIT QUALITY
(millions)

	2001	2002	2003	2004	2005	Averages 2001-05
ALLOWANCE COVERAGE, NON-PERFORMING IN-MARKET ASSETS						
Total allowance for loan losses (FDIC)	$3.680	$4.771	$6.112	$6.799	$7.245	$5.721
Direct write-downs against loan pools	-	(0.804)	(1.255)	(2.054)	(2.234)	(1.269)
IN-MARKET ALLOWANCE (SEC)	$3.381	$3.967	$4.857	$4.745	$5.011	$4.238
In-market allowance/In-market loans	1.05%	1.30%	1.29%	1.19%	1.16%	1.20%
In-market allowance/In-market non-accruals	132%	382%	280%	302%	329%	285%
In-market allowance/In-market non-performing assets	132%	338%	256%	277%	125%	226%
PROVISION, NET CHARGE-OFFS:						
Provision for loan losses	$1.776	$1.070	$0.589	$0.858	$0.468	
Total loans charged-off (FDIC)	$1.486	$3.995	$3.639	$4.227	$4.699	
Charge-offs against loan pools	-	(3.422)	(3.292)	(3.185)	(4.234)	
IN-MARKET LOANS CHARGED-OFF (SEC)	$1.486	$0.573	$0.347	$1.042	$0.465	
Total loan recoveries (FDIC)	$0.158	$0.471	$0.842	$1.109	$2.013	
Recoveries on loan pools	-	(0.382)	(0.801)	(1.037)	(1.750)	
IN-MARKET LOAN RECOVERIES (SEC)	$0.158	$0.089	$0.041	$0.072	$0.263	
NET IN-MARKET CHARGE-OFFS	$1.328	$0.484	$0.306	$0.970	$0.202	
CHANGE TO ALLOWANCE	$0.448	$0.586	$0.283	($0.112)	$0.266	
Net in-market charge-offs/In-market loans	0.41%	0.16%	0.08%	0.24%	0.05%	0.19%

EXHIBIT TWO
MIDWESTONE FINANCIAL GROUP, INC.
MISCELLANEOUS RATIOS

	2001	2002	2003	2004	2005	Average Growth Rate Five Years	
GROWTH RATES							
Loans	12.0%	-10.6%	19.3%	8.6%	6.6%	6.7%	
Deposits	2.7%	4.3%	14.5%	4.8%	6.4%	6.5%	
Assets	5.9%	-1.5%	16.0%	4.4%	4.1%	5.6%	
Income	8.9%	32.9%	2.4%	-1.6%	4.4%	8.8%	
	2001	**2002**	**2003**	**2004**	**2005**	**Averages 2001-05**	
BALANCE SHEET RATIOS							
Tang. common equity/Tang. assets	7.7%	8.8%	7.1%	6.9%	6.8%	7.4%	
Tier I capital ratio	7.3%	10.2%	8.3%	8.3%	8.2%	8.5%	
Tier I risk based capital	9.8%	14.3%	11.2%	10.9%	10.4%	11.3%	
Total loans / Deposits	114.0%	97.8%	101.9%	105.7%	105.8%	105.0%	
INCOME STATEMENT PERFORMANCE RATIOS							
Full-time equivalent employees (FTEs)	163	165	197	202	207	187	
Assets / FTE	$3.348	$3.257	$3.165	$3.223	$3.275	$3.254	million
Efficiency ratio	64.8%	58.2%	63.8%	65.4%	65.7%	63.6%	
INTEREST - YIELD, COST, SPREAD, MARGIN							
Yield on earning assets (TE)*	8.17%	7.52%	6.78%	6.47%	6.74%	7.14%	
Cost of interest-bearing liabilities	4.77%	3.65%	2.81%	2.42%	2.68%	3.27%	
YIELD / COST SPREAD (TE) *	3.41%	3.87%	3.97%	4.05%	4.06%	3.87%	
Net interest margin (TE) *	3.85%	4.22%	4.25%	4.29%	4.33%	4.19%	
RETURN ON COMMON EQUITY	8.6%	10.9%	10.5%	10.2%	10.5%	10.1%	

* Adjusted to tax equivalent basis for tax exempt securities.

EXHIBIT TWO
MIDWESTONE FINANCIAL GROUP, INC.
LOAN POOLS AS SEPARATE DIVISION
(millions)

	2001	2002	2003	2004	2005	Averages 2001-05
PRO FORMA BALANCE SHEETS						
Other earning assets	$0.000	$0.000	$0.000	$0.000	$0.000	$0.000
Loans	110.393	81.483	85.411	103.529	102.117	96.587
Intangible assets	-	-	-	-	-	-
Other non-earning assets	-	-	-	-	-	-
TOTAL ASSETS	$110.393	$81.483	$85.411	$103.529	$102.117	$96.587
Deposits	$0.000	$0.000	$0.000	$0.000	$0.000	$0.000
Borrowings	99.997	73.742	77.396	93.874	92.576	87.517
Other liabilities	0.460	0.408	0.328	0.338	0.351	0.377
Trust preferred	-	-	-	-	-	-
Common equity	9.935	7.333	7.687	9.318	9.191	8.693
TOTAL LIABS & EQUITY	$110.393	$81.483	$85.411	$103.529	$102.117	$96.587
PRO FORMA INCOME STATEMENTS						
Interest revenues	$9.595	$10.058	$8.985	$9.395	$10.222	$9.651
Interest expense	5.525	4.892	3.941	4.055	4.206	4.524
NET INTEREST INCOME	$4.070	$5.166	$5.044	$5.340	$6.016	$5.127
Provision for loan losses	-	-	-	-	-	-
Non-interest income	-	-	-	-	-	-
Security gains/(losses)	-	-	-	-	-	-
Non-interest expense	-	-	-	-	-	-
NET BEFORE TAXES	$4.070	$5.166	$5.044	$5.340	$6.016	$5.127
Provision for income taxes	1.569	1.994	1.980	2.071	2.378	1.998
NET INCOME	$2.502	$3.172	$3.064	$3.269	$3.638	$3.129
PRO FORMA COMMON SIZED INCOME STATEMENTS						
Interest revenues	10.91%	10.60%	10.45%	10.51%	10.14%	10.52%
Interest expense	6.28%	5.16%	4.58%	4.53%	4.17%	4.95%
NET INTEREST INCOME	4.63%	5.45%	5.87%	5.97%	5.97%	5.58%
Provision for loan losses	-	-	-	-	-	-
Non-interest income	-	-	-	-	-	-
Security gains/(losses)	-	-	-	-	-	-
Non-interest expense	-	-	-	-	-	-
NET BEFORE TAXES	4.63%	5.45%	5.87%	5.97%	5.97%	5.58%
Provision for income taxes	1.78%	2.10%	2.30%	2.32%	2.36%	2.17%
NET INCOME	2.84%	3.34%	3.56%	3.66%	3.61%	3.40%
LOAN POOLS: Pro forma average assets	$87.970	$94.861	$85.959	$89.430	$100.808	

EXHIBIT TWO

MIDWESTONE FINANCIAL GROUP, INC.

CORE BANK AS SEPARATE DIVISION

(millions)

	2001	2002	2003	2004	2005	Averages 2001-05
PRO FORMA BALANCE SHEETS						
Other earning assets	$69.195	$106.736	$107.107	$92.843	$82.628	$91.702
Loans	322.980	306.024	377.017	398.854	433.437	367.662
Intangible assets	10.675	10.385	14.220	14.474	14.685	12.888
Other non-earning assets	32.510	32.733	39.680	41.292	45.122	38.267
TOTAL ASSETS	$435.360	$455.878	$538.024	$547.463	$575.872	$510.519
Deposits	$380.060	$396.368	$453.813	$475.384	$506.046	$442.334
Borrowings	11.027	(2.949)	20.998	9.790	4.199	8.613
Other liabilities	3.382	3.784	4.446	4.366	6.121	4.420
Trust preferred	-	10.310	10.310	10.310	10.310	8.248
Common equity	40.892	48.365	48.457	47.612	49.195	46.904
TOTAL LIABS & EQUITY	$435.360	$455.878	$538.024	$547.463	$575.872	$510.519
	-	-	-	-	-	-
PRO FORMA INCOME STATEMENTS						
Interest revenues (TE)	$30.876	$28.105	$29.156	$28.592	$30.726	$29.491
Interest expense	15.902	11.839	10.306	8.767	10.471	11.457
NET INTEREST INCOME (TE)	$14.974	$16.266	$18.849	$19.825	$20.255	$18.034
Provision for loan losses	1.776	1.070	0.589	0.858	0.468	0.952
Non-interest income	3.269	3.689	4.191	3.882	4.380	3.882
Security gains/(losses)	1.018	-	0.167	0.332	0.028	0.309
Non-interest expense	14.467	14.624	17.907	18.999	20.144	17.228
NET BEFORE TAXES	$3.018	$4.261	$4.711	$4.182	$4.051	$4.045
Provision for income taxes (TE)	1.163	1.644	1.850	1.622	1.601	1.576
NET INCOME	$1.854	$2.617	$2.862	$2.560	$2.450	$2.469
	-	-	-	-	-	-
PRO FORMA COMMON SIZED INCOME STATEMENTS						
Interest revenues (TE)	6.97%	6.30%	5.62%	5.25%	5.55%	5.94%
Interest expense	3.59%	2.65%	1.99%	1.61%	1.89%	2.35%
NET INTEREST INCOME (TE)	3.38%	3.65%	3.63%	3.64%	3.66%	3.59%
Provision for loan losses	0.40%	0.24%	0.11%	0.16%	0.08%	0.20%
Non-interest income	0.74%	0.83%	0.81%	0.71%	0.79%	0.78%
Security gains/(losses)	0.23%	0.00%	0.03%	0.06%	0.01%	0.07%
Non-interest expense	3.26%	3.28%	3.45%	3.49%	3.64%	3.42%
NET BEFORE TAXES	0.68%	0.96%	0.91%	0.77%	0.73%	0.81%
Provision for income taxes (TE)	0.26%	0.37%	0.36%	0.30%	0.29%	0.31%
NET INCOME	0.42%	0.59%	0.55%	0.47%	0.44%	0.49%
	-	-	-	-	-	-
CORE BANK: Pro forma average assets	$443.250	$446.167	$518.735	$544.157	$553.816	

EXHIBIT THREE
MIDWESTONE FINANCIAL GROUP, INC.
BALANCE SHEETS

	FDIC/SEC	
	Dec. 31, 2005	Mar. 31, 2006
EARNING ASSETS		
Bank, interest-bearing deposits	$0.417	$0.373
Fed funds sold	-	-
Securities	82.211	75.895
Loans	535.554	539.701
EARNING ASSETS	$618.182	$615.969
OTHER ASSETS		
Allowance for loan losses	(7.245)	(8.027)
Cash	13.806	14.685
Fixed assets	10.815	11.918
Other real estate owned (OREO)	6.144	3.808
Goodwill	13.268	13.405
Intangibles	1.417	1.339
Other assets	21.602	20.896
TOTAL ASSETS	$677.989	$673.993
DEPOSITS		
Demand deposits (DDA)	$51.097	$46.057
NOW accounts	67.693	73.327
Money market, savings	112.969	111.000
Certificates of deposit (CDs) < $100k	215.816	221.507
Certificates of deposit (CDs) > $100k	58.471	54.954
TOTAL DEPOSITS	$506.046	$506.845
OTHER LIABILITIES		
Fed funds purchased	7.575	4.590
Borrowings	89.200	86.700
Other liabilities	6.472	5.830
TOTAL LIABILITIES	$609.293	$603.965
EQUITY		
Trust preferred	10.310	10.310
Common stock	76.080	77.374
Accumulated adjustment	(0.743)	(0.788)
Treasury stock	(16.951)	(16.868)
TOTAL COMMON EQUITY	$58.386	$59.718
TOTAL EQUITY	$68.696	$70.028
TOTAL LIABS. & EQUITY	$677.989	$673.993
	-	-

EXHIBIT THREE
MIDWESTONE FINANCIAL GROUP, INC.
BALANCE SHEETS - COMMON SIZED

	FDIC/SEC	
	Dec. 31, 2005	**Mar. 31, 2006**
EARNING ASSETS		
Bank, interest-bearing deposits	0.1%	0.1%
Fed funds sold	-	-
Securities	12.1%	11.3%
Loans	79.0%	80.1%
EARNING ASSETS	91.2%	91.4%
OTHER ASSETS		
Allowance for loan losses	-1.1%	-1.2%
Cash	2.0%	2.2%
Fixed assets	1.6%	1.8%
Other real estate owned (OREO)	0.9%	0.6%
Goodwill	2.0%	2.0%
Intangibles	0.2%	0.2%
Other assets	3.2%	3.1%
TOTAL ASSETS	100.0%	100.0%
DEPOSITS		
Demand deposits (DDA)	7.5%	6.8%
NOW accounts	10.0%	10.9%
Money market, savings	16.7%	16.5%
Certificates of deposit (CDs) < $100k	31.8%	32.9%
Certificates of deposit (CDs) > $100k	8.6%	8.2%
TOTAL DEPOSITS	74.6%	75.2%
OTHER LIABILITIES		
Fed funds purchased	1.1%	0.7%
Borrowings	13.2%	12.9%
Other liabilities	1.0%	0.9%
TOTAL LIABILITIES	89.9%	89.6%
EQUITY		
Trust preferred securities	1.5%	1.5%
Common stock	11.2%	11.5%
Accumulated adjustment	-0.1%	-0.1%
Treasury stock	-2.5%	-2.5%
TOTAL COMMON EQUITY	8.6%	8.9%
TOTAL EQUITY	10.1%	10.4%
TOTAL LIABS. & EQUITY	100.0%	100.0%

EXHIBIT THREE
MIDWESTONE FINANCIAL GROUP, INC.
LOAN PORTFOLIO - FDIC/SEC COMPARISON

	FDIC/SEC	
	Dec. 31, 2005	Mar. 31, 2006
LOAN PORTFOLIO, FDIC REPORTS		
Land & construction	$38.295	$41.930
Commercial real estate	131.149	127.577
Commercial & industrial	90.909	83.238
Agricultural - production	56.188	58.766
Agricultural - land	62.063	65.054
Residential mortgages	133.409	132.711
Consumer	21.212	21.201
Other, lease financing	2.329	9.224
TOTAL LOANS	$535.554	$539.701
	-	-
LOAN PORTFOLIO, SEC REPORTS		
Land & construction	$36.654	NA
Commercial real estate	85.463	NA
Commercial & industrial	72.248	NA
Agricultural - production	55.471	NA
Agricultural - land	40.641	NA
Residential mortgages	130.605	NA
Consumer	12.355	NA
Other, lease financing	-	NA
SUBTOTAL IN-MARKET LOANS	$433.437	$450.219
Loan pools per SEC	103.570	90.712
COMBINED LOAN PORTFOLIOS	$537.007	$540.931
Direct write-down, offset to provision	(2.234)	(2.234)
Other adjustment	0.781	1.004
TOTAL LOANS PER FDIC	$535.554	$539.701
	-	-

EXHIBIT THREE
LOAN PORTFOLIO - FDIC/SEC COMPARISON
LOAN PORTFOLIO COMPOSITION
(millions)

	FDIC/SEC	
	Dec. 31,	**Mar. 31,**
LOAN POOLS FDIC REPORTS		
Loan pools per SEC	$103.570	$90.712
Direct write-down, offset to provision	(2.234)	(2.234)
Other adjustment	0.781	1.004
NET LOAN POOLS PER FDIC	$102.117	$89.482
	-	-
LOAN POOLS (CALCULATED)		
Land & construction	$1.641	NA
Commercial real estate	45.686	NA
Commercial & industrial	18.661	NA
Agricultural - production	0.717	NA
Agricultural - land	21.422	NA
Residential mortgages	2.804	NA
Consumer	8.857	NA
Other, lease financing	2.329	NA
LOAN POOLS	$102.117	$89.482
Direct write-down, offset to provision	2.234	2.234
Other adjustment	(0.781)	(1.004)
BALANCE PER SEC	$103.570	$90.712
	-	-
CALCULATED BREAKOUT FOR FDIC REPORTS		
Subtotal in-market loans	$433.437	$450.219
Net loan pools	102.117	89.482
TOTAL LOANS PER FDIC	$535.554	$539.701
	-	-

EXHIBIT THREE
MIDWESTONE FINANCIAL GROUP, INC.
LOAN PORTFOLIO COMPOSITION

	FDIC/SEC	
	Dec. 31, 2005	Mar. 31, 2006
BREAKOUT BETWEEN IN-MARKET LOANS AND LOAN POOLS		
In-market loans	80.9%	83.4%
Loan pools	19.1%	16.6%
TOTAL LOANS	100.0%	100.0%
COMPOSITION OF THE IN-MARKET LOAN PORTFOLIO		
Land & construction	8.5%	NA
Commercial real estate	19.7%	NA
Commercial & industrial	16.7%	NA
Agricultural - production	12.8%	NA
Agricultural - land	9.4%	NA
Residential mortgages	30.1%	NA
Consumer	2.9%	NA
Other, lease financing	0.0%	NA
TOTAL IN-MARKET LOANS	100.0%	NA
COMPOSITION OF LOAN POOLS		
Land & construction	1.6%	NA
Commercial real estate	44.1%	NA
Commercial & industrial	18.0%	NA
Agricultural - production	0.7%	NA
Agricultural - land	20.7%	NA
Residential mortgages	2.7%	NA
Consumer	8.6%	NA
Other, lease financing	2.2%	NA
LOAN POOLS	98.6%	98.6%
Direct write-down, offset to provision	2.2%	2.5%
Other adjustment	-0.8%	-1.1%
BALANCE PER SEC	100.0%	100.0%

EXHIBIT THREE
MIDWESTONE FINANCIAL GROUP, INC.
RECONCILIATION: FDIC TO SEC
ADJUSTMENTS TO INTEREST REVENUES
AND TO THE PROVISION FOR LOAN LOSSES

	FDIC/SEC	
	Dec. 31, 2005	Mar. 31, 2006
RECONCILIATION		
Interest revenues per FDIC reports	$42.744	$11.726
Shift from provision for loan losses	(2.664)	(0.448)
INTEREST REVENUES PER SEC REPORTS	$40.080	$11.278
Tax equivalent adjustment	0.868	0.260
PRO FORMA INTEREST REVENUES	$40.948	$11.538
INTEREST REVENUES, SEC REPORTS		
In-market loans	$26.518	$7.874
Loan pools, net of provision	10.222	2.609
Other earning assets (TE) *	4.208	1.055
TOTAL INTEREST REVENUES	$40.948	$11.538
COMPOSITION OF INTEREST REVENUES, SEC REPORTS		
In-market loans	64.8%	68.2%
Loan pools, net of provision	25.0%	22.6%
Other earning assets (TE) *	10.3%	9.1%
TOTAL INTEREST REVENUES	100.0%	100.0%
ADJUSTMENTS FOR LOAN POOL LOSS PROVISION		
Loan pools, gross interest revenues	$12.886	$3.057
Loan loss provision	(2.664)	(0.448)
NET PER SEC REPORTS	$10.222	$2.609
Provision for loan losses per FDIC reports	$3.132	$0.448
Loan loss provision to loan pools	(2.664)	(0.448)
ADJUSTED LOAN LOSS PROVISION	$0.468	$0.000

* Adjusted to tax equivalent basis for tax exempt securities.

EXHIBIT THREE
MIDWESTONE FINANCIAL GROUP, INC.
INCOME STATEMENTS
(millions)

	FDIC/SEC	
	Dec. 31, 2005	**Mar. 31, 2006**
INTEREST INCOME		
Interest revenue (TE) *	$40.948	$11.538
Interest expense	14.677	4.275
NET INTEREST INCOME (TE) *	$26.271	$7.263
Provision for loan losses	0.468	0.000
NON-INTEREST INCOME		
Trust services	0.112	0.089
Service charges	1.588	0.474
Miscellaneous fees, commissions	0.790	0.400
Other gains / (losses)	0.426	0.104
Other non-interest income	1.464	0.498
NON-INTEREST INCOME	$4.380	$1.565
Security gains / (losses)	0.028	(0.126)
NON-INTEREST EXPENSE		
Salaries and benefits	11.151	3.201
Occupancy	3.468	0.887
Amortization expense	0.305	0.078
Other expenses	5.220	1.381
NON-INTEREST EXPENSE	$20.144	$5.547
NET BEFORE TAXES	$10.067	$3.155
Provision for income taxes (TE) *	3.979	1.236
NET INCOME	$6.088	$1.919
Effective tax rate	39.5%	39.2%
Sub-chapter S election?	No	No
Common dividends	$2.543	$0.631
Common payout ratio	41.8%	32.9%
Reported shares, net of Treasury	3,701,387	3,707,308

* Adjusted to tax equivalent basis for tax exempt securities except for audited financials.

EXHIBIT THREE
MIDWESTONE FINANCIAL GROUP, INC.
INCOME STATEMENTS - COMMON SIZED

	FDIC/SEC		
	Dec. 31, 2005	Annualized Mar. 31, 2006	
INTEREST INCOME			
Interest revenue (TE) *	6.26%	6.76%	
Interest expense	2.24%	2.51%	
NET INTEREST INCOME (TE) *	4.01%	4.26%	
Provision for loan losses	0.07%	0.00%	
NON-INTEREST INCOME			
Trust services	0.02%	0.05%	
Service charges	0.24%	0.28%	
Miscellaneous fees, commissions	0.12%	0.23%	
Other gains / (losses)	0.07%	0.06%	
Other non-interest income	0.22%	0.29%	
NON-INTEREST INCOME	0.67%	0.92%	
Security gains / (losses)	0.00%	-0.07%	
NON-INTEREST EXPENSE			
Salaries and benefits	1.70%	1.88%	
Occupancy	0.53%	0.52%	
Amortization expense	0.05%	0.05%	
Other expenses	0.80%	0.81%	
NON-INTEREST EXPENSE	3.08%	3.25%	
NET BEFORE TAXES	1.54%	1.85%	
Provision for income taxes (TE) *	0.61%	0.72%	
NET INCOME	0.93%	1.12%	
Average total assets	$654.624	$682.323	millions

* Adjusted to tax equivalent basis for tax exempt securities except for audited financials.

EXHIBIT THREE
MIDWESTONE FINANCIAL GROUP, INC.
CREDIT QUALITY
(millions)

	FDIC/SEC	
	Dec. 31, 2005	Mar. 31, 2006
PAST DUE, NON-PERFORMING ASSETS		
Total loans 90 days past due (FDIC)	$30.240	$25.092
Loans 90 days past due, loan pools	(28.569)	(24.459)
IN-MARKET LOANS 90 PAST DUE (SEC)	$1.671	$0.633
Non-accrual loans (FDIC reports equal SEC reports)	$1.522	$0.660
Total other real estate owned (FDIC)	$6.144	$3.808
OREO loan pools	(3.671)	(3.358)
IN-MARKET OREO (SEC)	$2.473	$0.450
IN-MARKET NON-PERFORMING ASSETS	$3.995	$1.110
PAST DUE, NON-PERFORMING RATIOS FOR IN-MARKET LOANS		
In- market 90 days past due / In-market loans	0.39%	0.14%
In-market non-accrual loans /In-market loans	0.35%	0.15%
In-market non-perf. assets/(In-mkt loans plus OREO)	0.92%	0.25%

EXHIBIT THREE
MIDWESTONE FINANCIAL GROUP, INC.
CREDIT QUALITY
(millions)

	FDIC/SEC	
	Dec. 31, 2005	Mar. 31, 2006
ALLOWANCE COVERAGE, NON-PERFORMING IN-MARKET ASSETS		
Total allowance for loan losses (FDIC)	$7.245	$8.027
Direct write-downs against loan pools	(2.234)	(2.234)
IN-MARKET ALLOWANCE (SEC)	$5.011	$5.793
In-market allowance/In-market loans	1.16%	1.29%
In-market allowance/In-market non-accruals	329%	878%
In-market allowance/In-market non-performing assets	125%	522%
PROVISION, NET CHARGE-OFFS:		
Provision for loan losses	$0.468	$0.000
Total loans charged-off (FDIC)	$4.699	$1.281
Charge-offs against loan pools	(4.234)	(1.097)
IN-MARKET LOANS CHARGED-OFF (SEC)	$0.465	$0.184
Total loan recoveries (FDIC)	$2.013	$1.615
Recoveries on loan pools	(1.750)	(0.649)
IN-MARKET LOAN RECOVERIES (SEC)	$0.263	$0.966
NET IN-MARKET CHARGE-OFFS	$0.202	($0.782)
CHANGE TO ALLOWANCE	$0.266	$0.782
Net in-market charge-offs/In-market loans	0.05%	-0.17% Year-to-date

EXHIBIT THREE
MIDWESTONE FINANCIAL GROUP, INC.
MISCELLANEOUS RATIOS

	FDIC/SEC Dec. 31, 2005	Mar. 31, 2006	
GROWTH RATES			
Loans	6.6%	0.8%	Year-to-date
Deposits	6.4%	0.2%	Year-to-date
Assets	4.1%	-0.6%	Year-to-date
Income	4.4%	26.1%	Y-T-D, annualized

	2005	Mar. 31, 2006	
BALANCE SHEET RATIOS			
Tang. common equity/Tang. assets	6.8%	7.0%	
Tier I capital ratio	8.2%	8.5%	
Tier I risk based capital	10.4%	10.7%	
Loans / Deposits	105.8%	106.5%	
INCOME STATEMENT PERFORMANCE RATIOS			
Full-time equivalent employees (FTEs)	207	216	
Assets / FTE	$3.275	$3.120	million
Efficiency ratio	65.7%	62.8%	
INTEREST - YIELD, COST, SPREAD, MARGIN			
Yield on earning assets (TE)*	6.74%	7.47%	Annualized
Cost of interest-bearing liabilities	2.68%	3.20%	Annualized
YIELD / COST SPREAD (TE) *	4.06%	4.27%	Annualized
Net interest margin (TE) *	4.33%	4.70%	Annualized
RETURN ON COMMON EQUITY	10.5%	12.9%	Annualized

* Adjusted to tax equivalent basis for tax exempt securities.

EXHIBIT THREE
MIDWESTONE FINANCIAL GROUP, INC.
LOAN POOLS AS SEPARATE DIVISION
(millions)

	FDIC/SEC	
	Dec. 31, 2005	Mar. 31, 2006
PRO FORMA BALANCE SHEETS		
Other earning assets	$0.000	$0.000
Loans	102.117	89.482
Intangible assets	-	-
Other non-earning assets	-	-
TOTAL ASSETS	$102.117	$89.482
Deposits	$0.000	$0.000
Borrowings	92.576	81.339
Other liabilities	0.351	0.089
Trust preferred	-	-
Common equity	9.191	8.053
TOTAL LIABS & EQUITY	$102.117	$89.482
PRO FORMA INCOME STATEMENTS		
Interest revenues	$10.222	$2.609
Interest expense	4.206	1.071
NET INTEREST INCOME	$6.016	$1.538
Provision for loan losses	-	-
Non-interest income	-	-
Security gains/(losses)	-	-
Non-interest expense	-	-
NET BEFORE TAXES	6.016	1.538
Provision for income taxes (TE) *	2.378	0.603
NET INCOME	$3.638	$0.936
PRO FORMA COMMON SIZED INCOME STATEMENTS (ANNUALIZED)		
Interest revenues	10.14%	10.83%
Interest expense	4.17%	4.44%
NET INTEREST INCOME	5.97%	6.38%
Provision for loan losses	-	-
Non-interest income	-	-
Security gains/(losses)	-	-
Non-interest expense	-	-
NET BEFORE TAXES	5.97%	6.38%
Provision for income taxes (TE) *	2.36%	2.50%
NET INCOME	3.61%	3.88%
LOAN POOLS: Pro forma average assets	$100.808	$96.401

EXHIBIT THREE
MIDWESTONE FINANCIAL GROUP, INC.
CORE BANK AS SEPARATE DIVISION
(millions)

	FDIC/SEC	
	Dec. 31, 2005	Mar. 31, 2006
PRO FORMA BALANCE SHEETS		
Other earning assets	$82.628	$76.268
Loans	433.437	450.219
Intangible assets	14.685	14.744
Other non-earning assets	45.122	43.280
TOTAL ASSETS	$575.872	$584.511
Deposits	$506.046	$506.845
Borrowings	4.199	9.951
Other liabilities	6.121	5.741
Trust preferred	10.310	10.310
Common equity	49.195	51.665
TOTAL LIABS & EQUITY	$575.872	$584.511
	-	-
PRO FORMA INCOME STATEMENTS		
Interest revenues	$30.726	$8.929
Interest expense	10.471	3.204
NET INTEREST INCOME	$20.255	$5.725
Provision for loan losses	0.468	0.000
Non-interest income	4.380	1.565
Security gains/(losses)	0.028	(0.126)
Non-interest expense	20.144	5.547
NET BEFORE TAXES	$4.051	$1.617
Provision for income taxes (TE) *	1.601	0.633
NET INCOME	$2.450	$0.983
	-	-
PRO FORMA COMMON SIZED INCOME STATEMENTS (ANNUALIZED)		
Interest revenues	5.55%	6.10%
Interest expense	1.89%	2.19%
NET INTEREST INCOME	3.66%	3.91%
Provision for loan losses	0.08%	0.00%
Non-interest income	0.79%	1.07%
Security gains/(losses)	0.01%	-0.09%
Non-interest expense	3.64%	3.79%
NET BEFORE TAXES	0.73%	1.10%
Provision for income taxes (TE) *	0.29%	0.43%
NET INCOME	0.44%	0.67%
	-	-
CORE BANK: Pro forma average assets	$553.816	$585.922

EXHIBIT FOUR
MIDWESTONE FINANCIAL GROUP, INC.
MARKET DEMOGRAPHIC DATA

			COUNTY DATA								
			6/30/05 INSTITUTION DATA			2005 Population		2003 Median household income			
	County	Primary City with Branch	Branch Count	Deposits (000s)	% of Market	2005	Change from 2000	(000s)	% of Iowa	% Below Poverty	2005 Unemploy
1	Mahaska	Oskaloosa	3	$144,311	30.9%	22,364	0.1%	$38.6	84.6%	10.5%	4.6%
2	Keokuk	Sigourney	2	53,454	11.4%	11,157	-2.1%	$36.2	79.3%	10.0%	5.1%
3	Marion	Pella	2	55,458	11.9%	32,984	2.9%	$44.5	97.4%	7.8%	4.1%
4	Jefferson	Fairfield	2	30,764	6.6%	15,972	-1.3%	$33.7	73.9%	11.2%	5.0%
5	Wapello	Ottumwa	1	25,954	5.6%	35,965	-0.2%	$34.4	75.5%	12.2%	5.7%
	SUBTOTALS/AVERAGES		10	$309,941	66.3%	118,442	0.4%	$38.1	83.5%	10.3%	4.9%
6	Lee	Fort Madison	1	25,063	5.4%	36,705	-3.5%	$35.6	77.9%	11.2%	7.1%
7	Des Moines	Burlington	2	74,119	15.9%	40,810	-3.6%	$37.8	82.8%	11.4%	5.9%
8	Louisa	Wapello	1	8,261	1.8%	11,842	-2.8%	$41.2	90.2%	8.9%	4.7%
	SUBTOTALS/AVERAGES		4	$107,443	23.0%	89,357	-3.5%	$37.3	81.7%	11.0%	6.2%
9	Benton	Belle Plaine	2	34,800	7.4%	27,000	6.7%	$46.8	102.6%	6.5%	5.0%
10	Black Hawk	Hudson	2	15,038	3.2%	125,891	-1.7%	$39.4	86.3%	11.5%	4.7%
11	Scott	Davenport	1	-	0.0%	160,998	1.5%	$45.6	100.0%	10.3%	4.7%
	SUBTOTALS/AVERAGES		5	$49,838	10.7%	313,889	0.7%	$43.2	94.7%	10.5%	4.7%
	TOTALS - AVERAGES		19	$467,222	100.0%	521,688	-0.1%	$41.1	89.9%	10.5%	5.0%
					IOWA	3,000,000	1.4%	$45.6		9.1%	4.6%
										United States	5.1%

EXHIBIT FIVE

MIDWESTONE FINANCIAL GROUP, INC.

PROJECTED SUMMARY FINANCIAL STATEMENTS

(millions)

	Mar. 31,	March 31,				
	2006	**2007**	**2008**	**2009**	**2010**	**2011**
SUMMARY BALANCE SHEET						
In-market loans	$450.2	$472.7	$496.3	$521.1	$547.2	$574.6
Loan pools	89.5	90.0	90.0	90.0	90.0	90.0
Other earning assets	76.3	80.1	84.1	88.3	92.7	97.3
Goodwill, other intangibles	14.7	14.5	14.2	14.0	13.8	13.7
Other assets	43.3	45.4	47.7	50.1	52.6	55.2
TOTAL ASSETS	$674.0	$702.7	$732.3	$763.5	$796.3	$830.8
Deposits	$506.8	$532.2	$558.8	$586.7	$616.0	$646.8
Fed funds purchased	4.6	2.3	2.9	3.3	3.8	4.0
Borrowings	86.7	90.0	90.0	90.0	90.0	90.0
Other liabilities	5.8	6.1	6.4	6.7	7.0	7.4
TOTAL LIABILITIES	$604.0	$630.6	$658.1	$686.7	$716.8	$748.2
Trust preferred securities	10.3	10.3	10.3	10.3	10.3	10.3
Common equity	59.7	61.7	63.9	66.4	69.2	72.3
TOTAL LIABS. & EQUITY	$674.0	$702.7	$732.3	$763.5	$796.3	$830.8
	-	-	-	-	-	-
Average assets	$682.3	$688.3	$717.5	$747.9	$779.9	$813.5
Total assets growth (2006 3 months)	-0.6%	4.3%	4.2%	4.3%	4.3%	4.3%
NET INCOME (2006 annualized)	$7.676	$6.650	$7.452	$8.323	$9.269	$10.295
RETURN ON ASSETS (2006 annualized)	1.12%	0.97%	1.04%	1.11%	1.19%	1.27%

EXHIBIT SIX

MIDWESTONE FINANCIAL GROUP, INC.

EQUITY CAPITAL RECONCILIATION

(millions)

	March 31,				
	2007	**2008**	**2009**	**2010**	**2011**
COMMON EQUITY, TOTAL EQUITY					
Beginning balance	$59.718	$61.713	$63.949	$66.446	$69.226
Net income	$6.650	$7.452	$8.323	$9.269	$10.295
Projected dividend payout	(4.655)	(5.217)	(5.826)	(6.488)	(7.207)
RETAINED EARNINGS	$1.995	$2.236	$2.497	$2.781	$3.089
ENDING COMMON EQUITY	$61.713	$63.949	$66.446	$69.226	$72.315
Other equity components	10.310	10.310	10.310	10.310	10.310
TOTAL EQUITY	$72.023	$74.259	$76.756	$79.536	$82.625
Dividend payout ratio	70%	70%	70%	70%	70%
CAPITAL RATIOS					
Common Equity/Total assets	8.78%	8.73%	8.70%	8.69%	8.70%
Tangible common equity/Tang. assets	6.86%	6.93%	7.00%	7.08%	7.17%
Total tangible equity/Tang. assets	8.36%	8.36%	8.37%	8.40%	8.44%

EXHIBIT SEVEN
MIDWESTONE FINANCIAL GROUP, INC.
ADJUSTMENTS TO EQUITY AND NET INCOME
(millions)

		March 31,				
		2007	2008	2009	2010	2011
ADJUSTMENTS TO EQUITY, INCREASED DIVIDEND PAYOUT						
Beginning equity		$59.718	$62.644	$64.487	$66.452	$68.579
Adjusted net income		6.650	7.483	8.340	9.268	10.273
Adjusted dividends		(3.724)	(5.640)	(6.376)	(7.140)	(7.960)
ENDING EQUITY		$62.644	$64.487	$66.452	$68.579	$70.891
Goodwill, excluded intangibles		(14.470)	(14.220)	(13.987)	(13.804)	(13.694)
ADJUSTED TANGIBLE COMMON		$48.174	$50.267	$52.465	$54.775	$57.197
Other equity components		10.310	10.310	10.310	10.310	10.310
ADJUSTED TANGIBLE TOTAL		$58.484	$60.577	$62.775	$65.085	$67.507
CAPITAL RATIOS						
Common Equity/Total assets		8.92%	8.81%	8.70%	8.61%	8.53%
Tangible common equity/Tang. assets		7.00%	7.00%	7.00%	7.00%	7.00%
Total tangible equity/Tang. assets		8.50%	8.44%	8.38%	8.32%	8.26%
CHANGE IN DIVIDENDS						
Adjusted dividends		$3.724	$5.640	$6.376	$7.140	$7.960
Base dividends		4.655	5.217	5.826	6.488	7.207
INCR/(DECR) IN DIVIDENDS		($0.931)	$0.423	$0.549	$0.652	$0.754
NET INCOME ADJUSTMENT FOR OPTIMAL DIVIDENDS						
Prior year cumulative divdend adjustment			($0.931)	($0.508)	$0.042	$0.694
Interest, dividend adjustment	5.0%	$0.000	($0.047)	($0.025)	$0.002	$0.035
Tax adjustment	34.0%	-	0.016	0.009	(0.001)	(0.012)
NET INCOME ADJUSTMENT		$0.000	($0.031)	($0.017)	$0.001	$0.023
Projected net income		$6.650	$7.452	$8.323	$9.269	$10.295
Net income adjustment		-	0.031	0.017	(0.001)	(0.023)
ADJUSTED NET INCOME		$6.650	$7.483	$8.340	$9.268	$10.273
OPTIMAL DIVIDENDS		$3.724	$5.640	$6.376	$7.140	$7.960

EXHIBIT EIGHT
MIDWESTONE FINANCIAL GROUP, INC.
PRESENT VALUE CALCULATION
(millions)

DISCOUNTED CASH FLOWS

Long-term growth rate 4.0%

		March 31,					Terminal
		2007	**2008**	**2009**	**2010**	**2011**	**Value**
Net income		$6.650	$7.483	$8.340	$9.268	$10.273	
Retained earnings		(2.926)	(1.843)	(1.964)	(2.128)	(2.312)	
DIVIDENDS		$3.724	$5.640	$6.376	$7.140	$7.960	
Discount factor	14.0%	0.9366	0.8216	0.7207	0.6322	0.5545	
ANNUAL PRESENT VALUES		$3.488	$4.634	$4.595	$4.514	$4.414	
TOTAL FIVE YEARS		$21.644					
P.V. of terminal Value		55.487					
TOTAL PRESENT VALUE		$77.131					

Projected earnings, 2012	$10.273
Long-term growth rate	4.0%
TERMINAL EARNINGS	$10.684
Capitalization rate	10.0%
TERMINAL VALUE	$106.835
Discount factor	0.5194
PV OF TERMINAL	$55.487

EXHIBIT NINE
MIDWESTONE FINANCIAL GROUP, INC.
VALUATION MULTIPLES
(millions)

SUMMARY FINANCIALS - MARCH 31, 2006

	MidwestOne Financial Group	Median Publicly-Traded Group
Total assets	$673.993	
Intangible assets	14.744	
Tangible assets	$659.249	
3/31/06 annualized earnings	$7.676	
Return on assets (ROA)	1.12%	0.81%
Book	$59.718	
Tangible book	$44.974	
Tangible book/Tangible assets	6.82%	7.41%
7% Capital	$46.147	
CALCULATED VALUE	$77.131	

VALUATION MULTIPLES:

	MidwestOne Financial Group	Median Publicly-Traded Group
Price/earnings multiple, 3/31/06	10.0	15.6
Price/tangible book multiple	1.72	1.62
Price/7% book (a)	1.70	1.62
Premium/Assets (b)	4.9%	4.4%

(a) Calculation of the 7% book multiple

Calculated value	$77.131
Adjust to 7% capital	1.173
VALUE, 7% CAPITAL	$78.305
7% capital	46.1
PRICE/7% BOOK	1.70

(b) Calculation of the Premium/Assets

Calculated value	$77.131
Tangible book	44.974
PREMIUM	$32.157
Tangible assets	659.249
PREMIUM/ASSETS	4.9%

EXHIBIT TEN
MIDWESTONE FINANCIAL GROUP, INC.
PUBLICLY-TRADED GROUP
(millions)

	Financial Institution/Ticker		City/State		12/31/05 Total Assets	12/31/05 Common Equity	12/31/05 Tangible Capital Ratio	12/31/05 Earnings 12/31/05	12/31/05 Return on Assets
1	Commercial Bancshares, Inc.	CMOH.OB	Upper Sandusky	OH	$303.4	$21.5	7.1%	$1.7	0.56%
2	Community Bank Shares of IN	CBIN	New Albany	IN	665.0	42.8	6.4%	3.7	0.60%
3	Community Central Bank Corp.	CCBD	Mount Clemens	MI	462.0	35.5	7.4%	3.1	0.72%
4	Dearborn Bancorp Inc.	DEAR	Dearborn	MI	706.5	84.2	11.2%	7.5	1.11%
5	Guananty Federal Bcshs, Inc.	GFED	Springfield	MO	481.0	42.1	8.8%	5.9	1.28%
6	Landmark Bancorp, In.	LARK	Manhattan	KS	465.1	44.1	8.0%	3.9	0.86%
7	Monroe Bancorp	MROE	Bloomington	IN	713.1	50.5	7.1%	7.2	1.07%
8	Princeton National Bancorp	PNBC	Princeton	IL	945.3	63.1	4.4%	7.6	0.95%
9	Rurban Financial Corp.	RBNF	Defiance	OH	530.5	54.5	8.7%	0.7	0.14%
10	St. Joeseph Capital Corp.	SJOE	Mishawaka	IN	481.1	28.9	6.0%	3.2	0.73%
11	Tower Financial Corp.	TOFC	Ft. Wayne	IN	557.8	47.3	8.5%	3.4	0.66%
12	United Bancorp, Inc.	UBCP	Martins Ferry	OH	411.9	32.5	7.9%	3.3	0.81%
13	United Bancshares Inc.	UBOH	Coloumbus Grove	OH	536.2	43.8	6.9%	4.6	0.84%
				Max	$945.3	$84.2	11.2%	$7.6	1.28%
				Min	$303.4	$21.5	4.4%	$0.7	0.14%
				Average	$558.4	$45.4	7.6%	$4.3	0.79%
				Median	NM	NM	7.4%	NM	0.81%

EXHIBIT TEN
MIDWESTONE FINANCIAL GROUP, INC.
PUBLICLY-TRADED GROUP
(millions)

	Financial Institution/Ticker		3/31/06 Price	Shares Out	Market Cap	Price-to Earns	Price-to Book	Price-to Tang Book	Price-to 7% Tang Book	Premium to Assets
1	Commercial Bancshares, Inc.	CMOH.OB	$30.00	1.2	$34.8	20.9	1.62	1.62	1.62	4.4%
2	Community Bank Shares of IN	CBIN	$23.04	2.6	59.7	15.9	1.40	1.40	1.36	2.5%
3	Community Central Bank Corp.	CCBD	$11.44	3.8	43.9	14.3	1.24	1.29	1.30	2.1%
4	Dearborn Bancorp Inc.	DEAR	$22.50	5.5	122.6	16.3	1.46	1.56	1.89	6.2%
5	Guananty Federal Bcshs, Inc.	GFED	$29.70	3.0	87.9	14.9	2.09	2.09	2.36	9.5%
6	Landmark Bancorp, In.	LARK	$27.33	2.2	60.9	15.6	1.38	1.67	1.76	5.2%
7	Monroe Bancorp	MROE	$15.30	6.6	101.6	14.1	2.01	2.01	2.02	7.2%
8	Princeton National Bancorp	PNBC	$32.85	3.4	111.4	14.7	1.76	2.75	2.10	7.5%
9	Rurban Financial Corp.	RBNF	$12.37	5.0	62.2	92.5	1.14	1.37	1.46	3.1%
10	St. Joeseph Capital Corp.	SJOE	$30.25	1.8	53.8	16.7	1.86	1.86	1.74	5.2%
11	Tower Financial Corp.	TOFC	$16.81	4.0	67.4	19.6	1.43	1.43	1.52	3.6%
12	United Bancorp, Inc.	UBCP	$11.00	4.2	46.0	14.0	1.42	1.42	1.47	3.3%
13	United Bancshares Inc.	UBOH	$16.38	3.6	59.0	12.8	1.35	1.62	1.61	4.2%
					Max	92.5	2.09	2.75	2.36	9.5%
					Min	12.8	1.14	1.29	1.30	2.1%
					Average	21.7	1.55	1.70	1.71	4.9%
					Median	15.6	1.43	1.62	1.62	4.4%

EXHIBIT ELEVEN
MIDWESTONE FINANCIAL GROUP, INC.
VALUATION SUMMARY

	Net Options Issued Calculation				
VALUE PER SHARE CALCULATION:					
Aggregate value				$77.131	million
Shares outstanding, 3/31/06			3,707,308		
Vested options outstanding	431,096	431,096			
Average exercise price	$16.56				
TOTAL PROCEEDS	$7.139	million			
Repurchase price	$20.36				
SHARES REPURCHASED		(350,585)			
Net shares issued for options			80,511		
TOTAL SHARES VALUED				3,787,819	
PRO RATA VALUE PER SHARE				$20.36	
			ROUNDED TO	$19.80	
			MARKET VALUE, 3/31/06	$19.80	

PROJECTED DIVIDENDS ONLY - PUBLICLY-TRADED PRICING

Dividends only, publicly-traded pricing	$20.18

PROJECTED DIVIDENDS ONLY - ON-GOING DIVIDENDS

Dividends only for terminal value	$15.81

EXHIBIT TWELVE
MIDWESTONE FINANCIAL GROUP, INC.
PROJECTED LOAN POOL RUNOFF
(millions)

	Mar. 31,	March 31,				
	2006	2007	2008	2009	2010	2011
SUMMARY BALANCE SHEET						
In-market loans	$450.2	$472.7	$496.3	$521.1	$547.2	$574.6
Loan pools	89.5	63.6	42.4	21.2	-	-
Other earning assets	76.3	80.1	84.1	88.3	92.7	97.3
Goodwill, other intangibles	14.7	14.7	14.7	14.7	14.7	14.7
Other assets	43.3	45.4	47.7	50.1	52.6	55.2
TOTAL ASSETS	$674.0	$676.5	$685.2	$695.4	$707.2	$741.8
Deposits	$506.8	$532.2	$558.8	$586.7	$616.0	$646.8
Fed funds purchased	4.6	2.9	4.1	5.5	7.0	8.2
Borrowings	86.7	63.6	42.4	21.2	-	-
Other liabilities	5.8	6.1	6.4	6.7	7.0	7.4
TOTAL LIABILITIES	$604.0	$604.8	$611.7	$620.1	$630.0	$662.4
Trust preferred securities	10.3	10.3	10.3	10.3	10.3	10.3
Common equity	59.7	61.5	63.2	65.1	67.0	69.1
TOTAL LIABS. & EQUITY	$674.0	$676.5	$685.2	$695.4	$707.2	$741.8
	-	-	-	-	-	-
Average assets	$682.3	$675.3	$680.9	$690.3	$701.3	$724.5
Total assets growth (2006 3 months)	-0.6%	0.4%	1.3%	1.5%	1.7%	4.9%
NET INCOME (2006 annualized)	$7.676	$5.832	$5.911	$6.074	$6.312	$7.245
RETURN ON ASSETS (2006 annualized)	1.12%	0.86%	0.87%	0.88%	0.90%	1.00%

EXHIBIT TWELVE
MIDWESTONE FINANCIAL GROUP, INC.
PRESENT VALUE - LOAN POOL RUNOFF
(millions)

DISCOUNTED CASH FLOWS

Long-term growth rate 5.0%

		March 31,					Terminal
		2007	**2008**	**2009**	**2010**	**2011**	**Value**
Net income		$5.832	$5.898	$6.023	$6.226	$7.127	
Retained earnings		(1.351)	(0.609)	(0.714)	(0.826)	(2.422)	
DIVIDENDS		$4.481	$5.288	$5.308	$5.400	$4.705	
Discount factor	14.0%	0.9366	0.8216	0.7207	0.6322	0.5545	
ANNUAL PRESENT VALUES		$4.197	$4.345	$3.826	$3.414	$2.609	
TOTAL FIVE YEARS		$18.390					
P.V. of terminal Value		43.185					
TOTAL PRESENT VALUE		$61.575					

Projected earnings, 2012	$7.127
Long-term growth rate	5.0%
TERMINAL EARNINGS	$7.483
Capitalization rate	9.0%
TERMINAL VALUE	$83.149
Discount factor	0.5194
PV OF TERMINAL	$43.185

EXHIBIT THIRTEEN
MIDWESTONE FINANCIAL GROUP, INC.
POOL RUNOFF, REDUCED REQUIRED RATE OF RETRUN
(millions)

DISCOUNTED CASH FLOWS

Long-term growth rate 5.0%

		March 31,					Terminal
		2007	2008	2009	2010	2011	Value
Net income		$5.832	$5.898	$6.023	$6.226	$7.127	
Retained earnings		(1.351)	(0.609)	(0.714)	(0.826)	(2.422)	
DIVIDENDS		$4.481	$5.288	$5.308	$5.400	$4.705	
Discount factor	12.2%	0.9439	0.8410	0.7493	0.6677	0.5949	
ANNUAL PRESENT VALUES		$4.230	$4.448	$3.978	$3.605	$2.799	
TOTAL FIVE YEARS		$19.059					
P.V. of terminal Value		58.079					
TOTAL PRESENT VALUE		$77.138					

Projected earnings, 2012	$7.127
Long-term growth rate	5.0%
TERMINAL EARNINGS	$7.483
Capitalization rate	7.2%
TERMINAL VALUE	$103.433
Discount factor	0.5615
PV OF TERMINAL	$58.079

EXHIBIT FOURTEEN
MIDWESTONE FINANCIAL GROUP, INC.
CORE BANK ONLY
PROJECTED SUMMARY FINANCIAL STATEMENTS
(millions)

	Mar. 31,	March 31,				
	2006	2007	2008	2009	2010	2011
SUMMARY BALANCE SHEET						
In-market loans	$450.2	$472.7	$496.3	$521.1	$547.2	$574.6
Loan pools	89.5					
Other earning assets	76.3	80.1	84.1	88.3	92.7	97.3
Goodwill, other intangibles	14.7	14.5	14.2	14.0	13.8	13.7
Other assets	43.3	45.4	47.7	50.1	52.6	55.2
TOTAL ASSETS	$674.0	$612.7	$642.3	$673.5	$706.3	$740.8
Deposits	$506.8	$532.2	$558.8	$586.7	$616.0	$646.8
Fed funds purchased	4.6	3.2	4.6	6.0	7.4	8.5
Borrowings	86.7					
Other liabilities	5.8	6.1	6.4	6.7	7.0	7.4
TOTAL LIABILITIES	$604.0	$541.5	$569.8	$599.4	$630.4	$662.7
Trust preferred securities	10.3	10.3	10.3	10.3	10.3	10.3
Common equity	59.7	60.9	62.2	63.8	65.6	67.8
TOTAL LIABS. & EQUITY	$674.0	$612.7	$642.3	$673.5	$706.3	$740.8
	-	-	-	-	-	-
Average assets	$682.3	$643.3	$627.5	$657.9	$689.9	$723.5
Total assets growth (2006 3 months)	-0.6%	-9.1%	4.8%	4.9%	4.9%	4.9%
NET INCOME (2006 annualized)	$7.676	$3.860	$4.392	$5.263	$6.209	$7.235
RETURN ON ASSETS (2006 annualized)	1.12%	0.60%	0.70%	0.80%	0.90%	1.00%

EXHIBIT FOURTEEN
MIDWESTONE FINANCIAL GROUP, INC.
CORE BANK ONLY
PRESENT VALUE CALCULATION
(millions)

DISCOUNTED CASH FLOWS

Long-term growth rate 5.0%

		March 31,					Terminal
		2007	2008	2009	2010	2011	Value
Net income		$3.860	$4.354	$5.183	$6.101	$7.138	
Retained earnings		-	-	(0.651)	(2.080)	(2.245)	
DIVIDENDS		$3.860	$4.354	$4.532	$4.021	$4.893	
Discount factor	12.2%	0.9441	0.8414	0.7499	0.6684	0.5957	
ANNUAL PRESENT VALUES		$3.644	$3.664	$3.399	$2.687	$2.915	
TOTAL FIVE YEARS		$16.309					
P.V. of terminal Value		58.541					
TOTAL PRESENT VALUE		$74.850					
		84.97					
		110.16%					

Projected earnings, 2012	$7.138
Long-term growth rate	5.0%
TERMINAL EARNINGS	$7.495
Capitalization rate	7.2%
TERMINAL VALUE	$104.093
Discount factor	0.5624
PV OF TERMINAL	$58.541

EXHIBIT FIFTEEN
MIDWESTONE FINANCIAL GROUP, INC.
LOAN POOLS ONLY
PROJECTED SUMMARY FINANCIAL STATEMENTS
(millions)

	Mar. 31,	March 31,				
	2006	2007	2008	2009	2010	2011
SUMMARY BALANCE SHEET						
In-market loans		$0.0	$0.0	$0.0	$0.0	$0.0
Loan pools	89.5	63.6	42.4	21.2	-	-
Other earning assets		-	-	-	-	-
Goodwill, other intangibles		-	-	-	-	-
Other assets		-	-	-	-	-
TOTAL ASSETS	$89.5	$63.6	$42.4	$21.2	$0.0	$0.0
Deposits		$0.0	$0.0	$0.0	$0.0	$0.0
Fed funds purchased						
Borrowings	81.3	54.8	33.3	11.9	-	-
Other liabilities	0.1	0.1	0.1	0.1	-	-
TOTAL LIABILITIES	$81.4	$54.9	$33.4	$12.0	$0.0	$0.0
Trust preferred securities		-	-	-	-	-
Common equity	8.1	8.7	9.0	9.2	-	-
TOTAL LIABS. & EQUITY	$89.5	$63.6	$42.4	$21.2	$0.0	$0.0
	-	-	-	-	-	-
Average assets	$682.3	$76.5	$53.0	$31.8	$0.0	$0.0
Total assets growth (2006 3 months)	-0.6%	-28.9%	-33.3%	-50.0%	-100.0%	0.0%
NET INCOME	$7.676	$1.995	$1.269	$0.564	$0.000	$0.000
RETURN ON ASSETS	1.12%	2.61%	2.39%	1.77%	0.00%	0.00%

EXHIBIT FIFTEEN
MIDWESTONE FINANCIAL GROUP, INC.
LOAN POOLS ONLY
PRESENT VALUE CALCULATION
(millions)

DISCOUNTED CASH FLOWS

Long-term growth rate 0.0%

		March 31,					Terminal
		2007	**2008**	**2009**	**2010**	**2011**	**Value**
Net income		$1.995	$1.269	$0.564	$0.000		
Retained earnings		3.602	1.484	1.484	1.484		
DIVIDENDS		$5.597	$2.753	$2.047	$1.484	$0.000	
Discount factor	12.2%	0.9439	0.8410	0.7493	0.6677	0.5949	
ANNUAL PRESENT VALUES		$5.283	$2.315	$1.534	$0.991	$0.000	
TOTAL FIVE YEARS		$10.123					
P.V. of terminal Value		-					
TOTAL PRESENT VALUE		$10.123					

Projected earnings, 2012	$0.000
Long-term growth rate	0.0%
TERMINAL EARNINGS	$0.000
Capitalization rate	12.2%
TERMINAL VALUE	$0.000
Discount factor	0.5615
PV OF TERMINAL	$0.000

EXHIBIT SIXTEEN
MIDWESTONE FINANCIAL GROUP, INC.
PRESENT VALUE, DIVIDENDS ONLY
(millions)

PUBLICLY-TRADED PRICING

		March 31,					Terminal
		2007	2008	2009	2010	2011	Value
Dividends - C-corp equivalent		$4.655	$5.217	$5.826	$6.488	$7.207	
Discount factor	14.0%	0.9366	0.8216	0.7207	0.6322	0.5545	
ANNUAL PRESENT VALUES		$4.360	$4.286	$4.199	$4.102	$3.996	
TOTAL FIVE YEARS		$20.943					
P.V. of terminal Value		55.487			Terminal value for aggregate		$106.835
TOTAL PRESENT VALUE		$76.429			Discount factor		0.5194
Shares outstanding		3,787,819			PV OF TERMINAL		$55.487
		$20.18					

ON-GOING DIVIDENDS

		March 31,					Terminal
					Long-term growth rate		4.0%
		2007	2008	2009	2010	2011	Value
Dividends - C-corp equivalent		$4.655	$5.217	$5.826	$6.488	$7.207	
Discount factor	14.0%	0.9366	0.8216	0.7207	0.6322	0.5545	
ANNUAL PRESENT VALUES		$4.360	$4.286	$4.199	$4.102	$3.996	
TOTAL FIVE YEARS		$20.943					
P.V. of terminal Value		38.927			Projected dividends, 2011		$7.207
TOTAL PRESENT VALUE		$59.870			Long-term growth rate		4.0%
Shares outstanding		3,787,819			TERMINAL EARNINGS		$7.495
		$15.81			Capitalization rate		10.0%
					TERMINAL VALUE		$74.951
					Discount factor		0.5194
					PV OF TERMINAL		$38.927