

MidWestOne Financial Group, Inc.  
Form S-4  
October 19, 2018  
[Table of Contents](#)

-As filed with the Securities and Exchange Commission on October 19, 2018

Registration No. 333-[\*]

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

---

**FORM S-4**

**REGISTRATION STATEMENT  
UNDER  
THE SECURITIES ACT OF 1933**

**MIDWESTONE FINANCIAL GROUP, INC.**

(Exact name of registrant as specified in its charter)

---

**Iowa**  
(State or other jurisdiction of  
incorporation or  
organization)

**6022**  
(Primary Standard Industrial  
Classification Code Number)

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

**102 South Clinton Street**

**Iowa City, IA 52240**

**(319) 356-5800**  
(Address, Including Zip Code, and Telephone Number, Including  
Area Code, of Registrant's Principal Executive Offices)

Edgar Filing: MidWestOne Financial Group, Inc. - Form S-4

102 South Clinton Street

Iowa City, IA 52240

(319) 356-5800

(Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent for Service)

---

Copies to:

**Christian E. Otteson**

**Kurt A. Leeper**

Shapiro Biegling Barber Otteson LLP  
7979 E. Tufts Avenue, Suite 1600  
Denver, Colorado 80237  
Telephone: (720) 488-0220

**Robert M. Fleetwood**

**Abdul R. Mitha**

Barack Ferrazzano Kirschbaum & Nagelberg LLP  
200 West Madison Street, Suite 3900  
Chicago, IL 60606  
Telephone: (312) 629-7329

**Approximate date of commencement of proposed sale of the securities to the public: As soon as practicable after this registration statement becomes effective and upon completion of the Merger.**

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box:

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer   
Non-accelerated Filer

Accelerated Filer   
Smaller Reporting Company   
Emerging Growth Company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(B) of the Securities Act.

## Edgar Filing: MidWestOne Financial Group, Inc. - Form S-4

If applicable, place an x in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Exchange Act Rule 13e-4(i) (Cross-Border Issuer Tender Offer) o

Exchange Act Rule 14d-1(d) (Cross-Border Third-Party Tender Offer) o

### CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered(1)	Proposed Maximum Offering Price per Share	Proposed Maximum Aggregate Offering Price(2)	Amount of Registration Fee(3)
Common Stock, no par value	4,117,541	N/A	\$ 111,201,289.92	\$ 13,477.60

(1) Represents the estimated maximum number of shares to be issued to holders of ATBancorp common stock pursuant to the Agreement and Plan of Merger dated August 21, 2018, between the registrant and ATBancorp, which is attached to the joint proxy statement/prospectus as [Appendix A](#).

(2) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(f)(2) and (f)(3) of Regulation C under the Securities Act of 1933, as amended.

(3) Computed in accordance with Rule 457(f) under the Securities Act to be \$13,477.60, which is equal to 0.0001212 multiplied by the proposed maximum aggregate offering price of \$111,201,289.92.

**The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.**

Table of Contents

**The information in this joint proxy statement/prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This joint proxy statement/prospectus is not an offer to sell these securities, and it is not soliciting to buy these securities, in any state where the offer or sale is not permitted.**

**Preliminary Proxy Statement/Prospectus**

**Subject to completion, dated October 19, 2018**

Dear Shareholders of MidWestOne Financial Group, Inc. and ATBancorp:

We are pleased to report that the boards of directors of MidWestOne Financial Group, Inc., referred to as MidWestOne, and ATBancorp, together referred to as the parties, have approved a strategic merger involving our two companies (the Merger). We cannot complete the combination without your approval. If the Merger proposals described in this document are approved by the shareholders of each party and the Merger is subsequently completed, ATBancorp will merge with and into MidWestOne, with MidWestOne as the surviving entity.

Pursuant to the terms of an Agreement and Plan of Merger dated August 21, 2018 (the Merger Agreement), each share of ATBancorp common stock issued and outstanding immediately prior to the effective time of the Merger (the Effective Time), excluding any Cancelled Shares and any Dissenters' Shares (each as defined in the Merger Agreement), shall represent the right to receive (i) 117,5500 fully paid and nonassessable shares of MidWestOne common stock (the Per Share Stock Consideration) and (ii) \$992.51 (the Per Share Cash Consideration).

MidWestOne expects to issue approximately 4,117,541 shares of its common stock upon completion of the Merger. MidWestOne common stock is traded on NASDAQ under the symbol MOFG. As reported on the NASDAQ, MidWestOne's common stock closed at \$33.25 on August 21, 2018, the day before the announcement of the Merger, and at \$[•] on [•], 2018, the last practicable trading day before the date of this joint proxy statement/prospectus. Based on these closing prices, the transaction value is estimated at \$171.67 million, or \$4,901.05 per share of ATBancorp common stock, or \$[•] million, or \$[•] per share of ATBancorp common stock, respectively. Based on a Final Acquiror Market Value (as defined below) of MidWestOne's common stock of \$26.60 (the price beneath which ATBancorp would have the right to terminate the Merger Agreement, as described below, subject to the other conditions therein, including MidWestOne's right to increase the amount of consideration payable to ATBancorp shareholders), the transaction value is estimated at \$144.29 million, or \$4,119.34 per share of ATBancorp common stock. The ultimate value of the consideration received by ATBancorp shareholders will depend on the trading value of MidWestOne common stock prior to the closing of the Merger.

ATBancorp has the right to terminate the Merger Agreement upon a significant decrease in the price of MidWestOne's common stock. In particular, ATBancorp may terminate the Merger Agreement if, as of the first date on which all requisite regulatory approvals (and waivers, if applicable) necessary for consummation of the Merger have been received (disregarding any waiting

period) (the *Determination Date* ): (i) the weighted average of the daily closing sales prices of a share of *MidWestOne*'s common stock as reported on the Nasdaq Global Select Market for the 20 consecutive trading days immediately preceding the *Determination Date* (the *Final Acquiror Market Value* ) is less than \$26.60; and (ii) the number obtained by dividing the *Final Acquiror Market Value* by \$33.25 is less than the quotient of (x) the average of the daily closing value of the NASDAQ Bank Index for the 20 consecutive trading days immediately preceding the *Determination Date*, and (y) \$4,315.63 (such quotient, the *Index Ratio* ), multiplied by 0.80. If ATBancorp provides notice of such termination to *MidWestOne*, *MidWestOne* may elect to increase the Per Share Stock Consideration to equal the lesser of (1) a quotient, the numerator of which is equal to the product of (A) \$33.25; (B) the Per Share Stock Consideration; and (C) the *Index Ratio* multiplied by 0.80, and the denominator of which is equal to the *Final Acquiror Market Value*; or (2) the quotient determined by dividing the \$33.25 by the *Final Acquiror Market Value*, and multiplying the quotient by the product of the Per Share Stock Consideration and 0.80.

The effect of ATBancorp's termination right and *MidWestOne*'s right to increase consideration is to ensure that the total consideration paid to ATBancorp shareholders is at least \$144.29 million.

The Merger is intended to qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended, (the *Internal Revenue Code* ). Assuming the Merger qualifies as a reorganization, a shareholder of ATBancorp generally will not recognize any gain or loss upon receipt of *MidWestOne* common stock in exchange for ATBancorp common stock in the Merger, and will recognize gain (but not loss) in an amount not to exceed any cash received as part of the Merger consideration (except with respect to any cash received in lieu of a fractional share of *MidWestOne* common stock, as discussed below under *Material U.S. Federal Income Tax Consequences of the Merger - Cash Received In Lieu of a Fractional Share of MidWestOne Common Stock* ).

*MidWestOne* and ATBancorp will each hold a special meeting of shareholders to consider certain matters relating to the proposed Merger. *MidWestOne* and ATBancorp cannot complete the proposed Merger unless: (1) *MidWestOne*'s shareholders vote to approve and adopt the Merger Agreement and the transactions contemplated thereby and approve the issuance of *MidWestOne* common stock in connection with the Merger,

---

Table of Contents

and (2) ATBancorp's shareholders vote to approve and adopt the Merger Agreement and the transactions contemplated thereby. The parties' respective boards of directors are providing this document to solicit your proxy to vote for approval of the parties' respective proposals.

This document is also being delivered to ATBancorp shareholders as MidWestOne's prospectus for its offering of MidWestOne common stock in connection with the Merger.

ATBancorp shareholders will have the right to demand appraisal of their shares of ATBancorp common stock and obtain payment in cash for the fair value of their shares, but only if they perfect their appraisal rights and comply with the applicable provisions of Iowa law. For more information regarding dissenters' rights, please see "Questions and Answers About the Merger and the Special Meetings: Are ATBancorp Shareholders Entitled to Appraisal Rights?" on page 7 and "The Merger: ATBancorp Shareholder Appraisal Rights" beginning on page 86.

**Your vote is very important. To ensure your representation at the MidWestOne or ATBancorp special meeting, as applicable, please complete and return the enclosed proxy card or submit your proxy by one of the other means described below. Whether or not you expect to attend the MidWestOne or ATBancorp special meeting, as applicable, please vote promptly. Submitting a proxy now will not prevent you from being able to vote in person at the applicable special meeting. Each of the MidWestOne and ATBancorp boards of directors has approved the Merger Agreement and the transactions contemplated thereby and recommends to its shareholders to vote FOR adoption or approval of their respective proposals.**

This document provides you with detailed information about the proposed Merger. It also contains or references information about MidWestOne and ATBancorp and certain related matters. You are encouraged to read this document carefully. **In particular, you should read the "Risk Factors" section beginning on page 36 for a discussion of the risks you should consider in evaluating the proposed Merger and how it will affect you.**

Sincerely,

Charles N. Funk  
*President and Chief Executive Officer of  
MidWestOne Financial Group, Inc.*

Nicholas J. Schrup, III  
*Chairman and President of  
ATBancorp*

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the Merger, the issuance of MidWestOne common stock in connection with the Merger or the other transactions described in this document, or passed upon the adequacy or accuracy of the disclosure in this document. Any representation to the contrary is a criminal offense.**

**The securities to be issued in connection with the Merger are not savings accounts, deposits or other obligations of any bank, non-bank subsidiary or savings association and are not insured by the Federal Deposit Insurance Corporation or any other governmental agency. The securities are subject to investment risk, including possible loss of principal.**

This document is dated [•], 2018 and is first being mailed to shareholders of *MidWestOne* and *ATBancorp* on or about [•], 2018.

---

Table of Contents

**WHERE YOU CAN FIND MORE INFORMATION**

MidWestOne files annual, quarterly and special reports, proxy statements and other business and financial information with the Securities and Exchange Commission (the "SEC"). You may read and copy any materials that MidWestOne files with the SEC at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549, at prescribed rates. Please call the SEC at (800) SEC-0330 for further information on the public reference room. In addition, MidWestOne files reports and other business and financial information with the SEC electronically, and the SEC maintains a website located at <http://www.sec.gov> containing this information. You will also be able to obtain these documents, free of charge, from MidWestOne at [www.midwestone.com](http://www.midwestone.com) under the "About MidWestOne Financial Group," and the "SEC Filings" links.

MidWestOne has filed a registration statement on Form S-4 of which this document forms a part. As permitted by SEC rules, this document does not contain all of the information included in the registration statement or in the exhibits or schedules to the registration statement. You may read and copy the registration statement, including any amendments, schedules and exhibits, at the addresses set forth below. Statements contained in this document as to the contents of any contract or other documents referred to in this document are not necessarily complete. In each case, you should refer to the copy of the applicable contract or other document filed as an exhibit to the registration statement. This document incorporates by reference documents that MidWestOne has previously filed with the SEC. They contain important information about the company and its financial condition. For further information, please see the section entitled "Incorporation of Certain Documents by Reference" beginning on page 148. These documents are available without charge at its principal executive office, at the following address and telephone number:

MidWestOne Financial Group, Inc.

102 South Clinton Street

Iowa City, Iowa 52240

Attn: Kenneth R. Urmie, Corporate Secretary

(319) 356-5800

**To obtain timely delivery of these documents, you must request the information no later than five business days before the date of the MidWestOne special meeting of shareholders in order to receive them before MidWestOne's special meeting and no later than five business days before the date of the ATBancorp special meeting of shareholders in order to receive them before ATBancorp's special meeting.**

In addition, if you have questions about the Merger or the ATBancorp special meeting, need additional copies of this joint proxy statement/prospectus or need to obtain proxy cards or other information related to the proxy solicitation, you may contact ATBancorp at its principal executive office, at the following address and telephone number:

ATBancorp

895 Main Street



Edgar Filing: MidWestOne Financial Group, Inc. - Form S-4

Dubuque, Iowa 52001

Attention: John W. Marshall, Secretary

(563) 589-7178

ATBancorp does not have a class of securities registered under Section 12 of the Securities Exchange Act of 1934, as amended (the Exchange Act ), is not subject to the reporting requirements of Section 13(a) or 15(d) of the Exchange Act, and accordingly does not file documents or reports with the SEC.

You should rely only on the information contained or incorporated by reference in this joint proxy statement/prospectus. No one has been authorized to provide you with information that is different from what is contained in this joint proxy statement/prospectus. You should not assume that the information contained in this joint proxy statement/prospectus is accurate as of any date other than the date of this joint proxy statement/prospectus, and neither the mailing of this joint proxy statement/prospectus to *MidWestOne* and ATBancorp shareholders nor the issuance of *MidWestOne* common stock in the Merger shall create any implication to the contrary.

Information on the websites of *MidWestOne* or ATBancorp, or any subsidiary of *MidWestOne* or ATBancorp, is not part of this document or incorporated by reference herein. You should not rely on that information in deciding how to vote.

**This document does not constitute an offer to sell, or a solicitation of an offer to buy, any securities, or the solicitation of a proxy, in any jurisdiction to or from any person to whom it is unlawful to make any such offer or solicitation in such jurisdiction. Except where the context otherwise indicates, information contained in this document regarding *MidWestOne* has been provided by *MidWestOne* and information contained in this document regarding ATBancorp has been provided by ATBancorp.**

---

Table of Contents

**102 South Clinton St.**

**Iowa City, Iowa 52240**

**(319) 356-5800**

**NOTICE OF THE SPECIAL MEETING OF SHAREHOLDERS**

**TO BE HELD ON [●]**

NOTICE IS HEREBY GIVEN that a special meeting of the shareholders of MidWestOne Financial Group, Inc. ( *MidWestOne* ), will be held at [●], at [●], Central Time, on [●] for the following purposes:

1. Approval and adoption of the Agreement and Plan of Merger, dated as of August 21, 2018, by and between MidWestOne Financial Group, Inc., or MidWestOne, and ATBancorp, as such agreement may be amended from time to time (the *Merger Agreement* ), and the transactions contemplated thereby (the *MidWestOne* merger proposal );
2. Approval of the issuance of MidWestOne common stock in the Merger (the *MidWestOne* stock issuance proposal ); and
3. Approval of one or more adjournments of the MidWestOne special meeting, if necessary or appropriate, including adjournments to permit further solicitation of proxies in favor of the MidWestOne merger proposal and the MidWestOne stock issuance proposal (the *MidWestOne* adjournment proposal ).

MidWestOne will transact no other business at the special meeting, except for business properly brought before the special meeting or any adjournment or postponement thereof.

The above proposals are described in more detail in this document, which you should read carefully in its entirety before you vote. A copy of the Merger Agreement is attached as Appendix A to this document.

The MidWestOne board of directors has set [●] as the record date for the MidWestOne special meeting. Only holders of record of MidWestOne common stock at the close of business on [●] will be entitled to notice of and to vote at the MidWestOne special meeting and any adjournments or postponements thereof. Any shareholder entitled to attend and vote at the MidWestOne special meeting is entitled to appoint a proxy to attend and vote on such shareholder's behalf. Such proxy need not be a holder of MidWestOne common stock.

**Your vote is very important. To ensure your representation at the MidWestOne special meeting, please complete and return the enclosed proxy card or submit your proxy by telephone, through the Internet or by mail.** Please vote promptly whether or not you expect to attend the MidWestOne special meeting. Submitting a proxy now will not prevent you from being able to vote in person at the MidWestOne special meeting.

**The MidWestOne board of directors has approved the Merger Agreement and the transactions contemplated thereby and recommends that you vote FOR the MidWestOne merger proposal, FOR the MidWestOne stock issuance proposal and FOR the MidWestOne adjournment proposal (if necessary or appropriate).**

BY ORDER OF THE BOARD OF DIRECTORS

Charles N. Funk  
*President and Chief Executive Officer of  
MidWestOne Financial Group, Inc.*

Iowa City, Iowa

[●], 2018

**PLEASE VOTE YOUR SHARES OF MIDWESTONE COMMON STOCK PROMPTLY. YOU CAN FIND INSTRUCTIONS FOR VOTING ON THE ENCLOSED PROXY CARD. IF YOU HAVE QUESTIONS ABOUT THE PROPOSALS OR ABOUT VOTING YOUR SHARES, PLEASE CALL MIDWESTONE INVESTOR RELATIONS AT (319) 356-5800.**

---

Table of Contents

**ATBANCORP**

**895 MAIN STREET**

**DUBUQUE, IOWA 52001**

**(563) 582-1841**

**NOTICE OF THE SPECIAL MEETING OF SHAREHOLDERS**

**TO BE HELD ON [●]**

To the holders of ATBancorp common stock:

NOTICE IS HEREBY GIVEN that a special meeting of the shareholders of ATBancorp will be held at [●], at [●], Central Time, on [●] for the following purposes:

1. Approval and adoption of the Agreement and Plan of Merger, dated as of August 21, 2018, by and between MidWestOne Financial Group, Inc. and ATBancorp, as such agreement may be amended from time to time (the Merger Agreement ), and the transactions contemplated thereby (the ATBancorp merger proposal ); and
2. Approval of one or more adjournments of the ATBancorp special meeting, if necessary or appropriate, including adjournments to permit further solicitation of proxies in favor of the ATBancorp merger proposal (the ATBancorp adjournment proposal ).

ATBancorp will transact no other business at the special meeting, except for business properly brought before the special meeting or any adjournment or postponement thereof.

The above proposals are described in more detail in this document, which you should read carefully in its entirety before you vote. A copy of the Merger Agreement is attached as Appendix A to this document.

The ATBancorp board of directors has set [●] as the record date for the ATBancorp special meeting. Only holders of record of ATBancorp common stock at the close of business on [●] will be entitled to notice of and to vote at the ATBancorp special meeting and any adjournments or postponements thereof. Any shareholder entitled to attend and vote at the

Edgar Filing: MidWestOne Financial Group, Inc. - Form S-4

ATBancorp special meeting is entitled to appoint a proxy to attend and vote on such shareholder's behalf. Such proxy need not be a holder of ATBancorp common stock.

**Your vote is very important. To ensure your representation at the ATBancorp special meeting, please complete and return the enclosed proxy card.** Please vote promptly whether or not you expect to attend the ATBancorp special meeting. Submitting a proxy now will not prevent you from being able to vote in person at the ATBancorp special meeting.

**The ATBancorp board of directors has approved the Merger Agreement and the transactions contemplated thereby and recommends that you vote FOR the ATBancorp merger proposal and FOR the ATBancorp adjournment proposal (if necessary or appropriate).**

BY ORDER OF THE BOARD OF DIRECTORS

Nicholas J. Schrup, III  
*Chairman and President of  
ATBancorp*

Dubuque, Iowa  
[●], 2018

**PLEASE VOTE YOUR SHARES OF ATBANCORP COMMON STOCK PROMPTLY. YOU CAN FIND INSTRUCTIONS FOR VOTING ON THE ENCLOSED PROXY CARD. IF YOU HAVE QUESTIONS ABOUT THE PROPOSALS OR ABOUT VOTING YOUR SHARES, PLEASE CALL JOHN W. MARSHALL, SECRETARY, AT (563) 589-7178.**

---

Table of Contents

**TABLE OF CONTENTS**

<u>QUESTIONS AND ANSWERS ABOUT THE MERGER AND THE SPECIAL MEETINGS</u>	1
<u>SUMMARY</u>	9
<u>CERTAIN FINANCIAL INFORMATION REGARDING MIDWESTONE AND ATBANCORP</u>	17
<u>RISK FACTORS</u>	36
<u>CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS</u>	42
<u>MIDWESTONE SPECIAL MEETING OF SHAREHOLDERS</u>	43
<u>MIDWESTONE PROPOSALS</u>	46
<u>ATBANCORP SPECIAL MEETING OF SHAREHOLDERS</u>	48
<u>ATBANCORP PROPOSALS</u>	51
<u>THE MERGER</u>	52
<u>THE MERGER AGREEMENT</u>	89
<u>MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE MERGER</u>	100
<u>COMPARISON OF SHAREHOLDERS' RIGHTS</u>	104
<u>INFORMATION ABOUT MIDWESTONE</u>	109
<u>INFORMATION ABOUT ATBANCORP</u>	110
<u>MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS</u>	120
<u>STOCK OWNERSHIP OF DIRECTORS AND EXECUTIVE OFFICERS</u>	141
<u>DESCRIPTION OF MIDWESTONE CAPITAL STOCK</u>	142
<u>EXPERTS</u>	145
<u>OPINIONS</u>	146
<u>OTHER MATTERS</u>	147
<u>INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE</u>	148
<u>ATBANCORP FINANCIAL STATEMENTS</u>	F-1

<u>Appendix A</u>	<u>Merger Agreement</u>
<u>Appendix B</u>	<u>Iowa Appraisal Rights Statute</u>
<u>Appendix C</u>	<u>Opinion of MidWestOne's Financial Advisor</u>
<u>Appendix D</u>	<u>Opinion of ATBancorp's Financial Advisor</u>
<u>Appendix E</u>	<u>Form of Voting Agreement</u>
<u>Appendix F</u>	<u>Form of Lock-Up Agreement</u>

---

Table of Contents

**QUESTIONS AND ANSWERS ABOUT THE MERGER AND THE SPECIAL MEETINGS**

*The following are answers to certain questions that you may have regarding the special meetings. The parties urge you to read carefully the remainder of this document because the information in this section may not provide all the information that might be important to you in determining how to vote. Additional important information is also contained in the appendices to, and the documents incorporated by reference in, this document.*

**Q: WHAT IS THE MERGER?**

A. MidWestOne and ATBancorp have entered into a Merger Agreement pursuant to which, subject to the terms and conditions of the Merger Agreement, ATBancorp will merge with and into MidWestOne, with MidWestOne continuing as the surviving corporation (the Merger). A copy of the Merger Agreement is attached as Appendix A to this document. Immediately following the Merger, each of American Trust & Savings Bank ( ATSB ), an Iowa state chartered bank, and American Bank & Trust Wisconsin ( ABTW ), a Wisconsin state chartered bank, each of which is a wholly-owned subsidiary of ATBancorp, will merge with and into MidWestOne Bank, an Iowa state chartered bank and a wholly owned subsidiary of MidWestOne ( MidWestOne Bank ), with MidWestOne Bank continuing as the surviving bank (the Bank Mergers). In order to complete the transaction, each party needs not only the approval of its respective shareholders but the approval of each of these mergers by the applicable banking regulators of MidWestOne, MidWestOne Bank, ATBancorp, ATSB and ABTW.

**Q: WHY AM I RECEIVING THIS JOINT PROXY STATEMENT/PROSPECTUS?**

A. Each of MidWestOne and ATBancorp is sending these materials to its shareholders to help them decide how to vote their shares of MidWestOne or ATBancorp common stock, as the case may be, with respect to the matters to be considered at the special meetings.

The Merger cannot be completed unless MidWestOne shareholders approve and adopt the Merger Agreement and the transactions contemplated thereby and approve the issuance of MidWestOne common stock in the Merger, and ATBancorp shareholders approve and adopt the Merger Agreement and the transactions contemplated thereby. Each of MidWestOne and ATBancorp is holding a special meeting of its shareholders to vote on the proposals necessary to complete the Merger. Information about these special meetings, the Merger and the business to be considered by shareholders at each of the special meetings is contained in this document.

This document constitutes both a joint proxy statement of MidWestOne and ATBancorp and a prospectus of MidWestOne. It is a joint proxy statement because each of the boards of directors of MidWestOne and ATBancorp is soliciting proxies using this document from their respective shareholders. It is a prospectus because MidWestOne, in connection with the Merger, is offering shares of its common stock in exchange for outstanding shares of ATBancorp common stock.

**Q: WHAT WILL ATBANCORP SHAREHOLDERS RECEIVE IN THE MERGER?**

A: Each share of ATBancorp common stock issued and outstanding immediately prior to the effective time of the Merger ( Effective Time ), excluding any Cancelled Shares and any Dissenters Shares (each as defined in the Merger Agreement), shall represent the right to receive (i) the Per Share Stock Consideration and (ii) the Per Share Cash Consideration.

For each fractional share that would otherwise be issued, MidWestOne will pay cash in an amount equal to such fraction multiplied by the volume weighted average of the daily closing sales prices of a share of MidWestOne s common stock as reported on the Nasdaq Global Select Market for the 20 consecutive trading days immediately preceding the Closing Date (the Closing Acquiror Common Stock Price ). The Closing Date will be the first day of the month immediately following the month in which the satisfaction or waiver of the latest to occur of MidWestOne s and ATBancorp s respective closing conditions occurs, or at such other time and place as MidWestOne and ATBancorp may agree. No interest will be paid or accrue on cash payable to holders in lieu of fractional shares.

Based on MidWestOne s common stock s closing price of \$33.25 on August 21, 2018, the day before the announcement of the Merger, the transaction value is estimated at \$171.67 million, or \$4,901.05 per share of ATBancorp common stock. Based on MidWestOne s common stock s closing price of \$[•] on [•], 2018, the transaction value is estimated at \$[•] million, or \$[•] per share of ATBancorp common stock. Based on a Final Acquiror Market Value of MidWestOne s closing stock of \$26.60 (the price beneath which ATBancorp would have the right to terminate the Merger Agreement, subject to the other conditions therein, including MidWestOne s right to increase the amount of consideration payable to ATBancorp shareholders), the transaction value is estimated at \$144.29 million, or \$4,119.34 per share of ATBancorp common stock.



Table of Contents

The ultimate value of the consideration received by ATBancorp shareholders will depend on the trading value of MidWestOne common stock prior to the closing of the Merger.

**Q: WILL THE VALUE OF THE MERGER CONSIDERATION CHANGE BETWEEN THE DATE OF THIS DOCUMENT AND THE TIME THE MERGER IS COMPLETED?**

A: Yes. The trading price of MidWestOne common stock may increase or decrease prior to the Closing Date, and the value of the shares of MidWestOne common stock that you would receive in connection with the Merger would increase or decrease accordingly. In addition, the number of shares of MidWestOne common stock that you may receive in the Merger may be increased in certain circumstances pursuant to the terms of the Merger Agreement. See The Merger Agreement Termination of the Merger Agreement.

**Q: WILL ATBANCORP SHAREHOLDERS BE ABLE TO TRADE THE SHARES OF MIDWESTONE COMMON STOCK RECEIVED IN THE MERGER?**

A: Yes. The MidWestOne common stock issued in the Merger to ATBancorp shareholders, except for holders of any Dissenters Shares, will be registered under the Securities Act of 1933, as amended (the Securities Act ), and will be listed on NASDAQ under the symbol MOFG. All shares of MidWestOne common stock issued in the Merger will be freely transferable and will not be subject to any restrictions on transfer arising under the Securities Act, except for (i) shares issued to any ATBancorp shareholder who may be deemed to be an affiliate of MidWestOne after completion of the Merger, or (ii) shares subject to a Lock-Up Agreement described below. An affiliate of a corporation, as defined by the rules promulgated under the Securities Act, is a person who directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, that corporation. Affiliates generally include directors, executive officers and beneficial owners of 10% or more of a corporation s capital stock.

In connection with entering into the Merger Agreement, MidWestOne entered into Lock-Up Agreements ( Lock-Up Agreements ) with certain holders of ATBancorp common stock. The shareholders that are party to the Lock-Up Agreements beneficially own in the aggregate 62.41% of the outstanding shares of ATBancorp common stock. The Lock-Up Agreements require that the shareholders that are parties thereto, during the period commencing as of the date on which the Effective Time occurs and expiring 180 days thereafter, not directly or indirectly, with certain exceptions, take any action to: (i) offer, sell, contract to sell, sell any option, warrant or contract to purchase, purchase any option, warrant or contract to sell, transfer, pledge or otherwise dispose of, or enter into any transaction which is designed to, or might reasonably be expected to, result in the disposition (whether by actual disposition or effective economic disposition or otherwise) of any shares of MidWestOne common stock whether owned as of the time of the Lock-Up Agreements or subsequently acquired, including shares of MidWestOne common stock received by the shareholder pursuant to the Merger Agreement; (ii) enter into any swap or other derivative transaction that transfers to another, in whole or in part, any of the economic benefits or risks of ownership of MidWestOne common stock, whether any such transaction is to be settled by delivery of MidWestOne common stock or other securities, in cash or otherwise; or (iii) publicly disclose an intention to effect any transaction contemplated by clause (i) or (ii). If the Merger Agreement is terminated without the consummation of the Merger, the Lock-Up Agreements will automatically terminate.

## Edgar Filing: MidWestOne Financial Group, Inc. - Form S-4

Former ATBancorp shareholders who are not affiliates of MidWestOne after the completion of the Merger and are not subject to the terms of a Lock-Up Agreement may sell their shares of MidWestOne common stock received in the Merger at any time. Former ATBancorp shareholders who become affiliates of MidWestOne after completion of the Merger and are not subject to the terms of a Lock-Up Agreement will be subject to the volume and sale limitations of Rule 144 under the Securities Act until they are no longer affiliates of MidWestOne. This joint proxy statement/prospectus does not cover resales of MidWestOne common stock received by any person upon completion of the Merger, and no person is authorized to make any use of or rely on this joint proxy statement/prospectus in connection with or to effect any resale of MidWestOne common stock.

### **Q: WHAT ARE THE SPECIAL DIVIDENDS?**

A: The Merger Agreement provides that ATBancorp may pay a special dividend of \$907.8452 per share to the ATBancorp shareholders at any time prior to the closing of the Merger (the Closing ) as determined by ATBancorp. Such dividend represents a portion of the proceeds to ATBancorp from the sale of Heritage Commerce Corp common stock received as consideration in connection with the sale of United American Bank. The special dividend was distributed to ATBancorp shareholders on September 24, 2018.

The Merger Agreement also provides that ATBancorp may pay a special dividend to shareholders based on the net proceeds (if any) received by ATBancorp in connection with the disposition by ATBancorp of certain of its businesses American

Table of Contents

Trust Retirement, ATBancorp's California trust office, and ATInsurance as well as 100% of the equity of ATCapital Management, a registered investment advisor and a wholly owned subsidiary of ATBancorp (collectively, the "ATB Businesses"), prior to Closing, as required by the Merger Agreement. The payment of these special dividends by ATBancorp is in addition to the Merger consideration to be paid by MidWestOne. ATBancorp shareholders are not required to take any action to approve or receive these special dividends.

**Q: WHEN WILL THE MERGER BE COMPLETED?**

A: MidWestOne and ATBancorp are working to complete the Merger as soon as practicable. The Merger will occur on the first day of the month immediately following the month in which the satisfaction or waiver of the latest to occur of the closing conditions set forth in the Merger Agreement or at such other time and place as MidWestOne and ATBancorp may agree. Neither MidWestOne nor ATBancorp can predict the actual date on which the Merger will be completed because it is subject to factors beyond each company's control, including whether or when the parties' respective shareholders' approvals will be received. For further information, please see the section entitled "The Merger Agreement - Conditions to Consummation of the Merger" beginning on page 97.

**Q: WHO IS ENTITLED TO VOTE?**

A: *MidWestOne Special Meeting.* Holders of record of MidWestOne common stock at the close of business on [•], 2018, which is the date that the MidWestOne board of directors has fixed as the record date for the MidWestOne special meeting, are entitled to vote at the MidWestOne special meeting.

*ATBancorp Special Meeting.* Holders of record of ATBancorp common stock at the close of business on [•], 2018, which is the date that the ATBancorp board of directors has fixed as the record date for the ATBancorp special meeting, are entitled to vote at the ATBancorp special meeting.

**Q: WHAT CONSTITUTES A QUORUM?**

A: *MidWestOne Special Meeting.* A majority of the outstanding shares of MidWestOne entitled to vote, represented in person or by proxy, will constitute a quorum for the transaction of business at the MidWestOne special meeting. Abstentions and broker non-votes, if any, will be included in determining the number of shares present at the meeting for the purpose of determining the presence of a quorum.

*ATBancorp Special Meeting.* A majority of the outstanding shares of ATBancorp entitled to vote, represented in person or by proxy, will constitute a quorum for the transaction of business at the ATBancorp special meeting. Abstentions will be included in determining the number of shares present at the meeting for the purpose of determining the presence of a quorum.

**Q: WHAT AM I BEING ASKED TO VOTE ON AND WHY IS THIS APPROVAL NECESSARY?**

A: *MidWestOne Special Meeting.* MidWestOne shareholders are being asked to vote on the following proposals:

1. To approve the MidWestOne merger proposal.
2. To approve the MidWestOne stock issuance proposal.
3. To approve the MidWestOne adjournment proposal (if necessary or appropriate).

Shareholder approval of the MidWestOne merger proposal and the MidWestOne stock issuance proposal is required to complete the Merger. MidWestOne will transact no business other than as listed above at the MidWestOne special meeting, except for business properly brought before the MidWestOne special meeting or any adjournment or postponement thereof.

*ATBancorp Special Meeting.* ATBancorp shareholders are being asked to vote on the following proposals:

1. To approve the ATBancorp merger proposal.
2. To approve the ATBancorp adjournment proposal (if necessary or appropriate).

Shareholder approval of the ATBancorp merger proposal is required to complete the Merger. ATBancorp will transact no business other than as listed above at the ATBancorp special meeting, except for business properly brought before the ATBancorp special meeting or any adjournment or postponement thereof.

Table of Contents

**Q: WHAT VOTE IS REQUIRED TO APPROVE EACH PROPOSAL AT THE MIDWESTONE SPECIAL MEETING?**

A: *The MidWestOne merger proposal:* The affirmative vote of a majority of the votes entitled to be cast on the proposal is required to approve the MidWestOne merger proposal.

*The MidWestOne stock issuance proposal:* The affirmative vote of a majority of the shares of MidWestOne common stock represented in person or by proxy at the MidWestOne special meeting and entitled to vote on the proposal is required to approve the MidWestOne stock issuance proposal.

*The MidWestOne adjournment proposal:* The affirmative vote of a majority of the shares of MidWestOne common stock represented in person or by proxy at the MidWestOne special meeting and entitled to vote on the proposal is required to approve the MidWestOne adjournment proposal.

**Q: WHAT DOES THE MIDWESTONE BOARD OF DIRECTORS RECOMMEND?**

A: The MidWestOne board of directors recommends that MidWestOne shareholders vote FOR the MidWestOne merger proposal, FOR the MidWestOne stock issuance proposal and FOR the MidWestOne adjournment proposal (if necessary or appropriate).

**Q: WHAT VOTE IS REQUIRED TO APPROVE EACH PROPOSAL AT THE ATBANCORP SPECIAL MEETING?**

A: *The ATBancorp merger proposal:* The affirmative vote of a majority of the shares of ATBancorp common stock represented in person or by proxy at the ATBancorp special meeting and entitled to vote on the proposal is required to approve the ATBancorp merger proposal. Pursuant to the Voting Agreement (as defined below), approval of the ATBancorp merger proposal is virtually assured.

*The ATBancorp adjournment proposal:* The affirmative vote of a majority of the shares of ATBancorp common stock represented in person or by proxy at the ATBancorp special meeting and entitled to vote on the proposal is required to approve the ATBancorp adjournment proposal.

**Q: WHAT DOES THE ATBANCORP BOARD OF DIRECTORS RECOMMEND?**

A: The ATBancorp board of directors recommends that ATBancorp shareholders vote FOR the ATBancorp merger proposal and FOR the ATBancorp adjournment proposal (if necessary or appropriate).

**Q: WHAT DO I NEED TO DO NOW?**

A: After carefully reading and considering the information contained in this document, please vote your shares as soon as possible so that your shares will be represented at your respective company's special meeting. Please follow the instructions set forth on the proxy card or on the voting instruction form provided by the record holder if your shares are held in the name of your broker, bank or other nominee.

**Q: HOW DO I VOTE?**

A: *MidWestOne Special Meeting.* If you are a shareholder of record of *MidWestOne* as of the *MidWestOne* record date, you may submit your proxy before *MidWestOne*'s special meeting in one of the following ways:

- use the toll-free number shown on your proxy card;
- visit the website shown on your proxy card to vote via the Internet; or
- complete, sign, date and return the enclosed proxy card in the enclosed postage-paid envelope.

You may also cast your vote in person at the *MidWestOne* special meeting.

If your shares are held in street name, through a broker, bank or other nominee, that institution will send you separate instructions describing the procedure for voting your shares. Street name shareholders who wish to vote at the meeting will need to obtain a proxy form from their broker, bank or other nominee.

Table of Contents

*ATBancorp Special Meeting.* If you are a shareholder of ATBancorp as of the ATBancorp record date, you may submit your proxy before ATBancorp's special meeting by completing, signing, dating and returning the enclosed proxy card in the enclosed postage-paid envelope.

You may also cast your vote in person at the ATBancorp special meeting.

**Q: HOW MANY VOTES DO I HAVE?**

A: *MidWestOne Shareholders.* You are entitled to one vote for each share of *MidWestOne* common stock that you owned as of the *MidWestOne* record date. As of the close of business on the *MidWestOne* record date, there were approximately [•] outstanding shares of *MidWestOne* common stock entitled to vote. As of that date, approximately [•]% of such outstanding shares of *MidWestOne* common stock were beneficially owned by the directors and executive officers of *MidWestOne* and their respective affiliates.

*ATBancorp Shareholders.* You are entitled to one vote for each share of ATBancorp common stock that you owned as of the ATBancorp record date. As of the close of business on the ATBancorp record date, there were 35,028 outstanding shares of ATBancorp common stock entitled to vote. As of that date, approximately [•]% of such outstanding shares of ATBancorp common stock were beneficially owned by the directors and executive officers of ATBancorp and their respective affiliates. In addition, shareholders owning 62.41% of the outstanding shares of ATBancorp common stock are parties to a voting and support agreement with *MidWestOne* (the "Voting Agreement") requiring them to vote in favor of the ATBancorp merger proposal.

**Q: WHEN AND WHERE ARE THE MIDWESTONE AND ATBANCORP SPECIAL MEETINGS?**

A: The special meeting of *MidWestOne* shareholders will be held at [•] at [•] [•].m., Central Time, on [•], [•], 2018. Subject to space availability, all *MidWestOne* shareholders as of the *MidWestOne* record date, or their duly appointed proxies, may attend the *MidWestOne* special meeting.

The special meeting of ATBancorp shareholders will be held at [•] at [•] [•].m., Central Time, on [•], [•], 2018. All ATBancorp shareholders as of the ATBancorp record date, or their duly appointed proxies, may attend the ATBancorp special meeting.

**Q: IF MY MIDWESTONE SHARES ARE HELD IN STREET NAME BY A BROKER, BANK OR OTHER NOMINEE, WILL MY BROKER, BANK OR OTHER NOMINEE VOTE MY SHARES FOR ME?**

A: If you are a *MidWestOne* shareholder and your shares are held in street name in a stock brokerage account or by a bank or other nominee, you must provide the record holder of your shares with instructions on how to vote your shares. Please follow the voting instructions provided by your broker, bank or other nominee. Please note that you may not vote shares held in street name by returning a proxy card directly to *MidWestOne* or by voting in person at the *MidWestOne* special meeting unless you provide a legal proxy, which you must obtain from your broker, bank or other nominee.

Under the rules of NASDAQ, brokers who hold shares in street name for a beneficial owner of those shares typically have the authority to vote in their discretion on routine proposals when they have not received instructions from beneficial owners. However, brokers are not allowed to exercise their voting discretion with respect to the approval of matters that NASDAQ determines to be non-routine without specific instructions from the beneficial owner. It is expected that all proposals to be voted on at the *MidWestOne* special meeting will be non-routine matters. Broker non-votes occur when a broker or nominee is not instructed by the beneficial owner of shares to vote on a particular proposal for which the broker does not have discretionary voting power.

If you are a *MidWestOne* shareholder and you hold your shares in street name and you do not instruct your broker, bank or other nominee on how to vote your shares:

- your broker, bank or other nominee may not vote your shares on the *MidWestOne* merger proposal, which broker non-votes will have no effect on the vote count for such proposal;
- your broker, bank or other nominee may not vote your shares on the *MidWestOne* stock issuance proposal, which broker non-votes will have no effect on the vote count for such proposal; and
- your broker, bank or other nominee may not vote your shares on the *MidWestOne* adjournment proposal, which broker non-votes will have no effect on the vote count for such proposal.



Table of Contents

**Q: HOW WILL MY MIDWESTONE SHARES HELD IN THE EMPLOYEE STOCK OWNERSHIP PLAN BE VOTED?**

A: MidWestOne maintains an employee stock ownership plan ( ESOP ) that as of the MidWestOne record date owns [●] or [●]% of the outstanding shares of MidWestOne s common stock. Employees of MidWestOne and MidWestOne Bank participate in the ESOP. As of the MidWestOne record date, [●] shares have been allocated to ESOP participants. Each ESOP participant has the right to instruct the trustee of the plan how to vote the shares of MidWestOne common stock allocated to his or her account under the ESOP. If an ESOP participant properly executes the voting instruction card, the ESOP trustee will vote the participant s shares in accordance with the participant s instructions. Shares of MidWestOne s common stock held in the ESOP, but not allocated to any participant s account, and allocated shares for which no voting instructions are received from participants, will be voted by the trustee in proportion to the results of the votes cast on the issue by the participants and beneficiaries.

**Q: WHAT IF I DO NOT VOTE OR I ABSTAIN?**

A: For purposes of each of the MidWestOne special meeting and the ATBancorp special meeting, an abstention occurs when a shareholder attends the applicable special meeting, either in person or represented by proxy, but abstains from voting.

For the MidWestOne merger proposal, if a MidWestOne shareholder present in person at the MidWestOne special meeting abstains from voting, or responds by proxy with an abstain vote, it will have the same effect as a vote cast AGAINST this proposal. If a MidWestOne shareholder is not present in person at the MidWestOne special meeting at which there is a quorum and does not respond by proxy, it will have no effect on the vote count for such proposal.

For the MidWestOne stock issuance proposal and the MidWestOne adjournment proposal, if a MidWestOne shareholder present in person at the MidWestOne special meeting abstains from voting, or responds by proxy with an abstain vote, it will have the same effect as a vote cast AGAINST each such proposal. If a MidWestOne shareholder is not present in person at the MidWestOne special meeting at which there is a quorum and does not respond by proxy, it will have no effect on the vote count for each such proposal.

For the ATBancorp merger proposal, if an ATBancorp shareholder present in person at the ATBancorp special meeting abstains from voting, or responds by proxy with an abstain vote, it will have the same effect as a vote cast AGAINST this proposal. If an ATBancorp shareholder is not present in person at the ATBancorp special meeting at which there is a quorum and does not respond by proxy, it will have no effect on the vote count for this proposal.

For the ATBancorp adjournment proposal, if an ATBancorp shareholder present in person at the ATBancorp special meeting abstains from voting, or responds by proxy with an abstain vote, it will have the same effect as a vote cast AGAINST this proposal. If an ATBancorp shareholder is not present in person at the ATBancorp special meeting at which there is a quorum and does not respond by proxy, it will have no

effect on the vote count for this proposal.

**Q: WHAT WILL HAPPEN IF I RETURN MY PROXY OR VOTING INSTRUCTION CARD WITHOUT INDICATING HOW TO VOTE?**

A: If you sign and return your proxy or voting instruction card without indicating how to vote on any particular proposal, the *MidWestOne* common stock represented by your proxy will be voted as recommended by the *MidWestOne* board of directors with respect to each *MidWestOne* proposal and the *ATBancorp* common stock represented by your proxy will be voted as recommended by the *ATBancorp* board of directors with respect to each *ATBancorp* proposal. Unless a *MidWestOne* shareholder or an *ATBancorp* shareholder, as applicable, checks the box on its proxy card to withhold discretionary authority, the proxyholders may use their discretion to vote on other matters relating to the *MidWestOne* special meeting or *ATBancorp* special meeting, as applicable.

**Q: MAY I CHANGE MY VOTE AFTER I HAVE DELIVERED MY PROXY OR VOTING INSTRUCTION CARD?**

A: *MidWestOne Shareholders.* Yes. You may change your vote at any time before your proxy is voted at the *MidWestOne* special meeting. You may do this in one of four ways:

- by sending a notice of revocation to the corporate secretary of *MidWestOne*;
- by logging onto the Internet website specified on your proxy card in the same manner you would to submit your proxy electronically or by calling the telephone number specified on your proxy card, in each case if you are eligible to do so and following the instructions on the proxy card;

Table of Contents

- by sending a completed proxy card bearing a later date than your original proxy card; or
- by attending the MidWestOne special meeting and voting in person.

If you choose any of the first three methods, you must take the described action such that the notice, internet vote or proxy card, as applicable, is received no later than the beginning of the MidWestOne special meeting.

If your shares are held in an account at a broker, bank or other nominee, you should contact your broker, bank or other nominee to change your vote.

*ATBancorp Shareholders.* Yes. You may change your vote at any time before your proxy is voted at the ATBancorp special meeting. You may do this in one of three ways:

- by sending a notice of revocation to the corporate secretary of ATBancorp;
- by sending a completed proxy card bearing a later date than your original proxy card; or
- by attending the ATBancorp special meeting and voting in person.

If you choose either of the first two methods, you must take the described action such that the notice or proxy card, as applicable, is received no later than the beginning of the ATBancorp special meeting.

**Q: DO I NEED IDENTIFICATION TO ATTEND THE MIDWESTONE MEETING IN PERSON?**

A: Yes. Please bring proper identification, together with proof that you are a record owner of MidWestOne. If your shares of MidWestOne common stock are held in street name, please bring acceptable proof of ownership, such as a letter from your broker or an account statement showing that you beneficially owned shares of MidWestOne common stock on the record date.

**Q: ARE ATBANCORP SHAREHOLDERS ENTITLED TO APPRAISAL RIGHTS?**

A: Yes. ATBancorp shareholders will have the right to assert appraisal of their shares of ATBancorp common stock and obtain payment in cash for the fair value of their shares, but only if they perfect their dissenters rights and comply with the applicable provisions of Iowa law. A copy of the Iowa statutory provisions related to appraisal rights is attached as Appendix B to this document, and a summary of these provisions can be found under The Merger ATBancorp Shareholder Appraisal Rights beginning on page 86. Due to the complexity of the procedures for exercising the right to seek appraisal, ATBancorp shareholders who are considering exercising such rights are encouraged to seek the advice of legal counsel. Failure to strictly comply with the applicable Iowa law provisions will result in the loss of the right of appraisal.

**Q: WHAT ARE THE MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE MERGER TO ATBANCORP SHAREHOLDERS?**

A: The Merger is intended to qualify, and the obligation of each party to complete the Merger is conditioned upon the party's receipt of an opinion to the effect that the Merger will qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code.

Accordingly, ATBancorp shareholders are not expected to recognize any gain or loss upon receipt of *MidWestOne* common stock in exchange for ATBancorp common stock in the Merger, and will recognize gain (but not loss) in an amount not to exceed any cash received as part of the Merger consideration (except with respect to any cash received in lieu of a fractional share of *MidWestOne* common stock, as discussed below under Material U.S. Federal Income Tax Consequences of the Merger Cash Received In Lieu of a Fractional Share of MidWestOne Common Stock ). For a more detailed discussion of the material U.S. federal income tax consequences of the transaction, please see the section entitled Material U.S. Federal Income Tax Consequences of the Merger beginning on page 100.

The tax consequences of the Merger to any particular shareholder will depend on that shareholder's particular facts and circumstances. Accordingly, you are urged to consult your tax advisor to determine your tax consequences from the Merger.

**Q: WHAT HAPPENS IF THE MERGER IS NOT COMPLETED?**

A: If the Merger Agreement is terminated and the Merger is not completed, ATBancorp shareholders will not receive any consideration for their shares of ATBancorp common stock that otherwise would have been received in connection with the Merger. Instead, ATBancorp will remain an independent company. In addition, if the Merger Agreement is terminated under certain circumstances, ATBancorp would be required to pay *MidWestOne* a termination fee of \$7.6 million, plus reimburse *MidWestOne*'s expenses up to \$1,000,000.

Table of Contents

**Q: SHOULD ATBANCORP SHAREHOLDERS SEND IN THEIR STOCK CERTIFICATES NOW?**

A: No. ATBancorp shareholders should not send in any stock certificates now. If the Merger is approved, transmittal materials with instructions for their completion will be provided to ATBancorp shareholders under separate cover and the stock certificates should be sent at that time.

**Q: WHAT SHOULD I DO IF I RECEIVE MORE THAN ONE SET OF VOTING MATERIALS?**

A: ATBancorp and MidWestOne shareholders may receive more than one set of voting materials, including multiple copies of this document and multiple proxy cards or voting instruction cards. For example, if you hold shares of MidWestOne common stock in more than one brokerage account, you will receive a separate voting instruction card for each brokerage account in which you hold such shares. If you are a holder of record of ATBancorp common stock or MidWestOne common stock and your shares are registered in more than one name, you will receive one or more separate proxy cards or voting instruction cards for each company. Please complete, sign, date and return each proxy card and voting instruction card that you receive or otherwise follow the voting instructions set forth in this document to ensure that you vote every share of ATBancorp common stock or MidWestOne common stock that you own.

**Q: WHO SHOULD I CONTACT IF I HAVE ANY QUESTIONS ABOUT THE PROXY MATERIALS OR VOTING?**

A: If you are a MidWestOne shareholder and have any questions about the proxy materials or if you need assistance submitting your proxy or voting your shares or need additional copies of this document or the enclosed proxy card, you should contact MidWestOne Investor Relations at (319) 356-5800.

If you are an ATBancorp shareholder and have any questions about the proxy materials or if you need assistance submitting your proxy or voting your shares or need additional copies of this document or the enclosed proxy card, you should contact John W. Marshall, Secretary, at (563) 589-7178.

Table of Contents

**SUMMARY**

*This summary highlights selected information included in this document and does not contain all of the information that may be important to you. You should read this entire document and its appendices and the other documents to which the parties refer before you decide how to vote with respect to the proposals. In addition, the parties incorporate by reference important business and financial information about MidWestOne into this document. For a description of this information, please see the section entitled *Incorporation of Certain Documents by Reference* beginning on page 148. You may obtain the information incorporated by reference into this document without charge by following the instructions in the section entitled *Where You Can Find More Information* in the forepart of this document. Each item in this summary includes a page reference directing you to a more complete description of that item.*

*Unless the context otherwise requires, throughout this document, *MidWestOne* refers to MidWestOne Financial Group, Inc., *ATBancorp* refers to ATBancorp and *we, us and our* refer collectively to MidWestOne and ATBancorp. Also, the parties refer to the proposed merger of ATBancorp with and into MidWestOne as the *Merger*, the proposed merger of American Trust & Savings Bank and American Bank & Trust Wisconsin with MidWestOne Bank collectively as the *Bank Mergers* and the Agreement and Plan of Merger dated as of August 21, 2018, by and between MidWestOne and ATBancorp as the *Merger Agreement*.*

**The Merger and the Merger Agreement (pages 52 and 89)**

The terms and conditions of the Merger are contained in the Merger Agreement, which is attached to this document as Appendix A. The parties encourage you to read the Merger Agreement carefully, as it is the legal document that governs the Merger. Under the terms of the Merger Agreement, ATBancorp will merge with and into MidWestOne with MidWestOne as the surviving corporation.

**Merger Consideration (page 90)**

In the Merger, each share of ATBancorp common stock issued and outstanding immediately prior to the Effective Time, excluding any Cancelled Shares and any Dissenters' Shares, shall represent the right to receive without interest (i) 117.5500 shares of MidWestOne common stock (the *Per Share Stock Consideration*) and (ii) \$992.51 (the *Per Share Cash Consideration*).

No fractional shares of MidWestOne common stock will be issued to any shareholder of ATBancorp upon completion of the Merger. For each fractional share that would otherwise be issued, MidWestOne will pay an amount in cash (without interest) rounded to the nearest whole cent, determined by multiplying the Closing Acquiror Common Stock Price by the fractional share of MidWestOne common stock to which such former holder would otherwise be entitled. No interest will be paid or accrue on cash payable to holders in lieu of fractional shares.

## Edgar Filing: MidWestOne Financial Group, Inc. - Form S-4

The ultimate value of the consideration received by ATBancorp shareholders will depend on the trading value of MidWestOne common stock prior to the closing of the Merger. By way of example, the following MidWestOne closing prices would result in the corresponding total Merger consideration and consideration per share of ATBancorp common stock:

MidWestOne Closing Price	[•]	Total Merger Consideration	[•]	Consideration Per Share of ATBancorp Common Stock	[•]
\$	33.25	\$	171.67 million	\$	4,901.05
\$	26.60	\$	144.29 million	\$	4,119.34

It is currently expected that the former shareholders of ATBancorp as a group will receive shares in the Merger constituting approximately 25.2% of the outstanding shares of the combined company's common stock immediately after the Merger. As a result, current shareholders of MidWestOne as a group will own approximately 74.8% of the outstanding shares of the combined company's common stock immediately after the Merger.

### Special Dividends (page 86)

The Merger Agreement provides that ATBancorp may pay a special dividend of \$907.8452 per share to the ATBancorp shareholders at any time prior to the Closing as determined by ATBancorp. Such dividend represents a portion of the proceeds to ATBancorp from the sale of Heritage Commerce Corp common stock received as consideration in connection with the sale of United American Bank. The special dividend was distributed to ATBancorp shareholders on September 24, 2018.

The Merger Agreement also provides that ATBancorp may pay a special dividend to shareholders based on the net proceeds (if any) received by ATBancorp in connection with the disposition by ATBancorp of the ATB Businesses prior to Closing, as required

Table of Contents

by the Merger Agreement. The payment of these special dividends by ATBancorp is in addition to the Merger consideration to be paid by MidWestOne. ATBancorp shareholders are not required to take any action to approve or receive these special dividends.

**Recommendation of the MidWestOne Board of Directors (page 56)**

After careful consideration, the MidWestOne board of directors recommends that MidWestOne shareholders vote FOR the MidWestOne merger proposal, FOR the MidWestOne stock issuance proposal and FOR the MidWestOne adjournment proposal (if necessary or appropriate).

For a more complete description of MidWestOne's reasons for the Merger and the recommendations of the MidWestOne board of directors, please see the section entitled The Merger Recommendation of the MidWestOne Board of Directors and Reasons for the Merger beginning on page 56.

**Recommendation of the ATBancorp Board of Directors (page 66)**

After careful consideration, the ATBancorp board of directors recommends that ATBancorp shareholders vote FOR the ATBancorp merger proposal and FOR the ATBancorp adjournment proposal (if necessary or appropriate).

In connection with entering into the Merger Agreement, MidWestOne entered into the Voting Agreement with certain holders of ATBancorp common stock. The shareholders that are party to the Voting Agreement beneficially own in the aggregate 62.41% of the outstanding shares of ATBancorp common stock. The Voting Agreement requires that the shareholders party thereto vote all of their shares of ATBancorp common stock in favor of the Merger and against any proposal made in opposition to or in competition with the Merger. The Voting Agreement will terminate upon the earlier of the consummation of the Merger or the termination of the Merger Agreement in accordance with its terms. Pursuant to the Voting Agreement, approval of the ATBancorp merger proposal is virtually assured. For more information regarding the Voting Agreement, please see the section entitled The Merger Agreement Voting Agreement beginning on page 99.

For a more complete description of ATBancorp's reasons for the Merger and the recommendations of the ATBancorp board of directors, please see the section entitled The Merger Recommendation of the ATBancorp Board of Directors and Reasons for the Merger beginning on page 66.

**Opinions of Financial Advisors (pages 57 and 68)**

*Opinion of MidWestOne's Financial Advisor*



## Edgar Filing: MidWestOne Financial Group, Inc. - Form S-4

In connection with the Merger, MidWestOne's financial advisor, Piper Jaffray & Co. ( Piper Jaffray ) delivered a written opinion, dated August 21, 2018, to MidWestOne's board of directors as to the fairness, from a financial point of view and as of the date of the opinion, to MidWestOne of the aggregate Merger consideration in the proposed Merger. The full text of Piper Jaffray's opinion, which describes the procedures followed, assumptions made, matters considered, and qualifications and limitations on the review undertaken by Piper Jaffray in preparing the opinion, is attached as [Appendix C](#) to this joint proxy statement/prospectus. **This opinion was provided for the information and assistance of the MidWestOne board of directors in connection with its consideration of the Merger. The opinion did not address the merits of MidWestOne's underlying decision to engage in the Merger or the relative merits of the Merger compared to any alternative business strategy or transaction in which MidWestOne might engage.** The opinion does not constitute a recommendation to the MidWestOne board of directors or any holder of MidWestOne common stock as to how any MidWestOne board member or such holder should vote with respect to the Merger.

For further information, please see the section entitled "The Merger - Opinion of MidWestOne's Financial Advisor" beginning on page 57.

### *Opinion of ATBancorp's Financial Advisor*

In connection with the Merger, the ATBancorp board of directors received an opinion from Sandler O'Neill & Partners, L.P. ( Sandler O'Neill ), ATBancorp's financial advisor. On August 20, 2018, Sandler O'Neill rendered its oral opinion to the ATBancorp board of directors (which was confirmed in writing by delivery of Sandler O'Neill's written opinion dated August 20, 2018) to the effect that, as of such date, the per share Merger consideration to be received by holders of ATBancorp common stock in the Merger was fair to the holders of ATBancorp common stock, from a financial point of view. The full text of Sandler O'Neill's written opinion is attached as [Appendix D](#) to this joint proxy statement/prospectus. ATBancorp shareholders should read the entire opinion for a discussion of, among other things, the assumptions made, matters considered and qualifications and limitations on the review undertaken by Sandler O'Neill in rendering its opinion.

Table of Contents

**Sandler O'Neill's opinion speaks only as of the date of the opinion. The opinion was directed to ATBancorp's board of directors in connection with its consideration of the Merger Agreement and the Merger and does not constitute a recommendation to any shareholder of ATBancorp as to how any such shareholder should vote at any meeting of shareholders called to consider and vote upon the approval of the Merger Agreement and the Merger. Sandler O'Neill's opinion was directed only to the fairness, from a financial point of view, of the per share Merger consideration to the holders of ATBancorp common stock and does not address the underlying business decision of ATBancorp to engage in the Merger, the form or structure of the Merger or any other transactions contemplated in the Merger Agreement, the relative merits of the Merger as compared to any other alternative transactions or business strategies that might exist for ATBancorp or the effect of any other transaction in which ATBancorp might engage.**

For further information, please see the section entitled "The Merger - Opinion of ATBancorp's Financial Advisor" beginning on page 68.

**MidWestOne Special Meeting of Shareholders (page 43)**

The MidWestOne special meeting will be held at [•], at [•], Central Time, on [•]. At the MidWestOne special meeting, MidWestOne shareholders will be asked to approve the MidWestOne merger proposal, the MidWestOne stock issuance proposal and the MidWestOne adjournment proposal (if necessary or appropriate).

MidWestOne's board of directors has fixed the close of business on [•] as the record date for determining the holders of MidWestOne common stock entitled to receive notice of and to vote at the MidWestOne special meeting. As of the MidWestOne record date, there were [•] shares of MidWestOne common stock outstanding and entitled to vote at the MidWestOne special meeting held by approximately [•] holders of record. Each share of MidWestOne common stock entitles the holder to one vote on each proposal to be considered at the MidWestOne special meeting. As of the MidWestOne record date, directors and executive officers of MidWestOne owned and were entitled to vote [•] shares of MidWestOne common stock, representing approximately [•]% of the shares of MidWestOne common stock outstanding on that date. MidWestOne currently expects that MidWestOne's directors and executive officers will vote their shares in favor of the proposals to be presented at the special meeting, although none of them has entered into any agreements obligating them to do so. As of the MidWestOne record date, ATBancorp beneficially held no shares of MidWestOne common stock.

Approval of the MidWestOne merger proposal requires the affirmative vote of a majority of the votes entitled to be cast on the proposal. Approval of the MidWestOne stock issuance proposal and the MidWestOne adjournment proposal requires the affirmative vote of a majority of the shares of MidWestOne common stock represented in person or by proxy at the MidWestOne special meeting and entitled to vote on such proposals.

**ATBancorp Special Meeting of Shareholders (page 48)**

The ATBancorp special meeting will be held at [●], at [●], Central Time, on [●]. At the ATBancorp special meeting, ATBancorp shareholders will be asked to approve the ATBancorp merger proposal and, if necessary or appropriate, the ATBancorp adjournment proposal.

ATBancorp's board of directors has fixed the close of business on [●] as the record date for determining the holders of ATBancorp common stock entitled to receive notice of and to vote at the ATBancorp special meeting. As of the ATBancorp record date, there were 35,028 shares of ATBancorp common stock outstanding and entitled to vote at the ATBancorp special meeting held by [●] holders of record. Each share of ATBancorp common stock entitles the holder to one vote on each proposal to be considered at the ATBancorp special meeting. As of the ATBancorp record date, directors and executive officers of ATBancorp owned and were entitled to vote [●] shares of ATBancorp common stock, representing approximately [●]% of the shares of ATBancorp common stock outstanding on that date. In connection with entering into the Merger Agreement, MidWestOne entered into the Voting Agreement with certain holders of ATBancorp common stock. The shareholders that are party to the Voting Agreement beneficially own in the aggregate 62.41% of the outstanding shares of ATBancorp common stock. The Voting Agreement requires that the shareholders party thereto vote all of their shares of ATBancorp common stock in favor of the Merger and against alternative acquisition proposals. The Voting Agreement will terminate upon the earlier of the consummation of the Merger or the termination of the Merger Agreement in accordance with its terms. As of the ATBancorp record date, MidWestOne beneficially held no shares of ATBancorp's common stock.

Approval of the ATBancorp merger proposal requires the affirmative vote of a majority of the shares of ATBancorp common stock represented in person or by proxy at the ATBancorp special meeting and entitled to vote on this proposal. Pursuant to the Voting Agreement, approval of the ATBancorp merger proposal is virtually assured. Approval of the ATBancorp adjournment proposal

Table of Contents

requires the affirmative vote of a majority of the shares of ATBancorp common stock represented in person or by proxy at the ATBancorp special meeting and entitled to vote on this proposal.

**ATBancorp's Directors and Executive Officers Have Certain Interests in the Merger (page 80)**

ATBancorp's executive officers and directors have interests in the Merger that are different from, or in addition to, the interests of ATBancorp's shareholders generally. Such interests include change in control agreements, deferred compensation agreements and salary continuation agreements with certain executive officers and the right to indemnification and insurance coverage following the consummation of the Merger. The members of the ATBancorp board of directors were aware of and considered these interests, among other matters, when they approved the Merger Agreement and recommended that ATBancorp shareholders approve the ATBancorp merger proposal. These interests are described in more detail under the section entitled "The Merger - Interests of ATBancorp Directors and Executive Officers in the Merger" beginning on page 80.

**Management and Board of Directors of MidWestOne after the Merger (page 80)**

Pursuant to the Merger Agreement, MidWestOne shall take all appropriate action, subject to and in accordance with MidWestOne's articles of incorporation, bylaws, board policies and applicable legal requirements, to appoint two individuals to MidWestOne's Board who are designated by ATBancorp, by a vote of at least 75% of ATBancorp's Board, and are agreeable to MidWestOne. One of the individuals so designated by ATBancorp must not be a current officer, director or shareholder of ATBancorp and must have an established history in the Dubuque, Iowa business community (the "Dubuque Community Director"). One individual will be designated to serve as a Class I director and the other individual will be designated to serve as a Class II director, with the class assignments determined by MidWestOne, in each case, effective immediately upon the effectiveness of the Merger.

**Regulatory Approvals Required for the Merger (page 84)**

Completion of the Merger and the Bank Mergers are subject to various regulatory approvals, including approval or waiver from the Board of Governors of the Federal Reserve System (the "Federal Reserve Board"), and the approvals of the Federal Deposit Insurance Corporation (the "FDIC"), the Iowa Division of Banking (the "IDB") and the Wisconsin Department of Financial Institutions (the "WDFI"). The parties have filed notices and applications to obtain the necessary regulatory approvals or waivers, as applicable of the Federal Reserve Board, FDIC, the IDB and WDFI. On October 11, 2018, the Federal Reserve Board informed the parties that its legal division would not recommend that the Federal Reserve Board require the filing of an application by MidWestOne in connection with the Merger. The regulatory approvals to which completion of the Merger and Bank Mergers are subject are described in more detail under the section entitled "The Merger - Regulatory Approvals Required for the Merger" beginning on page 84.

**Conditions to Consummation of the Merger (page 97)**

The respective obligation of each party to effect the Merger is subject to the satisfaction or written waiver at or prior to the Effective Time of each of the following conditions:

- all actions and approvals by governmental authorities and certain other specified actions and approvals shall have been taken and obtained and shall remain in full force and effect and all statutory waiting periods shall have expired or been terminated and no such requisite regulatory approval shall have imposed a restriction or condition on, or requirement of, such approval that would, after the Effective Time, reasonably be expected by the board of directors of *MidWestOne* to materially restrict or burden, or impair in any material respect the benefits of the contemplated transactions to, or require a materially burdensome modification of, the businesses, activities, governance, legal structure, capital structure, compensation or fee arrangements of *MidWestOne* or its subsidiaries;
- *ATBancorp* and *MidWestOne* shall have each obtained the approval of the Merger Agreement and the transactions contemplated thereby by their respective shareholders;
- no order issued by any court or governmental agency or other legal restraint or prohibition preventing the consummation of the Merger or the other transactions contemplated by the Merger Agreement shall be in effect, and no legal requirement shall have been enacted, entered, promulgated or enforced by any governmental authority which prohibits or makes illegal consummation of the Merger;
- the S-4 registration statement of which this joint proxy statement/prospectus is a part shall have become effective under the Securities Act, and no stop orders suspending such effectiveness shall be in effect, and no proceeding shall have been commenced or be pending or threatened for such purpose; and
- *MidWestOne* shall have filed with the Nasdaq Stock Market, LLC a notification form for the listing of all shares of *MidWestOne* common stock to be delivered in the Merger, and the Nasdaq Stock Market, LLC shall not have objected to the listing of such shares.

Table of Contents

ATBancorp's obligation to effect the Merger is also subject to the fulfillment or waiver of the following conditions:

- the accuracy of the representations and warranties of *MidWestOne* set forth in the Merger Agreement as of the date of the Merger Agreement and as of the Closing Date as though made at and as of the Closing Date (unless any such representation or warranty is made only as of a specific date, in which case as of such specific date);
- the performance by *MidWestOne* in all material respects of all covenants and obligations to be performed or complied with by it under the terms of the Merger Agreements on or prior to the Closing Date;
- the receipt of a certificate, signed on behalf of *MidWestOne* by an executive officer, certifying that certain of the conditions to ATBancorp's obligation to complete the Merger have been satisfied;
- receipt by ATBancorp of a written opinion of its tax accountants to the effect that the Merger will constitute a reorganization within the meaning of Section 368(a) of the Internal Revenue Code; and
- from the date of the Merger Agreement to closing, no material adverse effect shall have occurred with respect to *MidWestOne* or any of its subsidiaries.

*MidWestOne*'s obligation to effect the Merger is also subject to the satisfaction or waiver of the following conditions:

- the accuracy of the representations and warranties of ATBancorp set forth in the Merger Agreement as of the date of the Merger Agreement and as of the Closing Date as though made at and as of the Closing Date (unless any such representation or warranty is made only as of a specific date, in which case as of such specific date);
- the performance by ATBancorp in all material respects of all covenants and obligations to be performed or complied with by it under the terms of the Merger Agreements on or prior to the Closing Date, and ATBancorp's obtainment of and provision to *MidWestOne* of copies of all ATBancorp required approvals;
- the receipt of a certificate, signed on behalf of ATBancorp by an executive officer certifying that certain of the conditions to *MidWestOne*'s obligation to complete the Merger have been satisfied;
- the receipt by *MidWestOne* of a written opinion of its counsel to the effect that the Merger will constitute a reorganization within the meaning of Section 368(a) of the Internal Revenue Code;
- from the date of the Merger Agreement to closing, no material adverse effect shall have occurred with respect to ATBancorp or any of its subsidiaries;
- ATBancorp shall have satisfied all of the conditions necessary to complete the redemption of all of ATBancorp's subordinated debentures bearing a fixed annual rate per annum of 6.50% and maturing September 15, 2021, in the aggregate principal amount of \$9,600,000;
- the receipt of duly executed copies of the Lock-Up Agreements, which have been delivered;

- the total number of outstanding shares of ATBancorp common stock that have duly exercised their appraisal rights shall not exceed 7.5% of the outstanding shares of ATBancorp common stock;
- ATBancorp shall have completed the disposition of an aircraft and the ATB Businesses; and
- ATBancorp shall have delivered to MidWestOne all other instruments and documents that MidWestOne may reasonably request to effectuate the transactions contemplated in the Merger Agreement.

**Acquisition Proposals (page 96)**

Under the terms of the Merger Agreement, ATBancorp has agreed that it shall not, and it shall cause its subsidiaries and its subsidiaries representatives not to, directly or indirectly:

- initiate, solicit, encourage or knowingly facilitate any inquiries or proposals with respect to, or engage in any discussions or negotiations concerning, or provide any information, including any confidential or nonpublic information, or data to, or have any discussions with, any person relating to, any proposal or offer that constitutes, or could reasonably be expected to lead to, an acquisition proposal; or
- approve, recommend or enter into, or propose to approve, recommend or enter into, any letter of intent or similar document, memorandum of understanding, agreement, commitment, or agreement in principle with respect to an acquisition proposal.

ATBancorp has agreed to promptly notify MidWestOne of any such unsolicited acquisition proposal or of any request for information relating to ATBancorp or any of its subsidiaries that is reasonably likely to lead to or that contemplates an acquisition proposal, including the identity of the proposed acquirer and the material terms and conditions of such proposal.

Table of Contents

**Termination of the Merger Agreement (page 98)**

MidWestOne and ATBancorp may mutually agree at any time to terminate the Merger Agreement without completing the Merger. The Merger Agreement may also be terminated by MidWestOne or ATBancorp if:

- the other party breaches or fails to perform any of its representations, warranties, covenants or agreements set forth in the Merger Agreement, which breach or failure to perform, either individually or together with other such breaches, in the aggregate, if occurring or continuing on the date on which the Closing would otherwise occur would result in the failure of any of the conditions to closing and such breach or failure to perform has not been or cannot be cured on or prior to the earlier of two business days prior to June 30, 2019 (the Termination Date ) and 30 days following written notice to the party committing such breach, making such untrue representation and warranty or failing to perform;
- (i) any regulatory authority that must grant a requisite regulatory approval has denied approval of any of the contemplated transactions and such denial has become final and nonappealable; (ii) any application, filing or notice for a requisite regulatory approval has been withdrawn at the request or recommendation of the applicable regulatory authority; or (iii) if (A) ATBancorp does not obtain the approval of the Merger Agreement and the transactions contemplated thereby by its shareholders or (B) MidWestOne does not obtain the approval of the issuance of shares of common stock in connection with the Merger by its shareholders, each following the ATBancorp shareholders meeting or the MidWestOne shareholders meeting, respectively; provided, however, that the right to terminate shall not be available to a party whose failure to fulfill any of its obligations under the Merger Agreement has been the cause of or resulted in the occurrence of any event described in clause (iii) above and such failure constitutes a material breach of the Merger Agreement;
- the Effective Time has not occurred at or before the Termination Date; provided, however, that the right to terminate shall not be available to any party whose failure to fulfill any of its obligations under the Merger Agreement has been the cause of, or has resulted in, the failure of the Effective Time to occur on or before such date and such failure constitutes a material breach of the Merger Agreement; or
- any court of competent jurisdiction or other regulatory authority shall have issued a judgment, order, injunction, rule or decree or taken any other action restraining, enjoining or otherwise prohibiting any of the contemplated transactions and such judgment, order, injunction, rule, decree or other action shall have become final and nonappealable.

Further, MidWestOne may terminate the Merger Agreement if:

- ATBancorp makes a Company Adverse Recommendation (as defined in the Merger Agreement) or if ATBancorp materially breaches certain of its other obligations under the Merger Agreement relating to holding a shareholders meeting or acquisition proposals; and



- if certain events, conditions or circumstances require further investigation, remedial or cleanup action under certain environmental laws and such expenditures are reasonably expected to exceed \$10,000,000.

Further, ATBancorp may terminate the Merger Agreement if:

- if both of the following conditions are satisfied on the Determination Date, such termination to be effective on the 10th day following the Determination Date: (i) the Final Acquiror Market Value is less than \$26.60; and (ii) the number obtained by dividing the Final Acquiror Market Value by \$33.25 shall be less than the Index Ratio multiplied by 0.80; *subject, however*, to MidWestOne's exercise of its option to increase the per share stock consideration payable to ATBancorp shareholders, in which event no termination shall occur; or
- under certain circumstances it receives an acquisition proposal that would constitute a superior proposal.

For more information, please see the section entitled "The Merger Agreement - Termination of the Merger Agreement" beginning on page 98.

#### **Termination Fees (page 98)**

The Merger Agreement also provides that upon termination of the Merger Agreement by either MidWestOne under certain circumstances, including ATBancorp failing to convene a meeting of its shareholders to consider and approve the Merger Agreement and the transactions contemplated thereby, or by ATBancorp by accepting a superior proposal, ATBancorp will be obligated to pay MidWestOne a termination fee of \$7.6 million, plus the aggregate amount of MidWestOne's expenses incurred in connection with the Merger, provided that the aggregate amount of such expenses shall not exceed \$1,000,000.

#### **Voting Agreement (page 99)**

In connection with entering into the Merger Agreement, MidWestOne entered into the Voting Agreement with certain holders of ATBancorp common stock. The shareholders that are party to the Voting Agreement beneficially own in the aggregate

Table of Contents

62.41% of the outstanding shares of ATBancorp common stock. The Voting Agreement requires that the shareholders party thereto vote all of their shares of ATBancorp common stock in favor of the Merger and against any proposal made in opposition to or in competition with the Merger. The Voting Agreement will terminate upon the earlier of the consummation of the Merger or the termination of the Merger Agreement in accordance with its terms. Pursuant to the Voting Agreement, approval of the ATBancorp merger proposal is virtually assured. For more information regarding the Voting Agreement, please see the section entitled *The Merger Agreement Voting Agreement* beginning on page 99.

**Lock-Up Agreements (page 99)**

In connection with entering into the Merger Agreement, MidWestOne entered into Lock-Up Agreements ( *Lock-Up Agreements* ) with certain holders of ATBancorp common stock. The shareholders that are party to the Lock-Up Agreements beneficially own in the aggregate 62.41% of the outstanding shares of ATBancorp common stock. The Lock-Up Agreements require that the shareholders that are parties thereto, during the period commencing as of the date on which the Effective Time occurs and expiring 180 days thereafter, not directly or indirectly, with certain exceptions, take any action to: (i) offer, sell, contract to sell, sell any option, warrant or contract to purchase, purchase any option, warrant or contract to sell, transfer, pledge or otherwise dispose of, or enter into any transaction which is designed to, or might reasonably be expected to, result in the disposition (whether by actual disposition or effective economic disposition or otherwise) of any shares of MidWestOne common stock whether owned as of the time of the Lock-Up Agreements or subsequently acquired, including shares of MidWestOne common stock received by the shareholder pursuant to the Merger Agreement; (ii) enter into any swap or other derivative transaction that transfers to another, in whole or in part, any of the economic benefits or risks of ownership of MidWestOne common stock, whether any such transaction is to be settled by delivery of MidWestOne common stock or other securities, in cash or otherwise; or (iii) publicly disclose an intention to effect any transaction contemplated by clause (i) or (ii). If the Merger Agreement is terminated without the consummation of the Merger, the Lock-Up Agreements will automatically terminate. For more information regarding the Lock-Up Agreements, please see the section entitled *The Merger Agreement Lock-Up Agreements* beginning on page 99.

**Material U.S. Federal Income Tax Consequences of the Merger (page 100)**

The Merger is intended to qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code. Assuming the Merger qualifies as a reorganization, a shareholder of ATBancorp generally will not recognize any gain or loss upon receipt of MidWestOne common stock in exchange for ATBancorp common stock in the Merger, and will recognize gain (but not loss) in an amount not to exceed any cash received as part of the Merger consideration (except with respect to any cash received in lieu of a fractional share of MidWestOne common stock, as discussed below under *Material U.S. Federal Income Tax Consequences of the Merger Cash Received In Lieu of a Fractional Share of MidWestOne Common Stock* ). It is a condition to the completion of the Merger that MidWestOne and ATBancorp receive written opinions from their tax counsel or tax accountants to the effect that the Merger will qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code.

Tax matters are complicated and the tax consequences of the Merger to each ATBancorp shareholder may depend on such shareholder's particular facts and circumstances. ATBancorp shareholders are urged to consult their tax advisors to understand fully the tax consequences to them of the Merger. For more information, please see the section entitled *Material U.S. Federal Income Tax Consequences of the Merger* beginning on page 100.

**Comparison of Shareholders' Rights (page 104)**

## Edgar Filing: MidWestOne Financial Group, Inc. - Form S-4

The rights of ATBancorp shareholders who continue as MidWestOne shareholders after the Merger will be governed by the articles of incorporation and bylaws of MidWestOne rather than by the articles of incorporation and bylaws of ATBancorp. For more information, please see the section entitled "Comparison of Shareholders' Rights" beginning on page 104.

### **The Parties (pages 109 and 110)**

MidWestOne Financial Group, Inc.

102 South Clinton Street

Iowa City, Iowa 52240

Phone: (319) 356-5800

MidWestOne is an Iowa corporation incorporated in 1983, is a bank holding company registered under the Bank Holding Company Act of 1956, as amended (the "BHC Act") and a financial holding company under the Gramm-Leach-Bliley Act of 1999. As of June 30, 2018, MidWestOne had consolidated total assets of \$3.276 billion, total loans held for investment of \$2.3 billion, deposits of \$2.6 billion and shareholders' equity of \$346 million.

Table of Contents

ATBancorp

895 Main Street

Dubuque, Iowa 52001

Phone: (563) 582-1841

ATBancorp is an Iowa corporation incorporated in 1985 and a bank holding company registered under the BHC Act. As of June 30, 2018, ATBancorp had consolidated total assets of \$1.4 billion, total loans held for investment of \$1.1 billion, deposits of \$1.1 billion and shareholders' equity of \$146.0 million.

**Risk Factors (page 36)**

Before voting at the *MidWestOne* special meeting or ATBancorp special meeting, you should carefully consider all of the information contained in or incorporated by reference into this document, including the risk factors set forth in the section entitled "Risk Factors" beginning on page 36 or described in *MidWestOne*'s Annual Report on Form 10-K for the year ended on December 31, 2017 and other reports filed with the SEC, which are incorporated by reference into this document. Please see "Where You Can Find More Information" in the forepart of this document and "Incorporation of Certain Documents by Reference" beginning on page 148.

Table of Contents**CERTAIN FINANCIAL INFORMATION REGARDING MIDWESTONE AND ATBANCORP****Selected Financial Information of MidWestOne**

The following table summarizes consolidated financial results achieved by MidWestOne for the periods and at the dates indicated and should be read in conjunction with MidWestOne's consolidated financial statements and the notes to the consolidated financial statements contained in reports that MidWestOne has previously filed with the SEC. Historical financial information for MidWestOne can be found in its Annual Report on Form 10-K for the year ended December 31, 2017 and its Quarterly Report on Form 10-Q for the six-month period ended June 30, 2018. Please see the section entitled "Where You Can Find More Information" for instructions on how to obtain the information that has been incorporated by reference. You should not assume the results of operations for past years indicate results for any future period.

	2017	As of and for the Years Ended December 31,			2013
		2016	2015	2014	
		(dollars in thousands except per share)			
<b>Consolidated Statement of Income Data:</b>					
Interest income	\$ 119,320	\$ 112,328	\$ 100,700	\$ 64,404	\$ 66,094
Interest expense	15,145	12,722	10,648	9,551	12,132
Net interest income	104,175	99,606	90,052	54,853	53,962
Provision for loan losses	17,334	7,983	5,132	1,200	1,350
Net interest income after provision for loan losses	86,841	91,623	84,920	53,653	52,612
Noninterest income	22,370	23,434	21,193	15,313	14,728
Noninterest expense	80,136	87,806	73,176	43,413	42,087
Income before income taxes	29,075	27,251	32,937	25,553	25,253
Income tax expense	10,376	6,860	7,819	7,031	6,646
Net income	\$ 18,699	\$ 20,391	\$ 25,118	\$ 18,522	\$ 18,607
<b>Common Share Data:</b>					
Basic earnings per share	\$ 1.55	\$ 1.78	\$ 2.42	\$ 2.20	\$ 2.19
Diluted earnings per share	\$ 1.55	\$ 1.78	\$ 2.42	\$ 2.19	\$ 2.18
Cash dividends declared per share	\$ 0.67	\$ 0.64	\$ 0.60	\$ 0.58	\$ 0.50
Book value per share	\$ 27.85	\$ 26.71	\$ 25.96	\$ 23.07	\$ 20.99
Weighted average shares outstanding-basic	12,038	11,430	10,363	8,405	8,478
Weighted average shares outstanding-diluted	12,063	11,456	10,391	8,433	8,525
Shares outstanding at end of period	12,220	11,436	11,409	8,356	8,482
<b>Consolidated Balance Sheet Data:</b>					
Cash and cash equivalents	\$ 50,972	\$ 43,228	\$ 47,097	\$ 23,409	\$ 24,890
Investment securities	\$ 643,279	\$ 645,910	\$ 545,664	\$ 526,466	\$ 531,186
Loans held for investment, net of unearned income	\$ 2,286,695	\$ 2,165,143	\$ 2,151,942	\$ 1,132,519	\$ 1,088,412
Allowance for loan losses	\$ 28,059	\$ 21,850	\$ 19,427	\$ 16,363	\$ 16,179
Total assets	\$ 3,212,271	\$ 3,079,575	\$ 2,979,975	\$ 1,800,302	\$ 1,755,218
Total deposits	\$ 2,605,319	\$ 2,480,448	\$ 2,463,521	\$ 1,408,542	\$ 1,374,942
Total borrowings and debt	\$ 248,522	\$ 274,063	\$ 202,050	\$ 186,693	\$ 189,029
Shareholders' equity	\$ 340,304	\$ 305,456	\$ 296,178	\$ 192,731	\$ 178,016
<b>Average Balance Sheet Data:</b>					
Average assets	\$ 3,097,496	\$ 2,993,875	\$ 2,773,095	\$ 1,760,776	\$ 1,756,344
Average earning assets	\$ 2,853,830	\$ 2,747,493	\$ 2,541,681	\$ 1,669,130	\$ 1,667,251

Edgar Filing: MidWestOne Financial Group, Inc. - Form S-4

Average shareholders equity	\$	334,966	\$	304,670	\$	255,307	\$	186,375	\$	175,666
<b>Financial Ratios:</b>										
Return on average assets (a)		0.60%		0.68%		0.91%		1.05%		1.06%
Return on average equity (b)		5.58%		6.69%		9.84%		9.94%		10.59%
Net interest margin (FTE) (c)		3.83%		3.80%		3.71%		3.53%		3.46%
Efficiency ratio, adjusted (d)		58.64%		66.43%		61.36%		58.71%		57.11%

- 
- (a) Return on average assets is determined by dividing net income by average assets.
- (b) Return on average equity is determined by dividing net income by average shareholders equity.
- (c) Net interest margin (FTE) is determined by dividing net interest income, reported on a fully tax-equivalent basis assuming a 35% tax rate, by average earning assets. As presented, net interest margin (FTE) is a non-GAAP financial measure, and the most directly comparable GAAP measure is net interest margin. MidWestOne believes that the presentation of net interest margin

Table of Contents

on a tax equivalent basis provides useful information to investors regarding its results of operations because it provides a more accurate representation of MidWestOne's actual net interest margin. A reconciliation of net interest margin is presented below.

(d) As presented, the adjusted efficiency ratio is a non-GAAP financial measure. MidWestOne believes that the presentation of the adjusted efficiency ratio provides useful information to investors regarding its results of operations because it provides additional insights as to MidWestOne's current performance. A reconciliation is presented below.

	As of and for the Years Ended December 31,				
	2017	2016	2015	2014	2013
<b>Nonperforming Assets</b>					
Nonperforming assets to total assets	0.81%	0.99%	0.68%	0.83%	0.89%
Nonperforming loans to loans held for investment, net of unearned income	1.04%	1.31%	0.54%	1.15%	1.27%
Allowance for loan losses to loans held for investment, net of unearned income	1.23%	1.01%	0.90%	1.44%	1.49%
Allowance for loan losses to nonperforming loans	117.59%	76.76%	168.52%	125.67%	117.44%
Net loan charge-offs to average loans	0.51%	0.26%	0.11%	0.09%	0.11%

The following tables provide a reconciliation of the non-GAAP measures to the most comparable GAAP equivalent, in each case as of the dates presented.

	As of and for the Years Ended December 31,				
	2017	2016	2015	2014	2013
	(dollars in thousands)				
<b>Net Interest Margin Tax Equivalent Adjustment</b>					
Net interest income	\$ 104,175	\$ 99,606	\$ 90,052	\$ 54,853	\$ 53,962
Plus tax equivalent adjustment:(1)					
Loans	1,730	1,692	1,293	1,157	963
Investment securities	3,297	3,023	2,898	2,880	2,795
Tax equivalent net interest income(1)	\$ 109,202	\$ 104,321	\$ 94,243	\$ 58,890	\$ 57,720
Average interest-earning assets	\$ 2,853,830	\$ 2,747,493	\$ 2,541,681	\$ 1,669,130	\$ 1,667,251
<b>Net Interest Margin (FTE)</b>	<b>3.83%</b>	<b>3.80%</b>	<b>3.71%</b>	<b>3.53%</b>	<b>3.46%</b>
<b>Net Interest Margin</b>	<b>3.65%</b>	<b>3.63%</b>	<b>3.54%</b>	<b>3.29%</b>	<b>3.24%</b>
<b>Operating Expense</b>					
Total noninterest expense	\$ 80,136	\$ 87,806	\$ 73,176	\$ 43,413	\$ 42,087
Less: Amortization of intangibles	(3,125)	(3,970)	(3,271)	(547)	(663)
Operating expense	\$ 77,011	\$ 83,836	\$ 69,905	\$ 42,866	\$ 41,424
<b>Operating Revenue</b>					
Tax-equivalent net interest income(1)	\$ 109,202	\$ 104,321	\$ 94,243	\$ 58,890	\$ 57,720
Plus: Noninterest income	22,370	23,434	21,193	15,313	14,728
Less: Gain on sale or call of available for sale securities	188	464	1,011	1,227	65
Gain on sale or call of held to maturity securities	53				
	2	(44)	(29)	(1)	(3)

Edgar Filing: MidWestOne Financial Group, Inc. - Form S-4

Gain (loss) on sale of premises  
and equipment

Other gain (loss)		11		1,133		527		(37)		(146)
Operating Revenue	\$	131,318	\$	126,202	\$	113,927	\$	73,014	\$	72,532
<b>Efficiency Ratio, adjusted</b>		<b>58.64%</b>		<b>66.43%</b>		<b>61.36%</b>		<b>58.71%</b>		<b>57.11%</b>
<b>Efficiency Ratio</b>		<b>63.33%</b>		<b>71.36%</b>		<b>65.78%</b>		<b>61.87%</b>		<b>61.27%</b>

---

(1) Computed on a tax equivalent basis, assuming a federal income tax rate of 35%.





(c) Net interest margin (FTE) is determined by dividing net interest income, reported on a fully tax-equivalent basis assuming a 35% tax rate (for 2017) or a 21% tax rate (for 2018), by average earning assets. As presented, net interest margin (FTE) is a non-GAAP financial measure, and the most directly comparable GAAP measure is net interest margin. MidWestOne believes that the presentation of net interest margin on a tax equivalent basis provides useful information to investors regarding its results of operations because it provides a more accurate representation of MidWestOne's actual net interest margin. A reconciliation of net interest margin is presented below.

(d) As presented, the adjusted efficiency ratio is a non-GAAP financial measure. MidWestOne believes that the presentation of the adjusted efficiency ratio provides useful information to investors regarding its results of operations because it provides additional insights as to MidWestOne's current performance. A reconciliation is presented below.

Table of Contents

The following tables provide a reconciliation of the non-GAAP measures to the most comparable GAAP equivalent, in each case as of the dates presented.

	As of and for the Six Months Ended June 30,	
	2018	2017
	(dollars in thousands)	
<b>Net Interest Margin Tax Equivalent Adjustment</b>		
Net interest income	\$ 52,894	\$ 51,272
Plus tax equivalent adjustment:(1)		
Loans	499	805
Investment securities	802	1,671
Tax equivalent net interest income(1)	\$ 54,195	\$ 53,748
Average interest-earning assets	\$ 2,979,705	\$ 2,818,216
<b>Net Interest Margin (FTE)</b>	<b>3.67%</b>	<b>3.85%</b>
<b>Net Interest Margin</b>	<b>3.58%</b>	<b>3.67%</b>
<b>Operating Expense</b>		
Total noninterest expense	\$ 40,889	\$ 40,299
Less: Amortization of intangibles	(1,246)	(1,653)
Operating expense	\$ 39,643	\$ 38,646
<b>Operating Revenue</b>		
Tax-equivalent net interest income(1)	\$ 54,195	\$ 53,748
Plus: Noninterest income	11,159	10,920
Less: Gain on sale or call of available for sale securities	(9)	(20)
Gain on sale or call of held to maturity securities	4	(43)
Gain (loss) on sale of premises and equipment	18	(6)
Other gain (loss)	(30)	(50)
Operating Revenue	\$ 65,337	\$ 64,549
<b>Efficiency Ratio, adjusted</b>	<b>60.67%</b>	<b>59.87%</b>
<b>Efficiency Ratio</b>	<b>63.84%</b>	<b>64.80%</b>

(1) Computed on a tax equivalent basis, assuming a federal income tax rate of 21% for 2018, and 35% for 2017.

Table of Contents

**Unaudited Pro Forma Condensed Combined Financial Information**

The following is the unaudited pro forma combined financial data for MidWestOne and ATBancorp, giving effect to the Merger. The unaudited pro forma combined balance sheet as of June 30, 2018 gives effect to the Merger as if it occurred on that date. The unaudited pro forma combined income statement for the year ended December 31, 2017 and for the six months ended June 30, 2018 gives effect to the Merger as if it occurred as of the beginning of each period.

The unaudited pro forma combined financial statements have been prepared using the acquisition method of accounting for business combinations under accounting principles generally accepted in the United States of America ( GAAP ). MidWestOne is the acquirer for accounting purposes. Certain immaterial reclassifications have been made to the historical financial statements of ATBancorp to conform to the presentation in MidWestOne s financial statements.

A final determination of the fair values of ATBancorp s assets and liabilities, which cannot be made prior to the completion of the Merger, will be based on the actual net tangible and intangible assets of ATBancorp that exist as of the date of completion of the transaction. Consequently, fair value adjustments to assets acquired (including identifiable intangible assets) and liabilities assumed could change significantly from those in the unaudited pro forma combined financial statements presented herein and could result in a material change in amortization of acquired intangible assets. In addition, the value of the final purchase price of the Merger will be based on the closing price of MidWestOne s common stock immediately preceding the Closing Date. A closing price of MidWestOne common stock of \$33.78 was used for purposes of presenting the unaudited pro forma combined balance sheet at June 30, 2018.

In connection with the plan to integrate the operations of MidWestOne and ATBancorp following the completion of the Merger, MidWestOne anticipates that it will incur nonrecurring charges, such as costs associated with systems implementation, severance and other costs related to exit or disposal activities. MidWestOne is not able to determine the timing, nature and amount of these charges as of the date of this joint proxy statement/prospectus. However, these charges will affect the results of operations of MidWestOne and ATBancorp, as well as those of the combined company following the completion of the Merger, in the period in which they are recorded. The unaudited pro forma combined income statements do not include the effects of the non-recurring costs associated with any restructuring or integration activities resulting from the Merger, as they are nonrecurring in nature and not factually supportable at this time.

The Merger Agreement provides that ATBancorp may pay a special dividend of \$907.8452 per share to the ATBancorp shareholders at a time prior to the Closing determined by ATBancorp. Such dividend represents a portion of the proceeds to ATBancorp from the sale of Heritage Commerce Corp common stock received by ATBancorp as consideration in connection with the sale, completed on May 4, 2018, of United American Bank. ATBancorp shareholders are not required to take any action to approve or receive this special dividend. The payment of this special dividend by ATBancorp is in addition to the Merger consideration to be paid by MidWestOne. The unaudited pro forma combined financial statements reflect the special dividend of \$907.8452 per share that was distributed to ATBancorp shareholders on September 24, 2018. In addition, the unaudited pro forma combined financial statements reflect the removal of historical income and expense amounts recognized by ATBancorp from the operations of United American Bank.

The Merger Agreement also provides that, prior to Closing, ATBancorp dispose of an aircraft and the ATB Businesses; the assets and liabilities of the ATB Businesses consist primarily of customers, contracts and employees. ATBancorp may pay a special dividend to ATBancorp shareholders based on the net proceeds (if any) received by ATBancorp in connection with the disposition of the ATB Businesses, prior to Closing. ATBancorp shareholders are not required to take any action to approve or receive this special dividend. The payment of this special dividend by ATBancorp is in addition to the Merger consideration to be paid by MidWestOne. The unaudited pro forma combined financial statements reflect the removal of historical estimated amounts attributed to the ATB Businesses. The unaudited pro forma combined financial

## Edgar Filing: MidWestOne Financial Group, Inc. - Form S-4

statements do not, however, include the special dividend to shareholders based on the net proceeds received in connection with the disposition of the ATB Businesses, as MidWestOne is not able to determine the amount of such dividend as of the date of this joint proxy statement/prospectus.

The actual amounts recorded as of the completion of the Merger may differ materially from the information presented in these unaudited pro forma combined financial statements as a result of, among other things:

- changes in the trading price for MidWestOne's common stock;
- capital used or generated in ATBancorp's operations between the signing of the Merger Agreement and completion of the Merger;
- changes in ATBancorp's net assets that occur prior to the completion of the Merger;
- changes in the fair values of ATBancorp's assets and liabilities; and
- the actual financial results of the combined company.

The unaudited pro forma combined financial statements are provided for informational purposes only. The unaudited pro forma combined financial statements are not necessarily, and should not be assumed to be, an indication of the results that would have been achieved had the transaction been completed as of the dates indicated or that may be achieved in the future. The preparation of the unaudited pro forma combined financial statements and related adjustments required management to make certain assumptions and estimates. The unaudited pro forma combined financial information is based on, and should be read together with, the historical consolidated financial statements and related notes of MidWestOne incorporated into this document by reference from its Annual

Table of Contents

Report on Form 10-K for the year ended December 31, 2017 and its Quarterly Reports on Form 10-Q for the quarters ended March 31, 2018 and June 30, 2018, ATBancorp's audited consolidated financial statements and accompanying notes as of and for the year ended December 31, 2017, ATBancorp's unaudited consolidated financial statements and accompanying notes as of and for the three and six months ended March 31, 2018 and June 30, 2018 and ATBancorp's Management's Discussion and Analysis of Financial Condition and Results of Operations for the year ended December 31, 2017 and the three and six months ended March 31, 2018 and June 30, 2018 included elsewhere in this joint proxy statement/prospectus.

The unaudited pro forma condensed combined balance sheet as of June 30, 2018 presents the consolidated financial position giving pro forma effect to the following transactions as if they had occurred as of June 30, 2018:

- the completion of *MidWestOne*'s acquisition of ATBancorp, including the issuance of 4,117,541 shares of *MidWestOne*'s common stock;
- the redemption by ATBancorp of certain subordinated debentures, including any repayment fee and accrued interest, totaling approximately \$9.6 million; and
- the payment by ATBancorp of a special dividend of \$907.8452 per share to the ATBancorp shareholders.

Table of Contents**Unaudited Pro Forma Condensed Combined Balance Sheet as of June 30, 2018**

	MidWestOne Historical	ATBancorp Historical	Pro Forma Adjustments (in thousands)	Notes	Pro Forma Combined
<b>ASSETS</b>					
Cash and cash equivalents	\$ 43,264	\$ 87,008	\$ (41,200)	<b>A</b>	\$ 89,072
Equity securities, at fair value	2,809				2,809
Debt securities available for sale, at fair value	438,312	104,247			542,559
Debt securities held to maturity, at amortized cost	192,896				192,896
Loans held for sale	1,528	3,836			5,364
Loans held for investment, net of unearned income	2,364,035	1,119,888	(19,038)	<b>B</b>	3,464,885
Less: allowance for loan and lease losses	30,800	12,349	(12,349)	<b>C</b>	30,800
Loans held for investment, net	2,333,235	1,107,539	(6,689)		3,434,085
Premises and equipment, net	78,106	17,667	9,600	<b>D</b>	105,373
Goodwill	64,654	3,253	45,612	<b>F</b>	113,519
Other intangible assets, net	10,925	715	12,604	<b>G</b>	24,244
Other real estate owned	676	3,619	(838)	<b>E</b>	3,457
Other assets	109,872	39,011	(5,173)	<b>H</b>	143,710
Total assets	\$ 3,276,277	\$ 1,366,895	\$ 13,916		\$ 4,657,088
<b>LIABILITIES AND SHAREHOLDERS EQUITY</b>					
Deposits	\$ 2,604,201	\$ 1,070,606			\$ 3,674,807
Federal funds purchased	52,421	200			52,621
Securities sold under agreements to repurchase	75,046	39,669			114,715
Other borrowed money	153,000	47,400	35,000	<b>I</b>	235,400
Subordinated debentures		20,435	(9,600)	<b>J</b>	10,835
Junior subordinated notes issued to capital trusts	23,841	19,500	(4,500)	<b>K</b>	38,841
Other liabilities	21,567	23,118	(108)	<b>L</b>	44,577
Total liabilities	2,930,076	1,220,928	20,792		4,171,796
Commitments and contingent liabilities					
Shareholders equity:					
Common stock	12,463	1,764	2,354	<b>M</b>	16,581
Additional paid-in capital	187,304	4,852	130,121	<b>N</b>	322,277
Treasury stock	(5,474)	(585)	585	<b>O</b>	(5,474)
Retained earnings	159,315	141,898	(141,898)	<b>P</b>	159,315
Accumulated other comprehensive income	(7,407)	(1,962)	1,962	<b>Q</b>	(7,407)
Total shareholders equity	346,201	145,967	(6,876)		485,292
Total liabilities and shareholders equity	\$ 3,276,277	\$ 1,366,895	\$ 13,916		\$ 4,657,088

See accompanying Notes to Unaudited Pro Forma Condensed Combined Financial Information.





Table of Contents**Unaudited Pro Forma Condensed Combined Statement of Income for the Year Ended December 31, 2017**

	MidWestOne Historical	ATBancorp Historical	Pro Forma Merger Adjustments	Notes	Pro Forma Combined
(in thousands except per share amounts)					
<b>Interest Income</b>					
Loans	\$ 102,366	\$ 51,352	\$ (3,143)	<b>R</b>	\$ 150,575
Taxable securities	10,573	3,116	(1,257)	<b>S</b>	12,432
Tax-exempt securities	6,239	439			6,678
Other	142	647	(341)	<b>T</b>	448
Total interest income	119,320	55,554	(4,741)		170,133
<b>Interest Expense</b>					
Deposits	11,489	6,254	(753)	<b>U</b>	16,990
Subordinated debentures		1,357	(624)	<b>V</b>	733
Junior subordinated notes issued to capital trusts	949	582	225	<b>W</b>	1,756
Other borrowings	2,707	750	1,511	<b>X</b>	4,968
Total interest expense	15,145	8,943	359		24,447
<b>Net Interest Income</b>	104,175	46,611	(5,100)		145,686
Provision for (reversal of) loan losses	17,334	(1,320)	2,400	<b>Y</b>	18,414
Net interest income after provision for loan losses	86,841	47,931	(7,500)		127,272
<b>Noninterest Income</b>					
Trust, investment, and insurance fees	6,189	15,506	(11,684)	<b>Z</b>	10,011
Service charges and fees on deposit accounts	5,126	1,380	(84)	<b>AA</b>	6,422
Loan origination and servicing fees	3,421	3,401	(40)	<b>BB</b>	6,782
Other service charges and fees	5,992	3,417	(38)	<b>CC</b>	9,371
Investment securities gains, net	241				241
Other	1,401	1,459	(2,179)	<b>DD</b>	681
Total noninterest income	22,370	25,163	(14,025)		33,508
<b>Noninterest Expense</b>					
Salaries and employee benefits	47,864	31,501	(11,150)	<b>EE</b>	68,215
Net occupancy and equipment expense	12,305	6,696	(2,805)	<b>FF</b>	16,196
Professional fees	3,962	1,658	(568)	<b>GG</b>	5,052
Data processing expense	2,674	3,560	(821)	<b>HH</b>	5,413
FDIC insurance expense	1,265	491	(94)	<b>II</b>	1,662
Amortization of intangibles	3,125	67	2,355	<b>JJ</b>	5,547
Other	8,941	8,944	(3,031)	<b>KK</b>	14,854
Total noninterest expense	80,136	52,917	(16,114)		116,939
Income before income taxes	29,075	20,177	(5,411)		43,841
Income tax provision	10,376	6,809	(2,164)	<b>LL</b>	15,021
Net income before noncontrolling interest	18,699	13,368	(3,247)		28,820
Net income attributable to noncontrolling interest		(788)	788	<b>MM</b>	
<b>Net income available to common shareholders</b>	\$ 18,699	\$ 12,580	\$ (2,459)		\$ 28,820
<b>Per Common Share</b>					
Earnings basic	\$ 1.55	\$ 0.36			\$ 1.78
Earnings diluted	\$ 1.55	\$ 0.36			\$ 1.78
Weighted average number of common shares outstanding	12,038	35,070	(30,952)	<b>NN</b>	16,156
	12,063	35,070	(30,952)	<b>OO</b>	16,181

Weighted average number of diluted  
common shares outstanding

See accompanying Notes to Unaudited Pro Forma Condensed Combined Financial Information.

Table of Contents**Unaudited Pro Forma Condensed Combined Statement of Income for the Six Months Ended June 30, 2018**

	MidWestOne Historical	ATBancorp Historical	Pro Forma Merger Adjustments	Notes	Pro Forma Combined
	(in thousands except per share amounts)				
<b>Interest Income</b>					
Loans	\$ 54,053	\$ 25,876	\$ 192	<b>R</b>	\$ 80,121
Taxable securities	5,828	1,316	(394)	<b>S</b>	6,750
Tax-exempt securities	3,057	178			3,235
Other	27	532	(187)	<b>T</b>	372
Total interest income	62,965	27,902	(389)		90,478
<b>Interest Expense</b>					
Deposits	7,545	4,092	(302)	<b>U</b>	11,335
Subordinated debentures		664	(312)	<b>V</b>	352
Junior subordinated notes issued to capital trusts	565	364	113	<b>W</b>	1,042
Other borrowings	1,961	647	795	<b>X</b>	3,403
Total interest expense	10,071	5,767	294		16,132
<b>Net Interest Income</b>	52,894	22,135	(683)		74,346
Provision for loan losses	3,100	536			3,636
Net interest income after provision for loan losses	49,794	21,599	(683)		70,710
<b>Noninterest Income</b>					
Trust, investment, and insurance fees	3,177	7,798	(5,809)	<b>Z</b>	5,166
Service charges and fees on deposit accounts	2,326	582	(26)	<b>AA</b>	2,882
Loan origination and servicing fees	1,847	1,413	(14)	<b>BB</b>	3,246
Other service charges and fees	2,962	1,857	(13)	<b>CC</b>	4,806
Investment securities gains (losses), net	5	(1,136)			(1,131)
Other	842	26,019	(26,023)	<b>DD</b>	838
Total noninterest income	11,159	36,533	(31,885)		15,807
<b>Noninterest Expense</b>					
Salaries and employee benefits	24,596	15,706	(5,646)	<b>EE</b>	34,656
Net occupancy and equipment expense	6,489	3,340	(1,259)	<b>FF</b>	8,570
Professional fees	1,753	2,312	(1,508)	<b>GG</b>	2,557
Data processing expense	1,379	1,902	(411)	<b>HH</b>	2,870
FDIC insurance expense	711	301	(67)	<b>II</b>	945
Amortization of intangibles	1,246	33	1,178	<b>JJ</b>	2,457
Other	4,715	5,813	(2,705)	<b>KK</b>	7,823
Total noninterest expense	40,889	29,407	(10,418)		59,878
Income before income taxes	20,064	28,725	(22,150)		26,639
Income tax provision	4,115	8,180	(5,759)	<b>LL</b>	6,536
Net income before noncontrolling interest	15,949	20,545	(16,391)		20,103
Net income attributable to noncontrolling interest		447	(447)	<b>MM</b>	
<b>Net income available to common shareholders</b>	\$ 15,949	\$ 20,992	\$ (16,838)		\$ 20,103
<b>Per Common Share</b>					
Earnings basic	\$ 1.31	\$ 0.59			\$ 1.23
Earnings diluted	\$ 1.30	\$ 0.59			\$ 1.23
Weighted average number of common shares outstanding	12,220	35,035	(30,917)	<b>NN</b>	16,338

Edgar Filing: MidWestOne Financial Group, Inc. - Form S-4

Weighted average number of diluted common shares outstanding	12,235	35,035	(30,917)	<b>00</b>	16,353
---	--------	--------	----------	-----------	--------

See accompanying Notes to Unaudited Pro Forma Condensed Combined Financial Information.

Table of Contents

**Notes to Unaudited Pro Forma Condensed Combined Financial Information**

**Note 1 Basis of Presentation**

The unaudited pro forma condensed combined financial information has been prepared using the acquisition method of accounting giving effect to the Merger involving MidWestOne and ATBancorp. The unaudited pro forma condensed combined financial information is presented for illustrative purposes only and is not necessarily indicative of the financial position had the Merger been consummated at June 30, 2018 or the unaudited pro forma condensed combined income statements for the year ended December 31, 2017 and the six months ended June 30, 2018, as if the Merger had occurred as of the beginning of each period, nor is it necessarily indicative of the results of operation in future periods or the future financial position of the combined entities. The merger, which is currently expected to be completed in the first quarter of 2019, provides for the issuance of 4,117,541 shares of MidWestOne common stock and \$34.8 million in cash. The value of an ATBancorp share would be \$4,963.35 based upon a closing price of MidWestOne common stock of \$33.78.

Under the acquisition method of accounting, the assets and liabilities of ATBancorp will be recorded at the respective fair values on the Merger date. The fair value on the Merger date represents management's best estimates based on available information and facts and circumstances in existence on the Merger date. The pro forma allocation of purchase price reflected in the unaudited pro forma condensed combined financial information is subject to adjustment and may vary from the actual purchase price allocation that will be recorded at the time the Merger is completed. Adjustments may include, but not be limited to, changes in (i) ATBancorp's balance sheet through the Effective Time; (ii) the aggregate value of Merger consideration paid if the price of MidWestOne's stock varies from the assumed \$33.78 per share; (iii) total Merger-related expenses if consummation and/or implementation costs vary from currently estimated amounts; and (iv) the underlying values of assets and liabilities if market conditions differ from current assumptions.

The accounting policies of both MidWestOne and ATBancorp are in the process of being reviewed in detail. Upon completion of such review, conforming adjustments or financial statement reclassification may be determined.

**Note 2 Estimated Merger and Integration Costs**

In connection with the Merger, the plan to integrate MidWestOne's and ATBancorp's operations is still being developed. Over the next several months, the specific details of these plans will continue to be refined. MidWestOne and ATBancorp are currently in the process of assessing the two companies' personnel, benefit plans, premises, equipment, computer systems, supply chain methodologies, and service contracts to determine where they may take advantage of redundancies or where it will be beneficial or necessary to convert to one system. Certain decisions arising from these assessments may involve involuntary termination of ATBancorp's employees, vacating ATBancorp's leased premises, changing information systems, canceling contracts between ATBancorp and certain service providers and selling or otherwise disposing of certain premises, furniture and equipment owned by ATBancorp. Additionally, as part of our formulation of the integration plan, certain actions regarding existing MidWestOne information systems, premises, equipment, benefit plans, supply chain methodologies, supplier contracts, and involuntary termination of personnel may be taken. MidWestOne expects to incur Merger-related expenses including system conversion costs, employee retention and severance agreements, communications to customers, and others. To the extent there are costs associated with these actions, the costs will be recorded based on the nature and timing of these integration actions. Most acquisition and restructuring costs are recognized separately from a business combination and generally will be expensed as incurred. We estimated the Merger-related costs to be approximately \$20.2 million and expect they will be incurred primarily in 2019.

**Note 3 Estimated Annual Cost Savings**

Following the Merger, MidWestOne expects to realize cost savings equal to approximately 30% of ATBancorp's pre-tax noninterest expense. Management expects such cost savings to be phased-in over a two-year period, but there is no assurance that the anticipated cost savings will be realized on the anticipated time schedule or at all. These cost savings are not reflected in the presented pro forma financial information.

**Note 4 Pro Forma Adjustments**

The following pro forma adjustments have been reflected in the unaudited pro forma condensed combined financial information. All taxable balance sheet adjustments were calculated using a combined 26% tax rate to arrive at deferred tax asset or liability adjustments. All adjustments are based on current assumptions and valuations, which are subject to change.

Table of Contents**Balance Sheet (dollars in thousands)****A. Adjustments to cash and cash equivalents**

To reflect special dividend paid by ATBancorp	\$	(31,800)
To reflect cash used by ATBancorp to redeem certain subordinated debt		(9,600)
To reflect excess cash proceeds from MidWestOne senior debt		200
	\$	(41,200)

**B. Adjustment to loans, net of unearned income**

To reflect estimated fair value at closing date, calculated as 1.7% of the ATBancorp loan balance	\$	(19,038)
---	----	----------

**C. Adjustment to allowance for loan and lease losses**

To remove ATBancorp allowance at Merger date as the credit risk is contemplated in the estimated fair value in adjustment B above	\$	(12,349)
---	----	----------

**D. Adjustment to premises and equipment**

To reflect estimated fair value of ATBancorp properties at Merger date. The estimated useful life of these properties is 39 years	\$	9,600
---	----	-------

**E. Adjustment to other real estate owned**

To reflect estimated fair value of ATBancorp other real estate owned at Merger date based on MidWestOne's estimate of property values given current market conditions and additional discounts necessary to liquidate these properties	\$	(838)
--	----	-------

**F. Adjustment to goodwill**

To reverse ATBancorp goodwill on the books	\$	(3,253)
--	----	---------

Edgar Filing: MidWestOne Financial Group, Inc. - Form S-4

To reflect the goodwill associated with the Merger		48,865
	\$	45,612

G. Adjustment to core deposit intangible ( CDI ), net

To reverse ATBancorp CDI on the books	\$	(715)
---------------------------------------	----	-------

To record the estimated fair value of acquired identifiable intangible assets, calculated as 1.5% of ATBancorp core deposits. Core deposits were identified as the demand, savings and money market accounts. The acquired core deposit intangible will be amortized over 10 years using a sum-of-the-years-digits method		13,319
	\$	12,604



Table of Contents**H. Adjustment to other assets**

Net deferred tax liability, calculated as follows:

Adjustment to loans held for investment, net of unearned income	\$	(19,038)
Adjustment to allowance for loan and lease losses		12,349
Adjustment to CDI, net		12,604
Adjustment to premises and equipment		9,600
Adjustment to other real estate owned		(838)
Adjustment to junior subordinated notes issued to capital trusts		4,500
Subtotal for fair value adjustments		19,177
Calculated net deferred tax liability at MidWestOne's estimated combined rate of 26%		(4,986)
Elimination of historical other assets from the ATB Businesses.		(187)
	\$	(5,173)

**I. Adjustment to long-term debt**

To reflect proceeds from senior debt incurred by MidWestOne to fund cash portion of Merger consideration	\$	35,000
--	----	--------

**J. Adjustment to subordinated debentures**

To reflect cash redemption by ATBancorp of certain subordinated debentures	\$	(9,600)
--	----	---------

**K. Adjustment to junior subordinated debentures**

To reflect valuation mark on junior subordinated notes issued to capital trusts	\$	(4,500)
---	----	---------

**L. Adjustment to other liabilities**

Elimination of historical other liabilities from the ATB Businesses.	\$	(108)
--	----	-------

**M. Adjustments to common stock**

To eliminate historical ATBancorp common stock	\$	(1,764)
To reflect the issuance of MidWestOne common stock to ATBancorp shareholders		4,118
	\$	2,354

N. Adjustments to additional paid-in capital

To eliminate historical ATBancorp additional paid-in capital	\$	(4,852)
To reflect the issuance of MidWestOne common stock to ATBancorp shareholders		134,973
	\$	130,121

Table of Contents**O. Adjustment to treasury stock**

To eliminate historical ATBancorp treasury stock	\$	585
--	----	-----

**P. Adjustment to retained earnings**

To eliminate historical ATBancorp retained earnings, net of special dividend	\$	(110,098)
To reflect special dividend paid by ATBancorp		(31,800)
	\$	(141,898)

**Q. Adjustment to accumulated other comprehensive income**

To eliminate historical ATBancorp accumulated other comprehensive income	\$	1,962
--	----	-------

**Income Statement***(dollars and shares in thousands)*

	Six Months Ended June 30, 2018	Year Ended December 31, 2017
<b>R.</b> Adjustment to loan interest income		
To reflect accretion of loan discount resulting from loan fair value pro forma adjustment based on weighted average remaining life of five years.	\$ 3,173	\$ 6,346
To eliminate historical income from ATBancorp's United American Bank subsidiary, which was sold on May 4, 2018.	(2,981)	(9,489)
	\$ 192	\$ (3,143)
<b>S.</b> Adjustment to taxable securities interest income		
To eliminate historical income from ATBancorp's United American Bank subsidiary, which was sold on May 4, 2018.	\$ (394)	\$ (1,257)
<b>T.</b> Adjustment to other interest income		
To eliminate historical income from ATBancorp's United American Bank subsidiary, which was sold on May 4, 2018.	\$ (187)	\$ (341)
<b>U.</b> Adjustment to deposit interest expense		
To eliminate historical expense from ATBancorp's United American Bank subsidiary, which was sold on May 4, 2018.	\$ (302)	\$ (753)
<b>V.</b> Adjustment to subordinated debentures interest expense		

Edgar Filing: MidWestOne Financial Group, Inc. - Form S-4

	Elimination of historical ATBancorp interest on subordinated debentures paid with interest calculated using an interest rate of 6.50%	(312)	(624)
<b>W.</b>	Adjustment to junior subordinated notes issued to capital trusts interest expense		
	To reflect additional interest expense resulting from the amortization of the Merger valuation mark on ATBancorp's junior subordinated notes	\$ 113	\$ 225

Table of Contents

<b>X.</b>	Adjustment to other debt interest expense			
	To reflect additional interest expense resulting from the issuance of \$35.0 million of new senior debt, at an estimated annual interest rate of 4.625%	\$	795	\$ 1,532
	To eliminate historical expense from ATBancorp's United American Bank subsidiary, which was sold on May 4, 2018.			(21)
		\$	795	\$ 1,511
<b>Y.</b>	Adjustment to reversal of loan and lease losses provision			
	To eliminate historical provision expense recapture from ATBancorp's United American Bank subsidiary, which was sold on May 4, 2018.	\$		\$ 2,400
<b>Z.</b>	Adjustment to trust, investment and insurance fees			
	To eliminate estimated historical income from the ATB Businesses	\$	(5,809)	\$ (11,618)
	To eliminate historical income from ATBancorp's United American Bank subsidiary, which was sold on May 4, 2018.			(66)
		\$	(5,809)	\$ (11,684)
<b>AA.</b>	Adjustment to service charges and fees on deposit accounts			
	To eliminate historical income from ATBancorp's United American Bank subsidiary, which was sold on May 4, 2018.	\$	(26)	\$ (84)
<b>BB.</b>	Adjustment to loan origination and servicing fees			
	To eliminate historical income from ATBancorp's United American Bank subsidiary, which was sold on May 4, 2018.	\$	(14)	\$ (40)
<b>CC.</b>	Adjustment to other service charges and fees			
	To eliminate historical income from ATBancorp's United American Bank subsidiary, which was sold on May 4, 2018.	\$	(13)	\$ (38)
<b>DD.</b>	Adjustment to other noninterest income			
	To eliminate historical income from ATBancorp's United American Bank subsidiary, which was sold on May 4, 2018.	\$	(1)	\$ (797)
	To eliminate estimated historical income from the ATB Businesses.		(691)	(1,382)
	To eliminate historical gain on sale from ATBancorp's sale of United American Bank subsidiary, which was sold on May 4, 2018, to be paid out as part of a special dividend prior to merger consummation.		(25,331)	
		\$	(26,023)	\$ (2,179)
<b>EE.</b>	Adjustment to salaries and employee benefits expense			
	To eliminate historical expense from ATBancorp's United American Bank subsidiary, which was sold on May 4, 2018.	\$	(2,525)	\$ (4,908)
	To eliminate estimated historical expense from the ATB Businesses.		(3,121)	(6,242)
		\$	(5,646)	\$ (11,150)

Table of Contents

<b>FF.</b>	Adjustment to occupancy expense			
	To reflect additional depreciation expense resulting from premises and equipment pro forma adjustment based on estimated useful life of 39 years using the straight line method.	\$	123	\$ 246
	To eliminate estimated historical expense from the ATB Businesses.		(537)	(1,074)
	To eliminate historical expense from ATBancorp's United American Bank subsidiary, which was sold on May 4, 2018.		(845)	(1,977)
		\$	(1,259)	\$ (2,805)
<b>GG.</b>	Adjustment to professional fees expense			
	To eliminate historical expense from ATBancorp's United American Bank subsidiary, which was sold on May 4, 2018.	\$	(1,508)	\$ (568)
<b>HH.</b>	Adjustment to data processing expense			
	To eliminate estimated historical expense from the ATB Businesses.		(405)	(810)
	To eliminate historical expense from ATBancorp's United American Bank subsidiary, which was sold on May 4, 2018.		(6)	(11)
		\$	(411)	\$ (821)
<b>II.</b>	Adjustment to FDIC insurance expense			
	To eliminate historical expense from ATBancorp's United American Bank subsidiary, which was sold on May 4, 2018.	\$	(67)	\$ (94)
<b>JJ.</b>	Adjustment to amortization of intangibles			
	To reflect amortization of acquired intangible assets based on amortization period of 10 years and using the sum-of-the-years-digits method of amortization.	\$	1,211	\$ 2,422
	To eliminate historical CDI amortization at ATBancorp		(33)	(67)
		\$	1,178	\$ 2,355
<b>KK.</b>	Adjustment to other expense			
	To eliminate estimated historical expense from the ATB Businesses.	\$	(1,086)	\$ (2,172)
	To eliminate historical expense from ATBancorp's United American Bank subsidiary, which was sold on May 4, 2018.		(1,619)	(859)
		\$	(2,705)	\$ (3,031)
<b>LL.</b>	Adjustment to income tax provision			
	To reflect the income tax effect of pro forma adjustments R - JJ at MidWestOne's estimated combined tax rate of 26% for 2018 and 40% for 2017.	\$	(5,759)	\$ (2,164)

Table of Contents

<b>MM.</b>	Adjustment to net income attributable to noncontrolling interests		
	To eliminate historical net income attributable to noncontrolling interests stemming from ATBancorp's United American Bank subsidiary.	\$	(447) \$ 788
<b>NN.</b>	Adjustment to weighted average number of common shares outstanding	(30,917)	(30,952)
	Adjustment to the year ended December 31, 2017 and the six months ended June 30, 2018 calculated as follows:		
	Removal of ATBancorp weighted average number of common shares outstanding for the year ended December 31, 2017 and the six months ended June 30, 2018	(35,035)	(35,070)
	MidWestOne shares issued to ATBancorp shareholders	4,118	4,118
	Adjustment to weighted average number of common shares outstanding for the year ended December 31, 2017 and the six months ended June 30, 2018	(30,917)	(30,952)
<b>OO.</b>	Adjustment to weighted average number of diluted common shares outstanding	(30,917)	(30,952)
	Adjustment to the year ended December 31, 2017 and the six months ended June 30, 2018 calculated as follows:		
	Removal of ATBancorp weighted average number of diluted common shares outstanding for the year ended December 31, 2017 and the six months ended June 30, 2018	(35,035)	(35,070)
	MidWestOne shares issued to ATBancorp shareholders	4,118	4,118
	Adjustment to weighted average number of diluted common shares outstanding for the year ended December 31, 2017 and the six months ended June 30, 2018	(30,917)	(30,952)

**Note 5 Preliminary Acquisition Accounting**

The table below presents the pro forma Merger consideration to be transferred by MidWestOne, the estimated fair value of assets acquired (including identifiable intangible assets) and liabilities assumed from ATBancorp, and the goodwill created by the Merger at the date indicated.

Table of Contents

	<b>June 30, 2018</b> <b>(in thousands)</b>
<b>Consideration Transferred:</b>	
MidWestOne common stock issued	\$ 139,091
Cash paid	34,800
Total consideration transferred	\$ 173,891
<b>Assets Acquired:</b>	
Cash and cash equivalents	\$ 45,608
Debt securities available for sale	104,247
Loans held for sale	3,836
Loans held for investment	1,100,850
Premises and equipment	27,267
Core deposit intangible	13,319
Other real estate owned	2,781
Other assets	33,838
Total assets acquired	\$ 1,331,746
<b>Liabilities Assumed:</b>	
Deposits	\$ 1,070,606
Borrowings	87,269
Subordinated debentures	10,835
Junior subordinated notes issued to capital trusts	15,000
Other liabilities	23,010
Total liabilities assumed	\$ 1,206,720
Net assets acquired	\$ 125,026
Goodwill	\$ 48,865

**Comparative Historical and Unaudited Pro Forma Per Share Financial Data**

The following table presents: (i) historical per share information for *MidWestOne*; (ii) historical per share information for ATBancorp; (iii) pro forma per share information of the combined company after giving effect to the Merger; and (iv) equivalent pro forma per share information for ATBancorp.

The combined company pro forma per share information was derived by combining information from the historical financial information presented above under Selected Historical Consolidated Financial Data of *MidWestOne* and Unaudited Pro Forma Combined Financial Information. You should read this table together with the financial information discussed under those headings and the consolidated financial statements of *MidWestOne* incorporated by reference in this joint proxy statement/prospectus and the consolidated financial statements of ATBancorp included with this joint proxy statement/prospectus. You should not rely on the pro forma per share information as being necessarily indicative of actual results had the Merger been effective on January 1, 2017, for purposes of net income per share data, or June 30, 2018, for purposes of book value per share data.

The information appearing in the column captioned Combined Pro Forma in the table below was prepared assuming that 4,117,541 shares of *MidWestOne* common stock were issued to the shareholders of ATBancorp in the Merger and that the Merger was completed as of January 1, 2017, for purposes of net income per share data, and June 30, 2018, for purposes of book value per share data.





Table of Contents

(unaudited)	MidWestOne	ATBancorp	Combined Pro Forma	Per Equivalent ATBancorp Share
<b>Book value per share</b>				
As of December 31, 2017	\$ 27.85	\$ 3,847.11	\$ 29.34	\$ 3,449.05
As of June 30, 2018	\$ 28.33	\$ 4,167.15	\$ 29.70	\$ 3,491.48
<b>Cash dividends</b>				
For the year ended December 31, 2017	\$ 0.67	\$ 90.00	\$ 0.67	\$ 78.76
For the six months ended June 30, 2018	\$ 0.39	\$ 45.00	\$ 0.39	\$ 45.84
<b>Basic income (loss) from continuing operations</b>				
For the year ended December 31, 2017	\$ 1.55	\$ 0.36	\$ 1.78	\$ 209.24
For the six months ended June 30, 2018	\$ 1.31	\$ 0.62	\$ 1.23	\$ 144.59
<b>Diluted income (loss) from continuing operations</b>				
For the year ended December 31, 2017	\$ 1.55	\$ 0.36	\$ 1.78	\$ 209.24
For the six months ended June 30, 2018	\$ 1.30	\$ 0.62	\$ 1.23	\$ 144.59

**Per Share Market Price Information**

The following table presents (i) the closing sale price of MidWestOne common stock as reported on the NASDAQ Global Select Market on August 21, 2018, the last trading day before the date of the public announcement of the Merger Agreement, and [●], 2018, the last practicable trading day preceding the date of this joint proxy statement/prospectus; and (ii) the equivalent pro forma value of a share of ATBancorp common stock at such dates based on the value of the consideration to be received in the Merger with respect to each share. Historical market value information regarding ATBancorp common stock is not provided because there is no active market for ATBancorp common stock.

	MidWestOne Common Stock Closing Price	Equivalent Market Value per Share of ATBancorp Common Stock
August 21, 2018	\$ 33.25	\$ 4,901.05
[●], 2018	\$ [●]	\$ [●]

The market price of MidWestOne common stock will fluctuate between now and completion of the Merger. You should obtain a current price quotation for MidWestOne common stock.

**Stock Price and Dividend Information**

MidWestOne common stock trades on the NASDAQ Global Select Market under the symbol MOFG. The following table sets forth the reported high and low sales prices of shares of MidWestOne common stock, and the quarterly cash dividends per share of MidWestOne common stock declared, in each case for the periods indicated.



Table of Contents

<b>Year/Quarter:</b>	<b>High</b>	<b>Low</b>	<b>Cash Dividends Declared</b>
<b>2018</b>			
Fourth quarter(1)	\$ [●]	\$ [●]	\$ [●]
Third quarter	35.20	31.92	0.195
Second quarter	34.75	31.94	0.195
First quarter	34.99	30.70	0.195
<b>2017</b>			
Fourth quarter	\$ 37.94	\$ 30.56	\$ 0.17
Third quarter	35.63	31.93	0.17
Second quarter	36.72	32.92	0.165
First quarter	38.56	33.25	0.165
<b>2016</b>			
Fourth quarter	\$ 39.20	\$ 27.93	\$ 0.16
Third quarter	30.74	26.50	0.16
Second quarter	30.50	25.49	0.16
First quarter	30.04	24.71	0.16

(1) Through [●], 2018, the last practicable trading day preceding the date of this joint proxy statement/prospectus.

There is no established public trading market for shares of ATBancorp common stock. The last reported sale price of ATBancorp common stock before the date of the public announcement of the Merger Agreement on August 22, 2018, and prior to the printing of this joint proxy statement/prospectus occurred on May 16, 2018 at \$3,500.00 per share. The following table sets forth for the periods indicated, dividends per share of ATBancorp common stock.

**Dividends**

<b>Year/Quarter:</b>	
<b>2018</b>	
Fourth quarter(1)	\$ [●]
Third quarter	22.50(2)
Second quarter	22.50
First quarter	22.50
<b>2017</b>	
Fourth quarter	\$ 35.00
Third quarter	20.00
Second quarter	20.00
First quarter	15.00
<b>2016</b>	
Fourth quarter	\$ 22.00
Third quarter	10.00
Second quarter	10.00
First quarter	10.00

(1) Through [●], 2018, the last practicable trading day preceding the date of this joint proxy statement/prospectus.

(2) ATBancorp also paid a special dividend to its shareholders of \$907.8452 per share on September 24, 2018, representing a portion of the proceeds to ATBancorp from the sale of Heritage Commerce Corp common stock received as consideration in connection with the sale of United American Bank, as provided in the Merger Agreement.

As of the *MidWestOne* record date, the outstanding shares of *MidWestOne* common stock were owned by approximately [●] record owners. As of the ATBancorp record date, the outstanding shares of ATBancorp common stock were owned by approximately [●] record owners.

Table of Contents

**RISK FACTORS**

*In addition to the other information contained in or incorporated by reference into this document, including the matters addressed under the caption entitled **Cautionary Statement Regarding Forward-Looking Statements**, ATBancorp and MidWestOne shareholders should carefully consider the following factors in deciding whether to vote for each company's respective proposals. Please see the sections entitled **Where You Can Find More Information** in the forepart of this document and **Incorporation of Certain Documents by Reference** beginning on page 148.*

**Risks Related to the Merger**

*Because the market price of MidWestOne common stock will fluctuate, the value of the Merger consideration to be received by ATBancorp shareholders may change.*

Upon completion of the Merger, each outstanding share of ATBancorp common stock, excluding Cancelled Shares and Dissenters' Shares, will be converted into the Per Share Stock Consideration and Per Share Cash Consideration pursuant to the terms of the Merger Agreement. The closing price of MidWestOne common stock on the date that the Merger is completed may vary from the closing price of MidWestOne common stock on the date MidWestOne and ATBancorp announced the Merger, on the date that this document is being mailed to MidWestOne and ATBancorp shareholders, and on the dates of the special meetings of MidWestOne and ATBancorp shareholders. Because the stock component of the Merger consideration is determined by a fixed exchange ratio, at the time of the ATBancorp special meeting, ATBancorp shareholders will not know or be able to calculate the value of the MidWestOne common stock they will receive upon completion of the Merger. Any change in the market price of MidWestOne common stock prior to completion of the Merger may affect the value of the stock component of the Merger consideration that ATBancorp shareholders will receive upon completion of the Merger. Stock price changes may result from a variety of factors, including general market and economic conditions, changes in our respective businesses, operations and prospects, and regulatory considerations, among other things. Many of these factors are beyond the control of MidWestOne and ATBancorp. ATBancorp shareholders should obtain current market quotations for shares of MidWestOne common stock before voting their shares at the ATBancorp special meeting.

*MidWestOne and ATBancorp shareholders will have a reduced ownership and voting interest after the Merger and will exercise less influence over management.*

MidWestOne shareholders currently have the right to vote in the election of the board of directors of MidWestOne and on other matters affecting MidWestOne. ATBancorp shareholders currently have the right to vote in the election of the board of directors of ATBancorp and on other matters affecting ATBancorp. Upon the completion of the Merger, each party's shareholders will be shareholders of MidWestOne with a percentage ownership of MidWestOne that is smaller than their current percentage ownership of MidWestOne or ATBancorp, as applicable. It is currently expected that the former shareholders of ATBancorp as a group will receive shares in the Merger constituting approximately 25.2% of the outstanding shares of the combined company's common stock immediately after the Merger. As a result, current shareholders of MidWestOne as a group will own approximately 74.8% of the outstanding shares of the combined company's common stock immediately after the Merger. Because of this, ATBancorp and MidWestOne shareholders will have less influence on the management and policies of the combined company than they now have on the management and policies of MidWestOne or ATBancorp, as applicable.

*Sales of substantial amounts of MidWestOne's common stock in the open market by former ATBancorp shareholders could depress MidWestOne's stock price.*

Shares of MidWestOne common stock that are issued to shareholders of ATBancorp in the Merger will, except for those shares subject to a Lock-Up Agreement and for persons deemed to be affiliates of MidWestOne, be freely tradable without restrictions or further registration under the Securities Act. As of the MidWestOne record date, MidWestOne had approximately [●] shares of common stock entitled to vote outstanding and [●] shares of MidWestOne common stock were reserved for issuance under the MidWestOne Financial Group, Inc. 2017 Equity Incentive Plan. MidWestOne currently expects to issue approximately 4,117,541 shares of its common stock in connection with the Merger, of which approximately 2,514,855 shares will be subject to the Lock-Up Agreements.

If the Merger is completed and if ATBancorp's former shareholders sell substantial amounts of MidWestOne common stock in the public market following completion of the Merger, the market price of MidWestOne common stock may decrease. These sales might also make it more difficult for MidWestOne to sell equity or equity-related securities at a time and price that it otherwise would deem appropriate.

*The combined company may fail to realize the anticipated benefits of the Merger.*

The success of the Merger will depend on, among other things, the combined company's ability to combine the businesses of MidWestOne and ATBancorp. If the combined company is not able to successfully achieve this objective, the anticipated benefits of the Merger may not be fully realized, may not be realized at all or may take longer to realize than expected.

Table of Contents

It is possible that the integration of MidWestOne's and ATBancorp's businesses or other factors could result in the loss or departure of key employees, the disruption of the ongoing business of MidWestOne or ATBancorp or inconsistencies in standards, controls, procedures and policies. It is also possible that customers, depositors and counterparties of MidWestOne or ATBancorp could choose to discontinue their relationships with the combined company post-Merger because they prefer doing business with an independent company or for any other reason, which would adversely affect the future performance of the combined company. These transition matters could have an adverse effect on each of MidWestOne and ATBancorp during the pre-Merger period and for an undetermined amount of time after the consummation of the Merger.

***Failure of the Merger to be completed, the termination of the Merger Agreement or a significant delay in the consummation of the Merger could negatively impact MidWestOne and ATBancorp.***

The Merger Agreement is subject to a number of conditions which must be fulfilled in order to complete the Merger. MidWestOne and ATBancorp have agreed to use their respective reasonable best efforts to obtain all necessary regulatory approvals for the Merger. Notwithstanding this agreement, it is a condition to MidWestOne's and ATBancorp's respective obligations to consummate the Merger that no such requisite regulatory approval shall have imposed a restriction or condition on, or requirement of, such approval that would, after the Effective Time, reasonably be expected by the board of directors of MidWestOne to materially restrict or burden, or impair in any material respect the benefits of the contemplated transactions to, or require a materially burdensome modification of, the businesses, activities, governance, legal structure, capital structure, compensation or fee arrangements of MidWestOne or its subsidiaries. Moreover, it is a condition to MidWestOne's obligation to consummate the Merger that ATBancorp successfully dispose of the ATB Businesses, which requires ATBancorp to engage in a sale process concurrently with, yet separate and apart from, the Merger.

These conditions to the consummation of the Merger may not be fulfilled and, accordingly, the Merger may not be completed. In addition, if the Merger is not completed by June 30, 2019, either MidWestOne or ATBancorp may choose not to proceed with the Merger, and the parties can mutually decide to terminate the Merger Agreement at any time, before or after shareholder approval.

If the Merger is delayed or not consummated, the ongoing business, financial condition and results of operations of each party may be materially adversely affected and the market price or value of each party's common stock may decline significantly, particularly to the extent that the current market price reflects a market assumption that the Merger will be consummated.

In addition, each party has incurred and will incur substantial expenses in connection with the negotiation and completion of the transactions contemplated by the Merger Agreement. If the Merger is not completed, the parties would have to recognize these expenses without realizing the expected benefits of the Merger. Any of the foregoing, or other risks arising in connection with the failure of or delay in consummating the Merger, including the diversion of management attention from pursuing other opportunities and the constraints in the Merger Agreement on the ability to make significant changes to each party's ongoing business during the pendency of the Merger, could have a material adverse effect on each party's business, financial condition and results of operations.

Additionally, MidWestOne's or ATBancorp's business may have been adversely impacted by the failure to pursue other beneficial opportunities due to the focus of management on the Merger, without realizing any of the anticipated benefits of completing the Merger, and the market price or value of MidWestOne common stock might decline, particularly to the extent that the current market price reflects a market assumption that the Merger will be completed. If the Merger Agreement is terminated and a party's board of directors seeks another merger or business



combination, such party's shareholders cannot be certain that such party will be able to find a party willing to engage in a transaction on more attractive terms than the Merger.

***If MidWestOne fails to successfully integrate ATBancorp into its internal control over financial reporting or if the internal control of ATBancorp over financial reporting were found to be ineffective, the integrity of MidWestOne's financial reporting could be compromised which could result in a material adverse effect on MidWestOne's reported financial results or in the determination of the effectiveness of MidWestOne's internal controls over financial reporting.***

As a private company, ATBancorp has not been subject to the requirements of the Exchange Act with respect to internal control over financial reporting. The integration of ATBancorp into MidWestOne's internal control over financial reporting will require significant time and resources from management and other personnel and will increase compliance costs. If MidWestOne fails to successfully integrate the operations of ATBancorp into its internal control over financial reporting, MidWestOne's internal control over financial reporting may not be effective. Failure to achieve and maintain an effective internal control environment could have a material adverse effect on MidWestOne's ability to accurately report its financial results and the market's perception of its business and its stock price.

Table of Contents

***MidWestOne and ATBancorp will be subject to business uncertainties and contractual restrictions while the Merger is pending.***

Uncertainty about the effect of the Merger on employees, customers and vendors may have an adverse effect on the business, financial condition and results of operations of ATBancorp and MidWestOne. These uncertainties may impair MidWestOne's or ATBancorp's ability to attract, retain and motivate key personnel, depositors and borrowers pending the consummation of the Merger, as such personnel, depositors and borrowers may experience uncertainty about their future roles following the consummation of the Merger. Additionally, these uncertainties could cause customers (including depositors and borrowers), suppliers, vendors and others who deal with MidWestOne or ATBancorp to seek to change existing business relationships with them or fail to extend an existing relationship with MidWestOne or ATBancorp. In addition, competitors may target each party's existing customers by highlighting potential uncertainties and integration difficulties that may result from the Merger.

MidWestOne and ATBancorp each have a small number of key personnel. The pursuit of the Merger and the preparation for the integration may place a burden on each company's management and internal resources. Any significant diversion of management attention away from ongoing business concerns and any difficulties encountered in the transition and integration process could have a material adverse effect on each company's business, financial condition and results of operations.

In addition, the Merger Agreement restricts ATBancorp from taking certain actions without MidWestOne's consent while the Merger is pending. These restrictions may, among other matters, prevent ATBancorp from pursuing otherwise attractive business opportunities, selling assets (except those described in the Merger Agreement), incurring indebtedness, engaging in significant capital expenditures in excess of certain limits set forth in the Merger Agreement, entering into other transactions or making other changes to its business prior to consummation of the Merger or termination of the Merger Agreement. These restrictions could have a material adverse effect on ATBancorp's business, financial condition and results of operations. Please see the section entitled "The Merger Agreement - Conduct of Business Prior to the Completion of the Merger" beginning on page 92 for a description of the restrictive covenants applicable to ATBancorp.

***ATBancorp's directors and officers have interests in the Merger different from the interests of other ATBancorp shareholders.***

ATBancorp's executive officers and directors have interests in the Merger that are different from, or in addition to, the interests of ATBancorp's shareholders generally. Such interests include change in control agreements, deferred compensation agreements and salary continuation agreements with certain executive officers and the right to indemnification and insurance coverage following the consummation of the Merger. The members of the ATBancorp board of directors were aware of and considered these interests, among other matters, when they approved the Merger Agreement and recommended that ATBancorp shareholders approve the ATBancorp merger proposal. These interests are described in more detail under the section entitled "The Merger - Interests of ATBancorp Directors and Executive Officers in the Merger" beginning on page 80.

***Shares of MidWestOne common stock to be received by ATBancorp shareholders as a result of the Merger will have rights different from the shares of ATBancorp common stock.***

## Edgar Filing: MidWestOne Financial Group, Inc. - Form S-4

Upon completion of the Merger, the rights of former ATBancorp shareholders will be governed by the articles of incorporation and bylaws of MidWestOne. The rights associated with ATBancorp common stock are different from the rights associated with MidWestOne common stock. Please see the section entitled "Comparison of Shareholders' Rights" beginning on page 104 for a summary of the different rights associated with MidWestOne common stock.

*The Merger Agreement contains provisions that may discourage other companies from trying to acquire ATBancorp.*

The Merger Agreement contains provisions that may discourage a third party from submitting a business combination proposal to ATBancorp that might result in greater value to ATBancorp's shareholders than that provided pursuant to the Merger. These provisions include a general prohibition on ATBancorp from soliciting or providing information to any third party regarding any acquisition proposal or offers for competing transactions, subject to certain exceptions set forth in the Merger Agreement. Further, the Voting Agreement requires that the shareholders party thereto vote all of their shares of ATBancorp common stock in favor of the Merger and against alternative acquisition proposals. The shareholders that are party to the voting agreements described in this paragraph beneficially own in the aggregate 62.41% of the outstanding shares of ATBancorp common stock as of the ATBancorp record date. For further information, please see "The Merger Agreement - Voting Agreement" beginning on page 99. Each party also has an obligation to submit its respective proposals to a vote by its shareholders.

Table of Contents

***Combining the two companies may be more difficult, costly or time consuming than expected and the anticipated benefits and cost savings of the Merger may not be realized.***

MidWestOne and ATBancorp have operated and, until the completion of the Merger, will continue to operate, independently. The success of the Merger, including anticipated benefits and cost savings, will depend, in part, on the successful combination of the businesses of MidWestOne and ATBancorp. To realize these anticipated benefits and cost savings, after the completion of the Merger, MidWestOne expects to integrate ATBancorp's business into its own. It is possible that the integration process could result in the loss of key employees, the disruption of each company's ongoing businesses or inconsistencies in standards, controls, procedures and policies that adversely affect the combined company's ability to maintain relationships with clients, customers, depositors and employees or to achieve the anticipated benefits and cost savings of the Merger. The loss of key employees could have an adverse effect on the companies' financial results and the value of their common stock. If MidWestOne experiences difficulties with the integration process, the anticipated benefits of the Merger may not be realized fully or at all, or may take longer to realize than expected.

***The combined company expects to incur substantial expenses related to the Merger.***

The combined company expects to incur substantial expenses in connection with consummation of the Merger and combining the business, operations, networks, systems, technologies, policies and procedures of the two companies. Although MidWestOne and ATBancorp have assumed that each party would incur a certain level of transaction and combination expenses, there are a number of factors beyond their control that could affect the total amount or the timing of their transaction combination expenses. Many of the expenses that will be incurred, by their nature, are difficult to estimate accurately at the present time. Due to these factors, the transaction and combination expenses associated with the Merger could, particularly in the near term, exceed the savings that the combined company expects to achieve from the elimination of duplicative expenses and the realization of economies of scale and cost savings related to the combination of the businesses following the consummation of the Merger. As a result of these expenses, both MidWestOne and ATBancorp could take charges against their earnings before and after the completion of the Merger. Such charges taken in connection with the Merger could be significant, although the aggregate amount and timing of any such charges are uncertain at present.

***The unaudited pro forma combined condensed consolidated financial information included in this document is illustrative only and the actual financial condition and results of operations after the Merger may differ materially.***

The unaudited pro forma combined condensed consolidated financial information in this document is presented for illustrative purposes only and is not necessarily indicative of what MidWestOne's actual financial condition or results of operations would have been had the Merger been completed on the dates indicated. The pro forma combined condensed consolidated financial information reflects adjustments, which are based upon preliminary estimates, to record the ATBancorp identifiable tangible and intangible assets acquired and liabilities assumed at fair value and the resulting goodwill recognized. Accordingly, the final acquisition accounting adjustments may differ materially from the pro forma adjustments reflected in this document. For more information, please see the section entitled "Certain Financial Information Regarding MidWestOne and ATBancorp - Unaudited Pro Forma Condensed Combined Financial Information" beginning on page 21.

***The opinion of ATBancorp's financial advisor delivered to ATBancorp's board of directors, and the opinion of MidWestOne's financial advisor delivered to MidWestOne's board of directors, in each case prior to execution of the Merger Agreement, will not reflect any changes in circumstances that may have occurred since the respective dates of the opinions.***

## Edgar Filing: MidWestOne Financial Group, Inc. - Form S-4

The fairness opinion of ATBancorp's financial advisor was delivered to ATBancorp's board of directors on August 20, 2018, and the fairness opinion of MidWestOne's financial advisor was delivered to MidWestOne's board of directors on August 21, 2018. Changes in the operations and prospects of ATBancorp or MidWestOne, general market and economic conditions and other factors which may be beyond the control of ATBancorp and MidWestOne may have altered the value of ATBancorp or MidWestOne or the prices of shares of ATBancorp common stock or MidWestOne common stock as of the date of this joint proxy statement/prospectus, or may alter such values and prices by the time the Merger is completed. The opinions from ATBancorp's and MidWestOne's respective financial advisors do and will not speak as of the date of this joint proxy statement/prospectus or the time the Merger is completed or any other date other than the respective dates of those opinions. For a description of the opinions of ATBancorp's and MidWestOne's respective financial advisors, please refer to the sections entitled "The Merger Opinion of ATBancorp's Financial Advisor" beginning on page 68 and "The Merger Opinion of MidWestOne's Financial Advisor" beginning on page 57.

*ATBancorp shareholders will pay U.S. federal income tax on the Per Share Cash Consideration and cash received in connection with any fractional shares.*

The Per Share Cash Consideration and cash received in connection with any fractional shares that ATBancorp shareholders receive in connection with the Merger will be taxable for U.S. federal income tax purposes. Each ATBancorp shareholder should consult its own tax advisor as to the tax consequences of the

Table of Contents

Merger in its particular circumstances, including the applicability and effect of the alternative minimum tax and any state, local, foreign or other tax laws and of changes in those laws. This joint proxy statement/prospectus does not address any tax consequences arising under the laws of any state, local or foreign jurisdiction, or under any U.S. federal laws other than those pertaining to the income tax nor does it address any tax consequences arising under the unearned income Medicare contribution tax pursuant to the Health Care and Education Reconciliation Act of 2010. See Material U.S. Federal Income Tax Consequences of the Merger beginning on page 100.

*The amount of consideration to be received by shareholders exercising their appraisal rights is uncertain.*

ATBancorp shareholders will have the right to demand appraisal of their shares of ATBancorp common stock and obtain payment in cash for the fair value of their shares, but only if they perfect their appraisal rights and comply with the applicable provisions of Iowa law. ATBancorp shareholders may or may not be entitled to receive more than the amount provided for in the Merger Agreement for their shares of ATBancorp common stock if they elect to exercise their appraisal rights with respect to the proposed Merger, depending on the appraisal of the fair value of the ATBancorp common stock. For this reason, the amount of cash that an ATBancorp shareholder might be entitled to receive should it elect to exercise its appraisal rights may be more or less than the value of the Merger consideration to be paid pursuant to the Merger Agreement. In addition, it is a condition in the Merger Agreement that the holders of not more than 7.5% of the outstanding shares of ATBancorp common stock shall have exercised their statutory dissenters' rights under Iowa law. The number of shares of ATBancorp shareholders that will exercise appraisal rights is not known and therefore there is no assurance of this closing condition being satisfied.

*MidWestOne will be required to issue debt in order to finance the Per Share Cash Consideration.*

As part of the Merger consideration, MidWestOne will pay each ATBancorp shareholder the Per Share Cash Consideration for each share of ATBancorp common stock owned by the shareholder. In order to pay the Per Share Cash Consideration, MidWestOne will be required to issue equity or debt, the proceeds from which would be used to pay the Per Share Cash Consideration. While MidWestOne currently expects to issue senior debt in order to finance the payment of the aggregate Per Share Cash Consideration, it is possible that MidWestOne will not be able to complete such an offering, or will not be able to complete such an offering on terms favorable to MidWestOne. Further, an issuance of senior debt could require MidWestOne to pledge its ownership interest in MidWestOne Bank, which could limit MidWestOne's ability to secure additional financing in the future.

**Risks Related to the Ownership of MidWestOne Common Stock**

*An investment in MidWestOne common stock is not an insured deposit.*

MidWestOne's common stock is not a bank deposit and, therefore, is not insured against loss by the FDIC, any other deposit insurance fund or by any other public or private entity. Investment in MidWestOne common stock is inherently risky for the reasons described in this Risk Factors section and elsewhere in this report and is subject to the same market forces that affect the price of common stock in any company. As a result, an ATBancorp shareholder who acquires MidWestOne common stock in the Merger could lose some or all of the shareholder's investment.

*The trading volume in MidWestOne common stock is less than that of other larger financial services companies.*

Although MidWestOne's common stock is listed for trading on the NASDAQ Global Select Market, its trading volume is generally less than that of other, larger financial services companies, and investors are not assured that a liquid market will exist at any given time for MidWestOne common stock. A public trading market having the desired characteristics of depth, liquidity and orderliness depends on the presence in the marketplace at any given time of willing buyers and sellers of MidWestOne common stock. This presence depends on the individual decisions of investors and general economic and market conditions over which MidWestOne has no control. Given the lower trading volume of MidWestOne's common stock, significant sales of MidWestOne common stock, or the expectation of these sales, could cause MidWestOne's stock price to fall.

*The holders of MidWestOne's junior subordinated debentures have rights that are senior to those of MidWestOne's shareholders.*

MidWestOne currently has outstanding an aggregate of \$23.8 million in junior subordinated debentures in connection with trust preferred securities issuances by MidWestOne's statutory trust subsidiaries and will assume pursuant to the Merger an additional \$19.5 million in junior subordinated debentures in connection with trust preferred securities issuances by ATBancorp's statutory trust subsidiaries and \$10.8 million of ATBancorp's subordinated debentures. MidWestOne conditionally guarantees payments of the principal and interest on the trust preferred securities. The junior subordinated debentures and the subordinated debentures are senior to MidWestOne's shares of common stock. As a result, MidWestOne must make payments on the junior subordinated debentures (and the related trust preferred securities) and the subordinated debentures before any dividends can be paid on MidWestOne common

Table of Contents

stock and, in the event of *MidWestOne*'s bankruptcy, dissolution or liquidation, the holders of the debentures must be satisfied before any distributions can be made to the holders of *MidWestOne* common stock. Additionally, *MidWestOne* has the right to defer periodic distributions on the junior subordinated debentures (and the related trust preferred securities) for up to 20 consecutive quarters, during which time *MidWestOne* would be prohibited from paying dividends on its common stock. *MidWestOne*'s ability to pay the future distributions depends upon the earnings of *MidWestOne* Bank and the dividends from *MidWestOne* Bank to *MidWestOne*, which may be inadequate to service the obligations.



Table of Contents

**CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS**

Certain statements contained in this document that are not statements of historical fact constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, notwithstanding that such statements are not specifically identified as such. Examples of forward-looking statements include, but are not limited to: (i) projections of revenues, expenses, income or loss, earnings or loss per share, the payment or nonpayment of dividends, capital structure and other financial items; (ii) statements of plans, objectives and expectations of MidWestOne, ATBancorp or their respective management or boards of directors, including those relating to products or services; (iii) statements of future economic performance; and (iv) statements of assumptions underlying such statements. Words such as believes, anticipates, expects, intends, targeted, projected, continue, remain, will, should, could, may and other similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements and the lack of such an identifying word does not necessarily indicate the absence of a forward-looking statement.

Forward-looking statements are based on assumptions and involve risks and uncertainties, many of which are beyond MidWestOne's and ATBancorp's control, which may cause actual results to differ materially from those discussed in such statements. Factors that could cause actual results to differ from those discussed in the forward-looking statements include, but are not limited to:

- the ability to obtain regulatory approvals and meet other closing conditions to the Merger, including approval by MidWestOne's shareholders and ATBancorp's shareholders, on the expected terms and schedule;
- delays in closing the Merger;
- difficulties and delays in integrating the MidWestOne and ATBancorp businesses, fully realizing cost savings and other benefits or that or such integration may be more difficult, time consuming or costly than expected;
- expected revenue synergies and cost savings from the Merger may not be fully realized or realized within the expected time frame;
- business disruptions following the Merger;
- deposit attrition, operating costs, customer loss and business disruption following the Merger, including, without limitation, difficulties in maintaining relationships with employees and counterparties, may be greater than expected;
- changes in asset quality and credit risk;
- revenues following the Merger may be lower than expected;
- inability to sustain revenue and earnings growth;
- ability to access capital markets;
- inflation, interest rate, securities market and monetary fluctuations;

- local, regional, national and international economic conditions and the impact they may have on MidWestOne and ATBancorp and their customers and MidWestOne and ATBancorp's assessment of that impact;
- customer acceptance of MidWestOne's and ATBancorp's products and services;
- customer borrowing, repayment, investment and deposit practices;
- customer disintermediation;
- the introduction, withdrawal, success and timing of business initiatives;
- changes in the competitive environment among financial holding companies and banks; and
- other factors, which could cause actual results to differ materially from future results expressed or implied by such forward-looking statements.

The foregoing list of important factors may not be all inclusive, and we specifically decline to undertake any obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made, or to reflect the occurrence of unanticipated events. For a further discussion of these and other risks, uncertainties and other factors applicable to MidWestOne and ATBancorp, see the section entitled "Risk Factors" in this joint proxy statement/prospectus and MidWestOne's other filings with the SEC incorporated by reference into this joint proxy statement/prospectus, including the "Risk Factors" and the forward-looking statement disclosure contained in MidWestOne's Annual Report on Form 10-K, filed with the SEC on March 1, 2018.

Table of Contents

**MIDWESTONE SPECIAL MEETING OF SHAREHOLDERS**

**Date, Time and Place**

The special meeting of MidWestOne shareholders will be held at [●] at [●] [●].m., Central Time, on [●], [●], 2018. On or about [●], 2018, MidWestOne commenced mailing this document and the enclosed form of proxy to its shareholders entitled to vote at the MidWestOne special meeting.

**Purpose of MidWestOne Special Meeting**

At the MidWestOne special meeting, MidWestOne shareholders will be asked to:

- approve the MidWestOne merger proposal;
- approve the MidWestOne stock issuance proposal;
- approve the MidWestOne adjournment proposal (if necessary or appropriate); and
- transact such other business as may properly come before the meeting or any adjournment thereof.

**Recommendation of the MidWestOne Board of Directors**

The MidWestOne board of directors recommends that you vote **FOR** the MidWestOne merger proposal, **FOR** the MidWestOne stock issuance proposal and **FOR** the MidWestOne adjournment proposal (if necessary or appropriate). Please see the section entitled "The Merger Recommendation of the MidWestOne Board of Directors and Reasons for the Merger" beginning on page 56.

**MidWestOne Record Date and Quorum**

The MidWestOne board of directors has fixed the close of business on [●], 2018 as the record date for determining the holders of MidWestOne common stock entitled to receive notice of and to vote at the MidWestOne special meeting.

As of the MidWestOne record date, there were [•] shares of MidWestOne common stock outstanding and entitled to vote at the MidWestOne special meeting held by approximately [•] holders of record. Each share of MidWestOne common stock entitles the holder to one vote at the MidWestOne special meeting on each proposal to be considered at the MidWestOne special meeting.

A majority of the outstanding shares of MidWestOne entitled to vote, represented in person or by proxy, will constitute a quorum for the transaction of business at the MidWestOne special meeting. Abstentions and broker non-votes will be included in determining the number of shares present at the meeting for the purpose of determining the presence of a quorum.

As of the MidWestOne record date, directors and executive officers of MidWestOne owned and were entitled to vote [•] shares of MidWestOne common stock, representing approximately [•]% of the shares of MidWestOne common stock outstanding on that date. MidWestOne currently expects that MidWestOne's directors and executive officers will vote their shares in favor of each of the MidWestOne proposals. As of the MidWestOne record date, ATBancorp beneficially held no shares of MidWestOne common stock.

#### **Required Vote**

The affirmative vote of a majority of the votes entitled to be cast on the proposal is required to approve the MidWestOne merger proposal. The affirmative vote of a majority of the shares of MidWestOne common stock represented in person or by proxy at the MidWestOne special meeting and entitled to vote on the proposal is required to approve the MidWestOne stock issuance proposal and the MidWestOne adjournment proposal.

#### **Treatment of Abstentions; Failure to Vote**

For purposes of the MidWestOne special meeting, an abstention occurs when a MidWestOne shareholder attends the MidWestOne special meeting, either in person or by proxy, but abstains from voting.

- For the MidWestOne merger proposal, if a MidWestOne shareholder present in person at the MidWestOne special meeting abstains from voting, or responds by proxy with an "abstain" vote, it will have the same effect as a vote cast

Table of Contents

AGAINST this proposal. If a MidWestOne shareholder is not present in person at the MidWestOne special meeting at which there is a quorum and does not respond by proxy, it will have no effect on the vote count for such proposal.

- For the MidWestOne stock issuance proposal and the MidWestOne adjournment proposal, if a MidWestOne shareholder present in person at the MidWestOne special meeting abstains from voting, or responds by proxy with an abstain vote, it will have the same effect as a vote cast AGAINST each such proposal. If a MidWestOne shareholder is not present in person at the MidWestOne special meeting at which there is a quorum and does not respond by proxy, it will have no effect on the vote count for each such proposal.

**Voting on Proxies; Incomplete Proxies**

Giving a proxy means that a MidWestOne shareholder authorizes the persons named in the enclosed proxy card to vote such holder's shares at the MidWestOne special meeting in the manner such holder directs. A MidWestOne shareholder may vote by proxy or in person at the MidWestOne special meeting. If you hold your shares of MidWestOne common stock in your name as a shareholder of record, to submit a proxy, you, as a MidWestOne shareholder, may use one of the following methods:

- By telephone: Use any touch-tone telephone to vote your proxy 24 hours a day, seven days a week. Have your proxy card handy when you call. Follow the instructions given to you.
- Through the Internet: Use the Internet to vote your proxy 24 hours a day, seven days a week. Have your proxy card handy when you access the website. Follow the instructions on the web site to obtain your records and to create an electronic voting instruction form.
- By mail: Complete and return the proxy card in the enclosed envelope. The envelope requires no additional postage if mailed in the United States.

MidWestOne requests that MidWestOne shareholders vote by telephone, over the Internet or by completing and signing the accompanying proxy card and returning it to MidWestOne as soon as possible in the enclosed postage-paid envelope. When the accompanying proxy card is returned properly executed, the shares of MidWestOne stock represented by it will be voted at the MidWestOne special meeting in accordance with the instructions contained on the proxy card.

If any proxy card is returned without indication as to how to vote, the shares of MidWestOne common stock represented by the proxy will be voted as recommended by the MidWestOne board of directors. Unless a MidWestOne shareholder checks the box on its proxy card to withhold discretionary authority, the proxyholders may use their discretion to vote on any other matters voted upon at the MidWestOne special meeting.

If a MidWestOne shareholder's shares are held in street name by a broker, bank or other nominee, the shareholder should check the voting form used by that firm to determine whether it may vote by telephone or the Internet.

Every *MidWestOne* shareholder's vote is important. Accordingly, each *MidWestOne* shareholder should sign, date and return the enclosed proxy card, or vote via the Internet or by telephone, whether or not the *MidWestOne* shareholder plans to attend the *MidWestOne* special meeting in person.

#### Shares Held in Street Name

If you are a *MidWestOne* shareholder and your shares are held in street name through a bank, broker or other holder of record, you must provide the record holder of your shares with instructions on how to vote the shares. Please follow the voting instructions provided by the bank or broker. You may not vote shares held in street name by returning a proxy card directly to *MidWestOne* or by voting in person at the *MidWestOne* special meeting unless you provide a legal proxy, which you must obtain from your broker, bank or other nominee. Further, brokers, banks or other nominees who hold shares of *MidWestOne* common stock on behalf of their customers may not give a proxy to *MidWestOne* to vote those shares with respect to any of the proposals without specific instructions from their customers, as brokers, banks and other nominees do not have discretionary voting power on these matters. Therefore, if you are a *MidWestOne* shareholder and you do not instruct your broker, bank or other nominee on how to vote your shares:

- your broker, bank or other nominee may not vote your shares on the *MidWestOne* merger proposal, which broker non-votes will have no effect on the vote count for such proposal;
- your broker, bank or other nominee may not vote your shares on the *MidWestOne* stock issuance proposal, which broker non-votes will have no effect on the vote count for this proposal; and
- your broker, bank or other nominee may not vote your shares on the *MidWestOne* adjournment proposal, which broker non-votes will have no effect on the vote count for this proposal.

Table of Contents

**ESOP Participant Voting**

For participants in the ESOP, the proxy card will also serve as a voting instruction card for the trustee of the ESOP with respect to shares held in the participants' accounts. A participant cannot direct the voting of shares allocated to the participant's account in the ESOP unless the proxy card is signed and returned in the return envelope provided. If proxy cards representing shares in the ESOP are not returned, those shares will be voted by the ESOP trustee in proportion to the results of the votes cast on the issue by the participants and beneficiaries.

**Revocability of Proxies and Changes to a MidWestOne Shareholder's Vote**

A MidWestOne shareholder has the power to change such shareholder's vote at any time before its shares of MidWestOne common stock are voted at the MidWestOne special meeting by:

- timely submitting another proxy via the telephone or Internet, if that is the method that you originally used to submit your proxy;
- signing another proxy card with a later date and returning that proxy card by mail;
- sending notice to us that you are revoking your proxy; or
- voting in person at the meeting.

All written notices of revocation and other written communications with respect to revocation of proxies should be sent to: MidWestOne Financial Group, Inc., 102 South Clinton St., Iowa City, Iowa 52240, Attention: Corporate Secretary. If you hold your shares in the name of your broker or other fiduciary and desire to revoke your proxy, you will need to contact that party to revoke your proxy.

**Solicitation of Proxies**

The cost of solicitation of proxies from MidWestOne shareholders will be borne by MidWestOne. MidWestOne will reimburse brokerage firms and other custodians, nominees and fiduciaries for reasonable expenses incurred by them in sending proxy materials to the beneficial owners of common stock. In addition to solicitations by mail, MidWestOne's directors, officers and regular employees may solicit proxies personally or by telephone without additional compensation.

**Attending the MidWestOne Special Meeting**

## Edgar Filing: MidWestOne Financial Group, Inc. - Form S-4

Subject to space availability, all *MidWestOne* shareholders as of the *MidWestOne* record date, or their duly appointed proxies, may attend the *MidWestOne* special meeting.

If you hold your shares of *MidWestOne* common stock in your name as a shareholder of record and you wish to attend the *MidWestOne* special meeting, please bring your proxy and evidence of your stock ownership, such as your most recent account statement, to the *MidWestOne* special meeting. You must also bring valid picture identification.

If your shares of *MidWestOne* common stock are held in street name in a stock brokerage account or by a bank or nominee and you wish to attend the *MidWestOne* special meeting, you need to bring a copy of a bank or brokerage statement to the *MidWestOne* special meeting reflecting your stock ownership as of the *MidWestOne* record date. You must also bring valid picture identification. Please note that you may not vote shares held in street name unless you provide a legal proxy, which you must obtain from your broker, bank or other nominee.



Table of Contents

**MIDWESTONE PROPOSALS**

**MidWestOne Merger Proposal**

As discussed throughout this joint proxy statement/prospectus, MidWestOne is asking its shareholders to approve the MidWestOne merger proposal. Holders of MidWestOne common stock should read carefully this joint proxy statement/prospectus in its entirety, including the appendices, for more detailed information concerning the Merger Agreement and the Merger. In particular, holders of MidWestOne common stock are directed to the Merger Agreement, a copy of which is attached as Appendix A.

Under Iowa law, an issuance of shares requires approval of the shareholders, at a meeting at which a quorum exists consisting of at least a majority of the votes entitled to be cast on the matter, if (i) the shares are issued for consideration other than cash or cash equivalents and (ii) the voting power of shares that are issued will comprise more than 20% of the voting power of the shares of the company that were outstanding immediately before the transaction.

If the Merger is completed pursuant to the Merger Agreement, MidWestOne currently expects to issue to ATBancorp shareholders 4,117,541 shares of MidWestOne common stock in connection with the Merger. Accordingly, the aggregate number of shares of MidWestOne common stock that MidWestOne will issue in the Merger will exceed 20% of the voting power of the shares of the company that were outstanding immediately before the transaction, and for this reason, MidWestOne is seeking the approval of MidWestOne merger proposal.

*The MidWestOne board of directors recommends that MidWestOne shareholders vote FOR the MidWestOne merger proposal.*

**MidWestOne Stock Issuance Proposal**

It is a condition to completion of the Merger that MidWestOne shareholders approve the issuance of shares of MidWestOne common stock in the Merger.

Under NASDAQ rules and Iowa law, a company is required to obtain shareholder approval prior to the issuance of securities if the number of shares of common stock to be issued is, or will be upon issuance, equal to or in excess of 20% of the number of shares of common stock outstanding before the issuance of the common stock or of securities convertible into or exercisable for common stock. If the Merger is completed pursuant to the Merger Agreement, MidWestOne currently expects to issue to ATBancorp shareholders 4,117,541 shares of MidWestOne common stock in connection with the Merger. Accordingly, the aggregate number of shares of MidWestOne common stock that MidWestOne will issue in the Merger will exceed 20% of the shares of MidWestOne common stock outstanding before such issuance, and for this reason, MidWestOne is seeking the approval of MidWestOne shareholders for the issuance of shares of MidWestOne common stock pursuant to the Merger Agreement.

## Edgar Filing: MidWestOne Financial Group, Inc. - Form S-4

In the event this proposal is not approved by MidWestOne shareholders, the Merger cannot be consummated. In the event this proposal is approved by MidWestOne shareholders, but the Merger Agreement is terminated (without the Merger being completed) prior to the issuance of shares of MidWestOne common stock pursuant to the Merger Agreement, MidWestOne will not issue the shares of MidWestOne common stock.

*The MidWestOne board of directors recommends that shareholders vote FOR the MidWestOne stock issuance proposal.*

### **MidWestOne Adjournment Proposal**

The MidWestOne special meeting may be adjourned to another time or place, if necessary or appropriate, to permit, among other things, further solicitation of proxies if necessary to obtain additional votes in favor of the MidWestOne merger proposal and the MidWestOne stock issuance proposal.

If, at the MidWestOne special meeting, the number of shares of MidWestOne common stock present or represented and voting in favor of the MidWestOne merger proposal and the MidWestOne stock issuance proposal is insufficient to approve the proposals, MidWestOne intends to move to adjourn the MidWestOne special meeting in order to enable the MidWestOne board of directors to solicit additional proxies for approval of the proposal.

In the MidWestOne adjournment proposal, MidWestOne is asking its shareholders to authorize the holder of any proxy solicited by the MidWestOne board of directors to vote in favor of granting discretionary authority to the proxy holders, to adjourn the MidWestOne special meeting to another time and place. If the MidWestOne shareholders approve the MidWestOne adjournment proposal, MidWestOne could adjourn the MidWestOne special meeting and any adjourned session of the MidWestOne special

Table of Contents

meeting and use the additional time to, among other things, solicit additional proxies, including the solicitation of proxies from MidWestOne shareholders who have previously voted.

*The MidWestOne board of directors recommends that shareholders vote FOR the MidWestOne adjournment proposal.*

**Other Matters to Come Before the MidWestOne Special Meeting**

No other matters are intended to be brought before the MidWestOne special meeting by MidWestOne, and MidWestOne does not know of any matters to be brought before the MidWestOne special meeting by others. If any proxy is returned without indication as to how to vote, the shares of MidWestOne common stock represented by the proxy will be voted as recommended by the MidWestOne board of directors. Unless a MidWestOne shareholder checks the box on its proxy card to withhold discretionary authority, the proxyholders may use their discretion to vote on any other matters voted upon at the MidWestOne special meeting.

Table of Contents

**ATBANCORP SPECIAL MEETING OF SHAREHOLDERS**

**Date, Time and Place**

The special meeting of ATBancorp shareholders will be held at [•] at [•] [•].m., Central Time, on [•], [•]. On or about [•], 2018, ATBancorp commenced mailing this document and the enclosed form of proxy to its shareholders entitled to vote at the ATBancorp special meeting.

**Purpose of ATBancorp Special Meeting**

At the ATBancorp special meeting, ATBancorp shareholders will be asked to:

- approve the ATBancorp merger proposal;
- approve the ATBancorp adjournment proposal (if necessary or appropriate); and
- transact such other business as may properly come before the meeting or any adjournment thereof.

**Recommendation of the ATBancorp Board of Directors**

**The ATBancorp board of directors recommends that you vote FOR the ATBancorp merger proposal and FOR the ATBancorp adjournment proposal (if necessary or appropriate).** Please see the section entitled **The Merger Recommendation of the ATBancorp Board of Directors and Reasons for the Merger** beginning on page 66.

In connection with entering into the Merger Agreement, certain holders of ATBancorp common stock owning 62.41% of the outstanding ATBancorp common stock entered into the Voting Agreement with *MidWestOne*, pursuant to which they have agreed to vote in favor of the ATBancorp merger proposal and for the approval of any proposal to adjourn or postpone the ATBancorp special meeting to a later date if there are not sufficient votes to approve the ATBancorp merger proposal. For more information regarding the Voting Agreement, please see the section entitled **The Merger Agreement Voting Agreement** beginning on page 99.

**ATBancorp Record Date and Quorum**

## Edgar Filing: MidWestOne Financial Group, Inc. - Form S-4

The ATBancorp board of directors has fixed the close of business on [●], 2018 as the record date for determining the holders of ATBancorp common stock entitled to receive notice of and to vote at the ATBancorp special meeting.

As of the ATBancorp record date, there were 35,028 shares of ATBancorp common stock outstanding and entitled to vote at the ATBancorp special meeting held by [●] holders of record. Each share of ATBancorp common stock entitles the holder to one vote at the ATBancorp special meeting on each proposal to be considered at the ATBancorp special meeting.

The representation of holders of at least a majority of the votes entitled to be cast on the matters to be voted on at the ATBancorp special meeting constitutes a quorum for transacting business at the ATBancorp special meeting. All shares of ATBancorp common stock, whether present in person or represented by proxy, including abstentions, will be treated as present for purposes of determining the presence or absence of a quorum for all matters voted on at the ATBancorp special meeting.

As of the ATBancorp record date, directors and executive officers of ATBancorp owned and were entitled to vote [●] shares of ATBancorp common stock, representing approximately [●]% of the shares of ATBancorp common stock outstanding on that date.

As described under The Merger Agreement Voting Agreement, in connection with entering into the Merger Agreement, *MidWestOne* and certain shareholders of ATBancorp entered into the Voting Agreement. The shareholders that are party to the Voting Agreement include directors and executive officers of ATBancorp and, together, beneficially own in the aggregate 62.41% of the outstanding shares of ATBancorp common stock. The Voting Agreement requires that the shareholders party thereto vote all of their shares of ATBancorp common stock in favor of the Merger and against alternative acquisition proposals.

### **Required Vote**

The affirmative vote of a majority of the shares of ATBancorp common stock represented in person or by proxy at the ATBancorp special meeting and entitled to vote on the proposal is required to approve the ATBancorp merger proposal. Pursuant to the Voting Agreement, approval of the ATBancorp merger proposal is virtually assured. The affirmative vote of a majority of the shares of ATBancorp common stock represented in person or by proxy at the ATBancorp special meeting and entitled to vote on the proposal is required to approve the ATBancorp adjournment proposal.

Table of Contents

**Treatment of Abstentions; Failure to Vote**

For purposes of the ATBancorp special meeting, an abstention occurs when an ATBancorp shareholder attends the ATBancorp special meeting, either in person or represented by proxy, but abstains from voting.

- For the ATBancorp merger proposal, if an ATBancorp shareholder present in person at the ATBancorp special meeting abstains from voting, or responds by proxy with an abstain vote, it will have the same effect as a vote cast AGAINST this proposal. If an ATBancorp shareholder is not present in person at the ATBancorp special meeting at which there is a quorum and does not respond by proxy, it will have no effect on the vote count for this proposal.
- For the ATBancorp adjournment proposal, if an ATBancorp shareholder present in person at the ATBancorp special meeting abstains from voting, or responds by proxy with an abstain vote, it will have the same effect as a vote cast AGAINST this proposal. If an ATBancorp shareholder is not present in person at the ATBancorp special meeting at which there is a quorum and does not respond by proxy, it will have no effect on the vote count for this proposal.

**Voting on Proxies; Incomplete Proxies**

Giving a proxy means that an ATBancorp shareholder authorizes the persons named in the enclosed proxy card to vote such holder's shares at the ATBancorp special meeting in the manner such holder directs. An ATBancorp shareholder may vote by proxy or in person at the ATBancorp special meeting. If you hold your shares of ATBancorp common stock in your name as a shareholder of record, to submit a proxy, you, as an ATBancorp shareholder, may complete and return the proxy card in the enclosed postage-paid envelope.

ATBancorp requests that ATBancorp shareholders vote by completing and signing the accompanying proxy card and returning it to ATBancorp as soon as possible in the enclosed postage-paid envelope. When the accompanying proxy card is returned properly executed, the shares of ATBancorp stock represented by it will be voted at the ATBancorp special meeting in accordance with the instructions contained on the proxy card.

If any proxy card is returned without indication as to how to vote, the shares of ATBancorp common stock represented by the proxy card will be voted as recommended by the ATBancorp board of directors. Unless an ATBancorp shareholder checks the box on its proxy card to withhold discretionary authority, the proxyholders may use their discretion to vote on any other matters voted upon at the ATBancorp special meeting.

**Every ATBancorp shareholder's vote is important. Accordingly, each ATBancorp shareholder should sign, date and return the enclosed proxy card, whether or not the ATBancorp shareholder plans to attend the ATBancorp special meeting in person.**

**Revocability of Proxies and Changes to an ATBancorp Shareholder's Vote**

An ATBancorp shareholder has the power to change its vote at any time before its shares of ATBancorp common stock are voted at the ATBancorp special meeting by:

- by sending a notice of revocation to the corporate secretary of ATBancorp;
- by sending a completed proxy card bearing a later date than your original proxy card; or
- by attending the ATBancorp special meeting and voting in person.

All written notices of revocation and other written communications with respect to revocation of proxies should be sent to: ATBancorp, 895 Main Street, Dubuque, Iowa 52001, Attention: Secretary. If you choose any of the first two methods, you must take the described action such that the notice or proxy card, as applicable, is received no later than the beginning of the ATBancorp special meeting.

#### **Solicitation of Proxies**

The cost of solicitation of proxies from ATBancorp shareholders will be borne by ATBancorp. In addition to solicitations by mail, ATBancorp's directors, officers and regular employees may solicit proxies personally or by telephone without additional compensation.

Table of Contents

**Attending the ATBancorp Special Meeting**

All ATBancorp shareholders as of the ATBancorp record date, or their duly appointed proxies, may attend the ATBancorp special meeting. If you hold your shares of ATBancorp common stock in your name as a shareholder of record and you wish to attend the ATBancorp special meeting, please bring your proxy to the ATBancorp special meeting.



Table of Contents

**ATBANCORP PROPOSALS**

**ATBancorp Merger Proposal**

As discussed throughout this joint proxy statement/prospectus, ATBancorp is asking its shareholders to approve the ATBancorp merger proposal. Holders of ATBancorp common stock should read carefully this joint proxy statement/prospectus in its entirety, including the appendices, for more detailed information concerning the Merger Agreement and the Merger. In particular, holders of ATBancorp common stock are directed to the Merger Agreement, a copy of which is attached as Appendix A.

*The ATBancorp board of directors recommends a vote FOR the ATBancorp merger proposal.*

**ATBancorp Adjournment Proposal**

The ATBancorp special meeting may be adjourned to another time or place, if necessary or appropriate, to permit, among other things, the solicitation of additional proxies if there are insufficient votes at the time of the ATBancorp special meeting to approve the ATBancorp merger proposal.

If, at the ATBancorp special meeting, the number of shares of ATBancorp common stock present or represented and voting in favor of the ATBancorp merger proposal is insufficient to approve the ATBancorp merger proposal, ATBancorp intends to move to adjourn the ATBancorp special meeting in order to enable the ATBancorp board of directors to solicit additional proxies for approval of the Merger. In that event, ATBancorp will ask its shareholders to vote only upon the ATBancorp adjournment proposal, and not the ATBancorp merger proposal.

In the ATBancorp adjournment proposal, ATBancorp is asking its shareholders to authorize the holder of any proxy solicited by the ATBancorp board of directors to vote in favor of granting discretionary authority to the proxy holders to adjourn the ATBancorp special meeting to another time and place. If the ATBancorp shareholders approve the ATBancorp adjournment proposal, ATBancorp could adjourn the ATBancorp special meeting and use the additional time to, among other things, solicit additional proxies, including the solicitation of proxies from ATBancorp shareholders who have previously voted.

*The ATBancorp board of directors recommends that shareholders vote FOR the ATBancorp adjournment proposal.*

**Other Matters to Come Before the ATBancorp Special Meeting**

## Edgar Filing: MidWestOne Financial Group, Inc. - Form S-4

No other matters are intended to be brought before the ATBancorp special meeting by ATBancorp, and ATBancorp does not know of any matters to be brought before the ATBancorp special meeting by others. If, however, any other matters properly come before the ATBancorp special meeting, the persons named in the proxy will vote the shares represented thereby in accordance with their best judgment on any such matter.

Table of Contents

**THE MERGER**

*The following is a discussion of the Merger and the material terms of the Merger Agreement between MidWestOne and ATBancorp. You are urged to read carefully the Merger Agreement in its entirety, a copy of which is attached as Appendix A to this document and incorporated by reference herein. This summary does not purport to be complete and may not contain all of the information about the Merger Agreement that is important to you. This section is not intended to provide you with any factual information about MidWestOne or ATBancorp. Such information can be found elsewhere in this document and in the public filings MidWestOne makes with the SEC, including the Merger Agreement, as described in the section entitled *Where You Can Find More Information* in the forepart of this document.*

**Terms of the Merger**

*Transaction Structure*

MidWestOne's and ATBancorp's boards of directors have approved the Merger Agreement. The Merger Agreement provides for the merger of ATBancorp with and into MidWestOne, with MidWestOne continuing as the surviving corporation. Immediately following the Merger, each of ATSB and ABTW, each of which is a wholly-owned subsidiary of ATBancorp, will merge with and into MidWestOne Bank, with MidWestOne Bank continuing as the surviving bank. Pursuant to the Merger Agreement, MidWestOne's board of directors will be the board of directors of the combined company until the combined company's next annual meeting of shareholders. Pursuant to the Merger Agreement, MidWestOne will appoint two individuals mutually agreeable to MidWestOne and to ATBancorp to serve as members of MidWestOne's board of directors, with one individual to serve as a Class I director and another individual to serve as a Class II director. Each individual's service on MidWestOne's board of directors will begin immediately upon the effectiveness of the Merger.

*Merger Consideration*

In the Merger, each share of ATBancorp common stock issued and outstanding immediately prior to the Effective Time, excluding any Cancelled Shares and any Dissenters' Shares, shall represent the right to receive the Per Share Stock Consideration and the Per Share Cash Consideration.

For each fractional share that would otherwise be issued, MidWestOne will pay cash in an amount equal to such fraction multiplied by the Closing Acquiror Common Stock Price. No interest will be paid or accrued on cash payable to holders in lieu of fractional shares.

Based on MidWestOne's common stock's closing price of \$33.25 on August 21, 2018, the day before the announcement of the Merger, the transaction value is estimated at \$171.67 million, or \$4,901.05 per share of ATBancorp common stock. Based on MidWestOne's common stock's closing price of \$[•] on [•], 2018, the transaction value is estimated at \$[•] million, or \$[•] per share of ATBancorp common stock. Based on a Final Acquiror Market Value of MidWestOne's closing stock of \$26.60 (the price beneath

which ATBancorp would have the right to terminate the Merger Agreement, subject to the other conditions therein, including MidWestOne's right to increase the amount of consideration payable to ATBancorp shareholders), the transaction value is estimated at \$144.29 million, or \$4,119.34 per share of ATBancorp common stock. The ultimate value of the consideration received by ATBancorp shareholders will depend on the trading value of MidWestOne common stock prior to the closing of the Merger.

#### **Background of the Merger**

Each of the MidWestOne and the ATBancorp board of directors and management regularly review their respective business strategies, opportunities and challenges as part of their consideration and evaluation of their respective long-term prospects, with the goal of enhancing value for their respective shareholders. These strategic considerations have focused on, among other things, the business, economic and regulatory environment facing financial institutions, generally, and each of MidWestOne and ATBancorp, particularly, as well as overall conditions and ongoing consolidation in the financial services industry. In addition, MidWestOne regularly evaluates business combination opportunities in furtherance of its strategic objectives.

In the spring and summer of 2017, the executives, board members, certain shareholders who were not executives or board members and other representatives of ATBancorp held many conversations, both by telephone and in person, about ATBancorp's strategic plan, including possible strategic alternatives or remaining an independent company and pursuing other growth opportunities. ATBancorp's board of directors recognized the stated near-term goal of many of ATBancorp's shareholders to enhance ATBancorp's profitability, maximize shareholder value and provide increased liquidity for shareholders in ATBancorp common stock. As a result of these conversations, ATBancorp's board of directors determined that it was in the best interest of the shareholders to more actively

Table of Contents

explore its strategic options. During this time, the management team and board of directors met with several investment banking firms to review ATBancorp's possible strategic alternatives and provide advice regarding a possible business combination with another entity.

The investment banking firms with which ATBancorp met generally recommended divesting United American Bank, headquartered in San Mateo, California, and owned 83% by ATBancorp, to separate it from ATBancorp's Midwestern operations, on the basis that doing so would likely make the most strategic sense to maximize ATBancorp's value in its investment in United American Bank and, therefore, to maximize the overall value of ATBancorp. A primary reason to address United American Bank separately was the general lack of potential counterparties interested in combining with an organization as geographically diverse as ATBancorp with banking subsidiaries in Iowa, Wisconsin and California. In July 2017, without deciding whether it would support any particular strategic transaction involving United American Bank, ATBancorp advised an independent M&A committee of United American Bank that it would not object to United American Bank's engagement of Sandler O'Neill as its financial advisor to contact parties that might be interested in pursuing a strategic transaction. Following a marketing process led by Sandler O'Neill, United American Bank determined to move forward with a sale, through a merger transaction, to Heritage Commerce Corp. Following several months of due diligence and negotiation, on January 10, 2018, ATBancorp, United American Bank and Heritage Commerce Corp. entered into a definitive agreement for the merger of United American Bank with Heritage Bank of Commerce, headquartered in San Jose, California, and the wholly owned subsidiary of Heritage Commerce Corp. In connection with the closing of the transaction, which occurred on May 4, 2018, ATBancorp received \$9.1 million in cash and approximately 2.3 million shares of Heritage Commerce Corp common stock, valued at approximately \$39.0 million at the time of closing. Shortly after the disposition of United American Bank, on May 10, 2018, ATBancorp sold all of the shares of Heritage Commerce Corp common stock it received to an unrelated third party and received net proceeds, after the payment of brokerage commissions, of approximately \$37.9 million.

Throughout the winter of 2017 into 2018, the ATBancorp board of directors and management team continued their general discussions of ATBancorp's strategic alternatives, and discussions of various legal matters related to an exploration of its strategic options, including the board's fiduciary duties, obligations under federal and state securities laws, the due diligence process and maintaining confidentiality throughout the process. On February 20, 2018, ATBancorp engaged Sandler O'Neill to act as its financial advisor in connection with its exploration of its strategic options and executed an engagement letter with Sandler O'Neill to that effect. After reviewing discussions with various financial advisors that the board of directors had met with the prior summer, the board selected Sandler O'Neill as its financial advisor based on, among other factors, Sandler O'Neill's reputation, experience in mergers and acquisitions, prior relationship with ATBancorp in the sale of United American Bank and familiarity with ATBancorp's strategic goals and the industry in which it operates. Representatives of Sandler O'Neill discussed with the ATBancorp board of directors on February 20, 2018 the then-current state of the banking industry; ATBancorp's general financial performance; strategic options available to ATBancorp, such as listing its shares on a securities exchange, divestiture opportunities of certain pieces of the company, and remaining independent; and preliminary views on possible valuation ranges and financial institutions that may be interested in evaluating a strategic transaction with ATBancorp. Following this discussion, the board of directors concluded that it was in the best interests of the shareholders to have Sandler O'Neill fully explore the strategic opportunities for ATBancorp that would result in a change of control of the organization.

Over the next several weeks, representatives of Sandler O'Neill worked with the ATBancorp board of directors and management team to develop a list of potential merger partners. The list was based on likelihood of interest, financial capacity and perceived potential to obtain required regulatory approvals. During this time, representatives of Sandler O'Neill also worked with management of ATBancorp, as well as representatives of Barack Ferrazzano Kirschbaum & Nagelberg LLP (Barack Ferrazzano), counsel to ATBancorp, to develop materials necessary for the process, including establishing a due diligence on-line data room, preparing confidentiality agreements and initial informational materials.

In the first week of April 2018, at ATBancorp's request, Sandler O'Neill began contacting representatives of the financial institutions previously identified as potential merger partners. Sandler O'Neill contacted *MidWestOne* on April 11, 2018. Of the 15 financial institutions contacted, six declined to engage in consideration of a transaction and nine, including *MidWestOne*, signed confidentiality agreements that included customary standstill provisions and were given access to an electronic data room that contained non-public information regarding ATBancorp's loans and deposits, credit quality, vendor contracts, and operating expenses.

On April 20, 2018, MidWestOne and ATBancorp entered into a confidentiality agreement and Sandler O'Neill provided MidWestOne with access to the ATBancorp electronic data room and MidWestOne began to conduct a due diligence review of ATBancorp. As part of this process, management of MidWestOne met with and had further discussions with representatives of ATBancorp, including an in-person meeting in Iowa City on May 14, 2018. At this introductory meeting, executives discussed the histories, cultures, operations and business models of their respective companies and the Iowa banking environment. MidWestOne's management also discussed the potential strategic benefits of a combination between MidWestOne and ATBancorp.

During this time period, eight other parties that entered into confidentiality agreements also conducted their due diligence reviews of ATBancorp. Through April 2018, several institutions informed Sandler O'Neill that they were not interested in pursuing a

Table of Contents

transaction with ATBancorp at that time, citing, among other things, ongoing internal projects making the proposed transaction too difficult to execute, as well as not being interested in expanding into the Dubuque market. Three institutions other than MidWestOne indicated their desire to continue their due diligence, have discussions with ATBancorp management and work toward developing a non-binding letter of intent to submit to ATBancorp.

During the second week of May 2018, two of these institutions held in-person meetings with ATBancorp's management. During the third week of May, 2018, another institution met with ATBancorp's management through a teleconference. Ultimately, none of these three other institutions submitted a proposal to Sandler O'Neill. Throughout April and the first half of May 2018, management and representatives of Sandler O'Neill and Barack Ferrazzano regularly updated the full board as to the process.

On May 17, 2018, MidWestOne delivered to Sandler O'Neill its preliminary, non-binding letter of intent that proposed an acquisition of ATBancorp by MidWestOne structured as a merger of ATBancorp with and into MidWestOne, and a merger of ATBancorp's subsidiary banks with and into MidWestOne Bank, at an aggregate implied purchase price of \$185.0 million, based on MidWestOne's closing stock price on May 15, 2018, or \$5,279.98 per share of ATBancorp common stock, payable 50% in stock and 50% cash. The letter of intent also had provisions relating to MidWestOne's expectation that certain ATBancorp shareholders agree to not sell their shares for a period of time following the closing of the transaction; and the possibility of ATBancorp shareholders having representatives on MidWestOne's board following any transaction. The proposal provided for a 60-day exclusivity period during which ATBancorp would not engage in any discussions regarding a possible transaction with any other parties. The proposal also allowed for the payment of a special pre-closing dividend to ATBancorp shareholders in the aggregate amount of \$20.0 million, with such dividend representing a portion of the proceeds to ATBancorp from the sale of Heritage Commerce Corp common stock, which had not yet been distributed to ATBancorp shareholders.

On May 23, 2018, the ATBancorp board met with representatives of Sandler O'Neill and Barack Ferrazzano to discuss the letter of intent received from MidWestOne. After a lengthy discussion regarding the levels of interest for a possible transaction, the current market environment and ATBancorp's ongoing evaluation of its value as an independent entity, the board determined that it would be in the best interest of its shareholders to not execute the letter of intent at that time, but to continue to negotiate with MidWestOne and attempt to receive a higher level of merger consideration. Over the next few weeks, the parties negotiated the terms of the letter intent, including the level of consideration and mix of cash and stock, board representation, lock-up arrangements for certain ATBancorp shareholders and the amount of the special dividend that MidWestOne would allow.

On June 6, 2018, MidWestOne submitted a revised non-binding letter of intent with ATBancorp, which provided for an aggregate implied purchase price of \$201.7 million, as of June 6, 2018, or \$5,756.59 per share of ATBancorp common stock, payable 75% in stock and 25% cash, and maintained the allowable special dividend to ATBancorp shareholders at the previously proposed amount of \$20.0 million. The ATBancorp board of directors met with its advisors on June 7, 2018 to discuss the latest proposed non-binding letter of intent. Following this discussion, the board of directors instructed its representatives to further negotiate with MidWestOne to increase the amount of the special dividend and to add further clarification regarding the proposed lock-up arrangement, board representation and other matters.

Following that meeting, MidWestOne submitted a revised non-binding letter of intent to ATBancorp, which, consistent with its prior indication, provided for an aggregate implied purchase price of \$201.7 million, based on MidWestOne's closing stock price on June 6, 2018, or \$5,756.59 per share of ATBancorp common stock, payable 75% in stock and 25% cash. The revised letter of intent increased the allowable special dividend to ATBancorp shareholders to \$21.8 million and provided other clarifications requested by ATBancorp's representatives. ATBancorp signed the non-binding letter of intent on June 11, 2018, and also agreed that it would not negotiate with any other parties or pursue other transactions.

## Edgar Filing: MidWestOne Financial Group, Inc. - Form S-4

On June 19, 2018, Barack Ferrazzano provided Shapiro Biegling Barber Otteson LLP, counsel to *MidWestOne*, with a first draft of the Merger Agreement. Over the course of the following weeks, the parties and their respective legal advisors exchanged drafts of the Merger Agreement, shareholder agreements and disclosure schedules thereto, several drafts of which were shared with the boards of directors of both companies. The parties worked toward finalizing the terms of the transaction, including the representations and warranties to be given by the parties; the operational covenants regarding *ATBancorp*'s actions between signing of the Merger Agreement and the closing of the transaction; the level of severance and other rights of *ATBancorp* employees in connection with the proposed transaction; the terms of various employment arrangements for *ATBancorp* employees; the pre-closing disposition of certain of *ATBancorp*'s assets and liabilities; and the provisions regarding a termination fee and *ATBancorp*'s ability to pursue other transactions if necessary to satisfy its board of directors' fiduciary duties. During this period of negotiation, the parties and their representatives continued to conduct ongoing, reciprocal comprehensive due diligence regarding the business, operations and markets of the other party. *MidWestOne* also retained a consultant to review *ATBancorp*'s trust business, including its retirement planning business.



Table of Contents

On July 2, 2018, MidWestOne and ATBancorp entered into a confidentiality agreement to allow ATBancorp to conduct a more comprehensive diligence review of MidWestOne's non-public information. Also on July 2, 2018, management of MidWestOne and ATBancorp conducted an in-person meeting to further discuss the status of the process and the operations and business models of their respective companies. At this time, ATBancorp engaged a consulting firm to conduct a comprehensive review of MidWestOne's loan portfolio. ATBancorp also retained Kirkland & Ellis LLP, a law firm, to conduct legal due diligence on MidWestOne. Those due diligence reviews continued for several weeks. On August 10, 2018, MidWestOne and ATBancorp executed an extension to the final letter of intent, which extended the exclusivity period of the letter of intent to August 24, 2018. On July 20, 2018, management and representatives at MidWestOne and ATBancorp conducted an in-person meeting to perform reverse due diligence on MidWestOne and further discuss the status of the negotiations.

On July 23, 2018, MidWestOne informed ATBancorp of its intention to revise the financial terms of the transaction in light of, among other things, its decision to not acquire ATBancorp's retirement planning business, and certain related assets. Over the next two weeks, the parties negotiated revised pricing terms and the mechanics of disposing of ATBancorp's retirement business prior to closing. On August 3, 2018, MidWestOne delivered to ATBancorp in writing its revised financial terms, which provided for an aggregate implied purchase price of \$168.1 million, as of August 2, 2018, or \$4,798.78 per share of ATBancorp common stock, payable 75% in stock and 25% cash, with an increase in the allowable special dividend to ATBancorp shareholders to \$31.8 million. After several extensive discussions with its management team and its financial and legal advisors with respect to the revised financial terms and the process for disposing of the retirement business and the risks associated generally with a sale and the inclusion of the sale as a closing condition, the ATBancorp board of directors determined that it was in the best interests of the shareholders to continue negotiations with MidWestOne and to work toward a final definitive agreement.

Over the next several weeks, representatives of MidWestOne and ATBancorp negotiated various matters, including employee matters; change-in-control and other severance and retention arrangements; terms and requirements of the sale of the assets related to the retirement planning business; terms and timing of the dividends; and language regarding various representations and warranties in the Merger Agreement. Additionally, ATBancorp and MidWestOne prepared disclosure schedules during this time period. ATBancorp's management and its advisors met regularly with the ATBancorp board of directors and provided updates on the ongoing negotiations.

On August 20, 2018, the ATBancorp board of directors, together with its legal counsel and financial advisors, met at length to discuss the proposed Merger Agreement and the ancillary agreements. ATBancorp management also reported to the board of directors the results of its due diligence investigation of MidWestOne. The ATBancorp board of directors reviewed in detail the terms and conditions of the Merger Agreement and ancillary agreements with its legal counsel, copies of which had been delivered to the board members prior to the meeting. Sandler O'Neill presented its financial analysis and opinion to the ATBancorp board of directors on August 20, 2018 to the effect that, as of such date and subject to the assumptions made, matters considered and qualifications and limitations on the review undertaken by Sandler O'Neill in rendering its opinion as set forth therein, the per share Merger consideration was fair, from a financial point of view, to the common shareholders of ATBancorp. See Opinion of ATBancorp's Financial Advisor. Among other matters, the ATBancorp board of directors reviewed the form and value of the consideration to be received by the shareholders, the price and historical performance of MidWestOne common stock and the implications of the Merger to ATBancorp and its subsidiary banks' employees, customers and communities. Barack Ferrazzano also discussed various legal issues with the board members, including the board of directors' fiduciary duties. After consideration of these matters and the factors listed below at Recommendation of the ATBancorp Board of Directors and Reasons for the Merger, the ATBancorp board of directors unanimously approved entering into the Merger Agreement. Representatives of ATBancorp reported the board's actions to MidWestOne's representatives following the meeting.

On August 21, 2018, the MidWestOne board of directors met to review the proposed definitive Merger Agreement. Representatives of Shapiro Biegling Barber Otteson LLP and Piper Jaffray attended the meeting. The MidWestOne board received a report from members of management with regard to their due diligence on ATBancorp. Also at this meeting, Piper Jaffray reviewed the financial aspects of the proposed Merger and rendered to MidWestOne's board of directors an opinion to the effect that, as of that date and subject to the procedures followed, assumptions made, matters considered, and qualifications and limitations on the review undertaken by Piper Jaffray as set forth in such opinion, the aggregate Merger consideration in the proposed Merger was fair, from a financial point of view, to MidWestOne. See Opinion of MidWestOne's Financial Advisor. Representatives of Shapiro Biegling Barber Otteson LLP summarized with the board its fiduciary duties and reviewed in detail the terms of the Merger Agreement and ancillary documents, copies of which had been delivered to the board members in advance of the

meeting.

On August 21, 2018, the parties executed the Merger Agreement and the ancillary documents. The shareholders of ATBancorp that are parties to the Voting Agreement and Lock-Up Agreements executed those agreements. Prior to the opening of the market on August 22, 2018, the parties issued a joint press release and *MidWestOne* filed a Form 8-K announcing the proposed transaction.

Table of Contents

**Recommendation of the MidWestOne Board of Directors and Reasons for the Merger**

In reaching its decision to unanimously approve the Merger Agreement, the Merger and the other transactions contemplated by the Merger Agreement, the MidWestOne board of directors evaluated the Merger and the Merger Agreement in consultation with MidWestOne management, as well as MidWestOne's financial and legal advisors, and considered a number of factors, including the following material factors:

- each of MidWestOne's, ATBancorp's and the combined company's business, operations, financial condition, asset quality, earnings and prospects;
- the complementary nature of the businesses of the two companies. Also significant was the belief of the MidWestOne board of directors that the combination would result in a larger and more diversified financial institution that is both better equipped to respond to economic and industry developments and better positioned to develop and build on its strong market share;
- the anticipated pro forma impact of the transaction on the combined company, including the expected impact on financial metrics including earnings and tangible equity per share and on regulatory capital levels, and MidWestOne's management's expectation that the combined company will retain a strong capital position upon completion of the transaction;
- the potential to increase core deposits through expanded product offerings to ATBancorp's customer base, both current loan customers and prospects;
- its understanding of the current and prospective environment in which MidWestOne and ATBancorp operate and will operate, including national, regional and local economic conditions, the interest rate environment, the continuing consolidation of the industry, increased operating costs resulting from regulatory initiatives and compliance mandates, increasing nationwide competition and current financial market conditions and the likely effects of these factors on the companies' potential growth, development, productivity and strategic options;
- its review and discussions with MidWestOne's management and legal advisor, Shapiro Bieging Barber Otteson LLP, concerning the due diligence examination of ATBancorp;
- its review with its legal advisor of the Merger Agreement and other transaction agreements, including the provisions of the Merger Agreement designed to enhance the probability that the transaction will be completed;
- the synergies potentially available in the proposed transaction which create the opportunity for the combined company to have superior future earnings and prospects compared to MidWestOne's earnings and prospects on a stand-alone basis;
- the structure of the transaction as a true combination in which MidWestOne's board of directors and management would have substantial participation in the combined company;
- the opinion, dated August 21, 2018, of Piper Jaffray to the MidWestOne board of directors as to the fairness,

from a financial point of view and as of the date of the opinion, to MidWestOne of the aggregate Merger consideration in the proposed Merger, as more fully described under "Opinion of MidWestOne's Financial Advisor";

- that the Merger Agreement restricts the conduct of ATBancorp's business between the date of the Merger Agreement and the date of the consummation of the Merger; and
- the perceived similarity in corporate cultures, which would facilitate integration and implementation of the transaction;
- the nature and amount of payments and other benefits to be received by ATBancorp employees in connection with the Merger.

The MidWestOne board of directors also considered a number of potential risks and uncertainties associated with the Merger in connection with its deliberation of the proposed transaction, including, without limitation, the following:

- the potential risks associated with achieving anticipated cost synergies and savings and successfully integrating ATBancorp's business, operations and workforce with those of MidWestOne, including the costs and risks of successfully integrating the differing business models of the two companies;
- the potential risk of diverting management attention and resources from the operation of MidWestOne's business and towards the completion of the Merger and the integration of the two companies;
- the regulatory and other approvals required in connection with the Merger and the expected likelihood that such regulatory approvals will be received in a reasonably timely manner and without the imposition of unacceptable conditions;
- the potential risks associated with achieving anticipated cost synergies and savings and successfully integrating MidWestOne's business, operations and workforce with those of ATBancorp; and
- the possibility that the Merger might not be consummated and the effect of the resulting public announcement of the termination of the Merger on, among other things, the operations of MidWestOne.

Table of Contents

The foregoing discussion of the information and factors considered by the MidWestOne board of directors is not intended to be exhaustive, but includes the material factors considered by the MidWestOne board of directors. In reaching its decision to approve the Merger Agreement, the Merger and the other transactions contemplated by the Merger Agreement, the MidWestOne board of directors did not quantify or assign any relative weights to the factors considered, and individual directors may have given different weights to different factors. The MidWestOne board of directors considered all of these factors as a whole, and overall considered the factors to be favorable to, and to support its determination to approve entry into the Merger Agreement.

This explanation of MidWestOne's reasons for the Merger and other information presented in this section is forward-looking in nature and should be read in light of the section entitled "Cautionary Statement Regarding Forward-Looking Statements" beginning on page 42.

MidWestOne's board of directors realized that there can be no assurance about future results, including results expected or considered in the factors listed above, such as assumptions regarding enhanced business prospects, anticipated cost savings and earnings accretion/dilution. The board of directors concluded, however, that the potential positive factors outweighed the potential risks of completing the transaction.

**For the reasons set forth above, the MidWestOne board of directors determined that the Merger Agreement, the Merger and the other transactions contemplated by the Merger Agreement, including the issuance of MidWestOne common stock in connection with the Merger, are advisable and in the best interests of MidWestOne and its shareholders, and approved the Merger Agreement and the transactions contemplated by it. The MidWestOne board of directors recommends that the MidWestOne shareholders vote FOR the MidWestOne merger proposal, FOR the MidWestOne stock issuance proposal and FOR the MidWestOne adjournment proposal (if necessary or appropriate).**

**Opinion of MidWestOne's Financial Advisor**

By letter dated June 18, 2018, MidWestOne retained Piper Jaffray to act as its financial advisor in connection with a potential transaction. In its capacity as financial advisor, Piper Jaffray provided a fairness opinion to the board of directors of MidWestOne in connection with the Merger. At the meeting of the board of directors of MidWestOne on August 21, 2018, Piper Jaffray rendered its oral opinion to the MidWestOne board of directors (which was subsequently confirmed in writing by delivery of Piper Jaffray's written opinion dated the same date) that, based upon and subject to the various factors, assumptions and limitations set forth in such opinion, Piper Jaffray representatives' experience as investment bankers, Piper Jaffray's work as described in such opinion and other factors Piper Jaffray deemed relevant, as of such date, the aggregate consideration to be paid by MidWestOne pursuant to the Merger Agreement was fair from a financial point of view. The Piper Jaffray written opinion dated August 21, 2018 is sometimes referred to herein as the Piper Jaffray Opinion.

**The Piper Jaffray Opinion was provided for the information and assistance of the MidWestOne board of directors in connection with its consideration of the Merger. The Piper Jaffray Opinion did not address the merits of MidWestOne's underlying decision to engage in the Merger or the relative merits of the Merger compared to any alternative business strategy or transaction in which MidWestOne might engage. The Piper Jaffray Opinion does not constitute a recommendation to the MidWestOne board or any holder of MidWestOne common stock as to how any MidWestOne board member or such holder should vote with respect to the Merger.**

## Edgar Filing: MidWestOne Financial Group, Inc. - Form S-4

The full text of the Piper Jaffray Opinion, which sets forth, among other things, the assumptions made, procedures followed, matters considered and limitations on the review undertaken in rendering its opinion, is attached as Appendix C to this joint proxy statement/prospectus and is incorporated herein by reference. The summary of the Piper Jaffray Opinion set forth herein is qualified in its entirety by reference to the full text of the opinion. MidWestOne common shareholders should read the full text of the opinion carefully and in its entirety. The Piper Jaffray Opinion was reviewed and approved by the fairness opinion committee of Piper Jaffray. Piper Jaffray provided its opinion to the board of directors of MidWestOne on August 21, 2018 in connection with and for the purposes of the MidWestOne board of directors' evaluation of the Merger. The Piper Jaffray Opinion addressed only the fairness, from a financial point of view, as of August 21, 2018, of the aggregate consideration to be paid by MidWestOne pursuant to the Merger. Piper Jaffray expressed no view or opinion as to any other terms or aspects of the Merger Agreement, the Merger or any other transactions contemplated by the Merger Agreement, including any legal, accounting and tax matters relating to the Merger and any such other transactions contemplated by the Merger Agreement.

In arriving at its opinion, Piper Jaffray has:

(i) reviewed and analyzed the financial terms of a draft of the Merger Agreement dated August 19, 2018;

Table of Contents

(ii) reviewed and analyzed certain financial information, including historical operating data and financial forecasts, relating to the business, earnings, cash flow, assets, liabilities and prospects of MidWestOne and ATBancorp on a stand-alone basis that in each case were publicly available, as well as those that were furnished to Piper Jaffray by senior management of MidWestOne and ATBancorp, respectively, including the analyses and forecasts of certain cost savings expected by management of MidWestOne to result from the Merger (the Synergies );

(iii) conducted discussions with members of senior management and representatives of MidWestOne and ATBancorp concerning the matters described in clause (ii) above, as well as their respective businesses and prospects before and after giving effect to the Merger and the Synergies;

(iv) reviewed the current and historical reported prices and trading activity of MidWestOne common stock;

(v) compared the financial performance of MidWestOne and ATBancorp with that of certain publicly traded companies that Piper Jaffray deemed relevant;

(vi) reviewed the financial terms, to the extent publicly available, of certain business combination transactions that Piper Jaffray deemed relevant; and

(vii) performed a discounted cash flow analysis for each of MidWestOne and ATBancorp. In addition, Piper Jaffray conducted such other analyses, examinations and inquiries and considered such other financial, economic and market criteria as Piper Jaffray deemed necessary in arriving at its opinion.

Piper Jaffray, with MidWestOne management's consent, relied upon and assumed, without assuming liability or responsibility for independent verification, the accuracy and completeness of all information that was publicly available or was furnished, or otherwise made available, to Piper Jaffray or discussed with or reviewed by Piper Jaffray. Piper Jaffray further relied upon the assurances of the management of MidWestOne and ATBancorp that the financial information provided has been prepared on a reasonable basis in accordance with industry practice, and that they are not aware of any information or facts that would make any information provided to Piper Jaffray incomplete, inaccurate, or misleading. Without limiting the generality of the foregoing, for the purpose of the Piper Jaffray Opinion, Piper Jaffray was advised by the management of MidWestOne, and assumed with MidWestOne management's consent, that with respect to financial forecasts, estimates and other forward-looking information (including the Synergies) reviewed by Piper Jaffray, that such information has been reasonably prepared based on assumptions reflecting the best currently available estimates and judgments of the management of MidWestOne as to the expected future results of operations and financial condition of MidWestOne and ATBancorp, respectively. Piper Jaffray expressed no opinion as to any such financial forecasts, estimates or forward-looking information (including the Synergies) or the assumptions on which they were based. Piper Jaffray further assumed that the Merger would qualify as a tax-free reorganization for United States federal income tax purposes. Piper Jaffray relied, with MidWestOne management's consent, on advice of the outside counsel and the independent accountants to MidWestOne, and on the assumptions of the management of MidWestOne as to all accounting, legal, tax and financial reporting matters with respect to MidWestOne, ATBancorp and the Merger Agreement.

In arriving at its opinion, Piper Jaffray assumed that the executed Merger Agreement would be in all material respects identical to the last draft reviewed by Piper Jaffray. Piper Jaffray relied upon and assumed, without independent verification, that (i) the representations and warranties of all parties to the Merger Agreement and all other related documents and instruments that are referred to therein are true and correct in all respects material to the analysis, (ii) each party to such agreements will fully and timely perform all of the covenants and agreements required to be performed by such party, (iii) the Merger will be consummated pursuant to the terms of the Merger Agreement without amendments thereto

and (iv) all conditions to the consummation of the Merger will be satisfied without waiver by any party of any conditions or obligations thereunder. Additionally, Piper Jaffray assumed that all the necessary regulatory approvals and consents required for the Merger will be obtained in a manner that will not adversely affect MidWestOne, ATBancorp or the contemplated benefits of the Merger.

In arriving at the opinion, Piper Jaffray did not perform any appraisals or valuations of any specific assets or liabilities (fixed, contingent or other) of MidWestOne or ATBancorp, and was not furnished or provided with any such appraisals or valuations, nor did Piper Jaffray evaluate the solvency of MidWestOne or ATBancorp under any state or federal law relating to bankruptcy, insolvency or similar matters. The analyses performed by Piper Jaffray in connection with the opinion were going concern analyses. Piper Jaffray expressed no opinion regarding the liquidation value of MidWestOne, ATBancorp or any other entity. Piper Jaffray assumed that there had been no material change in the respective assets, financial condition, results of operations, business or prospects of MidWestOne or ATBancorp since the date of the most recent financial data made available to Piper Jaffray. Piper Jaffray did not: (i) conduct a review of any individual credit files of MidWestOne or ATBancorp, nor did Piper Jaffray evaluate the adequacy of the loan or lease reserves of MidWestOne or ATBancorp, (ii) conduct a review of any credit mark which may be taken in connection with the Merger, nor did Piper Jaffray evaluate the adequacy of any contemplated credit mark to be so taken, or (iii) conduct a review of the



Table of Contents

collectability of any asset or the future performance of any loan of MidWestOne or ATBancorp. Piper Jaffray assumed, with MidWestOne management's consent, that the respective allowances for loan and lease losses for MidWestOne and ATBancorp, and the credit mark were adequate to cover such losses and would be adequate for MidWestOne on a pro forma basis assuming completion of the Merger. Accordingly, Piper Jaffray expressed no opinion with respect to the foregoing. Without limiting the generality of the foregoing, Piper Jaffray did not undertake an independent analysis of any pending or threatened litigation, regulatory action, possible unasserted claims or other contingent liabilities, to which MidWestOne, ATBancorp or any of their affiliates was a party or may be subject, and at the direction of MidWestOne and with its consent, the Piper Jaffrey Opinion makes no assumption concerning, and therefore did not consider, the possible assertion of claims, outcomes or damages arising out of any such matters. Piper Jaffray also assumed, with MidWestOne management's consent, that neither MidWestOne nor ATBancorp was a party to any material pending transaction, including without limitation any financing, recapitalization, acquisition or merger, divestiture or spin-off, other than the Merger.

No company or transaction used in any analysis for purposes of comparison is identical to MidWestOne, ATBancorp or the contemplated Merger. Accordingly, an analysis of the results of the comparisons is not mathematical; rather, it involves complex considerations and judgments about differences in the companies and transactions to which MidWestOne, ATBancorp and the Merger were compared and other factors that could affect the public trading value or transaction value of the companies.

The Piper Jaffray Opinion was necessarily based upon the information available to Piper Jaffray and facts and circumstances as they existed and were subject to evaluation on the date of the Piper Jaffray Opinion; events occurring after the date of the Piper Jaffray Opinion could materially affect the assumptions used in preparing the Piper Jaffray Opinion. Piper Jaffray did not express any opinion herein as to the price at which shares of MidWestOne may trade following announcement of the Merger or at any future time. Piper Jaffray has not undertaken to reaffirm or revise its opinion or otherwise comment upon any events occurring after the date of the Piper Jaffray Opinion and has no obligation to update, revise or reaffirm the Piper Jaffray Opinion.

Piper Jaffray was engaged by MidWestOne to act as its financial advisor in connection with the Merger and Piper Jaffray will receive a fee equal to \$1,600,000 from MidWestOne upon the successful consummation of the Merger. Piper Jaffray also received a fee of \$200,000 for rendering the Piper Jaffray Opinion, of which \$100,000 will be credited, and thereby reduce, any transaction fee payable. Piper Jaffray's opinion fee is not contingent upon the consummation of the Merger or the conclusions reached in the opinion. MidWestOne has also agreed to indemnify Piper Jaffray against certain liabilities and reimburse Piper Jaffray for certain expenses in connection with Piper Jaffray's services.

Piper Jaffray has, in the past, provided financial advisory and financing services to MidWestOne and ATBancorp and may continue to do so and has received, and may receive, fees for the rendering of such services. In particular, Piper Jaffray expects that it may be retained with respect to the issuance of any debt by MidWestOne to take place prior to or contemporaneously with the Merger. In addition, in the ordinary course of business, Piper Jaffray and its affiliates may actively trade securities of MidWestOne for its own account or the account of Piper Jaffray's customers and, accordingly, may at any time hold a long or short position in such securities. Piper Jaffray may also, in the future, provide investment banking and financial advisory services to MidWestOne, ATBancorp or entities that are affiliated with MidWestOne or ATBancorp, for which Piper Jaffray would expect to receive compensation.

Consistent with applicable legal and regulatory requirements, Piper Jaffray has adopted policies and procedures to establish and maintain the independence of Piper Jaffray's Research Department and personnel. As a result, Piper Jaffray's research analysts may hold opinions, make statements or recommendations, and/or publish research reports with respect to MidWestOne and the Merger and other participants in the Merger that differ from the views of Piper Jaffray's investment banking personnel.

## Edgar Filing: MidWestOne Financial Group, Inc. - Form S-4

The Piper Jaffray Opinion was provided solely to the board of directors of MidWestOne in connection with its consideration of the Merger and is not intended to be and does not constitute a recommendation to any shareholder of MidWestOne as to how such shareholder should act or vote with respect to the Merger or any other matter. The Piper Jaffray Opinion was approved for issuance by the Piper Jaffray Fairness Opinion Committee.

Set forth below is a summary of the material financial analyses performed by Piper Jaffray in connection with rendering its opinion, as delivered to the MidWestOne board of directors in connection with its meeting on August 21, 2018. The order of analyses described does not represent relative importance or weight given to those analyses by Piper Jaffray. Some of the summaries of the financial analyses include information presented in tabular format. To fully understand the summary of the analyses used by Piper Jaffray, the tables must be read together with the text of each summary. The tables alone do not constitute a complete description of the analysis.

For purposes of its analyses, Piper Jaffray reviewed a number of financial and operating metrics, including:

Table of Contents

*Summary of Proposal.* Piper Jaffray reviewed the financial terms of the Merger. Using a transaction value of \$170.3 million, based on MidWestOne's August 20, 2018 stock price, and a fully diluted number of shares outstanding of ATBancorp common stock provided by ATBancorp management, Piper Jaffray calculated an implied per share Merger consideration of \$4,862.26 per share. In addition to total consideration paid by MidWestOne at closing, on September 24, 2018, ATBancorp paid its shareholders a special cash dividend of \$907.8452 per share. Such dividend represents a portion of the proceeds to ATBancorp from the sale of Heritage Commerce Corp common stock received as consideration in connection with the sale of United American Bank. For purposes of the transaction consideration analysis, all numbers are after payment/deduction of the special cash dividend. In addition, MidWestOne will not acquire the ATB Businesses as part of the Merger. As a condition to Closing, ATBancorp will be required to dispose of an aircraft and the ATB Businesses, with ATBancorp shareholders receiving any net proceeds from the divestiture of the ATB Businesses in the form of an additional special dividend prior to closing. For purposes of the transaction consideration analysis, any special dividend from the net proceeds of this divestiture has been excluded and net income generated by the retirement business has been excluded unless otherwise noted. Based on ATBancorp's most recent publicly filed regulatory financial statements as of June 30, 2018, Piper Jaffray calculated the implied Merger consideration multiples set forth in the table below. The terms used in the table include the following:

- Book Value, which means ATBancorp's total shareholders' equity as of June 30, 2018;
- Tangible Book Value, which means ATBancorp's total shareholders' equity less the value of any intangible assets, including goodwill, as of June 30, 2018;
- Core Deposit Premium, which means the quotient of (i) the implied Merger consideration for ATBancorp, less Tangible Book Value, and (ii) aggregate core deposits (excluding jumbo deposits which are defined as time deposit accounts greater than \$250,000), expressed as a percentage;
- Adjusted Annualized Year-to-Date Second Quarter 2018 Earnings, which means ATBancorp's annualized net income for the year-to-date period ended June 30, 2018, adjusted to exclude the gain on sale of United American Bank of \$25.3 million and all impact of such sale, as well as income from ATBancorp's retirement business, and applying opportunity cost to the special dividend;
- 2018 Estimated Earnings, which mean the earnings estimated by MidWestOne management of ATBancorp performance for calendar 2018, excluding gain on the sale of United American Bank of \$25.3 million and all impact of such sale, as well as income from ATBancorp's retirement business and all impact of such sale, and applying opportunity cost to the special dividend;
- 2019 Estimated Earnings, which mean the earnings estimated by MidWestOne's management of ATBancorp performance for calendar 2019, excluding ATBancorp's retirement business and applying opportunity cost to the special dividend; and
- 2019 Estimated Earnings and Fully Phased-In Cost Saves, which excludes ATBancorp's retirement business and applies opportunity cost to the special dividend.

Price / Book Value	149%
Price / Tangible Book Value	155%

Edgar Filing: MidWestOne Financial Group, Inc. - Form S-4

Core Deposit Premium	6.4%
Price / Adjusted Annualized YTD 2Q18 Earnings	18.8x
Price / 2018 Estimated Adjusted Earnings	19.6x
Price / 2019 Estimated Adjusted Earnings	17.8x
Price / 2019 Estimated Earnings + Fully Phased-In	
Cost Saves	8.1x

*Pro Forma Contribution at Announcement.* Piper Jaffray analyzed the relative contribution of certain balance sheet and income statement items of MidWestOne and ATBancorp and compared those relative contributions to the implied pro forma ownership of MidWestOne and ATBancorp common shareholders on an as-if 100% stock transaction basis. This analysis excluded any acquisition-related accounting adjustments or cost synergies projected to be achieved through the Merger. The balance sheet items were based on June 30, 2018 financial information. The results of Piper Jaffray's analysis are set forth in the following table:

	MidWestOne as % of Total	ATBancorp as % of Total
<b><u>BALANCE SHEET</u></b>		
Total Assets	71.5%	28.5%(1)
Gross Loans	67.6%	32.4%
Deposits	70.9%	29.1%
Noninterest Bearing-Deposits	69.6%	30.4%
Common Equity	75.2%	24.8%(1)
Tangible Common Equity	71.1%	28.9%(1)
<b><u>PROJECTED INCOME STATEMENT</u></b>		
2018 Estimated Earnings (excluding Synergies)	79.1%	20.9%
2019 Estimated Earnings (excluding Synergies)	78.4%	21.6%
2020 Estimated Earnings (excluding Synergies)	78.5%	21.5%
Pro Forma Ownership (as-if 100% stock transaction)	70.3%	29.7%
Pro Forma Ownership (proposed deal mix)	74.8%	25.2%

Table of Contents

---

Note: Does not include purchase accounting adjustments.

(1) After payment/deduction of ATBancorp's \$31.8 million special dividend.

*ATBancorp Comparable Public Trading Group Analysis.* Using publicly available information, Piper Jaffray compared selected financial and market data of ATBancorp with similar data for companies Piper Jaffray deemed comparable to ATBancorp for purposes of its analysis.

The comparable group as determined by Piper Jaffray for purposes of its analysis consisted of banks which are major exchange-traded (NASDAQ or NYSE), excluding mutual holding companies, and are headquartered in Illinois, Indiana, Iowa, Kansas, Kentucky, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin with assets between \$750 million and \$2.5 billion, and Tangible Common Equity / Tangible Assets less than 15.0%. The group comprised the following companies and is referred to herein as the ATBancorp Comparable Public Trading Group :

**ATBancorp Comparable Public Trading Group**

Farmers National Banc Corp.	West Bancorporation, Inc.	MutualFirst Financial, Inc.
First Business Financial Services, Inc.	Macatawa Bank Corporation	Bridgewater Bancshares, Inc.
BankFinancial Corporation	Civista Bancshares, Inc.	County Bancorp, Inc.
Hawthorn Bancshares, Inc.	Ames National Corporation	Level One Bancorp, Inc.
MBT Financial Corp.	Mackinac Financial Corporation	Middlefield Banc Corp.
Farmers & Merchants Bancorp	Limestone Bancorp, Inc.	First Savings Financial Group, Inc.
Ohio Valley Banc Corp.	Landmark Bancorp, Inc.	Citizens Community Bancorp, Inc.
Guaranty Federal Bancshares, Inc.	SB Financial Group, Inc.	HopFed Bancorp, Inc.
United Bancshares, Inc.	First Capital, Inc.	

In all instances, multiples were based on closing stock prices on August 20, 2018. For each of the following analyses performed by Piper Jaffray, financial and market data for the selected companies were based on the selected companies' filings with the SEC and information Piper Jaffray obtained from SNL Financial. The multiples and ratios for each of the selected companies were based on the most recent publicly available information. Throughout Piper Jaffray's analysis of ATBancorp, the high and the low bounds of the ranges presented represented the 75th and 25th percentile values, respectively.

With respect to the ATBancorp Comparable Public Trading Group table below, the information Piper Jaffray presented included the following:

- last 12 months core net income (excludes securities gains or losses) divided by average assets, or LTM Core ROAA;

- last 12 months core net income (excludes securities gains or losses) divided by average equity, or LTM Core ROAE;
- net interest income divided by average earnings assets, or NIM;
- noninterest expense divided by operating revenue, or Efficiency Ratio;
- nonperforming assets divided by total assets, or NPAs / Assets;
- shareholder's equity less intangible assets, goodwill and preferred equity divided by total assets less intangible assets and goodwill, or TCE / TA;
- multiple of price to book value, or Price / Book;
- multiple of price to tangible book value, or Price / TBV;
- multiple of price to consensus analysts' 2018 estimated earnings per share, or Price / 2018E EPS;
- multiple of price to year-to-date annualized earnings per share, or Price / YTD Annualized EPS; and
- premium over tangible common equity as a percentage of core deposits, or Core Deposit Premium.

Table of Contents

Results of Piper Jaffray's analysis were presented for the ATBancorp Comparable Public Trading Group, as shown in the following table:

**ATBancorp Comparable Public Trading Group**

	ATBancorp 6/30/18 (1)	Deal Multiple (1)	High	Median	Low
LTM Core ROAA	0.67%	n/a	1.29%	1.08%	0.90%
LTM Core ROAE	6.23%	n/a	12.67%	10.28%	9.11%
NIM	2.83%	n/a	3.95%	3.53%	3.37%
Efficiency Ratio	53.3%	n/a	71.8%	66.3%	60.1%
NPAs / Assets	1.15%	n/a	1.22%	0.91%	0.34%
TCE / TA	10.4%	n/a	10.1%	9.2%	8.3%
Price / Book	n/a	1.49x	1.76x	1.48x	1.29x
Price / TBV	n/a	1.55x	1.94x	1.69x	1.41x
Price / 18E EPS	n/a	19.6x	15.6x	14.0x	13.5x
Price / YTD Ann. EPS	n/a	18.8x	17.1x	14.6x	13.5x
Core Deposit Premium	n/a	6.4%	11.3%	7.7%	4.2%

(1) Excludes ATBancorp's \$31.8 million special dividend.

Based on the analysis above, Piper Jaffray then applied the range of multiples to the applicable metrics of ATBancorp. The analysis indicated the following implied values of ATBancorp common stock, as compared to the Merger consideration:

**ATBancorp Implied Per Share Price Based on  
Comparable Public Trading Group Multiples (in  
millions)**

	Low	High
Price / Book	\$147.4 - \$200.8	
Price / TBV	\$155.9 - \$214.2	
Price / Adj. Annualized YTD EPS	\$122.4 - \$155.0	
Price / 2018E Adjusted Earnings	\$116.8 - \$135.1	
Core Deposit Premium	\$149.6 - \$216.8	

*ATBancorp Comparable M&A Transactions Analysis.* Using publicly available information, Piper Jaffray compared the proposed financial terms of the Merger to publicly available financial terms of a group of merger and acquisition transactions selected by Piper Jaffray involving companies in the depository institution industry.

The transactions group selected by Piper Jaffray for purposes of its analysis includes eight selected transactions announced since January 1, 2017 with announced deal values and seller headquartered in Illinois, Indiana, Iowa, Kansas, Kentucky, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin with target assets between \$750 million and \$2.5 billion. The group comprised the following transactions and is referred to herein as the ATBancorp Comparable M&A Transactions :

**Buyer / Seller**

Old National Bancorp/ Klein Financial Inc.  
WesBanco Inc./ Farmers Capital Bank Corp.  
Byline Bancorp Inc./ First Evanston Bancorp Inc.  
Midland States Bancorp Inc./ Alpine Bancorp Inc.  
Old National Bancorp/ Anchor Bancorp Inc.  
National Bank Holdings Corp./ Peoples Inc.  
First Busey Corp./ First Community Financial Partners  
Midland States Bancorp Inc./ Centru Financial Corporation

Note: Excludes Meta Financial Group/Crestmark Bancorp Inc. transaction due to Crestmark's asset-based lending/equipment financing business model.



Table of Contents

With respect to the ATBancorp Comparable M&A Transactions, the information Piper Jaffray presented included the following:

- LTM ROAA;
- NPAs / Assets;
- Shareholder's equity less intangible assets and goodwill divided by total assets less intangible assets and goodwill, or TE / TA;
- Price / Book;
- Price / TBV;
- Price / Annualized YTD EPS; and
- Core Deposit Premium.

Results of Piper Jaffray's analysis were presented for the ATBancorp Comparable M&A Transactions, as shown in the following table:

**ATBancorp Comparable M&A Transactions**

	<b>ATBancorp 6/30/18 (1)</b>	<b>Deal Multiple (1)</b>	<b>High</b>	<b>Median</b>	<b>Low</b>
LTM ROAA	0.67%	n/a	1.11%	0.88%	0.74%
NPAs / Assets	1.15%	n/a	0.69%	0.65%	0.46%
TE / TA (1)	10.45%	n/a	10.49%	8.91%	8.59%
Price / Book	n/a	1.49x	1.96x	1.74x	1.73x
Price / TBV	n/a	1.55x	1.96x	1.82x	1.73x
Price / Ann. YTD EPS	n/a	18.8x	21.8x	21.0x	17.0x
Core Deposit Premium	n/a	6.4%	11.8%	8.5%	7.4%

(1)Excludes ATBancorp's \$31.8 million special dividend.

Based on the analysis above, Piper Jaffray then applied the range of multiples to the applicable metrics of ATBancorp. The analysis indicated the following implied values of ATBancorp common equity, as compared to the Merger consideration:

**ATBancorp Implied Deal Value**  
**Based on Comparable M&A Transaction Group Multiples (at announcement; in millions)**

	<b>Low - High</b>
Price / Book	\$197.3 - \$223.6
Price / TBV	\$190.4 - \$216.2
Price / Adj. Ann. YTD EPS	\$154.6 - \$197.7
Core Deposit Premium	\$180.1 - \$220.5

*ATBancorp Discounted Cash Flow Analysis.* Piper Jaffray calculated a range of implied values for ATBancorp common stock by estimating the present value of cash flows ATBancorp could provide to holders of ATBancorp common stock through 2023 and using the terminal multiple approach to determine a terminal value. Piper Jaffray calculated two separate analyses, a discounted cash flow standalone analysis and a discounted cash flow analysis with Synergies.

The following assumptions were used in the standalone analysis:

- Removes retirement business income;
- ATBancorp financial forecasts from 2018 – 2023 estimated by MidWestOne management;
- Maintenance of a 9.00% tangible common equity-to-tangible asset ratio;
- Discount rates range from 11.5% to 13.5%;
- Terminal multiple applied to final year (2023) earnings ranged from 13.0x to 15.0x; and
- Asset growth of 2.5% from 2018-2022.

The standalone discounted cash flow calculations resulted in the below valuation ranges:

Table of Contents**Standalone Discounted Cash Flow Analysis**

Discount Rate	Terminal Multiple (Fwd. P/E)		
	13.0x	14.0x	15.0x
11.5%	\$ 103.8mm	\$ 110.7mm	\$ 117.5mm
12.5%	\$ 99.9mm	\$ 106.4mm	\$ 113.0mm
13.5%	\$ 96.1mm	\$ 102.4mm	\$ 108.7mm

The following assumptions were used in the discounted cash flow analysis with Synergies analysis:

- All other assumptions from standalone discounted cash flow analysis held equal;
- Cost savings of 30% of noninterest expense;
- 75% phased in 2019, 100% thereafter
- Fair market value adjustments of \$4.8 million; and
- After-tax transaction expenses of \$16.9 million.

The discounted cash flow with synergies calculations resulted in the below valuation ranges:

**Discounted Cash Flow Analysis with Synergies**

Discount Rate	Terminal Multiple (Fwd. P/E)		
	13.0x	14.0x	15.0x
11.5%	\$ 227.0mm	\$ 241.6mm	\$ 256.2mm
12.5%	\$ 218.5mm	\$ 232.5mm	\$ 246.5mm
13.5%	\$ 210.3mm	\$ 223.8mm	\$ 237.2mm

The discounted cash flow analysis is a widely used valuation methodology that relies on numerous assumptions, including asset growth rates, earnings growth rates, discount rates, and terminal multiples, and the results of such methodology are highly dependent on these assumptions. Except for the ATBancorp financial forecasts from 2018 – 2023 estimated by MidWestOne management, these other assumptions were determined by Piper Jaffray and reviewed with MidWestOne management for purposes of its discounted cash flow analysis. The analysis does not purport to be indicative of the actual values or expected values of ATBancorp.

*MidWestOne Comparable Public Trading Group Analysis.* Using publicly available information, Piper Jaffray compared selected financial and market data of MidWestOne with similar data for companies Piper Jaffray deemed comparable

to MidWestOne for purposes of its analysis.

The comparable group as determined by Piper Jaffray for purposes of its analysis consisted of banks which are major exchange traded (NASDAQ or NYSE), excluding mutual holding companies, and are headquartered in Illinois, Indiana, Iowa, Kansas, Kentucky, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin with assets between \$2 billion and \$5 billion. The group comprised the following companies and is referred to herein as the MidWestOne Comparable Public Trading Group :

**MidWestOne Comparable Public Trading Group**

Byline Bancorp, Inc.	Lakeland Financial Corporation	Great Southern Bancorp, Inc.
Community Trust Bancorp, Inc.	QCR Holdings, Inc.	Horizon Bancorp, Inc.
Peoples Bancorp Inc.	Merchants Bancorp	Equity Bancshares, Inc.
First Mid-Illinois Bancshares, Inc.	German American Bancorp, Inc.	Stock Yards Bancorp, Inc.
Mercantile Bank Corporation	Independent Bank Corporation	Sterling Bancorp, Inc.
First Defiance Financial Corp.	First Financial Corporation	Nicolet Bankshares, Inc.
United Community Financial Corp.	Old Second Bancorp, Inc.	Farmers National Banc Corp.
West Bancorporation, Inc.	MutualFirst Financial, Inc.	

Note: Removed First Internet Bancorp (Internet banking business model) and Meta Financial Group, Inc. (Prepaid card business model).

In all instances, multiples were based on closing stock prices on August 20, 2018. For each of the following analyses performed by Piper Jaffray, financial and market data and earnings per share estimates for the selected companies were based on the selected companies' filings with the SEC and information Piper Jaffray obtained from SNL Financial. The multiples and ratios for each of the selected companies were based on the most recent publicly available information. Throughout Piper Jaffray's analysis of MidWestOne the high and the low bounds of the ranges presented represented the 75th and 25th percentile values, respectively.

Table of Contents

With respect to the MidWestOne Comparable Public Trading Group, the information Piper Jaffray presented included the following:

- Most Recent Quarter Core ROAA;
- Most Recent Quarter Core ROAE;
- NIM;
- Efficiency Ratio;
- NPAs / Assets;
- TCE / TA;
- Price / Book;
- Price / TBV;
- Price / Estimated 2018 EPS;
- Price / Estimated 2019 EPS; and
- Core Deposit Premium.

Results of Piper Jaffray's analysis were presented for the MidWestOne Comparable Public Trading Group, as shown in the following table, in which MidWestOne's \$32.92 per share market valuation on August 20, 2018 is used to calculate the implied MidWestOne multiples:

**MidWestOne Comparable Public Trading Group**

	MidWestOne 6/30/18	High	Median	Low
MRQ Core ROAA	1.06%	1.50%	1.39%	1.32%
MRQ Core ROAE	10.07%	14.73%	12.21%	11.53%
NIM	3.74%	3.91%	3.75%	3.64%
Efficiency Ratio	59%	60%	59%	56%
NPAs / Assets	0.67%	0.84%	0.57%	0.37%
TCE / TA	8.5%	10.0%	9.4%	8.6%
Price / Book	1.16x	2.07x	1.71x	1.55x
Price / TBV	1.49x	2.31x	2.10x	1.90x
Price / Estimated 2018 EPS	12.3x	15.2x	14.6x	13.8x
Price / Estimated 2019 EPS	11.6x	14.4x	13.3x	12.5x
Core Deposit Premium	5.5%	15.2%	12.4%	11.4%

## Edgar Filing: MidWestOne Financial Group, Inc. - Form S-4

Based on the analysis above, Piper Jaffray then applied the range of multiples to the applicable metrics of MidWestOne. The analysis indicated the following implied equity values per share of MidWestOne common stock:

### MidWestOne Implied Per Share Price based on Comparable Public Trading Group Multiples

	Low	High
Price / Book	\$44.01	\$58.77
Price / TBV	\$41.97	\$51.13
Price / 2018 Estimated EPS	\$37.11	\$40.69
Price / 2019 Estimated EPS	\$35.61	\$40.78
Core Deposit Premium	\$44.41	\$51.85

*MidWestOne Discounted Cash Flow Analysis.* Piper Jaffray calculated a range of implied values for MidWestOne common stock by estimating the present value of cash flows MidWestOne could provide to common equity holders through 2023 and using the terminal multiples approach to determine a terminal value. The following assumptions were used:

- financial forecasts from 2018 – 2020 per consensus analyst estimates;
- 2021+ earnings growth rate of 8.0%;
- 2018 - 2022 asset growth rate of 5.0%;
- maintenance of a 9.00% tangible common equity-to-tangible asset ratio;
- discount rates range from 11.5% to 13.5%; and
- terminal multiple applied to final year (2023) earnings ranged from 13.5x to 15.5x.

Table of Contents

The discounted cash flow calculations resulted in the below valuation ranges:

Discount Rate	Terminal Multiple (Fwd P/E)		
	13.5x	14.5x	15.5x
11.5%	\$ 37.21	\$ 39.56	\$ 41.92
12.5%	\$ 35.81	\$ 38.08	\$ 40.34
13.5%	\$ 34.48	\$ 36.66	\$ 38.83

The discounted cash flow analysis is a widely used valuation methodology that relies on numerous assumptions, including asset growth rates, earnings growth rates, discount rates, and terminal multiples, and the results of such methodology are highly dependent on these assumptions. These assumptions were determined by Piper Jaffray and reviewed with MidWestOne management, for purposes of its discounted cash flow analysis. The analysis does not purport to be indicative of the actual values or expected values of MidWestOne. In addition, the analysis relates only to the potential value achieved by MidWestOne as a stand-alone entity based on assumptions described herein. Therefore, the analysis is not intended to, and does not purport to, reflect values achieved on a post-Merger basis.

The foregoing summary of certain material financial analyses does not purport to be a complete description of the analyses or data presented by Piper Jaffray. The preparation of a fairness opinion is a complex process and is not necessarily susceptible to partial analysis or summary description. Piper Jaffray believes that the foregoing summary and its analyses must be considered as a whole and that selecting portions of the foregoing summary and these analyses, without considering all of its analyses as a whole, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of the processes underlying the analyses and its opinion. In arriving at its opinion, Piper Jaffray did not attribute any particular weight to any analyses or factors considered by it and did not form an opinion as to whether any individual analysis or factor (positive or negative), considered in isolation, supported or failed to support its opinion. Rather, Piper Jaffray considered the totality of the factors and analyses performed in determining its opinion. In performing its analyses, Piper Jaffray made numerous assumptions with respect to industry performance, general business, economic, monetary, regulatory, market and other conditions and other matters, many of which are beyond MidWestOne's, ATBancorp's, or Piper Jaffray's control. In addition, analyses based upon forecasts of future results are inherently uncertain, as they are subject to numerous factors or events beyond the control of the parties and their advisors. Accordingly, forecasts and the analyses used or performed by Piper Jaffray are not necessarily indicative of actual future results, which may be significantly more or less favorable than suggested by those analyses. Moreover, Piper Jaffray's analyses are not and do not purport to be appraisals or otherwise reflective of the prices at which businesses actually could be bought or sold, and the range of valuations resulting from any individual analysis described above should not be taken to be Piper Jaffray's view of MidWestOne's or ATBancorp's actual value. None of the selected companies reviewed is identical to MidWestOne or ATBancorp. However, the companies selected were chosen because they are publicly traded companies with operations and businesses that Piper Jaffray considered to be similar to those of MidWestOne or ATBancorp, as applicable, for purposes of its analysis. The analyses necessarily involve complex considerations and judgments concerning differences in financial and operational characteristics of the companies involved and other factors that could affect the companies compared to MidWestOne or ATBancorp, as applicable. The analyses of Piper Jaffray and its opinion were among a number of factors taken into consideration by the board of directors of MidWestOne in making its determination to approve the Merger Agreement and the transactions contemplated thereby, and the analyses described above should not be viewed as determinative of the decision of the MidWestOne board of directors to approve the Merger Agreement and the transactions contemplated thereby.

### **Recommendation of the ATBancorp Board of Directors and Reasons for the Merger**

After careful consideration, the ATBancorp board of directors, at a special meeting held on August 20, 2018, unanimously determined that the Merger Agreement is advisable and in the best interests of ATBancorp and its shareholders. Accordingly, ATBancorp's board of directors approved the Merger Agreement and unanimously recommends that ATBancorp shareholders vote FOR the approval of the Merger Agreement

and the transactions contemplated thereby. In reaching its decision to approve the Merger Agreement, the Merger and the other transactions contemplated by the Merger Agreement, and to recommend that its shareholders approve and adopt the Merger Agreement and the transactions contemplated thereby, the ATBancorp board of directors consulted with ATBancorp management, as well as its financial and legal advisors, and considered many factors, including the following:

- the understanding of ATBancorp's board of directors of the strategic options available to ATBancorp and the board of directors' assessment of those options with respect to the prospects and estimated results of the execution by ATBancorp of its business plan as an independent entity under various scenarios, and the determination that none of those options or the execution of the business plan were more likely to create greater present value for ATBancorp's shareholders than the value to be paid by *MidWestOne*;
- the financial and other terms of the Merger Agreement, including the price to be paid for the shares of ATBancorp common stock, and the form and mix of consideration to be received by ATBancorp shareholders;



Table of Contents

- each of ATBancorp's, MidWestOne's and the combined company's business, operations, management, financial condition, asset quality, earnings and prospects. In reviewing these factors, the ATBancorp board of directors considered its view that MidWestOne's business and operations complement those of ATBancorp and that the Merger would result in a combined company with diversified revenue sources, a well-balanced loan portfolio and an attractive funding base;
- the increased liquidity of the MidWestOne common stock as listed on Nasdaq, contrasted with the absence of a public market for ATBancorp common stock;
- the expectation that ATBancorp shareholders would have the opportunity to participate in future growth of the combined company;
- the potential for stock appreciation in the combined company for ATBancorp shareholders;
- that ATBancorp would receive two seats on a 14 member board of directors of the combined company;
- that ATBancorp is permitted to pay special dividends to ATBancorp shareholders prior to completing the Merger, as more fully described below in the section entitled "Special Dividends";
- the ability to become part of a larger institution with a higher lending limit and the infrastructure for growth, helping to further service ATBancorp's customer base;
- the opportunities for advancement in the combined company for existing ATBancorp employees;
- its understanding of the current and prospective environment in which ATBancorp and MidWestOne operate, including national and local economic conditions, the interest rate environment, increasing operating costs resulting from regulatory initiatives and compliance mandates continued consolidation in the industry, the competitive environment for financial institutions generally, and the likely effect of these factors on ATBancorp both with and without the proposed transaction;
- its review and discussions with ATBancorp's management concerning the due diligence investigation of MidWestOne;
- MidWestOne's reputation in the communities that it serves and MidWestOne's familiarity with the Iowa market;
- the financial presentation and opinion of Sandler O'Neill, ATBancorp's financial advisor, delivered on August 20, 2018 to the ATBancorp board of directors, and subsequently confirmed in writing, to the effect that, as of that date, and based upon and subject to the various factors, assumptions and limitations set forth in such opinion, the per share Merger consideration to be paid to holders of ATBancorp common stock in the Merger was fair, from a financial point of view, to such holders, as more fully described below in the section entitled "Opinion of ATBancorp's Financial Advisor"; and
- the expected tax treatment of the Merger Agreement as a tax-free reorganization under the Internal Revenue Code.

## Edgar Filing: MidWestOne Financial Group, Inc. - Form S-4

The ATBancorp board of directors also considered a number of potential risks and uncertainties associated with the Merger in connection with its deliberation of the proposed transaction, including, without limitation, the following:

- the potential risk of diverting management attention and resources from the day-to-day operation of ATBancorp's business and towards the completion of the Merger;
- the risks associated with selling an aircraft and the ATB Businesses, which is a closing condition pursuant to the Merger Agreement;
- the potential risks associated with achieving anticipated cost synergies and savings and successfully integrating MidWestOne's business, operations and workforce with those of ATBancorp;
- the regulatory and other approvals required in connection with the Merger and the expectation that such regulatory approvals will be received in a timely manner and without the imposition of unacceptable conditions;
- the possibility that the Merger might not be consummated and the effect of the resulting public announcement of the termination of the Merger on, among other things, the operations of ATBancorp;
- the potential risks associated with a portion of the Merger consideration being paid through the issuance of a fixed number of shares of MidWestOne common stock and any decrease in the market price of MidWestOne common stock will result in a reduction in the aggregate Merger consideration received by ATBancorp shareholders, subject to adjustment as described above in the section entitled "Merger Consideration";
- the restrictions in the Merger Agreement regarding the operation of ATBancorp's business through completion of the Merger which may prevent or delay ATBancorp from undertaking business opportunities that may arise prior to completion of the Merger;
- that MidWestOne has a right to a \$7,600,000 termination fee plus up to \$1,000,000 of expenses if the Merger Agreement is terminated in certain circumstances; and
- that ATBancorp shareholders will not necessarily know or be able to calculate the actual value of the Merger consideration which they would receive upon completion of the Merger.

The directors of ATBancorp based their recommendation to shareholders on the totality of the information provided to them and did not assign any relative or specific weights to the factors considered. Individual directors may have given differing weights to different factors.

Table of Contents

Certain of ATBancorp's directors and executive officers have financial interests in the Merger that are different from, or in addition to, those of ATBancorp's shareholders generally. The ATBancorp board of directors was aware of and considered these potential interests, among other matters, in evaluating the Merger and in making its recommendation to ATBancorp shareholders. For a discussion of these interests, see *Interests of ATBancorp Directors and Executive Officers in the Merger* on page 80.

This explanation of ATBancorp's reasons for the Merger and other information presented in this section is forward-looking in nature and should be read in light of the section entitled *Cautionary Statement Regarding Forward-Looking Statements* beginning on page 42.

**For the reasons set forth above, the ATBancorp board of directors has approved the Merger Agreement and the transactions contemplated thereby and recommends that you vote FOR the ATBancorp merger proposal and FOR the ATBancorp adjournment proposal (if necessary or appropriate).**

In connection with entering into the Merger Agreement, *MidWestOne* entered into the Voting Agreement with certain holders of ATBancorp common stock. The shareholders that are party to the Voting Agreement beneficially own in the aggregate 62.41% of the outstanding shares of ATBancorp common stock. Therefore, approval of the ATBancorp merger proposal is virtually assured. The Voting Agreement requires that the shareholders party thereto vote all of their shares of ATBancorp common stock in favor of the Merger and against alternative acquisition proposals. The Voting Agreement will terminate upon the first to occur of (a) the Effective Time; (b) the date, if any, on which ATBancorp publicly discloses that its board of directors has withdrawn, qualified or adversely modified its recommendation to its shareholders that its shareholders vote in favor of the approval or adoption of the Merger Agreement, in each case because its board of directors has determined in good faith, after consultation with outside counsel, that the taking of such action is reasonably necessary for it to comply with its fiduciary duties under applicable law; (c) the termination of the Merger Agreement pursuant to its terms; or (d) August 21, 2020.

**Opinion of ATBancorp's Financial Advisor**

ATBancorp retained Sandler O'Neill to act as financial advisor to ATBancorp's board of directors in connection with ATBancorp's consideration of a possible business combination. Sandler O'Neill is a nationally recognized investment banking firm whose principal business specialty is financial institutions. In the ordinary course of its investment banking business, Sandler O'Neill is regularly engaged in the valuation of financial institutions and their securities in connection with mergers and acquisitions and other corporate transactions.

Sandler O'Neill acted as financial advisor in connection with the proposed transaction and participated in certain of the negotiations leading to the execution of the Merger Agreement. At the August 20, 2018 meeting at which ATBancorp's board of directors considered and discussed the terms of the Merger Agreement and the Merger, Sandler O'Neill delivered to ATBancorp's board of directors its oral opinion, which was subsequently confirmed in writing on August 20, 2018, to the effect that, as of such date, the per share Merger consideration to be received by holders of ATBancorp common stock in the Merger was fair to the holders of ATBancorp common stock, from a financial point of view. **The full text of Sandler O'Neill's opinion is attached as Appendix D to this joint proxy statement/prospectus. The opinion outlines the procedures followed, assumptions made, matters considered and qualifications and limitations on the review undertaken by Sandler O'Neill in rendering its opinion. The description of the opinion set forth below is qualified in its entirety by reference to the full text of the opinion. Holders of ATBancorp common stock are urged to read the entire opinion carefully in connection with their consideration of the proposed Merger.**

**Sandler O'Neill's opinion speaks only as of the date of the opinion. The opinion was directed to ATBancorp's board of directors in connection with its consideration of the Merger Agreement and the Merger and does not constitute a recommendation to any shareholder of ATBancorp as to how any such shareholder should vote at any meeting of shareholders called to consider and vote upon the approval of the Merger Agreement and the Merger. Sandler O'Neill's opinion was directed only to the fairness, from a financial point of view, of the Merger consideration to the holders of ATBancorp common stock and does not address the underlying business decision of ATBancorp to engage in the Merger, the form or structure of the Merger or any other transactions contemplated in the Merger Agreement, the relative merits of the Merger as compared to any other alternative transactions or business strategies that might exist for ATBancorp or the effect of any other transaction in which ATBancorp might engage. Sandler O'Neill did not express any opinion as to the fairness of the amount or nature of the compensation to be received in the Merger by any officer, director or employee of ATBancorp or MidWestOne, or any class of such persons, if any, relative to the compensation to be received in the Merger by any other shareholder. Sandler O'Neill's opinion was approved by its fairness opinion committee.**

Table of Contents

In connection with its opinion, Sandler O'Neill reviewed and considered, among other things:

- a draft of the Merger Agreement, dated August 20, 2018;
- certain publicly available financial statements and other historical financial information of ATBancorp that Sandler O'Neill deemed relevant;
- certain publicly available financial statements and other historical financial information of MidWestOne that Sandler O'Neill deemed relevant;
- certain internal financial projections for ATBancorp for the years ending December 31, 2018 through December 31, 2022, as provided by the senior management of ATBancorp;
- publicly available consensus median analyst earnings per share estimates for MidWestOne for the years ending December 31, 2018 through December 31, 2020 and publicly available consensus median analyst estimated long-term earnings per share growth rate for the years ending December 31, 2021 through December 31, 2023, as well as publicly available consensus median analyst dividends per share for the years ending December 31, 2018 and December 31, 2019 and an estimated long-term dividend growth rate for the years ending December 31, 2020 through December 31, 2023, as reviewed with the senior management of MidWestOne;
- the pro forma financial impact of the Merger on MidWestOne based on certain assumptions relating to transaction expenses, purchase accounting adjustments and cost savings, as well as certain assumptions relating to the payment of a special dividend to the holders of ATBancorp common stock, the divestiture of ATBancorp's retirement business and the offer and sale by MidWestOne of a certain amount of subordinated debt concurrent with the closing of the Merger, as provided by the senior management of MidWestOne (collectively, the Pro Forma Assumptions);
- the publicly reported historical price and trading activity for MidWestOne common stock, including a comparison of certain stock market information for MidWestOne common stock and the NASDAQ Bank index as well as publicly available information for certain other similar companies, the securities of which are publicly traded;
- a comparison of certain financial information for ATBancorp and MidWestOne with similar financial institutions for which information is publicly available;

- the financial terms of certain recent business combinations in the bank and thrift industry (on a regional and nationwide basis), to the extent publicly available;
- the current market environment generally and the banking environment in particular; and
- such other information, financial studies, analyses and investigations and financial, economic and market criteria as Sandler O Neill considered relevant.

Sandler O Neill also discussed with certain members of the senior management of ATBancorp the business, financial condition, results of operations and prospects of ATBancorp and held similar discussions with certain members of the senior management of MidWestOne and its representatives regarding the business, financial condition, results of operations and prospects of MidWestOne.

In performing its review, Sandler O Neill relied upon the accuracy and completeness of all of the financial and other information that was available to and reviewed by Sandler O Neill from public sources, that was provided to Sandler O Neill by ATBancorp or MidWestOne or their respective representatives or that was otherwise reviewed by Sandler O Neill, and Sandler O Neill assumed such accuracy and completeness for purposes of rendering its opinion without any independent verification or investigation. Sandler O Neill relied on the assurances of the respective managements of ATBancorp and MidWestOne that they were not aware of any facts or circumstances that would have made any of such information inaccurate or misleading. Sandler O Neill was not asked to and did not undertake an independent verification of any of such information and Sandler O Neill did not assume any responsibility or liability for the accuracy or completeness thereof. Sandler O Neill did not make an independent evaluation or perform an appraisal of the specific assets, the collateral securing assets or the liabilities (contingent or otherwise) of ATBancorp or MidWestOne or any of their respective subsidiaries, nor was Sandler O Neill furnished with any such evaluations or appraisals. Sandler O Neill rendered no opinion or evaluation on the collectability of any assets or the future performance of any loans of ATBancorp or MidWestOne. Sandler O Neill did not make an independent evaluation of the adequacy of the allowance for loan losses

Table of Contents

of ATBancorp or MidWestOne, or of the combined entity after the Merger, and Sandler O Neill did not review any individual credit files relating to ATBancorp or MidWestOne. Sandler O Neill assumed, with ATBancorp's consent, that the respective allowances for loan losses for both ATBancorp and MidWestOne were adequate to cover such losses and would be adequate on a pro forma basis for the combined entity.

In preparing its analyses, Sandler O Neill used certain internal financial projections for ATBancorp for the years ending December 31, 2018 through December 31, 2022, as provided by the senior management of ATBancorp. In addition, Sandler O Neill used publicly available consensus median analyst earnings per share estimates for MidWestOne for the years ending December 31, 2018 through December 31, 2020 and publicly available consensus median analyst estimated long-term earnings per share growth rate for the years ending December 31, 2021 through December 31, 2023, as well as publicly available consensus median analyst dividends per share for the years ending December 31, 2018 and December 31, 2019 and an estimated long-term dividend growth rate for the years ending December 31, 2020 through December 31, 2023, as reviewed with the senior management of MidWestOne. Sandler O Neill also received and used in its pro forma analyses the Pro Forma Assumptions, as provided by the senior management of MidWestOne. With respect to the foregoing information, the respective senior managements of ATBancorp and MidWestOne confirmed to Sandler O Neill that such information reflected (or, in the case of the publicly available consensus mean analyst estimates referred to above, were consistent with) the best currently available projections, estimates and judgments of those respective senior managements as to the future financial performance of ATBancorp and MidWestOne, respectively, and the other matters covered thereby, and Sandler O Neill assumed that the future financial performance reflected in such information would be achieved. Sandler O Neill expressed no opinion as to such information, or the assumptions on which such information was based. Sandler O Neill also assumed that there had been no material change in the respective assets, financial condition, results of operations, business or prospects of ATBancorp or MidWestOne since the date of the most recent financial statements made available to Sandler O Neill. Sandler O Neill assumed in all respects material to its analysis that ATBancorp and MidWestOne would remain as going concerns for all periods relevant to its analysis.

Sandler O Neill also assumed, with ATBancorp's consent, that (i) each of the parties to the Merger Agreement would comply in all material respects with all material terms and conditions of the Merger Agreement and all related agreements, that all of the representations and warranties contained in such agreements were true and correct in all material respects, that each of the parties to such agreements would perform in all material respects all of the covenants and other obligations required to be performed by such party under such agreements and that the conditions precedent in such agreements were not and would not be waived, (ii) in the course of obtaining the necessary regulatory or third party approvals, consents and releases with respect to the Merger, no delay, limitation, restriction or condition would be imposed that would have an adverse effect on ATBancorp, MidWestOne or the Merger or any related transaction, and (iii) the Merger and any related transactions would be consummated in accordance with the terms of the Merger Agreement without any waiver, modification or amendment of any material term, condition or agreement thereof and in compliance with all applicable laws and other requirements. Finally, with ATBancorp's consent, Sandler O Neill relied upon the advice that ATBancorp received from its legal, accounting and tax advisors as to all legal, accounting and tax matters relating to the Merger and the other transactions contemplated by the Merger Agreement. Sandler O Neill expressed no opinion as to any such matters.

Sandler O Neill's opinion was necessarily based on financial, regulatory, economic, market and other conditions as in effect on, and the information made available to Sandler O Neill as of, the date of the opinion. Events occurring after the date of Sandler O Neill's opinion could materially affect the opinion. Sandler O Neill has not undertaken to update, revise, reaffirm or withdraw its opinion or otherwise comment upon events occurring after the date of its opinion. Sandler O Neill expressed no opinion as to the trading value of MidWestOne common stock at any time or what the value of MidWestOne common stock would be once it is actually received by the holders of ATBancorp common stock.

In rendering its opinion, Sandler O Neill performed a variety of financial analyses. The summary below is not a complete description of the analyses underlying Sandler O Neill's opinion or the presentation made by Sandler O Neill to ATBancorp's board of directors, but is a summary of all material analyses performed and presented by Sandler O Neill. The summary includes information presented in tabular format. **In order to fully understand the financial analyses, these tables must be read together with the accompanying text. The tables alone do not constitute a complete description of the financial analyses.** The preparation of a fairness opinion is a complex process involving subjective judgments as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances. The process, therefore, is not necessarily susceptible to a partial analysis or summary description. Sandler O Neill believes that its analyses must be considered as a whole and that selecting portions of the factors and analyses to be considered without considering all factors

and analyses, or attempting to ascribe relative weights to some or all such factors and analyses, could create an incomplete view of the evaluation process underlying its opinion. Also, no company included in Sandler O'Neill's comparative analyses described below is identical to ATBancorp or MidWestOne and no transaction is identical to the Merger. Accordingly, an analysis of comparable companies or transactions involves complex considerations and judgments concerning differences in financial and operating characteristics of the companies and other factors that could affect the public trading values or merger transaction values, as the case may be, of ATBancorp and MidWestOne and the



Table of Contents

companies to which they are being compared. In arriving at its opinion, Sandler O'Neill did not attribute any particular weight to any analysis or factor that it considered. Rather, Sandler O'Neill made qualitative judgments as to the significance and relevance of each analysis and factor. Sandler O'Neill did not form an opinion as to whether any individual analysis or factor (positive or negative) considered in isolation supported or failed to support its opinion, rather, Sandler O'Neill made its determination as to the fairness of the per share Merger consideration on the basis of its experience and professional judgment after considering the results of all its analyses taken as a whole.

In performing its analyses, Sandler O'Neill also made numerous assumptions with respect to industry performance, business and economic conditions and various other matters, many of which are beyond the control of ATBancorp, MidWestOne and Sandler O'Neill. The analyses performed by Sandler O'Neill are not necessarily indicative of actual values or future results, both of which may be significantly more or less favorable than suggested by such analyses. Sandler O'Neill prepared its analyses solely for purposes of rendering its opinion and provided such analyses to ATBancorp's board of directors at its August 20, 2018 meeting. Estimates on the values of companies do not purport to be appraisals or necessarily reflect the prices at which companies or their securities may actually be sold. Such estimates are inherently subject to uncertainty and actual values may be materially different. Accordingly, Sandler O'Neill's analyses do not necessarily reflect the value of ATBancorp common shares or the prices at which ATBancorp common shares or MidWestOne shares may be sold at any time. The analyses of Sandler O'Neill and its opinion were among a number of factors taken into consideration by ATBancorp's board of directors in making its determination to approve the Merger Agreement and the transactions contemplated thereby and should not be viewed as determinative of the per share Merger consideration or the decision of ATBancorp's board of directors or management with respect to the fairness of the Merger. The type and amount of consideration payable in the Merger were determined through negotiations between ATBancorp and MidWestOne.

*Summary of Aggregate Merger Consideration and Implied Transaction Metrics*

Sandler O'Neill reviewed the financial terms of the Merger. Pursuant to the terms of the Merger Agreement, each share of common stock of ATBancorp outstanding immediately before the Effective Time, except for certain shares of ATBancorp common stock as specified in the Merger Agreement, will be converted into the right to receive (i) an amount of cash equal to \$992.51, and (ii) 117.5500 shares of MidWestOne common stock. In addition, as set forth in greater detail in the Merger Agreement and subject to ATBancorp's compliance with certain requirements, ATBancorp is permitted to declare and pay a one-time special dividend to holders of ATBancorp common stock in an aggregate amount equal to \$907.8452 per share at a time prior to the closing of the Merger as determined by ATBancorp. Sandler O'Neill assumed for purposes of its analyses, as directed by the senior management of ATBancorp, that ATBancorp would pay this special dividend to holders of ATBancorp common stock prior to the closing of the Merger. Based on the closing price of MidWestOne common stock on August 17, 2018 of \$33.50 per share and based upon 35,028 ATBancorp common shares outstanding, Sandler O'Neill calculated an aggregate implied transaction value of \$204.5 million, or a transaction price per share of approximately \$5,838.28. Based upon historical financial information for ATBancorp as of or for the last 12 months (LTM) and as of or for the year to date (YTD) ended June 30, 2018, historical financial information for the LTM and YTD periods are adjusted to remove impact from ATBancorp's sale of a \$320 million asset bank subsidiary, United American Bank on May 4, 2018, as well as the proceeds from the sale, as provided by the senior management of ATBancorp, Sandler O'Neill calculated the following implied transaction metrics:

Transaction Value / ATBancorp Last 12 Months Core Earnings:	16.9x
Transaction Value / ATBancorp Year-to-Date Annualized Earnings:	17.1x
Transaction Value / ATBancorp 2018E Earnings(1):	15.5x
Transaction Value / ATBancorp 2019E Earnings(1):	14.1x
Transaction Value / ATBancorp June 30, 2018 Book Value:	140%
Transaction Value / ATBancorp June 30, 2018 Adjusted Book Value(2):	151%
Transaction Value / ATBancorp June 30, 2018 Tangible Book Value:	144%
Transaction Value / ATBancorp June 30, 2018 Adjusted Tangible Book Value(2):	157%
Tangible Book Premium / Core Deposits (excludes time deposits > \$100k)(3):	6.7%
Tangible Book Premium / Core Deposits (excludes time deposits > \$250k)(4):	6.4%
Adjusted Tangible Book Premium(2) / Core Deposits (excludes time deposits > \$100k)(3):	6.7%
Adjusted Tangible Book Premium(2) / Core Deposits (excludes time deposits > \$250k)(4):	6.4%

---

(1) As provided by ATBancorp senior management

Table of Contents

- (2) Adjusted tangible book value equals June 30, 2018 Tangible Common Equity less special dividend of \$31.8 million; \$31.8 million dividend is also reduced from the aggregate consideration
- (3) Core deposits defined as total deposits, less time deposit accounts with a balance of at least \$100,000 & brokered deposits
- (4) Core deposits defined as total deposits, less time deposit accounts with a balance of at least \$250,000 & brokered deposits

*Stock Trading History*

Sandler O Neill reviewed the historical stock price performance of MidWestOne common stock for the three-year period August 17, 2015 to August 17, 2018. Sandler O Neill then compared the relationship between the stock price performance of MidWestOne's shares to movements in the MidWestOne Peer Group (as described below) as well as certain stock indices.

**MidWestOne Three-Year Stock Price Performance**

	August 17, 2015	August 17, 2018
MidWestOne	100%	105.6%
MidWestOne Peer Group	100%	176.7%
NASDAQ Bank Index	100%	147.2%

*Comparable Company Analyses*

Sandler O Neill used publicly available information to compare selected financial information for ATBancorp with a group of financial institutions selected by Sandler O Neill (the ATBancorp Peer Group). The ATBancorp Peer Group consisted of major exchange traded banks and thrifts headquartered in the Midwest region with total assets between \$1.0 billion and \$2.0 billion, excluding announced merger targets and mutual holding companies. The ATBancorp Peer Group consisted of the following companies:

- |   |                                 |
|---|---------------------------------|
| Ames National Corporation               | LCNB Corp.                      |
| BankFinancial Corporation               | Level One Bancorp, Inc.         |
| Bridgewater Bancshares, Inc.            | Limestone Bancorp, Inc.         |
| Civista Bancshares, Inc.                | Macatawa Bank Corporation       |
| County Bancorp, Inc.                    | Mackinac Financial Corporation  |
| Farmers & Merchants Bancorp, Inc.       | MBT Financial Corp.             |
| First Business Financial Services, Inc. | Middlefield Banc Corp.          |
| First Savings Financial Group, Inc.     | Ohio Valley Banc Corp.          |
| Hawthorn Bancshares, Inc.               | Southern Missouri Bancorp, Inc. |
|   | Waterstone Financial, Inc.      |

## Edgar Filing: MidWestOne Financial Group, Inc. - Form S-4

The analysis compared publicly available financial information for ATBancorp as of or for the 12 months ended June 30, 2018 with the corresponding publicly available data for the ATBancorp Peer Group as of or for the 12 months ended June 30, 2018, with pricing data as of August 17, 2018. The table below sets forth the data for ATBancorp and the high, low, median and mean data for the ATBancorp Peer Group.

Table of Contents**ATBancorp Comparable Company Analysis**

	ATBancorp(1)	ATBancorp Peer Group Median	ATBancorp Peer Group Mean	ATBancorp Peer Group High	ATBancorp Peer Group Low
Total Assets (\$mm)	1,369	1,449	1,456	1,900	1,025
Loans / Deposits (%)	105.0	97.6	94.0	134.8	64.6
Non-performing Assets / Total Assets (%) <sup>(2)</sup>	0.61	0.45	0.67	2.30	0.05
Tangible Common Equity / Tangible Assets (%)	10.4	9.7	10.4	21.5	6.4
Tier 1 Risk-based Capital Ratio (%)	13.1	12.7	13.8	28.6	9.3
Total Risk-based Capital Ratio (%)	15.3	15.5	15.2	29.5	11.8
YTD Return on Average Assets (%)	0.90	1.17	1.11	1.79	0.37
YTD Return on Average Tangible Common Equity (%)	8.9	12.0	11.3	14.8	5.2
YTD Net Interest Margin (%)	2.69	3.71	3.65	4.37	2.91
YTD Efficiency Ratio (%)	74.2	64.6	64.0	76.3	40.0
Price / Tangible Book Value (%)		170	174	305	119
Price / YTD Ann. Earnings per Share (x)		14.4	15.8	30.0	8.3
Price / 2018 Est. Earnings per Share (x)		14.7	15.9	26.6	11.7
Price / 2019 Est. Earnings per Share (x)		12.8	13.9	25.5	10.5
Current Dividend Yield (%)		1.8	1.8	3.6	0.0
Market Value (\$mm)		252	255	470	95

(1) YTD profitability metrics calculated to exclude impact of divestiture; Return on Average Assets calculated using average assets for both subsidiary banks and Return on Average Tangible Common Equity calculated using average holding company tangible common equity.

(2) Nonperforming assets exclude restructured loans.

Sandler O'Neill used publicly available information to perform a similar analysis for MidWestOne and a group of financial institutions selected by Sandler O'Neill (the MidWestOne Peer Group). The MidWestOne Peer Group consisted of major exchange traded banks and thrifts headquartered in the Midwest region with total assets between \$2.0 billion and \$4.5 billion as of June 30, 2018, excluding Meta Financial Group, First Internet Bancorp, Sterling Bancorp, announced merger targets and mutual holding companies. The MidWestOne Peer Group consisted of the following companies.

Community Trust Bancorp, Inc.  
Equity Bancshares, Inc.  
Farmers National Banc Corp.  
First Defiance Financial Corp.  
First Financial Corporation

Mercantile Bank Corporation  
Merchants Bancorp  
Mutual First Financial  
Nicolet Bankshares, Inc.  
Old Second Bancorp, Inc.

## Edgar Filing: MidWestOne Financial Group, Inc. - Form S-4

First Mid-Illinois Bancshares, Inc.  
German American Bancorp, Inc.  
Horizon Bancorp, Inc.  
Independent Bank Corporation

Peoples Bancorp Inc.  
QCR Holdings, Inc.  
Stock Yards Bancorp, Inc.  
United Community Financial Corp.  
West Bancorporation, Inc.

The analysis compared financial data for *MidWestOne* as of or for the 12 months ended June 30, 2018 with the corresponding publicly available data for the *MidWestOne* Peer Group as of or for the 12 months ended June 30, 2018, with pricing data as of August 17, 2018. The table below sets forth the data for *MidWestOne* and the high, low, median and mean data for the *MidWestOne* Peer Group.

Table of Contents**MidWestOne Comparable Company Analysis**

	MidWestOne	MidWestOne Peer Group Median	MidWestOne Peer Group Mean	MidWestOne Peer Group High	MidWestOne Peer Group Low
Total Assets (\$mm)	3,276	3,289	3,222	4,205	2,011
Loans / Deposits (%)	90.8	91.5	90.6	104.1	57.7
Non-performing Assets / Total Assets (%) (1)	0.42	0.41	0.49	1.23	0.10
Tangible Common Equity / Tangible Assets (%)	8.5	9.2	9.3	13.1	7.1
Tier 1 Risk-based Capital Ratio (%)	10.9	12.3	12.8	18.1	10.2
Total Risk-based Capital Ratio (%)	12.0	13.1	13.6	19.0	11.2
YTD Return on Average Assets (%)	0.99	1.31	1.32	1.74	0.88
YTD Return on Average Tangible Common Equity (%)	12.8	15.2	14.7	17.7	11.2
YTD Net Interest Margin (%)	3.64	3.72	3.68	4.32	2.60
YTD Efficiency Ratio (%)	60.7	59.2	57.7	68.8	34.1
Price / Tangible Book Value (%)	151	214	214	280	165
Price / YTD Ann. Earnings per Share (x)	12.9	14.7	14.6	20.3	9.4
Price / 2018 Est. Earnings per Share (x)	12.5	14.5	14.8	17.7	12.6
Price / 2019 Est. Earnings per Share (x)	11.9	13.0	13.3	15.5	11.2
Current Dividend Yield (%)	2.3	1.9	1.8	3.3	0.0
Market Value (\$mm)	409	634	633	887	329

(1) Nonperforming assets exclude restructured loans.

*Analysis of Selected Merger Transactions*

Sandler O'Neill reviewed a group of merger and acquisition transactions consisting of bank and thrift transactions where targets were headquartered in the Midwest region and announced between November 9, 2016 and August 17, 2018 with disclosed deal values and target total assets between \$500 million and \$2.0 billion, excluding the Stifel Financial / Business Bancshares, Triumph / First Bancorp of Durango, and Meta Financial / Crestmark deals (the Regional Precedent Transactions). Sandler O'Neill also reviewed a national group of merger and acquisition transactions consisting of bank and thrift transactions announced between January 1, 2018 and August 17, 2018 with disclosed deal values and target total assets between \$500 million and \$2.0 billion, excluding the Stifel Financial / Business Bancshares, Private Investor / Volunteer State Bancshares, and Meta Financial / Crestmark deals (the Nationwide Precedent Transactions).

The Regional Precedent Transactions group was composed of the following transactions:

Buyer	Target
Byline Bancorp Inc.	First Evanston Bancorp, Inc.

Edgar Filing: MidWestOne Financial Group, Inc. - Form S-4

Civista Bancshares Inc.	United Community Bancorp
First Busey Corp.	Mid Illinois Bancorp Inc.
First Busey Corp.	First Community Financial Partners
First Merchants Corp.	Independent Alliance Banks Inc.
German American Bancorp Inc.	First Security Inc.
MainSource Financial Group	FCB Bancorp Inc.
Midland States Bancorp Inc.	Alpine Bancorp, Inc.
Midland States Bancorp Inc.	Centrue Financial Corporation
National Bank Holdings Corp.	Peoples Inc.
Old National Bancorp	Klein Financial Inc.
QCR Holdings Inc,	Springfield Bancshares Inc.
WesBanco Inc.	Farmers Capital Bank Corp.

Using the latest publicly available information prior to the announcement of the relevant transaction, Sandler O'Neill reviewed the following transaction metrics: transaction price to last 12 months earnings per share, transaction price to book value per



## Edgar Filing: MidWestOne Financial Group, Inc. - Form S-4

### Table of Contents

share, transaction price to tangible book value per share, and core deposit premium. Sandler O'Neill compared the indicated transaction multiples for the Merger to the high, low, mean and median multiples of the Regional Precedent Transactions group.

	ATBancorp(1)/ MidWestOne	ATBancorp(2)/ MidWestOne	Regional Precedent Transactions Median	Regional Precedent Transactions Mean	Regional Precedent Transactions High	Regional Precedent Transactions Low
Transaction Price / LTM Earnings Per Share:	16.9x	16.9x	23.5x	24.8x	35.5x	17.4x
Transaction Price / Book Value Per Share:	140%	151%	173%	179%	232%	139%
Transaction Price / Tangible Book Value Per Share:	144%	157%	173%	186%	265%	139%
Core Deposit Premium(3):	6.7%	6.7%	11.7%	11.8%	22.6%	6.9%

(1) Based on 117.5500x exchange ratio, cash per share of \$992.51, special dividend of \$907.85, and MidWestOne share price of \$33.50 as of August 17, 2018 and 35,028 shares of ATBancorp common stock outstanding.

(2) Multiples using adjusted tangible book value that equals June 30, 2018 Tangible Common Equity less special dividend of \$31.8 million; \$31.8 million dividend is also reduced from the aggregate consideration.

(3) Core deposits defined as total deposits, less time deposit accounts with a balance of at least \$100,000.

The Nationwide Precedent Transactions group was composed of the following transactions:

Buyer	Target
Allegiance Bancshares Inc.	Post Oak Bancshares Inc.
Ameris Bancorp	Hamilton State Bancshares
BancorpSouth Bank	Icon Capital Corporation
Banner Corp.	Skagit Bancorp Inc.
CenterState Bank Corp.	Charter Financial Corp.
Civista Bancshares Inc.	United Community Bancorp
ConnectOne Bancorp, Inc.	Greater Hudson Bank
First Choice Bancorp	Pacific Commerce Bancorp
First Interstate BancSystem	Northwest Bancorp.
German American Bancorp Inc.	First Security Inc.
HarborOne Bancorp Inc (MHC)	Coastway Bancorp, Inc.
Mechanics Bank	Learner Financial Corp.
Mid Penn Bancorp Inc.	First Priority Financial Corp.
National Commerce Corp.	Landmark Bancshares Inc.
Northwest Bancshares, Inc.	Donegal Financial Svcs Corp
Old National Bancorp	Klein Financial Inc.
QCR Holdings Inc.	Springfield Bancshares Inc.
RBB Bancorp	First American Intl Corp
Seacoast Banking Corp. of FL	First Green Bancorp Inc.
Triumph Bancorp	First Bancorp of Durango Inc.
WesBanco Inc.	Farmers Capital Bank Corp.

Using the latest publicly available information prior to the announcement of the relevant transaction, Sandler O'Neill reviewed the following transaction metrics: transaction price to last 12 months earnings per share, transaction price to book value per share, transaction price to tangible book value per share, and core deposit premium. Sandler O'Neill compared the indicated transaction multiples for the Merger to the high, low, mean and median multiples of the Nationwide Precedent Transactions group.

Table of Contents

	ATBancorp(1)/ MidWestOne	ATBancorp(2)/ MidWestOne	Nationwide Precedent Transactions Median	Nationwide Precedent Transactions Mean	Nationwide Precedent Transactions High	Nationwide Precedent Transactions Low
Transaction Price / LTM Earnings Per Share:	16.9x	16.9x	25.4x	26.8x	37.6x	16.0x
Transaction Price / Book Value Per Share:	140%	151%	184%	183%	240%	135%
Transaction Price / Tangible Book Value Per Share:	144%	157%	194%	194%	240%	135%
Core Deposit Premium(3):	6.7%	6.7%	13.7%	13.5%	18.8%	5.7%

- (1) Based on 117.5500x exchange ratio, cash per share of \$992.51, special dividend of \$907.85, and MidWestOne share price of \$33.50 as of August 17, 2018 and 35,028 shares of ATBancorp common stock outstanding.
- (2) Multiples using adjusted tangible book value that equals June 30, 2018 Tangible Common Equity less special dividend of \$31.8 million; \$31.8 million dividend is also reduced from the aggregate consideration.
- (3) Core deposits defined as total deposits, less time deposit accounts with a balance of at least \$100,000.

Net Present Value Analyses

Sandler O Neill performed an analysis that estimated the net present value of ATBancorp assuming ATBancorp performed in accordance with internal financial projections for the years ending December 31, 2018 through December 31, 2022, as provided by the senior management of ATBancorp. To approximate the terminal value of ATBancorp at December 31, 2022, Sandler O Neill applied price to 2022 earnings multiples ranging from 12.0x to 17.0x and price to December 31, 2022 tangible book value multiples ranging from 130% to 230%. The terminal values were then discounted to present values using different discount rates ranging from 10.0% to 16.0% which were chosen to reflect different assumptions regarding required rates of return of holders or prospective buyers of ATBancorp. As illustrated in the following tables, the analysis indicated an imputed range of aggregate values of ATBancorp of \$167.4 million to \$270.0 million when applying multiples of earnings and \$155.5 million to \$299.1 million when applying multiples of tangible book value.

Earnings Multiples

Discount Rate	12.0x	13.0x	14.0x	15.0x	16.0x	17.0x
10.0%	\$ 203.9	\$ 217.1	\$ 230.4	\$ 243.6	\$ 256.8	\$ 270.0
11.0%	\$ 197.1	\$ 209.8	\$ 222.5	\$ 235.2	\$ 247.9	\$ 260.6
12.0%	\$ 190.6	\$ 202.8	\$ 215.0	\$ 227.2	\$ 239.3	\$ 251.5
13.0%	\$ 184.4	\$ 196.1	\$ 207.8	\$ 219.5	\$ 231.2	\$ 242.9
14.0%	\$ 178.5	\$ 189.7	\$ 201.0	\$ 212.2	\$ 223.5	\$ 234.8
15.0%	\$ 172.8	\$ 183.6	\$ 194.5	\$ 205.3	\$ 216.1	\$ 226.9
16.0%	\$ 167.4	\$ 177.8	\$ 188.3	\$ 198.7	\$ 209.1	\$ 219.5

**Tangible Book Value Multiples**

<b>Discount</b>							
<b>Rate</b>	<b>130%</b>	<b>150%</b>	<b>170%</b>	<b>190%</b>	<b>210%</b>	<b>230%</b>	
10.0%	\$ 188.8	\$ 210.8	\$ 232.9	\$ 255.0	\$ 277.1	\$ 299.1	
11.0%	\$ 182.5	\$ 203.7	\$ 224.9	\$ 246.1	\$ 267.3	\$ 288.5	
12.0%	\$ 176.6	\$ 197.0	\$ 217.3	\$ 237.7	\$ 258.0	\$ 278.4	
13.0%	\$ 171.0	\$ 190.5	\$ 210.1	\$ 229.6	\$ 249.2	\$ 268.7	
14.0%	\$ 165.6	\$ 184.4	\$ 203.1	\$ 221.9	\$ 240.7	\$ 259.5	
15.0%	\$ 160.4	\$ 178.5	\$ 196.6	\$ 214.6	\$ 232.7	\$ 250.8	
16.0%	\$ 155.5	\$ 172.9	\$ 190.3	\$ 207.6	\$ 225.0	\$ 242.4	

Sandler O'Neill also considered and discussed with the ATBancorp board of directors how this analysis would be affected by changes in the underlying assumptions, including variations with respect to net income. To illustrate this impact, Sandler O'Neill performed a similar analysis assuming ATBancorp's net income varied from 15% above projections to 15% below projections. This

Table of Contents

analysis resulted in the following range of values per share of ATBancorp, applying the price to 2022 earnings multiples range of 12.0x to 17.0x referred to above and a discount rate of 12.68%.

**Earnings Multiples**

<b>Annual Budget</b>							
<b>Variance</b>	<b>12.0x</b>	<b>13.0x</b>	<b>14.0x</b>	<b>15.0x</b>	<b>16.0x</b>	<b>17.0x</b>	
(15.0)%	\$ 165.0	\$ 175.1	\$ 185.2	\$ 195.2	\$ 205.3	\$ 215.4	
(10.0)%	\$ 172.1	\$ 182.8	\$ 193.5	\$ 204.1	\$ 214.8	\$ 225.5	
(5.0)%	\$ 179.2	\$ 190.5	\$ 201.8	\$ 213.0	\$ 224.3	\$ 235.6	
0.0%	\$ 186.3	\$ 198.2	\$ 210.1	\$ 221.9	\$ 233.8	\$ 245.7	
5.0%	\$ 193.5	\$ 205.9	\$ 218.4	\$ 230.8	\$ 243.3	\$ 255.7	
10.0%	\$ 200.6	\$ 213.6	\$ 226.7	\$ 239.7	\$ 252.8	\$ 265.8	
15.0%	\$ 207.7	\$ 221.3	\$ 235.0	\$ 248.6	\$ 262.3	\$ 275.9	

Sandler O Neill also performed an analysis that estimated the net present value per share of MidWestOne common stock assuming that MidWestOne performed in accordance with publicly available consensus median analyst earnings estimates for MidWestOne for the years ending December 31, 2018 through December 31, 2020, as well as an estimated long-term annual earnings per share growth rate for the years ending December 31, 2021 through December 31, 2023, as provided by the senior management of MidWestOne. To approximate the terminal value per share of MidWestOne common stock at December 31, 2022, Sandler O Neill applied price to 2022 earnings per share multiples ranging from 12.0x to 18.0x and price to December 31, 2022 tangible book value per share multiples ranging from 150% to 250%. The terminal values were then discounted to present values using different discount rates ranging from 9.0% to 15.0% chosen to reflect different assumptions regarding required rates of return of holders or prospective buyers of MidWestOne common stock. As illustrated in the following tables, the analysis indicated an imputed range of values per share of MidWestOne common stock of \$25.55 to \$46.67 when applying multiples of earnings per share and \$28.79 to \$58.36 when applying multiples of tangible book value per share.

**Earnings Per Share Multiples**

<b>Discount</b>						
<b>Rate</b>	<b>12.0x</b>	<b>13.5x</b>	<b>15.0x</b>	<b>16.5x</b>	<b>18.0x</b>	
9.0%	\$ 32.19	\$ 35.81	\$ 39.43	\$ 43.05	\$ 46.67	
10.0%	\$ 30.94	\$ 34.42	\$ 37.89	\$ 41.37	\$ 44.84	
11.0%	\$ 29.76	\$ 33.09	\$ 36.43	\$ 39.77	\$ 43.10	
12.0%	\$ 28.63	\$ 31.83	\$ 35.04	\$ 38.24	\$ 41.45	
13.0%	\$ 27.55	\$ 30.63	\$ 33.71	\$ 36.79	\$ 39.87	
14.0%	\$ 26.53	\$ 29.49	\$ 32.45	\$ 35.41	\$ 38.37	
15.0%	\$ 25.55	\$ 28.40	\$ 31.24	\$ 34.09	\$ 36.93	

**Tangible Book Value Per Share Multiples**

Edgar Filing: MidWestOne Financial Group, Inc. - Form S-4

**Discount**

<b>Rate</b>	<b>150%</b>	<b>175%</b>	<b>200%</b>	<b>225%</b>	<b>250%</b>
9.0%	\$ 36.30	\$ 41.82	\$ 47.33	\$ 52.85	\$ 58.36
10.0%	\$ 34.89	\$ 40.19	\$ 45.48	\$ 50.77	\$ 56.06
11.0%	\$ 33.55	\$ 38.63	\$ 43.71	\$ 48.79	\$ 53.87
12.0%	\$ 32.27	\$ 37.15	\$ 42.03	\$ 46.91	\$ 51.79
13.0%	\$ 31.06	\$ 35.74	\$ 40.43	\$ 45.12	\$ 49.81
14.0%	\$ 29.89	\$ 34.40	\$ 38.91	\$ 43.41	\$ 47.92
15.0%	\$ 28.79	\$ 33.12	\$ 37.45	\$ 41.79	\$ 46.12

Sandler O'Neill also considered and discussed with the ATBancorp board of directors how this analysis would be affected by changes in the underlying assumptions, including variations with respect to net income. To illustrate this impact, Sandler O'Neill performed a similar analysis assuming MidWestOne's net income varied from 15% above estimates to 15% below estimates. This analysis resulted in the following range of per share values for MidWestOne shares, applying the price to 2022 earnings per share multiples range of 12.0x to 18.0x referred to above and a discount rate of 12.68%.

Table of Contents**Earnings Per Share Multiples**

<b>Annual Budget</b>							
<b>Variance</b>	<b>12.0x</b>	<b>13.5x</b>	<b>15.0x</b>	<b>16.5x</b>	<b>18.0x</b>		
(15.0)%	\$ 24.78	\$ 27.51	\$ 30.23	\$ 32.95	\$ 35.68		
(10.0)%	\$ 26.06	\$ 28.95	\$ 31.83	\$ 34.72	\$ 37.60		
(5.0)%	\$ 27.35	\$ 30.39	\$ 33.43	\$ 36.48	\$ 39.52		
0.0%	\$ 28.63	\$ 31.83	\$ 35.04	\$ 38.24	\$ 41.45		
5.0%	\$ 29.91	\$ 33.27	\$ 36.64	\$ 40.00	\$ 43.37		
10.0%	\$ 31.19	\$ 34.72	\$ 38.24	\$ 41.77	\$ 45.29		
15.0%	\$ 32.47	\$ 36.16	\$ 39.84	\$ 43.53	\$ 47.21		

Sandler O'Neill noted that the net present value analysis is a widely used valuation methodology, but the results of such methodology are highly dependent upon the numerous assumptions that must be made, and the results thereof are not necessarily indicative of actual values or future results.

*Pro Forma Merger Analysis*

Sandler O'Neill analyzed certain potential pro forma effects of the Merger on MidWestOne, assuming the Merger closes at the end of the fourth calendar quarter of 2018. Sandler O'Neill utilized the following information and assumptions: (i) publicly available median consensus analyst earnings per share estimates for MidWestOne for the years ending December 31, 2018 through December 31, 2020 and publicly available consensus median analyst estimated long-term earnings per share growth rate for the years ending December 31, 2021 through December 31, 2023, as well as publicly available consensus median analyst dividends per share for the years ending December 31, 2018 and December 31, 2019 and an estimated long-term dividend growth rate for the years ending December 31, 2020 through December 31, 2023; (ii) internal earnings per share projections for ATBancorp for the years ending December 31, 2018 through December 31, 2022, as provided by the senior management of ATBancorp and adjusted by MidWestOne senior management; and (iii) certain assumptions relating to transaction expenses, purchase accounting adjustments and cost savings, as provided by MidWestOne senior management. The analysis indicated that the Merger could be accretive to MidWestOne's estimated earnings per share (excluding one-time transaction costs and expenses) in the years ending December 31, 2018, December 31, 2019, December 31, 2020, December 31, 2021 and December 31, 2022; dilutive to MidWestOne's estimated tangible book value per share at closing and at December 31, 2018, December 31, 2019 and December 31, 2020 and accretive to MidWestOne's estimated tangible book value per share at December 31, 2021 and December 31, 2022.

In connection with this analysis, Sandler O'Neill considered and discussed with the ATBancorp board of directors how the analysis would be affected by changes in the underlying assumptions, including the impact of final purchase accounting adjustments determined at the closing of the transaction, and noted that the actual results achieved by the combined company may vary from projected results and the variations may be material.

*Sandler O'Neill's Relationship*

## Edgar Filing: MidWestOne Financial Group, Inc. - Form S-4

Sandler O'Neill acted as financial advisor to ATBancorp in connection with the Merger. ATBancorp has agreed to pay Sandler O'Neill a transaction fee in an amount equal to 1.10% of the aggregate Merger consideration, which fee is contingent upon the closing of the Merger. At the time of announcement, based on MidWestOne's closing stock price of \$33.50 as of August 17, 2018, Sandler O'Neill's transaction fee was approximately \$2.2 million. Sandler O'Neill also received a \$250,000 fee upon rendering its fairness opinion to the ATBancorp board of directors, which opinion fee will be credited in full towards the portion of the transaction fee which will become payable to Sandler O'Neill on the day of closing of the Merger. ATBancorp has also agreed to indemnify Sandler O'Neill against certain claims and liabilities arising out of its engagement and to reimburse Sandler O'Neill for certain of its out-of-pocket expenses incurred in connection with its engagement.

Sandler O'Neill did not provide any other investment banking services to ATBancorp in the two years preceding the date of its opinion; provided, however, (i) Sandler O'Neill acted as financial advisor to a subsidiary of ATBancorp, United American Bank, in connection with the sale of United American Bank, which transaction closed in May 2018, and (ii) Sandler O'Neill entered into an engagement letter with ATBancorp following the announcement of the Merger pursuant to which Sandler O'Neill is acting as an independent financial advisor to the ATBancorp board of directors in connection with ATBancorp's proposed sale of all or substantially all of the assets and liabilities of its retirement services business and its investment advisor subsidiary, ATCapital Management Corp. Sandler O'Neill did not provide any investment banking services to MidWestOne in the two years preceding the date of Sandler O'Neill's opinion. In the ordinary course of Sandler O'Neill's business as a broker-dealer, Sandler O'Neill may



Table of Contents

purchase securities from and sell securities to ATBancorp, MidWestOne and their respective affiliates. Sandler O'Neill may also actively trade the equity and debt securities of MidWestOne and its affiliates for its own account and for the accounts of its customers.

**Certain MidWestOne and ATBancorp Unaudited Prospective Financial Information**

MidWestOne and ATBancorp do not, as a matter of course, publicly disclose forecasts or internal projections as to future performance, revenues, earnings, financial condition or other results due to, among other reasons, the inherent uncertainty of the underlying assumptions and estimates. MidWestOne and ATBancorp have included in this joint proxy statement/prospectus certain limited unaudited prospective financial information for ATBancorp (which we refer to as the "projections") to give MidWestOne and ATBancorp shareholders access to certain information provided to MidWestOne and its board of directors, and the parties' respective financial advisors in connection with the Merger.

The projections were not prepared with a view toward public disclosure. As a result, the inclusion of the projections in this joint proxy statement/prospectus should not be regarded as an indication that MidWestOne or any other recipient of the projections considered, or now considers, them to be necessarily predictive of actual future results, or that it should be construed as financial guidance, and it should not be relied on as such. This information was prepared solely for internal use and is subjective in many respects. While presented with numeric specificity, the projections reflect numerous estimates and assumptions made with respect to business, economic, market, competition, regulatory and financial conditions and matters specific to MidWestOne's business and ATBancorp's business, all of which are difficult to predict and many of which are beyond MidWestOne's and ATBancorp's control. In addition, since the projections cover multiple years, such information by its nature becomes subject to greater uncertainty with each successive year.

The projections also reflect assumptions as to certain business decisions that are subject to change. The projections reflect subjective judgment in many respects and thus are susceptible to multiple interpretations and periodic revisions based on actual experience and business developments. As such, the projections constitute forward-looking information and are subject to risks and uncertainties that could cause actual results to differ materially from the results forecasted in such prospective information, including, but not limited to, MidWestOne's performance, ATBancorp's performance, industry performance, general business and economic conditions, customer requirements, competition, adverse changes in applicable laws, regulations or rules, and the various risks set forth in MidWestOne's and ATBancorp's respective reports filed with the SEC. For other factors that could cause the actual results to differ, please see the sections entitled "Risk Factors" and "Cautionary Statement Regarding Forward-Looking Statements" in this joint proxy statement/prospectus.

The projections were not prepared with a view toward complying with GAAP, the guidelines of the SEC or the guidelines established by the American Institute of Certified Public Accountants for preparation or presentation of financial information. Neither RSM US LLP, which serves as MidWestOne's current independent registered public accounting firm, nor Eide Bailly LLP, which serves as ATBancorp's current independent auditor, or any other independent accountants, have compiled, examined or performed any procedures with respect to the projections included below, or expressed any opinion or any other form of assurance on such information or its achievability.

Furthermore, the projections do not take into account any circumstances or events occurring after the date they were prepared, including the transactions contemplated by the reorganization agreement or the possible financial and other effects on MidWestOne or ATBancorp of the Merger (other than with respect to certain projections related to the combined company set forth under "Pro Forma Financial Analysis" below), and do not attempt to predict or suggest future results of the surviving corporation of the Merger or give effect to the Merger, including the impact of negotiating or executing the Merger Agreement, the expenses that may be incurred in connection with consummating the Merger, the potential synergies that may be achieved by MidWestOne as a result of the Merger, the effect on MidWestOne or ATBancorp of any business or strategic decision or action that has been or will be taken as a result of the Merger Agreement having been executed, or the effect of any business or strategic decisions or actions which would likely have been taken if the Merger Agreement had not been executed, but which were instead

## Edgar Filing: MidWestOne Financial Group, Inc. - Form S-4

altered, accelerated, postponed or not taken in anticipation of the Merger. Neither *MidWestOne* nor *ATBancorp* can give any assurance that, had the projections been prepared either as of the date of the Merger Agreement or as of the date of this joint proxy statement/prospectus, similar estimates and assumptions would be used. Further, the projections do not take into account the effect of any possible failure of the Merger to occur. None of *MidWestOne*, *ATBancorp*, Sandler O'Neill, Piper Jaffray, nor any of their affiliates intends to, and each of them disclaims any obligation to, update, revise or correct the projections if they are or become inaccurate (even in the short term). The inclusion of the projections herein should not be deemed an admission or representation by *MidWestOne* or *ATBancorp* that they are viewed by *MidWestOne* or *ATBancorp* as material information of *MidWestOne* or *ATBancorp*, respectively, particularly in light of the inherent risks and uncertainties associated with such projections. None of *MidWestOne*, Piper Jaffray, *ATBancorp*, Sandler O'Neill or their respective representatives has made, makes or is authorized in the future to make any representation to any shareholder of *MidWestOne* or *ATBancorp* or other person regarding *MidWestOne*'s or *ATBancorp*'s ultimate performance compared to the information contained in the projections or that the forecasted results will be achieved. The projections included below are being

Table of Contents

provided because they were made available to and considered by Sandler O'Neill and Piper Jaffray and MidWestOne and its board of directors in connection with the Merger.

In light of the foregoing, and considering that the MidWestOne and ATBancorp special meetings will be held several months after the projections were prepared, as well as the uncertainties inherent in any forecasted information, MidWestOne and ATBancorp shareholders are cautioned not to place unwarranted reliance on such information, and MidWestOne and ATBancorp shareholders are urged to review MidWestOne's most recent SEC filings for a description of MidWestOne's reported financial results and the financial statements of MidWestOne included in this joint proxy statement/prospectus and the financial statements of ATBancorp included in this joint proxy statement/prospectus. See [Where You Can Find More Information](#).

***Certain Projections Regarding ATBancorp***

ATBancorp provided MidWestOne, Sandler O'Neill and Piper Jaffray with certain unaudited prospective financial information regarding its potential future earnings. MidWestOne management adjusted this unaudited prospective financial information, which is presented in the table below, as adjusted.

	(Dollars in thousands)					
	Q3+Q4 2018	2019	2020	2021	2022	2023
Estimated Adjusted Earnings(1)	\$ 5,794	\$ 9,555	\$ 10,195	\$ 10,584	\$ 11,004	\$ 11,177
Estimated Adjusted Earnings + Estimated Cost Savings(2)	N/A	18,242	22,025	22,656	23,335	23,802

(1) Adjusted to exclude the gain on sale of United American Bank of \$25.3 million and all impact of such sale, and beginning in 2019 adjusted to exclude income from ATBancorp's retirement business and applying opportunity cost to the special dividend.

(2) Assumes 75% of cost savings realized in 2019, 100% thereafter.

***Pro Forma Financial Analysis***

For the pro forma merger analysis, MidWestOne provided the following assumptions to ATBancorp, Sandler O'Neill and Piper Jaffray:

- Gross mark of approximately \$19.3 million on gross loans;
- Fixed asset write-up of approximately \$9.6 million;

## Edgar Filing: MidWestOne Financial Group, Inc. - Form S-4

- Junior subordinated notes issued to capital trusts write-down of approximately \$4.5 million; and
- Core deposit intangible estimate of 1.5% of all non-time deposit units (accelerated amortization over 10 years).

### Pro Forma Capital Assumptions:

- Tangible common equity to tangible assets ratio of approximately 7.7%;
- Leverage ratio of approximately 8.4%;
- Tier 1 risk-based capital ratio of approximately 9.9%; and
- Total risk-based capital ratio of approximately 11.7%.

### Cost Savings Assumptions:

- 30% of ATBancorp's non-interest expense for 2019 (75% realized in 2019, 100% thereafter).

### Management and Board of Directors of MidWestOne After the Merger

Pursuant to the Merger Agreement, MidWestOne shall take all appropriate action, subject to and in accordance with MidWestOne's articles of incorporation, bylaws, board policies and applicable legal requirements, to appoint two individuals to MidWestOne's Board who are designated by ATBancorp, by a vote of at least 75% of ATBancorp's Board, and are agreeable to MidWestOne. One of the individuals so designated by ATBancorp must not be a current officer, director or shareholder of ATBancorp and must have an established history in the Dubuque, Iowa business community. One individual will be designated to serve as a Class I director and the other individual will be designated to serve as a Class II director, with the class assignments determined by MidWestOne, in each case, effective immediately upon the effectiveness of the Merger.

### Interests of ATBancorp Directors and Executive Officers in the Merger

In considering the recommendation of the ATBancorp board of directors to approve and adopt the Merger Agreement and the transactions contemplated thereby, ATBancorp shareholders should be aware that ATBancorp's directors and executive officers have interests in the Merger that may be



Table of Contents

different from, or in addition to, the interests of ATBancorp shareholders generally. ATBancorp's board of directors was aware of these interests and considered them, among other matters, in evaluating and negotiating the Merger Agreement, in reaching its decision to approve the Merger Agreement and the transactions contemplated by the Merger Agreement (including the Merger), and in recommending to ATBancorp shareholders that the ATBancorp merger proposal be approved and adopted. These interests include those described below.

ATBancorp's officers are Nicholas J. Schrup III, Charles J. Schrup III and John W. Marshall.

*Certain Assumptions*

Except as otherwise specifically noted, for purposes of quantifying the potential payments and benefits to officers and non-employee directors described in this section, the following assumptions were used:

- The effective time of the Merger is October 18, 2018, which is the last practicable date prior to the filing of this joint proxy statement/prospectus and is the assumed date of the effective time solely for purposes of this merger-related compensation disclosure; and
- Each officer and non-employee director is terminated by MidWestOne without cause (as defined in the relevant plans and agreements) immediately following the effective time.

*Stock Ownership*

As of the close of business on the ATBancorp record date, there were 35,028 outstanding shares of ATBancorp common stock entitled to vote. As of that date, approximately [●]% of such outstanding shares of ATBancorp common stock were beneficially owned by the directors and executive officers of ATBancorp and their respective affiliates. See *Stock Ownership of Directors and Executive Officers* on page 141 for more information.

*Change in Control Agreements*

ATSB sponsors an Executive Change in Control Severance Plan in which Nicholas J. Schrup III, Charles J. Schrup III and John W. Marshall participate (the ATSB CIC Plan). Pursuant to the terms of the ATSB CIC Plan, in the event that a participant: (i) is terminated within 24 months (18 months for Charles Schrup III) following a change of control and such termination is employer-initiated other than for cause or by the participant for good reason; (ii) executes and does not revoke a release of ATSB; and (iii) is at all times in compliance with certain confidentiality, non-competition and non-solicitation agreements set forth in the ATSB CIC Plan, ATSB will pay the participant the sum of: (a) a designated percentage of the sum of the participant's annual base salary and target bonus (250% for Nicholas J. Schrup III, 150% for

## Edgar Filing: MidWestOne Financial Group, Inc. - Form S-4

Charles J. Schrup III, and 200% for John W. Marshall) plus (b) a pro rata bonus for the year of termination, with such amounts to be paid out over a period of 24 months (18 months for Charles J. Schrup III) in substantially equal payments. Further, participants in the ATSB CIC Plan are eligible to continue medical, dental and vision benefits under the health continuation coverage provision of COBRA for a period of up to 18 months at the same rate the participant paid as an active employee. The expected amounts to be paid to Nicholas J. Schrup III, Charles J. Schrup III and John W. Marshall pursuant to the ATSB CIC Plan are set forth in the table below.

### *Salary Continuation Agreements*

Nicholas J. Schrup III and Charles J. Schrup III are parties to Executive Salary Continuation and Change of Control Agreements dated October 29, 1997 (together and as amended, the Salary Continuation Agreements ). Pursuant to the respective Salary Continuation Agreements, if Nicholas J. Schrup III or Charles J. Schrup III continued in the employment of ATSB until the attainment of age 65, each would be entitled to payment of an annual sum of \$81,243, and \$65,007, respectively, payable in equal monthly installments for a period of 15 years commencing the month following attainment of age 65. With respect to Charles J. Schrup III, monthly installment payments pursuant to his Salary Continuation Agreement commenced in 2013 following his attainment of age 65. Also, pursuant to the Salary Continuation Agreements, Nicholas J. Schrup III and Charles J. Schrup III, would each have been entitled to certain change in control benefits (including two years of salary, bonus, health insurance coverage and other fringe benefits) if, within the three year period following a change of control, they were terminated, their respective titles, responsibilities or compensation were reduced, or if they were transferred out of the Dubuque, Iowa market, however, Nicholas J. Schrup III and Charles J. Schrup III agreed to forego such change in control benefits as a condition of their participation in the ATSB CIC Plan. The expected amounts to be distributed to Nicholas J. Schrup III and Charles J. Schrup III in the event of termination in connection with the Merger are set forth in the table below.

Table of Contents

*Deferred Compensation Agreements*

2014 Deferred Compensation Agreements

Nicholas J. Schrup III and John W. Marshall have each entered into 2014 Deferred Compensation Agreements with ATSB (the 2014 Deferred Compensation Agreements ). Pursuant to the 2014 Deferred Compensation Agreements, in the event that Nicholas J. Schrup III or John W. Marshall continued in the employment of ATSB until the attainment of 65, each would be entitled to payment of an annual sum of \$40,000, and \$20,000, respectively, payable in equal monthly installments for a period of 15 years commencing the month following the executive's separation from service. John W. Marshall became fully vested in his benefit under his 2014 Deferred Compensation Agreement upon his attainment of age 65 in 2015. Pursuant to the 2014 Deferred Compensation Agreements, if a change of control occurs, the executive will become fully vested and shall be entitled to payments of benefits for 15 years commencing upon his death, disability or separation from service. Further, if the executive is terminated by ATSB without cause or the executive resigns with good reason, in either case during the two year period following a change of control, the benefits under such agreement shall be distributed in a lump sum. The expected amounts to be distributed to Nicholas J. Schrup III and John W. Marshall in the event of termination in connection with the Merger are set forth in the table below.

2009 Deferred Compensation Agreement

John W. Marshall has entered into a 2009 Deferred Compensation Agreement with ATSB (the 2009 Deferred Compensation Agreement ). Pursuant to the 2009 Deferred Compensation Agreement, John W. Marshall is entitled to payment of an annual sum of \$40,000, payable in equal monthly installments for a period of 15 years, which commenced the month following the executive's attainment of age 65 in 2015. Further, if the executive is terminated by ATSB without cause or the executive resigns with good reason, in either case during the two year period following a change of control, the remaining benefits under the agreement shall be distributed in a lump sum. The expected amount to be distributed to John W. Marshall in the event of termination in connection with the Merger is set forth in the table below.

2005 Deferred Compensation Agreements

Nicholas J. Schrup III and Charles J. Schrup III have each entered into 2005 Deferred Compensation Agreements with ATSB (the 2005 Deferred Compensation Agreements ). Pursuant to the 2005 Deferred Compensation Agreements, in the event that Nicholas J. Schrup III or Charles J. Schrup III continued in the employment of ATSB until the attainment of age 65, each would be entitled to payment of an annual sum of \$79,407, and \$38,213, respectively, payable in equal monthly installments for a period of 15 years commencing the month following the executive's attainment of age 65. With respect to Charles J. Schrup III, monthly installment payments pursuant to the 2005 Deferred Compensation Agreement commenced in 2013 following his attainment of age 65. Pursuant to the 2005 Deferred Compensation Agreements, if a change of control occurs, the executive will become fully vested and shall be entitled to payments of benefits for 15 years commencing upon his death, disability or attainment of age of 65. Further, if the executive is terminated by ATSB without cause or the executive resigns with good reason, in either case during the two year period following a change of control, the benefits under such agreement shall be distributed in a lump sum, provided that amounts distributed upon a change of control shall not exceed the amount which would cause the amount vested and distributed to be an excess parachute payment. The expected amounts to be distributed to Nicholas J. Schrup III and Charles J. Schrup III in the event of termination in connection with the Merger are set forth in the table below.





Table of ContentsDeferred Compensation Plan

Nicholas J. Schrup III and Charles J. Schrup III have each entered into agreements with ATSB under the Deferred Compensation Plan (the Deferred Compensation Plan ). Pursuant to the Deferred Compensation Plan, Nicholas J. Schrup III and Charles J. Schrup III are able to defer a portion of the base salary and bonus they otherwise would have been paid. Amounts deferred under the Deferred Compensation Plan are credited earnings based on the return on equity of ATSB. Nicholas J. Schrup III and Charles J. Schrup III are fully vested in all amounts deferred and credited earnings at all times. Pursuant to the Deferred Compensation Plan, each executive's account balance is distributed upon the executive's death, disability or attainment of age 65. Nicholas J. Schrup III and Charles J. Schrup III have elected to receive their distribution during their lifetimes in approximately equal monthly amounts over a 10 year period. In the event of an executive's death, any remaining account balance would be distributed in a lump sum. Charles J. Schrup III commenced receipt of distributions of his account balance upon his attainment of age 65. The expected balances distributable to Nicholas J. Schrup III and Charles J. Schrup III are set forth in the table below.

*Estimated Payment Amounts*

The table below sets forth for each of ATBancorp's directors and officers estimates of the amounts of compensation that are based on or otherwise relate to the Merger and that will or may become payable to the named party either immediately at completion of the Merger or on a qualifying termination of employment following the Merger.

The amounts indicated below are based on multiple assumptions that may not actually occur, including the assumptions described above under *Interests of ATBancorp Directors and Executive Officers in the Merger - Certain Assumptions* and elsewhere in this joint proxy statement/prospectus. Certain information is not currently available and thus is not included in the table below, such as the assumed completion date of the Merger and whether or not an officer's employment terminates in connection with the Merger, and, as a result, the actual amounts, if any, to be received by an officer may differ in material respects from the amounts set forth below.

Name	ATSB CIC Plan(1)	Salary Continuation Agreements(2)	2014 Deferred Compensation Agreements	2009 Deferred Compensation Agreements	2005 Deferred Compensation Agreements	Deferred Compensation Plan(3)	Total
Nicholas J. Schrup III	\$ [•]	\$ [•]	\$ [•]		\$ [•]	\$ [•]	\$ [•]
Charles J. Schrup III	\$ [•]	\$ [•]			\$ [•]	\$ [•]	\$ [•]
John W. Marshall	\$ [•]		\$ [•]	\$ [•]			\$ [•]

- 
- (1) Includes value of cash severance, pro rata bonus, and employer portion of COBRA continuation payments.
  - (2) Amounts listed as of July 31, 2018, or fully vested if not currently 100% vested.
  - (3) Quarterly balance as of September 30, 2018. Accrued interest is not posted until end of year.

*Continuing Board Service*

Pursuant to the Merger Agreement, MidWestOne shall take all appropriate action, subject to and in accordance with MidWestOne's articles of incorporation, bylaws, board policies and applicable legal requirements, to appoint two individuals to MidWestOne's Board who are designated by ATBancorp, by a vote of at least 75% of ATBancorp's Board, and are agreeable to MidWestOne. One of the individuals so designated by ATBancorp must not be a current officer, director or shareholder of ATBancorp and must have an established history in the Dubuque, Iowa business community. One individual will be designated to serve as a Class I director on MidWestOne's Board and the other individual will be designated to serve as a Class II director on MidWestOne's Board, with the class assignments determined by MidWestOne, in each case, effective immediately upon the effectiveness of the Merger.

Pursuant to the Merger Agreement, and pending formal approval by MidWestOne's Nominating and Corporate Governance Committee, MidWestOne, in consultation with ATBancorp, has agreed to appoint Douglas H. Greeff as a director of MidWestOne effective immediately upon the effectiveness of the Merger. Mr. Greeff has consented to such appointment and would not serve as the Dubuque Community Director. Mr. Greeff, 62 years old, has been the President of Greeff Advisory, LLC since 2009. Greeff Advisory, LLC provides consulting services to financial services and consumer product companies with a focus on strategic finance and operational matters. The second director nominee has yet to be named.

Table of Contents

*Director and Officer Indemnification*

Pursuant to the terms of the Merger Agreement, for a period of six years after the Effective Time, MidWestOne has agreed to indemnify each current and former director, officer and employee of ATBancorp and its subsidiaries against any costs or expenses (including reasonable attorneys' fees), judgments, fines, losses, claims, damages or liabilities incurred in connection with any claim or proceeding, whether civil, criminal, administrative or investigative, arising out of or pertaining to matters existing or occurring at or prior to the Effective Time. In addition, MidWestOne will undertake certain insurance-related obligations in this respect, including to maintain, for six years following the Effective Time, insurance coverage under the current policy of directors' and officers' liability insurance maintained by ATBancorp for actions taken prior to the Effective Time; provided, however that if the aggregate premiums for such coverage exceed 250% of the premiums ATBancorp paid for its current policy term, MidWestOne will only maintain the maximum coverage available for such 250% amount.

*Other Matters*

Under the ATSB CIC Plan, if an officer's merger-related payments and benefits are subject to the tax imposed by Section 4999 of the Internal Revenue Code, then the amount of the change in control payment due to such officer shall be reduced such that the value of the total payments that the officer is entitled to receive shall be \$1.00 less than the maximum amount which such officer may receive without becoming subject to the excise tax or resulting in a disallowance of a deduction of the payment of such amount under Section 280G of the Internal Revenue Code.

*Agreements with MidWestOne*

It is possible that certain executive officers of ATBancorp will enter into arrangements with MidWestOne or its affiliates regarding the executive officer's employment with MidWestOne or its affiliates following the effective time, which may include agreements relating to grants of restricted shares of MidWestOne common stock. However, as of the date of this joint proxy statement/prospectus, none of ATBancorp's executive officers have finalized or entered into any agreement, arrangement or understanding with MidWestOne or its affiliates regarding their employment with MidWestOne or its affiliates following the effective time.

**Regulatory Approvals Required for the Merger**

Completion of the Merger is subject to the receipt of an approval or waiver from the Federal Reserve Board, and the receipt of approvals from the FDIC, the IDB and the WDFI, and the receipt of all necessary documentation, applications, notices, petitions, filings, permits, consents, approvals and authorizations from all applicable regulatory authorities for approval of the transactions contemplated by the Merger Agreement, other than the Bank Mergers (collectively, Requisite Regulatory Approvals), as well as the expiration of any statutory waiting periods in respect of any of the foregoing, in each case provided that that no such requisite regulatory approval shall have imposed a restriction or condition on, or requirement of, such approval that would, after the Effective Time, reasonably be expected by the board of directors of MidWestOne to materially restrict or burden, or impair in any material respect the benefits of the contemplated transactions to, or require a materially burdensome modification of, the businesses, activities,

governance, legal structure, capital structure, compensation or fee arrangements of MidWestOne or its subsidiaries.

MidWestOne and ATBancorp have agreed to use their reasonable best efforts to as promptly as possible prepare, but in no event later than 30 days following the date of the Merger Agreement, file, effect and obtain all Requisite Regulatory Approvals. MidWestOne, ATBancorp and their respective subsidiaries have filed applications and notifications to obtain these regulatory approvals. On October 11, 2018, the Federal Reserve Board informed the parties that its legal division would not recommend that the Federal Reserve Board require the filing of an application by MidWestOne in connection with the Merger.

*Federal Reserve Board*

MidWestOne is a bank holding company as defined in the BHC Act. The primary Federal regulator of MidWestOne is the Federal Reserve Board. MidWestOne has filed a request for a waiver from the Federal Reserve pursuant to 12 C.F.R. Section 225.12(d)(2), of the requirement to file an application pursuant to the BHC Act with respect to the transactions contemplated by the Merger Agreement.

*Federal Deposit Insurance Corporation*

MidWestOne Bank is an Iowa state-chartered bank. The primary regulator of MidWestOne Bank is the FDIC. MidWestOne Bank has filed an Interagency Bank Merger Act Application with the FDIC for approval of the transactions contemplated by the Merger Agreement. In considering the approval of the Merger, the FDIC to review, with respect to MidWestOne Bank and the companies and insured depository institution to be acquired: (1) financial and managerial resources and the effect of the proposed

Table of Contents

transaction on these resources, including the management expertise, internal controls and risk management systems, (2) the effect of the proposal on competition and (3) whether the proposed transaction can reasonably be expected to produce benefits to the public, such as greater convenience, increased competition or gains in efficiency, that outweigh possible adverse effects such as undue concentration of resources, decreased or unfair competition, conflicts of interest, unsound banking practices or risk to the stability of the United States banking or financial system. The FDIC also reviews the records of the relevant insured depository institutions under the Community Reinvestment Act of 1997 (the CRA ). In connection with such a review, the FDIC will provide an opportunity for public comment on the application and is authorized to hold a public meeting or other proceeding if it determines such meeting or other proceeding would be appropriate.

*Iowa Division of Banking*

The prior approval of the IDB was required under the Iowa Banking Act to merge ATSB and ABTW with and into MidWestOne Bank. In reviewing the Bank Mergers, the IDB will take competitive considerations into account, as well as capital adequacy, quality of management and earnings prospects, in terms of both quality and quantity. The IDB also takes into account the record of performance of the banks concerned in meeting the credit needs of the entire community, including low- and moderate-income neighborhoods, served by such companies and depository institutions. The IDB takes into account CRA ratings when considering approval of the proposed transaction.

*Wisconsin Department of Financial Institutions*

The prior approval of the WDFI was required under the Wisconsin Banking Law to merge ABTW with and into MidWestOne Bank. In reviewing this Bank Merger, the WDFI will take competitive considerations into account, as well as capital adequacy, quality of management and earnings prospects, in terms of both quality and quantity. The WDFI also takes into account the record of performance of the banks concerned in meeting the credit needs of the entire community, including low- and moderate-income neighborhoods, served by such companies and depository institutions. The WDFI takes into account CRA ratings when considering approval of the proposed transaction.

*Additional Regulatory Approvals and Notices*

Notifications and/or applications requesting approval have been submitted to various other federal and state regulatory authorities and self-regulatory organizations.

**Accounting Treatment**

In accordance with current accounting guidance, the Merger will be accounted for using the acquisition method. The result of this is that: (a) the recorded assets and liabilities of MidWestOne will be carried forward at their recorded amounts; (b) MidWestOne's historical operating results

## Edgar Filing: MidWestOne Financial Group, Inc. - Form S-4

will be unchanged for the prior periods being reported on; and (c) the assets and liabilities of ATBancorp will be adjusted to fair value at the date of the Merger. In addition, all identifiable intangibles will be recorded at fair value and included as part of the net assets acquired. The amount by which the purchase price, consisting of the value of cash and shares of MidWestOne common stock to be issued to former ATBancorp shareholders exceeds the fair value of the net assets including identifiable intangibles of ATBancorp at the Closing Date will be reported as goodwill. In accordance with current accounting guidance, goodwill is not amortized and will be evaluated for impairment at least annually. Identified intangibles will be amortized over their estimated lives. Further, the acquisition method of accounting results in the operating results of ATBancorp being included in the operating results of MidWestOne beginning from the date of completion of the Merger.

### Public Trading Market

MidWestOne common stock is listed on NASDAQ under the symbol MOFG, and the MidWestOne common stock issuable in the Merger would be listed on NASDAQ.

### Exchange of Shares in the Merger

MidWestOne's exchange agent, American Stock Transfer & Trust Company, LLC (ASTTC), will handle the exchange of shares of ATBancorp common stock for cash and shares of MidWestOne common stock. Within five business days after the Closing Date, ASTTC will send to each holder of record of ATBancorp common stock a letter of transmittal and instructions for effecting the exchange of ATBancorp common stock for the Merger consideration that the holder is entitled to receive under the Merger Agreement. Upon surrender of stock certificates for cancellation along with the executed letter of transmittal and other documents described in the instructions, each ATBancorp shareholder, except for holders of any Cancelled Shares and any Dissenters' Shares, will receive in exchange for their shares of ATBancorp common stock (i) the Per Share Stock Consideration, (ii) the Per Share Cash

Table of Contents

Consideration, and (iii) any cash in lieu of fractional shares equal to the number of fractional shares multiplied by the Closing Acquiror Common Stock Price.

MidWestOne shareholders need not take any action with respect to their stock certificates or book-entry shares of MidWestOne common stock.

**Dividends**

*Special Dividends*

The Merger Agreement provides that ATBancorp may pay a special dividend of \$907.8452 per share to the ATBancorp shareholders at any time prior to the Closing as determined by ATBancorp. Such dividend represents a portion of the proceeds to ATBancorp from the sale of Heritage Commerce Corp common stock received as consideration in connection with the sale of United American Bank. The special dividend was distributed to ATBancorp shareholders on September 24, 2018.

The Merger Agreement also provides that ATBancorp may pay a special dividend to shareholders based on the net proceeds (if any) received by ATBancorp in connection with the disposition by ATBancorp of the ATB Businesses prior to Closing, as required by the Merger Agreement. The payment of these special dividends by ATBancorp is in addition to the Merger consideration to be paid by MidWestOne. ATBancorp shareholders are not required to take any action to approve or receive these special dividends.

*Regular Dividends*

The Merger Agreement provides that ATBancorp may pay (a) regularly scheduled quarterly dividends that, in the aggregate, do not to exceed \$94.11 per share for the period of time from January 1, 2018 through December 31, 2018; (b) to the extent applicable, regularly scheduled quarterly dividends for the first and second calendar quarters of 2019 that do not to exceed (i) with respect to the first calendar quarter of 2019, an amount equal to the product of (A) \$23.5275 per share, multiplied by (B) the Quarterly Ratio; and (ii) to the extent the Closing does not occur on or prior to March 31, 2019, then with respect to the second calendar quarter of 2019, an amount equal to the product of (A) \$23.5275 per share, multiplied by (B) the Quarterly Ratio. Quarterly Ratio means, with respect to the calculation of a quarterly dividend payment, a fraction, the numerator of which shall be the number of days elapsed in the then-current calendar quarter through and including the earlier of the Closing Date and the last day of the calendar quarter, and the denominator of which is the actual number of days in the calendar quarter in which such dividend is declared.

**ATBancorp Shareholder Appraisal Rights**



## Edgar Filing: MidWestOne Financial Group, Inc. - Form S-4

Pursuant to the Iowa Business Corporation Act (the IBCA ), the holders of each share of ATBancorp common stock are entitled to rights of appraisal under Section 490.1302 of the IBCA in connection with the Merger.

Under the IBCA, holders of ATBancorp common stock who do not vote in favor of the ATBancorp merger proposal and who comply with the applicable provisions of Sections 490.1302 through 490.1331 of the IBCA (which we refer to in their entirety as the Iowa Appraisal Provisions ) will have the right, under certain circumstances, to seek appraisal of the fair value of their ATBancorp common stock if the Merger is completed. All holders of ATBancorp common stock who follow the procedures set forth in Iowa Appraisal Provisions to perfect their appraisal rights will be entitled to have their shares appraised by the Iowa district court, and to receive payment in cash of the fair value of those shares as determined by the Iowa district court, together with interest, if any. It is possible that any determination of fair value by the Iowa district court may be more or less than, or the same as, the consideration received by the ATBancorp shareholders as a result of the Merger. Shareholders considering dissenting from the ATBancorp merger proposal should be aware that an investment banking opinion as to the fairness, from a financial point of view, of the consideration payable in a sale transaction, such as the Merger, is not an opinion as to, and does not otherwise address, fair value under the Iowa Appraisal Provisions.

**IN ADDITION TO SUBMITTING A DEMAND FOR APPRAISAL, IN ORDER TO PRESERVE ANY APPRAISAL RIGHTS THAT AN ATBANCORP SHAREHOLDER MAY HAVE, SUCH ATBANCORP SHAREHOLDER MUST NOT VOTE IN FAVOR OF THE MERGER AND MUST OTHERWISE FOLLOW THE PROCEDURES PRESCRIBED BY THE IOWA APPRAISAL PROVISIONS.**

The following is intended as a brief summary of the material provisions of the Iowa Appraisal Provisions required to be followed by dissenting ATBancorp shareholders wishing to demand and perfect their appraisal rights with respect to their holdings of ATBancorp common stock. This summary, however, is not a complete statement of all applicable requirements and is subject to and qualified in its entirety by reference to the Iowa Appraisal Provisions, the full text of which appears in [Appendix B](#) to this joint proxy statement/prospectus. Failure to comply strictly with the procedures set forth in the Iowa Appraisal Provisions will result in the loss

Table of Contents

of appraisal rights. All references in the Iowa Appraisal Provisions to a shareholder and all references in this summary to a shareholder are to the record holder of ATBancorp common stock.

Under the Iowa Appraisal Provisions, ATBancorp is required to include in the notice of the special meeting a statement that the corporation has concluded that the shareholders are, or may be, entitled to assert appraisal rights. A copy of the Iowa Appraisal Provisions must be included with that notice sent to those record shareholders that are entitled to exercise appraisal rights.

If a shareholder wishes to consider exercising its appraisal rights, such shareholder should carefully review the text of the Iowa Appraisal Provisions set forth in Appendix B to this joint proxy statement/prospectus and consult its legal advisor. If such shareholder fails to timely and properly comply with the requirements of the Iowa Appraisal Provisions, its appraisal rights may be lost.

If a shareholder elects to demand appraisal of its ATBancorp common stock, it must satisfy each of the following conditions:

- It must deliver to ATBancorp a written notice of its intent to demand payment of the fair value of its ATBancorp common stock under the Iowa Appraisal Provisions if the proposed merger is effectuated. It must deliver such notice to ATBancorp before the vote is taken on the ATBancorp merger proposal at the ATBancorp special meeting.
- It must not vote in favor of the ATBancorp merger proposal.

All demands for appraisal should be made in writing and addressed to:

ATBancorp  
895 Main Street  
Dubuque, Iowa 52001  
Attention: Secretary

and must be executed by, or on behalf of, the record holder of the ATBancorp common stock. If such shareholder does not satisfy the above requirements, it will not be entitled to payment pursuant to the appraisal rights.

A record shareholder may assert appraisal rights as to fewer than all the shares of ATBancorp common stock registered in its name, but owned by a beneficial shareholder, only if the record shareholder objects with respect to all of the ATBancorp common stock owned by the beneficial shareholder and notifies ATBancorp in writing of the name and address of each beneficial shareholder on whose behalf the appraisal rights are

being asserted. The rights of a record shareholder who asserts appraisal rights for only part of the ATBancorp common stock held of record in its name will be determined as if the shares as to which the record shareholder objects and the record shareholder's other ATBancorp common stock were registered in the names of different record shareholders. A beneficial owner may assert appraisal rights as to ATBancorp common stock held on behalf of such beneficial owner only if it submits to ATBancorp the record shareholder's written consent to the assertion of such rights no later than the date specified in the written appraisal notice (discussed below) and does so with respect to all shares of the class that are beneficially owned by such beneficial owner.

If the Merger is completed, ATBancorp must send a written appraisal notice and form to each holder of ATBancorp common stock who previously notified ATBancorp of such holder's intent to demand payment and who did not vote in favor of the ATBancorp merger proposal. The appraisal notice must include, among other information, ATBancorp's estimate of the fair value of the ATBancorp common stock. A record shareholder who wishes to exercise appraisal rights must execute and return the form and, in a case of certificated shares, deposit the shareholder's certificates in accordance with the terms of the notice by the date referred to in the notice. If a shareholder does not execute and return the form prior to the stated deadline and, in the case of certificated shares, deposit the shareholder's share certificates where required, the shareholder will not be entitled to payment under the Iowa Appraisal Provisions and, in lieu thereof, will be entitled only to receive the Merger consideration payable in connection with the Merger. A record shareholder who receives notice and wishes to exercise appraisal rights must certify on the form whether beneficial ownership of the ATBancorp common stock was acquired before the date the principal terms of the Merger were announced publicly. If a record shareholder fails to make this certification, ATBancorp may elect to treat the shareholder's shares as after-acquired shares under the Iowa Appraisal Provisions as discussed below. Once a shareholder deposits its certificates and returns the appraisal form prior to the stated deadline, such shareholder will lose its rights as an ATBancorp shareholder to receive the Merger consideration payable in connection with the Merger and, instead, will be entitled to receive the fair value of its shares of ATBancorp common stock in accordance with the Iowa Appraisal Provisions, subject to certain rights of withdrawal required to be set forth in ATBancorp's written appraisal notice.

ATBancorp will pay in cash the amount ATBancorp estimates to be fair value of the record shareholder's shares, plus interest, to any record shareholder who returns the appraisal form and complies with all provisions of the Iowa Appraisal Provisions,

Table of Contents

within 30 days after the form is due (except, as noted below, with respect to shares treated as after-acquired shares, in which case ATBancorp must only make an offer to purchase such shares at the fair value as estimated by ATBancorp). The payment will be accompanied by ATBancorp's financial statements, a statement of ATBancorp's estimate of the fair value of the shares and a statement that shareholders entitled to payment have the right to demand further payment under the Iowa Appraisal Provisions, if the shareholders are dissatisfied with the payment made by ATBancorp, under certain circumstances described in detail in the Iowa Appraisal Provisions.

A shareholder dissatisfied with ATBancorp's payment (based on ATBancorp's estimate of the fair value of the shares) may demand further payment by notifying ATBancorp in writing of the shareholder's estimate of fair value and demanding payment of such shareholder's estimate of fair value (less the amount of the ATBancorp payment previously made), plus interest. A shareholder who fails to notify ATBancorp of such shareholder's demand for further payment within 30 days after receiving ATBancorp's payment will waive the right to demand further payment and will be entitled only to the payment made by ATBancorp. If the shareholder makes a demand for further payment based on its estimate of fair value, and such demand remains unsettled for a period of 60 days after ATBancorp receives such demand, ATBancorp will then be required to commence a proceeding in the Iowa District Court to determine the fair value of the shares. Upon the commencement of such action, the court may appoint one or more persons to act as appraisers to receive evidence and recommend a decision on the question of fair value to the court. To the extent that the court determines that the fair value of the shares exceed the amount of the payment previously made by ATBancorp, the shareholder will be entitled to judgment for the amount by which the court's determination of fair value exceeds the payment previously made by ATBancorp, plus interest.

The procedure described above is somewhat different for shares of ATBancorp common stock that ATBancorp is entitled to treat as after-acquired shares under the Iowa Appraisal Provisions. After-acquired shares are shares of ATBancorp common stock of which beneficial ownership was acquired after the date the principal terms of the Merger were publicly announced (which for these purposes includes shares of ATBancorp common stock for which the holder failed to certify on the appraisal form that beneficial ownership of such shares was acquired prior to the date of such public announcement). To the extent that ATBancorp is entitled to treat any shares of ATBancorp common stock as after-acquired shares, then ATBancorp may elect to withhold payment of the fair value estimate for the shares, which estimate was provided to those shareholders who had previously indicated an intention to demand payment if the Merger is effectuated. If ATBancorp elects to withhold such payment, ATBancorp must notify all such shareholders from whom payment was withheld that, among other things, those shareholders may accept a revised fair value estimate (which we refer to as the Revised Estimate). Shareholders who which to accept the Revised Estimate must do so within 30 days after receiving the offer.

**If a shareholder desires to exercise its appraisal rights, it must not vote for the Merger and it must strictly comply with the procedures set forth in the Iowa Appraisal Provisions.**

The process of demanding and exercising appraisal rights requires strict compliance with technical prerequisites under the Iowa Appraisal Provisions. In view of the complexity of the Iowa Appraisal Provisions, ATBancorp shareholders who may wish to dissent from the Merger and pursue appraisal rights with respect to their shares of ATBancorp common stock should consult their legal advisors. Failure to take any required step in connection with exercising appraisal rights may result in the termination or waiver of such rights. To the extent there are any inconsistencies between the foregoing summary and the Iowa Appraisal Provisions, the Iowa Appraisal Provisions will govern.

Pursuant to the voting agreement, the ATBancorp shareholders who are party to the voting agreement, who collectively control 62.41% of the issued and outstanding ATBancorp common stock as of the record date, have waived such appraisal rights in writing.

The foregoing does not purport to be a complete statement of the provisions of IBCA relating to statutory appraisal rights and is qualified in its entirety to the appraisal rights provisions, which are reproduced in full in Appendix B to this proxy statement/prospectus and which are

incorporated herein by reference. **If any ATBancorp shareholder intends to seek appraisal rights, or if such shareholder believes that seeking appraisal rights is in his, her or its best interests, such shareholder should read Appendix B carefully.**

**One condition to MidWestOne's obligation to complete the Merger is that the total number of dissenting shares cannot be more than 7.5% of the number of issued and outstanding shares of ATBancorp common stock.**

Table of Contents

**THE MERGER AGREEMENT**

*The following is a summary of selected provisions of the Merger Agreement. While MidWestOne and ATBancorp believe this description covers the material terms of the Merger Agreement, it may not contain all of the information that is important to you and is qualified in its entirety by reference to the Merger Agreement, which is incorporated by reference in its entirety into, and is attached as Appendix A to, this document. The parties urge you to read the Merger Agreement in its entirety.*

**Explanatory Note**

The Merger Agreement and the summary of its terms in this document have been included only to provide you with information about the terms and conditions of the Merger Agreement. The representations, warranties and covenants contained in the Merger Agreement are made by MidWestOne and ATBancorp for purposes of the Merger Agreement as of specific dates and were qualified and subject to certain limitations and exceptions agreed to by MidWestOne and ATBancorp in connection with negotiating the terms of the Merger Agreement. In particular, in your review of the representations and warranties contained in the Merger Agreement and described in this summary, it is important to bear in mind that the representations and warranties were negotiated for the purpose of allocating contractual risk among the parties to the Merger Agreement and not to establish matters as facts. Shareholders of ATBancorp and MidWestOne are not third-party beneficiaries under the Merger Agreement. The representations and warranties may also be subject to a contractual standard of materiality or material adverse effect different from those generally applicable to shareholders and reports and documents filed with the SEC, and, in some cases, they may be qualified by disclosures made by one party to the other. Moreover, information concerning the subject matter of the representations, warranties and covenants may have changed since the date of the Merger Agreement, and subsequent developments or new information may not be fully reflected in public disclosures of MidWestOne or ATBancorp.

For the foregoing reasons, the representations, warranties and covenants or any descriptions of those provisions should not be read alone or relied upon as characterizations of the actual state of facts or condition of MidWestOne or ATBancorp or any of their respective subsidiaries or affiliates. Instead, such provisions or descriptions should be read only in conjunction with the other information provided elsewhere in this document or incorporated by reference into this document. Please see the section entitled **Where You Can Find More Information** in the forepart of this document.

**The Merger**

Upon the terms and subject to the conditions of the Merger Agreement, ATBancorp will merge with and into MidWestOne, with MidWestOne surviving the Merger. The separate corporate existence of ATBancorp, with all its rights, privileges, immunities, power and franchises will cease. The Merger Agreement also provides that immediately following the Merger, each of ATSB, which is an Iowa state chartered bank, and ABTW, which is a Wisconsin state chartered bank, and each of which is a wholly-owned subsidiary of ATBancorp, will merge with and into MidWestOne Bank, which is an Iowa state chartered bank and a wholly owned subsidiary of MidWestOne, with MidWestOne Bank continuing as the surviving bank.

**Effects of the Merger**

As a result of the Merger, there will no longer be any shares of ATBancorp common stock. ATBancorp shareholders will only participate in the combined company's future earnings and potential growth through their ownership of MidWestOne common stock. All other incidents of direct ownership of ATBancorp common stock, such as the right to vote on certain corporate decisions, to elect directors and to receive dividends and distributions from ATBancorp, will be extinguished upon completion of the Merger. All of the property, rights, privileges and powers of MidWestOne and ATBancorp will vest in the combined company, and all claims, obligations, liabilities, debts and duties of MidWestOne and ATBancorp will become the claims, obligations, liabilities, debts and duties of the combined company.

#### **Closing and Effective Time of the Merger**

The Merger Agreement provides that the Merger will be consummated on the first day of the month (or next business day if such day is not a business day) following the satisfaction or waiver of all the closing conditions, except for those conditions that by their nature are to be satisfied at the Closing (but subject to the fulfillment or waiver of those conditions), including the receipt of all regulatory and shareholder approvals and after the expiration of all regulatory waiting periods, unless extended by mutual agreement of MidWestOne and ATBancorp. The Merger will be consummated at the time the articles of merger have been duly filed with the Secretary of State of Iowa, or at such later time as may be agreed by the parties and specified in the filings. The parties have sought and are awaiting regulatory approval, with the satisfaction of other closing conditions and consummation of the Merger to occur as soon as practicable thereafter. However, there can be no assurance as to when or if the Merger will occur.

Table of Contents

If the Effective Time has not occurred at or before June 30, 2019, or such later date approved in writing by MidWestOne's and ATBancorp's respective boards of directors, the Merger Agreement may be terminated by either MidWestOne or ATBancorp, except to the extent that the failure of the Merger to be consummated by that date arises out of or results from the failure to fulfill any material obligation under the Merger Agreement by the party seeking to terminate.

For a description of the transaction structure and Merger consideration, please see the section entitled "The Merger" Terms of the Merger beginning on page 52.

**Combined Company's Governing Documents, Officers and Directors**

*Combined Company's Governing Documents*

At the Effective Time, the articles of incorporation and bylaws of MidWestOne will be the articles of incorporation and bylaws of the combined company as they exist immediately before the Effective Time, in each case until thereafter changed or amended as provided therein or by applicable law.

*Combined Company's Officers and Directors*

At the Effective Time, the board of directors of MidWestOne will be the board and directors of the combined company. Pursuant to the Merger Agreement, MidWestOne shall take all appropriate action, subject to and in accordance with MidWestOne's articles of incorporation, bylaws, board policies and applicable legal requirements, to appoint two individuals to MidWestOne's Board who are designated by ATBancorp, by a vote of at least 75% of ATBancorp's Board, and are agreeable to MidWestOne. One of the individuals so designated by ATBancorp must not be a current officer, director or shareholder of ATBancorp and must have an established history in the Dubuque, Iowa business community. One individual will be designated to serve as a Class I director and the other individual will be designated to serve as a Class II director, with the class assignments determined by MidWestOne, in each case, effective immediately upon the effectiveness of the Merger.

**Merger Consideration**

*Conversion of ATBancorp Common Stock*

At the Effective Time, each share of ATBancorp common stock issued and outstanding immediately prior to the Effective Time, excluding any Cancelled Shares or Dissenters' Shares, shall represent the right to receive without interest (i) the Per Share Cash Consideration and (ii) the Per Share Stock Consideration.



## Edgar Filing: MidWestOne Financial Group, Inc. - Form S-4

### *MidWestOne Common Stock*

Each outstanding share of MidWestOne common stock will remain an outstanding share of MidWestOne common stock and will not be converted or otherwise affected by the Merger. For more information regarding MidWestOne common stock, see Description of MidWestOne Capital Stock.

### *Rights as Shareholders of ATBancorp*

At the Effective Time, holders of ATBancorp common stock will cease to be, and will have no rights as, shareholders of ATBancorp other than to receive the Merger consideration.

### *Exchange Procedures*

Promptly after the Closing Date (and in any event with the intent to be within 5 days), ASTTC will provide appropriate transmittal materials to holders of record of ATBancorp common stock, advising such holders of the procedure for surrendering their stock to ASTTC.

Upon the surrender of the shares of ATBancorp common stock, together with transmittal materials duly completed and executed, the holder will be entitled to receive the Merger consideration.

### *Distributions with Respect to Unexchanged Shares*

All shares of MidWestOne common stock to be issued pursuant to the Merger will be deemed issued and outstanding as of the Effective Time and if a dividend or other distribution is declared by MidWestOne in respect of the MidWestOne common stock,

Table of Contents

the record date for which is at or after the Effective Time, that declaration will include dividends or other distributions in respect of all shares issuable pursuant to the Merger Agreement. No dividends or other distributions in respect of MidWestOne common stock will be paid to any holder of any unsurrendered certificate representing ATBancorp common stock until such certificate (or affidavit of loss in lieu thereof) is surrendered for exchange in accordance with the Merger Agreement. Subject to applicable law, following surrender of any such certificate (or affidavit of loss in lieu thereof as provided), there will be issued and paid to the holder of the certificates representing whole shares of MidWestOne common stock issued in exchange therefor, without interest, (A) at the time of such surrender, the dividends or other distributions with a record date after the Effective Time theretofore payable with respect to such whole shares of MidWestOne common stock and not paid and (B) at the appropriate payment date, the dividends or other distributions payable with respect to such whole shares of MidWestOne common stock with a record date after the Effective Time but with a payment date subsequent to surrender.

*Fractional Shares of MidWestOne Common Stock*

No fractional shares of MidWestOne common stock will be issued to any shareholder of ATBancorp upon completion of the Merger. For each fractional share that would otherwise be issued, MidWestOne will pay an amount in cash (without interest) rounded to the nearest whole cent, determined by multiplying the Closing Acquiror Common Stock Price by the fractional share of MidWestOne common stock to which such former shareholder of ATBancorp would otherwise be entitled. No interest will be paid or accrue on cash payable to holders in lieu of fractional shares.

**Representations and Warranties**

The Merger Agreement contains substantially similar representations and warranties on the part of MidWestOne and ATBancorp as to, among other things:

- corporate organization and power;
- corporate authorization;
- no conflicts;
- capitalization;
- financial statements;
- regulatory filings;
- properties;
- loan loss reserves;
- compliance with legal requirements;

- legal proceedings and orders;
- absence of certain changes and events;
- brokerage commissions; and
- approval delays.

The Merger Agreement also contains representations and warranties on the part of ATBancorp as to, among other things:

- ownership of ATBancorp stock;
- subsidiaries of ATBancorp, capitalization of subsidiaries of ATBancorp and ownership of capital stock and equity ownership of subsidiaries of ATBancorp;
- undisclosed liabilities;
- internal controls;
- off balance sheet financings;
- books and records;
- loans;
- tax matters;
- employee benefits;
- material contracts;
- insurance coverage;
- environmental matters;
- affiliate transactions;
- labor matters;
- intellectual property;
- investments;

Table of Contents

- fiduciary accounts and investment management activities;
- matters relating to ATBancorp's investment advisor subsidiary;
- deposits;
- customer information security;
- the opinion of ATBancorp's financial advisor; and
- indemnification matters.

The Merger Agreement also contains representations and warranties on the part of *MidWestOne* as to, among other things:

- subsidiaries of *MidWestOne*, capitalization of subsidiaries of *MidWestOne* and ownership of capital stock and equity ownership of subsidiaries of *MidWestOne*;
- *MidWestOne*'s SEC reports;
- *MidWestOne*'s financial ability to complete the Merger and other transactions contemplated by the Merger Agreement; and
- the opinion of *MidWestOne*'s financial advisor.

Certain of these representations and warranties are qualified as to materiality or material adverse effect. For purposes of the Merger Agreement, a material adverse effect with respect to *MidWestOne* or ATBancorp, as the case may be, means an event, circumstance, development, change, effect or occurrence which, individually or together with any other event, condition or circumstance, change, effect or occurrence: (i) is materially adverse to the business, financial condition, assets, properties, liabilities, rights, obligations or results of operations of such party and its subsidiaries, taken as a whole; or (ii) materially impairs or delays, or reasonably could be expected to materially impair or delay, the ability of such party to perform its obligations under the Merger Agreement or to consummate the Merger and the other contemplated transactions on a timely basis; provided, that, in the case of clause (i) only, in determining whether a material adverse effect has occurred, there shall not be deemed to include any event, circumstance, development, change or effect to the extent resulting from: (A) changes in legal requirements and the interpretation of such legal requirements by courts or governmental authorities; (B) changes in GAAP or regulatory accounting requirements or the enforcement, implementation or interpretation thereof; (C) changes or events generally affecting banks, bank holding companies or financial holding companies, or the economy or the financial, securities or credit markets, including changes in prevailing interest rates, liquidity and quality, currency exchange rates, price levels or trading volumes in the U.S. or foreign securities markets; (D) changes in national or international political or social conditions including the engagement by the U.S. in hostilities, whether or not pursuant to the declaration of a national emergency or war, armed hostilities or terrorism, or the escalation or worsening thereof, or the occurrence of any military or terrorist attack upon or within the U.S.; (E) the effects of the actions expressly permitted or required by the Merger Agreement or that are taken with the prior written consent of the other party in contemplation of the contemplated transactions, including the costs and expenses associated therewith and the response or reaction of customers, vendors, licensors, investors or employees; (F) failure, in and of itself, to meet internal or other estimates, projections or forecasts of revenue, net income or any other measure of financial performance, but not, in any such case, including the underlying causes thereof; (G) the announcement of the contemplated transactions; or (H) any natural or man-made disaster or acts of God; except with respect to clauses (A), (B), (C) and (D), to the extent that the effects of such change are disproportionately adverse to the financial condition, results of operations or business of a party and its subsidiaries, taken as a whole, as compared to other companies in the industry in which such party and its subsidiaries operate.

The representations and warranties in the Merger Agreement do not survive the Effective Time and, as described below under the section entitled Termination of the Merger Agreement beginning on page 98, if the Merger Agreement is validly terminated, there will be no liability or damages arising under the representations and warranties of MidWestOne or ATBancorp, or otherwise under the Merger Agreement, unless MidWestOne or ATBancorp acted fraudulently or willfully and materially breached the Merger Agreement.

**Conduct of Business Prior to the Completion of the Merger**

ATBancorp has undertaken customary covenants that place restrictions on it and ATSB and ABTW until the completion of the Merger. In general, ATBancorp has agreed that, prior to the Effective Time, except as approved in writing by MidWestOne, it will and will cause ATSB and ABTW to conduct their respective businesses in the ordinary course of business consistent with past practices and similar in nature and magnitude to actions customarily taken in the ordinary course of business, use commercially reasonable efforts to maintain and preserve intact its business organization and advantageous business relationships, keep available the services of its present officers, directors, key employees and agents and maintain its relationships and goodwill with all suppliers, customers, depositors, borrowers, landlords, creditors, licensors, licensees and employees and other persons having business relationships with ATBancorp or any of its subsidiaries, perform each material contract, maintain and keep its properties in as satisfactory repair and condition as presently maintained, comply in all material respects with all legal requirements and take no action

Table of Contents

that is intended or would reasonably be expected to adversely affect or materially delay the ability to obtain any requisite regulatory approvals, to perform its obligations under the Merger Agreement or to consummate the contemplated transactions.

In addition to the general covenants above, ATBancorp has agreed that until the Effective Time, except as otherwise expressly required by the Merger Agreement or as required by law, or as MidWestOne may approve in writing, subject to certain exceptions, ATBancorp will not and will not permit any of its subsidiaries to:

- issue, sell, authorize or otherwise permit to become outstanding, or dispose of or encumber or pledge, or authorize or propose the creation of, or otherwise obligate itself to issue or sell any shares of ATBancorp common stock or shares of capital stock of any of its subsidiaries or any security convertible into ATBancorp common stock or shares of capital stock of any of its subsidiaries;
- grant any stock appreciation rights, stock appreciation units, restricted stock, stock options, phantom stock awards or otherwise permit any additional shares of ATBancorp common stock or capital stock of any of its subsidiaries to become subject to new grants, including issuances under benefit plans;
- make, declare, pay or set aside for payment any dividend or other distribution in respect of, or declare or make any distribution on any shares of ATBancorp common stock;
- directly or indirectly adjust, split, combine, redeem, reclassify, purchase or otherwise acquire any of the common stock of ATBancorp (other than repurchases of shares of ATBancorp common stock in the ordinary course of business to satisfy obligations under certain employee benefit plans) or any shares of the capital stock of any of its subsidiaries;
- amend any material terms of, waive any rights under, terminate (other than at its stated expiration date), violate the terms of, assign or enter into any material contract;
- extend credit or enter into any contracts binding ATSB or ABTW to extend or acquire any credit except in a manner consistent with past practice and in accordance with the lending policies of ATSB or ABTW as disclosed to MidWestOne, and neither ATSB or ABTW will extend or acquire any credit or enter into any contracts binding it to extend or acquire any credit: (1) in an amount in excess of \$500,000 with respect to any loan, commitment or contract that is unsecured or partially unsecured; (2) in an amount in excess of \$2,000,000 with respect to any new loan, commitment or contract that is fully secured by a lien on property; (3) in an amount in excess of \$3,000,000 with respect to any renewal or extension of a loan, commitment or contract if the risk rating of such loan or contract is designated as A, B, or C1 and there is no increase in the loan amount or commitment with respect thereto; (4) in an amount in excess of \$3,000,000 with respect to any renewal or extension of a loan, commitment or contract if the risk rating of such loan or contract is designated as C2 and there is any increase in the loan amount or commitment with respect thereto; (5) in an amount in excess of \$2,000,000 with respect to any borrowers with loans, commitments or contracts listed on either ATSB or ABTW's watch list or similar internal report of either of such banks; or (6) in an amount in excess of \$10,000,000 with respect to any loan, commitment or contract, in each case, without first providing MidWestOne (at least three business days prior to extending such credit or entering into any contract binding ATSB or ABTW to do so) with a copy of the loan underwriting analysis and credit memorandum of such bank and the basis of the credit decision of such bank; or (B) sell, assign or otherwise transfer any participation in any loan except in a manner consistent with past practice and in accordance with the existing lending policies of such

bank. For the purpose of the foregoing, any commitment shall include the aggregate amount of all loans and lines of credits made to any borrower or such borrower's direct or indirect affiliates;

- maintain an allowance for loan and lease losses which is not adequate in all material respects under the requirements of GAAP to provide for possible losses, net of recoveries relating to loans previously charged off, on loans and leases outstanding;
- reduce the allowance for loan and lease losses through negative provisions;
- sell, transfer, mortgage, encumber, license, let lapse, cancel, abandon, lease, sublease or otherwise dispose of or discontinue any of assets, deposits, business, leasehold interests or properties of ATBancorp or any of its subsidiaries, except in the ordinary course of business or as otherwise specified;
- subject to certain specified exceptions, acquire or contract to acquire, all or any portion of the equity, assets, business, deposits or properties of any other entity;
- amend or change any provision of the organizational documents or any other governing documents of ATBancorp or its subsidiaries;
- make any change in accounting principles, systems, practices or methods, except as may be required by GAAP or any governmental authority;
- (A) increase in any manner the compensation or benefits of, or pay any bonus or grant any other benefit or perquisite to, any of the current or former directors, officers, employees, consultants, independent contractors or other service providers of ATBancorp or its subsidiaries, other than increases not exceeding 3.0% of a person's base salary; (B) become a party to, establish, grant, amend, commence participation in, terminate or commit itself to the adoption of any stock option plan or other stock-based compensation plan, compensation, severance, pension, consulting, non-

Table of Contents

competition, change in control, indemnification, retirement, profit-sharing, welfare benefit, or other employee benefit plan or agreement or employment agreement with or for the benefit of any employee, director or shareholder; (C) accelerate the vesting of or lapsing of restrictions with respect to any stock-based compensation or other long-term incentive compensation under any benefit plan; or (D) cause the funding of any rabbi trust or similar arrangement or take any action to fund or in any other way secure the payment of compensation or benefits under any benefit plan;

- (A) excluding deposits, incur, guarantee or modify any indebtedness for borrowed money, including any increase in any outstanding indebtedness; or (B) assume, guarantee, endorse or otherwise as an accommodation become responsible for the obligations of any other person, except, in the case of clause (B), in connection with the presentation of items for collection in the ordinary course of business;
- establish any new subsidiary, enter into any new line of business or materially change its lending, investment, underwriting, risk or asset liability management or other banking and operating policies, except as required by applicable legal requirements or requested by any regulatory authority;
- pay, discharge, settle, or satisfy any legal proceeding exceeding \$100,000 individually or \$500,000 in the aggregate or that would impose any material restriction on the business of ATBancorp or its subsidiaries or create precedent for claims that are reasonably likely to be material to it or its subsidiaries;
- permit the commencement of any construction of new structures or facilities upon, purchase or lease or sublease any real property in respect of, or make application for the opening, relocation or closing of any, or open, relocate or close any, branch office, loan production office or other significant office or operations facility;
- (A) make, change or revoke any material tax elections, change an annual accounting period, change or consent to any material change in its or its subsidiaries' method of accounting for tax purposes (except as required by a change in GAAP or applicable tax law); (B) change or modify any material position on any material tax return filed on or after the date of the Merger Agreement from positions taken on tax returns previously filed; (C) settle or compromise any material tax liability, claim or assessment; (D) enter into any closing agreement; (E) waive or extend any statute of limitations with respect to a material amount of taxes; (F) surrender any right to claim a refund for a material amount of taxes; (G) file any material amended tax return; or (H) take any action that would materially adversely affect the tax position of MidWestOne, MidWestOne Bank, ATSB or ABTW following the Merger;
- hire or terminate (other than for cause) any employee with an annual salary in excess of \$150,000;
- materially increase or decrease the rate of interest paid on deposit accounts, except in a manner and pursuant to policies consistent with past practices and safe and sound banking practices;
- (A) implement or adopt any material change in its interest rate or fee pricing or its risk management policies, procedures or practices; (B) fail to comply in any material respect with its existing policies or practices with respect to managing its exposure to interest rate and other risks; or (C) materially change its investment, underwriting, or asset liability management, hedging or other banking or operating policies or practices, including policies and practices with respect to underwriting, pricing, originating, acquiring, selling, servicing, or buying or selling rights to service loans, except in each clause (A) through (C) as required by any regulatory authority;
- foreclose upon or otherwise acquire any commercial real property having an appraised value greater than \$500,000 prior to consulting with MidWestOne and, if requested by MidWestOne, obtaining a recent Phase I environmental review thereof;



- make any capital expenditure in excess of \$500,000 in the aggregate without consulting with *MidWestOne*;
- fail to maintain in full force and effect any insurance policy, in each case on substantially the same terms as in effect on the date of the Merger Agreement;
- prepay any indebtedness or other similar arrangements so as to cause ATSB, ABTW or ATBancorp to incur any prepayment penalty thereunder;
- take any action that is intended or is reasonably likely to result in: (A) any of the conditions to the Merger set forth in the Merger Agreement not being satisfied; or (B) a material violation of any provision of the Merger Agreement;
- take any action or omit to take any action that could reasonably be expected to prevent or impede the Merger from qualifying as a reorganization within the meaning of Section 368(a) of the Code; or
- agree to take, make any commitment to take, authorize or adopt any resolutions of the ATBancorp Board, or allow the board of any ATBancorp subsidiary to take or adopt any resolutions of such board of any ATBancorp subsidiary, in support of, any of the actions prohibited by the Merger Agreement.

#### **Regulatory Matters**

*MidWestOne* and ATBancorp have agreed to prepare and file this document, and *MidWestOne* has agreed to prepare and file with the SEC the registration statement on Form S-4 in connection with the issuance of shares of *MidWestOne* common stock in the Merger, of which this document is a part, within 60 days after the date of the Merger Agreement. *MidWestOne* has agreed to use its reasonable best efforts to have the S-4 registration statement declared effective under the Securities Act as promptly as practicable

Table of Contents

after such filing and to keep the registration statement effective as long as is necessary to consummate the Merger and the other transactions contemplated thereby.

MidWestOne and ATBancorp have agreed to cooperate and use their respective reasonable best efforts to prepare and file within 30 days after the date of the Merger Agreement, all documentation, applications, notices, petitions, filings, permits, consents, approvals and authorizations and to obtain and maintain all approvals, consents, registrations, permits, waivers, authorizations and other confirmations necessary or advisable to be obtained from any third parties and governmental authorities in order to consummate the transactions contemplated by the Merger Agreement.

No such requisite regulatory approval shall have imposed a restriction or condition on, or requirement of, such approval that would, after the Effective Time, reasonably be expected by the MidWestOne board of directors to materially restrict or burden, or impair in any material respect the benefits of the contemplated transactions to, or require a materially burdensome modification of, the businesses, activities, governance, legal structure, capital structure, compensation or fee arrangements of the surviving entity or its subsidiaries, see The Merger Regulatory Approvals Required for the Merger.

**Shareholder Approval**

Each party has agreed to take all action necessary to, as soon as reasonably practicable after the date the S-4 registration statement is declared effective, to duly call, give notice of, convene and hold a meeting of its shareholders for the purposes described herein.

ATBancorp has agreed to recommend to its shareholders the approval of the Merger, the Merger Agreement and transactions contemplated therein and not to: (a) withhold, withdraw, qualify or modify in a manner adverse to MidWestOne or the ability of either party to consummate the Merger, ATBancorp Board's recommendation to ATBancorp's shareholders that ATBancorp's shareholders vote in favor of the adoption and approval of the Merger Agreement and the contemplated transactions, including the Merger; (b) adopt, approve or recommend to shareholders of ATBancorp, or resolve to or publicly propose or announce its intention to adopt, approve or recommend, an acquisition proposal; or (c) fail to publicly, finally and without qualification (i) recommend against any acquisition proposal; or (ii) reaffirm ATBancorp Board's recommendation set forth in clause (a) above, after such acquisition proposal is made public or upon the request by MidWestOne.

MidWestOne has agreed to recommend to its shareholders the approval of the issuance of the shares of MidWestOne common stock pursuant to the Merger Agreement and not to withhold, withdraw, qualify or adversely modify such recommendation.

**Bank Mergers**

MidWestOne and ATBancorp have agreed that, immediately following the Effective Time, ATSB will merge with and into MidWestOne Bank and ABTW will merge with and into MidWestOne Bank, each with MidWestOne Bank as the surviving entity.

**NASDAQ Listing**

MidWestOne has agreed to use its reasonable best efforts to cause all shares of MidWestOne common stock to be issued or reserved for issuance pursuant to the Merger Agreement to be approved for listing on the NASDAQ Global Select Market prior to the closing date.

**Employee Matters**

MidWestOne has agreed that the employees of ATBancorp, ATSB and ABTW who continue their employment after the Closing Date will be entitled to participate in the employee benefit plans and programs maintained for employees of MidWestOne and MidWestOne Bank, including any employee plan maintained in existence by MidWestOne or MidWestOne Bank following the Closing Date, subject to the granting of credit for prior service in accordance with the respective terms of such plans and programs.

To the extent that an ATBancorp, ATSB or ABTW employee becomes eligible to participate in an existing employee benefit plan maintained by MidWestOne or MidWestOne Bank (an Existing Benefit Plan), MidWestOne shall cause such Existing Benefit Plan to recognize the prior duration of service of such employee with ATBancorp, ATSB or ABTW for eligibility and vesting under such Existing Benefit Plan to the same extent such duration of service was recognized immediately prior to the transition date under a comparable employee plan in which such ATBancorp employee was eligible to participate immediately prior to the Effective Time; provided that such recognition of prior service is permitted by the terms of the applicable Existing Benefit Plan (or MidWestOne can reasonably amend the terms of such plan to permit such recognition) and applicable law and shall not operate to duplicate any benefits with respect to the same period of service.

Table of Contents

MidWestOne has agreed to use commercially reasonable efforts to provide that each employee shall be immediately eligible to participate, without any waiting time, in any and all new plans to the extent coverage under such plan is similar in type to an applicable benefit plan in which such employee was participating immediately prior to the transition date, waive all pre-existing condition exclusions and actively-at-work requirements of such plan, unless such conditions would not have been waived under the old plan in which such employee participated or was eligible to participate immediately prior to the transition date and any eligible expenses incurred by such employee and his or her covered dependents during the portion of the plan year of the old plan ending on the transition date shall be taken into account under such new plan to the extent such eligible expenses were incurred during the plan year of the new plan in which the transition date occurs for purposes of satisfying all deductible, coinsurance and maximum out-of-pocket requirements applicable to such employee and his or her covered dependents for the applicable plan year as if such amounts had been paid in accordance with such new plan.

MidWestOne has also agreed to assume certain severance plans, change in control agreements and related agreements and to honor all obligations of ATBancorp thereunder.

**Indemnification and Directors and Officers Insurance**

MidWestOne has agreed to, for a period of six years from the Effective Time, indemnify and hold harmless current and former directors, officers and employees of ATBancorp and its subsidiaries in connection with any costs or expenses (including reasonable attorneys' fees), judgments, fines, losses, claims, damages or liabilities incurred in connection with any claim or proceeding, whether civil, criminal, administrative or investigative, arising out of or pertaining to matters existing or occurring at or prior to the Effective Time, including the contemplated transactions. In addition, ATBancorp shall obtain a single-premium prepaid tail directors and officers insurance policy covering the period of six years from the Effective Time with respect to acts or omissions occurring at or prior to the Effective Time.

**Acquisition Proposals**

Under the terms of the Merger Agreement, ATBancorp has agreed that it shall not, and it shall cause its subsidiaries and its subsidiaries representatives not to, directly or indirectly:

- initiate, solicit, encourage or knowingly facilitate any inquiries or proposals with respect to, or engage in any discussions or negotiations concerning, or provide any information, including any confidential or nonpublic information, or data to, or have any discussions with, any person relating to, any proposal or offer that constitutes, or could reasonably be expected to lead to, an acquisition proposal; or
- approve, recommend or enter into, or propose to approve, recommend or enter into, any letter of intent or similar document, memorandum of understanding, agreement, commitment, or agreement in principle with respect to an acquisition proposal.

ATBancorp has agreed to promptly notify MidWestOne of any such unsolicited acquisition proposal or of any request for information relating to ATBancorp or any of its subsidiaries that is reasonably likely to lead to or that contemplates an acquisition proposal, including the identity of the proposed acquirer and the material terms and conditions of such proposal. For purposes of the Merger Agreement, acquisition proposal means

## Edgar Filing: MidWestOne Financial Group, Inc. - Form S-4

any inquiry, proposal or offer from any person (other than MidWestOne and its subsidiaries) relating to, or that may lead to, in a single transaction or a series of related transactions:

- a merger, consolidation, business combination, recapitalization, binding share exchange, liquidation, dissolution, joint venture or other similar transaction involving ATBancorp or any of its subsidiaries;
- any acquisition of 15% or more of the outstanding ATBancorp common stock or securities of ATBancorp representing more than 15% of the voting power of ATBancorp;
- any acquisition (including the acquisition of stock in any subsidiary of ATBancorp) of assets or businesses of ATBancorp or its subsidiaries, including pursuant to a joint venture, representing 15% or more of the consolidated assets, revenues or net income of ATBancorp or any of its subsidiaries;
- any tender offer or exchange offer that if consummated would result in any person beneficially owning 15% or more to the outstanding ATBancorp common stock or securities of ATBancorp representing more than 15% of the voting power of ATBancorp; or
- any combination of the foregoing types of transactions if the sum of the percentage of consolidated assets, consolidated revenues or earnings and ATBancorp common stock (or voting power of securities of ATBancorp other than ATBancorp common stock) involved is 15% or more.

Further, the Merger Agreement provides that the board of directors of ATBancorp shall not withdraw, qualify or modify in any manner adverse to MidWestOne or the ability of either party to consummate the Merger, its recommendation that ATBancorp's shareholders vote in favor of the adoption and approval of the Merger, the Merger Agreement and the transactions contemplated

Table of Contents

thereby, that it will not adopt, approve or recommend to shareholders of ATBancorp, or resolve to or publicly propose or announce its intention to adopt, approve or recommend, an acquisition proposal and that it will not fail to publicly, finally and without qualification, recommend against any acquisition proposal; or reaffirm the board of directors of ATBancorp's recommendation to approve the matters set forth above.

**Conditions to Consummation of the Merger**

The respective obligation of each party to effect the Merger is subject to the satisfaction or written waiver at or prior to the Effective Time of each of the following conditions:

- All actions and approvals by governmental authorities and certain other specified actions and approvals shall have been taken and obtained and shall remain in full force and effect and all statutory waiting periods shall have expired or been terminated and no such requisite regulatory approval shall have imposed a restriction or condition on, or requirement of, such approval that would, after the Effective Time, reasonably be expected by the board of directors of MidWestOne to materially restrict or burden, or impair in any material respect the benefits of the contemplated transactions to, or require a materially burdensome modification of, the businesses, activities, governance, legal structure, capital structure, compensation or fee arrangements of MidWestOne or its subsidiaries;
- ATBancorp and MidWestOne shall have each obtained the approval of the Merger Agreement and the transactions contemplated thereby by their respective shareholders;
- no order issued by any court or governmental agency or other legal restraint or prohibition preventing the consummation of the Merger or the other transactions contemplated by the Merger Agreement shall be in effect, and no legal requirement shall have been enacted, entered, promulgated or enforced by any governmental authority which prohibits or makes illegal consummation of the Merger;
- the S-4 registration statement of which this joint proxy statement/prospectus is a part shall have become effective under the Securities Act, and no stop orders suspending such effectiveness shall be in effect, and no proceeding shall have been commenced or be pending or threatened for such purpose; and
- MidWestOne shall have filed with the Nasdaq Stock Market, LLC a notification form for the listing of all shares of MidWestOne common stock to be delivered in the Merger, and the Nasdaq Stock Market, LLC shall not have objected to the listing of such shares.

ATBancorp's obligation to effect the Merger is also subject to the fulfillment or waiver of the following conditions:

- the accuracy of the representations and warranties of MidWestOne set forth in the Merger Agreement as of the date of the Merger Agreement and as of the Closing Date as though made at and as of the Closing Date (unless any such representation or warranty is made only as of a specific date, in which case as of such specific date);

- the performance by MidWestOne in all material respects of all covenants and obligations to be performed or complied with by it under the terms of the Merger Agreements on or prior to the Closing Date;
- the receipt of a certificate, signed on behalf of MidWestOne by an executive officer, certifying that certain of the conditions to ATBancorp's obligation to complete the Merger have been satisfied;
- receipt by ATBancorp of a written opinion of its tax accountants to the effect that the Merger will constitute a reorganization within the meaning of Section 368(a) of the Internal Revenue Code; and
- from the date of the Merger Agreement to closing, no material adverse effect shall have occurred with respect to MidWestOne or any of its subsidiaries.

MidWestOne's obligation to effect the Merger is also subject to the satisfaction or waiver of the following conditions:

- the accuracy of the representations and warranties of ATBancorp set forth in the Merger Agreement as of the date of the Merger Agreement and as of the Closing Date as though made at and as of the Closing Date (unless any such representation or warranty is made only as of a specific date, in which case as of such specific date);
- the performance by ATBancorp in all material respects of all covenants and obligations to be performed or complied with by it under the terms of the Merger Agreements on or prior to the Closing Date, and ATBancorp's obtainment of and provision to MidWestOne of copies of all ATBancorp required approvals;
- the receipt of a certificate, signed on behalf of ATBancorp by an executive officer certifying that certain of the conditions to MidWestOne's obligation to complete the Merger have been satisfied;
- the receipt by MidWestOne of a written opinion of its counsel to the effect that the Merger will constitute a reorganization within the meaning of Section 368(a) of the Internal Revenue Code;
- from the date of the Merger Agreement to closing, no material adverse effect shall have occurred with respect to ATBancorp or any of its subsidiaries;

Table of Contents

- ATBancorp shall have satisfied all of the conditions necessary to complete the redemption of all of ATBancorp's subordinated debentures bearing a fixed annual rate per annum of 6.50% and maturing September 15, 2021, in the aggregate principal amount of \$9,600,000;
- the receipt of duly executed copies of the Lock-Up Agreements, which have been delivered;
- the total number of outstanding shares of ATBancorp common stock that have duly exercised their appraisal rights shall not exceed 7.5% of the outstanding shares of ATBancorp common stock;
- ATBancorp shall have completed the disposition of an aircraft and the ATB Businesses; and
- ATBancorp shall have delivered to MidWestOne all other instruments and documents that MidWestOne may reasonably request to effectuate the transactions contemplated in the Merger Agreement.

**Termination of the Merger Agreement**

MidWestOne and ATBancorp may mutually agree at any time to terminate the Merger Agreement without completing the Merger. The Merger Agreement may also be terminated by MidWestOne or ATBancorp if:

- the other party breaches or fails to perform any of its representations, warranties, covenants or agreements set forth in the Merger Agreement, which breach or failure to perform, either individually or together with other such breaches, in the aggregate, if occurring or continuing on the date on which the Closing would otherwise occur would result in the failure of any of the conditions to closing and such breach or failure to perform has not been or cannot be cured on or prior to the earlier of two business days prior to the Termination Date and 30 days following written notice to the party committing such breach, making such untrue representation and warranty or failing to perform;
- (i) any regulatory authority that must grant a requisite regulatory approval has denied approval of any of the contemplated transactions and such denial has become final and nonappealable; (ii) any application, filing or notice for a requisite regulatory approval has been withdrawn at the request or recommendation of the applicable regulatory authority; or (iii) if (A) ATBancorp does not obtain the approval of the Merger Agreement and the transactions contemplated thereby by its shareholders or (B) MidWestOne does not obtain the approval of the issuance of shares of common stock in connection with the Merger by its shareholders, each following the ATBancorp shareholders meeting or the MidWestOne shareholders meeting, respectively; provided, however, that the right to terminate shall not be available to a party whose failure to fulfill any of its obligations under the Merger Agreement has been the cause of or resulted in the occurrence of any event described in clause (iii) above and such failure constitutes a material breach of the Merger Agreement;
- the Effective Time has not occurred at or before the Termination Date; provided, however, that the right to terminate shall not be available to any party whose failure to fulfill any of its obligations under the Merger Agreement has been the cause of, or has resulted in, the failure of the Effective Time to occur on or before such date and such failure constitutes a material breach of the Merger Agreement; or



- any court of competent jurisdiction or other regulatory authority shall have issued a judgment, order, injunction, rule or decree or taken any other action restraining, enjoining or otherwise prohibiting any of the contemplated transactions and such judgment, order, injunction, rule, decree or other action shall have become final and nonappealable.

Further, *MidWestOne* may terminate the Merger Agreement if:

- *ATBancorp* makes a Company Adverse Recommendation or if *ATBancorp* materially breaches certain of its other obligations under the Merger Agreement relating to holding a shareholders meeting or acquisition proposals; and
- if certain events, conditions or circumstances require further investigation, remedial or cleanup action under certain environmental laws and such expenditures are reasonably expected to exceed \$10,000,000.

Further, *ATBancorp* may terminate the Merger Agreement if:

- both of the following conditions are satisfied on the Determination Date, such termination to be effective on the 10<sup>th</sup> day following the Determination Date: (i) the Final Acquiror Market Value is less than \$26.60; and (ii) the number obtained by dividing the Final Acquiror Market Value by \$33.25 shall be less than the Index Ratio multiplied by 0.80; subject to *MidWestOne*'s exercise of its option to increase the per share stock consideration payable to *ATBancorp* shareholders, in which event no termination shall occur; or
- under certain circumstances it receives an acquisition proposal that would constitute a superior proposal.

#### **Termination Fees**

The Merger Agreement also provides that upon termination of the Merger Agreement by either *MidWestOne* under certain circumstances, including *ATBancorp* failing to convene a meeting of its shareholders to consider and approve the Merger Agreement and the transactions contemplated thereby, or by *ATBancorp* by accepting a superior proposal, *ATBancorp* will be obligated to pay *MidWestOne* a termination fee of \$7.6

Table of Contents

million, plus the aggregate amount of MidWestOne's expenses incurred in connection with the Merger, provided that the aggregate amount of such expenses shall not exceed \$1,000,000.

**Waiver and Amendment of the Merger Agreement**

Prior to the Effective Time, any provision of the Merger Agreement may be: (i) waived in whole or in part by the party benefited by the provision or by both parties; or (ii) amended or modified at any time, by an agreement in writing between the parties executed in the same manner as the Merger Agreement, except that after the ATBancorp special meeting or the MidWestOne special meeting, the Merger Agreement may not be amended without further approval from the parties' shareholders.

**Expenses**

Subject to termination of the Merger Agreement for certain specified reasons as described above, the Merger Agreement provides that, whether or not the Merger is consummated, each party will pay its respective expenses incurred in connection with the preparation and performance of the Merger Agreement, except that the expenses incurred in connection with the filing, printing and mailing of this joint proxy statement, and all filing and other fees paid to the SEC, in each case in connection with the Merger (other than attorneys' fees, accountants' fees and related expenses), shall be shared equally by MidWestOne and ATBancorp.

**Voting Agreement**

In connection with entering into the Merger Agreement, MidWestOne entered into the Voting Agreement with certain holders of ATBancorp common stock. The shareholders that are party to the Voting Agreement beneficially own in the aggregate 62.41% of the outstanding shares of ATBancorp common stock. The Voting Agreement requires that the shareholders party thereto vote all of their shares of ATBancorp common stock in favor of the Merger and the Merger Agreement and any proposal to adjourn or postpone such meeting to a later date if there are not sufficient votes to approve the Merger and the Merger Agreement, and against any (i) proposal made in opposition to or in competition with the Merger or the transactions contemplated by the Merger Agreement; (ii) action, proposal, transaction or agreement which would, or would reasonably be expected to, result in a breach of any covenant, representation or warranty or any other obligation or agreement of ATBancorp under the Merger Agreement or of such ATBancorp shareholder under the Voting Agreement; (iii) merger, consolidation, business combination, recapitalization, binding share exchange, liquidation, dissolution, joint venture, sale of assets or other similar transaction with or involving ATBancorp and any party other than MidWestOne, including any acquisition proposal; and (iv) other action or proposal the consummation of which would, or would reasonably be expected to, prevent, impede, interfere with, delay, postpone, discourage or frustrate the purposes of or adversely affect the consummation of the Merger or the other transactions contemplated by the Merger Agreement or the fulfillment of ATBancorp's or MidWestOne's conditions under the Merger Agreement. Further, the Voting Agreement restricts the transfer of the shares of ATBancorp common stock held by the shareholders that are parties to the Voting Agreement and waives the appraisal and dissenters rights of such shareholders under Iowa law. The Voting Agreement will terminate upon the earlier of the consummation of the Merger or the termination of the Merger Agreement in accordance with its terms. Pursuant to the Voting Agreement, approval of the ATBancorp merger proposal is virtually assured. The preceding discussion is a summary of the Voting Agreement and is qualified in its entirety by reference to the form of Voting Agreement, which is provided in its entirety as Appendix E to this joint proxy statement/prospectus.

**Lock-Up Agreements**

In connection with entering into the Merger Agreement, MidWestOne entered into Lock-Up Agreements with certain holders of ATBancorp common stock. The shareholders that are party to the Lock-Up Agreements beneficially own in the aggregate 62.41% of the outstanding shares of ATBancorp common stock. The Lock-Up Agreements require that the shareholders that are parties thereto, during the period commencing as of the date on which the Effective Time occurs and expiring 180 days thereafter, not directly or indirectly, with certain exceptions, take any action to: (i) offer, sell, contract to sell, sell any option, warrant or contract to purchase, purchase any option, warrant or contract to sell, transfer, pledge or otherwise dispose of, or enter into any transaction which is designed to, or might reasonably be expected to, result in the disposition (whether by actual disposition or effective economic disposition or otherwise) of any shares of MidWestOne common stock whether owned as of the time of the Lock-Up Agreements or subsequently acquired, including shares of MidWestOne common stock received by the shareholder pursuant to the Merger Agreement; (ii) enter into any swap or other derivative transaction that transfers to another, in whole or in part, any of the economic benefits or risks of ownership of MidWestOne common stock, whether any such transaction is to be settled by delivery of MidWestOne common stock or other securities, in cash or otherwise; or (iii) publicly disclose an intention to effect any transaction contemplated by clause (i) or (ii). If the Merger Agreement is terminated without the consummation of the Merger, the Lock-Up Agreements will automatically terminate.

Table of Contents

**MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE MERGER**

**General**

This section describes the material anticipated U.S. federal income tax consequences of the Merger to U.S. holders of ATBancorp common stock who exchange shares of ATBancorp common stock for shares of MidWestOne common stock and cash. No advance ruling has been sought or obtained from the Internal Revenue Service regarding the U.S. federal income tax consequences of the Merger. As a result, no assurance can be given that the Internal Revenue Service would not assert, or that a court would not sustain, a position contrary to any of the tax consequences set forth below.

For purposes of this discussion, a U.S. holder is a beneficial owner of ATBancorp common stock who for United States federal income tax purposes is:

- a citizen or resident of the United States;
- a corporation, or an entity treated as a corporation, created or organized in or under the laws of the United States or any state or political subdivision thereof;
- a trust that (1) is subject to (A) the primary supervision of a court within the United States and (B) the authority of one or more United States persons to control all substantial decisions of the trust or (2) has a valid election in effect under applicable Treasury Regulations to be treated as a United States person; or
- an estate that is subject to United States federal income tax on its income regardless of its source.

If a partnership (including for this purpose any entity treated as a partnership for United States federal income tax purposes) holds ATBancorp common stock, the tax treatment of a partner generally will depend on the status of the partner and the activities of the partnership. If you are a partner of a partnership holding ATBancorp common stock, you should consult your tax advisor.

This discussion addresses only those ATBancorp shareholders that hold their ATBancorp common stock as a capital asset within the meaning of Section 1221 of the Internal Revenue Code, and does not address all the United States federal income tax consequences that may be relevant to particular ATBancorp shareholders in light of their individual circumstances or to ATBancorp shareholders that are subject to special rules, such as:

- financial institutions;
- investors in pass-through entities;

- insurance companies;
- tax-exempt organizations;
- dealers in securities;
- traders in securities that elect to use a mark to market method of accounting;
- persons that hold ATBancorp common stock as part of a straddle, hedge, constructive sale or conversion transaction;
- certain expatriates or persons that have a functional currency other than the U.S. dollar;
- persons who are not U.S. holders;
- shareholders who exercise dissenters' rights; and
- shareholders who acquired their shares of ATBancorp common stock through the exercise of an employee stock option or otherwise as compensation or through a tax-qualified retirement plan.

In addition, the discussion does not address any alternative minimum tax or any state, local or foreign tax consequences of the Merger, nor does it address any tax consequences arising under the unearned income Medicare contribution tax pursuant to the Health Care and Education Reconciliation Act of 2010.

The following discussion is based on the Internal Revenue Code, its legislative history, existing and proposed regulations thereunder, administrative pronouncements and published rulings and decisions, all as currently in effect as of the date hereof, and all of which are subject to change, possibly with retroactive effect, and are subject to differing interpretation. Any such change could affect the continuing validity of this discussion.

MidWestOne and ATBancorp have structured the Merger to qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code. The obligation of MidWestOne to complete the Merger is conditioned upon the receipt of an opinion from Shapiro Biegling Barber Otteson LLP, counsel to MidWestOne, to the effect that the Merger will qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code. The obligation of ATBancorp to complete the Merger is conditioned upon the receipt of an opinion from RSM US LLP, tax accountants to ATBancorp, to the effect that the Merger will qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code. These opinions will be based on

Table of Contents

assumptions, representations, warranties and covenants, including those contained in the Merger Agreement and in tax representation letters provided by MidWestOne and ATBancorp. The accuracy of such assumptions, representations and warranties, and compliance with such covenants, could affect the conclusions set forth in such opinions. None of these opinions is binding on the Internal Revenue Service or the courts. MidWestOne and ATBancorp have not requested and do not intend to request any ruling from the Internal Revenue Service as to the United States federal income tax consequences of the Merger. Accordingly, each ATBancorp shareholder should consult its tax advisor with respect to the particular tax consequences of the Merger to such holder.

Very generally, for the Merger to qualify as tax-free reorganization, numerous requirements, including the continuity of interest requirement as described in Treasury Regulations must be satisfied. Under the applicable Treasury Regulations, the continuity of interest requirement is satisfied if a proprietary interest in ATBancorp is preserved, which, under regulatory guidance generally will be the case if MidWestOne common stock constitutes at least 40% of the value of the aggregate consideration ATBancorp shareholders receive in the Merger. In determining whether this requirement is satisfied, the cash consideration paid to ATBancorp shareholders and the cash paid in lieu of issuing fractional shares of MidWestOne common stock are considered consideration other than MidWestOne common stock that is received by ATBancorp shareholders in the Merger.

Based on the terms of the Merger Agreement and the applicable federal income tax law, whether the Merger satisfies the continuity of interest requirement will be determined based on the market price of MidWestOne common stock at the Effective Time, among other factors. A steep decline in the market price of MidWestOne common stock or a reduction in the aggregate purchase price could, in an extreme situation, cause the Merger to fail the continuity of interest test. Based on conservative assumptions regarding the items of cash consideration that must be taken into account for purposes of applying the continuity of interest test, the amount of decline in the market price that would cause the Merger to fail the continuity of interest test is so significant that the likelihood of the occurrence appears remote. This occurrence would likely constitute a material adverse change with respect to MidWestOne or ATBancorp, and accordingly neither MidWestOne nor ATBancorp would desire to consummate the Merger if it occurred. Accordingly, both MidWestOne and ATBancorp have represented to Shapiro Biegging Barber Otteson LLP, tax counsel to MidWestOne, and RSM US LLP, tax accountants to ATBancorp, that if the continuity of interest test will not be met based on the facts in existence at the Effective Time, they would jointly terminate the Merger Agreement. Based on this representation, Shapiro Biegging Barber Otteson LLP, tax counsel to MidWestOne, and RSM US LLP, tax accountants to ATBancorp, has each rendered its opinion that the Merger will qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code, and that the following discussion constitutes its opinion regarding the material U.S. Federal income tax consequences of the Merger to U.S. Holders of ATBancorp common stock.

*Tax Consequences of the Merger Generally to Holders of ATBancorp Common Stock*

Accordingly, based on the opinions delivered in connection herewith:

- gain (but not loss) will be recognized by shareholders of ATBancorp who receive shares of MidWestOne common stock and cash in exchange for shares of ATBancorp common stock pursuant to the Merger, in an amount equal to the lesser of (i) the amount by which the sum of the fair market value of the MidWestOne common stock and cash received by a shareholder of ATBancorp exceeds such shareholder's basis in its ATBancorp common stock, and (ii) the amount of cash received by such shareholder of ATBancorp (except with respect to any cash received in lieu of fractional share interests in MidWestOne common stock, as discussed below under Cash Received In Lieu of a Fractional Share of MidWestOne Common Stock );

- the aggregate basis of the *MidWestOne* common stock received in the Merger will be the same as the aggregate basis of the *ATBancorp* common stock for which it is exchanged, decreased by the amount of cash received in the Merger and decreased by any basis attributable to fractional share interests in *MidWestOne* common stock for which cash is received, and increased by the amount of gain recognized on the exchange other than in respect of fractional shares (regardless of whether such gain is classified as capital gain or as ordinary dividend income, as discussed below under *Additional Considerations* *Recharacterization of Gain as a Dividend* ); and
- the holding period of *MidWestOne* common stock received in exchange for shares of *ATBancorp* common stock will include the holding period of the *ATBancorp* common stock for which it is exchanged.

If U.S. holders of *ATBancorp* common stock acquired different blocks of shares of *ATBancorp* common stock at different times or at different prices, such holders' gain, basis and holding period may be determined with reference to each block of *ATBancorp* common stock. Any such holders should consult their tax advisors regarding the manner in which *MidWestOne* common stock and cash received in the exchange should be allocated among different blocks of *ATBancorp* common stock and with respect to identifying the bases or holding periods of the particular shares of *MidWestOne* common stock received in the Merger.

Table of Contents

*Taxation of Capital Gain*

Except as described under *Additional Considerations Recharacterization of Gain as a Dividend* below, gain that an ATBancorp shareholder recognizes in connection with the Merger generally will constitute capital gain and will constitute long-term capital gain if such shareholder has held (or is treated as having held) that shareholder's ATBancorp common stock for more than one year as of the date of the Merger. If an ATBancorp shareholder has held (or is treated as having held) his or her ATBancorp common stock for one year or less as of the date of the Merger, any gain that such shareholder recognizes will constitute short-term capital gain.

*Additional Considerations Recharacterization of Gain as a Dividend*

All or part of the gain that a particular ATBancorp shareholder recognizes could be treated as dividend income rather than capital gain if (i) such ATBancorp shareholder is a significant shareholder of MidWestOne or (ii) such ATBancorp shareholder's percentage ownership, taking into account constructive ownership rules, in MidWestOne after the Merger is not meaningfully reduced from what its percentage ownership would have been if it had received solely shares of MidWestOne common stock rather than a combination of cash and shares of MidWestOne common stock in the Merger. This could happen, for example, because of ownership of additional shares of MidWestOne common stock by such ATBancorp shareholder or ownership of shares of MidWestOne common stock by a person related to such ATBancorp shareholder. The IRS has indicated in rulings that any reduction in the interest of a minority shareholder that owns a small number of shares in a publicly and widely held corporation and that exercises no control over corporate affairs would result in capital gain as opposed to dividend treatment. Because the possibility of dividend treatment depends primarily upon such ATBancorp shareholder's particular circumstances, including the application of certain constructive ownership rules, ATBancorp shareholders should consult their own tax advisor regarding the potential tax consequences of the Merger to them.

*Cash Received In Lieu of a Fractional Share of MidWestOne Common Stock*

An ATBancorp shareholder who receives cash in lieu of a fractional share of MidWestOne common stock will be treated as having received the fractional share pursuant to the Merger and then as having exchanged the fractional share for cash in a redemption by MidWestOne. As a result, an ATBancorp shareholder will generally recognize gain or loss equal to the difference between the amount of cash received and the basis in his or her fractional share interest as set forth above. This gain or loss will generally be capital gain or loss, and will be long-term capital gain or loss if, as of the effective date of the Merger, the holding period for such shares is greater than one year. The deductibility of capital losses is subject to limitations.

The preceding discussion is intended only as a summary of material United States federal income tax consequences of the Merger. It is not a complete analysis or discussion of all potential tax effects that may be important to you. Thus, you are strongly encouraged to consult your tax advisor as to the specific tax consequences resulting from the Merger, including tax return reporting requirements, the applicability and effect of federal, state, local, and other tax laws and the effect of any proposed changes in the tax laws.

*Treatment if the Merger was Determined not to Qualify as a Reorganization under Section 368(a) of the Internal Revenue Code*



## Edgar Filing: MidWestOne Financial Group, Inc. - Form S-4

If the Merger was determined not to qualify as a reorganization under Section 368(a) of the Internal Revenue Code, a holder of ATBancorp common stock would generally recognize gain or loss based on the difference between the value of the consideration received (MidWestOne common stock and cash) and the holder's tax basis in the shares of ATBancorp common stock surrendered. Any such gain or loss would be long-term capital gain or loss to the extent that the holder had a holding period in the ATBancorp common stock surrendered of more than one year. In such circumstances, a holder would generally have a fair market value basis in any MidWestOne stock received and a holding period in such common stock that commenced on the day after the effective date of the Merger.

### *Backup Withholding*

Backup withholding at the applicable rate may apply with respect to certain payments, including cash received in the Merger, unless an ATBancorp shareholder (a) is a corporation or is within certain other exempt categories and, when required, demonstrates this fact, or (b) provides a correct taxpayer identification number, certifies as to no loss of exemption from backup withholding and otherwise complies with applicable requirements of the backup withholding rules. An ATBancorp shareholder who does not provide its correct taxpayer identification number may be subject to penalties imposed by the Internal Revenue Service. Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against the shareholder's U.S. federal income tax liability, provided the shareholder furnishes certain required information to the Internal Revenue Service.

Table of Contents

*Reporting Requirements*

An ATBancorp shareholder will be required to retain records pertaining to the Merger and will be required to file with such ATBancorp shareholder's U.S. federal income tax return for the year in which the Merger takes place a statement setting forth certain facts relating to the Merger. In addition, each holder of ATBancorp common stock who is a significant holder that receives MidWestOne common stock in the Merger will be required to file a statement with his, her or its federal income tax return setting forth his, her or its basis in the ATBancorp common stock surrendered and the fair market value of the MidWestOne common stock and cash, if any, received in the Merger. A significant holder is a holder of ATBancorp common stock who, immediately before the Merger, owned at least five percent of the outstanding stock of ATBancorp or owned ATBancorp securities with an adjusted tax basis of \$1,000,000 or more.

Table of Contents

**COMPARISON OF SHAREHOLDERS' RIGHTS**

**General**

ATBancorp is incorporated under the laws of the State of Iowa and the rights of ATBancorp shareholders are governed by the laws of the State of Iowa, ATBancorp's articles of incorporation and ATBancorp's bylaws. As a result of the Merger, ATBancorp shareholders will receive an amount in cash and shares of MidWestOne common stock and will become MidWestOne shareholders. MidWestOne is incorporated under the laws of the State of Iowa and the rights of MidWestOne shareholders are governed by the laws of the State of Iowa, MidWestOne's articles of incorporation and MidWestOne's bylaws.

**Comparison of Shareholders' Rights**

Set forth below is a summary comparison of material differences between the rights of ATBancorp shareholders under ATBancorp's articles of incorporation and bylaws (left column) and the rights of MidWestOne shareholders under MidWestOne's articles of incorporation and bylaws (right column). While the parties believe that the summary table includes the material differences between the rights of ATBancorp's shareholders and those of MidWestOne's shareholders, this summary does not include a complete description of all the differences between the rights of the shareholders. Copies of the full text of MidWestOne's articles of incorporation and bylaws currently in effect, and ATBancorp's articles of incorporation and bylaws currently in effect, are available, without charge, by following the instructions in the section entitled "Where You Can Find More Information."

**ATBancorp**

**MidWestOne**

**Authorized Capital Stock**

ATBancorp's articles of incorporation state that the authorized capital stock of ATBancorp consists of 200,000 shares of no par value common stock and 50,000 shares of no par value preferred stock. As of the ATBancorp record date, there were 35,028 shares issued and outstanding and 260 shares held in treasury of ATBancorp.

MidWestOne's articles of incorporation state that the authorized capital stock of MidWestOne consists of 30,500,000 shares of capital stock, consisting of 30,000,000 shares of \$1.00 par value common stock and 500,000 shares of no par value preferred stock. As of the MidWestOne record date, there were [●] shares of MidWestOne common stock outstanding and no shares of MidWestOne preferred stock outstanding.

**Corporate Governance**

The rights of the ATBancorp shareholders are governed by Iowa law and the articles of incorporation and bylaws of ATBancorp.

The rights of the MidWestOne shareholders are governed by Iowa law and the articles of incorporation and bylaws of MidWestOne.

**Number of Directors**

## Edgar Filing: MidWestOne Financial Group, Inc. - Form S-4

ATBancorp's bylaws state that the number of directors constituting the board of directors shall not be less than five nor more than 11, as fixed from time to time by the board of directors. There are currently nine members of the ATBancorp board of directors.

MidWestOne's bylaws state that the number of directors constituting the board of directors shall not be less than 11 nor more than 15, as fixed from time to time by the board of directors. There are currently 12 members of the MidWestOne board of directors.

MidWestOne's directors are divided into three classes, Class I, Class II and Class III, as nearly equal in number as the then total number of directors constituting the entire board permits with the term of office of one class expiring each year.

If the number of directors is changed, any increase or decrease in the number of directors shall be apportioned among the classes so as to maintain all classes as equal in number as possible. At each annual meeting of shareholders, the successors to the class of directors whose term shall then expire shall be elected to hold office for a term expiring at the third succeeding annual meeting.

Table of Contents

**ATBancorp**

**MidWestOne**

Pursuant to the Merger Agreement, MidWestOne will appoint two individuals to MidWestOne's Board who are designated by ATBancorp, by a vote of at least 75% of ATBancorp's board of directors, and are agreeable to MidWestOne. One of the individuals so designated by ATBancorp must not be a current officer, director or shareholder of ATBancorp and must have an established history in the Dubuque, Iowa business community. One individual will be designated to serve as a Class I director and the other individual will be designated to serve as a Class II director, with the class assignments determined by MidWestOne, in each case, effective immediately upon the effectiveness of the Merger.

**Election of Directors**

Under Iowa law, directors are elected by a plurality of the votes cast by the shareholders entitled to vote in the election of directors at a meeting of the shareholders at which a quorum is present unless otherwise provided in the articles of incorporation.

Under Iowa law, directors are elected by a plurality of the votes cast by the shareholders entitled to vote in the election of directors at a meeting of the shareholders at which a quorum is present unless otherwise provided in the articles of organization.

ATBancorp's bylaws provide that each outstanding share is entitled to one vote on each matter submitted to a vote of the shareholders.

MidWestOne's bylaws provide that each holder of common stock is entitled to one vote for each share of stock held by such holder.

ATBancorp's articles of incorporation and bylaws do not provide for a classified board of directors.

MidWestOne's articles of incorporation do not provide for cumulative voting in the election of directors by shareholders.

ATBancorp's articles of incorporation do not provide for cumulative voting in the election of directors by shareholders.

**Removal of Directors**

Under Iowa law, the shareholders may remove one or more directors with or without cause. A director may be removed by the shareholders only at a meeting called for the purpose of removing the director and after notice stating that the purpose, or one of the purposes, of the meeting is removal of the director.

Under Iowa law, the shareholders may remove one or more directors with or without cause. A director may be removed by the shareholders only at a meeting called for the purpose of removing the director and after notice stating that the purpose, or one of the purposes, of the meeting is removal of the director.

**Filling Vacancies on the Board of Directors**

ATBancorp's bylaws provide that in case of one or more vacancies in the board of directors, the vacancy may be filled by the board of directors or, if the directors remaining in office constitute fewer than a

MidWestOne's bylaws provide that in case of one or more vacancies in the board of directors, the vacancy may be filled by the board of directors or, if the directors remaining in office constitute fewer than a

quorum of the board, by the affirmative vote of a majority of all such directors remaining in office.

quorum of the board, by the affirmative vote of a majority of all such directors remaining in office.

**Nomination of Director Candidates by Shareholders**

ATBancorp's bylaws provide that nominations for candidates to the board of directors may be made by a majority of the board of directors or designated committee thereof or any shareholder of record entitled to vote at such meeting by notice to the secretary of ATBancorp, for an annual meeting, not less than 60 days nor more than 90 days in advance of the first anniversary date of the previous year's annual meeting; and for a special meeting, not less than 60 days nor more than 90 days in advance of the date of the special meeting. Certain information set forth in the bylaws on nominees for director is required to be included in the

MidWestOne's bylaws provide that nominations for candidates to the board of directors may be made by any shareholder of record entitled to vote at such meeting by notice to the secretary of the corporation not less than 60 days nor more than 90 days in advance of the first anniversary date of the previous year's annual meeting; and for a special meeting, not less than 60 days nor more than 90 days in advance of the date of the special meeting. Certain information set forth in the bylaws on nominees for director is required to be included in the shareholder notice.

Table of Contents

**ATBancorp**  
shareholder notice.

**MidWestOne**

**Shareholder Proposals; Quorum**

ATBancorp's bylaws provide that in order for a proposal to be brought before an annual meeting by a shareholder, the shareholder must give written notice of the proposal to the secretary not less than 60 days and not more than 90 days prior to the first anniversary date of the annual meeting for the preceding year. Certain information set forth in the bylaws on the proposal is required to be included in the shareholder notice.

A majority of ATBancorp's outstanding shares entitled to vote, represented in person or by proxy, constitute a quorum at a meeting of shareholders.

MidWestOne's bylaws provide that in order for a proposal to be brought before an annual meeting by a shareholder, the shareholder must give notice of the proposal to the secretary not less than 60 days and not more than 90 days prior to the first anniversary date of the annual meeting for the preceding year. Certain information set forth in the bylaws on the proposal is required to be included in the shareholder notice.

A majority of MidWestOne's outstanding shares entitled to vote, represented in person or by proxy, constitute a quorum at a meeting of shareholders.

**Shareholder Action Without a Meeting**

According to ATBancorp's bylaws, any action required to be taken at a meeting of the shareholders, or any other action which may be taken at a meeting of the shareholders, may be taken without a meeting if one or more written consents describing the action taken are signed by the holders of outstanding shares having not less than 90% percent of the votes entitled to be cast at a meeting at which all shares entitled to vote on the action were present and voted, and are delivered to the corporation for including in the minutes or filing with the corporate records and the other requirements in Section 490.704 of the IBCA are followed.

Pursuant to MidWestOne's bylaws, any action required to be taken at a meeting of the shareholders, or any other action which may be taken at a meeting of the shareholders, may be taken without a meeting if one or more written consents describing the action taken are signed by the holders of outstanding shares having not less than 90% percent of the votes entitled to be cast at a meeting at which all shares entitled to vote on the action were present and voted, and are delivered to the corporation for including in the minutes or filing with the corporate records and the other requirements in Section 490.704 of the IBCA are followed.

**Special Meetings of Shareholders**

According to ATBancorp's bylaws, unless otherwise prohibited by the IBCA, other relevant law, the articles of incorporation or the bylaws, special meetings of the shareholders may be called for by the board of directors, the chairman of the board, the Chief Executive Officer, the President or by shareholders holding at least 10% of the outstanding shares of ATBancorp.

According to MidWestOne's bylaws, unless otherwise prohibited by the IBCA, other relevant law, the articles of incorporation or the bylaws, special meetings of the shareholders may be called for by the chairman of the board, the Chief Executive Officer or the President. In addition, a special meeting shall be called in the circumstances described in Section 490.702 of the IBCA.

**Indemnification of Directors and Officers**

The IBCA provides that a corporation may indemnify directors and officers against judgments, settlements, penalties, or fines incurred by such person in connection with any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, or investigative and whether formal or informal if all of the following apply: (1) The individual acted in good faith; (2) The individual

MidWestOne is also subject to the provisions of the IBCA described under this section for ATBancorp.

MidWestOne's articles of incorporation provide that a director shall not be liable to the corporation or its shareholders for monetary damages for breach of

## Edgar Filing: MidWestOne Financial Group, Inc. - Form S-4

reasonably believed: (a) in the case of conduct in the individual's official capacity, that the individual's conduct was in the best interests of the corporation; and (b) In all other cases, that the individual's conduct was at least not opposed to the best interests of the corporation; and (3) in the case of any criminal proceeding, the individual had no reasonable cause to believe the individual's conduct was unlawful.

The IBCA further provides for mandatory indemnification of a

fiduciary duty as a director, except for liability: (a) for any breach of the director's duty of loyalty to the corporation or its shareholders, (b) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of the law, (c) for a transaction from which the director derives an improper personal benefit, or (d) under § 490.833 of the IBCA.

MidWestOne's articles of incorporation and bylaws also provide that MidWestOne will indemnify any person who was or is a party or witness, or is threatened to be made a party or witness, to



Table of Contents

**ATBancorp**

director who was wholly successful, on the merits or otherwise, in the defense of any proceeding to which the director was a party because the director is or was a director of the corporation against reasonable expenses incurred by the director in connection with the proceeding.

The determination for indemnification shall be made by any of the following: (a) if there are two or more qualified directors, by the board of directors by a majority vote of all the qualified directors, a majority of whom shall for such purpose constitute a quorum, or by a majority of the members of a committee of two or more qualified directors appointed by such a vote; (b) by special legal counsel selected in one of the following manners: (1) selected in the manner prescribed in clause (a); or (2) if there are fewer than two qualified directors, selected by the board of directors, in which selection directors who are not qualified directors may participate; or (c) by the shareholders, but shares owned by or voted under the control of a director who at the time is not a qualified director shall not be voted on the determination.

Under certain circumstances, the IBCA provides that a corporation may advance funds to pay for or reimburse the reasonable expenses incurred in connection with the proceeding by an individual who is a party to the proceeding because that individual is a member of the board of directors.

ATBancorp's articles of incorporation provide that any director of the corporation will not be liable to the corporation or its shareholders for money damages for any action taken, or any failure to take any action, as a director, except liability for any of the following:

- a. The amount of a financial benefit received by a director to which the director is not entitled;
- b. An intentional infliction of harm on the corporation or its shareholders;
- c. A violation of Section 490.833 of the IBCA; or
- d. An intentional violation of criminal law.

Further, the articles of incorporation provide that the corporation shall indemnify the directors against liability to any person for any action taken, or any failure to take any action, as a director, except liability for any of the following:

**MidWestOne**

any threatened, pending or completed claim, action, suit or proceeding, whether civil, criminal, administrative or investigative, including grand jury proceedings, by reason of the fact that such person is or was a director or officer of the corporation or, while a director or officer of the corporation is, or was serving at the request of the corporation as a member, director, trustee, officer, partner, employee or agent of another foreign or domestic corporation, or of a partnership, company, joint venture, trust or other enterprise, including service with respect to employee benefit plans, against reasonable costs, charges, expenses, attorney's fees, judgments, fines, penalties and amounts reasonably paid in settlement to the extent actually incurred by such person in connection with such claim, action, suit or proceeding, or in connection with an appeal thereof, to the full extent of and in a manner consistent with and limited by federal or state banking law and regulation or the IBCA, or any successor or substitute law.

- a. Receipt of a financial benefit received by a director to which the director is not entitled;
- b. An intentional infliction of harm on the corporation or its shareholders;
- c. A violation of Section 490.833 of the IBCA; or
- d. An intentional violation of criminal law.

ATBancorp's bylaws provide that it shall indemnify and hold harmless any person who was or is a party, or is threatened to be made a party, to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he or she is or was a director or officer of the corporation, or by reason of the fact that he or she is or was serving at the request of the corporation as a

Table of Contents

**ATBancorp**

director or officer of another corporation, partnership, joint venture, trust or other enterprise, and the corporation shall advance expenses incurred in connection with the defense of such actions, suits or proceedings to the fullest extent now or hereafter permitted by the IBCA, as the same now exists or may be hereafter amended, subject to the limits of applicable banking law and regulation.

**MidWestOne**

Entitlement to indemnification under ATBancorp's bylaws is conditional upon ATBancorp being afforded the opportunity to participate directly on behalf of such person in such claim, action, suit or proceeding or any settlement discussions relating thereto.

The indemnification provided under the bylaws is not exclusive of any other rights to which the persons indemnified may be entitled under any agreement, vote of disinterested directors or otherwise, both as to activity in such person's official capacity and as to activity in another capacity while holding such office, and shall continue as to a person who has ceased to be a director or officer.

**Amendments to Certificate of Incorporation and Bylaws**

ATBancorp's articles of incorporation may be amended in any manner allowed under Iowa law.

MidWestOne's articles of incorporation may be amended in any manner allowed under Iowa law.

ATBancorp's bylaws may be altered, amended or repealed and new bylaws may be adopted at any regular or special meeting of ATBancorp's board of directors. Pursuant to Section 490.1020 of the IBCA, ATBancorp's shareholders may amend the bylaws, direct the board of directors to amend the bylaws or repeal any amendment to the bylaws adopted by the board of directors.

MidWestOne's bylaws may be altered, amended or repealed and new bylaws may be adopted at any regular or special meeting of MidWestOne's board of directors. Further, pursuant to Section 490.1020 of the IBCA, the shareholders may amend the bylaws, direct the board of directors to amend the bylaws or repeal any amendment to the bylaws adopted by the board of directors.

Table of Contents

**INFORMATION ABOUT MIDWESTONE**

MidWestOne is a bank holding company registered under the BHC Act. MidWestOne's principal business is to serve as a holding company for its bank subsidiary, MidWestOne Bank. As of June 30, 2018, MidWestOne had consolidated total assets of \$3.3 billion, total loans and leases, net of unearned income, of \$2.4 billion, deposits of \$2.6 billion and shareholders' equity of \$346.2 million.

MidWestOne Bank operates a total of 44 branch locations, including its specialized Home Mortgage Center. It operates 23 branches in 13 counties throughout central and east-central Iowa, and 18 offices, which includes 17 branches and a loan production office, in the Twin Cities metro area and western Wisconsin. Additionally, MidWestOne Bank operates two Florida offices in Naples and Fort Myers, and one office in Denver, Colorado. MidWestOne Bank provides full-service retail banking in and around the communities in which its branch offices are located. Deposit products offered include checking and other demand deposit accounts, NOW accounts, savings accounts, money market accounts, certificates of deposit, individual retirement accounts and other time deposits. MidWestOne Bank offers commercial and industrial, agricultural, commercial and residential real estate and consumer loans. Other products and services include debit cards, automated teller machines, online banking, mobile banking, and safe deposit boxes. The principal services of MidWestOne Bank consist of making loans to and accepting deposits from individuals, businesses, governmental units and institutional customers. MidWestOne Bank also has a trust and investment department through which it offers a variety of trust and investment services, including administering estates, personal trusts, and conservatorships and providing property management, farm management, custodial, financial planning, investment management and retail brokerage services (the latter of which is provided through an agreement with a third-party registered broker-dealer).

MidWestOne common stock is listed on the NASDAQ Global Select Market under the symbol MOFG. See Summary Stock Price and Dividend Information.

MidWestOne's principal executive offices are located at 102 South Clinton Street, Iowa City, Iowa 52240. MidWestOne's telephone number is (319) 356-5800 and its website is [www.midwestone.com](http://www.midwestone.com). The information on MidWestOne's website is not a part of this joint proxy statement/prospectus and the reference to MidWestOne's website address does not constitute incorporation by reference of any information on that website into this joint proxy statement/prospectus.

Additional information about MidWestOne is included in documents incorporated by reference in this joint proxy statement/prospectus. See Where You Can Find More Information.

Table of Contents

**INFORMATION ABOUT ATBANCORP**

**General**

ATBancorp is an Iowa corporation incorporated in 1985 and a bank holding company registered under the BHC Act. As of June 30, 2018, ATBancorp had consolidated total assets of \$1.4 billion, total loans held for investment of \$1.1 billion, deposits of \$1.1 billion and shareholders' equity of \$146.0 million.

ATBancorp serves nine communities through 17 branch banking facilities in the Greater Dubuque-area (Iowa and Wisconsin) and Des Moines, Iowa. ATBancorp was originally formed in 1985 to serve as the holding company for ATSB, a 107-year old community bank based in Dubuque, Iowa. ATBancorp acquired Cuba City, Wisconsin-based ABTW in 1998. In May 2018, ATBancorp divested its 83% ownership of United American Bank, based in San Mateo, California, with the sale of United American Bank to Heritage Commerce Corp, based in San Jose, California. Through its subsidiary banks, ATBancorp provides banking products, services and financial management to clients while retaining the integrity and commitment found through a community bank.

Family-owned for over four generations, ATBancorp is a diversified banking organization with three wholly-owned subsidiaries: ATSB, ABTW and ATCapital Management, a registered investment advisor based in Dubuque, Iowa. Throughout the years, ATBancorp has developed a strong reputation for providing outstanding service to its clients and strongly supporting its local communities.

A division of ATSB called Financial Management Group ( FMG ) serves as an important umbrella for ATBancorp's clients by offering wealth management, retirement, investment and brokerage services. As of June 30, 2018, FMG maintained approximately \$2.5 billion in assets under administration, \$2.1 billion of which were managed. FMG works with ATCapital Management to provide the following services:

- Trust services, including estate planning, trust/estate administration and custody accounts;
- Retirement services, including the sale and administration of bundled, sophisticated 401(k) products to businesses and individuals;
- Investment management services through ATCapital Management; and
- Insurance services to high net worth clientele.

Working with FMG, ATCapital Management provides strategic growth models and additional investment alternatives for FMG trust and retirement clients. Its suite of investment strategies include traditional equity, fixed income and balanced portfolios, as well as a series of dynamic risk-based, multi-asset class investment solutions. This separate subsidiary strategy and associated product offerings naturally attract and retain customers into ATBancorp's bank subsidiaries and specifically FMG. As described herein, certain portions of FMG are expected to be sold in connection with the disposition of the ATB Businesses.

## Supervision and Regulation

### *General*

Banking is a complex, highly regulated industry. Consequently, the performance of ATBancorp, ATSB and ABTW can be affected not only by management decisions and general and local economic conditions, but also by the statutes enacted by, and the regulations and policies of, various governmental regulatory authorities. These authorities include, but are not limited to, the Federal Reserve Board, the FDIC, the IDB, the WDFI, the Internal Revenue Service, the Consumer Financial Protection Bureau (the CFPB) and state taxing authorities. The effect of these statutes, regulations and policies and any changes to any of them can be significant and cannot be predicted.

The primary goals of the bank regulatory scheme are to maintain a safe and sound banking system and to facilitate the conduct of sound monetary policy. In furtherance of these goals, the U.S. Congress, the State of Iowa, and the State of Wisconsin have created several largely autonomous regulatory agencies that oversee, and have enacted numerous laws that govern banks, bank holding companies and the banking industry. The system of supervision and regulation applicable to ATBancorp, ATSB and ABTW establishes a comprehensive framework for the entities' respective operations and is intended primarily for the protection of the banks' depositors and the public, rather than the shareholders and creditors. The following summarizes some of the materially relevant laws, rules and regulations governing banks and bank holding companies, including ATBancorp, ATSB and ABTW, but does not purport to be a complete summary of all applicable laws, rules and regulations governing banks and bank holding companies or ATBancorp, ATSB or ABTW. The descriptions are qualified in their entirety by reference to the specific statutes, regulations and policies discussed. Any change in applicable laws, regulations or regulatory policies may have a material effect on ATBancorp's businesses,

Table of Contents

operations and prospects. ATBancorp is unable to predict the nature or extent of the effects that economic controls or new federal or state legislation may have on its business and earnings in the future.

*Regulatory Agencies*

ATBancorp is a legal entity separate and distinct from its bank subsidiaries, ATSB and ABTW. As a bank holding company, ATBancorp is regulated under the BHC Act and is subject to inspection, examination and supervision by the Federal Reserve Board.

As an Iowa-chartered bank and member of the Federal Reserve System, ATSB is subject to supervision, periodic examination, and regulation by the IDB and the Federal Reserve. In addition, ATSB is subject to certain rules and regulations of the CFPB. The deposits of ATSB are insured by the FDIC up to certain established limits.

As a Wisconsin-chartered bank, ABTW is subject to supervision, periodic examination, and regulation by WDFI and the FDIC. In addition, ABTW is subject to certain rules and regulations of the CFPB. The deposits of ABTW are insured by the FDIC up to certain established limits.

*The Dodd-Frank Wall Street Reform and Consumer Protection Act*

On July 21, 2010, then-President Obama signed into law the Dodd-Frank Wall Street Reform and Consumer Protection Act (the Dodd-Frank Act ), which implemented and continues to implement significant changes to the regulation of the financial services industry.

The effects of the Dodd-Frank Act have been far-reaching, and many aspects of the Dodd-Frank Act continue to remain subject to rulemaking by various regulatory agencies, making it difficult to anticipate the overall financial impact on ATBancorp, its customers or the financial industry more generally.

*Bank Holding Company Regulations Applicable to ATBancorp*

The BHC Act and other federal laws subject bank holding companies to particular restrictions on the types of activities in which they may engage, and to a range of supervisory requirements and activities, including regulatory enforcement actions for violations of laws and regulations.

Permitted activities. Generally, bank holding companies are prohibited under the BHC Act from engaging in or acquiring direct or indirect control of more than 5% of the voting shares of any company engaged in any activity other than: (i) banking or managing or controlling banks; or (ii) an activity that the Federal Reserve Board determines to be so

closely related to banking as to be a proper incident to the business of banking. The Federal Reserve Board has the authority to require a bank holding company to terminate an activity or terminate control of or liquidate or divest certain subsidiaries or affiliates when the Federal Reserve Board believes the activity or the control of the subsidiary or affiliate constitutes a significant risk to the financial safety, soundness or stability of any of its banking subsidiaries.

Sound banking practices. Bank holding companies and their non-banking subsidiaries are prohibited from engaging in activities that represent unsafe and unsound banking practices. For example, under certain circumstances the Federal Reserve Board's Regulation Y requires a holding company to give the Federal Reserve Board prior notice of any redemption or repurchase of its own equity securities if the consideration to be paid, together with the consideration paid for any repurchases in the preceding year, is equal to 10% or more of the company's consolidated net worth. The Federal Reserve Board may oppose the transaction if it believes that the transaction would constitute an unsafe or unsound practice or would violate a regulation. As another example, a holding company is prohibited from impairing its subsidiary bank's soundness by causing the bank to make funds available to non-banking subsidiaries or their customers if the Federal Reserve Board believes it not prudent to do so. The Federal Reserve Board has the power to assess civil money penalties for knowing or reckless violations, if the activities leading to a violation caused a substantial loss to a depository institution. Potential penalties can be as high as \$1,963,870 for each day the activity continues.

Source of Strength. In accordance with Federal Reserve Board policy, ATBancorp is expected to act as a source of financial and managerial strength to ATSB and ABTW. Under this policy, ATBancorp is expected to commit resources to support ATSB and ABTW, including at times when ATBancorp may not be in a financial position to provide it. As discussed below, ATBancorp could be required to guarantee the capital plan of ATSB or ABTW if either of them becomes undercapitalized for purposes of banking regulations. Any capital loans by a bank holding company to its subsidiary bank are subordinate in right of payment to deposits and to certain other indebtedness of such subsidiary bank. The BHC Act provides that, in the event of a bank holding company's bankruptcy, any commitment by the bank holding company to a federal bank regulatory agency to maintain the capital of a bank subsidiary will be assumed by the bankruptcy trustee and entitled to priority of payment.



Table of Contents

Regulatory agencies have promulgated regulations to increase the capital requirements for bank holding companies to a level that matches those of banking institutions.

Anti-tying restrictions. Bank holding companies and affiliates are prohibited from tying the provision of services, such as extensions of credit, to other services offered by a holding company or its affiliates.

Acquisitions. The BHC Act, the Bank Merger Act, Iowa state law, Wisconsin state law and other federal and state statutes regulate acquisitions of commercial banks and their holding companies. The BHC Act generally limits acquisitions by bank holding companies to commercial banks and companies engaged in activities that the Federal Reserve Board has determined to be so closely related to banking as to be a proper incident thereto. The BHC Act requires every bank holding company to obtain the prior approval of the Federal Reserve before: (i) acquiring more than 5% of the voting stock of any bank or other bank holding company; (ii) acquiring all or substantially all of the assets of any bank or bank holding company; or (iii) merging or consolidating with any other bank holding company.

In reviewing applications seeking approval of merger and acquisition transactions, the bank regulatory authorities generally consider, among other things, the competitive effect and public benefits of the transactions, the financial and managerial resources and future prospects of the combined organization (including the capital position of the combined organization), the applicant's performance record under the Community Reinvestment Act (see the section captioned "Community Reinvestment Act" included elsewhere in this item), fair housing laws and the effectiveness of the subject organizations in combating money laundering activities.

ATBancorp is also subject to the Change in Bank Control Act of 1978 (the "Control Act") and related Federal Reserve Board regulations, which provide that any person who proposes to acquire at least 10% (but less than 25%) of any class of a bank holding company's voting securities is presumed to control the company (unless the company is not publicly held and some other shareholder owns a greater percentage of voting stock). Any person who would be presumed to acquire control or who proposes to acquire control of more than 25% of any class of a bank holding company's voting securities, or who proposes to acquire actual control, must provide the Federal Reserve Board with at least 60 days prior written notice of the acquisition. The Federal Reserve Board may disapprove a proposed acquisition if: (i) it would result in adverse competitive effects; (ii) the financial condition of the acquiring person might jeopardize the target institution's financial stability or prejudice the interests of depositors; (iii) the competence, experience or integrity of any acquiring person indicates that the proposed acquisition would not be in the best interests of the depositors or the public; or (iv) the acquiring person fails to provide all of the information required by the Federal Reserve Board. Any proposed acquisition of the voting securities of a bank holding company that is subject to approval under the BHC Act is not subject to the Control Act notice requirements. Any company that proposes to acquire control, as those terms are defined in the BHC Act and Federal Reserve Board regulations, of a bank holding company or to acquire 25% or more of any class of voting securities of a bank holding company would be required to seek the Federal Reserve Board's prior approval under the BHC Act to become a bank holding company.

Dividends. Dividends from ATSB and ABTW are ATBancorp's principal source of cash revenues. ATBancorp's earnings and activities are affected by legislation, by regulations and by local legislative and administrative bodies and decisions of courts in the jurisdictions in which ATSB and ABTW conduct business. These include limitations on the ability of ATSB and ABTW to pay dividends to ATBancorp and ATBancorp's ability to pay dividends to its

shareholders. It is the policy of the Federal Reserve Board that bank holding companies should pay cash dividends on common stock only out of income available over the past year and only if prospective earnings retention is consistent with the organization's expected future needs and financial condition. The policy provides that bank holding companies should not maintain a level of cash dividends that undermines the bank holding company's ability to serve as a source of strength to its banking subsidiaries. Consistent with such policy, a banking organization should have comprehensive policies on dividend payments that clearly articulate the organization's objectives and approaches for maintaining a strong capital position and achieving the objectives of the policy statement.

In 2009, the Federal Reserve Board issued a supervisory letter providing greater clarity to its policy statement on the payment of dividends by bank holding companies. In this letter, the Federal Reserve Board stated that when a holding company's board of directors is deciding on the level of dividends to declare, it should consider, among other factors: (i) overall asset quality, potential need to increase reserves and write down assets, and concentrations of credit; (ii) potential for unanticipated losses and declines in asset values; (iii) implicit and explicit liquidity and credit commitments, including off-balance sheet and contingent liabilities; (iv) quality and level of current and prospective earnings, including earnings capacity under a number of plausible economic scenarios; (v) current and prospective cash flow and liquidity; (vi) ability to serve as an ongoing source of financial and managerial strength to depository institution subsidiaries insured by the FDIC, including the extent of double leverage and the condition of subsidiary depository institutions; (vii) other risks that affect the holding company's financial condition and are not fully captured in regulatory capital calculations; (viii) level, composition, and quality of capital; and (ix) ability to raise additional equity capital in prevailing market and economic conditions (the Dividend Factors).

It is particularly important for a bank holding company's board of directors to ensure that the dividend level is prudent relative to the organization's financial position and is not based on overly optimistic earnings scenarios. In addition, a bank holding

Table of Contents

company's board of directors should strongly consider, after careful analysis of the Dividend Factors, reducing, deferring, or eliminating dividends when the quantity and quality of the holding company's earnings have declined or the holding company is experiencing other financial problems, or when the macroeconomic outlook for the holding company's primary profit centers has deteriorated. The Federal Reserve Board further stated that, as a general matter, a bank holding company should eliminate, defer or significantly reduce its distributions if: (a) its net income is not sufficient to fully fund the dividends, (b) its prospective rate of earnings retention is not consistent with its capital needs and overall current and prospective financial condition, or (c) it will not meet, or is in danger of not meeting, its minimum regulatory capital adequacy ratios. Failure to do so could result in a supervisory finding that the bank holding company is operating in an unsafe and unsound manner.

Additionally, as discussed above, the Federal Reserve Board possesses enforcement powers over bank holding companies and their non-bank subsidiaries with which it can prevent or remedy actions that represent unsafe or unsound practices, or violations of applicable statutes and regulations. Among these powers is the ability to proscribe the payment of dividends by banks and bank holding companies.

Stock Redemptions and Repurchases. It is an essential principle of safety and soundness that a banking organization's redemption and repurchases of regulatory capital instruments, including common stock, from investors be consistent with the organization's current and prospective capital needs. In assessing such needs, the board of directors and management of a bank holding company should consider the Dividend Factors discussed above under Dividends. The risk-based capital rule directs bank holding companies to consult with the Federal Reserve before redeeming any equity or other capital instrument included in Tier 1 or Tier 2 capital prior to stated maturity, if such redemption could have a material effect on the level or composition of the organization's capital base. Bank holding companies that are experiencing financial weaknesses, or that are at significant risk of developing financial weaknesses, must consult with the appropriate Federal Reserve supervisory staff before redeeming or repurchasing common stock or other regulatory capital instruments for cash or other valuable consideration. Similarly, any bank holding company considering expansion, whether through acquisitions or through organic growth and new activities, generally also must consult with the appropriate Federal Reserve supervisory staff before redeeming or repurchasing common stock or other regulatory capital instruments for cash or other valuable consideration.

In evaluating the appropriateness of a bank holding company's proposed redemption or repurchase of capital instruments, the Federal Reserve will consider the potential losses that the holding company may suffer from the prospective need to increase reserves and write down assets from continued asset deterioration and the holding company's ability to raise additional common stock and other Tier 1 capital to replace capital instruments that are redeemed or repurchased. A bank holding company must inform the Federal Reserve of a redemption or repurchase of common stock or perpetual preferred stock for cash or other value resulting in a net reduction of the bank holding company's outstanding amount of common stock or perpetual preferred stock below the amount of such capital instrument outstanding at the beginning of the quarter in which the redemption or repurchase occurs. In addition, a bank holding company must advise the Federal Reserve sufficiently in advance of such redemptions and repurchases to provide reasonable opportunity for supervisory review and possible objection should the Federal Reserve determine a transaction raises safety and soundness concerns.

Regulation Y requires that a bank holding company that is not well capitalized or well managed, or that is subject to any unresolved supervisory issues, provide prior notice to the Federal Reserve for any repurchase or redemption of its equity securities for cash or other value that would reduce by 10% or more the holding company's consolidated net worth aggregated over the preceding 12-month period.

Annual Reporting: Examinations. ATBancorp is required to file an annual report with the Federal Reserve Board, and such additional information as the Federal Reserve Board may require. The Federal Reserve Board may examine a bank holding company and any of its subsidiaries, and charge the company for the cost of such an examination.

Transactions with Affiliates. ATBancorp, ATSB and ABTW are considered affiliates of each other under the Federal Reserve Act, and transactions between such affiliates are subject to certain restrictions, including compliance with Sections 23A and 23B of the Federal Reserve Act and their implementing regulations. Generally, Sections 23A and 23B: (1) limit the extent to which a financial institution or its subsidiaries may engage in covered transactions: (a) with an affiliate (as defined in such sections) to an amount equal to 10% of such institution's capital and surplus; and (b) with all affiliates, in the aggregate to an amount equal to 20% of such capital and surplus; and (2) require all transactions with an affiliate, whether or not covered transactions, to be on terms substantially the same, or at least as favorable to the institution or subsidiary, as the terms provided or that would be provided to a non-affiliate. The term covered transaction includes the making of loans, purchase of assets, issuance of a guarantee and other similar types of transactions.

State Law Restrictions. As an Iowa corporation, ATBancorp is subject to certain limitations and restrictions under applicable Iowa corporate law.

Table of Contents

*Capital Adequacy and Prompt Corrective Action ATBancorp, ATSB and ABTW*

The federal bank regulatory authorities' risk-based capital guidelines were previously based upon the 1988 capital accord of the Basel Committee on Banking Supervision, or Basel I. The Basel Committee on Banking Supervision is a committee of central banks and bank supervisors and regulators from the major industrialized countries that develops broad policy guidelines for use by each country's supervisors in determining the supervisory policies they apply. In 2004, the Basel Committee on Banking Supervision published a new capital accord to replace Basel I, with an update in November 2005 (Basel II). Basel II provided two approaches for setting capital standards for credit risk: an internal ratings-based approach tailored to individual institutions' circumstances (which for many asset classes is itself broken into a foundation approach and an advanced or A-IRB approach, the availability of which is subject to additional restrictions) and a standardized approach that based risk weightings on external credit assessments to a much greater extent than permitted in previous risk-based capital guidelines. Basel II also set capital requirements for operational risk and refined the existing capital requirements for market risk exposures.

In July 2007, the U.S. banking and thrift agencies reached an agreement on the implementation of the capital adequacy regulations and standards based on Basel II. In November 2007, the agencies approved final rules to implement the new risk-based capital requirements in the United States for large, internationally active banking organizations, or core banks - defined as those with consolidated total assets of \$250 billion or more or consolidated on-balance sheet foreign exposures of \$10 billion or more. The final rule was effective as of April 1, 2008. ATBancorp is not a core bank and does not apply the Basel II approach to computing risk-weighted assets.

In response to the economic and financial industry crisis that began in 2008, the Basel Committee on Banking Supervision and their oversight body - the Group of Central Bank Governors and Heads of Supervision (GHOS) - set out in late 2009 to work on global initiatives to strengthen the financial regulatory system. In July 2010, the GHOS agreed on key design elements and in September 2010 agreed to transition and implementation measures. This work is known as Basel III, and it is designed to strengthen the regulation, supervision and risk management of the banking sector. In particular, Basel III strengthens existing capital requirements and introduces a global liquidity standard. In June 2012, the Federal Reserve Board, the FDIC and the Office of the Comptroller of the Currency (the OCC) jointly issued three notices of proposed rulemaking (NPRs) to, among other things implement the Basel III minimum capital requirements. Following the receipt of comment letters from multiple U.S. financial institutions, on November 9, 2012, the Federal Reserve Board, the FDIC, and the OCC indefinitely delayed the start date for the Basel III capital requirements and stated that they did not expect the final rules to implement the Basel III capital requirements to be in effect on January 1, 2013, the initial deadline. In July 2013, the Federal Reserve Board, the FDIC and OCC issued two final interim rules to implement the Basel III capital reforms and the rules began phasing-in in 2015, depending on the size of the financial institution.

The Federal Deposit Insurance Act, as amended (FDIA), requires, among other things, that federal banking agencies take prompt corrective action with respect to depository institutions that do not meet minimum capital requirements. The FDIA sets forth the following five capital tiers: well capitalized, adequately capitalized, undercapitalized, significantly undercapitalized and critically undercapitalized. A depository institution's capital tier will depend upon how its capital levels compare with various relevant capital measures and certain other factors, as established by regulation. The relevant capital measures are the total capital ratio, the Tier 1 capital ratio, the leverage ratio and a new ratio requirement under Basel III, the common equity Tier I capital ratio.

Under the regulations adopted by the federal regulatory authorities, a bank is: (i) well capitalized if the institution has a total risk-based capital ratio of 10.0% or greater, a common equity Tier 1 capital ratio of 6.5% or greater, a Tier 1 risk-based capital ratio of 8.0% or greater, and a leverage ratio of 5.0% or greater, and is not subject to any order or written directive by any such regulatory authority to meet and maintain a specific capital level for any capital measure; (ii) adequately capitalized if the institution has a total risk-based capital ratio of 8.0% or greater, a common equity Tier 1 capital ratio of 4.5% or greater, a Tier 1 risk-based capital ratio of 6.0% or greater and a leverage ratio of 4.0% or greater and is not well capitalized; (iii) undercapitalized if the institution has a total risk-based capital ratio that is less than 8.0%, a common equity Tier 1 capital ratio of less than 4.5%, a Tier 1 risk-based capital ratio of less than 6.0% or a leverage ratio of less than 4.0%; (iv) significantly undercapitalized if the institution has a total risk-based capital ratio of less than 6.0%, a common equity Tier 1 capital ratio of less than 3.0%, a

## Edgar Filing: MidWestOne Financial Group, Inc. - Form S-4

Tier 1 risk-based capital ratio of less than 4.0% or a leverage ratio of less than 3.0%; and (v) critically undercapitalized if the institution's tangible equity is equal to or less than 2.0% of average quarterly tangible assets. An institution may be downgraded to, or deemed to be in, a capital category that is lower than indicated by its capital ratios if it is determined to be in an unsafe or unsound condition or if it receives an unsatisfactory examination rating with respect to certain matters. A bank's capital category is determined solely for the purpose of applying prompt corrective action regulations, and the capital category may not constitute an accurate representation of the bank's overall financial condition or prospects for other purposes.

The final rules also established a capital conservation buffer of 2.5% above new regulatory minimum capital ratios, and when fully effective in 2019, will result in the following minimum ratios: (i) a common equity Tier 1 capital ratio of 7.0%; (ii) a Tier 1

Table of Contents

risk-based capital ratio of 8.5%; and (iii) a total capital ratio of 10.5%. The new capital conservation buffer requirement began phasing in January 2016 at 0.625% of risk-weighted assets and will increase each year until fully implemented in January 2019. An institution is subject to limitations on paying dividends, engaging in share repurchases, and paying discretionary bonuses if its capital level falls below the buffer amount. These limitations will establish a maximum percentage of eligible retained income that can be utilized for such activities.

The FDIA generally prohibits a depository institution from making any capital distributions (including payment of a dividend) or paying any management fee to its parent holding company if the depository institution would thereafter be undercapitalized. Undercapitalized institutions are subject to growth limitations and are required to submit a capital restoration plan to the FDIC. The agencies may not accept such a plan without determining, among other things, that the plan is based on realistic assumptions and is likely to succeed in restoring the depository institution's capital. In addition, for a capital restoration plan to be acceptable, the depository institution's parent holding company must guarantee that the institution will comply with such capital restoration plan. The aggregate liability of the parent holding company is limited to the lesser of: (i) an amount equal to 5.0% of the depository institution's total assets at the time it became undercapitalized; and (ii) the amount which is necessary (or would have been necessary) to bring the institution into compliance with all capital standards applicable with respect to such institution as of the time it fails to comply with the plan. If a depository institution fails to submit an acceptable plan, it is treated as if it is significantly undercapitalized.

Significantly undercapitalized depository institutions may be subject to a number of requirements and restrictions, including orders to recapitalize to become adequately capitalized, requirements to reduce total assets, and cessation of receipt of deposits from correspondent banks. Critically undercapitalized institutions are subject to the appointment of a receiver or conservator.

ATBancorp, ATSB and ABTW have always maintained the capital ratios and leverage ratio above the levels to be considered quantitatively well-capitalized. For information regarding the capital ratios and leverage ratio of ATBancorp, ATSB and ABTW as of June 30, 2018 and December 31, 2017, see the discussion Management's Discussion and Analysis of Financial Condition and Results of Operations and Note 16 Regulatory and Capital Matters in Notes to Consolidated Financial Statements included in the consolidated financial statements and the notes thereto included elsewhere in this joint proxy statement/prospectus.

*Banking Regulations Applicable to ATSB and ABTW*

Branching. Iowa and Wisconsin state law each provide that an Iowa-chartered or Wisconsin-chartered bank can establish a branch anywhere in Iowa or Wisconsin, as applicable, provided that the branch is approved in advance by the IDB or WDFI, as applicable. The branch must also be approved by the FDIC. The approval process takes into account a number of factors, including financial history, capital adequacy, earnings prospects, character of management, needs of the community and consistency with corporate powers. The Dodd-Frank Act also reduced any significant barriers to interstate branching.

As an Iowa state-chartered bank, ATSB is subject to limitations under Iowa law on the payment of dividends. Iowa law provides that a bank may declare dividends from retained earnings and other components of capital specifically approved by the ATSB board of directors so long as the declaration is made in compliance with rules established by the IDB.

## Edgar Filing: MidWestOne Financial Group, Inc. - Form S-4

As a Wisconsin state-chartered bank, ABTW is subject to limitations under Wisconsin law on the payment of dividends. Wisconsin law provides that a bank may declare dividends from retained earnings and other components of capital specifically approved by the ABTW board of directors so long as the declaration is made in compliance with rules established by the WDFI.

Deposit Insurance. The deposits of ATSB and ABTW are each insured up to applicable limits by the Deposit Insurance Fund (the DIF) of the FDIC and are subject to deposit insurance assessments to maintain the DIF. The FDIC utilizes a risk-based assessment system that imposes insurance premiums based upon a risk matrix that takes into account a bank's capital level and supervisory rating. Risk Category I is the lowest risk category while Risk Category IV is the highest risk category.

The FDIC may further increase or decrease the assessment rate schedule in order to manage the DIF to prescribed statutory target levels. An increase in the risk category for ATSB or ABTW or in the assessment rates could have an adverse effect on ATSB's or ABTW's and consequently ATBancorp's earnings. The FDIC may terminate deposit insurance if it determines the institution involved has engaged in or is engaging in unsafe or unsound banking practices, is in an unsafe or unsound condition, or has violated applicable laws, regulations or orders.

In addition, all institutions with deposits insured by the FDIC are required to pay assessments to fund interest payments on bonds issued by the Financing Corporation (FICO), a mixed-ownership government corporation established to recapitalize a



Table of Contents

predecessor to the DIF. The current annualized assessment rate is six basis points and the rate is adjusted quarterly. These assessments will continue until the FICO bonds mature in 2019.

The enactment of the Emergency Economic Stabilization Act of 2008 then-temporarily raised the basic limit on federal deposit insurance coverage from \$100,000 to \$250,000 per depositor and in July of 2010, the Dodd-Frank Act made the increased coverage amount permanent.

The Volcker Rule. Through the Volcker Rule, the Dodd-Frank Act prohibits banks and their affiliates from engaging in proprietary trading and investing in and sponsoring certain unregistered investments companies (defined as hedge funds and private equity funds). The Volcker Rule, which became effective in July 2015, does not significantly affect ATSB's or ABTW's operations, as they generally do not engage in the businesses prohibited by the Volcker Rule.

Depositor Preference. The FDIA provides that, in the event of the liquidation or other resolution of an insured depository institution, the claims of depositors of the institution, including the claims of the FDIC as subrogee of insured depositors, and certain claims for administrative expenses of the FDIC as a receiver, will have priority over other general unsecured claims against the institution. If an insured depository institution fails, insured and uninsured depositors, along with the FDIC, will have priority in payment ahead of unsecured, non-deposit creditors, including the parent bank holding company, with respect to any extensions of credit they have made to such insured depository institution.

Consumer Financial Protection. ATBancorp is subject to a number of federal and state consumer protection laws that extensively govern its relationship with its customers. These laws include the Equal Credit Opportunity Act, the Fair Credit Reporting Act, the Truth in Lending Act, the Truth in Savings Act, the Electronic Fund Transfer Act, the Expedited Funds Availability Act, the Home Mortgage Disclosure Act, the Fair Housing Act, the Real Estate Settlement Procedures Act, the Fair Debt Collection Practices Act, the Right to Financial Privacy Act, the Service Members Civil Relief Act and these laws' respective state-law counterparts, as well as state usury laws and laws regarding unfair and deceptive acts and practices. These and other federal laws, among other things, require disclosures of the cost of credit and terms of deposit accounts, provide substantive consumer rights, prohibit discrimination in credit transactions, regulate the use of credit report information, provide financial privacy protections, prohibit unfair, deceptive and abusive practices, restrict ATBancorp's ability to raise interest rates and subject ATBancorp to substantial regulatory oversight. Violations of applicable consumer protection laws can result in significant potential liability from litigation brought by customers, including actual damages, restitution and attorneys fees. Federal bank regulators, state attorneys general and state and local consumer protection agencies may also seek to enforce consumer protection requirements and obtain these and other remedies, including regulatory sanctions, customer rescission rights, action by the state and local attorneys general in each jurisdiction in which ATSB or ABTW operates and civil money penalties. Failure to comply with consumer protection requirements may also result in ATBancorp's failure to obtain any required bank regulatory approval for merger or acquisition transactions it may want to pursue or ATBancorp's prohibition from engaging in such transactions even if approval is not required.

Further, the CFPB has broad rulemaking authority for a wide range of consumer financial laws that apply to all banks, including, among other things, the authority to prohibit unfair, deceptive or abusive acts and practices.

Brokered Deposit Restrictions. Well-capitalized institutions are not subject to limitations on brokered deposits, while an adequately capitalized institution is able to accept, renew or roll over brokered deposits only with a waiver from the FDIC and subject to certain restrictions on the yield paid on such deposits. Undercapitalized institutions are generally not permitted to accept, renew, or roll over brokered deposits.

Community Reinvestment Act. The Community Reinvestment Act of 1977 ( the CRA ), requires depository institutions to assist in meeting the credit needs of their market areas consistent with safe and sound banking practice. Under the CRA, each depository institution is required to help meet the credit needs of its market areas by, among other things, providing credit to low- and moderate-income individuals and communities. These factors are also considered in evaluating mergers, acquisitions and applications to open a branch or facility. The applicable federal regulators regularly conduct CRA examinations to assess the performance of financial institutions and assign one of four ratings to the institution's records of meeting the credit needs of its community. During their last examinations, each of ATSB and ABTW received a rating of satisfactory.

Insider Credit Transactions. Banks are subject to certain restrictions imposed by the Federal Reserve Act on extensions of credit to certain executive officers, directors, principal shareholders and any related interests of such persons. Extensions of credit to such persons generally require prior board approval and must: (i) be made on substantially the same terms, including interest rates and collateral, and follow credit underwriting procedures that are not less stringent than those prevailing at the time for comparable transactions with persons not covered by such restrictions; and (ii) not involve more than the normal risk of repayment or present other unfavorable features. Banks are also subject to certain lending limits and restrictions on overdrafts to such persons. A violation of these restrictions may result in the assessment of substantial civil monetary penalties on the affected bank or any officer, director,

Table of Contents

employee, agent or other person participating in the conduct of the affairs of that bank, the imposition of a cease and desist order, and other regulatory sanctions.

Concentration in Commercial Real Estate Lending. As a part of their regulatory oversight, the federal regulators have issued guidelines on sound risk management practices with respect to a financial institution's concentrations in commercial real estate ( CRE ) lending activities. The guidelines identify certain concentration levels that, if exceeded, will expose the institution to additional supervisory analysis surrounding the institution's CRE concentration risk. The guidelines are designed to promote appropriate levels of capital and sound loan and risk management practices for institutions with a concentration of CRE loans. In general, the guidelines establish two concentration levels. First, a concentration is deemed to exist if the institution's total construction, land development and other land loans represent 100 percent or more of total risk-based capital ( CRE 1 Concentration ). Second, a concentration will be deemed to exist if total loans for construction, land development and other land and loans secured by multifamily and non-owner occupied non-farm residential properties (excluding loans secured by owner-occupied properties) represent 300 percent or more of total risk-based capital ( CRE 2 Concentration ) and the institution's commercial real estate loan portfolio has increased by 50 percent or more during the prior 36 month period. As of June 30, 2018, ATSB's and ABTW's CRE 1 Concentration levels were 34.1 percent and 24.5 percent, respectively, and ATSB's and ABTW's CRE 2 Concentration levels were 207.0 percent and 96.4 percent, respectively. ATSB's and ABTW's commercial real estate loan portfolios increased by 19.8 percent and 30.7 percent, respectively, during the prior 36 months. Management employs heightened risk management practices with respect to commercial real estate lending, including board and management oversight and strategic planning, development and underwriting standards, risk assessment and monitoring through market analysis and stress testing. At June 30, 2018 ATSB's and ABTW's management each concluded that ATSB and ABTW, respectively, had an acceptable and well-managed concentration in commercial real estate lending under the foregoing standards.

FDICIA. Under the Federal Deposit Insurance Corporation Improvement Act of 1991 ( FDICIA ), each federal banking agency has prescribed, by regulation, safety and soundness standards for institutions under its authority. These standards cover internal controls, information and internal audit systems, loan documentation, credit underwriting, interest rate exposure, asset growth, compensation, fees and benefits, such other operational and managerial standards as the agency determines to be appropriate, and standards for asset quality, earnings and stock valuation. An institution which fails to meet these standards must develop a plan acceptable to the agency, specifying the steps that the institution will take to meet the standards. Failure to submit or implement such a plan may subject the institution to regulatory sanctions.

Examinations. ATSB is examined from time to time by its primary federal banking regulator, the Federal Reserve, as well as the IDB and is charged for the cost of such an examination. Depending on the results of a given examination, the Federal Reserve and the IDB may revalue ATSB's assets and require that ATSB establish specific reserves to compensate for the difference between the value determined by the regulator and the book value of the assets. ABTW is examined from time to time by its primary federal banking regulator, the FDIC, as well as the WDFI and is charged for the cost of such an examination. Depending on the results of a given examination, the FDIC and the WDFI may revalue ABTW's assets and require that ABTW establish specific reserves to compensate for the difference between the value determined by the regulator and the book value of the assets.

Financial Privacy. In accordance with the Gramm-Leach-Bliley Financial Modernization Act of 1999 (the GLB Act ), federal banking regulators adopted rules that limit the ability of banks and other financial institutions to disclose nonpublic information about consumers to nonaffiliated third parties. These limitations require disclosure of privacy policies to consumers and, in some circumstances, allow consumers to prevent disclosure of certain personal information to a nonaffiliated third party. The privacy provisions of the GLB Act affect how consumer information is transmitted through diversified financial companies and conveyed to outside vendors.

Anti-Money Laundering Initiatives and the USA Patriot Act. A major focus of governmental policy on financial institutions over the last decade has been combating money laundering and terrorist financing. The USA PATRIOT Act of 2001 (the USA Patriot Act ), substantially broadened the scope of United States anti-money laundering laws and regulations by imposing significant new compliance and due diligence obligations, creating new crimes and penalties and expanding the extra-territorial jurisdiction of the United States. The U.S. Treasury Department has issued a number of regulations that apply various requirements of the USA Patriot Act to financial institutions such as ATSB and ABTW. These regulations impose obligations on financial institutions to maintain appropriate policies, procedures and controls to detect, prevent and report money laundering and terrorist financing and to verify the identities of their customers. Financial institutions are also prohibited from entering into specified financial transactions and account relationships and must use enhanced due diligence procedures in their dealings with certain types of high-risk customers and implement a written customer identification program. Financial institutions must take certain steps to assist government agencies in detecting and preventing money laundering and report certain types of suspicious transactions. Regulatory authorities routinely examine financial institutions for compliance with these obligations, and failure of a financial institution to maintain and implement adequate programs to combat money laundering and terrorist financing, or to comply with all of the relevant laws or regulations, can have serious legal and reputational consequences for the institution.

Table of Contents

Office of Foreign Assets Control Regulation. The United States has imposed economic sanctions that affect transactions with designated foreign countries, nationals and others. These are typically known as the OFAC rules based on their administration by the U.S. Treasury Department Office of Foreign Assets Control ( OFAC ). The OFAC-administered sanctions targeting countries take many different forms. Generally, however, they contain one or more of the following elements: (i) restrictions on trade with or investment in a sanctioned country, including prohibitions against direct or indirect imports from and exports to a sanctioned country and prohibitions on U.S. persons engaging in financial transactions relating to making investments in, or providing investment-related advice or assistance to, a sanctioned country; and (ii) a blocking of assets in which the government or specially designated nationals of the sanctioned country have an interest, by prohibiting transfers of property subject to U.S. jurisdiction (including property in the possession or control of U.S. persons). Blocked assets (e.g., property and bank deposits) cannot be paid out, withdrawn, set off or transferred in any manner without a license from OFAC. ATBancorp is responsible for, among other things, blocking accounts of, and transactions with, such targets and countries, prohibiting unlicensed trade and financial transactions with them and reporting blocked transactions after their occurrence. Failure to comply with these sanctions could have serious legal and reputational consequences.

Other Laws and Regulations. ATBancorp is not only subject to federal laws applicable to it, it is also subject to the rules and regulations of the various federal agencies charged with the responsibility of implementing these federal laws.

*Guidance on Sound Incentive Compensation Policies*

In 2010, the federal bank regulators jointly issued final guidance on sound incentive compensation policies ( SICP ) intended to ensure that the incentive compensation policies of banking organizations do not undermine the safety and soundness of such organizations by encouraging excessive risk-taking. The SICP guidance, which covers all employees that have the ability to materially affect the risk profile of an organization, either individually or as part of a group, is based upon the key principles that a banking organization s incentive compensation arrangements should: (i) provide incentives that do not encourage risk-taking beyond the organization s ability to effectively identify and manage risks; (ii) be compatible with effective internal controls and risk management; and (iii) be supported by strong corporate governance, including active and effective oversight by the organization s board of directors. Any deficiencies in compensation practices that are identified may be incorporated into the organization s supervisory ratings, which can affect its ability to make acquisitions or perform other actions. The SICP guidance provides that enforcement actions may be taken against a banking organization if its incentive compensation arrangements or related risk-management control or governance processes pose a risk to the organization s safety and soundness and the organization is not taking prompt and effective measures to correct the deficiencies.

In 2016, the U.S. financial regulators proposed revised rules on incentive-based payment arrangements at specified regulated entities having at least \$1 billion in total assets, including ATBancorp and ATSB. The proposed revised rules would establish general requirements applicable to all covered entities, which would include: (i) prohibiting incentive arrangements that encourage inappropriate risks by providing excessive compensation; (ii) prohibiting incentive arrangements that encourage inappropriate risks that could lead to a material financial loss; (iii) establishing requirements for performance measures to appropriately balance risk and reward; (iv) requiring board of director oversight of incentive arrangements; and (v) mandating appropriate record-keeping. These proposed rules have not been finalized.

*Cybersecurity*

In March 2015, the Federal Financial Institutions Examination Council issued two related statements regarding cybersecurity. One statement indicates that financial institutions should design multiple layers of security controls to establish lines of defense and to ensure that their risk management processes also address the risk posed by compromised customer credentials, including security measures to reliably authenticate customers accessing internet-based services of the financial institution. The other statement indicates that a financial institution's management is expected to maintain sufficient business continuity planning processes to ensure the rapid recovery, resumption and maintenance of the institution's operations after a cyber-attack involving destructive malware. A financial institution is also expected to develop appropriate processes to enable recovery of data and business operations and address rebuilding network capabilities and restoring data if the institution or its critical service providers fall victim to this type of cyber-attack. If ATBancorp fails to observe the regulatory guidance, it could be subject to various regulatory sanctions, including financial penalties.

In the ordinary course of business, ATBancorp relies on electronic communications and information systems to conduct its operations and to store sensitive data. ATBancorp employs an in-depth, layered, defensive approach that leverages people, processes and technology to manage and maintain cybersecurity controls. ATBancorp employs a variety of preventative and detective tools to monitor, block, and provide alerts regarding suspicious activity, as well as to report on any suspected advanced persistent threats. Notwithstanding the strength of ATBancorp's defensive measures, the threat from cyber-attacks is severe, attacks are sophisticated and increasing in volume, and attackers respond rapidly to changes in defensive measures. While to date, ATBancorp has not experienced a significant compromise, significant data loss or any material financial losses related to cybersecurity attacks, its systems

Table of Contents

and those of its customers and third-party service providers are under constant threat and it is possible that ATBancorp could experience a significant event in the future. Risks and exposures related to cybersecurity attacks are expected to remain high for the foreseeable future due to the rapidly evolving nature and sophistication of these threats, as well as due to the expanding use of Internet banking, mobile banking and other technology-based products and services by ATBancorp and its customers.

*Changing Regulatory Structure and Future Legislation and Regulation*

Congress may enact further legislation that affects the regulation of the financial services industry, and state legislatures may enact further legislation affecting the regulation of financial institutions chartered by or operating in these states. Federal and state regulatory agencies also periodically propose and adopt changes to their regulations or change the manner in which existing regulations are applied. ATBancorp cannot predict the substance or impact of pending or future legislation or regulations, or the application thereof, although enactment of the proposed legislation could impact the regulatory structure under which it operates and may significantly increase costs, impede the efficiency of internal business processes, require an increase in regulatory capital, require modifications to its business strategy, and limit its ability to pursue business opportunities in an efficient manner. A change in statutes, regulations or regulatory policies applicable to ATBancorp or any of its subsidiaries could have a material effect on ATBancorp's business.

*Monetary Policy and Economic Environment*

The policies of regulatory authorities, including the monetary policy of the Federal Reserve Board, can have a significant effect on the operating results of bank holding companies and their subsidiaries. Among the means available to the Federal Reserve Board to affect the money supply are open market operations in United States Government securities, changes in the discount rate on member bank borrowings, and changes in reserve requirements against member bank deposits. These means are used in varying combinations to influence overall growth and distribution of bank loans, investments and deposits, and their use may affect interest rates charged on loans or paid on deposits. The Federal Reserve Board's monetary policies have materially affected the operating results of commercial banks in the past and are expected to continue to do so in the future. The nature of future monetary policies and the effect of these policies on ATSB's and ABTW's businesses and earnings cannot be predicted.

Table of Contents

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

This discussion presents management's analysis of the consolidated financial condition and results of operations of ATBancorp as of and for each of the years in the two-year period ended December 31, 2017 and 2016, and the six month periods ended June 30, 2018 and June 30, 2017. This discussion is designed to provide shareholders with a more comprehensive review of the operating results and financial position than could be obtained from an examination of the financial statements alone. The discussion should be read in conjunction with the consolidated financial statements of ATBancorp and the notes related thereto which appear elsewhere in this joint proxy statement/prospectus.

**Critical Accounting Policies**

ATBancorp's consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States. The financial information contained within these statements is, to a significant extent, financial information that is based on approximate measures of the financial effects of transactions and events that have already occurred. Based on its consideration of accounting policies that involve the most complex and subjective decisions and assessments, ATBancorp management has identified its most critical accounting policy to be that related to the allowance for loan losses. ATBancorp's allowance for loan losses methodology incorporates a variety of risk considerations, both quantitative and qualitative, in establishing an allowance for loan losses that management believes is appropriate at each reporting date. Although management believes the level of the allowance as of June 30, 2018, December 31, 2017, June 30, 2017 and December 31, 2016 was adequate to absorb losses inherent in the loan portfolio, a decline in the local economy or other adverse factors may result in increasing losses that cannot reasonably be predicted at this time. See the portion of this Management's Discussion and Analysis section entitled "Financial Condition - Allowance For Loan Losses."

**As of and for the Year Ended December 31, 2017 Compared to the Year Ended December 31, 2016**

*General*

ATBancorp's primary source of income is from the interest earned on its loans and trust fees and its primary area of expense is salaries and benefits, and the interest paid on deposits.

At December 31, 2017, ATBancorp had approximately \$1.6 billion in total assets, \$1.3 billion in net loans, \$1.4 billion in total deposits and \$134.8 million in shareholders' equity. At December 31, 2016, ATBancorp had approximately \$1.5 billion in total assets, \$1.2 billion in net loans, \$1.3 billion in total deposits and \$124.5 million in shareholders' equity.

For the year ended December 31, 2017, ATBancorp realized net income of \$12.6 million or \$358.71 per common share compared to net income of \$12.1 million or \$344.11 per common share for 2016. The \$506 thousand increase in net income for 2017 compared to 2016 was due to increased net interest income, partially offset by higher operating expenses. The \$2.7 million increase in net interest income in 2017 compared to 2016 was related to higher average loan balances. The \$1.2 million increase in noninterest expense in 2017 compared to 2016 was primarily due to increased salaries and employee benefits expense.



The return on average equity for the years ended December 31, 2017 and 2016 was 9.71% and 10.08%, respectively. The return on average assets for the same years was 0.79% and 0.80%, respectively. The dividend payout ratio (dividends per share divided by net income per share) for those years was 25.08% and 15.11%, respectively. The equity to assets ratio (average equity divided by average total assets) for those years was 8.17% and 7.94%, respectively.

*Results of Operations*

Net Interest Income and Margin. ATBancorp's earnings depend largely upon its net interest income, which is the difference between the income received from its loan portfolio and other interest-earning assets and the interest paid on deposits and other interest-bearing liabilities. The net interest income, when expressed as a percentage of average total interest-earning assets, is referred to as the net interest margin. ATBancorp's net interest income is affected by the change in the level and the mix of interest-earning assets and interest-bearing liabilities, referred to as volume changes. ATBancorp's net interest income is also affected by changes in the yields earned on interest-earning assets and rates paid on interest-bearing liabilities, referred to as rate changes. Interest rates charged on ATBancorp's loans are affected principally by the demand for such loans, the supply of money available for lending purposes and competitive factors. Those factors are, in turn, affected by general economic conditions and other factors beyond ATBancorp's control, such as federal economic policies, the general supply of money in the economy, legislative tax policies, governmental budgetary matters and the actions of the Federal Reserve Board. Interest rates on deposits are affected primarily by rates charged by competitors.

Table of Contents

For the year ended December 31, 2017, net interest income totaled \$46.6 million compared to \$43.9 million for the year ended December 31, 2016. This represents a year-over-year increase of \$2.7 million, or 6.25%. Total interest income increased \$4.0 million while interest expense increased \$1.3 million in 2017 compared to 2016.

Interest income totaled \$55.6 million for the year ended December 31, 2017. This represented an increase of \$4.0 million, or 7.74%, compared to interest income of \$51.6 million in 2016. The increase in interest income year-over-year in 2017 compared to 2016 was primarily due to higher loan volume. The average yield on interest-earning assets increased to 3.70% for the year ended December 31, 2017 up from 3.62% for the year ended December 31, 2016.

Interest expense totaled \$8.9 million for the year ended December 31, 2017. This represented an increase of \$1.2 million, or 16.29%, compared to interest expense of \$7.7 million in 2016. Average interest-bearing liabilities increased \$47.5 million in 2017 as compared to 2016. The average rate paid on interest-bearing liabilities increased to 0.78% for the year ended December 31, 2017 from 0.70% for the year ended December 31, 2016.

Net interest income, when expressed as a percentage of average total interest-earning assets, is referred to as the net interest margin. The net interest margins for the years ended December 31, 2017 and 2016 were 3.10% and 3.08%, respectively. The net interest spread is the difference between the yield on average interest-earning assets and the cost of average interest-bearing liabilities. The net interest spread is an indication of the ability of ATBancorp to manage rates received on loans and investments and rates paid on deposits and borrowings in a competitive and changing interest rate environment. For the years ended December 31, 2017 and 2016, ATBancorp's net interest spread was 2.92%.

For the year ended December 31, 2017, the yield on average interest-earning assets increased to 3.70%, or eight basis points, from 3.62% for 2016. Cost of interest-bearing liabilities for the year ended December 31, 2017 increased to 0.78%, from 0.70% in 2016. The increase in the yield on average interest-earning assets was primarily attributable to a shift in mix towards higher yielding assets (loans). The increase in cost of funds was due in part to a shift in mix towards higher cost borrowings.

Edgar Filing: MidWestOne Financial Group, Inc. - Form S-4

Table of Contents

The following table shows ATBancorp's average balances of assets, liabilities and shareholders' equity; the amount of interest income and interest expense; the average yield or rate for each category of interest-earning assets and interest-bearing liabilities; and the net interest spread and the net interest margin for the periods indicated:

**Distribution, Yield and Rate Analysis of Net Interest Income**

	For the 12 Months Ended December 31,								
	Average Balance	2017 Interest Income/Expense	Average Rate/Yield(1)	Average Balance	2016 Interest Income/Expense	Average Rate/Yield(1)	Average Balance	2015 Interest Income/Expense	Average Rate/Yield(1)
(Dollars in Thousands)									
<b>Assets</b>									
<u>Interest-earning assets:</u>									
Loans(1)	\$ 1,257,019	\$ 51,352	4.09%	\$ 1,155,215	\$ 47,868	4.14%	\$ 1,086,910	\$ 46,790	4.30%
Investment securities taxable	175,457	3,116	1.78%	139,480	2,438	1.75%	105,391	1,841	1.75%
Investment securities tax exempt	22,119	439	1.98%	28,398	567	2.00%	34,487	707	2.05%
Other earning assets	47,551	647	1.36%	100,360	688	0.69%	116,194	462	0.40%
Total interest-earning assets	\$ 1,502,146	\$ 55,554	3.70%	\$ 1,423,453	\$ 51,561	3.62%	\$ 1,342,982	\$ 49,800	3.71%
<u>Noninterest-earning assets:</u>									
Cash and due from banks	29,544			28,741			27,848		
Other assets	53,818			56,268			58,396		
Total Assets	\$ 1,585,508			\$ 1,508,462			\$ 1,429,226		
<b>Liabilities and Shareholders' Equity</b>									
<u>Interest-bearing liabilities:</u>									
Interest-bearing demand	\$ 243,178	\$ 1,461	0.60%	\$ 228,195	\$ 1,298	0.57%	\$ 205,812	\$ 1,145	0.56%
Money market	346,646	1,258	0.36%	344,585	888	0.26%	325,785	795	0.24%
Savings	149,959	578	0.39%	138,728	508	0.37%	127,633	448	0.35%
Time deposits	274,877	2,957	1.08%	274,313	2,807	1.02%	302,687	3,251	1.07%
Repurchase agreements	44,795	146	0.33%	51,858	137	0.26%	27,533	89	0.32%
Other borrowings	86,702	2,543	2.93%	60,980	2,052	3.37%	69,521	1,985	2.86%
Total interest-bearing liabilities	\$ 1,146,157	\$ 8,943	0.78%	\$ 1,098,659	\$ 7,690	0.70%	\$ 1,058,971	\$ 7,713	0.73%
<u>Noninterest-bearing liabilities:</u>									
Demand deposits	291,934			270,734			242,094		
Other liabilities	17,837			19,261			17,895		
Shareholders' equity	129,580			119,808			110,266		
Total liabilities and shareholders' equity	\$ 1,585,508			\$ 1,508,462			\$ 1,429,226		
Net Interest Income		\$ 46,611			\$ 43,871			\$ 42,087	
Net Interest Spread(2)			2.92%			2.92%			2.98%
Net Interest Margin(3)			3.10%			3.08%			3.13%

- (1) Nonaccrual loans have been included in the average balances for computation purposes, but the foregone interest of such loans is excluded.
- (2) Represents the weighted average yield on interest-earning assets less the weighted average cost of interest-bearing liabilities.
- (3) Represents the net interest income (before provision for credit losses) as a percentage of average interest-earning assets.

Table of Contents

The following table sets forth, for the periods indicated, the dollar amount of changes in interest earned and paid for interest-earning assets and interest-bearing liabilities and the amount of change attributable to changes in average daily balances (volume) or changes in interest rates (rate). The variances attributable to both the volume and rate changes have been allocated in proportion to the relationship of the absolute dollar amount of the changes in each:

**Rate/Volume Analysis of Net Interest Income**

	Year Ended December 31, 2017 vs. 2016		
	Volume	Increases (Decreases) Due to Change In Rate (Dollars in Thousands)	Total
Increase (decrease) in interest income:			
Loans	\$ 4,218	\$ (734)	\$ 3,484
Investment securities - taxable	629	49	678
Investment securities tax exempt	(125)	(3)	(128)
Other earning assets	(362)	321	(41)
Total interest income	\$ 4,360	\$ (367)	\$ 3,993
(Increase) decrease in interest expense:			
Interest-bearing demand	85	78	163
Money market	5	365	370
Savings	41	29	70
Time certificates of deposit	6	144	150
Repurchase agreements	(19)	28	9
Other borrowings	866	(375)	491
Total interest expense	\$ 984	\$ 269	\$ 1,253
Net interest income differential	\$ 3,376	\$ (636)	\$ 2,740

	Year Ended December 31, 2016 vs. 2015		
	Volume	Increases (Decreases) Due to Change In Rate (Dollars in Thousands)	Total
Increase (decrease) in interest income:			
Loans	\$ 2,940	\$ (1,862)	\$ 1,078
Investment securities - taxable	595	2	597
Investment securities tax exempt	(125)	(15)	(140)
Other earning assets	(63)	289	226
Total interest income	\$ 3,347	\$ (1,586)	\$ 1,761
(Increase) decrease in interest expense:			
Interest-bearing demand	125	28	153
Money market	46	47	93
Savings	39	21	60
Time certificates of deposit	(305)	(139)	(444)
Repurchase agreements	79	(31)	48
Other borrowings	(244)	311	67
Total interest expense	\$ (260)	\$ 237	\$ (23)
Net interest income differential	\$ 3,607	\$ (1,823)	\$ 1,784

Provision for Credit Losses. Credit risk is inherent in the business of making loans. ATBancorp sets aside an allowance for loan losses through charges to net income. The charges are shown on the income statements as a provision for credit losses, and specifically identifiable and quantifiable losses are immediately charged off against the allowance. The periodic provision for credit loss expense is a reflection of the needed balance in the allowance for loan losses. The procedures for monitoring the adequacy of the

Table of Contents

allowance, as well as detailed information concerning the allowance itself, are included below under Allowance for Loan Losses. Management believes that ATBancorp maintained adequate balances of allowance for loan losses at December 31, 2017 and 2016.

Noninterest Income. ATBancorp's noninterest income is generated from several sources. Noninterest income is derived primarily from trust fees. Service charges and fees on deposit accounts and income related to card interchange income are also strong contributors to noninterest income.

For the year ended December 31, 2017, ATBancorp recorded \$27.3 million in noninterest income compared to \$25.5 million for 2016 for an increase of \$1.8 million.

Noninterest Expense. Noninterest expense, which is comprised primarily of salaries and employee benefits, occupancy and equipment, marketing and business development, data processing, insurance and other expenses, totaled \$55.1 million for the year ended December 31, 2017 compared to \$53.8 million for the year ended December 31, 2016. The \$1.3 million increase in noninterest expense in 2017 as compared to 2016 was due to higher salaries and employee benefits. The \$822 thousand increase in salaries and employee benefits in 2017 as compared to 2016 was due to annual merit increases and higher health care costs.

Noninterest expenses reflect the direct expenses and related administrative expenses associated with staffing, maintaining and operating branch facilities. ATBancorp's ability to control noninterest expenses in relation to asset growth can be measured in terms of noninterest expenses as a percentage of average interest-earning assets. Noninterest expenses measured as a percentage of average interest-earning assets was 3.67% and 3.78% for the years ended December 31, 2017 and 2016, respectively.

The following table sets forth the breakdown of noninterest expense for the periods indicated:

	2017		For the Years Ended December 31, 2016		2015	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total
	(Dollars in Thousands)					
Salaries and employee benefits	\$ 31,501	57.20%	\$ 30,679	56.98%	\$ 30,412	55.28%
Occupancy and equipment	6,696	12.16%	6,317	11.73%	6,186	11.24%
Marketing and business development	3,146	5.71%	2,930	5.44%	2,778	5.05%
Data Processing	5,713	10.37%	5,469	10.16%	4,637	8.43%
Insurance	945	1.72%	1,306	2.43%	1,721	3.13%
Other operating expense	7,069	12.84%	7,136	13.25%	9,279	16.87%
Total noninterest expense	\$ 55,070	100.00%	\$ 58,837	100.00%	\$ 55,013	100.00%
As a percentage of average total interest-earning assets	3.67%		3.78%		4.10%	
Efficiency ratio	66.45%		69.87%		70.98%	

*Liquidity and Capital Resources*

Liquidity. Liquidity is ATBancorp's ability to maintain sufficient cash flow to meet deposit withdrawals and loan demands and to take advantage of investment opportunities as they arise. ATBancorp's principal sources of liquidity have been growth in deposits, proceeds from the maturity of securities, and repayments from loans. To supplement its primary sources of liquidity, ATBancorp maintains contingent funding sources, which include unsecured borrowing arrangements with its correspondent financial institutions. There were \$900 thousand outstanding under these arrangements at December 31, 2017. In addition to available credit lines at correspondent financial institutions, ATBancorp also has a borrowing arrangement with the Federal Home Loan Bank ( FHLB ). ATBancorp has a blanket lien arrangement on qualifying loan collateral. As of December 31, 2017, ATBancorp's net availability under this arrangement was \$143.8 million.

Capital Resources. Shareholders' equity as of December 31, 2017 and 2016 was \$134.8 million and \$124.5 million, respectively. The increase in shareholders' equity over the aforementioned periods was primarily a result of comprehensive income of \$12.6 million in 2017. ATBancorp is committed to maintaining capital at a level sufficient to assure shareholders, customers and regulators that ATBancorp is financially sound and able to support its growth from retained earnings. ATBancorp is subject to risk-based capital regulations adopted by the federal banking regulators. These guidelines are used to evaluate capital adequacy and are based on an institution's asset risk profile and off-balance sheet exposure. The risk-based capital guidelines assign risk weightings to assets both on and off-balance sheet and place increased emphasis on common equity.



Table of Contents

Current risk-based regulatory capital standards generally require banks and bank holding companies to maintain a ratio of common equity Tier 1 capital to risk-weighted assets of at least 4.50%, Tier 1 capital to risk-weighted assets of at least 6.00%, a ratio of Tier 1 capital to average total assets (leverage ratio) of at least 4.00% and a ratio of total capital (which includes Tier 1 capital plus certain forms of subordinated debt, a portion of the allowance for loan and lease losses, and preferred stock) to risk-weighted assets of at least 8.00%. However, under the final rule on Enhanced Regulatory Capital Standards, commonly referred to as Basel III, which became effective in the first quarter 2015, a capital conservation buffer of 2.5%, comprised of common equity Tier 1, is established above the regulatory minimum capital requirement. The capital conservation buffer phases in between January 1, 2016 and year end 2018, becoming fully effective on January 1, 2019; however the full phased in capital conservation buffer is included in the table below.

Risk-weighted assets are calculated by multiplying the balance in each category of assets by a risk factor, which ranges from zero for cash assets and certain government obligations to 150% for some loans, and adding the products together.

Under these regulations, a bank is considered well capitalized if the institution has a common equity Tier 1 risk-based capital ratio of 6.5% or greater, a Tier 1 risk-based capital ratio of 8.0% or greater, a total risk-based capital ratio of 10.0% or greater and a leverage ratio of 5.0% or greater, and is not subject to any order or written directive by any such regulatory authority to meet and maintain a specific capital level for any capital measure. ATSB and ABTW are required to maintain similar capital levels under capital adequacy guidelines. The following table provides the capital ratios for ATBancorp on a consolidated basis and ATSB and ABTW as of the dates indicated, along with the applicable regulatory capital requirements:

	Ratio at December 31, 2017	Ratio at December 31, 2016	Minimum Requirement for Adequately Capitalized Institution plus fully phased in Capital Conservation Buffer	Minimum Requirement for Well-Capitalized Institution at December 31, 2017
<b>Common Equity Tier 1 Risk-Based Capital Ratio</b>				
ATBancorp Consolidated	9.11%	9.04%	5.75%	6.50%
American Trust & Savings Bank	11.17%	11.54%	5.75%	6.50%
American Bank & Trust Wisconsin	14.75%	14.60%	5.75%	6.50%
<b>Tier 1 Risk-Based Capital Ratio</b>				
ATBancorp Consolidated	10.45%	10.48%	7.25%	8.00%
American Trust & Savings Bank	11.17%	11.54%	7.25%	8.00%
American Bank & Trust Wisconsin	14.75%	14.60%	7.25%	8.00%
<b>Total Risk-Based Capital Ratio</b>				
ATBancorp Consolidated	12.66%	13.01%	9.25%	10.00%
American Trust & Savings Bank	12.11%	12.49%	9.25%	10.00%
American Bank & Trust Wisconsin	16.00%	15.85%	9.25%	10.00%
<b>Leverage Ratio</b>				
ATBancorp Consolidated	9.31%	9.25%	N/A	5.00%
American Trust & Savings Bank	10.68%	10.76%	N/A	5.00%
American Bank & Trust Wisconsin	11.00%	11.34%	N/A	5.00%

At December 31, 2017, all of ATBancorp's regulatory capital ratios were above minimum requirements for a well-capitalized institution.

*Impact of Inflation*

The impact of inflation on a financial institution differs significantly from such impact on other companies. Banks, as financial intermediaries, have assets and liabilities that tend to move in concert with inflation both as to interest rates and value. A bank can reduce the impact of inflation if it can manage its interest rate sensitivity gap. ATBancorp attempts to structure its mix of financial instruments and manage its interest rate sensitivity gap in order to minimize the potential adverse effects of inflation or other market forces on its net interest income and therefore its earnings and capital. Inflation has been moderate for the last several years

Table of Contents

and has had little or no effect on the financial condition and results of operations of ATBancorp during the periods covered in this joint proxy statement/prospectus.

*Financial Condition*

Summary. Total assets were \$1.6 billion as of December 31, 2017, compared to \$1.5 billion as of December 31, 2016. Total assets increased from year-end 2016 to year-end 2017 by \$101.8 million, or 6.61%. Total loans, net of allowance for loan losses, increased to \$1.3 billion as of December 31, 2017, compared to \$1.2 billion as of December 31, 2016. This represents an increase from year-end 2016 to year-end 2017 of \$121.1 million, or 10.27%. Total deposits were \$1.4 billion as of December 31, 2017, compared to \$1.3 billion as of December 31, 2016. The year-over-year increase in total deposits as of December 31, 2016 to 2017 was \$117.1 million, or 9.35%.

Investment Portfolio. The main objectives of ATBancorp's investment portfolio are to support a sufficient level of liquidity while providing means to manage interest rate risk, generate an adequate level of interest income without taking undue risks and provide collateral for repurchase agreement requirements. The portfolio of investment securities consists primarily of U.S. government agencies, mortgage-backed securities, and municipal securities. ATBancorp's portfolio is comprised entirely of available-for-sale securities.

The following table summarizes the amortized cost, fair value and distribution of ATBancorp's investment securities as of the dates indicated:

	2017		As of December 31, 2016		2015	
	Amortized Cost	Fair Value	Amortized Cost (Dollars in Thousands)	Fair Value	Amortized Cost	Fair Value
<b>Available for sale</b>						
U.S. government-sponsored agency securities	\$ 138,074	\$ 135,858	\$ 151,653	\$ 149,180	\$ 76,081	\$ 76,500
Mortgage-backed securities	9,284	9,187	11,675	11,678	14,812	14,889
U.S. Treasury	5,017	4,970	5,021	4,958	3,000	3,000
Obligations of state and municipal subdivisions	23,346	23,380	31,786	31,795	37,164	37,580
Total	\$ 175,721	\$ 173,395	\$ 200,135	\$ 197,611	\$ 131,057	\$ 131,969

At December 31, 2017 the fair value of securities available for sale totaled \$173.4 million, a decrease of \$24.2 million, or 12.25%, from \$197.6 million at December 31, 2016. The decrease in securities from December 31, 2016 to December 31, 2017 was primarily due to maturities. In 2017, investment purchases totaled a combined \$1.6 million, security sales, calls, prepayments, and maturities totaled a combined \$25.3 million and portfolio amortization and accretion totaled \$730 thousand.

## Edgar Filing: MidWestOne Financial Group, Inc. - Form S-4

The available-for-sale securities portfolio had a net unrealized loss of \$2.3 million at December 31, 2017 compared to net unrealized loss of \$2.5 million at December 31, 2016. The net unrealized gain or loss on available-for-sale securities is excluded from net income and reported as a separate component of accumulated other comprehensive income or loss included in shareholders' equity.

On an annual basis, ATBancorp makes an assessment to determine whether there has been any credit or economic events to indicate that a security with an unrealized loss in the investment portfolio is impaired on an other-than-temporary basis. ATBancorp considers many factors including the severity and duration of the impairment, the intent and ability for ATBancorp to hold the security for a period of time sufficient for full recovery in value, recent downgrades in external credit ratings and other current events specific to the issuer or industry. Unrealized losses are generally due to changes in interest rates and, as such, are considered to be temporary by ATBancorp.

The following table summarizes, as of December 31, 2017, the maturity characteristics of the investment portfolio, by investment category. Expected remaining maturities may differ from remaining contractual maturities because obligors may have the right to prepay certain obligations with or without penalties.

Table of Contents

	Within One Year		After One But Within Five Years		After Five But Within Ten Years		After Ten Years		Total	
	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield
(Dollars in Thousands)										
<b>Available for Sale</b>										
U.S. government-sponsored agency securities	\$ 11,696	1.52%	\$ 94,552	1.71%	\$ 29,610	1.94%	\$ 0%	\$ 135,858	1.74%	
Mortgage-backed securities	1,392	2.42%	7,795	2.19%		0%	0%	9,187	2.22%	
U.S. Treasury securities		0%	4,970	2.05%		0%	0%	4,970	2.05%	
Obligations of state and municipal subdivisions	5,212	1.91%	16,062	1.94%	1,637	2.47%	469	23,380	1.98%	
Total	\$ 18,300		\$ 123,379		\$ 31,247		\$ 469	\$ 173,395		

Loan Portfolio. ATBancorp's loan portfolio represents the largest single portion of invested assets, greater than the investment portfolio or any other asset placement category. The quality and diversification of ATBancorp's loan portfolio are important considerations when reviewing ATBancorp's results of operations.

Total loans, net of allowance for loan losses, increased to \$1.3 billion as of December 31, 2017, compared to \$1.2 billion as of December 31, 2016. The increase from year-end 2016 to year-end 2017 was primarily a result of increases within ATBancorp's commercial real estate and construction portfolios. The following table sets forth the composition of ATBancorp's loan portfolio (excluding loans held for sale) as of the dates indicated:

	2017		2016		December 31, 2015		2014		2013	
	Amount	% of Loans	Amount	% of Loans	Amount	% of Loans	Amount	% of Loans	Amount	% of Loans
(Dollars in Thousands)										
Commercial - construction	\$ 86,659	6.59%	\$ 58,426	4.89%	\$ 75,675	6.62%	\$ 44,417	4.22%	\$ 55,442	5.61%
Commercial - real estate	493,526	37.55	448,331	37.54	413,076	36.14	431,074	40.93	394,995	39.99
Commercial - other	373,950	28.45	355,666	29.78	342,289	29.95	298,418	28.34	283,982	28.75
Agricultural	135,543	10.31	123,804	10.37	117,956	10.32	109,102	10.36	104,060	10.53
Residential real estate	108,953	8.29	96,939	8.12	90,968	7.96	74,377	7.06	63,816	6.46
Consumer	115,797	8.81	110,987	9.29	102,987	9.01	95,742	9.09	85,526	8.66
Total gross loans	1,314,428	100.00%	1,194,153	100.00%	1,142,951	100.00%	1,053,130	100.00%	987,821	100.00%
Less allowance for loan losses	(14,853)		(14,899)		(15,660)		(16,354)		(15,382)	
Purchase accounting premium (discount)	150		331		511		691		(2,411)	
Deferred costs and (fees)	846		(153)		(576)		(849)		(1,041)	
Net loans, held for investment	\$ 1,300,571		\$ 1,179,432		\$ 1,127,226		\$ 1,036,618		\$ 968,987	

Loan Maturities and Sensitivity to Changes in Interest Rates. The following table shows the maturity distribution and repricing intervals of ATBancorp's outstanding loans as of December 31, 2017. In addition, the table shows the distribution of such loans between those with variable or floating interest rates and those with fixed or predetermined interest rates. The table excludes deferred fees and purchase accounting premium totaling \$1 million and loans held for sale of \$2 million.

	As of December 31, 2017				
	Within One Year	After One But Within Five Years	After Five Years		Total
	(Dollars in Thousands)				
<b><u>Maturities</u></b>					
Commercial - construction	\$ 30,424	\$ 42,890	\$ 13,345		\$ 86,659
Commercial - real estate	39,128	309,253	145,145		493,526
Commercial - other	98,851	135,568	139,531		373,950
Agricultural	45,299	77,612	12,632		135,543
Residential Real Estate	26,972	11,338	70,643		108,953
Consumer	6,998	31,499	77,300		115,797
Total gross loans	\$ 247,672	\$ 608,160	\$ 458,596		\$ 1,314,428
<b><u>Repricing</u></b>					
Loans with variable (floating) interest rates	\$ 285,026	\$ 136,654	\$ 70,893		\$ 492,573
Loans with predetermined (fixed) interest rates	133,493	562,248	126,114		821,855
Total	\$ 418,519	\$ 698,902	\$ 197,007		\$ 1,314,428

Table of Contents

**Nonperforming Assets.** Nonperforming assets are comprised of loans on nonaccrual status, loans 90 days or more past due but not on nonaccrual status, loans restructured where the terms of repayment have been renegotiated resulting in a reduction or deferral of interest or principal (nonaccrual status), and OREO. Management generally places loans on nonaccrual status when they become 90 days past due, unless they are both fully secured and in the process of collection. Loans may be restructured by management when a borrower has experienced some change in financial status causing an inability to meet the original repayment terms, where ATBancorp believes the borrower will eventually overcome those circumstances and repay the loan in full. OREO consists of real property acquired through foreclosure or similar means that management intends to offer for sale.

Management's classification of a loan as nonaccrual or restructured is an indication that there is reasonable doubt as to the full collectability of principal or interest on the loan. At this point, ATBancorp stops recognizing income from the interest on the loan and reverses any uncollected interest that had been accrued but unpaid. If the loan deteriorates further due to a borrower's bankruptcy or similar financial problems, unsuccessful collection efforts or a loss classification by regulators or auditors, the remaining balance of the loan is then charged off. These loans may or may not be collateralized, but collection efforts are continuously pursued.

Nonperforming loans as a percentage of total loans were 0.33% as of December 31, 2017 and 2016. ATBancorp had nonperforming loans totaling \$4.2 million as of December 31, 2017, an increase from \$3.9 million as of December 31, 2016. Nonperforming assets consist of nonperforming loans and OREO. When appropriate or necessary to protect ATBancorp's interest, real estate taken as collateral on a loan may be taken by ATBancorp through foreclosure or a deed in lieu of foreclosure. Real property acquired in this manner is known as OREO. The OREO is carried on ATBancorp's financial statements as an asset, at fair value less estimated costs to sell. ATBancorp periodically revalues the OREO properties and charges other expenses for any further valuation adjustments.

At least quarterly, or more frequently if warranted, loans which have been identified as impaired are reviewed to determine the fair value of the real estate collateral, and ATBancorp charges off the portions of such loans considered uncollectible based upon this analyses.

The following table provides information with respect to the components of ATBancorp's nonperforming assets as of the dates indicated:

	2017	2016	At December 31, 2015		2014	2013
			(Dollars in Thousands)			
Nonaccrual loans, not restructured	\$ 2,449	\$ 2,265	\$ 1,778	\$ 4,977	\$ 8,170	
Nonperforming troubled debt restructurings	1,778	1,681	1,863	3,727	6,560	
Accruing loans past due 90 days or more			83	79		
Total nonperforming loans (NPLs)	4,227	3,946	3,724	8,783	14,730	
Other real estate owned and foreclosed assets	5,114	5,681	6,469	7,048	7,262	
Total nonperforming assets (NPAs)	\$ 9,341	\$ 9,627	\$ 10,193	\$ 15,831	\$ 21,992	
Performing troubled debt restructurings	\$ 5,009	\$ 7,637	\$ 8,629	\$ 8,481	\$ 5,955	
<i>Selected ratios:</i>						
NPLs to loans, held for investment, net of deferred costs and fees	0.33%	0.33%	0.33%	0.85%	1.52%	
NPAs to total assets	0.57%	0.63%	0.69%	1.12%	1.63%	

If nonaccrual loans outstanding during 2017 and 2016 had been current in accordance with their original terms, an immaterial amount of interest income would have been recorded during 2017 and 2016, respectively. There was no income recognized on nonaccrual loans prior to impairment during the years ended December 31, 2017 and 2016.

Allowance for Loan Losses. The allowance for loan losses reflects management's judgment of the level of allowance adequate to provide for probable incurred losses inherent in the loan portfolio as of the balance sheet date. On a quarterly basis, ATBancorp assesses the overall adequacy of the allowance for loan losses, utilizing a disciplined and systematic approach which includes an individual analysis of specific categories of loans, specific categories of classified loans and individual classified loans. The adequacy of the allowance is determinable only on an approximate basis, since estimates as to the magnitude and timing of loan losses are not predictable because of the impact of external events.

The allowance for loan losses, which is charged against operating expense, is based upon relevant information about the ability of borrowers to service their debt such as current financial information, historical payment experience, collateral adequacy and



Table of Contents

credit documentation plus an amount for other factors that, in management's judgment, deserve recognition in estimating probable incurred loan losses. These factors include, but are not limited to, historical charge-offs; estimated future loss in all significant loans; credit concentrations; certain classes or composition of loans; trends in the portfolio; delinquencies and nonaccruals; economic factors; and the experience of management.

The table below presents the activity in the allowance for loan losses by class of loans as of the dates indicated:

	Year Ended December 31,				
	2017	2016	2015	2014	2013
	(Dollars in Thousands)				
Balance, beginning of period	\$ 14,899	\$ 15,660	\$ 16,354	\$ 15,385	\$ 15,425
Loan charge-offs:					
Commercial - construction			(178)	(1,576)	(468)
Commercial - real estate			(98)	(323)	(883)
Commercial - other	(211)	(46)	(265)	(130)	(662)
Agricultural				(1,255)	
Residential real estate	(22)	(38)	(14)	(28)	(170)
Consumer and other	(240)	(207)	(621)	(440)	(1,574)
Total loan charge-offs	(473)	(291)	(1,176)	(3,752)	(3,757)
Loan recoveries:					
Commercial - construction		15	28	183	163
Commercial - real estate	1,159	66	86	729	156
Commercial - other	156	251	224	685	702
Agricultural	3		27		
Residential real estate	22	3	4	7	
Consumer and other	407	95	333	449	104
Total loan recoveries	1,747	430	702	2,053	1,125
Net loan recoveries (charge-offs)	1,274	139	(474)	(1,699)	(2,632)
Non-accretable adjustment				3,283	
Provision (credit) for loan losses	(1,320)	(900)	(220)	(615)	2,592
Balance, end of period	\$ 14,853	\$ 14,899	\$ 15,660	\$ 16,354	\$ 15,385

ATBancorp continuously monitors the quality of loans held in its portfolio and maintains an allowance for loan losses which management believes is sufficient to absorb losses inherent in the loan portfolio. The allowance for loan loss at December 31, 2017 and 2016 was \$14.9 million. The allowance represented 1.13% and 1.25% of total loans held in its portfolio for the years ended December 31, 2017 and 2016, respectively.

Management is committed to maintaining the allowance for loan losses at a level that is considered to be commensurate with estimated and known risks in the portfolio. Although the adequacy of the allowance is reviewed quarterly, management performs an ongoing assessment of the risks inherent in the portfolio. Real estate is the principal collateral for ATBancorp's loans. As of December 31, 2017, management believed the allowance to be adequate based on its assessment of the estimated and known risks in the portfolio. However, no assurance can be given that economic conditions which adversely affect our service areas or other circumstances will not be reflected in increased provisions or credit losses in the future. The following table provides a breakdown of the allowance for loan losses by category as of the dates indicated: