

2017 ANNUAL REPORT

This report contains confidential information. Each director is responsible for the confidentiality of this information.



Bank Iowa[®]

www.bankiowa.bank



Member FDIC

2017 ANNUAL REPORT

TABLE OF CONTENTS

- 2 The Communities We Serve
- 3 Message to Shareholders
- 7 Our Story
- 9 Bank Iowa By the Numbers
- 11 Giving Back
- 13 Departmental Reports
- 19 Regional Briefs
- 24 Board of Directors
- 25 Balance Sheet
- 26 Income Statement

WHAT'S THE COMMUNITY THAT MATTERS MOST?



THE ONE WE'RE ALL A PART OF.

Altoona | Charter Oak | Clarinda | Denison | Essex | Fredericksburg | Fremont | Gilmore City
Humboldt | Johnston | Lawler | Manilla | New Hampton | Newton | Oskaloosa | Pella | Red Oak
Schleswig | Shenandoah | Villisca | Waucoma | West Des Moines



www.bankiowa.bank | Member FDIC

MESSAGE TO SHAREHOLDERS



www.bankiowa.bank |  Member FDIC

BANK IOWA UPDATE JIM PLAGGE, PRESIDENT/CEO

On behalf of the team and Boards of Directors of Bank Iowa and Bank Iowa Corporation, I'm pleased to provide this summary of our 2017 financial performance and some highlights of the year.

We experienced strong growth in 2017 and continue to be profitable and well capitalized. Perhaps more importantly, we have nearly completed the alignment of our organizational structure to operate as one \$1 billion+ bank rather than seven smaller banks, as we were prior to our 2011 charter consolidation. This alignment will better position us to achieve our strategic objectives in the years ahead. I'm proud of our internal community of team members and our 2017 accomplishments. We're excited about Bank Iowa's future!

2017 FINANCIAL PERFORMANCE

Bank Iowa's 2017 consolidated financials show improvement in all areas compared to previous years. Total assets increased to \$1.3 billion on December 31, 2017, compared to \$1.15 billion on December 31, 2016. Gross loans reached an all-time high of \$885 million at year-end 2017, an 11-percent increase from 2016. Approximately half of the loan growth resulted from acquiring six talented lenders from our competitors in five markets. This was an intentional strategy to help fuel growth, bring on high-quality lenders (and people), and assist with succession planning in some markets.

Total deposits exceeded \$1 billion for the first time in 2017 and were \$1.1 billion at year-end, an increase of nearly 12-percent. Tier 1 Capital was \$109 million on December 31, 2017, compared to \$102 million last year. The bank and holding company are both considered well-capitalized under regulatory guidelines.

Consolidated net income was \$11.9 million in 2017, a 10-percent increase from \$10.8 million in 2016. The primary driver was increased net interest income resulting from our loan growth. We're projecting further improvement in 2018. With the right organizational structure now in place, we believe Bank Iowa is positioned for efficient asset growth in the future.

Non-performing loans declined for the sixth consecutive year to less than \$500,000 versus \$3 million last year and a high of \$22 million in 2011. Our level of non-performing loans remains below our peer group average for the third consecutive year.

As the second largest agriculture lender among all Iowa chartered banks, the stressed ag economy has contributed to a slight increase in problem loans, but we are confident in our ability to effectively manage these loans and are working with our ag borrowers to better position them for long-term success.

2017 HIGHLIGHTS

Two long-time leaders with a combined total of more than 70 years of service to Bank Iowa retired in 2017. John Hartford, Chief Lending Officer and former President of our Humboldt bank, retired from full-time employment in March but continues to serve the bank on a part-time basis as a member of our senior credit committee and remains a Bank Iowa board member. Darlene Carlson, Chief Financial Officer and former president of our Altoona bank, retired at the year's end. Their leadership, insight and positive contributions to our culture will be missed, but I'm pleased to report that

*Total Assets
increased to
\$1.3 billion
on December
31, 2017*

we successfully recruited two very talented leaders who will build on John's and Darlene's contributions:

- Bob Gagne joined us in November as Chief Lending Officer. Bob is a veteran banker with a wide variety of experience, most recently as Commercial Sales Manager at Bankers Trust in Des Moines. He will lead our loan origination process, with a focus on accelerating our business development efforts and coaching/mentoring our lending staff.
- Jon Sarvis joined the bank in January 2018 as Chief Financial Officer. Jon has 20 years of financial services experience, most recently serving as CEO of TMG Financial Services, an issuer of credit cards on behalf of financial institutions. Jon will lead our finance area, with a focus on improved financial reporting, oversight of our investment portfolio and initiatives to identify and implement opportunities for greater efficiencies. He will also be the executive sponsor of our strategic management planning process in 2018.

Two other significant leadership transitions occurred in 2017 in our Shenandoah region and our marketing department:

- John McBride succeeded Bob Vavra as Regional President of the Shenandoah region in April upon Bob's retirement. John has been with Bank Iowa for nearly 20 years, most

recently serving as Senior Lender of the region. Roger Vial, who joined us in 2016, was then promoted to the Senior Lender position. John, Roger and their team have

done an excellent job with the transition.

- Josh Fleming joined Bank Iowa in November as our Vice President of Marketing. Josh has been prominent in Iowa marketing circles for several years and was most recently with Meyocks, a branding and advertising agency with a focus on agriculture brands. In just a few months, Josh has invigorated our marketing efforts and is expanding our presence in digital media and thought leadership.

I discussed last year our ongoing plans for a core system conversion in May 2017. The core system is the computer program upon which all customer data and the bank's general ledger reside. All core conversions have challenges, and we've had our share, but we continue to work closely with our provider to resolve the challenges. The ultimate goal is to provide our customers and staff with exceptional technology experiences. We have already benefited from enhanced system efficiencies and internal controls. In 2018, we will realize additional benefits specifically in the areas of workflow and reporting.

We received regulatory approval in July to open a new loan production office in Pella. This office was then approved for full branch status in December. Pella is a growing and progressive community of over 10,000, and is known for its Dutch ancestry and its successful businesses and industries. It is located mid-way between our offices in Oskaloosa and Newton, and is about 40 miles southeast of Des Moines, so it fits well within our existing footprint. We were successful in recruiting three local bankers to join us and expect to hire additional talent later in 2018. We're currently operating in a small rented facility downtown and will be breaking ground on a new facility on the corner of the downtown square in May, with an expected

completion date of December 2018. This is our first entry into a new market in nearly ten years, and we're excited about our potential in Pella. We will continue to seek new market and acquisition opportunities to expand our footprint and grow the bank.

We continue to be very active in our communities, schools and area service organizations. Our team members logged nearly 9,000 community service hours in 2017, the equivalent of 4.5 full-time team members. Every volunteer hour enhances the quality of life in the communities we serve and provides personal satisfaction to our team.

Donations and Public Relations Expenses were over \$400,000 in 2017.

For the tenth consecutive year, the Bank Iowa Traveling Challenge Cup was awarded to four schools in the state for excellence in academics, fine arts and athletics. Each school received a trophy and \$2,000 for their student activities fund. We also awarded fourteen \$500 Spirit of Chandy Scholarships to graduating high school seniors, and seven \$500 Robert and Karen Duncan Bank Iowa Scholarships to graduating seniors who are children of our team members.

Bank Iowa continued to improve our employee-focused benefits in 2017 by implementing new plans administered by our own Human Resources department, rather than by our trade association. We are also now providing an exciting new wellness benefit, the "Live Well. Work Well." program.

In September, we welcomed Jill Shedek to the team. Jill is serving in the newly created Learning & Development Manager role. Her focus is on creating and implementing programs that will drive employee development and knowledge in all areas of the bank. Jill's first priority has been creating a

robust, bank-wide new employee onboarding program to welcome, assimilate and enhance new employee development.

Our six rural regions each hosted Ag Management Customer Appreciation events during the year, and the Des Moines region hosted several center of influence events with local law firms and CPA offices.

Architectural plans are being finalized for a new facility in Clarinda. We had hoped to be well underway by now but the project has been delayed by the state and federal historic tax credit process. When we move forward, this will be a historic rehabilitation / new construction project on the southwest corner of the downtown court house square, preserving an old bank facility constructed in 1876. We will donate our current facility to the city of Clarinda for its use as city administrative offices.

Thank you for your continued ownership and interest in Bank Iowa. I'm honored to lead this great organization and am especially grateful to work with our dedicated and talented teams and for such a wonderful shareholder group.

Sincerely,



Jim Plagge
CEO



Jim Plagge
President/CEO

Architectural plans are being finalized for a new facility in Clarinda.

We received regulatory approval in July to open a new loan production office in Pella.

OUR STORY

Ours isn't your typical bank story. In fact, when Bank Iowa founders Donald Duncan, J. Robert Duncan and Harry Barr first got together, it wasn't because they wanted to create a bank. They were starting an aviation company. And that's exactly what they did in Clarinda, Iowa, more than a half century ago.

It was from that entrepreneurial ambition and smart business leadership that one of Iowa's most successful banks would eventually flourish. That same spirit helps us understand the real needs of today's businesses, farmers, families and entrepreneurs all across Iowa.

From ambitious beginnings that date back to 1901 to becoming one of the largest-family owned community banks in Iowa, one thing has never changed and never will. Our dedication to serving our clients, team members and the communities we call home is steadfast. Bank Iowa Corporation continues to be owned by the Duncan and Barr families, and their community-centric values can be felt in every interaction we have with the people and places for which we exist.

Bank Iowa has evolved into a growing, dynamic operation with combined assets of over \$1.3 billion, more than 250 team members and 25 locations serving 22 Iowa communities. Each Bank Iowa location offers the services of a large financial institution but operates as a community bank in which decisions are made locally.



Bank Iowa By the Numbers



"From the beginning, Bank Iowa has been a community bank. This means decisions are made locally. Our people live in the communities where we work. We invest time, energy and money to help make the places we call home better. As our friends, neighbors and local businesses have grown, we've grown right along with them. It's about being able to talk to our customers, not just in the office, but also at a school board meeting, little league game or retirement potluck. I believe that's exactly what it means to be a community bank. And it's what separates Bank Iowa from others."

– Jim Plagge • President and CEO • Bank Iowa



THERE ARE 293 WAYS TO MAKE CHANGE FOR A DOLLAR.



THERE ARE EVEN MORE WAYS TO SHOW WE CARE.

Bank Iowa is the community bank that is committed to the people we serve.
After all, that's what community is all about.



www.bankiowa.bank | Member FDIC



Annual
Operating Hours

2,228



Annual
Service Hours

8,829

A community bank that gives back.



Bank Iowa®

www.bankiowa.bank | Member FDIC

In 2017, Bank Iowa
team members gave
back 8,829 hours
of their time to the
following organizations:

234, Inc., 4 County Fair, 4-H Club - Lincoln Hustlers, AAU Volleyball, Alta Vista Fire Department, Alta Vista VFW, Altoona 150 Celebration, Altoona Lion's Club, Altrusa, America Red Cross, American Foundation for Suicide Prevention, American Legion Auxiliary, American Red Cross, Animal Lifeline of Iowa, Annie's Project, Area Community Service, Area Nursing Homes, Assumption Church - Little Turkey, Beach Bash to End Alzheimer's, Beta Sigma Phi Sorority, Bethesda Community Food Pantry, Big Brothers Big Sisters of Central Iowa, Boy Scouts/New Hampton Motorcycle Rally, Bridgewood Association INC, Building Families, Cedar Valley Progressive Bankers, Center Sphere, Central Iowa Shelter and Services, Central Iowa United Way, Central Iowa Wind Ensemble, Central Reformed Church, Central United Methodist Church, Chamber & Development Council, Character Counts, Charter Oak Commercial Club, Chickasaw County Emergency Management-Rescue Squad, Chickasaw Wrestling club, Children's Cancer Connection, Christian Opportunity Center, City of Leighton, City of Pocahontas, City of Shenandoah Revolving Loan Committee, Clarinda Academy, Clarinda Chamber, Clarinda Chamber of Commerce, Clarinda Chamber/Craft Carnival, Clarinda Chamber/Taste of Clarinda, Clarinda Community School District, Clarinda Country Club, Clarinda Economic Development Corp, Clarinda Foundation Inc, Clarinda Iowa A's, Clarinda Kiwinas, Clarinda Lied Library, Clarinda Lutheran School, Clarinda Middle School Lunch Program, Clarinda Optimist Club, Clarinda Pride Football, Clarinda Quilt Guild, Clarinda Regional Health Center, Clarinda USDA Summer Lunch Program, Coaches Vs Cancer (local chapter), Board is affiliated with the local chapter for the American Cancer Society, Corporation for Economic Development, Country Club Ridge Homeowners Association, Crane Creek Trail Appreciation Day, Crane Creek, Trail Inc., Crawford County Comp Board, Crawford County Fair, Crawford County Memorial Hospital Foundation, Crawford County Veterans Affair, Crossroads of Pella, Dakota City Lions Club, Defiance Fire Dept, Defiance Volunteer Fire Dept., Denison Comm Municipal Utilities (DMU), Des Moines Christian Moines Golf and Country Club, Development Downtown Urban Renewal, Dows Legion Post County Rotary, Easton At Bridgewood North, Club, Emmanuel Lutheran Church, End of the Community Club/Mega (Make Essex Great Again), Essex United Fund, Eta Lambda Phi Sorority, Family Promise of Greater Des Moines, Fayette Sanitation & Zoning Board, FFA, First Lutheran Fredericksburg Lions, Fremont Days, Fremont/Mahaska County Conservation, Friends of Theatre Funeral Home, Gateway Church of the Nazarene, Committee, Girl Scouts, Glenn Miller Birthplace Grace Fellowship Church, Grandma's House Greater Des Moines Habitat For Humanity, Greater Foundation, Grotto of the Redemption, Habitat for Hawkeye FFA, Heart Heroes Inc, HEROS 17, Holy Family Church, Home and Garden Show, Housing Committee Meeting, Hug it Forward, Humboldt Community School Foundation, Humboldt County Community Foundation, Humboldt County Development Association, Humboldt County Economic Development, Humboldt County Fair, Humboldt County Fair Board, Humboldt County Memorial Hospital Board, Humboldt County Pheasants Forever, Humboldt Lighted Holiday parade, Humboldt Public Library Foundation, Humboldt Rotary Club, Humboldt/Dakota City Chamber, IKM Manning Community School, IKM Manning Education Enhancement Com., Immaculate Conception Church, Immanuel Lutheran Church, Inman Primary Elementary School, Iowa Corn Growers, Iowa Donkey & Mule Society, IOWA DOT, Iowa Northland Regional council of Governments (INRCOG), Iowa Rural Development Council, Iowa Western Community College, ISU - Iowa State University, Johnston Chamber of Commerce, Johnston Community School Foundation, Johnston Economic Development Corporation, Kellogg Economic Development Corporation, Kellogg United Methodist Church, Keokuk County Expo, Kiwanis, Kiwanis-Clarinda, Knights of Columbus, Knoxville National Sprint Car Museum, Ladies Society of St Mary's, Latino Ministerial Association of Denison, Lawler Irish Fest Inc, Lawler Lassies & Lads 4-H Club, Lawler Lions Club, Leighton 4th of July Committee, Leighton Ballpark, Leighton Community Development Comm., Leighton Newsletter Committee, Lions Club Fredericksburg, Lions Club Humboldt, Little Red Wagon, Live Well Montgomery County, Love INC, Lutheran Church of Hope, Lutheran Services in Iowa (Refugee Services Division), Mahaska Co. Ag & Rural Development Comm., Mahaska Co. Board of Review, Mahaska Community Development Group, Mahaska Community Health Improvement Committee, Mahaska County 4H, Mahaska County Board of Review, Mahaska County Habitat for Humanity, Mahaska County Outreach, Mahaska County Pheasants Forever, Mahaska County United Way, Mahaska Development Partnership, Mahaska Future View, Mahaska Health Partnership, Majestic Hills Golf Course Board, Mamrelund Church, Manilla Fire Department, Manilla Housing Committee, Manilla Manor, Nursing Home, Maple Grove West Homeowners Association, May Monitoring, Meals from the Heartland, Meals on Wheels, Midland Power, Miss Shenandoah Pageant, Mississippi Valley Blood Center, Mobility Worldwide (Leighton Affiliate), Mont Co Family YMCA, Montgomery Co Cattlemen, Montgomery County Board of Realtors, Montgomery County Cattlemen, Nailed IT youth conference, Nebraska Medicine, New Beginnings Church, New Hampton Community School District, New Hampton Dollars for Scholars, New Hampton Elementary, New Hampton Industrial Corp, New Hampton Light of Mine Project, New Hampton Park & Rec, New Hampton Rotary, New Hampton School, New Hampton/New Horizons Chamber, New Market 4th of July Celebration, Newton Community School District, Newton Development Corporation, NFV Dollars For Scholars, NICC Sector Board, Nishna Productions Inc, Nitty Gritty Bash BBQ Bash, North Fayette Valley Schools, Northeast Iowa Community College, Northeast Iowa Food Bank, Norwalk Athletic Booster Club, Norwalk Schools, OACDG Diplomats, Open Houe for Villisca FMTC, Oskaloosa Area Chamber and Development Group, Oskaloosa Chamber Golf Tournament, Oskaloosa Community School District, Oskaloosa Community School District Awards Reception, Oskaloosa Education Foundation, Oskaloosa Farmers Market on the Square, Oskaloosa Housing Trust Fund Board, Oskaloosa Interact Club, Oskaloosa Kiwanis, Oskaloosa Lions Club, Oskaloosa Main street, Oskaloosa Rotary Club, Our Savior Lutheran Church, Page County, Page County Cattlemen, Page County Fair, Page County Fair Board, Page County Foundation, Page County Pheasants Forever, Partners In Education, Partners In Education/New Hampton Schools, PATHS-Humboldt Community School, Paws & Effect, Peace Lutheran Church, Pella Community High, School Football Game, PEO (Women's Organization), Pheasants Forever, Pink Gorilla Events, Pinky Swear Foundation, Pocahontas City Council, Pocahontas Farm Bureau, Pochontas Community Band, Pochontas Farm Bureau, Polk County 4H, Prairie Lakes Church, Presbyterian Church, Prevent Turkey Tush, Primary Health Care, Progress Industries/Progress Industries Foundation, Ragbrai, Ready Rollers League, Red Cross Blood Bank, Red Oak After Prom, Red Oak Blood Mobile, Red Oak Chamber, Red Oak Community School District, Red Oak FFA, Red Oak Kiwanis, Red Oak Mentoring Board, Red Oak PTO, Red Oak Rotary Club, Red Oak School District, Red Oak Youth Volleyball, Red Power, Region XII Council of Governments, Relay for Life, Relay for Life- City of Villisca Team, Revolving Loan Committee-City of Pocahontas, Risk Management Association, Rooftop Foundation, Rotary Club of Norwalk, Rotary Club, Humboldt, Saint Cecilia Women's Choir, Saint Cecilia's Vespers Choir, Saint Patrick's Catholic Church, Salvation Army - Red Kettle Program, Saylorville Church, SBA Small Business Seminar, Schleswig Calf Show Days, Schleswig Community Club, Schleswig Community School, Schleswig Public Library, Schleswig Summer Youth Rec, SCIA Ag Committee - Ag Future of America Scholarships, Shenandoah Booster Club, Shenandoah Chamber and Industry, Shenandoah Elementary PTO, Shenandoah Elks, Shenandoah Fitness Center, Shenandoah Food Pantry, Shenandoah Foundation, Shenandoah Girl Scouts, Shenandoah High School, Shenandoah High School Booster Club, Shenandoah High School Bowling, Shenandoah Housing Authority, Shenandoah Medical Center, Shenandoah Middle School, Shenandoah Music Booster Club, Shenandoah Optimist, Shenandoah Parks & Rec, Shenandoah Rotary International, Shenandoah Spin-A-Thon, SIAC School Improvement Advisory Committee, Sigourney Community School District, Sigourney Park and Rec Ball, Soheim Cup, South Winn Country Club, Southeast Polk Community School, Southwest Iowa Families, Southwest Iowa Football-Tackle Football, Southwest Valley Schools, St John Lutheran Church, St John's Episcopal Church, St John's Noah's Ark Preschool, St Johns Episcopal Church, St Paul Lutheran Church, St Peters Catholic Church, St Rose of Lima Church, St Rose of Lima School, St. Aloysius Church, St. Clare's Church, St. Joseph School, St. Mary's Catholic Church, St. Mary's Catholic School, Stanton Booster Club, Stanton Chamber of Commerce, Stanton Community Betterment Assoc, Stanton Community Schools, Stanton High School, STEM Regional Council Summer Camp, Taxpayers Association of Central Iowa, Team United, TeamMates Mentoring - Denison, Trinity Lutheran, Trinity Lutheran Church, Trinity Presbyterian Church, Turkey Valley Athletic Boosters, Turkey Valley Basketball, Turkey Valley Community School, Turkey Valley Education Association, Turkey Valley Education Foundation, Turkey Valley Football, Turkey Valley Music Department, Turkey Valley School, Turkey Valley Varsity Basketball, Turkey Valley Youth Basketball, United Way of Central Iowa, Urbandale Lions Club, Vail Fire Department, Variety Iowa, Villisca Betterment Association, Villisca Community Betterment, Villisca Emergency Medical Response class, Villisca Health Clinic, Villisca Lions Club, Walking School Bus, Waucoma Community Economic Development Group, WBM Music Boosters, Weaver Valley 4-H, West Bend-Mallard School District, West Central Community Action, West Des Moines Chamber, West Des Moines Rotary Club, West Fork Services, Inc, Wilson Performing Arts, Women of Fredericksburg, WSB (Walking School Bus), Young Professionals of Jasper County, Young Professionals of Pocahontas County, Zion Lutheran Church

School, Denison Municipal Utilities, Denison School, Des Moines Community Orchestra, Des Unlimited, Downtown Des Moines Rotary Club, #523, Eagle Grove Park and Recreation, East Polk Elementary PTO, Elkhart 4H, Emerson Community Month Meals, Essex Community Club, Essex Essex Community Club/SWIPCO, Essex Housing, Eventide Foundation, Faith Community Church, County Extension & Outreach, Fayette County Church, Food Bank of Iowa/Mobile Pantry Program, Page Corn & Soybean Association, Friends of UNI, Future of the Chickasaws, Garden Chapel Gilmore City Fun Days Parade, Gilmore City Trails Society & Museum, Goodwill of Central Iowa, Daycare, Greater Altoona Chamber of Commerce, Des Moines Partnership, Greater Shenandoah Humanity, Habitat for Humanity of Council Bluffs,

REGIONAL BRIEFS

CLARINDA REGION GILBERT THOMAS, REGIONAL PRESIDENT

The Clarinda Region is making excellent progress with establishing a more aggressive calling and new business development culture, but efforts were somewhat restricted due to a vacancy in the senior lender position for much of the year. We welcomed Mark Walter to this role in early 2018 and he has transitioned very well into the region.

Our general contractor will soon begin awarding contracts to start the construction of a new facility in Clarinda. We are currently working through the historic tax credit approval process and anticipate this will be completed in early 2018.



Gilbert Thomas
Regional President



New Bank Iowa facility in Clarinda, Iowa.

DENISON REGION
SCOTT BRUS, REGIONAL PRESIDENT

Our region achieved another good year in 2017, having reached our profitability and loan growth goals. We're well positioned to achieve both again in 2018. Challenges we anticipate in 2018 are related to the ag economy and its impact on the financial well-being of our customer base. While we've seen an increase in problem loans, we feel we have adequate business plans for those affected, as well as good secondary coverage if the plans cannot be realized. Our Hispanic customer base continues to grow, and we have added support staff to accommodate this growth.



Scott Brus
Regional President



David Boswell
Regional President

HUMBOLDT REGION
DAVID BOSWELL, REGIONAL PRESIDENT

Humboldt is an active community with \$30 million of projects underway, including a major hospital renovation, a new daycare center and a new rec center. Bank Iowa is actively supporting each of these developments and is leading the financing on the hospital project. Industrial growth in the region has taxed our existing workforce, making expansion challenging. Loans and deposits have been stable in volume and market share. The region's earnings remain strong.

With our concentration in agriculture, management of loan quality will be a major objective going forward. We will continue to deliver quality service and look for opportunities to grow in the communities we serve.

LAWLER REGION
RENEA HUINKER, REGIONAL PRESIDENT

In 2017, the Lawler loan department continued to strengthen the loan portfolio by addressing problem credits and adding strong performing customers. On the retail side of the bank, the wire department processed more than 2,500 outgoing wires and more than 2,950 incoming wires.

Goals for 2018 are to continue monitoring problem credits while looking for growth opportunities in our communities. We will also be hosting a 20th anniversary event for the New Hampton office this summer.



Renea Huinker
Regional President

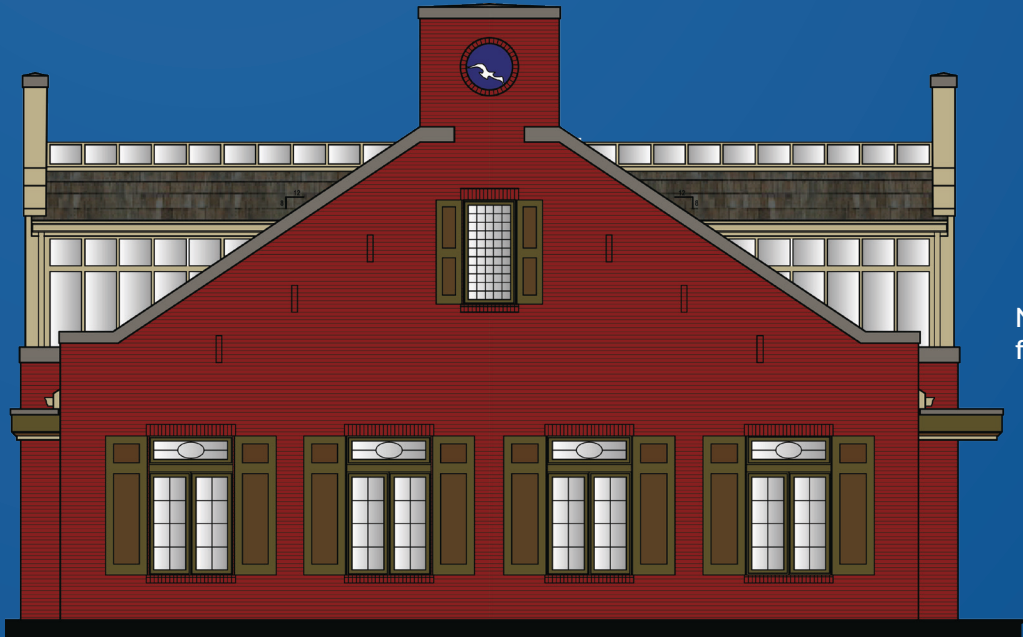
OSKALOOSA REGION
JAMES FEUDNER, REGIONAL PRESIDENT

In 2017, we booked a record volume of new loans, which is a reflection of our entire lending team. We are especially proud of the number of loans originated by three new lenders. We also met our deposit growth goals. A significant highlight of the year was opening a new loan production office in Pella. This temporary office was granted full branch status in December. Construction will begin in the spring on our new facility in Pella, with an expected completion date of December 2018.

We will utilize a new Volunteer Incentive Program (VIP) in our region in 2018 to encourage and recognize community service by all employees. We will also focus on increasing our loan assistants' capabilities to reduce the administrative burden on our loan officers and provide more time to pursue new loans and deposits.



James Feudner
Regional President



New Bank Iowa
facility in Pella, Iowa.

DES MOINES REGION
JOHN RATHJEN, REGIONAL PRESIDENT

The Des Moines Region had many highlights in 2017. We experienced record loan and deposit growth and completed a record number of business development calls. High-quality staff additions included two seasoned commercial bankers, a dedicated cash management officer, additional support in our credit department and additional support in our commercial loan administration area. We also completed the licensing of retail staff to sell credit life insurance and annuities. The year ended with the best regional credit quality in years with very few classified loans and no foreclosed real estate.

In 2018, our priorities will include meeting our budgeted objectives for loans, deposits, net income, mortgage loan production and related fees, as well as overall credit quality. We will continue to drive our cash management and annuity business in 2018. We will also strive for greater overall productivity, sales efforts and exceptional community involvement.



John Rathjen
Regional President

SHENANDOAH REGION
JOHN MCBRIDE, REGIONAL PRESIDENT

2017 was a year of change and growth for the Shenandoah region. John McBride replaced Bob Vavra, who retired as Regional President. This opened up the Regional Senior Lender position, which was filled internally by Roger Vial. Other additions to the region included Mitchell Kay as an Ag/Commercial lender in the Shenandoah office, and Paul Fairchild as an Ag/Commercial lender in the Red Oak office. The Red Oak facility completed a remodeling and addition project to facilitate our growth. The region's gross loans increased 13% year-over-year, much of which can be attributed to additional efforts in the officer calling program.

Our primary objectives for 2018 are to continue to have strong growth in the regional loans and deposits. We anticipate several long term employees reaching their retirement goals, which will create opportunities for other team members.



John McBride
Regional President

BANK IOWA
BOARD OF DIRECTORS

Paige Duncan – Board Chair

Upon graduating from Northwestern University in 1991, Paige Duncan joined the Bank Iowa Corporation Board of Directors. Duncan has participated in various activities within Bank Iowa including loan reviews, human resource management, investment management and acquisitions. She is the daughter of Bank Iowa co-founder, Robert Duncan.

Robert Duncan – Chairman Emeritus – Duncan Aviation,
Co-Founder – Bank Iowa

Robert Duncan, along with his father, Donald Duncan, and Harry Barr, co-founded Bank Iowa. Duncan is Chairman Emeritus of Duncan Aviation in Lincoln, Nebraska. Duncan Aviation, one of the world's largest privately owned business aircraft service organizations, is headquartered in Lincoln Nebraska with over 1,500 employees in over 30 cities across the U.S.

J.B. Barr – Physical Therapist and Associate Professor of
Physical Therapy

J.B. Barr is an Associate Professor of Physical Therapy at Creighton University in Omaha, Nebraska, where he has taught physical therapy students since 1998. Barr is the son of Bank Iowa co-founder, Harry Barr.

Jim Plagge – President & CEO, Bank Iowa

Jim Plagge brings over 35 years of financial services industry experience to Bank Iowa, where he serves as President and CEO. Plagge also serves as the Bank Iowa Corporation Board President and CEO. He has been active in trade and community organizations his entire career.

Richard Peterson – Attorney

Dick Peterson has been a practicing lawyer for over 50 years. Peterson was Vice President of and General Counsel for Duncan Aviation for nearly 20 of those years. After Peterson's retirement from Duncan Aviation, he worked part-time providing legal counsel for Crete Carrier, one of the largest privately owned trucking companies in the country, until 2017 when he retired.

John Lisle – Chairman of Lisle Corporation

John Lisle served as Lisle Corporation President for 27 years and became Chairman in 2005. At 35, he became president of the company when his predecessor unexpectedly died in 1977. Lisle Corporation, manufacturer of automotive tools, has been a major industry in Clarinda since 1903. Along with its sister company, EZ Way, the companies employ about 310 people.

Aaron Hilkemann – President & CEO, Duncan Aviation

Aaron Hilkemann was named President and CEO of Duncan Aviation in 1997. Hilkemann provides strategic leadership and direction to Duncan Aviation, Inc. to ensure future development and growth for the enterprise.

Thomas C. Dorr – Consultant, Dorr and Associates

Tom Dorr is the President of Thomas C. Dorr & Associates. The firm specializes in the development of food and agricultural trade, both domestic and international, with a specific focus on China. Before returning to Thomas C. Dorr & Associates in July 2012, Dorr served as president and chief executive officer of the U.S. Grains Council. Prior to joining the Council, Dorr served as USDA Under Secretary for Rural Development, appointed by President George W. Bush.

Timothy E. Minton – CPA/Farmer

Timothy Minton is a certified public accountant and worked for Des Moines-based Principal Life Insurance for 22 years. Minton started his tenure with Principal in the Commercial Real Estate department where he worked from 1988 to 1999. For the next ten years, Minton underwrote and managed a diversified portfolio of structured investments, including venture capital investments for Principal. Tim retired from Principal in 2009 and is now a full-time farmer in the Adel area.

Dale Heider – Engineer/Farmer

Dale Heider, engineer and co-owner of Jet Company located in Humboldt, IA, helped move the product line from wagon and truck boxes into semi grain trailers when he joined the family owned business. Jet Company's product line now consists of trailers for agricultural use, over the road construction and various niche markets. Jet Company employs over 100 people and their trailers are marketed throughout the United States.

BALANCE SHEET

	12/31/17	12/31/16
Cash & Due; CDs	77,588,738	44,317,492
Fed Funds Sold	1,800,564	1,960,735
Securities & TRUPS	288,737,388	261,795,100
Gross Loans	885,104,027	800,077,160
Total Reserve	(13,655,480)	(13,233,311)
Net Loans	871,448,547	786,853,849
Other RE Owned	33,292	590,792
Premises & Fixed Asset	17,545,337	16,069,765
Bank Owned Life Insurance	18,372,335	17,913,232
Other Assets	20,199,306	17,058,069
Goodwill	2,980,853	3,805,851
Deferred Tax Asset	439,510	587,200
Investment in Subsidiary	155,000	217,000
Total Assets	1,299,300,870	1,151,169,085
DDA and NOW	464,820,589	420,988,611
Savings and Money Market	267,422,811	266,801,406
Time Deposits	294,357,609	260,291,502
Brokered CDs	53,884,648	19,728,523
CDARS & ICS Money Market	11,700,244	2,017,013
Total Deposits	1,092,185,901	969,827,055
Repurchase Agreements	8,661,410	15,222,560
Borrowings	73,033,342	48,389,441
Other Liabilities	13,852,478	12,969,245
Total Liabilities	1,187,733,131	1,046,408,301
Trust Preferred Securities	5,155,000	7,217,000
Tier 1 Capital	108,977,517	101,771,466
Unrealized Gain/(Loss)	(2,564,778)	(4,227,682)
Total Equity	106,412,739	97,543,784
Total Liabilities & Equity	1,299,300,870	1,151,169,085

INCOME STATEMENT

	YE 12/31/17	YE 12/31/16
Total Interest Income	45,443,556	41,531,401
Total Interest Expense	6,536,330	6,117,230
Net Interest Income	38,907,226	35,414,171
Service Charges	1,993,735	2,007,480
Loan Fee Income	1,182,752	1,284,517
Other Fees and Income	2,361,662	2,309,698
BOLI Cash Value Increase	460,052	462,644
Total Non-Interest Income	5,998,201	6,064,339
Salaries & Employee Benefits	20,191,615	18,732,074
Occupancy Expenses	2,565,603	2,652,638
Data Processing	2,891,812	1,897,741
Marketing & Advertising	945,354	875,423
Donations	157,376	110,806
Insurance Expenses	423,919	536,966
Professional Expenses	1,078,859	1,083,366
Other Operating Expenses	2,700,614	2,729,931
Goodwill Amortization	477,867	477,867
Core Deposit Amortization	369,163	392,613
Total Non-Interest Expense	31,802,182	29,489,425
Operating Income	13,103,245	11,989,085
Less: Reserve for Loan Losses	600,000	600,000
Income Before Taxes/Adjustments	12,503,245	11,389,085
OREO Loss/(Gain)	(9,983)	(27,636)
Securities Loss/(Gain)	(43,995)	(96,700)
Other Asset Loss/(Gain)	(14,655)	71,169
Deferred Tax Adjustment	(16,461)	(16,461)
State Taxes	666,800	658,000
Net Taxes/Adjustments	581,706	588,372
Net Income	11,921,539	10,800,713

LEADERSHIP



David Boswell
Regional President



Scott Brus
Regional President



Rich Davitt
Chief Credit Officer



Karla Crocker
Controller



Tanya Johnson
Compliance Director



John McBride
Regional President



Jody Montgomery
IT Manager



Jim Plagge
President/CEO



James Feudner
Regional President



Josh Fleming
Marketing Director



Bob Gagne
Chief Lending Officer



Scott Hansen
Internal Audit Director



John Rathjen
Regional President



Rick Saak
Mortgage Manager



Jon Sarvis
Chief Financial Officer



Gilbert Thomas
Regional President



Lisa Hayek
Operations Director



Aanna Hoch
Executive Administrative
Assistant



Renea Huinker
Regional President



Ryan Huinker
Loan Administration



Kate Wolfe
Human Resources
Director

OUR LOCATIONS

