

HEARTLAND FINANCIAL USA INC  
Form S-4/A  
September 22, 2015

As filed with the Securities and Exchange Commission on September 21 , 2015 Registration No. 333- 206548  
UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

---

Amendment No. 1 to FORM S-4  
REGISTRATION STATEMENT

Under

The Securities Act Of 1933

HEARTLAND FINANCIAL USA, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

6022

(Primary Standard Industrial Classification Number)

42-1405748

(I.R.S. Employer Identification No.)

1398 Central Avenue  
Dubuque, Iowa 52001  
(563) 589-2100

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Bryan R. McKeag  
Executive Vice President and Chief Financial Officer  
Heartland Financial USA, Inc.

1398 Central Avenue  
Dubuque, Iowa 52001  
(563) 589-2100

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

Thomas Martin, Esq.  
Dorsey & Whitney LLP  
50 South Sixth Street  
Minneapolis, MN 55402  
(612) 340-2600

Joshua Dean, Esq.  
Sheppard, Mullin, Richter & Hampton LLP  
650 Town Center, Fourth Floor  
Costa Mesa, CA 92626  
(714) 428-5991

Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of this Registration Statement.

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.

Edgar Filing: HEARTLAND FINANCIAL USA INC - Form S-4/A

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company

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

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 Commission, acting pursuant to said Section 8(a), may determine.

---

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

SUBJECT TO COMPLETION, DATED September 21 , 2015

PREMIER VALLEY BANK

PROPOSED MERGER-YOUR VOTE IS VERY IMPORTANT

Dear Shareholder:

We are pleased to report that the Board of Directors of Premier Valley Bank has unanimously approved the acquisition of Premier Valley Bank by Heartland Financial USA, Inc. through a merger of Premier Valley Bank with and into PV Acquisition Bank, a newly formed subsidiary bank of Heartland. Before we can complete the merger, we must obtain the approval of the merger agreement and the merger by the shareholders of Premier Valley Bank. We are sending you this document to ask you to vote in favor of approval and adoption of the merger agreement and the merger. The Premier Valley Bank Board of Directors Unanimously Recommends That You Vote "FOR" Approval and Adoption of the Merger Agreement and the Merger.

In the merger, Premier Valley Bank will merge with and into PV Acquisition Bank, and you will receive, as a shareholder of Premier Valley Bank, consideration that we estimate at approximately \$7.725 per share of Premier Valley Bank common stock, that is payable in shares of Heartland common stock or cash, or a combination of shares of common stock and cash, as described in more detail in the accompanying proxy statement/ prospectus. Heartland will issue not less than 1,688,277 shares, and not more than 2,284,071 shares, of its common stock in the merger. To complete the merger the holders of Premier Valley Bank common stock must approve and adopt the merger agreement. Premier Valley Bank will hold a special meeting of shareholders to vote on this merger proposal. Your vote is important. Whether or not you plan to attend the special meeting, please submit your proxy with voting instructions for your shares of Premier Valley Bank common stock in accordance with the instructions contained in this document. If you do not vote your shares of Premier Valley Bank common stock, it will have the same effect as voting against the merger.

For a description of the significant considerations in connection with the merger and related matters described in this document, see "Risk Factors" beginning on page 27 .

We encourage you to read this entire document carefully. This proxy statement/prospectus gives you detailed information about the merger, and it includes a copy of the merger agreement as Appendix A.

Sincerely,

J. Mike McGowan, President and Chief  
Executive Officer of Premier Valley Bank

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved these securities or determined if this proxy statement/prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

These securities are not savings accounts, deposits or other obligations of any bank and are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other governmental agency.

The date of this proxy statement/prospectus is September 25 , 2015.

---

PREMIER VALLEY BANK  
255 East River Park Circle, Suite 180  
Fresno, CA 93720  
NOTICE OF SPECIAL MEETING OF SHAREHOLDERS  
TO BE HELD ON OCTOBER 26 , 2015

Premier Valley Bank will hold a special meeting of its shareholders in the first floor Conference Room located at 265 East River Park Circle, Suite 160 (across from Premier Valley Bank's headquarters located at 255 East River Park Circle, Suite 180), Fresno, California 93720, at 5:30 p.m. local time, on October 26 , 2015 to consider and vote upon the following matters:

a proposal to approve and adopt the Merger Agreement between Heartland Financial USA, Inc. and Premier Valley Bank dated as of May 28, 2015, as it may be amended from time to time, pursuant to which Premier Valley Bank will merge with and into a newly formed subsidiary of Heartland Financial USA, Inc.; and

a proposal to approve the adjournment of the Premier Valley Bank special meeting, if necessary or appropriate, to solicit additional proxies.

Upon completion of the merger, each share of Premier Valley Bank common stock will be converted into the right to receive, at the election of the holder but subject to proration procedures, shares of Heartland common stock, cash or a combination of cash and Heartland common stock. Your attention is directed to the proxy statement/prospectus accompanying this notice for a complete discussion of the merger. A copy of the merger agreement is included as Appendix A to the accompanying proxy statement/prospectus.

The Board of Directors has fixed the close of business on August 31 , 2015 as the record date for the Premier Valley Bank special meeting. Holders of record of Premier Valley Bank common stock at such time are entitled to notice of, and to vote at, the Premier Valley Bank special meeting or any adjournment or postponement of the special meeting.

The Premier Valley Bank Board of Directors has unanimously approved the merger agreement and unanimously recommends that holders of Premier Valley Bank common stock vote "for" approval and adoption of the merger agreement.

Premier Valley Bank shareholders who do not vote in favor of the merger agreement and who strictly comply with Chapter 13 of the California General Corporation Law have the right to assert dissenters' rights under that statute. For a description of the procedures that must be followed to make written demand for dissenters' rights, see the copy of the statute which is attached as Appendix B. In addition, a summary of the procedures to be followed in order to obtain payment for dissenting shares is set forth under the caption "The Merger-Notice of Dissenters' Rights" in the attached proxy statement/prospectus.

Whether or not you plan to attend the special meeting, please submit your proxy with voting instructions for your shares of Premier Valley Bank common stock. To submit your proxy by mail, please complete, sign, date and return the accompanying proxy form in the enclosed self-addressed, stamped envelope. Any holder of Premier Valley Bank common stock present at the special meeting may vote in person instead of by proxy and a proxy may be revoked in writing at any time before the special meeting. The presence of a shareholder at the special meeting will not automatically revoke that shareholder's proxy. A shareholder may revoke a proxy at any time prior to the voting of

such proxy on any matter (without, however, affecting any vote taken prior to such revocation) by (i) filing with the Secretary of Premier Valley Bank a written notice of revocation, (ii) delivering to Premier Valley Bank a duly executed proxy bearing a later date, or (iii) attending the meeting and providing written or oral notice of revocation with the presiding officer during the meeting (at which point the shareholder may vote in person).

---

The enclosed proxy statement/prospectus provides a detailed description of the merger and the merger agreement. We urge you to read carefully and in its entirety the proxy statement/prospectus of which this notice forms a part, including any documents incorporated by reference, and the Appendices. If you have any questions concerning the merger, the merger agreement or this joint proxy statement/prospectus, would like additional copies or need help voting your shares of Premier Valley Bank common stock, please contact Premier Valley Bank's proxy solicitor: Georgeson Inc.

480 Washington Blvd., 26th Floor  
Jersey City, NJ 07310  
Banks, Brokers and Shareholders  
Call Toll-Free (800) 279-6913

By Order of the Board of Directors,

J. Mike McGowan, President and Chief  
Executive Officer, of Premier Valley Bank

Your vote is important. Please complete, sign, date and return your proxy form, whether or not you plan to attend the special meeting.

REFERENCES TO ADDITIONAL INFORMATION

This document incorporates important business and financial information about Heartland from documents that are not included in or delivered with this document. You can obtain documents incorporated by reference in this document and other filings of Heartland by requesting them in writing or by telephone from Heartland or from Premier Valley Bank's solicitation agent, at the following addresses and telephone numbers:

Heartland Financial USA, Inc.

1398 Central Avenue

P.O. Box 778

Dubuque, Iowa 52004-0778

Attention: Michael J. Coyle, Secretary

(Telephone (563) 589-2100)

Georgeson Inc.

480 Washington Blvd.,26th Floor

Jersey City, NJ 07310

Banks, Brokers and Shareholders

Call Toll-Free (800) 279-6913

You will not be charged for any of these documents that you request. Premier Valley Bank shareholders requesting documents should do so by October 12, 2015 in order to receive them before the special meeting.

See "Where You Can Find More Information" on page 94 .

You should rely only on the information contained or incorporated by reference into this document to vote on the merger agreement. No one has been authorized to provide you with information that is different from that contained in, or incorporated by reference into, this document. This document is dated September 25 , 2015. You should not assume that the information contained in, or incorporated by reference into, this document is accurate as of any date other than that date. Neither our mailing of this document to Premier Valley Bank shareholders nor the issuance by Heartland of common stock in connection with the merger will create any implication to the contrary.

TABLE OF CONTENTS

	Page
REFERENCES TO ADDITIONAL INFORMATION	3
QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING AND THE MERGER SUMMARY	4
HEARTLAND SELECTED CONSOLIDATED FINANCIAL DATA	7
PREMIER VALLEY SELECTED FINANCIAL DATA	12
COMPARATIVE MARKET PRICE AND DIVIDEND INFORMATION	14
RISK FACTORS	26
FORWARD-LOOKING STATEMENTS	27
THE PREMIER VALLEY BANK SPECIAL MEETING	30
THE MERGER	31
THE MERGER AGREEMENT	33
INFORMATION ABOUT HEARTLAND	55
INFORMATION ABOUT PREMIER VALLEY BANK	63
DESCRIPTION OF HEARTLAND COMMON STOCK	64
COMPARISON OF SHAREHOLDERS' RIGHTS	83
CERTAIN OPINIONS	86
EXPERTS	93
WHERE YOU CAN FIND MORE INFORMATION	94
APPENDIX A - MERGER AGREEMENT	94
APPENDIX B - CGCL CHAPTER 13: DISSENTERS' RIGHTS	A-1
APPENDIX C - FAIRNESS OPINION OF THE FINANCIAL ADVISOR OF PREMIER VALLEY	B-1
	C-1

QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING AND THE MERGER

Q: What Am I Being Asked To Vote On?

A: Holders of Premier Valley Bank common stock are being asked to approve and adopt a merger agreement entered into between Heartland and Premier Valley Bank. In the merger, Premier Valley Bank will be merged with and into PV Acquisition Bank, a newly formed subsidiary of Heartland. PV Acquisition Bank, which will have no operations prior to the merger, will change its name to Premier Valley Bank simultaneous with the merger and the operations of Premier Valley Bank will continue without interruption, and it will become a wholly owned subsidiary of Heartland. The holders of Premier Valley Bank common stock will receive, at their election but subject to proration as described below, Heartland common stock, cash or a combination of cash and Heartland common stock, in exchange for their shares of Premier Valley Bank common stock.

Q: Why Is The Premier Valley Bank Board of Directors Recommending The Merger?

A: The Premier Valley Bank Board believes that the merger is advisable, fair to and in the best interest of Premier Valley Bank and its shareholders. As a result of the merger, Premier Valley Bank will become part of a larger banking organization, improving its ability to compete with larger financial institutions and better serve its customers' needs while maintaining the community bank philosophy that both institutions currently share.

Q: Why Is My Vote Important?

A: The affirmative vote of the holders of at least a majority of the outstanding shares of Premier Valley Bank common stock is required to approve and adopt the merger agreement. Accordingly, if a holder of Premier Valley Bank common stock fails to vote or abstains from voting, this will have the same effect as a vote against approval and adoption of the merger agreement.

Q: What Will I Receive For My Premier Valley Bank Stock If The Merger Is Completed?

A: You will receive, at your election but subject to proration as described below, shares of Heartland common stock, cash or a combination of cash and shares of Heartland common stock for your shares of Premier Valley Bank common stock. Premier Valley Bank shareholders will receive total consideration of \$95,050,000 in the merger, but this amount will be reduced, dollar for dollar, if the tangible equity of Premier Valley Bank as of the month-end immediately prior to completion of the merger is less than \$58,812,000. Assuming there is no reduction, and that only the 12,304,025 shares of Premier Valley Bank common stock that are currently outstanding remain outstanding when the merger is completed, holders of Premier Valley Bank common stock would be entitled to merger consideration, payable in cash or in shares of Heartland common stock, or both, of \$7.725 per share. The number of shares of Heartland common stock that will be issued per share of Premier Valley Bank common stock will be determined by dividing this per share consideration by the volume weighted average closing price of Heartland common stock on the Nasdaq for the 20 trading days ending five days prior to completion of the merger, provided this weighted average price will be fixed at \$29.13 if it is less than \$29.13 and at \$39.41 if it is more than \$39.41. If this calculation were performed based on the 20 trading days ending five days prior to the date of this proxy statement/prospectus, the volume weighted average closing price would have been \$35.77, and assuming no reduction in the aggregate merger consideration or increase in Premier Valley Bank shares outstanding, a Premier Valley Bank shareholder would be entitled to 0.2159 shares of Heartland common stock for each share of Premier Valley Bank common stock.

Q: What Are The Details Of The Consideration Election?

A: Although you will be entitled to elect to receive cash, shares of Heartland common stock, or a combination of cash and Heartland common stock, for your shares of Premier Valley Bank common stock, you are not being asked to make an election at this time. By returning the proxy that is enclosed with this proxy statement/prospectus, you will not be making a consideration election. Premier Valley Bank's transfer agent, Computershare, will send you election materials by separate mailing. We describe the procedures necessary to make an election in the section of this proxy statement/prospectus entitled "The Merger Agreement-Election Procedures; Surrender of Stock Certificates."

The merger agreement provides that 30% of the aggregate merger consideration will be paid in cash and 70% by delivering Heartland common stock. If the total amount of cash that Premier Valley Bank shareholders elect to receive is less than 30% of the total consideration, or the amount of Heartland common stock they elect to receive is less than 70% of the total consideration, the shareholders who fail to elect will be allocated cash or shares, pro rata in





accordance with the shares of Premier Valley Bank that they hold, until the consideration is 30% cash and 70% Heartland common stock. If Premier Valley Bank shareholders elect to receive more than 30% of the total consideration in cash, or more than 70% of the total consideration in Heartland Common Stock, then the amount of cash that each electing shareholder receives, or the amount of Heartland common stock that each electing shareholder receives, will be reduced, pro rata among the electing shareholders, and the non-electing shareholders will receive solely Heartland common stock, or solely cash.

Q: When Do You Expect To Complete The Merger?

We are working to complete the merger as quickly as possible. We cannot complete the merger until a number of conditions are satisfied, including approval of the merger by the Premier Valley Bank shareholders, by the Federal Reserve Board, by the Federal Deposit Insurance Corporation and by the Division of Financial Institutions of the California Department of Business Oversight. We expect to complete the merger in the fourth quarter of 2015, assuming these and other approvals are received.

Q: Do I Have Dissenters' Rights?

Yes. Under California law, Premier Valley Bank's state of incorporation, holders of Premier Valley Bank common stock have the right to assert dissenters' rights and, rather than the merger consideration, demand the "fair value" of their shares. To do so, you must not vote in favor of the merger and must instead follow the procedures set forth below under "The Merger--Notice of Dissenters' Rights." A copy of the California statute governing dissenters' rights is included as Appendix B. The "fair value" of the shares may be determined in a court-supervised proceeding and the court may conclude that fair value is greater than, equal to or less than the merger consideration.

One condition to Heartland's obligation to complete the merger is that the total number of dissenting shares of Premier Valley Bank common stock cannot be more than 7.0% of the number of outstanding shares of Premier Valley Bank common stock.

We encourage you to read the statutes governing dissenters' rights carefully and to consult with legal counsel if you desire to exercise your dissenters' rights.

Q: How Do I Vote?

A: If you are a shareholder of record of Premier Valley Bank as of August 31, 2015 you may submit your proxy before the special meeting in one of the following ways:

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

Your vote by signing the enclosed proxy will not entitle you to receive Heartland common stock rather than cash in the merger. You will receive a separate mailing through which you may make this election.

Q: If My Shares Are Held In Street Name By My Broker, Will My Broker Automatically Vote My Shares For Me?

No. Without instructions from you, your broker will not be able to vote your shares of Premier Valley Bank common stock. You should instruct your broker to vote your shares, following the directions your broker provides.

Please check the voting form used by your broker to see if it offers telephone or internet voting.

Q: Can I Change My Vote?

A: Yes. There are three ways you can change your vote after you have submitted your proxy:

- First, you may send a written notice to the Secretary of Premier Valley Bank, stating that you would like to revoke your proxy.
- Second, you may complete and submit a new proxy form. Your latest vote actually received by Premier Valley Bank before the special meeting will be counted, and any earlier votes will be revoked.
- Third, you may attend the Premier Valley Bank special meeting and vote in person. Your presence at the meeting will not automatically revoke your proxy. You may revoke your proxy at any time prior to the

voting of the proxy by attending the meeting and providing written or oral notice of revocation with the presiding officer during the meeting (at which point you may vote in person).

If you have instructed a broker to vote your shares, you must follow the directions you receive from your broker in order to change or revoke your vote.

**Q: How Do I Make An Election To Receive Cash Or Heartland Common Stock?**

**A.:** We will send you a letter of transmittal and election instructions by separate mailing. You will not be making an election by submitting a proxy or voting at the meeting.

**Q: Should I Send In My Share Certificates Now?**

**A:** No. Please do NOT send in your share certificates at this time. You will be provided with an election form and letter of transmittal by separate mailing that explains what you must do to exchange your Premier Valley Bank share certificates for merger consideration.

**Q: Whom Should I Call With Questions?**

**A:** If you have questions about the merger or the special meeting or you need additional copies of this document, or if you have questions about the process for voting or if you need a replacement proxy form, you should contact:

Georgeson Inc.  
480 Washington Blvd., 26th Floor  
Jersey City, NJ 07310  
Banks, Brokers and Shareholders  
Call Toll-Free (800) 279-6913

Premier Valley Bank  
255 East River Park Circle, Suite 180  
Fresno, CA 93720  
Attention: Michael W. Martinez  
Executive Vice President, Chief Operating  
Officer and Chief Financial Officer  
Telephone: (559) 256-6408

**Q: Where Can I Find More Information About The Companies?**

**A:** You can find more information about Heartland from the various sources described under “Where You Can Find More Information.” You can find more information about Premier Valley Bank under “Information about Premier Valley Bank.”

## SUMMARY

This summary highlights selected information from this document. It does not contain all of the information that may be important to you. We urge you to read carefully the entire document and the other documents to which we refer in order to understand fully the merger and the related transactions. In addition, we incorporate by reference into this document important business and financial information about Heartland. 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” on page 94 . Each item in this summary refers to the page of this document on which that subject is discussed in more detail.

Our Companies (Pages 63 and 64 )

### Premier Valley Bank

Premier Valley Bank is a California state-chartered banking corporation headquartered in Fresno, California. Premier Valley Bank received its California bank charter and commenced banking operations in June 2001. It maintains its headquarters in Fresno, California, and operates four branches in Fresno, Groveland, Mariposa, and Oakhurst, California, and one loan production office in San Luis Obispo, California. At June 30, 2015, Premier Valley Bank had assets of approximately \$655 million, deposits of approximately \$573 million and shareholders’ equity of approximately \$72 million.

Premier Valley Bank’s principal offices are located at 255 East River Park Circle, Suite 180, Fresno, California 93720, and its telephone number is (559) 438-2002.

### Heartland

Heartland is a publicly-held, multi-bank, bank holding company headquartered in Dubuque, Iowa with nine bank subsidiaries in the States of Iowa, Illinois, Wisconsin, New Mexico, Arizona, Montana, Colorado, Minnesota, Missouri and Kansas. Together, Heartland’s banking subsidiaries operate d a total of 86 banking locations as of June 30, 2015 . Heartland also has an active consumer finance subsidiary with offices in Iowa, Illinois and Wisconsin. Heartland was formed as an Iowa corporation in 1981, and reincorporated in Delaware in 1993. At June 30, 2015, Heartland had total assets of \$6.7 billion, total loans of \$4.4 billion, total deposits of \$5.3 billion and common stockholders’ equity of \$498 million.

In addition to the merger described in this proxy statement/prospectus, on August 21, 2015 Heartland completed the acquisition of Community Bancorporation of New Mexico, Inc., a bank holding company for Community Bank, Santa Fe, New Mexico. Community Bancorporation was merged into Heartland and Community Bank was merged into Heartland’s New Mexico Bank & Trust subsidiary. As of June 30, 2015, Community Bank had assets of approximately \$175 million, including \$109 million of loans and \$146 million of deposits, and after consolidation of two of its banking centers, added three new banking locations to New Mexico Bank & Trust. On September 11, 2015, Heartland completed the acquisition of First Scottsdale Bank, National Association and its merger into Heartland’s Arizona Bank & Trust subsidiary. As of June 30, 2015, First Scottsdale Bank had assets of approximately \$96 million, including \$63 million in loans and \$79 in deposits, and after consolidation of two of its banking offices, added one new banking location to Arizona Bank & Trust.

Heartland’s principal offices are located at 1398 Central Avenue, Dubuque, Iowa 52001, and its telephone number is (563) 589-2000.

### Premier Valley Bank Will be Merged into a Newly-Formed Subsidiary of Heartland (Page 55 )

We encourage you to read the merger agreement, which is attached as Appendix A to this document. The merger agreement provides that Premier Valley Bank will be merged with and into PV Acquisition Bank, a newly formed subsidiary of Heartland that will have no operations until the merger. Although this new subsidiary will survive the merger, the subsidiary will immediately change its name to “Premier Valley Bank” and will continue the operations of Premier Valley Bank without interruption.

What You Will Receive in the Merger (Page 55 )

Upon completion of the merger, as a Premier Valley Bank shareholder you will receive cash, Heartland common stock, or a combination of cash and Heartland common stock, for your shares of Premier Valley Bank common stock. You will be able to make an election to receive all cash, all Heartland common stock, or a combination of cash and Heartland common stock, but your election will be changed if shareholders elect to receive more than 30% of the aggregate merger consideration in cash or more than 70% of the aggregate merger consideration in the form of Heartland common stock.

Premier Valley Bank shareholders will receive total consideration of \$95,050,000 in the merger, reduced, dollar for dollar, if the tangible equity of Premier Valley Bank as of the month-end immediately prior to completion of the merger is less than \$58,812,000. Assuming there is no reduction, and that only the 12,304,025 shares of Premier Valley Bank common stock that are currently outstanding remain outstanding when the merger is completed, holders of Premier Valley Bank common stock will be entitled to merger consideration, payable in cash or in shares of Heartland common stock, or both, of \$7.725 per share. The number of shares of Heartland common stock that will be issued per share of Premier Valley Bank common stock will be determined by dividing this per share consideration by the volume weighted average closing price of Heartland common stock on the Nasdaq for the twenty trading days ending five days prior to completion of the merger, but the weighted average price will be fixed at \$29.13 if it is less than \$29.13 and at \$39.41 if it is more than \$39.41. If this calculation were performed based on the twenty trading days ending five days prior to the date of this proxy statement/prospectus, the volume weighted average closing price would have been \$35.77 , and assuming no reduction in the aggregate merger consideration or increase in Premier Valley Bank shares outstanding, a Premier Valley Bank shareholder would be entitled to 0.2159 shares of Heartland common stock for each share of Premier Valley Bank common stock. The market price for Heartland common stock will fluctuate prior to the merger. Accordingly, the actual number of shares of Heartland common stock you will receive per share of Premier Valley Bank common stock will be different from these amounts.

To the extent that Premier Valley Bank shareholders elect to receive cash representing less than 30% of the total consideration, or Heartland common stock representing less than 70% of the total consideration, those Premier Valley Bank shareholders who fail to make an election will be allocated cash or stock, pro rata based upon the number of Premier Valley Bank shares they hold, until these thresholds are achieved and the balance of the shares of these non-electing shareholders will be exchanged for 30% cash and 70% Heartland common stock. To the extent that allocating all cash, or all Heartland common stock, to the non-electing shareholders does not achieve this balance because too many Premier Valley Bank shareholders have elected Heartland common stock, or cash, then the consideration for which an excess election has been made shall be changed, pro rata among such electing shareholders, until the correct ratio is achieved.

The Premier Valley Bank Board of Directors Unanimously Recommends that You Vote “FOR” the Approval and Adoption of the Merger Agreement (Page 35 )

The Board of Directors of Premier Valley Bank believes that the merger is in the best interests of Premier Valley Bank and its shareholders and has unanimously approved the merger agreement. For the factors considered by the Premier Valley Bank Board of Directors in reaching its decision to approve the merger agreement, see the section entitled “The Merger--Premier Valley Bank’s Reasons for the Merger.”

Premier Valley Bank’s Financial Advisor Has Provided an Opinion to the Premier Valley Bank Board of Directors as to the Fairness of the Merger Consideration, from a Financial Point of View, to Premier Valley Bank Shareholders (Page 38 )

In deciding to approve the merger, the Board of Directors of Premier Valley Bank considered the opinion of its financial advisor, Sandler O’Neill & Partners, L.P. (“Sandler O’Neill”), which was given to the Board of Directors of Premier Valley Bank on May 28, 2015, that, as of the date of such opinion and based upon and subject to the assumptions, qualifications and limitations described in the opinion, the consideration to be paid pursuant to the merger agreement was fair from a financial point of view to the holders of Premier Valley Bank common stock. A copy of this opinion is attached to this document as Appendix C. Premier Valley Bank shareholders should read the opinion completely and carefully to understand the assumptions made, matters considered and limitations on the

review undertaken by Sandler O'Neill in providing its opinion.

8

---

Certain Officers of Premier Valley Bank Have Financial Interests in the Merger (Page 49 )

Some members of management of Premier Valley Bank have interests in the merger that are in addition to or different from their interests as Premier Valley Bank shareholders. These interests exist because of rights they have under existing employment agreements with Premier Valley Bank. The Premier Valley Bank Board of Directors was aware of these interests and considered them in approving the merger agreement and the merger.

Regulatory Approvals We Must Obtain for the Merger (Page 50 )

In the merger, Premier Valley Bank will merge with and into a newly formed subsidiary of Heartland and this new subsidiary will technically be the “survivor” of the merger, although it will immediately change its name to “Premier Valley Bank” and will continue the operations of Premier Valley Bank without interruption. We cannot complete the merger until we file applications with, and obtain approval from, the Board of Governors of the Federal Reserve System for Heartland to acquire Premier Valley Bank, the Federal Deposit Insurance Corporation to merge Premier Valley Bank into this newly formed subsidiary, and the Division of Financial Institutions of the California Department of Business Oversight to form the subsidiary as an entity authorized to conduct a banking business and to complete this merger. Once the FDIC approves the bank merger, we have to wait anywhere from 15 to 30 days before we can complete the bank merger, during which time the U.S. Department of Justice can challenge the merger on antitrust grounds. Based upon and subject to compliance with the information contained in applications filed in July, by letter dated August 28, 2015 the Board of Governors of the Federal Reserve approved the acquisition, by letter dated August 21, 2015 the FDIC approved the merger, and by letter dated September 8, 2015 the California Department of Business Oversight approved the formation of PV Acquisition Bank and the merger. The applicable waiting periods for U.S. Department of Justice review have expired, or will expire shortly. Completion of the merger will require filing of a summary merger agreement, in a form previously reviewed with the California Department of Business Oversight and with the California Secretary of State.

Completion of the Merger is Subject to Satisfying Several Conditions (Page 59 )

The obligations of Premier Valley Bank and Heartland to complete the merger are subject to the fulfillment or waiver of certain conditions, including:

- the approval and adoption of the merger agreement by holders of a majority of the common shares of Premier Valley Bank;
- the receipt of governmental and regulatory approvals;
- the receipt of certain consents and waivers from third parties;
- the absence of any injunction or order, or any law or regulation, that would impair the merger;
- the effectiveness of the registration statement pursuant to which the Heartland common stock will be registered;
  - the truth and correctness of the other party’s representations and warranties, subject to the standard of materiality in the merger agreement; and
- the other party’s performance in all material respects of all the obligations required to be performed by it under the merger agreement.

An additional condition to Heartland’s obligation to complete the merger is that the total number of dissenting shares of Premier Valley Bank common stock cannot be more than 7.0% of the number of outstanding shares of Premier Valley Bank common stock.

We cannot be certain when, or if, the conditions to the merger will be satisfied or waived, or that the merger will be completed.

When We Can Terminate the Merger Agreement (Page 60 )

Premier Valley Bank and Heartland may agree in writing to terminate the merger agreement before completing the merger, even after approval and adoption of the merger agreement by Premier Valley Bank shareholders, if a majority of the members of the Board of Directors of each of Premier Valley Bank and Heartland votes to do so.

In addition, either Heartland or Premier Valley Bank may decide to terminate the merger agreement in various circumstances, including the following:

- if there is a law or governmental order that prohibits the merger;
- if holders of shares representing a majority of the common stock of Premier Valley Bank fail to approve the merger at the special meeting;
- if any regulatory authority disapproves the merger;
- if the merger has not been completed by March 31, 2016, unless the failure to complete the merger is due to the party seeking to terminate the agreement; or
- if the other party has or will have breached any representation, warranty or agreement in any material respect or if satisfaction of any closing condition by the other party is or becomes impossible.

Premier Valley Bank may terminate the merger agreement if, prior to the adoption of the agreement by the Premier Valley Bank shareholders, the Premier Valley Bank Board of Directors determines to enter into an agreement providing for a superior proposal after complying with applicable provisions of the merger agreement (including providing Heartland with five business days' written notice and paying Heartland a \$3 million termination fee). Heartland also may terminate the merger agreement if Premier Valley Bank changes its recommendation to the Premier Valley Bank shareholders to approve the merger agreement, fails to hold a meeting of shareholders to consider the merger agreement after this proxy statement/prospectus has been available for 20 days, or intentionally and materially breaches the prohibition on solicitation. If Heartland terminates in these instances, Premier Valley Bank would be obligated to pay Heartland a \$3 million termination fee.

You have Dissenter's Rights under the California General Corporation Law (Page 54 )

Under Chapter 13 of the California General Corporation Law ("CGCL"), holders of Premier Valley Bank common stock who determine to dissent from, and do not vote in favor of, the merger may elect to have the "fair value" of their shares of Premier Valley Bank common stock individually appraised and paid to them if the merger is completed and if they comply with the requirements of Chapter 13 of the CGCL, a copy of which is attached hereto as Appendix B. See "The Merger--Notice of Dissenters' Rights."

Premier Valley Bank Special Meeting (Page 31 )

The Premier Valley Bank special meeting will be held in the first floor Conference Room located at 265 East River Park Circle, Suite 160 (across from the Bank's headquarters located at 255 East River Park Circle, Suite 180), Fresno, California 93720 at 5:30 p.m. local time, on October 26, 2015. At the Premier Valley Bank special meeting, holders of Premier Valley Bank common stock will be asked:

- to approve and adopt the merger agreement; and
- to approve the adjournment of the Premier Valley Bank special meeting, if necessary or appropriate, to solicit additional proxies.



Record Date. Premier Valley Bank shareholders may cast one vote at the Premier Valley Bank special meeting for each share of Premier Valley Bank common stock owned at the close of business on August 31, 2015. At that date, there were 12,304,025 shares of Premier Valley Bank common stock entitled to be voted at the special meeting.

As of the record date for the Premier Valley Bank special meeting, directors, executive officers and certain other officers of Premier Valley Bank and their affiliates had the right to vote 4,135,527 shares of Premier Valley Bank common stock, or 33.6% of the outstanding Premier Valley Bank common stock entitled to be voted at the special meeting.

Required Vote. To approve and adopt the merger agreement, the holders of a majority of the outstanding shares of Premier Valley Bank common stock entitled to vote must vote in favor of the approval and adoption of the merger agreement. A Premier Valley Bank shareholder's failure to vote, a broker non-vote or an abstention will have the same effect as a vote against the approval and adoption of the merger agreement.

The Merger is Intended to be Generally Tax-Free With Respect to the Shares of Heartland Common Stock (Page 50 )

The merger is intended to qualify as a tax-free reorganization for U.S. federal income tax purposes, and assuming the merger will so qualify, holders of Premier Valley Bank common stock who elect to receive in the merger, or receive because of the allocation provisions in the merger agreement, shares of Heartland common stock generally will not recognize any gain or loss for U.S. federal income tax purposes on the exchange of their Premier Valley Bank stock for Heartland common stock. Gain or loss will result from the receipt by Premier Valley Bank shareholders of cash in the merger, including cash issued for fractional shares of Heartland common stock.

To review the tax consequences to Premier Valley Bank shareholders in greater detail, see "The Merger--Material U.S. Federal Income Tax Consequences of the Merger" beginning on page 50 .

## HEARTLAND SELECTED CONSOLIDATED FINANCIAL DATA

The following table sets forth selected consolidated financial data of Heartland for the periods or as of the dates presented and should be read with the consolidated financial statements and related notes contained in reports previously filed by Heartland with the SEC

(Dollars in thousands, except per share data)	For the Six Months Ended June 30,		For the Years Ended December 31,				
	2015	2014	2014	2013	2012	2011	2010
<b>STATEMENT OF INCOME DATA</b>							
Interest income	\$128,543	\$116,537	\$237,042	\$199,511	\$189,338	\$191,737	\$198,932
Interest expense	16,969	17,126	33,969	35,683	39,182	46,343	55,880
Net interest income	111,574	99,411	203,073	163,828	150,156	145,394	143,052
Provision for loan and lease losses	7,345	9,082	14,501	9,697	8,202	29,365	32,508
Net interest income after provision for loan and lease losses	104,229	90,329	188,572	154,131	141,954	116,029	110,544
Noninterest income	61,324	40,385	82,224	89,618	108,662	59,577	52,329
Noninterest expenses	123,096	107,197	215,800	196,561	183,381	137,296	129,239
Income taxes	11,588	5,853	13,096	10,335	17,384	10,302	9,846
Net income	30,869	17,664	41,900	36,853	49,851	28,008	23,788
Net (income) loss available to noncontrolling interest, net of tax	-	-	-	(64)	(59)	36	115
Net income attributable to Heartland	30,869	17,644	41,900	36,789	49,792	28,044	23,903
Preferred dividends and discount	(408)	(408)	(817)	(1,093)	(3,400)	(7,640)	(5,344)
Net income available to common stockholders	\$30,461	\$17,256	\$41,083	\$35,696	\$46,392	\$20,404	\$18,559
<b>PER COMMON SHARE DATA</b>							
Net income - diluted	\$1.47	\$0.92	\$2.19	\$2.04	\$2.77	\$1.23	\$1.13
Cash dividends	0.20	0.20	0.40	0.40	0.50	0.40	0.40
Dividend payout ratio <sup>(1)</sup>	13.61	% 21.74	% 18.26	% 19.61	% 18.05	% 32.52	% 35.40
Book value	\$24.13	\$21.16	\$22.40	\$19.44	\$19.02	\$16.29	\$15.26
Tangible book value per share <sup>(2)</sup>	20.84	18.69	19.99	16.90	17.03	14.62	13.54

(1) Dividends paid divided by net income.

(2) Tangible book value is common equity excluding goodwill and other intangible assets.

(continued on following page)

Edgar Filing: HEARTLAND FINANCIAL USA INC - Form S-4/A

(Dollars in thousands, except per share data)	At and For the Six Months Ended June 30,		As of and For the Years Ended December 31,					
	2015	2014	2014	2013	2012	2011	2010	
<b>BALANCE SHEET DATA</b>								
Investments	\$1,619,412	\$1,690,958	\$1,706,953	\$1,895,044	\$1,561,957	\$1,326,592	\$1,264,564	
Loans held for sale	105,898	87,173	70,514	46,665	96,165	53,528	23,904	
Total loans and leases receivable <sup>(1)</sup>	4,449,823	3,694,734	3,878,003	3,502,701	2,828,802	2,494,631	2,364,787	
Allowance for loan and lease losses	45,614	40,892	41,449	41,685	38,715	36,808	42,693	
Total Assets	6,717,007	5,913,710	6,051,812	5,923,716	4,990,553	4,305,058	3,999,455	
Total deposits	5,317,269	4,641,482	4,768,022	4,666,499	3,845,660	3,210,113	3,034,048	
Long-term obligations	296,594	329,507	396,255	350,109	389,025	372,820	362,527	
Preferred equity	81,698	81,698	81,698	81,698	81,698	81,698	78,483	
Common stockholders' equity	497,508	390,723	414,619	357,762	320,107	268,520	250,608	
<b>EARNINGS PERFORMANCE DATA</b>								
Annualized return on average total assets	0.94	% 0.60	% 0.70	% 0.70	% 1.04	% 0.50	% 0.46	%
Annualized return on average common equity	12.90	9.32	10.62	10.87	15.78	7.77	7.51	
Annualized net interest margin ratio <sup>(2)</sup>	3.93	3.98	3.96	3.78	3.98	4.16	4.12	
<b>ASSET QUALITY RATIOS</b>								
Nonperforming assets to total assets	0.66	% 0.90	% 0.74	% 1.23	% 1.59	% 2.39	% 3.07	%
Nonperforming loans and leases to total loans and leases	0.60	0.79	0.65	1.21	1.53	2.31	3.87	
Net loan and lease charge-offs to average loans and leases (annualized)	0.15	0.55	0.39	0.22	0.23	1.46	1.31	
	1.03	1.11	1.07	1.19	1.37	1.48	1.82	

Allowance for loan  
and lease losses to  
total loans and  
leases

Allowance for loan  
and lease losses to  
nonperforming  
loans and leases

170.78	140.64	165.33	98.27	89.71	64.09	47.12
--------	--------	--------	-------	-------	-------	-------

CONSOLIDATED  
CAPITAL  
RATIOS

Average equity to  
average assets

8.53	% 7.86	% 8.00	% 8.09	% 8.47	% 8.47	% 8.13	%
------	--------	--------	--------	--------	--------	--------	---

Average common  
equity to average  
assets

7.28	6.45	6.60	6.46	6.58	6.45	6.13
------	------	------	------	------	------	------

Total capital to  
risk-adjusted  
assets

13.86	14.29	15.73	14.69	15.35	15.87	16.23
-------	-------	-------	-------	-------	-------	-------

Tier 1 capital to  
risk adjusted assets

11.56	12.97	12.95	13.19	13.36	14.08	14.06
-------	-------	-------	-------	-------	-------	-------

Leverage ratio

9.60	9.64	9.75	9.67	9.84	10.24	9.92
------	------	------	------	------	-------	------

(1) Excludes loans held for sale.

(2) The tax-equivalent adjustment to net interest income adjusts the yield for assets earning tax-exempt income to a comparable yield on a taxable basis, assuming a tax rate of 35%.

## PREMIER VALLEY BANK SELECTED CONSOLIDATED FINANCIAL DATA

The following table sets forth selected consolidated financial data of Premier Valley Bank for the periods or as of the dates presented and should be read with the consolidated financial statements previously published by Premier Valley Bank.

(Dollars in thousands, except per share data)	For the Six Months Ended June 30,		For the Years Ended December 31,				
	2015	2014	2014	2013	2012	2011	2010
<b>STATEMENT OF INCOME DATA</b>							
Interest income	\$11,128	\$10,167	\$20,528	\$19,519	\$20,310	\$21,512	\$22,966
Interest expense	340	332	647	672	690	1,670	2,759
Net interest income	10,787	9,836	19,881	18,847	19,620	19,842	20,207
Provision for (renewal of) loan and lease losses	—	—	(500 )	(500 )	1,596	450	3,420
Net interest income after provision for loan and lease losses	10,787	9,836	20,381	19,347	18,024	19,392	16,787
Noninterest income	2,305	2,355	4,149	4,007	4,571	3,579	3,147
Noninterest expenses	6,416	6,670	13,283	13,841	13,667	15,198	16,489
Income taxes	2,384	1,925	4,059	2,972	2,823	1,860	41
Net income available to common stockholders	4,292	3,595	7,188	6,541	6,105	5,913	3,404
<b>PER COMMON SHARE DATA</b>							
Net income - diluted	\$0.35	\$0.28	\$0.58	\$0.51	\$0.47	\$0.45	\$0.26
Cash dividends	0.16	0.14	0.29	0.28	0.25	0.19	0.08
Dividend payout ratio <sup>(1)</sup>	45.85 %	49.56 %	50.60 %	55.01 %	27.44 %	41.94 %	30.96 %
Book value	\$5.83	\$5.46	\$5.65	\$5.23	\$5.35	\$16.29	\$4.82
Tangible book value per share <sup>(2)</sup>	4.68	4.31	4.51	4.13	4.25	14.62	3.71

(1) Dividends paid divided by net income.

(2) Tangible book value is common equity excluding goodwill and other intangible assets.

(continued on following page)

Edgar Filing: HEARTLAND FINANCIAL USA INC - Form S-4/A

(Dollars in thousands, except per share data)	At and For the Six Months Ended June 30,		As of and For the Years Ended December 31,					
	2015	2014	2014	2013	2012	2011	2010	
<b>BALANCE SHEET DATA</b>								
Investments	\$ 177,622	\$ 179,434	\$ 212,758	\$ 160,136	\$ 165,861	\$ 112,819	\$ 66,768	
Total loans and leases receivable	413,292	353,663	387,117	353,959	337,690	347,813	357,016	
Allowance for loan and lease losses	(4,234 )	(4,713 )	(4,194 )	(4,595 )	(5,277 )	(6,940 )	(9,273 )	
Total Assets	655,374	594,373	650,281	576,331	554,425	522,238	472,064	
Total deposits	573,145	515,781	537,226	493,408	471,099	445,968	399,556	
Short-term obligations	—	—	27,920	2,610	—	—	—	
Common stockholders' equity	71,691	67,850	69,498	67,606	68,778	65,352	62,827	
<b>EARNINGS PERFORMANCE DATA</b>								
Annualized return on average total assets	1.34	% 1.25	% 1.20	% 1.17	% 1.14	% 1.19	% 0.70	%
Annualized return on average tangible common equity	15.05	13.41	13.19	12.56	12.34	12.78	8.14	
Annualized net interest margin ratio <sup>(1)</sup>	3.70	3.68	3.68	3.76	4.07	4.46	4.65	
<b>ASSET QUALITY RATIOS</b>								
Nonperforming assets to total assets	1.52	% 1.42	% 1.29	% 1.59	% 2.34	% 2.77	% 4.80	%
Nonperforming loans and leases to total loans and leases	2.42	2.39	2.17	2.44	2.95	2.86	3.24	
Net loan and lease (recoveries)/charge-offs to average loans and leases (annualized)	(0.02 )	(0.07 )	(0.03 )	0.05	0.95	0.80	0.30	
Allowance for loan and lease losses to total loans and leases	1.02	1.33	1.08	1.30	1.56	2.00	2.60	
Allowance for loan and lease losses to nonperforming loans and leases	41.32	55.84	52.01	53.06	54.41	69.67	80.25	
<b>CONSOLIDATED CAPITAL RATIOS</b>								
Equity to assets	10.94	% 11.42	% 10.68	% 11.73	% 12.41	% 12.51	% 13.31	%
Total capital to risk-adjusted assets	12.82	14.36	13.38	14.52	15.26	15.03	13.86	
	11.92	13.18	12.40	13.37	14.01	13.78	12.61	

Tier 1 capital to risk  
adjusted assets

Leverage ratio	9.04	9.44	8.95	9.90	9.73	9.96	10.24
----------------	------	------	------	------	------	------	-------

(1) The tax-equivalent adjustment to net interest income adjusts the yield for assets earning tax-exempt income to a comparable yield on a taxable basis, assuming a tax rate of 35%.

15

---

## PRO FORMA CAPITALIZATION

The following table sets forth the actual capitalization of Heartland and Premier Valley Bank at June 30, 2015 and the pro forma capitalization of Heartland, on a consolidated basis, reflecting the consummation of the merger:

	June 30, 2015		
	Heartland	Premier Valley	Pro Forma Heartland
	(Dollars in thousands except stock data)		
Shareholders' Equity:			
Preferred Stock	\$81,698	\$—	\$81,698
Common Stock	20,616	50,963	22,557
Capital Surplus	148,789	—	213,384
Retained Earnings	325,106	20,782	321,692
Accumulated Other Comprehensive Income	3,059	(54	) 3,059
Treasury Stock at Cost	(62	) —	(62 )
Total Shareholders' Equity	\$579,206	\$71,691	\$642,328
Preferred Stock Data:			
Authorized	81,698	10,000,000	81,698
Outstanding	81,698	—	81,698
Common Stock Data:			
Authorized	30,000,000	30,000,000	30,000,000
Outstanding (Net of Treasury)	20,614,325	12,304,025	22,557,562



## UNAUDITED PRO FORMA COMBINED CONSOLIDATED FINANCIAL STATEMENTS

The following unaudited pro forma combined consolidated financial statements, financial information and explanatory notes illustrate the effect of the merger on Heartland's financial position and results of operations based upon Heartland's respective historical financial positions and results of operations under the acquisition method of accounting with Heartland treated as the acquirer. The unaudited pro forma combined consolidated financial information has been derived from, and should be read in conjunction with, the historical consolidated financial statements and the related notes of Heartland that are incorporated by reference, and of Premier Valley Bank that are included elsewhere, in this proxy statement/prospectus.

In accordance with U.S. generally accepted accounting principles, or GAAP, the assets and liabilities of Premier Valley Bank will be recorded by Heartland at their estimated fair values as of the date the merger is completed. The unaudited pro forma combined consolidated statement of income for the six months ended June 30, 2015 is based on the unaudited financial statements of Heartland that are incorporated by reference, and of Premier Valley Bank that are included, in this proxy statement/prospectus. The unaudited pro forma combined consolidated statement of income for the year ended December 31, 2014 is based on the audited financial statements of Heartland incorporated by reference, and Premier Valley Bank included, in this proxy statement/prospectus. The unaudited pro forma combined consolidated balance sheet as of June 30, 2015 assumes the merger took place on that date. The unaudited pro forma combined consolidated statements of income for the six months ended June 30, 2015 and for the year ended December 31, 2014 assumes the merger took place on January 1, 2014.

The pro forma financial information includes Heartland's estimated adjustments to record assets and liabilities of Premier Valley Bank at their respective fair values. These adjustments are subject to change depending on changes in interest rates and the components of assets and liabilities as of the merger date and as additional information becomes available and additional analyses are performed. The final amounts will be determined after the merger is completed and after completion of further analyses to determine the fair value of Premier Valley Bank's tangible and identifiable intangible assets and liabilities as of the date the merger is completed. Increases or decreases in the estimated fair values of the net assets acquired as compared with the information shown in the unaudited pro forma combined consolidated financial information may change the amount of goodwill resulting from the merger and other assets and liabilities may impact Heartland's statement of income due to adjustments in yield and/or amortization of the adjusted assets or liabilities. Any changes to Premier Valley Bank's results of operations from June 30, 2015, including shareholders' equity, through the date the merger is completed, will also change the purchase price allocation, which may include the recording of a lower or higher amount of goodwill. The final adjustments may be materially different from the unaudited pro forma adjustments presented herein.

Heartland anticipates that the merger with Premier Valley Bank will provide the combined institution with financial benefits that include reduced combined operating expenses. However, these unaudited pro forma consolidated financial statements do not give effect to any anticipated cost savings or revenue enhancements in connection with the merger. The pro forma information, which is intended to illustrate the financial characteristics of the merger and the combined bank under one set of assumptions, does not reflect any of the potential benefits of and expected cost savings or opportunities to earn additional revenues or all integration costs that may be incurred and, accordingly, should not be considered a prediction of future results. It also does not necessarily reflect what the historical results of the combined bank would have been had both banks been combined during the periods shown.

The unaudited pro forma shareholders' equity and net income should not be considered indicative of the market value of Heartland common stock or the actual or future results of operations of Heartland for any period. Actual results may be materially different than the pro forma consolidated financial statements and information presented.

## Combined Pro Forma Financial Information (unaudited)

Consolidated Balance Sheet as of June 30, 2015	Historical Heartland	Premier Valley	Pro Forma Before Adjustments	Pro Forma Adjustments	Heartland Pro Forma Combined
(Dollars in thousands, except per share data)					
<b>ASSETS</b>					
Cash and due from banks	\$ 111,909	\$ 10,707	\$ 122,616	\$ (31,928 ) <sup>(A)</sup>	\$ 90,688
Federal funds sold and other short-term investments	7,813	16,091	23,903	—	23,903
Cash and cash equivalents	119,722	26,798	146,519	(31,928 )	114,591
Time deposits in other financial institutions	2,355	—	2,355	—	2,355
Securities:			—	—	—
Available for sale, at fair value	1,315,699	177,622	1,493,321	—	1,493,321
Held to maturity, at cost	283,258	—	283,258	—	283,258
Other investments, at cost	20,455	—	20,455	—	20,455
Loans held for sale	105,898	—	105,898	—	105,898
Loans and leases:					
Held to maturity	4,449,823	413,291	4,863,115	(15,498 ) <sup>(B)</sup>	4,847,617
Allowance for loan and lease losses	(45,614 )	(4,234 )	(49,848 )	4,234 <sup>(C)</sup>	(45,614 )
Loans and leases, net	4,404,209	409,057	4,813,267	(11,264 )	4,802,003
Premises, furniture and equipment, net	143,423	3,193	146,616	—	146,616
Other real estate, net	16,983	—	16,983	—	16,983
Goodwill, net	54,162	13,339	67,501	27,584 <sup>(E)</sup>	95,085
Other intangible assets, net	45,226	714	45,940	4,463 <sup>(F)</sup>	50,403
Cash surrender value on life insurance	96,693	10,059	106,752	—	106,752
Other assets	108,924	14,592	123,516	3,073 <sup>(D)</sup>	126,589
<b>TOTAL ASSETS</b>	<b>\$ 6,717,007</b>	<b>\$ 655,374</b>	<b>\$ 7,372,381</b>	<b>\$ (8,072 )</b>	<b>\$ 7,364,309</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>					
<b>LIABILITIES:</b>					
<b>Deposits:</b>					
Demand	\$ 1,536,355	\$ 210,799	\$ 1,747,154	\$ —	\$ 1,747,154
Savings	2,816,666	235,518	3,052,184	—	3,052,184
Time	964,248	126,828	1,091,076	634 <sup>(G)</sup>	1,091,710
Total deposits	5,317,269	573,145	5,890,414	634	5,891,048
Short-term borrowings	477,918	—	477,918	—	477,918
Other borrowings	296,594	—	296,594	—	296,594
Accrued expenses and other liabilities	46,020	10,538	56,558	(137 ) <sup>(C)</sup>	56,421
<b>TOTAL LIABILITIES</b>	<b>6,137,801</b>	<b>583,683</b>	<b>6,721,484</b>	<b>497</b>	<b>6,721,981</b>
<b>EQUITY:</b>					
Series C Fixed Rate Non-Cumulative Perpetual preferred stock	81,698	—	81,698	—	81,698
Common stock	20,616	50,963	71,579	(49,022 ) <sup>(H)</sup>	22,557
Capital surplus	148,789	—	148,789	64,595 <sup>(H)</sup>	213,384
Retained earnings	325,106	20,782	345,888	(24,196 ) <sup>(H)</sup>	321,692
Accumulated other comprehensive income (loss)	3,059	(54 )	3,005	54	3,059
Treasury stock at cost	(62 )	—	(62 )	—	(62 )

Edgar Filing: HEARTLAND FINANCIAL USA INC - Form S-4/A

TOTAL STOCKHOLDERS' EQUITY	579,206	71,691	650,897	(8,569	)	642,328
TOTAL LIABILITIES AND EQUITY	\$6,717,007	\$655,374	\$7,372,381	\$(8,072	)	\$7,364,309

## Combined Pro Forma Financial Information (unaudited)

Consolidated Statement of Income For the Six Months Ended June 30, 2015	Historical		Pro Forma Before Adjustments	Pro Forma Adjustments	Heartland Pro Forma Combined
	Heartland	Premier Valley			
(Dollars in thousands, except per share data)					
<b>INTEREST INCOME:</b>					
Interest and fees on loans and leases	\$ 108,873	\$ 9,027	\$ 117,900	\$ 172	<sup>(I)</sup> \$ 118,072
Interest on securities and other:					
Taxable	13,871	367	14,238	—	14,238
Nontaxable	5,790	1,711	7,501	—	7,501
Interest on federal funds sold and other short-term investments	2	—	2	—	2
Interest on interest bearing deposits in other financial institutions	7	22	29	—	29
<b>TOTAL INTEREST INCOME</b>	<b>128,543</b>	<b>11,127</b>	<b>139,670</b>	<b>172</b>	<b>139,842</b>
<b>INTEREST EXPENSE:</b>					
Interest on deposits	7,991	330	8,321	(106)	<sup>(G)</sup> 8,215
Interest on short-term borrowings	410	10	420	—	420
Interest on other borrowings	8,568	—	8,568	—	8,568
<b>TOTAL INTEREST EXPENSE</b>	<b>16,969</b>	<b>340</b>	<b>17,309</b>	<b>(106)</b>	<b>17,203</b>
<b>NET INTEREST INCOME</b>	<b>111,574</b>	<b>10,787</b>	<b>122,361</b>	<b>278</b>	<b>122,639</b>
Provision for loan and lease losses	7,345	—	7,345	—	7,345
<b>NET INTEREST INCOME AFTER PROVISION FOR LOAN AND LEASE LOSSES</b>	<b>104,229</b>	<b>10,787</b>	<b>115,016</b>	<b>278</b>	<b>115,294</b>
<b>NONINTEREST INCOME:</b>					
Service charges and fees	11,304	670	11,974	—	11,974
Loan servicing income	2,204	192	2,396	—	2,396
Trust fees	7,544	—	7,544	—	7,544
Brokerage and insurance commissions	2,003	—	2,003	—	2,003
Securities gains, net	7,463	651	8,114	—	8,114
Gains on sale of loans	28,341	267	28,608	—	28,608
Income on bank owned life insurance	983	168	1,151	—	1,151
Other noninterest income	1,482	357	1,839	—	1,839
<b>TOTAL NONINTEREST INCOME</b>	<b>61,324</b>	<b>2,305</b>	<b>63,629</b>	<b>—</b>	<b>63,629</b>
<b>NONINTEREST EXPENSES</b>					
Salaries and employee benefits	73,489	3,791	77,280	—	77,280
Occupancy	8,287	583	8,870	—	8,870
Furniture and equipment	4,282	138	4,420	—	4,420
Professional fees	11,293	165	11,458	—	11,458
FDIC assessments	1,855	192	2,047	—	2,047
Merger related expenses	—	27	27	(27)	<sup>(J)</sup> —
Advertising	2,514	170	2,684	—	2,684
Intangible assets amortization	1,346	—	1,346	319	<sup>(F)</sup> 1,665
Other real estate and loan collection expenses	1,218	19	1,237	—	1,237
Loss on sales/valuations of assets, net	1,862	—	1,862	—	1,862
Other noninterest expenses	16,950	1,331	18,281	—	18,281
<b>TOTAL NONINTEREST EXPENSES</b>	<b>123,096</b>	<b>6,416</b>	<b>129,512</b>	<b>292</b>	<b>129,804</b>

Edgar Filing: HEARTLAND FINANCIAL USA INC - Form S-4/A

INCOME BEFORE INCOME TAXES	42,457	6,676	49,133	(14	)	49,119
Income taxes	11,588	2,384	13,972	6	(D)	13,966
NET INCOME	\$30,869	\$4,292	\$ 35,161	\$(8	)	\$35,153
Preferred dividends and discount	\$(408	) \$—	\$(408	) \$—		\$(408
NET INCOME AVAILABLE TO COMMON SHAREHOLDERS	\$30,461	\$4,292	\$ 34,753	\$(8	)	\$34,745
EARNINGS PER COMMON SHARE - BASIC	1.49	0.35				1.55
EARNINGS PER COMMON SHARE - DILUTED	1.47	0.35				1.54
WEIGHTED AVERAGE BASIC SHARES OUTSTANDING	20,407,725	12,206,182		1,941,494	(K)	22,349,219
WEIGHTED AVERAGE DILUTIVE SHARES OUTSTANDING	20,681,800	12,207,889		1,941,494	(K)	22,623,294

## Combined Pro Forma Financial Information (unaudited)

Consolidated Statement of Income For the Twelve Months Ended December 31, 2014	Historical		Pro Forma Before Adjustments	Pro Forma Adjustments	Heartland Pro Forma Combined	
	Heartland	Premier Valley				
(Dollars in thousands, except per share data)						
INTEREST INCOME:						
Interest and fees on loans and leases	\$ 194,022	\$ 16,161	\$ 210,183	\$ 344	(I) \$ 210,527	
Interest on securities and other:						
Taxable	29,727	2,907	32,634	—	32,634	
Nontaxable	13,269	1,194	14,463	—	14,463	
Interest on federal funds sold and other short-term investments	1	257	258	—	258	
Interest on interest bearing deposits in other financial institutions	23	9	32	—	32	
<b>TOTAL INTEREST INCOME</b>	<b>237,042</b>	<b>20,528</b>	<b>257,570</b>	<b>344</b>	<b>257,914</b>	
INTEREST EXPENSE:						
Interest on deposits	18,154	641	18,795	(212	) (G) 18,583	
Interest on short-term borrowings	877	6	883	—	883	
Interest on other borrowings	14,938	—	14,938	—	14,938	
<b>TOTAL INTEREST EXPENSE</b>	<b>33,969</b>	<b>647</b>	<b>34,616</b>	<b>(212</b>	<b>) 34,404</b>	
<b>NET INTEREST INCOME</b>	<b>203,073</b>	<b>19,881</b>	<b>222,954</b>	<b>556</b>	<b>223,510</b>	
Provision for loan and lease losses	14,501	(500	) 14,001	—	14,001	
<b>NET INTEREST INCOME AFTER PROVISION FOR LOAN AND LEASE LOSSES</b>	<b>188,572</b>	<b>20,381</b>	<b>208,953</b>	<b>403</b>	<b>209,356</b>	
NONINTEREST INCOME:						
Service charges and fees	20,085	1,307	21,392	—	21,392	
Loan servicing income	5,583	364	5,947	—	5,947	
Trust fees	13,097	—	13,097	—	13,097	
Brokerage and insurance commissions	4,440	—	4,440	—	4,440	
Securities gains, net	3,668	741	4,409	—	4,409	
Gains (loss) on trading account securities	(38	) —	(38	) —	(38	)
Gains on sale of loans	31,337	681	32,018	—	32,018	
Income on bank owned life insurance	1,472	338	1,810	—	1,810	
Other noninterest income	2,580	718	3,298	—	3,298	
<b>TOTAL NONINTEREST INCOME</b>	<b>82,224</b>	<b>4,149</b>	<b>86,373</b>	<b>—</b>	<b>86,373</b>	
NONINTEREST EXPENSES						
Salaries and employee benefits	129,843	7,733	137,576	—	137,576	
Occupancy	15,746	1,161	16,907	—	16,907	
Furniture and equipment	8,105	275	8,380	—	8,380	
Professional fees	18,241	389	18,630	—	18,630	
FDIC assessments	3,808	408	4,216	—	4,216	
Merger related expenses	—	50	50	(50	) (J) —	
Advertising	5,524	316	5,840	—	5,840	
Intangible assets amortization	2,223	—	2,223	638	(F) 2,861	
Other real estate and loan collection expenses	2,309	35	2,344	—	2,344	
Loss on sales/valuations of assets, net	2,105	19	2,124	—	2,124	

Edgar Filing: HEARTLAND FINANCIAL USA INC - Form S-4/A

Other noninterest expenses	27,896	2,897	30,793	—	30,793
TOTAL NONINTEREST EXPENSES	215,800	13,283	229,083	588	229,671
INCOME BEFORE INCOME TAXES	54,996	11,247	66,243	(32 )	66,211
Income taxes	13,096	4,059	17,155	(13 ) <sup>(D)</sup>	17,142
NET INCOME	\$41,900	\$7,188	\$49,088	\$(19 )	\$49,069
Preferred dividends and discount	\$(817 )	\$—	\$(817 )	\$—	\$(817 )
NET INCOME AVAILABLE TO COMMON STOCKHOLDERS	\$41,083	\$7,188	\$48,271	\$(19 )	\$48,252
EARNINGS PER COMMON SHARE - BASIC	2.23	0.58			2.36
EARNINGS PER COMMON SHARE - DILUTED	2.19	0.58			2.33
WEIGHTED AVERAGE BASIC SHARES OUTSTANDING	18,462,232	12,413,384		1,941,494 <sup>(K)</sup>	20,403,726
WEIGHTED AVERAGE DILUTIVE SHARES OUTSTANDING	18,741,921	12,460,182		1,941,494 <sup>(K)</sup>	20,638,415

## Notes to Unaudited Pro Forma Combined Consolidated Financial Statements

## 1. Basis of Pro Forma Presentation

The unaudited pro forma combined consolidated financial information related to the merger includes the unaudited pro forma combined consolidated balance sheet as of June 30, 2015, which assumes that the merger was completed on June 30, 2015. The unaudited pro forma combined consolidated statements of income for the six months ended June 30, 2015 and for the year ended December 31, 2014 were prepared assuming that the merger was completed on January 1, 2014. For the purpose of the pro forma combined consolidated financial statements, the total consideration to common shareholders is \$95.1 million. The pro forma adjustments included herein reflect the conversion of Premier Valley Bank's common stock into 70% Heartland common stock and 30% cash. At June 30, 2015, Premier Valley Bank had 12,304,025 common shares outstanding.

The merger will be accounted for as an acquisition of Premier Valley Bank by Heartland in accordance with the acquisition method of accounting. The acquisition method of accounting requires an acquirer to recognize the assets acquired, and the liabilities assumed, based on their fair values as of the date of merger. Goodwill, if any, will be recognized as of the merger date, in the amount equal to the excess of the consideration transferred over the fair value of identifiable net assets acquired. Based on Heartland's preliminary purchase price allocation, goodwill of approximately \$ 40.9 million is estimated by Heartland.

As the merger is recorded using the acquisition method of accounting, all loans of Premier Valley Bank are recorded at fair value, including adjustments for credit, and no allowance for loan losses is carried over to Heartland's balance sheet. In addition, certain anticipated nonrecurring merger transaction costs associated with the merger, such as investment banking fees, change in control payments, accounting fees, legal and other professional fees, transfer agent fees, proxy solicitation costs and other related expenditures are reflected in the pro forma consolidated balance sheet, but are excluded from the pro forma consolidated statement of income.

While the recording of the acquired loans at their fair value will impact the prospective determination of the provision for loan losses and the allowance for loan losses, for purposes of the unaudited pro forma consolidated statement of income for the six months ended June 30, 2015 and for the year ended December 31, 2014 we assumed no adjustments to the historical amount of Premier Valley Bank's provision for loan losses. If such adjustments were estimated, there could be a reduction, or increase which could be significant, to the historical amounts of Premier Valley Bank's provision for loan losses presented.

The merger is expected to result in annual cost savings and revenue synergies to be achieved following the consummation of the merger. These expected savings have not been included in the pro forma combined consolidated balance sheet or the statement of income.

## 2. Preliminary Pro Forma Entries

- Adjustments to cash and due from banks represent the cash portion of the purchase price of \$28.5 million and
- A. Heartland's and Premier Valley Bank's net merger transaction costs of \$2.5 million and \$.9 million, respectively, and are assumed to be paid out at the closing date of the merger, see footnote J. Total cash payments are estimated at \$3.4 million.

Cash Account Pro Forma Adjustment Schedule at June 30, 2015	(Dollars in thousands)
Net expense after tax - Heartland merger costs	\$2,491
Net expense after tax - Premier Valley merger costs	923
Cash pro forma adjusting entry	\$3,414

- B. The fair value of the loan portfolio being acquired from Premier Valley Bank is estimated by Heartland to be less than the net carrying value. Based on management's judgment, Heartland applied an approximate discount of 3.75% to Premier Valley Bank's gross loan portfolio to estimate the loan fair value adjustment at June 30, 2015. This adjustment reflects the estimates of both market rate differential and the potential credit adjustments. The total gross fair value loan adjustment is estimated at approximately \$15.5 million. The credit portion of the loan fair value adjustment is estimated at approximately \$14.5 million and the market rate fair value adjustment is estimated at approximately \$1 million. See footnote I for the estimated accretion of the market rate and credit fair value adjustment. The actual loan fair value adjustment may be more or less than the amount estimated and used in these pro forma combined consolidated financial statements. The actual loan fair value will be calculated at the



date of the merger, based on the most current financial information available.

C. Because the acquired loans and unfunded loan commitments are recorded at fair value at the merger date, there is no carryover of Premier Valley Bank's allowance for loan losses of \$4.2 million, and reserve for unfunded loan commitments of \$137,000 at June 30, 2015.

Adjustments to deferred tax assets represent the tax effect of the pro forma adjustments using a combined federal and state tax rate of 42.1%. A federal and state effective tax rate of 42.1% was also utilized in calculating the

D. provision for income tax expense as reflected in the pro forma entries in the consolidated statements of income for the six months ended June 30, 2015 and for the year ended December 31, 2014. The following table reflects the breakout of deferred tax assets reflected on the pro forma combined consolidated balance sheet.

Components of Deferred Tax Assets Schedule - June 30, 2015	Amount	Tax	Net
	(Dollars in thousands)		
Certificates of deposit adjustment	(634 )	267	(367 )
Loan fair value adjustment	(15,498 )	6,525	(8,973 )
Allowance for loan loss adjustment	4,234	(1,783 )	2,451
Reserve for unfunded loan commitments	137	(57 )	80
Core deposit intangible	4,463	(1,879 )	2,584
Deferred Tax Asset, net	\$(7,298 )	\$3,073	\$(4,225 )

The unaudited pro forma combined consolidated financial information for the merger includes the unaudited pro forma combined balance sheet as of June 30, 2015, assuming the merger was completed on June 30, 2015. The following is a summary of the preliminary purchase price allocation and the value of Goodwill.

(Dollars in thousands)

Carrying value of Premier Valley's net assets at June 30, 2015		\$71,691
Less fair value adjustments:		
Loan fair value	\$(15,498 )	(B)
Allowance for loan loss	4,234	(C)
Loans, net	(11,264 )	
Eliminate existing Goodwill at Premier Valley	(13,339 )	
Certificates of deposit	(634 )	(G)
Core deposit intangible	4,463	(F)
Deferred tax asset, net	3,073	(D)
Reserve for unfunded loan commitments	137	(C)
Total fair value adjustments		(17,564 )
Fair value of net assets acquired attributable to common shareholders at June 30, 2015		54,127
Consideration paid to common shareholders		95,050
Goodwill (total consideration paid less fair value of net assets acquired)		\$40,923

A core deposit intangible of \$4.45 million is estimated for the Premier Valley Bank core deposit portfolio. A core deposit intangible arises from a financial institution having a deposit base comprised of funds associated with stable customer relationships. Deposit customer relationships have value due to their favorable interest rates in comparison to market rates for alternative funding sources with expected lives comparable to expected lives of the core deposits. The discounted cash flow method is based upon the principal of future benefits; economic value tends to be based on anticipated future benefits as measured by cash flows expected to occur in the future. In

F. determining this value, Heartland has considered recently completed transactions and the overall value assigned to the non-interest bearing demand deposit accounts, savings accounts, money market and NOW deposit accounts. Based on this review Heartland has preliminarily estimated a 1.00% core deposit premium on the core deposits of Premier Valley Bank with an estimated useful life of seven years, using the straight line method of amortization. This premium is a result of the cost of these deposits being lower than the cost of comparable alternative funding sources. The amortization of core deposit intangibles is estimated at approximately \$319,000 for the six months ended June 30, 2015 and is estimated at approximately \$638,000 for the year ended December 31, 2014.



Estimated Core Deposit Intangible Amortization Schedule	(Dollars in thousands)
Year 1	\$638
Year 2	638
Year 3	638
Year 4	638
Year 5	637
Year 6	637
Year 7	637
Total	\$4,463

Deposits were adjusted to reflect estimated current interest rates. Heartland has estimated premium of \$634,000 or 0.50% of the balance of time deposits to be amortized over three years, using the straight line method, which is the estimated remaining term. The amortization for the six months ended June 30, 2015 is estimated at \$106,000 and \$212,000 for the twelve months ended December 31, 2014. The following schedule reflects the projected amortization of the deposit rate adjustment over the estimated remaining three-year amortization period.

Estimated Deposit Fair Value Adjustment Amortization Schedule	(Dollars in thousands)
Year 1	\$212
Year 2	212
Year 3	212
Total market rate loan fair value adjustment	\$634

H. The following is the summary of the transactions reflecting the equity account adjustments.

Equity Account Pro Forma Adjustment Schedule at June 30, 2015	(Dollars in thousands)
Common Stock of Premier Valley - Retired	\$(50,963)
Common Stock of Heartland - issued in connection with merger	1,941
Common Stock pro forma adjustment	\$(49,022)
Stock portion of purchase price	\$66,536
Less: Common Stock (above)	(1,941)
Surplus pro forma adjustment	\$64,595
Accumulated retained earnings of Premier Valley	\$(20,782)
Heartland net merger transaction costs (see footnote J)	(2,491)
Premier Valley net merger transaction costs (see footnote J)	(923)
Net retained earnings pro forma adjustment	\$(24,196)

The market rate portion of the loan fair value adjustment of \$1,033,000 will be amortized over three years, using the straight line method, which is the estimated remaining life of the loan portfolio. The accretion for the six months ended June 30, 2015 is estimated at \$172,000, and \$344,000 for the twelve months ended December 31, 2014. The following schedule reflects the projected amortization of the market rate portion of the loan fair value adjustment over the estimated three-year amortization period.

Estimated Market Rate Loan Fair Value Adjustment Amortization Schedule	(Dollars in thousands)
Year 1	\$344
Year 2	344
Year 3	345
Total market rate loan fair value adjustment	\$1,033



The historical financial results of Premier Valley include tax deductible merger costs of \$50,000 for the year ended December 31, 2014 and \$27,000 for the six months ended June 30, 2015. The merger costs included in the historical balances consisted of professional fees. For purpose of the pro forma combined consolidated statement of income, total merger costs of \$50,000 that are included in the historical financial results for the year ended December 31, 2014, and \$27,000 that are included for the six month period ended June 30, 2015, are removed as a non-recurring charge directly related to the merger. The estimated merger transaction costs to be incurred after June 30, 2015 are approximately \$3.4 million, net of tax. This cost is included as a pro forma adjustment in the combined consolidated balance sheet. See footnotes A and H.

Some of the merger transaction costs are not tax deductible. The deductibility of such costs is estimated in the table below, but will be finalized and determined subsequent to the completion of the merger. The following schedule reflects the breakout of the merger estimated transaction cost between Heartland and Premier Valley Bank using a federal and state effective tax rate of 42.1%. For purposes of the pro forma presentation, these costs are assumed to be paid out in cash at the date of the merger. However, several of these costs may not actually be paid out in cash but accrued for in the consolidated balance sheet.

Merger Transaction Costs Schedule	Heartland	Premier Valley	Combined
	(Dollars in thousands)		
Salaries and employee benefits	\$3,434	\$—	\$3,434
Professional fees	300	1,150	1,450
Other non-interest expense	350	—	350
Total non-interest expense	4,084	1,150	5,234
Tax benefit	(1,612 )	(227 )	(1,820 )
Net expense after tax benefit	\$2,491	\$923	\$3,414

The amount of pro forma combined total shares outstanding at June 30, 2015, is calculated by adding Heartland's historical shares outstanding at June 30, 2015 and Heartland's pro forma shares, which are common stock to be issued at the merger transaction date. For purposes of these calculations, the retirement of the Premier Valley Bank shares as well as the issuance of the new Heartland shares is recorded as if the transaction occurred January 1, 2014, with the newly issued shares outstanding for the full year. See "The Merger Agreement – Purchase Price and Election of Merger Consideration" for the calculation of shares to be issued in the merger transaction.

The amount of pro forma combined weighted average shares outstanding is calculated by adding Heartland's historical weighted average shares outstanding for the six months ended June 30, 2015 and for the year ended December 31, 2014, the Heartland common stock issued in connection with merger. For purposes of these calculations the issuance of the new Heartland shares is recorded as if the transaction occurred January 1, 2014, with the newly issued shares outstanding for the six months ended June 30, 2015 and for the twelve months ended December 31, 2014.

Twelve Months Ended December 31, 2014

(Dollars in thousands except share and per share data)	Historical		Exchange of Premier Valley Shares	Issue of Heartland Shares	Heartland (consolidated) Pro Forma Combined
	Heartland	Premier Valley			
Shares outstanding at December 31, 2014	18,511,125	12,298,223	(12,298,223 )	1,941,494	20,452,619
Net Income	\$41,900	\$7,188	\$49,088	\$(19 )	\$49,069
Less: Dividends on preferred stock	(817 )	—	(817 )	—	(817 )
Net income available to common shareholders	\$41,083	\$7,188	\$48,271	\$(19 )	\$48,252
Shares outstanding					

Edgar Filing: HEARTLAND FINANCIAL USA INC - Form S-4/A

Weighted average basic shares outstanding	18,462,232	12,413,384	(12,413,384 )	1,941,494	20,403,726
Potential dilutive stock options	279,689	46,808	(46,808 )	—	279,689
Weighted average dilutive shares	18,741,921	12,460,192	(12,460,192 )	1,941,494	20,683,415
Earnings Per Share					
Basic earnings per Share	\$2.23	\$0.58			\$ 2.36
Diluted earnings per share	\$2.19	\$0.58			\$ 2.33

Six Months Ended June 30, 2015

(Dollars in thousands except share and per share data)	Historical				Heartland (consolidated) Pro Forma Combined
	Heartland	Premier Valley	Exchange of Premier Valley Shares	Issue of Heartland Shares	
Shares outstanding at June 30, 2015 (Net of Treasury)	20,614,325	12,304,025	(12,304,025)	1,941,494	22,555,819
Net Income	\$30,869	\$4,292	\$35,161	\$(8)	\$35,153
Less: Dividends on preferred stock	(408)	—	(408)	—	(408)
Net income available to common shareholders	\$30,461	\$4,292	\$34,753	\$(8)	\$34,745
Shares outstanding					
Weighted average basic shares outstanding	20,407,725	12,206,182	(12,206,182)	1,941,494	22,349,219
Potential dilutive stock options	274,075	1,707	(1,707)	—	274,075
Weighted average dilutive shares	20,681,800	12,207,889	(12,207,889)	1,941,494	22,623,294
Earnings Per Share					
Basic earnings per Share	\$1.49	\$0.35			\$1.55
Diluted earnings per share	\$1.47	\$0.35			\$1.54



## COMPARATIVE MARKET PRICE AND DIVIDEND INFORMATION

## Markets

Heartland files annual, quarterly and current reports, proxy statements and other information with the SEC and its common stock is quoted on the NASDAQ Global Select Market under the symbol "HTLF."

Premier Valley Bank is not a "reporting company" under federal securities law, and does not file periodic reports with the Securities and Exchange Commission, or with the FDIC under equivalent rules that relate to state banks that would be reporting companies if subject to SEC regulation. Premier Valley Bank common stock is not listed on an exchange, but is thinly traded in the over the counter market, or OTCBB Pink, under the symbol "PVLVY." Trading in Premier Valley Bank common stock has been episodic, with no reported trades on 86 of 252 trading days immediately preceding announcement of the merger and with periods as long as two weeks during which no trades occurred.

## Comparative Per Share Market Prices

The following table sets forth the closing sale prices per share of Heartland common stock, and the last reported sale price of Premier Valley Bank Common Stock, on May 14, 2015, the last trading day before we announced the merger, and on September 18, 2015, the last practicable trading day before the distribution of this document, and the equivalent price per share of Heartland common stock giving effect to the merger.

	Closing Sale Price		
	Heartland Common Stock	Premier Valley Common Stock	Equivalent Price per share of Heartland Common Stock
May 14, 2015	\$34.35	\$6.05	\$7.725
September 18, 2015	\$35.17	\$7.55	\$7.725

By voting to approve the merger agreement and the transactions it contemplates, those holders of Premier Valley Bank common stock who choose Heartland common stock will be choosing to invest in Heartland. An investment in Heartland's common stock involves risk. In addition to the other information included or incorporated by reference in this proxy statement/prospectus, including the matters addressed in "Forwarding-Looking Statements" beginning on page 30, Premier Valley Bank shareholders should carefully consider the matters described below in "Risk Factors" beginning on page 27 when determining whether to approve the merger agreement and the transactions it contemplates.

## Historical Market Prices and Dividend Information

The following table sets forth, for the calendar quarter indicated, the high and low closing market prices per share of Heartland common stock as reported on the Nasdaq National Market System, and the high and low daily last sale price as reported by the OTCBB Pink for over-the-counter trading in Premier Valley Bank common stock, and the dividends per share of Heartland common stock and Premier Valley Bank Common Stock. Premier Valley Bank reported trades are between dealers, without mark-up, mark-down or commissions, and may not represent actual transactions.

Calendar Quarter	Heartland			Premier Valley		
	High	Low	Dividends	High	Low	Dividends
2013:						
First	\$27.58	\$23.13	\$0.10	\$6.75	\$5.65	\$0.07
Second	28.00	22.29	0.10	6.85	6.06	\$0.07
Third	30.00	26.50	0.10	6.50	5.67	\$0.07
Fourth	29.81	26.18	0.10	6.00	5.65	\$0.07
2014						
First	\$28.10	\$24.52	\$0.10	\$6.37	\$5.76	\$0.07
Second	28.02	23.34	0.10	6.17	5.95	\$0.07
Third	25.28	23.37	0.10	6.05	5.92	\$0.07
Fourth	27.77	23.46	0.10	6.24	5.90	\$0.08
2015						
First	\$33.38	\$25.95	\$0.10	\$7.15	\$6.10	\$0.08
Second	38.00	32.68	0.10	7.62	6.68	0.08
Third (Through September 18, 2015)	38.52	34.71	0.10	7.75	7.50	0.08

The timing and amount of future dividends on shares of Heartland common stock will depend upon earnings, cash requirements, the financial condition of Heartland and its subsidiaries, applicable government regulations and other factors deemed relevant by Heartland's Board of Directors.

## RISK FACTORS

If you make an election to receive Heartland common stock, or otherwise receive common stock and vote in favor of the merger, you will be choosing to invest in Heartland common stock. Such an investment is subject to risks, including those described in the annual report on Form 10-K that Heartland has filed with the SEC, and that is incorporated by reference in this proxy statement/prospectus. In addition to the information contained elsewhere in this proxy statement/prospectus or incorporated in this proxy statement/prospectus by reference, as a shareholder Premier Valley Bank, you should carefully consider the following factors in making your decision as to how to vote on the merger.

### Risks Relating to the Merger

The merger consideration is subject to changes in the tangible equity of Premier Valley Bank.

The payment that you will receive in the merger could be reduced if the tangible equity of Premier Valley Bank as of the last day of the month preceding the closing date of the merger, and projected for operations through the closing date, is less than \$58,812,000. At June 30, 2015, Premier Valley Bank's tangible equity was approximately \$58.4 million, but if the merger is completed prior to October 1, 2015, Premier Valley Bank will be credited with a reasonable projection of operations through September 30, 2015 for purposes of this tangible equity calculation. This credit, if based on results of operations for the first six months of 2015 projected through September 30, 2015, would cause projected operations to exceed the tangible equity threshold. Nevertheless, if Premier Valley Bank incurs a loss, or fails to generate adequate income, prior to closing, the merger consideration, and the cash or shares of Heartland common stock you receive in the merger, will decline.

To the extent you elect to receive cash in the merger, or fail to elect and are allocated cash, you will recognize gain or loss for federal income tax purposes as a result of the merger, while the exchange of Premier Valley Bank common stock for Heartland common stock is intended to qualify as a tax free exchange.

The merger is intended to qualify as a tax-free reorganization for U.S. federal income tax purposes, and assuming the merger will so qualify, holders of Premier Valley Bank common stock who elect to receive in the merger, or receive because of the allocation provisions in the merger agreement, shares of Heartland common stock generally will not recognize any gain or loss for U.S. federal income tax purposes on the exchange of their Premier Valley Bank stock for Heartland common stock. Gain or loss will result from the receipt by Premier Valley Bank shareholders of cash in the merger, including cash issued for fractional shares of Heartland common stock. If you fail to make an election and receive cash, you may be required to recognize taxable gain.

Because the market price of Heartland common stock may fluctuate, a Premier Valley Bank shareholder cannot be sure of the number of shares of Heartland common stock that he or she will receive for each share of Premier Valley Bank common stock.

If you elect to receive shares of Heartland common stock in the merger, or if you are allocated such shares because you fail to make an election or too many Premier Valley Bank shareholders elect to receive cash, the number of shares of Heartland common stock you receive for each share of Premier Valley Bank common stock will depend upon the volume weighted average closing price of Heartland common stock, which will fluctuate prior to the closing. Changes in the closing price of Heartland common stock may result from a variety of factors, including, changes in Heartland's business, operations and prospects, and regulatory considerations. Many of these factors are beyond the control of Premier Valley Bank and Heartland. You will not know when you make an election to receive cash or common stock, when you vote or when you decide whether to exercise dissenter's rights, the number of the shares of Heartland common stock that you will receive in the merger. You are urged to obtain current market quotations for Heartland common stock and to consult with your financial advisors before you make your election, vote or decide to exercise dissenters' rights.

The interests of certain management officials of Premier Valley Bank may be different from those of other shareholders.

J. Mike McGowan, Michael W. Martinez, David H. Wogan, Marvell French, Steve E. Travers and Dorothy Thomas, officers of Premier Valley, have employment agreements providing the executive with the right to severance payments if their employment is terminated, regardless if voluntarily by the employee or involuntarily by Premier Valley Bank, within one year before or after the merger is completed. The amount of the severance payment varies for these officers from nine months base

salary, to three years' salary and estimated bonus. As part of the negotiation of the merger agreement, Heartland negotiated restated employment agreements with each of these officers that will provide that they each will receive, as a signing bonus, the full amount of severance they would have received had they terminated their agreements, and that they also will continue as employees. Each of these officers also holds restricted stock that is subject to vesting that would require them to remain employed for various terms of up to roughly three and a half years in order for the restricted stock to "vest" and not be

27

---

forfeited when their employment is terminated. All of these restricted shares will become fully vested upon completion of the merger. These interests may cause Premier Valley Bank's officers to view the merger proposal differently than you may view it. The Board of Directors of Premier Valley Bank was aware of these interests at the time it approved the merger. See "The Merger--Certain Executive Officers Have Financial Interests in the Merger." The merger is subject to certain closing conditions that, if not satisfied or waived, will result in the merger not being completed, which may cause the prices of Heartland common stock and Premier Valley Bank common stock to decline.

Consummation of the merger is subject to customary conditions to closing in addition to the receipt of the required regulatory approvals and approval of the Premier Valley Bank shareholders of the merger agreement and the approval of the Heartland shareholders of the issuance of Heartland common stock in connection with the merger. If any condition to the merger is not satisfied or waived, to the extent permitted by law, the merger will not be completed. In addition, Heartland and Premier Valley Bank may terminate the merger agreement under certain circumstances even if the merger agreement is approved by Premier Valley Bank shareholders, including if the merger has not been completed on or before March 31, 2016. If the merger is not completed, the respective trading prices of Heartland common stock on the NASDAQ Global Select Market and of Premier Valley Bank common stock on the OTCBB market may decline to the extent that the current prices reflect a market assumption that the merger will be completed. In addition, neither company would realize any of the expected benefits of having completed the merger. For more information on closing conditions to the merger agreement, see "The Merger-Conditions to the Merger" beginning on page 59 .

The shares of Heartland common stock to be received by Premier Valley Bank shareholders as a result of the merger will have different rights than shares of Premier Valley Bank common stock.

Upon completion of the merger, Premier Valley Bank shareholders will become Heartland shareholders and their rights as shareholders will be governed by the Heartland certificate of incorporation and bylaws. The rights associated with Premier Valley Bank common stock are different from the rights associated with Heartland common stock. See "Comparison of Shareholders' Rights" beginning on page 86 .

#### Post-Merger Risks

Heartland has several other acquisitions pending that could impair its ability to integrate the operations of Premier Valley Bank.

Heartland has executed agreements to acquire two banks in addition to Premier Valley Bank: a bank with five offices in New Mexico and a bank with three offices in Arizona. Heartland anticipates completing these acquisitions, and the integration of operations of these two banks into its New Mexico and Arizona subsidiary banks, in the third quarter of 2015, prior to the acquisition of Premier Valley Bank. Nevertheless, the completion of these acquisitions could delay consummation of the merger with Premier Valley Bank and could cause distraction of management and technical personnel that could render the integration of operations of Premier Valley Bank less successful.

Difficulties in combining the operations of Premier Valley Bank and Heartland may prevent the combined company from achieving the expected benefits from its acquisition.

The combination of Premier Valley Bank into Heartland may cause Heartland difficulty achieving fully the strategic objectives and operating efficiencies it hopes to achieve in the merger. The success of the merger will depend on a number of factors, including Heartland's ability to:

- integrate the operations of Premier Valley Bank into Heartland;
- maintain existing relationships with depositors so as to minimize withdrawals of deposits after the merger;
- maintain and enhance existing relationships with borrowers so as to limit unanticipated losses from loans of Premier Valley Bank;
- control the incremental non-interest expense so as to maintain overall operating efficiencies;
- retain and attract qualified personnel; and
- compete effectively in the communities served by Premier Valley Bank and in nearby communities.

These factors could contribute to the combined company not achieving the expected benefits from the merger within the desired time frames, if at all.



Heartland and its shareholders, including former shareholders of Premier Valley Bank, will be subjected to special risks if it effects future acquisitions.

Heartland intends to continue to investigate strategic acquisitions of other banks after the merger. Acquiring other banks and businesses will involve risks commonly associated with acquisitions, including:

- potential exposure to liabilities of any banks or other businesses acquired;
- difficulty and expense of integrating the operations and personnel of any banks or other businesses acquired;
- possible increases in leverage resulting from borrowings needed to finance an acquisition or augment regulatory capital;
- potential disruption to Heartland's business;
- potential diversion of the time and attention of Heartland's management; and
- impairment of relationships with and the possible loss of key employees and customers of any banks or other businesses acquired by Heartland.

The unaudited condensed pro forma combined financial data included in this joint proxy statement/prospectus are presented for illustrative purposes only and may not be an indication of the combined company's financial condition or results of operations following the merger.

The unaudited condensed pro forma combined financial data contained in this proxy statement/prospectus are presented for illustrative purposes only, are based on various adjustments, assumptions and preliminary estimates and may not be an indication of the combined company's financial condition or results of operations following the merger for several reasons. The actual financial condition and results of operations of the combined company following the merger may not be consistent with, or evident from, these unaudited pro forma condensed combined financial data. In addition, the assumptions used in preparing the unaudited pro forma condensed combined financial data may not prove to be accurate, and other factors may affect the combined company's financial condition or results of operations following the merger. Any potential decline in the combined company's financial condition or results of operations may cause significant variations in the stock price of the combined company.

## FORWARD-LOOKING STATEMENTS

We have made forward-looking statements in this document (and in documents to which we refer in this document) that are subject to risks and uncertainties. These forward-looking statements include information about the possible or assumed future results of operations or performance of Heartland or Premier Valley Bank, or the combined organization after the merger is completed, or about the expected timing, completion and effects of the merger. When we use any of the words “believes,” “expects,” “anticipates,” “plans,” “intends,” “estimates,” “may,” “will,” “would,” “could,” similar expressions, we are making forward-looking statements. Many events or factors could affect the future financial results and performance of Heartland after the merger and could cause those results or performance to differ materially from those expressed in our forward-looking statements. These risks are described in detail in the Annual Report on Form 10-K of Heartland that is incorporated by reference into this proxy statement/prospectus. These risks include, but are not limited to, the following:

- The strength of the U.S. economy in general and the strength of the local economies in which Heartland conducts its operations which may be less favorable than expected and may result in, among other things, a deterioration in the credit quality and value of our assets.

- The economic impact of past and any future terrorist threats and attacks, acts of war or threats thereof and the response of the United States to any such threats and attacks.

- The effects of, and changes in, federal, state and local laws, regulations and policies affecting banking, securities, insurance and monetary and financial matters.

- The effects of changes in interest rates (including the effects of changes in the rate of prepayment of assets) and the policies of the Federal Reserve Board.

- Heartland’s ability to compete with other financial institutions as effectively as it currently intends, due to increases in competitive pressures in the financial services sector.

- Heartland’s ability to obtain new customers and to retain existing customers, including Premier Valley Bank customers.

- The timely development and acceptance of products and services, including products and services offered through alternative delivery channels such as the internet.

- Technological changes implemented by Heartland and by other parties, including third party vendors, which may be more difficult or more expensive than anticipated or which may have unforeseen consequences to Heartland, Premier Valley Bank and their customers.

- Heartland’s ability to develop and maintain secure and reliable electronic delivery systems.

- Heartland’s ability to retain key executives and employees, including executives and employees of Premier Valley Bank, and the difficulty that it may experience in replacing in an effective manner key executives and employees.

- Consumer spending and saving habits that may change in a manner that adversely affects Heartland’s business.

- Business combinations and the integration of acquired businesses that may be more difficult or expensive than expected.

- Changes in accounting policies and practices, as may be adopted by state and federal regulatory agencies and the Financial Accounting Standards Board.

- That required regulatory, shareholder or other approvals are not obtained or other closing conditions are not satisfied in a timely manner or at all.

- Other factors discussed in, or incorporated by reference in, the “Risk Factors” section of this proxy statement/prospectus.

These risks and uncertainties should be considered in evaluating forward-looking statements and undue reliance should not be placed on such statements.

The pro forma financial information and any forward-looking earnings estimates included in this proxy statement/prospectus have not been examined or compiled by independent public accountants, nor have independent accountants applied any procedures to the estimates. Accordingly, neither Heartland’s nor Premier Valley Bank’s accountants express any opinion or any other form of assurance on them. The forward-looking statements included in this proxy statement/prospectus are made only as of the date of this proxy statement/prospectus and we undertake no obligation to update any statement in light of new information or future events. Further information concerning Heartland and its business, including additional factors that could materially affect Heartland’s financial results, is



included in Heartland's filings with the Securities and Exchange Commission. See "Where You Can Find More Information" on page 94 .

## THE PREMIER VALLEY BANK SPECIAL MEETING

### Date, Time and Place

The Premier Valley Bank special meeting will be held in the first floor Conference Room located at 265 East River Park Circle, Suite 160 (across from Premier Valley Bank's headquarters located at 255 East River Park Circle, Suite 180), Fresno, California 93720 at 5:30 p.m. local time, on October 26, 2015. At the Premier Valley Bank special meeting, holders of Premier Valley Bank common stock will be asked:

- to approve and adopt the merger agreement; and
- to approve the adjournment of the Premier Valley Bank special meeting, if necessary or appropriate, to solicit additional proxies.

### Proxies

You should complete and return the proxy form accompanying this document to ensure that your vote is counted at the Premier Valley Bank special meeting, regardless of whether you plan to attend the special meeting. Abstentions and "broker non-votes" (described below) are counted for purposes of determining the presence or absence of a quorum but are not considered votes cast. The required vote of Premier Valley Bank shareholders on the merger agreement and the proposal to adjourn the special meeting is based on the number of outstanding shares of Premier Valley Bank common stock and not on the number of shares that are actually voted. Accordingly, the failure to submit a proxy card or to vote in person at the Premier Valley Bank special meeting, or the abstention from voting by a Premier Valley Bank shareholder, or the failure of any Premier Valley Bank shareholder who holds shares in "street name" through a bank or broker to give voting instructions to such bank or broker (thereby resulting in a "broker non-vote"), will have the same effect as a vote "AGAINST" the merger agreement. Abstentions will have the same effect as a vote "AGAINST" the proposal to postpone or adjourn the Premier Valley Bank special meeting, if necessary, while shares not in attendance at the Premier Valley Bank special meeting and broker non-votes will have no effect on the outcome of any vote to postpone or adjourn the Premier Valley Bank special meeting.

A "broker non-vote" occurs when a broker submits a proxy that does not indicate a vote on a proposal because the broker has not received instructions from the beneficial owners on how to vote on such proposal and the broker does not have discretionary authority to vote in the absence of instructions. Brokers generally have the authority to vote, even though they have not received instructions, on matters that are considered "routine". However, under the rules of the New York Stock Exchange, the merger agreement proposal and the adjournment proposal to be considered at the Premier Valley Bank special meeting are not considered routine matters and brokers are not entitled to vote shares held for a beneficial owner on these matters without instructions from the beneficial owner of the shares. To avoid a broker non-vote of your shares on the merger agreement and adjournment, each of which is a non-routine matter, you must provide voting instructions to your broker or other nominee.

Submitting a proxy on the enclosed form of proxy does not preclude a Premier Valley Bank shareholder from voting in person at the Premier Valley Bank special meeting. A Premier Valley Bank shareholder may revoke a proxy at any time prior to the vote at the Premier Valley Bank special meeting by:

- delivering to Michael W. Martinez, Premier Valley Bank's Executive Vice President, Chief Operating Officer and Chief Financial Officer, at 255 East River Park Circle, Suite 180, Fresno, California 93720, on or before the date of the Premier Valley Bank special meeting, a later-dated and signed proxy card or a written revocation of the proxy;
- delivering to Premier Valley Bank at the Premier Valley Bank special meeting prior to the taking of the vote a later dated and signed proxy card or a written revocation;

- attending the Premier Valley Bank special meeting and voting in person;

or

• if you have instructed a broker to vote your shares, following the directions received from your broker to change these instructions.

Revoking a proxy will not affect a vote once it has been taken. Attendance at the Premier Valley Bank special meeting will not, in itself, constitute a revocation of a proxy. You must vote in person at the Premier Valley Bank special meeting if you wish to change a vote that you have previously made by submitting a signed proxy.

All shares of Premier Valley Bank common stock represented by valid proxies received through this solicitation, and that are not revoked, will be voted in accordance with the instructions on the proxy form. If you make no specification on your proxy form as to how you want your shares of Premier Valley Bank common stock voted before signing and

returning it, your

31

---

proxy will be voted "FOR" approval and adoption of the merger agreement and "FOR" the proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies.

#### Solicitation of Proxies

Premier Valley Bank will bear the entire cost of soliciting proxies from you. In addition to solicitation of proxies by mail, Premier Valley Bank will request that banks, brokers and other record holders send proxies and proxy material to the beneficial owners of Premier Valley Bank common stock and secure their voting instructions, if necessary.

Premier Valley Bank will reimburse the record holders for their reasonable expenses in taking those actions.

Premier Valley Bank has engaged Georgeson Inc. to assist in the solicitation of proxies for the Premier Valley Bank special meeting. Premier Valley Bank estimates that it will pay Georgeson Inc. a fee of approximately \$6,000, will reimburse Georgeson Inc. for reasonable out-of-pocket expenses and will indemnify Georgeson Inc. and its affiliates against certain claims, liabilities, losses, damages and expenses.

#### Record Date

The Premier Valley Bank Board of Directors has fixed the close of business on August 31, 2015 as the record date for determining the holders of Premier Valley Bank common stock entitled to receive notice of and to vote at the Premier Valley Bank special meeting. At that time, 12,304,025 shares of Premier Valley Bank common stock were outstanding, held by approximately 154 holders of record. As of the record date, directors, executive officers of Premier Valley Bank and their affiliates had the right to vote 4,114,315 shares of Premier Valley Bank common stock as of the record date, representing approximately 33.4 % of the shares entitled to vote at the Premier Valley Bank special meeting. Each of these directors and officers has executed a voting agreement with Heartland agreeing to vote their shares "FOR" the merger.

#### Quorum and Vote Required

The presence, in person or by properly executed proxy, of the holders of a majority of the outstanding shares of Premier Valley Bank common stock is necessary to constitute a quorum at the special meeting. Abstentions and broker non-votes will be counted solely for the purpose of determining whether a quorum is present.

Approval and adoption of the merger agreement requires the affirmative vote of the holders of a majority of the outstanding shares of Premier Valley Bank common stock. Approval of the proposal relating to the adjournment of the special meeting, if necessary or appropriate, to solicit additional proxies requires that the votes cast in favor of the proposal exceed the votes cast in opposition. You are entitled to one vote for each share of Premier Valley Bank common stock you held as of the record date.

Because the affirmative vote of the holders of a majority of the outstanding shares of Premier Valley Bank common stock is required to approve and adopt the merger agreement, the failure to vote by proxy or in person will have the same effect as a vote against the merger agreement. Abstentions and broker non-votes also will have the same effect as a vote against the merger. Accordingly, the Premier Valley Bank Board of Directors urges holders of Premier Valley Bank common stock to complete, date and sign the accompanying proxy form and return it promptly in the enclosed postage-paid envelope.

Abstentions, failures to vote and broker non-votes will have no effect on the vote to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies.

#### Other Business

Premier Valley Bank is not currently aware of any business to be acted upon at the special meeting other than the matters discussed in this document.

## THE MERGER

The following discussion contains material information pertaining to the merger. This discussion is a summary only and may not contain all of the information that is important to you. A copy of the merger agreement is attached to this document as Appendix A and is incorporated into this section by reference. We encourage you to read and review the merger agreement in its entirety as well as the discussion in this document.

### Structure

The merger agreement provides that Premier Valley Bank will be merged with and into PV Acquisition Bank, a newly formed subsidiary of Heartland that will apply for authorization to conduct a banking business in the State of California. By virtue of the merger, Premier Valley Bank will become a subsidiary of Heartland. Simultaneous with the merger, PV Acquisition Bank, which has and will have no operations until the merger, will change its name to "Premier Valley Bank" and continue the operations of Premier Valley Bank without interruption.

By virtue of the merger, each share of Premier Valley Bank common stock outstanding prior to the merger will be converted, upon completion of the merger, and at the election of the holder but subject to certain proration procedures, into the right to receive Heartland common stock or cash, or a combination of Heartland common stock and cash. Shares of Premier Valley Bank common stock outstanding immediately prior to the merger will be cancelled and represent only the right to receive this consideration after the merger is effective.

### Background of the Merger

Each of Heartland's and Premier Valley Bank's 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. The strategic considerations have focused on, among other things, the business and regulatory environment facing financial institutions generally and each of Heartland and Premier Valley Bank, in particular, as well as conditions and ongoing consolidation in the financial services industry. For each company, these reviews have also included periodic discussions with respect to potential transactions that would further its strategic objectives, and the potential benefits and risks of those transactions.

Heartland has considered acquisitions as a means of achieving growth and expanding its market. Consistent with this strategy, on January 16, 2015, Heartland acquired Community Banc-Corp of Sheboygan, Inc., the bank holding company for Community Bank & Trust, a bank headquartered in Sheboygan, Wisconsin with approximately \$510 million of assets at the time of its acquisition. On April 16, 2015, Heartland announced its agreement to acquire Community Bancorporation of New Mexico, Inc., the holding company for Community Bank, a bank headquartered in Santa Fe, New Mexico with approximately \$183 million in assets at March 31, 2015. On May 15, 2015, Heartland announced its agreement to acquire First Scottsdale Bank, National Association, a bank headquartered in Scottsdale, Arizona with approximately \$106 million of assets at March 31, 2015.

In the context of its annual budgeting and planning process, the Premier Valley Bank Board of Directors has periodically discussed and evaluated strategic planning alternatives and whether they would be in the best interests of shareholders. Discussions have included the possibility of making acquisitions and whether to remain independent or to consider a combination with another financial institution. Discussion of these topics has typically involved a review of current and projected market conditions, the results of operations of Premier Valley Bank, certain peer group performance comparisons, reported merger and acquisition activity, and selected industry information and analyses provided to the Board of Directors by its financial advisors.

On February 4, 2013, Premier Valley Bank retained Sandler O'Neill to act as an independent financial advisor in connection with Premier Valley Bank's ongoing strategic planning process and Premier Valley Bank's Board of Directors' consideration of alternative strategies to continue to enhance long-term shareholder value. With the assistance of Sandler O'Neill, the Premier Valley Bank Board of Directors discussed and evaluated various strategic planning alternatives and whether they would be in the best interests of shareholders. The Premier Valley Bank Board discussions were principally focused on the highly competitive banking market in which Premier Valley Bank currently operates (competition for deposits and loans, in particular), the current level of bank mergers in California, and the current and projected interest rate environment for commercial banks. These discussions also examined the importance of operational scale and financial resources in the current banking environment. Premier Valley Bank's Board of Directors took notice of the possibility that a business combination with a larger financial institution, having

more products and resources, higher lending limits, a more

33

---

geographically diversified customer base, and with more liquidity in its common stock, could result in a stronger financial institution and increase value for Premier Valley Bank's shareholders.

In May 2013, Premier Valley Bank authorized Sandler O'Neill to contact parties to determine whether they would have an interest in a potential business combination with Premier Valley Bank. Sandler O'Neill had discussions with 15 parties on Premier Valley Bank's behalf.

On September 23, 2013, Premier Valley Bank received a non-binding preliminary term sheet from Company A outlining the principal terms for the potential acquisition of Premier Valley Bank by Company A. The term sheet outlined a purchase price of \$6.36 per share of Premier Valley Bank, payable 75% in Company A common stock and 25% in cash. Subsequent to additional discussions with Premier Valley Bank, Company A submitted an updated term sheet on October 29, 2013 which outlined a purchase price of \$6.75 per share of Premier Valley Bank, payable 75% in Company A common stock and 25% in cash. On November 1, 2013, the Premier Valley Bank Board of Directors met to discuss the updated term sheet from Company A. After discussion, the Premier Valley Bank Board authorized proceeding with mutual due diligence review. Between November 2013 and February 2014, Company A and Premier Valley Bank engaged in mutual due diligence review. During that same time period, the companies negotiated a definitive agreement which incorporated the principal terms of Company A's term sheet. On February 27, 2014, Premier Valley Bank's Board of Directors met to discuss the potential business combination with Company A. After discussion, the board elected not to proceed with a transaction with Company A. On March 2, 2014, Premier Valley Bank notified Company A that it would not proceed with a business combination with Company A and terminated discussions regarding a potential merger. Following this notification, Premier Valley Bank ceased all conversations and returned its focus to stand-alone operations.

On November 17, 2014, Premier Valley Bank received an unsolicited, non-binding indication of interest from Heartland relating to a possible business combination between Premier Valley Bank and Heartland. The indication outlined a purchase price of \$86.0 million in the aggregate, or approximately \$7.01 per share of Premier Valley Bank common stock, payable 75% in Heartland common stock and 25% in cash.

Around the same time, the Chief Executive Officer of Premier Valley Bank was contacted by the Chief Executive Officer of Company B who expressed an interest in having a meeting to, among other things, discuss a potential merger combination. On December 1, 2014, the Chief Executive Officer of Premier Valley Bank met with the Chief Executive Officer of Company B to discuss their respective companies, the general state of the banking industry and the merits of a potential combination between the two companies. On December 17, 2014, Company B provided a non-binding indication of interest describing a business combination of Premier Valley Bank and Company B. The indication outlined a purchase price of \$86.0 million in the aggregate or approximately \$7.00 per share of Premier Valley Bank common stock, payable 50% in Company B common stock and 50% in cash.

On December 18, 2014, the Premier Valley Bank Board of Directors met and discussed the indications of interest from Heartland and Company B. Sandler O'Neill attended the meeting and reviewed with the Premier Valley Bank Board of Directors the respective merits and features of the Heartland and Company B non-binding indications of interest. After discussion, the Premier Valley Bank Board of Directors instructed Sandler O'Neill to contact both Heartland and Company B to seek increased financial consideration for Premier Valley Bank shareholders and clarification of certain points addressed in the respective non-binding indications of interest.

On January 21, 2015, Heartland provided an updated non-binding indication of interest to Premier Valley Bank. The updated indication of interest outlined a purchase price of between \$7.50 and \$7.60 per share of Premier Valley Bank common stock, payable 70% in Heartland common stock and 30% in cash.

In early February 2015, Company B indicated verbally that the maximum price it was prepared to offer to Premier Valley Bank shareholders was approximately \$7.25 per share.

On February 11-12, 2015, certain Premier Valley Bank representatives met with representatives of Heartland at Heartland's headquarters office in Dubuque, Iowa to discuss both businesses and the strategic merits of a potential business combination.

On February 24, 2015, Heartland provided an updated non-binding indication of interest to Premier Valley Bank. The updated indication of interest outlined a purchase price of \$7.64 per share of Premier Valley Bank common stock, payable 70% in Heartland common stock and 30% in cash.





On February 26, 2015, Premier Valley Bank's Board of Directors met and discussed the updated non-binding indication of interest from Heartland and the most recent communication from Company B. Sandler O'Neill participated in the meeting telephonically and provided an update on the discussions with Heartland and Company B and the details of the consideration proposed by Heartland. The Premier Valley Bank Board elected to continue negotiations with Heartland in the interest of enhancing the proposed consideration to Premier Valley Bank shareholders.

On March 26, 2015, Heartland provided an updated non-binding indication of interest letter to Premier Valley Bank. The updated indication of interest outlined a purchase price of \$7.73 per share of Premier Valley Bank common stock, payable 70% in Heartland common stock and 30% in cash. This non-binding indication of interest was executed by Premier Valley Bank on March 31, 2015, providing for exclusive discussions and negotiations with Heartland regarding a potential business combination until May 26, 2015.

During the months of April and May 2015, Heartland and Premier Valley Bank conducted mutual due diligence reviews of each other.

On May 26, 2015, Heartland's Board of Directors met and approved the definitive agreement and other relevant documents and the contemplated transaction.

On May 28, 2015, Premier Valley Bank's Board of Directors met and approved the definitive agreement and other relevant documents and the contemplated transaction. At the conclusion of Premier Valley Bank's board meeting on May 28, 2015, and pursuant to the resolutions adopted by each of Heartland's and Premier Valley Bank's Board of Directors, Heartland and Premier Valley Bank entered into the definitive agreement, dated as of May 28, 2015.

Prior to the opening of the stock market on May 29, 2015, Heartland and Premier Valley Bank issued a joint press release announcing the execution of the merger agreement and the terms of the proposed merger.

#### Premier Valley Bank's Reasons for the Merger

In reaching its conclusion to approve the merger and recommend adoption of the merger agreement to its shareholders, Premier Valley Bank's Board of Directors consulted with Premier Valley Bank's financial advisor, Sandler O'Neill & Partners, L.P. ("Sandler O'Neill"), with respect to the financial aspects of the proposed acquisition and with its legal counsel, Sheppard, Mullin, Richter, & Hampton LLP ("Sheppard Mullin"), as to its legal duties and the terms of the merger agreement and related agreements. In approving the merger agreement, the Board of Directors of Premier Valley Bank considered a number of factors, including the following:

- its belief that the terms of the merger are fair to and in the best interests of the Premier Valley Bank shareholders;
- the financial analyses of Sandler O'Neill and the written opinion of Sandler O'Neill dated as of May 28, 2015, delivered to Premier Valley Bank's Board of Directors, to the effect that, as of that date, and subject to and based on the various assumptions, considerations, qualifications and limitations set forth in the opinion, the merger consideration to be paid to the shareholders of Premier Valley Bank in connection with the merger was fair from a financial point of view;
- the financial terms of the merger, including the basis for determining the merger consideration and the valuation of Heartland common stock;
- the structure of the value of the aggregate merger consideration, with 30% of the aggregate merger consideration payable in cash and 70% of the aggregate merger consideration payable in shares of Heartland common stock, which will allow Premier Valley Bank's shareholders to participate in the future performance of the combined company's business and synergies resulting from the merger;
- the likelihood of the merger receiving treatment as a tax-free reorganization for U.S. federal income tax purposes to the extent shares of Premier Valley Bank stock are exchanged for shares of Heartland common stock in the merger;
- its review, with the assistance of Premier Valley Bank's financial and legal advisers, of the preliminary discussions that Sandler O'Neill had with 15 different parties, with some of such parties subsequently gaining access to a due diligence data room and some of such parties communicating either verbally or in writing proposals that were inferior to Heartland's proposal for a variety of reasons, including a lower value or uncertain value of the consideration, uncertain timing or a lower probability of success associated with the closing of a transaction;

its review, with the assistance of Premier Valley Bank's financial and legal advisers, of strategic alternatives to the merger, including the prospects of a superior offer from another strategic bidder and the results that could be expected to be obtained by Premier Valley Bank if it continued to operate independently, and the likely benefits to Premier Valley Bank shareholders of such alternatives, as compared with the value of the aggregate merger consideration being offered by Heartland;

the prices paid and the terms of other recent comparable combinations of banks and bank holding companies;

the fact that Heartland's common stock is registered under the Securities Exchange Act of 1934 and publicly traded on the NASDAQ Global Select Market and would provide greater liquidity than Premier Valley Bank common stock;

the cash dividends historically paid by Heartland on its common stock;

the opportunity for Premier Valley Bank's shareholders to elect consideration of cash or Heartland common stock, subject to proration;

its knowledge of Premier Valley Bank's business, operations, financial and regulatory condition, earnings and prospects and of Heartland's business, operations, financial and regulatory condition, earnings and prospects, including the recent performance of Heartland's common stock;

its knowledge of the current environment in the financial services industry, including economic conditions, regulatory conditions, evolving trends in technology, increasing competition and consolidation trends, and the likely effects of these factors on the potential growth of Premier Valley Bank and Heartland;

its belief that becoming part of a larger banking organization will improve Premier Valley Bank's ability to compete with larger financial institutions and better serve its customers' needs while maintaining the community bank philosophy shared by Premier Valley Bank and Heartland;

the overall greater scale that will be achieved by the merger, which should better position Heartland and the surviving bank for growth and profitability;

the complementary nature of the cultures and operating philosophies of Premier Valley Bank and Heartland, including with respect to strategic focus and client service;

the expanded possibilities, including organic growth and future acquisitions and other strategic transactions that would be available to Heartland and the surviving bank, given their larger size, asset base, capital, market capitalization and trading liquidity and footprint;

Premier Valley Bank's right to terminate the merger agreement, under certain circumstances, if the average trading price of the Heartland common stock is less than \$29.13;

the likelihood that the merger will be completed on a timely basis, including the likelihood that the merger will receive all necessary regulatory approvals in a timely manner and without unacceptable conditions;

the continued participation of Premier Valley Bank's Board of Directors and management team in the surviving bank, which enhances the likelihood that the strategic benefits that Premier Valley Bank expects to achieve as a result of the merger will be realized;

the effects of the merger on other Premier Valley Bank employees, including the retention of a significant majority of such employees which would increase the retention of Premier Valley Bank customers and the likelihood of success of the surviving bank;

Heartland's stated intention to continue operating the surviving bank as a California state chartered bank under the name "Premier Valley Bank";

the greater geographic and other diversification of Heartland as compared to Premier Valley Bank's concentration in Central California;

the ability of the surviving bank to obtain additional capital to support growth and expansion, and to maintain the its competitive posture in the California market after the merger; and

its review with Sheppard Mullin of the material terms of the merger agreement, including its ability, under certain circumstances, to withdraw its recommendation to Premier Valley Bank's shareholders and to consider an acquisition proposal in certain circumstances, subject to the potential payment by Premier Valley Bank of a termination fee of \$3.0 million to Heartland and payment of certain expenses of Heartland, which

it concluded was reasonable in the context of termination fees in comparable transactions and in light of the overall terms of the merger agreement.

The Premier Valley Bank Board of Directors also considered the potential adverse consequences of the proposed merger, including:

the interests of Premier Valley Bank's officers and directors with respect to the merger apart from their interests as holders of Premier Valley Bank common stock, and the risk that these interests might influence their decision with respect to the merger;

- the possibility that the merger and the related integration process could disrupt Premier Valley Bank's on-going business and result in the loss of customers and the fact that Premier Valley Bank's officers and employees will have to focus extensively on actions required to complete the merger, which will divert their attention from Premier Valley Bank's business, and that Premier Valley Bank will incur substantial transaction costs even if the merger is not consummated;

the loss of autonomy associated with being an independent financial institution;

the costs already incurred by Premier Valley Bank in connection with the merger process;

- the potential reaction of Premier Valley Bank's customers to Heartland and the surviving bank operating as part of a larger banking organization;

employee attrition and the potential effect on business and customer relationships;

the fact that any cash portion of the merger consideration would be taxable to the holders of shares of Premier Valley Bank stock for U.S. federal income tax purposes;

that while the merger is pending, Premier Valley Bank will be subject to certain limited restrictions on how it conducts business that could delay or prevent Premier Valley Bank from pursuing business opportunities or preclude it from taking actions that would be advisable if it was to remain independent;

the possible effects on Premier Valley Bank should the parties fail to complete the merger, including the possible effects on the price of Premier Valley Bank common stock and the associated business and opportunity costs;

the lower dividend yield of Heartland common stock compared to Premier Valley Bank common stock;

the fact that completion of the merger is subject to regulatory approvals from multiple regulatory agencies and there can be no assurance that these approvals will be received on a timely basis or prior to the termination date of the merger agreement, after which time either Premier Valley Bank or Heartland can terminate the merger agreement; and

the facts that: (i) the merger agreement includes a "force the vote" provision that would obligate Premier Valley Bank to hold a shareholders' meeting to consider the merger agreement even if Premier Valley Bank's Board of Directors withdraws its favorable recommendation of the merger agreement after determining in good faith that it would be inconsistent with its fiduciary duties to recommend the merger agreement; (ii) Premier Valley Bank would be prohibited from affirmatively soliciting acquisition proposals after execution of the merger agreement; and (iii) Premier Valley Bank would be obligated to pay to Heartland a termination fee of \$3.0 million plus Heartland's expenses if the merger agreement is terminated under certain circumstances, all of which may discourage other parties potentially interested in a strategic transaction with Premier Valley Bank from pursuing such a transaction.

After considering these factors, Premier Valley Bank's Board of Directors believed that, in the aggregate, the potential benefits to the shareholders of Premier Valley Bank resulting from the merger outweigh the risks of the merger.

Premier Valley Bank's Board of Directors collectively reached the conclusion to approve the merger agreement after careful consideration of the factors described above and other factors that the members of Premier Valley Bank's Board of Directors believed to be appropriate.

The foregoing discussion of the factors considered by Premier Valley Bank's Board of Directors is not intended to be exhaustive, but is believed to include all material factors considered by Premier Valley Bank's Board of Directors. In view of the variety of factors considered by Premier Valley Bank's Board of Directors in connection with its evaluation of the proposed merger and the complexity of the negotiation of the merger agreement, Premier Valley Bank's Board of Directors did not consider it practical, and did not, quantify, rank or otherwise assign relative weights to the specific factors it considered in approving the transaction and reaching its recommendation. Rather, Premier Valley Bank's Board of Directors made its decision to adopt and approve the merger agreement and make its recommendation that Premier Valley Bank's shareholders approve the merger agreement based on the totality of information presented and the investigation conducted by Premier Valley Bank's Board of Directors and its legal and

financial advisers. In considering the factors discussed above, individual

37

---

members of Premier Valley Bank's Board of Directors applied their own judgment and may have given different weights to different factors.

Based on the reasons stated, Premier Valley Bank's Board of Directors believes that the merger is in the best interest of Premier Valley Bank and its shareholders and unanimously recommends that the Premier Valley Bank shareholders vote "FOR" approval of the merger agreement.

#### Opinion of Financial Advisor to Premier Valley Bank

By letter, dated February 13, 2014, as amended on May 4, 2015, Premier Valley Bank retained Sandler O'Neill & Partners, L.P. ("Sandler O'Neill"), to act as financial advisor to Premier Valley Bank's Board of Directors in connection with the Board's consideration of a potential business combination with another party. 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 to Premier Valley Bank's Board of Directors in connection with the proposed transaction and participated in certain negotiations leading to the execution of the merger agreement with Heartland.

At the May 28, 2015 meeting at which Premier Valley Bank's Board of Directors considered and approved the merger agreement, Sandler O'Neill delivered to the Board its oral opinion, which was subsequently confirmed in writing, that, as of such date, the merger consideration was fair to the holders of Premier Valley Bank common stock from a financial point of view. Sandler O'Neill's opinion was approved by Sandler O'Neill's Fairness Opinion Committee. The full text of Sandler O'Neill's opinion is attached as Appendix C to this 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 Premier Valley Bank 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 Premier Valley Bank's Board of Directors and is directed only to the fairness of the merger consideration to the holders of Premier Valley Bank common stock from a financial point of view. It does not address the underlying business decision of Premier Valley Bank to engage in the merger or any other aspect of the merger and is not a recommendation to any holder of Premier Valley Bank common stock as to how such holder of Premier Valley Bank common stock should vote at the special meeting with respect to the merger or any other matter. 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 Premier Valley Bank's officers, directors, or employees, or class of such persons, relative to the merger consideration to be received by Premier Valley Bank's common shareholders.

In connection with rendering its opinion, dated May 28, 2015, Sandler O'Neill reviewed and considered, among other things:

- the merger agreement;
- certain publicly available financial statements and other historical financial information of Premier Valley Bank that Sandler O'Neill deemed relevant;
- certain publicly available financial statements and other historical financial information of Heartland that Sandler O'Neill deemed relevant;
- an internal financial forecast for Premier Valley Bank for the year ending December 31, 2015, a net income forecast for Premier Valley Bank for the year ending December 31, 2016, a long-term net income growth rate for Premier Valley Bank for the years thereafter and Premier Valley Bank's share repurchase plan for the years ending December 31, 2016 through December 31, 2019, as provided by the senior management of Premier Valley Bank;
- publicly available mean analyst earnings per share estimates for Heartland for the years ending December 31, 2015 and December 31, 2016 and a long-term earnings per share growth rate for Heartland for the years thereafter as provided by senior management of Heartland;
- certain estimated transaction costs, purchase accounting adjustments, expected cost savings and other synergies as provided by the senior management of Heartland;



a comparison of certain financial and other information, including stock trading information, for Premier Valley Bank and Heartland with similar publicly available information for certain other publicly traded commercial banks; the financial terms of certain other recent merger and acquisition transactions in the banking sector; 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 senior management of Premier Valley Bank the business, financial condition, results of operations and prospects of Premier Valley Bank and held similar discussions with the senior management of Heartland regarding the business, financial condition, results of operations and prospects of Heartland.

In performing Sandler O'Neill's review, Sandler O'Neill relied upon the accuracy and completeness of all of the financial and other information that was available to Sandler O'Neill from public sources, that was provided to Sandler O'Neill by Premier Valley Bank and Heartland or that was otherwise reviewed by Sandler O'Neill and assumed such accuracy and completeness for purposes of preparing its opinion. Sandler O'Neill further relied on the assurances of the respective managements of Premier Valley Bank and Heartland that they were not aware of any facts or circumstances that would make any of such information inaccurate or misleading in any material respect. Sandler O'Neill did not make an independent evaluation or appraisal of the specific assets, the collateral securing assets or the liabilities (contingent or otherwise) of Premier Valley Bank and Heartland or any of their respective subsidiaries. Sandler O'Neill did not make an independent evaluation of the adequacy of the allowance for loan losses of Premier Valley Bank, Heartland or the combined entity after the merger and Sandler O'Neill did not review any individual credit files relating to Premier Valley Bank and Heartland. Sandler O'Neill assumed, with Premier Valley Bank's consent, that the respective allowances for loan losses for both Premier Valley Bank and Heartland 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 an internal financial forecast for Premier Valley Bank for the year ending December 31, 2015, a net income forecast for Premier Valley Bank for the year ending December 31, 2016, a long-term net income growth rate for Premier Valley Bank for the years thereafter and Premier Valley Bank's share repurchase plan for the years ending December 31, 2016 through December 31, 2019, as provided by the senior management of Premier Valley Bank. In addition, Sandler O'Neill used publicly available mean analyst earnings per share estimates for Heartland for the years ending December 31, 2015 and December 31, 2016 and a long-term earnings per share growth rate of 8.0% for Heartland for each year thereafter as estimated or ratified by the senior management of Heartland. Sandler O'Neill also received and used in its analyses the projections of transaction costs, purchase accounting adjustments and expected cost savings that are described on page 48 below under the caption "Pro Forma Results", and which were provided by the senior management of Heartland. With respect to those forecasts, projections, estimates and judgments, the respective managements of Premier Valley Bank and Heartland confirmed to Sandler O'Neill that those forecasts, projections, estimates and judgments reflected the best currently available forecasts, projections, estimates and judgments of those respective managements of the future financial performance of Premier Valley Bank and Heartland, respectively, and Sandler O'Neill assumed that such performance would be achieved. Sandler O'Neill expressed no opinion as to such forecasts, projections, estimates or judgments or the assumptions on which they were based. Sandler O'Neill assumed that there was no material change in the respective assets, financial condition, results of operations, business or prospects of Premier Valley Bank or Heartland since the date of the most recent financial data made available to Sandler O'Neill. Sandler O'Neill also assumed in all respects material to its analysis that Premier Valley Bank and Heartland would remain as going concerns for all periods relevant to its analyses. Sandler O'Neill expressed no opinion as to any of the legal, accounting and tax matters relating to the merger and any other transactions contemplated in connection therewith.

Sandler O'Neill also assumed, with Premier Valley Bank's consent, that (i) each of the parties to the merger agreement would comply in all material respects with all material terms 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 required to be performed by such party under the agreements and that the conditions precedent in such agreements 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 Premier Valley Bank, Heartland or the merger and (iii) the merger and any related transaction 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.

Sandler O'Neill's analyses and opinion were necessarily based on financial, economic, regulatory, market and other conditions as in effect on, and the information made available to Sandler O'Neill as of, the date of its opinion. Events



occurring after the date thereof could materially affect Sandler O'Neill's 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 values of Premier Valley Bank common stock or Heartland common stock after the date of its opinion or what the value of Heartland common stock will be once it is actually received by the holders of Premier Valley Bank common stock.

In rendering its opinion, dated May 28, 2015, Sandler O'Neill performed a variety of financial analyses. The following is a summary of the material analyses performed by Sandler O'Neill, but is not a complete description of all the analyses underlying Sandler O'Neill's opinion. 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 Premier Valley Bank or Heartland 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 Premier Valley Bank and Heartland and the companies to which they are being compared.

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 cannot be predicted and are beyond the control of Premier Valley Bank, Heartland and Sandler O'Neill. The analysis performed by Sandler O'Neill is 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 the Premier Valley Bank Board of Directors at the board of directors' May 28, 2015 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 Premier Valley Bank's or Heartland's common stock or the prices at which Premier Valley Bank's or Heartland's common stock 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 Premier Valley Bank's Board of Directors in making its determination to approve of Premier Valley Bank's entry into the merger agreement and the analyses described below should not be viewed as determinative of the decision of Premier Valley Bank's Board of Directors or management with respect to the fairness of the merger.

In arriving at its opinion, Sandler O'Neill did not attribute any particular weight to any analysis or factor that it considered. Rather, it 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 merger consideration on the basis of its experience and professional judgment after considering the results of all its analyses taken as a whole.

**Summary of Proposal.** Sandler O'Neill reviewed the financial terms of the proposed transaction. As described in the merger agreement, pursuant to the terms of the merger, each share of common stock of Premier Valley Bank issued and outstanding immediately prior to the effective time shall be converted into the right to receive, at the election of the holder thereof, subject to the adjustments and limitations as set forth in merger agreement, either (i) for each share of Premier Valley Bank common stock with respect to which an election to receive stock has been made, the right to receive from Heartland the number of shares of Heartland common stock as is equal to the quotient of (a) the aggregate merger consideration, divided by (b) the product of (I) the number of shares of Premier Valley Bank common stock issued and outstanding immediately prior to the effective date, and (II) the average closing price for the

twenty trading days ending five days prior to the effective date (the “Per Share Stock Consideration”), (ii) for each share of Premier Valley Bank common stock with respect to which an election to receive cash has been made, the right to receive from Heartland an amount in cash equal to (a) the aggregate merger consideration divided by (b) the number of shares of the Premier Valley Bank common stock issued and outstanding immediately prior to the effective time (the “Per Share Cash Consideration”), and (iii) for each share of Premier Valley Bank common stock other than shares as to which a cash election or a stock election has been made, the right to receive from Heartland such Per Share Stock Consideration and/or Per Share Cash Consideration as determined pursuant to the merger agreement. The aggregate merger consideration, assuming no adjustment, shall total \$95.05 million or approximately \$7.73

per Premier Valley Bank share as long as Heartland's volume weighted average closing price for the 20 trading days ending five days prior to closing of the proposed transaction is greater than \$29.13 and less than \$39.41. 70% of Premier Valley Bank shares will receive Heartland common stock and 30% of Premier Valley Bank shares will receive cash. If Heartland's volume weighted average closing price for the 20 trading days ending five days prior to closing of the proposed transaction is equal to or less than \$29.13 or equal to or greater than \$39.41, the value of the stock consideration received by Premier Valley Bank shareholders will fluctuate. Based upon financial information as of or for the twelve month period ended March 31, 2015, Sandler O'Neill calculated the following transaction ratios:

Price / LTM Earnings Per Share	12.5x
Price / LTM Core Earnings Per Share <sup>(1)</sup>	14.3x
Price / Tangible Book Value Per Share	164%
Tangible Book Premium / Core Deposits <sup>(2)</sup>	7.0%
Market Premium as of May 27, 2015	10.4%

(1) Excludes nonrecurring items and negative loan loss provision.

(2) Core deposits defined as total deposits less time deposits over \$100,000

Premier Valley Bank - Comparable Company Analysis. Sandler O'Neill used publicly available information to compare selected financial information for Premier Valley Bank and a group of banks, as selected by Sandler O'Neill. The Premier Valley Bank peer group consisted of publicly-traded California banks with assets between \$400 million and \$800 million and NPAs/Assets less than 3.00%, excluding merger targets.

The comparable group was composed of the following companies:

1st Capital Bank	Plaza Bank
1st Century Bancshares, Inc.	Plumas Bancorp
American River Bankshares	Presidio Bank
Avidbank Holdings, Inc.	San Diego Private Bank
Bay Commercial Bank	Santa Cruz County Bank
California Bank of Commerce	Seacoast Commerce Banc Holdings
CommerceWest Bank	Security California Bancorp
Commonwealth Business Bank	Summit State Bank
Community West Bancshares	Valley Commerce Bancorp
Mission Bancorp	Valley Republic Bank
Oak Valley Bancorp	

The analysis compared publicly available financial information for Premier Valley Bank and the mean and median financial and market trading data for the Premier Valley Bank peer group as of, or for the period ended March 31, 2015, with pricing data as of May 27, 2015. The table below sets forth the data for Premier Valley Bank and the data for the Premier Valley Bank peer group.

## Comparable Company Analysis

	Premier Valley	Comparable Group Mean	Comparable Group Median
Total Assets (\$ millions)	647	535	527
Market Capitalization (\$ millions)	86	60	58
Price / Tangible Book Value Per Share	149%	116%	112%
Price / LTM Earnings Per Share	12.9x	15.9x	16.5x
Dividend Yield	4.57%	0.52%	0.00%
LTM Price Change	16.7%	11.0%	7.7%
Leverage Ratio	9.2%	10.7%	10.4%
Total Risk Based Capital Ratio	13.1%	15.2%	14.6%
Tangible Common Equity / Tangible Assets	9.1%	10.0%	10.2%
NPAs / Assets	1.40%	0.81%	0.60%
Loans / Deposits	70.1%	78.6%	79.5%
Return on Average Assets	1.11%	0.79%	0.78%
Return on Average Equity	10.03%	7.62%	6.84%
Net Interest Margin	3.60%	3.93%	3.91%
Efficiency Ratio	55%	67%	68%

LTM EPS, ROAA and ROAE adjusted to exclude nonrecurring revenue, negative loan loss provision, nonrecurring expense and DTA allowance.

Heartland - Comparable Company Analysis. Sandler O'Neill used publicly available information to compare selected financial information for Heartland and a group of banks, as selected by Sandler O'Neill. The Heartland peer group consisted of nationwide exchange-traded banks, with total assets between \$5.5 billion and \$7.5 billion, TCE / TA less than 9.0% and NPAs / Assets less than 2.00%, excluding merger targets.

Banc of California, Inc.	First Commonwealth Financial Corporation
BancFirst Corporation	Independent Bank Corp.
Berkshire Hills Bancorp, Inc.	Park National Corporation
Boston Private Financial Holdings, Inc.	Renasant Corporation
Brookline Bancorp, Inc.	S&T Bancorp, Inc.
Customers Bancorp, Inc.	

The analysis compared publicly available financial information for Heartland and the mean and median financial and market trading data for the Heartland peer group as of or for the period ended March 31, 2015, with pricing data as of May 27, 2015. The table below sets forth the data for Heartland and the data for the Heartland peer group.

## Comparable Company Analysis

	Heartland	Comparable Group Mean	Comparable Group Median
Total Assets (\$ millions)	6,506	6,491	6,570
Market Capitalization (\$ millions)	708	901	921
Price / Tangible Book Value Per Share	168%	180%	162%
Price / LTM Earnings Per Share	14.5x	15.0x	15.3x
Price / 2015E Earnings Per Share	12.8x	14.6x	14.7x
Price / 2016E Earnings Per Share	12.6x	13.3x	13.3x
Dividend Yield	1.16%	2.68%	2.76%
LTM Price Change	38.3%	14.6%	12.2%
Leverage Ratio	9.7%	8.9%	9.2%
Total Risk Based Capital Ratio	14.0%	13.0%	13.1%
Tangible Common Equity / Tangible Assets	6.5%	7.8%	7.7%
NPAs /Assets	0.87%	0.92%	0.84%
Loans / Deposits	80.6	91.7	95.1
Return on Average Assets	0.75%	0.96%	1.00%
Return on Average Equity	9.22%	9.41%	9.56%
Net Interest Margin	3.93%	3.38%	3.44%
Efficiency Ratio	72%	64%	63%

Note: LTM EPS, ROAA and ROAE adjusted to exclude nonrecurring revenue, negative loan loss provision, nonrecurring expense and DTA allowance.

Premier Valley Bank - Stock Price Performance. Sandler O'Neill reviewed the history of the publicly reported trading prices of Premier Valley Bank's common stock for the one-year and three-year period ended May 27, 2015. Sandler O'Neill then compared the relationship between the movements in the price of Premier Valley Bank's common stock against the movements in the prices of Premier Valley Bank's peer group (as described on page 41 ), the S&P 500 Index and the Nasdaq Bank Index.

## Premier Valley's One-Year Stock Performance

	Beginning Index Value May 27, 2014	Ending Index Value May 27, 2015
Premier Valley	0.0%	16.7%
Premier Valley Peer Group	0.0%	11.1%
S&P 500 Index	0.0%	11.1%
Nasdaq Bank Index	0.0%	9.9%

## Premier Valley's Three-Year Stock Performance

	Beginning Index Value May 25, 2012	Ending Index Value May 25, 2015
Premier Valley	0.0%	16.7%
Premier Valley Peer Group	0.0%	50.6%
S&P 500 Index	0.0%	61.1%
Nasdaq Bank Index	0.0%	57.6%

Heartland - Stock Price Performance. Sandler O'Neill reviewed the history of the publicly reported trading prices of Heartland's common stock for the one-year and three-year period ended May 27, 2015. Sandler O'Neill then compared the relationship between the movements in the price of Heartland's common stock against the movements in the prices of Heartland's peer group (as described on page 42 ), the S&P 500 Index and the Nasdaq Bank Index.

## Heartland's One-Year Stock Performance

	Beginning Index Value May 27, 2014	Ending Index Value May 27, 2015
Heartland	0.0%	38.3%
Heartland Peer Group	0.0%	12.6%
S&P 500 Index	0.0%	11.1%
Nasdaq Bank Index	0.0%	9.9%

## Heartland's Three-Year Stock Performance

	Beginning Index Value May 25, 2012	Ending Index Value May 25, 2015
Heartland	0.0%	79.8%
Heartland Peer Group	0.0%	48.0%
S&P 500 Index	0.0%	61.1%
Nasdaq Bank Index	0.0%	57.6%

Premier Valley Bank - Net Present Value Analysis. Sandler O'Neill performed an analysis that estimated the net present value per share of Premier Valley Bank common stock under various circumstances. The analysis assumed that Premier Valley Bank performed in accordance to an internal financial forecast for Premier Valley Bank for the year ending December 31, 2015, a net income forecast for Premier Valley Bank for the year ending December 31, 2016, a long-term net income growth rate for Premier Valley Bank for the years thereafter and Premier Valley Bank's share repurchase plan for the years ending December 31, 2016 through December 31, 2019, all as provided by the senior management of Premier Valley Bank. To approximate the terminal value of Premier Valley Bank common stock at December 31, 2019, Sandler O'Neill applied price to earnings multiples ranging from 10.0x to 20.0x and multiples of tangible book value ranging from 100% to 150%. The terminal values were then discounted to present values using different discount rates ranging from 11.0% to 15.0% chosen to reflect different assumptions regarding required rates of return of holders or prospective buyers of Premier Valley Bank common stock.

During the Premier Valley Bank Board of Directors meeting on May 28, 2015, Sandler O'Neill noted that the terminal 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.

As illustrated in the following tables, the analysis indicates a range of values per share of Premier Valley Bank common stock of \$5.96 to \$12.43 when applying multiples of earnings and \$4.56 to \$7.19 when applying multiples of tangible book value.

Discount Rate	Earnings Per Share Multiples					
	10.0x	12.0x	14.0x	16.0x	18.0x	20.0x
11.0%	6.94	8.04	9.14	10.24	11.34	12.43
12.0%	6.68	7.73	8.78	9.84	10.89	11.94
13.0%	6.43	7.44	8.44	9.45	10.46	11.47
14.0%	6.19	7.15	8.12	9.09	10.06	11.02
15.0%	5.96	6.89	7.81	8.74	9.67	10.60
Discount Rate	Tangible Book Value Multiples					
	100%	110%	120%	130%	140%	150%
11.0%	5.28	5.67	6.05	6.43	6.81	7.19
12.0%	5.09	5.45	5.82	6.18	6.55	6.92
13.0%	4.90	5.25	5.60	5.95	6.30	6.65
14.0%	4.72	5.06	5.40	5.73	6.07	6.40
15.0%	4.56	4.88	5.20	5.52	5.85	6.17

Sandler O'Neill also considered and discussed with the Premier Valley Bank Board of Directors how this analysis would be affected by changes in the underlying performance assumptions, including variations with respect to net income. To illustrate this impact, Sandler O'Neill performed a net present value analysis assuming Premier Valley

Bank's net income

44

---

varied from 25% above projections to 25% below projections. This analysis indicates the following range of per share values for Premier Valley Bank common stock, using the same price to earnings multiples of 10.0x to 20.0x and a discount rate of 12.87%.

## Annual Net Earnings Per Share Multiples

Income Variance	10.0x	12.0x	14.0x	16.0x	18.0x	20.0x
-25.0%	5.19	5.95	6.71	7.47	8.23	8.99
-15.0%	5.70	6.56	7.42	8.28	9.15	10.01
-5.0%	6.21	7.17	8.13	9.10	10.06	11.02
0.0%	6.46	7.47	8.49	9.50	10.52	11.53
5.0%	6.71	7.78	8.84	9.91	10.97	12.04
15.0%	7.22	8.39	9.55	10.72	11.88	13.05
25.0%	7.73	8.99	10.26	11.53	12.80	14.06

The following table describes the discount rate calculation for Premier Valley Bank common stock prepared by Sandler O'Neill. In its normal course of business, Sandler O'Neill employs the Duff & Phelps valuation handbook in determining an appropriate discount rate in which the discount rate equals the sum of the risk free rate, the equity risk premium and the size premium.

Risk Free Rate	4.00%	Based on Normalized 20yr US Treasury
Equity Risk Premium	5.00%	Per Duff & Phelps 2014 Valuation Handbook
Size Premium	3.87%	Per Duff & Phelps 2014 Valuation Handbook
Discount Rate	12.87%	

Heartland - Net Present Value Analysis. Sandler O'Neill also performed an analysis that estimated the net present value per share of Heartland common stock under various circumstances. The analysis assumed that Heartland performed in accordance with publicly available mean analyst earnings per share estimates for Heartland for the years ending December 31, 2015 and December 31, 2016 and a long-term earnings per share growth rate for Heartland for the years thereafter as provided by senior management of Heartland.

To approximate the terminal value of Heartland common stock at December 31, 2019, Sandler O'Neill applied price to earnings multiples ranging from 10.0x to 17.5x and multiples of tangible book value ranging from 125% to 225%. The terminal values were then discounted to present values using different discount rates ranging from 8.0% to 12.0% chosen to reflect different assumptions regarding required rates of return of holders or prospective buyers of Heartland common stock.

At the May 28, 2015 Premier Valley Bank Board of Directors meeting, 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.

As illustrated in the following tables, the analysis performed by Sandler O'Neill indicated an imputed range of values per share of Heartland common stock of \$21.34 to \$43.07 when applying multiples of earnings and \$25.61 to \$53.35 when applying multiples of tangible book value.

Discount Rate	Earnings Per Share Multiples					
	10.0x	11.5x	13.0x	14.5x	16.0x	17.5x
8.0%	25.25	28.81	32.38	35.94	39.50	43.07
9.0%	24.20	27.61	31.02	34.43	37.84	41.25
10.0%	23.20	26.46	29.73	32.99	36.26	39.52
11.0%	22.25	25.37	28.50	31.63	34.76	37.89
12.0%	21.34	24.34	27.34	30.34	33.33	36.33



Discount Rate	Tangible Book Value Multiples					
	125%	145%	165%	185%	205%	225%
8.0%	30.32	34.93	39.53	44.14	48.75	53.35
9.0%	29.05	33.46	37.87	42.28	46.69	51.10
10.0%	27.85	32.07	36.29	40.51	44.73	48.95
11.0%	26.70	30.74	34.79	38.83	42.88	46.92
12.0%	25.61	29.49	33.36	37.24	41.11	44.99

Sandler O'Neill also considered and discussed with the Premier Valley Bank Board of Directors how this analysis would be affected by changes in the underlying performance assumptions, including variations with respect to net income. To illustrate this impact, Sandler O'Neill performed a similar analysis assuming Heartland net income varied from 25% above projections to 25% below projections. This analysis indicates the following range of per share values for Heartland common stock, using the same price to earnings multiples of 10.0x to 17.5x and a discount rate of 8.07%:

Annual Net Income Variance	Earnings Per Share Multiples					
	10.0x	11.5x	13.0x	14.5x	16.0x	17.5x
-25.0%	19.25	21.92	24.58	27.25	29.91	32.58
-15.0%	21.62	24.64	27.66	30.68	33.70	36.72
-5.0%	23.99	27.37	30.74	34.11	37.49	40.86
0.0%	25.18	28.73	32.28	35.83	39.38	42.94
5.0%	26.36	30.09	33.82	37.55	41.28	45.01
15.0%	28.73	32.81	36.90	40.98	45.07	49.15
25.0%	31.10	35.54	39.98	44.42	48.86	53.30

The following table describes the discount rate calculation for Heartland common stock prepared by Sandler O'Neill. In its normal course of business, Sandler O'Neill employs the Duff & Phelps valuation handbook in determining an appropriate discount rate in which the discount rate equals the risk free rate plus the product of the two year beta of Heartland common stock and the equity risk premium.

Risk Free Rate	4.00%	Based on Normalized 20yr US Treasury
2 Year Beta of Heartland Common Stock	0.8140	Per Bloomberg
Equity Risk Premium	5.00%	Per Duff & Phelps 2014 Valuation Handbook
Discount Rate	8.07%	

Analysis of Selected Merger Transactions. Sandler O'Neill reviewed two groups of comparable merger and acquisition transactions. The first group, referred to as the Nationwide transaction group, includes 23 merger and acquisition transactions announced between January 1, 2014 and May 27, 2015 with target total assets between \$400 million and \$800 million and target NPAs / Assets less than 3.00%. The second group, referred to as the Western U.S. transaction group, included six transactions announced between January 1, 2014 and May 27, 2015 with target total assets between \$400 million and \$800 million with target NPAs / Assets less than 3.00%.

Edgar Filing: HEARTLAND FINANCIAL USA INC - Form S-4/A

The Nationwide transaction group was composed of the following merger and acquisition transactions:

Acquirer / Target

Pinnacle Financial Partners, Inc. / Magna Bank  
 Ameris Bancorp / Merchants & Southern Banks of Florida, Inc.  
 Farmers National Banc Corp. / National Bancshares Corporation  
 United Community Banks, Inc. / MoneyTree Corporation  
 Cathay General Bancorp / Asia Bancshares, Inc.  
 Plaza Bank / Manhattan Bancorp  
 Stupp Bros., Inc. / Southern Bancshares Corp.  
 Heartland Financial USA, Inc. / Community Banc-Corp. of Sheboygan, Inc.  
 Pacific Premier Bancorp, Inc. / Independence Bank  
 First Horizon National Corporation / TrustAtlantic Financial Corporation  
 SKBHC Holdings LLC / Greater Sacramento Bancorp  
 IBERIABANK Corporation / Florida Bank Group, Inc.  
 Peoples Bancorp Inc. / NB&T Financial Group, Inc.  
 Old National Bancorp / Founders Financial Corporation  
 First Midwest Bancorp, Inc. / Great Lakes Financial Resources, Inc.  
 State Bank Financial Corporation / Georgia-Carolina Bancshares, Inc.  
 CU Bancorp / 1st Enterprise Bank  
 Bryn Mawr Bank Corporation / Continental Bank Holdings, Inc.  
 Seacoast Banking Corporation of Florida / BANKshares, Inc.  
 Simmons First National Corporation / Delta Trust & Banking Corporation  
 CVB Financial Corp. / American Security Bank  
 First Interstate BancSystem, Inc. / Mountain West Financial Corp.  
 BancorpSouth, Inc. / Ouachita Bancshares Corp.

	Nationwide Comparable Transactions Mean	Nationwide Comparable Transactions Median	Heartland/ Premier Valley Valuation Multiples
Transaction Value Per Share / Tangible Book Value Per Share	155%	149%	164%
Transaction Value Per Share / Last Twelve Months Earnings Per Share	18.6x	19.1x	12.5x
Transaction Value Per Share / Tangible Book Premium to Core Deposits	8.0%	6.9%	7.0%
One-Day Market Premium	30.3%	26.7%	10.4%

The Western U.S. transaction group was composed of the following merger and acquisition transactions:

Acquirer / Target

Plaza Bank / Manhattan Bancorp  
 Pacific Premier Bancorp / Independence Bank  
 SKBHC Holdings LLC / Greater Sacramento Bancorp  
 CU Bancorp / 1<sup>st</sup> Enterprise Bank  
 CVB Financial Corp. / American Security Bank  
 First Interstate BancSystem, Inc. / Mountain West Financial Corp.



	Nationwide Comparable Transactions Mean	Nationwide Comparable Transactions Median	Heartland/ Premier Valley Valuation Multiples
Transaction Value Per Share / Tangible Book Value Per Share	138	% 138	% 164%
Transaction Value Per Share / Last Twelve Months Earnings Per Share	21.5x	21.4x	12.5x
Transaction Value Per Share / Tangible Book Premium to Core Deposits	6.2	% 6.7	% 7.0%
One-Day Market Premium	20.4	% 25.9	% 10.4%

Pro Forma Results. Sandler O’Neill analyzed certain potential pro forma effects of the merger on Heartland, based on the following assumptions, as provided by the senior management of Heartland: (i) an aggregate merger consideration of \$95.05 million, with 70% of Premier Valley Bank shares receiving 0.2246 shares of Heartland Stock, based on Heartland’s closing stock price on May 27, 2015 of \$34.39, and 30% of Premier Valley Bank shares receiving approximately \$7.73 in cash; (ii) the merger closes in the fourth quarter of 2015; (iii) unexercised options will be cancelled at closing; (iv) negative credit mark of \$14.4 million; (v) a positive loan interest rate mark of \$0.1 million; (vi) a positive time deposit mark of \$0.45 million; (vii) a core deposit intangible of \$5.1 million amortized straight-line over seven years; (viii) cost savings of 25% of Premier Valley Bank’s projected non-interest expense; (ix) pre-tax deal expenses and restructuring charges of \$5 million; and (x) a pre-tax opportunity cost of cash of 2.0%. The analysis indicated that for the year ending December 31, 2016, the merger (excluding transaction expenses) would be accretive to Heartland’s projected earnings per share and, at closing the merger would be dilutive to Heartland’s tangible book value per share. The actual results achieved by the combined entity, however, may vary from projected results and the variations may be material.

Analysis of Trading Liquidity of Heartland Common Stock. Sandler O’Neill used publicly available information to review Heartland’s and Premier Valley Bank’s average daily common stock trading activity for the 5-day, 30-day and 90-day periods ending May 27, 2015. During those periods, Heartland’s daily average common stock trading activity ranged from approximately 39 thousand shares to approximately 61 thousand shares per day and Premier Valley Bank’s daily average common stock trading activity ranged from approximately 2.4 thousand shares to approximately 4.5 thousand shares per day. Based on an estimated 1.9 million Heartland common shares to be issued in aggregate to Premier Valley Bank’s common shareholders (based on Heartland’s May 27, 2015 common stock price of \$34.39), the analysis indicated that it would take between approximately 34 and 49 trading days to trade all of the shares issued to Premier Valley Bank’s common shareholders in the proposed transaction.

Sandler O’Neill’s Relationship. Sandler O’Neill acted as the financial advisor to Premier Valley Bank’s Board of Directors in connection with the merger. Sandler O’Neill has received a retainer fee of \$50,000 in connection with general advisory services provided to Premier Valley Bank and a fee associated with the delivery of its fairness opinion from Premier Valley Bank in the amount of \$150,000. The sum of these amounts shall be credited towards an aggregate transaction fee of \$950,000 that Sandler O’Neill will be entitled to receive at the closing of the proposed merger. Premier Valley Bank has also agreed to reimburse Sandler O’Neill for its reasonable out-of-pocket expenses incurred in connection with its engagement and to indemnify Sandler O’Neill and its affiliates and their respective partners, directors, officers, employees and agents against certain expenses and liabilities, including liabilities under applicable federal or state law. Except as described herein, Premier Valley Bank has paid Sandler O’Neill no other fees or commissions for services rendered during the last two years.

In the ordinary course of its business as a broker-dealer, Sandler O’Neill may purchase securities from and sell securities to Premier Valley Bank and Heartland and their respective affiliates. Sandler O’Neill may also actively trade the equity and debt securities of Premier Valley Bank and Heartland or their respective affiliates for its own account and for the accounts of its customers and, accordingly may at any time hold a long or short position in such securities.

In addition, Sandler O'Neill advised Premier Valley Bank's Board of Directors that Sandler O'Neill has in the past provided certain investment banking services to Heartland unrelated to the merger and has received compensation for such services and that Sandler O'Neill may provide, and receive compensation for, such services in the future.

Heartland’s Reasons for the Merger

Heartland believes that:

- the acquisition will provide an opportunity to enter the California market, a substantial market for community banking, in communities that should be well placed geographically for further expansion;
- Premier Valley Bank’s history of earnings and credit quality, and strong management, should reduce the risks inherent in entering a new market;
- the acquisition represents a similar community banking business model to the model of Heartland’s nine current banking subsidiaries, with complementary emphasis on small business lending;
- the acquisition offers the potential for Heartland to increase the services enjoyed by Premier Valley Bank customers by offering an increased range of services, including increased commercial and industrial lending, and enhanced wealth management, mortgage banking, and cash and treasury management services, while retaining the “high-touch” community banking service currently enjoyed by those customers;
- the acquisition is consistent with Heartland’s objective of balancing its exposure to the economies in the Midwest with the economies in the West; and
- the merger is expected to be accretive to Heartland’s GAAP earnings in the first year exclusive of merger-related charges.

Certain Officers of Premier Valley Bank Have Financial Interests in the Merger

In considering the recommendation of Premier Valley Bank’s Board of Directors with respect to the merger agreement, you should be aware that some Premier Valley Bank officers have interests in the merger and have arrangements that are different from, or in addition to, those of Premier Valley Bank shareholders generally. Premier Valley Bank’s Board of Directors was aware of these interests and considered them, among other matters, in reaching its decisions to approve the merger agreement and to recommend that Premier Valley Bank shareholders vote in favor of the merger agreement.

Premier Valley Bank has employment agreements with some of its officers, including J. Mike McGowan, its President and Chief Executive Officer; Michael W. Martinez, its Executive Vice President, Chief Operating Officer and Chief Financial Officer; David H. Wogan, its Executive Vice President and Chief Credit Officer; Marvell French, its Senior Vice President of Sales and Marketing; Steve E. Travers, its Senior Vice President/Lending Service Manager; and Dorothy Thomas, its SBA Lending Manager. Each of these employment agreements provides that the officer will be entitled to severance payments if their employment is terminated, regardless of whether this termination is voluntarily by the employee or involuntarily by the Company, within one year before or after the merger is completed. The amount of the severance payment varies for these officers from nine months base salary, to three years’ salary and estimated bonus. As part of the negotiation of the merger agreement, Heartland negotiated restated employment agreements with each of these officers that provide that they each, as a signing bonus at the time the merger is completed, will receive the full amount of severance they would have received had they terminated their agreements, and that they also will continue as employees. Further, each of these officers holds restricted stock that is subject to vesting that would require them to remain employed for various terms of up to roughly three and a half years in order for the restricted stock to “vest” and not be forfeited when their employment is terminated. All of these restricted shares will become fully vested upon completion of the merger. These interests may cause Premier Valley Bank’s officers to view the merger proposal differently than you may view it. The Board of Directors of Premier Valley Bank was aware of these interests at the time it approved the merger.

The following table sets forth the amount of signing bonus that Heartland has agreed to pay to each executive:

Name	Lump Sum Payment
J. Mike McGowan	\$1,832,250
Michael W. Martinez	\$377,400
David H. Wogan	\$371,850
Marvell French	\$232,200
Steve E. Travers	\$232,200
Dorothy Thomas	\$138,375

The new employment agreements that Heartland has executed with the officers become effective when the merger is completed. Each agreement, except for Mr. McGowan's, provides for terms similar to the existing employment agreements of

the officers, and with salaries that are the same as, or slightly increased to reflect the increased scope of responsibility of the officer. Michael Martinez will be promoted to President simultaneous with completion of the merger with a 10% increase in salary, while Mike McGowan will reduce his responsibilities and agree to a substantial reduction in salary.

#### Regulatory Matters

Heartland and Premier Valley Bank agreed to use all reasonable efforts to obtain all regulatory approvals required to complete the transactions contemplated by the merger agreement. These approvals include an application under Section 3 of the Bank Holding Company Act to the Federal Reserve to acquire Premier Valley Bank, an application with the FDIC under the Bank Merger Act to merge Premier Valley Bank into PV Acquisition Bank, and an application under the California Financial Code to form PV Acquisition Bank and for it to merge with Premier Valley Bank.

Heartland filed its application with the Federal Reserve on July 17, 2015, responded to comments in August and by letter dated August 28, 2015, and subject to compliance with commitments and representations contained in the application, received approval from the Federal Reserve to acquire all of the voting common stock of Premier Valley Bank under Section 3(a)(3) of the Bank Holding Company Act. The Department of Justice waiting period for this approved application expired on September 11, 2015. Heartland and Premier Valley filed an application with the FDIC on July 17, 2015 and by letter dated August 21, 2015, received approval from the FDIC for Premier Valley Bank to merge with and into PV Acquisition Bank under the Bank Merger Act. The Department of Justice waiting period for this approved application expired on September 20, 2015. Heartland filed its application with the California Department of Business Oversight on July 17, 2015, responded to comments in August, and by separate letters each dated September 8, 2015, the California Department of Business Oversight approved the formation of PV Acquisition Bank and, subject to filing of appropriate merger documents, the merger of Premier Valley Bank into PC Acquisition Bank. To cause the merger to become effective, Heartland and Premier Valley Bank will need to file a summary merger agreement in a form previously submitted to California with the California Department of Business Oversight and the California Secretary of State.

Likewise, we cannot assure you that the Antitrust Division or any state attorney general will not attempt to challenge the merger on antitrust grounds, and, if such a challenge is made, we cannot assure you as to its result.

#### Material U.S. Federal Income Tax Consequences of the Merger

The following is a summary of the material anticipated U.S. federal income tax consequences generally applicable to a U.S. Holder (as defined below) of Premier Valley Bank common stock with respect to the exchange of Premier Valley Bank common stock for cash and Heartland common stock pursuant to the merger.

This discussion assumes that U.S. Holders hold their Premier Valley Bank common stock as capital assets within the meaning of section 1221 of the Internal Revenue Code of 1986, as amended (which we refer to in this section as the "Code"). This summary is based on the Code, administrative pronouncements, judicial decisions and Treasury Regulations, each as in effect as of the date of this proxy statement/prospectus. All of the foregoing are subject to change at any time, possibly with retroactive effect, and all are subject to differing interpretation. No advance ruling has been sought or obtained from the Internal Revenue Service (or the IRS), regarding the U.S. federal income tax consequences of the merger. As a result, no assurance can be given that the IRS would not assert, or that a court would not sustain, a position contrary to any of the tax consequences set forth below.

This summary does not address any tax consequences arising under U.S. federal tax laws other than U.S. federal income tax laws, nor does it address the laws of any state, local, foreign or other taxing jurisdiction. In addition, this summary does not address all aspects of U.S. federal income taxation that may apply to U.S. Holders of Premier Valley Bank common stock in light of their particular circumstances or U.S. Holders that are subject to special rules under the Code, such as holders of Premier Valley Bank common stock that are not U.S. Holders, holders that are partnerships or other pass-through entities (and persons holding their Premier Valley Bank common stock through a partnership or other pass-through entity), persons who acquired shares of Premier Valley Bank common stock as a result of the exercise of employee stock options or otherwise as compensation or through a tax-qualified retirement plan, persons subject to the alternative minimum tax, tax-exempt organizations, expatriates and former long-term



residents of the United States, financial institutions, broker-dealers, traders in securities that have elected to apply a mark-to-market method of accounting, insurance companies, persons having a “functional currency” other than the U.S. dollar and persons holding their Premier Valley Bank common stock as part of a straddle, hedging, constructive sale or conversion transaction.

You are strongly urged to consult with your tax advisor with respect to the tax consequences to you of the merger in light of your own particular circumstances, including the tax consequences under state, local, foreign and other tax laws and the possible effects of changes in the United States federal or other tax laws.

For purposes of this summary, a “U.S. Holder” is a beneficial owner of Premier Valley Bank common stock that is for U.S. federal income tax purposes:

- a United States citizen or resident alien;
- a corporation, or other entity taxable as a corporation for U.S. federal income tax purposes, created or organized under the laws of the United States or any state therein or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust if (1) it is subject to the primary supervision of a court within the United States and one or more United States persons have the authority 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.

If a partnership (including any other entity treated as a partnership for U.S. federal income tax purposes) holds Premier Valley Bank common stock, the tax treatment of a partner will generally depend on the status of the partner and the activities of the partnership. Such a partner should consult its tax advisor.

**The Merger.** The merger is intended to qualify as a reorganization under section 368(a) of the Code. Sheppard Mullin Richter & Hampton LLP, tax counsel to Premier Valley Bank, has rendered its opinion that the merger will constitute a “reorganization” within the meaning of Section 368(a) of the Code with the tax consequences described below. The opinion relies on assumptions, including assumptions regarding the absence of changes in existing facts and law and the completion of the merger in the manner contemplated by the merger agreement, and the accuracy of representations and covenants made by Premier Valley Bank and Heartland, including those contained in representation letters of officers of Premier Valley Bank. In particular, Premier Valley Bank has represented that it will terminate the Merger and the Merger Agreement if the weighted average trading price of Heartland common stock used to compute the exchange ratio drops below \$10 per share immediately prior to the consummation of the Merger on the basis that this decline represents a “Material Adverse Event” under the terms of the Merger Agreement, and Heartland has represented that, under such circumstances, it will not resist or contest such termination. If any of the representations or assumptions upon which the opinion is based are inconsistent with the actual facts, the tax consequences of the merger could be adversely affected. The determination by Premier Valley Bank’s tax counsel as to whether the proposed merger will be treated as a “reorganization” within the meaning of Section 368(a) of the Code will depend upon the facts and law existing at the effective time of the proposed merger. An opinion of counsel represents counsel’s best legal judgment and is not binding on the IRS or any court, nor does it preclude the IRS from adopting a contrary position.

**Exchange of Premier Valley Bank common stock for Heartland common stock and cash.** Premier Valley Bank and Heartland will not recognize any gain or loss for U.S. federal income tax purposes as a result of the merger, and the U.S. federal income tax consequences of the merger to U.S. Holders of Premier Valley Bank common stock will be, in general, as follows:

- a Premier Valley Bank shareholder generally will, for U.S. federal income tax purposes, recognize gain, but not loss, equal to the lesser of (1) the excess, if any, of the fair market value of the Heartland common stock and the amount of cash received by the shareholder over that shareholder’s adjusted tax basis in the Premier Valley Bank common stock exchanged in the merger or (2) the amount of cash received by the shareholder in the merger (excluding cash received in lieu of fractional shares, which will be taxed as discussed below);
- the gain recognized by a Premier Valley Bank shareholder in the merger generally will constitute capital gain, unless, as discussed below, the shareholder’s receipt of cash has the effect of a distribution of a dividend for U.S. federal income tax purposes, in which case the shareholder’s gain will be treated as ordinary dividend income to the extent of the shareholder’s ratable share of accumulated earnings and profits as calculated for U.S. federal income tax purposes; any capital gain recognized by a Premier Valley Bank shareholder generally will constitute long-term capital gain if the shareholder’s holding period for the Premier Valley Bank common stock exchanged in the merger is more than one year as of the date of the merger, and otherwise will constitute short-term capital gain;



the aggregate tax basis of the shares of Heartland common stock received by a Premier Valley Bank shareholder (including, for this purpose, any fractional share of Heartland common stock for which cash is received) in exchange for Premier Valley Bank common stock in the merger will be the same as the aggregate tax basis of the shareholder's Premier Valley Bank common stock exchanged therefor, decreased by the amount of cash received by the shareholder in the merger (excluding any cash received in lieu of a fractional share) and increased by the amount of gain recognized by the shareholder in the merger (including any portion of the gain that is treated as a dividend and excluding any gain recognized as a result of cash received in lieu of a fractional share); and the holding period of the shares of Heartland common stock received by a Premier Valley Bank shareholder in the merger will include the holding period of the shareholder's Premier Valley Bank common stock exchanged in the merger.

**Potential Treatment of Cash as a Dividend.** In general, the determination of whether gain recognized by a Premier Valley Bank shareholder will be treated as capital gain or a dividend distribution will depend upon whether, and to what extent, the merger reduces the Premier Valley Bank shareholder's deemed percentage stock ownership interest in Heartland. For purposes of this determination, a Premier Valley Bank shareholder will be treated as if the shareholder first exchanged all of its Premier Valley Bank common stock solely for Heartland common stock (instead of a combination of Heartland common stock and cash as may be actually received) and then Heartland immediately redeemed a portion of that Heartland common stock in exchange for the cash the shareholder received in the merger. The gain recognized in the exchange followed by the deemed redemption will be treated as capital gain if, with respect to the Premier Valley Bank shareholder, the deemed redemption is "substantially disproportionate" or "not essentially equivalent to a dividend."

In general, the deemed redemption will be "substantially disproportionate" with respect to a Premier Valley Bank shareholder if the percentage described in (2) below is less than 80% of the percentage described in (1) below. Whether the deemed redemption is "not essentially equivalent to a dividend" with respect to a Premier Valley Bank shareholder will depend on the shareholder's particular circumstances. In order for the deemed redemption to be "not essentially equivalent to a dividend," the deemed redemption must result in a "meaningful reduction" in the Premier Valley Bank shareholder's deemed stock ownership of Heartland common stock. In general, that determination requires a comparison of (1) the percentage of the outstanding voting stock of Heartland that the Premier Valley Bank shareholder is deemed actually and constructively to have owned immediately before the deemed redemption by Heartland and (2) the percentage of the outstanding voting stock of Heartland actually and constructively owned by the shareholder immediately after the deemed redemption by Heartland. In applying the foregoing tests, a shareholder may, under constructive ownership rules, be deemed to own stock in addition to stock actually owned by the shareholder, including stock owned by other persons and stock subject to an option held by such shareholder or by other persons. Because the constructive ownership rules are complex, each Premier Valley Bank shareholder should consult its own tax advisor as to the applicability of these rules. The IRS has indicated that a minority shareholder in a publicly traded corporation whose relative stock interest is minimal and who exercises no control with respect to corporate affairs is considered to have a "meaningful reduction" if that shareholder has any reduction in its percentage stock ownership under the foregoing analysis.

**Cash In Lieu of Fractional Shares.** To the extent that a Premier Valley Bank shareholder receives cash in lieu of a fractional share of common stock of Heartland, the shareholder will be deemed to have received that fractional share in the merger and then to have received the cash in redemption of that fractional share. The shareholder generally will recognize gain or loss equal to the difference between the cash received and the portion of the shareholder tax basis in the shares of Premier Valley Bank common stock surrendered allocable to that fractional share. This gain or loss generally will be long-term capital gain or loss if the holding period for those shares of Premier Valley Bank common stock is more than one year as of the 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 a Premier Valley Bank shareholder (1) is a corporation or is within certain other exempt categories and, when required, demonstrates this fact, or (2) 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. A Premier Valley Bank shareholder who does not provide its correct taxpayer identification number may be subject to penalties imposed by the IRS. 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 IRS.

Reporting Requirements. A Premier Valley Bank shareholder will be required to retain records pertaining to the merger and will be required to file with such Premier Valley Bank 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 Premier

Valley Bank common stock who is a “significant holder” that receives Heartland 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 Premier Valley Bank common stock surrendered and the fair market value of the Heartland common stock and cash, if any, received in the merger. A “significant holder” is a holder of Premier Valley Bank common stock who, immediately before the merger, owned at least five percent of the outstanding stock of Premier Valley Bank or owned Premier Valley Bank securities with an adjusted tax basis of \$1,000,000 or more.

TAX MATTERS REGARDING THE MERGER ARE VERY COMPLICATED, AND THE TAX CONSEQUENCES OF THE MERGER TO ANY PARTICULAR PREMIER VALLEY BANK SHAREHOLDER WILL DEPEND ON THAT SHAREHOLDER’S PARTICULAR SITUATION. PREMIER VALLEY BANK SHAREHOLDERS ARE STRONGLY URGED TO CONSULT THEIR OWN TAX ADVISORS REGARDING THE SPECIFIC TAX CONSEQUENCES OF THE MERGER, INCLUDING TAX RETURN REPORTING REQUIREMENTS, THE APPLICABILITY OF FEDERAL, STATE, LOCAL AND FOREIGN TAX LAWS AND THE EFFECT OF ANY PROPOSED CHANGE IN THE TAX LAWS TO THEM.

#### Accounting Treatment

The merger will be accounted for under the acquisition method of accounting by Heartland of Premier Valley Bank, as that term is used under GAAP, for accounting and financial reporting purposes. As a result, the historical financial statements of Heartland will continue to be the historical financial statements of Heartland following the completion of the merger. The assets (including identifiable intangible assets) and liabilities (including executory contracts and other commitments) of Premier Valley Bank as of the effective time of the merger will be recorded at their respective fair values and added to those of Heartland. Any excess of purchase price over the net fair values of Premier Valley Bank assets and liabilities is recorded as goodwill (excess purchase price). Financial statements of Heartland issued after the merger will reflect such fair values and will not be restated retroactively to reflect the historical financial position or results of operations of Premier Valley Bank. The results of operations of Premier Valley Bank will be included in the results of operations of Heartland beginning on the effective date of the merger.

#### Board of Directors and Management of Heartland Following Completion of the Merger

The composition of Heartland’s Board of Directors and its senior management will not be changed as a result of the merger. Information about the current Heartland directors and executive officers can be found in Heartland’s proxy statement filed with the Securities and Exchange Commission on April 4, 2014, as supplemented on May 8, 2014. See “Where You Can Find More Information” on page 94 .

#### Public Trading Markets

Heartland common stock is quoted on the NASDAQ Global Select Market under the symbol “HTLF.” The shares of Heartland common stock to be issued in connection with the merger will be freely transferable under the applicable securities laws, except for shares issued to any shareholder who may be deemed to be an affiliate of Heartland.

#### Notice of Dissenters’ Rights

Sections 1300 to 1313 of the CGCL provide that any Premier Valley Bank shareholder may dissent from the merger and obtain payment of the “fair value” of his or her dissenting shares as determined in accordance with Section 1300 of the CGCL, provided that such shareholder complies with all of the provisions of Sections 1300 to 1313 of the CGCL.

Fair value for such purposes will be measured as of the day immediately prior to announcement of the merger.

The following is a brief summary of Sections 1300 to 1313 of the CGCL, which set forth the procedures for demanding statutory dissenters’ rights. The full text of Sections 1300 to 1313 is attached to this proxy statement/prospectus as Appendix B, and we incorporate that text into this proxy statement/prospectus by reference. To be entitled to exercise dissenters’ rights, a Premier Valley Bank shareholder must not vote in favor of the merger agreement and must make a written demand that Premier Valley Bank purchase his or her dissenting shares at their fair market value. Only a record holder of shares of Premier Valley Bank on August 31, 2015, or the transferee of the shares of record, may make this written demand. The written demand must:

- be delivered to Premier Valley Bank within 30 days after mailing of a notice by Premier Valley Bank that the merger has been approved (as described in the next paragraph);

- specify the number of the shares that the shareholder demands that Premier Valley Bank repurchase; and
- include a statement of what the shareholder claims to be the fair market value of the shares.

For these purposes, the fair market value must be determined as of the day prior to announcement of the Merger (May 28, 2015), and exclude any appreciation or depreciation in value as a consequence of the merger.

If Premier Valley Bank shareholders approve the merger, within ten days of this approval, Premier Valley Bank must mail a written notice of approval of the merger to those shareholders who meet the above criteria. This notice will include Premier Valley Bank's determination of fair market value of each share of common stock as of the date prior to the initial announcement of the merger ( May 28, 2015 ), as well as a brief description of the procedure to be followed by any shareholder wishing to exercise their dissenters' rights. The Premier Valley Bank Board of Directors has determined that the fair market value of each share of common stock was \$7.10 on May 28, 2015. In addition to making demand for payment, a dissenting shareholder must send his or her certificates for shares of Premier Valley Bank capital stock to the principal office or the office of any transfer agent of Premier Valley Bank within 30 days of Premier Valley Bank mailing the written notice of approval of the merger . A shareholder who does not demand payment or deposit his or her certificates by the time specified in the notice will not be entitled to payment for his or her shares under the dissenters' rights sections of the CGCL and will instead be entitled to receive the merger consideration.

If both Premier Valley Bank and a dissenting shareholder agree (i) that the shares are dissenting shares, and (ii) upon the fair market value of the dissenting shares, the dissenting shareholder will be entitled to the agreed upon price with interest. Interest begins to accrue when Premier Valley Bank and the dissenting shareholder determine the fair market value.

If Premier Valley Bank and the dissenting shareholder disagree over whether the shares are dissenting shares or as to their fair market value, then the shareholder demanding purchase of shares may ask the court to settle one or both disputes. This must be done within six months of Premier Valley Bank mailing notice of shareholders' approval of the merger agreement. The court may determine the status of the shares as dissenting shares, as well as their fair market value, or the court may appoint impartial appraisers to determine the fair market value of the shares.

Premier Valley Bank must pay the agreed upon or court imposed fair market value amount to the dissenting shareholders, subject to the surrender any stock certificates, within 30 days of the fair market value determination or within 30 days of completion of the merger, whichever is later.

Failure to comply strictly with all of the procedures set forth in Sections 1300 to 1313 of the CGCL will result in the loss of a shareholder's dissenters' rights. Consequently, any shareholder wishing to exercise dissenters' rights is urged to consult legal counsel before attempting to exercise such rights.

Shareholders considering the exercise of dissenters' rights should be aware that the "fair value" of their shares as determined under Sections 1300 to 1313 could be more than, the same as or less than the merger consideration they would receive under the merger agreement if they did not dissent.

One condition to Heartland's obligation to complete the merger is that the total number of dissenting shares of Premier Valley Bank common stock cannot be more than 7.0% of the number of outstanding shares of Premier Valley Bank common stock.

## THE MERGER AGREEMENT

The following describes material provisions of the merger agreement, which is attached as Appendix A to this document and which is incorporated by reference into this document. The rights and obligations of the parties are governed by the express terms and conditions of the merger agreement and not by this summary or any other information contained in this document. We urge you to read the merger agreement carefully and in its entirety.

### General

Under the merger agreement, and upon acceptance and approval by the California Commissioner of the Department of Business Oversight of an agreement of merger as filed with the Secretary of State of California, Premier Valley Bank will merge with and into PV Acquisition Bank with PV Acquisition Bank as the surviving corporation. PV Acquisition Bank will simultaneously change its name to "Premier Valley Bank" and will continue its business with the same management without interruption. Upon the completion of the merger, each share of Premier Valley Bank common stock outstanding, other than shares held by either Heartland or Premier Valley Bank and shares held by Premier Valley Bank shareholders who properly assert their dissenters' rights, will be automatically converted into the right to receive Heartland common stock, cash, or a combination of cash and shares of Heartland common stock.

### Purchase Price and Election of Merger Consideration

**Total Purchase Price.** Under the merger agreement, Premier Valley Bank shareholders will be entitled to receive total consideration of \$95,050,000, decreased by the amount by which Premier Valley Bank's tangible equity as of the month-end immediately prior to the closing is less than \$58,812,000. For these purposes, "tangible equity" of Premier Valley Bank will be equal to its tangible assets less liabilities, each as computed in accordance with GAAP, except that (i) Premier Valley Bank will be credited with any transaction expenses it incurs in connection with the merger (these expenses will be added back to tangible equity to the extent expensed), (ii) capitalized servicing rights will not be considered an intangible asset, (iii) accumulated comprehensive income (loss) will be deducted from tangible equity, and (iv) if the closing of the merger occurs prior to October 1, 2015, Premier Valley Bank will be credited with a reasonable projection of operations through October 1, 2015.

At June 30, 2015, Premier Valley Bank's tangible equity was approximately \$58.4 million. Nevertheless, Premier Valley Bank recorded net income of approximately \$2.1 million during the quarter ended June 30, 2015, and if Premier Valley Bank were credited with income for the quarter ending September 30, 2015 at the same rate as it accumulated income in the first half of the year, it would exceed that \$58,812,000 tangible equity threshold at September 30, 2015. Premier Valley Bank may nevertheless incur a loss or suffer other changes to tangible equity prior to the completion of the merger, and these losses or changes could cause Premier Valley Bank's tangible equity to be less than \$58,812,000, and result in a reduction of the total purchase price.

**Stock Consideration and Cash Consideration.** Shareholders of Premier Valley Bank may elect to receive their share of the merger consideration in up to 100% Heartland common stock or 100% cash, or a combination of Heartland common stock and cash. For these purposes, all Premier Valley Bank shareholders who assert dissenter rights will be deemed to have elected cash.

At the date of this proxy statement/prospectus, Premier Valley Bank had 12,304,025 shares of common stock outstanding. Assuming no reduction in the aggregate merger consideration, this would result in merger consideration of approximately \$7.725 per share of Premier Valley Bank common stock, which would be paid in cash to shareholders of Premier Valley Bank who elect to receive, or are otherwise allocated, cash.

For Premier Valley Bank shareholders who elect to receive, or are otherwise allocated, shares of Heartland common stock in the merger, the number of shares of Heartland common stock that will be delivered for each share of Premier Valley Bank common stock will be equal to the cash merger value per share divided by the value assigned to a share of Heartland common stock. Heartland common stock will be valued at its volume weighted average closing price during the twenty trading days ending five days before the effective date of the merger. If this volume weighted average closing price is less than \$29.13, however, the Heartland common stock will be valued at \$29.13 and if this volume weighted average closing price is more than \$39.41, the Heartland common stock will be valued at \$39.41. If the Heartland volume weighted average closing price is \$29.13 or below and there is no reduction in the merger consideration, Heartland would issue 0.265 shares of Heartland common stock for each share of Premier Valley Bank. If the Heartland volume weighted average closing price is \$39.41 or above and there is no reduction in the merger consideration, Heartland would issue 0.196 shares of Heartland common stock for each share of Premier Valley Bank.





Share prices cannot be predicted, of course. If the average closing price of Heartland common stock moves between \$29.13 and \$39.41, the exchange ratio will change. The following table illustrates the effective exchange ratio as a function of several possible average closing prices, in each case calculated based on a total purchase price of \$95,050,000 and 12,304,025 outstanding shares of Premier Valley Bank common stock outstanding:

Price of Heartland Common Stock	Number of shares of Heartland common stock to be received for each Premier Valley share
\$29.13	0.2652
\$32.00	0.2414
\$34.00	0.2272
\$36.00	0.2146
\$38.00	0.2033
\$39.41	0.1960

The actual number of shares to be received by a Premier Valley Bank shareholder for each share of Premier Valley Bank common stock will depend on the trading price of Heartland common stock for the twenty trading days ending five days prior to the merger, and is expected to differ from the amount set forth above.

**Elections and Allocation of Merger Consideration.** Despite the ability to make an election individually to receive all Heartland common stock or all cash, or a combination thereof, the merger agreement requires that, of the aggregate merger consideration, 70% will be paid by delivery of Heartland common stock and 30% will be paid in cash. If Premier Valley Bank shareholders elect to receive more than 70% of the aggregate consideration in Heartland common stock, then those electing shareholders will have the amount of Heartland common stock they receive reduced, pro rata in accordance with their Premier Valley Bank stock ownership, until 70% of the aggregate consideration is Heartland common stock, and the remainder of the consideration they receive will be paid in cash. If Premier Valley Bank shareholders elect to receive more than 30% of the aggregate consideration (including consideration paid to holders who assert dissenter rights) in cash, then those electing shareholders will have the amount of cash they receive reduced, pro rata in accordance with their Premier Valley Bank stock ownership, until 30% of the aggregate consideration is paid in cash (including dissenter shares), and the remainder of the consideration they receive will be paid in Heartland common stock. If, after the above allocations, the amount of cash that shareholders elect to receive is less than 30% of the total consideration, then all shareholders who fail to make an election (“non-electing shareholders”), will be allocated cash consideration, pro rata in accordance with the number of shares they each hold, until 30% of the total consideration (including consideration payable to holders of shares who assert dissenter rights) is paid in cash. If, after the above allocations, the amount of Heartland common stock that shareholders elect to receive is less than 70% of the total consideration, then all non-electing shareholders, will be allocated Heartland common stock, pro rata in accordance with the number of shares they each hold, until 70% of the total consideration (including consideration payable to holders of shares who assert dissenter rights) is paid in cash. Example: If the aggregate amount of consideration in the form of Heartland common stock that Premier Valley Bank shareholders who file an election elect to receive is 80%, holders of 5% elect cash, and holders of 15% of Premier Valley Bank shares fail to make an election, then:

- All Premier Valley Bank shareholders who elect to receive cash will receive solely cash for their shares;
- Premier Valley Bank shareholders who fail to make an election will receive all of their consideration in cash; and
- Premier Valley Bank shareholders who elect to receive Heartland common stock will receive 87.5% of their consideration in Heartland common stock and 12.5% of their consideration in cash.

Example: If the aggregate amount of consideration in the form of Heartland common stock that Premier Valley Bank shareholders who file an election elect to receive is 75%, holders of 15% elect cash and holders of 10% of Premier Valley Bank shares fail to make an election, then:

- All Premier Valley Bank shareholders who elect to receive cash will receive cash for their shares;
- Premier Valley Bank shareholders who fail to make an election will receive half of their consideration in Heartland common stock and half their consideration in cash; and



• Premier Valley Bank shareholders who elect to receive Heartland common stock will receive 93.3% of their consideration in Heartland common stock and 6.7% of their consideration in cash

Example: If the aggregate amount of consideration in the form of cash that Premier Valley Bank shareholders who file an election elect to receive is 50%, holders of 35% of the Premier Valley Bank Shares elect to receive Heartland common stock and holders of 15% of Premier Valley Bank shares fail to make an election, then:

• All Premier Valley Bank shareholders who elect to receive Heartland common stock will receive solely Heartland common stock for their shares;

• Premier Valley Bank shareholders who fail to make an election will receive all of their consideration in shares of Heartland common stock; and

• Premier Valley Bank shareholders who elect to receive cash will receive 60% of their consideration in cash and 40% of their consideration in shares of Heartland common stock.

#### Election Procedures; Surrender of Stock Certificates

You are not being asked to make a cash election or stock election through this proxy statement/prospectus, but instead will receive a separate communication through which you may make that election. If you are a Premier Valley Bank shareholder of record on the August 31, 2015 record date for elections, you are being mailed an election form to permit you to make an election to receive cash, or Heartland common stock, for your shares of Premier Valley Bank common stock. If you hold your Premier Valley Bank shares in nominee or "street" name, your broker or nominee will receive this election form and will communicate with you as to how to make this election.

You, or the person or entity through which you hold shares of Premier Valley Bank common stock, will be mailed these election forms at least twenty days prior to October 26, 2015, which is the deadline for return of election forms. If you wish to elect the type of merger consideration you will receive in the merger, you should carefully review and follow the instructions that will be set forth in the election form. If you hold your Premier Valley Bank shares in "street name" or through a bank, broker or other nominee, you should follow the instructions of the bank, broker or other nominee for making an election with respect to shares of Premier Valley Bank common stock. Shares of Premier Valley Bank common stock as to which the holder has not made a valid election prior to the election deadline will be treated as non-election shares.

To make an effective election, you, your bank, broker or other nominee must submit a properly completed election form, together with your Premier Valley Bank stock certificates duly endorsed in blank or otherwise in a form acceptable for transfer on the books of Premier Valley Bank, to Computershare, which will be acting as the exchange agent, on or before 5:00 p.m., Pacific Time, on October 26, 2015. You may change your election at any time prior to the election deadline by written notice accompanied by a properly completed and signed, revised election form received by the exchange agent prior to the election deadline. All elections will be revoked automatically if the merger is not approved or the merger agreement is otherwise terminated. The determination of the exchange agent will be binding as to whether an election has been properly made or revoked. If it is determined by the exchange agent that any purported cash election or stock election was not properly made, the purported election will be deemed to be of no force or effect and the holder making the purported election will be deemed not to have made an election for these purposes, unless a proper election is subsequently made on a timely basis.

Once you have tendered your Premier Valley Bank stock certificates to the exchange agent, you will not be able to transfer your shares of Premier Valley Bank common stock represented by those stock certificates until the merger is completed, unless you revoke your election by written notice to the exchange agent that is received prior to the election deadline.

The exchange agent will make all computations as to the allocation and the proration contemplated by the merger agreement and any such computation will be conclusive and binding on the holders of Premier Valley Bank common stock.

#### Exchange of Certificates

Within three business days after the closing of the merger, the exchange agent will mail a letter of transmittal to only those persons who were Premier Valley Bank shareholders at the effective time of the merger and who have not previously submitted an election form and properly surrendered shares of Premier Valley Bank common stock to the exchange agent. This mailing will contain instructions on how to surrender certificates for Premier Valley Bank common stock (if these shares have not already been surrendered) in exchange for the merger consideration the holder

is entitled to receive under the merger

57

---

agreement. The letter of transmittal will include instructions for the surrender to the exchange agent of certificates representing Premier Valley Bank common stock for the merger consideration. A letter of transmittal will be deemed properly completed only if signed and accompanied by stock certificates representing all shares of Premier Valley Bank common stock or an appropriate guarantee of delivery of the certificates.

If there has been a transfer of ownership of shares of Premier Valley Bank common stock that is not registered in the transfer or stock records of Premier Valley Bank, any merger consideration payable with respect to such shares of Premier Valley Bank common stock may be payable to the transferee if certificates are presented to the exchange agent, accompanied by all documents evidencing the transfer and payment of any related transfer taxes.

Until you surrender your Premier Valley Bank stock certificates to the exchange agent for exchange, you will not be paid dividends or other distributions declared after the merger with respect to any Heartland common stock into which your Premier Valley Bank shares have been converted. When you surrender your Premier Valley Bank stock certificates after the merger, Heartland will pay any unpaid dividends or other distributions, without interest. After the completion of the merger, there will be no further transfers of Premier Valley Bank common stock. Premier Valley Bank stock certificates presented for transfer after the completion of the merger will be canceled and exchanged for the merger consideration.

No fractional shares of Heartland common stock will be issued to any holder of Premier Valley Bank common stock upon consummation of the merger. For each fractional share that would otherwise be issued, Heartland will pay cash in an amount equal to the holder's fractional interest multiplied by the volume weighted average closing price used to compute the exchange ratio. No interest will be paid or accrued on cash payable to holders of Premier Valley Bank common stock in lieu of fractional shares. No shareholder of Premier Valley Bank will be entitled to dividends, voting rights or any other rights as a shareholder of Heartland Financial in respect of any fractional shares.

None of Heartland, Premier Valley Bank or any other person will be liable to any former holder of Premier Valley Bank common stock for any amount properly delivered to a public official pursuant to applicable abandoned property, escheat or similar laws.

If a certificate for Premier Valley Bank common stock has been lost, stolen or destroyed, the exchange agent will issue the consideration properly payable under the merger agreement upon compliance by the holder of Premier Valley Bank common stock with the conditions reasonably imposed by the exchange agent. These conditions will include a requirement that the shareholder provide a lost instruments indemnity bond in form, substance and amount reasonably satisfactory to the paying agent and Heartland.

From and after the effective time of the merger, all holders of certificates representing shares of Premier Valley Bank common stock will cease to have any rights as shareholders of Premier Valley Bank other than the right to receive the merger consideration and the stock transfer books of Premier Valley Bank will be closed.

#### Withholding

The exchange agent will be entitled to deduct and withhold from the cash consideration or cash in lieu of fractional shares, cash dividends or distributions payable to any Premier Valley Bank shareholder the amounts it is required to deduct and withhold under any federal, state, local or foreign tax law. If the exchange agent withholds any amounts, these amounts will be treated for all purposes of the merger as having been paid to the stockholders from whom they were withheld.

#### Completion of the Merger

Unless the parties agree otherwise, the completion of the merger will take place at a time and place to be agreed upon by the parties as soon as practicable after all closing conditions have been satisfied or waived.

The merger will be completed when Heartland files an agreement of merger with the California Secretary of State, and the Commissioner of the Department of Business Oversight approves and endorses the agreement, unless Heartland and Premier Valley Bank agree to a later time for the completion of the merger and specify that time in the articles of merger and agreement of merger. We currently expect to complete the merger in the fourth quarter of 2015, subject to receipt of required shareholder and regulatory approvals.

#### Conditions to Completion of the Merger

Premier Valley Bank's and Heartland's respective obligations to complete the merger are subject to the fulfillment or waiver of certain conditions, including:

- the approval and adoption of the merger agreement by holders of a majority of the common shares of Premier Valley Bank;
- the receipt of governmental and regulatory approvals;
- the receipt of certain consents and waivers from third parties;
- the absence of any injunction or order, or any law or regulation, that would impair the merger;
- the effectiveness of the registration statement pursuant to which the Heartland common stock will be registered;
- the truth and correctness of the other party's representations and warranties, subject to the standard of materiality in the merger agreement; and
- the other party's performance in all material respects of all the obligations required to be performed by it under the merger agreement.

Heartland's obligation to complete the merger is subject to the requirement that the total number of dissenting shares of Premier Valley Bank common stock cannot be more than 7.0% of the number of outstanding shares of Premier Valley Bank common stock. Premier Valley Bank's obligation to complete the merger is also subject to no change of control or sale of substantially all the assets of Heartland occurring prior to the date of the merger.

#### No Solicitation

Premier Valley Bank has agreed that it will not, and will use its best efforts to cause its officers, directors, employees, agents and authorized representatives not to:

- solicit, initiate, encourage, induce or facilitate the making, submission or announcement of any inquiries or proposals with respect to any "acquisition proposal" (as defined below);
- furnish any information regarding Premier Valley Bank to any person in connection with or in response to an acquisition proposal; or
- engage in any discussions or negotiations regarding any acquisition proposal, enter into any agreement regarding an acquisition proposal or that could reasonably be expected to lead to any acquisition proposal or make any recommendation in support of any acquisition proposal.

However, prior to approval of the merger agreement by holders of a majority of Premier Valley Bank common stock, Premier Valley Bank may consider and participate in discussions and negotiations with respect to an unsolicited bona fide acquisition proposal, and furnish information regarding Premier Valley Bank to a person proposing an acquisition proposal, but only if: (1) the Premier Valley Bank Board of Directors determines in good faith, after consultation with outside counsel, that such action is required in order to comply with its fiduciary obligations to Premier Valley Bank's shareholders under applicable law; (2) the acquisition proposal did not result from any breach by Premier Valley Bank of its obligations under the merger agreement relating to non-solicitation; (3) Premier Valley Bank first enters into a confidentiality agreement with the party proposing the acquisition proposal; and (4) Premier Valley Bank provides prior written notice to Heartland of its decision to take such action.

Premier Valley Bank has also agreed:

- to notify Heartland promptly (and in any event within 24 hours) of any request for information relating to an acquisition proposal and to provide Heartland with relevant information regarding the acquisition proposal or request;
- to keep Heartland fully informed of the status of any such acquisition proposal (including any modifications or proposed modifications); and
- to cease immediately and cause to be terminated any existing discussions with any persons regarding an acquisition proposal.

As used in the merger agreement, “acquisition proposal” means any offer, proposal, inquiry or indication of interest contemplating or otherwise relating to (i) any merger, consolidation, share exchange, business combination, issuance of securities, acquisition of securities, tender offer, exchange offer or other similar transaction in which Premier Valley Bank is involved, in which any person or group (as defined in the Securities Exchange Act of 1934, as amended, and the rules promulgated thereunder) acquires 15% or more of any voting securities of Premier Valley Bank, or in which Premier Valley Bank sells more than 20% of its voting securities, or (ii) any sale, lease, exchange, transfer, license, acquisition or disposition of any business or businesses or assets that constitute or account for 20% or more of the consolidated net revenues, net income or assets of Premier Valley Bank, except transactions in the ordinary course of business.

#### Termination

Premier Valley Bank and Heartland may agree in writing to terminate the merger agreement before completing the merger, even after approval and adoption of the merger agreement by the holders of Premier Valley Bank common stock, if a majority of members of the Board of Directors of each of Premier Valley Bank and Heartland votes to do so.

In addition, either Heartland or Premier Valley Bank may decide to terminate the merger agreement in various circumstances, including the following:

• if there is a law or governmental order that prohibits the merger;

• if holders of shares representing a majority of the common stock of Premier Valley Bank fail to approve the merger at the special meeting

• if any regulatory authority disapproves the merger;

• if the merger has not been completed by March 31, 2016, unless the failure to complete the merger is due to the party seeking to terminate the agreement;

• if the other party has or will have breached any representation, warranty or agreement in any material respect or if satisfaction of any closing condition by the other party is or becomes impossible;

Premier Valley Bank may terminate the merger agreement if, prior to the adoption of the agreement by the requisite vote of the Premier Valley Bank shareholders, the Premier Valley Bank Board of Directors determines to enter into an agreement providing for a "superior proposal" based on an acquisition proposal received by it and Premier Valley Bank complies with applicable provisions of the merger agreement (including providing Heartland with five business days' prior written notice and paying Heartland a \$3 million termination fee). For such purposes, a “superior proposal” is an acquisition proposal that, among other things, the Premier Valley Bank Board of Directors has concluded, after advice from financial advisers, is more favorable from a financial point of view to shareholders, after taking into account likelihood of consummation and other factors.

Heartland may terminate the merger agreement if Premier Valley Bank changes its recommendation to the Premier Valley Bank shareholders to approve the merger agreement, this proxy statement/prospectus has been available for at least 20 days and Premier Valley Bank fails to take a vote of its shareholders, or Premier Valley Bank intentionally and materially breaches the prohibition on solicitation contained in the merger agreement, in which case Premier Valley Bank will be obligated to reimburse Heartland for its expenses and pay the termination fee described below.

#### Termination Fee and Payment of Expenses

If the merger agreement is terminated and abandoned, it will become void and there will be no liability on the part of Heartland, Premier Valley Bank or their respective representatives, except that designated provisions of the merger agreement will survive the termination, including provisions relating to the payment of expenses and/or a termination fee in the circumstances described below.

If the merger agreement is terminated because the other party to the agreement has committed a willful or intentional material breach of the agreement, then the breaching party is obligated to pay the nonbreaching party's expenses incurred in connection with the merger agreement.

Premier Valley Bank must pay a termination fee of \$3,000,000 in cash if the merger agreement is terminated:

• by Premier Valley Bank because it has determined to enter into an agreement for a superior proposal;



by Heartland, if the Premier Valley Bank Board of Directors changes its recommendation to the Premier Valley Bank shareholders;

by Heartland if this proxy statement has been available for at least 20 days, and Premier Valley Bank fails to take a vote of its shareholders; or

by Heartland if Premier Valley Bank has breached the prohibition against solicitation.

#### Other Covenants and Agreements

Premier Valley Bank has undertaken customary covenants that place restrictions on it and its subsidiaries until the completion of the merger. In general, Premier Valley Bank has agreed to, and to cause each of its subsidiaries to, conduct its business in the ordinary course consistent with past practice, preserve intact in all material respects its business organization and the goodwill, keep available the services of its officers and employees and preserve intact its material agreements and credit facilities.

Premier Valley Bank has further agreed that, except with Heartland's prior written consent, Premier Valley Bank will not, and will cause its subsidiaries to not, among other things, undertake any of the following actions:

amend its articles of incorporation or bylaws;

issue any of its equity securities, securities convertible into or exchangeable for its equity securities, warrants, options or other rights to acquire its equity securities, or any bonds or other securities, except deposit and other bank obligations in the ordinary course of business;

redeem, purchase, acquire or offer to acquire or otherwise acquire any of its capital stock or any other ownership interest;

split, combine or reclassify any outstanding shares of its capital stock;

declare, set aside or pay any dividends or other distribution on any shares of its capital stock, except that it may pay quarterly dividends consistent with the time and amount of dividends paid in previous years;

sell, assign, transfer, mortgage, pledge or subject to any lien or other encumbrance any of its assets, except in the ordinary course of business, for current property taxes not yet due and payable or non-material liens and encumbrances;

cancel any material debt or claims or waive any rights of material value, except in the ordinary course of business; acquire (by merger, exchange, consolidation, acquisition of stock or assets or otherwise) any corporation, partnership, joint venture or other business organization or division or material assets thereof, or assets or deposits that are material to Premier Valley Bank, except in exchange for debt previously contracted;

except for certain limited exceptions, make any single or group of related capital expenditures or commitments therefor in excess of \$100,000 or enter into any lease or group of related leases with the same party which involves aggregate lease payments payable of more than \$150,000 for any individual lease or involves more than \$200,000 for any group of related leases in the aggregate;

change its accounting methods, other than changes required by GAAP or regulatory accounting principles generally applicable to depository institutions;

allow its current insurance policies to be canceled or terminated or any of the coverage thereunder to lapse, unless simultaneously with such termination, cancellation or lapse, replacement policies providing coverage substantially equal to the coverage under the canceled, terminated or lapsed policies are in full force and effect;

enter into or modify any employment, severance or similar agreements or arrangements with, or grant any compensation increases to, any director, officer or management, except in the ordinary course of business;

amend any bonus, profit sharing, stock option, pension, retirement, deferred compensation, or other employee benefit plan, trust, fund, contract or arrangement for the benefit or welfare of any employees, except as and to the extent required by law or disclosed in schedules to the merger agreement; or

make any commitments to extend credit except in a manner consistent with past practice, and if for more than \$2,000,000, after consultation with Heartland.

### Representations and Warranties

The merger agreement contains representations and warranties by each of Premier Valley Bank and Heartland. Among others, Premier Valley Bank's representations and warranties to Heartland cover the following:

- corporate matters, including organization, standing and power;
- authority relative to execution and delivery of the merger agreement and the absence of conflicts with, or violations of, organizational documents or other obligations as a result of the merger;
-