

HEARTLAND FINANCIAL USA INC
Form S-4/A
January 09, 2017

As filed with the Securities and Exchange Commission on January 9, 2017
Registration No. 333-215047

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)

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(612) 340-2600

(805) 545-8590

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.

Large accelerated filer " Accelerated filer
x 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 JANUARY 9, 2017
FOUNDERS BANCORP
PROPOSED MERGER-YOUR VOTE IS VERY IMPORTANT

Dear Shareholder:

We are happy to advise you that the board of directors of Founders Bancorp (“Founders”) has unanimously approved the merger of Founders into Heartland Financial USA, Inc. (“Heartland”) in accordance with an agreement and plan of merger dated October 29, 2016 (the “merger agreement”). Before we can complete the merger, we must obtain the approval of the shareholders of Founders. We are sending you this document to ask you to vote in favor of approval and adoption of the merger agreement. The Founders board of directors unanimously recommends that you vote “FOR” approval and adoption of the merger agreement.

If the Founders shareholders approve the merger and the other conditions in the merger agreement are satisfied, Founders will merge with and into Heartland, and Heartland will pay the aggregate merger consideration of approximately \$29.1 million for all shares of Founders common stock and for all options to purchase Founders common stock. The aggregate merger consideration will be allocated among the holders of common stock and options based upon the number of shares outstanding and the number of shares that are issuable pursuant to the options on the closing date of the merger. The amount of aggregate merger consideration will be decreased to the extent the transaction expenses of Founders exceed \$1.6 million and may be adjusted either up or down based on the adjusted tangible common equity of Founders (as defined under the caption “The Merger Agreement-Purchase Price and Calculation of Merger Consideration-Total Purchase Price” in the accompanying proxy statement/prospectus). The aggregate merger consideration will be reduced or increased by up to \$5.0 million to the extent that the adjusted tangible common equity of Founders is less than \$18.3 million or greater than \$18.6 million, respectively, on the last business day of the month preceding the closing date of the merger.

We expect that holders of Founders common stock will receive \$21.87 per share in the merger, if there are no adjustments to the aggregate merger consideration or increase in Founders shares outstanding. The aggregate merger consideration is payable in shares of Heartland common stock or cash, or a combination of shares of common stock and cash. Although each Founders shareholder may elect their form of consideration, as described in more detail in the accompanying proxy statement/prospectus, the merger agreement provides that 30% of the aggregate merger consideration paid to shareholders will be payable in cash and 70% of the aggregate merger consideration paid to shareholders will be payable by delivery of Heartland common stock. Assuming no adjustments to the aggregate merger consideration or increase in Founders shares outstanding, the merger agreement provides that:

For Founders shareholders who elect to receive, or are otherwise allocated, cash in exchange for some or all of their shares of Founders common stock, \$21.87 in cash will be paid in exchange for each such share of Founders common stock.

For Founders shareholders who elect to receive, or are otherwise allocated, shares of Heartland common stock in exchange for some or all of their shares of Founders common stock, the number of shares of Heartland common stock that will be issued in exchange for each share of Founders common stock will be determined by dividing the aggregate merger consideration per share by the volume weighted average closing price of Heartland common stock on the NASDAQ Global Select Market during the 20 trading days ending on, and including, the fifth business day prior to the closing date of the merger, provided this volume weighted average closing price will be fixed at \$31.62 if it is less than \$31.62 and at \$42.78 if it is more than \$42.78.

Using the volume weighted average closing price as of January 5, 2017 of \$47.14, which was considerably in excess of \$42.78, the Founders shareholders would receive .5112 shares of Heartland common stock for such share of Founders common stock. If the volume weighted average closing price of Heartland common stock is \$31.62 or below, Heartland would issue .6917 shares of Heartland common stock for each share of Founders common stock.

The actual consideration received may be different from the amounts set forth above, because the adjusted tangible common equity of Founders and the market price for Heartland common stock will fluctuate prior to the completion of

the merger. In addition, because the merger consideration is set by a predetermined formula and it is impossible to predict what elections different Founders shareholders will make, there is no assurance that you will receive precisely the form of consideration that you elect.

Heartland common stock is listed on the NASDAQ Global Select Market under the symbol "HTLF".

To complete the merger we must receive regulatory approvals and the holders of Founders common stock must approve and adopt the merger agreement. Founders 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 Founders common stock in accordance with the instructions contained in this document. If you do not vote your shares of Founders 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 22.

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,

/s/ Thomas J. Sherman

Thomas J. Sherman
President and Chief Executive Officer

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 January , 2017, and it is first being mailed to Founders shareholders on or about this date.

FOUNDERS BANCORP

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS
TO BE HELD ON FEBRUARY 17, 2017

Founders Bancorp ("Founders") will hold a special meeting of its shareholders at the San Luis Obispo Country Club, 255 Country Club Drive, San Luis Obispo, California, at 10:30 a.m. Pacific time, on Friday, February 17, 2017 to consider and vote upon the following matters:

a proposal to approve and adopt the agreement and plan of merger between Heartland Financial USA, Inc. ("Heartland") and Founders dated as of October 29, 2016, as it may be amended from time to time, pursuant to which Founders will merge with and into Heartland (the "merger agreement"); and

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

Upon completion of the merger, holders of Founders common stock will receive, at their election, cash, Heartland common stock 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 proxy statement/prospectus.

The board of directors has fixed the close of business on December 23, 2016 as the record date for the Founders special meeting. Holders of record of Founders common stock at such time are entitled to notice of, and to vote at, the Founders special meeting or any adjournment or postponement of the special meeting.

The Founders board of directors has unanimously approved the merger agreement and unanimously recommends that holders of Founders common stock vote "FOR" approval and adoption of the merger agreement.

Founders 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 the attached proxy statement/prospectus. 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 Founders 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 Founders 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) delivering to Founders a written notice of revocation, (ii) delivering to Founders a duly executed proxy bearing a later date and presenting such proxy at the meeting, or (iii) attending the meeting and voting in person at the meeting.

Sincerely,

/s/ Thomas J. Sherman

Thomas J. Sherman
President and Chief Executive Officer

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 at the following address:

Heartland Financial USA, Inc.
1398 Central Avenue
P.O. Box 778
Dubuque, Iowa 52004-0778
Attention: Michael J. Coyle, Corporate Secretary
(Telephone (563) 589-2100)

You will not be charged for any of these documents that you request. Founders shareholders requesting documents should do so by February 10, 2017 in order to receive them before the special meeting.

See “Where You Can Find More Information” on page 70.

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 January , 2017. 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 Founders shareholders nor the issuance by Heartland of common stock in connection with the merger will create any implication to the contrary.

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QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING AND THE MERGER

Q: What Am I Being Asked To Vote On?

A: Holders of Founders common stock are being asked to approve and adopt a merger agreement entered into between Heartland and Founders. In the merger, Founders will be merged with and into Heartland, with Heartland as the surviving corporation, and holders of Founders common stock will receive, at their election, cash, Heartland common stock or a combination of cash and Heartland common stock.

Q: Why Is The Founders Board of Directors Recommending The Merger?

A: The Founders board believes that the merger is advisable, fair to and in the best interests of Founders and its shareholders.

Q: Why Is My Vote Important?

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

Q: What Will I Receive For My Founders Common 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 Founders common stock. Founders shareholders and option holders will receive aggregate merger consideration of \$29.1 million in the merger, but this amount will be decreased to the extent the transaction expenses of Founders exceed \$1.6 million. In addition, the aggregate merger consideration will be decreased or increased, dollar for dollar, by up to \$5.0 million to the extent that the adjusted tangible common equity of Founders is less than \$18.3 million or greater than \$18.6 million, respectively, as of the last business day of the month preceding the closing date of the merger. See “The Merger Agreement-Purchase Price and Calculation of Merger Consideration-Total Purchase Price” on page 50 for additional detail regarding the determination of the aggregate merger consideration, including the definition of “adjusted tangible common equity.”

Assuming there is no adjustment in the aggregate merger consideration or increase in Founders shares outstanding, and that 1,270,817 shares of Founders common stock and options to acquire 107,663 shares of Founders common stock are outstanding when the merger is completed, holders of Founders common stock will be entitled to a purchase price of \$21.87 per share, payable in shares of Heartland common stock, cash or a combination of cash and shares of Heartland common stock. Although each Founders shareholder may elect their form of consideration, the merger agreement provides that 30% of the aggregate merger consideration paid to shareholders will be payable in cash and 70% of the aggregate merger consideration paid to shareholders will be payable by delivery of Heartland common stock. Assuming no adjustments to the aggregate merger consideration or increase in Founders shares outstanding, the merger agreement provides that:

For Founders shareholders who elect to receive, or are otherwise allocated, cash in exchange for some or all of their shares of Founders common stock, \$21.87 in cash will be paid in exchange for each such share of Founders common stock.

For Founders shareholders who elect to receive, or are otherwise allocated, shares of Heartland common stock in exchange for some or all of their shares of Founders common stock, the number of shares of Heartland common stock that will be issued in exchange for each share of Founders common stock will be determined by dividing the aggregate merger consideration per share by the volume weighted average closing price of Heartland common stock on the NASDAQ Global Select Market during the 20 trading days ending on, and including, the fifth business day prior to the closing date of the merger, provided this volume weighted average closing price will be fixed at \$31.62 if it is less than \$31.62 and at \$42.78 if it is more than \$42.78.

Using the volume weighted average closing price as of January 5, 2017 of \$47.14, which was considerably in excess of \$42.78, Founders shareholders would receive .5112 shares of Heartland common stock for such share of Founders common stock. If the volume weighted average closing price of Heartland common stock is \$31.62 or below, Heartland would issue .6917 shares of Heartland common stock for each share of Founders common stock.

The actual consideration received may be different from the amounts set forth above, because the adjusted tangible common equity of Founders and the market price for Heartland common stock will fluctuate prior to the completion

of the merger. In addition, because the merger consideration is set by a predetermined formula and it is impossible to predict what elections different Founders shareholders will make, there is no assurance that you will receive precisely the form of consideration that you elect.

Q: What Are The Details Of The Consideration Election?

Although you will be entitled to elect to receive only cash (a cash election), only shares of Heartland common stock (a stock election), or a combination of cash and Heartland common stock (a mixed election) for your shares of Founders 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. Continental Stock Transfer & Trust Company, which will act as Heartland's exchange agent (the "Exchange Agent"), will send you election materials by a separate mailing. The procedures necessary to make an election are described under the caption "The Merger Agreement-Election Procedures."

Of the aggregate merger consideration payable to holders of Founders common stock, 30% of the consideration will be paid in cash and 70% by delivering shares of Heartland common stock. If the total amount of cash that Founders shareholders elect to receive is more than 30% of the aggregate merger consideration paid to shareholders, then a sufficient number of Founders shares subject to a cash election will be converted on a pro rata basis (excluding dissenting shares) into shares subject to a stock election, so that 30% of the aggregate merger consideration paid to shareholders will be paid in cash. Any dissenting shares will be deemed cash election shares.

Similarly, if the Heartland common stock that Founders shareholders elect to receive is more than 70% of the aggregate merger consideration, then a sufficient number of Founders shares subject to a stock election will be converted on a pro rata basis into shares subject to a cash election, so that 70% of the aggregate merger consideration paid to shareholders will be paid in stock. Shares of Founders common stock subject to no election will be treated as cash election shares or stock election shares so as to minimize the amount of any cash or stock proration.

Q: What Will Happen To Founders Stock Options?

At the effective time of the merger, each option to purchase shares of Founders common stock that is outstanding, vested and unexercised immediately prior to the effective time will be cancelled in exchange for the right to receive from Heartland a single lump sum cash payment equal to the product of (a) the number of shares of Founders common stock subject to such stock option, and (b) the excess of the aggregate merger consideration per share over the exercise price per share of such stock option, less any applicable withholding taxes. All Founders stock options will terminate at the effective time of the merger, and the surrender of a Founders stock option to Heartland in exchange for this stock option consideration will be deemed a release of any and all rights the option holder had or may have had in respect of such stock option.

Founders anticipates that options to acquire 107,663 shares of Founders common stock will be outstanding at the effective time of the merger. Immediately prior to the effective time of the merger, stock options held by Founders' directors, which are scheduled to vest on or after April 1, 2017, will be cancelled pursuant to option amendment agreements. As a result, Founders' directors will not receive the stock option consideration described above with respect to such cancelled stock options.

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 (i) approvals by the Founders shareholders, the Federal Deposit Insurance Corporation (the "FDIC") and the Division of Financial Institutions of the California Department of Business Oversight, and (ii) receipt of a waiver from the Federal Reserve Board of the application requirement under the Bank Holding Company Act, or approval of the merger by the Federal Reserve Board in lieu of such waiver. We expect to complete the merger in the first quarter of 2017, assuming these and other approvals are received.

Q: Do I Have Dissenters' Rights?

Yes. Under California law, Founders' state of incorporation, holders of Founders common stock have the right to assert dissenters' rights and, rather than receive the merger consideration, demand the "fair value" of their shares in cash. To do so, you must not vote in favor of the merger and must instead follow the procedures set forth below under the caption "The Merger-Notice of Dissenters' Rights." A copy of the California statute governing dissenters' rights is included as Appendix B to this proxy statement/prospectus. 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 Founders common stock cannot be more than 12% of the outstanding shares of Founders 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: What Do I Need To Do Now?

A: After you have carefully read this document, you should indicate on your proxy form how you want your shares of Founders common stock to be voted, and then complete, sign and date your proxy. This will enable your shares to be represented and voted at the Founders special meeting.

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 Founders common stock.

A: You should instruct your broker on how 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 Founders at 237 Higuera Street, San Luis Obispo, California 93401, 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 Founders before the special meeting will be counted, and any earlier votes will be revoked.

Third, you may attend the Founders 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 on how 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: The Exchange Agent will send you election materials by a separate mailing, which will also include transmittal materials. You will not be making an election by submitting a proxy or voting at the meeting.

Q: Should I Send In My Founders Stock Certificates Now?

No, please do not send in your stock certificates at this time. You will be provided with transmittal materials by a separate mailing that explains what you must do to exchange your Founders stock certificates for the merger consideration after the merger is complete.

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:

Thomas J. Sherman

President and Chief Executive Officer

Founders Bancorp

237 Higuera Street

San Luis Obispo, California 93401

(805) 543-6500

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

A: You can find more information about Heartland from the various sources described under the caption "Where You Can Find More Information." You can find more information about Founders under the caption "Information About Founders."

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 70. Each item in this summary refers to the page of this document on which that subject is discussed in more detail.

The Companies (Pages 59 and 61)

Founders

Founders is a California corporation headquartered in San Luis Obispo, California that was formed in 2007 for the purpose of becoming the parent bank holding company of Founders Community Bank. Founders is registered as a bank holding company under the Bank Holding Company Act of 1956, as amended, and is regulated by the Federal Reserve Board. Founders is not a “reporting company” under federal securities law, and does not file periodic reports with the Securities and Exchange Commission (the “SEC”). Founders common stock is not listed on an exchange, but is thinly traded in the over the counter market, or OTCBB Pink. Founders’ principal asset is its wholly-owned subsidiary, Founders Community Bank, a California state chartered non-member bank. Founders Community Bank does business through four branch offices located throughout San Luis Obispo County, as well as a small business lending center in Atascadero. Through these offices, Founders Community Bank provides general community banking services. As of September 30, 2016, Founders had total assets of \$198.5 million, total deposits of \$180.0 million and total shareholders’ equity of \$18.3 million.

Founders’ principal offices are located at 237 Higuera Street, San Luis Obispo, California 93401, and its telephone number is (805) 543 6500.

Heartland

Heartland is a publicly-held Delaware corporation headquartered in Dubuque, Iowa, with 10 bank subsidiaries in the States of Iowa, Illinois, Wisconsin, New Mexico, Arizona, Montana, Colorado, Minnesota, Kansas, Missouri, Texas and California. Together, Heartland’s banking subsidiaries operate a total of 108 banking locations. Heartland also has five non-banking subsidiaries, including a consumer finance company with offices in Iowa, Illinois and Wisconsin, a subsidiary involved in property management, a community development company and two multi-line insurance agencies, as well as eight special-purpose trust subsidiaries formed to offer cumulative capital securities. At September 30, 2016, Heartland had total assets of \$8.2 billion, total loans of \$5.5 billion, total deposits of \$6.9 billion and common stockholders’ equity of \$703.0 million.

Heartland’s principal offices are located at 1398 Central Avenue, Dubuque, Iowa 52001, and its telephone number is (563) 589 2100.

Founders Will be Merged into Heartland (Page 50)

We encourage you to read the merger agreement, which is attached as Appendix A to this proxy statement/prospectus. The merger agreement provides that Founders will be merged with and into Heartland. Heartland will survive the merger, and the separate corporate existence of Founders will cease. Immediately after the merger, Founders Community Bank, the wholly-owned banking subsidiary of Founders, will be merged with and into Premier Valley Bank, Heartland’s wholly-owned banking subsidiary in California. After completion of the merger of Founders Community Bank into Premier Valley Bank, the Founders Community Bank branches will continue to operate under the Founders Community Bank name as a division of Premier Valley Bank.

What You Will Receive in the Merger (Page 50)

Founders Common Stock

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

merger consideration paid to shareholders in the form of Heartland common stock. The amount of merger consideration that you will receive is dependent upon the adjusted tangible common equity of Founders as of closing, and if you receive shares of Heartland common stock as part of the merger consideration, the number of shares you will receive is dependent on the stock's trading price.

The aggregate merger consideration assigned by the merger agreement to Founders common stock and options is equal to \$29.1 million, but this amount will be reduced to the extent transaction expenses of Founders exceed \$1.6 million. In addition, the aggregate merger consideration will be decreased or increased, dollar for dollar, by up to \$5.0 million to the extent that the adjusted tangible common equity of Founders is less than \$18.3 million or greater than \$18.6 million, respectively, as of the last business day of the month preceding the closing date of the merger. If such calculation had been completed as of November 30, 2016, the adjusted tangible common equity of Founders would have been approximately \$18.3 million. See "The Merger Agreement-Purchase Price and Calculation of Merger Consideration-Total Purchase Price" on page 50 for additional detail regarding the determination of the aggregate merger consideration, including the definition of the "adjusted tangible common equity" of Founders.

Assuming there is no adjustment to the aggregate merger consideration, and that 1,270,817 shares of Founders common stock and stock options to acquire 107,663 shares of Founders common stock are outstanding when the merger is completed, holders of Founders common stock will be entitled to merger consideration, payable in cash or in shares of Heartland common stock, or a combination of both, of \$21.87 per share. Assuming no adjustments to the aggregate merger consideration or increase in Founders shares outstanding, the merger agreement provides that: For Founders shareholders who elect to receive, or are otherwise allocated, cash in exchange for some or all of their shares of Founders common stock, \$21.87 in cash will be paid in exchange for each such share of Founders common stock.

For Founders shareholders who elect to receive, or are otherwise allocated, shares of Heartland common stock in exchange for some or all of their shares of Founders common stock, the number of shares of Heartland common stock that will be issued in exchange for each share of Founders common stock will be determined by dividing the aggregate merger consideration per share by the volume weighted average closing price of Heartland common stock on the NASDAQ Global Select Market during the 20 trading days ending on, and including, the fifth business day prior to the closing date of the merger, provided this volume weighted average closing price will be fixed at \$31.62 if it is less than \$31.62 and at \$42.78 if it is more than \$42.78.

Using the volume weighted average closing price as of January 5, 2017 of \$47.14, which was considerably in excess of \$42.78, Founders shareholders would receive .5112 shares of Heartland common stock for such share of Founders common stock. If the volume weighted average closing price of Heartland common stock is \$31.62 or below, Heartland would issue .6917 shares of Heartland common stock for each share of Founders common stock.

If the total amount of cash that Founders shareholders elect to receive is more than 30% of the aggregate merger consideration paid to Founders shareholders, then a sufficient number of shares of Founders common stock subject to a cash election will be converted on a pro rata basis (excluding dissenting shares) into shares subject to a stock election, so that the 30% of the aggregate merger consideration paid to Founders shareholders will be paid in cash. Any dissenting shares will be deemed cash election shares.

Similarly, if the Heartland common stock that Founders shareholders elect to receive is more than 70% of the aggregate merger consideration paid to Founders shareholders, then a sufficient number of shares of Founders common stock subject to a stock election will be converted on a pro rata basis into shares subject to a cash election, so that 70% of the aggregate merger consideration paid to Founders shareholders will be paid in stock.

Shares of Founders common stock subject to no election will be treated as cash election shares or stock election shares so as to minimize any cash or stock proration.

Merger Consideration Example

The following table illustrates scenarios for changes to the volume weighted average closing price of Heartland common stock used to determine the exchange ratio, ranging from 40% above to 40% below \$37.20 per share which is the mid-point between the collars of \$42.78 and \$31.62. The table illustrates the impact on the exchange ratio, cash

consideration per share and aggregate merger consideration, depending upon the volume weighted average closing price of Heartland common stock. As shown in the table, if the volume weighted average closing price of Heartland common stock reached either the upper or lower collars of \$42.78 and \$31.62 per share, the exchange ratio would become fixed at 0.5112 if the share price is above \$42.78 or 0.6917 if the share price is below \$31.62, respectively. The following table assumes there are 1,270,817 shares of Foun

ders common stock outstanding as of the closing date. The table reflects that the merger consideration paid will consist of whole shares of Heartland common stock. The table does not reflect the cash totaling \$1,345,000 payable to holders of Founders stock options to cancel such options and the cash paid in lieu of fractional shares of Heartland common stock.

Heartland Volume Weighted Average Closing Price	Exchange Ratio ⁽¹⁾	Consideration Per Share Based on Shareholder Election			Aggregate Consideration (In thousands) ⁽²⁾⁽³⁾			
		100% Stock	100% Cash	70% Stock / 30% Cash	Stock	Cash	Total	
40.0	% \$52.08	0.5112	\$26.62	\$21.87	\$25.20	\$23,680	\$8,338	\$32,018
30.0	% 48.36	0.5112	24.72	21.87	23.87	21,990	8,338	30,328
20.0	% 44.64	0.5112	22.82	21.87	22.54	20,300	8,338	28,638
15.0	% 42.78	0.5112	21.87	21.87	21.87	19,455	8,338	27,793
10.0	% 40.92	0.5345	21.87	21.87	21.87	19,455	8,338	27,793
—	37.20	0.5879	21.87	21.87	21.87	19,455	8,338	27,793
(10.0)	% 33.48	0.6532	21.87	21.87	21.87	19,455	8,338	27,793
(15.0)	% 31.62	0.6917	21.87	21.87	21.87	19,455	8,338	27,793
(20.0)	% 29.76	0.6917	20.58	21.87	20.97	18,307	8,338	26,645
(30.0)	% 26.04	0.6917	18.01	21.87	19.17	16,021	8,338	24,359
(40.0)	% 22.32	0.6917	15.44	21.87	17.37	13,735	8,338	22,073

(1) Exchange ratio has been rounded to the nearest ten-thousandth.

(2) Excludes \$1,345,000, which is the aggregate cash amount payable to holders of outstanding Founders options.

Assumes no adjustment resulting from the amount of Founders' transaction-related expenses or for increases or (3) decreases in Founders adjusted tangible common equity. See "The Merger Agreement-Purchase Price and Calculation of Merger Consideration" on page 50.

For a Founders shareholder electing 100% cash, the cash consideration per share of Founders common stock is \$21.87 if no adjustments to the aggregate merger consideration are made and outstanding shares of Founders common stock do not increase. For a Founders shareholder electing 100% stock, the implied value of the stock consideration per share of Founders common stock is \$21.87 based on the variable exchange ratio if the volume weighted average closing price of Heartland common stock remains within the collars, no adjustments to the aggregate merger consideration are made, and shares of Founders common stock outstanding do not increase. However, if the volume weighted average closing price of Heartland common stock is greater than the upper collar of \$42.78 or less than the lower collar of \$31.62, the exchange ratio becomes fixed, although the value of the stock component of the consideration will fluctuate depending on the volume weighted average closing price of Heartland common stock. Further, the aggregate merger consideration will be decreased to the extent the transaction expenses of Founders exceed \$1.6 million, and the aggregate merger consideration may be adjusted either up or down by up to \$5.0 million to the extent that the adjusted tangible common equity of Founders is less than \$18.3 million or greater than \$18.6 million, respectively, on the last business day of the month preceding the closing date of the merger. See "The Merger Agreement-Purchase Price and Calculation of Merger Consideration" on page 50.

The actual consideration received may be different from the amounts set forth above, because the adjusted tangible common equity of Founders and the market price for Heartland common stock will fluctuate prior to the completion of the merger. In addition, because the merger consideration is set by a predetermined formula and it is impossible to predict what elections different Founders shareholders will make, there is no assurance that you will receive precisely

the form of consideration that you elect.

Founders Stock Options

Except with respect to options held by directors scheduled to vest on or after April 1, 2017, which will be cancelled at the effective time of the merger without any right to receive consideration, each option to purchase shares of Founders common stock that is outstanding, vested and unexercised immediately prior to the effective time will be cancelled in exchange for the right to receive from Heartland a single lump sum cash payment equal to the product of (a) the number of shares of Founders common stock subject to such stock option, and (b) the excess of the aggregate merger consideration per share over the exercise price per share of such stock option, less any applicable withholding taxes. All Founders stock options will terminate at the effective time of the merger, and the surrender of a Founders stock option to Heartland in exchange for the stock option

consideration will be deemed a release of any and all rights the option holder had or may have had in respect of such stock option. Founders anticipates that options to acquire 107,663 shares of Founders common stock will be outstanding on the closing date of the merger.

The Founders Board of Directors Unanimously Recommends that You Vote “FOR” the Approval and Adoption of The Merger Agreement (Page 30)

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

From time to time, the board of directors of Founders has considered strategic opportunities to continue building shareholder value, including acquiring other financial institutions, a merger of equals, or being acquired by a larger financial institution in an effort to better manage, among other things, the increasing regulatory burden and compliance costs and to seek better efficiencies and economies of scale. From time to time, the board has also analyzed Founders’ prospects if the company remained independent, including the need for raising additional capital to support growth initiatives. The Founders board of directors considered the challenges facing the community banking industry, including the need for additional scale in order to offset increasing regulatory expenses, a continued low interest rate environment, and the need to attract and retain talented banking professionals to properly manage the business. The Founders board of directors also considered the benefits of greater liquidity for Founders’ shareholders. In light of the headwinds facing the community banking industry, at its April 2016 meeting, the Founders board of directors authorized Thomas J. Sherman, President and Chief Executive Officer of Founders, to begin exploring the acquisition of Founders by a larger financial institution and to explore such possibilities with the assistance of D.A. Davidson & Co. (“Davidson”), Founders’ financial advisor. Ultimately, this led to the proposed merger agreement with Heartland.

Founders’ Financial Advisor Has Provided an Opinion to the Founders Board of Directors as to the Fairness of the Merger Consideration, from a Financial Point of View, to Holders of Founders Common Stock (Page 32)

In deciding to approve the merger, the board of directors of Founders considered the opinion of Davidson that, as of the date of such opinion and based upon and subject to the assumptions, qualifications and limitations described in the opinion, the aggregate merger consideration per share to be paid pursuant to the merger agreement was fair from a financial point of view to the holders of Founders common stock. This opinion was given to the board of directors of Founders on October 29, 2016. A copy of this opinion is attached to this proxy statement/prospectus as Appendix C. Founders shareholders should read the opinion completely and carefully to understand the assumptions made, matters considered and limitations on the review undertaken by Davidson in providing its opinion.

Founders’ Management and Directors have Interests in the Merger (Page 44)

In considering the recommendation of Founders’ board of directors to approve the merger agreement, you should be aware that Founders’ management has interests in the merger and has arrangements that are different from, or in addition to, those of Founders shareholders generally. Founders’ 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 Founders shareholders vote in favor of the merger agreement. For example, upon completion of the merger, Founders’ President and Chief Executive Officer, Thomas J. Sherman, will become an employee of Premier Valley Bank, and he and other members of management hold unvested employee stock options that will become fully vested. In addition, Mr. Sherman and two other Founders directors, J. Todd Mirolla and D. Michael Patrick, will be appointed to the board of directors of Premier Valley Bank upon completion of the merger.

Regulatory Approvals We Must Obtain for the Merger (Page 45)

The merger of Founders into Heartland, and the merger of Founders Community Bank into Premier Valley Bank, cannot occur unless we file applications with the FDIC and the Division of Financial Institutions of the California Department of Business Oversight, and these applications are approved. We are relying on the application process with the FDIC for an exemption from a requirement to file an application and obtain the prior approval of the Board of Governors of the Federal Reserve System for the merger of Founders into Heartland. Once the FDIC approves the merger of the bank subsidiaries, we will be required to wait anywhere from 15 to 30 days before we can complete the

transaction, during which time the U.S. Department of Justice may challenge the transaction on antitrust grounds. We will not be able to complete the merger of Founders into Heartland until this time period has expired.

Although we currently believe we should be able to obtain these regulatory approvals in a timely manner, we cannot be certain when or if we will obtain them or, if obtained, whether they will contain terms, conditions or restrictions not currently contemplated that will be detrimental to Heartland or Premier Valley Bank after the completion of the merger.

Completion of the Merger is Subject to Satisfying Several Conditions (Page 54)

Founders' 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 the holders of a majority of the outstanding shares of Founders common stock entitled to vote;
- the receipt of governmental and regulatory approvals required to complete the merger;
- the absence of any injunction or order, or any law or regulation, that would impair the merger;
- the absence of any governmental action which would reasonably be expected to result in restraining or prohibiting the merger, prohibiting Heartland's ownership of the business or assets of Founders or Founders Community Bank or requiring a divestiture by Heartland of business or assets of Heartland, Founders or Founders Community Bank;
- the merger agreement having not been terminated; and
- the effectiveness of the registration statement (of which this proxy statement/prospectus is a part) with respect to the Heartland common stock to be issued in connection with the merger.

An additional condition to Heartland's obligation to complete the merger is that the total number of dissenting shares cannot be more than 12% of the outstanding shares of Founders 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 Can the Companies Terminate the Merger Agreement (Page 56)

Founders 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 Founders shareholders, if a majority of the board of directors of each of Founders and Heartland votes to do so.

In addition, either Heartland or Founders 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 a governmental entity has denied the approval of the merger and such denial is final and non-appealable;
- 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;
- if the merger has not been completed by June 30, 2017, unless the failure to complete the merger is due to the party seeking to terminate the agreement; or
- if holders of a majority of the outstanding shares of Founders common stock entitled to vote fail to approve the merger at the special meeting.

Founders may terminate the merger agreement if, prior to the adoption of the agreement by the requisite vote of the Founders shareholders, the Founders board of directors determines to enter into another acquisition agreement with a party other than Heartland if Founders has received a "superior proposal" from the other party, and Founders complies with applicable provisions of the merger agreement. If Founders terminates the agreement because of a superior proposal or if Heartland terminates the agreement because of a material breach by Founders of its obligation to recommend adoption of the merger agreement or to refrain soliciting other offers to acquire Founders, Founders has agreed to pay Heartland a termination fee of \$1.2 million.

You have Dissenter's Rights under California General Corporation Law (Page 48)

Under Chapter 13 of the California General Corporation Law ("CGCL"), holders of Founders 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 Founders stock individually appraised and paid to them if the merger is completed and if they comply with the

requirements of

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Chapter 13 of the CGCL, a copy of which is attached to this proxy statement/prospectus as Appendix B. See “The Merger-Notice of Dissenters’ Rights.”

Founders Special Meeting (Page 25)

The Founders special meeting will be held at the San Luis Obispo Country Club, 255 Country Club Drive, San Luis Obispo, California, at 10:30 a.m. Pacific time, on Friday, February 17, 2017. At the Founders special meeting, holders of Founders common stock will be asked:

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

Record Date. Founders shareholders may cast one vote at the Founders special meeting for each share of Founders common stock owned at the close of business on December 23, 2016. At that date, there were 1,270,817 shares of Founders common stock entitled to be voted at the special meeting.

The executive officers and directors of Founders have agreed to vote their shares in favor of the merger and the merger agreement. As of the record date for the Founders special meeting, directors and executive officers of Founders had the right to vote 376,153 shares or 29.6% of the outstanding shares of Founders common stock.

Required Vote. To approve and adopt the merger agreement, the holders of a majority of the outstanding shares of Founders common stock entitled to vote must vote in favor of the approval and adoption of the merger agreement. A Founders 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.

United States Federal Income Tax Consequences (Page 45)

The obligation of Founders to complete the merger is conditioned upon the receipt of an opinion from Founders’ special tax counsel, Katten Muchin Rosenman LLP, that for U.S. federal income tax purposes the merger will qualify as a “reorganization” within the meaning of Section 368(a) of the Internal Revenue Code. Founders does not currently intend to waive this opinion condition to its obligation to complete the merger. Assuming the merger is consummated in accordance with the provisions of the merger agreement and as described herein, without waiver of any conditions to the merger described in the merger agreement or herein, and further assuming the accuracy as of the effective time of the merger of certain assumptions and representations as to factual matters by Heartland and Founders, the merger will qualify as a “reorganization” within the meaning of Section 368(a) of the Code. Accordingly, U.S. holders (as defined in the section entitled “The Merger-Material United States Federal Income Tax Consequences of the Merger” beginning on page 45 of this proxy statement/prospectus) of Founders common stock generally will not recognize gain or loss for U.S. federal income tax purposes upon the exchange of their shares of Founders common stock for Heartland common stock. U.S. holders who receive cash (other than cash received in lieu of a fractional share of Heartland common stock) and Heartland common stock will recognize gain, but will not recognize any loss, for U.S. federal income tax purposes in an amount equal to the lesser of (i) the amount of cash received (other than cash received in lieu of a fractional share of Heartland common stock) and (ii) the excess, if any, of (x) the sum of the amount of such cash and the fair market value of the Heartland common stock received in the merger, over (y) the U.S. holder’s tax basis in the shares of Founders common stock surrendered in the merger. In addition, the U.S. holder will recognize gain or loss attributable to cash received in lieu of a fractional share of Heartland common stock. U.S. holders who receive only cash in the merger and U.S. holders who dissent and receive cash for their dissenting shares will recognize a taxable gain or loss. For a description of the material U.S. federal income tax consequences of the merger, see “The Merger-Material United States Federal Income Tax Consequences of the Merger” beginning on page 45. Founders shareholders are strongly urged to consult with their tax advisors concerning the U.S. federal income tax consequences of the merger to them, as well as the effects of state and local, foreign and other tax laws.

Comparative Per Share Data

The following table presents comparative historical per share data of Heartland and Founders and unaudited pro forma per share data that reflect the combination of Heartland and Founders using the purchase method of accounting.

The information listed as “equivalent pro forma” was obtained by multiplying the pro forma amounts by an exchange ratio of .5112, which is the exchange ratio on January 5, 2017, based on the financial position of Founders at September 30, 2016 (assuming Founders adjusted tangible common equity of \$18.3 million), and the volume

weighted average closing price of Heartland common stock for the 20 trading d

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ays ending January 5, 2017 of \$47.14. However, as explained in this proxy statement/prospectus, the exchange ratio may go up or down as the adjusted tangible common equity of Founders changes (including any changes due to income or loss prior to the closing date that would increase or decrease shareholders' equity, and any changes in anticipated transaction expenses) and the market price of Heartland common stock changes.

We expect that Heartland and Founders will incur merger and integration charges as a result of combining Heartland and Founders. We also anticipate that the merger will provide the combined company with financial benefits that include reduced operating expenses and the opportunity to earn more revenue. The pro forma information, while helpful in illustrating the financial characteristics of the combined company under one set of assumptions, does not reflect these expenses or benefits and, accordingly, does not attempt to predict or suggest future results. It also does not necessarily reflect what the historical results of the combined company would have actually been had Heartland and Founders been combined as of the dates or for the periods presented.

	As of and for the Nine Months Ended September 30, 2016				As of and for the Year Ended December 31, 2015			
	Heartland Common Stock	Founders Common Stock	Pro Forma Combined	Equivalent Pro Forma	Heartland Common Stock	Founders Common Stock	Pro Forma Combined	Equivalent Pro Forma
Net income per common share								
Basic	\$2.51	\$ 0.66	\$ 2.48	\$ 1.27	\$2.87	\$ 1.19	\$ 2.85	\$ 1.46
Diluted	2.48	0.65	2.45	1.25	2.83	1.17	2.81	1.44
Dividends per common share	0.30	—	0.30	0.15	0.45	—	0.44	0.22
Book value per common share	28.48	14.42	28.46	14.55	25.92	13.71	25.93	13.26

Market Price Information

Heartland common stock is quoted on the NASDAQ Global Select Market under the symbol "HTLF." Founders common stock is not listed on an exchange, but is thinly traded in the over the counter market or OTCBB Pink under the symbol "FBCP." The following table sets forth the closing sale prices per share of Heartland common stock and Founders common stock on October 28, 2016, the last trading day before we announced the merger, and on January 5, 2017, and the equivalent price per share of Heartland common stock giving effect to the merger.

	Closing Sales Price		
	Heartland Common Stock	Founders Common Stock	Equivalent Price per Share of Heartland Common Stock
October 28, 2016	\$37.40	\$ 13.37	\$ 19.12
January 5, 2017	47.20	23.00	24.13

The "Equivalent Price per Share of Heartland Common Stock" at each specified date in the above table represents the product of the closing sales price of a share of Heartland common stock on that date multiplied by the estimated exchange ratio of .5112, which is the exchange ratio on January 5, 2017, based on the financial position of Founders at September 30, 2016 (assuming Founders adjusted tangible common equity of \$18.3 million), and the volume weighted average closing price of Heartland common stock for the 20 trading days ending January 5, 2017 of \$47.14. Shareholders should obtain current market price quotations for shares of Heartland common stock prior to making any decisions with respect to the merger.

The market price of Heartland common stock will likely fluctuate between the date of this proxy statement/prospectus and the date on which the merger is completed and after the merger. Because the market price of Heartland common stock is subject to fluctuations, the exchange ratio is expected to change and the value of the shares of Heartland common stock Founders shareholders will receive in the merger may increase or decrease prior to and after the

merger.

By voting to approve the merger agreement and the transactions contemplated by it, and electing to receive shares of Heartland common stock as consideration for shares of Founders common stock, holders of Founders common stock will be choosing to invest in Heartland because they will receive Heartland common stock in exchange for their shares of Founders common stock. An investment in Heartland's common stock involves significant risk. In addition to the other information included in this proxy statement/prospectus, including the matters addressed under the caption "Forward-Looking Statements" beginning on page 24, Founders shareholders should carefully consider the matters described under the caption "Risk Factors" b

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eginning on page 22 when determining whether (i) to approve the merger agreement and the transactions it contemplates, and (ii) to make a stock election.

Historical Market Prices and Dividend Information

Heartland. The following table sets forth, for the calendar quarters indicated, the high and low intraday market prices per share of Heartland common stock as reported on the NASDAQ Global Select Market, and the dividends paid with respect to each share of Heartland common stock:

Calendar Quarter	High	Low	Dividends
2015			
First	\$33.88	\$25.68	\$ 0.10
Second	38.20	32.42	0.10
Third	38.96	34.57	0.10
Fourth	39.45	31.26	0.15
2016			
First	\$32.44	\$25.95	\$ 0.10
Second	35.96	29.58	0.10
Third	37.90	33.50	0.10
Fourth	49.15	35.30	0.20
2017			
First (through January 5, 2017)	\$48.85	\$46.15	—

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.

Founders. Founders is not a "reporting company" under federal securities law, and does not file periodic reports with the SEC. Founders common stock is not listed on an exchange, but is thinly traded in the over the counter market or OTC Pink under the symbol "FBCP."

The following table sets forth, for the calendar quarters indicated, the high and low intraday market prices per share of Founders common stock as quoted on the OTC Pink. Founders has never paid a cash dividend.

Calendar Quarter	High	Low
2015		
First	\$12.20	\$11.75
Second	13.74	12.05
Third	13.25	12.56
Fourth	13.11	12.70
2016		
First	\$13.15	\$12.25
Second	13.90	12.30
Third	13.40	12.32
Fourth	23.50	13.06
2017		
First (through January 5, 2017)	\$23.01	\$23.00

HEARTLAND SELECTED CONSOLIDATED FINANCIAL DATA

The summary selected consolidated financial data of Heartland presented below as of and for each of the years in the three year period ended December 31, 2015 are derived from Heartland's audited historical consolidated financial statements. The summary selected consolidated financial data presented below as of and for the nine month periods ended September 30, 2016 and 2015 are derived from Heartland's unaudited interim consolidated financial statements. This information is only a summary and should be read in conjunction with the consolidated financial statements and the notes thereto incorporated by reference into this proxy statement/prospectus from Heartland's Annual Report on Form 10-K for the fiscal year ended December 31, 2015 and its Quarterly Report on Form 10-Q for the nine months ended September 30, 2016. The historical results presented below or included elsewhere or incorporated by reference into this proxy statement/prospectus are not necessarily indicative of the future performance of Heartland.

(Dollars in thousands, except per share data)	For the Nine Months		For the Years Ended December 31,		
	Ended September 30, (unaudited)		2015	2014	2013
Statement of Income Data	2016	2015	2015	2014	2013
Interest income	\$243,702	\$195,811	\$265,968	\$237,042	\$199,511
Interest expense	24,196	24,513	31,970	33,969	35,683
Net interest income	219,506	171,298	233,998	203,073	163,828
Provision for loan losses	9,513	10,526	12,697	14,501	9,697
Net interest income after provision for loan losses	209,993	160,772	221,301	188,572	154,131
Noninterest income	89,146	86,304	110,685	82,224	89,618
Noninterest expenses	209,756	185,092	251,046	215,800	196,561
Income taxes	28,196	16,533	20,898	13,096	10,335
Net income	61,187	45,451	60,042	41,900	36,853
Net (income) loss available to noncontrolling interest, net of tax	—	—	—	—	(64)
Net income attributable to Heartland	61,187	45,451	60,042	41,900	36,789
Preferred dividends	(273)	(613)	(817)	(817)	(1,093)
Interest expense on convertible debt	48	—	—	—	—
Net income available to common stockholders	\$60,962	\$44,838	\$59,225	\$41,083	\$35,696
Per Common Share Data					
Net income-diluted	\$2.48	\$2.16	\$2.83	\$2.19	\$2.04
Cash dividends	\$0.30	\$0.30	\$0.45	\$0.40	\$0.40
Dividend payout ratio	12.10	% 13.89	% 15.90	% 18.26	% 19.61
Common stockholders' equity (book value) per share (GAAP)	\$28.48	\$24.68	\$25.92	\$22.40	\$19.44
Tangible book value per common share (non GAAP)(1)	\$22.34	\$21.20	\$20.57	\$19.99	\$16.90
Weighted average shares outstanding diluted	24,580,897	20,751,664	20,929,385	18,741,921	17,460,066

Tangible book value per common share is total common stockholders' equity less goodwill and intangible assets, net, divided by common shares outstanding. This financial measure was not determined in accordance with U.S. Generally Accepted Accounting Principles ("GAAP"), but has been included as it is considered to be a critical metric with which to analyze and evaluate financial condition and capital strength. This measure should not be considered a substitute for operating results determined in accordance with GAAP. See Reconciliation of Tangible Book Value Per Common Share (non GAAP) on page 19.

(Dollars in thousands)	At and For the Nine Months Ended September 30, (unaudited)		At and For the Years Ended December 31,			
	2016	2015	2015	2014	2013	
Balance Sheet Data						
Investments	\$ 1,943,080	\$ 1,563,179	\$ 1,878,994	\$ 1,706,953	\$ 1,895,044	
Loans held for sale	78,317	102,569	74,783	70,514	46,665	
Total loans receivable(1)	5,438,715	4,642,523	5,001,486	3,878,003	3,502,701	
Allowance for loan losses	54,653	47,105	48,685	41,449	41,685	
Total assets	8,202,215	6,805,884	7,694,754	6,051,812	5,923,716	
Total deposits	6,912,693	5,507,237	6,405,823	4,768,022	4,666,499	
Long term obligations	294,493	302,086	263,214	395,705	350,109	
Preferred equity	1,357	81,698	81,698	81,698	81,698	
Common stockholders' equity	703,031	509,311	581,475	414,619	357,762	
Earnings Performance Data						
Return on average total assets	1.00	% 0.91	% 0.88	% 0.70	% 0.70	%
Return on average common stockholders' equity	12.28	12.38	11.92	10.62	10.87	
Annualized net interest margin (GAAP)	3.98	3.80	3.80	3.77	3.58	
Annualized net interest margin, fully taxable equivalent (non GAAP)(2)	4.15	3.96	3.97	3.96	3.78	
Asset Quality Ratios						
Nonperforming assets to total assets	0.85	% 0.76	% 0.67	% 0.74	% 1.23	%
Nonperforming loans to total loans	1.06	0.73	0.79	0.65	1.21	
Net loan charge-offs to average loans	0.09	0.15	0.12	0.39	0.22	
Allowance for loan losses to total loans	1.00	1.01	0.97	1.07	1.19	
Allowance for loan losses to nonperforming loans	94.39	139.54	122.77	165.33	98.27	
Consolidated Capital Ratios						
Average equity to average assets	8.45	% 8.57	% 8.55	% 8.00	% 8.09	%
Average common equity to average assets	8.15	7.34	7.35	6.60	6.46	
Total capital ratio	12.85	13.76	13.74	15.73	14.69	
Tier 1 capital ratio	10.79	11.50	11.56	12.95	13.19	
Common equity tier 1 capital ratio(3)	8.97	7.99	8.23	—	—	
Tier 1 leverage ratio	8.59	9.67	9.58	9.75	9.67	

(1) Excludes loans held for sale.

Computed on a fully taxable equivalent basis using an effective tax rate of 35%. Annualized net interest margin, fully taxable equivalent, is a non GAAP measure, which adjusts net interest income for the tax favored status of certain loans and securities. Management believes this measure enhances the comparability of net interest income

(2) arising from taxable and tax exempt sources. This measure should not be considered a substitute for operating results determined in accordance with GAAP. See Reconciliation of Annualized Net Interest Margin, Fully Taxable Equivalent (non GAAP) on page 19.

(3) Prior to the adoption of Basel III requirements effective January 1, 2015, the common equity tier 1 capital ratio was not a capital standard required by bank regulatory agencies.

Non-GAAP Financial Measures

	For the Nine Months		For the Years Ended		
	Ended September 30, (unaudited)		December 31, 2015	2014	2013
(Dollars in thousands, except per share data)	2016	2015	2015	2014	2013
Reconciliation of Tangible Book Value Per Common Share (non-GAAP)					
Common stockholders' equity (GAAP)	\$703,031	\$ 509,311	\$581,475	\$ 414,619	\$ 357,762
Less goodwill	127,699	56,828	97,852	35,583	35,583
Less other intangible assets, net	23,922	14,937	22,020	8,948	11,171
Tangible common stockholders' equity (non-GAAP)	\$551,410	\$ 437,546	\$461,603	\$ 370,088	\$ 311,008
Common shares outstanding	24,681,380	20,637,321	22,435,693	18,511,125	18,399,156
Common stockholders' equity (book value) per share (GAAP)	\$28.48	\$ 24.68	\$25.92	\$ 22.40	\$ 19.44
Tangible book value per common share (non-GAAP)	\$22.34	\$ 21.20	\$		