



QCR  
HOLDINGS, INC.

March 2018



## FORWARD-LOOKING STATEMENTS

This presentation contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, and Section 21E of the Securities Exchange Act of 1934. These statements include, but are not limited to, descriptions of the financial condition, results of operations, asset and credit quality trends, profitability, projected earnings, future plans, strategies and expectations of QCR Holdings Inc. (the “Company”). The Company intends such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995 and is including this statement for purposes of complying with those safe harbor provisions. Forward-looking statements, which are based on certain assumptions of the Company, are generally identifiable by use of the words “believe,” “expect,” “intend,” “anticipate,” “estimate,” “project,” “seek,” “target,” “potential,” “focus,” “may,” “could,” “should” or similar expressions. These forward-looking statements express management’s current expectations or forecasts of future events, and by their nature, are subject to risks and uncertainties. Therefore, there are a number of factors that might cause actual results to differ materially from those in such statements. Factors that might cause such a difference include, but are not limited to: (i) the effects of future economic, business and market conditions and changes, domestic and foreign, including seasonality; (ii) governmental monetary and fiscal policies; (iii) legislative and regulatory changes, including changes in banking, securities and tax laws and regulations such as the recently enacted Dodd-Frank Wall Street Reform and Consumer Protection Act and the recently adopted Basel III regulatory capital reforms and their application by the Company’s regulators, and changes in the scope and cost of Federal Deposit Insurance Corporation insurance and other coverages; (iv) changes in accounting policies, rules and practices; (v) the risks of changes in interest rates on the levels, composition and costs of deposits, loan demand, and the values and liquidity of loan collateral, securities, and other interest sensitive assets and liabilities; (vi) the failure of assumptions and estimates underlying the establishment of reserves for possible loan losses and other estimates; (vii) changes in borrowers’ credit risks and payment behaviors; (viii) changes in the availability and cost of credit and capital in the financial markets;

## FORWARD-LOOKING STATEMENTS - *Continued*

(ix) changes in the prices, values and sales volumes of residential and commercial real estate; (x) the effects of competition from a wide variety of local, regional, national and other providers of financial, investment and insurance services; (xi) the risks of mergers, acquisitions and divestitures, including, without limitation, the related time and costs of implementing such transactions, integrating operations as part of these transactions and possible failures to achieve expected gains, revenue growth and/or expense savings from such transactions; (xii) changes in technology or products that may be more difficult, costly, or less effective than anticipated; (xiii) the effects of war or other conflicts, acts of terrorism or other catastrophic events, including hurricanes, storms, droughts, tornados and flooding, that may affect economic conditions generally and in the Company's markets; (xiv) the failure of assumptions and estimates used in the Company's reviews of its loan portfolio, the review of its credit grading methods by an independent firm and the Company's analysis of its capital position; and (xv) such other matters as discussed in this presentation or identified in the Company's periodic filings with the Securities and Exchange Commission, particularly those matters described under the heading "Risk Factors" in its Annual Report on Form 10-K for the year ended December 31, 2017. You are cautioned not to place undue reliance on forward-looking statements, which reflect the Company's outlook only and speak only as of the date of this presentation or the dates indicated in the statements. The Company assumes no obligation to update or supplement forward-looking statements. For further information on these and other factors that could impact the Company and the statements contained herein, reference should be made to the Company's filings with the Securities and Exchange Commission.

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This presentation is neither an offer to sell nor a solicitation of an offer to purchase any securities of the Company.

## NON-GAAP FINANCIAL MEASURES

These slides contain non-GAAP financial measures. For purposes of Regulation G, a non-GAAP financial measure is a numerical measure of the registrant's historical or future financial performance, financial position or cash flows that excludes amounts, or is subject to adjustments that have the effect of excluding amounts, that are included in the most directly comparable measure calculated and presented in accordance with GAAP in the statement of income, balance sheet or statement of cash flows (or equivalent statements) of the issuer; or includes amounts, or is subject to adjustments that have the effect of including amounts, that are excluded from the most directly comparable measure so calculated and presented. In this regard, GAAP refers to generally accepted accounting principles in the United States. Pursuant to the requirement of Regulation G, QCR Holdings, Inc. has provided reconciliations within the slides, as necessary, of the non-GAAP financial measure to the most directly comparable GAAP financial measure. (For more details on the Company's non-GAAP measures refer to the applicable 10-K filing)

# CORPORATE OVERVIEW

**QCR Holdings, Inc. - Founded in 1993 Headquartered in Moline, IL**

## NASDAQ – QCRH

*Russell 2000® Index Member  
as of June 30, 2015*

**\$4.0 BILLION IN ASSETS**

**\$3.0 BILLION IN LOANS**

**\$3.3 BILLION IN DEPOSITS**

**26 FACILITIES \***

- A** Quad City Bank & Trust (5)
- B** Cedar Rapids Bank & Trust (5)
- C** Rockford Bank & Trust (2)
- D** m2 Lease Funds LLC (1)
- E** Community Bank & Trust (3)
- F** Community State Bank (10)

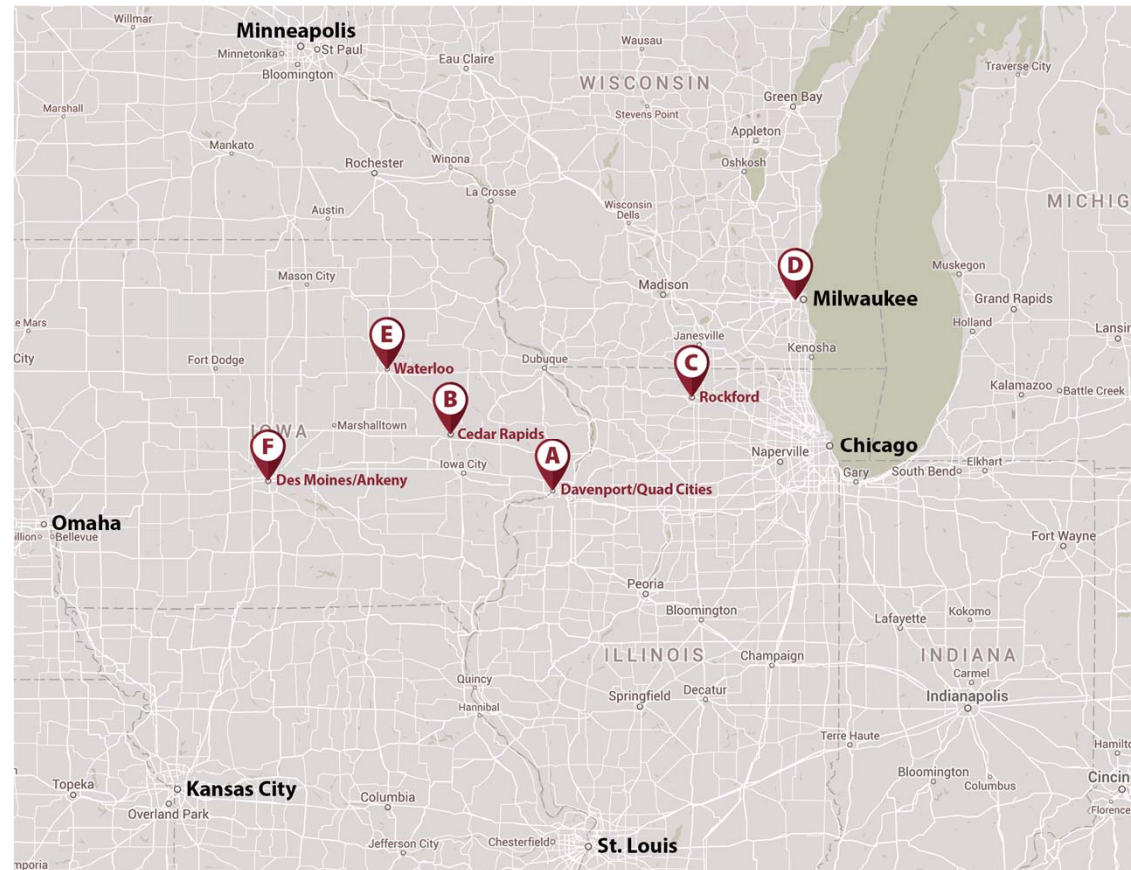
## SHARES OUTSTANDING:

13.9 Million

## OWNERSHIP:

Insiders & Benefit Plans 7.1%

Institutional & Mutual Funds 62.6%



Source: Company documents and SNL Financial. Financial data as 12/31/17. Ownership data as of 12/31/17.

\* Offices in MSA's as of 12/31/17

## HISTORY OF QCR HOLDINGS, INC.

**1993**

- QCR Holdings founded by Mike Bauer and Doug Hultquist - \$14 million IPO

**1994**

- Quad City Bank & Trust (De Novo) – Currently \$1.54 billion in assets

**2001**

- Cedar Rapids Bank & Trust (De Novo) – Currently \$1.31 billion in assets  
(includes Community Bank & Trust branches)

**2005**

- Rockford Bank & Trust (De Novo) – Currently \$462 million in assets  
- Quad City Bank & Trust acquires m2 Lease Funds, LLC

**2013**

- QCR Holdings acquires Community National Bancorporation and  
Community National Bank (CNB) on May 13, 2013

**2015**

- \$65 million capital raise. TCE went from 5.88% to 8.15%. The Company utilized the capital to  
extinguish \$103.5 million of long-term borrowing with a weighted average rate of 4.24%

**2016**

- \$30 million capital raise in connection with acquisition of Community State Bank.  
- QCR Holdings acquires Community State Bank of Ankeny (Des Moines), Iowa on September 1, 2016 –  
Currently \$671 million in assets

**2017**

- QCR Holdings acquires Guaranty Bank & Trust on October 1, 2017 – \$260 million in assets.  
Guaranty merged into Cedar Rapids Bank & Trust on December 2, 2017

# INVESTMENT RATIONALE

- **\$4.0 billion asset bank holding company with critical mass in attractive and target rich markets in Iowa and Illinois**
  - Number 2 bank with 14% market share in the Quad Cities, Iowa/Illinois, Number 2 in Cedar Rapids, Iowa with 15% share
  - Quad Cities is the International Headquarters for John Deere, major hub for Arconic (formerly Alcoa) and houses Rock Island Arsenal, the largest government-owned weapons manufacturing arsenal in the U.S.
  - Cedar Rapids is the International Headquarters for Rockwell Collins and U.S. Headquarters for Aegon USA
  - Acquired Community State Bank of Ankeny (Des Moines), Iowa in September 2016
  - Acquired Guaranty Bank & Trust (Cedar Rapids, Iowa) in October 2017 and merged December 2017
- **Differentiated business model with four charters allowing banks to customize solutions by market**
  - Lending teams and portfolios differentiated by market based upon areas of underwriting and credit expertise
  - Supported by a QCRH Group Operations team that delivers operational services in a centralized and efficient manner
- **Additional products and services in correspondent banking, wealth management, and leasing**
  - Correspondent banking – veteran correspondent banking team with depth of product offerings
  - Wealth management division with \$2.6 billion in trust accounts and \$971 million in brokerage accounts
  - Commercial leasing business with \$215 million of loans / leases and ROA of 1.18%
- **Strong asset quality**
- **Significant opportunity for market share gains and consolidation**

Source: FDIC deposit market share data as provided by SNL Financial. Deposit data is as of 6/30/17.



# UNIQUE PRODUCTS AND SERVICES

## CORRESPONDENT BANKING

- Competitively positioned with veteran staff, software, systems and processes
- More than 187 relationships to date with \$261 million in non-interest bearing deposits and \$236 million in interest-bearing deposits at 12/31/17
- Approximately a \$73 million portfolio of correspondent bank loans
- Provides strong source of non-interest bearing deposits, fee income and high-quality loan participations

## WEALTH MANAGEMENT

- \$2.6 billion in Trust (and related) accounts and \$971 million in Brokerage (and related) accounts as of 12/31/17
- Full range of product offerings including Trust Services, Brokerage and RIA, Asset Management, Estate Planning and Financial Planning
- Added 422 new relationships in 2017

## SBA - USDA LENDING AND FEE INCOME ON SWAPS

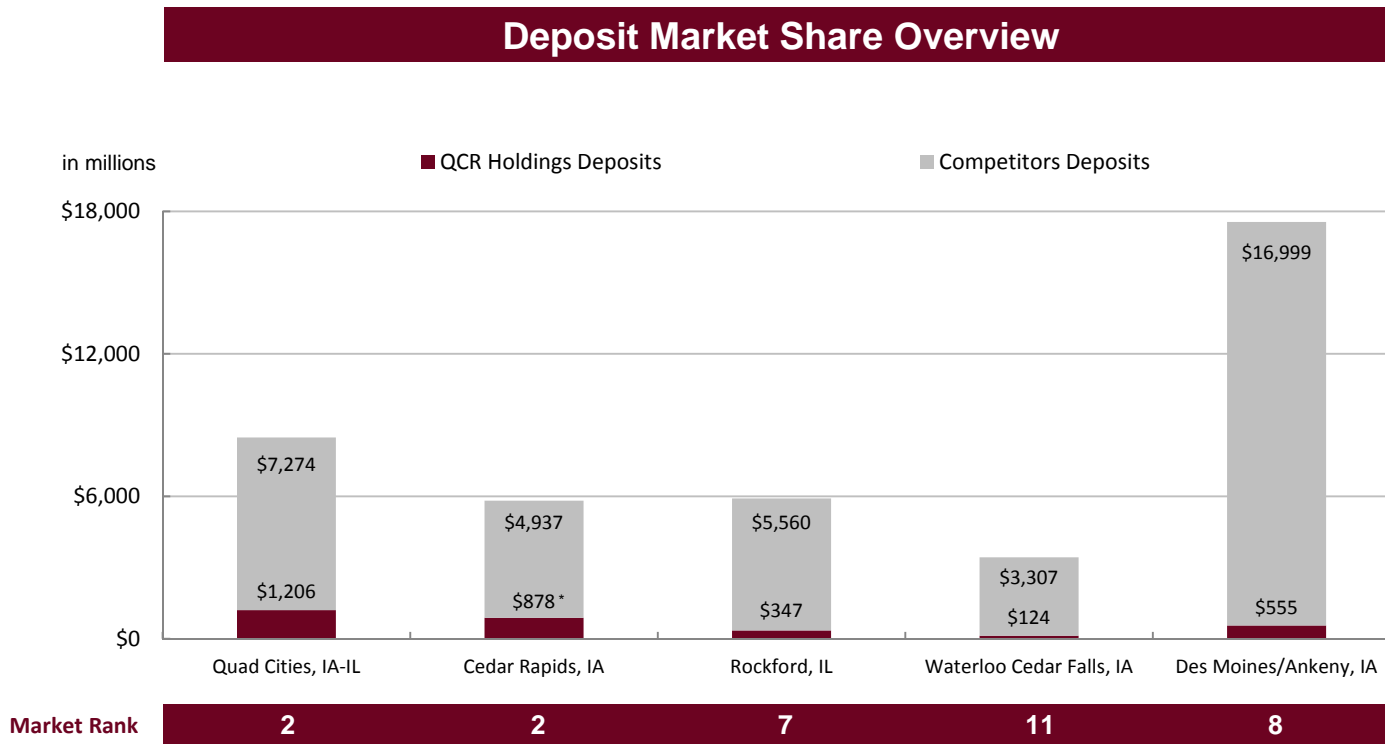
- Competitively positioned with veteran staff to take advantage of opportunities for gains on sales of SBA - USDA loans and fee income on SWAPS
- USDA loan origination focus is on the Business & Industry Program providing guarantees to loans originated to communities with populations < 50,000

## m2 LEASE FUNDS, LLC

- Quad City Bank & Trust acquired 80% ownership August of 2005 and in September 2012 acquired the remaining 20% ownership
- Income has grown at a 13.25% CAGR since 2006 through 12/31/17
- Historically strong asset quality
- Key niches with lease specialists located in IA, WI, MN, SC, NC, FL, CA, GA, and PA
- Computer systems; photocopy systems; fire trucks; specialized road maintenance equipment; medical equipment; commercial business furnishings; vehicles classified as heavy equipment; trucks and trailers; Equipment classified as plant or office equipment; and marine boat lifts

# QCR HOLDINGS, INC. - MARKET OVERVIEW

- Meaningful market share position in each MSA served, with room for continued growth
- Each MSA falls within the top 15 largest MSAs in IL and IA by total deposits

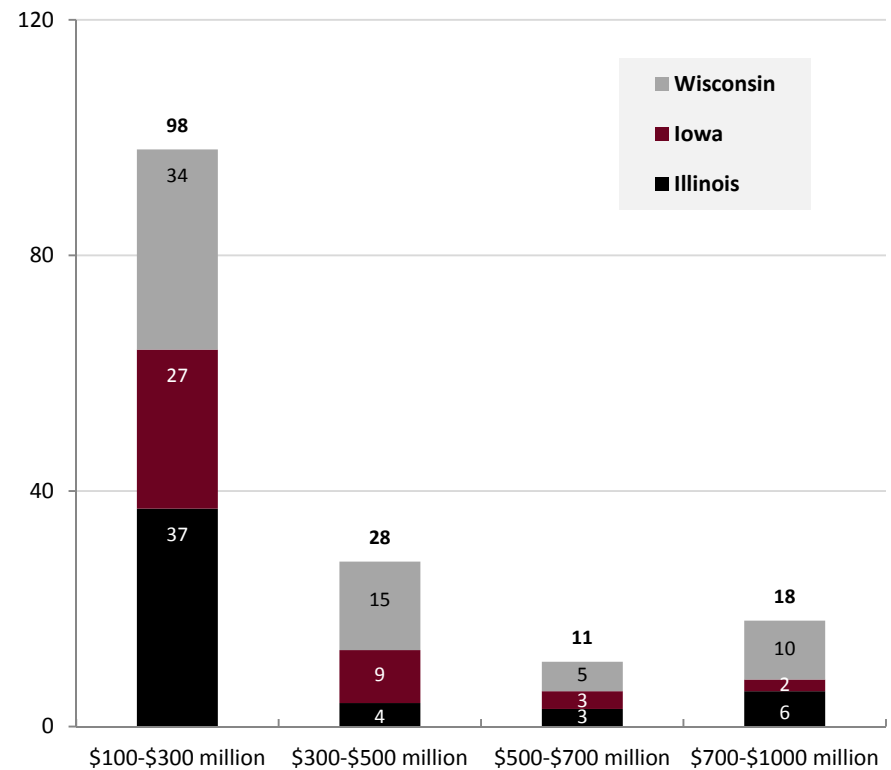


Source: SNL Financial. Deposit data as of June 30, 2017. Dollars in millions. \* Includes Guaranty Bank & Trust

# “CAPITALIZING” ON OPPORTUNITIES IN OUR MARKETS

- Leverage capital strength and relationship driven approach to capture greater organic market and relationship share
- Selectively pursue accretive acquisition opportunities
- Operating markets are highly fragmented:
  - 877 community banks are headquartered in Illinois, Iowa and Wisconsin (60.8% are between \$100 million and \$1.0 billion in assets)
  - 253 community banks are headquartered in top selected MSAs<sup>(1)</sup> in Illinois, Iowa and Wisconsin (61.3% are between \$100 million and \$1.0 billion in assets)
  - Heavy fragmentation provides a wealth of opportunities from which to selectively pursue targets
- Targets will meet rigorous evaluation standards:
  - Cultural and strategic fit
  - Enhances competitive position
  - Drives market share
  - Enhances shareholder value
- QCRH operating structure attractive to targets

**Distribution of Institutions in Targeted Markets <sup>(1)</sup>**



Source: SNL Financial.

(1) Target area includes top 25 MSAs listed on Slide 12 excluding Chicago, Minneapolis, St. Louis and Omaha MSAs. Excludes mutual institutions.

## TOP 25 MSAS - Iowa, Illinois, Wisconsin

MSA	Deposits (\$M)	Number of Institutions	Number of Branches	Total Population	Projected Population Growth	Median Household Income	Projected Median HHI Growth
Chicago-Naperville-Elgin, IL-IN-WI	\$ 394,864	188	2,749	9,504,650	0.06%	\$ 69,911	2.07%
Minneapolis-St. Paul-Bloomington, MN-WI	189,316	154	790	3,598,391	0.82	76,791	1.88
St. Louis, MO-IL	103,694	127	890	2,809,463	0.15	62,531	1.56
Milwaukee-Waukesha-West Allis, WI	70,659	46	508	1,573,535	0.17	61,178	1.65
Omaha-Council Bluffs, NE-IA	31,440	71	323	938,497	0.91	65,490	1.50
Madison, WI	19,896	50	229	659,919	0.82	70,042	2.11
Des Moines-West Des Moines, IA	17,554	50	219	651,599	1.20	67,375	1.03
Bloomington, IL	14,942	32	62	188,311	0.06	69,171	1.70
Davenport-Moline-Rock Island, IA-IL	8,480	34	140	381,723	0.11	57,673	0.92
Green Bay, WI	7,787	21	107	321,018	0.52	59,476	1.33
Peoria, IL	7,609	38	152	374,342	-0.14	61,131	0.90
Champaign-Urbana, IL	6,038	34	100	239,969	0.35	55,456	1.86
Rockford, IL	5,907	25	95	337,006	-0.29	56,008	1.72
Springfield, IL	5,820	28	87	209,245	-0.06	62,201	1.41
Cedar Rapids, IA	5,815	37	105	270,363	0.63	62,065	0.64
Duluth, MN-WI	4,336	30	94	278,992	0.17	54,502	1.88
Sioux City, IA-NE-SD	4,127	35	92	169,414	0.29	57,871	2.13
Appleton, WI	4,078	28	66	235,990	0.50	66,614	1.46
Iowa City, IA	3,959	20	55	172,413	1.11	61,405	0.93
Ottawa-Peru, IL	3,741	29	80	148,244	-0.38	56,008	1.68
Waterloo-Cedar Falls, IA	3,431	24	65	170,094	0.28	56,439	1.21
Wausau, WI	3,258	20	54	135,767	0.20	59,650	1.48
Racine, WI	3,052	14	51	195,279	0.12	63,928	1.80
La Crosse-Onalaska, WI-MN	2,956	17	50	137,463	0.34	55,964	1.87
Eau Claire, WI	2,953	23	60	167,734	0.44	57,762	1.81
<b>High</b>	<b>\$ 394,864</b>	<b>188</b>	<b>2,749</b>	<b>9,504,650</b>	<b>1.20%</b>	<b>\$ 76,791</b>	<b>2.13%</b>
<b>Low</b>	<b>\$2,953</b>	<b>14</b>	<b>50</b>	<b>135,767</b>	<b>-0.38</b>	<b>54,502</b>	<b>0.64</b>
<b>Medium</b>	<b>\$5,907</b>	<b>32</b>	<b>95</b>	<b>270,363</b>	<b>0.28</b>	<b>61,178</b>	<b>1.65</b>

Source: SNL Financial. Deposit data as of June 30, 2017. Growth CAGR figures based on 2017-2023 projected figures. Analysis current as of 12/11/17

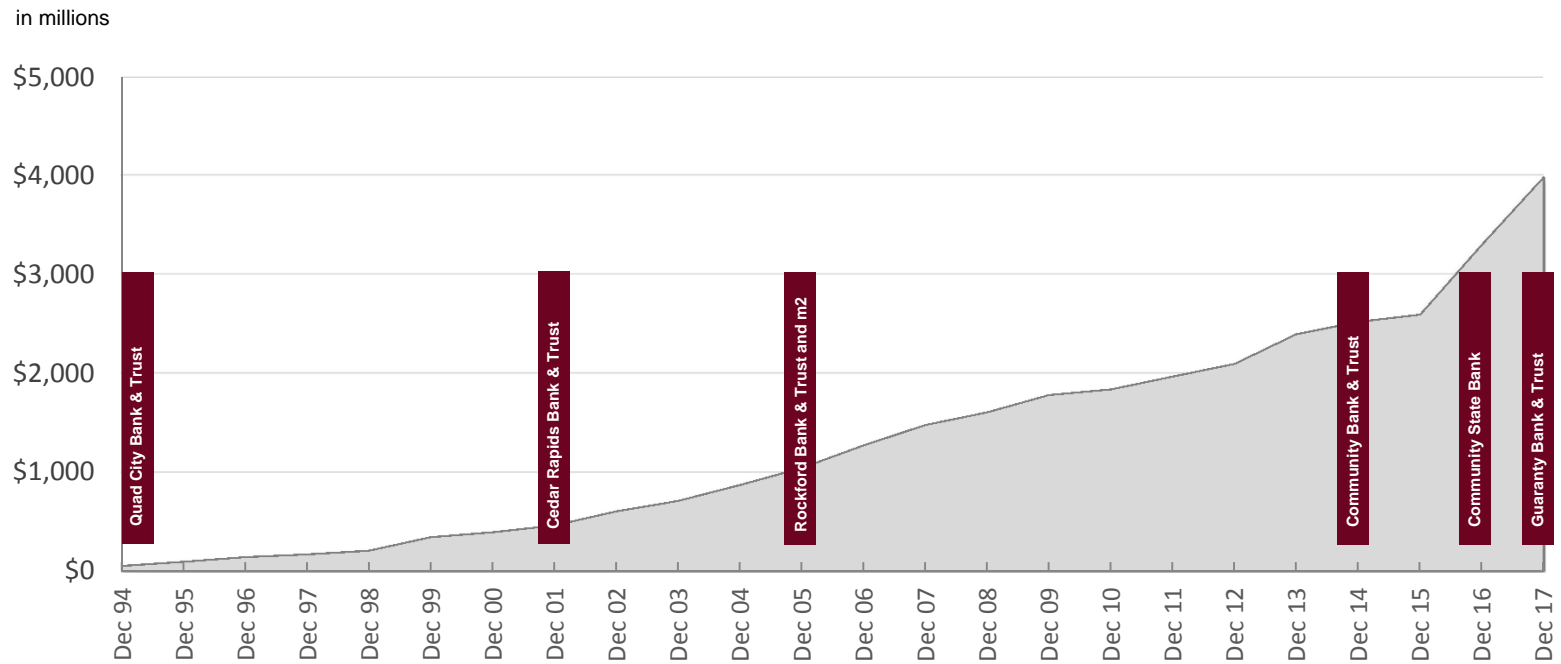
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# Financial Highlights

# TOTAL CONSOLIDATED ASSETS

Compound Annual Growth Rate (CAGR) From 1994-2017: **20.6%**



Source: Company documents.

# INCOME STATEMENT RESULTS & KEY EARNINGS METRICS

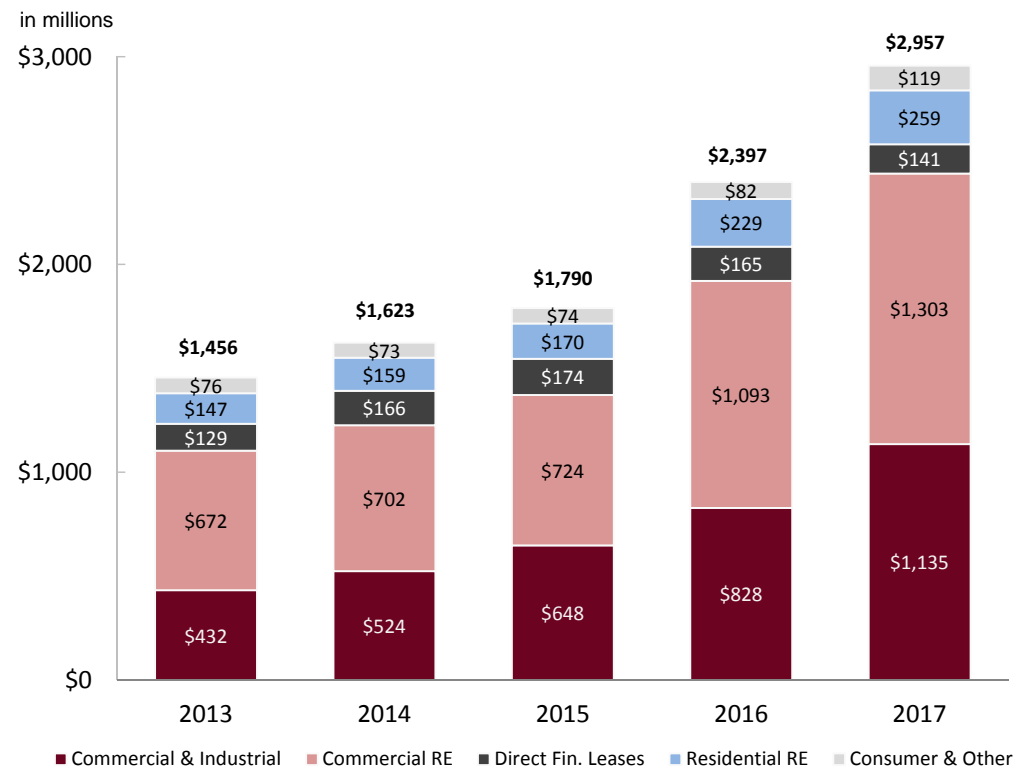
\$ millions except per share

	Reported 12/31/13	Reported 12/31/14	Reported 12/31/15	Core 12/31/15	Reported 12/31/16	Core 12/31/16	Reported 12/31/17	Core 12/31/17
<b>Net Income Available to Common</b>	\$11.8	\$13.9	\$16.9	\$20.9	\$27.7	\$29.4	\$35.7	\$36.3
<b>NIM %(TEY)(Non-GAAP)</b>	3.03%	3.15%	3.37%	3.37%	3.75%	3.75%	3.78%	3.78%
<b>ROAA (%)</b>	0.64%	0.61%	0.66%	0.82%	0.97%	1.03%	1.01%	1.03%
<b>Efficiency Ratio (%) (Non-GAAP)</b>	71.98%	72.55%	72.71%	66.27%	64.90%	61.56%	66.48%	66.48%
<b>Diluted EPS</b>	\$2.08	\$1.72	\$1.61	\$1.99	\$2.17	\$2.31	\$2.61	\$2.66

# STRONG COMMERCIAL LOAN GROWTH

## Loan Growth Trend <sup>(1)</sup>

- 11.8% CAGR organic loan growth from 2013 to 2017 (excludes Community State Bank and Guaranty Bank & Trust)
- Commercial lending<sup>(2)</sup> represents more than 87% of the portfolio
- 2013 loan growth supplemented by acquisition of Community National Bancorporation-Waterloo
- 2016 loan growth supplemented by acquisition of Community State Bank – Ankeny
- 2017 loan growth supplemented by acquisition of Guaranty Bank & Trust – Cedar Rapids.



Source: Company documents. Dollars in millions.

(1) Loan composition excludes deferred loan/lease origination costs, net of fees.

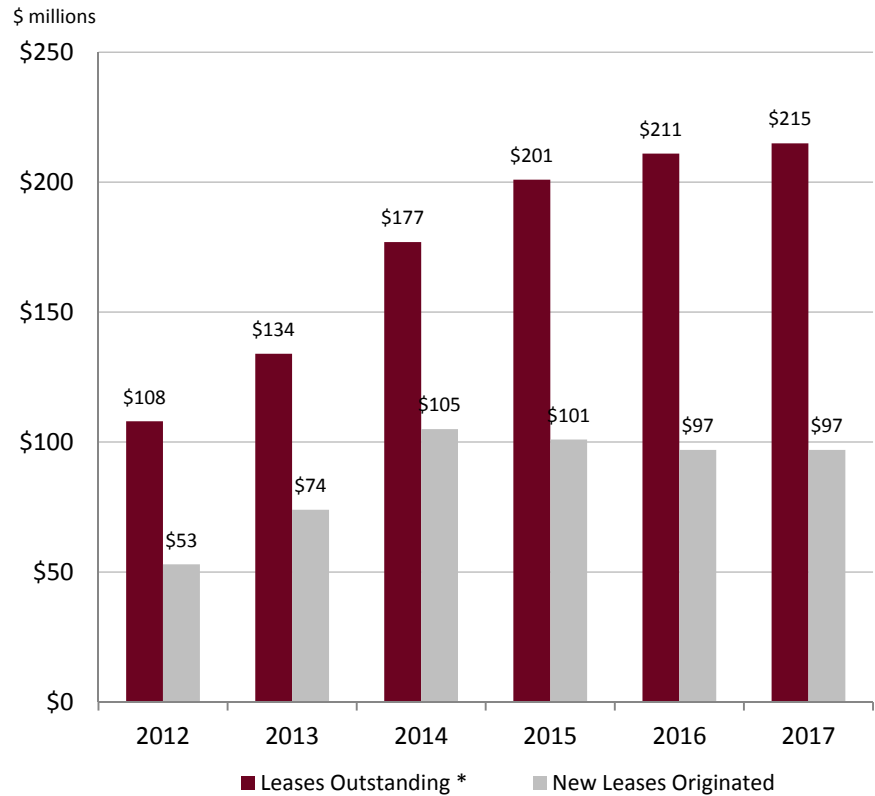
(2) Includes Commercial & Industrial, Commercial RE and Direct Financing Leases.



# m2 LEASE FUNDS LLC OVERVIEW

- National equipment leasing platform
- Focus includes Computer systems; photocopy systems; fire trucks; specialized road maintenance equipment; medical equipment; commercial business furnishings; vehicles classified as heavy equipment; trucks and trailers; Equipment classified as plant or office equipment; and marine boat lifts
- High yield portfolio; average gross yield is approximately 5.3% in 2017
- Historically strong asset quality

## Lease Asset Generation



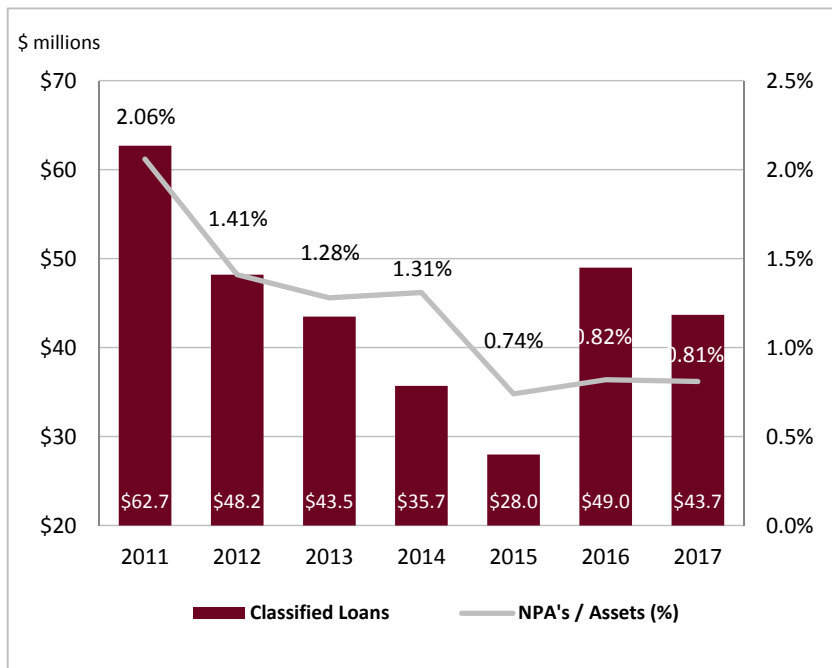
Source: Company documents. Dollars in millions.

\* Leases Outstanding includes Equipment Finance Agreements (EFAs)

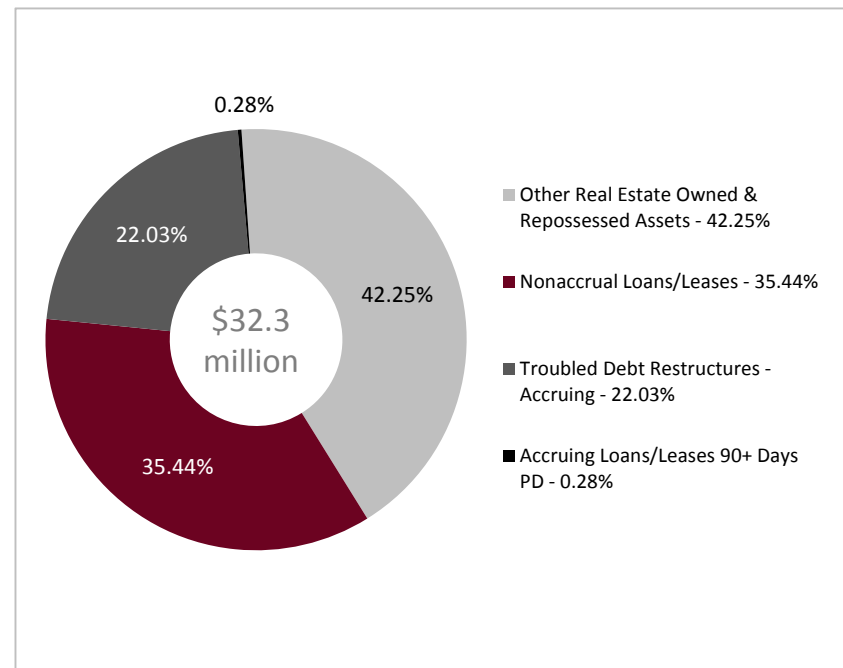
# ASSET QUALITY OVERVIEW

Management continues to focus on maintaining excellent asset quality and resolving problem assets

## Classified Loans & NPAs / Assets



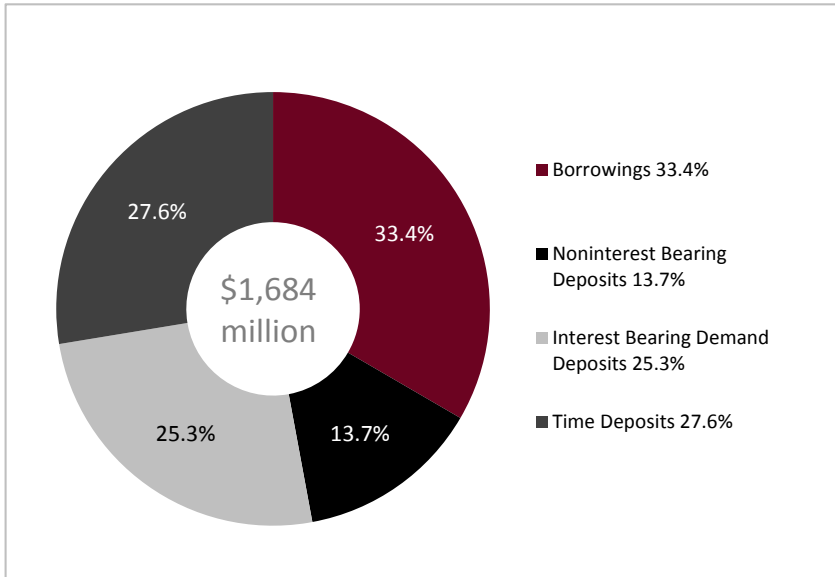
## Nonperforming Assets Composition – 2017



Source: Company documents. Dollars in millions.

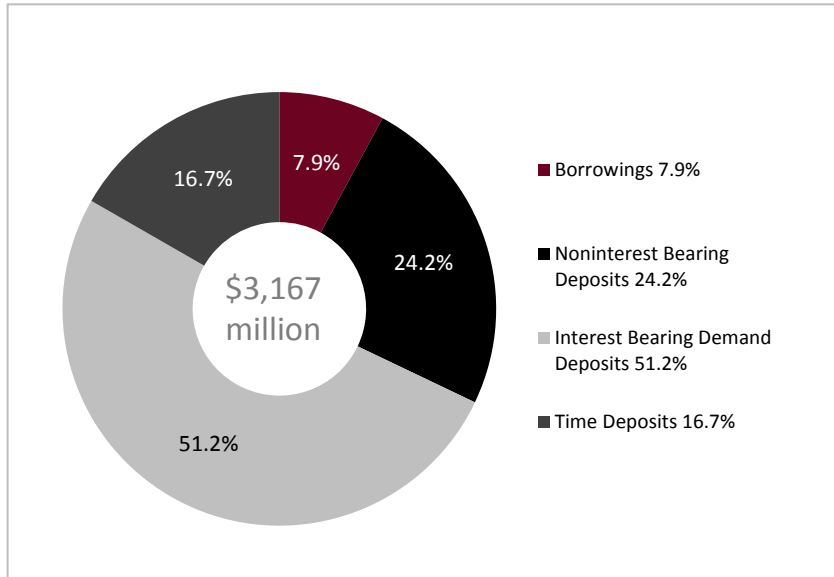
# EVOLUTION OF FUNDING BASE

Average Funding Base - 2010



2010 Cost of Funds: 1.79%  
2010 Cost of Deposits: 1.13%

Average Funding Base – 2017



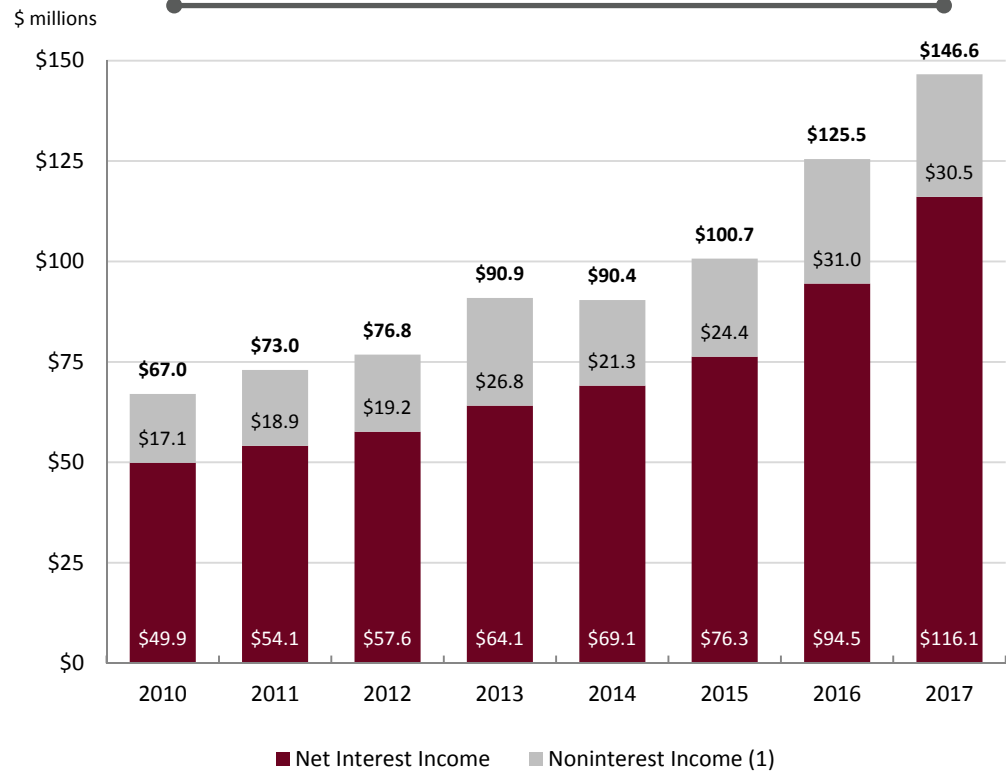
2017 Cost of Funds: 0.81%  
2017 Cost of Deposits: 0.60%

Source: Company documents. Dollars in millions.

# ATTRACTIVE REVENUE MIX & GROWTH TREND

## Continued Strong Top Line Revenue Growth Trends

CAGR From 2010 - 2017: 12.0%



**Strong fee income streams provide stability and complement to spread revenue**

Key Differentiators:

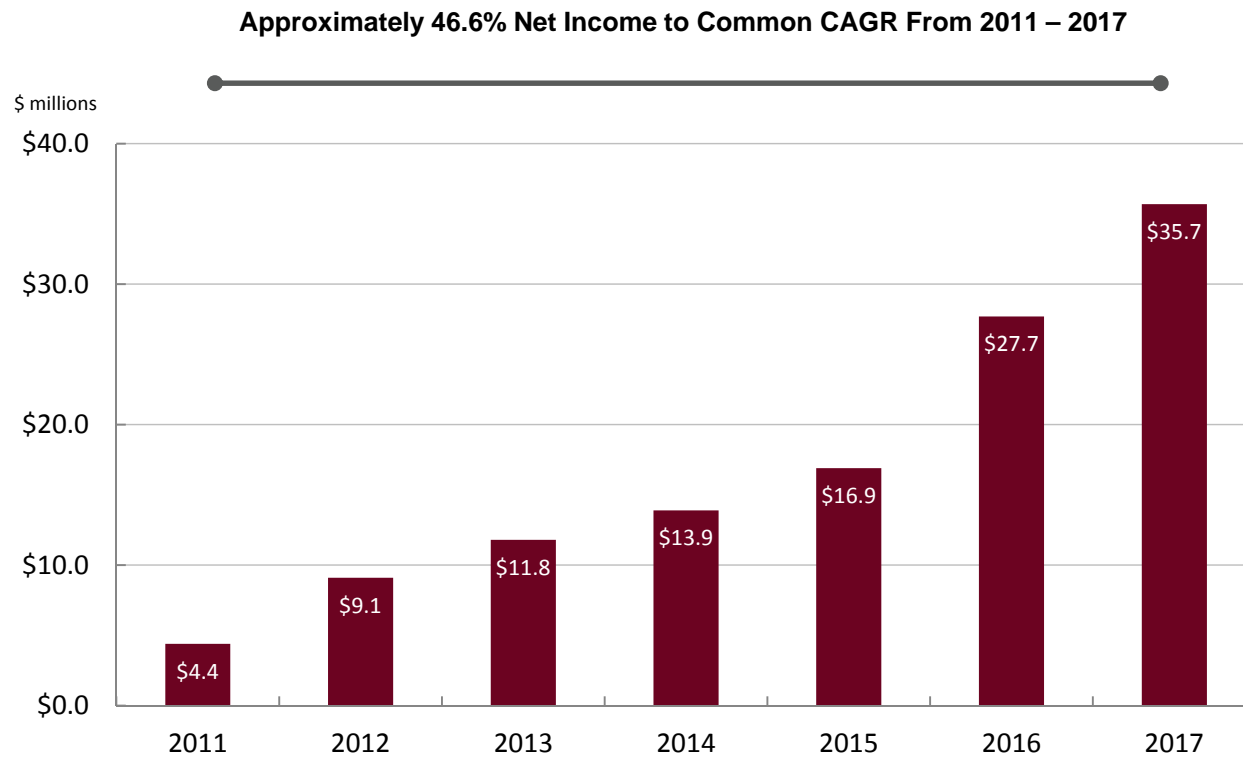
- Wealth Management (\$3.6 billion in assets under management as of 12/31/17)
- Correspondent banking (187 relationships as of 12/31/17)
- SBA / USDA guaranteed loan sales
- SWAP loans

Source: Company documents. Dollars in millions.

(1) Excludes securities gains, bargain purchase gains, gains on sales of branches and loss on sale of OREO.

# IMPROVING RETURNS FOR SHAREHOLDERS

## Net Income to Common Shareholders



Source: Company documents.

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## STRATEGIES TO CONTINUE TO DRIVE SHAREHOLDER VALUE

- Continue strong organic loan and lease growth to maintain loans and leases to total assets ratio in the range of 73-78% (74.4% as of 12/31/17)
- Continued focus on growing core deposits to maintain reliance on wholesale funding to less than 15% of assets (30% as of 12/31/14, now 10% as of 12/31/17)
- Continue to focus on maintaining gains on sale of USDA and SBA loans, and fee income on SWAPS, as a more significant and consistent component of core revenue
- Grow wealth management net income by 10% annually
- Carefully manage growth in noninterest expenses
- Maintain asset quality metrics at better than peer levels
- Participate as an acquirer in the consolidation taking place in our industry to further boost ROAA, improve efficiency ratio, and increase EPS

## SUMMARY OF COMPETITIVE ADVANTAGES

- ✓ Critical mass in attractive and target rich markets in Iowa and Illinois
- ✓ 4 charter model allows subsidiary banks to customize solutions by market
- ✓ Differentiated product offering includes correspondent banking, wealth management, leasing and SBA/USDA lending
- ✓ Strong credit discipline and asset quality
- ✓ Significant opportunity for market share gains and consolidation
- ✓ “Relationship Driven” culture – entrepreneurial, innovative, responsive, client-centric
- ✓ Strong commitment to community involvement with 17,740 employee volunteer hours in 2017

QCR  
HOLDINGS, INC.

# Appendix



# EXECUTIVE MANAGEMENT TEAM

## **DOUGLAS M. HULTQUIST, CPA**

President and Chief Executive Officer  
*40 Years in Banking / Financial Services*

## **TODD A. GIPPLE, CPA**

Executive Vice President,  
Chief Operating Officer and Chief Financial Officer  
*32 Years in Banking / Financial Services*

## **JOHN H. ANDERSON**

President and Chief Executive Officer,  
Quad City Bank and Trust Company  
Chief Deposit Officer, QCR Holdings, Inc.  
*31 Years in Banking / Financial Services*

## **PETER J. BENSON, JD**

Executive Vice President,  
Chief Legal Counsel and Trust Officer  
*35 years in Corporate and Personal Legal Services*

## **STACEY J. BENTLEY**

President and Chief Executive Officer,  
Community Bank & Trust  
*37 Years in Banking / Financial Services*

## **THOMAS D. BUDD**

President and Chief Executive Officer,  
Rockford Bank and Trust Company  
*31 Years in Banking / Financial Services*

## **CYNTHIA M. CARLSON**

Executive Vice President, Wealth Management  
Group  
*37 Years in Banking / Financial Services*

## **RICHARD W. COUCH**

President and Chief Operating Officer,  
m2 Lease Funds, LLC  
*30 Years in Banking / Financial Services*

## **JOHN R. ENGELBRECHT, MBA**

Chief Executive Officer,  
m2 Lease Funds, LLC  
*43 Years in Banking / Financial Services*

## **KURT A. GIBSON**

President, Community State Bank  
*29 Years in Banking / Financial Services*

## **ELIZABETH A. GRABIN, CPA**

1st Vice President and  
Director of Financial Reporting  
*16 Years in Banking / Financial Services*

## **SHAWNA M. GRAHAM, CBA, CIA, CISA, CRP, MBA, CCBCO**

Senior Vice President, Chief Risk Officer  
*29 Years in Banking / Financial Services*

## **LARRY J. HELLING**

President and Chief Executive Officer,  
Cedar Rapids Bank and Trust Company  
Executive Vice President and Chief Lending Officer,  
QCR Holdings, Inc.  
*38 Years in Banking / Financial Services*

## **ANNE E. HOWARD, SHRM-SCP**

Senior Vice President, Human Resources Director  
*17 Years in Banking / Financial Services*  
*15 Years in Human Resources*

## **CHRISTOPHER J. LINDELL, MBA**

Executive Vice President,  
Investor Relations, Branding and  
Corporate Secretary  
Previous President and Chief Executive Officer  
Guaranty Bank & Trust

## **JOHN R. McEVOY, JR.**

Executive Vice President,  
Chief Operations Officer & Cashier  
Quad City Bank and Trust Company  
*41 Years in Banking / Financial Services*

## **RONALD R. NAGEL**

Chief Executive Officer  
Community State Bank  
*41 Years in Banking / Financial Services*

## **DANA L. NICHOLS**

Executive Vice President, Chief Credit Officer,  
*35 Years in Banking / Financial Services*

## **JOHN R. OAKES, CPA**

1st Vice President, Treasurer  
*16 Years in Banking / Financial Services*

## **JOHN A. RODRIGUEZ, CCM**

Executive Vice President,  
Deposit Operations / Information Services  
*35 Years in Banking / Financial Services*

## **M. RANDOLPH WESTLUND, CFA**

Executive Vice President,  
Chief Investment Officer  
*32 Years in Banking / Financial Services*

## **MICHAEL J. WYFFELS**

Senior Vice President,  
Chief Information Officer  
*28 Years in Banking / Financial Services*

As of 2/28/2018

a relationship driven organization.®

## THE STRATEGIC VALUE OF OUR SEPARATE CHARTERS

- 4 distinct (yet similar) operating charters – able to customize solutions by market
- Managed by local veteran bankers, governed by local Board of Directors, local decisions, local solutions, enhanced market specific knowledge
- 4 charters supported by QCRH Group Operations team that delivers operational services in a centralized and efficient manner
- Credit quality historically better than peers
- Historic deposit growth better than peers
- Historic loan growth better than peers
- Number 2 Deposit market share in Quad Cities and Cedar Rapids
- Number 11 Deposit market share in Rockford, Waterloo/Cedar Falls, and Des Moines (Ankeny)
- High touch service delivered locally by knowledgeable advisors
- Opportunities in Correspondent Banking, Wealth Management, SBA/USDA lending, and m2 Leasing

# QUAD CITY BANK & TRUST



## John H. Anderson, President & CEO

**Assets:** \$1.54 Billion (as of 12/31/17)

**Population:** 381,723

**Market Deposits:** \$8.5 Billion

Ranked 2<sup>nd</sup> with 14.22% market share and over \$1,205 Million in deposits in Davenport-Moline-Rock Island MSA

Finalist 2013 and 2014 – Quad Cities Best Place to Work

Finalist 2015 ABA Volunteer Finalist Award

Finalist 2015 Be Healthy QC Award

## Major Employers

Rock Island Arsenal

Deere & Company

Genesis Health Systems

HNI Corporation / The Hon Company / Allsteel

Unity Point Health - Trinity

Tyson Fresh Meats

Arconic (formerly Alcoa)

Kraft

3M

Excelon

HyVee

Source: FDIC deposit market share data as provided by SNL Financial.  
Deposit data is as of 6/30/17 as adjusted for acquisitions to the extent discernable.

## Quad Cities Highlights

The Rock Island Arsenal is the largest government-owned military weapons manufacturing arsenal in the United States

Arconic (formerly Alcoa) (Quad Cities) is the world's premier aerospace supply plant – the hub of Alcoa's \$3B aerospace business. Announced \$1B, multi-year contract with Airbus in Nov 2016

International Headquarters for Deere & Company

Kraft-Heinz constructing \$203MM state-of-the-art production facility in northwest Davenport

Material Control Systems (MATCON) completed a new \$10MM logistics facility and added 150 new jobs

Ranked 16th in the nation for high-tech job growth

Ranked as a Top 50 Military Friendly Community

Top 5 Defense Community

Top 10 Advanced Manufacturing Community

Ranked #1 Minor-League Sports Market in the Nation for 2015

Top 10 Community for Raising a Family

2nd Best Riverfront along the Mississippi River

## What They're Saying About the Quad Cities

*Quad City Chamber: December 2017*

“The Quad Cities offers unparalleled access to major Midwestern and global markets, making it a prime location for logistics, distribution and warehousing companies. With over 37 million people living within a 300 mile radius, businesses have easy and efficient access to a strong network of suppliers and customers. The region is a manufacturing, technology, and logistics hub that offers big-city amenities plus a low cost of living, high-quality schools, short commute times, and a technically skilled labor pool.”

# CEDAR RAPIDS BANK & TRUST



## Larry J. Helling, President & CEO

**Assets:** \$1.31 Billion\* (as of 12/31/17)

**Population:** 270,363

**Market Deposits:** \$5.8 Billion

Ranked 2<sup>nd</sup> with 15.10% market share and over \$878 million in deposits in Cedar Rapids MSA

2014 & 2015 Finalist – Coolest Place to Work in Cedar Rapids

Top 3 - 2016 Corridor Business Journal Worksite Wellness Award

Top 200 Healthiest Banks in America (Deposit Accounts 2016)

## Major Employers

Rockwell Collins

Aegon USA

Transamerica

Unity Point Health - St. Luke's Hospital

Mercy Medical Center

Whirlpool Corporation

Kirkwood Community College

Quaker Food and Snacks

Cedar Rapids Community Schools

Nordstrom Direct

MCI

General Mills

Archer Daniels Midland

\* Includes the assets of Community Bank & Trust and Guaranty Bank & Trust effective 10/1/17

Source: FDIC deposit market share data as provided by SNL Financial.

Deposit data is as of 6/30/17 as adjusted for acquisitions to the extent discernable.

## Cedar Rapids Highlights

International Headquarters for Rockwell Collins

U.S. Headquarters for Aegon USA

Downtown Revitalization – Double Tree by Hilton Cedar Rapids Convention Complex \$144MM, 2 year project resulted in 100,000 sq/ft convention center and 267 room Double Tree Hotel

CRST International constructing 11-story, 113,000 sq/ft, \$37MM world headquarters building in downtown, completed in 2016

Other downtown projects: PCI Medical Mall, Mercy Cancer Center, Kingston Commons Condominiums, Public Library, City Hall, Fire Station

Top 10 Best Affordable Places to Live (2016)

Top 10 Best Places for Starting a Small Business (2015)

Ranked 6th Healthiest Bank in Iowa by DepositAccounts.com

The largest corn-processing city in the world

The second largest producer of wind energy in the United States

Top 100 Places to Live (Livability 2016)

Top 10 Most Liveable Medium-Sized Cities (2015)

Ranked #1 in the Best Cities for Children (SmartAsset 2015)

## What They're Saying About Cedar Rapids

*Cedar Rapids Metro Economic Alliance: December 2017*

“Cedar Rapids is the second largest city in Iowa and is considered an economic hub of the state, located in the core of the Interstate 380 Technology Corridor. Relatively low cost of living expenses and high income levels give residents 10% more purchasing power than other Iowans and 13% more than the average U.S. resident. Look at a U.S. map and you will see that Cedar Rapids is close to the center. That center puts Cedar Rapids within a day's truck drive of more than 72 million consumers.”

# ROCKFORD BANK & TRUST



## Thomas D. Budd, President & CEO

**Assets:** \$462 Million (as of 12/31/17)

**Population:** 337,006

**Market Deposits:** \$5.9 Billion

Ranked 7<sup>th</sup> with 5.9% market share and \$347 Million in deposits in Rockford MSA

## Major Employers

Rockford Public School District  
Swedish American Health Systems  
Chrysler (Belvidere Assembly Plant)  
Mercy Health System  
Hamilton Sundstrand  
Wal-Mart Stores  
OSF St. Anthony Medical Center  
Winnebago County  
Woodward, Inc.  
UPS

Source: FDIC deposit market share data as provided by SNL Financial.  
Deposit data is as of 6/30/17 as adjusted for acquisitions to the extent discernable.

## Rockford Highlights

Mercy Health System constructing a \$485MM 'destination' medical center scheduled to open in 2019

AAR (largest aircraft maintenance company in North America, and third largest in the world) opened a new \$41MM facility at Chicago Rockford Airport generating jobs for 500 people

Rock Valley College partnering with St. Anthony College of Nursing to build a \$32MM Health Science Center – opening Jan. 2017

Fiat Chrysler Belvidere plant to invest \$350MM to retool for Jeep Cherokee production generating new jobs for 300 people

OSF St. Anthony Medical Center constructing \$85MM expansion of Rockford campus to open in early 2018

Logistical Operations Hub – Current home to large-scale UPS and Con-way Freight, recent ground breaking for FedEx facility generating 150 new jobs

Downtown revitalization – 150 room, \$54MM hotel and convention center developed by Gorman & Co.

Riverfront sports complex, \$25MM, 115,000 sq/ft to be one of the largest in the Midwest

Considered Illinois' third largest city

Voted "Best Midwest City for Sports Venues" (Sports Illustrated)

Top 40 "Best Mid-Sized Cities for Manufacturing Jobs"

## What They're Saying About Rockford

*Rockford Area Economic Development Council: December 2017*

"Rockford, as part of the greater Chicago region, is part of the third largest multi-modal system in the world and largest in the United States. From the Rockford area, businesses can reach 80% of U.S. households within a 24-hour truck drive. The Rockford Region is within a one hour drive of O'Hare International Airport, one of three truly global airports in the U.S."

# COMMUNITY BANK & TRUST



## Stacey J. Bentley, President & CEO

**Deposits:** \$124 Million (as of 6/30/17)

**Population:** 170,094

**Market Deposits:** \$3.3 Billion

Ranked 11<sup>th</sup> with 3.6% market share and over \$124 Million in deposits in Waterloo-Cedar Falls MSA  
2016 Employer Choice Award – Courier Communications

## Major Employers

John Deere  
Hy-Vee Foods Store  
Wheaton Franciscan Healthcare  
The VGM Group  
Tyson Fresh Meats  
Allen Memorial Hospital  
University of Northern Iowa  
Target Regional Distribution Center  
Area Education Agency 267  
Omega Cabinetry Ltd.  
CBE Companies, Inc.  
Bertch Cabinets

Source: FDIC deposit market share data as provided by SNL Financial.  
Deposit data is as of 6/30/17 as adjusted for acquisitions to the extent discernable.

## Waterloo/Cedar Falls Highlights

John Deere investing \$40MM in its tractor testing labs, adding 62,000 sq/ft of additional space

John Deere completed \$150MM modernization of John Deere Foundry – total investment by Deere in Waterloo in the last decade equals \$1B

ConAgra Foods announced a \$50MM expansion of the plant located in the Waterloo Midport Industrial Park

The city of Waterloo approved for \$12MM in funding for the Techworks Campus Reinvestment District. The District projects a capital investment of \$74.1MM to include a John Deere training center and hotel

VGM announced the expansion of their Waterloo campus, which includes approx. \$20MM in capital investment and the potential for 200 new jobs

First Gigabit city in Iowa and one of eight in the U.S.

Cost of living is 8% below the national average

Waterloo-Cedar Falls is a Blue Zones Demonstration Community. Community Bank & Trust became the 1st Iowa bank designated as a Blue Zone Worksite

Waterloo named a 2015 All-Star Community by the Iowa League of Cities

## What They're Saying About Waterloo-Cedar Falls

*Greater Cedar Valley Chamber of Commerce: December 2017*

“The Cedar Valley Economy - Strong and Growing! The strong and growing Cedar Valley economy contains the right conditions for business and career success. Current economic growth and it's demand for quality talent is benefiting manufacturing, business services, retail, housing, education, healthcare, and other enterprises that contribute to the vitality of the region. In recent years, the Cedar Valley region boasts the second-highest percentage increase in GDP gain in Iowa.”

# COMMUNITY STATE BANK



**Ronald M. Nagel, CEO**

**Kurt A. Gibson, President**

**Assets: \$671 Million** (as of 12/31/17)

**Population: 651,599** Des Moines/West Des Moines MSA

**Market Deposits: \$17.6 Billion**

Ranked 8<sup>th</sup> with 3.61% market share and over \$554.8 Million in deposits in Des Moines – West Des Moines MSA

2017 Voted Best Bank in Ankeny (Des Moines Register)

2017 Voted Best Financial Advisors in Ankeny (Des Moines Register)

## **Major Employers Des Moines & Ankeny**

Hy-Vee Food Corporation

Mercy Medical Center

Unity Point Health

Principal Financial Group

Nationwide

John Deere Companies

DuPont Pioneer

Pella Corporation

Kum & Go

Meredith Corporation

Tones Spices/ACH Foods

Wellmark Bluecross Blue Shield

Source: FDIC deposit market share data as provided by SNL Financial.  
Deposit data is as of 6/30/17 as adjusted for acquisitions to the extent discernable.

## **Ankeny Highlights**

Population: 58,627

Median Household Income: \$75,069

Cost of Living Index (US =100): 96.1

Median Home Value: \$212,100

Households: 22,000

Median Age: 32

For the past 10 years, Ankeny has grown by an average of 5 residents per day. More people are moving to Ankeny than any other community in Iowa. Ankeny's population has approximately doubled in 16 years.

Ranked 9<sup>th</sup> Best Small City in America (2015) (WalletHub)

Retail sales in Ankeny have increased 14% in three years, topping \$775 million.

Ranked Safest Large City in Iowa (2015) (ValuePenguin.com - source FBI statistics)

Total new investment in Ankeny exceeded half a billion dollars over the past two years.

Best Places for Millennial Job Seekers (2015) (NerdWallet.com)

Since 2010, Ankeny's local business investment policy helped more than 14 companies, supported more than 2,000 jobs, and stimulated more than \$200 million in private investment.

Best Community to Live In (2015) (Cityview Reader Poll)

## **Des Moines (Metro) Highlights**

Population: 636,000

Median Household Income: \$67,925

Cost of Living Index (US =100): 92.0

Median Home Value: \$125,600

Households: 289,922

Median Age: 34.5

Ranked in the Top Ten Places to Live in the U.S. (2017) (SuccessfulMeetings.com)

Ranked #1 Best City for the Middle Class (2016) (Business Insider)

Ranked #4 Best Mid-Sized City to Make a Living (2016) (MoneyGeek)

Ranked #2 Top 10 U.S. Cities to Land Work (2015) (NBC News)

Cost of doing business in Des Moines is 17% lower than the national average

81 insurance companies are headquartered in Des Moines

Recent Corporate Investments: Toro - \$16.9MM, Hewlett Packard - \$16.7MM, Fed Exp - \$11.4MM, Interstate Batteries - \$10.8MM, XPO Logistics - \$2.9MM

## Group Operations

- **Accounting and Treasury** – Beth Grabin and John Oakes
- **Compliance** – Tonia Taylor
- **Customer Service/Item Processing** – Kathy Francque
- **Deposit Operations** – Beth Easterla, John Rodriguez, Todd Kerska
- **Funds Management** – John McEvoy
- **Human Resources** – Anne Howard and Shellee Showalter
- **Information Technology** – Michael Wyffels
- **Internal Audit** – Tim Harding
- **Loan Operations** – Pam Goodwin
- **Retail** – Kathy Nichols
- **Risk Management** – Shawna Graham

As of March 2018



# NON-GAAP RECONCILIATIONS

## Tangible Common Equity to Tangible Assets and Tangible Book Value Per Share

As of and for the Year ended December 31,

*(\$ in thousands, except per share data)*

	2011	2012	2013	2014	2015	2016	2017
<b>Tangible Common Equity</b>							
Total equity	\$ 144,433	\$ 140,434	\$ 147,577	\$ 144,079	\$ 225,886	\$ 286,041	\$ 353,287
Less: Preferred Equity	63,386	53,163	29,824	-	-	-	-
Less: Noncontrolling interests	2,052	-	-	-	-	-	-
Less: Goodwill and intangible assets	3,262	3,252	5,107	4,894	4,694	22,522	37,413
<b>Tangible common equity</b>	<b>\$ 75,733</b>	<b>\$ 84,019</b>	<b>\$ 112,646</b>	<b>\$ 139,185</b>	<b>\$ 221,192</b>	<b>\$ 263,519</b>	<b>\$ 315,874</b>
<b>Tangible book value per share</b>	<b>\$ 15.92</b>	<b>\$ 17.08</b>	<b>\$ 14.29</b>	<b>\$ 17.50</b>	<b>\$ 18.81</b>	<b>\$ 20.11</b>	<b>\$ 22.70</b>
<b>Tangible Assets</b>							
Total assets	\$ 1,966,610	\$ 2,093,730	\$ 2,394,953	\$ 2,524,958	\$ 2,593,198	\$ 3,301,944	\$ 3,982,665
Less: Goodwill and intangible assets	3,262	3,252	5,107	4,894	4,694	22,522	37,413
<b>Tangible assets</b>	<b>\$ 1,963,348</b>	<b>\$ 2,090,478</b>	<b>\$ 2,389,846</b>	<b>\$ 2,520,064</b>	<b>\$ 2,588,504</b>	<b>\$ 3,279,422</b>	<b>\$ 3,945,252</b>
<b>Tangible common equity to tangible assets</b>	<b>3.86 %</b>	<b>4.02 %</b>	<b>4.71 %</b>	<b>5.52 %</b>	<b>8.55 %</b>	<b>8.04 %</b>	<b>8.01 %</b>

Source: Company documents. Dollars in thousands.

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## Deposit Market Share - Quad City Bank & Trust

Institution Name	Offices in MSA	Deposits*	Market Share
1. Wells Fargo Bank	15	\$ 1,361.5	16.06 %
<b>2. Quad City Bank &amp; Trust</b>	<b>5</b>	<b>1,205.5</b>	<b>14.22%</b>
3. Blackhawk Bank & Trust	17	946.5	11.16 %
4. U.S. Bank	11	829.3	9.78 %
5. Triumph	10	585.2	6.90 %
6. BankOrion	8	373.0	4.40 %
7. First Midwest Bank	5	362.7	4.28 %
8. Central Bank	3	252.9	2.98 %
9. American Bank & Trust	6	238.8	2.82 %
10. Modern Woodmen Bank	1	229.5	2.71 %

\* Millions of dollars, as of 6/30/17, Davenport-Moline-Rock Island, IA-IL, MSA

## Deposit Market Share - Cedar Rapids Bank & Trust

Institution Name	Offices in MSA	Deposits*	Market Share
1. U.S. Bank	10	\$ 907.1	15.60 %
<b>2. Cedar Rapids Bank &amp; Trust **</b>	<b>5</b>	<b>878.0</b>	<b>15.10 %</b>
3. Wells Fargo Bank	10	665.7	11.45 %
4. Farmers State Bank	8	602.8	10.37 %
5. Hills Bank & Trust	7	401.7	6.91 %
6. Bankers Trust Co.	3	284.5	4.89 %
7. Farmers & Merchants Savings Bank	5	165.2	2.84 %
8. NXT Bank	3	156.7	2.69 %
9. Bank Iowa	3	138.7	2.38 %
10. Bank of the West	3	127.3	2.19 %

\* Millions of dollars, as of 6/30/17, Cedar Rapids, IA, MSA

\*\* Re-stated to reflect acquisition of Guaranty Bank & Trust effective 10/1/17. Offices in MSA as of 12/2/17

## Deposit Market Share - Rockford Bank & Trust

Institution Name	Offices in MSA	Deposits*	Market Share
1. Alpine Bank & Trust	18	\$ 1,116.3	18.90 %
2. JP Morgan Chase	6	686.3	11.62 %
3. Associated Bank	6	600.0	10.15 %
4. BMO Harris	10	574.7	9.73 %
5. Illinois Bank & Trust	4	406.8	6.89 %
6. Blackhawk Bank	5	376.9	6.38 %
<b>7. Rockford Bank &amp; Trust</b>	<b>2</b>	<b>346.9</b>	<b>5.87 %</b>
8. PNC Bank	7	339.1	5.74 %
9. Northwest Bank of Rockford	5	238.9	4.04 %
10. First National Bank	3	224.0	3.79 %

\* Millions of dollars, as of 6/30/17, Rockford-IL, MSA

## Deposit Market Share - Community Bank & Trust

Institution Name	Offices in MSA	Deposits*	Market Share
1. Farmers State Bank	8	\$ 644.8	18.79 %
2. U.S. Bank	6	391.1	11.40 %
3. Lincoln Savings Bank	5	334.9	9.76 %
4. First National Bank	6	306.6	8.94 %
5. Wells Fargo Bank	4	231.9	6.76 %
6. GNB Bank	3	193.2	5.63 %
7. Regions Bank	3	163.2	4.76 %
8. Denver Savings Bank	2	143.4	4.18 %
9. State Bank	4	128.8	3.75 %
10. Bank Iowa	3	123.9	3.61 %
<b>11. Community Bank &amp; Trust</b>	<b>3</b>	<b>123.6</b>	<b>3.60 %</b>

\* Millions of dollars, as of 6/30/17, Waterloo-Cedar Falls-IA, MSA

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## Deposit Market Share - Community State Bank

Institution Name	Offices in MSA	Deposits*	Market Share
1. Wells Fargo Bank	19	\$ 3,116.3	17.75 %
2. Bankers Trust	19	2,492.6	14.19 %
3. West Bank	8	1,311.5	7.47 %
4. U.S. Bank	15	1,098.3	6.25 %
5. Bank of America	4	917.6	5.23 %
6. Great Western Bank	8	900.7	5.13 %
7. Bank of the West	11	565.6	3.22 %
<b>8. Community State Bank</b>	<b>10</b>	<b>554.8</b>	<b>3.16 %</b>
9. First American Bank	6	352.0	2.00 %
10. Iowa State Bank	5	299.0	1.70 %

\* Millions of dollars, as of 6/30/17, Des Moines/West Des Moines-IA, MSA



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