

QCR HOLDINGS INC
Form FWP
May 04, 2015

Investor Presentation
May 2015
Filed Pursuant to Rule 433
Registration Statement No. 333-197129
Issuer Free Writing Prospectus Dated May 4, 2015

Relating to Preliminary Prospectus Supplement Dated May 4, 2015

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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

3
(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,
2014.
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. This presentation is a summary only. The Company is not making any implied or express representation or warranty as to the accuracy or completeness of

the
information
contained
herein.
This
presentation
is
neither
an
offer
to
sell
nor
a
solicitation
of
an
offer
to
purchase
any
securities
of
the
Company.
Any
offer
to
sell
or
solicitation
of
an
offer
to
purchase
securities
of
the
Company
will
be
made
only
pursuant
to
the
preliminary
prospectus
supplement

and
accompanying
prospectus
filed
with
the
Securities
and
Exchange
Commission.

**FORWARD-LOOKING
STATEMENTS**

-
Continued

4
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.

NON-GAAP FINANCIAL MEASURES

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Offering Overview
Offering Summary
Issuer
QCR Holdings, Inc.
Listing: Ticker
NASDAQ: QCRH
Closing Price
(1)
\$18.77
Offering Type
Follow-on offering of common stock

Shares Offered

2,800,000

Overallotment

15%

Use of Proceeds

Repay senior debt and redeem subordinated debt at the parent

General corporate purposes, including, supporting the restructure of certain long-term, high cost wholesale funding, supporting organic growth, possible acquisitions of other financial institutions and other long-term strategic opportunities

Directed Share Program

Yes

Joint Book Running Managers

Keefe, Bruyette & Woods / Raymond James

Co-Managers

FIG Partners / D.A. Davidson

(1)

Market data as of 5/1/15.

6

Director, President and Chief Executive Officer

Co-founded the company in 1993

Began
career
with
KPMG
Peat
Marwick

rising
to
Partner
and
served
as
a
Tax
Partner
of
McGladrey
& Pullen in the Quad Cities from 1991 to 1993

Specialized in bank taxation, taxation of closely held businesses, and mergers and acquisitions
Todd A. Gipple, CPA

Director, EVP, Chief Financial Officer and Chief Operating Officer

Joined QCR Holdings in January 2000

Began career with KPMG Peat Marwick and served as a Tax Partner of McGladrey & Pullen in the
Quad Cities from 1994 to 2000

Served as McGladrey's Tax Partner in Charge of the Mississippi Valley Region and specialized in
bank taxation, taxation of closely held businesses, and mergers and acquisitions

Board
Member
(2009

present)
Douglas M. Hultquist, CPA
Today's Speakers

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Corporate Overview

NASDAQ

QCRH

\$2.5 Billion in Assets

\$1.7 Billion in Loans

\$1.7 Billion in Deposits

13 Facilities

Quad City Bank & Trust (5)

Cedar Rapids Bank & Trust (2)

Rockford Bank & Trust (2)

m2 Lease Funds LLC (1)

Community Bank & Trust (3)

Shares Outstanding:

8.0 Million

Ownership:

Insiders & Benefit Plans 23.0%

Institutional & Mutual Funds 21.7%

QCR

Holdings,

Inc.

-

Founded

in

1993

Headquartered

in

Moline,

IL

Source: Company documents and SNL Financial. Financial data as 3/31/15. Ownership data as of the most recently reported p

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Equity Offering Strategic Highlights

Bolsters capital ratios and brings TCE ratio more in-line with industry peers

Funding restructure significantly improves net interest margin

Shortens the time period to achieve our targeted 1.0% ROAA

Better positions us to continue to identify and cultivate accretive M&A opportunities

Attracts additional institutional investors

Improves liquidity in the stock and may enhance trading performance

9

Investment Rationale

\$2.5B asset bank holding company with critical mass in attractive and target rich markets in Iowa and Illinois

-

Top 2 bank with 11% market share in the Quad Cities, Iowa/Illinois and Top 4 in Cedar Rapids, Iowa with 8% share

-

Quad Cities is the International Headquarters for John Deere, major hub for 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 N.V.

Differentiated
business
model
with
three
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 \$1.66B in trust accounts and \$670MM in brokerage accounts

-
Commercial

leasing
business
with
\$182.4MM
of
loans
/
leases
and
ROA
of
1.45%
(1)

Strong asset quality

Significant opportunity for market share gains and consolidation

Trading
at
a
discount
to
peers
on
both
a
tangible
book
value
and
earnings
basis
with
peers
trading
at
approximately
1.5x
TBV
and
13.0x
2015E
earnings
(2)

Source: FDIC deposit market share data as provided by SNL Financial. Deposit data is as of 6/30/14 as adjusted for acquisition

(1)

2015Q1 m2 net income of \$1.0MM as adjusted for 35% tax rate expressed on an annualized basis.

(2)

Earnings estimates per FactSet consensus estimates and peer group based on Proxy filed 4/1/15 and excludes merger targets.

10
Correspondent Banking
Full Service Institution

Competitively positioned with veteran staff software,
systems and processes

More than 160 relationships to date with total non-
interest bearing deposits of \$291 million at 3/31/15

Approximately a \$64 million portfolio of
correspondent bank loans

Provides strong source of non-interest bearing deposits, fee income and high-quality loan participations

Wealth Management

SBA -

USDA Lending

m2 Lease Funds, LLC

\$1.66B in Trust (and related) accounts and \$670M in Brokerage (and related) accounts

Full range of product offerings including Trust Services, Brokerage and RIA, Asset Management, Estate Planning and Financial Planning

Hired 4

new business development officers in 2014 and 2015 to continue to grow AUM

One of the leading SBA loan originators in two of the Company's primary markets ramping up in the third

USDA loan origination focus is on the Business & Industry Program providing guarantees to loans originated to communities with populations < 50,000

-

Cedar

Rapids

Bank

&

Trust

ranks

1

st

in

the

state of Iowa for dollar volume of USDA

lending and 2

nd

in the nation by dollar volume

Quad City Bank & Trust acquired 80% ownership August of 2005 and in September 2012 acquired the remaining 20% ownership

Income has grown at a 20% CAGR since 2006

Historically strong asset quality

Key niches with lease specialists located in IA, IL,
WI, MN, SC, NC, GA, FL and PA:

-

Marine Equipment, Machinery/Machine
Tools, Office Technology, Printing, Telecom,
Bakery and Health Care

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QCRH Market Overview
Source:
SNL
Financial.
Deposit
data
as
of
June
30,
2014.

Dollars
in
millions.
(1)
Weighted
average
by
deposits.
Growth
rates
are
estimated
for
the
period
2015-
2020.

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

All 4 MSAs are projected to have
household income growth above the
national average

Deposit Market Share Overview (\$M)

Market

Rank

2

4

9

10

Weighted

Average

Income

Growth

(1)

12
Distribution
of
Institutions
in
Targeted
Markets

(1)
Capitalizing
on Opportunities in Our Market
Source: SNL Financial.

(1)

Target area includes top 25 MSAs listed in the Appendix to this presentation excluding Chicago, St. Louis and Omaha MSAs. south). Excludes mutual institutions.

Leverage renewed capital strength and relationship driven approach to capture greater organic market and relationship share

Selectively pursue accretive acquisition opportunities

Operating markets are highly fragmented:

-
945 community banks are headquartered in Illinois, Iowa and Wisconsin (58% are between \$100 million and \$1.0 billion in assets)

-
340 community banks are headquartered in top selected MSAs

(1)
in Illinois, Iowa and Southern Wisconsin (61% 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

Total

13
Top 25 MSAs / Iowa and Illinois
Source:
SNL
Financial.
Deposit
data
as
of

June
 30,
 2014.
 CAGR
 for
 the
 period
 2015-
 2020.
 Projected
 Median
 Projected
 Deposits
 Number of
 Number of
 Total
 Population
 Household
 Median HHI
 (\$ M)
 Institutions
 Branches
 Population
 Growth
 Income
 CAGR
 Chicago-Naperville-Elgin, IL-IN-WI
 \$354,011
 212
 2,994
 9,570,110
 0.23 %
 \$61,244
 1.11 %
 Saint Louis, MO-IL
 93,445
 134
 920
 2,806,626
 0.18
 54,888
 1.17
 Omaha-Council Bluffs, NE-IA
 28,147
 73
 331
 908,951
 0.91
 58,352
 1.62

Des Moines-West Des Moines, IA

15,023

49

225

614,231

1.18

61,901

1.24

Bloomington, IL

13,715

34

66

193,887

0.69

62,503

1.76

Davenport-Moline-Rock Island, IA-IL

7,935

39

151

385,404

0.31

53,297

1.93

Peoria, IL

6,874

39

159

383,828

0.25

56,481

1.72

Cedar Rapids, IA

5,635

39

105

263,845

0.46

60,871

1.71

Springfield, IL

5,260

29

93

211,874

0.13

57,373

1.77

Rockford, IL

5,244

25
97
342,466
(0.27)
51,750
1.58
Champaign-Urbana, IL
5,034
35
105
236,754
0.37
49,194
1.71
Sioux City, IA-NE-SD
3,970
35
92
168,659
0.18
49,950
1.78
Ottawa-Peru, IL
3,639
33
85
150,509
(0.43)
51,044
1.64
Iowa City, IA
3,479
21
58
165,322
1.26
56,700
2.01
Waterloo-Cedar Falls, IA
2,974
23
70
170,496
0.42
53,367
2.33
Dubuque, IA
2,385
10
42

96,622
0.62
53,699
2.32
Ames, IA
2,090
19
40
93,608
0.79
51,321
1.47
Carbondale-Marion, IL
2,008
20
67
126,617
0.03
39,955
1.76
Kankakee, IL
1,900
18
41
111,203
(0.31)
52,213
1.79
Decatur, IL
1,893
14
40
108,351
(0.33)
46,487
1.77
Quincy, IL-MO
1,870
19
45
77,160
-
47,824
1.69
Paducah, KY-IL
1,844
15
45
97,591
(0.12)

44,754
1.71
Cape Girardeau, MO-IL
1,826
16
48
97,891
0.34
43,529
1.20
Effingham, IL
1,596
11
21
34,311
0.06
56,214
2.35
Fort Madison-Keokuk, IA-IL-MO
1,522
19
46
60,768
(0.22)
44,689
1.25
High
\$354,011
212
2,994
9,570,110
1.26
%
\$62,503
2.35
%
Low
1,522
10
21
34,311
(0.43)
39,955
1.11
Median
3,559
24
68.5
166,991
0.25

52,755
1.72
MSA

Financial Highlights
XXXXXXXXXXXX

15

Financial Highlights

Source: Company documents. Dollars in millions. Total loans/leases includes deferred loan/lease origination costs, net of fees.

(1)

2013 profitability metrics include the bargain purchase gain on CNB acquisition of \$1.8 million, gains on CNB branch sales of conversion costs related to CNB acquisition.

(2)

Tangible
common
equity
is
defined

as
total
common
stockholders
equity
excluding
goodwill
and
other
intangibles.

(3)

Measures not recognized under GAAP and are therefore considered to be non-GAAP financial measures. Please see the Appendix

(4)

Calculated prior to the impact of preferred dividends.

(5)

Represents non-interest expenses divided by the sum of net interest income before provision for loan/lease losses and total non-

Year over year net interest margin expansion of 14bps to 3.25%

Year over year loans and leases growth of \$161 million or ~10.8%

EPS improved ~30% year over year, driven by an increase in income and the redemption of the remaining SBLF

Nonperforming assets ratios remain strong

2009

2010

2011

2012

2013

(1)

2014

2014Q1

2015Q1

(\$ millions except per share)

12/31/09

12/31/10

12/31/11

12/31/12

12/31/13

12/31/14

3/31/14

3/31/15

Balance Sheet

Total Assets

\$1,780

\$1,837

\$1,967

\$2,094

\$2,395

\$2,525

\$2,426
 \$2,492
 Total Loans/Leases
 1,244
 1,173
 1,201
 1,287
 1,460
 1,630
 1,493
 1,654
 Total Deposits
 1,089
 1,115
 1,205
 1,374
 1,647
 1,680
 1,672
 1,734
 Tangible Common Equity
 (2)(3)
 62
 65
 76
 84
 113
 139
 121
 146
 Consolidated Capital
 TCE / TA (%)
 (2)(3)
 3.49
 %
 3.57
 %
 3.86
 %
 4.02
 %
 4.71
 %
 5.52
 %
 5.02
 %
 5.88
 %
 Tier 1 Risk Based Ratio (%)

11.14
12.12
12.24
11.27
11.45
9.52
10.61
9.11
Total Risk-Based Capital Ratio (%)
12.52
13.70
13.84
12.71
12.87
10.91
12.03
10.41
TBV Per Share
(2)(3)
\$13.62
\$14.19
\$15.92
\$17.08
\$14.29
\$17.50
\$15.34
\$18.29
Asset Quality
NPAs / Assets (%)
2.27
%
2.73
%
2.06
%
1.41
%
1.28
%
1.31
%
1.18
%
1.21
%
NCOs / Avg. Loans (%)
1.00
0.79
0.70
0.27

0.31
0.34
(0.03)
0.22
Reserves / NPLs (%)
74.94
49.49
58.70
78.47
104.7
114.78
121.58
144.35
Profitability
Net Income to Common
(\$2.1)
\$2.5
\$4.4
\$9.1
\$11.8
\$13.9
\$3.2
\$4.2
ROAA (%)
(4)
0.10
%
0.36
%
0.51
%
0.62
%
0.64
%
0.61
%
0.64
%
0.67
%
ROAE (%)
(4)
1.43
5.03
7.09
8.90
10.24
10.48
10.37

11.28

NIM (%)

3.14

2.92

3.08

3.14

3.03

3.15

3.11

3.25

Efficiency Ratio (%)

(5)

70.89

74.38

71.21

70.36

71.66

72.47

74.74

71.71

Diluted EPS

(\$0.46)

\$0.53

\$0.92

\$1.85

\$2.08

\$1.72

\$0.40

\$0.52

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Total Consolidated Assets

CAGR From 1994-2014: 21.26%

Source: Company documents. Dollars in millions.

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Loan Growth Trend

(1)

Strong Commercial Loan Growth

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.

C&I and Direct Financing Lease

balances grew approximately 24% and
30%, respectively from 2013 to 2015Q1

13% overall loan growth from 2013 to
2015Q1 represented all organic growth

Commercial lending

(2)

represents more
than 85% of the portfolio

2013 loan growth supplemented by
acquisition of Community National
Bancorporation

18

Lease Asset Generation

m2 Lease Funds LLC Overview

Source: Company documents. Dollars in millions.

National equipment leasing platform

Focus includes commercial equipment
and assets, medical equipment, and
vehicles classified as heavy equipment

High yield portfolio; average gross yield for

Q1 2015 was approximately 8.4%

Historically strong asset quality

Target of 10% of consolidated assets
(~7.4% as of 3/31/15)

19

Classified Loans (\$M) & NPAs / Assets

Asset Quality Overview

Source: Company documents. Dollars in millions.

Nonperforming

Assets

Composition

2015Q1

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

Potential problem assets in the form of classified loans continued their steady decline in 2015Q1; down more than 51% from 2011

20
Average
Funding
Base

-
2010
Evolution of Funding Base
Source: Company documents. Dollars in millions.

Average
Funding
Base

2015Q1

2010 Cost of Funds: 1.79%

2010 Cost of Deposits: 1.13%

2015Q1 Cost of Funds: 0.72%

2015Q1 Cost of Deposits: 0.25%

Borrowings

33.4%

Noninterest

Bearing

Deposits

13.7%

\$1,684M

Interest

Bearing

Demand

Deposits

25.3%

Time Deposits

27.6%

Borrowings

24.8%

Noninterest

Bearing

Deposits

25.2%

Interest

Bearing

Demand

Deposits

33.9%

Time Deposits

16.1%

\$2,324M

21

Funding Restructure Impact

Source: Management and company filings. Dollars in millions.

(1)

Calculated as 3/31/15 amount outstanding multiplied by the Q1 2015 weighted average rate.

(2)

Net of funding costs required to remain net-neutral on duration. The estimated weighted average cost of the replacement funding benefit of 3.21%.

(3)

Represents estimated margin improvement on an annualized basis.

(4)

Estimated on a standalone basis, excluding the impact of potential earnings on the net proceeds of the capital raise.

Funding restructuring
can provide an
estimated 13 basis
points
(3)
improvement
in net interest margin

Estimated after-tax
earnings impact of
approximately \$2.2
million
(4)
represents
an estimated 9 basis
points of ROAA based
on Q1 2015 average
balances
(\$ millions)
3/31/15

Amount
Outstanding
Q1 2015
Weighted
Average
Rate
Estimated
Pre-Tax
Interest
Expense
Savings

(1)
Subordinated Debt
(Series A)

\$2.7
6.00%
\$0.2

Senior Term Debt
\$16.5

3ML +
300bps
(3.27%)

\$0.5
Estimated Borrowings
Restructure

\$85.5
4.24%
\$2.7

(2)

Estimated Total

\$104.7

4.13%

\$3.4

22

Continued Strong Top Line Revenue Growth Trends (\$M)

Attractive Revenue Mix & Growth Trend

Source: Company documents. Dollars in millions.

(1)

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

Strong fee income streams
provide stability and complement
to spread revenue

Key Differentiators:

-

Wealth Management
(\$2.3B in AUM)

-

Correspondent banking
(160+ relationships)

-

SBA / USDA guaranteed
loans
10.2% Y-o-Y
Growth

23

Net Income to Common Shareholders (\$M)

Improving Returns for Common Shareholders

Source: Company documents. Dollars in millions.

Approximately ~54% Net Income to Common CAGR From 2010

2014; 31% Growth From 2014Q1

2015Q1

24

Strategies To Achieve A 1.0% ROAA

Source: Management.

(1)

Includes borrowings and brokered deposits.

Increase loans and leases to more than 70% of total assets (66% as of 3/31/15)

Continued reductions in wholesale funding to less than 15% of assets (26% as of 3/31/15)

(1)

)

Increase gain on sale of USDA and SBA loans to a more significant and consistent component of core revenue

Grow wealth management fee income by 15% annually (14.8% CAGR from 2010-2014)

Eliminate identified noninterest expenses and manage annual expense growth

Return asset quality metrics to better than peer levels

Participate as an acquirer in the consolidation taking place in our markets to further boost ROAA and improve efficiency ratio

Strategic Initiatives to Achieve 1.0% ROAA

Concluding Remarks
XXXXXXXXXXXX

26

Concluding Remarks

Critical mass in attractive and target rich markets in Iowa and Illinois

3 charter model allows subsidiary banks to customize solutions by market

Differentiated product offering includes correspondent banking, wealth management, leasing and SBA/USDA lending

Strong asset quality

Significant opportunity for market share gains and consolidation

Attractively valued relative to peer institutions

3551 7
th
Street
Moline, Illinois 61265
www.qcrh.com

Appendix
XXXXXXXXXXXX

29
History of QCR Holdings, Inc.
1993
Founded
by
Mike
Bauer
and
Doug
Hultquist
-
\$14

Million
IPO
1994
Quad
City
Bank
&
Trust
(De
Novo)

Currently
\$1.3
Billion
in
Assets
1995
Quad
City
Bancard
Formed
2001
Cedar
Rapids
Bank
&
Trust
(De
Novo)

Currently
\$855
Million
in
Assets
(includes
Community
Bank
&
Trust
branches)
2005
Rockford
Bank
&
Trust
(De
Novo)

Currently

\$355
Million
in
Assets
2005
Quad
City
Bank
&
Trust
acquires
80%
ownership
of
m2
Lease
Funds,
LLC
2007
First
Wisconsin
Bank
&
Trust
(De
Novo)

Milwaukee,
WI
2008
Quad
City
Bancard
sells
Merchant
Acquiring
Business
2008
Sale
of
First
Wisconsin
Bank
&
Trust

Milwaukee,
WI
2012
Quad

City
Bank
&
Trust
acquires
remaining
20%
ownership
of
m2
Lease
Funds,
LLC

Currently
\$183
Million
in
Assets
2013
Quad
City
Bank
&
Trust
Sells
its
credit
card
portfolio
&
servicing
to
Fifth
Third
Bank

January
31,
2013
2013
QCR
Holdings
acquires
Community
National
Bancorporation
and
Community
National

Bank
(CNB)
on
May
13,
2013
2013
Community
National
Bank
merges
with
Cedar
Rapids
Bank
&
Trust
on
October
26,
2013
and
begins
operating
as

a
division of Cedar Rapids Bank & Trust under the name Community Bank & Trust. (QCR Holdings sells Mason City, IA
branches of CNB to Clear Lake Bank & Trust on October 4, 2013 and Austin, MN branches of CNB to
Eastwood

Bank
on
October
11,
2013.)
(Assets
included
with
Cedar
Rapids
Bank
&
Trust

above)

Source: Company documents. Subsidiary assets as of 3/31/15.

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Executive Management Team

DOUGLAS M. HULTQUIST, CPA

President and Chief Executive Officer

37 Years in Banking / Financial Services

TODD A. GIPPLE, CPA

Executive Vice President,

Chief Operating Officer and Chief Financial Officer

29 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.
28 Years in Banking / Financial Services
PETER J. BENSON
Executive Vice President, Chief Legal Counsel
32 years in Corporate and Personal Legal Services
STACEY J. BENTLEY
President and Chief Executive Officer,
Community Bank & Trust
34 Years in Banking / Financial Services
THOMAS D. BUDD
President and Chief Executive Officer,
Rockford Bank and Trust Company
28 Years in Banking / Financial Services
CHARLES S. BULLOCK
Executive Vice President,
Rockford Bank and Trust Company
43 Years in Banking / Financial Services
RICH W. COUCH
President and Chief Executive Officer,
m2 Lease Funds, LLC
27 Years in Banking / Financial Services
JILL A. DEKEYSER
Senior Vice President, Director of Human Resources
11 Years in Banking / Financial Services
JOHN R. ENGELBRECHT, MBA
President and Chief Executive Officer,
m2 Lease Funds, LLC
40 Years in Banking / Financial Services
SHAWNA M. GRAHAM,
CBA, CIA, CISA, CRP, MBA, CCBCO
Senior Vice President, Director of Risk Management
26 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.
35 Years in Banking / Financial Services
JOHN R. MCEVOY, JR.
Executive Vice President,
Chief Operations Officer & Cashier
Quad City Bank and Trust Company
38 Years in Banking / Financial Services
DANA L. NICHOLS
Executive Vice President, Chief Credit Officer,
26 Years in Banking / Financial Services
JOHN A. RODRIGUEZ, CCM
Executive Vice President,
Deposit Operations / Information Services
32 Years in Banking / Financial Services

M. RANDOLPH WESTLUND, CFA

Executive Vice President,

Chief Investment Officer

27 Years in Banking / Financial Services

CATHIE S. WHITESIDE, MBA

Executive Vice President,

Corporate Strategy, Human Resources and Branding

7 Years in Banking / Financial Services

MICHAEL J. WYFFELS

Senior Vice President,

Chief Information Officer

25 Years in Banking / Financial Services

31

3
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

3
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

Top 5 Deposit market share in Quad Cities and Cedar Rapids

Top 10 Deposit market share in Rockford and Waterloo/Cedar Falls

High touch service delivered locally by knowledgeable advisors

Opportunities in Correspondent Banking, Wealth Management, SBA/USDA lending, and m2
Leasing

The Strategic Value of our Separate Charters

32
Quad City Bank & Trust
John H. Anderson, President & CEO
Assets:
\$1.3
Billion
(as
of
3/31/15)
Population:
385,404
Market

Deposits:

\$7.9

Billion

Ranked

2

with

10.8%

market

share

and

over

\$850

Million

in

deposits

in

Davenport-Moline-Rock

Island

MSA

Finalist

2013

and

2014

Quad

Cities

Best

Place

to

Work.

Major Employers

Rock Island Arsenal

Deere & Company

Genesis Health Systems

HNI Corporation / The Hon Company / Allsteel

Trinity Regional Health Systems

Tyson Fresh Meats

Alcoa

Kraft

3M

Excelon

Highlights

Quad Cities

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

Alcoa

(Quad

Cities)

is
the
world's
premier
aerospace
supply
plant

the
hub
of
Alcoa's
\$3B
aerospace
business

\$300MM
expansion
completed
January 2014 creating 150 new jobs

International Headquarters for Deere & Company

Genesis Systems Group, one of North America's largest robotic integrators,
completed a \$4.6MM expansion in 2014

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

Ranked
16
in
the
nation
for
high-tech
job
growth

Ranked as a Top 50 Military Friendly Community

Top 5 Defense & Aerospace Community

Ranked
15
in
the
nation
for
manufacturing

job
growth

What They're Saying About the Quad Cities

Quad City Chamber: June 2014

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.

Source: FDIC deposit market share data as provided by SNL Financial. Deposit data is as of 6/30/14 as adjusted for acquisition

nd
th
th

33

Cedar Rapids Bank & Trust

Major Employers

Rockwell Collins

Aegon USA

St. Luke's Hospital

Mercy Medical Center

Whirlpool Corporation

Kirkwood Community College

Quaker Food and Snacks

Cedar Rapids Community Schools

Amana Refrigeration

MCI
General Mills
Archer Daniels Midland

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, expected to be completed in Q1 2016

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

Top
city
in
Iowa
for
Liveability
and
29
th
in
the
country

Top 10 Healthiest Small Cities (Daily Finance, Feb. 2014)

Top 10 National Civic League's All American Cities 2014

The largest corn-processing city in the world.

The second largest producer of wind energy in the United States

Top 10 (#6) Best Cities to Move to (MSN Real-estate, January 2014)
Cedar Rapids Metro Economic Alliance: June 2014

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.

Highlights -
Cedar Rapids

What They're Saying About Cedar Rapids

* Includes the assets of Community Bank & Trust

Source: FDIC deposit market share data as provided by SNL Financial. Deposit data is as of 6/30/14 as adjusted for acquisition

Larry J. Helling, President & CEO

Assets:

\$855

Million*

(as

of

3/31/15)

Population:

263,845

Market

Deposits:

\$5.6

Billion

Top 4 bank with 8.2% market share and over \$464 Million

in deposits in Cedar Rapids MSA

2014

Finalist

Coollest

Place

to

Work

in

Cedar

Rapids

34
Rockford Bank & Trust
Thomas D. Budd, President & CEO
Assets:
\$355
Million
(as
of
3/31/15)
Population:
342,466
Market

Deposits:

\$5.2

Billion

Ranked

9

th

with

4.5%

market

share

and

over

\$236

Million

in

deposits in Rockford MSA

Major Employers

Rockford Public School District

Swedish American Health Systems

Chrysler (Belvidere Assembly Plant)

Rockford Health System

Hamilton Sundstrand

Wal-Mart Stores

OSF St. Anthony Medical Center

Winnebago County

Woodward, Inc.

UPS

AAR (largest aircraft maintenance company in North America, and third largest in the world) will open a new facility at Chicago Rockford Airport generating jobs for 500 people

Rock Valley College building \$5.1MM aviation maintenance training center to better serve the region's aerospace industry and attract business and jobs to Rockford

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,
\$18MM,
115,000
sq/ft
to
be
one
of
the
largest
in
the
Midwest

Top 10 in the Most Affordable MSAs in America

Considered Illinois
second largest city

6
th
highest
concentration
of
Aerospace
production
employment
in
the
U.S.

Named lead bank in approved loans to Veteran-owned businesses in Illinois

Top 20 Best Cities for Manufacturing Jobs
Rockford Chamber of Commerce: June 2014

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. .

Highlights -

Rockford

What They're Saying About Rockford

Source: FDIC deposit market share data as provided by SNL Financial. Deposit data is as of 6/30/14 as adjusted for acquisition

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Community Bank & Trust
Stacey
J.
Bentley,
President
&
CEO
Assets:
\$120
Million*
(as

of
3/31/15)
Population:
170,496
Market
Deposits:
\$3.0
Billion
Top
10
bank
with
4.3%
market
share
and
over
\$127
Million
in
deposits
in
Waterloo
/
Cedar
Falls
MSA
Major Employers
John Deere
Wheaton Franciscan Healthcare
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
Highlights
Waterloo/Cedar Falls
Greater Cedar Valley Chamber of Commerce: June 2014
The Cedar Valley location is perfect if your business needs access to some of the
great
metropolitan
hubs
of
the
Midwest.
Within
five

hours
of
the
Cedar
Valley,
you
can
reach ten metro areas including Chicago, St. Louis, Milwaukee, Minneapolis, and
Omaha.

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

John
Deere
recently
completed
\$150MM
modernization
of
John
Deere
Foundry

total
investment by Deere in Waterloo in the last decade equals \$1B

The
city
of
Waterloo
provisionally
approved
for
\$12MM
in
funding
for
the Techworks
Campus Reinvestment District (June 2014). The District projects a capital investment
of \$74.1MM to include a John Deere training center and hotel.

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

Cost of living is 11% below the national average

Waterloo-Cedar Falls is a Blue Zones Demonstration Community

Community
Bank

&
Trust
became
the
1
st
Iowa
bank
designated
as a Blue Zone Worksite

The
University
of
Northern
Iowa
is
ranked
2
nd
in
the
Best
Regional
Universities
Midwest
category for public universities (*US News & World Reports, 2013*)

What They're Saying About Waterloo-Cedar Falls

* Assets also included in the total for Cedar Rapids Bank & Trust

Source: FDIC deposit market share data as provided by SNL Financial. Deposit data is as of 6/30/14 as adjusted for acquisition

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Tangible Common Equity to Tangible Assets and Tangible Book Value Per Share
Non-GAAP Reconciliations

Source: Company documents. Dollars in thousands.

As of and for the

As of and for the

Year Ended

Quarter Ended

December 31,

March 31,

(\$ in thousands, except per share data)

2009

2010	
2011	
2012	
2013	
2014	
2014	
2015	
Tangible common equity	
Total equity	
125,595	
\$	
132,571	
\$	
144,433	
\$	
140,434	
\$	
147,577	
\$	
144,079	
\$	
141,357	
\$	
150,996	
\$	
Less: Preferred Equity	
58,578	
62,214	
63,386	
53,163	
29,824	
-	
14,824	
-	
Less: Noncontrolling interests	
1,700	
1,648	
2,052	
-	

-
-
-
-
Less: Goodwill and intangible assets
3,294

3,280

3,262

3,252

5,107

4,894

5,055

4,844

Tangible common equity

62,024

\$

65,429

\$

75,733

\$

84,019

\$

112,646

\$

139,185

\$

121,478

\$

146,152

\$

Tangible book value per share

13.62

\$

14.19

\$

15.92

\$

17.08

\$

14.29

\$

17.50

\$

15.34

\$

18.29

\$

Tangible Assets

Total assets

1,779,646

\$

1,836,635

\$

1,966,610

\$

2,093,730

\$

2,394,953

\$

2,524,958

\$

2,426,319

\$

2,491,659

\$

Less: Goodwill and intangible assets

3,294

3,280

3,262

3,252

5,107

4,894

5,055

4,844

Tangible assets

1,776,352

\$

1,833,355

\$

1,963,348

\$

2,090,478

\$

2,389,846

\$

2,520,064

\$

2,421,264

\$

2,486,815

\$

Tangible common equity to tangible assets

3.49%

3.57%

3.86%

4.02%

4.71%

5.52%

5.02%

5.88%