

HEARTLAND FINANCIAL USA INC

Form 424B3

January 22, 2018

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Registration No. 333-222169

SIGNATURE BANCSHARES, INC.

PROPOSED MERGER-YOUR VOTE IS VERY IMPORTANT

Dear Signature Shareholder:

We are happy to advise you that the board of directors of Signature Bancshares, Inc. ("Signature") has unanimously approved the merger (the "merger") of Signature into Heartland Financial USA, Inc. ("Heartland") in accordance with an Agreement and Plan of Merger dated November 13, 2017 (the "merger agreement"). Before we can complete the merger, we must obtain the approval of Signature shareholders. We are sending you this proxy statement/prospectus to ask you to vote in favor of approval and adoption of the merger agreement. The Signature board of directors unanimously recommends that you vote "FOR" approval and adoption of the merger agreement.

In the merger, Signature will merge with and into Heartland, and holders of Signature common stock will receive merger consideration of \$0.335 in cash and 0.061 shares of Heartland common stock per share, subject to certain adjustments described below. Holders of options to acquire shares of Signature common stock outstanding on the closing date of the merger may elect to receive, less any applicable withholding taxes, cash or shares of Heartland common stock (but not a mix of both) with a value of \$3.35 over the exercise price per share of such Signature stock options. If an option holder elects to receive shares of Heartland common stock, the shares would be valued based on the closing sale price of a share of Heartland common stock on the last trading day immediately preceding the closing date of the merger as quoted on the Nasdaq Global Select Market.

The exchange ratio for the stock component of the merger consideration is fixed and will not be adjusted to reflect changes in the price of Heartland common stock occurring prior to the completion of the merger. However, if the price of Heartland common stock drops below certain levels, as described under the caption "The Merger Agreement - Termination," Signature may exercise a "walk-away" right to terminate the merger agreement unless Heartland increases the exchange ratio or cash component of the merger consideration by exercising a "top-up" option.

The cash component of the merger consideration is subject to certain adjustments. If Signature's Adjusted Tangible Common Equity (as defined on page 37) is less than \$27.125 million on the last business day of the month immediately preceding the month in which the closing date of the merger occurs (the "determination date"), then the cash component of the merger consideration will be reduced by an amount equal to (a) the amount by which Signature's Adjusted Tangible Common Equity is below \$27.125 million, divided by (b) the number of outstanding shares of Signature common stock on the closing date of the merger. If Signature's Adjusted Tangible Common Equity is greater than \$27.350 million on the determination date, the cash component of the merger consideration will be increased by an amount equal to (x) the lesser of (A) \$1.5 million and (B) the amount by which Signature's Adjusted Tangible Common Equity is above \$27.350 million, divided by (y) the number of outstanding shares of Signature common stock on the closing date of the merger.

Based on the closing price of a share of Heartland common stock as of November 10, 2017 of \$47.30, the last trading date before the merger agreement was executed, the aggregate merger consideration was valued at approximately \$53.4 million (including the consideration to be paid in exchange for the termination of Signature stock options) or \$3.22 per share of Signature common stock. Based on the price of a share of Heartland common stock as of January 11, 2018 of \$54.55, the last practicable trading date before the date of this proxy statement/prospectus, the aggregate merger consideration was valued at approximately \$60.1 million (including the consideration to be paid in exchange for the termination of Signature's stock options) or \$3.66 per share of Signature common stock. These valuations assume no adjustments based on Signature's Adjusted Tangible Common Equity, and that the number of Signature stock options outstanding as of those dates will remain outstanding as of the closing date of the merger. Heartland common stock is listed on the Nasdaq Global Select Market under the symbol "HTLF." Because the market price for Heartland common stock and the Adjusted Tangible Common Equity of Signature will fluctuate prior to the merger, the value of the actual consideration you will receive may be different from the amounts described above.

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To complete the merger, we must receive regulatory approvals, and the holders of a majority of the issued and outstanding shares of Signature common stock entitled to vote must approve and adopt the merger agreement. Signature will hold a special meeting of shareholders to vote on this merger proposal. Your vote is important. Whether or not you plan to

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attend the special meeting, please submit your proxy with voting instructions for your shares of Signature common stock in accordance with the instructions contained in this proxy statement/prospectus. If you do not vote your shares of Signature common stock, it will have the same effect as voting against the merger.

We urge you to read this proxy statement/prospectus carefully before voting, including the section entitled "Risk Factors" beginning on page 15. This proxy statement/prospectus gives you detailed information about the merger, and it includes a copy of the merger agreement as Appendix A.

Sincerely,  
Kenneth D. Brooks  
President and Chief Executive Officer

Neither the Securities and Exchange Commission (the "SEC") 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 17, 2018, and it is first being mailed to Signature shareholders on or about January 22, 2018.

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SIGNATURE BANCSHARES, INC.

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS  
TO BE HELD ON FEBRUARY 20, 2018

Signature Bancshares, Inc. will hold a special meeting of its shareholders at Signature's executive office located at 9800 Bren Road East, Suite 200, Minnetonka, Minnesota 55343, at 5:30 p.m. local time, on February 20, 2018 to consider and vote upon the following matters:

a proposal to approve and adopt the merger agreement, dated as of November 13, 2017, between Heartland and Signature, as it may be amended from time to time, pursuant to which Signature will merge with and into Heartland; and

a proposal to approve the adjournment of the Signature special meeting, if necessary or appropriate.

Upon completion of the merger, each share of Signature common stock will be converted into the right to receive cash and shares of Heartland common stock, and each Signature stock option will be converted into the right to receive either cash or shares of Heartland common stock. Your attention is directed to the proxy statement/prospectus accompanying this notice for a complete discussion of the merger. A copy of the merger agreement is included as Appendix A to the accompanying proxy statement/prospectus.

The board of directors has fixed the close of business on January 11, 2018 as the record date for the Signature special meeting. Holders of record of Signature common stock at such time are entitled to notice of, and to vote at, the Signature special meeting or any adjournment or postponement of the special meeting.

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

Signature shareholders who do not vote in favor of the merger agreement and who strictly comply with Minnesota Revised Statutes Section 302A.473 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 statutes which are attached as Appendix B to the accompanying 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 "Background and Reasons for 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 Signature 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 Signature common stock present at the special meeting may vote in person instead of by proxy and a proxy may be revoked in writing at any time before the special meeting. The presence of a shareholder at the special meeting will not automatically revoke that shareholder's proxy. A shareholder may revoke a proxy at any time prior to the voting of such proxy on any matter (without, however, affecting any vote taken prior to such revocation) by (i) filing with the Secretary of Signature a written notice of revocation, (ii) delivering to Signature a duly executed proxy bearing a later date, or (iii) attending the meeting and providing written or oral notice of revocation with the presiding officer during the meeting (at which point the shareholder may vote in person).

Sincerely,  
Leif E. Syverson  
Secretary

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 proxy statement/prospectus incorporates important business and financial information about Heartland from documents that are not included in or delivered with this proxy statement/prospectus. You can obtain documents incorporated by reference in this proxy statement/prospectus 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. Signature shareholders requesting documents should do so by February 13, 2018 in order to receive them before the special meeting.

See "Where You Can Find More Information" on page 59.

You should rely only on the information contained or incorporated by reference into this proxy statement/prospectus 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 proxy statement/prospectus. This proxy statement/prospectus is dated January 17, 2018. You should not assume that the information contained in, or incorporated by reference into, this proxy statement/prospectus is accurate as of any date other than that date. Neither our mailing of this proxy statement/prospectus to Signature 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 Signature common stock are being asked to approve and adopt a merger agreement entered into between Heartland and Signature. In the merger, Signature will be merged with and into Heartland, with Heartland as the surviving bank holding company, and holders of Signature common stock will receive cash and Heartland common stock.

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

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

Q: Why Is My Vote Important?

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

Q: What Will I Receive For My Signature Common Stock If The Merger Is Completed?

A: You will receive merger consideration of approximately \$0.335 in cash and 0.061 shares of Heartland common stock per share of Signature common stock. The exchange ratio for the stock component of the merger consideration is fixed and will not be adjusted to reflect changes in the price of Heartland common stock occurring prior to the completion of the merger. The cash component of the merger consideration is subject to certain adjustments depending on Signature's Adjusted Tangible Common Equity as of the last business day of the month immediately preceding the month in which the closing date of the merger occurs (the "determination date").

Based on the price of a share of Heartland common stock as of January 11, 2018 of \$54.55, the last practicable trading date before the date of this proxy statement/prospectus, the transaction was valued at approximately \$60.1 million (including the consideration to be paid in exchange for the termination of Signature stock options), or \$3.66 per share of Signature common stock. These valuations assume no adjustments based on Signature's Adjusted Tangible Common Equity, and that the number of Signature stock options outstanding as of this date will remain outstanding as of the closing date of the merger. Because the market price for Heartland common stock and the Adjusted Tangible Common Equity of Signature will fluctuate prior to the merger, the value of the actual consideration you will receive may be different from the amounts described above.

Q: What Will Happen To Signature Stock Options?

A: At the effective time of the merger, each option to purchase shares of Signature common stock that is outstanding, vested and unexercised immediately prior to the effective time will be canceled in exchange for the right to receive from Heartland, less any applicable withholding taxes, either a single lump sum cash payment or shares of Heartland common stock equal to the product of (a) the number of shares of Signature common stock subject to such stock option, and (b) the excess of \$3.35 over the exercise price per share of such stock option.

Each option holder may elect to receive either a single lump sum cash payment or shares of Heartland common stock for all of their options, but not a mix of both. If an option holder elects to receive shares of Heartland common stock, the shares would be valued based on the closing sale price of a share of Heartland common stock on the last trading day immediately preceding the closing date as quoted on the Nasdaq Global Select Market.

Before the effective time of the merger, Heartland will send an election form to each holder of Signature stock options.

If you hold Signature stock options, please submit your properly completed and signed election form prior to the deadline specified on the election form. Signature stock options for which an election form is submitted may not be exercised. In the absence of a proper and timely election, you will receive cash in exchange for the cancellation of all of your Signature stock options.

As of January 11, 2018, options to acquire 2,940,454 shares of Signature common stock were outstanding, with a weighted average exercise price of \$1.7372. If these options remain outstanding as of the effective time of the merger, then approximately \$4.7 million of the aggregate merger consideration would be paid to holders of Signature stock options.

All Signature stock options will terminate at the effective time of the merger, and the surrender of a Signature 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.

**Q: When Do You Expect To Complete The Merger?**

**A:** We cannot complete the merger until a number of conditions are satisfied, including approval of the merger by the Signature shareholders and by the Federal Deposit Insurance Corporation (the "FDIC") and the Minnesota Department of Commerce (the "MDC") and a waiver from the application requirement under the Bank Holding Company Act of 1956 from the Federal Reserve Board (the "FRB"), or approval of the merger by the FRB in lieu of such waiver. We expect to complete the merger in the first quarter of 2018, assuming these and other approvals are received.

**Q: Do I Have Dissenters' Rights?**

**A:** Yes. Signature is a Minnesota corporation. Under Minnesota law, holders of Signature common stock have the right to assert dissenters' rights and, rather than receive the merger consideration, demand the "fair value" of their shares. To do so, you must not vote in favor of the merger and must notify Signature of your intention to demand payment of the fair value of your shares, rather than the merger consideration, before the special meeting, in accordance the procedures set forth below under "Background and Reasons for the Merger-Notice of Dissenters' Rights." A copy of the Minnesota Revised Statutes governing dissenters' rights is included as Appendix B. Minnesota law requires that the "fair value" of the shares be considered as of immediately prior to the effective time of the merger, and without considering the effect of the merger, and requires Signature to make the initial determination of fair value. If a shareholder objects to this determination, Signature may petition a court to determine fair value. The fair value determined by such a court may be 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 Signature common stock cannot be more than 10% of the number of outstanding shares of Signature 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 proxy statement/prospectus, indicate on your proxy form how you want your shares of Signature common stock to be voted. Then complete, sign, date and mail your proxy form in the enclosed postage paid return envelope as soon as possible. This will enable your shares to be represented and voted at the Signature special meeting.

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

**A:** No. Without instructions from you, your broker will not be able to vote your shares of Signature common stock. You should instruct your broker to vote your shares, following the directions your broker provides. Please check the voting form used by your broker to see if it offers telephone or Internet voting.

**Q: Can I Change My Vote?**

**A:** Yes. There are three ways you can change your vote after you have submitted your proxy: First, you may send a written notice to the Secretary of Signature, 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 Signature before the special meeting will be counted, and any earlier votes will be revoked.

Third, you may attend the Signature special meeting and vote in person. Your presence at the meeting will not automatically revoke your proxy. You may revoke your proxy at any time prior to the voting of the proxy by attending the meeting and providing written or oral notice of revocation with the presiding officer during the meeting (at which point you may vote in person).

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

Q: Should I Send In My Share Certificates Now?

Please do NOT send in your share certificates at this time. After the merger is completed, you will be provided with A: a letter of transmittal explaining what you must do to exchange your Signature share certificates for the merger consideration.

Q: Whom Should I Call With Questions?

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

Kenneth D. Brooks  
President and Chief Executive Officer  
Signature Bancshares, Inc.  
9800 Bren Road East, Suite 200  
Minnetonka, Minnesota 55343  
(952) 936-7800

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

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



## SUMMARY

This summary highlights selected information from this proxy statement/prospectus. 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 proxy statement/prospectus important business and financial information about Heartland. You may obtain the information incorporated by reference into this proxy statement/prospectus without charge by following the instructions in the section entitled "Where You Can Find More Information" on page 59. Each item in this summary refers to the page of this proxy statement/prospectus on which that subject is discussed in more detail.

Our Companies (Pages 45 to 49).

### Signature

Signature is a bank holding company located in Minnetonka, Minnesota which holds all of the shares of capital stock of Signature Bank, a Minnesota state non member bank with one office in Minnetonka, Minnesota. Signature Bank specializes in commercial, real estate and private banking for individuals and small to mid size businesses.

Substantially all of its operations are focused on serving the Twin Cities seven county metropolitan area. As of September 30, 2017, Signature Bank had approximately \$390 million in total assets, net loans of \$329 million, total deposits of \$339 million and shareholders' equity of \$38 million.

Signature's principal executive office is located at 9800 Bren Road East, Suite 200, Minnetonka, Minnesota 55343, and its phone number is (952) 936 7800.

### Heartland

Heartland is a publicly-held, multi-bank bank holding company headquartered in Dubuque, Iowa with 10 bank subsidiaries in the States of Iowa, Illinois, Wisconsin, New Mexico, Arizona, Montana, Colorado, Minnesota, Missouri, Kansas, Texas and California. Together, Heartland's banking subsidiaries operated a total of 117 banking locations as of October 13, 2017. Heartland also has an active consumer finance subsidiary with offices in Iowa, Illinois and Wisconsin. Heartland was formed as an Iowa corporation in 1981, and reincorporated in Delaware in 1993. Heartland has a bank subsidiary, Minnesota Bank & Trust ("MB&T"), which has served customers in the Twin Cities market since 2008.

At September 30, 2017, Heartland had total assets of \$9.76 billion, total loans held to maturity of \$6.37 billion, total deposits of \$8.23 billion and common stockholders' equity of \$980.7 million.

On December 12, 2017, Heartland entered into an agreement and plan of merger providing for the acquisition by Heartland of First Bank Lubbock Bancshares, Inc. ("FBLB"). As a result of the merger of FBLB with and into Heartland, FBLB's Texas state banking subsidiary, FirstBank & Trust Company ("FB&T"), will become a wholly-owned subsidiary of Heartland. FB&T is a commercial and retail bank headquartered in Lubbock, Texas. As of September 30, 2017, FB&T had approximately \$930 million in total assets, \$652 million in net loans outstanding and \$824 million in deposits. FB&T serves Lubbock and its surrounding communities from eight full-service banking centers located throughout West Texas. In addition, FB&T offers mortgage lending services from eight offices located throughout Texas through its wholly-owned subsidiary, PrimeWest Mortgage Corporation. See "Information About Heartland-Recent Development" on page 48.

Heartland's principal executive office is located at 1398 Central Avenue, Dubuque, Iowa 52001, and its telephone number is (563) 589 2100.

### Signature Will be Merged into Heartland (Page 36).

We encourage you to read the merger agreement, which is attached as Appendix A to this proxy statement/prospectus. The merger agreement provides that Signature will be merged with and into Heartland. Heartland will survive the merger, and the separate corporate existence of Signature will cease. Immediately after the merger, Signature Bank will be merged with and into MB&T, and the combined organization will operate under the "Minnesota Bank & Trust" brand name (the "surviving bank").

What You Will Receive in the Merger (Pages 37 to 38).

#### Signature Common Stock

You will receive merger consideration of \$0.335 in cash and 0.061 shares of Heartland common stock per share of Signature common stock, subject to certain adjustments described below.

The exchange ratio for the stock component of the merger consideration is fixed and will not be adjusted to reflect changes in the price of Heartland common stock occurring prior to the completion of the merger. However, if the price of Heartland common stock drops below certain levels, as described under the caption "The Merger Agreement - Termination," Signature may exercise a "walk-away" right to terminate the merger agreement unless Heartland increases the exchange ratio or cash component of the merger consideration by exercising a "top-up" option.

The cash component of the merger consideration is subject to certain adjustments. If Signature's Adjusted Tangible Common Equity (as defined on page 37) is less than \$27.125 million on the last business day of the month immediately preceding the month in which the closing date of the merger occurs (the "determination date"), then the cash component of the merger consideration will be reduced by an amount equal to (a) the amount by which Signature's Adjusted Tangible Common Equity is below \$27.125 million, divided by (b) the number of outstanding shares of Signature common stock on the closing date of the merger. If Signature's Adjusted Tangible Common Equity is greater than \$27.350 million on the determination date, the cash component of the merger consideration will be increased by an amount equal to (x) the lesser of (A) \$1.5 million and (B) the amount by which Signature's Adjusted Tangible Common Equity is above \$27.350 million, divided by (y) the number of outstanding shares of Signature common stock on the closing date of the merger.

Based on the closing price of a share of Heartland common stock as of November 10, 2017 of \$47.30, the last trading date before the merger agreement was executed, the aggregate merger consideration was valued at approximately \$53.4 million (including the consideration to be paid in exchange for the termination of Signature stock options) or \$3.22 per share of Signature common stock. Based on the price of a share of Heartland common stock as of January 11, 2018 of \$54.55, the last practicable trading date before the date of this proxy statement/prospectus, the aggregate merger consideration was valued at approximately \$60.1 million (including the consideration to be paid in exchange for the termination of Signature's stock options) or \$3.66 per share of Signature common stock. These valuations assume no adjustments based on Signature's Adjusted Tangible Common Equity, and that the number of Signature stock options outstanding as of those dates will remain outstanding as of the closing date of the merger. Heartland common stock is listed on the Nasdaq Global Select Market under the symbol "HTLF." Because the market price for Heartland common stock and the Adjusted Tangible Common Equity of Signature will fluctuate prior to the merger, the value of the actual consideration you will receive may be different from the amounts described above.

#### Signature Stock Options

At the effective time of the merger, each option to purchase shares of Signature common stock that is outstanding, vested and unexercised immediately prior to the effective time will be canceled in exchange for the right to receive from Heartland, less any applicable withholding taxes, either a single lump sum cash payment or shares of Heartland, common stock with a value equal to the product of (a) the number of shares of Signature common stock subject to such stock option, and (b) the excess of \$3.35 over the exercise price per share of such stock option. Each option holder may elect to receive either a single lump sum cash payment or shares of Heartland common stock for all of their options, but not a mix of both. If an option holder elects to receive shares of Heartland common stock, the shares would be valued based on the closing sale price of a share of Heartland common stock on the last trading day immediately preceding the closing date as quoted on the Nasdaq Global Select Market.

Signature's board of directors unanimously recommends that you vote "FOR" the approval and adoption of the merger agreement (Pages 23 to 24)

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

Signature's Financial Advisor Has Provided an Opinion to the Signature Board of Directors as to the Fairness to Holders of Signature Common Stock of the Merger Consideration, from a Financial Point of View, to be paid to Holders of Signature Common Stock (Pages 24 to 29).



In deciding to approve the merger, the board of directors of Signature considered the opinion of its financial advisor, Sheshunoff & Co. Investment Banking, L.P. ("Sheshunoff"). On November 8, 2017, the board of directors of Signature received a written opinion from Sheshunoff to the effect that, as of November 8, 2017 and based upon and subject to the assumptions, qualifications and limitations described in the opinion, the consideration to be paid pursuant to the merger agreement to the holders of Signature common stock was fair, from a financial point of view, to such holders of Signature common stock. A copy of this opinion is attached to this proxy statement/prospectus as Appendix C. Signature shareholders should read the opinion completely and carefully to understand the assumptions made, matters considered and limitations on the review undertaken by Sheshunoff in providing its opinion.

**Certain Executive Officers and Directors Have Financial Interests in the Merger (Pages 30 to 31).**

Certain officers and directors of Signature have interests in the merger that are in addition to or different from their interests as Signature shareholders. Upon completion of the merger, Signature Bank's Chairman and President, Kenneth D. Brooks, and its Executive Vice President, Leif E. Syverson, will become employees of MB&T. They have entered into employment agreements with Heartland, Signature and MB&T that will supersede their existing employment agreements with Signature Bank. Michele L. Boeder, the Senior Vice President, Chief Operating Officer and Chief Financial Officer of Signature Bank, has an existing change in control agreement with Signature Bank which provides that if her employment is terminated other than for cause within two years following the merger, she will be paid severance. Messrs. Brooks and Syverson and Ms. Boeder also will receive cash bonuses of \$240,000, \$160,000 and \$50,000, respectively, contingent on their diligent assistance with the merger and their continued employment with MB&T as of the closing date of the merger. They and other members of management hold unvested stock options that will become fully vested immediately before the merger. In addition, upon completion of the merger, current Signature Bank directors Daniel Dwyer, John Berg, Eugene Storms Randy Morgan, and Messrs. Brooks and Syverson will be appointed to the board of MB&T. Heartland will, on behalf of Signature, pay off all of the principal and interest outstanding as of the effective time of the merger with respect to the subordinated debentures due October 30, 2020 and August 31, 2021, including \$1,862,800 principal amount of subordinated debentures held by the current Signature Bank directors listed above, their family members and affiliates.

The Signature board of directors was aware of these interests and considered them in approving the merger agreement and the merger.

**Regulatory Approvals We Must Obtain for the Merger (Page 31).**

Signature Bank will be merged with and into MB&T, and the combined organization will operate under the "Minnesota Bank & Trust" brand name. We cannot complete this bank merger unless we file applications with the FDIC and the MDC, 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. If the FDIC approves the bank merger, we are required to wait from 15 to 30 days before we can complete the bank merger, during which time the U.S. Department of Justice can challenge the merger on antitrust grounds. We will not be able to complete the merger of Signature into Heartland until we receive regulatory approval for the bank merger and these time periods have expired.

Although we currently believe Heartland and Signature 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 they are obtained, whether they will contain terms, conditions or restrictions not currently contemplated that will be detrimental to the combined company after the completion of the merger.

**Completion of the Merger is Subject to Satisfying Several Conditions (Pages 39 to 40).**

**Mutual Conditions to Completion of the Merger**

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

- the approval and adoption of the merger agreement by Signature shareholders;
- no prohibitive change in laws;
- the receipt of the required state and federal regulatory approvals;
- the absence of any injunction or order, or any law or regulation, that would impair the merger;



the effectiveness of the registration statement for the issuance of Heartland common stock in exchange for Signature common stock;

the truth and correctness of the other party's representations and warranties, subject to the applicable standard of materiality in the merger agreement;

the other party's performance in all material respects of all of the obligations required to be performed by it under the merger agreement; and

neither party will have terminated the merger agreement as permitted by its terms.

#### Signature Conditions to Completion of the Merger

Signature's obligations to complete the merger are subject to the fulfillment or waiver of certain conditions, including:

no change of control of Heartland; and

the receipt by Signature of a legal opinion from its counsel that the merger will qualify as a tax-free reorganization pursuant to Section 368(a) of the Internal Revenue Code of 1986, as amended (the "Code").

#### Heartland Conditions to Completion of the Merger

Heartland's obligations to complete the merger are subject to the fulfillment or waiver of certain conditions, including:

the total number of dissenting shares cannot be more than 10% of the number of outstanding shares of Signature common stock;

the receipt of certain consents and waivers from third parties;

Signature will have furnished to Heartland the Indemnification Waiver Agreement executed by Kenneth D. Brooks and Leif E. Syverson as the Trustees of the Signature Bancshares, Inc. Employee Stock Ownership Plan and Trust dated March 31, 2015 (the "KSOP"), pursuant to which the KSOP Trustees will waive any rights to indemnification from the surviving bank, Heartland or any of their affiliates;

Signature will have furnished to Heartland copies of the KSOP Trustees' Certificate executed by Kenneth D. Brooks and Leif E. Syverson stating, among other things, that the terms and conditions of the merger agreement, taken as a whole, are fair to and in the best interest of the KSOP from a financial point of view;

No person other than the Signature shareholders and the Signature option holders will have asserted that they are the owners of, or have the right to acquire, any capital stock in either Signature or Signature Bank, or are entitled to any merger consideration;

the employment agreement dated November 13, 2017, among Heartland, Signature, MB&T and Kenneth D. Brooks, the Chairman and President of Signature Bank, will be in full force and effect;

the employment agreement dated November 13, 2017, among Heartland, Signature, MB&T and Leif E. Syverson, the Executive Vice President of Signature Bank, will be in full force and effect; and

Signature will have delivered to Heartland on or prior to the second business day prior to the closing date a payoff letter from each lender or holder of any closing date indebtedness evidencing the aggregate amount of such indebtedness outstanding as of the closing date and including a customary statement that if such aggregate amount is paid on the closing date, such indebtedness will be repaid in full and all liens securing such closing date indebtedness may thereafter be automatically released and terminated.

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

#### When We Can Terminate the Merger Agreement (Pages 41 to 42).

In addition, either Heartland or Signature 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 on a final and non-appealable basis;

- if holders of a majority of the issued and outstanding shares of the Signature common stock fail to approve the merger at the special meeting;
- if the merger has not been completed by June 30, 2018, unless the party seeking to terminate the agreement has failed to comply fully with its obligations under the merger agreement;
- if the other party has or will have breached any representation, warranty or agreement in any material respect and such breach cannot be or is not cured within 30 days after written notice of the breach is given; or
- if the satisfaction of any closing condition by the other party is or becomes impossible.

Signature may terminate the merger agreement pursuant to a "walk-away" right at any time within five business days after the determination date, if both of the following conditions are met:

the volume weighted average closing price of Heartland common stock during the 15 trading days ending on, and including, the trading day immediately preceding the 10th day prior to the determination date (the "Heartland determination date stock price") is below \$40.21 and

the ratio of the Heartland determination date stock price to \$47.30, the closing price of Heartland common stock on the trading day immediately prior to the date of the merger agreement, is less than the ratio of the average daily closing value of the KBW Nasdaq Regional Banking Index (^KRX) (the "Index") during the same time period used to calculate the Heartland determination date stock price, to the closing value of the Index on the trading day immediately prior to the date of the merger agreement, after subtracting 0.15 from the second ratio.

However, Signature's written notice to terminate the merger agreement will have no force and effect if Heartland exercises its "top-up" option and agrees in writing within five business days to increase the original exchange ratio to an amount equal to:

• the original exchange ratio (0.061 shares of Heartland common stock for each share of Signature common stock), divided by the Heartland determination date stock price, and

• multiplied by \$40.21.

Alternatively, Heartland may retain the original exchange ratio, and increase cash consideration so that Signature shareholders are entitled to receive the same value for each share of Signature common stock as the holder would have received had the original exchange ratio been increased, as described above. Because the "walk-away" formula is dependent on the future price of Heartland common stock and the Index, it is not possible to determine what the adjusted merger consideration would be at this time, but, in general, more cash or more shares of Heartland common stock would be issued to take into account the extent to which the decline in the average price of Heartland's common stock exceeded the decline in the average price of the common stock of the Index group.

In certain events of termination, where a party has materially breached its obligations under the merger agreement, and the breach cannot be cured in a 30-day period, or where the merger agreement has not been adopted by the requisite vote of the Signature shareholders, the breaching party must reimburse the other party for out-of-pocket expenses not to exceed \$750,000 in the aggregate.

In lieu of Heartland's out-of-pocket expenses, Signature must pay a termination fee of \$2.4 million in cash if the merger agreement is terminated:

- by Signature because it has determined to enter into an agreement with another acquirer that has submitted a superior proposal;
- by Heartland if Signature has breached its obligation to call a meeting of shareholders and to recommend that its shareholders adopt the merger agreement at such meeting, or Signature has breached the restrictions against solicitation of a superior proposal; or
- by Heartland if Signature shareholders do not approve the merger.

You have Dissenters' Rights under the Minnesota Corporation Law (Pages 35 to 36).

Pursuant to Section 302A.471 of the Minnesota Business Corporation Act (the "MBCA"), holders of Signature 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 Signature common stock paid to them if the merger is completed and if they comply with the requirements of Section 302A.473 of the MBCA, a copy of which is attached as Appendix B. See "Background and Reasons for the Merger-Notice of Dissenters' Rights."

Signature Special Meeting (Pages 18 to 19).

The Signature special meeting of shareholders will be held at Signature's executive office located at 9800 Bren Road East, Suite 200, Minnetonka, Minnesota 55343, at 5:30 p.m. local time, on February 20, 2018. At the Signature special meeting, holders of Signature common stock will be asked:

• to approve and adopt the merger agreement; or

• to approve the adjournment of the Signature special meeting, if necessary or appropriate.

Record Date

Signature shareholders may cast one vote at the Signature special meeting for each share of Signature common stock owned at the close of business on January 11, 2018. At that date, there were 15,122,729.08 shares of Signature common stock entitled to be voted at the Signature special meeting.

Required Vote

The holders of a majority of issued and outstanding shares of Signature common stock must vote in favor of the approval and adoption of the merger agreement, in order to approve and adopt the merger agreement. A Signature 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. As of the record date of the special meeting, Signature directors, executive officers and their affiliates held 41.8% of the outstanding shares of Signature common stock.

Shareholder Voting Agreement and KSOP Pass-Through Voting Instruction Agreement

Certain shareholders of Signature have agreed to vote their shares in favor of the merger and the merger agreement, or have directed that shares in their KSOP accounts be voted in favor of the merger and the merger agreement. These shareholders have the right to vote, or direct the voting of, 38.7% of the shares of Signature common stock outstanding as of the record date.

United States Federal Income Tax Consequences (Pages 32 to 34).

The merger is intended to qualify as a reorganization under section 368(a)(1)(A) of the Internal Revenue Code of 1986, as amended (the "Code"), and the obligation of Signature to complete the merger is subject to the receipt of the opinion of Winthrop & Weinstine, P.A., tax counsel to Signature, that the merger will qualify as a "reorganization" under Section 368(a)(1)(A) of the Code. Signature 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 terms and conditions of the merger agreement, without any waiver of those terms and conditions, and further assuming the accuracy at the effective time of certain assumptions and representations as to factual matters, the merger will qualify as a reorganization under Section 368(a)(1)(A) of the Code. Accordingly, U.S. Holders (as defined in the section titled "The Merger-Material U.S. Federal Income Tax Consequences of the Merger" beginning on page 32) will not recognize gain or loss for U.S. federal income tax purposes on the exchange of their Signature common stock for Heartland common stock. U.S. Holders will recognize gain, but not loss (other than possibly with respect to any cash received in lieu of fractional shares), with respect to cash received in the merger, including any cash received in lieu of fractional shares.

Signature shareholders should consult their own tax advisors regarding the tax consequences of the merger to them in light of their particular circumstances, including the tax consequences under state, local, foreign and other tax laws and the effect of any proposed changes in the tax laws to them.

## Comparative Per Share Data

The following table presents comparative historical per share data of Heartland and Signature and unaudited pro forma per share data that reflect the combination of Heartland and Signature using the purchase method of accounting. The information listed as "equivalent pro forma" was obtained by multiplying the pro forma amounts by a fixed exchange ratio of 0.061, assuming no exercise by Heartland of its "top-up" option if Signature notifies Heartland that Signature is implementing its "walk-away" right.

We expect that we will incur merger and integration charges as a result of combining our companies. 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, although 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 our companies been combined as of the dates or for the periods presented.

	As of and for the Nine Months Ended September 30, 2017				As of and for the Year Ended December 31, 2016			
	Heartland	Signature	Pro Forma Combined	Equivalent Pro Forma	Heartland	Signature	Pro Forma Combined	Equivalent Pro Forma
Net income per share								
Basic	\$2.23	\$ 0.28	\$ 2.31	\$ 0.14	\$3.26	\$ 0.36	\$ 3.35	\$ 0.20
Diluted	\$2.21	\$ 0.26	\$ 2.28	\$ 0.14	\$3.22	\$ 0.33	\$ 3.30	\$ 0.20
Dividends per common share	\$0.33	\$ 0.11	\$ 0.38	\$ 0.02	\$0.50	\$ 0.17	\$ 0.59	\$ 0.04
Book value per common share	\$32.75	\$ 1.92	\$ 32.71	\$ 2.00	\$28.31	\$ 1.71	\$ 28.31	\$ 1.73

## Market Price Information

Heartland common stock is quoted on the Nasdaq Global Select Market under the symbol "HTLF." Signature common stock is not publicly-traded. The following table sets forth the closing sale prices per share of Heartland common stock on November 10, 2017, the last trading day before we executed the merger agreement, and on January 11, 2018, the last practicable trading day before the distribution of this proxy statement/prospectus.

	Closing Sale Price			Equivalent Price per Share of Heartland Common Stock
	Heartland Common Stock	Signature Common Stock	Signature Common Stock	
November 10, 2017	\$47.30	(1)	(1)	\$2.89
January 11, 2018	\$54.55	(1)	(1)	\$3.33

(1) There is no active trading market for Signature common stock.

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 fixed exchange ratio of 0.061, which is the number of shares of Heartland common stock that a Signature shareholder would receive for each share of Signature common stock assuming no exercise by Heartland of its "top-up" option if Signature notifies Heartland that Signature is implementing its "walk-away" right. 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 value of the shares of Heartland common stock Signature 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 it contemplates, holders of Signature common stock will be choosing to invest in Heartland because they will receive Heartland common stock in exchange for their shares of Signature stock. An investment in Heartland's common stock involves significant risk. In addition to the other

information

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included in this proxy statement/prospectus, including the matters addressed in "Forward-Looking Statements" beginning on page 17, Signature shareholders should carefully consider the matters described below in "Risk Factors" beginning on page 15 when determining whether to approve the merger agreement and the transactions it contemplates.

#### Historical Market Prices and Dividend Information

Heartland. The following table sets forth, for the calendar quarter indicated, the high and low intraday sales prices per share of Heartland common stock, as reported on the Nasdaq Global Select Market, and the dividends paid per share of Heartland common stock:

Calendar Quarter	High	Low	Dividends
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	\$51.70	\$44.55	\$ 0.11
Second	52.65	44.15	0.11
Third	50.10	42.10	0.11
Fourth	56.40	46.50	0.18
2018			
First (Through January 11, 2018)	\$54.80	\$51.85	\$ —

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.

Signature. There is no active trading market for shares of Signature common stock. Signature has financed a portion of its capital needs through the issuance between September 2014 and September 2015 of \$5,850,000 in principal amount of subordinated debentures maturing between October 30, 2020 and August 31, 2021, with an interest rate of 6.50% per annum on \$750,000 in principal amount and an interest rate of 6.00% per annum on \$5,100,000 in principal amount.

The following table sets forth, for the calendar quarter indicated, the dividends paid per share of Signature common stock:

Calendar Quarter	Dividends <sup>(1)</sup>
2016	
First	\$ 0.04
Second	0.04
Third	0.05
Fourth	0.03
2017	
First	\$ 0.04
Second	0.03
Third	0.04
Fourth	0.06
2018	
First (Through January 11, 2018)	—

(1) Signature is taxed as an S corporation under the Code. As a result, certain amounts paid represent distributions to Signature shareholders to pay taxes resulting from allocations of income to such shareholders by Signature.



## 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 five-year period ended December 31, 2016, is 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, 2017 and 2016 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, 2016, and its Quarterly Report on Form 10-Q for the three and nine months ended September 30, 2017. The historical results presented below, 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)	As of and for the Nine Months Ended September 30, (Unaudited)		As of and for the Years Ended December 31,				
	2017	2016	2016	2015	2014	2013	2012
<b>Statement of Income Data</b>							
Interest income	\$261,590	\$243,702	\$326,479	\$265,968	\$237,042	\$199,511	\$189,338
Interest expense	24,138	24,196	31,813	31,970	33,969	35,683	39,182
Net interest income	237,452	219,506	294,666	233,998	203,073	163,828	150,156
Provision for loan losses	10,235	9,513	11,694	12,697	14,501	9,697	8,202
Net interest income after provision for loan losses	227,217	209,993	282,972	221,301	188,572	154,131	141,954
Noninterest income	76,494	89,146	113,601	110,685	82,224	89,618	108,662
Noninterest expenses	219,797	209,756	279,668	251,046	215,800	196,561	183,381
Income taxes	22,314	28,196	36,556	20,898	13,096	10,335	17,384
Net income	61,600	61,187	80,349	60,042	41,900	36,853	49,851
Net income available to noncontrolling interest, net of tax	—	—	—	—	—	(64)	(59)
Net income attributable to Heartland	61,600	61,187	80,349	60,042	41,900	36,789	49,792
Preferred dividends and discount	(45)	(273)	(292)	(817)	(817)	(1,093)	(3,400)
Interest expense on convertible debt	12	48	51	—	—	—	—
Net income available to common stockholders	\$61,567	\$60,962	\$80,108	\$59,225	\$41,083	\$35,696	\$46,392
<b>Per Common Share Data</b>							
Net income-diluted	\$2.21	\$2.48	\$3.22	\$2.83	\$2.19	\$2.04	\$2.77
Cash dividends	\$0.33	\$0.30	\$0.50	\$0.45	\$0.40	\$0.40	\$0.50
Dividend payout ratio Common stockholders' equity (book value) per share (GAAP)	14.93	% 12.10	% 15.53	% 15.90	% 18.26	% 19.61	% 18.05
	\$32.75	\$28.48	\$28.31	\$25.92	\$22.40	\$19.44	\$19.02

Tangible book value per common share (non-GAAP) <sup>(1)</sup>	\$23.61	\$22.34	\$22.55	\$20.57	\$19.99	\$16.90	\$17.03
Weighted average shares outstanding-diluted	27,833,924	24,580,897	24,873,430	20,929,385	18,741,921	17,460,066	16,768,602

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Tangible book value per common share is total common stockholders' equity less goodwill and core deposit intangibles and customer relationship intangibles, net, divided by common shares outstanding, net of treasury shares. This amount is not a financial measure determined in accordance with United States generally accepted (1) accounting principles ("GAAP") but has been included as it is considered to be a critical metric with which to analyze and evaluate the financial condition and capital strength of Heartland. 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 14

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(Dollars in thousands)	As of and for the Nine Months Ended September 30, (Unaudited)		As of and for the Years Ended December 31,					
	2017	2016	2016	2015	2014	2013	2012	
<b>Balance Sheet Data</b>								
Investments	\$2,372,916	\$1,943,080	\$2,131,086	\$1,878,994	\$1,706,953	\$1,895,044	\$1,561,957	
Loans held for sale	35,795	78,317	61,261	74,783	70,514	46,665	96,165	
Total loans receivable <sup>(1)</sup>	6,373,415	5,438,715	5,351,719	5,001,486	3,878,003	3,502,701	2,828,802	
Allowance for loan losses	54,885	54,653	54,324	48,685	41,449	41,685	38,715	
Total assets	9,755,627	8,202,215	8,247,079	7,694,754	6,051,812	5,923,716	4,990,553	
Total deposits	8,231,884	6,912,693	6,847,411	6,405,823	4,768,022	4,666,499	3,845,660	
Long term obligations	301,473	294,493	288,534	263,214	395,705	350,109	389,025	
Preferred equity	938	1,357	1,357	81,698	81,698	81,698	81,698	
Common stockholders' equity	980,746	703,031	739,559	581,475	414,619	357,762	320,107	
<b>Earnings Performance Data</b>								
Return on average total assets	0.94	% 1.00	% 0.98	% 0.88	% 0.70	% 0.70	% 1.04	%
Return on average common stockholders' equity	9.88	% 12.28	% 11.80	% 11.92	% 10.62	% 10.87	% 15.78	%
Annualized net interest margin (GAAP)	4.00	% 3.98	% 3.95	% 3.80	% 3.77	% 3.58	% 3.79	%
Annualized net interest margin, fully tax-equivalent (non-GAAP) <sup>(2)</sup>	4.19	% 4.15	% 4.13	% 3.97	% 3.96	% 3.78	% 3.98	%
<b>Asset Quality Ratios</b>								
Nonperforming assets to total assets	0.82	% 0.85	% 0.91	% 0.67	% 0.74	% 1.23	% 1.59	%
Nonperforming loans to total loans	1.03	% 1.06	% 1.20	% 0.79	% 0.65	% 1.21	% 1.53	%
Net loan charge-offs to	0.23	% 0.09	% 0.11	% 0.12	% 0.39	% 0.22	% 0.23	%



average loans								
Allowance for loan losses to total loans	0.86	% 1.00	% 1.02	% 0.97	% 1.07	% 1.19	% 1.37	%
Allowance for loan losses to nonperforming loans	83.41	% 94.39	% 84.37	% 122.77	% 165.33	% 98.27	% 89.71	%
Consolidated Capital Ratios								
Average equity to average assets	9.54	% 8.45	% 8.53	% 8.55	% 8.00	% 8.09	% 8.47	%
Average common equity to average assets	9.53	% 8.15	% 8.31	% 7.35	% 6.60	% 6.46	% 6.58	%
Total capital to risk-adjusted assets	13.58	% 12.85	% 14.01	% 13.74	% 15.73	% 14.69	% 15.35	%
Tier 1 capital	11.84	% 10.79	% 11.93	% 11.56	% 12.95	% 13.19	% 13.36	%
Common Equity Tier 1 <sup>(3)</sup>	10.01	% 8.97	% 10.09	% 8.23	% —	—	—	
Tier 1 leverage	9.48	% 8.59	% 9.28	% 9.58	% 9.75	% 9.67	% 9.84	%

(1) Excludes loans held for sale.

(2) Computed on a fully tax-equivalent basis using an effective tax rate of 35%. Annualized net interest margin, fully tax-equivalent, is a non-GAAP measure, which adjusts net interest income for the tax-favored status of certain loans and securities. Management of Heartland believes this measure enhances the comparability of net interest income 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 Tax-Equivalent (non-GAAP) on page 14.

(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

	As of and for the Nine Months Ended September 30, (Unaudited)		As of and for the Years Ended December 31,				
	2017	2016	2016	2015	2014	2013	2012
(Dollars in thousands, except per share data)							
Reconciliation of Tangible Book Value Per Common Share (non-GAAP)							
Common stockholders' equity (GAAP)	\$980,746	\$703,031	\$739,559	\$581,475	\$414,619	\$357,762	\$320,107
Less goodwill	236,615	127,699	127,699	97,852	35,583	35,583	30,627
Less core deposit intangibles and customer relationship intangibles, net	37,028	23,922	22,775	22,019	8,947	11,171	2,833
Tangible common stockholders' equity (non-GAAP)	\$707,103	\$551,410	\$589,085	\$461,604	\$370,089	\$311,008	\$286,647
Common shares outstanding	29,946,069	24,681,380	26,119,929	22,435,693	18,511,125	18,399,156	16,827,835
Common stockholders' equity (book value) per share (GAAP)	\$32.75	\$28.48	\$28.31	\$25.92	\$22.40	\$19.44	\$19.02
Tangible book value per common share (non-GAAP)	\$23.61	\$22.34	\$22.55	\$20.57	\$19.99	\$16.90	\$17.03

	As of and for the Nine Months Ended September 30, (Unaudited)		As of and for the Years Ended December 31,					
	2017	2016	2016	2015	2014	2013	2012	
(Dollars in thousands)								
Reconciliation of Annualized Net Interest Margin, Fully Tax-Equivalent (non-GAAP)								
Net interest income (GAAP)	\$237,452	\$219,506	\$294,666	\$233,998	\$203,073	\$163,826	\$150,156	
Plus tax-equivalent adjustment <sup>(1)</sup>	11,581	9,408	12,919	10,216	10,298	9,467	7,398	
Net interest income, fully tax-equivalent (non-GAAP)	249,033	228,914	\$307,585	\$244,214	\$213,371	\$173,293	\$157,554	
Average earning assets	\$7,942,810	\$7,368,856	\$7,455,217	\$6,152,090	\$5,384,275	\$4,582,296	\$3,962,268	
	4.00	% 3.98	% 3.95	% 3.80	% 3.77	% 3.58	% 3.79	%

Net interest margin (GAAP)								
Net interest margin, fully tax-equivalent (non-GAAP)	4.19	% 4.15	% 4.13	% 3.97	% 3.96	% 3.78	% 3.98	%

(1) Computed on a tax-equivalent basis using an effective tax rate of 35%.

## RISK FACTORS

By voting in favor of the merger, you will be choosing to invest in Heartland's common stock. In addition to the information contained elsewhere in this proxy statement/prospectus or incorporated in this proxy statement/prospectus by reference, as a shareholder of Signature, you should carefully consider the following factors in making your decision as to how to vote on the merger.

### Risks Relating to the Merger

The cash component of the merger consideration is subject to changes in the Adjusted Tangible Common Equity of Signature.

The amount of cash that will be paid in the merger is dependent upon the Adjusted Tangible Common Equity of Signature as of the determination date and will be reduced to the extent that Adjusted Tangible Common Equity is less than \$27.125 million. Changes in Adjusted Tangible Common Equity may result from higher loan loss provisions, ordinary business conditions that impact the net interest and non-interest income of Signature, or more general market and economic conditions that impact Signature operations.

Absent an exercise by Signature of its "walk-away" right and a subsequent "top-up" election by Heartland, the exchange ratio used to determine the stock consideration in the merger will be 0.061 shares of Heartland common stock for each share of Signature common stock, and the exchange ratio will not fluctuate due to changes in the market value of Heartland common stock before the completion of the merger, regardless of how significant such changes might be.

Upon completion of the merger, each share of Signature common stock will be converted into the right to receive, subject to certain adjustments as set forth in the merger agreement: (i) 0.061 shares of Heartland common stock, and (ii) \$0.335 in cash. The exchange ratio used to determine the stock consideration will not increase based on fluctuations in the market price of Heartland common stock regardless of how far the price of Heartland common stock falls, except if the price of Heartland common stock falls below certain levels, and Signature invokes its "walk away" right. Heartland may subsequently exercise its right to "top-up" the exchange ratio or the cash consideration to void the "walk away" right as described in the section entitled "The Merger Agreement-Termination." The market value of Heartland common stock has varied since Heartland and Signature entered into the merger agreement and will continue to vary in the future due to changes in the business, operations or prospects of Heartland, market assessments of the merger, regulatory considerations, market and economic considerations, and other factors both within and beyond the control of Heartland. Therefore, at the time of the Signature special meeting, Signature's shareholders will not know or be able to calculate the market value of the Heartland common stock they will receive upon completion of the merger.

Because Signature's Adjusted Tangible Common Equity and the market price of Heartland common stock may fluctuate, a Signature shareholder or option holder cannot be sure of the value of the merger consideration.

The cash component of the merger consideration may fluctuate depending upon Signature's final Adjusted Tangible Common Equity. Although the exchange ratio for the stock component of the merger consideration is fixed, changes in the trading price of Heartland common stock may impact the value of the merger consideration. Changes in the trading price of Heartland common stock result from a variety of factors, including changes in Heartland's business, operations and prospects, and regulatory considerations. You will not know when you vote or decide whether to exercise dissenters' rights the exact value of the shares of Heartland common stock or the amount of cash that you will receive in the merger. You are urged to obtain current market quotations for Heartland common stock and to consult with your financial advisors before you vote or decide to exercise dissenters' rights.

The interests of certain officers and directors of Signature may be different from those of other shareholders.

Certain officers and directors of Signature have interests in the merger that are in addition to or different from their interests as Signature shareholders. Upon completion of the merger, Signature Bank's Chairman and President, Kenneth D. Brooks, and its Executive Vice President, Leif E. Syverson, will become employees of MB&T. They have entered into employment agreements with Heartland, Signature and MB&T that will supersede their existing employment agreements with Signature Bank. Michele L. Boeder, the Senior Vice President, Chief Operating Officer and Chief Financial Officer of Signature Bank, has an existing change in control agreement with Signature Bank which provides that if her employment is terminated other than for cause within two years following the merger, she will be paid severance. Messrs. Brooks and Syverson and Ms. Boeder also will receive cash bonuses of \$240,000,

\$160,000 and \$50,000, respectively, contingent on their diligent assistance with the merger and their continued employment with MB&T as of the closing date of the merger. They and

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other members of management hold unvested stock options that will become fully vested immediately before the merger. In addition, upon completion of the merger, current Signature Bank directors Daniel Dryer, John Berg, Eugene Storms, Randy Morgan, and Messrs. Brooks and Syverson will be appointed to the board of MB&T. Heartland will, on behalf of Signature, pay off all of the principal and interest outstanding as of the effective time of the merger with respect to the subordinated debentures due October 30, 2020 and August 31, 2021, including \$1,862,800 principal amount of subordinated debentures held by the current Signature Bank directors listed above, their family members and affiliates.

These interests may cause Signature's officers and directors to view the merger proposal differently than you may view it. The Board of Directors of Signature was aware of these interests at the time it approved the merger. See "Background and Reasons for the Merger-Certain Executive Officers and Directors Have Financial Interests in the Merger."

The merger is subject to certain closing conditions that, if not satisfied or waived, will result in the merger not being completed, which may cause the price of Heartland common stock and the value of Signature common stock to decline.

Consummation of the merger is subject to customary conditions to closing in addition to the receipt of the required regulatory approvals and approval of Signature shareholders of the merger agreement. If any condition to the merger is not satisfied or waived, the merger will not be completed. In addition, Heartland and Signature may terminate the merger agreement under certain circumstances even if the merger agreement is approved by Signature shareholders, including if the merger has not been completed on or before June 30, 2018. If the merger is not completed, the trading price of Heartland common stock on the Nasdaq Global Select Market may decline to the extent that the current price reflects a market assumption that the merger will be completed, and the continued operations of Signature may be impaired because of costs, the departure of employees and customers, or other dislocation caused by the terminated merger. In addition, neither company would realize any of the expected benefits of having completed the merger. For more information on closing conditions to the merger agreement, see "The Merger Agreement-Conditions to Completion of the Merger" beginning on page 39.

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

Upon completion of the merger, Signature shareholders will become Heartland stockholders, and their rights as stockholders will be governed by the Delaware General Corporation Law (the "DGCL") and the Heartland certificate of incorporation and bylaws. The rights associated with Signature common stock are different from the rights associated with Heartland common stock. See "Comparison of Rights of Holders of Heartland Common Stock and Signature Common Stock" beginning on page 49.

#### Post-Merger Risks

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

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

- integrate the operations of Signature Bank with the operations of MB&T;
- maintain existing relationships with depositors so as to minimize withdrawals of deposits after the merger;
- maintain and enhance existing relationships with borrowers;
- control the incremental non-interest expense so as to maintain overall operating efficiencies;
- retain and attract qualified personnel; and
- compete effectively in the communities served by Signature and in nearby communities.

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

Heartland, as the surviving company from the merger, and its stockholders, including the former shareholders of Signature, will be subjected to special risks if Heartland effects future acquisitions.

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

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

#### FORWARD-LOOKING STATEMENTS

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

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

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

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

• The effects of changes in interest rates (including the effects of changes in the rate of prepayment of assets) and the policies of the FRB.

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

• Heartland's ability to obtain new customers and to retain existing customers.

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

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

• Heartland's ability to develop and maintain secure and reliable electronic delivery systems.

• Heartland's ability to retain key executives and employees, including executives and employees of Signature and Signature Bank, and the difficulty that Heartland may experience in replacing in an effective manner key executives and employees.

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

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

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

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

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

Any forward-looking earnings estimates included in this proxy statement/prospectus have not been examined or compiled by our independent registered public accounting firm, nor has our independent registered public accounting firm applied any procedures to these estimates. Accordingly, neither Heartland's nor Signature's independent registered public accounting firm expresses any opinion or any other form of assurance on them. The forward-looking statements included in this proxy statement/prospectus are made only as of the date of this proxy statement/prospectus, and we undertake no obligation to update any statement in light of new information or future events. Further information concerning Heartland and its business, including additional factors that could materially affect Heartland's financial results, is included in Heartland's filings with the SEC. See "Where You Can Find More Information" on page 59.

#### THE SIGNATURE SPECIAL MEETING

##### Date, Time and Place

The Signature special meeting will be held at Signature's executive office located at 9800 Bren Road East, Suite 200, Minnetonka, Minnesota 55343, at 5:30 p.m. local time, on February 20, 2018.

##### Matters to be Considered

At the Signature Special Meeting, holders of Signature common stock will be asked to:

- approve and adopt the merger agreement; and
- approve the adjournment of the Signature special meeting, if necessary or appropriate.

##### Proxies

You should complete and return the proxy form accompanying this proxy statement/prospectus to ensure that your vote is counted at the Signature special meeting, regardless of whether you plan to attend the Signature special meeting. If your shares of Signature common stock are held in nominee or "street name," you will receive separate voting instructions from your broker or nominee with your proxy materials. You can revoke the proxy at any time before the vote is taken at the Signature special meeting. Your presence at the meeting will not automatically revoke your proxy. You may revoke your proxy at any time prior to the voting of such proxy on any matter (without, however, affecting any vote taken prior to such revocation) by (i) filing with the Secretary of Signature a written notice of revocation, (ii) delivering to Signature a duly executed proxy bearing a later date, or (iii) attending the meeting and providing written or oral notice of revocation with the presiding officer during the meeting (at which point you may vote in person). All written notices of revocation and other communications with respect to revocation of proxies in connection with the Signature special meeting should be addressed as follows:

Kenneth D. Brooks  
President and Chief Executive Officer  
Signature Bancshares, Inc.  
9800 Bren Road East, Suite 200  
Minnetonka, Minnesota 55343

If your shares are held in street name, you should follow the instructions of your broker regarding the revocation of proxies.

All shares of Signature common stock represented by valid proxies received through this solicitation, and that are not revoked, will be voted in accordance with the instructions on the proxy form. If you make no specification on your proxy form as to how you want your shares of Signature common stock voted before signing and returning it, your proxy will be voted "FOR" approval and adoption of the merger agreement and "FOR" the proposal to adjourn the special meeting, if necessary or appropriate.

### Solicitation of Proxies

Signature will bear the entire cost of soliciting proxies from you. In addition to soliciting proxies by mail, Signature will request that banks, brokers and other record holders send proxies and proxy materials to the beneficial owners of Signature common stock and secure their voting instructions, if necessary. Signature will reimburse the record holders for their reasonable expenses in taking those actions. If necessary, Signature may also use several of its regular employees, who will not be specially compensated, to solicit proxies from holders of Signature common stock, either personally or by telephone, facsimile or letter.

### Record Date

The Signature board of directors has fixed the close of business on January 11, 2018 as the record date for determining the holders of Signature common stock entitled to receive notice of and to vote at the Signature special meeting. At that time, 15,122,729.08 shares of Signature common stock were outstanding. As of such date, there were approximately 131 holders of record of Signature common stock.

### Quorum and Vote Required

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

Approval and adoption of the merger agreement requires the affirmative vote of the holders of a majority of the issued and outstanding shares of Signature common stock. Approval of the proposal relating to the adjournment of the special meeting, if necessary or appropriate, requires a majority of the voting power of the shares entitled to vote. You are entitled to one vote for each share of Signature common stock you held as of the record date. As of the record date of the special meeting, Signature directors, executive officers and their affiliates held 41.8% of the outstanding shares of Signature common stock.

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

Abstentions, failures to vote and broker non-votes will have the same effect as a vote against adjournment of the special meeting, if necessary or appropriate.

Shareholder Voting Agreement and KSOP Pass-Through Voting Instruction Agreement. Certain shareholders of Signature have agreed to vote their shares in favor of the merger and the merger agreement, or have directed that shares in their KSOP accounts be voted in favor of the merger and the merger agreement. These shareholders have the right to vote, or direct the voting of, 38.7% of the outstanding shares of Signature common stock as of the record date.

### Other Business

Signature is not currently aware of any business to be acted upon at the special meeting other than the matters discussed in this proxy statement/prospectus.

### BACKGROUND AND REASONS FOR THE THE MERGER

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

## Structure

The merger agreement provides that Signature will be merged with and into Heartland. Each share of Signature common stock outstanding prior to the merger will be converted, upon completion of the merger, into the right to receive a combination of cash and shares of Heartland common stock, and each Signature stock option will be converted into the right to receive either cash or shares of Heartland common stock. Shares of Signature common stock and Signature stock options outstanding immediately prior to the merger will be canceled and represent only the right to receive this consideration after the merger is effective.

## Background of the Merger

The following chronology summarizes certain key meetings and events that led to Signature entering into the definitive merger agreement with Heartland. In this process, executives, board members and other representatives of Signature held many conversations, both by telephone and in person, about possible strategic alternatives, including continued independent operations and the potential sale or merger of Signature or Signature Bank. The chronology below covers certain key events leading up to the execution of the merger agreement but does not catalog every conversation among representatives of Signature or between Signature and other parties.

The Signature board of directors periodically discusses and reviews Signature's and Signature Bank's business, performance, prospects and strategic alternatives. Although at the time, Signature was not actively pursuing a potential sale or merger, Signature received an unsolicited call from Party A regarding a possible sale or merger in December 2015. Signature and Party A entered into a non-disclosure agreement in December 2015. Party A was provided with a package of introductory due diligence information and invited to meet with Signature management. Party A and Signature management met to discuss a possible sale or merger. Party A subsequently presented Signature with a proposed letter of intent. Signature responded with comments on the letter of intent, and Party A presented Signature with a revised draft. However, after careful consideration, Signature's board of directors decided not to pursue an acquisition transaction with Party A because its valuation of Signature, which was payable in 100% cash, was too low. Signature did not sign a letter of intent with Party A.

Throughout 2016 and early 2017, the Signature board of directors had numerous meetings and discussions regarding the mergers and acquisitions market and the banking climate in the Twin Cities metropolitan area, including discussions with Sheshunoff regarding a range of values that Signature shareholders might receive from a sale of their shares, and the general state of the mergers and acquisitions market. The Signature board of directors discussed the increasing cost of funds and the narrowing of the net interest margin due to low-yielding loans. Signature's board of directors also considered the impact of the regulatory climate on Signature's future growth plans and profitability and Signature's need to reinvest in technology over the next few years. The combination of these factors led Signature's board of directors to strongly consider a sale of Signature.

In February 2016, Signature received an unsolicited letter of intent from Party B regarding a possible sale or merger of Signature and entered into a non-disclosure agreement with Party B. Party B was provided with a package of introductory due diligence information and invited to meet with Signature management. Party B and Signature management met to discuss a possible sale or merger. Party B subsequently presented Signature with a letter of intent, which was considered by Signature's board of directors in consultation with Sheshunoff. The board determined that although the consideration offered, which consisted of 100% cash, was higher than the consideration offered by Party A, the consideration offered by Party B was still too low. Signature did not sign Party B's letter of intent.

Between February 2016 and February 2017, Signature was contacted by four additional parties regarding a possible acquisition of Signature, which led to the signing of non-disclosure agreements with all of these parties. The four additional parties were provided with a package of introductory due diligence information and held meetings with Signature management. However, Signature did not receive letters of intent from any of these parties. Signature subsequently reviewed and considered the list of potential buyers, including Party B, and considered numerous factors including, but not limited to, integration risk, cultural fit, relative size, track record as an acquirer and capacity to effect the transaction using cash and/or stock which had a liquid trading market. After careful consideration, and in consultation with Sheshunoff, Signature's board of directors determined not to pursue negotiations with these four parties, although it did not terminate its discussions with Party B.

On January 18, 2017, Sheshunoff made a presentation to the Signature board of directors to update them about the status of the mergers and acquisitions market and the banking climate in the Twin Cities metropolitan area.

In February 2017, Kenneth D. Brooks, the President and Chief Executive Officer of Signature, heard there were changes to MB&T's leadership, and he proceeded to contact a director at MB&T about a potential sale or merger. Effective

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March 13, 2017, Signature and Heartland entered into a non-disclosure agreement. Heartland was provided with a package of introductory due diligence information and was invited to meet with Signature management.

On April 6, 2017, representatives of the Signature board of directors met with representatives of Heartland management in Minneapolis, Minnesota to discuss a potential sale of Signature, and Signature and Heartland entered into a confidentiality agreement on April 7, 2017 in order to facilitate their discussions.

On April 18, 2017, Heartland management reported to the Heartland board on its preliminary discussions with Signature and the parties' execution of a confidentiality agreement.

On May 4, 2017, Heartland presented Signature with a non-binding letter of intent setting forth the terms of proposed mergers between Heartland and Signature, and between MB&T and Signature Bank.

From May 4, 2017 until July 21, 2017, Signature and Heartland negotiated the terms of the non-binding letter of intent, exchanging drafts and discussing valuation and pricing.

On July 21, 2017, Signature was presented with a new draft of the non-binding letter of intent, and on July 23, 2017, Signature provided that draft to its legal counsel, Winthrop & Weinstine, P.A. ("Winthrop"), to review and comment on its legal aspects.

On July 25, 2017, the Heartland board met and received an update from management on the status of negotiations with Signature and the latest draft of the non-binding letter of intent.

On July 27, 2017, Mr. Brooks and two other members of the Signature board met with representatives of Heartland in Minneapolis, Minnesota to discuss general fit and culture issues.

On or about August 18, 2017, Signature provided Heartland with a revised non-binding letter of intent reflecting additional changes. On August 28, 2017, Heartland presented Signature with a new draft of the non-binding letter of intent. The parties continued to negotiate the terms of the non-binding letter of intent.

In late August 2017, Signature received an unsolicited offer from Party C, and Signature and Party C entered into a non-disclosure agreement. Party C was provided with a package of introductory due diligence information and invited to meet with Signature management. Party C and Signature management met to discuss a possible sale or merger. Party C subsequently presented Signature with a letter of intent, with proposed consideration payable in approximately 80% stock and 20% cash. After careful consideration, and in consultation with Sheshunoff, Signature's board of directors determined not to pursue negotiations with Party C because it believed that Heartland would better preserve employment opportunities for Signature Bank's employees.

On September 5, 2017, Heartland presented the latest non-binding letter of intent to Signature for consideration by the Signature board of directors.

On September 6, 2017, the Signature board of directors held a special meeting to consider Heartland's latest non-binding letter of intent after consultation with Sheshunoff and Winthrop. The Signature board of directors thoroughly reviewed and considered the offers received from Party B, Party C and Heartland, including the risks and benefits offered by each and the relative consideration offered, and it concluded that the offers of Party B and Party C were inferior to Heartland's offer. Heartland offered consideration valued at \$55.4 million consisting of approximately 90% stock and 10% cash in exchange for all of Signature's common stock, with a fixed exchange ratio for the stock portion of the consideration based on the average price of a share of Heartland's common stock during a period prior to signing the merger agreement, and for all of the Signature stock options. Signature's board also considered factors including, but not limited to, maintaining and improving performance and value for Signature's shareholders, growth prospects for the surviving bank, the liquidity of the merger consideration, the maintenance of employment opportunities for Signature Bank's employees, and the tax consequences of the merger. The board of directors directed management of Signature to work towards entering into a final letter of intent with Heartland pending resolution of a number of business points in the current draft of the letter of intent received from Heartland. Signature then notified Party B and Party C that Signature was no longer interested in pursuing the acquisition transactions they had proposed.

Effective on September 8, 2017, Signature engaged Sheshunoff as its independent financial advisor to evaluate the offers Signature was receiving and to render a fairness opinion to Signature's board of directors.

Effective September 11, 2017, and after careful consideration by Signature's board of directors with the advice of Sheshunoff and Winthrop, Signature signed Heartland's non-binding letter of intent dated September 5, 2017, which contemplated a value of \$55.4 million consisting of approximately 90% stock and 10% cash in exchange for all of Signature's common stock and stock options, plus up to \$1.5 million in cash based on Signature exceeding certain Adjusted Tangible Common Equity thresholds prior to closing. The exchange ratio for the stock portion of the consideration would be fixed based on the average price of Heartland's common stock during a period prior to signing the merger agreement. According to the terms of the non-binding letter of intent, Signature and Heartland agreed to a 45-day exclusivity period to negotiate a definitive merger agreement, which was later extended to November 15, 2017.

From September through early November 2017, a virtual data room was populated, and Heartland and its legal advisors conducted due diligence on Signature. Signature, along with Sheshunoff and Winthrop, conducted reverse due diligence on Heartland, including document review and management interviews. During this time, Signature held regular meetings with representatives from Sheshunoff and Winthrop on the status of the discussions, due diligence and negotiations with Heartland.

At a Heartland board meeting held on September 14, 2017, the directors received a detailed report from management regarding Signature and Signature Bank, including information about their businesses, operations, financial results and condition and location of Signature Bank. Management also reviewed the terms of the non-binding letter of intent dated September 5, 2017. After an in-depth discussion about Signature and Signature Bank and the proposed terms of the merger, the Heartland board concluded that the acquisition of Signature would significantly expand Heartland's Minnesota franchise and was in the best interest of Heartland and its stockholders. Accordingly, the board unanimously gave preliminary approval for Heartland's acquisition of Signature and authorized management to negotiate a merger agreement with Signature.

From September 25 through 27, 2017, Mr. Brooks met with Heartland representatives in Dubuque, Iowa to discuss credit and corporate culture issues.

Signature received the first draft of the merger agreement from Heartland on October 16, 2017. Signature reviewed the first draft of the merger agreement with Sheshunoff, Winthrop and Signature's accountants. On October 20, 2017, Heartland delivered to Signature drafts of voting agreements and other ancillary agreements pertinent to the merger. On November 3, 2017, Signature provided Heartland with a draft set of disclosure schedules to the merger agreement. Heartland and Signature, together with their respective legal advisors and Sheshunoff, commenced negotiation of the terms of the definitive merger agreement and the ancillary agreements with Heartland and its legal counsel, Dorsey & Whitney LLP ("Dorsey"). These negotiations continued through the first two weeks of November 2017.

On October 17, 2017, the Heartland board met and received an update from management on the status of negotiations with Signature and the terms of the merger agreement that was delivered to Signature.

On October 26, 2017, Heartland delivered to Signature drafts of the proposed executive employment agreements with Messrs. Brooks and Leif E. Syverson, Executive Vice President of Signature Bank. Messrs. Brooks and Syverson and their respective legal advisors negotiated the terms of the employment agreements from October 26, 2017 through November 12, 2017 with Heartland and Dorsey. The employment agreements were signed by the parties on November 12, 2017. For more information on the employment agreements, see the section entitled "Certain Executive Officers and Directors Have Financial Interests in the Merger."

On or about November 1, 2017, the Signature board began discussing cash bonuses for Messrs. Brooks and Syverson and Ms. Michele L. Boeder, Senior Vice President, Chief Operating Officer and Chief Financial Officer of Signature Bank, contingent on their diligent assistance with the merger and their continued employment with Signature Bank as of the closing date of the merger. For more information on the bonuses, see the section entitled "Certain Executive Officers and Directors Have Financial Interests in the Merger."

Signature and Sheshunoff conducted reverse due diligence on Heartland in meetings held with representatives of Heartland on November 2 and 3, 2017.

On November 8, 2017, Signature's board of directors held a special meeting to review the merger proposal as set forth in the latest draft of the merger agreement. At the meeting, representatives of Sheshunoff reviewed the financial aspects of the proposed merger and presented its written opinion dated November 8, 2017 to the effect that, as of such date and subject to the procedures followed, assumptions made, matters considered, and qualifications and limitations



on the review undertaken by Sheshunoff as set forth in such opinion, the merger consideration in the proposed transaction was fair, from a financial point of

view, to the holders of Signature common stock. Winthrop led the Signature board of directors through a thorough review of the merger agreement and related documents as they currently existed.

In early November 2017, Heartland management sent the Heartland board of directors a summary of the terms of the merger, a form of written consent to approve the merger, and the latest draft of the merger agreement negotiated by Heartland and Signature and their respective legal advisors. The Heartland board of directors unanimously approved the merger and the merger agreement pursuant to the written consent dated November 8, 2017.

From November 8, 2017 through November 13, 2017, Heartland and Signature exchanged a number of drafts of the merger agreement and had a number of discussions regarding the remaining open issues in the merger agreement, voting agreements and other ancillary agreements. Further, Signature continued to review, revise and prepare its disclosure schedules, providing feedback and discussion on the same. On November 13, 2017, Heartland notified Signature that its due diligence was complete.

On November 13, 2017, Signature's board of directors held a special telephonic meeting to review the merger agreement and related documents negotiated by Heartland and Signature and their respective legal advisors. Winthrop discussed the resolution of the open points discussed in earlier board meetings and answered final questions regarding the terms of the definitive transaction documents. After careful and deliberate consideration of this presentation, the merger agreement and the interests of Signature's shareholders, the Signature board of directors unanimously approved the merger agreement and the related documents and the cash bonuses for Messrs. Brooks and Syverson and Ms. Boeder.

The merger agreement in the form approved by the boards of directors of Heartland and Signature, along with the related documents, were executed on November 13, 2017. Also, on November 13, 2017, after the closing of the Nasdaq Global Select Market, Heartland and Signature issued a joint press release announcing the execution of the merger agreement and the terms of the proposed transaction.

#### Signature's Reasons for the Merger

As part of Signature's strategic planning, three years ago its board of directors asked that Signature's management maintain contact with possible financial partners. The economy was strong, bank valuations were increasing significantly, and Signature Bank's performance made Signature an attractive merger candidate. Signature also considered future scenarios if it decided to remain independent, including the growing regulatory burden and the ongoing investment it would have to make in technology to meet client expectations. Other significant factors considered by the Signature board of directors in deciding to approve the merger, adopt the merger agreement, and recommend approval of the merger agreement to Signature's shareholders were:

- maintaining and improving performance and value for Signature's shareholders;
- the surviving entity would be better able to grow, gain market share and serve the public in Signature's banking market than Signature could alone;
- as a result of the merger, Signature's shareholders would have more liquidity alternatives through the receipt of shares of publicly traded Heartland stock and cash in exchange for their shares of Signature common stock, which is not publicly traded;
- the merger would be treated as a "reorganization" within the meaning of Section 368(a) of the Code with the result that the portion of Signature stock exchanged for Heartland stock would generally be tax free, and the portion of the Signature stock exchanged for cash would generally be taxable either as a dividend or capital gain depending on each Signature shareholder's individual circumstances.
- the terms and conditions of the merger agreement, including the parties' respective representations, warranties, covenants and other agreements and conditions to closing;
- the opinion of Sheshunoff to the effect that, as of November 8, 2017, and based upon and subject to the assumptions, qualifications and limitations set forth in the opinion, the consideration being offered to the holders of Signature common stock was fair, from a financial point of view, to such holders of Signature common stock;
- the likelihood of successful integration and the successful operation of the surviving bank; and
- the likelihood that the regulatory approvals needed to complete the transaction will be obtained.



Other factors considered by Signature's board of directors included:

the reports of Signature's management concerning the operations, financial condition and prospects of Heartland and the expected financial impact of the merger on Heartland, including pro forma assets, earnings, deposits and capital ratios;

the potential cost saving opportunities;

the effects of the merger on Signature's employees, including the prospects for continued employment and other benefits agreed to be provided to Signature's employees; and

the review by the Signature board of directors with its legal and financial advisors of the structure of the merger and the financial and other terms of the merger, including the merger consideration.

The Signature board of directors also considered the potential risks associated with the merger during its deliberation of the proposed transaction, including the challenges of integrating Signature's businesses, operations and employees with those of Heartland, the need to obtain the requisite approvals from the shareholders of Signature as well as regulatory approvals in order to complete the transaction, and the risks associated with the operations of the surviving bank holding company and surviving bank, including the ability to achieve the anticipated cost savings.

The foregoing discussion of the factors considered by the Signature board of directors is not intended to be exhaustive, but it is believed to include all the material factors considered by the Signature board of directors. In view of the wide variety of factors considered in connection with its evaluation of the merger and the complexity of these matters, the Signature board of directors did not find it useful and did not attempt to quantify or assign any relative or specific weights to the various factors that it considered in reaching its determination to approve the merger and adopt the merger agreement. In addition, individual members of the Signature board of directors may have given differing weights to different factors. The Signature board of directors conducted an overall analysis of the factors described above, including thorough discussions with, and questioning of, Signature management and outside advisors.

#### Opinion of Signature's Financial Advisor

Signature retained Sheshunoff to provide an opinion as to the fairness from a financial viewpoint to Signature's shareholders of the merger consideration to be received by the shareholders of Signature. As part of its investment banking business, Sheshunoff is regularly engaged in the valuation of securities in connection with mergers and acquisitions and valuations for estate, corporation and other purposes. Signature retained Sheshunoff based upon its experience as a financial advisor in mergers and acquisitions of financial institutions and its knowledge of financial institutions. Sheshunoff has advised Signature on immaterial transactions in the past two years. Other than with regard to the fairness opinion, Sheshunoff did not advise Signature, its board of directors or its shareholders in connection with the merger, and there are no agreements for future representation. The type and amount of consideration and the terms and conditions of the merger were negotiated directly by and between Signature and Heartland.

On November 8, 2017, Sheshunoff rendered its fairness opinion to the board of directors of Signature that, as of such date, the merger consideration was fair, from a financial point of view, to the shareholders of Signature. The full text of the fairness opinion which sets forth, among other things, assumptions made, procedures followed, matters considered, and limitations on the review undertaken, is attached as Appendix C to this proxy statement/prospectus. You are urged to read Sheshunoff's fairness opinion carefully and in its entirety. The fairness opinion is addressed to the board of directors of Signature and does not constitute a recommendation to any shareholder of Signature as to how he, she or it should vote at the Signature special meeting.

In connection with the fairness opinion, Sheshunoff:

Reviewed a draft of the merger agreement dated October 16, 2017;

Discussed the terms of the merger agreement with the management of Signature and Signature's legal counsel;

Conducted conversations with management of Signature regarding the recent and projected financial performance of Signature, estimated transaction costs, and ability to meet the Adjusted Tangible Common Equity thresholds in the merger agreement;

Evaluated the financial condition of Signature based upon a review of regulatory reports for the five-year period ended December 31, 2016 and the interim period through June 30, 2017, and internally-prepared financial reports for Signature for the interim period through September 30, 2017;



- Compared Signature's recent operating results with those of certain other banks in the Midwest Region of the United States as defined by SNL Financial and in the United States that have recently been acquired;
- Compared the pricing multiples for Signature in the merger to recent acquisitions of banks in the Midwest Region of the United States as defined by SNL Financial and in the United States with similar characteristics to Signature;
- Analyzed the present value of the after-tax cash flows based on projections on a stand-alone basis approved by Signature through the five-year period ending December 31, 2021;
- Discussed the potential pro forma impact of the merger on the combined company's results and certain financial performance measures of Signature and Heartland;
- Discussed certain matters regarding Heartland's regulatory standing, financial performance, and business prospects with Heartland's executives and representatives;
- Reviewed certain internal and publicly available information regarding Heartland that Sheshunoff deemed relevant;
- Compared Heartland's recent operating results and pricing multiples with those of certain other publicly-traded banks in the Midwest Region as defined by SNL Financial that Sheshunoff deemed relevant;
- Reviewed available stock analyst research reports concerning Heartland;
- Compared the historical stock price data and trading volume of Heartland to certain relevant indices; and
- Performed such other analyses deemed appropriate.

For the purposes of this opinion, Sheshunoff assumed and relied upon, without independent verification, the accuracy and completeness of the information provided to it by Signature in conjunction with this opinion. Sheshunoff assumed that any projections provided by or approved by Signature were reasonably prepared on a basis reflecting the best currently available estimates and judgments of Signature's management. Sheshunoff assumed such forecasts and projections will be realized in the amounts and at times contemplated thereby. Sheshunoff assumes no responsibility for and expresses no opinion on any such projections or the assumptions on which they are based. In addition, where appropriate, Sheshunoff relied upon publicly-available information that is believed to be reliable, accurate, and complete; however, Sheshunoff cannot guarantee the reliability, accuracy, or completeness of any such publicly-available information.

Sheshunoff did not make an independent evaluation of the assets or liabilities (including any contingent, derivative or off-balance-sheet assets or liabilities) of Signature or Heartland nor was Sheshunoff furnished with any such appraisal. Sheshunoff assumed that any off-balance-sheet activities of Signature or Heartland will not materially and adversely impact the future financial position or results of operation of Heartland after the merger. Sheshunoff is not an expert in the evaluation of loan portfolios for the purposes of assessing the adequacy of the allowance for loan and lease losses and assumed that such allowances for Signature and Heartland are, respectively, adequate to cover such losses. In addition, Sheshunoff has not reviewed any individual credit files or made an independent evaluation, appraisal or physical inspection of the assets or individual properties of Signature or Heartland nor has Sheshunoff been furnished with any such evaluations or appraisals. Sheshunoff did not perform an onsite review of the Signature or Heartland in the preparation of this opinion.

Sheshunoff assumed that the merger agreement, as provided to Sheshunoff, will be without any amendment or waiver of, or delay in the fulfillment of, any terms or conditions set for in the terms provided to Sheshunoff or any subsequent development that would have a material adverse effect on Signature or Heartland and thereby on the results of its analyses. Sheshunoff assumed that any and all regulatory approvals, if required, will be received in a timely fashion and without any conditions or requirements that could adversely affect the operations or financial condition of Heartland after the completion of the merger.

The fairness opinion is necessarily based on economic, market, regulatory, and other conditions as in effect on, and the information made available to Sheshunoff, as of November 8, 2017.

In rendering the fairness opinion, Sheshunoff performed a variety of financial analyses. The preparation of an opinion involves various determinations as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances. Consequently, the fairness opinion is not readily susceptible to partial analysis or summary description. Moreover, the evaluation of fairness, from a financial point of view, of the merger consideration is to some extent subjective, based on the experience and judgment of Sheshunoff, and not merely the result of mathematical analysis of financial data. Sheshunoff did not attribute particular weight to any analysis or factor considered by it. Accordingly, notwithstanding the separate factors summarized below,

Sheshunoff believes that its analyses must be considered as a whole and that selecting portions of its analyses and of the factors considered, without considering all analyses and factors, could create an incomplete view of the evaluation process underlying its opinion. The ranges of valuations resulting from any

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particular analysis described below should not be taken to be Sheshunoff's view of the actual value of Signature, Heartland, or the combined entity.

In performing its analyses, Sheshunoff made numerous assumptions with respect to industry performance, business and economic conditions and other matters, many of which are beyond the control of Signature or Heartland. The analyses performed by Sheshunoff are not necessarily indicative of actual values or future results, which may be significantly more or less favorable than suggested by such analyses. In addition, Sheshunoff's analyses should not be viewed as determinative of the opinion of the board of directors or the management of Signature with respect to the value of Signature or Heartland or to the fairness of the merger consideration.

The following is a summary of the analyses performed by Sheshunoff in connection with its opinion. The discussion utilizes financial information concerning Signature and Heartland as of June 30, 2017 and September 30, 2017 that is believed to be reliable, accurate, and complete; however, Sheshunoff cannot guarantee the reliability, accuracy, or completeness of any such publicly available information.

Pursuant to the draft of the merger agreement dated October 16, 2017, Heartland has agreed to exchange \$55.4 million in cash and common stock for all of the outstanding shares of common stock and stock options of Signature. The consideration will consist of approximately \$9.8 million in cash and \$45.6 million in common stock of Heartland, assuming that all option holders elect to receive cash. The number of common shares of Heartland to be issued will be based upon the volume weighted average closing price of twenty (20) consecutive Nasdaq trading days ending on and including the trading day immediately preceding the date on which the merger agreement is executed. The value and the composition of the aggregate merger consideration may be adjusted pursuant to the terms of the merger agreement, and the aggregate amount stated above is based upon various assumptions, including closing date and transaction expense amounts.

**Signature Discounted Cash Flow Analysis:** Using discounted cash flow analysis, Sheshunoff estimated the present value of the future after-tax cash flow streams that Signature could produce on a stand-alone basis through December 31, 2021 under various circumstances, assuming that it performed in accordance with the projections provided by Signature's management.

Sheshunoff estimated the terminal value for Signature at the end of December 31, 2021 by (1) multiplying the final period projected earnings by one plus the assumed annual long-term growth rate of the earnings of Signature of 4.0% (or 1.04) and (2) dividing this product by the difference between the required rates of return shown below and the assumed annual long-term growth rate of earnings of 4.0% in (1) above. Sheshunoff discounted the annual cash flow streams (defined as all earnings in excess of that which is required to maintain a tangible common equity to tangible asset ratio of 8.0%) and the terminal values using discount rates ranging from 12.0% to 14.0%. The discount rate range was chosen to reflect different assumptions regarding the required rates of return of Signature and the inherent risk surrounding the underlying projections. This discounted cash flow analysis indicated a range of values per share of \$2.16 to \$2.89 as shown in the table below compared to the estimated merger consideration of \$3.35 per share (net to Signature shareholders).

Discount Rate

	14%	13%	12%
Present value (in thousands)	\$35,792	\$41,096	\$47,799
Present value (per share)	\$2.16	\$2.49	\$2.89

**Analysis of Selected Transactions:** Sheshunoff performed an analysis of premiums paid in selected recently announced acquisitions of banking organizations with comparable characteristics to Signature. Two sets of transactions were selected to ensure a thorough analysis.

The first set of comparable transactions consisted of a group of selected transactions for banks and thrifts in the United States for which pricing data was available, with the following characteristics: targets with headquarters in the Midwest with total assets between \$200 million and \$2.5 billion that were announced since January 1, 2016, reporting a return on average assets greater than 0.6%, and a non-performing assets to total assets ratio less than 2.5%. These comparable transactions consisted of 23 mergers and acquisitions of banks and thrifts with total assets ranging between \$217.5 million and \$2.45 billion that were announced between February 18, 2016 and October 16, 2017. The analysis yielded multiples of the purchase prices





in these transactions as summarized below:

	Price/ Book	Price/ Tangible Book	Price/ 8% Tangible Book	Price/ LTM* Earnings	Price/ Assets	Price/ Deposits	Premium/ Deposits
Maximum	2.32x	2.65x	2.71x	28.90x	26.10%	33.80%	20.50%
Minimum	0.89x	0.89x	0.88x	9.00x	7.50%	9.20%	(1.20)%
Median	1.48x	1.48x	1.73x	18.20x	16.50%	20.30%	6.60%
Signature (net offer)	1.93x	2.07x	1.92x	16.70x	14.20%	16.30%	8.50%

\* Last-twelve-months (LTM), uses Signature's annualized tax-effected earnings assuming a tax rate of 40.5%

The transaction value multiples exceed the medians of the Midwest regional group on a price to book, price to tangible book, price to 8% tangible book and premium to deposits by a comfortable margin, but slightly lag the medians on a price to LTM earnings, assets, and deposits basis.

The second set of comparable transactions consisted of a group of selected transactions for banks and thrifts headquartered in metro areas of the United States for which pricing data was available, with the following characteristics: deals that were announced since July 1, 2016 with target total assets between \$200 million and \$2 billion, a return on average greater than 0.6%, and non-performing assets to total assets ratio less than 2%. These comparable transactions consisted of 53 mergers and acquisitions of banks and thrifts with total assets ranging between \$206.9 million and \$1.99 billion that were announced between July 8, 2016 and October 24, 2017. The analysis yielded multiples of the purchase prices in these transactions as summarized below:

	Price/ Book	Price/ Tangible Book	Price/ 8% Tangible Book	Price/ LTM* Earnings	Price/ Assets	Price/ Deposits	Premium/ Deposits
Maximum	2.41x	2.65x	2.71x	32.60x	26.10%	33.80%	20.60%
Minimum	0.56x	0.90x	0.86x	9.00x	9.80%	12.50%	(1.40)%
Median	1.67x	1.72x	1.79x	18.90x	16.20%	20.10%	7.40%
Signature (net offer)	1.93x	2.07x	1.92x	16.70x	14.20%	16.30%	8.50%

\* Last-twelve-months (LTM), uses Signature's annualized tax-effected earnings assuming a tax rate of 40.5%

The transaction value multiples exceed the medians of the U.S. comparable group on a price to book, price to tangible book, price to 8% tangible book and premium to deposits by a comfortable margin, but slightly lag the medians on a price to LTM earnings, assets, and deposits basis.

Contribution Analysis: Sheshunoff reviewed the relative contributions of Signature and Heartland to the combined company based on regulatory data as of September 30, 2017 for Signature and Heartland. Sheshunoff compared the pro forma ownership interests based on the 20-day average Heartland stock price as of November 1, 2017 (which excludes the cash component of the merger) of Signature and Heartland of 3.0% and 97.0%, respectively, to: (1) total assets of 3.8% and 96.2%, respectively; (2) total loans of 4.9% and 95.1%, respectively; (3) total deposits of 4.0% and 96.0%, respectively; (4) annualized net-interest income of 4.7% and 95.3%, respectively; (5) annualized non-interest income of 1.9% and 98.1%, respectively; (6) annualized non-interest expenses of 3.7% and 96.3%, respectively; (7) annualized earnings (tax-effected for Signature at 40.5%) of 3.9% and 96.1%, respectively; and (8) total tangible equity of 3.6% and 96.4%, respectively. The contribution analysis shows that the ownership of Signature shareholders in the combined company is less than the contribution of the components listed (with the exception of non-interest income) due largely to the amount of cash consideration in the merger.

The contributions are shown in the following table.

Dollars in thousands,  
except per share data

	Assets	%	Loans	%	Deposits	%
Heartland	\$9,755,627	96 %	\$ 6,354,325	95 %	\$ 8,231,884	96 %
Signature	\$ 390,292	4 %	\$ 326,063	5 %	\$ 339,129	4 %
Combined Company	\$10,145,919	100 %	\$ 6,680,388	100 %	\$ 8,571,013	100 %

	Annualized Net Interest Income	%	Annualized Non-Interest Income	%	Annualized Non-Interest Expenses	%
Heartland	\$316,603	95 %	\$ 94,588	98 %	\$ 289,329	96 %
Signature	\$15,499	5 %	\$ 1,795	2 %	\$ 10,988	4 %
Combined Company	\$332,102	100 %	\$ 96,383	100 %	\$ 300,317	100 %

	Annualized Earnings	%	Shares	%	Common Tangible Equity	%
Heartland	\$82,133	96 %	29,946,069	97 %	\$ 707,103	96 %
Signature	\$3,318	4 %	*913,214	3 %	**\$ 26,737	4 %