QCR HOLDINGS INC
Form 424B5
May 04, 2015
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**Filed Pursuant to Rule 424(b)(5)**
**Registration No. 333-197129**

**SUBJECT TO COMPLETION. DATED MAY 4, 2015**

The information in this preliminary prospectus supplement is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell nor are we soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

**PRELIMINARY PROSPECTUS SUPPLEMENT**

(To Prospectus dated July 14, 2014)

**2,800,000 Shares**

**Common Stock**

**$ per share**

We are offering shares of our common stock, $1.00 par value per share. Our common stock is listed and traded on the NASDAQ Global Market under the symbol QCRH. The last reported sale price of our common stock on May 1, 2015 was $18.77 per share.

**Investing in our common stock involves risks. See the Risk Factors section beginning on page S-14 of this prospectus supplement and the Risk Factors section in our Annual Report on Form 10-K for the year ended December 31, 2014 to read about risks you should carefully consider before buying our common stock.**

| | Per Share | Total |
|---|---|---|
| Public offering price | $ | $ |
| Underwriting discount | $ | $ |
| Proceeds to us (before expenses) | $ | $ |

The underwriters may also purchase up to an additional 420,000 shares of our common stock from us at the public offering price less the underwriting discount within 30 days after the date of this prospectus supplement.

**Shares of our common stock are not savings accounts, deposits or obligations of any bank or savings institution and are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other governmental agency.**

***Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.***

The underwriters expect to deliver the shares of common stock in book-entry form only, through the facilities of The Depository Trust Company, against payment on or about , 2015, subject to customary closing conditions.

*Joint Book-Running Managers*

**Keefe, Bruyette & Woods**
*A Stifel Company*

**Raymond James**

*Co-Managers*

**FIG Partners, LLC**

**D.A. Davidson & Co.**

The date of this prospectus supplement is , 2015.

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We are responsible for the information contained and incorporated by reference in this prospectus supplement and the accompanying prospectus and in any related free writing prospectus we prepare or authorize. We have not, and the underwriters have not, authorized anyone to give you any other information, and neither we nor the underwriters take responsibility for any other information that others may give you. If anyone provides you with different or

inconsistent information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell, or a solicitation of an offer to purchase, shares of our common stock in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference in this prospectus supplement and the accompanying prospectus is accurate only as of their respective dates. Our business, financial condition, results of operations and prospects may have changed since those dates.

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## ABOUT THIS PROSPECTUS SUPPLEMENT

This document is a supplement to the accompanying prospectus. This prospectus supplement and the accompanying prospectus are part of a registration statement that we filed with the Securities and Exchange Commission ( SEC ) utilizing a shelf registration process. Under this shelf registration process, we may sell from time to time any combination of securities described in the accompanying prospectus in one or more offerings such as this offering. The accompanying prospectus provides you with a general description of the securities we may offer. This prospectus supplement provides you with specific information about our common stock we are selling in this offering. Both this prospectus supplement and the accompanying prospectus include important information about us and other information you should know before investing. This prospectus supplement also adds to, updates and changes information contained in the accompanying prospectus. To the extent the information in this prospectus supplement is different from that in the accompanying prospectus, you should rely on the information in this prospectus supplement. Before investing in our common stock, you should read this prospectus supplement, the accompanying prospectus and the additional information described in the section entitled Where You Can Find More Information in this prospectus supplement and the section entitled Incorporation of Certain Information by Reference in the accompanying prospectus.

Unless otherwise stated or the context otherwise requires, all references in this prospectus supplement to QCR, QCR Holdings, the Company, we, our, us and similar terms refer to QCR Holdings, Inc. and its subsidiaries.

The information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus is not investment, legal or tax advice. You should consult your own legal counsel, accountants and other advisers for legal, tax, business, financial and related advice regarding the purchase of shares of our common stock.

## FORWARD-LOOKING STATEMENTS

This prospectus supplement, the accompanying prospectus and the documents we incorporate by reference in this prospectus and the accompanying prospectus contain, and future oral and written statements of the Company and its management may contain, forward-looking statements, within the meaning of such term in the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933 (the Securities Act ) and Section 21E of the Securities Exchange Act of 1934 (the Exchange Act ), with respect to the financial condition, results of operations, plans, objectives, future performance and business of the Company. Forward-looking statements, which may be based upon beliefs, expectations and assumptions of the Company s management and on information available to management at the time the statements are made, are generally identifiable by the use of words such as believe, expect, anticipate, bode, predict, suggest, project, appear, plan, intend, estimate, may, will, likely or other similar expressions. Additionally, all statements in this prospectus supplement, the accompanying prospectus and the documents we incorporate by reference in this prospectus supplement and the accompanying prospectus, including forward-looking statements, speak only as of the date they are made, and we undertake no obligation to update any statement in light of new information or future events.

Our ability to predict results or the actual effect of future plans or strategies is inherently uncertain. The factors that could have a material adverse effect on the operations and future prospects of the Company and its subsidiaries are detailed in the Risk Factors section included under Item 1A. of Part I of our most recent Annual Report on Form 10-K and in the Risk Factors section of this prospectus supplement beginning on page S-14. In addition, there are other factors that may impact any public company, including ours, which could have a material adverse effect on the operations and future prospects of the Company and its subsidiaries.

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

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## WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and current reports, proxy statements, information statements and other information with the SEC. You may read and copy any document that we file at the SEC s public reference room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the public reference room. Our SEC filings are also available to the public at the SEC s website at *www.sec.gov* and on our corporate website at *www.qcrh.com*. The information on our corporate website is not part of this prospectus supplement, the accompanying prospectus or any free writing prospectuses or other offering materials.

We incorporate by reference into this prospectus supplement information we file with the SEC, which means:

- incorporated documents are considered part of this prospectus supplement;
- we can disclose important information to you by referring you to those documents; and
- information that we file later with the SEC automatically will update and supersede information contained in this prospectus supplement.

We are incorporating by reference into this prospectus supplement the following documents:

- annual report on Form 10-K for the year ended December 31, 2014, as filed with the SEC on March 12, 2015;
- quarterly report on Form 10-Q for the three months ended March 31, 2015, as filed with the SEC on May 4, 2015;
- current report on Form 8-K filed with the SEC on February 17, 2015; and
- definitive proxy statement related to our 2015 annual meeting of stockholders on Schedule 14A, as filed with the SEC on April 1, 2015.

We also incorporate by reference all documents subsequently filed by us with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of this prospectus supplement and prior to the termination of this offering (other than documents or information deemed furnished and not filed in accordance with SEC rules).

Any statement contained in this prospectus supplement or in a document incorporated or deemed to be incorporated by reference into this prospectus supplement will be deemed to be modified or superseded for purposes of this prospectus supplement to the extent that a statement contained in this prospectus supplement or any other subsequently filed document that is deemed to be incorporated by reference into this prospectus supplement modifies or supersedes the statement. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this prospectus supplement.

We will provide to each person to whom a prospectus is delivered, a copy of any or all of the information that has been incorporated by reference in the prospectus but not delivered with the prospectus. Exhibits to the filings will not be sent, however, unless those exhibits have specifically been incorporated by reference into such documents. You can obtain copies of the documents incorporated by reference in this prospectus supplement, at no cost, by writing or calling us at the following address:

QCR Holdings, Inc.

3551 Seventh Street

Moline, Illinois 61265

Attention: Corporate Secretary

(309) 743-7754

# PROSPECTUS SUPPLEMENT SUMMARY

*This summary is not complete and does not contain all of the information that you should consider before investing in shares of our common stock. It is qualified in its entirety by the more detailed information included or incorporated by reference in this prospectus supplement and the accompanying prospectus. Before making your investment decision, you should carefully read this entire prospectus supplement, the accompanying prospectus and the documents incorporated by reference in this prospectus supplement and the accompanying prospectus. See the Risk Factors section beginning on page S-14 of this prospectus supplement and the Risk Factors section in our Annual Report on Form 10-K for the year ended December 31, 2014. Unless expressly stated or the context otherwise requires, all information in this prospectus supplement assumes that the underwriters do not exercise their option to purchase additional shares of our common stock.*

## Overview

We are a multi-bank holding company headquartered in Moline, Illinois, that was formed in February 1993 under the laws of the State of Delaware. We serve the Quad Cities, Cedar Rapids and Waterloo/Cedar Falls, Iowa and Rockford, Illinois, as well as their surrounding communities through the following three wholly owned banking subsidiaries, which provide full-service commercial and consumer banking and trust and asset management services:

- Quad City Bank and Trust Company ( QCBT ), which is based in Bettendorf, Iowa, and commenced operations in 1994;

- Cedar Rapids Bank and Trust Company ( CRBT ), which is based in Cedar Rapids, Iowa, and commenced operations in 2001; and

- Rockford Bank and Trust Company ( RB&T ), which is based in Rockford, Illinois, and commenced operations in 2005.

We also engage in direct financing lease contracts through m2 Lease Funds, LLC ( m2 ), a wholly owned subsidiary of QCBT based in Brookfield, Wisconsin. We also engage in correspondent banking through more than 160 relationships with community banking institutions headquartered primarily in Illinois, Iowa, Missouri and Wisconsin.

At March 31, 2015, our consolidated total assets, loans/leases, deposits and stockholders equity were $2.5 billion, $1.6 billion, $1.7 billion and $151.0 million, respectively, and we employed approximately 411 full-time equivalent employees.

## Market Area

Our market areas encompass the Quad Cities, Cedar Rapids and Waterloo/Cedar Falls, Iowa and Rockford, Illinois communities, which are four of the 15 largest Metropolitan Statistical Areas ( MSAs and individually, an MSA ) in Iowa and Illinois. These communities have strong commercial and industrial activity and significant wealth management opportunities, both of which align well with our focus on commercial and industrial lending and wealth management services. Additionally, these markets have attractive and improving demographics, as each of the four primary areas in which we operate are projected to have median household income growth over the next five years in excess of the national average. As of March 31, 2015, we served these market areas through 12 full-service banking

offices.

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**Quad Cities MSA**

Our oldest and largest banking subsidiary, QCBT, was formed as a de novo bank in 1994 to capitalize on significant bank consolidation in the area and a resulting lack of a community bank focused on commercial and industrial lending and wealth management services. Without the completion of any acquisitions in this market, as of March 31, 2015, QCBT had total assets of $1.3 billion and was the second largest bank in the Quad Cities MSA by deposit market share.

The Quad Cities MSA has a population of approximately 384,000 and is home to the world headquarters of Deere & Company and several of its manufacturing facilities, the Rock Island Arsenal (the largest government-owned military weapons manufacturing arsenal in the U.S.), Alcoa Inc. s aerospace aluminum supply plant, and several other large manufacturing facilities for companies including HNI Corporation (Hon/Allsteel), Kraft Foods Group, Inc., Nestle Purina and the 3M Company. The Quad Cities was recently ranked 16$^{th}$ in the nation for high-tech job growth and 15$^{th}$ in the nation for manufacturing job growth.

**Cedar Rapids MSA**

In 2001, we entered the Cedar Rapids, Iowa market with the formation of CRBT and the hiring of four bankers from a large, national bank. Without the completion of any acquisitions in this market, as of March 31, 2015, CRBT had total assets of $855.4 million and was the fourth largest bank in the Cedar Rapids MSA by deposit market share.

The Cedar Rapids MSA has a population of approximately 264,000 and is home to the international headquarters of Rockwell Collins, Inc. and the U.S. headquarters for Aegon N.V., as well as to several large manufacturing facilities for the Quaker Oats Company, General Mills, Inc., the Archer Daniels Midland Company, the Amana Corporation and the Whirlpool Corporation.

**Rockford MSA**

We identified an opportunity for a relationship-based de novo bank in the Rockford, Illinois market and formed RB&T in 2005. The two largest banking organizations in the Rockford market at that time had more than 50% of the deposit market share, yet were focused on serving and growing in markets outside of Rockford. When RB&T was formed, the senior leadership was hired from these market-leading banks. Without the completion of any acquisitions in this market, as of March 31, 2015, RB&T had total assets of $355.0 million and was the eighth largest bank in the Rockford MSA by deposit market share.

The Rockford MSA has a population of approximately 343,000 and is one of the most significant manufacturing communities in the Midwest. Recently, Rockford has become a key logistics and distribution hub, given its proximity to interstate highways and rail, and now has a significant presence in the aerospace industry. AAR, a leading provider of aviation services to the worldwide commercial aerospace and government/defense industries, is in the process of opening a new facility at Chicago Rockford International Airport that is projected to create more than 500 new aerospace jobs. Rockford currently has the sixth highest concentration of aerospace employment in the U.S.

**Cedar Valley MSA**

With the 2013 acquisition of Community National Bancorporation ( Community National ) and its banking subsidiary, Community National Bank ( CNB ), we entered the Waterloo and Cedar Valley markets, which we refer to as Cedar Valley. Cedar Valley is located approximately 50 miles north of Cedar Rapids and is a natural extension of the Cedar Rapids market. Given the proximity of the markets, we operate in the Cedar Valley as Community Bank & Trust, a

division of CRBT, to maintain autonomy and branding in the local community, while leveraging the infrastructure and management of CRBT.

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As of March 31, 2015, Community Bank & Trust division had total assets of $119.8 million and was the tenth largest bank in the Cedar Valley MSA by deposit market share. The Cedar Valley MSA has a population of approximately 169,000 and is home to the largest manufacturing facility for Deere & Company, a large processing facility for Tyson Foods, a regional distribution facility for Target and to many quality local manufacturers. Additional major industries and employers in the area include healthcare (Wheaton Franciscan Healthcare, Unity Point Health, VGM Group), Education (University of Northern Iowa) and Finance/Insurance (CBE Companies, Ocwen Financial, CUNA Mutual Life Insurance).

## Business Lines

We provide a broad range of commercial and retail lending/leasing and investment services to corporations, partnerships, individuals and government agencies. Our subsidiary banks actively market their services to, and seek to develop long-term relationships with, qualified lending and deposit clients. Officers actively solicit the business of new clients entering their market areas, as well as long-standing members of the local business community. We have an established lending/leasing policy which includes a number of underwriting factors to be considered in making a credit decision, including, but not limited to, location, loan-to-value ratio, global cash flow, collateral and the credit history of the borrower.

### Commercial and Industrial Lending

Our subsidiary banks are very active commercial and industrial lenders. Our current areas of emphasis include loans to small and mid-sized businesses among a wide range of operations, such as wholesalers, manufacturers, building contractors, business services companies, other banks and retailers. Our subsidiary banks provide a variety of business loans, including lines of credit for working capital and operational purposes and term loans for the acquisition of facilities, equipment and other purposes. Since 2010, our subsidiary banks have been active in participating in lending programs offered by the Small Business Administration ( SBA ) and the United States Department of Agriculture ( USDA ) under the Business and Industry Program, which encourages commercial lending in communities with populations of less than 50,000. Under these programs, the government entities generally provide a guarantee of repayment ranging from 50% to 85% of the principal amount of the qualifying loan.

### Direct Financing Leasing

m2 delivers a broad range of direct leasing products, including operating and capital leases, to address the financing needs of commercial clients in a variety of industries. m2 s focus includes commercial equipment and assets, medical equipment, and vehicles classified as heavy equipment, as well as a wide variety of other machinery and equipment. m2 has successfully grown its outstanding leases to $167.2 million and total loans and leases of $182.4 million as of March 31, 2015, and its income has grown at approximately a 20% compound annual growth rate since 2006. m2 provides its services nationwide, in addition to working with our subsidiary banks in our local communities. We recently increased our m2 footprint by expanding to Atlanta, Georgia, joining m2 s offices in Iowa, Illinois, Pennsylvania, Florida, Wisconsin, Minnesota, North Carolina and South Carolina.

### Correspondent Banking

Correspondent banking is a core strategy for us, as this line of business provides a high level of noninterest bearing deposits that can be used to fund additional loan growth, as well as a steady source of fee income. During 2014, we expanded our territory into Wisconsin in order to continue to build our correspondent banking business. We now serve more than 160 banking relationships in Iowa, Illinois and Wisconsin. Our correspondent banking loans are made up of 100% senior secured bank stock loans. As of March 31, 2015, we had approximately

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$64 million in correspondent banking loans outstanding. Additionally, as of March 31, 2015, we had approximately $291 million in noninterest bearing deposits related to our correspondent banking activities, although quarter-end and year-end balances can negatively fluctuate in correspondent banking activity.

**Specialty Finance Group**

The Specialty Finance Group is currently focused in three areas, including municipal private placement transactions, USDA Business and Industry Program lending, and tax credit bridge financing. Since 2012, the group has funded over $250 million of municipal transactions and approximately $35 million of USDA loans (with CRBT ranking first in the State of Iowa and second nationally in dollar volume of USDA loans originated). Additionally, we have funded approximately $28 million of tax credit bridge loans, with approximately another $37 million approved but not yet funded. The group is focused on generating strong asset yields and high levels of fee income, while effectively managing both credit and interest rate risk.

**Commercial Real Estate Lending**

Our subsidiary banks are active commercial real estate lenders in their local market areas. Commercial real estate loans are subject to underwriting standards and processes similar to commercial and industrial loans, in addition to those standards and processes specific to real estate loans. Collateral for these loans generally includes the underlying real estate and improvements and may include additional assets of the borrower. Our lending policy also includes guidelines for real estate appraisals and evaluations, including minimum appraisal and evaluation standards based on certain types of transactions. In addition, our subsidiary banks often obtain personal guarantees to help assure repayment. A large portion of our aggregate commercial real estate portfolio is made up of owner-occupied commercial real estate loans as opposed to non-owner occupied loans. As of March 31, 2015, approximately 37% of the commercial real estate loan portfolio was owner-occupied.

**Residential Real Estate Lending**

Generally, our subsidiary banks residential real estate loans conform to the underwriting requirements of Freddie Mac and Fannie Mae to allow our subsidiary banks to resell loans in the secondary market. Our subsidiary banks structure most loans that will not conform to those underwriting requirements as adjustable rate mortgages that adjust in one to five years and then retain these loans in their portfolios. During 2011 and 2012, our subsidiary banks originated and held a limited amount of 15-year fixed rate residential real estate loans that met certain credit guidelines. We generally do not retain servicing rights on the loans sold in the secondary market. Our lending policy establishes minimum appraisal and other credit guidelines. We also participate in the residential mortgage origination market through a 20% joint venture with Ruhl Mortgage, which is an active residential mortgage originator within our local market areas.

## Recent Accomplishments

We exited the Great Recession with strong asset quality metrics compared to our peers, which we believe illustrates our historically disciplined underwriting and credit culture. Since that time, we have focused on growing earnings per share and increasing our tangible common equity and tangible book value per share. As evidence of the success of this strategy, our tangible book value per share has increased approximately 28% from $14.29 at December 31, 2013 to $18.29 at March 31, 2015. In addition, we have returned to strong levels of loan/lease growth by continuing to strengthen our relationships with existing clients and creating new relationships.

In May 2013, we completed our first opportunistic acquisition with the purchase of Community National, which resulted in a $1.8 million bargain-purchase gain at closing and more than $2.3 million in pre-tax gains from the sale of

certain acquired branches. The conversion and integration of the acquisition has been successful, and we expect this market to contribute to our future growth and success.

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In December 2013, we converted all $25.0 million of our Series E Non-Cumulative Convertible Perpetual Preferred Stock into shares of our common stock, eliminating $1.75 million in annual preferred stock dividends and increasing our tangible common equity ratio by approximately 100 basis points.

In June 2014, we completed the redemption of the remaining shares of what had been a total of $40.1 million of our Senior Non-Cumulative Perpetual Preferred Stock, Series F, issued to the U.S. Department of the Treasury under the Small Business Lending Fund program. We accomplished this redemption organically in three stages without issuing additional common stock to fund the redemption.

**Strategic Initiatives**

Our senior leadership team is focused on reaching and exceeding peer levels of earnings performance by pursuing the following strategic initiatives:

- growing our loans and leases to more than 70% of our total assets from our current level of approximately 66% by generating strong loan and lease growth and funding a significant portion of this growth from existing on balance sheet liquidity sources, including our securities portfolio;

- growing our level of non-interest bearing deposits to approximately 30% of total assets and grow other sources of core deposits to continue to lessen our reliance on non-core funding with a goal of reducing wholesale funding to less than 15% of total assets;

- continuing to build upon our strong market share in SBA loan originations, where we currently are one of the leading originators in two of our primary markets and improving our market position in a third, and to focus on growing our gains on sales of USDA and SBA loans;

- continuing our focus on delivering high-touch relationship-based wealth management services with a goal of growing our fee income from these services by at least 15% annually, through adding business development officers and deepening existing client relationships;

- increasing the assets of m2 to 10% of our total assets;

- continuing to improve our efficiency ratio through identified noninterest expense savings and limiting annual expense to growth to achieve a 1.0% return on average assets over time; and

- continuing to improve our asset quality metrics and returning asset quality metrics to better than peer levels.

We believe that significant opportunities exist for continued strong organic growth in each of our banking markets. Our leasing subsidiary, m2, has added a number of experienced staff that will continue to drive strong lease growth. We continue to be the bank-of-choice for clients that value exceptional service and a long-term relationship with their financial partner.

We also believe that opportunities exist for continued bank consolidation in our markets, and we intend to look for opportunities for in-market acquisitions that can add scale and enhance profitability in our existing operations. In addition, we plan to identify acquisition opportunities in new markets, which have significant commercial and industrial banking and wealth management opportunities and complement our existing geographic footprint.

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## Competitive Strengths

We believe we possess several unique capabilities that will enhance our ability to execute on our strategic initiatives and that position us for future growth in assets and earnings:

Our bankers join QCR Holdings because we encourage and allow them to build relationships with their clients. We provide our subsidiary banks with the autonomy to make decisions and empower each of our bank s staff to tailor products and services to serve the needs of our clients, creating a relationship based organization.

Our multi-charter model empowers the management teams at each of our subsidiary banks to make credit decisions at the local level to best serve the needs of the communities in which they operate. This local decision-making authority allows our subsidiary banks to be more nimble in serving clients and is part of our commitment to keeping our employees invested in the communities where they live and work.

Our local bankers and m2 are supported by a QCR Holdings Group Operations Team that delivers operational services in a centralized and efficient manner, allowing our client-facing staff to focus on the needs of our clients.

We have a Correspondent Banking division at QCBT that continues to capitalize on opportunities to deliver exceptional customer service to downstream banks in Illinois, Iowa and Wisconsin. We now have more than 160 correspondent bank clients that result in approximately $291 million in noninterest bearing deposits and significant fee income. We also have, as of March 31, 2015, approximately $64 million in correspondent banking loans outstanding.

We believe we have created significant expertise in each of our markets to deliver Trust Services, Investment Management and Financial Planning to our clients. As of March 31, 2015, our assets under management were $2.3 billion, comprised of $1.7 billion in trust accounts and $669.7 million in brokerage accounts, and we welcomed a record number of 425 new wealth management relationships.

m2 provides leasing solutions that are an attractive option for many small- and medium-sized businesses. m2 has a sales force that has developed many vendor relationships around the country that positions, which we believe positions it as the preferred financing solution for many of its clients. m2 grew total leases by $43.7 million or more than 30% in 2014.

## Our Leadership Team

One of our significant strengths is the experience of our executive management team. This group brings a very strong financial and operational background, combined with many decades of experienced lending management and a disciplined credit culture that successfully managed QCR Holdings through the economic challenges of the Great Recession. We believe that this team positions us well to execute on our strategic initiatives.

In addition, we also benefit from very talented and experienced board members at both QCR Holdings and our subsidiary banks, who provide exceptional governance and oversight. The interests of our executives and directors are

aligned with those of our stockholders through significant levels of common stock ownership. As of March 31, 2015, our directors and management team owned approximately 11.1% of our outstanding common stock.

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The table below highlights the key members of our management team and their positions with QCR Holdings and/or our subsidiaries:

| Name | Positions with QCR Holdings, Inc. |
|---|---|
| Douglas M. Hultquist | Chief Executive Officer, President and Director of QCR Holdings, Inc.; Director of Quad City Bank & Trust, Rockford Bank & Trust and m2 Lease Funds, LLC |
| Todd A. Gipple | Executive Vice President, Chief Operating Officer, Chief Financial Officer and Director of QCR Holdings, Inc.; Director of Quad City Bank & Trust, Cedar Rapids Bank & Trust and Rockford Bank & Trust |
| Larry J. Helling | Director of QCR Holdings, Inc.; Chief Executive Officer, President and Director of Cedar Rapids Bank & Trust; Director of Quad City Bank & Trust and m2 Lease Funds, LLC |
| John H. Anderson | Chief Executive Officer, President and Director of Quad City Bank & Trust; Director of m2 Lease Funds, LLC |
| Thomas D. Budd | Chief Executive Officer, President and Director of Rockford Bank & Trust |
| Cathie S. Whiteside | Executive Vice President, Corporate Strategy, Human Resources and Branding of QCR Holdings, Inc. |
| Stacey J. Bentley | Chief Executive Officer and President of Community Bank & Trust, a Division of Cedar Rapids Bank & Trust |
| John R. Engelbrecht | Chief Executive Officer of m2 Lease Funds, LLC |
| Richard W. Couch | President of m2 Lease Funds, LLC |
| Dana L. Nichols | Executive Vice President and Chief Credit Officer of QCR Holdings, Inc. |

**Corporate Information**

Our principal executive offices are located at 3551 Seventh Street, Moline, Illinois 61265. Our telephone number is (309) 743-7754. Our corporate website address is *www.qcrh.com*. Information on, or accessible through, our website is not part of, or incorporated by reference into, this prospectus supplement or the accompanying prospectus.

## THE OFFERING

| | |
|---|---|
| Issuer | QCR Holdings, Inc. |
| Common stock offered (assuming the underwriters option to purchase additional shares is not exercised) | 2,800,000 shares |
| Underwriters option to purchase additional shares | The underwriters may purchase up to an additional 420,000 shares of common stock within 30 days after the date of this prospectus supplement at the public offering price less the underwriting discount. |
| Common stock outstanding after this offering | 10,795,810 shares of our common stock (or 11,215,810 shares if the underwriters exercise their option to purchase additional shares in full).(1) |
| Public offering price | $ per share of common stock |
| Use of proceeds | Assuming an offering size of $ million, we estimate that the net proceeds from the sale of our common stock in this offering, after deducting the underwriting discount and estimated offering expenses payable by us, will be $ million (or approximately $ million if the underwriters exercise their option to purchase additional shares in full).<br><br>We intend to use a portion of the net proceeds from this offering to: (i) repay our senior indebtedness with First National Bank of Omaha in the aggregate principal amount of $16.5 million; (ii) subject to any necessary regulatory approval, redeem our outstanding 6.00% Series A Subordinated Notes, due September 1, 2018, in the aggregate principal amount of $2.7 million and (iii) support the restructuring by our subsidiary banks of certain long-term, high cost wholesale borrowings and structured repurchase transactions, which will result in a one-time charge. As of the date of this prospectus, we currently anticipate that this restructuring will involve the refinancing of $85.5 million of Federal Home Loan Bank ( FHLB ) borrowings and structured repurchase transactions with a weighted average cost of 4.24% and an estimated weighted average cost of replacement funding of 1.03%, resulting in a net benefit of 3.21%.<br><br>We intend to use the remaining net proceeds for general corporate purposes, to support the future growth of our organization by allowing us to |

continue our organic growth, pursue opportunistic acquisitions of similar or complementary financial services organizations and explore other long-term

| | |
|---|---|
| | strategic opportunities that may arise. We do not have any agreements or commitments with respect to any acquisitions at this time. |
| Dividend policy | We have historically paid cash dividends on shares of our common stock on a semi-annual basis. The payment of future cash dividends on our common stock is at the discretion of our board of directors and subject to a number of factors including our financial condition as well as certain regulatory requirements. See Risk Factors Risks Related to Our Common Stock and this Offering Our ability to declare and pay dividends is limited and the failure to pay interest on our debt may adversely impact our ability to pay common stock dividends. |
| Directed share program | At our request, the underwriters have reserved for sale up to 168,000 shares of our common stock to be sold in this offering, at the public offering price, to current stockholders, local investors, directors, officers, employees, business associates, and related persons (the Directed Share Program ). The number of shares of our common stock available for sale to the general public will be reduced to the extent these persons purchase such reserved shares. Any reserved shares that are not so purchased will be offered by the underwriters to the general public on the same basis as the other shares offered by this prospectus supplement.<br>See Underwriting Directed Share Program. |
| Listing | Our common stock is listed on the NASDAQ Global Market under the symbol QCRH. |
| Risk factors | You should carefully consider the risk factors set forth in the section entitled Risk Factors beginning on page S-14 of this prospectus supplement and the risk factors set forth in the section entitled Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2014 and in any other documents incorporated by reference in this prospectus supplement or in the accompanying prospectus before making any decision to invest in our common stock. |

(1) The number of shares of our common stock outstanding immediately after the closing of this offering is based on 7,995,810 shares issued and outstanding as of April 29, 2015, and excludes (a) 420,000 shares issuable upon exercise of the underwriters option to purchase additional shares, (b) 693,236 shares of our common stock issuable upon exercise of options outstanding as of April 29, 2015, and (c) an aggregate 313,643 shares reserved

for future issuances of shares of our common stock pursuant to our equity compensation plans.

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**SUMMARY SELECTED CONSOLIDATED FINANCIAL INFORMATION**

The following tables set forth summary selected historical consolidated financial information as of and for the three months ended March 31, 2015 and 2014 and as of and for the years ended December 31, 2014, 2013, 2012, 2011 and 2010. The summary selected balance sheet data as of December 31, 2014 and 2013 and the summary selected income statement data for the years ended December 31, 2014, 2013 and 2012, was derived from our audited consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2014, incorporated by reference in this prospectus supplement. The summary selected balance sheet data as of December 31, 2012, 2011 and 2010 and the summary selected income statement data for the years ended December 31, 2011 and 2010, was derived from our audited consolidated financial statements for each respective year that are not included in this prospectus supplement or incorporated by reference in this prospectus supplement. The summary selected balance sheet and income statement data as of and for the three months ended March 31, 2015 and 2014 was derived from our unaudited interim consolidated financial statements included in our Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2015, incorporated by reference in this prospectus supplement. The unaudited balance sheet and income statement data as of and for the three months ended March 31, 2015 and 2014 has been prepared on the same basis as our audited financial statements and includes, in the opinion of management, all adjustments necessary to fairly present the data for such periods. You should read this information in conjunction with our consolidated financial statements and related notes and Management s Discussion and Analysis of Financial Condition and Results of Operations included in our Annual Report on Form 10-K for the year ended December 31, 2014 and our Quarterly Report on Form 10-Q for the quarter ended March 31, 2015, each of which is incorporated by reference in this prospectus supplement.

| | **Quarters Ended March 31,** | | **Years Ended December 31,** | | | | |
|---|---|---|---|---|---|---|---|
| **housands, except per share data)** | **2015** | **2014** | **2014** | **2013** | **2012** | **2011** | **2010** |
| **TEMENT OF INCOME DATA:** | | | | | | | |
| st income | $ 21,902 | $ 21,035 | $ 85,965 | $ 81,872 | $ 77,376 | $ 77,723 | $ 80, |
| st expense | 4,120 | 4,186 | 16,894 | 17,767 | 19,727 | 23,578 | 30, |
| terest income | 17,782 | 16,849 | 69,071 | 64,105 | 57,649 | 54,145 | 49, |
| sion for loan/lease losses | 1,710 | 1,094 | 6,807 | 5,930 | 4,371 | 6,616 | 7, |
| nterest income | 6,250 | 4,747 | 20,998 | 25,814 | 16,621 | 17,462 | 15, |
| nterest expense | 17,233 | 16,141 | 65,270 | 64,433 | 52,259 | 50,993 | 48, |
| e tax expense | 911 | 472 | 3,039 | 4.618 | 4,534 | 3,868 | 2, |
| come | 4,178 | 3,889 | 14,953 | 14,938 | 13,106 | 10,130 | 6, |
| net income attributable to ntrolling interests | | | | | 488 | 438 | |
| come attributable to QCR Holdings, | 4,178 | 3,889 | 14,953 | 14,938 | 12,618 | 9,692 | 6, |
| preferred stock dividends and unt accretion | | 708 | 1,082 | 3,168 | 3,496 | 5,284 | 4, |
| come attributable to QCR Holdings, ommon stockholders | $ 4,178 | $ 3,181 | $ 13,871 | $ 11,770 | $ 9,122 | $ 4,408 | $ 2, |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| **COMMON SHARE DATA:** | | | | | | | |
| come Basic (1) | $ 0.52 | $ 0.40 | $ 1.75 | $ 2.13 | $ 1.88 | $ 0.93 | $ 0 |
| come Diluted (1) | 0.52 | 0.40 | 1.72 | 2.08 | 1.85 | 0.92 | 0 |
| dividends declared | | | 0.08 | 0.08 | 0.08 | 0.08 | 0 |
| end payout ratio | % | % | 4.57% | 3.76% | 4.26% | 8.60% | 14 |
| **ANCE SHEET DATA:** | | | | | | | |
| assets | $ 2,491,659 | $ 2,426,319 | $ 2,524,958 | $ 2,394,953 | $ 2,093,730 | $ 1,966,610 | $ 1,836, |
| ities | 637,404 | 707,107 | 651,539 | 697,210 | 602,239 | 565,229 | 424, |
| loans/leases | 1,654,451 | 1,492,580 | 1,630,003 | 1,460,280 | 1,287,388 | 1,200,745 | 1,172, |
| ance for estimated losses on leases | 23,883 | 22,653 | 23,074 | 21,448 | 19,925 | 18,789 | 20, |
| its | 1,734,269 | 1,671,894 | 1,679,668 | 1,646,991 | 1,374,114 | 1,205,458 | 1,114, |
| wings | 569,404 | 583,843 | 662,558 | 563,381 | 547,758 | 590,603 | 566, |
| holders equity: | | | | | | | |
| red | | 14,824 | | 29,824 | 53,163 | 63,386 | 62, |
| non | 150,996 | 126,533 | 144,079 | 117,753 | 87,271 | 81,047 | 70, |

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| | Quarters Ended March 31, | | Years Ended December 31, | | | | |
|---|---|---|---|---|---|---|---|
| **($ in thousands, except per share data)** | **2015** | **2014** | **2014** | **2013** | **2012** | **2011** | **2010** |
| **KEY RATIOS:** | | | | | | | |
| Return on average assets (2) | 0.67% | 0.64% | 0.61% | 0.64% | 0.62% | 0.51% | 0.36% |
| Return on average common stockholders equity (1) | 11.28 | 10.42 | 10.49 | 11.48 | 10.84 | 5.82 | 3.58 |
| Return on average total stockholder s equity (2) | 11.28 | 10.37 | 10.48 | 10.24 | 8.90 | 7.09 | 5.03 |
| Net interest margin, tax equivalent yield (3) | 3.25 | 3.11 | 3.15 | 3.03 | 3.14 | 3.08 | 2.92 |
| Efficiency ratio (4) | 71.71 | 74.74 | 72.47 | 71.66 | 70.36 | 71.21 | 74.38 |
| Loans to deposits | 95.40 | 89.27 | 97.04 | 88.66 | 93.69 | 99.61 | 105.18 |
| Nonperforming assets to total assets | 1.21 | 1.18 | 1.31 | 1.28 | 1.41 | 2.06 | 2.73 |
| Allowance for estimated losses on loans/leases to total loans/leases | 1.44 | 1.52 | 1.42 | 1.47 | 1.55 | 1.56 | 1.74 |
| Allowance for estimated losses on loans/leases to nonperforming loans/leases | 144.35 | 121.58 | 114.78 | 104.70 | 78.47 | 58.70 | 49.49 |
| Net charge-offs to average loans/leases (5) | 0.22 | (0.03) | 0.34 | 0.31 | 0.27 | 0.70 | 0.79 |
| Average total stockholders equity to average total assets | 5.91 | 6.16 | 5.82 | 6.26 | 7.00 | 7.17 | 7.13 |
| Tangible common equity/total tangible assets | 5.88% | 5.02% | 5.52% | 4.71% | 4.02% | 3.85% | 3.56% |
| **REGULATORY CAPITAL RATIOS:** | | | | | | | |
| Common Equity Tier 1 Capital ratio | 7.24% | N/A | N/A | N/A | N/A | N/A | N/A |
| Tier 1 Capital ratio | 9.00% | 10.61% | 9.52% | 11.45% | 11.27% | 12.24% | 12.12% |
| Total Capital ratio | 10.30% | 12.03% | 10.91% | 12.87% | 12.71% | 13.84% | 13.70% |
| Tier 1 Leverage Capital ratio | 7.14% | 7.49% | 7.62% | 7.96% | 8.13% | 8.70% | 8.71% |

(1) Numerator is net income attributable to QCR Holdings, Inc. common stockholders
(2) Numerator is net income attributable to QCR Holdings, Inc.
(3) Interest earned and yields on nontaxable investments and nontaxable loans are determined on a tax equivalent basis using a 35% tax rate
(4) Non-interest expenses divided by the sum of net interest income before provision for loan/lease losses and non-interest income
(5) Annualized for the three-month periods ended March 31, 2015 and 2014.

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# RISK FACTORS

*Investing in our common stock involves substantial risk. You should carefully consider each of the following risks and the other information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus before deciding to purchase shares of our common stock. If any of these risks actually occur, our business, financial condition, results of operations and prospects could be adversely affected. As a result, the trading price of our common stock could decline, perhaps significantly, and you could lose part or all of your investment.*

## Risks Related to Our Business

**A prolonged continuation of economic uncertainty or worsening of current economic conditions could have a material adverse effect on our financial condition and results of operations.**

While some economic indicators have shown signs of improvement over the past several years, elevated levels of uncertainty related to U.S. and European fiscal issues, political climates and global economic conditions continue. There can be no assurance that this improvement will continue or be spread evenly throughout the markets that we serve. Continued uncertainty, sustained high unemployment, volatility or disruptions of global financial markets, or prolonged deterioration in the global, national or local business or economic conditions could result in, among other things, a deterioration of credit quality, further impairment of real estate values or a reduced demand for credit or other products and services we offer to clients.

Additionally, competitive dynamics in our industry could change as a result of continued consolidation of financial services companies in connection with current market conditions.

If market conditions do not continue to improve or worsen to recessionary conditions, and/or if negative developments in the domestic and international credit markets continue, there can be no assurance that we will not experience an adverse effect, which may be material, on our ability to access capital and on our business, financial condition and results of operations.

**Potential future acquisitions could be difficult to integrate, divert the attention of key personnel, disrupt our business, dilute stockholder value and adversely affect our financial results.**

On May 13, 2013, we acquired Community National and CNB. As part of our business strategy and with the proceeds from this offering, we may seek merger or acquisition partners that are culturally similar and have experienced management and possess either significant market presence or have potential for improved profitability through financial management, economies of scale or expanded services. There is no assurance, however, that we will determine to pursue any of these opportunities or that if we determine to pursue them that we will be successful. Acquisitions involve numerous risks, any of which could harm our business, including:

- difficulties in integrating the operations, technologies, products, existing contracts, accounting processes and personnel of the target company and realizing the anticipated synergies of the combined businesses;

- difficulties in supporting and transitioning customers of the target company;

- diversion of financial and management resources from existing operations;
- the price we pay or other resources that we devote may exceed the value we realize, or the value we could have realized if we had allocated the purchase price or other resources to another opportunity;
- risks of entering new markets or areas in which we have limited or no experience or are outside our core competencies;
- potential loss of key employees, customers and strategic alliances from either our current business or the business of the target company;
- assumption of unanticipated problems or latent liabilities; and
- inability to generate sufficient revenue to offset acquisition costs.

The transactions may be more expensive to complete and the anticipated benefits, including cost savings and strategic gains, may be significantly harder or take longer to achieve than expected or may not be achieved in their entirety as a result of unexpected factors or events, including the economic and financial conditions of the communities in which our transaction partners are located. In addition, the timing of receipt of any required regulatory or stockholder approvals cannot be predicted with precision and may be delayed longer than expected or may not be received at all.

We regularly evaluate merger and acquisition opportunities and conduct due diligence activities related to possible transactions with other financial institutions and financial services companies. As a result, merger or acquisition discussions and, in some cases, negotiations may take place and future mergers or acquisitions involving cash, debt or equity securities may occur at any time. Acquisitions typically involve the payment of a premium over book and market values, and, therefore, dilution of our tangible book value, net income per common share and ownership interest may occur in connection with any future transaction. Future acquisitions, if any, may involve the issuance of our equity securities as payment or in connection with financing the business or assets acquired, and as a result, could dilute the ownership interests of existing stockholders. In addition, consummating these transactions could result in the incurrence of additional debt and related interest expense, as well as unforeseen liabilities, all of which could have a material adverse effect on our business, results of operations and financial condition. The failure to realize the expected revenue increases, cost savings, increases in geographic or product presence, and/or other projected benefits from an acquisition, or successfully evaluate and execute acquisitions or otherwise adequately address the risks associated with acquisitions, could have a material adverse effect on our business, financial condition and results of operations.

**We must effectively manage our credit risk.**

There are risks inherent in making any loan, including risks inherent in dealing with specific borrowers, risks of nonpayment, risks resulting from uncertainties as to the future value of collateral and risks resulting from changes in economic and industry conditions. We attempt to minimize our credit risk through prudent loan application approval procedures, careful monitoring of the concentration of our loans within specific industries and periodic independent reviews of outstanding loans by our credit review department and an external third party. However, we cannot assure you that such approval and monitoring procedures will reduce these credit risks.

The majority of our subsidiary banks   loan portfolios are invested in commercial and industrial and commercial real estate loans, and we focus on lending to small to medium-sized businesses. The size of the loans we can offer to commercial customers is less than the size of the loans that our competitors with larger lending limits can offer. This may limit our ability to establish relationships with the area  s largest businesses. Smaller companies tend to be at a competitive disadvantage and generally have limited operating histories, less sophisticated internal record keeping and financial planning capabilities and fewer financial resources than larger companies. As a result, we may assume greater lending risks than financial institutions that have a lesser concentration of such loans and tend to make loans to larger, more established businesses. Collateral for these loans generally includes accounts receivable, inventory, equipment and real estate. However, depending on the overall financial condition of the borrower, some loans are made on an unsecured basis. In addition to commercial and industrial and commercial real estate loans, our subsidiary banks are also active in residential mortgage and consumer lending. Our borrowers may experience financial difficulties, and the level of nonperforming loans, charge-offs and delinquencies could rise, which could negatively impact our business through increased provision for loan/lease losses (  provision  ), reduced interest income on loans/leases, and increased expenses incurred to carry and resolve problem loans/leases.

**Commercial and industrial loans make up a large portion of our loan/lease portfolio.**

Commercial and industrial loans were $534.9 million, or approximately 32% of our total loan/lease portfolio, as of March 31, 2015. Our commercial and industrial loans are primarily made based on the identified cash flow of the borrower and secondarily on the underlying collateral provided by the borrower. Most often, this collateral

is accounts receivable, inventory, equipment and real estate. Credit support provided by the borrower for most of these loans and the probability of repayment is based on the liquidation value of the pledged collateral and enforcement of a personal guarantee, if any exists. Whenever possible, we require a personal guarantee or cosigner on commercial loans. As a result, in the case of loans secured by accounts receivable, the availability of funds for the repayment of these loans may be substantially dependent on the ability of the borrower to collect amounts due from its customers. The collateral securing these loans may depreciate over time, may be difficult to appraise, and may fluctuate in value based on the success of the business. In addition, if the U.S. economy experiences a prolonged recovery period, it could harm or continue to harm the businesses of our commercial and industrial customers and reduce the value of the collateral securing these loans.

**Our loan/lease portfolio has a significant concentration of commercial real estate loans, which involve risks specific to real estate values.**

Commercial real estate lending comprises a significant portion of our lending business. Specifically, commercial real estate loans were $709.7 million, or approximately 43% of our total loan/lease portfolio, as of March 31, 2015. Of this amount, $263.6 million, or approximately 37%, was owner-occupied. The market value of real estate securing our commercial real estate loans can fluctuate significantly in a short period of time as a result of market conditions in the geographic area in which the real estate is located Adverse developments affecting real estate values in one or more of our markets could increase the credit risk associated with our loan portfolio. Additionally, real estate lending typically involves higher loan principal amounts and the repayment of the loans generally is dependent, in large part, on sufficient income from the properties securing the loans to cover operating expenses and debt service. Economic events or governmental regulations outside of the control of the borrower or lender could negatively impact the future cash flow and market values of the affected properties.

The problems that have occurred in the residential real estate and mortgage markets throughout much of the U.S. in prior years also affected the commercial real estate market. In our market areas, we generally experienced a downturn in credit performance by our commercial real estate loan customers beginning in 2009 relative to historical norms, and despite recent improvements in certain aspects of the economy, a level of uncertainty continues to exist in the economy and credit markets, there can be no guarantee that we will not experience further deterioration in the performance of commercial real estate and other real estate loans in the future. In such case, we may not be able to realize the amount of security that we anticipated at the time of originating the loan, which could cause us to increase our provision and adversely affect our operating results, financial condition and/or capital.

**Our allowance for loan/lease losses may prove to be insufficient to absorb losses in our loan/lease portfolio.**

We establish our allowance for loan/lease losses ( allowance ) in consultation with management of our subsidiaries and maintain it at a level considered adequate by management to absorb loan/lease losses that are inherent in the portfolio. The amount of future loan/lease losses is susceptible to changes in economic, operating and other conditions, including changes in interest rates, which may be beyond our control, and such losses may exceed current estimates. At March 31, 2015, our allowance as a percentage of total gross loans/leases was 1.44%, and as a percentage of total nonperforming loans/leases was 144.35%. In addition, we had net charge-offs as a percentage of gross average loans/leases of 0.22% (on an annualized basis) for the quarter ended March 31, 2015. Because of the concentration of commercial and industrial and commercial real estate loans in our loan portfolio, which tend to be larger in amount than residential real estate and installment loans, the movement of a small number of loans to nonperforming status can have a significant impact on these ratios. Although management believes that the allowance as of March 31, 2015 was adequate to absorb losses on any existing loans/leases that may become uncollectible, in light of the current economic environment, which remains challenging, we cannot predict loan/lease losses with certainty, and we cannot assure you that our allowance will prove sufficient to cover actual loan/lease losses in the future, particularly if

economic conditions are more difficult than what management currently expects. Additional provisions and loan/lease losses in excess of our allowance may adversely affect our business, financial condition and results of operations.

**Our information systems may experience an interruption or breach in security and cyber-attacks, all of which could have a material adverse effect on our business.**

We rely heavily on internal and outsourced technologies, communications, and information systems to conduct our business. Additionally, in the normal course of business, we collect, process and retain sensitive and confidential information regarding our customers. As our reliance on technology has increased, so have the potential risks of a technology-related operation interruption (such as disruptions in our customer relationship management, general ledger, deposit, loan, or other systems) or the occurrence of a cyber-attacks (such as unauthorized access to our systems). These risks have increased for all financial institutions as new technologies, the use of the Internet and telecommunications technologies (including mobile devices) to conduct financial and other business transactions and the increased sophistication and activities of organized crime, perpetrators of fraud, hackers, terrorists and others. In addition to cyber-attacks or other security breaches involving the theft of sensitive and confidential information, hackers have engaged in attacks against financial institutions, particularly denial of service attacks that are designed to disrupt key business services, such as customer-facing web sites. We are not able to anticipate or implement effective preventive measures against all security breaches of these types, especially because the techniques used change frequently and because attacks can originate from a wide variety of sources. However, applying guidance from the Federal Financial Institutions Examination Council, we have analyzed and will continue to analyze security related to device specific considerations, user access topics, transaction-processing and network integrity.

We also face risks related to cyber-attacks and other security breaches in connection with credit card and debit card transactions that typically involve the transmission of sensitive information regarding our customers through various third parties, including merchant acquiring banks, payment processors, payment card networks and its processors. Some of these parties have in the past been the target of security breaches and cyber-attacks, and because the transactions involve third parties and environments such as the point of sale that we do not control or secure, future security breaches or cyber-attacks affecting any of these third parties could impact us through no fault of our own, and in some cases we may have exposure and suffer losses for breaches or attacks relating to them. Further cyber-attacks or other breaches in the future, whether affecting us or others, could intensify consumer concern and regulatory focus and result in reduced use of payment cards and increased costs, all of which could have a material adverse effect on our business. Any interruption in, or breach of security of, our computer systems and network infrastructure, or that of our internet banking customers, could damage our reputation, result in a loss of customer business, subject us to additional regulatory scrutiny, or expose us to civil litigation and possible financial liability, any of which could have a material adverse effect on our financial condition and results of operations.

**We are subject to certain operational risks, including, but not limited to, customer or employee fraud and data processing system failures and errors.**

Employee errors and employee and customer misconduct could subject us to financial losses or regulatory sanctions and seriously harm our reputation. Misconduct by our employees could include hiding unauthorized activities from us, improper or unauthorized activities on behalf of our customers or improper use of confidential information. It is not always possible to prevent employee errors and misconduct, and the precautions we take to prevent and detect this activity may not be effective in all cases. Employee errors could also subject us to financial claims for negligence.

We maintain a system of internal controls and insurance coverage to mitigate operational risks, including data processing system failures and errors and customer or employee fraud. Should our internal controls fail to prevent or detect an occurrence, and if any resulting loss is not insured or exceeds applicable insurance limits, such failure could have a material adverse effect on our business, financial condition and results of operations.

**We may be materially and adversely affected by the highly regulated environment in which we operate.**

The Company and our subsidiary banks are subject to extensive federal and state regulation, supervision and examination. Banking regulations are primarily intended to protect depositors funds, FDIC ( Federal Deposit

Insurance Corporation ) funds, customers and the banking system as a whole, rather than stockholders. These regulations affect our lending practices, capital structure, investment practices, dividend policy and growth, among other things.

As a bank holding company, we are subject to regulation and supervision primarily by the Board of Governors of the Federal Reserve System (the Federal Reserve ). QCBT and CRBT, as Iowa-chartered state member banks, are subject to regulation and supervision primarily by both the Iowa Superintendent of Banking and the Federal Reserve. RB&T, as an Illinois-chartered state member bank, is subject to regulation and supervision primarily by both the Illinois Department of Financial and Professional Regulation and the Federal Reserve. We and our subsidiary banks undergo periodic examinations by these regulators, who have extensive discretion and authority to prevent or remedy unsafe or unsound practices or violations of law by banks and bank holding companies.

The primary federal and state banking laws and regulations that affect us are described in our Annual Report on Form 10-K for the year ended December 31, 2014, which is incorporated by reference herein. These laws, regulations, rules, standards, policies and interpretations are constantly evolving and may change significantly over time. For example, on July 21, 2010, the Dodd-Frank Wall Street Reform and Consumer Protection Act (the Dodd Frank Act ) was signed into law, which significantly changed the regulation of financial institutions and the financial services industry. The Dodd-Frank Act, together with the regulations to be developed thereunder, includes provisions affecting large and small financial institutions alike, including several provisions that affect how community banks, thrifts and small bank and thrift holding companies are regulated. In addition, in recent years the Federal Reserve has adopted numerous new regulations addressing banks overdraft and mortgage lending practices. Further, the Consumer Financial Protection Bureau was recently established, with broad powers to supervise and enforce consumer protection laws, and additional consumer protection legislation and regulatory activity is anticipated in the near future.

In September 2010, the Group of Governors and Heads of Supervision, the oversight body of the Basel Committee on Banking Supervision, adopted Basel III, which constitutes a strengthened set of capital requirements for banking organizations in the U.S. and around the world. In July 2013, the U.S. federal banking authorities approved the implementation of the Basel III regulatory capital reforms and issued rules effecting certain changes required by the Dodd-Frank Act (the Basel III Rules ). The Basel III Rules are applicable to all U.S. banks that are subject to minimum capital requirements, as well as to bank and savings and loan holding companies other than small bank holding companies (generally bank holding companies with consolidated assets of less than $1 billion). The Basel III Rules not only increased most of the required minimum regulatory capital ratios, but they introduced a new Common Equity Tier 1 Capital ratio and the concept of a capital conservation buffer. The Basel III Rules also expanded the definition of capital as in effect currently by establishing criteria that instruments must meet to be considered Additional Tier 1 Capital (Tier 1 Capital in addition to Common Equity) and Tier 2 Capital. A number of instruments that qualified as Tier 1 Capital may no longer qualify, or their qualifications will change. The Basel III Rules also permit smaller banking organizations to retain, through a one-time election, the existing treatment for accumulated other comprehensive income, which currently does not affect regulatory capital. The Company made this election in the first quarter of 2015. The Basel III Rules have maintained the general structure of the current prompt corrective action framework, while incorporating the increased requirements. The prompt corrective action guidelines were also revised to add the Common Equity Tier 1 Capital ratio. In order to be a well-capitalized depository institution under the new regime, a bank and holding company must maintain a Common Equity Tier 1 Capital ratio of 6.5% or more; a Tier 1 Capital ratio of 8% or more; a Total Capital ratio of 10% or more; and a Tier 1 Leverage Capital ratio of 5% or more. Generally, financial institutions became subject to the new Basel III Rules on January 1, 2015.

U.S. financial institutions are also subject to numerous monitoring, recordkeeping, and reporting requirements designed to detect and prevent illegal activities such as money laundering and terrorist financing. These requirements are imposed primarily through the Bank Secrecy Act, which was most recently amended by the USA Patriot Act. We

have instituted policies and procedures to protect us and our employees, to the extent reasonably possible, from being used to facilitate money laundering, terrorist financing and other financial crimes. There can be no guarantee, however, that these policies and procedures are effective.

Failure to comply with applicable laws, regulations or policies could result in sanctions by regulatory agencies, civil monetary penalties, and/or damage to our reputation, which could have a material adverse effect on us. Although we have policies and procedures designed to mitigate the risk of any such violations, there can be no assurance that such violations will not occur.

**Monetary policies and regulations of the Federal Reserve could adversely affect our business, financial condition and results of operations.**

In addition to being affected by general economic conditions, our earnings and growth are affected by the policies of the Federal Reserve. An important function of the Federal Reserve is to regulate the money supply and credit conditions. Among the instruments used by the Federal Reserve to implement these objectives are open market operations in U.S. government securities, adjustments of the discount rate and changes in reserve requirements against bank deposits. These instruments are used in varying combinations to influence overall economic growth and the distribution of credit, bank loans, investments and deposits. Their use also affects interest rates charged on loans or paid on deposits.

The monetary policies and regulations of the Federal Reserve have had a significant effect on the operating results of commercial banks in the past and are expected to continue to do so in the future. The effects of such policies upon our business, financial condition and results of operations cannot be predicted.

**Interest rates and other conditions impact our results of operations.**

Our profitability is in large part a function of the spread between the interest rates earned on investments and loans/leases and the interest rates paid on deposits and other interest bearing liabilities. Like most banking institutions, our net interest spread and margin will be affected by general economic conditions and other factors, including fiscal and monetary policies of the federal government that influence market interest rates and our ability to respond to changes in such rates. At any given time, our assets and liabilities will be such that they are affected differently by a given change in interest rates. As a result, an increase or decrease in rates, the length of loan/lease terms, the mix of adjustable and fixed rate loans/leases in our portfolio, the length of time deposits and borrowings, and the rate sensitivity of our deposit customers could have a positive or negative effect on our net income, capital and liquidity. We measure interest rate risk under various rate scenarios and using specific criteria and assumptions. Although we believe our current level of interest rate sensitivity is reasonable and effectively managed, significant fluctuations in interest rates may have an adverse effect on our business, financial condition and results of operations.

Additionally, we anticipate that in conjunction with this offering we will refinance approximately $85.5 million of FHLB borrowings and structured repurchase transactions. Should interest rates increase between the time this offering closes and when we are able to complete the refinancing transaction, the net profitability benefit we anticipate achieving may be reduced. If the cost of the replacement funding to complete the refinancing transaction increases, we may not be able to achieve all anticipated interest cost savings and our future profitability and results of operations may be negatively impacted.

**We are required to maintain capital to meet regulatory requirements, and if we fail to maintain sufficient capital, whether due to losses, an inability to raise additional capital or otherwise, our financial condition, liquidity and results of operations, as well as our ability to maintain regulatory compliance, would be adversely affected.**

The Company and each of its banking subsidiaries are required by federal and state regulatory authorities to maintain adequate levels of capital to support their operations, which have recently increased due to the effectiveness of the

Basel III Rules. We intend to grow our business organically and to explore opportunities to grow our business by taking advantage of attractive acquisition opportunities, and such growth plans may require us to raise additional capital, in addition to the capital we are seeking in this offering, to ensure that we have

adequate levels of capital to support such growth on top of our current operations. Our ability to raise additional capital, when and if needed or desired, will depend on conditions in the capital markets, economic conditions and a number of other factors, including investor perceptions regarding the banking industry and market conditions, and governmental activities, many of which are outside our control, and on our financial condition and performance. Accordingly, we cannot assure you that we will be able to raise additional capital if needed or on terms acceptable to us. Our failure to meet these capital and other regulatory requirements could affect customer confidence, our ability to grow, our costs of funds and FDIC insurance costs, our ability to pay dividends on common and preferred stock and to make distributions on our trust preferred securities, our ability to make acquisitions, and our business, results of operations and financial condition. In order to be a well-capitalized depository institution under the new regime, a bank and holding company must maintain a Common Equity Tier 1 Capital ratio of 6.5% or more; a Tier 1 Capital ratio of 8% or more; a Total Capital ratio of 10% or more; and a Tier 1 Leverage Capital ratio of 5% or more. Generally, financial institutions became subject to the new Basel III Rules on January 1, 2015.

**Our ability to declare and pay dividends is limited and the failure to pay interest on our debt may adversely impact our ability to pay common stock dividends.**

There can be no assurance of whether or when we may pay dividends in the future. Future dividends, if any, will be declared and paid at the discretion of our board of directors and will depend on a number of factors, including cash dividends received from our subsidiary banks, as discussed below. Additionally, certain debt instruments may limit our ability to pay dividends. As of March 31, 2015, we had $40.5 million of junior subordinated debentures held by six business trusts that we control. Interest payments on the debentures, which totaled $1.2 million for 2014, must be paid before we pay dividends on our capital stock, including our common stock. We have the right to defer interest payments on the debentures for up to 20 consecutive quarters. However, if we elect to defer interest payments, all deferred interest must be paid before we may pay dividends on our capital stock. Deferral of interest payments on the debentures could cause a subsequent decline in the market price of our common stock because we would not be able to pay dividends on our common stock.

**As a bank holding company, our sources of funds are limited.**

We are a bank holding company, and our operations are primarily conducted by our subsidiary banks, which are subject to significant federal and state regulation. When available, cash to pay dividends to our stockholders is derived primarily from dividends received from our subsidiary banks. Our ability to receive dividends or loans from our subsidiary banks is restricted. Dividend payments by our subsidiaries to us in the future will require generation of future earnings by them and could require regulatory approval if any proposed dividends are in excess of prescribed guidelines. Further, as a structural matter, our right to participate in the assets of our subsidiary banks in the event of a liquidation or reorganization of any of the banks would be subject to the claims of the creditors of such bank, including depositors, which would take priority except to the extent we may be a creditor with a recognized claim. As of March 31, 2015, our subsidiary banks had deposits and other liabilities in the aggregate of approximately $2.27 billion.

**Declines in asset values may result in impairment charges and adversely affect the value of our investments, financial performance and capital.**

The market value of investments in our securities portfolio has become increasingly volatile in recent years, and as of March 31, 2015, we had gross unrealized losses of $3.7 million, or 0.6% of amortized cost, in our investment portfolio (more than offset by gross unrealized gains of $5.7 million). The market value of investments may be affected by factors other than the underlying performance of the servicer of the securities or the mortgages underlying the securities, such as ratings downgrades, adverse changes in the business climate and a lack of liquidity in the secondary

market for certain investment securities. On a quarterly basis, we formally evaluate investments and other assets for impairment indicators. We may be required to record additional impairment charges if our investments suffer a decline in value that is considered other-than-temporary. If we

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determine that a significant impairment has occurred, we would be required to charge against earnings the credit-related portion of the other-than-temporary impairment, which could have a material adverse effect on our results of operations in the periods in which the write-offs occur. Based on management s evaluation, it was determined that the gross unrealized losses at March 31, 2015 were temporary and primarily a function of the changes in certain market interest rates.

**Liquidity risks could affect operations and jeopardize our business, results of operations and financial condition.**

Liquidity is essential to our business. An inability to raise funds through deposits, borrowings, the sale of securities and/or loans and other sources could have a substantial negative effect on our liquidity. Our primary sources of funds consist of cash from operations, deposits, investment maturities and calls, and loan/lease repayments. Additional liquidity is provided by federal funds purchased from the Federal Reserve Bank of Chicago (the Federal Reserve Bank ) or other correspondent banks, Federal Home Loan Bank advances, wholesale and customer repurchase agreements, brokered time deposits, and the ability to borrow at the Federal Reserve Bank s Discount Window. Our access to funding sources in amounts adequate to finance or capitalize our activities or on terms that are acceptable to us could be impaired by factors that affect us directly or the financial services industry or economy in general, such as disruptions in the financial markets or negative views and expectations about the prospects for the financial services industry.

During the Great Recession and subsequent recovery, the financial services industry and the credit markets generally were materially and adversely affected by significant declines in asset values and by a lack of liquidity. The liquidity issues were particularly acute for regional and community banks, as many of the larger financial institutions significantly curtailed their lending to regional and community banks to reduce their exposure to the risks of other banks. In addition, many of the larger correspondent lenders reduced or even eliminated federal funds lines for their correspondent customers. Furthermore, regional and community banks generally have less access to the capital markets than do the national and super-regional banks because of their smaller size and limited analyst coverage. Any decline in available funding could adversely impact our ability to originate loans/leases, invest in securities, meet our expenses, pay dividends to our stockholders, or fulfill obligations such as repaying our borrowings or meeting deposit withdrawal demands, any of which could have a material adverse impact on our liquidity, business, results of operations and financial condition.

**Our business is concentrated in and dependent upon the continued growth and welfare of the Quad Cities, Cedar Rapids, Cedar Valley and Rockford markets.**

We operate primarily in the Quad Cities, Cedar Rapids, Cedar Valley and Rockford markets, and as a result, our financial condition, results of operations and cash flows are subject to changes in the economic conditions in those areas. We have developed a particularly strong presence in Bettendorf, Cedar Falls, Cedar Rapids, Davenport, and Waterloo, Iowa and Moline and Rockford, Illinois and their surrounding communities. Our success depends upon the business activity, population, income levels, deposits and real estate activity in these markets. Although our customers business and financial interests may extend well beyond these market areas, adverse economic conditions that affect these market areas could reduce demand for our products and services, affect the ability of our customers to repay their loans to us, increase the levels of our nonperforming and problem loans, and generally affect our financial condition and results of operations. Because of our geographic concentration, we are less able than other regional or national financial institutions to diversify our credit risks across multiple markets.

**We face intense competition in all phases of our business from other banks and financial institutions.**

The banking and financial services businesses in our markets are highly competitive. Our competitors include large regional banks, local community banks, savings and loan associations, securities and brokerage companies, mortgage companies, insurance companies, finance companies, money market mutual funds, credit unions and

other non-bank financial services providers. Many of these competitors are not subject to the same regulatory restrictions as we are. Many of our unregulated competitors compete across geographic boundaries and are able to provide customers with a feasible alternative to traditional banking services. Additionally, we understand that certain credit union organizations are planning to compete with us in our existing markets with an increased physical presence.

Increased competition in our markets may result in a decrease in the amounts of our loans and deposits, reduced spreads between loan/lease rates and deposit rates or loan/lease terms that are more favorable to the borrower. Any of these results could have a material adverse effect on our ability to grow and remain profitable. If increased competition causes us to significantly discount the interest rates we offer on loans or increase the amount we pay on deposits, our net interest income could be adversely impacted. If increased competition causes us to modify our underwriting standards, we could be exposed to higher losses from lending and leasing activities. Additionally, many of our competitors are much larger in total assets and capitalization, have greater access to capital markets, have larger lending limits and offer a broader range of financial services than we can offer.

**Our correspondent banking business subjects us to concentration and lending risks.**

We have significantly grown our portfolio of correspondent bank customers in recent years. As of March 31, 2015, noninterest-bearing correspondent bank deposits totaled approximately $291 million, which was 17% of our total deposits and 12% of our total assets. We closely monitor this concentration using measures such as detailed trend reporting on an individual bank basis. Should the liquidity needs change for our downstream correspondent banks and the level of the noninterest-bearing deposits they have with us decline, our liquidity would be negatively impacted. We may have to replace the funding with higher cost deposits or other borrowings, which could have a material adverse impact on our liquidity, results of operations and financial condition.

As part of our relationship with some of our correspondent banking customers, in addition to credit arrangements at the depository institution, we also make secured loans to the parent bank holding company. As of March 31, 2015, we had approximately $64 million in loans outstanding to correspondent banking customers. Currently, consistent with market practices in this business line, we seek to structure these loans as senior secured loans and, with respect to our loans to bank holding companies, we take the capital stock of the subsidiary depository institution as collateral. Notwithstanding our efforts to manage the credit risks associated with our correspondent banking business, the failure or financial distress of a depository institution owned by a bank holding company to whom we have made a loan may result in an impairment of our loan and lease losses. To the extent that our correspondent banking customers experience deterioration in their financial condition, our results of operations and financial condition may be adversely impacted.

**The soundness of other financial institutions could negatively affect us.**

Our ability to engage in routine funding and other transactions could be negatively affected by the actions and commercial soundness of other financial institutions. Financial services institutions are interrelated as a result of trading, clearing, counterparty or other relationships. Defaults by, or even rumors or questions about, one or more financial services institutions, or the financial services industry generally, have led to market-wide liquidity problems and losses of depositor, creditor and counterparty confidence and could lead to losses or defaults by us or by other institutions. We could experience increases in deposits and assets as a result of the difficulties or failures of other banks, which would increase the capital we need to support our growth.

**Our community banking strategy relies heavily on our subsidiaries   independent management teams, and the unexpected loss of key managers may adversely affect our operations.**

We rely heavily on the success of our subsidiary banks independent management teams. Accordingly, much of our success to date has been influenced strongly by our ability to attract and to retain senior management

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experienced in banking and financial services and familiar with the communities in our market areas. Our ability to retain the executive officers and current management teams of our operating subsidiaries will continue to be important to the successful implementation of our strategy. It is also critical, as we manage our existing portfolio and grow, to be able to attract and retain qualified additional management and loan officers with the appropriate level of experience and knowledge about our market areas to implement our community-based operating strategy. The unexpected loss of services of any key management personnel, or the inability to recruit and retain qualified personnel in the future, could have an adverse effect on our business, financial condition and results of operations.

**We have a continuing need for technological change, and we may not have the resources to effectively implement new technology.**

The financial services industry continues to undergo rapid technological changes with frequent introductions of new technology-driven products and services. In addition to enabling us to better serve our customers, the effective use of technology increases efficiency and the potential for cost reduction, and enables us to manage our regulatory risks and compliance obligations more effectively. Our future success will depend in part upon our ability to address the needs of our customers by using technology to provide products and services that will satisfy customer demands for convenience as well as to create additional efficiencies in our operations as we continue to grow our market share. Many of our larger competitors have substantially greater resources to invest in technological improvements. As a result, they may be able to offer additional or superior products to those that we will be able to offer, which would put us at a competitive disadvantage. Similarly, our ability to effectively manage certain regulatory risks and compliance obligations will depend on our ability to deploy new technology and enhancements to our current systems. We cannot provide you with assurance that we will be able to effectively implement new technology-driven products and services manage regulatory and compliance risks that require the use of new technology or enhancements to our systems.

**Our information systems may experience an interruption or breach in security.**

We rely heavily on communications and information systems to conduct our business and deliver our products. Any failure, interruption or breach in security of these systems could result in failures or disruptions in our customer relationship management, general ledger, deposit, loan and other systems. While we have policies and procedures designed to prevent or limit the effect of the failure, interruption or security breach of our information systems, there can be no assurance that any such failures, interruptions or security breaches of our information systems or our customers information or computer systems would not damage our reputation, result in a loss of customer business, subject us to additional regulatory scrutiny, or expose us to civil litigation and financial liability, any of which could have a material adverse effect on our financial condition and results of operations.

**Our reputation could be damaged by negative publicity.**

Reputational risk, or the risk to our business, financial condition or results of operations from negative publicity, is inherent in our business. Negative publicity can result from actual or alleged conduct in a number of areas, including legal and regulatory compliance, lending practices, corporate governance, litigation, inadequate protection of customer data, ethical behavior of our employees, and from actions taken by regulators, ratings agencies and others as a result of that conduct. Damage to our reputation could impact our ability to attract new or maintain existing loan and deposit customers, employees and business relationships.

**The repeal of federal prohibitions on payment of interest on business demand deposits could increase our interest expense.**

All federal prohibitions on the ability of financial institutions to pay interest on business demand deposit accounts were repealed as part of the Dodd-Frank Act. As a result, some financial institutions have commenced offering interest on these demand deposits to compete for customers. If competitive pressures require us to pay

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interest on these demand deposits to attract and retain business customers, our interest expense would increase and our net interest margin would decrease. This could have a material adverse effect on our business, financial condition and results of operations. Further, the effect of the repeal of the prohibition could be more significant in a higher interest rate environment as business customers would have a greater incentive to seek interest on demand deposits.

**The preparation of our consolidated financial statements requires us to make estimates and judgments, which are subject to an inherent degree of uncertainty and which may differ from actual results.**

Our consolidated financial statements are prepared in accordance with U.S. generally accepted accounting principles and general reporting practices within the financial services industry, which require us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosure of contingent assets and liabilities. Some accounting policies, such as those pertaining to our allowance, require the application of significant judgment by management in selecting the appropriate assumptions for calculating financial estimates. By their nature, these estimates and judgments are subject to an inherent degree of uncertainty and actual results may differ from these estimates and judgments under different assumptions or conditions, which may have a material adverse effect on our financial condition or results of operations in subsequent periods.

From time to time, the Financial Accounting Standards Board and the SEC change the financial accounting and reporting standards or the interpretation of those standards that govern the preparation of our external financial statements. These changes are beyond our control, can be difficult to predict and could materially impact how we report our financial condition and results of operations.

Changes in these standards are continuously occurring, and given the current economic environment, more drastic changes may occur. The implementation of such changes could have a material adverse effect on our financial condition and results of operations.

**Secondary mortgage and government guaranteed loan market conditions could have a material impact on our financial condition and results of operations.**

Currently, we sell a portion of the residential real estate and government guaranteed loans we originate. The profitability of these operations depends in large part upon our ability to make loans and to sell them in the secondary market at a gain. Thus, we are dependent upon the existence of an active secondary market and our ability to profitably sell loans into that market.

In addition to being affected by interest rates, the secondary markets are also subject to investor demand for residential mortgages and government guaranteed loans and investor yield requirements for those loans. These conditions may fluctuate or even worsen in the future. As a result, a prolonged period of secondary market illiquidity may reduce our loan production volumes and could have a material adverse effect on our financial condition and results of operations.

**Customers may decide not to use banks to complete their financial transactions, which could result in a loss of income to us.**

Technology and other changes are allowing customers to complete financial transactions using nonbanks that historically have involved banks at one or both ends of the transaction. For example, customers can now pay bills and transfer funds directly without going through a bank. The process of eliminating banks as intermediaries, known as disintermediation, could result in the loss of fee income as well as the loss of customer deposits.

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## Risks Related to Our Common Stock and this Offering

**Our stock price can be volatile, which may make it more difficult to resell our common stock at a desired time and price.**

The market price of our common stock may fluctuate significantly in response to a number of factors, some of which are beyond our control, including, among other things:

- actual or anticipated quarterly fluctuations in our operating and financial results, particularly if such results vary from the expectations of management, securities analysts and investors, including with respect to further loan losses we may incur;
- announcements regarding significant transactions in which we may engage, including this offering;
- market assessments regarding such transactions, including the timing, terms and likelihood of success of this offering;
- changes or perceived changes in our operations or business prospects;
- legislative or regulatory changes affecting our industry generally or our businesses and operations;
- the failure of general market and economic conditions to stabilize and recover, particularly with respect to economic conditions in Iowa and Illinois, and the pace of any such stabilization and recovery;
- the operating and share price performance of companies that investors consider to be comparable to us;
- future offerings by us of debt, preferred stock or trust preferred securities, each of which would be senior to our common stock upon liquidation and for purposes of dividend distributions;
- actions of our current stockholders, including future sales of common stock by existing stockholders and our directors and executive officers; and
- other changes in U.S. or global financial markets, economies and market conditions, such as interest or foreign exchange rates, stock, commodity, credit or asset valuations or volatility.

Stock price volatility may make it more difficult for a stockholder to resell our common stock when a stockholder wants to and at prices a stockholder finds attractive or at all.

**Our common stock trading volume may not provide adequate liquidity for investors.**

Although our common stock is listed for trading on the NASDAQ Global Market, our common stock has less liquidity than larger financial institutions. A public trading market having the desired characteristics of depth, liquidity or orderliness depends on the presence in the marketplace of willing buyers and sellers of our common stock at any given time. This marketplace depends on the individual decisions of investors and general economic and market conditions over which we have no control. Our relatively lower trading volume may affect your ability to sell your shares on short notice, and the sale of a large number of shares at one time could temporarily depress the market price of our common stock. For these reasons, our common stock should not be viewed as a short-term investment.

**The market price of our common stock may decline after this offering.**

We are currently offering for sale 2,800,000 shares of our common stock (3,220,000 shares of common stock if the underwriters exercise their option to purchase additional shares in full). The possibility that substantial amounts of shares of our common stock may be sold in the public market may cause prevailing market prices for our common stock to decrease. Additionally, because stock prices generally fluctuate over time, purchasers of common stock in the offering may not be able to sell shares after the offering at a price equal to or greater than the actual purchase price. Broad market and industry factors may materially reduce the market price of our

common stock, regardless of our operating performance. In addition, price volatility may be greater if the public float and trading volume of our common stock is low. Purchasers should consider these factors in determining whether to purchase shares of common stock and the timing of any sale of shares of common stock.

**We will retain broad discretion in using the net proceeds from this offering and the resources newly available to us as a result of using the net proceeds from this offering to pay off debt, and may not use such resources effectively.**

We intend to use a portion of the net proceeds of this offering to repay our existing senior and subordinated debt. We believe that ultimately the repayment of our outstanding senior and subordinated debt with the proceeds of this offering will benefit us in a number of ways, including by: (i) reducing our interest expense; (ii) reducing holding company leverage; (iii) enhancing our regulatory capital position by replacing non-qualifying funds and funds qualifying as Tier 2 capital with funds qualifying as Tier 1 capital; and (iv) supporting the future growth of our organization by freeing additional resources that may be used to accelerate organic growth in our existing or new markets or to potentially pursue opportunistic acquisitions of similar or complementary financial services organizations.

The balance of the net proceeds and the funds made available to us for other uses as a result of the repayment of our senior and subordinated debt may be applied in ways with which some investors in this offering may not agree. Moreover, our management may use the proceeds or the funds made available for corporate purposes or for potential acquisitions that may not increase our market value or make us more profitable. Management s failure to use such funds effectively could have an adverse effect on our business, results of operations and financial condition. In addition, it may take us some time to effectively deploy the proceeds from this offering. Until the proceeds are effectively deployed, our return on equity and earnings per share may be negatively impacted.

**Securities that we issue, including our common stock, are not FDIC insured.**

Securities that we issue, including our common stock, are not savings or deposit accounts or other obligations of any bank and are not insured by the FDIC or any other governmental agency or instrumentality or any private insurer and are subject to investment risk, including the possible loss of your investment.

**We may issue debt and equity securities that are senior to our common stock as to distributions and in liquidation, which could negatively affect the value of our common stock.**

In the future, we may increase our capital resources by entering into debt or debt-like financing or issuing debt or equity securities, which could include issuances of senior notes, subordinated notes, preferred stock or common stock. In the event of our liquidation, any lenders and holders of such debt securities and preferred stock would receive a distribution of our available assets before distributions to the holders of our common stock. Our decision to incur debt and issue securities in future offerings may depend on market conditions and other factors beyond our control. We cannot predict or estimate the amount, timing or nature of our future offerings and debt financings. Future offerings could reduce the value of shares of our common stock and dilute a stockholder s interest in us.

**Anti-takeover provisions could negatively impact our stockholders.**

The laws of Delaware include provisions which are designed to provide our board of directors with time to consider whether a hostile takeover offer is in the best interests of us and our stockholders. These provisions could discourage potential acquisition proposals and could delay or prevent a change in control. The provisions also could diminish the opportunities for a holder of our common stock to participate in tender offers, including tender offers at a price above

the then-current price for our common stock. These provisions could also prevent transactions in which our stockholders might otherwise receive a premium for their shares over then-current market prices, and may limit the ability of our stockholders to approve transactions that they may deem to be in their best interests.

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**If, as a result of this offering or otherwise, an entity holds as little as a 5% interest in our outstanding securities, that entity could, under certain circumstances, be subject to regulation as a bank holding company.**

Any entity, including a group composed of natural persons, owning or controlling with the power to vote 25% or more of our outstanding securities, or 5% or more if the holder otherwise exercises a controlling influence over us, may be subject to regulation as a bank holding company in accordance with the Bank Holding Company Act of 1956, as amended (the BHC Act ). In addition, any bank holding company or foreign bank with a U.S. presence may be required to obtain the approval of the Reserve Board under the BHC Act to acquire or retain 5% or more of our outstanding securities. Regulation as a bank holding company could require the holder to divest all or a portion of the holder s investment in our securities or those nonbanking investments that may be deemed impermissible or incompatible with bank holding company status, such as a material investment in a company unrelated to banking.

**Any person not defined as a company by the BHC Act may be required to obtain the approval of the Reserve Board under the Change in Bank Control Act of 1978, as amended, to acquire or retain 10% or more of our outstanding securities.**

Any person not otherwise defined as a company by the BHC Act and its implementing regulations may be required to obtain the approval of the Reserve Board under the Change in Bank Control Act of 1978, as amended, to acquire or retain 10% or more of our outstanding securities. Applying to obtain this approval could result in a person incurring substantial costs and time delays. There can be no assurance that regulatory approval will be obtained.

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## PRICE RANGE OF OUR COMMON STOCK AND DIVIDENDS PAID

Our common stock trades on the NASDAQ Global Market under the symbol QCRH. As of April 29, 2015, there were 7,995,810 shares of common stock outstanding held by approximately 850 stockholders of record and approximately 2,250 additional stockholders held shares in street name. The following table sets forth the high and low closing sale prices for our common stock, as reported by NASDAQ, for the calendar quarter indicated.

| 2015 Sales Price | | 2014 Sales Price | 2013 Sales Price |
|---|---|---|---|
| High | Low | High | |