

**HEARTLAND FINANCIAL USA, INC.
CHARTER OF THE NOMINATING AND COMPENSATION COMMITTEE
OF THE BOARD OF DIRECTORS**

I. Purpose

The primary purposes of the Nominating and Compensation Committee (the “Committee”) of the Board of Directors of Heartland Financial USA, Inc., and its subsidiaries (the “Company”), are to: (1) discharge the responsibilities of the Board of Directors relating to the compensation of the executive officers of the Company; (2) direct the creation of and approve a report on such executive compensation for inclusion in the Company’s proxy statement in compliance with all rules and regulations of the Securities and Exchange Commission (the “SEC”), the Nasdaq Stock Market (or by the rules and regulations of any other exchange or national market on which the Company’s common stock is quoted or listed for trading) and any other body with regulatory authority over the Company and (3) identify and select qualified individuals to serve as directors of the Company and nominate such individuals for election as directors at the Company’s annual meeting of stockholders.

II. Composition

The Committee shall be composed of at least three members, each of whom shall satisfy the independence requirements of the SEC, the Nasdaq Stock Market (or by the rules and regulations of any other exchange or national market on which the Company’s common stock is quoted or listed for trading) and any other body with regulatory authority over the Company. The Board of Directors shall appoint the members of the Committee. The Board of Directors may designate a Chairman of the Committee and shall have the power to change the membership of the Committee and to fill vacancies in it.

The Committee shall meet with such frequency and at such intervals as it shall determine necessary to carry out its duties and responsibilities, but in no event shall the Committee meet less than once annually during the Company’s fiscal year. The Committee, in its discretion, may ask members of management or others to attend its meetings (or portions thereof) and to provide pertinent information as necessary. The Committee shall maintain minutes of its meetings and records relating to those meetings and the Committee’s activities and shall provide copies of such minutes to the Board of Directors. The Committee shall determine its rules of procedure.

III. Duties and Responsibilities of the Committee with Respect to Compensation Matters

The Committee’s duties and responsibilities with respect to compensation matters generally are to: (1) discharge the responsibilities of the Board of Directors relating to the compensation of the Company’s executive officers; (2) evaluate and make recommendations to the Board of Directors relating to the compensation of individuals serving as directors of the Company; and (3) direct the creation of and approve an annual report on executive compensation for inclusion in the Company’s proxy statement in accordance with all applicable rules and regulations. In accomplishing these responsibilities, the Committee shall possess the following powers and duties:

(a) The Committee shall review and approve performance goals and objectives relevant to the compensation of the Company's Chief Executive Officer and other executive officers of the Company, shall evaluate the performance of the Chief Executive Officer and other executive officers of the Company in light of those goals and objectives and shall set the compensation level of the Chief Executive Officer and other executive officers of the Company based upon such evaluation, including the long-term incentive component of such compensation. In determining the compensation level of the Chief Executive Officer and other executive officers of the Company, the Committee should consider:

- the Company's overall compensation program;
- the individual's performance, substantial experience, expertise and length of service with the Company;
- progress toward the Company's performance objectives;
- rewards for performance of those having a significant impact on the Company's profitability;
- the overall financial performance of the Company;
- the compensation levels of the Chief Executive Officer, and other executive officers of the Company in previous years;
- the compensation levels of the chief executive officer and other executive officers at businesses comparable to the Company; and
- any additional factors that the Committee deems reasonable and appropriate.

(b) The Committee shall meet annually with the Chief Executive Officer of the Company to receive the Chief Executive Officer's evaluation of and recommendations regarding compensation performance goals for the other executive officers and the Company's progress towards meeting those goals.

(c) The Committee shall review and approve all employment agreements, severance arrangements and change of control agreements or provisions for the Chief Executive Officer and other executive officers of the Company.

(d) The Committee shall make recommendations to the Board of Directors regarding the annual compensation of directors of the Company, including incentive plans and equity-based plans. Additionally, the Committee shall make recommendations to the Board of Directors regarding the compensation of directors and the reimbursement of expenses with respect to directors' attendance at meetings of the Board of Directors and shall make recommendations to the Board of Directors regarding additional compensation of directors serving on committees to the Board of Directors, including with respect to their attendance at committee meetings.

(e) The Committee shall make recommendations to the Board of Directors regarding incentive compensation plans and equity-based plans for the Company. The Committee shall adopt and approve awards under incentive compensation plans and equity-based plans created by the Board of Directors, and shall review and monitor awards under such plans. The Committee shall ensure that such awards are administered in a manner consistent with the Company's compensation strategy and the terms of the plans with respect to participation in the plans, annual incentive targets, vesting requirements and corporate financial goals. Additionally, the Committee shall approve the submission to stockholders of all new equity-based incentive plans of the Company and shall administer such plans.

(f) The Committee shall review all compensation decisions of the Company considering the provisions of Section 162(m) of the Internal Revenue Code relating to the deductibility of the compensation of executive officers of the Company.

(g) The Committee shall act in an advisory capacity to the Board of Directors regarding compensation matters generally.

(h) The Committee shall have the sole authority and adequate funding to retain and terminate any third-party for the purpose of evaluating the performance of the directors, senior executive officers and the Chief Executive Officer of the Company and determining the appropriate compensation for such individuals. Such third parties may include professional consultants specializing in compensation matters, as well as legal, accounting and other advisors, both internal and external.

(i) The Committee may form and delegate authority to subcommittees and individual members of the Committee, where appropriate, with respect to compensation matters.

(j) The Committee shall review and assess the adequacy of this Charter annually, and shall recommend any proposed amendments relating to the Committee's duties with respect to compensation matters to the Board of Directors for approval.

(k) The Committee shall report to the Board of Directors regarding compensation matters.

IV. Duties and Responsibilities of the Committee with Respect to Nominating Matters

The Committee's duties and responsibilities with respect to nominating matters generally are to identify individuals qualified to become members of the Board of Directors and select such individuals as director nominees for the next annual meeting of stockholders of the Company. In accomplishing these responsibilities, the Committee shall possess the following powers and duties:

(a) The Committee shall develop and establish qualification criteria for membership on the Board of Directors, and shall seek out and interview individuals qualified to become members of the Board of Directors in accordance with the criteria established by the Committee.

(b) The Committee shall have sole authority and adequate funding to retain and terminate any third-party for the purpose of identifying candidates for membership on the Board

of Directors, and shall have sole authority to approve the fees paid to such third-parties and all other terms of their retention. Such third-parties may include executive search firms, as well as legal, accounting and other advisors, both internal and external.

(c) The Committee shall, at least annually, review the performance of all directors of the Company, including with respect to each director's service on a committee of the Board of Directors.

(d) The Committee shall report to the Board of Directors regarding nominating matters.

(e) The Committee shall review and assess the adequacy of this Charter annually, and shall recommend any proposed amendments relating to the Committee's duties with respect to nominating matters to the Board of Directors for approval.

(f) The Committee may form and delegate authority to subcommittees or individual members of the Committee, where appropriate, with respect to nominating matters.