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Heartland

FINANCIAL USA, INC.

ANNUAL REPORT 2007

GREAT THINGS HAPPEN!™

Filings Services
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Corporate Profile

Founded in 1981, Heartland Financial USA, Inc. is a \$3.3 billion multi-bank holding company, offering uniquely different banking solutions for business and personal clients. Heartland's independent community banks are chartered in the states of Iowa, Illinois, Wisconsin, New Mexico, Arizona, Montana, Colorado and Minnesota (in organization), with a total of 60 banking locations serving 42 communities. Other business lines include:

- Trust, investment management and retirement plan services—offered through the Wealth Management Group.
- Brokerage and investment services—provided through LPL Financial Institution Services.
- Consumer finance services—provided by Citizens Finance Co.

The Heartland vision is to be a consortium of high-performance community banks and financial service subsidiaries ranking among the top 100 bank holding companies nationwide with assets of \$5 to \$10 billion, providing a wide range of high-quality financial services and products in the Midwestern, Southwestern and Western United States.

Heartland's common stock is traded through the NASDAQ® Global Select Market system under the symbol "HTLF." Complete information about Heartland Financial USA, Inc. is available at www.htlf.com.

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Financial Highlights

For the years ended December 31, 2005, 2006 and 2007

(Dollars in thousands, except per share data)

For the Year	2005	2006	2007
Net income	\$ 22,726	\$ 25,102	\$ 25,633
Income from continuing operations	21,651	24,275	23,962
Cash dividends, common	5,414	5,906	6,050

Per Share Data

Earnings per common share – diluted	\$ 1.36	\$ 1.50	\$ 1.54
Earnings per common share from continuing operations – diluted	1.30	1.45	1.44
Cash dividend, common	0.33	0.36	0.37
Book value at December 31	11.46	12.65	14.04

At Year End

Total assets	\$ 2,818,332	\$ 3,058,242	\$ 3,264,126
Total loans and leases, net of unearned, including available for sale	1,993,811	2,198,226	2,292,846
Total deposits	2,118,178	2,311,657	2,376,299
Total stockholders' equity	187,812	209,711	230,600

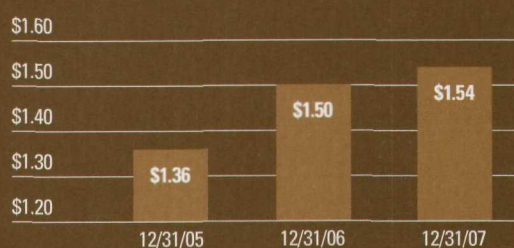
Financial Ratios

Return on average total assets	0.84 %	0.86 %	0.81 %
Return on average total equity	12.55	12.86	11.88
Net interest margin	4.03	4.17	3.95
Average stockholders' equity to average total assets	6.68	6.66	6.84
Total capital to risk-adjusted assets	10.61	11.18	12.48
Tier 1 leverage ratio	7.66	7.74	8.01

Total Assets (In thousands)



Earnings Per Share



Dear Stockholders:

"Great Things Happen!"

The inspiring theme of this year's annual report centers on our corporate branding message that promises to make "Great Things Happen" for customers, employees, stockholders and communities through their relationships with Heartland Financial USA, Inc. and our subsidiary banks. Discover prime examples of how great things are happening across Heartland for our many constituents in the pages that follow.

Growth means "Great Things Happen" for you, our stockholders. I am pleased to share a few highlights:

Growth in Earnings. Heartland reported an increase in total earnings and earnings per share for 2007. Net income was \$25.6 million, or \$1.54 per diluted share, which represents an increase of \$531,000 or 2 percent over 2006. Additionally, we are proud of 19 consecutive years of increased dividend payments, with this year's dividend increasing from \$0.09 to \$0.10 per share.

Growth in Assets, Loans and Deposits. Compared with year-end 2006, assets grew by \$205.9 million or 7 percent, ending the year at \$3.3 billion. Loans grew by \$132 million, or 6 percent over the previous year, although we saw slower loan demand in the second half of the year from the impact of the credit crunch and a weakening economy. That being said, loan growth was still solid despite the sale of the Broadus, Montana, office and our credit card portfolio, which combined totaled \$26.9 million in reduced assets. Our deposits grew by \$65 million or 3 percent over 2006, despite the \$30 million reduction in deposits from the Broadus branch sale.

Growth in Geography. Heartland continues to grow and expand into new markets. In 2007, we announced our plan to charter Minnesota Bank & Trust, Heartland's 10th independent community bank. We are primed to compete in the Twin Cities market with our team of experienced bankers. All regulatory approvals have been received, and we are eager to open Minnesota Bank & Trust early in the second quarter of 2008.

Heartland is making strategic investments in future growth by expanding its existing franchise. In 2007, we opened five new banking locations. With the opening of the bank in Minnesota, Heartland is now represented in eight states, with 60 banking locations serving 42 communities. Whether via *de novo* expansion or strategic acquisitions, we remain committed to our goal of ranking among the nation's top 100 bank holding companies.

Growth in Capabilities. As evidence of Heartland's continued commitment to excellence, every Heartland bank and corporate department is identifying new or improved income-enhancing and cost-reducing opportunities. For example, our business and retail banking staffs are engaged in expanded sales training to provide even better service to our customers. With the addition of ProfitMax, a powerful new lending analytical tool, our business bankers are able to provide exceptional value-added information to borrowers.

Employing the latest technology to reduce costs, all Heartland banks now offer eStatements. Our commitment to Workplace Lean principles has streamlined internal processes while enhancing our services. One of our newest products, Cash Rewards Checking, "rewards" customers with a 6.01% annual percentage yield in exchange for increased debit card use, direct deposit and eStatements. Along the same lines, we introduced cost-saving and customer-centered software that enables online mortgage applications. I invite you to use "EZ Loan," which is easily accessible on the web site of every Heartland bank.

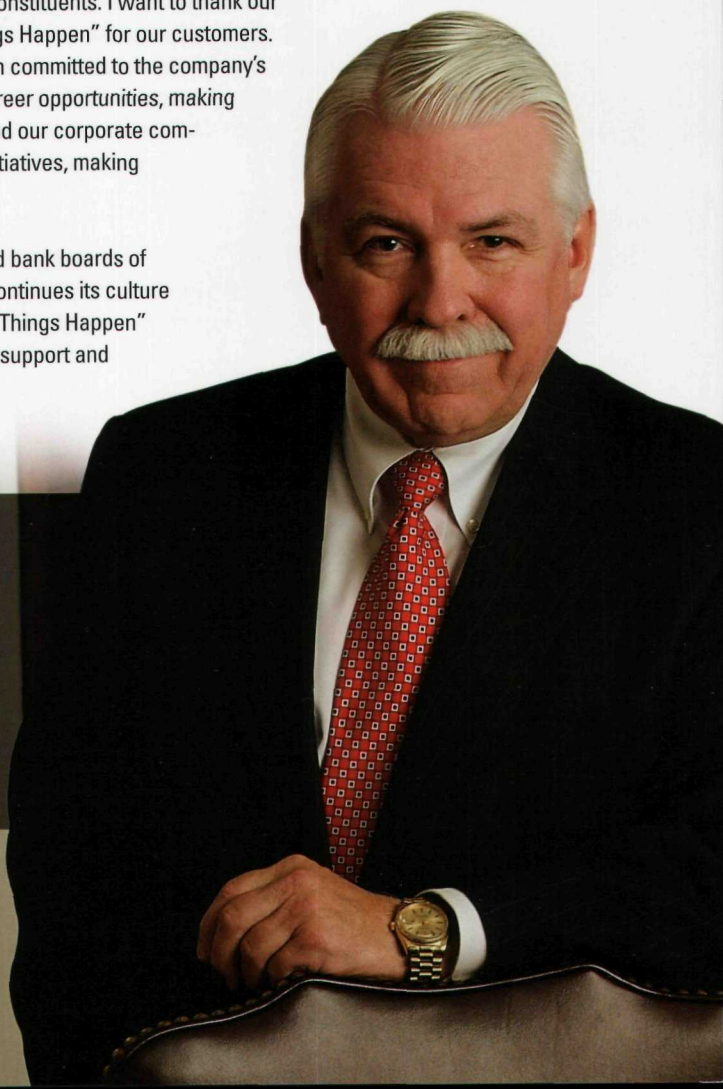
Growth in Opportunity. As you are all aware, the past year presented challenges; some have continued into 2008. The subprime mortgage debacle, which Heartland did not participate in, created turbulence in the credit markets. Federal Reserve interest rate cuts, designed to stimulate the economy, produced narrower net interest margins, putting downward pressure on bank earnings and stock prices at many banks. Although the Heartland stock price has been affected by the broader environment, I can assure you that your company's assets and earnings fundamentals are solid as evidenced by our continued growth in earnings per share and assets for 2007.

We see opportunity in the present environment. Weaker earnings at many competitor banks may create opportunities for acquisitions, especially in areas where we can bolster existing market share and reduce costs by consolidating backroom functions into our current operations. We prepared for this downturn and are well positioned to benefit from likely consolidation in the banking industry.

Much of the opportunity ahead exists in the three *de novo* banks Heartland has chartered in the past five years. These banks, each in attractive geographic markets, Phoenix, Denver and Minneapolis, represent seeds we've planted for future profits. With nearly 25 percent of our branch network opened in the past three years, we see ample growth and earnings potential as these offices ramp up and make a meaningful contribution to Heartland's bottom line over the next few years.

We are excited about Heartland's prospects for the future and the great things that will happen as we balance the needs of all of our constituents. I want to thank our dedicated bankers who strive to make "Great Things Happen" for our customers. I want to thank our management teams who remain committed to the company's growth and expansion plans, which create new career opportunities, making "Great Things Happen" for our employees. I applaud our corporate commitment to education, the arts and quality-of-life initiatives, making "Great Things Happen" for our communities.

Finally, I want to commend our corporate board and bank boards of directors, who collectively ensure that Heartland continues its culture as a shareholder-friendly company, making "Great Things Happen" for our stockholders. Thank you for your continued support and investment in Heartland.



Lynn B. Fuller
Chairman of the Board
President & Chief Executive Officer

We're interested in your **checking** account.

6.01% APY*
interested.



Member FDIC

*Cash Rewards Checking requires 625 opening deposits, no minimum balance thereafter. If requirements are met, APY is 6.01% on the first \$25,000 of the account balance. APY is subject to change without notice. APY is not earned on deposits over \$25,000. For more information, please visit [galena.com](#). © 2014 Galena State Bank and Trust Co. All rights reserved.

GREAT THINGS HAPPEN **WHEN MANY BRANDS SPEAK AS ONE.**

Heartland brands gain strength

One-message marketing pays dividends for banks

It's no easy task keeping 10 banks, each with its own set of challenges, on the same page.

"The prospect of maintaining 10 unique brands for 10 different banks is a real challenge," said John Berg, executive vice president of marketing and sales for Heartland. "Fortunately, 2007 was the year we took a new strategic approach toward marketing by creating a unified brand message and promise across all properties: 'Great Things Happen!'"

Great things are indeed happening for Heartland's banks since the start of the new approach. Now the Heartland corporate marketing department produces all major communications, including print, radio and television advertisements, and customizes elements to match each bank.



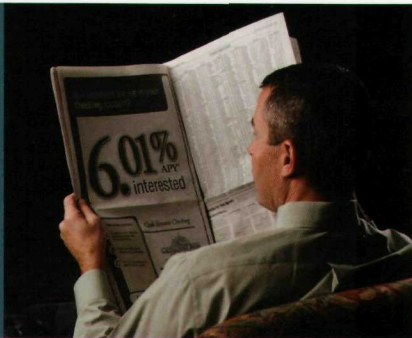
As a result, each bank can place professionally designed and strategically developed advertising at favorable rates with local media. This allows each bank to leverage its marketing budget to achieve maximum impact.

A great example of this new branding approach was the launch of Cash Rewards Checking. Banks were supplied with advertisements for newspapers, billboards, radio and television, emphasizing the appeal of a free checking account that pays a whopping 6.01% APY. Each ad was signed with the tagline "Great Things Happen!"

The results of the marketing campaign are impressive. "From the moment the ads hit, we've seen a substantial amount of new business," Berg said. "The best part is that Cash Rewards Checking creates deeper customer relationships through eStatements, direct deposit and debit card use. It's especially attractive to younger and tech-savvy customers."

This fresh marketing model gives Heartland banks the best of both worlds—a big bank punch with the little bank touch.

Galena State Bank customers embraced Cash Rewards Checking, as did customers at every Heartland bank.



Working double time in the Twin Cities

Minnesota Bank & Trust in step with Heartland's mission



It was only a few months ago, in October of 2007, that Heartland announced formation of its 10th bank charter. Minnesota Bank & Trust will soon open its doors in upscale Edina, just west of Minneapolis.

"Our entry into the Twin Cities market is the result of hard work by a dedicated team headed by Kate Kelly, our president of Minnesota Bank & Trust," said Heartland's Chief Financial Officer John Schmidt. "The choice of Edina is in step with our mission to serve small and mid-sized businesses and high-net-worth individuals, segments currently underserved by regional and national banks."

As Kelly assembled her team and readied for the bank's grand opening, a loan production office was established through Dubuque Bank and Trust. It immediately started providing lending services to small- and middle-market businesses. Months before opening, the bank was building its roster of clients.

Kelly relied on experience gathered from previous bank leadership positions to make the Minnesota *de novo* a solid investment. "Heartland's experience in organizing new charters was a great asset in making Minnesota Bank & Trust a reality," Kelly said. "This is a company with an impressive growth strategy. You can't help but admire

its clarity in maximizing the synergy between backroom functions and front-line customer service."

Minnesota Bank & Trust is a great opportunity for Heartland, Schmidt added, and represents a foothold in the Minneapolis market, with more offices planned in the near future. These will be neighborhood offices, providing strong one-on-one customer service and state-of-the-art technology such as online banking, online bill payment and remote deposit-capture services.

"Mergers and acquisitions have opened the door for us to serve clients who prefer the responsiveness and attentiveness of a local bank," Kelly said. "With the capabilities, resources and back-office support of a larger organization like Heartland, we plan to provide the best of all worlds to our clients."



True to Heartland's philosophy that growth is not a sprint but a marathon, Minnesota Bank & Trust President and CEO Kate Kelly makes her morning rounds. From left to right: Vice President and Portfolio Manager Deb Nilson, Executive Vice President and Business Banking Manager Gene Cross and CEO Kate Kelly.





Committed to **community**

Outreach is vital at Arizona Bank & Trust

Toys and banking: What does one have to do with the other? Together, they symbolize Arizona Bank & Trust's commitment to the communities it serves.

"Community involvement is expected of each employee," William Frank, president and CEO of AB&T, said. "From janitor to board chairman, it's in the job description. It's one of the many rewarding aspects of working here."

Since opening in 2003, AB&T has differentiated itself through community involvement. Employees are never satisfied with just working in a community; they crave to be a vital part of it. That was clearly demonstrated when the bank opened an office in Gilbert—its sixth. In fact, community outreach began more than a year before the office opened when AB&T joined the Gilbert Chamber of Commerce.

"We then networked with members of the community and asked about a local cause to support," Frank said.

The answer came from a customer at AB&T's Chandler Village branch—Phoenix radio personality W. Steven Martin and his annual toy drive.

Denise Gorman, manager of Retail Banking, said it was the goal of the Gilbert office to join the toy drive and make it part of its grand opening celebration in October of 2007.

"With W. Steven Martin being something of a local legend because of his years as a popular country music DJ and his charitable work with Arizona police and fire personnel, this represents a high-profile charity for less fortunate children," she said.



To solidify the success of the toy drive, all AB&T offices placed barrels in their lobbies for toy and cash donations. As for the Country Music DJ Hall of Famer, Martin spun music at the Gilbert office grand opening celebration.

Thanks to proactive community outreach like this customer barbeque and toy drive, Arizona Bank & Trust's new Gilbert office enjoyed a strong opening. Pictured during the grand opening are employees: Kristen Powell, Geoffrey Cummings and Christine Baker.



Business with the personal touch

Grocer wins with Wisconsin Community Bank

This little Piggly Wiggly® went to market with a very important decision to make: A large national or a local community bank?



The choice was clear for Piggly Wiggly franchisee Dave Schommer, who teamed up with Wisconsin Community Bank to develop a complete lending solution for his grocery business.

"We were wooed by a larger bank, but they were a bit heavy-handed and seemed intent on taking over all our finances," he said. "So we went with the bank that was literally our next-door neighbor. That was back in 1999, and we've been very happy with WCB ever since."

That banking partnership, built on trust and respect, has led to a deep relationship between Schommer and WCB.

"Our WCB banker did such a great job with our day-to-day business banking, we chose them for a loan when my family built an addition onto our home," he said.

WCB and other Heartland banks are ratcheting up their value to business clients. Through ProfitMax, a strategic new business analysis tool, Schommer and his business banker now have vital insight into his total financial picture to pinpoint real opportunities.

"The software provides our lenders with a valuable interactive tool that allows them to discuss financial performance in a consultative role. This tool will help differentiate Heartland banks from their peers," said Ken Erickson, Heartland's executive vice president and chief credit officer. "ProfitMax greatly expands our ability to get behind the numbers, show the cause and effect of changes to certain business activities and demonstrate how such changes could impact their business as a whole."

Ed Borchert, vice president of Credit Administration, is enthusiastic about this powerful program.

"Because ProfitMax brings so much more meaningful data to the table," he said, "we expect businesses to be quite impressed by the sophisticated consultation they receive from their community bank."



Piggly Wiggly franchisee Dave Schommer (left) consults with WCB Vice President Business Banking Tom Wellman (center) and Heartland's Ed Borchert on ProfitMax, a new business analysis tool. At right: Ken Erickson, Executive Vice President and Chief Credit Officer at Heartland, leads a ProfitMax training session.



GREAT THINGS HAPPEN THROUGH ADVANCED TECHNOLOGY.





GREAT THINGS HAPPEN WHEN EVERYONE PROFITS.

BIG FOOTTM
the Decoy

DECOYS UNLIMITEDTM DIV. OF CLINTON DECOY CO. CLINTON, IOWA

BIG FOOTTM

Banks and businesses: Allies in success

Sales take flight with team assembled by Dubuque Bank and Trust

The frontlines of business can be treacherous. But when the Clinton Decoy Company seemed pinned down, President Greg Ladehoff was glad to have Dubuque Bank and Trust in the trenches with him.

The waterfowl decoy manufacturing company based in Clinton, Iowa, enjoyed real results because it viewed DB&T not only as a longtime trusted advisor, but also as a source of new business. Duane Frick, vice president of Business Banking, led the charge.



"Clinton Decoy has been a DB&T customer for years," he said. "So when they told me it wasn't practical or profitable for the company's Clinton plant to produce a new line of decoys at the desired price point, I scheduled an appointment for them to meet with Dr. J. B. Priest."

Priest is president of DDI, Inc., a local import/export company, and an expert in engineering and arranging alternative manufacturing. After consultation with Priest and Frick, Ladehoff chose to move a portion of Clinton Decoy Company's manufacturing offshore.

Now the company competes on a global scale. What's more, Clinton Decoy Company has not only retained all of its domestic employees, it's in a stronger position to grow as an Iowa employer.

"This has been a great new relationship for all involved," Priest said. "The company needed to react to global competition by changing its product line and manufacturing so it could reverse a downtrend and continue growing. Since that first project, they have added an entire new line of duck decoys, with DDI and Clinton Decoy partnering in engineering and sharing the patents."

The success story has made Greg's dad, Art Ladehoff, proud. Art launched Decoys Unlimited, the present-day Clinton Decoy Company, in 1958. In 1984, he launched a line of goose decoys named Big Foot.™

Thanks to the tenacity of these entrepreneurial companies and DB&T, sales of Big Foot goose and duck decoys at sporting goods stores such as Cabela's® and Scheels® All Sports are really taking flight.

Clinton Decoy President Greg Ladehoff shows off his company's latest top-quality decoy featured at Cabela's to DB&T's Duane Frick and DDI President J. B. Priest.



Making it personal in Montana

Customers are more than numbers at Rocky Mountain Bank

A Montana business owner is stranded thousands of miles from home, and a teller at one of those "too-big" banks refuses to help him get back on the road by cashing his cashier's check. Fortunately, help is as close as his cell phone and a Personal Banker from Rocky Mountain Bank's Whitehall office who cheerfully spells out possible solutions. Finally, he's headed home.

"I hope Whitehall never gets so large that it loses that small-town, one-on-one relationship that is rapidly disappearing in this country," said Jim Jacobson, the once-stranded traveler and president of the Whitehall Chamber of Commerce.

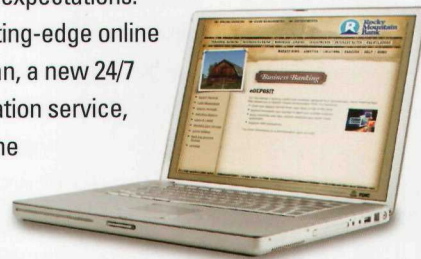
Personal attention: Rocky Mountain Bank delivers it daily. "We're committed to building long-term relationships with our customers," Danny Skarda, president and CEO of Rocky Mountain Bank, said. "We know they work hard for their money, and we work hard to provide them with the financial tools they need to manage it wisely."

That philosophy has helped Rocky Mountain Bank reach more than \$427 million in assets. Steady growth has resulted in nine offices located in Bigfork, Billings, Bozeman, Kalispell, Plains, Plentywood, Stevensville and Whitehall. The bank opened its newest Billings office in October of 2007.

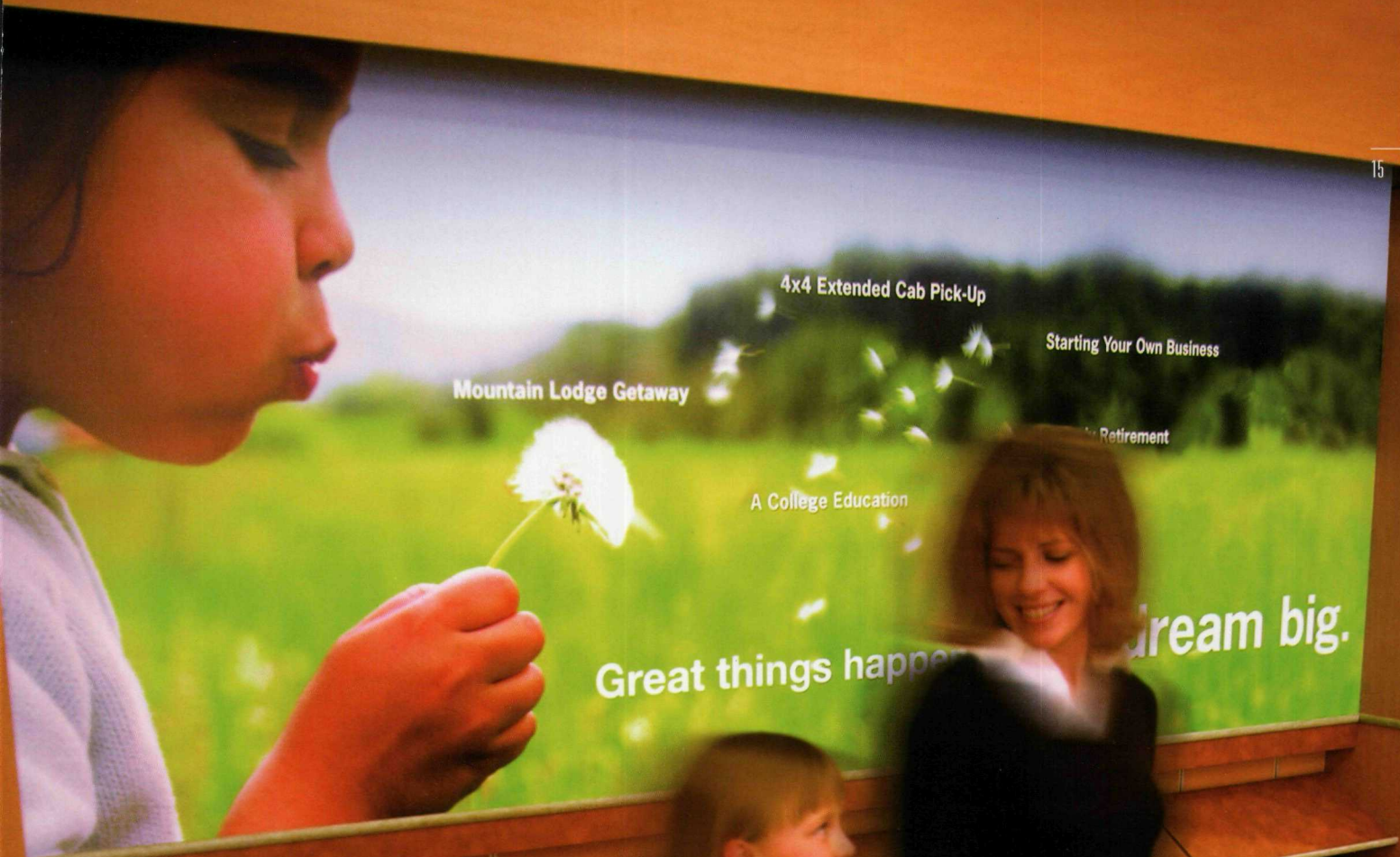
"That's further evidence of Rocky Mountain Bank's ongoing commitment to the communities we serve," Skarda said. "We're here to stay."

Rocky Mountain Bank's new location is positioned for success. "Business in Billings is looking west," said Jean Fangsrud, senior vice president and retail manager. "There are a lot of new rooftops on the west end, and we're pleased to be among them."

While expanding its footprint in Montana, Rocky Mountain Bank remains focused on exceeding customer expectations. The bank combines cutting-edge online services such as EZ Loan, a new 24/7 online mortgage application service, and eStatements with the personal attention of a community-minded bank. That, Skarda said, gives customers a positive experience every time they visit an office or take advantage of the bank's easy online services. "We will settle for nothing less," Skarda proclaimed.



Rocky Mountain Bank's new Billings office incorporates an inspiration wall that prompts customers to "dream big." Like every Heartland banking location, the new office is high tech and high touch.



Mountain Lodge Getaway

4x4 Extended Cab Pick-Up

Starting Your Own Business

Retirement

A College Education

Great things happen when you dream big.



Heartland Financial USA, Inc. — Balance Sheet Highlights

For the years ended December 31, 1998 through 2007
(Dollars in thousands, except share and per share data)

BALANCE SHEET DATA	1998	1999	2000	2001
ASSETS				
Cash and due from banks	\$ 25,355	\$ 34,078	\$ 38,387	\$ 45,738
Federal funds sold and other short-term investments	17,476	1,875	46,300	47,812
Cash and cash equivalents	42,831	35,953	84,687	93,550
Time deposits in other financial institutions	6,127	6,084	1,504	564
Securities	242,488	211,577	228,065	325,217
Loans held for sale	10,985	16,636	18,127	26,967
Gross loans and leases:				
Loans and leases	579,148	818,510	1,023,969	1,078,238
Allowance for loan and lease losses	(7,945)	(10,844)	(13,592)	(14,660)
Loans and leases, net	571,203	807,666	1,010,377	1,063,578
Assets under operating lease	34,622	35,495	35,285	35,427
Premises, furniture and equipment, net	19,780	26,995	30,155	31,482
Intangible assets	3,841	13,997	20,755	18,995
Other assets	21,908	29,744	37,432	48,284
TOTAL ASSETS	\$ 953,785	\$ 1,184,147	\$ 1,466,387	\$ 1,644,064

LIABILITIES AND STOCKHOLDERS' EQUITY

LIABILITIES				
Deposits:				
Demand	\$ 70,871	\$ 91,391	\$ 136,066	\$ 160,742
Savings	292,852	367,413	406,712	493,374
Time	354,154	410,855	558,535	551,043
Total deposits	717,877	869,659	1,101,313	1,205,159
Short-term borrowings	75,920	132,300	139,909	160,703
Other borrowings	57,623	76,657	102,856	143,789
Accrued expenses and other liabilities	18,095	18,958	26,163	27,323
TOTAL LIABILITIES	869,515	1,097,574	1,370,241	1,536,974
STOCKHOLDERS' EQUITY	84,270	86,573	96,146	107,090
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 953,785	\$ 1,184,147	\$ 1,466,387	\$ 1,644,064

Common Share Data

Book value per common share	\$ 5.89	\$ 6.02	\$ 6.67	\$ 7.37
Common shares outstanding, net of treasury	14,302,619	14,380,161	14,427,315	14,519,628

TOTAL ASSETS

As of December 31 (dollars in thousands)



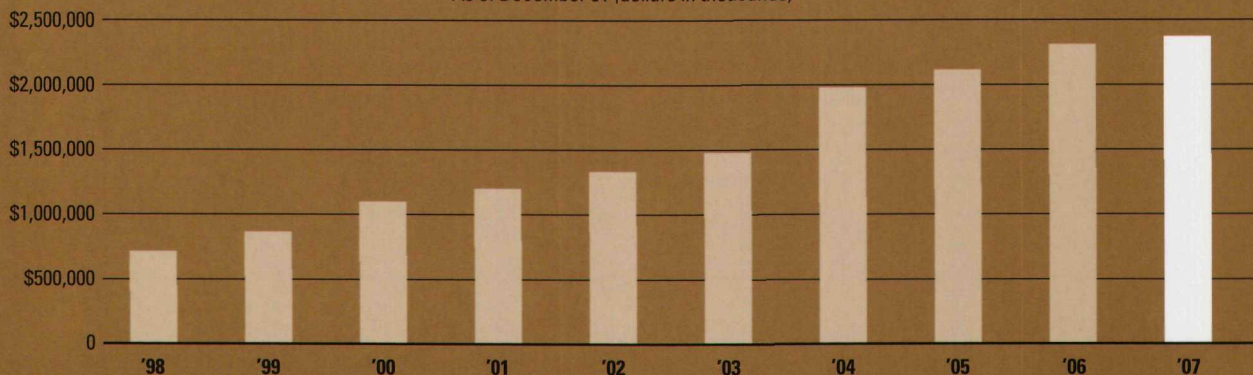
	2002	2003	2004	2005	2006	2007
\$	61,106	\$ 68,424	\$ 68,919	\$ 40,422	\$ 47,753	\$ 46,468
	39,886	3,445	4,830	40,599	1,390	364
	100,992	71,869	73,749	81,021	49,143	46,832
	1,677	1,132	1,178	0	0	0
	390,815	451,753	553,284	527,767	617,040	689,949
	23,167	25,678	32,161	40,745	50,381	12,679
	1,152,069	1,322,549	1,772,954	1,953,066	2,147,845	2,280,167
	(16,091)	(18,490)	(24,973)	(27,791)	(29,981)	(32,993)
	1,135,978	1,304,059	1,747,981	1,925,275	2,117,864	2,247,174
	30,367	31,636	35,188	40,644	0	0
	35,591	49,842	79,353	92,769	108,567	120,285
	20,929	25,236	45,536	44,557	48,827	48,576
	46,463	57,161	60,625	65,554	66,420	98,631
\$	1,785,979	2,018,366	2,629,055	2,818,332	3,058,242	3,264,126

\$	197,516	\$ 246,282	\$ 323,014	\$ 352,707	\$ 371,465	\$ 381,499
	511,979	569,286	750,870	754,360	822,915	855,036
	628,490	676,920	909,962	1,011,111	1,117,277	1,139,764
	1,337,985	1,492,488	1,983,846	2,118,178	2,311,657	2,376,299
	161,379	176,835	231,475	255,623	275,694	354,146
	126,299	173,958	196,193	220,871	224,523	263,607
	36,275	34,162	41,759	35,848	36,657	39,474
	1,661,938	1,877,443	2,453,273	2,630,520	2,848,531	3,033,526
	124,041	140,923	175,782	187,812	209,711	230,600
\$	1,785,979	2,018,366	2,629,055	2,818,332	3,058,242	3,264,126

\$	8.40	\$ 9.29	\$ 10.69	\$ 11.46	\$ 12.65	\$ 14.04
	14,769,621	15,163,503	16,441,058	16,390,415	16,572,080	16,427,016

TOTAL DEPOSITS

As of December 31 (dollars in thousands)



Heartland Financial USA, Inc. — Income Statement Financial Highlights

For the years ended December 31, 1998 through 2007
(Dollars in thousands, except share and per share data)

STATEMENT OF INCOME DATA	1998	1999	2000	2001
Interest income	\$ 64,512	\$ 74,089	\$ 102,535	\$ 107,609
Interest expense	35,191	38,722	56,577	56,823
Net interest income	29,321	35,367	45,958	50,786
Provision for loan and lease losses	951	2,550	2,976	4,258
Net interest income after provision for loan and lease losses	28,370	32,817	42,982	46,528
Noninterest income	9,936	9,307	10,374	12,908
Noninterest expense	25,207	30,971	39,965	43,224
Income taxes	3,866	3,090	4,071	5,385
Income from continuing operations	9,233	8,063	9,320	10,827
Discontinued operations:				
Income (loss) from discontinued operations (including gain on sale of \$2,443 in 2007, \$20 in 2006 and \$2,602 in 2002)	(321)	228	411	916
Income taxes	(109)	66	145	329
Income (loss) from discontinued operations	(212)	162	266	587
NET INCOME	\$ 9,021	\$ 8,225	\$ 9,586	\$ 11,414

PER COMMON SHARE DATA

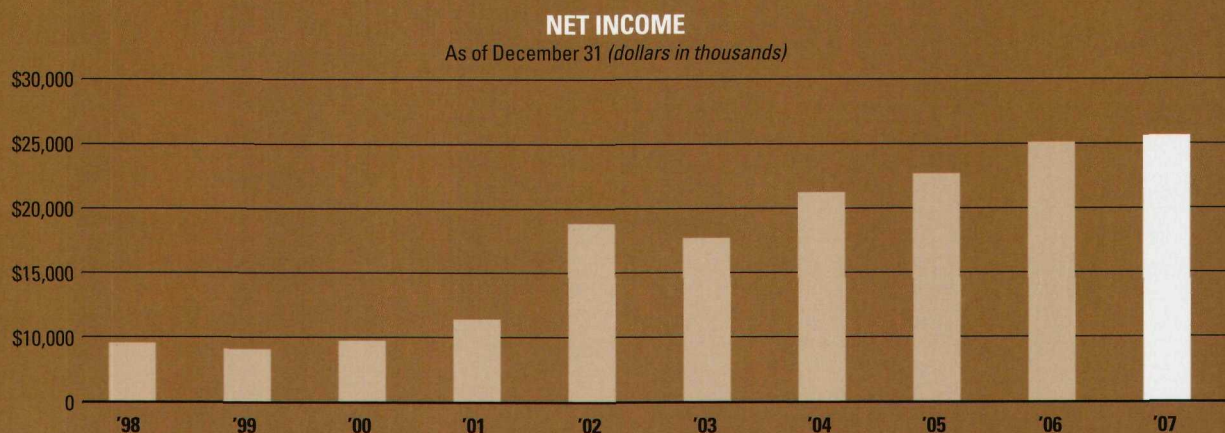
Net income – diluted	\$ 0.63	\$ 0.56	\$ 0.65	\$ 0.78
Income from continuing operations – diluted ⁽¹⁾	0.64	0.55	0.64	0.74
Cash dividends	0.21	0.23	0.24	0.25
Dividend payout ratio	32.48%	39.47%	36.15%	31.19%
Diluted weighted average shares outstanding	14,417,007	14,627,211	14,636,859	14,558,231

EARNINGS PERFORMANCE DATA

Return on average total assets	1.01%	0.78%	0.70%	0.72%
Return on average stockholders' equity	11.26	9.61	10.69	11.32
Net interest margin ^(1, 2)	3.72	3.86	3.91	3.80

⁽¹⁾Excludes the discontinued operations of our Broadus branch and the related gain on sale in 2007, ULTEA and the related gain on sale in 2006 and our Eau Claire branch and the related gain on sale in 2002.

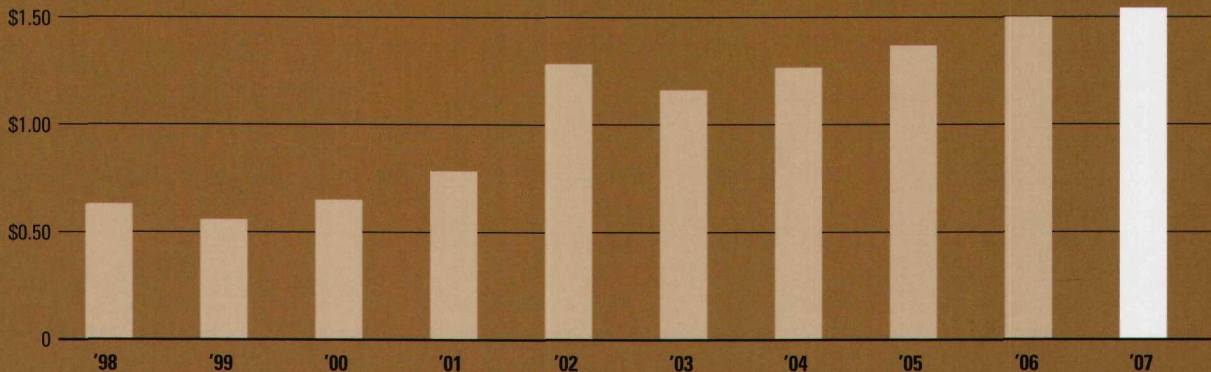
⁽²⁾Tax equivalent using a 35% tax rate.



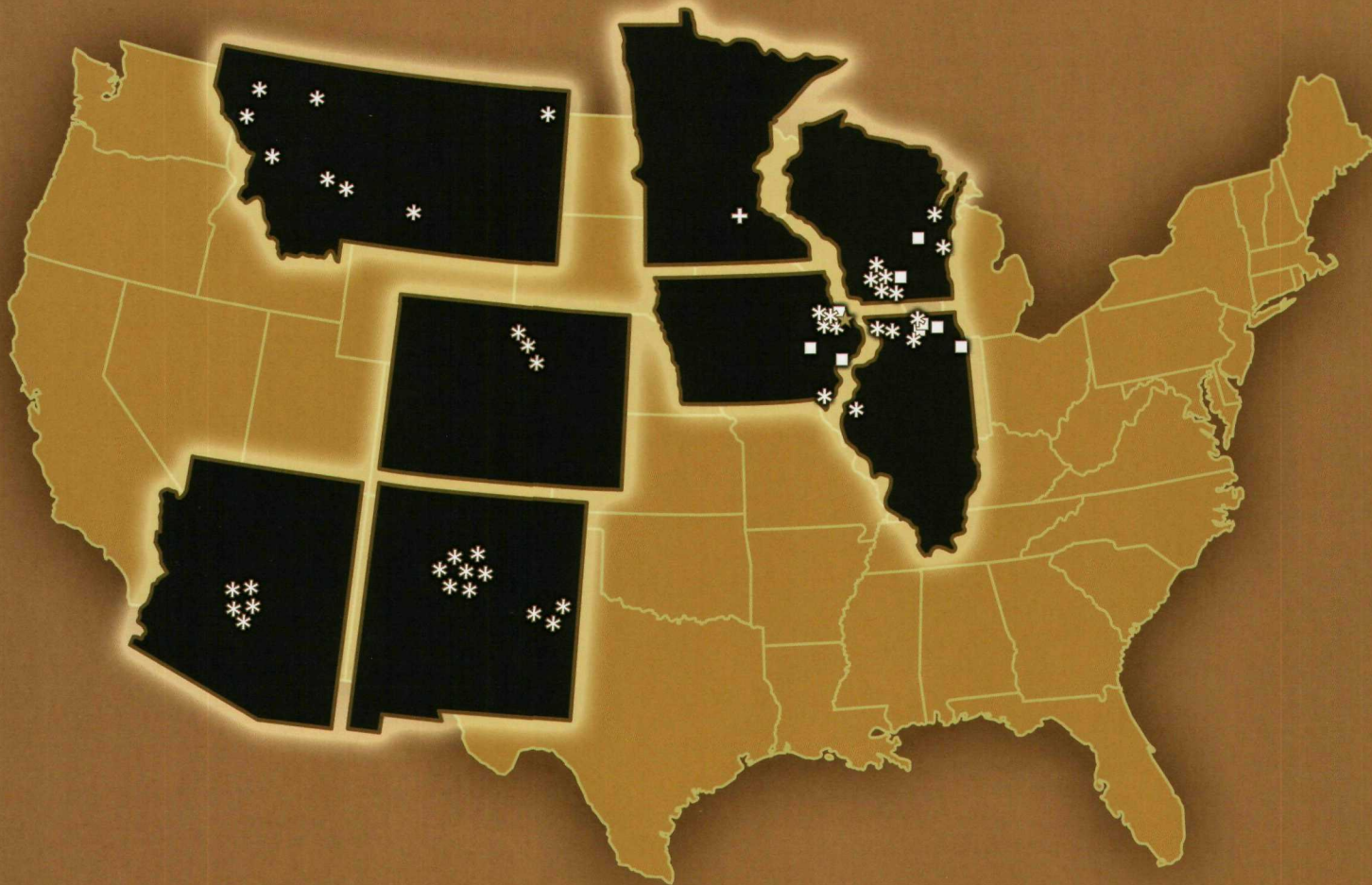
	2002	2003	2004	2005	2006	2007
\$	100,012	\$ 99,517	\$ 120,374	\$ 151,489	\$ 190,150	\$ 215,231
	41,029	37,312	43,073	58,916	85,409	105,891
	58,983	62,205	77,301	92,573	104,741	109,340
	3,553	4,183	4,846	6,533	3,883	10,073
	55,430	58,022	72,455	86,040	100,858	99,267
	15,575	22,167	23,135	25,457	29,444	31,961
	47,557	54,704	68,425	80,285	94,449	97,857
	7,279	7,990	7,556	9,561	11,578	9,409
	16,169	17,495	19,609	21,651	24,275	23,962
	4,416	371	1,024	1,664	1,758	2,756
	1,718	147	381	589	931	1,085
	2,698	224	643	1,075	827	1,671
\$	18,867	\$ 17,719	\$ 20,252	\$ 22,726	\$ 25,102	\$ 25,633

\$	1.28	\$ 1.16	\$ 1.26	\$ 1.36	\$ 1.50	\$ 1.54
	1.09	1.15	1.22	1.30	1.45	1.44
	0.27	0.27	0.32	0.33	0.36	0.37
	20.81%	23.09%	24.87%	23.82%	23.53%	23.60%
	14,783,554	15,258,440	16,084,557	16,702,146	16,734,989	16,596,806
	1.13%	0.95%	0.87%	0.84%	0.86%	0.81%
	16.44	13.46	12.82	12.55	12.86	11.88
	4.13	3.86	3.90	4.03	4.17	3.95

EARNINGS PER SHARE



Heartland Locations



Arizona
Bank & Trust

- * Chandler, AZ (2)
- * Gilbert, AZ
- * Mesa, AZ
- * Phoenix, AZ
- * Tempe, AZ

DB&T
DUBUQUE BANK & TRUST
MEMBER HEARTLAND FINANCIAL USA, INC.

- * Dubuque, IA (5)
- * Epworth, IA
- * Farley, IA
- * Holy Cross, IA

First Community Bank

- * Carthage, IL
- * Keokuk, IA (2)

GALENA STATE BANK AND TRUST CO.
MEMBER HEARTLAND FINANCIAL USA, INC.

- * Galena, IL (2)
- * Stockton, IL

MINNESOTA
BANK & TRUST

(In Organization)

- + Edina, MN

NEWMEXICO
BANK & TRUST

- * Albuquerque, NM (5)
- * Clovis, NM (3)
- * Los Lunas, NM
- * Melrose, NM
- * Portales, NM
- * Rio Rancho, NM (2)
- * Santa Fe, NM (3)

Riverside
Community Bank
Member Heartland Financial USA, Inc.

- * Machesney Park, IL
- * Rockford, IL (3)

Rocky Mountain Bank

- * Bigfork, MT
- * Billings, MT (2)
- * Bozeman, MT
- * Kalispell, MT
- * Plains, MT
- * Plentywood, MT
- * Stevensville, MT
- * Whitehall, MT

SUMMIT
BANK & TRUST

- * Broomfield, CO
- * Erie, CO
- * Thornton, CO

WCB Wisconsin
Community Bank

- * Cottage Grove, WI
- * DePere, WI
- * Fitchburg, WI
- * Madison, WI
- * Middleton, WI
- * Monroe, WI
- * Sheboygan, WI

CITIZENS FINANCE

- Appleton, WI
- Cedar Rapids, IA
- Crystal Lake, IL
- Davenport, IA
- Dubuque, IA
- Loves Park, IL
- Madison, WI
- Rockford, IL (3)
- Tinley Park, IL

Heartland
FINANCIAL USA, INC.

- * Corporate Headquarters
Dubuque, IA

- * **Community Bank**
- **Consumer Finance**
- + **Pending Community Bank**
- () **Number of Locations**

Directors and Executives

HEARTLAND FINANCIAL USA, INC.

DIRECTORS

Lynn B. Fuller **
*Chairman of the Board,
 President and Chief Executive Officer*

James F. Conlan
*Partner; Member of Executive
 Committee of Sidley Austin LLP;
 Co-Chairman of the Firm-Wide
 Corporate Reorganization Practice
 of Sidley Austin LLP, Chicago, Illinois*

John W. Cox, Jr.
*Attorney at Law, Cox Law Offices;
 Vice President of External Affairs
 and General Counsel, Jo-Carroll
 Energy, Elizabeth, Illinois;
 In-house Counsel for City of
 Galena, Illinois*

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*Chairman of the Board and Chief
 Executive Officer of Westmark
 Enterprises, Inc. and Kendall/Hunt
 Publishing Company, Dubuque, Iowa;
 Chairman of the Board, Dubuque
 Bank and Trust*

Thomas L. Flynn
*President, Chief Executive Officer and
 Chief Financial Officer of Flynn Ready-
 Mix Concrete Co., Dubuque, Iowa*

James R. Hill
*President of Hill Companies, LLC,
 Englewood, Colorado;
 Chairman of the Board, Summit
 Bank & Trust*

John K. Schmidt
*Executive Vice President, Chief
 Operating Officer and Chief Financial
 Officer*

EXECUTIVES

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President and CEO

John K. Schmidt
EVP, COO, CFO

Kenneth J. Erickson
EVP, Chief Credit Officer

John J. Berg
EVP, Marketing/Sales

Edward H. Everts
EVP, Operations

Mel E. Miller
EVP, Chief Investment Officer

Paul J. Peckosh
EVP, Wealth Management Group

Douglas J. Horstmann
SVP, Lending

Jacquie M. Manternach
SVP, Finance

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*SVP, Chief Accounting
 Officer*

Nancy Wilson
SVP, Human Resources

Bruce J. Rehmke
*SVP, Chief Operations Officer,
 Wealth Management Group*

Marti A. Vandemore
SVP, Information Services

Lois K. Pearce
VP, Corporate Secretary

David J. Kapler
*VP, General Counsel, Assistant
 Corporate Secretary*

SUBSIDIARY DIRECTORS AND PRESIDENTS

Dubuque Bank and Trust Company

Mark C. Falb *
 Douglas J. Horstmann *
 Richard C. Cody
 James F. Conlan
 Patrick M. Crahan
 Paul E. DeLong, DMD
 James R. Etheredge
 Thomas L. Flynn
 Donnelle M. Fuerste
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 Lynn S. Fuller
 James P. Gantz
 Charles D. Glab
 R. Michael McCoy
 Robert D. McDonald II
 John K. Schmidt

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 Andrew E. Townsend *
 John W. Cox, Jr.
 Melvin L. Grattton
 James A. Hansen
 Terrance S. Heim
 David F. Jansen
 Dan G. Loescher
 Leo A. Oldenburg
 John K. Schmidt
 James B. Vincent
 Pamela K. Wheelwright
 Laurel S. Wurster

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 James E. Hanks *
 Robert C. Carson
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 Joseph W. Kamps
 Dr. Michael A. Klauser
 Richard D. Logsdon
 Paul D. Long
 Mary Ellen Pfeifer

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 Willard C. Brenner *
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 Steven J. Elsberg
 Craig A. Erdmier
 Burkhard Geissler
 Scott A. Hendee
 Pamela R. Maher
 Peter T. Roche
 Michael J. Rogers
 John K. Schmidt
 Andrew E. Townsend
 Jean E. Vitale

Wisconsin Community Bank

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 James L. Finley
 Lynn B. Fuller
 J. Cory Recknor
 Robert A. Reffue
 Susan M. Schmitz
 Steven F. Streff

Larry A. Swalheim
 Kevin S. Tenpas
 Harvey L. Wendel
 William F. Wild III
 Marshall D. (Bub) Zwygart

New Mexico Bank & Trust

Nadyne C. Bicknell *
 R. Greg Leyendecker *
 Lynn B. Fuller
 Dan Hardisty
 Sherman McCorkle
 Michael Mechenbier
 Douglas G. Nichols
 Ben F. Spencer
 Randy Ware

Arizona Bank & Trust

Paul F. Muscenti *
 William F. Frank *
 Richard E. Durfee
 Lynn B. Fuller
 David B. Jones
 Thomas P. Keig
 Ronald A. Larson
 R. Greg Leyendecker
 Norman E. Mehlhorn

Rocky Mountain Bank

Don E. Fraley *
 Danny T. Skarda *
 Lynn B. Fuller
 Greg C. McDonald
 Michael R. Mace

Summit Bank & Trust

James R. Hill *
 John P. Carmichael *
 David J. A. Flowers
 Lynn B. Fuller
 Michael W. Griffith
 Randall S. Hall, DDS
 Neil A. Littmann
 Leonard P. Ponte
 W. Scott Reichenberg

Minnesota Bank & Trust (In Organization)

Steven M. Thul *
 Catherine T. Kelly *
 Lynn B. Fuller
 Bruce E. Humphrey
 Susan E. Lester
 Blake R. Nelson
 John C. Scholz
 Craig M. Weinstock

Citizens Finance Co.

Lynn B. Fuller *
 Al H. Green *
 James F. Conlan
 Kenneth J. Erickson
 Mark C. Falb
 Thomas L. Flynn
 Lynn S. Fuller
 John K. Schmidt

* **Board Chair**
 * **President**

Corporate and Investor Information

Corporate Profile

Mailing Address:
Heartland Financial USA, Inc.
1398 Central Avenue
P.O. Box 778
Dubuque, Iowa 52004-0778
Telephone: (563) 589-2000

Independent Auditors

KPMG LLP
Des Moines, Iowa

Annual Meeting

The Board of Directors of Heartland Financial USA, Inc. has established Wednesday, May 21, 2008, at 6:00 p.m. as the date of the Annual Meeting of Stockholders. We invite all stockholders to attend the meeting, which will be held at the Grand River Center, 500 Bell Street, Dubuque, Iowa.

Transfer Agent/Stockholder Services

Inquiries related to stockholder records, stock transfers, changes of ownership, change of address and dividend payments should be sent to the transfer agent at the following address:

Heartland Financial USA, Inc.
c/o Bruce Rehmke, Senior Vice President, Chief Operations Officer, Wealth Management Group
1398 Central Avenue
P.O. Box 778
Dubuque, Iowa 52004-0778

Stock Listing

Heartland's common stock is traded on the NASDAQ® National Market System under the symbol "HTLF."

Form 10-K and Other Information

The company submits an annual report to the Securities and Exchange Commission on Form 10-K. Stockholders may obtain copies of our Form 10-K without charge by writing to Lois K. Pearce, Vice President and Corporate Secretary, Heartland Financial USA, Inc., 1398 Central Avenue, P.O. Box 778, Dubuque, Iowa 52004-0778. The Form 10-K is also available on the Heartland web site under the heading Investor Relations. Securities analysts and other investors seeking additional information about Heartland should contact John K. Schmidt, Executive Vice President, Chief Operating Officer, Chief Financial Officer, at the above address or call him at (563) 589-1994. Additional information is also available through our web site at www.htlf.com.

Dividend Reinvestment and Stock Purchase Plan

Heartland Financial USA, Inc. offers stockholders of record of Heartland common stock a simple and convenient method of increasing holdings in our company by participating in Heartland's Dividend Reinvestment and Stock Purchase Plan. Participants can directly reinvest dividends and make optional cash purchases to acquire additional shares. They may elect to reinvest dividends on either all or a portion of the shares they hold. Participants may also elect to purchase shares of common stock by making optional cash payments of not less than \$150 or more than \$25,000 per quarter. For additional information regarding the Plan, or to request a copy of the Plan's prospectus, please call (888) 739-2100, ext. 2517 or (563) 584-2517.

Our Mission

Through excellence in customer service and respect for the individual, everyone profits.

- Exceeding customers' expectations by delivering a full range of quality financial products and services through a highly personal and professional sales staff.
- Differentiating ourselves as a growing consortium of strong community banks through community involvement, active boards of directors, local presidents and local decision making at point of sale and service.
- Integrating customer-transparent support functions to gain economies of scale and remain price competitive.
- Expanding economic activity in the markets we serve, consistent with prudent business judgement and being a good corporate citizen.
- Providing satisfying employment in a positive work culture with compensation packages that compare favorably with other high-performance banks in our regions.
- Managing member bank resources strategically toward the achievement of high performance within the industry and increasing shareholder value.



1398 Central Avenue | P.O. Box 778 | Dubuque, Iowa 52004-0778
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