

QCR HOLDINGS INC
Form DEF 14A
April 12, 2019

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

**Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934**

(Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to § 240.14a-12

QCR Holdings, Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

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(1)

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April 11, 2019

Dear Stockholder:

On behalf of the board of directors and management of QCR Holdings, Inc., we cordially invite you to attend the annual meeting of stockholders of QCR Holdings, Inc., to be held at 8:00 a.m., local time, on Thursday, May 23, 2019, within the lobby of Quad City Bank and Trust Company, at our corporate office, located at 3551 Seventh Street, Moline, Illinois 61265.

This year we are again using the Securities and Exchange Commission rule that allows us to furnish our proxy statement, 2018 Annual Report and proxy card to stockholders over the internet. This means our stockholders will receive only a notice containing instructions on how to access the proxy materials over the internet and vote online. If you receive this notice but would still like to request paper copies of the proxy materials, please follow the instructions on the notice or on the website referred to on the notice. By delivering proxy materials electronically to our stockholders, we can reduce the costs of printing and mailing our proxy materials. Please visit <http://www.proxyvote.com> for more information about the electronic delivery of proxy materials.

There are a number of proposals to be considered at this meeting. Our stockholders will be asked to: (i) elect three persons to serve as Class II directors; (ii) approve, in a non-binding, advisory vote, the compensation of certain executive officers, which is referred to as a “say-on-pay” proposal; and (iii) ratify the appointment of RSM US LLP as our independent registered public accounting firm for the year ending December 31, 2019.

We recommend that you vote your shares for each of the director nominees and for all of the other proposals presented at the annual meeting.

We encourage you to attend the meeting in person. Regardless of whether you plan to attend the meeting, you should vote by following the instructions provided on the notice as soon as possible. This will assure that your shares are represented at the meeting.

At the meeting, we will also report on our operations and the outlook for the year ahead.

We look forward to seeing you and visiting with you at the meeting.

Very truly yours,

Patrick S. Baird Douglas M. Hultquist
Chair of the Board President and Chief Executive Officer

**NOTICE OF
ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD MAY 23, 2019**

To the Stockholders of QCR Holdings, Inc.:

The annual meeting of stockholders of QCR Holdings, Inc., a Delaware corporation, will be held within the lobby of Quad City Bank and Trust Company, at our corporate office, located at 3551 Seventh Street, Moline, Illinois 61265, on Thursday, May 23, 2019, at 8:00 a.m., local time, for the following purposes:

1. to elect three Class II directors to serve until the regular annual meeting of stockholders in 2022 and until their successors are elected and have qualified;
2. to approve, in a non-binding, advisory vote, the compensation of certain executive officers, which is referred to as a “say-on-pay” proposal;
3. to ratify the appointment of RSM US LLP as QCR Holdings Inc.’s independent registered public accounting firm for the fiscal year ending December 31, 2019; and
4. to transact such other business as may properly be brought before the meeting and any adjournments or postponements of the meeting.

The Board of Directors has fixed the close of business on March 29, 2019, as the record date for the determination of stockholders entitled to notice of, and to vote at, the meeting. In the event there is an insufficient number of votes for a quorum or to approve any of the proposals at the time of the annual meeting, the meeting may be adjourned or postponed in order to permit the further solicitation of proxies.

By order of the Board of Directors,

Christopher J. Lindell
Executive Vice President,

Corporate Communications and Investor Relations

Corporate Secretary

Moline, Illinois
April 11, 2019

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PROXY STATEMENT

QCR Holdings, Inc., a Delaware corporation (“QCR Holdings”), is the holding company for Quad City Bank and Trust Company, Cedar Rapids Bank and Trust Company, Rockford Bank and Trust Company, Community State Bank and Springfield First Community Bank. Quad City Bank and Trust is an Iowa state bank located in Bettendorf and Davenport, Iowa and in Moline, Illinois. Quad City Bank and Trust owns m2 Lease Funds, LLC, a Wisconsin limited liability company based in Milwaukee, Wisconsin, that is engaged in the business of leasing machinery and equipment to businesses under direct financing lease contracts. Cedar Rapids Bank and Trust is an Iowa state bank located in Cedar Rapids, Cedar Falls and Waterloo, Iowa. Rockford Bank and Trust is an Illinois state bank located in Rockford, Illinois. Community State Bank is an Iowa state bank located in Ankeny, Iowa and five other cities throughout the greater Des Moines area. Springfield First Community Bank is a Missouri state bank located in Springfield, Missouri. When we refer to our “subsidiary banks” in this proxy statement, we are collectively referring to Quad City Bank and Trust, Cedar Rapids Bank and Trust, Rockford Bank and Trust, Community State Bank, and Springfield First Community Bank. When we refer to our “subsidiaries” in this proxy statement, we are collectively referring to our subsidiary banks, as well as our other subsidiaries.

This proxy statement is being furnished in connection with the solicitation by the board of directors of QCR Holdings of proxies to be voted at the annual meeting of stockholders to be held within the lobby of Quad City Bank and Trust Company, at our corporate office, located at 3551 Seventh Street, Moline, Illinois 61265, on Thursday, May 23, 2019, at 8:00 a.m., local time, and at any adjournments or postponements of the meeting. This proxy statement and the accompanying form of proxy are first being transmitted or delivered to stockholders of QCR Holdings on or about April 11, 2019, together with our 2018 Annual Report to stockholders.

About the Annual Meeting

The following is information regarding the meeting and the voting process, and is presented in a question and answer format.

Why did I receive access to the proxy materials?

attend the meeting, you should vote by proxy in advance of the meeting in case your plans change.

We have made the proxy materials available to you over the internet because on March 29, 2019, the record date for the annual meeting, you owned shares of QCR Holdings common stock. This proxy statement describes the matters that will be presented for consideration by the stockholders at the annual meeting. It also gives you information concerning those matters to assist you in

If you sign and return your proxy card or vote over the internet or by telephone and an issue comes up for a vote at the meeting that is not identified in the proxy materials, the proxy holder will vote your shares, pursuant to your proxy, in accordance with his or her judgment.

making an informed decision.

The board is asking you to give us your proxy. Giving us your proxy means that you authorize another person or persons to vote your shares of our common stock at the annual meeting in the manner you direct. If you vote using one of the methods described herein, you appoint the proxy holder as your representative at the meeting, who will vote your shares as you instruct, thereby assuring that your shares will be voted whether or not you attend the meeting. Even if you plan to

Why did I receive a notice regarding the internet availability of proxy materials instead of paper copies of the proxy materials?

We are using the Securities and Exchange Commission notice and access rule that allows us to furnish our proxy materials over the internet to our stockholders instead of mailing paper copies of those materials to each stockholder. As a result, beginning on or about April 11, 2019, we sent our stockholders by mail a notice containing instructions on how to access our proxy materials over the internet and vote online. **This notice is not a proxy card and cannot be used to vote your shares.** If you received a notice this year,

you will not receive paper copies of the proxy materials unless you request the materials by following the instructions on the notice or on the website referred to on the notice.

or entity in order to vote in person at the meeting. Even if you plan to attend the meeting, you should complete, sign and return your proxy card, or vote by telephone or internet, in advance of the meeting just in case your plans change.

What matters will be voted on at the meeting?

You are being asked to vote on:

1. the election of three Class II directors for a term expiring in 2022;
2. a non-binding, advisory proposal to approve the compensation of certain executive officers, which is referred to as a “say-on-pay” proposal; and
3. the ratification of the selection of our independent registered public accountants.

If I hold shares in the name of a broker or fiduciary, who votes my shares?

If you received access to these proxy materials from your broker or other fiduciary, your broker or fiduciary should have given you instructions for directing how that person or entity should vote your shares. It will then be your broker or fiduciary’s responsibility to vote your shares for you in the manner you direct.

If I am the record holder of my shares, how do I vote?

You may vote by telephone, by internet, by mail by completing, signing, dating and mailing the proxy card you received in the mail, if you received paper copies of the proxy materials, or in person at the meeting. If you vote using one of the methods described above, your shares will be voted as you instruct.

Under the rules of various national and regional securities exchanges, brokers and fiduciaries generally may vote on routine matters, such as the ratification of the engagement of an independent public accounting firm, but may not vote on non-routine matters unless they have received voting instructions from the person for whom they are holding shares. The election of directors and the non-binding advisory proposal on executive compensation are non-routine matters, and consequently, your broker or fiduciary will not have discretionary authority to vote your shares on these matters. If your broker or fiduciary does not receive instructions from you on how to vote on these matters, your broker or fiduciary will return the proxy card to us, indicating that he or she does not have the authority to vote on these matters. This is generally referred to as a “broker non-vote” and may affect the outcome of the voting on those matters.

If you sign and return your proxy card or vote over the internet or by telephone without giving specific voting instructions, the shares represented by your proxy card will be voted “for” all nominees named in this proxy statement and “for” each of the other proposals described

We therefore encourage you to provide directions to your broker or fiduciary as to how you want your shares voted on all matters to be brought before the 2019 annual meeting. You should do this by carefully following the instructions your broker gives you concerning its procedures. This ensures that your shares will be voted at the meeting.

in this proxy statement.

Although you may vote by mail, we ask that you vote instead by internet or telephone, which saves us postage and processing costs.

A number of banks and brokerage firms participate in a program that also permits stockholders to direct their vote by telephone or internet. If your shares are held in an account at such a bank or brokerage firm, you may vote your shares by telephone or internet by following the instructions on their enclosed voting form. If you submit your vote by internet, you may incur costs, such as cable, telephone and internet access charges. Voting your shares in this manner will not affect

You may vote by telephone by calling the toll-free number specified on your notice or by accessing the internet website referred to on your notice, each by following the preprinted instructions on your notice. If you submit your vote by internet, you may incur costs, such as cable, telephone and internet access charges. Votes submitted by telephone or internet must be received by 11:59 p.m. EDT on May 22, 2019. The giving of a proxy by either of these means will not affect your right to vote in person if you decide to attend the meeting.

If you want to vote in person, please come to the meeting. We will distribute written ballots to anyone who wants to vote at the meeting. Please note, however, that if your shares are held in the name of a broker or other fiduciary (or in what is usually referred to as “street name”), you will need to arrange to obtain a legal proxy from that person

your right to vote in person if you decide to attend the meeting, however, you must first request a legal proxy from your broker or other fiduciary. Requesting a legal proxy prior to 11:59 pm EDT on May 22, 2019, will automatically cancel any voting directions you have previously given by internet or by telephone with respect to your shares.

What does it mean if I receive more than one notice card?

It means that you have multiple holdings reflected in our stock transfer records or in accounts with brokers. To vote all of your shares by proxy, please follow the separate voting instructions that you received for the shares of common stock held in each of your different accounts.

What if I change my mind after I vote?

If you hold your shares in your own name, you may revoke your proxy and change your vote at any time before the polls close at the meeting. You may do this by:

- signing another proxy with a later date and returning that proxy to us;
- timely submitting another proxy via the telephone or internet by the deadline stated above;
- sending notice to us that you are revoking your proxy, to Shellee R. Showalter, SVP, Director of Investor Services, QCR Holdings, Inc., 3551 Seventh Street, Moline, Illinois 61265; or

present in person or by proxy at the annual meeting in order to hold the meeting and conduct business.

What happens if a nominee is unable to stand for election?

The board may, by resolution, provide for a lesser number of directors or designate a substitute nominee. In the latter case, shares represented by proxies may be voted for a substitute nominee. Proxies cannot be voted for more than the number of nominees presented for election at the meeting. The board has no reason to believe any nominee will be unable to stand for election.

What options do I have in voting on each of the proposals?

You may vote “for” or “withhold authority to vote for” each nominee for director. You may vote “for,” “against” or “abstain” on each of the other proposals described in this proxy statement and on any other proposal that may properly be brought before the meeting.

How many votes may I cast?

Generally, you are entitled to cast one vote for each share of stock you owned on the record date.

How many votes are needed for each proposal?

Our directors are elected by a plurality of the votes of the shares present in person or by proxy and entitled to vote and the three individuals receiving the highest number of votes cast “for” their election will be elected as Class II directors of QCR Holdings. A “withhold authority to vote for” and broker non-votes will have no effect on the election of any director at the annual meeting.

- voting in person at the meeting.

If you hold your shares in the name of your broker or through a fiduciary and desire to revoke your proxy, you will need to contact that person or entity to revoke your proxy.

Approval of the say-on-pay proposal, the ratification of the appointment of RSM US LLP as our independent registered public accounting firm, and, in general, any other proposals, must receive the affirmative vote of a majority of the shares present in person or by proxy at the meeting and entitled to vote. Abstentions will have the effect of voting against these proposals. On all matters, broker non-votes will not be counted as entitled to vote, but will count for purposes of determining whether or not a quorum is present.

How many votes do we need to hold the annual meeting?

Because the ratification of the say-on-pay is advisory, the outcome of such vote will not be binding on the board of directors.

A majority of the shares that are outstanding and entitled to vote as of the record date must be present in person or by proxy at the meeting in order to hold the meeting and conduct business.

Please remember that the election of directors and the non-binding, advisory proposal on executive compensation are each considered to be non-routine

Shares are counted as present at the meeting if the stockholder either is present in person at the meeting or has properly submitted a signed proxy card or other proxy.

On March 29, 2019, the record date, there were 15,743,103 shares of common stock outstanding. Therefore, at least 7,871,552 shares need to be

matters. As a result, if your shares are held by a broker or other fiduciary, it cannot vote your shares on these matters unless it has received voting instructions from you.

Where do I find the voting results of the meeting?

If available, we will announce voting results at the meeting. The voting results will also be disclosed on a Form 8-K that we will file within four business days of the annual meeting.

copy of these materials per household in the future; or (ii) a single copy of our proxy materials or notice and wish to receive separate copies of these materials in the future. If at any time you would like to receive a paper copy of our Annual Report or proxy statement, please write to Shellee R. Showalter, SVP, Director of Investor Services at QCR Holdings, Inc., 3551 Seventh Street, Moline, Illinois 61265, or call us at (309) 736-3584.

Who bears the cost of soliciting proxies?

We will bear the cost of soliciting proxies. In addition to solicitations by mail, officers, directors or employees of QCR Holdings or of our subsidiaries may solicit proxies in person or by telephone. These persons will not receive any special or additional compensation for soliciting proxies. We may reimburse brokerage houses and other custodians, nominees and fiduciaries for their reasonable out-of-pocket expenses for forwarding proxy and solicitation materials to stockholders.

What is householding?

The Securities and Exchange Commission has issued rules regarding the delivery of proxy statements and information statements to households. These rules spell out the conditions under which annual reports, information statements, proxy statements, prospectuses and other disclosure documents of a particular company that would otherwise be mailed in separate envelopes to more than one person at a shared address may be mailed as one copy in one envelope addressed to all holders at that address (i.e., “householding”). To conserve resources and reduce expenses, we consolidate materials under these rules when possible.

However, because we are using the Securities and Exchange Commission notice and access rule for the annual meeting, we will not household our proxy materials or notices to stockholders of record sharing an address. This means that stockholders of record who share an address will each be mailed a separate notice of the proxy materials. However, certain brokerage firms, banks, or similar entities holding our common stock for their customers may household proxy materials or notices. Stockholders sharing an address whose shares of our common stock are held in street name should contact their broker if they now receive: (i) multiple copies of our proxy materials or notices and wish to receive only one

PROPOSAL 1:**ELECTION OF DIRECTORS****Nominees and Continuing Directors**

Our directors are divided into three classes having staggered terms of three years. At the annual meeting, stockholders will be asked to elect three Class II directors for a term expiring in 2022. The board has considered and nominated three incumbent directors to serve as Class II directors of QCR Holdings. Douglas M. Hultquist, a Class II director since the inception of QCR Holdings in 1993, and Linda K. Neuman, a Class II director since 2013, informed the board that they would not seek re-election as directors of QCR Holdings at the meeting and, accordingly, the board did not re-nominate them for election. As a result, their directorships will end at the 2019 annual meeting of stockholders, and the size of the board will be reduced from 13 to 11 directors as of the date of the annual meeting. The board expresses its thanks to Mr. Hultquist and Ms. Neuman for their many years of dedicated service. We have no knowledge that any of the nominees will refuse or be unable to serve, but if any of the nominees becomes unavailable for election, the holders of the proxies reserve the right to substitute another person of their choice as a nominee when voting at the meeting. Set forth below is information concerning the nominees for election and for each of the other persons whose terms of office will continue after the meeting, including age, year first elected as a director and all positions and offices held by the director with QCR Holdings. Directors are elected by a plurality and the three individuals receiving the highest number of votes cast for their election will be elected as Class II directors. **Our board of directors unanimously recommends that you vote your shares “FOR” all of the nominees for directors.**

Name - (Age)	Director Since	Positions with QCR Holdings and Subsidiaries
NOMINEES		
CLASS II (New Term Expires 2022)		
Patrick S. Baird - (Age 65)	2010	Chair of the Board and Director of QCR Holdings; Director of Cedar Rapids Bank and Trust; Director of m2 Lease Funds
Larry J. Helling - (Age 63)	2001	Chief Executive Officer-Elect and Director of QCR Holdings; Chief Executive Officer and Director of Cedar Rapids Bank and Trust; Chair of the Board and Director of Community State Bank; Director of m2 Lease Funds
Mark C. Kilmer - (Age 60)	2004	Director of QCR Holdings; Chair of the Board and Director of Quad City Bank and Trust

Name – (Age)	Director Since	Positions with QCR Holdings and Subsidiaries
CONTINUING DIRECTORS		
CLASS III (Term Expires 2020)		
Timothy B. O’Reilly - (Age 50)	2018	Director of QCR Holdings; Director of Springfield First Community Bank
Michael L. Peterson - (Age 57)	2013	Director of QCR Holdings
George T. Ralph III - (Age 59)	2015	Director of QCR Holdings; Chair of the Board and Director of Rockford Bank and Trust
Marie Z. Ziegler - (Age 61)	2008	Vice Chair of the Board and Director of QCR Holdings; Director of Quad City Bank and Trust; Director of Community State Bank
CLASS I (Term Expires 2021)		
Mary Kay Bates - (Age 59)	2018	Director of QCR Holdings
John-Paul E. Besong - (Age 65)	2015	Director of QCR Holdings
Todd A. Gipple - (Age 55)	2009	Executive Vice President, Chief Operating Officer, Chief Financial Officer, and President-Elect and Director of QCR Holdings; Director of Quad City Bank and Trust; Director of Cedar Rapids Bank and Trust; Director of Rockford Bank and Trust; Director of Community State Bank
Donna J. Sorensen - (Age 69)	2009	Director of QCR Holdings; Director of Cedar Rapids Bank and Trust

All of our continuing directors and nominees will hold office for the terms indicated, or until their earlier death, resignation, removal, disqualification, or ineligibility due to exceeding age eligibility requirements (a person who has reached the age of 72 before the date of the annual meeting is not eligible for election to the board) and until their respective successors are duly elected and qualified. All of our executive officers hold office for a term of one year. As previously announced, Mr. O'Reilly was appointed to the board on July 1, 2018, pursuant to the terms of the agreement and plan of merger by and between QCR Holdings and Springfield Bancshares, Inc. There are no other arrangements or understandings between any of the directors, executive officers or any other person pursuant to which any of our directors or executive officers have been selected for their respective positions.

Mr. Besong is director of United Fire Group, Inc., a company subject to the reporting requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Mr. Baird is director of FGL Holdings and was a director of National Financial Partners Corp. from October 2011 until July 2013, both companies subject to the reporting requirements of the Exchange Act. No other nominee or continuing director has been a director of another company subject to the reporting requirements of the Exchange Act within the past five years.

Qualifications of our Board Members and Nominees

Descriptions of each director's business experience during the past five years or more, as well as their qualifications to serve on the board, are as follows:

Patrick S. Baird is the retired President and Chief Executive Officer of AEGON USA, LLC, the U.S. subsidiary of the AEGON Insurance Group, a leading multinational insurance organization. Mr. Baird joined the AEGON USA companies in 1976, and during his career also served as Executive Vice President and Chief Operating Officer, Chief Financial Officer and Chief Tax Officer. He is a graduate of the University of Iowa and is a Certified Public Accountant (inactive). Mr. Baird is a Commissioner for the Eastern Iowa Airport and is a founding board member and Treasurer of the Zach Johnson Foundation. He is also a director of Lombard International, a specialty life insurance company based in Luxembourg, and a board member of FGL Holdings, a retail annuity and life insurance company based in the Cayman Islands. We consider Mr. Baird to be a qualified candidate for service on the board due to his experience as the President and Chief Executive Officer of a successful insurance company in Cedar Rapids, Iowa, one of our market areas, and due to his knowledge of the business community in this area and his broad based financial acumen.

Mary Kay Bates is President and Chief Executive Officer of Bank Midwest, a regional community bank and financial services company based in Spirit Lake, Iowa, that provides banking, insurance, and wealth management services through an 11 branch network located throughout Northwest Iowa, Southwest Minnesota, and Sioux Falls, South Dakota. Ms. Bates' career in community banking has spanned over 25 years and, since joining Bank Midwest in 1995, she has gained a broad range of experience in lending, marketing, human resources and operations. As an executive leader of Bank Midwest for the past 15 years, her responsibilities progressively increased to strategic initiatives that have included acquisitions and growth strategies, operational effectiveness, and workforce engagement. Ms. Bates

currently serves on the board of directors for Bank Midwest and Goodenow Bancorporation. She serves as a committee member on the CDIAC of the Federal Reserve Bank Chicago, is a Trustee of the Graduate School of Banking at Colorado and is an active member of the Iowa Bankers Association, serving on the legislative committee and as a Regional Vice-Chair. She is also a Trustee of Lakes Regional Healthcare. Ms. Bates is recognized as an active community leader and volunteer, having served as a director and officer on multiple boards to enrich quality of life and economic development within her community. She recently was named 2019 Banker of the Year by BankBeat. She attended Iowa State University and graduated with honors from the Graduate School of Banking Colorado. We consider Ms. Bates to be a qualified candidate for service on the board due to her extensive knowledge of the banking industry that she has attained as the President and Chief Executive Officer of Bank Midwest.

John-Paul E. Besong is a former Senior Vice President of e-Business and Chief Information Officer for Rockwell Collins, a Fortune 500 company based in Cedar Rapids, Iowa, that provides aviation electronics for both commercial and military aircraft. He was appointed Senior Vice President and Chief Information Officer in 2003. Beginning in 1979, when he joined Rockwell Collins as a chemical engineer, Mr. Besong held management roles having increasingly more responsibility within the company, including vice president of e-Business and Lean ElectronicsSM, head of the SAP initiative and Director of the Printed Circuits and Fabrication businesses. Mr. Besong serves on the boards of directors of United Fire Group, Inc., Junior Achievement (Cedar Rapids area), Mercy Medical Center, Iowa Public Television Foundation and Technology Association of Iowa (TAI) CIO Advisory Board, and is a former director of Lean Aerospace Initiative (LAI). He also serves as a member and former chair of the executive board of TAI. We consider Mr. Besong to be a qualified candidate for service on the board the committees he is a member of due to his business acumen and distinguished management career as an officer and information technology expert of a Fortune 500 company.

Todd A. Gipple is a Certified Public Accountant (inactive) and began his career with KPMG Peat Marwick in 1985. In 1991, McGladrey & Pullen acquired the Quad Cities practice of KPMG. Mr. Gipple was named Tax Partner with McGladrey & Pullen in 1994 and served as the Tax Partner-in-Charge of the firm's Mississippi Valley Practice and as one of five Regional Tax Coordinators for the national firm. He specialized in Financial Institutions Taxation and Mergers and Acquisitions throughout his 14-year career in public accounting. He joined QCR Holdings in January of 2000, currently serves as Executive Vice President, Chief Operating Officer and Chief Financial Officer, and was appointed President-Elect in November 2018. Mr. Gipple currently serves on the board of directors of the John Deere Classic and on the Audit Committee for the Community Foundation of the Great River Bend, and is the Chairman of the board of directors for the Scott County Family YMCA. Mr. Gipple previously served on the board of directors and the Executive Committee of the Davenport Chamber of Commerce, United Way of the Quad Cities, SAL Family and Community Services and the Scott County Beautification Foundation, and was a member of the original Governing Body for the Quad Cities "Success by 6" Initiative. Mr. Gipple was the 2016 Chief Corporate Chair for the Quad Cities JDRF One Walk. We consider Mr. Gipple to be a qualified candidate for service on the board due to his experience as the Chief Financial Officer and Chief Operating Officer of QCR Holdings and his prior experience as a tax partner in public accounting.

Larry J. Helling was previously the Executive Vice President and Regional Commercial Banking Manager of Firststar Bank in Cedar Rapids with a focus on the Cedar Rapids metropolitan area and the Eastern Iowa region. Prior to his six years with Firststar, Mr. Helling spent 12 years with Omaha National Bank. He joined QCR Holdings in September of 2001 as President and Chief Executive Officer of Cedar Rapids Bank and Trust and was appointed Chief Executive Officer Elect of QCR Holdings in November 2018. Mr. Helling is a graduate of the Cedar Rapids Leadership for Five Seasons program and currently serves on the board of trustees of the United Way of East Central Iowa and Junior Achievement, as well as the board of directors of the Entrepreneurial Development Center and the Brucemore National Trust Historic Site. He is past President and a member of the Rotary Club of Cedar Rapids. We consider Mr. Helling to be a qualified candidate for service on the board due to his experience as the President of Cedar Rapids Bank and Trust, his past experience as an executive officer of Firststar Bank, located in Cedar Rapids, Iowa, one of our market areas, and his prior banking experience.

Mark C. Kilmer is President of The Republic Companies, a family-owned group of businesses founded in 1916 and headquartered in Davenport, Iowa involved in the wholesale equipment and supplies distribution of energy

management, electrical, refrigeration, heating, air-conditioning and sign support systems. Prior to joining The Republic Companies in 1984, Mr. Kilmer worked in the Management Information Systems Department of Standard Oil of California (Chevron) in San Francisco. Mr. Kilmer is currently the Chair of the board of directors of Quad City Bank and Trust, a board member of Genesis Health System, a member of the Board of Trustees of St. Ambrose University, and a member of the board of directors of IMARK Group, Inc., a national member-owned purchasing cooperative of electric supplies and equipment distributors. He is a two-term past Chairman of the PGA TOUR John Deere Classic and the past Chairman of the Scott County YMCA's board of directors. Mr. Kilmer is the past Chairman of the board of Genesis Medical Center, and has served on the board of directors of the Genesis Heart Institute, St. Luke's Hospital, Rejuvenate Davenport, the Vera French Foundation and Trinity Lutheran Church. He was a four-time project business consultant for Junior Achievement. Prior to joining the board of Quad City Bank and Trust in 1996, Mr. Kilmer served on the board of Citizen's Federal Savings Bank in Davenport, Iowa. In 2014, Mr. Kilmer was named the Outstanding Volunteer Fundraiser by the Quad City Chapter of the Association of Fundraising Professionals, and along with his wife, Kathy, received the Bethany Homes Leadership Family of the Year Award. In 2016, Mr. Kilmer and his wife were inducted into the Hall of Fame of the Handicapped Development Center. We consider Mr. Kilmer to be a qualified candidate for service on the board due to his experience as the President of a successful wholesale and supply distribution business in Davenport, Iowa, one of our market areas, prior service on a bank board and his knowledge of the business community in this area.

Timothy B. O'Reilly is a graduate of Westminster College and University of Missouri - Kansas City School of Law, has practiced law in Springfield, Missouri since 1995, and has served as a partner in the law firm of O'Reilly & Preston, LLC since 1999. He is also the CEO and Managing Partner of O'Reilly Hospitality Management, LLC, which he helped launch in 2007. A Missourian Award recipient in 2017, Mr. O'Reilly has led the hospitality company to numerous industry awards in the areas of guest service, sustainability, community outreach, design & construction, and operations excellence under the hotel franchise flags of Marriott, Hilton, IHG, and Choice, as well as Houlihan's restaurant. Under Mr. O'Reilly's leadership, O'Reilly Hospitality Management won the Springfield Business Journal Economic Impact Award in 2011 & 2018. We consider Mr. O'Reilly to be a qualified candidate for service on the board due to his legal education and experience and his knowledge of Springfield, Missouri, one of our market areas.

Michael L. Peterson is owner and President of Peterson Genetics, Inc., based in Cedar Falls, Iowa, providing soybean genetics to seed companies worldwide for over 25 years. Mr. Peterson is a graduate of Iowa State University with a B.S. in Agricultural Business. He is a past President of the Iowa Seed Association, past Chair of the Soybean Division of the American Seed Trade Association and past chairman of the American Seed Trade Association. He has served on numerous local boards in the Waterloo/Cedar Falls community, along with various board positions at Iowa State University. He also served on the University of Northern Iowa Foundation board from 2007-2012, ultimately serving as Vice-President and Finance/Investment committee chair. Mr. Peterson is also the past Chair of Community National Bank, which was acquired by QCR Holdings in 2013. We consider Mr. Peterson to be a qualified candidate for service on the board due to his experience in the banking industry and his business connections in and extensive knowledge of our market areas.

George T. Ralph III is the founder of GTR Realty Advisors, LLC. This commercial real estate company was established in 2006 and specializes in development, redevelopment and related financing alternatives. Prior to founding GTR, Mr. Ralph was Chief Financial Officer of Erickson Associates, Inc., a full-service commercial real estate company based in Rockford, Illinois, and also served as President of GTR Mortgage Services, Inc., an affiliated company specializing in commercial real estate finance. During his 10-year stay with the company, Mr. Ralph's duties included ascertaining the economic feasibility of all new development projects, preparing all new project proposals for negotiation with prospective clients, negotiating lease agreements, arranging interim construction financing for new projects and permanent financing for completed projects. From July 1984 until joining Erickson in June 1996, Mr. Ralph was actively employed in the commercial mortgage banking industry in Chicago, Illinois. During his time in this industry, he was engaged in all aspects of the business including the traditional third party placement of income property loans, direct lending in the form of interim construction loans, gap financing and permanent loans and managing loan servicing portfolios for third party institutional investors. Prior to entering the mortgage banking industry in 1984, Mr. Ralph was employed by Price Waterhouse in the company's Chicago office for three years. Mr. Ralph earned a B.S. in Accounting from Illinois State University and received his Certified Public Accountant designation in 1982. He has served on numerous nonprofit boards over the years and is currently a member of the board of directors of Carpenter's Place, a Rockford-based organization providing individual case management services to the homeless. We consider Mr. Ralph to be a qualified candidate for service on the board due to his experience as a real estate developer and mortgage banker in the commercial real estate industry throughout the Midwest including Rockford, Illinois, one of our market areas, his knowledge of the business community in this area and his education and training as an accountant.

Donna J. Sorensen is President of Sorensen Consulting, a management consulting and executive coaching firm. Ms. Sorensen earned her undergraduate degree from Marycrest College and her Juris Doctorate degree from the University of Iowa College of Law. She has 20 years' experience in trust and investment management serving as Executive Vice President Institutional Trust for U.S. Bank (formerly Firststar Bank) and spent six years as President of SCI Pension Services, a pension administration and consulting company. Ms. Sorensen has served in leadership positions on numerous nonprofit boards in the Cedar Rapids community and for the University of Iowa where she taught in the Henry Tippie College of Business. She is a member of the Iowa State Bar Association. We consider Ms. Sorensen to be a qualified candidate for service on the board due to her experience as the President of a consulting firm in Iowa City, Iowa, her prior banking experience and her education and training as an attorney.

Marie Z. Ziegler is a retired Vice President and Deputy Financial Officer of Deere & Company and was previously the Vice President and Treasurer. She joined Deere & Company in 1978 as a consolidation accountant and held management positions in finance, treasury operations, strategic planning and investor and banking relations. Ms. Ziegler is a 1978 graduate of St. Ambrose University, with a bachelor of arts in accounting. She received her Certified Public Accountant designation in 1979, an MBA from the University of Iowa in 1985 and became a Board Leadership Fellow of the National Association of Corporate Directors in 2017. Ms. Ziegler is a member of the Board of Directors for Royal Neighbors of America where she serves on the Finance and the Investment Committees. She is on the boards of Riverbend Food Bank and the Quad Cities Community Foundation. Ms. Ziegler is Vice Chair of the Regional Development Authority where she serves on the Governance and Strategy Committees. She is also on the board of Unity Point Health-Trinity, where she chairs the Finance Committee and serves on the Executive Committee. She served as Co-Chair of the Unity Point Birthplace campaign and is a past Chair of Trinity Health Enterprises. Ms. Ziegler is vice-Chair of the Regional Development Authority where she also serves on the Governance Committee and she is the immediate past-Chair of the St. Ambrose University College of Business Alumni Advisory Council. Ms. Ziegler previously served on the following boards: United Way, John Deere Foundation, Trinity Regional Health Systems, Trinity North Hospital/Trinity Medical Center, Mississippi Valley Girl Scout Council, Deere & Company Employees Credit Union and the Two Rivers YMCA. She is past-Chair of fundraising for Playcrafters Barn Theatre and a past member of the University of Iowa College of Business' Tippie Advisory Board. In 2006 Ms. Ziegler was honored with a Quad City Athena Business Women's Award and in 2016 was an Iowa Women's Foundation honoree. We consider Ms. Ziegler to be a qualified candidate for service on the board due primarily to the knowledge and experience regarding public companies she gained in her various roles at Deere & Company, as well as her involvement with a number of charitable organizations headquartered in communities served by QCR Holdings, providing her with business connections and extensive knowledge of our market areas.

CORPORATE GOVERNANCE AND THE BOARD OF DIRECTORS

General

Generally, the board oversees our business and monitors the performance of our management. In accordance with our corporate governance procedures, the board does not involve itself in the day-to-day operations of QCR Holdings, which is monitored by our executive officers and management. Our directors fulfill their duties and responsibilities by attending regular meetings of the full board, which are held no less frequently than quarterly. Our directors also discuss business and other matters with Mr. Hultquist, our Chief Executive Officer, other key executives and our principal external advisors (legal counsel, auditors and other consultants). The board is currently comprised of 13 directors.

Directors Baird, Bates, Besong, Kilmer, Neuman, O'Reilly, Peterson, Ralph, Sorensen, and Ziegler are deemed to be "independent" according to the Nasdaq listing requirements, and the board has determined that the independent directors do not have other relationships with us that prevent them from making objective, independent decisions. Directors Gipple, Helling, and Hultquist are not considered to be "independent" because they also serve as executive officers of either QCR Holdings or one of our subsidiaries.

During 2018, the board of directors had an Audit Committee, a Risk Oversight Committee, a Nomination and Governance Committee, a Compensation Committee and an Executive Committee. The current charters of these committees are available on our website at <http://www.qcrh.com>. Also posted on the website is general information regarding QCR Holdings and our common stock, many of our corporate policies (including our Corporate Governance Guidelines), and links to our filings with the Securities and Exchange Commission.

In 2018, a total of eight meetings were held by the board of directors of QCR Holdings. All incumbent directors attended at least 75 percent of the meetings of the board and the committees on which they served during 2018. Although we do not have a formal policy regarding director attendance at the annual meeting, we encourage our directors to attend. Last year, all of our directors were present at the annual meeting.

Committees of the Board of Directors

The composition of the board committees at December 31, 2018 is shown in the following table:

Audit Committee. In 2018, the Audit Committee consisted of directors Bates (who joined in May 2018), Kilmer, Peterson (until May 2018), Ralph, and Ziegler. Each of the members is considered “independent” according to the Nasdaq listing requirements and the regulations of the Securities and Exchange Commission. The board of directors has determined that both Mr. Ralph and Ms. Ziegler qualify as an “Audit Committee Financial Expert” as that term is defined by the regulations of the Securities and Exchange Commission. The board based this decision on each of their professional experience, including Mr. Ralph’s former role as Chief Financial Officer of Erickson Associates, Inc. and service as President of GTR Mortgage Services, Inc. and Ms. Ziegler’s service as Vice President and Treasurer of Deere & Company, and their educational experience, including each having received a Certified Public Accountant designation.

The functions performed by the Audit Committee include, but are not limited to, the following:

- selecting our independent auditors and pre-approving all engagements and fee arrangements;
- reviewing the independence of the independent auditors;
- reviewing actions by management on recommendations of the independent auditors and internal auditors;
- meeting with management, the internal auditors and the independent auditors to review the effectiveness of our system of internal control and internal audit procedures;
- reviewing our earnings releases and reports filed with the Securities and Exchange Commission; and
- reviewing reports of bank regulatory agencies and monitoring management’s compliance with recommendations contained in those reports.

To promote independence of the audit function, the Audit Committee consults separately and jointly with the independent auditors, the internal auditors and management. The Audit Committee has adopted a written charter, which sets forth its duties and responsibilities. The current charter of the Audit Committee is available on our website at <http://www.qcrh.com>. Ms. Ziegler serves as Chair and Mr. Ralph serves as Vice Chair. The Audit Committee met four times during 2018.

Compensation Committee. In 2018, the Compensation Committee consisted of directors Baird, Kilmer, Neuman, Peterson (since May 2018) and Ralph. Each of these directors is considered to be “independent” according to the Nasdaq listing requirements and a “non-employee” as defined in Section 16 of the Exchange Act. The purpose of the Compensation Committee is to determine the compensation to be paid to Mr. Hultquist, our Chief Executive Officer, and our other executive officers. The Compensation Committee reviews Mr. Hultquist’s performance, and relies on Mr. Hultquist’s assessment of the performance of each of our other executive officers. Other members of senior management also provide the committee with evaluations as to employee performance, guidance on establishing performance targets and objectives, and recommendations with respect to other compensation programs. The Compensation Committee also reviews and recommends to the board for approval other incentive compensation and equity compensation plans for QCR Holdings. The Compensation Committee’s responsibilities and functions are further described in its charter, which is available on our website at <http://www.qcrh.com>. Ms. Neuman serves as Chair and Mr. Kilmer serves as Vice Chair. The Compensation Committee met five times during 2018.

Nomination and Governance Committee. In 2018, the Nomination and Governance Committee consisted of directors Baird, Besong, Neuman, Peterson (until May 2018), Sorensen, and Ziegler. Each of these directors is considered to be “independent” according to the Nasdaq listing requirements. The primary purposes of the Nomination and Governance Committee are to identify and recommend individuals to be presented to our stockholders for election or re-election to the board of directors and to review and monitor our policies, procedures and structure as they relate to corporate governance. We have adopted Corporate Governance Guidelines to assist our board in the exercise of its responsibilities. The responsibilities and functions of the committee are further described in its charter, which along with the Corporate Governance Guidelines is available on our website at <http://www.qcrh.com>. Ms. Sorensen serves as Chair and Mr. Besong serves as Vice Chair. The Nomination and Governance Committee met four times during 2018.

Risk Oversight Committee. In 2018, the Risk Oversight Committee consisted of directors Besong, Kilmer, Peterson (since May 2018), Ralph, Sorensen and Ziegler. Each of these directors is considered to be “independent” according to the Nasdaq listing requirements. The Risk Oversight Committee is charged with being the primary board committee to actively monitor and oversee the risk management process. Additional information regarding risk oversight and the Risk Oversight Committee’s role is found on page 15. The responsibilities and functions are further described in its charter, which is available on our website at <http://www.qcrh.com>. Mr. Ralph serves as Chair and Ms. Ziegler serves as Vice Chair. The Risk Oversight Committee met four times during 2018.

Executive Committee. The Executive Committee consisted of directors Baird, Hultquist, Neuman, Ralph, Sorensen and Ziegler. The Executive Committee is authorized to act with the same authority as the board of directors between meetings of the board, subject to certain limitations set forth in its charter. Although this authority allows the board to

act quickly on matters requiring urgency when the full board is not available to meet, it is not intended to supplant the authority of the full board. The responsibilities and functions are further described in its charter, which is available on our website at <http://www.qcrh.com>. Mr. Baird serves as Chair and Ms. Ziegler serves as Vice Chair. The Executive Committee met six times during 2018.

Consideration of Director Candidates

Director Nominations and Qualifications. For the 2019 annual meeting, the Nomination and Governance Committee recommended for re-election to the board three of the five incumbent Class II directors, whose terms are scheduled to expire in 2019. As previously announced, director O'Reilly was appointed to the board on July 1, 2018, pursuant to the terms of the agreement and plan of merger by and between QCR Holdings and Springfield Bancshares, Inc. The board is currently comprised of 13 directors, but as a result of the decision of Mr. Hultquist and Ms. Neuman to not stand for re-election at the annual meeting, the size of the board will be reduced to 11 members as of the date of the annual meeting. These nominations were approved by the full board. We did not receive any stockholder nominations for director for the 2019 annual meeting.

In carrying out its nominating function, the Nomination and Governance Committee has developed qualification criteria for board membership. All potential nominees for election, including incumbent directors, board nominees and those stockholder nominees included in the proxy statement are reviewed for the following attributes:

demonstrated integrity, ethics, reputation and character;

education, professional background and/or board experience, relevant to the operation of QCR Holdings and service on the board;