

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**  
**FORM 10-Q**

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2024

OR

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number: 001-39085

**HBT Financial, Inc.**

(Exact name of registrant as specified in its charter)

Delaware

37-1117216

(State or other jurisdiction of  
incorporation or organization)

(I.R.S. Employer  
Identification No.)

401 North Hershey Rd  
Bloomington, Illinois 61704

(309) 662-4444

(Address of principal executive offices,  
including zip code)

(Registrant's telephone number,  
including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.01 per share	HBT	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No o

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes x No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="radio"/> Accelerated filer	x
Non-accelerated filer	<input type="radio"/> Smaller reporting company	x
Emerging growth company	x	

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No x

As of October 23, 2024, there were 31,559,366 shares outstanding of the registrant's common stock, \$0.01 par value.

**TABLE OF CONTENTS**  
**HBT Financial, Inc.**

	<u>Page</u>
<b><u>PART I. FINANCIAL INFORMATION</u></b>	3
<u>Item 1.</u> <u>Consolidated Financial Statements</u>	3
<u>Consolidated Balance Sheets</u>	3
<u>Consolidated Statements of Income</u>	4
<u>Consolidated Statements of Comprehensive Income</u>	5
<u>Consolidated Statement of Changes in Stockholders' Equity</u>	6
<u>Consolidated Statements of Cash Flows</u>	8
<u>Notes to Consolidated Financial Statements</u>	10
<u>Item 2.</u> <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	59
<u>Item 3.</u> <u>Quantitative and Qualitative Disclosures about Market Risk</u>	95
<u>Item 4.</u> <u>Controls and Procedures</u>	97
<b><u>PART II. OTHER INFORMATION</u></b>	98
<u>Item 1.</u> <u>Legal Proceedings</u>	98
<u>Item 1A.</u> <u>Risk Factors</u>	98
<u>Item 2.</u> <u>Unregistered Sales of Equity Securities, Use of Proceeds, and Issuer Purchases of Equity Securities</u>	98
<u>Item 3.</u> <u>Defaults Upon Senior Securities</u>	98
<u>Item 4.</u> <u>Mine Safety Disclosures</u>	98
<u>Item 5.</u> <u>Other Information</u>	99
<u>Item 6.</u> <u>Exhibits</u>	99

#### **CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS**

Certain statements contained in this Quarterly Report are forward-looking statements. Forward-looking statements may include statements relating to our plans, strategies and expectations, near-term loan growth, net interest margin, mortgage banking profits, wealth management fees, expenses, asset quality, capital levels, continued earnings, and liquidity. Forward-looking statements are generally identifiable by use of the words "believe," "may," "will," "should," "could," "expect," "estimate," "intend," "anticipate," "project," "plan" or similar expressions. Forward-looking statements are frequently based on assumptions that may or may not materialize and are subject to numerous uncertainties that could cause actual results to differ materially from those anticipated in the forward-looking statements. Factors that could cause actual results to differ materially from the results anticipated or projected and which could materially and adversely affect our operating results, financial condition or prospects include, but are not limited to:

- the strength of the local, state, national, and international economies (including effects of inflationary pressures and supply chain constraints);
- the economic impact of any future terrorist threats and attacks, widespread disease or pandemics, acts of war or other threats thereof (including the conflict in the Middle East and the Russian invasion of Ukraine), or other adverse external events that could cause economic deterioration or instability in credit markets, and the response of the local, state and national governments to any such adverse external events;
- changes in accounting policies and practices, as may be adopted by state and federal regulatory agencies, the Financial Accounting Standards Board or the Public Company Accounting Oversight Board;
- changes in state and federal laws, regulations and governmental policies concerning the Company's general business and any changes in response to the failures of other banks or as a result of the upcoming 2024 presidential election;
- changes in interest rates and prepayment rates of the Company's assets;
- increased competition in the financial services sector, including from non-bank competitors such as credit unions and "fintech" companies, and the inability to attract new customers;
- changes in technology and the ability to develop and maintain secure and reliable electronic systems;
- unexpected results of acquisitions, which may include failure to realize the anticipated benefits of acquisitions and the possibility that transaction costs may be greater than anticipated;
- the loss of key executives or employees;
- changes in consumer spending;
- unexpected outcomes of existing or new litigation involving the Company;
- the economic impact of exceptional weather occurrences such as tornadoes, floods and blizzards;
- fluctuations in the value of securities held in our securities portfolio;
- concentrations within our loan portfolio (including commercial real estate loans), large loans to certain borrowers, and large deposits from certain clients above current FDIC limits who may withdraw deposits to diversify their exposure;
- the level of non-performing assets on our balance sheets;
- interruptions involving our information technology and communications systems or third-party servicers;
- breaches or failures of our information security controls or cybersecurity-related incidents;
- our asset quality and any loan charge-offs;
- the effects of changes in interest rates on our net interest income, net interest margin, our investments, our loan originations, and our modeling estimates relating to interest rate changes;
- our access to sources of liquidity and capital to address our liquidity needs;
- our inability to receive dividends from the Bank, pay dividends to our common stockholders or satisfy obligations as they become due;
- the effects of problems encountered by other financial institutions;
- our ability to achieve organic loan and deposit growth and the composition of such growth;
- our ability to successfully develop and commercialize new or enhanced products and services;
- current and future business, economic and market conditions in the United States ("U.S.") generally or in the States of Illinois and Iowa in particular;
- the geographic concentration of our operations in the States of Illinois and Iowa;
- our ability to attract and retain customer deposits;
- our ability to maintain the Bank's reputation;
- possible impairment of our goodwill and other intangible assets;

[Table of Contents](#)

- the effectiveness of our risk management and internal disclosure controls and procedures;
- market perceptions associated with certain aspects of our business;
- our ability to meet our obligations as a public company, including our obligations under Section 404 of the Sarbanes-Oxley Act of 2002;
- our success at managing the risks involved in the foregoing items; and
- the factors discussed in "Risk Factors", "Management's Discussion and Analysis of Financial Condition and Results of Operations" or elsewhere in this Quarterly Report on Form 10-Q and in our Annual Report on Form 10-K for the year ended December 31, 2023, filed with the Securities and Exchange ("SEC") Commission on March 6, 2024.

These risks and uncertainties should be considered in evaluating forward-looking statements and undue reliance should not be placed on such statements. Forward-looking statements speak only as of the date they are made. We do not undertake any obligation to update any forward-looking statement in the future, or to reflect circumstances and events that occur after the date on which the forward-looking statement was made.

**PART I. FINANCIAL INFORMATION**

**ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS**

**HBT FINANCIAL, INC. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS**

	(Unaudited)	
	September 30, 2024	December 31, 2023
(dollars in thousands, except per share data)		
<b>ASSETS</b>		
Cash and due from banks	\$ 26,776	\$ 26,256
Interest-bearing deposits with banks	152,895	114,996
Cash and cash equivalents	179,671	141,252
Interest-bearing time deposits with banks	—	509
Debt securities available-for-sale, at fair value	710,303	759,461
Debt securities held-to-maturity (fair value of \$463,259 at 2024 and \$466,496 at 2023)	505,075	521,439
Equity securities with readily determinable fair value	3,364	3,360
Equity securities with no readily determinable fair value	2,638	2,505
Restricted stock, at cost	5,086	7,160
Loans held for sale	2,959	2,318
Loans, before allowance for credit losses	3,369,830	3,404,417
Allowance for credit losses	(40,966)	(40,048)
Loans, net of allowance for credit losses	3,328,864	3,364,369
Bank owned life insurance	24,405	23,905
Bank premises and equipment, net	65,919	65,150
Bank premises held for sale	317	—
Foreclosed assets	376	852
Goodwill	59,820	59,820
Intangible assets, net	18,552	20,682
Mortgage servicing rights, at fair value	17,496	19,001
Investments in unconsolidated subsidiaries	1,614	1,614
Accrued interest receivable	24,160	24,534
Other assets	40,109	55,239
<b>Total assets</b>	<b>\$ 4,990,728</b>	<b>\$ 5,073,170</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Liabilities</b>		
Deposits:		
Noninterest-bearing	\$ 1,008,359	\$ 1,072,407
Interest-bearing	3,272,341	3,329,030
<b>Total deposits</b>	<b>4,280,700</b>	<b>4,401,437</b>
Securities sold under agreements to repurchase	29,029	42,442
Federal Home Loan Bank advances	13,435	12,623
Subordinated notes	39,533	39,474
Junior subordinated debentures issued to capital trusts	52,834	52,789
Other liabilities	37,535	34,909
<b>Total liabilities</b>	<b>4,453,066</b>	<b>4,583,674</b>
<b>COMMITMENTS AND CONTINGENCIES (Note 14)</b>		
<b>Stockholders' Equity</b>		
Preferred stock, \$0.01 par value; 25,000,000 shares authorized; none issued or outstanding	—	—
Common stock, \$0.01 par value; 125,000,000 shares authorized; shares issued of 32,827,039 at 2024 and 32,730,698 at 2023; shares outstanding of 31,559,366 at 2024 and 31,695,828 at 2023	328	327
Surplus	296,810	295,877
Retained earnings	302,532	269,051
Accumulated other comprehensive income (loss)	(38,989)	(57,163)
Treasury stock at cost, 1,267,673 shares at 2024 and 1,034,870 at 2023	(23,019)	(18,596)
<b>Total stockholders' equity</b>	<b>537,662</b>	<b>489,496</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 4,990,728</b>	<b>\$ 5,073,170</b>



[Table of Contents](#)

**HBT FINANCIAL, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF INCOME**  
**(Unaudited)**

(dollars in thousands, except per share data)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
<b>INTEREST AND DIVIDEND INCOME</b>				
Loans, including fees:				
Taxable	\$ 53,650	\$ 49,640	\$ 157,753	\$ 138,948
Federally tax exempt	1,133	1,072	3,324	3,064
Debt securities:				
Taxable	6,453	6,402	18,972	19,460
Federally tax exempt	502	978	1,620	3,337
Interest-bearing deposits in bank	2,230	714	6,752	2,234
Other interest and dividend income	149	235	481	545
<b>Total interest and dividend income</b>	64,117	59,041	188,902	167,588
<b>INTEREST EXPENSE</b>				
Deposits	14,649	7,211	42,375	13,908
Securities sold under agreements to repurchase	134	35	415	107
Borrowings	119	2,108	365	5,594
Subordinated notes	470	470	1,409	1,409
Junior subordinated debentures issued to capital trusts	1,012	938	2,889	2,582
<b>Total interest expense</b>	16,384	10,762	47,453	23,600
<b>Net interest income</b>	47,733	48,279	141,449	143,988
<b>PROVISION FOR CREDIT LOSSES</b>				
<b>Net interest income after provision for credit losses</b>	47,130	47,799	139,143	137,528
<b>NONINTEREST INCOME</b>				
Card income	2,753	2,763	8,254	8,326
Wealth management fees	2,670	2,381	7,840	6,998
Service charges on deposit accounts	2,081	2,040	5,852	5,830
Mortgage servicing	1,113	1,169	3,279	3,522
Mortgage servicing rights fair value adjustment	(1,488)	23	(1,505)	(460)
Gains on sale of mortgage loans	461	476	1,202	1,125
Realized gains (losses) on sales of securities	—	(813)	(3,382)	(1,820)
Unrealized gains (losses) on equity securities	136	(46)	24	(61)
Gains (losses) on foreclosed assets	(44)	550	15	443
Gains (losses) on other assets	(2)	52	(637)	161
Income on bank owned life insurance	170	153	500	415
Other noninterest income	855	742	2,499	2,362
<b>Total noninterest income</b>	8,705	9,490	23,941	26,841
<b>NONINTEREST EXPENSE</b>				
Salaries	16,325	15,644	49,346	51,715
Employee benefits	2,997	2,616	8,662	7,658
Occupancy of bank premises	2,695	2,573	7,520	7,460
Furniture and equipment	446	667	1,544	2,135
Data processing	2,640	2,581	8,171	9,787
Marketing and customer relations	1,380	1,679	3,372	3,874
Amortization of intangible assets	710	720	2,130	1,950
FDIC insurance	572	512	1,697	1,705
Loan collection and servicing	476	345	1,403	971
Foreclosed assets	19	76	78	234
Other noninterest expense	3,062	3,258	9,176	13,088
<b>Total noninterest expense</b>	31,322	30,671	93,099	100,577

INCOME BEFORE INCOME TAX EXPENSE	24,513	26,618	69,985	63,792
INCOME TAX EXPENSE	6,333	6,903	18,477	16,396
NET INCOME	\$ 18,180	\$ 19,715	\$ 51,508	\$ 47,396
EARNINGS PER SHARE - BASIC	\$ 0.58	\$ 0.62	\$ 1.63	\$ 1.50
EARNINGS PER SHARE - DILUTED	\$ 0.57	\$ 0.62	\$ 1.62	\$ 1.49
WEIGHTED AVERAGE SHARES OF COMMON STOCK OUTSTANDING	31,559,366	31,829,250	31,600,442	31,598,650

See accompanying Notes to Consolidated Financial Statements (Unaudited)

**HBT FINANCIAL, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**(Unaudited)**

(dollars in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
<b>NET INCOME</b>	\$ 18,180	\$ 19,715	\$ 51,508	\$ 47,396
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>				
Unrealized gains (losses) on debt securities available-for-sale	21,334	(11,326)	20,603	(12,521)
Reclassification adjustment for losses on sale of debt securities available-for-sale realized in income	—	13	3,382	1,820
Reclassification adjustment for amortization of net unrealized losses on debt securities transferred to held-to-maturity	506	518	1,495	1,483
Unrealized gains (losses) on derivative instruments	(24)	58	54	219
Reclassification adjustment for net settlements on derivative instruments	(55)	(131)	(305)	(334)
<b>Total other comprehensive income (loss), before tax</b>	<b>21,761</b>	<b>(10,868)</b>	<b>25,229</b>	<b>(9,333)</b>
Income tax expense (benefit)	6,094	(3,098)	7,055	(2,660)
<b>Total other comprehensive income (loss)</b>	<b>15,667</b>	<b>(7,770)</b>	<b>18,174</b>	<b>(6,673)</b>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>\$ 33,847</b>	<b>\$ 11,945</b>	<b>\$ 69,682</b>	<b>\$ 40,723</b>

*See accompanying Notes to Consolidated Financial Statements (Unaudited)*

**HBT FINANCIAL, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**  
(Uaudited)

(dollars in thousands, except per share data)	Common Stock			Accumulated				Total
	Shares	Retained	Other	Treasury	Stockholders'			
	Outstanding	Amount	Surplus	Earnings	Comprehensive	Stock	Equity	
<b>Balance, June 30, 2024</b>	31,559,366	\$ 328	\$ 296,430	\$ 290,386	\$ (54,656)	\$ (23,019)	\$ 509,469	
Net income	—	—	—	18,180	—	—	18,180	
Other comprehensive income	—	—	—	—	15,667	—	15,667	
Stock-based compensation	—	—	380	—	—	—	380	
Cash dividends and dividend equivalents (\$ 0.19 per share)	—	—	—	(6,034)	—	—	(6,034)	
<b>Balance, September 30, 2024</b>	<u>31,559,366</u>	<u>\$ 328</u>	<u>\$ 296,810</u>	<u>\$ 302,532</u>	<u>\$ (38,989)</u>	<u>\$ (23,019)</u>	<u>\$ 537,662</u>	
<b>Balance, June 30, 2023</b>	31,865,868	\$ 327	\$ 294,875	\$ 241,777	\$ (70,662)	\$ (15,465)	\$ 450,852	
Net income	—	—	—	19,715	—	—	19,715	
Other comprehensive loss	—	—	—	—	(7,770)	—	(7,770)	
Stock-based compensation	—	—	608	—	—	—	608	
Repurchase of common stock	(91,728)	—	—	—	—	(1,712)	(1,712)	
Cash dividends and dividend equivalents (\$ 0.17 per share)	—	—	—	(5,442)	—	—	(5,442)	
<b>Balance, September 30, 2023</b>	<u>31,774,140</u>	<u>\$ 327</u>	<u>\$ 295,483</u>	<u>\$ 256,050</u>	<u>\$ (78,432)</u>	<u>\$ (17,177)</u>	<u>\$ 456,251</u>	

See accompanying Notes to Consolidated Financial Statements (Unaudited)

**HBT FINANCIAL, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (CONTINUED)**  
(Uaudited)

(dollars in thousands, except per share data)	Common Stock			Accumulated			Total
	Shares	Retained	Other	Treasury	Stockholders'		
	Outstanding	Amount	Surplus	Earnings	Comprehensive	Stock	Equity
<b>Balance, December 31, 2023</b>	31,695,828	\$ 327	\$ 295,877	\$ 269,051	\$ (57,163)	\$ (18,596)	\$ 489,496
Cumulative effect of change in accounting principle (ASU 2023-02)	—	—	—	116	—	—	116
Net income	—	—	—	51,508	—	—	51,508
Other comprehensive income	—	—	—	—	18,174	—	18,174
Stock-based compensation	—	—	1,265	—	—	—	1,265
Issuance of common stock upon vesting of restricted stock units, net of tax withholdings	96,341	1	(332)	—	—	—	(331)
Repurchase of common stock	(232,803)	—	—	—	—	(4,423)	(4,423)
Cash dividends and dividend equivalents (\$ 0.57 per share)	—	—	—	(18,143)	—	—	(18,143)
<b>Balance, September 30, 2024</b>	<b>31,559,366</b>	<b>\$ 328</b>	<b>\$ 296,810</b>	<b>\$ 302,532</b>	<b>\$ (38,989)</b>	<b>\$ (23,019)</b>	<b>\$ 537,662</b>
<b>Balance, December 31, 2022</b>	<b>28,752,626</b>	<b>\$ 293</b>	<b>\$ 222,783</b>	<b>\$ 232,004</b>	<b>\$ (71,759)</b>	<b>\$ (9,689)</b>	<b>\$ 373,632</b>
Cumulative effect of change in accounting principle (ASU 2016-13)	—	—	—	(6,922)	—	—	(6,922)
Net income	—	—	—	47,396	—	—	47,396
Other comprehensive loss	—	—	—	—	(6,673)	—	(6,673)
Stock-based compensation	—	—	1,559	—	—	—	1,559
Issuance of common stock upon vesting of restricted stock units, net of tax withholdings	43,607	—	(181)	—	—	—	(181)
Issuance of common stock in Town and Country acquisition	3,378,600	34	71,322	—	—	—	71,356
Repurchase of common stock	(400,693)	—	—	—	—	(7,488)	(7,488)
Cash dividends and dividend equivalents (\$ 0.51 per share)	—	—	—	(16,428)	—	—	(16,428)
<b>Balance, September 30, 2023</b>	<b>31,774,140</b>	<b>\$ 327</b>	<b>\$ 295,483</b>	<b>\$ 256,050</b>	<b>\$ (78,432)</b>	<b>\$ (17,177)</b>	<b>\$ 456,251</b>

See accompanying Notes to Consolidated Financial Statements (Unaudited)

**HBT FINANCIAL, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(Unaudited)**

(dollars in thousands)	Nine Months Ended September 30,	
	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income	\$ 51,508	\$ 47,396
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation expense	2,207	2,362
Provision for credit losses	2,306	6,460
Net amortization of debt securities	2,886	4,391
Deferred income tax expense	361	2,492
Stock-based compensation	1,265	1,559
Net accretion of discount and deferred loan fees on loans	(5,497)	(5,312)
Net realized loss on sales of securities	3,382	1,820
Net unrealized loss (gain) on equity securities	(24)	61
Net loss (gain) on disposals of bank premises and equipment	57	(84)
Net gain on sales of bank premises held for sale	—	(75)
Impairment losses on bank premises held for sale	580	—
Net gain on sales of foreclosed assets	(105)	(632)
Write-down of foreclosed assets	90	189
Amortization of intangibles	2,130	1,950
Decrease in mortgage servicing rights	1,505	460
Amortization of discount and issuance costs on subordinated notes and debentures	104	104
Amortization of discount on Federal Home Loan Bank advances	305	275
Amortization of premium on time deposits	(86)	(330)
Mortgage loans originated for sale	(46,706)	(53,187)
Proceeds from sale of mortgage loans	47,267	52,976
Net gain on sale of mortgage loans	(1,202)	(1,125)
Increase in cash surrender value of bank owned life insurance	(500)	(408)
Decrease (increase) in accrued interest receivable	374	(828)
Decrease in other assets	5,003	12,530
Increase (decrease) in other liabilities	4,879	(20,198)
<b>Net cash provided by operating activities</b>	72,089	52,846
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from maturities of interest-bearing time deposits with banks	520	249
Purchase of interest-bearing time deposits with banks	(11)	(500)
Proceeds from sales of debt securities	66,812	185,280
Proceeds from sales and redemptions of equity securities	58	—
Proceeds from paydowns, maturities, and calls of debt securities	85,208	74,616
Purchase of debt securities	(67,286)	(2,640)
Purchase of equity securities	(171)	(370)
Purchase of loans	(4,448)	(49,859)
Net decrease (increase) in loans	42,815	(32,506)
Purchase of restricted stock	—	(20,143)
Proceeds from redemption of restricted stock	2,074	19,765
Purchases of bank premises and equipment	(3,930)	(1,951)
Proceeds from sales of bank premises and equipment	—	222
Proceeds from sales of bank premises held for sale	—	310
Proceeds from sales of foreclosed assets	1,143	3,274
Net cash paid for acquisition of Town and Country	—	(14,454)
<b>Net cash provided by investing activities</b>	122,784	161,293



**HBT FINANCIAL, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)**  
**(Unaudited)**

(dollars in thousands)	Nine Months Ended September 30,	
	2024	2023
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net decrease in deposits	(120,651)	(109,043)
Net decrease in repurchase agreements	(13,413)	(14,181)
Net decrease in short-term Federal Home Loan Bank advances	—	(69,064)
Proceeds from long-term Federal Home Loan Bank advances	907	—
Repayment of long-term Federal Home Loan Bank advances	(400)	—
Taxes paid related to the vesting of restricted stock units	(331)	(181)
Repurchase of common stock	(4,423)	(7,488)
Cash dividends and dividend equivalents paid	(18,143)	(16,428)
<b>Net cash used in financing activities</b>	(156,454)	(216,385)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	38,419	(2,246)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	141,252	114,159
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<u>\$ 179,671</u>	<u>\$ 111,913</u>
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</b>		
Cash paid for interest	\$ 47,745	\$ 21,788
Net cash paid for income taxes	\$ 17,326	\$ 15,867
<b>SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING ACTIVITIES</b>		
Transfers of loans to foreclosed assets	\$ 652	\$ 1,049
Transfers of bank premises and equipment to bank premises held for sale	\$ 317	\$ 35

See accompanying Notes to Consolidated Financial Statements (Unaudited)

**HBT FINANCIAL, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

**NOTE 1 – ACCOUNTING POLICIES**

**Basis of Presentation**

HBT Financial, Inc. ("HBT Financial" or the "Company") is headquartered in Bloomington, Illinois and is the holding company for Heartland Bank and Trust Company ("Heartland Bank" or the "Bank"). The Bank provides a comprehensive suite of financial products and services to consumers, businesses, and municipal entities throughout Illinois and eastern Iowa. Additionally, the Company is subject to the regulations of certain federal and state agencies and undergoes periodic examinations by those regulatory agencies.

The unaudited consolidated financial statements, including the notes thereto, have been prepared in accordance with accounting principles generally accepted in the U.S. ("GAAP") interim reporting requirements. Certain information in footnote disclosures normally included in financial statements prepared in accordance with GAAP has been condensed or omitted pursuant to rules and regulations of the SEC. These interim unaudited consolidated financial statements and notes thereto should be read in conjunction with the Company's audited consolidated financial statements and accompanying notes included in the Company's Annual Report on Form 10-K for the year ended December 31, 2023, filed with the SEC on March 6, 2024.

The unaudited consolidated financial statements include all normal, recurring adjustments necessary for a fair presentation of the results for the interim periods. The results for interim periods are not necessarily indicative of results for a full year.

The Company qualifies as an "emerging growth company" as defined by the Jumpstart Our Business Startups Act ("JOBS Act"). The JOBS Act permits emerging growth companies an extended transition period for complying with new or revised accounting standards affecting public companies. The Company may remain an emerging growth company until the earliest to occur of: (1) the end of the fiscal year following the fifth anniversary of the completion of our initial public offering, which is December 31, 2024, (2) the last day of the fiscal year in which the Company has \$1.235 billion or more in annual revenues, (3) the date on which the Company is deemed to be a "large accelerated filer" under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or (4) the date on which the Company has, during the previous three year period, issued, publicly or privately, more than \$1.0 billion in non-convertible debt securities. The Company has elected to use the extended transition period until the Company is no longer an emerging growth company or until the Company chooses to affirmatively and irrevocably opt out of the extended transition period. As a result, the Company's financial statements may not be comparable to companies that comply with new or revised accounting pronouncements applicable to public companies. The Company expects to exit its status as an emerging growth company as of December 31, 2024.

**Use of Estimates**

The accompanying consolidated financial statements have been prepared in conformity with GAAP. In preparing the financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the balance sheet and the reported results of operations for the periods then ended.

Actual results could differ significantly from those estimates. Material estimates that are particularly susceptible to significant changes in the near term relate to the determination of the allowance for credit losses.

**Low Income Housing Tax Credits**

The Company holds an ownership interest in a limited liability company, as a limited member, that invests in affordable housing projects. This investment is designed to generate a return primarily through the realization of federal tax credits and deductions, which may be subject to recapture by taxing authorities if compliance requirements are not met. The Company accounts for its low income housing investments using the proportional amortization method.

**HBT FINANCIAL, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

The Company's investment in the qualified affordable housing project meets the definition of a variable interest entity ("VIE") as the entity is structured such that the limited partner investors lack substantive voting rights. The managing member has both the power to direct the activities that most significantly impact the economic performance of the entity and the obligation to absorb losses or the right to receive benefits that could be significant to the entity. Accordingly, the Company is not the primary beneficiary and is not required to consolidate this entity. The Company's maximum exposure to loss is limited to the carrying amount of the investment, which was \$7.3 million as of September 30, 2024.

**Segment Reporting**

The Company's operations consist of one reportable segment. The Company's chief operating decision maker evaluates the operations of the Company using consolidated information for purposes of allocating resources and assessing performance.

**Reclassifications**

Certain prior period amounts have been reclassified to conform to the current period presentation without any impact on the reported amounts of net income or stockholders' equity.

**Subsequent Events**

In preparing these consolidated financial statements, the Company has evaluated events and transactions for potential recognition or disclosure through the date the financial statements were issued.

**Impact of Recently Adopted Accounting Standards**

On January 1, 2024, the Company adopted ASU 2023-02, *Investments—Equity Method and Joint Ventures (Topic 323)*. ASU 2023-02 permits an election to use the proportional amortization method to account for equity investments made primarily for the purpose of receiving income tax credits and other income tax benefits, regardless of the tax credit program from which the income tax credits are received, provided that certain conditions are met. The proportional amortization method results in the cost of the investment being amortized in proportion to the income tax credits and other income tax benefits received, with the amortization of the investment and the income tax credits being presented net in the income statement as a component of income tax expense. The Company adopted ASU 2023-02 using the modified retrospective method. The Company recorded a \$0.1 million increase to retained earnings and decrease to deferred tax liability, as well as a \$7.2 million increase to other assets and other liabilities, as a result of the adoption.

In June 2022, the FASB issued ASU 2022-03, *Fair Value Measurement (Topic 820): Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions*. ASU 2022-03 clarifies that a contractual restriction on the sale of an equity security is not considered part of the unit of account of the equity security and, therefore, is not considered in measuring fair value and that contractual sale restrictions cannot be recognized and measured as a separate unit of account. The amendments in this update are effective for years beginning after December 15, 2023, including interim periods within those years. This standard did not have an impact on the Company's consolidated results of operations or financial position.

**HBT FINANCIAL, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

In March 2022, the FASB issued ASU 2022-01, *Derivatives and Hedging (Topic 815): Fair Value Hedging – Portfolio Layer Method*. ASU 2022-01 replaces the current last-of-layer hedge accounting method with an expanded portfolio layer method that permits multiple hedged layers of a single closed portfolio. The scope of the portfolio layer method is also expanded to include non-prepayable financial assets. ASU 2022-01 also provides additional guidance on the accounting for and disclosure of hedge basis adjustments that are applicable to the portfolio layer method, and specifies how hedge basis adjustments should be considered when determining credit losses for the assets included in the closed portfolio. Amendments related to hedge basis adjustments which are included in this standard apply on a modified retrospective basis by means of a cumulative-effect adjustment to the opening balance of retained earnings on the initial application date. Amendments related to disclosure which are included in this standard may be applied on a prospective basis from the initial application date, or on a retrospective basis to each prior period presented after the date of adoption of the amendments in ASU 2017-12, *Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities*. The amendments in this update are effective for years beginning after December 15, 2023, including interim periods within those years. Early adoption is permitted. This standard did not have an impact on the Company's consolidated results of operations or financial position.

**Recent Accounting Pronouncements**

In November 2023, the FASB issued ASU 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*. ASU 2023-07 expands disclosure requirements for significant segment expenses under Topic 280. The amendments require public entities to disclose significant expense categories for each reportable segment, other segment items, the title and position of the chief operating decision-maker, and interim disclosures of certain segment-related information previously required only on an annual basis. The amendments clarify that entities reporting single segments must disclose both the new and existing segment disclosures under Topic 280, and a public entity is permitted to disclose multiple measures of segment profit or loss if certain criteria are met. The amendments in this update are effective for annual periods beginning after December 15, 2023, and interim periods within fiscal years beginning after December 31, 2024. ASU 2023-07 must be applied on a retrospective basis. Early adoption is permitted. This standard is not expected to have a material impact on the Company's consolidated results of operations or financial position.

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*. ASU 2023-09 expands income tax disclosure requirements. The amendments require annual disclosure of certain information relating to the rate reconciliation, income taxes paid by jurisdiction, income (loss) from continuing operations before income tax expense (benefit) disaggregated between domestic and foreign, income tax expense (benefit) from continuing operations disaggregated by federal (national), state, and foreign. The amendments also eliminate certain requirements relating to unrecognized tax benefits and certain deferred tax disclosure relating to subsidiaries and corporate joint ventures. The amendments in this update are effective for years beginning after December 15, 2024. ASU 2023-09 should be applied on a prospective basis, but retrospective application is permitted. Early adoption is permitted. This standard is not expected to have a material impact on the Company's consolidated results of operations or financial position.

**HBT FINANCIAL, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

**NOTE 2 – ACQUISITIONS**

**Town and Country Financial Corporation**

On February 1, 2023, HBT Financial acquired 100% of the issued and outstanding common stock of Town and Country Financial Corporation ("Town and Country"), the holding company for Town and Country Bank, pursuant to an Agreement and Plan of Merger dated August 23, 2022. Under the Agreement and Plan of Merger, Town and Country merged with and into HBT Financial, with HBT Financial as the surviving entity, immediately followed by the merger of Town and Country Bank with and into Heartland Bank, with Heartland Bank as the surviving entity.

At the effective time of the merger, each share of Town and Country was converted into the right to receive, subject to the election and proration procedures as provided in the Merger Agreement, one of the following: (i) 1.9010 shares of HBT Financial's common stock, or (ii) \$ 35.66 in cash, or (iii) a combination of cash and HBT Financial common stock. Total consideration consisted of 3,378,600 shares of HBT Financial's common stock and \$ 38.0 million in cash. In lieu of fractional shares, holders of Town and Country common stock received cash. Based upon the closing price of HBT Financial common stock of \$21.12 on February 1, 2023, the aggregate transaction value was approximately \$ 109.4 million.

This transaction was accounted for using the acquisition method of accounting and, accordingly, assets acquired, liabilities assumed, and consideration exchanged were recorded at estimated fair values on the date of acquisition. Fair values are subject to refinement for up to one year after the closing date of February 1, 2023. Measurement period adjustments of \$0.1 million were recorded in the third quarter of 2023 as more information became available regarding Town and Country's tax assets and liabilities. Goodwill of \$30.5 million was recorded in the acquisition, which reflects expected synergies from combining the operations of HBT Financial and Town and Country, and is nondeductible for tax purposes.

The acquisition of Town and Country further enhanced HBT Financial's footprint in central Illinois, and expanded our footprint into metro-east St. Louis. Acquisition-related expenses recognized during the nine months ended September 30, 2023 are summarized below. There were no Town and Country acquisition-related expenses recognized subsequent to the second quarter of 2023.

	<b>Nine Months Ended September 30, 2023</b>
<i>(dollars in thousands)</i>	
<b>PROVISION FOR CREDIT LOSSES</b>	<b>\$ 5,924</b>
<b>NONINTEREST EXPENSE</b>	
Salaries	3,584
Furniture and equipment	39
Data processing	2,031
Marketing and customer relations	24
Loan collection and servicing	125
Legal fees and other noninterest expense	1,964
<b>Total noninterest expense</b>	<b>7,767</b>
<b>Total Town and Country acquisition-related expenses</b>	<b>\$ 13,691</b>

**HBT FINANCIAL, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

The fair value of the assets acquired and liabilities assumed from Town and Country on the acquisition date of February 1, 2023 were as follows (dollars in thousands):

	<b>Fair Value</b>
<b>Assets acquired:</b>	
Cash and cash equivalents	\$ 23,542
Interest-bearing time deposits with banks	249
Debt securities	167,869
Equity securities	301
Restricted stock	2,822
Loans held for sale	1,612
Loans, before allowance for credit losses	635,376
Allowance for credit losses	(1,247)
Loans, net of allowance for credit losses	634,129
Bank owned life insurance	15,782
Bank premises and equipment	14,828
Foreclosed assets	271
Intangible assets	22,282
Mortgage servicing rights	10,469
Investments in unconsolidated subsidiaries	449
Accrued interest receivable	3,113
Other assets	8,940
<b>Total assets acquired</b>	<b>906,658</b>
<b>Liabilities assumed:</b>	
Deposits	720,417
FHLB advances	86,439
Junior subordinated debentures	14,949
Other liabilities	5,999
<b>Total liabilities assumed</b>	<b>827,804</b>
<b>Net assets acquired</b>	<b>\$ 78,854</b>
<b>Consideration paid:</b>	
Cash	\$ 37,996
Common stock	71,356
<b>Total consideration paid</b>	<b>\$ 109,352</b>
Goodwill	\$ 30,498

**HBT FINANCIAL, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

Of the loans acquired, there were \$89.8 million which exhibited more-than-insignificant credit deterioration on the acquisition date. The following table provides a summary of these PCD loans at acquisition (dollars in thousands):

Unpaid principal balance	\$ 89,822
Allowance for credit losses at acquisition	(1,247)
Non-credit discount	(2,218)
<b>Purchase price</b>	<b>\$ 86,357</b>

Additionally, subsequent to the Town and Country acquisition, HBT Financial recognized an allowance for credit losses on non-PCD loans of \$ 5.2 million and an allowance for credit losses on unfunded commitments of \$0.7 million through an increase to the provision for credit losses.

The following table provides the pro forma information for the results of operations for the three and nine months ended September 30, 2023 as if the acquisition of Town and Country had occurred on January 1, 2022. The pro forma results combine the historical results of Town and Country into HBT Financial's consolidated statements of income, including the impact of certain acquisition accounting adjustments, which include loan discount accretion, intangible assets amortization, deposit premium amortization, and borrowing premium amortization. The pro forma results have been prepared for comparative purposes only and are not necessarily indicative of the results that would have been obtained had the acquisition actually occurred on January 1, 2022. No assumptions have been applied to the pro forma results of operations regarding possible revenue enhancements, provision for credit losses, expense efficiencies or asset dispositions. The acquisition-related expenses that have been recognized are included in net income in the following table.

(dollars in thousands, except per share data)	Pro Forma	
	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2023
Total revenues (net interest income and noninterest income)	\$ 57,459	\$ 174,015
Net income	19,497	47,697
Earnings per share - basic	0.61	1.49
Earnings per share - diluted	0.61	1.49

**HBT FINANCIAL, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

**NOTE 3 – SECURITIES**

**Debt Securities**

The amortized cost and fair values of debt securities, with gross unrealized gains and losses and allowance for credit losses, are as follows:

(dollars in thousands)	September 30, 2024				
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Allowance for Credit Losses	Fair Value
<b>Available-for-sale:</b>					
U.S. Treasury	\$ 139,692	\$ —	\$ (7,320)	\$ —	\$ 132,372
U.S. government agency	59,167	101	(1,969)	—	57,299
Municipal	154,042	15	(16,185)	—	137,872
<b>Mortgage-backed:</b>					
Agency residential	212,551	1,007	(10,309)	—	203,249
Agency commercial	131,313	8	(10,229)	—	121,092
Corporate	61,716	96	(3,393)	—	58,419
<b>Total available-for-sale</b>	<b>\$ 758,481</b>	<b>\$ 1,227</b>	<b>\$ (49,405)</b>	<b>\$ —</b>	<b>\$ 710,303</b>

(dollars in thousands)	September 30, 2024				
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Allowance for Credit Losses
<b>Held-to-maturity:</b>					
U.S. government agency	\$ 88,465	\$ —	\$ (6,031)	\$ 82,434	\$ —
Municipal	36,319	353	(138)	36,534	—
<b>Mortgage-backed:</b>					
Agency residential	88,232	21	(3,595)	84,658	—
Agency commercial	292,059	26	(32,452)	259,633	—
<b>Total held-to-maturity</b>	<b>\$ 505,075</b>	<b>\$ 400</b>	<b>\$ (42,216)</b>	<b>\$ 463,259</b>	<b>\$ —</b>

**HBT FINANCIAL, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

(dollars in thousands)	December 31, 2023				
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Allowance for Credit Losses	Fair Value
<b>Available-for-sale:</b>					
U.S. Treasury	\$ 159,715	\$ —	\$ (11,093)	\$ —	\$ 148,622
U.S. government agency	55,359	—	(3,262)	—	52,097
Municipal	229,030	26	(23,499)	—	205,557
<b>Mortgage-backed:</b>					
Agency residential	188,641	61	(14,718)	—	173,984
Agency commercial	141,214	3	(14,205)	—	127,012
Corporate	57,665	9	(5,485)	—	52,189
<b>Total available-for-sale</b>	<b>\$ 831,624</b>	<b>\$ 99</b>	<b>\$ (72,262)</b>	<b>\$ —</b>	<b>\$ 759,461</b>

(dollars in thousands)	December 31, 2023				
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Allowance for Credit Losses
<b>Held-to-maturity:</b>					
U.S. government agency	\$ 88,448	\$ —	\$ (8,292)	\$ 80,156	\$ —
Municipal	38,442	394	(163)	38,673	—
<b>Mortgage-backed:</b>					
Agency residential	95,828	—	(5,569)	90,259	—
Agency commercial	298,721	—	(41,313)	257,408	—
<b>Total held-to-maturity</b>	<b>\$ 521,439</b>	<b>\$ 394</b>	<b>\$ (55,337)</b>	<b>\$ 466,496</b>	<b>\$ —</b>

As of September 30, 2024 and December 31, 2023, the Bank had debt securities with a carrying value of \$ 549.3 million and \$419.4 million, respectively, which were pledged to secure public deposits, securities sold under agreements to repurchase, available borrowing capacity, and for other purposes required or permitted by law.

**HBT FINANCIAL, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

The amortized cost and fair value of debt securities by contractual maturity, as of September 30, 2024, are shown below. Expected maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

(dollars in thousands)	Available-for-Sale		Held-to-Maturity	
	Amortized		Amortized	
	Cost	Fair Value	Cost	Fair Value
Due in 1 year or less	\$ 50,398	\$ 49,930	\$ 4,891	\$ 4,873
Due after 1 year through 5 years	184,468	174,898	49,208	47,631
Due after 5 years through 10 years	157,851	142,184	68,427	64,225
Due after 10 years	21,900	18,950	2,258	2,239
 Mortgage-backed:				
Agency residential	212,551	203,249	88,232	84,658
Agency commercial	131,313	121,092	292,059	259,633
<b>Total</b>	<b>\$ 758,481</b>	<b>\$ 710,303</b>	<b>\$ 505,075</b>	<b>\$ 463,259</b>

The following table presents gross unrealized losses and fair value of debt securities available-for-sale that do not have an associated allowance for credit losses as of September 30, 2024 and December 31, 2023, aggregated by category and length of time that individual debt securities have been in a continuous unrealized loss position:

(dollars in thousands)	September 30, 2024					
	Investments in a Continuous Unrealized Loss Position					
	Less than 12 Months		12 Months or More		Total	
	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value
<b>Available-for-sale:</b>						
U.S. Treasury	\$ —	\$ —	\$ (7,320)	\$ 132,372	\$ (7,320)	\$ 132,372
U.S. government agency	(5)	2,995	(1,964)	49,468	(1,969)	52,463
Municipal	—	—	(16,185)	135,209	(16,185)	135,209
 Mortgage-backed:						
Agency residential	(116)	19,691	(10,193)	137,916	(10,309)	157,607
Agency commercial	(5)	2,595	(10,224)	116,421	(10,229)	119,016
Corporate	—	—	(3,393)	44,464	(3,393)	44,464
<b>Total available-for-sale</b>	<b>\$ (126)</b>	<b>\$ 25,281</b>	<b>\$ (49,279)</b>	<b>\$ 615,850</b>	<b>\$ (49,405)</b>	<b>\$ 641,131</b>

**HBT FINANCIAL, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

December 31, 2023

(dollars in thousands)	Investments in a Continuous Unrealized Loss Position						Total	
	Less than 12 Months		12 Months or More		Unrealized Loss			
	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value		
<b>Available-for-sale:</b>								
U.S. Treasury	\$ —	\$ —	\$ (11,093)	\$ 148,622	\$ (11,093)	\$ 148,622		
U.S. government agency	(2)	168	(3,260)	51,910	(3,262)	52,078		
Municipal	(26)	4,749	(23,473)	194,287	(23,499)	199,036		
<b>Mortgage-backed:</b>								
Agency residential	(163)	9,354	(14,555)	156,785	(14,718)	166,139		
Agency commercial	(26)	3,016	(14,179)	123,404	(14,205)	126,420		
Corporate	(414)	4,361	(5,071)	45,826	(5,485)	50,187		
<b>Total available-for-sale</b>	<b>\$ (631)</b>	<b>\$ 21,648</b>	<b>\$ (71,631)</b>	<b>\$ 720,834</b>	<b>\$ (72,262)</b>	<b>\$ 742,482</b>		

As of September 30, 2024, there were 627 debt securities in an unrealized loss position for a period of twelve months or more, and 13 debt securities in an unrealized loss position for a period of less than twelve months.

U.S. Treasury, U.S. government agency, and agency mortgage-backed securities are considered to have no risk of credit loss as they are either explicitly or implicitly guaranteed by the U.S. government. The changes in fair value in these portfolios are considered to be primarily driven by changes in market interest rates and other non-credit risks, such as prepayment and liquidity risks.

**HBT FINANCIAL, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

Municipal securities include approximately 73% general obligation bonds as of September 30, 2024, which have a very low historical default rate due to issuers generally having taxing authority to service the debt. The remainder of the municipal securities are also of high credit quality with ratings of Aa3/AA- or better. The Company evaluates credit risk through monitoring credit ratings and reviews of available financial data. The changes in fair value in these portfolios are considered to be primarily driven by changes in market interest rates and other non-credit risks, such as call and liquidity risks. The estimated allowance for credit losses for the municipal debt securities held-to-maturity was deemed insignificant.

Corporate securities include investment grade corporate and bank subordinated debt securities. The Company evaluates credit risk through monitoring credit ratings, reviews of available issuer financial data, and sector trends. During 2024, the changes in fair value in corporate securities were considered to be primarily driven by changes in market interest rates and other non-credit risks, such as call and liquidity risks. There was no allowance for credit losses recorded on corporate debt securities as of September 30, 2024 and December 31, 2023.

During the first half of 2023, a provision for credit losses of \$ 0.8 million was recognized, related to one bank subordinated debt security reflecting heightened potential credit risk following the failures of other banks in 2023. This heightened potential credit risk was later reduced after a merger announcement by the issuer of the bank subordinated debt security and a negative provision for credit losses of \$0.8 million was recorded during the third quarter of 2023.

As of September 30, 2024, the Company did not intend to sell the debt securities that are in an unrealized loss position, and it was more likely than not that the Company would recover the amortized cost prior to being required to sell the debt securities.

Accrued interest on debt securities is excluded from the estimate of credit losses and totaled \$ 5.0 million and \$6.0 million as of September 30, 2024 and December 31, 2023, respectively.

Sales of debt securities were as follows during the three and nine months ended September 30:

<i>(dollars in thousands)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Proceeds from sales	\$ —	\$ 39,436	\$ 66,812	\$ 185,280
Gross realized gains	—	—	—	—
Gross realized losses	—	(813)	(3,382)	(1,820)

**HBT FINANCIAL, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

**Equity Securities**

Equity securities with readily determinable fair values are measured at fair value with changes in fair value recognized in unrealized gains (losses) on equity securities on the consolidated statements of income. The Company has elected to measure equity securities with no readily determinable fair value at cost minus impairment, if any, plus or minus changes resulting from observable price changes for identical or similar securities of the same issuer.

The initial cost and carrying values of equity securities, with cumulative net unrealized gains and losses were as follows:

	<b>September 30, 2024</b>	
	Readily Determinable Fair Value	No Readily Determinable Fair Value
(dollars in thousands)		
Initial cost	\$ 3,124	\$ 2,973
Cumulative net unrealized gains (losses)	240	(335)
<b>Carrying value</b>	<b>\$ 3,364</b>	<b>\$ 2,638</b>

	<b>December 31, 2023</b>	
	Readily Determinable Fair Value	No Readily Determinable Fair Value
(dollars in thousands)		
Initial cost	\$ 3,143	\$ 2,840
Cumulative net unrealized gains (losses)	217	(335)
<b>Carrying value</b>	<b>\$ 3,360</b>	<b>\$ 2,505</b>

As of September 30, 2024 and December 31, 2023, the cumulative net unrealized losses on equity securities with no readily determinable fair value reflect impairments of \$0.2 million and downward adjustments based on observable price changes of an identical investment of \$ 0.2 million. There have been no upward adjustments based on observable price changes to equity securities with no readily determinable fair value.

Unrealized gains (losses) on equity securities were as follows during the three and nine months ended September 30, 2024 and 2023:

(dollars in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Readily determinable fair value	\$ 136	\$ (46)	\$ 24	\$ 77
No readily determinable fair value	—	—	—	(138)
<b>Unrealized gains (losses) on equity securities</b>	<b>\$ 136</b>	<b>\$ (46)</b>	<b>\$ 24</b>	<b>\$ (61)</b>

**HBT FINANCIAL, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

**NOTE 4 – LOANS AND RELATED ALLOWANCE FOR CREDIT LOSSES**

Major categories of loans are summarized as follows:

<i>(dollars in thousands)</i>	<b>September 30, 2024</b>	<b>December 31, 2023</b>
Commercial and industrial	\$ 395,598	\$ 427,800
Commercial real estate - owner occupied	288,838	295,842
Commercial real estate - non-owner occupied	889,188	880,681
Construction and land development	359,151	363,983
Multi-family	432,712	417,923
One-to-four family residential	472,040	491,508
Agricultural and farmland	297,102	287,294
Municipal, consumer, and other	235,201	239,386
Loans, before allowance for credit losses	3,369,830	3,404,417
Allowance for credit losses	(40,966)	(40,048)
<b>Loans, net of allowance for credit losses</b>	<b>\$ 3,328,864</b>	<b>\$ 3,364,369</b>

**Allowance for Credit Losses**

Management estimates the allowance for credit losses using relevant available information from internal and external sources, relating to past events, current conditions, and reasonable and supportable forecasts. The discounted cash flow method is used to estimate expected credit losses for all loan categories, except for consumer loans where the weighted average remaining maturity method is utilized.

At September 30, 2024, the economic forecast used by management anticipates an economic slowdown, but not a recession, over the next 4 quarters considered in the forecast period, with the unemployment rate increasing and GDP growth slowing and then increasing modestly. After the forecast period, the Company reverts to long-term averages over a 4-quarter reversion period. Additionally, management has made qualitative adjustments to the loss estimates to reflect other factors that influence credit losses.

[Table of Contents](#)

**HBT FINANCIAL, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

The following tables detail activity in the allowance for credit losses:

Three Months Ended September 30, 2024											
(dollars in thousands)	Commercial		Commercial		Construction			One-to-four		Municipal, Consumer, and Other	
	Commercial and Industrial	Real Estate Occupied	Real Estate Non-owner Occupied	and Land Development	Multi-Family	Family Residential	and Farmland	Total			
Beginning balance	\$ 4,761	\$ 2,191	\$ 9,816	\$ 6,155	\$ 3,712	\$ 4,785	\$ 1,059	\$ 8,327	\$ 40,806		
Provision for credit losses	980	36	(598)	423	78	26	226	(425)	746		
Charge-offs	(734)	(6)	—	—	—	(125)	—	(236)	(1,101)		
Recoveries	27	10	329	—	—	44	2	103	515		
<b>Ending balance</b>	<b>\$ 5,034</b>	<b>\$ 2,231</b>	<b>\$ 9,547</b>	<b>\$ 6,578</b>	<b>\$ 3,790</b>	<b>\$ 4,730</b>	<b>\$ 1,287</b>	<b>\$ 7,769</b>	<b>\$ 40,966</b>		

  

Three Months Ended September 30, 2023											
(dollars in thousands)	Commercial		Commercial		Construction			One-to-four		Municipal, Consumer, and Other	
	Commercial and Industrial	Real Estate Occupied	Real Estate Non-owner Occupied	and Land Development	Multi-Family	Family Residential	and Farmland	Total			
Beginning balance	\$ 3,735	\$ 2,362	\$ 7,538	\$ 5,834	\$ 2,603	\$ 4,077	\$ 2,607	\$ 9,058	\$ 37,814		
Provision for credit losses	515	(108)	248	1,004	(348)	(21)	(337)	30	983		
Charge-offs	(15)	(2)	(171)	—	—	(8)	—	(216)	(412)		
Recoveries	14	2	15	44	280	40	2	81	478		
<b>Ending balance</b>	<b>\$ 4,249</b>	<b>\$ 2,254</b>	<b>\$ 7,630</b>	<b>\$ 6,882</b>	<b>\$ 2,535</b>	<b>\$ 4,088</b>	<b>\$ 2,272</b>	<b>\$ 8,953</b>	<b>\$ 38,863</b>		

  

Nine Months Ended September 30, 2024											
(dollars in thousands)	Commercial		Commercial		Construction			One-to-four		Municipal, Consumer, and Other	
	Commercial and Industrial	Real Estate Occupied	Real Estate Non-owner Occupied	and Land Development	Multi-Family	Family Residential	and Farmland	Total			
Beginning balance	\$ 4,980	\$ 2,272	\$ 7,714	\$ 5,998	\$ 3,837	\$ 5,204	\$ 975	\$ 9,068	\$ 40,048		
Provision for credit losses	1,219	(49)	1,247	578	141	(470)	302	(985)	1,983		
Charge-offs	(1,242)	(6)	—	—	(188)	(200)	—	(562)	(2,198)		
Recoveries	77	14	586	2	—	196	10	248	1,133		
<b>Ending balance</b>	<b>\$ 5,034</b>	<b>\$ 2,231</b>	<b>\$ 9,547</b>	<b>\$ 6,578</b>	<b>\$ 3,790</b>	<b>\$ 4,730</b>	<b>\$ 1,287</b>	<b>\$ 7,769</b>	<b>\$ 40,966</b>		

  

Nine Months Ended September 30, 2023											
(dollars in thousands)	Commercial		Commercial		Construction			One-to-four		Municipal, Consumer, and Other	
	Commercial and Industrial	Real Estate Occupied	Real Estate Non-owner Occupied	and Land Development	Multi-Family	Family Residential	and Farmland	Total			
Beginning balance	\$ 3,279	\$ 1,193	\$ 6,721	\$ 4,223	\$ 1,472	\$ 1,759	\$ 796	\$ 5,890	\$ 25,333		
Adoption of ASC 326	(822)	587	501	1,969	85	797	1,567	2,299	6,983		
PCD allowance established in acquisition	69	127	239	240	68	492	5	7	1,247		
Provision for credit losses	1,693	336	87	398	630	939	(100)	1,021	5,004		
Charge-offs	(15)	(5)	(171)	—	—	(34)	—	(508)	(733)		
Recoveries	45	16	253	52	280	135	4	244	1,029		
<b>Ending balance</b>	<b>\$ 4,249</b>	<b>\$ 2,254</b>	<b>\$ 7,630</b>	<b>\$ 6,882</b>	<b>\$ 2,535</b>	<b>\$ 4,088</b>	<b>\$ 2,272</b>	<b>\$ 8,953</b>	<b>\$ 38,863</b>		

[Table of Contents](#)

**HBT FINANCIAL, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

Gross charge-offs, further sorted by origination year, were as follows during the three months ended September 30, 2024 and 2023.

(dollars in thousands)	Gross Charge-Offs for the Three Months Ended September 30, 2024									
	Term Loans by Origination Year						Revolving Loans			
	2024	2023	2022	2021	2020	Prior	Revolving Loans	Converted to Term	Total	
Commercial and industrial	\$ —	\$ 734	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 734	
Commercial real estate - owner occupied	6	—	—	—	—	—	—	—	—	6
Commercial real estate - non-owner occupied	—	—	—	—	—	—	—	—	—	—
Construction and land development	—	—	—	—	—	—	—	—	—	—
Multi-family	—	—	—	—	—	—	—	—	—	—
One-to-four family residential	—	—	1	—	—	124	—	—	125	
Agricultural and farmland	—	—	—	—	—	—	—	—	—	—
Municipal, consumer, and other	154	3	5	—	—	—	74	—	236	
<b>Total</b>	<b>\$ 160</b>	<b>\$ 737</b>	<b>\$ 6</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 124</b>	<b>\$ 74</b>	<b>\$ —</b>	<b>\$ 1,101</b>	

(dollars in thousands)	Gross Charge-Offs for the Three Months Ended September 30, 2023									
	Term Loans by Origination Year						Revolving Loans			
	2023	2022	2021	2020	2019	Prior	Revolving Loans	Converted to Term	Total	
Commercial and industrial	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 15	\$ —	\$ 15	
Commercial real estate - owner occupied	—	2	—	—	—	—	—	—	—	2
Commercial real estate - non-owner occupied	—	—	—	—	—	—	171	—	171	
Construction and land development	—	—	—	—	—	—	—	—	—	—
Multi-family	—	—	—	—	—	—	—	—	—	—
One-to-four family residential	—	—	—	—	—	8	—	—	8	
Agricultural and farmland	—	—	—	—	—	—	—	—	—	—
Municipal, consumer, and other	141	9	—	—	—	—	66	—	216	
<b>Total</b>	<b>\$ 141</b>	<b>\$ 11</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 8</b>	<b>\$ 252</b>	<b>\$ —</b>	<b>\$ 412</b>	

[Table of Contents](#)

**HBT FINANCIAL, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

Gross charge-offs, further sorted by origination year, were as follows during the nine months ended September 30, 2024 and 2023.

**Gross Charge-Offs for the Nine Months Ended September 30, 2024**

(dollars in thousands)	Term Loans by Origination Year							Revolving Loans			Converted to Term		Total
	2024	2023	2022	2021	2020	Prior	Loans	Revolving	Loans	Converted	to Term		
Commercial and industrial	\$ —	\$ 1,063	\$ 75	\$ —	\$ —	\$ 11	\$ 93	\$ —	\$ —	\$ —	\$ 1,242		
Commercial real estate - owner occupied	6	—	—	—	—	—	—	—	—	—	—	6	
Commercial real estate - non-owner occupied	—	—	—	—	—	—	—	—	—	—	—	—	
Construction and land development	—	—	—	—	—	—	—	—	—	—	—	—	
Multi-family	—	—	—	188	—	—	—	—	—	—	—	188	
One-to-four family residential	—	—	8	13	4	131	44	—	—	—	—	200	
Agricultural and farmland	—	—	—	—	—	—	—	—	—	—	—	—	
Municipal, consumer, and other	282	59	11	—	—	—	—	210	—	—	—	562	
<b>Total</b>	<b>\$ 288</b>	<b>\$ 1,122</b>	<b>\$ 94</b>	<b>\$ 201</b>	<b>\$ 4</b>	<b>\$ 142</b>	<b>\$ 347</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 2,198</b>		

**Gross Charge-Offs for the Nine Months Ended September 30, 2023**

(dollars in thousands)	Term Loans by Origination Year							Revolving Loans			Converted to Term		Total
	2023	2022	2021	2020	2019	Prior	Loans	Revolving	Loans	Converted	to Term		
Commercial and industrial	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 15	\$ —	\$ —	\$ —	\$ 15	
Commercial real estate - owner occupied	—	5	—	—	—	—	—	—	—	—	—	5	
Commercial real estate - non-owner occupied	—	—	—	—	—	—	—	171	—	—	—	171	
Construction and land development	—	—	—	—	—	—	—	—	—	—	—	—	
Multi-family	—	—	—	—	—	—	—	—	—	—	—	—	
One-to-four family residential	—	—	—	—	1	33	—	—	—	—	—	34	
Agricultural and farmland	—	—	—	—	—	—	—	—	—	—	—	—	
Municipal, consumer, and other	276	83	—	9	—	—	—	140	—	—	—	508	
<b>Total</b>	<b>\$ 276</b>	<b>\$ 88</b>	<b>\$ —</b>	<b>\$ 9</b>	<b>\$ 1</b>	<b>\$ 33</b>	<b>\$ 326</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 733</b>		

[Table of Contents](#)

**HBT FINANCIAL, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

The following tables present loans and the related allowance for credit losses by category:

September 30, 2024															
(dollars in thousands)	Commercial and Industrial	Commercial Real Estate and Occupied	Commercial Real Estate Non-owner and Occupied	Construction and Land Development	One-to-four Family Multi-Family	Agricultural and Residential	Municipal, Consumer, and Farmland	Municipal, Consumer, and Other	Total						
<b>Loan balances:</b>															
Collectively evaluated for impairment															
\$ 394,583	\$ 288,838	\$ 874,417	\$ 358,935	\$ 432,712	\$ 466,918	\$ 297,102	\$ 224,858	\$ 3,338,363							
Individually evaluated for impairment															
1,015	—	14,771	216	—	5,122	—	10,343	31,467							
<b>Total</b>	<b>\$ 395,598</b>	<b>\$ 288,838</b>	<b>\$ 889,188</b>	<b>\$ 359,151</b>	<b>\$ 432,712</b>	<b>\$ 472,040</b>	<b>\$ 297,102</b>	<b>\$ 235,201</b>	<b>\$ 3,369,830</b>						
<b>Allowance for credit losses:</b>															
Collectively evaluated for impairment															
\$ 4,840	\$ 2,231	\$ 9,004	\$ 6,578	\$ 3,790	\$ 4,654	\$ 1,287	\$ 5,359	\$ 37,743							
Individually evaluated for impairment															
194	—	543	—	—	76	—	2,410	3,223							
<b>Total</b>	<b>\$ 5,034</b>	<b>\$ 2,231</b>	<b>\$ 9,547</b>	<b>\$ 6,578</b>	<b>\$ 3,790</b>	<b>\$ 4,730</b>	<b>\$ 1,287</b>	<b>\$ 7,769</b>	<b>\$ 40,966</b>						
December 31, 2023															
(dollars in thousands)	Commercial and Industrial	Commercial Real Estate and Occupied	Commercial Real Estate Non-owner and Occupied	Construction and Land Development	One-to-four Family Multi-Family	Agricultural and Residential	Municipal, Consumer, and Farmland	Municipal, Consumer, and Other	Total						
<b>Loan balances:</b>															
Collectively evaluated for impairment															
\$ 427,528	\$ 295,672	\$ 865,394	\$ 363,767	\$ 417,608	\$ 486,049	\$ 287,150	\$ 224,345	\$ 3,367,513							
Individually evaluated for impairment															
272	170	15,287	216	315	5,459	144	15,041	36,904							
<b>Total</b>	<b>\$ 427,800</b>	<b>\$ 295,842</b>	<b>\$ 880,681</b>	<b>\$ 363,983</b>	<b>\$ 417,923</b>	<b>\$ 491,508</b>	<b>\$ 287,294</b>	<b>\$ 239,386</b>	<b>\$ 3,404,417</b>						
<b>Allowance for credit losses:</b>															
Collectively evaluated for impairment															
\$ 4,960	\$ 2,272	\$ 6,693	\$ 5,998	\$ 3,837	\$ 4,957	\$ 975	\$ 6,137	\$ 35,829							
Individually evaluated for impairment															
20	—	1,021	—	—	247	—	2,931	4,219							
<b>Total</b>	<b>\$ 4,980</b>	<b>\$ 2,272</b>	<b>\$ 7,714</b>	<b>\$ 5,998</b>	<b>\$ 3,837</b>	<b>\$ 5,204</b>	<b>\$ 975</b>	<b>\$ 9,068</b>	<b>\$ 40,048</b>						

[Table of Contents](#)

**HBT FINANCIAL, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

The following tables present collateral dependent loans, by the primary collateral type, which are individually evaluated to determine expected credit losses, and the related allowance for credit losses allocated to these loans:

(dollars in thousands)	September 30, 2024					
	Amortized Cost					
	Primary Collateral Type			Total		Allowance for Credit Losses
Commercial and industrial	Real Estate	Vehicles	Other	Total	\$ 1,015	\$ 194
Commercial real estate - owner occupied	—	—	—	—	—	—
Commercial real estate - non-owner occupied	14,771	—	—	—	14,771	543
Construction and land development	216	—	—	—	216	—
Multi-family	—	—	—	—	—	—
One-to-four family residential	5,122	—	—	—	5,122	76
Agricultural and farmland	—	—	—	—	—	—
Municipal, consumer, and other	10,329	—	14	10,343	—	2,410
<b>Total</b>	<b>\$ 30,438</b>	<b>\$ 973</b>	<b>\$ 56</b>	<b>\$ 31,467</b>	<b>\$ 3,223</b>	

(dollars in thousands)	December 31, 2023					
	Amortized Cost					
	Primary Collateral Type			Total		Allowance for Credit Losses
Commercial and industrial	Real Estate	Vehicles	Other	Total	\$ 272	\$ 20
Commercial real estate - owner occupied	170	—	—	—	170	—
Commercial real estate - non-owner occupied	15,287	—	—	—	15,287	1,021
Construction and land development	216	—	—	—	216	—
Multi-family	315	—	—	—	315	—
One-to-four family residential	5,459	—	—	—	5,459	247
Agricultural and farmland	144	—	—	—	144	—
Municipal, consumer, and other	14,978	39	24	15,041	—	2,931
<b>Total</b>	<b>\$ 36,569</b>	<b>\$ 76</b>	<b>\$ 259</b>	<b>\$ 36,904</b>	<b>\$ 4,219</b>	

Accrued interest on loans is excluded from the estimate of credit losses and totaled \$ 18.9 million and \$18.4 million as of September 30, 2024 and December 31, 2023, respectively.

**Past Due and Nonaccrual Status**

Past due status is based on the contractual terms of the loan. Typically, loans are placed on nonaccrual when they reach 90 days past due, or when, in management's opinion, there is reasonable doubt regarding the collection of the amounts due through the normal means of the borrower. Interest accrued and unpaid at the time a loan is placed on nonaccrual status is reversed from interest income. Interest payments received on nonaccrual loans are recognized in accordance with our significant accounting policies. Once a loan is placed on nonaccrual status, the borrower must generally demonstrate at least six months of payment performance and we must believe that all remaining principal and interest is fully collectible, before the loan is eligible to return to accrual status.

[Table of Contents](#)

**HBT FINANCIAL, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

The following tables present loans by category based on current payment and accrual status:

(dollars in thousands)	September 30, 2024						Total Loans	
	Accruing Interest							
	Current	30 - 89 Days	90+ Days	Past Due	Past Due	Nonaccrual		
Commercial and industrial	\$ 393,371	\$ 1,212	\$ —	\$ —	\$ 1,015	\$ 395,598		
Commercial real estate - owner occupied	288,838	—	—	—	—	—	288,838	
Commercial real estate - non-owner occupied	887,355	—	—	—	—	1,833	889,188	
Construction and land development	358,935	—	—	—	—	216	359,151	
Multi-family	432,712	—	—	—	—	—	432,712	
One-to-four family residential	466,096	822	—	—	—	5,122	472,040	
Agricultural and farmland	296,952	150	—	—	—	—	297,102	
Municipal, consumer, and other	234,942	240	5	5	14	—	235,201	
<b>Total</b>	<b>\$ 3,359,201</b>	<b>\$ 2,424</b>	<b>\$ 5</b>	<b>\$ 5</b>	<b>\$ 8,200</b>	<b>\$ 3,369,830</b>		

(dollars in thousands)	December 31, 2023						Total Loans	
	Accruing Interest							
	Current	30 - 89 Days	90+ Days	Past Due	Past Due	Nonaccrual		
Commercial and industrial	\$ 427,300	\$ 228	\$ —	\$ —	\$ 272	\$ 427,800		
Commercial real estate - owner occupied	295,672	—	—	—	170	295,842		
Commercial real estate - non-owner occupied	878,591	255	—	—	1,835	880,681		
Construction and land development	363,735	32	—	—	216	363,983		
Multi-family	417,597	11	—	—	315	417,923		
One-to-four family residential	484,969	1,735	—	—	4,804	491,508		
Agricultural and farmland	286,820	330	—	—	144	287,294		
Municipal, consumer, and other	239,033	252	37	37	64	239,386		
<b>Total</b>	<b>\$ 3,393,717</b>	<b>\$ 2,843</b>	<b>\$ 37</b>	<b>\$ 37</b>	<b>\$ 7,820</b>	<b>\$ 3,404,417</b>		

[Table of Contents](#)

**HBT FINANCIAL, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

The following tables present nonaccrual loans with and without a related allowance for credit losses:

(dollars in thousands)	September 30, 2024				
	Nonaccrual		Nonaccrual		Total
	With	With No	Allowance for	Allowance for	
Commercial and industrial	\$ 522	\$ 493	\$ 522	\$ 493	\$ 1,015
Commercial real estate - owner occupied	—	—	—	—	—
Commercial real estate - non-owner occupied	—	1,833	—	1,833	1,833
Construction and land development	216	—	216	—	216
Multi-family	—	—	—	—	—
One-to-four family residential	350	4,772	350	4,772	5,122
Agricultural and farmland	—	—	—	—	—
Municipal, consumer, and other	—	14	—	14	14
<b>Total</b>	<b>\$ 1,088</b>	<b>\$ 7,112</b>	<b>\$ 1,088</b>	<b>\$ 7,112</b>	<b>\$ 8,200</b>

  

(dollars in thousands)	December 31, 2023				
	Nonaccrual		Nonaccrual		Total
	With	With No	Allowance for	Allowance for	
Commercial and industrial	\$ 120	\$ 152	\$ 120	\$ 152	\$ 272
Commercial real estate - owner occupied	—	170	—	170	170
Commercial real estate - non-owner occupied	188	1,647	188	1,647	1,835
Construction and land development	216	—	216	—	216
Multi-family	—	315	—	315	315
One-to-four family residential	14	4,790	14	4,790	4,804
Agricultural and farmland	—	144	—	144	144
Municipal, consumer, and other	—	64	—	64	64
<b>Total</b>	<b>\$ 538</b>	<b>\$ 7,282</b>	<b>\$ 538</b>	<b>\$ 7,282</b>	<b>\$ 7,820</b>

**HBT FINANCIAL, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

**Credit Quality Indicators**

In June 2024, the Company updated its risk rating categories to add a special mention category to provide another level of granularity in distinguishing risk levels of loans. As of June 30, 2024, \$19.5 million of the special mention loans would have been considered pass-watch and \$ 10.6 million would have been considered substandard under the previous risk rating categories.

The Company assigns a risk rating to all loans and periodically performs detailed internal reviews of all such loans that are part of relationships with over \$750 thousand in total exposure to identify credit risks and to assess the overall collectability of the portfolio. These risk ratings are also subject to review by the Company's regulators, external loan review, and internal loan review. During the internal reviews, management monitors and analyzes the financial condition of borrowers and guarantors, trends in the industries in which the borrowers operate and the fair values of collateral securing the loans. The risk rating is reviewed annually, at a minimum, and on an as needed basis depending on the specific circumstances of the loan. These credit quality indicators are used to assign a risk rating to each individual loan. Risk ratings are grouped into the following major categories:

**Pass** – a pass loan is a credit with no existing or known potential weaknesses deserving of management's close attention.

**Pass-Watch** – a pass-watch loan is still considered a "pass" credit and is not a classified or criticized asset, but is a reflection of a borrower who exhibits credit weaknesses or downward trends warranting close attention and increased monitoring. These potential weaknesses may result in deterioration of the repayment prospects for the loan. No loss of principal or interest is expected, and the borrower does not pose sufficient risk to warrant a special mention, substandard, or doubtful classification.

**Special Mention** – a special mention loan has potential weaknesses that deserve management's close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the assets or in the institution's credit position at some future date. Special mention assets are not adversely classified and do not expose an institution to sufficient risk to warrant adverse classification.

**Substandard** – a substandard loan is inadequately protected by the current sound worth and paying capacity of the obligor or of the collateral pledged, if any. Assets so classified must have a well-defined weakness, or weaknesses, that jeopardize the liquidation of the debt. They are characterized as probable that the borrower will not pay principal and interest in accordance with the contractual terms.

**Doubtful** – a doubtful loan has all the weaknesses inherent in one classified as substandard with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of currently existing facts, conditions, and values, highly questionable and improbable. There were no loans classified as Doubtful as of September 30, 2024 and December 31, 2023.

**HBT FINANCIAL, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

The following tables present loans by category based on their assigned risk ratings determined by management:

(dollars in thousands)	September 30, 2024					Total
	Pass	Pass-Watch	Special Mention	Substandard		
Commercial and industrial	\$ 381,336	\$ 7,522	\$ 1,198	\$ 5,542	\$ 395,598	
Commercial real estate - owner occupied	266,404	13,291	2,112	7,031	288,838	
Commercial real estate - non-owner occupied	814,729	36,567	—	37,892	889,188	
Construction and land development	335,413	22,993	—	745	359,151	
Multi-family	413,055	3,875	15,782	—	432,712	
One-to-four family residential	455,867	6,684	720	8,769	472,040	
Agricultural and farmland	271,779	17,968	3,634	3,721	297,102	
Municipal, consumer, and other	218,851	843	4,186	11,321	235,201	
<b>Total</b>	<b>\$ 3,157,434</b>	<b>\$ 109,743</b>	<b>\$ 27,632</b>	<b>\$ 75,021</b>	<b>\$ 3,369,830</b>	

(dollars in thousands)	December 31, 2023					Total
	Pass	Pass-Watch	Substandard			
Commercial and industrial	\$ 419,494	\$ 7,128	\$ 1,178	\$ 427,800	\$ 427,800	
Commercial real estate - owner occupied	275,649	14,072	6,121	295,842	295,842	
Commercial real estate - non-owner occupied	822,012	33,283	25,386	880,681	880,681	
Construction and land development	351,087	12,604	292	363,983	363,983	
Multi-family	397,951	19,656	316	417,923	417,923	
One-to-four family residential	472,355	6,671	12,482	491,508	491,508	
Agricultural and farmland	280,867	3,071	3,356	287,294	287,294	
Municipal, consumer, and other	222,474	1,721	15,191	239,386	239,386	
<b>Total</b>	<b>\$ 3,241,889</b>	<b>\$ 98,206</b>	<b>\$ 64,322</b>	<b>\$ 3,404,417</b>	<b>\$ 3,404,417</b>	

[Table of Contents](#)

**HBT FINANCIAL, INC. AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(Unaudited)**

Risk ratings of loans, further sorted by origination year, are as follows as of September 30, 2024:

(dollars in thousands)	Term Loans by Origination Year							Revolving Loans			Converted to Term		Total
	2024	2023	2022	2021	2020	Prior		Revolving Loans					
<b>Commercial and industrial</b>													
Pass	\$ 33,752	\$ 51,453	\$ 51,936	\$ 13,003	\$ 19,879	\$ 37,876	\$ 170,093	\$ 3,344	\$ 381,336				
Pass-Watch	680	1,470	257	1,189	85	2,459	1,183	199	7,522				
Special Mention	—	289	301	182	—	—	426	—	1,198				
Substandard	37	1,994	1,083	772	—	—	812	844	5,542				
<b>Total</b>	<b>\$ 34,469</b>	<b>\$ 55,206</b>	<b>\$ 53,577</b>	<b>\$ 15,146</b>	<b>\$ 19,964</b>	<b>\$ 40,335</b>	<b>\$ 172,514</b>	<b>\$ 4,387</b>	<b>\$ 395,598</b>				
<b>Commercial real estate - owner occupied</b>													
Pass	\$ 29,821	\$ 25,311	\$ 60,189	\$ 45,088	\$ 41,576	\$ 47,197	\$ 17,040	\$ 182	\$ 266,404				
Pass-Watch	4,197	476	2,231	4,473	547	1,367	—	—	13,291				
Special Mention	1,926	—	—	—	—	—	186	—	2,112				
Substandard	—	1,004	561	3,580	1,348	538	—	—	7,031				
<b>Total</b>	<b>\$ 35,944</b>	<b>\$ 26,791</b>	<b>\$ 62,981</b>	<b>\$ 53,141</b>	<b>\$ 43,471</b>	<b>\$ 49,102</b>	<b>\$ 17,226</b>	<b>\$ 182</b>	<b>\$ 288,838</b>				
<b>Commercial real estate - non-owner occupied</b>													
Pass	\$ 58,586	\$ 115,444	\$ 250,564	\$ 225,220	\$ 89,131	\$ 66,324	\$ 8,227	\$ 1,233	\$ 814,729				
Pass-Watch	3,677	430	6,681	6,831	839	4,920	13,189	—	36,567				
Special Mention	—	—	—	—	—	—	—	—	—				
Substandard	4,844	13,431	6,638	—	—	12,979	—	—	37,892				
<b>Total</b>	<b>\$ 67,107</b>	<b>\$ 129,305</b>	<b>\$ 263,883</b>	<b>\$ 232,051</b>	<b>\$ 89,970</b>	<b>\$ 84,223</b>	<b>\$ 21,416</b>	<b>\$ 1,233</b>	<b>\$ 889,188</b>				
<b>Construction and land development</b>													
Pass	\$ 140,878	\$ 88,022	\$ 72,878	\$ 21,229	\$ 840	\$ 1,374	\$ 9,931	\$ 261	\$ 335,413				
Pass-Watch	—	638	8,748	12,097	—	18	695	797	22,993				
Special Mention	—	—	—	—	—	—	—	—	—				
Substandard	475	—	216	—	—	54	—	—	745				
<b>Total</b>	<b>\$ 141,353</b>	<b>\$ 88,660</b>	<b>\$ 81,842</b>	<b>\$ 33,326</b>	<b>\$ 840</b>	<b>\$ 1,446</b>	<b>\$ 10,626</b>	<b>\$ 1,058</b>	<b>\$ 359,151</b>				
<b>Multi-family</b>													
Pass	\$ 27,106	\$ 85,056	\$ 100,132	\$ 102,243	\$ 51,365	\$ 42,226	\$ 4,087	\$ 840	\$ 413,055				
Pass-Watch	2,799	—	570	—	—	500	—	6	3,875				
Special Mention	6,978	—	—	—	8,804	—	—	—	15,782				
Substandard	—	—	—	—	—	—	—	—	—				
<b>Total</b>	<b>\$ 36,883</b>	<b>\$ 85,056</b>	<b>\$ 100,702</b>	<b>\$ 102,243</b>	<b>\$ 60,169</b>	<b>\$ 42,726</b>	<b>\$ 4,087</b>	<b>\$ 846</b>	<b>\$ 432,712</b>				
<b>One-to-four family residential</b>													
Pass	\$ 33,280	\$ 89,297	\$ 85,760	\$ 73,658	\$ 59,745	\$ 48,968	\$ 59,643	\$ 5,516	\$ 455,867				
Pass-Watch	1,245	1,363	625	441	520	2,160	187	143	6,684				
Special Mention	—	—	—	598	122	—	—	—	720				
Substandard	203	620	962	628	386	5,429	16	525	8,769				
<b>Total</b>	<b>\$ 34,728</b>	<b>\$ 91,280</b>	<b>\$ 87,347</b>	<b>\$ 75,325</b>	<b>\$ 60,773</b>	<b>\$ 56,557</b>	<b>\$ 59,846</b>	<b>\$ 6,184</b>	<b>\$ 472,040</b>				
<b>Agricultural and farmland</b>													
Pass	\$ 35,985	\$ 37,170	\$ 32,799	\$ 29,367	\$ 28,589	\$ 9,421	\$ 97,650	\$ 798	\$ 271,779				
Pass-Watch	275	2,683	1,424	1,454	511	844	10,689	88	17,968				
Special Mention	137	609	600	—	1,100	—	938	250	3,634				
Substandard	331	—	47	10	3,183	—	—	150	3,721				
<b>Total</b>	<b>\$ 36,728</b>	<b>\$ 40,462</b>	<b>\$ 34,870</b>	<b>\$ 30,831</b>	<b>\$ 33,383</b>	<b>\$ 10,265</b>	<b>\$ 109,277</b>	<b>\$ 1,286</b>	<b>\$ 297,102</b>				

[Table of Contents](#)

**HBT FINANCIAL, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

(dollars in thousands)	Term Loans by Origination Year							Revolving Loans		Converted to Term		Total
	2024	2023	2022	2021	2020	Prior						
<b>Municipal, Consumer, and other</b>												
Pass	\$ 67,066	\$ 37,483	\$ 14,694	\$ 23,992	\$ 13,178	\$ 39,562	\$ 22,876	\$ —	\$ —	\$ 218,851		
Pass-Watch	—	41	25	13	—	764	—	—	—	843		
Special Mention	—	—	—	—	—	4,163	23	—	—	4,186		
Substandard	50	23	38	—	—	11,207	3	—	—	11,321		
<b>Total</b>	<b>\$ 67,116</b>	<b>\$ 37,547</b>	<b>\$ 14,757</b>	<b>\$ 24,005</b>	<b>\$ 13,178</b>	<b>\$ 55,696</b>	<b>\$ 22,902</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 235,201</b>		
<b>Total by Risk Rating</b>												
Pass	\$ 426,474	\$ 529,236	\$ 668,952	\$ 533,800	\$ 304,303	\$ 292,948	\$ 389,547	\$ 12,174	\$ —	\$ 3,157,434		
Pass-Watch	12,873	7,101	20,561	26,498	2,502	13,032	25,943	1,233	—	109,743		
Special Mention	9,041	898	901	780	10,026	4,163	1,573	250	—	27,632		
Substandard	5,940	17,072	9,545	4,990	4,917	30,207	831	1,519	—	75,021		
<b>Total</b>	<b>\$ 454,328</b>	<b>\$ 554,307</b>	<b>\$ 699,959</b>	<b>\$ 566,068</b>	<b>\$ 321,748</b>	<b>\$ 340,350</b>	<b>\$ 417,894</b>	<b>\$ 15,176</b>	<b>\$ —</b>	<b>\$ 3,369,830</b>		

[Table of Contents](#)

**HBT FINANCIAL, INC. AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(Unaudited)**

Risk ratings of loans, further sorted by origination year, are as follows as of December 31, 2023:

(dollars in thousands)	Term Loans by Origination Year							Revolving Loans			Converted to Term		Total
	2023	2022	2021	2020	2019	Prior		Revolving Loans					
<b>Commercial and industrial</b>													
Pass	\$ 90,931	\$ 58,364	\$ 19,283	\$ 26,816	\$ 5,269	\$ 29,550	\$ 187,579	\$ 1,702	\$ 419,494				
Pass-Watch	2,025	1,340	892	144	753	471	956	547	7,128				
Substandard	111	73	327	60	—	—	323	284	1,178				
<b>Total</b>	<b>\$ 93,067</b>	<b>\$ 59,777</b>	<b>\$ 20,502</b>	<b>\$ 27,020</b>	<b>\$ 6,022</b>	<b>\$ 30,021</b>	<b>\$ 188,858</b>	<b>\$ 2,533</b>	<b>\$ 427,800</b>				
<b>Commercial real estate - owner occupied</b>													
Pass	\$ 27,516	\$ 64,229	\$ 55,376	\$ 53,634	\$ 32,469	\$ 28,876	\$ 13,549	\$ —	\$ 275,649				
Pass-Watch	4,061	943	5,210	1,474	1,573	811	—	—	14,072				
Substandard	2,734	86	1,550	64	164	1,523	—	—	6,121				
<b>Total</b>	<b>\$ 34,311</b>	<b>\$ 65,258</b>	<b>\$ 62,136</b>	<b>\$ 55,172</b>	<b>\$ 34,206</b>	<b>\$ 31,210</b>	<b>\$ 13,549</b>	<b>\$ —</b>	<b>\$ 295,842</b>				
<b>Commercial real estate - non-owner occupied</b>													
Pass	\$ 121,536	\$ 240,323	\$ 237,953	\$ 88,894	\$ 82,094	\$ 39,228	\$ 10,274	\$ 1,710	\$ 822,012				
Pass-Watch	810	6,893	7,013	353	4,230	154	13,585	245	33,283				
Substandard	13,376	124	286	—	2,410	9,190	—	—	25,386				
<b>Total</b>	<b>\$ 135,722</b>	<b>\$ 247,340</b>	<b>\$ 245,252</b>	<b>\$ 89,247</b>	<b>\$ 88,734</b>	<b>\$ 48,572</b>	<b>\$ 23,859</b>	<b>\$ 1,955</b>	<b>\$ 880,681</b>				
<b>Construction and land development</b>													
Pass	\$ 153,499	\$ 119,005	\$ 56,954	\$ 5,596	\$ 2,662	\$ 796	\$ 12,050	\$ 525	\$ 351,087				
Pass-Watch	153	10,750	—	—	—	—	163	1,538	12,604				
Substandard	—	216	—	—	—	76	—	—	292				
<b>Total</b>	<b>\$ 153,652</b>	<b>\$ 129,971</b>	<b>\$ 56,954</b>	<b>\$ 5,596</b>	<b>\$ 2,662</b>	<b>\$ 872</b>	<b>\$ 12,213</b>	<b>\$ 2,063</b>	<b>\$ 363,983</b>				
<b>Multi-family</b>													
Pass	\$ 83,898	\$ 81,507	\$ 115,402	\$ 53,126	\$ 34,053	\$ 23,570	\$ 5,904	\$ 491	\$ 397,951				
Pass-Watch	3,111	7,197	—	8,821	51	468	—	8	19,656				
Substandard	—	—	316	—	—	—	—	—	316				
<b>Total</b>	<b>\$ 87,009</b>	<b>\$ 88,704</b>	<b>\$ 115,718</b>	<b>\$ 61,947</b>	<b>\$ 34,104</b>	<b>\$ 24,038</b>	<b>\$ 5,904</b>	<b>\$ 499</b>	<b>\$ 417,923</b>				
<b>One-to-four family residential</b>													
Pass	\$ 105,337	\$ 91,636	\$ 82,289	\$ 64,094	\$ 21,986	\$ 44,241	\$ 57,248	\$ 5,524	\$ 472,355				
Pass-Watch	2,382	286	940	486	212	1,804	203	358	6,671				
Substandard	1,507	1,527	623	646	1,037	4,166	64	2,912	12,482				
<b>Total</b>	<b>\$ 109,226</b>	<b>\$ 93,449</b>	<b>\$ 83,852</b>	<b>\$ 65,226</b>	<b>\$ 23,235</b>	<b>\$ 50,211</b>	<b>\$ 57,515</b>	<b>\$ 8,794</b>	<b>\$ 491,508</b>				
<b>Agricultural and farmland</b>													
Pass	\$ 52,766	\$ 37,600	\$ 36,604	\$ 33,960	\$ 8,910	\$ 7,756	\$ 100,486	\$ 2,785	\$ 280,867				
Pass-Watch	953	361	425	30	71	719	172	340	3,071				
Substandard	—	—	13	3,199	—	144	—	—	3,356				
<b>Total</b>	<b>\$ 53,719</b>	<b>\$ 37,961</b>	<b>\$ 37,042</b>	<b>\$ 37,189</b>	<b>\$ 8,981</b>	<b>\$ 8,619</b>	<b>\$ 100,658</b>	<b>\$ 3,125</b>	<b>\$ 287,294</b>				
<b>Municipal, Consumer, and other</b>													
Pass	\$ 43,575	\$ 57,404	\$ 27,904	\$ 14,342	\$ 1,016	\$ 42,499	\$ 35,734	\$ —	\$ 222,474				
Pass-Watch	9	6	13	—	—	1,693	—	—	1,721				
Substandard	51	103	2	6	8	15,012	8	1	15,191				
<b>Total</b>	<b>\$ 43,635</b>	<b>\$ 57,513</b>	<b>\$ 27,919</b>	<b>\$ 14,348</b>	<b>\$ 1,024</b>	<b>\$ 59,204</b>	<b>\$ 35,742</b>	<b>\$ 1</b>	<b>\$ 239,386</b>				
<b>Total by Risk Rating</b>													
Pass	\$ 679,058	\$ 750,068	\$ 631,765	\$ 340,462	\$ 188,459	\$ 216,516	\$ 422,824	\$ 12,737	\$ 3,241,889				
Pass-Watch	13,504	27,776	14,493	11,308	6,890	6,120	15,079	3,036	98,206				
Substandard	17,779	2,129	3,117	3,975	3,619	30,111	395	3,197	64,322				
<b>Total</b>	<b>\$ 710,341</b>	<b>\$ 779,973</b>	<b>\$ 649,375</b>	<b>\$ 355,745</b>	<b>\$ 198,968</b>	<b>\$ 252,747</b>	<b>\$ 438,298</b>	<b>\$ 18,970</b>	<b>\$ 3,404,417</b>				

**HBT FINANCIAL, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

**Modifications**

There were no loan modifications to borrowers in financial distress during the three and nine months ended September 30, 2024 and 2023. There were no modified loans to borrowers in financial distress outstanding as of September 30, 2024 and December 31, 2023.

**Pledged Loans**

As of September 30, 2024 and December 31, 2023, the Company pledged loans totaling \$ 1.88 billion and \$1.20 billion, respectively, to the Federal Home Loan Bank of Chicago ("FHLB") to secure available FHLB advance borrowing capacity.

**NOTE 5 – LOAN SERVICING**

Mortgage loans serviced for others, which are not included in the accompanying consolidated balance sheets, amounted to \$ 1.58 billion and \$1.66 billion as of September 30, 2024 and December 31, 2023, respectively. Activity in mortgage servicing rights was as follows:

(dollars in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Beginning balance	\$ 18,984	\$ 20,133	\$ 19,001	\$ 10,147
Acquired	—	—	—	10,469
Capitalized servicing rights	198	227	538	526
Fair value adjustments attributable to payments and principal reductions	(598)	(631)	(1,569)	(1,621)
Fair value adjustments attributable to changes in valuation inputs and assumptions	(1,088)	427	(474)	635
<b>Ending balance</b>	<b>\$ 17,496</b>	<b>\$ 20,156</b>	<b>\$ 17,496</b>	<b>\$ 20,156</b>

**NOTE 6 – FORECLOSED ASSETS**

Foreclosed assets activity was as follows:

(dollars in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Beginning balance	\$ 320	\$ 3,080	\$ 852	\$ 3,030
Acquired	—	—	—	271
Transfers from loans	278	879	652	1,049
Proceeds from sales	(178)	(2,990)	(1,143)	(3,274)
Net gain on sales	10	564	105	632
Direct write-downs	(54)	(14)	(90)	(189)
<b>Ending balance</b>	<b>\$ 376</b>	<b>\$ 1,519</b>	<b>\$ 376</b>	<b>\$ 1,519</b>

**HBT FINANCIAL, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

Gains (losses) on foreclosed assets included the following:

(dollars in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Direct write-downs	\$ (54)	\$ (14)	\$ (90)	\$ (189)
Net gain on sales	10	564	105	632
<b>Gains (losses) on foreclosed assets</b>	<b>\$ (44)</b>	<b>\$ 550</b>	<b>\$ 15</b>	<b>\$ 443</b>

As of September 30, 2024, there were \$0.2 million foreclosed one-to-four family residential real estate properties held. As of December 31, 2023, the carrying value of foreclosed one-to-four family residential real estate properties was \$0.1 million.

As of September 30, 2024, there were 24 one-to-four family residential real estate loans in the process of foreclosure totaling \$ 1.9 million. As of December 31, 2023, there were 16 one-to-four family residential real estate loans in the process of foreclosure totaling \$ 1.2 million.

**NOTE 7 – DEPOSITS**

The Company's deposits are summarized below:

(dollars in thousands)	September 30, 2024	December 31, 2023
Noninterest-bearing deposits	\$ 1,008,359	\$ 1,072,407
Interest-bearing deposits:		
Interest-bearing demand	1,076,445	1,145,092
Money market	795,150	803,381
Savings	566,783	608,424
Time	803,964	627,253
Brokered	29,999	144,880
<b>Total interest-bearing deposits</b>	<b>3,272,341</b>	<b>3,329,030</b>
<b>Total deposits</b>	<b>\$ 4,280,700</b>	<b>\$ 4,401,437</b>

Reciprocal deposits included in interest-bearing demand deposits, money market deposits, and time deposits totaled \$ 214.2 million and \$236.8 million as of September 30, 2024 and December 31, 2023, respectively. The aggregate amounts of time deposits in denominations of \$250 thousand or more amounted to \$214.1 million and \$130.2 million as of September 30, 2024 and December 31, 2023, respectively. The aggregate amounts of time deposits in denominations of \$100 thousand or more amounted to \$472.7 million and \$342.8 million as of September 30, 2024 and December 31, 2023, respectively.

**HBT FINANCIAL, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

The components of interest expense on deposits were as follows:

<i>(dollars in thousands)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Interest-bearing demand	\$ 1,408	\$ 761	\$ 4,148	\$ 1,902
Money market	4,726	2,026	14,193	4,467
Savings	396	249	1,232	616
Time	7,702	3,275	20,744	6,011
Brokered	417	900	2,058	912
<b>Total interest expense on deposits</b>	<b>\$ 14,649</b>	<b>\$ 7,211</b>	<b>\$ 42,375</b>	<b>\$ 13,908</b>

**HBT FINANCIAL, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

**NOTE 8 – DERIVATIVE FINANCIAL INSTRUMENTS**

Derivative financial instruments are negotiated contracts entered into by two issuing counterparties containing specific agreement terms, including the underlying instrument, amount, exercise price, and maturities. The derivatives accounting guidance requires that the Company recognize all derivative financial instruments as either assets or liabilities at fair value in the consolidated balance sheets. The Company may utilize interest rate swap agreements as part of its asset liability management strategy to help manage its interest rate risk position.

**Interest Rate Swaps Designated as Cash Flow Hedges**

The Company designated certain interest rate swap agreements as cash flow hedges on variable-rate borrowings. For derivative instruments that are designated and qualify as a cash flow hedge, the gain or loss on interest rate swaps designated as cash flow hedging instruments, net of tax, is reported as a component of accumulated other comprehensive income (loss) and reclassified into earnings in the same period or periods during which the hedged transactions affect earnings.

The interest rate swap agreements designated as cash flow hedges were as follows:

(dollars in thousands)	September 30, 2024		December 31, 2023	
	Notional Amount	Fair Value	Notional Amount	Fair Value
Fair value recorded in other assets	\$ 7,000	\$ 71	\$ 17,000	\$ 322

As of September 30, 2024, the interest rate swap agreement designated as a cash flow hedge matures in April 2025. As of September 30, 2024 and December 31, 2023, counterparties had cash pledged and held on deposit by the Company of \$0.4 million and \$0.6 million, respectively.

The effect of interest rate swap agreements designated as cash flow hedges on the consolidated statements of income was as follows:

(dollars in thousands)	Location of gross gain (loss) reclassified from accumulated other comprehensive income (loss) to income		Amounts of gross gain (loss) reclassified from accumulated other comprehensive income (loss)		Amounts of gross gain (loss) reclassified from accumulated other comprehensive income (loss)	
	Three Months Ended September 30,		Nine Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023	2024	2023
<b>Designated as cash flow hedges:</b>						
Junior subordinated debentures interest expense	\$ 55	\$ 131	\$ 305	\$ 334		

**HBT FINANCIAL, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

**Interest Rate Swaps Not Designated as Hedging Instruments**

The Company may offer interest rate swap agreements to its commercial borrowers in connection with their risk management needs. The Company manages the interest rate risk associated with these contracts by entering into an equal and offsetting derivative with a third-party financial institution. While these interest rate swap agreements generally work together as an economic interest rate hedge, the Company did not designate them for hedge accounting treatment. Consequently, changes in fair value of the corresponding derivative financial asset or liability were recorded as either a charge or credit to current earnings during the period in which the changes occurred.

The interest rate swap agreements not designated as hedging instruments were as follows:

(dollars in thousands)	September 30, 2024		December 31, 2023	
	Notional Amount	Fair Value	Notional Amount	Fair Value
<b>Fair value recorded in other assets:</b>				
Interest rate swaps with a commercial borrower counterparty	\$ —	\$ —	\$ —	\$ —
Interest rate swaps with a financial institution counterparty	80,621	3,651	94,497	6,227
<b>Total fair value recorded in other assets</b>	<b>\$ 80,621</b>	<b>\$ 3,651</b>	<b>\$ 94,497</b>	<b>\$ 6,227</b>
<b>Fair value recorded in other liabilities:</b>				
Interest rate swaps with a commercial borrower counterparty	\$ 80,621	\$ (3,651)	\$ 94,497	\$ (6,227)
Interest rate swaps with a financial institution counterparty	—	—	—	—
<b>Total fair value recorded in other liabilities</b>	<b>\$ 80,621</b>	<b>\$ (3,651)</b>	<b>\$ 94,497</b>	<b>\$ (6,227)</b>

As of September 30, 2024, the interest rate swap agreements not designated as hedging instruments had contractual maturities between 2027 and 2035.

The effect of interest rate contracts not designated as hedging instruments recognized in other noninterest income on the consolidated statements of income was as follows:

(dollars in thousands)	Three Months Ended		Nine Months Ended	
	September 30, 2024	2023	September 30, 2024	2023
<b>Not designated as hedging instruments:</b>				
Gross gains	\$ 5,554	\$ 2,510	\$ 8,375	\$ 6,950
Gross losses	(5,554)	(2,510)	(8,375)	(6,950)
<b>Net gains (losses)</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>

**HBT FINANCIAL, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

**NOTE 9 – ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)**

The following table presents the activity and accumulated balances for components of other comprehensive income (loss):

(dollars in thousands)	Unrealized Gains (Losses) on Debt Securities				
	Available-for-Sale	Held-to-Maturity	Derivatives	Total	
<b>Three Months Ended September 30, 2024</b>					
<b>Balance, June 30, 2024</b>	\$ (46,658)	\$ (7,841)	\$ (157)	\$ (54,656)	
Other comprehensive income (loss) before reclassifications	21,334	—	(24)	21,310	
Reclassifications	—	506	(55)	451	
Other comprehensive income (loss), before tax	21,334	506	(79)	21,761	
Income tax expense (benefit)	5,974	142	(22)	6,094	
Other comprehensive income (loss), after tax	15,360	364	(57)	15,667	
<b>Balance, September 30, 2024</b>	<b>\$ (31,298)</b>	<b>\$ (7,477)</b>	<b>\$ (214)</b>	<b>\$ (38,989)</b>	
<b>Three Months Ended September 30, 2023</b>					
<b>Balance, June 30, 2023</b>	<b>\$ (61,560)</b>	<b>\$ (9,256)</b>	<b>\$ 154</b>	<b>\$ (70,662)</b>	
Other comprehensive income (loss) before reclassifications	(11,326)	—	58	(11,268)	
Reclassifications	13	518	(131)	400	
Other comprehensive income (loss), before tax	(11,313)	518	(73)	(10,868)	
Income tax expense (benefit)	(3,224)	147	(21)	(3,098)	
Other comprehensive income (loss), after tax	(8,089)	371	(52)	(7,770)	
<b>Balance, September 30, 2023</b>	<b>\$ (69,649)</b>	<b>\$ (8,885)</b>	<b>\$ 102</b>	<b>\$ (78,432)</b>	

**HBT FINANCIAL, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

(dollars in thousands)	Unrealized Gains (Losses) on Debt Securities			Derivatives	Total
	Available-for-Sale	Held-to-Maturity			
<b>Nine Months Ended September 30, 2024</b>					
<b>Balance, December 31, 2023</b>	\$ (48,579)	\$ (8,549)	\$ (35)	\$ (57,163)	
Other comprehensive income before reclassifications	20,603	—	54	20,657	
Reclassifications	3,382	1,495	(305)	4,572	
Other comprehensive income (loss), before tax	23,985	1,495	(251)	25,229	
Income tax expense (benefit)	6,704	423	(72)	7,055	
Other comprehensive income (loss), after tax	17,281	1,072	(179)	18,174	
<b>Balance, September 30, 2024</b>	<b>\$ (31,298)</b>	<b>\$ (7,477)</b>	<b>\$ (214)</b>	<b>\$ (38,989)</b>	
<b>Nine Months Ended September 30, 2023</b>					
<b>Balance, December 31, 2022</b>	\$ (61,998)	\$ (9,946)	\$ 185	\$ (71,759)	
Other comprehensive income (loss) before reclassifications	(12,521)	—	219	(12,302)	
Reclassifications	1,820	1,483	(334)	2,969	
Other comprehensive income (loss), before tax	(10,701)	1,483	(115)	(9,333)	
Income tax expense (benefit)	(3,050)	422	(32)	(2,660)	
Other comprehensive income (loss), after tax	(7,651)	1,061	(83)	(6,673)	
<b>Balance, September 30, 2023</b>	<b>\$ (69,649)</b>	<b>\$ (8,885)</b>	<b>\$ 102</b>	<b>\$ (78,432)</b>	

Reclassifications from accumulated other comprehensive income (loss) for unrealized gains (losses) on debt securities available-for-sale are included in either gains (losses) on sales of securities or provision for credit losses in the accompanying consolidated statements of income.

Reclassifications from accumulated other comprehensive income (loss) for unrealized gains on debt securities held-to-maturity are included in securities interest income in the accompanying consolidated statements of income.

Reclassifications from accumulated other comprehensive income (loss) for the fair value of derivative financial instruments represent net interest payments received or made on derivatives designated as cash flow hedges. See Note 8 for additional information.

**HBT FINANCIAL, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

**NOTE 10 – EARNINGS PER SHARE**

The Company previously granted restricted stock units that contained non-forfeitable rights to dividend equivalents which were considered participating securities. Prior to 2024, these restricted stock units were included in the calculation of basic earnings per share using the two-class method. The two-class method of computing earnings per share is an earnings allocation formula that determines earnings per share for each class of common stock and participating security according to dividends declared (or accumulated) and participation rights in undistributed earnings.

Diluted earnings per share is computed using the treasury stock method and reflects the potential dilution from the Company's outstanding restricted stock units and performance restricted stock units.

The following table sets forth the computation of basic and diluted earnings per share:

(dollars in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
<b>Numerator:</b>				
Net income	\$ 18,180	\$ 19,715	\$ 51,508	\$ 47,396
Earnings allocated to participating securities	—	(10)	—	(26)
Numerator for earnings per share - basic and diluted	\$ 18,180	\$ 19,705	\$ 51,508	\$ 47,370
<b>Denominator:</b>				
Weighted average common shares outstanding	31,559,366	31,829,250	31,600,442	31,598,650
Dilutive effect of outstanding restricted stock units	118,180	137,187	115,266	102,574
Weighted average common shares outstanding, including all dilutive potential shares	31,677,546	31,966,437	31,715,708	31,701,224
<b>Earnings per share - Basic</b>	\$ 0.58	\$ 0.62	\$ 1.63	\$ 1.50
<b>Earnings per share - Diluted</b>	\$ 0.57	\$ 0.62	\$ 1.62	\$ 1.49

**HBT FINANCIAL, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

**NOTE 11 – STOCK-BASED COMPENSATION PLANS**

The Company has adopted the HBT Financial, Inc. Omnibus Incentive Plan (the “Omnibus Incentive Plan”). The Omnibus Incentive Plan provides for grants of (i) stock options, (ii) stock appreciation rights, (iii) restricted shares, (iv) restricted stock units, (v) performance awards, (vi) other share-based awards and (vii) other cash-based awards to eligible employees, non-employee directors and consultants of the Company. The maximum number of shares of common stock available for issuance under the Omnibus Incentive Plan is 1,820,000 shares.

The following is a summary of stock-based compensation expense (benefit):

<i>(dollars in thousands)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Restricted stock units	\$ 263	\$ 313	\$ 798	\$ 907
Performance restricted stock units	117	295	467	652
Total awards classified as equity	380	608	1,265	1,559
Stock appreciation rights	64	3	5	(43)
<b>Total stock-based compensation expense</b>	<b>\$ 444</b>	<b>\$ 611</b>	<b>\$ 1,270</b>	<b>\$ 1,516</b>

**HBT FINANCIAL, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

**Restricted Stock Units**

A restricted stock unit grants a participant the right to receive one share of the Company's common stock, following the completion of the requisite service period. Restricted stock units are classified as equity. Compensation cost is based on the Company's stock price on the grant date and is recognized on a straight-line basis over the service period for the entire award. Dividend equivalents on restricted stock units, which are either accrued until vested, are classified as dividends charged to retained earnings.

During the nine months ended September 30, 2024 and 2023, the total grant date fair value of the restricted stock units granted was \$ 1.0 million and \$1.0 million, respectively, based on the grant date closing prices. The total intrinsic value of restricted stock units that vested during the nine months ended September 30, 2024 and 2023 was \$1.4 million and \$1.1 million, respectively.

The following is a summary of restricted stock unit activity:

	Three Months Ended September 30,			
	2024		2023	
	Restricted Stock Units	Weighted Average Grant Date Fair Value	Restricted Stock Units	Weighted Average Grant Date Fair Value
Beginning balance	108,865	\$ 19.71	129,422	\$ 19.58
Granted	—	—	—	—
Vested	—	—	—	—
Forfeited	(131)	19.06	(520)	21.23
Ending balance	<u>108,734</u>	<u>\$ 19.71</u>	<u>128,902</u>	<u>\$ 19.57</u>

	Nine Months Ended September 30,			
	2024		2023	
	Restricted Stock Units	Weighted Average Grant Date Fair Value	Restricted Stock Units	Weighted Average Grant Date Fair Value
Beginning balance	128,159	\$ 19.56	139,986	\$ 18.01
Granted	51,246	19.06	41,847	22.72
Vested	(70,540)	18.96	(51,693)	17.91
Forfeited	(131)	19.06	(1,238)	18.53
Ending balance	<u>108,734</u>	<u>\$ 19.71</u>	<u>128,902</u>	<u>\$ 19.57</u>

As of September 30, 2024, unrecognized compensation cost related to the non-vested restricted stock units was \$ 1.1 million. This cost is expected to be recognized over the weighted average remaining service period of 1.6 years.

**HBT FINANCIAL, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

**Performance Restricted Stock Units**

A performance restricted stock unit is similar to a restricted stock unit, except that the number of shares of the Company's common stock awarded is based on a performance condition and the completion of the requisite service period. The number of shares of the Company's common stock that may be earned ranges from 0% to 150% of the number of performance restricted stock units granted. Performance restricted stock units are classified as equity. Compensation cost is based on the Company's stock price on the grant date and an assessment of the probable outcome of the performance condition. Compensation cost is recognized on a straight-line basis over the service period of the entire award. Changes in the performance condition probability assessment result in cumulative catch-up adjustments to the compensation cost recognized. Dividend equivalents on performance restricted stock units, which are accrued until vested, are classified as dividends charged to retained earnings.

During the nine months ended September 30, 2024 and 2023, the total fair value of the performance restricted stock units granted was \$ 0.4 million and \$0.4 million, respectively, based on the grant date closing prices and an assessment of the probable outcome of the performance condition on the grant date. The total intrinsic value of performance restricted stock units that vested during the nine months ended September 30, 2024 was \$0.8 million.

The following is a summary of performance restricted stock unit activity:

	Three Months Ended September 30,					
	2024		2023			
	Performance Restricted Stock Units	Weighted Average Grant Date Fair Value	Performance Restricted Stock Units	Weighted Average Grant Date Fair Value		
Beginning balance	70,333	\$ 19.59	79,097	\$ 18.25		
Granted	—	—	—	—		
Adjustment for performance condition	—	—	—	—		
Vested	—	—	—	—		
Forfeited	—	—	—	—		
Ending balance	<u>70,333</u>	<u>\$ 19.59</u>	<u>79,097</u>	<u>\$ 18.25</u>		

	Nine Months Ended September 30,					
	2024		2023			
	Performance Restricted Stock Units	Weighted Average Grant Date Fair Value	Performance Restricted Stock Units	Weighted Average Grant Date Fair Value		
Beginning balance	79,097	\$ 18.25	62,067	\$ 17.02		
Granted	19,933	19.06	17,030	22.72		
Adjustment for performance condition	14,349	15.53	—	—		
Vested	(43,046)	15.53	—	—		
Forfeited	—	—	—	—		
Ending balance	<u>70,333</u>	<u>\$ 19.59</u>	<u>79,097</u>	<u>\$ 18.25</u>		

As of September 30, 2024, unrecognized compensation cost related to non-vested performance restricted stock units was \$ 0.4 million, based on the current assessment of the probable outcome of the performance conditions. This cost is expected to be recognized over the weighted average remaining service period of 1.3 years.

**HBT FINANCIAL, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

**Stock Appreciation Rights**

A stock appreciation right grants a participant the right to receive an amount of cash, the value of which equals the appreciation in the Company's stock price between the grant date and the exercise date. Stock appreciation rights are classified as liabilities. The liability is based on an option-pricing model used to estimate the fair value of the stock appreciation rights. Compensation cost for non-vested stock appreciation rights is recognized on a straight line basis over the service period of the entire award.

The following is a summary of stock appreciation rights activity:

	Three Months Ended September 30,			
	2024		2023	
	Stock Appreciation Rights Outstanding	Weighted Average Grant Date Assigned Value	Stock Appreciation Rights Outstanding	Weighted Average Grant Date Assigned Value
Beginning balance	73,440	\$ 16.32	73,440	\$ 16.32
Granted	—	—	—	—
Exercised	—	—	—	—
Expired	—	—	—	—
Forfeited	—	—	—	—
Ending balance	73,440	\$ 16.32	73,440	\$ 16.32

  

	Nine Months Ended September 30,			
	2024		2023	
	Stock Appreciation Rights	Weighted Average Grant Date Assigned Value	Stock Appreciation Rights	Weighted Average Grant Date Assigned Value
Beginning balance	73,440	\$ 16.32	73,440	\$ 16.32
Granted	—	—	—	—
Exercised	—	—	—	—
Expired	—	—	—	—
Forfeited	—	—	—	—
Ending balance	73,440	\$ 16.32	73,440	\$ 16.32

As of September 30, 2024, all stock appreciation rights were exercisable and had a weighted average remaining term of 4.6 years. There was no unrecognized compensation cost for stock appreciation rights as of September 30, 2024.

**HBT FINANCIAL, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

As of September 30, 2024 and December 31, 2023, the liability recorded for outstanding stock appreciation rights was \$ 0.6 million and \$0.6 million, respectively. The Company uses an option pricing model to value the stock appreciation rights, using the assumptions in the following table. Expected volatility is derived from the historical volatility of the Company's stock price and a selected peer group of industry-related companies.

	<b>September 30, 2024</b>	<b>December 31, 2023</b>
Risk-free interest rate	3.58 %	3.85 %
Expected volatility	37.23 %	37.37 %
Expected life (in years)	4.9	5.7
Expected dividend yield	3.47 %	3.22 %

As of December 31, 2023, the liability recorded for previously exercised stock appreciation rights was \$ 0.2 million which was paid in 2024.

**NOTE 12 – REGULATORY CAPITAL**

The Company (on a consolidated basis) and the Bank are each subject to various regulatory capital requirements administered by the federal and state banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory, and possibly additional discretionary, actions by the regulators that, if undertaken, could have a direct material effect on the consolidated financial statements of the Company and the Bank. Additionally, the ability of the Company to pay dividends to its stockholders is dependent upon the ability of the Bank to pay dividends to the Company.

Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Company and the Bank must meet specific capital guidelines that involve quantitative measures of the assets, liabilities, and certain off-balance-sheet items as calculated under regulatory accounting practices. The capital amounts and classification are also subject to qualitative judgments by regulators about components, risk weightings, and other factors. As allowed under the regulations, the Company and the Bank elected to exclude accumulated other comprehensive income, including unrealized gains and losses on debt securities, in the computation of regulatory capital. Prompt corrective action provisions are not applicable to bank holding companies.

Additionally, the Company and the Bank must maintain a "capital conservation buffer" to avoid becoming subject to restrictions on capital distributions and certain discretionary bonus payments to management. The capital conservation buffer is 2.5% of risk-weighted assets.

**HBT FINANCIAL, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

As of September 30, 2024 and December 31, 2023, the Company and the Bank each met all capital adequacy requirements to which they were subject. The actual and required capital amounts and ratios of the Company (on a consolidated basis) and the Bank were as follows:

(dollars in thousands)	September 30, 2024					
	Actual		For Capital Adequacy Purposes		To Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
<b>Consolidated HBT Financial, Inc.</b>						
Total Capital (to Risk Weighted Assets)	\$ 637,198	16.54 %	\$ 308,213	8.00 %	N/A	N/A
Tier 1 Capital (to Risk Weighted Assets)	557,890	14.48	231,160	6.00	N/A	N/A
Common Equity Tier 1 Capital (to Risk Weighted Assets)	506,670	13.15	173,370	4.50	N/A	N/A
Tier 1 Capital (to Average Assets)	557,890	11.16	199,919	4.00	N/A	N/A
<b>Heartland Bank and Trust Company</b>						
Total Capital (to Risk Weighted Assets)	\$ 621,289	16.13 %	\$ 308,063	8.00 %	\$ 385,079	10.00 %
Tier 1 Capital (to Risk Weighted Assets)	581,514	15.10	231,048	6.00	308,063	8.00
Common Equity Tier 1 Capital (to Risk Weighted Assets)	581,514	15.10	173,286	4.50	250,302	6.50
Tier 1 Capital (to Average Assets)	581,514	11.64	199,790	4.00	249,738	5.00

**HBT FINANCIAL, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

December 31, 2023							
(dollars in thousands)	Actual		For Capital Adequacy Purposes		To Be Well Capitalized Under Prompt Corrective Action Provisions		
	Amount	Ratio	Amount	Ratio	Amount	Ratio	
<b>Consolidated HBT Financial, Inc.</b>							
Total Capital (to Risk Weighted Assets)	\$ 603,234	15.33 %	\$ 314,814	8.00 %	N/A	N/A	
Tier 1 Capital (to Risk Weighted Assets)	527,964	13.42	236,110	6.00	N/A	N/A	
Common Equity Tier 1 Capital (to Risk Weighted Assets)	476,789	12.12	177,083	4.50	N/A	N/A	
Tier 1 Capital (to Average Assets)	527,964	10.49	201,231	4.00	N/A	N/A	
<b>Heartland Bank and Trust Company</b>							
Total Capital (to Risk Weighted Assets)	\$ 586,604	14.92 %	\$ 314,496	8.00 %	\$ 393,119	10.00 %	
Tier 1 Capital (to Risk Weighted Assets)	550,808	14.01	235,872	6.00	314,496	8.00	
Common Equity Tier 1 Capital (to Risk Weighted Assets)	550,808	14.01	176,904	4.50	255,528	6.50	
Tier 1 Capital (to Average Assets)	550,808	10.96	201,063	4.00	251,329	5.00	

**NOTE 13 – FAIR VALUE OF FINANCIAL INSTRUMENTS**

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair values:

*Level 1* - Quoted prices (unadjusted) for identical assets or liabilities in active markets that the Company has the ability to access as of the measurement date.

*Level 2* - Significant observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data.

*Level 3* - Significant unobservable inputs that reflect a Company's own assumptions about the assumptions that market participants would use in pricing as asset or liability.

The Company uses fair value to measure certain assets and liabilities on a recurring basis, such as investment securities, mortgage servicing rights, and derivatives. For assets measured at the lower of cost or fair value, the fair value measurement criteria may or may not be met during a reporting period, and such measurements are therefore considered "nonrecurring" for purposes of disclosing the Company's fair value measurements. Fair value is used on a nonrecurring basis to adjust carrying values for loans held for sale, collateral-dependent loans, bank premises held for sale, and foreclosed assets.

**HBT FINANCIAL, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

**Recurring Basis**

The following is a description of the methods and significant assumptions used to measure the fair value of assets and liabilities on a recurring basis.

*Investment Securities*

When available, the Company uses quoted market prices to determine the fair value of securities; such items are classified in Level 1 of the fair value hierarchy. For the Company's securities where quoted prices are not available for identical securities in an active market, the Company determines fair value utilizing vendors who apply matrix pricing for similar bonds where no price is observable or may compile prices from various sources. These models are primarily industry-standard models that consider various assumptions, including time value, yield curve, volatility factors, prepayment speeds, default rates, loss severity, current market and contractual prices for the underlying financial instruments, as well as other relevant economic measures. Substantially all of these assumptions are observable in the marketplace. Fair values from these models are verified, where possible, against quoted market prices for recent trading activity of assets with similar characteristics to the security being valued. Such methods are generally classified as Level 2; however, when prices from independent sources vary, cannot be obtained or cannot be corroborated, a security is generally classified as Level 3. The change in fair value of debt securities available-for-sale is recorded through an adjustment to the consolidated statement of comprehensive income. The change in fair value of equity securities with readily determinable fair values is recorded through an adjustment to the consolidated statement of income.

*Mortgage Servicing Rights*

The Company has elected to record its mortgage servicing rights at fair value. Mortgage servicing rights do not trade in an active market with readily observable prices. Accordingly, the Company determines the fair value of mortgage servicing rights by estimating the fair value of the future cash flows associated with the mortgage loans being serviced as calculated by an independent third party. Key economic assumptions used in measuring the fair value of mortgage servicing rights include, but are not limited to, prepayment speeds and discount rates. Due to the nature of the valuation inputs, mortgage servicing rights are classified as Level 3. The change in fair value is recorded through an adjustment to the consolidated statement of income.

*Derivative Financial Instruments*

Interest rate swap agreements are carried at fair value as determined by dealer valuation models. Based on the inputs used, the derivative financial instruments subjected to recurring fair value adjustments are classified as Level 2. For derivative financial instruments designated as hedging instruments, the change in fair value is recorded through an adjustment to the consolidated statement of comprehensive income. For derivative financial instruments not designated as hedging instruments, the change in fair value is recorded through an adjustment to the consolidated statement of income.

**HBT FINANCIAL, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

The following tables summarize assets and liabilities measured at fair value on a recurring basis as of September 30, 2024 and December 31, 2023 by level within the fair value hierarchy:

(dollars in thousands)	September 30, 2024				
	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total Fair Value	
<b>Debt securities available-for-sale:</b>					
U.S. Treasury	\$ —	\$ 132,372	\$ —	\$ 132,372	
U.S. government agency	—	57,299	—	57,299	
Municipal	—	137,872	—	137,872	
<b>Mortgage-backed:</b>					
Agency residential	—	203,249	—	203,249	
Agency commercial	—	121,092	—	121,092	
Corporate	—	58,419	—	58,419	
Equity securities with readily determinable fair values	3,364	—	—	3,364	
Mortgage servicing rights	—	—	17,496	17,496	
Derivative financial assets	—	3,722	—	3,722	
Derivative financial liabilities	—	3,651	—	3,651	

(dollars in thousands)	December 31, 2023				
	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total Fair Value	
<b>Debt securities available-for-sale:</b>					
U.S. Treasury	\$ 148,622	\$ —	\$ —	\$ 148,622	
U.S. government agency	—	52,097	—	52,097	
Municipal	—	205,557	—	205,557	
<b>Mortgage-backed:</b>					
Agency residential	—	173,984	—	173,984	
Agency commercial	—	127,012	—	127,012	
Corporate	—	52,189	—	52,189	
Equity securities with readily determinable fair values	3,360	—	—	3,360	
Mortgage servicing rights	—	—	19,001	19,001	
Derivative financial assets	—	6,549	—	6,549	
Derivative financial liabilities	—	6,227	—	6,227	

**HBT FINANCIAL, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

The following tables present additional information about the unobservable inputs used in the fair value measurement of the mortgage servicing rights (dollars in thousands):

September 30, 2024	Fair Value	Valuation Technique	Unobservable Inputs	Range
				(Weighted Average)
Mortgage servicing rights	\$ 17,496	Discounted cash flows	Constant pre-payment rates (CPR)	1.9% to 94.3% (9.1%)
			Discount rate	9.0% to 15.3% (9.5%)
December 31, 2023	Fair Value	Valuation Technique	Unobservable Inputs	Range
				(Weighted Average)
Mortgage servicing rights	\$ 19,001	Discounted cash flows	Constant pre-payment rates (CPR)	6.2% to 49.4% (8.4%)
			Discount rate	9.0% to 37.3% (9.6%)

**Nonrecurring Basis**

The following is a description of the methods and significant assumptions used to measure the fair value of assets and liabilities on a nonrecurring basis.

*Loans Held for Sale*

Mortgage loans originated and held for sale are carried at the lower of cost or estimated fair value. The Company obtains quotes or bids on these loans directly from purchasing financial institutions. Typically, these quotes include a premium on the sale and thus these quotes generally indicate fair value of the held for sale loans is greater than cost. Loans held for sale have been classified as Level 2.

*Collateral-Dependent Loans*

Periodically, a collateral-dependent loan is evaluated individually and is reported at the fair value of the underlying collateral, less estimated costs to sell, if repayment is expected solely from the collateral. If the collateral value is not sufficient, a specific reserve is recorded. Collateral values are estimated using recent appraisals and customized discounting criteria. Due to the significance of unobservable inputs, fair values of collateral-dependent loans have been classified as Level 3.

*Bank Premises Held for Sale*

Bank premises held for sale are recorded at the lower of cost or fair value, less estimated selling costs, at the date classified as held for sale. Values are estimated using recent appraisals and customized discounting criteria. Due to the significance of unobservable inputs, fair values of collateral-dependent loans have been classified as Level 3.

*Foreclosed Assets*

Foreclosed assets are recorded at fair value based on property appraisals, less estimated selling costs, at the date of the transfer. Subsequent to the transfer, foreclosed assets are carried at the lower of cost or fair value, less estimated selling costs. Values are estimated using recent appraisals and customized discounting criteria. Due to the significance of unobservable inputs, fair values of collateral-dependent loans have been classified as Level 3.

**HBT FINANCIAL, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

The following tables summarize assets measured at fair value on a nonrecurring basis as of September 30, 2024 and December 31, 2023 by level within the fair value hierarchy:

(dollars in thousands)	September 30, 2024			
	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total Fair Value
Loans held for sale	\$ —	\$ 2,959	\$ —	\$ 2,959
Collateral-dependent loans	—	—	28,244	28,244
Bank premises held for sale	—	—	317	317
Foreclosed assets	—	—	376	376

(dollars in thousands)	December 31, 2023			
	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total Fair Value
Loans held for sale	\$ —	\$ 2,318	\$ —	\$ 2,318
Collateral-dependent loans	—	—	32,685	32,685
Foreclosed assets	—	—	852	852

The following tables present quantitative information about unobservable inputs used in nonrecurring Level 3 fair value measurements (dollars in thousands):

September 30, 2024	Fair Value	Valuation Technique		Unobservable Inputs	Range (Weighted Average)
		Appraisal of collateral	Appraisal		
Collateral-dependent loans	\$ 28,244	Appraisal of collateral	Appraisal adjustments	Not meaningful	
Bank premises held for sale	317	Appraisal	Appraisal adjustments	7% (7%)	
Foreclosed assets	376	Appraisal	Appraisal adjustments	7% (7%)	

December 31, 2023	Fair Value	Valuation Technique		Unobservable Inputs	Range (Weighted Average)
		Appraisal of collateral	Appraisal		
Collateral-dependent loans	\$ 32,685	Appraisal of collateral	Appraisal adjustments	Not meaningful	
Foreclosed assets	852	Appraisal	Appraisal adjustments	7% (7%)	

#### Other Fair Value Methods

The following methods and assumptions were used by the Company in estimating fair value disclosures of its other financial instruments.

##### *Cash and Cash Equivalents*

The carrying amounts of these financial instruments approximate their fair values.

##### *Restricted Stock*

The carrying amount of FHLB stock approximates fair value based on the redemption provisions of the FHLB.

**HBT FINANCIAL, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

*Loans*

The fair value estimation process for the loan portfolio uses an exit price concept and reflects discounts the Company believes are consistent with discounts in the marketplace. Fair values are estimated for portfolios of loans with similar characteristics. Loans are segregated by type such as commercial and industrial, agricultural and farmland, commercial real estate – owner occupied, commercial real estate – non-owner occupied, multi-family, construction and land development, one-to-four family residential, and municipal, consumer, and other. The fair value of loans is estimated by discounting the future cash flows using the current rates at which similar loans would be made to borrowers with similar credit ratings and for similar maturities. The fair value analysis also includes other assumptions to estimate fair value, intended to approximate those a market participant would use in an orderly transaction, with adjustments for discount rates, interest rates, liquidity, and credit spreads, as appropriate.

*Investments in Unconsolidated Subsidiaries*

The fair values of the Company's investments in unconsolidated subsidiaries are presumed to approximate carrying amounts.

*Time and Brokered Time Deposits*

Fair values of certificates of deposit with stated maturities have been estimated using the present value of estimated future cash flows discounted at rates currently offered for similar instruments. Time deposits also include public funds time deposits.

*Securities Sold Under Agreements to Repurchase*

The fair values of repurchase agreements with variable interest rates are presumed to approximate their recorded carrying amounts.

*FHLB Advances*

The fair values of FHLB advances are estimated using discounted cash flow analyses based on current rates offered for borrowings with similar remaining maturities and characteristics.

*Subordinated Notes*

The fair values of subordinated notes are estimated using discounted cash flow analyses based on rates observed on recent debt issuances by other financial institutions.

*Junior Subordinated Debentures*

The fair values of subordinated debentures are estimated using discounted cash flow analyses based on rates observed on recent debt issuances by other financial institutions.

*Accrued Interest*

The carrying amounts of accrued interest approximate fair value.

**HBT FINANCIAL, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

The following table provides summary information on the carrying amounts and estimated fair values of the Company's other financial instruments:

(dollars in thousands)	Fair Value Hierarchy Level	September 30, 2024		December 31, 2023	
		Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
<b>Financial assets:</b>					
Cash and cash equivalents	Level 1	\$ 179,671	\$ 179,671	\$ 141,252	\$ 141,252
Debt securities held-to-maturity	Level 2	505,075	463,259	521,439	466,496
Restricted stock	Level 3	5,086	5,086	7,160	7,160
Loans, net	Level 3	3,328,864	3,352,088	3,364,369	3,349,540
Investments in unconsolidated subsidiaries	Level 3	1,614	1,614	1,614	1,614
Accrued interest receivable	Level 2	24,160	24,160	24,534	24,534
<b>Financial liabilities:</b>					
Time deposits	Level 3	803,964	799,328	627,253	619,682
Brokered time deposits	Level 3	29,999	30,003	144,880	144,944
Securities sold under agreements to repurchase	Level 2	29,029	29,029	42,442	42,442
FHLB advances	Level 3	13,435	13,414	12,623	12,621
Subordinated notes	Level 3	39,533	37,931	39,474	36,993
Junior subordinated debentures	Level 3	52,834	47,686	52,789	48,529
Accrued interest payable	Level 2	6,677	6,677	6,969	6,969

The Company estimated the fair value of lending related commitments as described in Note 14 to be immaterial based on limited interest rate exposure due to their variable nature, short-term commitment periods, and termination clauses provided in the agreements.

#### **Limitations**

Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instrument. Because no market exists for a significant portion of the Company's financial instruments, fair value estimates are based on judgments regarding future expected loss experience, current economic conditions, risk characteristics of various financial instruments, and other factors. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and, therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

Fair values have been estimated using data which management considered the best available and estimation methodologies deemed suitable for the pertinent category of financial instrument.

**HBT FINANCIAL, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

**NOTE 14 – COMMITMENTS AND CONTINGENCIES**

**Financial Instruments**

The Bank is party to credit-related financial instruments with off-balance sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit and standby letters of credit. Such instruments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the consolidated balance sheets.

The Bank's exposure to credit loss in the event of nonperformance by the other party to the financial instrument for commitments to extend credit and standby letters of credit is represented by the contractual amount of those instruments. The Bank uses the same credit policies in making commitments and conditional obligations as it does for on-balance sheet instruments.

Such commitments and conditional obligations were as follows:

<i>(dollars in thousands)</i>	<b>Contractual Amount</b>	
	<b>September 30, 2024</b>	<b>December 31, 2023</b>
Commitments to extend credit	\$ 873,649	\$ 869,013
Standby letters of credit	23,560	23,732

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The Bank evaluates each customer's credit worthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary, by the Bank upon extension of credit is based on management's credit evaluation of the customer. Collateral held varies, but may include real estate, accounts receivable, inventory, property, plant, and equipment, and income-producing properties.

Standby letters of credit are conditional commitments issued by the Bank to guarantee the performance of a customer to a third party. Those standby letters of credit are primarily issued to support extensions of credit. The credit risk involved in issuing standby letters of credit is essentially the same as that involved in extending loans to customers. The Bank secures the standby letters of credit with the same collateral used to secure the related loan.

**Allowance for Credit Losses on Unfunded Lending-related Commitments**

The Company estimates expected credit losses over the contractual period in which the Company is exposed to credit risk via a contractual obligation to extend credit, unless that obligation is unconditionally cancelable by the Company. The allowance for credit losses on unfunded commitments is included in other liabilities on the consolidated balance sheets and is adjusted through a charge to provision for credit loss expense on the consolidated statements of income. The allowance for credit losses on unfunded commitments estimate includes consideration of the likelihood that funding will occur and an estimate of expected credit losses on commitments expected to be funded over its estimated life. The allowance for credit losses on unfunded commitments was \$4.1 million and \$3.8 million as of September 30, 2024 and December 31, 2023, respectively.

**HBT FINANCIAL, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

**Legal Contingencies**

In the normal course of business, the Company, or its subsidiaries, are involved in various legal proceedings. In the opinion of management, any liability resulting from pending proceedings would not be expected to have a material adverse effect on the Company's consolidated financial statements.

*DeBaere, et al v. Heartland Bank and Trust Company*

The Bank was a defendant in a purported class action lawsuit filed in June 2020, in the Circuit Court of Cook County, Illinois. The plaintiff, a customer of the Bank, alleges that the Bank breached its contract with the plaintiff by (1) charging multiple insufficient funds fees or overdraft fees on a single customer-initiated transaction, and (2) charging overdraft fees for transactions that were authorized on a positive account balance, but when settled, settled into a negative balance.

*Miller, et al v. State Bank of Lincoln and Heartland Bank and Trust Company*

The Bank was a defendant in a purported class action lawsuit filed in May 2020, in the Circuit Court of Logan County, Illinois. The plaintiff, a customer of State Bank of Lincoln, which previously merged with the Bank, alleges that the Bank breached its contract with the plaintiff by charging multiple insufficient funds fees or overdraft fees on a single customer-initiated transaction.

On May 15, 2023, the Bank reached an agreement in principle to settle both the *DeBaere, et al* and *Miller, et al* cases in which the Bank would make one-time cash payments totaling \$3.4 million, without admitting fault, to release the Bank from further liability and claims in both the cases.

Definitive settlement agreements reflecting the terms of the agreement in principle were approved by the Court on December 15, 2023 in the *DeBaere, et al* case and on February 16, 2024 in the *Miller, et al* case. The Bank made the one-time cash payments totaling \$3.4 million during the fourth quarter of 2023. The settlements do not include any admission of liability or wrongdoing by the Bank, and the Bank expressly denies any liability or wrongdoing with respect to any matter alleged in the Class Action and Receiver's Action. The Bank agreed to the settlements to avoid the cost, risks and distraction of continued litigation. The Company believes the settlements are in the best interests of the Company and its shareholders.

An initial \$2.6 million accrual was recognized in other noninterest expense during the fourth quarter of 2022, reflecting management's best estimate at that time, and an additional \$0.8 million accrual was recognized in other noninterest expense during the second quarter of 2023, following the agreement in principle to settle both the *DeBaere, et al* and *Miller, et al* cases.

**HBT FINANCIAL, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

*John Pickett v. Town and Country Bank*

The Bank is a defendant in a purported class action lawsuit filed in October 2023, in the Circuit Court of Sangamon County, Illinois. The plaintiff, a customer of Town and Country Bank, which previously merged with the Bank, alleges that the Bank breached its contract with the plaintiff by charging overdraft fees for transactions that were authorized on a positive account balance, but when settled, settled into a negative balance.

On March 29, 2024, the Bank reached an agreement in principle to settle this case in which the Bank would make a one-time cash payment of \$ 0.3 million, without admitting fault, to release the Bank from further liability and claims in the case.

A definitive settlement agreement reflecting the terms of the agreement in principle was approved by the Court on July 9, 2024. The Bank made the one-time cash payment of \$0.3 million during the third quarter of 2024. The settlement does not include any admission of liability or wrongdoing by the Bank, and the Bank expressly denies any liability or wrongdoing with respect to any matter alleged in the case. The Bank has agreed to the settlement to avoid the cost, risks, and distraction of continued litigation. The Company believes the settlement is in the best interests of the Company and its shareholders.

An initial accrual of \$0.2 million was recorded during the fourth quarter of 2023, reflecting management's best estimate at that time, and an additional \$ 0.1 million accrual was recorded during the first quarter of 2024. As of December 31, 2023, the Company had \$0.2 million accrued related to this matter.

*Heartland Bank and Trust Company v. Meadows Mennonite Retirement Community Association, Inc.*

This lawsuit arises out of a suit filed in the Circuit Court of Woodford County, Illinois, (the "Trial Court") by the Bank for breach of a note and commercial security agreement. The defendant, Meadows Mennonite Retirement Community Association, Inc. ("Meadows"), a beneficiary of a trust for which Bank was trustee, filed a counterclaim for rescission of the note seeking compensatory and punitive damages, including attorneys' fees. In September 2024, the Appellate Court of Illinois Fourth District (the "Appellate Court") entered an order directing that summary judgment should be entered in favor of Meadows and against the Bank, rescinding the note and commercial security agreement. The Appellate Court remanded the case to the Trial Court which will now determine Meadows' compensatory and punitive damages, including reasonable attorneys' fees.

The Bank intends to vigorously defend the lawsuit. However, the Company believes an unfavorable outcome is reasonably possible at this time, as that term is used in assessing loss contingencies. The Company is unable to predict when the matter will be resolved or potential costs or damages to be incurred.

## ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Unless the context requires otherwise, references in this report to the "Company," "we," "us" and "our" refer to HBT Financial, Inc. and its subsidiaries.

The following is management's discussion and analysis of the financial condition as of September 30, 2024 (unaudited), as compared with December 31, 2023, and the results of operations for the three and nine months ended September 30, 2024 and 2023 (unaudited). Management's discussion and analysis should be read in conjunction with the Company's unaudited consolidated financial statements and notes thereto appearing elsewhere in this Quarterly Report on Form 10-Q, as well as the Company's audited consolidated financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2023, filed with the SEC on March 6, 2024. Results of operations for the three and nine months ended September 30, 2024 and 2023 are not necessarily indicative of results to be attained for the year ended December 31, 2024, or for any other period.

### OVERVIEW

HBT Financial, Inc., headquartered in Bloomington, Illinois, is the holding company for Heartland Bank and Trust Company, and has banking roots that can be traced back to 1920. We provide a comprehensive suite of financial products and services to consumers, businesses, and municipal entities throughout Illinois and eastern Iowa. As of September 30, 2024, the Company had total assets of \$5.0 billion, loans held for investment of \$3.4 billion, and total deposits of \$4.3 billion.

#### Market Area

As of September 30, 2024, our branch network included 66 full-service branch locations throughout Illinois and eastern Iowa. We hold a leading deposit share in many of our central Illinois markets, which we define as a top three deposit share rank, providing the foundation for our strong deposit base. The stability provided by this low-cost funding is a key driver of our strong track record of financial performance. Below is a summary of our loan and deposit balances by geographic region:

(dollars in thousands)	September 30, 2024		December 31, 2023	
	Loans	Deposits	Loans	Deposits
Central	\$ 1,665,342	\$ 2,956,607	\$ 1,693,794	\$ 3,094,305
Chicago MSA	1,368,243	1,213,096	1,406,348	1,197,865
Illinois	3,033,585	4,169,703	3,100,142	4,292,170
Iowa	336,245	110,997	304,275	109,267
<b>Total</b>	<b>\$ 3,369,830</b>	<b>\$ 4,280,700</b>	<b>\$ 3,404,417</b>	<b>\$ 4,401,437</b>

#### Town and Country Acquisition

On February 1, 2023, HBT Financial completed its acquisition of Town and Country, the holding company for Town and Country Bank. The acquisition of Town and Country further enhanced HBT Financial's footprint in central Illinois and expanded our footprint into metro-east St. Louis. At the time of acquisition, Town and Country Bank operated 10 full-service branch locations which began operating as branches of Heartland Bank. The core system conversion was successfully completed in April 2023. After considering business combination accounting adjustments, Town and Country added total assets of \$937 million, total loans held for investment of \$635 million, and total deposits of \$720 million.

Total consideration consisted of 3.4 million shares of HBT Financial's common stock and \$38.0 million in cash. Based upon the closing price of HBT Financial common stock of \$21.12 on February 1, 2023, the aggregate consideration was approximately \$109.4 million. Goodwill of \$30.5 million was recorded in the acquisition.

There were no acquisition-related expenses during 2024 or during the third and fourth quarter of 2023. Acquisition-related expenses totaled \$13.7 million during the nine months ended September 30, 2023, including the recognition of an allowance for credit losses on non-PCD loans of \$5.2 million and an allowance for credit losses on unfunded commitments of \$0.7 million through provision for credit losses.

## **FACTORS AFFECTING OUR RESULTS OF OPERATIONS**

Below are selected factors that could affect the Company's operating results. For a fuller discussion of the factors that could have a material impact on the operations and future prospects of the Company, see the "Risk Factors" section included in this Quarterly Report on Form 10-Q and in our Annual Report on Form 10-K for the year ended December 31, 2023, filed with the SEC on March 6, 2024.

### **Economic Conditions**

The Company's business and financial performance are affected by economic conditions generally in the U.S. and more directly in the Illinois and Iowa markets where we primarily operate. The significant economic factors relevant to our business and our financial performance include the general economic conditions in the U.S. and in the Company's markets (including the effect of inflationary pressures), unemployment rates, real estate markets, and interest rates.

### **Interest Rates**

Net interest income is our primary source of revenue. Net interest income is equal to the excess of interest income earned on interest earning assets (including discount accretion on purchased loans plus certain loan fees) over interest expense incurred on interest-bearing liabilities. The level of interest rates as well as the volume of interest-earning assets and interest-bearing liabilities both impact net interest income. Net interest income is also influenced by both the pricing and mix of interest-earning assets and interest-bearing liabilities which, in turn, are impacted by external factors such as local economic conditions, competition for loans and deposits, the monetary policy of the Federal Reserve Board ("FRB"), and market interest rates.

The cost of our deposits and short-term wholesale borrowings is largely based on short-term interest rates, which are primarily driven by the FRB's actions. The yields generated by our loans and securities are typically driven by short-term and long-term interest rates, which are set by the market and, to some degree, by the FRB's actions. Our net interest income is therefore influenced by movements in such interest rates and the pace at which such movements occur. Generally, we expect increases in market interest rates will increase our net interest income and net interest margin in future periods, while decreases in market interest rates may decrease our net interest income and net interest margin in future periods; however, this depends upon the timing and extent of interest rate fluctuations and may not always be the case.

### **Credit Trends**

We focus on originating loans with appropriate risk/reward profiles. We have a detailed loan policy that guides our overall loan origination philosophy and a well-established loan approval process that requires experienced credit officers to approve larger loan relationships. Although we believe our loan approval and credit review processes are strengths that allow us to maintain a high-quality loan portfolio, we recognize that credit trends in the markets in which we operate and in our loan portfolio can materially impact our financial condition and performance and that these trends are primarily driven by the economic conditions in our markets.

### **Competition**

Our profitability and growth are affected by the highly competitive nature of the financial services industry. We compete with community banks in all our markets and, to a lesser extent, with regional and national banks, primarily in the Chicago MSA. Additionally, we compete with non-bank financial services companies, FinTechs and other financial institutions operating within the areas we serve. We compete by emphasizing personalized service and efficient decision-making tailored to individual needs. We do not rely on any individual, group, or entity for a material portion of our loans or our deposits. We continue to see significant competitive pressure on loan rates and terms, as well as deposit pricing, which may affect our financial results in the future.

## **Digital Banking**

Throughout the banking industry, in-person branch traffic is expected to continue to decline as more customers turn to digital banking for routine banking transactions. Additionally, widespread adoption of faster payment and instant payment technologies could require us to substantially increase our expenditures on technology and cybersecurity infrastructure, increase our regulatory compliance costs, and adversely impact the stability of our deposit base. We plan to continue investing in our digital banking platforms while maintaining an appropriately sized branch network. An inability to meet evolving customer expectations for both digital and in-person banking may adversely affect our financial results in the future.

## **Regulatory Environment and Trends**

We are subject to federal and state regulation and supervision, which continue to evolve as the legal and regulatory framework governing our operations continues to change. The current operating environment includes extensive regulation and supervision in areas such as consumer compliance, the Bank Secrecy Act and anti-money laundering compliance, risk management, and internal audit. We anticipate that this environment of extensive regulation and supervision will continue for the industry. As a result, changes in the regulatory environment may result in additional costs for additional compliance, risk management, and audit personnel or professional fees associated with advisors and consultants.

## **FACTORS AFFECTING COMPARABILITY OF FINANCIAL RESULTS**

### **JOBS Act Accounting Election**

We qualify as an “emerging growth company” under the JOBS Act. The JOBS Act permits us an extended transition period for complying with new or revised accounting standards affecting public companies. The Company may remain an emerging growth company until the earliest to occur of: (1) the end of the fiscal year following the fifth anniversary of the completion of our initial public offering, which is December 31, 2024, (2) the last day of the fiscal year in which the Company has \$1.235 billion or more in annual revenues, (3) the date on which the Company is deemed to be a “large accelerated filer” under the Exchange Act, or (4) the date on which the Company has, during the previous three year period, issued, publicly or privately, more than \$1.0 billion in non-convertible debt securities. We have elected to use the extended transition period until we are no longer an emerging growth company or until we choose to affirmatively and irrevocably opt out of the extended transition period. As a result, our financial statements may not be comparable to companies that comply with new or revised accounting pronouncements applicable to public companies. The Company expects to exit its status as an emerging growth company as of December 31, 2024.

## RESULTS OF OPERATIONS

### Overview of Recent Financial Results

The following table presents selected financial results and measures:

(dollars in thousands, except per share amounts)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Total interest and dividend income	\$ 64,117	\$ 59,041	\$ 188,902	\$ 167,588
Total interest expense	16,384	10,762	47,453	23,600
Net interest income	47,733	48,279	141,449	143,988
Provision for credit losses	603	480	2,306	6,460
Net interest income after provision for credit losses	47,130	47,799	139,143	137,528
Total noninterest income	8,705	9,490	23,941	26,841
Total noninterest expense	31,322	30,671	93,099	100,577
Income before income tax expense	24,513	26,618	69,985	63,792
Income tax expense	6,333	6,903	18,477	16,396
Net income	\$ 18,180	\$ 19,715	\$ 51,508	\$ 47,396
Adjusted net income <sup>(1)</sup>	\$ 19,244	\$ 20,279	\$ 55,456	\$ 58,910
Net interest income (tax-equivalent basis) <sup>(1)(2)</sup>	\$ 48,285	\$ 48,954	\$ 143,129	\$ 146,080
<b>Share and Per Share Information</b>				
Earnings per share - Diluted	\$ 0.57	\$ 0.62	\$ 1.62	\$ 1.49
Adjusted earnings per share - Diluted <sup>(1)</sup>	0.61	0.63	1.75	1.86
Weighted average shares of common stock outstanding	31,559,366	31,829,250	31,600,442	31,598,650
<b>Summary Ratios</b>				
Net interest margin *	3.98 %	4.07 %	3.96 %	4.14 %
Net interest margin (tax-equivalent basis) * <sup>(1)(2)</sup>	4.03	4.13	4.01	4.20
Yield on loans *	6.45	6.10	6.38	5.96
Yield on interest-earning assets *	5.35	4.97	5.29	4.82
Cost of interest-bearing liabilities *	1.90	1.27	1.84	0.96
Cost of total deposits *	1.35	0.69	1.31	0.45
Cost of funds *	1.47	0.96	1.42	0.72
Efficiency ratio	54.24 %	51.85 %	55.00 %	57.73 %
Efficiency ratio (tax-equivalent basis) <sup>(1)(2)</sup>	53.71	51.25	54.45	57.04
Return on average assets *	1.44 %	1.58 %	1.37 %	1.29 %
Return on average stockholders' equity *	13.81	17.02	13.58	14.22
Return on average tangible common equity * <sup>(1)</sup>	16.25	20.70	16.11	17.17
Adjusted return on average assets * <sup>(1)</sup>	1.53 %	1.62 %	1.48 %	1.61 %
Adjusted return on average stockholders' equity * <sup>(1)</sup>	14.62	17.51	14.62	17.68
Adjusted return on average tangible common equity * <sup>(1)</sup>	17.20	21.29	17.34	21.34

\* Annualized measure.

(1) See "Non-GAAP Financial Information" for reconciliation of non-GAAP measures to their most closely comparable GAAP measures.

(2) On a tax-equivalent basis assuming a federal income tax rate of 21% and a state income tax rate of 9.5%.

*Comparison of the Three Months Ended September 30, 2024 to the Three Months Ended September 30, 2023*

For the three months ended September 30, 2024, net income was \$18.2 million, decreasing by \$1.5 million, or 7.8%, when compared to net income for the three months ended September 30, 2023. Notable changes include the following:

- A \$1.5 million negative mortgage servicing rights fair value adjustment included in the third quarter of 2024 results;
- Net losses of \$0.8 million realized on the sale of debt securities included in the third quarter of 2023 results not present in the third quarter of 2024 results;
- A \$0.7 million increase in salaries expense, primarily driven by annual merit increases;
- A \$0.5 million decrease in net interest income, primarily attributable to higher funding costs which were partially offset by higher asset yields and an increase in interest-earning assets; and
- A \$0.6 million decrease in income tax expense, primarily reflecting lower pre-tax income resulting from the above items.

*Comparison of the Nine Months Ended September 30, 2024 to the Nine Months Ended September 30, 2023*

For the nine months ended September 30, 2024, net income was \$51.5 million, increasing by \$4.1 million, or 8.7%, when compared to net income for the nine months ended September 30, 2023. Notable changes include the following:

- There were no Town and Country acquisition-related expenses during the nine months ended September 30, 2024, compared to \$13.7 million of acquisition-related expenses incurred during the nine months ended September 30, 2023;
- Net losses of \$3.4 million were realized on the sale of debt securities during the nine months ended September 30, 2024, compared to net losses of \$1.8 million realized during the nine months ended September 30, 2023;
- A \$2.5 million decrease in net interest income, primarily attributable to higher funding costs which were partially offset by higher asset yields and an increase in interest-earning assets;
- A \$1.5 million negative mortgage servicing rights fair value adjustment included in the 2024 results, compared to a \$0.5 million negative mortgage servicing rights fair value adjustment included in the 2023 results; and
- A \$2.1 million increase in income tax expense, primarily reflecting higher pre-tax income resulting from the above items as well as an additional \$0.5 million for a deferred tax expense write-down, primarily as a result of an Illinois tax change. This increased our effective tax rate to 26.4% during the nine months ended September 30, 2024, compared to 25.7% during the nine months ended September 30, 2023. We expect this write-down to be earned back over several years through reduced tax expense.

**Net Interest Income**

Net interest income equals the excess of interest income on interest earning assets (including discount accretion on acquired loans plus certain loan fees) over interest expense incurred on interest-bearing liabilities. Interest rate spread and net interest margin are utilized to measure and explain changes in net interest income. Interest rate spread is the difference between the yield on interest-earning assets and the rate paid for interest-bearing liabilities that fund those assets. The net interest margin is expressed as the percentage of net interest income to average interest-earning assets. The net interest margin exceeds the interest rate spread because noninterest-bearing sources of funds, principally noninterest-bearing demand deposits and stockholders' equity, also support interest-earning assets.

The following tables set forth average balances, average yields and costs, and certain other information. Average balances are daily average balances. Nonaccrual loans are included in the computation of average balances but have been reflected in the table as loans carrying a zero yield. The yields set forth below include the effect of deferred fees and costs, discounts and premiums, as well as purchase accounting adjustments that are accreted or amortized to interest income or expense.

[Table of Contents](#)

(dollars in thousands)	Three Months Ended					
	September 30, 2024			September 30, 2023		
	Average Balance	Interest	Yield/Cost *	Average Balance	Interest	Yield/Cost *
<b>ASSETS</b>						
Loans	\$ 3,379,299	\$ 54,783	6.45 %	\$ 3,296,703	\$ 50,712	6.10 %
Debt securities	1,191,642	6,955	2.32	1,317,603	7,380	2.22
Deposits with banks	185,870	2,230	4.77	77,595	714	3.65
Other	12,660	149	4.68	16,430	235	5.68
Total interest-earning assets	4,769,471	\$ 64,117	5.35 %	4,708,331	\$ 59,041	4.97 %
Allowance for credit losses	(40,780)			(38,317)		
Noninterest-earning assets	278,030			294,818		
<b>Total assets</b>	<b>\$ 5,006,721</b>			<b>\$ 4,964,832</b>		
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>						
<b>Liabilities</b>						
Interest-bearing deposits:						
Interest-bearing demand	\$ 1,085,609	\$ 1,408	0.52 %	\$ 1,160,654	\$ 761	0.26 %
Money market	800,651	4,726	2.35	682,772	2,026	1.18
Savings	573,077	396	0.27	639,384	249	0.15
Time	804,379	7,702	3.81	519,683	3,275	2.50
Brokered	29,996	417	5.54	66,776	900	5.34
<b>Total interest-bearing deposits</b>	<b>3,293,712</b>	<b>14,649</b>	<b>1.77</b>	<b>3,069,269</b>	<b>7,211</b>	<b>0.93</b>
Securities sold under agreements to repurchase	29,426	134	1.80	33,807	35	0.41
Borrowings	13,691	119	3.47	157,908	2,108	5.30
Subordinated notes	39,524	470	4.73	39,444	470	4.72
Junior subordinated debentures issued to capital trusts	52,827	1,012	7.63	52,767	938	7.05
<b>Total interest-bearing liabilities</b>	<b>3,429,180</b>	<b>\$ 16,384</b>	<b>1.90 %</b>	<b>3,353,195</b>	<b>\$ 10,762</b>	<b>1.27 %</b>
Noninterest-bearing deposits	1,013,893			1,105,472		
Noninterest-bearing liabilities	39,903			46,564		
<b>Total liabilities</b>	<b>4,482,976</b>			<b>4,505,231</b>		
<b>Stockholders' Equity</b>						
<b>Total liabilities and stockholders' equity</b>	<b>\$ 5,006,721</b>			<b>\$ 4,964,832</b>		
Net interest income/Net interest margin <sup>(1)</sup>	\$ 47,733	3.98 %		\$ 48,279	4.07 %	
Tax-equivalent adjustment <sup>(2)</sup>	552	0.05		675	0.06	
Net interest income (tax-equivalent basis)/						
Net interest margin (tax-equivalent basis) <sup>(2)(3)</sup>	<b>\$ 48,285</b>	<b>4.03 %</b>		<b>\$ 48,954</b>	<b>4.13 %</b>	
Net interest rate spread <sup>(4)</sup>		3.45 %				3.70 %
Net interest-earning assets <sup>(5)</sup>	<b>\$ 1,340,291</b>			<b>\$ 1,355,136</b>		
Ratio of interest-earning assets to interest-bearing liabilities	1.39			1.40		
Cost of total deposits		1.35 %				0.69 %
Cost of funds		1.47				0.96

\* Annualized measure.

(1) Net interest margin represents net interest income divided by average total interest-earning assets.

(2) On a tax-equivalent basis assuming a federal income tax rate of 21% and a state income tax rate of 9.5%.

(3) See "Non-GAAP Financial Information" for reconciliation of non-GAAP measure to their most closely comparable GAAP measures.

(4) Net interest rate spread represents the difference between the yield on average interest-earning assets and the cost of average interest-bearing liabilities.

(5) Net interest-earning assets represents total interest-earning assets less total interest-bearing liabilities.

[Table of Contents](#)

(dollars in thousands)	Nine Months Ended					
	September 30, 2024			September 30, 2023		
	Average Balance	Interest	Yield/Cost *	Average Balance	Interest	Yield/Cost *
<b>ASSETS</b>						
Loans	\$ 3,374,875	\$ 161,077	6.38 %	\$ 3,183,641	\$ 142,012	5.96 %
Debt securities	1,197,772	20,592	2.30	1,366,298	22,797	2.23
Deposits with banks	188,087	6,752	4.80	84,720	2,234	3.53
Other	12,744	481	5.04	15,334	545	4.75
Total interest-earning assets	4,773,478	\$ 188,902	5.29 %	4,649,993	\$ 167,588	4.82 %
Allowance for credit losses	(40,611)			(37,053)		
Noninterest-earning assets	279,789			289,843		
<b>Total assets</b>	<b>\$ 5,012,656</b>			<b>\$ 4,902,783</b>		
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>						
<b>Liabilities</b>						
Interest-bearing deposits:						
Interest-bearing demand	\$ 1,112,198	\$ 4,148	0.50 %	\$ 1,204,937	\$ 1,902	0.21 %
Money market	800,693	14,193	2.37	664,036	4,467	0.90
Savings	592,134	1,232	0.28	678,495	616	0.12
Time	744,349	20,744	3.72	441,760	6,011	1.82
Brokered	50,046	2,058	5.49	22,987	912	5.30
<b>Total interest-bearing deposits</b>	<b>3,299,420</b>	<b>42,375</b>	<b>1.72</b>	<b>3,012,215</b>	<b>13,908</b>	<b>0.62</b>
Securities sold under agreements to repurchase	30,769	415	1.80	35,844	107	0.40
Borrowings	13,387	365	3.64	148,443	5,594	5.04
Subordinated notes	39,504	1,409	4.76	39,424	1,409	4.78
Junior subordinated debentures issued to capital trusts	52,812	2,889	7.31	51,054	2,582	6.76
<b>Total interest-bearing liabilities</b>	<b>3,435,892</b>	<b>\$ 47,453</b>	<b>1.84 %</b>	<b>3,286,980</b>	<b>\$ 23,600</b>	<b>0.96 %</b>
Noninterest-bearing deposits	1,031,239			1,123,917		
Noninterest-bearing liabilities	38,943			46,310		
<b>Total liabilities</b>	<b>4,506,074</b>			<b>4,457,207</b>		
<b>Stockholders' Equity</b>						
<b>Total liabilities and stockholders' equity</b>	<b>\$ 5,012,656</b>			<b>\$ 4,902,783</b>		
Net interest income/Net interest margin <sup>(1)</sup>	\$ 141,449	3.96 %		\$ 143,988	4.14 %	
Tax-equivalent adjustment <sup>(2)</sup>	1,680	0.05		2,092	0.06	
Net interest income (tax-equivalent basis)/						
Net interest margin (tax-equivalent basis) <sup>(2)(3)</sup>	<b>\$ 143,129</b>	<b>4.01 %</b>		<b>\$ 146,080</b>	<b>4.20 %</b>	
Net interest rate spread <sup>(4)</sup>		3.45 %				3.86 %
Net interest-earning assets <sup>(5)</sup>	<b>\$ 1,337,586</b>			<b>\$ 1,363,013</b>		
Ratio of interest-earning assets to interest-bearing liabilities	1.39			1.41		
Cost of total deposits		1.31 %				0.45 %
Cost of funds		1.42				0.72

\* Annualized measure.

(1) Net interest margin represents net interest income divided by average total interest-earning assets.

(2) On a tax-equivalent basis assuming a federal income tax rate of 21% and a state income tax rate of 9.5%.

(3) See "Non-GAAP Financial Information" for reconciliation of non-GAAP measure to their most closely comparable GAAP measures.

(4) Net interest rate spread represents the difference between the yield on average interest-earning assets and the cost of average interest-bearing liabilities.

(5) Net interest-earning assets represents total interest-earning assets less total interest-bearing liabilities.

[Table of Contents](#)

The following table sets forth the components of loan interest income and their contributions to the total loan yield.

(dollars in thousands)	Three Months Ended September 30,				Nine Months Ended September 30,			
	2024		2023		2024		2023	
	Interest	Yield Contribution *	Interest	Yield Contribution *	Interest	Yield Contribution *	Interest	Yield Contribution *
Contractual interest	\$ 52,160	6.14 %	\$ 48,232	5.80 %	\$ 153,668	6.08 %	\$ 135,105	5.67 %
Loan fees (excluding PPP loans)	1,050	0.12	1,176	0.14	3,201	0.13	3,466	0.15
PPP loan fees	1	—	—	—	1	—	1	—
Accretion of acquired loan discounts	1,232	0.15	1,143	0.14	3,409	0.14	2,964	0.12
Nonaccrual interest recoveries	340	0.04	161	0.02	798	0.03	476	0.02
<b>Total loan interest income</b>	<b>\$ 54,783</b>	<b>6.45 %</b>	<b>\$ 50,712</b>	<b>6.10 %</b>	<b>\$ 161,077</b>	<b>6.38 %</b>	<b>\$ 142,012</b>	<b>5.96 %</b>

\* Annualized measure.

[Table of Contents](#)

The following table sets forth the components of net interest income and their contributions to the net interest margin.

(dollars in thousands)	Three Months Ended September 30,				Nine Months Ended September 30,			
	2024		2023		2024		2023	
	Interest	Net Interest Margin Contribution *	Interest	Net Interest Margin Contribution *	Interest	Net Interest Margin Contribution *	Interest	Net Interest Margin Contribution *
<b>Interest income:</b>								
Contractual interest on loans	\$ 52,160	4.35 %	\$ 48,232	4.06 %	\$ 153,668	4.30 %	\$ 135,105	3.89 %
Loan fees (excluding PPP loans)	1,050	0.09	1,176	0.10	3,201	0.09	3,466	0.10
PPP loan fees	1	—	—	—	1	—	1	—
Accretion of acquired loan discounts	1,232	0.10	1,143	0.10	3,409	0.10	2,964	0.09
Nonaccrual interest recoveries	340	0.03	161	0.01	798	0.02	476	0.01
Debt securities	6,955	0.58	7,380	0.62	20,592	0.58	22,797	0.66
Interest-bearing deposits in bank	2,230	0.19	714	0.06	6,752	0.19	2,234	0.06
Other	149	0.01	235	0.02	481	0.01	545	0.01
<b>Total interest income</b>	<b>64,117</b>	<b>5.35</b>	<b>59,041</b>	<b>4.97</b>	<b>188,902</b>	<b>5.29</b>	<b>167,588</b>	<b>4.82</b>
<b>Interest expense:</b>								
Deposits	14,649	1.22	7,211	0.60	42,375	1.19	13,908	0.40
Other interest-bearing liabilities	1,735	0.15	3,551	0.30	5,078	0.14	9,692	0.28
<b>Total interest expense</b>	<b>16,384</b>	<b>1.37</b>	<b>10,762</b>	<b>0.90</b>	<b>47,453</b>	<b>1.33</b>	<b>23,600</b>	<b>0.68</b>
<b>Net interest income</b>	<b>47,733</b>	<b>3.98</b>	<b>48,279</b>	<b>4.07</b>	<b>141,449</b>	<b>3.96</b>	<b>143,988</b>	<b>4.14</b>
Tax-equivalent adjustment <sup>(1)</sup>	552	0.05	675	0.06	1,680	0.05	2,092	0.06
<b>Net interest income (tax-equivalent) <sup>(1) (2)</sup></b>	<b>\$ 48,285</b>	<b>4.03 %</b>	<b>\$ 48,954</b>	<b>4.13 %</b>	<b>\$ 143,129</b>	<b>4.01 %</b>	<b>\$ 146,080</b>	<b>4.20 %</b>

\* Annualized measure.

(1) On a tax-equivalent basis assuming a federal income tax rate of 21% and a state income tax rate of 9.5%.

(2) See "Non-GAAP Financial Information" for reconciliation of non-GAAP measure to their most closely comparable GAAP measures.

[Table of Contents](#)

**Rate/Volume Analysis**

The following table sets forth the dollar amount of changes in interest income and interest expense for the major categories of our interest-earning assets and interest-bearing liabilities. Information is provided for each category of interest-earning assets and interest-bearing liabilities with respect to changes attributable to volume (i.e., changes in average balances multiplied by the prior-period average rate), and changes attributable to rate (i.e., changes in average rate multiplied by prior-period average balances). For purposes of this table, changes attributable to both volume and rate that cannot be segregated have been allocated proportionately to the change due to volume and the change due to rate.

(dollars in thousands)	Three Months Ended September 30, 2024			Nine Months Ended September 30, 2024		
	vs.			vs.		
	Three Months Ended September 30, 2023			Nine Months Ended September 30, 2023		
	Increase (Decrease) Due to		Increase (Decrease) Due to			
	Volume	Rate	Total	Volume	Rate	Total
<b>Interest-earning assets:</b>						
Loans	\$ 1,292	\$ 2,779	\$ 4,071	\$ 8,806	\$ 10,259	\$ 19,065
Debt securities	(726)	301	(425)	(2,879)	674	(2,205)
Deposits with banks	1,246	270	1,516	3,486	1,032	4,518
Other	(48)	(38)	(86)	(96)	32	(64)
Total interest-earning assets	1,764	3,312	5,076	9,317	11,997	21,314
<b>Interest-bearing liabilities:</b>						
Interest-bearing deposits:						
Interest-bearing demand	(52)	699	647	(157)	2,403	2,246
Money market	401	2,299	2,700	1,087	8,639	9,726
Savings	(28)	175	147	(87)	703	616
Time	2,272	2,155	4,427	5,823	8,910	14,733
Brokered	(513)	30	(483)	1,111	35	1,146
Total interest-bearing deposits	2,080	5,358	7,438	7,777	20,690	28,467
Securities sold under agreements to repurchase	(5)	104	99	(17)	325	308
Borrowings	(1,443)	(546)	(1,989)	(4,012)	(1,217)	(5,229)
Subordinated notes	1	(1)	—	3	(3)	—
Junior subordinated debentures issued to capital trusts	1	73	74	91	216	307
Total interest-bearing liabilities	634	4,988	5,622	3,842	20,011	23,853
<b>Change in net interest income</b>	<b>\$ 1,130</b>	<b>\$ (1,676)</b>	<b>\$ (546)</b>	<b>\$ 5,475</b>	<b>\$ (8,014)</b>	<b>\$ (2,539)</b>

*Comparison of the Three Months Ended September 30, 2024 to the Three Months Ended September 30, 2023*

Net interest income for the three months ended September 30, 2024 was \$47.7 million, decreasing \$0.5 million, or 1.1%, when compared to the three months ended September 30, 2023. The decrease is primarily attributable to an increase in funding costs which were mostly offset by higher yields on interest-earning assets and an increase in interest-earning assets.

Net interest margin decreased to 3.98% for the three months ended September 30, 2024, compared to 4.07% for the three months ended September 30, 2023. The decrease was primarily attributable to increases in funding costs outpacing increases in interest-earning asset yields. The contribution of acquired loan discount accretion to net interest margin was flat for the three months ended September 30, 2024 compared to the three months ended September 30, 2023, remaining at 10 basis points.

*Comparison of the Nine Months Ended September 30, 2024 to the Nine Months Ended September 30, 2023*

Net interest income for the nine months ended September 30, 2024 was \$141.4 million, decreasing \$2.5 million, or 1.8%, when compared to the nine months ended September 30, 2023. The decrease is primarily attributable to an increase in funding costs which were partially offset by higher yields on interest-earning assets and higher interest-earning asset balances following the Town and Country merger.

Net interest margin decreased to 3.96% for the nine months ended September 30, 2024, compared to 4.14% for the nine months ended September 30, 2023. The decrease was primarily attributable to increases in funding costs outpacing increases in interest-earning asset yields. Additionally, the contribution of acquired loan discount accretion to net interest margin increased to 10 basis points during the nine months ended September 30, 2024, compared to 9 basis points during the nine months ended September 30, 2023.

The quarterly net interest margins were as follows:

	2024	2023
<b>Three months ended:</b>		
March 31	3.94 %	4.20 %
June 30	3.95	4.16
September 30	3.98	4.07
December 31	—	3.93

Our net interest margin decreased modestly beginning in the second quarter of 2023 as increased competition for deposits drove an increase in our funding costs. This continued during the remainder of 2023 with increases in funding costs outpacing increases in interest-earning asset yields. Our deposit balances and funding costs began to stabilize during the first quarter of 2024.

In September 2024, the Federal Open Markets Committee ("FOMC") lowered the target range for the federal funds rate by 50 basis points to a range of 4.75% to 5.00%. This decrease, and potential future decreases, may put downward pressure on our net interest margin, as the negative impact on floating rate loans may not be fully offset by the positive impacts of maturing fixed rate loans and securities repricing at higher rates or potential decreases in deposit costs. Generally, we expect increases in market interest rates will increase our net interest income and net interest margin in future periods, while decreases in market interest rates may decrease our net interest income and net interest margin in future periods; however, this depends upon the timing and extent of interest rate fluctuations and may not always be the case.

### Provision for Credit Losses

The following table sets forth the components of provision for credit losses for the periods indicated:

(dollars in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
<b>PROVISION FOR CREDIT LOSSES</b>				
Loans	\$ 746	\$ 983	\$ 1,983	\$ 5,004
Unfunded lending-related commitments	(143)	297	323	1,456
Debt securities	—	(800)	—	—
<b>Total provision for credit losses</b>	<b>\$ 603</b>	<b>\$ 480</b>	<b>\$ 2,306</b>	<b>\$ 6,460</b>

*Comparison of the Three Months Ended September 30, 2024 to the Three Months Ended September 30, 2023*

The Company recorded a provision for credit losses of \$0.6 million during the three months ended September 30, 2024, compared to a \$0.5 million provision during the three months ended September 30, 2023. The third quarter of 2024 provision for credit losses primarily reflects a \$1.2 million increase in required reserves resulting from changes in economic forecasts; a \$0.2 million increase in required reserves resulting from qualitative factor changes; a \$0.6 million decrease in required reserves driven by decreased loan balances and changes within the loan portfolio; and a \$0.2 million decrease in specific reserves.

Additionally, the 2023 results included the reversal of an allowance for credit losses of \$0.8 million on debt securities available-for-sale related to one bank subordinated debt security after a merger announcement by the issuer.

*Comparison of the Nine Months Ended September 30, 2024 to the Nine Months Ended September 30, 2023*

The Company recorded a provision for credit losses of \$2.3 million for the nine months ended September 30, 2024. The 2024 provision for credit losses primarily reflects a \$3.9 million increase in required reserves resulting from changes in qualitative factors; a \$0.1 million increase in required reserves resulting from changes in economic forecasts; a \$1.0 million decrease in specific reserves on individually evaluated loans; and a \$0.7 million decrease in required reserves driven by changes within the loan portfolio.

The 2023 results included the recognition of an allowance for credit losses on non-PCD loans of \$5.2 million and an allowance for credit losses on unfunded commitments of \$0.7 million through provision for credit losses which were related to the Town and Country acquisition.

Additionally, the 2023 results included the establishment of an allowance for credit losses of \$0.8 million on debt securities available-for-sale during the first half of 2023, related to one bank subordinated debt security, which was later reversed during the third quarter of 2023 after a merger announcement by the issuer of the bank subordinated debt security.

Credit losses are highly dependent on current and forecast economic conditions. Potential deterioration of economic conditions may lead to higher credit losses and adversely impact our financial condition and results of operations. The economic forecasts utilized in estimating the allowance for credit losses on loans and lending-related unfunded commitments include the unemployment rate and changes in GDP as macroeconomic variables, although other economic metrics are considered on a qualitative basis.

## Noninterest Income

The following table sets forth the major categories of noninterest income for the periods indicated:

(dollars in thousands)	Three Months Ended September 30,				Nine Months Ended September 30,			
	2024	2023	\$ Change	% Change	2024	2023	\$ Change	% Change
Card income	\$ 2,753	\$ 2,763	\$ (10)	(0.4)%	\$ 8,254	\$ 8,326	\$ (72)	(0.9)%
Wealth management fees	2,670	2,381	289	12.1	7,840	6,998	842	12.0
Service charges on deposit accounts	2,081	2,040	41	2.0	5,852	5,830	22	0.4
Mortgage servicing	1,113	1,169	(56)	(4.8)	3,279	3,522	(243)	(6.9)
Mortgage servicing rights fair value adjustment	(1,488)	23	(1,511)	NM	(1,505)	(460)	(1,045)	NM
Gains on sale of mortgage loans	461	476	(15)	(3.2)	1,202	1,125	77	6.8
Realized gains (losses) on sales of securities	—	(813)	813	NM	(3,382)	(1,820)	(1,562)	NM
Unrealized gains (losses) on equity securities	136	(46)	182	NM	24	(61)	85	NM
Gains (losses) on foreclosed assets	(44)	550	(594)	NM	15	443	(428)	(96.6)
Gains (losses) on other assets	(2)	52	(54)	NM	(637)	161	(798)	NM
Income on bank owned life insurance	170	153	17	11.1	500	415	85	20.5
Other noninterest income	855	742	113	15.2	2,499	2,362	137	5.8
<b>Total</b>	<b>\$ 8,705</b>	<b>\$ 9,490</b>	<b>\$ (785)</b>	<b>(8.3)%</b>	<b>\$ 23,941</b>	<b>\$ 26,841</b>	<b>\$ (2,900)</b>	<b>(10.8)%</b>

NM Not meaningful.

### Comparison of the Three Months Ended September 30, 2024 to the Three Months Ended September 30, 2023

Total noninterest income for the three months ended September 30, 2024, was \$8.7 million, a decrease of \$0.8 million, or 8.3%, from the three months ended September 30, 2023. Notable changes in noninterest income include the following:

- A \$1.5 million negative mortgage servicing rights fair value adjustment included the third quarter of 2024 results, primarily due to changes in the prepayment and future interest rate assumptions utilized in the valuations, compared to a \$23 thousand positive mortgage servicing rights fair value adjustment included in the third quarter 2023 results;
- Realized losses of \$0.8 million on the sale of securities recognized during the third quarter of 2023, which were not present in the third quarter 2024 results;
- A \$44 thousand loss on foreclosed assets was recognized during the third quarter of 2024, compared to a \$0.6 million gain on foreclosed assets during the third quarter of 2023, primarily related to the sale of one property; and
- A \$0.3 million increase in wealth management fees, driven by higher values of assets under management.

*Comparison of the Nine Months Ended September 30, 2024 to the Nine Months Ended September 30, 2023*

Total noninterest income for the nine months ended September 30, 2024, was \$23.9 million, a decrease of \$2.9 million, or 10.8%, from the nine months ended September 30, 2023. Notable changes in noninterest income include the following:

- Net losses of \$3.4 million were realized on the sale of debt securities during the nine months ended September 30, 2024, compared to net losses of \$1.8 million realized during the nine months ended September 30, 2023;
- A \$1.5 million negative mortgage servicing rights fair value adjustment included in the 2024 results, primarily due to changes in the prepayment and future interest rate assumptions utilized in the valuations, compared to a \$0.5 million negative mortgage servicing rights fair value adjustment included in the 2023 results;
- Impairment losses on bank premises of \$0.6 million related to the closure of two branch premises, now held for sale, were recognized during 2024 which were not present in the 2023 results; and
- A \$0.8 million increase in wealth management fees, driven by higher values of assets under management.

## Noninterest Expense

The following table sets forth the major categories of noninterest expense for the periods indicated:

(dollars in thousands)	Three Months Ended September 30,				Nine Months Ended September 30,			
	2024	2023	\$ Change	% Change	2024	2023	\$ Change	% Change
Salaries	\$ 16,325	\$ 15,644	\$ 681	4.4 %	\$ 49,346	\$ 51,715	\$ (2,369)	(4.6)%
Employee benefits	2,997	2,616	381	14.6	8,662	7,658	1,004	13.1
Occupancy of bank premises	2,695	2,573	122	4.7	7,520	7,460	60	0.8
Furniture and equipment	446	667	(221)	(33.1)	1,544	2,135	(591)	(27.7)
Data processing	2,640	2,581	59	2.3	8,171	9,787	(1,616)	(16.5)
Marketing and customer relations	1,380	1,679	(299)	(17.8)	3,372	3,874	(502)	(13.0)
Amortization of intangible assets	710	720	(10)	(1.4)	2,130	1,950	180	9.2
FDIC insurance	572	512	60	11.7	1,697	1,705	(8)	(0.5)
Loan collection and servicing	476	345	131	38.0	1,403	971	432	44.5
Foreclosed assets	19	76	(57)	(75.0)	78	234	(156)	(66.7)
Other noninterest expense	3,062	3,258	(196)	(6.0)	9,176	13,088	(3,912)	(29.9)
<b>Total</b>	<b>\$ 31,322</b>	<b>\$ 30,671</b>	<b>\$ 651</b>	<b>2.1 %</b>	<b>\$ 93,099</b>	<b>\$ 100,577</b>	<b>\$ (7,478)</b>	<b>(7.4)%</b>

### Comparison of the Three Months Ended September 30, 2024 to the Three Months Ended September 30, 2023

Total noninterest expense for the three months ended September 30, 2024, was \$31.3 million, an increase of \$0.7 million, or 2.1%, from the three months ended September 30, 2023. Notable changes in noninterest expense include the following:

- A \$0.7 million increase in salaries expense, primarily driven by annual merit increases;
- A \$0.4 million increase in benefits, primarily attributable to higher medical benefits expenses; and
- A \$0.3 million decrease in marketing and customer relations expense.

### Comparison of the Nine Months Ended September 30, 2024 to the Nine Months Ended September 30, 2023

Total noninterest expense for the nine months ended September 30, 2024, was \$93.1 million, a decrease of \$7.5 million, or 7.4%, from the nine months ended September 30, 2023. Notable changes in noninterest expense include the following:

- There were no Town and Country acquisition-related noninterest expenses for the nine months ended September 30, 2024, but acquisition-related noninterest expenses totaled \$7.8 million for the nine months ended September 30, 2023;
- Excluding Town and Country acquisition-related expenses, the \$1.2 million increase in salaries expense was primarily driven by annual merit increases;
- Excluding Town and Country acquisition-related expenses, the \$1.0 million increase in benefits expense was primarily attributable to higher medical benefits expenses; and
- Excluding Town and Country acquisition-related expenses, the \$1.9 million decrease in other noninterest expense primarily reflects the absence of \$0.8 million of legal fees and \$0.8 million of accruals related to litigation matters disclosed in Note 14 to the Company's Consolidated Financial Statements in this Quarterly Report on Form 10-Q.

**Income Taxes**

During the three months ended September 30, 2024 and 2023, we recorded income tax expense of \$6.3 million, or an effective tax rate of 25.8%, and \$6.9 million, or an effective tax rate of 25.9%, respectively. During the nine months ended September 30, 2024 and 2023, we recorded income tax expense of \$18.5 million, or an effective tax rate of 26.4%, and \$16.4 million, or an effective tax rate of 25.7%, respectively. The increase in effective tax rate during 2024 was primarily attributable to an additional \$0.5 million of tax expense for a deferred tax asset write-down, recognized during the second quarter of 2024, as a result of an Illinois tax change.

## FINANCIAL CONDITION

(dollars in thousands, except per share data)

Consolidated Balance Sheet Information	September 30, 2024	December 31, 2023	\$ Change	% Change
Cash and cash equivalents	\$ 179,671	\$ 141,252	\$ 38,419	27.2 %
Debt securities available-for-sale, at fair value	710,303	759,461	(49,158)	(6.5)
Debt securities held-to-maturity	505,075	521,439	(16,364)	(3.1)
Loans held for sale	2,959	2,318	641	27.7
Loans, before allowance for credit losses	3,369,830	3,404,417	(34,587)	(1.0)
Less: allowance for credit losses	40,966	40,048	918	2.3
Loans, net of allowance for credit losses	3,328,864	3,364,369	(35,505)	(1.1)
Goodwill	59,820	59,820	—	—
Intangible assets, net	18,552	20,682	(2,130)	(10.3)
Other assets	185,484	203,829	(18,345)	(9.0)
<b>Total assets</b>	<b>\$ 4,990,728</b>	<b>\$ 5,073,170</b>	<b>\$ (82,442)</b>	<b>(1.6)%</b>
Total deposits	\$ 4,280,700	\$ 4,401,437	\$ (120,737)	(2.7)%
Securities sold under agreements to repurchase	29,029	42,442	(13,413)	(31.6)
Borrowings	13,435	12,623	812	6.4
Subordinated notes	39,533	39,474	59	0.1
Junior subordinated debentures	52,834	52,789	45	0.1
Other liabilities	37,535	34,909	2,626	7.5
<b>Total liabilities</b>	<b>4,453,066</b>	<b>4,583,674</b>	<b>(130,608)</b>	<b>(2.8)</b>
<b>Total stockholders' equity</b>	<b>537,662</b>	<b>489,496</b>	<b>48,166</b>	<b>9.8</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 4,990,728</b>	<b>\$ 5,073,170</b>	<b>\$ (82,442)</b>	<b>(1.6)%</b>
Tangible assets <sup>(1)</sup>	\$ 4,912,356	\$ 4,992,668	\$ (80,312)	(1.6)%
Tangible common equity <sup>(1)</sup>	459,290	408,994	50,296	12.3
Core deposits <sup>(1)</sup>	\$ 4,036,599	\$ 4,126,374	\$ (89,775)	(2.2)%
<b>Share and Per Share Information</b>				
Book value per share	\$ 17.04	\$ 15.44		
Tangible book value per share <sup>(1)</sup>	14.55	12.90		
Shares of common stock outstanding	31,559,366	31,695,828		
<b>Balance Sheet Ratios</b>				
Loan to deposit ratio	78.72 %	77.35 %		
Core deposits to total deposits <sup>(1)</sup>	94.30	93.75		
Stockholders' equity to total assets	10.77	9.65		
Tangible common equity to tangible assets <sup>(1)</sup>	9.35	8.19		

<sup>(1)</sup> See "Non-GAAP Financial Information" for reconciliation of non-GAAP measure to their most closely comparable GAAP measures.

Notable changes in our consolidated balance sheet include the following:

- Debt securities decreased \$65.5 million, largely due to the sale of \$66.8 million of municipal securities with sales proceeds used to reduce wholesale funding. Additionally, paydowns, maturities, and calls of debt securities generated another \$85.2 million of cash proceeds with \$67.3 million being reinvested into debt securities at currently higher yields;
- Loans decreased by \$34.6 million, driven by lower line of credit utilization and early payoffs of loans; and
- The \$120.7 million decrease in total deposits was primarily attributable to a \$114.9 million decrease in brokered deposits. Deposit balances continued to shift towards higher cost deposit products, such as time deposits which increased \$176.7 million, including the addition of \$65.0 million of time deposits from a State of Illinois loan matching program that are a lower cost source of funding.

## Loan Portfolio

The following table sets forth the composition of the loan portfolio, excluding loans held-for-sale, by type of loan.

(dollars in thousands)	September 30, 2024		December 31, 2023	
	Balance	Percent	Balance	Percent
Commercial and industrial	\$ 395,598	11.7 %	\$ 427,800	12.6 %
Commercial real estate - owner occupied	288,838	8.6	295,842	8.7
Commercial real estate - non-owner occupied	889,188	26.4	880,681	25.9
Construction and land development	359,151	10.7	363,983	10.7
Multi-family	432,712	12.8	417,923	12.3
One-to-four family residential	472,040	14.0	491,508	14.4
Agricultural and farmland	297,102	8.8	287,294	8.4
Municipal, consumer, and other	235,201	7.0	239,386	7.0
Loans, before allowance for credit losses	3,369,830	100.0 %	3,404,417	100.0 %
Allowance for credit losses	(40,966)		(40,048)	
<b>Loans, net of allowance for credit losses</b>	<b>\$ 3,328,864</b>		<b>\$ 3,364,369</b>	

Loans, before allowance for credit losses were \$3.37 billion at September 30, 2024, a decrease of \$34.6 million, or 1.0%, from December 31, 2023. Notable changes include the following:

- A \$12.5 million decrease in line of credit utilization, including \$13.2 million drawn on two customers' lines of credit in late December 2023 that paid off in early January 2024;
- A \$14.8 million increase in multi-family loans and a \$8.5 million increase in commercial real estate – non-owner occupied loans primarily attributable to completed construction projects transferred from the construction and land development category, partially offset by early payoffs; and
- A \$4.8 million decrease in construction loans primarily attributable to transfers of completed projects into other categories, partially offset by draws on existing construction projects and new construction loans to existing customers.

[Table of Contents](#)

*Commercial Real Estate Portfolios*

Commercial real estate – owner occupied loans are primarily made based on the identified cash flows of the borrower and secondarily on the underlying collateral provided by the borrower. The commercial real estate – owner occupied portfolio composition, segmented by the owner's business classification, as of September 30, 2024 was as follows:

(dollars in thousands)	September 30, 2024		
	Balance	Substandard	Risk Rating
Health care and social assistance	\$ 38,975	\$ 330	—
Auto repair and dealers	34,214	—	—
Accommodation and food services	32,342	4,099	—
Retail trade	27,304	—	—
Manufacturing	26,149	—	—
Construction	18,035	1,149	—
Real estate, rental, and leasing	16,017	—	—
Grain elevators	14,046	—	—
Administrative and support services	12,177	—	—
Other services (except public administration)	11,934	—	—
Wholesale trade	9,528	—	—
Arts, entertainment, and recreation	9,123	80	—
Professional, scientific, and technical services	8,478	—	—
Agriculture, forestry, fishing, and hunting	7,290	—	—
Education services	6,628	1,373	—
Finance and insurance	5,510	—	—
Other	11,088	—	—
<b>Total</b>	<b>\$ 288,838</b>	<b>\$ 7,031</b>	<b>—</b>

Commercial real estate – non-owner occupied loans are primarily made based on projected cash flows from the rental or sale of the underlying collateral. The commercial real estate – non-owner occupied portfolio composition, segmented by the property type, as of September 30, 2024 was as follows:

(dollars in thousands)	September 30, 2024		
	Balance	Substandard	Weighted Average LTV <sup>(1)</sup>
Warehouse and manufacturing	\$ 192,420	\$ —	56 %
Retail	171,269	9,228	56
Office	157,809	4,879	57
Senior Living	103,893	12,937	56
Hotel	88,233	10,848	55
Mixed use (commercial and residential)	67,126	—	64
Medical office	34,261	—	59
Gas station	24,963	—	62
Auto repair and dealers	17,464	—	51
Restaurant and bar	13,967	—	61
Other	17,783	—	55
<b>Total</b>	<b>\$ 889,188</b>	<b>\$ 37,892</b>	<b>57 %</b>

(1) Weighted average LTV is based on the most recent appraisals available, which are generally obtained at the time of origination.

Multi-family loans totaled \$432.7 million as of September 30, 2024 and are primarily made based on projected cash flows from the rental or sale of the underlying collateral. As of September 30, 2024, multi-family loans had a weighted average LTV of 58%, based on the most recent appraisals available, which are generally obtained at the time of origination.

Management's disciplined approach to credit risk management is exercised through portfolio diversification, robust underwriting policies, and routine loan monitoring practices in order to identify and mitigate any credit weakness as early as possible. Management continually monitors and evaluates commercial real estate concentrations by property class, industry, and relative to the Bank's regulatory capital to remain in line with board established limits and adapt to changing industry conditions. A centralized credit underwriting group, independent of the originating lender, evaluates all exposures over \$750 thousand annually, if not more frequently, through a standardized credit review process to ensure uniform application of policies and procedures as well as analyze credit performance. All loans require appropriate internal approval, with a centralized credit approval group reviewing all exposures over \$500 thousand. A sampling of the loan portfolio is also reviewed by the Bank's internal loan review function annually, in addition to an annual third-party review of the portfolio.

In response to the rapid increase in interest rates, we have prepared quarterly cash flow stress tests for our commercial real estate – non-owner occupied and multi-family loans since the fourth quarter of 2022. For commercial real estate – non-owner occupied and multi-family loans over \$1 million, we evaluate the impact of current interest rates on the underlying cash flows of the properties securing these loans, based on the most recent cash flow data available. This testing is completed in addition to the various sensitivity testing completed at the initial extension of credit. Individual credits with a maturity scheduled within the next five quarters that are presenting stress under current renewal terms are identified, so that ample time is available to develop solutions to manage credit risk.

[Table of Contents](#)

*Loan Portfolio Maturities*

The following table summarizes the scheduled maturities of the loan portfolio as of September 30, 2024. Demand loans (loans having no stated repayment schedule or maturity) and overdraft loans are reported as being due in one year or less.

(dollars in thousands)	After 1 Year		After 5 Years		After 15 Years	Total
	1 Year or Less	Through 5 Years	Through 15 Years	After 15 Years		
Commercial and industrial	\$ 229,644	\$ 138,609	\$ 27,345	\$ —	\$ 395,598	
Commercial real estate - owner occupied	45,603	157,538	73,139	12,558	288,838	
Commercial real estate - non-owner occupied	185,394	556,746	143,969	3,079	889,188	
Construction and land development	172,888	161,859	15,237	9,167	359,151	
Multi-family	88,154	294,539	48,689	1,330	432,712	
One-to-four family residential	53,084	194,265	99,684	125,007	472,040	
Agricultural and farmland	132,235	120,370	39,721	4,776	297,102	
Municipal, consumer, and other	89,041	45,975	70,470	29,715	235,201	
<b>Total</b>	<b>\$ 996,043</b>	<b>\$ 1,669,901</b>	<b>\$ 518,254</b>	<b>\$ 185,632</b>	<b>\$ 3,369,830</b>	

The following table summarizes loans maturing after one year, segregated into variable and fixed interest rates.

(dollars in thousands)	Variable Interest Rates				Predetermined (Fixed)	Total
	Repricing 1 Year or Less	Repricing After 1 Year	Total Variable Interest Rates	Interest Rates		
Commercial and industrial	\$ 30,859	\$ 6,565	\$ 37,424	\$ 128,530	\$ 165,954	
Commercial real estate - owner occupied	41,677	40,511	82,188	161,047	243,235	
Commercial real estate - non-owner occupied	78,462	22,659	101,121	602,673	703,794	
Construction and land development	59,516	9,930	69,446	116,817	186,263	
Multi-family	39,268	35,919	75,187	269,371	344,558	
One-to-four family residential	85,004	59,849	144,853	274,103	418,956	
Agricultural and farmland	4,055	9,843	13,898	150,969	164,867	
Municipal, consumer, and other	13,942	22,623	36,565	109,595	146,160	
<b>Total</b>	<b>\$ 352,783</b>	<b>\$ 207,899</b>	<b>\$ 560,682</b>	<b>\$ 1,813,105</b>	<b>\$ 2,373,787</b>	

[Table of Contents](#)

*Nonperforming Assets*

The following table sets forth information concerning nonperforming loans and nonperforming assets as of each of the dates indicated.

(dollars in thousands)	September 30, 2024	December 31, 2023
<b>NONPERFORMING ASSETS</b>		
Nonaccrual	\$ 8,200	\$ 7,820
Past due 90 days or more, still accruing	5	37
<b>Total nonperforming loans</b>	<b>8,205</b>	<b>7,857</b>
Foreclosed assets	376	852
<b>Total nonperforming assets</b>	<b>\$ 8,581</b>	<b>\$ 8,709</b>
Nonperforming loans that are wholly or partially guaranteed by the U.S. Government	\$ 2,046	\$ 2,641
Allowance for credit losses	\$ 40,966	\$ 40,048
<b>Loans, before allowance for credit losses</b>	<b>3,369,830</b>	<b>3,404,417</b>
<b>CREDIT QUALITY RATIOS</b>		
Allowance for credit losses to loans, before allowance for credit losses	1.22 %	1.18 %
Allowance for credit losses to nonaccrual loans	499.59	512.12
Allowance for credit losses to nonperforming loans	499.28	509.71
Nonaccrual loans to loans, before allowance for credit losses	0.24	0.23
Nonperforming loans to loans, before allowance for credit losses	0.24	0.23
Nonperforming assets to total assets	0.17	0.17
Nonperforming assets to loans, before allowance for credit losses, and foreclosed assets	0.25	0.26

Total nonperforming assets were \$8.6 million at September 30, 2024, remaining relatively stable from December 31, 2023. Additionally, of the \$8.2 million of nonperforming loans held as of September 30, 2024, \$2.0 million are either wholly or partially guaranteed by the U.S. Government.

*Risk Classification of Loans*

Our risk classifications of loans were as follows:

(dollars in thousands)	September 30, 2024	December 31, 2023
Pass	\$ 3,157,434	\$ 3,241,889
Pass-watch	109,743	98,206
Special mention <sup>(1)</sup>	27,632	—
Substandard	75,021	64,322
<b>Total</b>	<b>\$ 3,369,830</b>	<b>\$ 3,404,417</b>

(1) In June 2024, the Company updated its risk rating categories to add the special mention category to provide another level of granularity in distinguishing risk levels of loans. As of June 30, 2024, \$19.5 million of the special mention loans would have been considered pass-watch and \$10.6 million would have been considered substandard under the previous risk rating categories.

Loans rated pass-watch or worse increased \$49.9 million, or 30.7%, from December 31, 2023 to September 30, 2024, primarily attributable to the downgrade of one construction and land development credit, three non-owner occupied commercial real estate credits, and two farmland-secured credits to the pass-watch risk classification.

[Table of Contents](#)

**Net Charge-offs (Recoveries)**

The following table summarizes net charge-offs (recoveries) to average loans by loan category.

(dollars in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
<b>Net charge-offs (recoveries)</b>				
Commercial and industrial	\$ 707	\$ 1	\$ 1,165	\$ (30)
Commercial real estate - owner occupied	(4)	—	(8)	(11)
Commercial real estate - non-owner occupied	(329)	156	(586)	(82)
Construction and land development	—	(44)	(2)	(52)
Multi-family	—	(280)	188	(280)
One-to-four family residential	81	(32)	4	(101)
Agricultural and farmland	(2)	(2)	(10)	(4)
Municipal, consumer, and other	133	135	314	264
<b>Total</b>	<b>\$ 586</b>	<b>\$ (66)</b>	<b>\$ 1,065</b>	<b>\$ (296)</b>
<b>Average loans</b>				
Commercial and industrial	\$ 395,431	\$ 393,231	\$ 402,807	\$ 360,233
Commercial real estate - owner occupied	282,143	291,969	291,371	290,025
Commercial real estate - non-owner occupied	885,529	895,384	885,021	867,277
Construction and land development	373,218	360,319	364,598	366,372
Multi-family	424,879	378,775	422,968	360,842
One-to-four family residential	484,247	492,094	487,949	471,483
Agricultural and farmland	290,426	264,110	284,465	247,598
Municipal, consumer, and other	243,426	220,821	235,696	219,811
<b>Total</b>	<b>\$ 3,379,299</b>	<b>\$ 3,296,703</b>	<b>\$ 3,374,875</b>	<b>\$ 3,183,641</b>
<b>Charge-offs (recoveries) to average loans *</b>				
Commercial and industrial	0.71 %	— %	0.39 %	(0.01)%
Commercial real estate - owner occupied	(0.01)	—	—	(0.01)
Commercial real estate - non-owner occupied	(0.15)	0.07	(0.09)	(0.01)
Construction and land development	—	(0.05)	—	(0.02)
Multi-family	—	(0.29)	0.06	(0.10)
One-to-four family residential	0.07	(0.03)	—	(0.03)
Agricultural and farmland	—	—	—	—
Municipal, consumer, and other	0.22	0.24	0.18	0.16
<b>Total</b>	<b>0.07 %</b>	<b>(0.01)%</b>	<b>0.04 %</b>	<b>(0.01)%</b>

\* Annualized measure.

The net charge-offs (recoveries) to average total loans ratio has remained low for several years. While we believe our continuous credit monitoring and collection efforts have resulted in lower levels of credit losses, we also recognize that substantial federal economic stimulus following the COVID-19 pandemic and the relatively stable economic conditions after the pandemic have also contributed to reduced credit losses.

Additionally, heightened net charge-offs within the commercial and industrial segment are primarily related to equipment finance loans which were purchased as part of a pool of loans during 2023.

[Table of Contents](#)

## Securities

The Company's investment policy emphasizes safety of the principal, liquidity needs, expected returns, cash flow targets, and consistency with our interest rate risk management strategy. The composition and maturities of the debt securities portfolio as of September 30, 2024, are summarized in the following table. Maturities are based on the final contractual payment dates, and do not reflect the impact of prepayments or early redemptions that may occur. Security yields have not been adjusted to a tax-equivalent basis.

	September 30, 2024					
	Available-for-Sale		Held-to-Maturity		Total	
	Amortized Cost	Weighted Average Yield	Amortized Cost	Weighted Average Yield	Amortized Cost	Weighted Average Yield
(dollars in thousands)						
<b>Due in 1 year or less</b>						
U.S. Treasury	\$ 40,128	1.44 %	\$ —	— %	\$ 40,128	1.44 %
U.S. government agency	6,296	2.87	—	—	6,296	2.87
Municipal	3,974	2.40	4,891	3.00	8,865	2.73
Mortgage-backed:						
Agency residential	48	3.09	—	—	48	3.09
Agency commercial	6	7.25	—	—	6	7.25
<b>Total</b>	<b>\$ 50,452</b>	<b>1.70 %</b>	<b>\$ 4,891</b>	<b>3.00 %</b>	<b>\$ 55,343</b>	<b>1.81 %</b>
<b>Due after 1 year through 5 years</b>						
U.S. Treasury	\$ 79,926	1.22 %	\$ —	— %	\$ 79,926	1.22 %
U.S. government agency	36,429	2.41	32,238	2.20	68,667	2.31
Municipal	43,167	1.63	16,970	3.13	60,137	2.06
Mortgage-backed:						
Agency residential	10,324	2.75	11,299	2.15	21,623	2.43
Agency commercial	70,230	1.80	79,896	2.27	150,126	2.05
Corporate	24,946	5.37	—	—	24,946	5.37
<b>Total</b>	<b>\$ 265,022</b>	<b>2.05 %</b>	<b>\$ 140,403</b>	<b>2.35 %</b>	<b>\$ 405,425</b>	<b>2.16 %</b>
<b>Due after 5 years through 10 years</b>						
U.S. Treasury	\$ 19,638	1.62 %	\$ —	— %	\$ 19,638	1.62 %
U.S. government agency	16,442	3.41	56,227	2.64	72,669	2.81
Municipal	87,001	1.75	12,200	3.57	99,201	1.97
Mortgage-backed:						
Agency residential	57,994	2.14	—	—	57,994	2.14
Agency commercial	22,518	1.66	172,317	1.87	194,835	1.84
Corporate	34,770	4.52	—	—	34,770	4.52
<b>Total</b>	<b>\$ 238,363</b>	<b>2.34 %</b>	<b>\$ 240,744</b>	<b>2.13 %</b>	<b>\$ 479,107</b>	<b>2.24 %</b>
<b>Due after 10 years</b>						
Municipal	\$ 19,900	1.65 %	\$ 2,258	3.43 %	\$ 22,158	1.84 %
Mortgage-backed:						
Agency residential	144,185	3.60	76,933	3.63	221,118	3.61
Agency commercial	38,559	2.45	39,846	1.96	78,405	2.20
Corporate	2,000	4.50	—	—	2,000	4.50
<b>Total</b>	<b>\$ 204,644</b>	<b>3.21 %</b>	<b>\$ 119,037</b>	<b>3.07 %</b>	<b>\$ 323,681</b>	<b>3.15 %</b>
<b>Total</b>						
U.S. Treasury	\$ 139,692	1.34 %	\$ —	— %	\$ 139,692	1.34 %
U.S. government agency	59,167	2.74	88,465	2.48	147,632	2.58
Municipal	154,042	1.72	36,319	3.28	190,361	2.02
Mortgage-backed:						
Agency residential	212,551	3.16	88,232	3.44	300,783	3.24
Agency commercial	131,313	1.97	292,059	1.99	423,372	1.98
Corporate	61,716	4.86	—	—	61,716	4.86
<b>Total</b>	<b>\$ 758,481</b>	<b>2.43 %</b>	<b>\$ 505,075</b>	<b>2.42 %</b>	<b>\$ 1,263,556</b>	<b>2.43 %</b>



## SOURCES OF FUNDS

### Deposits

Management continues to focus on growing deposits through the Company's relationship-driven banking philosophy and community-focused marketing programs. Additionally, the Bank continues to add and improve digital banking services to solidify deposit relationships.

The following table sets forth the distribution of average deposits, by account type:

(dollars in thousands)	Three Months Ended September 30,						Percent Change in Average Balance	
	2024			2023				
	Average Balance	Percent of Total Deposits	Weighted Average Cost *	Average Balance	Percent of Total Deposits	Weighted Average Cost *		
Noninterest-bearing	\$ 1,013,893	23.5 %	— %	\$ 1,105,472	26.5 %	— %	(8.3)%	
Interest-bearing demand	1,085,609	25.2	0.52	1,160,654	27.8	0.26	(6.5)	
Money market	800,651	18.6	2.35	682,772	16.4	1.18	17.3	
Savings	573,077	13.3	0.27	639,384	15.3	0.15	(10.4)	
Time	804,379	18.7	3.81	519,683	12.4	2.50	54.8	
Brokered	29,996	0.7	5.54	66,776	1.6	5.34	(55.1)	
<b>Total deposits</b>	<b>\$ 4,307,605</b>	<b>100.0 %</b>	<b>1.35 %</b>	<b>\$ 4,174,741</b>	<b>100.0 %</b>	<b>0.69 %</b>	<b>3.2 %</b>	

  

(dollars in thousands)	Nine Months Ended September 30,						Percent Change in Average Balance	
	2024			2023				
	Average Balance	Percent of Total Deposits	Weighted Average Cost *	Average Balance	Percent of Total Deposits	Weighted Average Cost *		
Noninterest-bearing	\$ 1,031,239	23.8 %	— %	\$ 1,123,917	27.2 %	— %	(8.2)%	
Interest-bearing demand	1,112,198	25.7	0.50	1,204,937	29.1	0.21	(7.7)	
Money market	800,693	18.5	2.37	664,036	16.1	0.90	20.6	
Savings	592,134	13.7	0.28	678,495	16.4	0.12	(12.7)	
Time	744,349	17.2	3.72	441,760	10.7	1.82	68.5	
Brokered	50,046	1.1	5.49	22,987	0.5	5.30	117.7	
<b>Total deposits</b>	<b>\$ 4,330,659</b>	<b>100.0 %</b>	<b>1.31 %</b>	<b>\$ 4,136,132</b>	<b>100.0 %</b>	<b>0.45 %</b>	<b>4.7 %</b>	

\* Annualized measure.

The increase in average deposit balances in 2024 compared to 2023 is primarily attributable to wealth management customer reciprocal deposits brought on balance sheet in December 2023, which increased average money market deposits by \$128.9 million during the three months ended September 30, 2024 and by \$134.6 million during the nine months ended September 30, 2024. Additionally, the Town and Country merger added \$720.4 million of deposits on February 1, 2023.

As of September 30, 2024, the Company had \$30.0 million of wholesale brokered deposits outstanding which matured and were repaid in October 2024. Brokered deposits are generally considered to be deposits that have been received from a third party who is engaged in the business of placing deposits on behalf of others. A traditional deposit broker will direct deposits to the banking institution offering the highest interest rate available. Federal banking laws and regulations place restrictions on depository institutions regarding brokered deposits because of the general concern that these deposits are not relationship based and are at a greater risk of being withdrawn and placed on deposit at another institution offering a higher interest rate, thus posing liquidity risk for institutions that gather brokered deposits in significant amounts.

The following table sets forth time deposits by remaining maturity as of September 30, 2024:

(dollars in thousands)	3 Months or Less	Over 3 through 6 Months	Over 6 through 12 Months	Over 12 Months	Total
<b>Time and brokered time deposits:</b>					
Amounts less than \$100,000	\$ 124,343	\$ 127,943	\$ 74,311	\$ 34,710	\$ 361,307
Amounts of \$100,000 or more but less than \$250,000	83,069	107,366	51,809	16,310	258,554
Amounts of \$250,000 or more	56,098	95,522	55,682	6,800	214,102
<b>Total time and brokered time deposits</b>	<b>\$ 263,510</b>	<b>\$ 330,831</b>	<b>\$ 181,802</b>	<b>\$ 57,820</b>	<b>\$ 833,963</b>

As of September 30, 2024 and December 31, 2023, the Bank's uninsured deposits were estimated to be \$967.5 million and \$867.7 million, respectively.

## LIQUIDITY

### Bank Liquidity

The overall objective of bank liquidity management is to ensure the availability of sufficient cash funds to meet all financial commitments and to take advantage of investment opportunities. The Bank manages liquidity in order to meet deposit withdrawals on demand or at contractual maturity, to repay borrowings as they mature, and to fund new loans and investments as opportunities arise.

The Bank continuously monitors its liquidity positions to ensure that assets and liabilities are managed in a manner that will meet all of our short-term and long-term cash requirements. The Bank manages its liquidity position to meet our daily cash flow needs, while maintaining an appropriate balance between assets and liabilities to meet the return on investment objectives. The Bank also monitors liquidity requirements in light of interest rate trends, changes in the economy, the scheduled maturity and interest rate sensitivity of the investment and loan portfolios and deposits, and regulatory capital requirements.

As part of the Bank's liquidity management strategy, the Bank is also focused on minimizing costs of liquidity and attempts to decrease these costs by promoting noninterest-bearing and low-cost deposits. While the Bank does not control the types of deposit instruments our clients choose, those choices can be influenced with the rates and the deposit specials offered.

Our on-balance sheet sources of liquidity included cash and cash equivalents as well as unpledged securities which may be sold or pledged as collateral to meet liquidity needs. As of September 30, 2024 and December 31, 2023, our on-balance sheet sources of liquidity included the following:

(dollars in thousands)	September 30, 2024	December 31, 2023
Cash and cash equivalents	\$ 179,671	\$ 141,252
Fair value of unpledged securities	648,017	827,760
<b>Total cash and unpledged securities</b>	<b>\$ 827,688</b>	<b>\$ 969,012</b>

Additional sources of liquidity include borrowings from the FHLB, the Federal Reserve discount window, and federal fund lines of credit. Interest is charged on outstanding borrowings at the prevailing market rate. As of September 30, 2024, our current borrowings and additional available borrowing capacity were as follows:

(dollars in thousands)	September 30, 2024	
	Current Balance	Additional Available Capacity
FHLB	\$ 13,435	\$ 1,019,179
Federal Reserve	—	104,665
Federal funds lines of credit	—	80,000
<b>Total</b>	\$ 13,435	\$ 1,203,844

Further, the Bank could utilize brokered deposits as an additional source of liquidity, as needed.

As of September 30, 2024, management believed the current liquidity and available sources of liquidity are adequate to meet all of the reasonably foreseeable short-term and intermediate-term demands of the Bank. As of September 30, 2024, the Bank had no material commitments for capital expenditures.

#### **Holding Company Liquidity**

The Holding Company, or HBT Financial, Inc. on an unconsolidated basis, is a corporation separate and apart from the Bank and, therefore, it must provide for its own liquidity. As of September 30, 2024, the Holding Company had cash and cash equivalents of \$17.9 million.

The Holding Company's main source of funding is dividends declared and paid to it by the Bank. Dividends paid by the Bank to the Holding Company would be prohibited if the effect thereof would cause the Bank's capital to be reduced below applicable minimum capital requirements. Management believes that such limitations will not impact the Holding Company's ability to meet its ongoing short-term or intermediate-term cash obligations. During the three months ended September 30, 2024 and 2023, the Bank paid \$8.0 million and \$12.0 million in dividends to the Holding Company, respectively. During the nine months ended September 30, 2024 and 2023, the Bank paid \$26.0 million and \$52.0 million in dividends to the Holding Company, respectively.

The liquidity needs of the Holding Company on an unconsolidated basis consist primarily of operating expenses, interest payments on the subordinated notes and junior subordinated debentures, and shareholder distributions in the form of dividends and stock repurchases. During the three months ended September 30, 2024 and 2023, holding company operating expenses consisted of interest expense of \$1.5 million and \$1.4 million, respectively, and other operating expenses of \$1.0 million and \$1.2 million, respectively. During the nine months ended September 30, 2024 and 2023, holding company operating expenses consisted of interest expense of \$4.3 million and \$4.0 million, respectively, and other operating expenses of \$3.1 million and \$4.6 million, respectively.

Additionally, the Holding Company paid \$6.0 million and \$5.4 million of dividends to stockholders during the three months ended September 30, 2024 and 2023, respectively, and paid \$18.1 million and \$16.4 million of dividends to stockholders during the nine months ended September 30, 2024 and 2023, respectively. The Holding Company also paid \$38.0 million in cash consideration in the acquisition of Town and Country during the first quarter of 2023.

As of September 30, 2024, management was not aware of any known trends, events or uncertainties that had or were reasonably likely to have a material impact on the Holding Company's liquidity.

As of September 30, 2024, management believed the current liquidity and available sources of liquidity are adequate to meet all of the reasonably foreseeable short-term and intermediate-term demands of the Holding Company. As of September 30, 2024, the Holding Company had no material commitments for capital expenditures.

## CAPITAL RESOURCES

The overall objectives of capital management are to ensure the availability of sufficient capital to support loan, deposit and other asset and liability growth opportunities and to maintain capital to absorb unforeseen losses or write-downs that are inherent in the business risks associated with the banking industry. The Company seeks to balance the need for higher capital levels to address such unforeseen risks and the goal to achieve an adequate return on the capital invested by our stockholders.

### Regulatory Capital Requirements

The Company and Bank are each subject to various regulatory capital requirements administered by federal and state banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory, and possibly additional discretionary, actions by regulators that, if undertaken, could have a direct material effect on the financial statements of the Company and the Bank.

In addition to meeting minimum capital requirements, the Company and the Bank must also maintain a "capital conservation buffer" to avoid becoming subject to restrictions on capital distributions and certain discretionary bonus payments to management. The capital conservation buffer requirement is 2.5% of risk-weighted assets.

As of September 30, 2024 and December 31, 2023, the Company and the Bank met all capital adequacy requirements to which they were subject. As of those dates, the Bank was "well capitalized" under the regulatory prompt corrective action provisions.

The following table sets forth actual capital ratios of the Company and the Bank as of the dates indicated, as well as the minimum ratios for capital adequacy purposes with the capital conservation buffer, and the minimum ratios to be well capitalized under regulatory prompt corrective action provisions.

	September 30, 2024	December 31, 2023	For Capital Adequacy Purposes With Capital Conservation Buffer <sup>(1)</sup>	To Be Well Capitalized Under Prompt Corrective Action Provisions <sup>(2)</sup>
<b>Consolidated HBT Financial, Inc.</b>				
Total Capital (to Risk Weighted Assets)	16.54 %	15.33 %	10.50 %	N/A
Tier 1 Capital (to Risk Weighted Assets)	14.48	13.42	8.50	N/A
Common Equity Tier 1 Capital (to Risk Weighted Assets)	13.15	12.12	7.00	N/A
Tier 1 Capital (to Average Assets)	11.16	10.49	4.00	N/A
<b>Heartland Bank and Trust Company</b>				
Total Capital (to Risk Weighted Assets)	16.13 %	14.92 %	10.50 %	10.00 %
Tier 1 Capital (to Risk Weighted Assets)	15.10	14.01	8.50	8.00
Common Equity Tier 1 Capital (to Risk Weighted Assets)	15.10	14.01	7.00	6.50
Tier 1 Capital (to Average Assets)	11.64	10.96	4.00	5.00

(1) The Tier 1 capital to average assets ratio (known as the "leverage ratio") is not impacted by the capital conservation buffer.

(2) The prompt corrective action provisions are not applicable to bank holding companies.

N/A Not applicable.

As of September 30, 2024, management was not aware of any known trends, events or uncertainties that had or were reasonably likely to have a material impact on the Company's capital resources.

### Cash Dividends

During 2023, the Company paid quarterly cash dividends of \$0.17 per share. On January 23, 2024, the Company announced an increase of \$0.02 and paid a \$0.19 per share dividend during the first, second, and third quarters of 2024.

## **Stock Repurchase Program**

The Company did not repurchase any shares of its common stock during the three months ended September 30, 2024. The Company's Board of Directors have authorized the repurchase of up to \$15.0 million of its common stock under its stock repurchase program in effect until January 1, 2025. As of September 30, 2024, the Company had \$10.6 million remaining under the current stock repurchase authorization.

## **OFF-BALANCE SHEET ARRANGEMENTS**

As a financial services provider, the Bank routinely is a party to various financial instruments with off-balance sheet risks, such as commitments to extend credit, standby letters of credit, unused lines of credit, commitments to sell loans, and interest rate swaps. While these contractual obligations represent our future cash requirements, a significant portion of commitments to extend credit may expire without being drawn upon. Such commitments are subject to the same credit policies and approval process afforded to loans originated by the Bank. For additional information, see "Note 14 – Commitments and Contingencies" to the consolidated financial statements.

## **CRITICAL ACCOUNTING ESTIMATES**

Critical accounting estimates are those that are critical to the portrayal and understanding of the Company's financial condition and results of operations and require management to make assumptions that are difficult, subjective, or complex. These estimates involve judgments, assumptions, and uncertainties that are susceptible to change. In the event that different assumptions or conditions were to prevail, and depending on the severity of such changes, the possibility of a materially different financial condition or materially different results of operations is a reasonable likelihood. Further, changes in accounting standards could impact the Company's critical accounting estimates. The following accounting estimate could be deemed critical:

### **Allowance for Credit Losses**

The allowance for credit losses reflects an estimate of lifetime expected credit losses. Measurement of expected credit losses is based on relevant information about past events, including historical experience, current conditions, and reasonable and supportable forecasts. The allowance for credit losses is established through a provision for credit losses which is charged to expense. Additions to the allowance for credit losses are expected to maintain the adequacy of the total allowance for credit losses. Loan losses are charged off against the allowance for credit losses when the Company determines the loan balance to be uncollectible. Cash received on previously charged off amounts is recorded as a recovery to the allowance for credit losses.

Management uses the discounted cash flow method to estimate expected credit losses for all loan categories, except for consumer loans where the weighted average remaining maturity method is utilized. The Company uses regression analysis of historical internal and peer data to determine which macroeconomic variables are most closely correlated with credit losses, such as the unemployment rate and changes in GDP. Management leverages economic projections from a reputable third party to inform its economic forecasts with a reversion to historical averages for periods beyond a reasonable and supportable forecast period.

Nonaccrual loans and loans which do not share risk characteristics with other loans in the pool are individually evaluated to determine expected credit losses.

The allowance for credit losses on unfunded commitments is estimated in the same manner as the associated loans, adjusted for anticipated funding rate.

## NON-GAAP FINANCIAL INFORMATION

This Quarterly Report on Form 10-Q contains certain financial information determined by methods other than those in accordance with GAAP. Management believes that it is a standard practice in the banking industry to present these non-GAAP financial measures, and accordingly believes that providing these measures may be useful for peer comparison purposes. These disclosures should not be viewed as substitutes for the results determined to be in accordance with GAAP; nor are they necessarily comparable to non-GAAP financial measures that may be presented by other companies. See our reconciliation of non-GAAP financial measures to their most closely comparable GAAP financial measures below.

Non-GAAP Financial Measure	Definition	How the Measure Provides Useful Information to Investors
Adjusted Net Income	<ul style="list-style-type: none"><li>Net income, with the following adjustments:<ul style="list-style-type: none"><li>- excludes acquisition expenses, including the day 2 provision for credit losses on non-PCD loans and unfunded commitments,</li><li>- excludes branch closure expenses,</li><li>- excludes net earnings (losses) from closed or sold operations,</li><li>- excludes gains (losses) on closed branch premises,</li><li>- excludes realized gains (losses) on sales of securities,</li><li>- excludes mortgage servicing rights fair value adjustment, and</li><li>- the income tax effect of these pre-tax adjustments.</li></ul></li></ul>	<ul style="list-style-type: none"><li>Enhances comparisons to prior periods and, accordingly, facilitates the development of future projections and earnings growth prospects.</li><li>We also sometimes refer to ratios that include Adjusted Net Income, such as:<ul style="list-style-type: none"><li>- Adjusted Return on Average Assets, which is Adjusted Net Income divided by average assets.</li><li>- Adjusted Return on Average Equity, which is Adjusted Net Income divided by average equity.</li><li>- Adjusted Earnings Per Share - Basic, which is Adjusted Net Income allocated to common shares divided by weighted average common shares outstanding.</li><li>- Adjusted Earnings Per Share - Diluted, which is Adjusted Net Income allocated to common shares divided by weighted average common shares outstanding, including all dilutive potential shares.</li></ul></li></ul>
Net Interest Income (Tax-Equivalent Basis)	<ul style="list-style-type: none"><li>Net interest income adjusted for the tax-favored status of tax-exempt loans and securities.<sup>(1)</sup></li></ul>	<ul style="list-style-type: none"><li>We believe the tax-equivalent basis is the preferred industry measurement of net interest income.</li><li>Enhances comparability of net interest income arising from taxable and tax-exempt sources.</li><li>We also sometimes refer to Net Interest Margin (Tax-Equivalent Basis), which is Net Interest Income (Tax-Equivalent Basis) divided by average interest-earning assets.</li></ul>
Efficiency Ratio (Tax-Equivalent Basis)	<ul style="list-style-type: none"><li>Noninterest expense less amortization of intangible assets divided by the sum of net interest income (tax-equivalent basis) and noninterest income.<sup>(1)</sup></li></ul>	<ul style="list-style-type: none"><li>Provides a measure of productivity in the banking industry.</li><li>Calculated to measure the cost of generating one dollar of revenue. That is, the ratio is designed to reflect the percentage of one dollar which must be expended to generate that dollar of revenue.</li></ul>

(1) Tax-equivalent basis assuming a federal income tax rate of 21% and a state tax rate of 9.5%.

Non-GAAP Financial Measure	Definition	How the Measure Provides Useful Information to Investors
Ratio of Tangible Common Equity to Tangible Assets	<ul style="list-style-type: none"> <li>• Tangible Common Equity is total stockholders' equity less goodwill and other intangible assets.</li> <li>• Tangible Assets is total assets less goodwill and other intangible assets.</li> </ul>	<ul style="list-style-type: none"> <li>• Generally used by investors, our management, and banking regulators to evaluate capital adequacy.</li> <li>• Facilitates comparison of our earnings with the earnings of other banking organization with varying amounts of goodwill or intangible assets.</li> <li>• We also sometimes refer to ratios that include Tangible Common Equity, such as: <ul style="list-style-type: none"> <li>- Tangible Book Value Per Share, which is Tangible Common Equity divided by shares of common stock outstanding.</li> <li>- Return on Average Tangible Common Equity, which is net income divided by average Tangible Common Equity.</li> <li>- Adjusted Return on Average Tangible Common Equity, which is Adjusted Net Income divided by average Tangible Common Equity.</li> </ul> </li> </ul>
Core Deposits	<ul style="list-style-type: none"> <li>• Total deposits, excluding: <ul style="list-style-type: none"> <li>- Time deposits of \$250,000 or more, and</li> <li>- Brokered deposits</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Provides investors with information regarding the stability of the Company's sources of funds.</li> <li>• We also sometimes refer to the ratio of Core Deposits to total deposits.</li> </ul>

**Reconciliation of Non-GAAP Financial Measure —  
Adjusted Net Income and Adjusted Return on Average Assets**

(dollars in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Net income	\$ 18,180	\$ 19,715	\$ 51,508	\$ 47,396
Adjustments:				
Acquisition expenses <sup>(1)</sup>	—	—	—	(13,691)
Gains (losses) on closed branch premises	—	—	(635)	75
Realized gains (losses) on sales of securities	—	(813)	(3,382)	(1,820)
Mortgage servicing rights fair value adjustment	(1,488)	23	(1,505)	(460)
Total adjustments	(1,488)	(790)	(5,522)	(15,896)
Tax effect of adjustments <sup>(2)</sup>	424	226	1,574	4,382
Total adjustments after tax effect	(1,064)	(564)	(3,948)	(11,514)
Adjusted net income	\$ 19,244	\$ 20,279	\$ 55,456	\$ 58,910
Average assets	\$ 5,006,721	\$ 4,964,832	\$ 5,012,656	\$ 4,902,783
Return on average assets *	1.44 %	1.58 %	1.37 %	1.29 %
Adjusted return on average assets *	1.53	1.62	1.48	1.61

\* Annualized measure.

(1) Includes recognition of an allowance for credit losses on non-PCD loans of \$5.2 million and an allowance for credit losses on unfunded commitments of \$0.7 million in connection with the Town and Country merger during the first quarter of 2023 in accordance with ASC 326 which was adopted on January 1, 2023.

(2) Assumes a federal income tax rate of 21% and a state tax rate of 9.5%.

**Reconciliation of Non-GAAP Financial Measure —  
Adjusted Earnings Per Share**

(dollars in thousands, except per share amounts)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
<b>Numerator:</b>				
Net income	\$ 18,180	\$ 19,715	\$ 51,508	\$ 47,396
Earnings allocated to participating securities <sup>(1)</sup>	—	(10)	—	(26)
Numerator for earnings per share - basic and diluted	\$ 18,180	\$ 19,705	\$ 51,508	\$ 47,370
Adjusted net income	\$ 19,244	\$ 20,279	\$ 55,456	\$ 58,910
Earnings allocated to participating securities <sup>(1)</sup>	—	(10)	—	(33)
Numerator for adjusted earnings per share - basic and diluted	\$ 19,244	\$ 20,269	\$ 55,456	\$ 58,877
<b>Denominator:</b>				
Weighted average common shares outstanding	31,559,366	31,829,250	31,600,442	31,598,650
Dilutive effect of outstanding restricted stock units	118,180	137,187	115,266	102,574
Weighted average common shares outstanding, including all dilutive potential shares	31,677,546	31,966,437	31,715,708	31,701,224
<b>Earnings per share - Basic</b>	\$ 0.58	\$ 0.62	\$ 1.63	\$ 1.50
<b>Earnings per share - Diluted</b>	\$ 0.57	\$ 0.62	\$ 1.62	\$ 1.49
<b>Adjusted earnings per share - Basic</b>	\$ 0.61	\$ 0.64	\$ 1.75	\$ 1.86
<b>Adjusted earnings per share - Diluted</b>	\$ 0.61	\$ 0.63	\$ 1.75	\$ 1.86

(1) The Company previously granted restricted stock units that contained non-forfeitable rights to dividend equivalents which were considered participating securities. Prior to 2024, these restricted stock units were included in the calculation of basic earnings per share using the two-class method. The two-class method of computing earnings per share is an earnings allocation formula that determines earnings per share for each class of common stock and participating security according to dividends declared (or accumulated) and participation rights in undistributed earnings.

**Reconciliation of Non-GAAP Financial Measure —  
Net Interest Income and Net Interest Margin (Tax-Equivalent Basis)**

(dollars in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
<b>Net interest income (tax-equivalent basis)</b>				
Net interest income	\$ 47,733	\$ 48,279	\$ 141,449	\$ 143,988
Tax-equivalent adjustment <sup>(1)</sup>	552	675	1,680	2,092
Net interest income (tax-equivalent basis) <sup>(1)</sup>	<u><u>\$ 48,285</u></u>	<u><u>\$ 48,954</u></u>	<u><u>\$ 143,129</u></u>	<u><u>\$ 146,080</u></u>
<b>Net interest margin (tax-equivalent basis)</b>				
Net interest margin *	3.98 %	4.07 %	3.96 %	4.14 %
Tax-equivalent adjustment * <sup>(1)</sup>	0.05	0.06	0.05	0.06
Net interest margin (tax-equivalent basis) * <sup>(1)</sup>	<u><u>4.03 %</u></u>	<u><u>4.13 %</u></u>	<u><u>4.01 %</u></u>	<u><u>4.20 %</u></u>
Average interest-earning assets	\$ 4,769,471	\$ 4,708,331	\$ 4,773,478	\$ 4,649,993

\* Annualized measure.

(1) On a tax-equivalent basis assuming a federal income tax rate of 21% and a state tax rate of 9.5%.

**Reconciliation of Non-GAAP Financial Measure —  
Efficiency Ratio (Tax-Equivalent Basis)**

(dollars in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
<b>Efficiency ratio (tax-equivalent basis)</b>				
Total noninterest expense	\$ 31,322	\$ 30,671	\$ 93,099	\$ 100,577
Less: amortization of intangible assets	710	720	2,130	1,950
<b>Noninterest expense excluding amortization of intangible assets</b>	<u><u>\$ 30,612</u></u>	<u><u>\$ 29,951</u></u>	<u><u>\$ 90,969</u></u>	<u><u>\$ 98,627</u></u>
Net interest income	\$ 47,733	\$ 48,279	\$ 141,449	\$ 143,988
Total noninterest income	8,705	9,490	23,941	26,841
<b>Operating revenue</b>	56,438	57,769	165,390	170,829
Tax-equivalent adjustment <sup>(1)</sup>	552	675	1,680	2,092
Operating revenue (tax-equivalent basis) <sup>(1)</sup>	<u><u>\$ 56,990</u></u>	<u><u>\$ 58,444</u></u>	<u><u>\$ 167,070</u></u>	<u><u>\$ 172,921</u></u>
Efficiency ratio	54.24 %	51.85 %	55.00 %	57.73 %
Efficiency ratio (tax-equivalent basis) <sup>(1)</sup>	53.71	51.25	54.45	57.04

(1) On a tax-equivalent basis assuming a federal income tax rate of 21% and a state tax rate of 9.5%.

**Reconciliation of Non-GAAP Financial Measure —  
Ratio of Tangible Common Equity to Tangible Assets and Tangible Book Value Per Share**

(dollars in thousands, except per share data)	September 30, 2024	December 31, 2023
<b>Tangible Common Equity</b>		
Total stockholders' equity	\$ 537,662	\$ 489,496
Less: Goodwill	59,820	59,820
Less: Intangible assets, net	18,552	20,682
<b>Tangible common equity</b>	<u><u>\$ 459,290</u></u>	<u><u>\$ 408,994</u></u>
<b>Tangible Assets</b>		
Total assets	\$ 4,990,728	\$ 5,073,170
Less: Goodwill	59,820	59,820
Less: Intangible assets, net	18,552	20,682
<b>Tangible assets</b>	<u><u>\$ 4,912,356</u></u>	<u><u>\$ 4,992,668</u></u>
Total stockholders' equity to total assets	10.77 %	9.65 %
Tangible common equity to tangible assets	9.35	8.19
Shares of common stock outstanding	31,559,366	31,695,828
Book value per share	\$ 17.04	\$ 15.44
Tangible book value per share	14.55	12.90

**Reconciliation of Non-GAAP Financial Measure —  
Return on Average Tangible Common Equity, Adjusted Return on Average Stockholders' Equity, and Adjusted Return on Average Tangible Common Equity**

(dollars in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
<b>Average Tangible Common Equity</b>				
Total stockholders' equity	\$ 523,745	\$ 459,601	\$ 506,582	\$ 445,576
Less: Goodwill	59,820	59,875	59,820	56,406
Less: Intangible assets, net	18,892	21,793	19,607	20,005
<b>Average tangible common equity</b>	<u><u>\$ 445,033</u></u>	<u><u>\$ 377,933</u></u>	<u><u>\$ 427,155</u></u>	<u><u>\$ 369,165</u></u>
Net income	\$ 18,180	\$ 19,715	\$ 51,508	\$ 47,396
Adjusted net income	19,244	20,279	55,456	58,910
Return on average stockholders' equity *	13.81 %	17.02 %	13.58 %	14.22 %
Return on average tangible common equity *	16.25	20.70	16.11	17.17
Adjusted return on average stockholders' equity *	14.62 %	17.51 %	14.62 %	17.68 %
Adjusted return on average tangible common equity *	17.20	21.29	17.34	21.34

\* Annualized measure.

**Reconciliation of Non-GAAP Financial Measure —  
Core Deposits**

<i>(dollars in thousands)</i>	<u>September 30, 2024</u>	<u>December 31, 2023</u>
<b>Core Deposits</b>		
Total deposits	\$ 4,280,700	\$ 4,401,437
Less: time deposits of \$250,000 or more	214,102	130,183
Less: brokered deposits	29,999	144,880
<b>Core deposits</b>	<u>\$ 4,036,599</u>	<u>\$ 4,126,374</u>
Core deposits to total deposits	94.30 %	93.75 %

### **ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

Managing risk is an essential part of successfully managing a financial institution. Our most prominent risk exposures are interest rate risk and credit risk.

#### **Interest Rate Risk**

Our most significant form of market risk is interest rate risk inherent in the normal course of lending and deposit-taking activities. Interest rate risk is the potential reduction of net interest income as a result of changes in interest rates. Management believes that our ability to successfully respond to changes in interest rates will have a significant impact on our financial results. To that end, management actively monitors and manages our interest rate exposure.

The Company's Asset/Liability Management Committee ("ALCO"), which is authorized by the Company's board of directors, monitors our interest rate sensitivity and makes decisions relating to that process. The ALCO's goal is to structure our asset/liability composition to maximize net interest income while managing interest rate risk so as to minimize the adverse impact of changes in interest rates on net interest income and capital in either a rising or declining interest rate environment. Profitability is affected by fluctuations in interest rates. A sudden and substantial change in interest rates may adversely impact our earnings because the interest rates borne by assets and liabilities do not change at the same speed, to the same extent or on the same basis.

We monitor the impact of changes in interest rates on our net interest income and economic value of equity ("EVE") using rate shock analysis. Net interest income simulations measure the short-term earnings exposure from changes in market rates of interest in a rigorous and explicit fashion. Our current financial position is combined with assumptions regarding future business to calculate net interest income under varying hypothetical rate scenarios. EVE measures our long-term earnings exposure from changes in market rates of interest. EVE is defined as the present value of assets minus the present value of liabilities at a point in time. A decrease in EVE due to a specified rate change indicates a decline in the long-term earnings capacity of the balance sheet assuming that the rate change remains in effect over the life of the current balance sheet.

The base and shock scenarios in the rate shock analysis assume a static balance sheet, static interest rates, no changes to product mix shift, and cash flow reinvestment at current market interest rates. We also make assumptions for our deposit betas and asset prepayments, based on historical experience.

#### *Deposit Betas*

Deposit pricing changes are primarily driven by changes in the Federal Funds rate, with the relationship between deposit rates and Federal Funds rate defined as deposit beta. We define cumulative deposit beta as the change in our quarterly cost of deposits divided by the change in the upper level of the stated Federal Funds rate range from the fourth quarter of 2021 through the second quarter of 2024, the most recent rising rate cycle. During this period, our cumulative deposit beta was 23.6%.

#### *Asset Prepayments*

We include prepayment assumptions for both our loan and securities portfolios, based on historical experience. Generally, mortgage portfolio prepayments increase in lower rate environments, while commercial and consumer portfolios have historically remained more consistent throughout rate cycles.

[Table of Contents](#)

The following table sets forth the estimated impact on our EVE and net interest income of immediate and parallel changes in interest rates at the specified levels.

Change in Interest Rates (basis points)	Estimated Increase (Decrease) in EVE	Increase (Decrease) in Estimated Net Interest Income	
		Year 1	Year 2
<b>September 30, 2024</b>			
+400	23.0 %	6.0 %	12.5 %
+300	19.2	4.8	9.8
+200	14.1	3.9	7.3
+100	7.8	2.5	4.4
-100	(10.0)	(4.4)	(6.4)
-200	(16.3)	(6.2)	(10.8)
-300	(8.9)	(6.7)	(13.8)
-400	(2.8)	(7.6)	(15.6)
<b>December 31, 2023</b>			
+400	10.7 %	7.5 %	13.0 %
+300	9.7	5.8	10.3
+200	7.1	3.4	6.4
+100	4.2	1.4	3.1
-100	(6.3)	(4.4)	(6.1)
-200	(13.2)	(7.1)	(11.2)
-300	(4.5)	(9.5)	(16.0)
-400	5.4	(10.2)	(17.3)

Certain shortcomings are inherent in the methodology used in the above interest rate risk measurements. Modeling changes in EVE and net interest income requires that we make certain assumptions that may or may not reflect the manner in which actual yields and costs respond to changes in market interest rates. The EVE and net interest income table presented above assumes that the composition of our interest-rate-sensitive assets and liabilities existing at the beginning of a period remains constant over the period being measured and, accordingly, the data does not reflect any actions that we may undertake in response to changes in interest rates, such as changes in rates paid on certain deposit accounts based on local competitive factors, which could change the actual impact on EVE and net interest income. The table also assumes that a particular change in interest rates is reflected uniformly across the yield curve regardless of the duration to maturity or the repricing characteristics of specific assets and liabilities. Accordingly, although the EVE and net interest income table provides an indication of our sensitivity to interest rate changes at a particular point in time, such measurements are not intended to and do not provide a precise forecast of the effect of changes in market interest rates on our net interest income and will differ from actual results.

#### Credit Risk

Credit risk is the risk that borrowers or counterparties will be unable or unwilling to repay their obligations in accordance with the underlying contractual terms. We manage and control credit risk in the loan portfolio by adhering to well-defined underwriting criteria and account administration standards established by management. Our loan policy documents underwriting standards, approval levels, exposure limits and other limits or standards deemed necessary and prudent. Portfolio diversification at the borrower, industry, and product levels is actively managed to mitigate concentration risk. In addition, credit risk management also includes an independent loan review process that assesses compliance with loan policy, compliance with loan documentation standards, accuracy of the risk rating and overall credit quality of the loan portfolio.

#### **ITEM 4. CONTROLS AND PROCEDURES**

##### **Evaluation of Disclosure Controls and Procedures**

An evaluation of the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) or Rule 15d-15(e) under the Exchange Act) as of the end of the period covered by this report was carried out under the supervision and with the participation of the Company's Chief Executive Officer, Chief Financial Officer and other members of the Company's senior management. The Company's Chief Executive Officer and Chief Financial Officer concluded that, as of September 30, 2024, the end of the period covered by this report, the Company's disclosure controls and procedures were effective in ensuring that the information required to be disclosed by the Company in the reports it files or submits under the Exchange Act is: (i) accumulated and communicated to the Company's management (including the Chief Executive Officer and Chief Financial Officer) to allow timely decisions regarding required disclosure; and (ii) recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms.

##### **Changes in Internal Control over Financial Reporting**

There were no changes in the Company's internal control over financial reporting (as defined in Rule 13a-15(f) or Rule 15d-15(f) under the Exchange Act) that occurred during the quarter ended September 30, 2024, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

## PART II. OTHER INFORMATION

### ITEM 1. LEGAL PROCEEDINGS

We are sometimes party to legal actions that are routine and incidental to our business. Management, in consultation with legal counsel, does not expect the ultimate disposition of any or a combination of these matters to have a material adverse effect on our assets, business, cash flow, financial condition, liquidity, prospects and results of operations; however, given the nature, scope and complexity of the extensive legal and regulatory landscape applicable to our business, including laws and regulations governing consumer protection, fair lending, fair labor, privacy, information security, and anti-money laundering and anti-terrorism laws, we, like all banking organizations, are subject to heightened legal and regulatory compliance and litigation risk.

### ITEM 1A. RISK FACTORS

There have been no material changes to the risk factors disclosed under the heading "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2023, filed with the SEC on March 6, 2024.

### ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES, USE OF PROCEEDS, AND ISSUER PURCHASES OF EQUITY SECURITIES

#### Unregistered Sales of Equity Securities

None.

#### Issuer Purchases of Equity Securities

On December 19, 2023, the Company's board of directors approved a stock repurchase program that authorizes the Company to repurchase up to \$15.0 million of its common stock. The stock repurchase program will be in effect until January 1, 2025, with the timing of purchases and number of shares repurchased dependent upon a variety of factors including price, trading volume, corporate and regulatory requirements, and market conditions. The Company is not obligated to purchase any shares under the stock repurchase program, and the stock repurchase program may be suspended or discontinued at any time without notice.

The following table sets forth information about the Company's purchases of its common stock during the third quarter of 2024:

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares That May Yet be Purchased Under the Plans or Programs (in thousands)
July 1 - 31, 2024	—	\$ —	—	\$ 10,603
August 1 - 31, 2024	—	—	—	10,603
September 1 - 30, 2024	—	—	—	10,603
<b>Total</b>	<b>—</b>	<b>\$ —</b>	<b>—</b>	<b>\$ 10,603</b>

### ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

### ITEM 4. MINE SAFETY DISCLOSURES

None.

**ITEM 5. OTHER INFORMATION**

During the fiscal quarter ended September 30, 2024, none of the Company's directors or executive officers adopted or terminated any contract, instruction or written plan for the purchase or sale of Company securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or any non-Rule 10b5-1 trading arrangement.

**ITEM 6. EXHIBITS**

Exhibit No.	Description
31.1	<a href="#">Certification of the Chief Executive Officer pursuant to Rule 13a-14(a).</a>
31.2	<a href="#">Certification of the Chief Financial Officer pursuant to Rule 13a-14(a).</a>
32.1 *	<a href="#">Certification of the Chief Executive Officer pursuant to 18 U.S.C. 1350.</a>
32.2 *	<a href="#">Certification of the Chief Financial Officer pursuant to 18 U.S.C. 1350.</a>
101.INS	Inline XBRL Instance Document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document.
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibits 101).

\* This exhibit shall not be deemed "filed" for purposes of Section 18 of the Exchange Act, and shall not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent the Company specifically incorporates it by reference.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

HBT FINANCIAL, INC.

October 30, 2024

By: /s/ Peter R. Chapman  
Peter R. Chapman  
Chief Financial Officer  
(*on behalf of the registrant and as principal financial officer*)

**Certification of Chief Executive Officer**  
**Pursuant to Rules 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934**  
**and Section 302 of the Sarbanes-Oxley Act of 2002**

I, J. Lance Carter, certify that:

1. I have reviewed this quarterly report on Form 10-Q of HBT Financial, Inc.:
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 30, 2024

/s/ J. Lance Carter

J. Lance Carter

President and Chief Executive Officer

*(Principal Executive Officer)*

**Certification of Chief Financial Officer**  
**Pursuant to Rules 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934**  
**and Section 302 of the Sarbanes-Oxley Act of 2002**

I, Peter R. Chapman, certify that:

1. I have reviewed this quarterly report on Form 10-Q of HBT Financial, Inc.:
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 30, 2024

/s/ Peter R. Chapman

Peter R. Chapman

Executive Vice President and Chief Financial Officer  
(*Principal Financial Officer*)

**Certification Pursuant to  
18 U.S.C. Section 1350,  
as Adopted Pursuant to  
Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Quarterly Report of HBT Financial, Inc. (the "Company") on Form 10-Q for the period ended September 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to his knowledge:

1. The Report fully complies with the requirements of Sections 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

*/s/ J. Lance Carter*

J. Lance Carter

President and Chief Executive Officer

*(Principal Executive Officer)*

October 30, 2024

**Certification Pursuant to  
18 U.S.C. Section 1350,  
as Adopted Pursuant to  
Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Quarterly Report of HBT Financial, Inc. (the "Company") on Form 10-Q for the period ended September 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to his knowledge:

1. The Report fully complies with the requirements of Sections 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

*/s/* Peter R. Chapman

---

Peter R. Chapman  
Executive Vice President and Chief Financial Officer  
(*Principal Financial Officer*)  
October 30, 2024