

REFINITIV

# DELTA REPORT

## 10-Q

HTLFP - HEARTLAND FINANCIAL USA I

10-Q - MARCH 31, 2024 COMPARED TO 10-Q - SEPTEMBER 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	2030
<div>CHANGES</div>	615
<div>DELETIONS</div>	676
<div>ADDITIONS</div>	739

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 quarterly period ended September 30, 2023 March 31, 2024

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

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

Commission File Number: 001-15393

**HEARTLAND FINANCIAL USA, INC.**  
(Exact name of Registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction of incorporation or organization)

**42-1405748**  
(I.R.S. employer identification number)

**1800 Larimer Street, Suite 1800, Denver, Colorado 80202**  
(Address of principal executive offices) (Zip Code)

**(303) 285-9200**  
(Registrant's telephone number, including area code)

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

Title of Each Class	Trading Symbol	Name of each exchange on which registered
Common Stock, par value \$1.00 per share	HTLF	Nasdaq Stock Market
Depository Shares, each representing 1/400th interest in a share of 7.00% Fixed-Rate Reset Non-Cumulative Perpetual Preferred Stock, Series E	HTLFP	Nasdaq Stock Market

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 ☒ No ☐

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 (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

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 checked="" type="checkbox"/>	Accelerated Filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

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. ☐

Indicate by check mark whether the Registrant is a shell company (as defined by Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Indicate the number of shares outstanding of each of the classes of Registrant's common stock as of the latest practicable date: As of November 8, 2023 May 7, 2024, the Registrant had outstanding 42,661,604 42,790,564 shares of common stock, \$1.00 par value per share.

**HEARTLAND FINANCIAL USA, INC.**  
**Form 10-Q Quarterly Report**  
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**PART I**

**ITEM 1. FINANCIAL STATEMENTS**

<b>HEARTLAND FINANCIAL USA, INC. CONSOLIDATED BALANCE SHEETS (Dollars in thousands, except per share data)</b>	<b>HEARTLAND FINANCIAL USA, INC. CONSOLIDATED BALANCE SHEETS (Dollars in thousands, except per share data)</b>				
		<b>September 30, 2023</b>	<b>December 31, 2022</b>		
		<b>(Unaudited)</b>		<b>March 31, 2024 (Unaudited)</b>	<b>December 31, 2023</b>
<b>ASSETS</b>	<b>ASSETS</b>	<b>ASSETS</b>			
Cash and due from banks	Cash and due from banks	\$ 248,756	\$ 309,045		
Interest bearing deposits with other banks and other short-term investments	Interest bearing deposits with other banks and other short-term investments	99,239	54,042		
Cash and cash equivalents	Cash and cash equivalents	347,995	363,087		
Time deposits in other financial institutions	Time deposits in other financial institutions	1,490	1,740		
Securities: Carried at fair value (cost of \$6,229,280 at September 30, 2023, and \$6,788,729 at December 31, 2022)	Securities:	5,482,687	6,147,144		

Held to maturity, net of allowance for credit losses of \$0 at both September 30, 2023, and December 31, 2022 (fair value of \$758,626 at September 30, 2023, and \$776,557 at December 31, 2022)		835,468	829,403
Carried at fair value (cost of \$4,886,304 at March 31, 2024, and \$5,100,344 at December 31, 2023)			
Carried at fair value (cost of \$4,886,304 at March 31, 2024, and \$5,100,344 at December 31, 2023)			
Carried at fair value (cost of \$4,886,304 at March 31, 2024, and \$5,100,344 at December 31, 2023)			
Held to maturity, net of allowance for credit losses of \$0 at both March 31, 2024, and December 31, 2023 (fair value of \$813,752 at March 31, 2024, and \$816,399 at December 31, 2023)			
Other investments, at cost	Other investments, at cost	90,001	74,567
Loans held for sale	Loans held for sale	6,262	5,277
Loans receivable:	Loans receivable:		
Held to maturity	Held to maturity	11,872,436	11,428,352
Held to maturity			
Held to maturity			
Allowance for credit losses			
Allowance for credit losses			
Allowance for credit losses	Allowance for credit losses	(110,208)	(109,483)
Loans receivable, net	Loans receivable, net	11,762,228	11,318,869
Premises, furniture and equipment, net	Premises, furniture and equipment, net	184,638	190,479
Premises, furniture and equipment held for sale	Premises, furniture and equipment held for sale	2,798	6,851
Other real estate, net	Other real estate, net	14,362	8,401
Goodwill	Goodwill	576,005	576,005
Core deposit intangibles and customer relationship intangibles, net		20,026	25,154
Servicing rights, net		—	7,840
Core deposit intangibles, net			
Cash surrender value on life insurance			
Cash surrender value on life insurance			
Cash surrender value on life insurance	Cash surrender value on life insurance	196,694	193,403
Other assets			
Other assets			
Other assets	Other assets	609,139	496,008

<b>TOTAL ASSETS</b>	<b>TOTAL ASSETS</b>	<b>\$20,129,793</b>	<b>\$20,244,228</b>	
<b>LIABILITIES AND EQUITY</b>	<b>LIABILITIES AND EQUITY</b>			<b>LIABILITIES AND EQUITY</b>
<b>LIABILITIES:</b>	<b>LIABILITIES:</b>			<b>LIABILITIES:</b>
Deposits:	Deposits:			Deposits:
Demand	Demand	\$ 4,792,813	\$ 5,701,340	
Savings	Savings	8,754,911	9,994,391	
Time	Time	3,553,269	1,817,278	
Total deposits	Total deposits	17,100,993	17,513,009	
Short-term borrowings		392,634	376,117	
Other borrowings		372,059	371,753	
Deposits held for sale				
Borrowings				
Term debt				
Accrued expenses and other liabilities	Accrued expenses and other liabilities	438,577	248,294	
<b>TOTAL LIABILITIES</b>	<b>TOTAL LIABILITIES</b>	<b>18,304,263</b>	<b>18,509,173</b>	
<b>STOCKHOLDERS' EQUITY:</b>	<b>STOCKHOLDERS' EQUITY:</b>			<b>STOCKHOLDERS' EQUITY:</b>
Preferred stock (par value \$1 per share; authorized 188,500 and 6,104 shares at September 30, 2023, and December 31, 2022; none issued or outstanding at both September 30, 2023, and December 31, 2022)		—	—	
Preferred stock (par value \$1 per share; authorized 188,500 and 188,500 shares at March 31, 2024, and December 31, 2023; none issued or outstanding at both March 31, 2024, and December 31, 2023)				
Preferred stock (par value \$1 per share; authorized 188,500 and 188,500 shares at March 31, 2024, and December 31, 2023; none issued or outstanding at both March 31, 2024, and December 31, 2023)				
Preferred stock (par value \$1 per share; authorized 188,500 and 188,500 shares at March 31, 2024, and December 31, 2023; none issued or outstanding at both March 31, 2024, and December 31, 2023)				
Series E Fixed-Rate Reset Non-Cumulative Perpetual Preferred Stock (par value \$1 per share; 11,500 shares authorized at both September 30, 2023, and December 31, 2022; 11,500 shares issued and outstanding at both September 30, 2023 and December 31, 2022)		110,705	110,705	
Common stock (par value \$1 per share; 60,000,000 shares authorized at both September 30, 2023, and December 31, 2022; issued 42,656,303 shares at September 30, 2023, and 42,467,394 shares at December 31, 2022)		42,656	42,467	
Series E Fixed-Rate Reset Non-Cumulative Perpetual Preferred Stock (par value \$1 per share; 11,500 shares authorized at both March 31, 2024, and December 31, 2023; 11,500 shares issued and outstanding at both March 31, 2024, and December 31, 2023)				

Series E Fixed-Rate Reset Non-Cumulative Perpetual Preferred Stock (par value \$1 per share; 11,500 shares authorized at both March 31, 2024, and December 31, 2023; 11,500 shares issued and outstanding at both March 31, 2024, and December 31, 2023)			
Series E Fixed-Rate Reset Non-Cumulative Perpetual Preferred Stock (par value \$1 per share; 11,500 shares authorized at both March 31, 2024, and December 31, 2023; 11,500 shares issued and outstanding at both March 31, 2024, and December 31, 2023)			
Common stock (par value \$1 per share; 60,000,000 shares authorized at both March 31, 2024, and December 31, 2023; issued 42,783,670 shares at March 31, 2024, and 42,688,008 shares at December 31, 2023)			
Capital surplus	Capital surplus	1,088,267	1,080,964
Retained earnings	Retained earnings	1,226,740	1,120,925
Accumulated other comprehensive loss	Accumulated other comprehensive loss	(642,838)	(620,006)
<b>TOTAL</b>	<b>TOTAL</b>		
<b>STOCKHOLDERS' EQUITY</b>	<b>STOCKHOLDERS' EQUITY</b>	<b>1,825,530</b>	<b>1,735,055</b>
<b>TOTAL STOCKHOLDERS' EQUITY</b>			
<b>TOTAL STOCKHOLDERS' EQUITY</b>			
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$20,129,793</b>	<b>\$20,244,228</b>
See accompanying notes to consolidated financial statements.	See accompanying notes to consolidated financial statements.		
See accompanying notes to consolidated financial statements.			
See accompanying notes to consolidated financial statements.			

HEARTLAND FINANCIAL USA, INC.	
CONSOLIDATED STATEMENTS OF INCOME	
(Unaudited)	
(Dollars in thousands, except per share data)	
HEARTLAND FINANCIAL USA, INC.	
CONSOLIDATED STATEMENTS OF INCOME	
(Unaudited)	
(Dollars in thousands, except per share data)	



HEARTLAND FINANCIAL USA, INC. CONSOLIDATED STATEMENTS OF INCOME (Unaudited) (Dollars in thousands, except per share data)	HEARTLAND FINANCIAL USA, INC. CONSOLIDATED STATEMENTS OF INCOME (Unaudited) (Dollars in thousands, except per share data)				
	Three Months Ended September 30,		Nine Months Ended September 30,		
	2023	2022	2023	2022	
INTEREST INCOME:					
INTEREST INCOME:					
INTEREST INCOME:	INTEREST INCOME:				
Interest and fees on loans	Interest and fees on loans	\$ 182,394	\$ 122,913	\$ 505,136	\$ 334,000
Interest and fees on loans					
Interest and fees on loans					
Interest on securities:					
Interest on securities:					
Interest on securities:	Interest on securities:				
Taxable	Taxable	54,800	45,648	168,948	116,366
Taxable					
Taxable					
Nontaxable	Nontaxable	6,584	6,164	18,990	17,874
Interest on federal funds sold		3	—	3	—
Nontaxable					
Nontaxable					
Interest on interest bearing deposits in other financial institutions					
Interest on interest bearing deposits in other financial institutions					
Interest on interest bearing deposits in other financial institutions	Interest on interest bearing deposits in other financial institutions	1,651	1,081	4,833	1,715
TOTAL INTEREST INCOME	TOTAL INTEREST INCOME	245,432	175,806	697,910	469,955
TOTAL INTEREST INCOME					
TOTAL INTEREST INCOME					
INTEREST EXPENSE:					
INTEREST EXPENSE:					
INTEREST EXPENSE:	INTEREST EXPENSE:				
Interest on deposits	Interest on deposits	92,744	15,158	231,617	24,665
Interest on short-term borrowings		1,167	360	4,437	494
Interest on other borrowings (includes \$(63) and \$189 of interest (income) expense related to derivatives reclassified from accumulated other comprehensive loss for the three months ended September 30, 2023 and 2022, respectively, and \$638 and \$552 of interest expense related to derivatives reclassified from accumulated other comprehensive income (loss) for the nine months ended September 30, 2023 and 2022, respectively)		5,765	4,412	16,756	11,780
Interest on deposits					
Interest on deposits					
Interest on borrowings					
Interest on borrowings					
Interest on borrowings					

Interest on term debt (includes \$(35) and \$591 of interest (income) expense related to derivatives reclassified from accumulated other comprehensive loss for the three months ended March 31, 2024 and 2023, respectively)

Interest on term debt (includes \$(35) and \$591 of interest (income) expense related to derivatives reclassified from accumulated other comprehensive loss for the three months ended March 31, 2024 and 2023, respectively)

Interest on term debt (includes \$(35) and \$591 of interest (income) expense related to derivatives reclassified from accumulated other comprehensive loss for the three months ended March 31, 2024 and 2023, respectively)

#### TOTAL INTEREST EXPENSE

#### TOTAL INTEREST EXPENSE

TOTAL INTEREST EXPENSE	TOTAL INTEREST EXPENSE				
		99,676	19,930	252,810	36,939
NET INTEREST INCOME	NET INTEREST INCOME	145,756	155,876	445,100	433,016

#### NET INTEREST INCOME

#### NET INTEREST INCOME

Provision for credit losses

Provision for credit losses

Provision for credit losses	Provision for credit losses	1,516	5,492	9,969	11,983
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NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSSES	NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSSES	144,240	150,384	435,131	421,033
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#### NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSSES

#### NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSSES

#### NONINTEREST INCOME:

#### NONINTEREST INCOME:

NONINTEREST INCOME:	NONINTEREST INCOME:				
Service charges and fees	Service charges and fees	18,553	17,282	55,316	50,599

Service charges and fees

Service charges and fees

Loan servicing income

Loan servicing income

Loan servicing income	Loan servicing income	278	831	1,403	1,951
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Trust fees	Trust fees	4,734	5,372	15,810	17,130
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Trust fees

Trust fees

Brokerage and insurance commissions

Brokerage and insurance commissions

Brokerage and insurance commissions	Brokerage and insurance commissions	692	649	2,065	2,357
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Capital markets fees	Capital markets fees	1,845	1,809	8,331	9,719
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Securities losses, net (includes \$59 and \$(1,070) of net security gains (losses) reclassified from accumulated other comprehensive loss for the three months ended September 30, 2023 and 2022, respectively, and \$(1,370) and \$(1,720) of net security losses reclassified from accumulated other comprehensive income (loss) for the nine months ended September 30, 2023 and 2022, respectively)

		(114)	(1,055)	(1,532)	(272)
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Capital markets fees

Capital markets fees



Securities (losses) gains, net (includes \$58 and \$(1,104) of net security gains (losses) reclassified from accumulated other comprehensive loss for the three months ended March 31, 2024 and 2023, respectively)					
Securities (losses) gains, net (includes \$58 and \$(1,104) of net security gains (losses) reclassified from accumulated other comprehensive loss for the three months ended March 31, 2024 and 2023, respectively)					
Securities (losses) gains, net (includes \$58 and \$(1,104) of net security gains (losses) reclassified from accumulated other comprehensive loss for the three months ended March 31, 2024 and 2023, respectively)					
Unrealized gain (loss) on equity securities, net					
Unrealized gain (loss) on equity securities, net					
Unrealized gain (loss) on equity securities, net	Unrealized gain (loss) on equity securities, net	13	(211)	165	(615)
Net gains on sale of loans held for sale	Net gains on sale of loans held for sale	905	1,832	3,786	8,144
Valuation adjustment on servicing rights		—	—	—	1,658
Net gains on sale of loans held for sale					
Net gains on sale of loans held for sale					
Income on bank owned life insurance					
Income on bank owned life insurance					
Income on bank owned life insurance	Income on bank owned life insurance	858	694	3,042	1,741
Other noninterest income	Other noninterest income	619	1,978	2,489	5,877
Other noninterest income					
Other noninterest income					
TOTAL NONINTEREST INCOME					
TOTAL NONINTEREST INCOME					
TOTAL NONINTEREST INCOME	TOTAL NONINTEREST INCOME	28,383	29,181	90,875	98,289
NONINTEREST EXPENSES:	NONINTEREST EXPENSES:				
NONINTEREST EXPENSES:					
NONINTEREST EXPENSES:					
Salaries and employee benefits					
Salaries and employee benefits					
Salaries and employee benefits	Salaries and employee benefits	62,262	62,661	186,510	192,867
Occupancy	Occupancy	6,438	6,794	20,338	21,250
Occupancy					
Occupancy					
Furniture and equipment					
Furniture and equipment					
Furniture and equipment	Furniture and equipment	2,720	2,928	8,698	9,480
Professional fees	Professional fees	13,616	14,289	41,607	42,286
Professional fees					
Professional fees					
FDIC insurance assessments					
FDIC insurance assessments					
FDIC insurance assessments	FDIC insurance assessments	3,313	1,988	9,627	5,134
Advertising	Advertising	1,633	1,554	6,670	4,392
Core deposit and customer relationship intangibles amortization					
		1,625	1,856	5,128	5,993
Advertising					

Advertising					
Core deposit intangibles and customer relationship intangibles amortization					
Core deposit intangibles and customer relationship intangibles amortization					
Core deposit intangibles and customer relationship intangibles amortization					
Other real estate and loan collection expenses					
Other real estate and loan collection expenses					
Other real estate and loan collection expenses	Other real estate and loan collection expenses	481	304	984	577
Loss (gain) on sales/valuations of assets, net	Loss (gain) on sales/valuations of assets, net	108	(251)	(2,149)	(3,435)
Loss (gain) on sales/valuations of assets, net					
Loss (gain) on sales/valuations of assets, net					
Acquisition, integration and restructuring costs					
Acquisition, integration and restructuring costs					
Acquisition, integration and restructuring costs	Acquisition, integration and restructuring costs	2,429	2,156	5,994	5,144
Partnership investment in tax credit projects	Partnership investment in tax credit projects	1,136	979	1,828	1,793
Partnership investment in tax credit projects					
Partnership investment in tax credit projects					
Other noninterest expenses					
Other noninterest expenses					
Other noninterest expenses	Other noninterest expenses	15,292	13,625	46,307	40,678
TOTAL NONINTEREST EXPENSES	TOTAL NONINTEREST EXPENSES	111,053	108,883	331,542	326,159
TOTAL NONINTEREST EXPENSES					
TOTAL NONINTEREST EXPENSES					
INCOME BEFORE INCOME TAXES	INCOME BEFORE INCOME TAXES	61,570	70,682	194,464	193,163
Income taxes (includes \$9,877 and \$302 of income tax benefit reclassified from accumulated other comprehensive loss for the three months ended September 30, 2023 and 2022, respectively, and \$19,253 and \$466 of income tax benefit reclassified from accumulated other comprehensive income (loss) for the nine months ended September 30, 2023 and 2022, respectively)					
		13,479	14,118	44,181	41,637
INCOME BEFORE INCOME TAXES					
INCOME BEFORE INCOME TAXES					
Income taxes (includes \$5,762 and \$426 of income tax benefit reclassified from accumulated other comprehensive loss for the three months ended March 31, 2024 and 2023, respectively)					
Income taxes (includes \$5,762 and \$426 of income tax benefit reclassified from accumulated other comprehensive loss for the three months ended March 31, 2024 and 2023, respectively)					
Income taxes (includes \$5,762 and \$426 of income tax benefit reclassified from accumulated other comprehensive loss for the three months ended March 31, 2024 and 2023, respectively)					
NET INCOME					
NET INCOME					
NET INCOME	NET INCOME	48,091	56,564	150,283	151,526
Preferred dividends	Preferred dividends	(2,013)	(2,013)	(6,038)	(6,038)

Preferred dividends									
Preferred dividends									
NET INCOME AVAILABLE TO COMMON STOCKHOLDERS									
NET INCOME AVAILABLE TO COMMON STOCKHOLDERS									
NET INCOME AVAILABLE TO COMMON STOCKHOLDERS	NET INCOME AVAILABLE TO COMMON STOCKHOLDERS	\$	46,078	\$	54,551	\$	144,245	\$	145,488
EARNINGS PER COMMON SHARE - BASIC	EARNINGS PER COMMON SHARE - BASIC	\$	1.08	\$	1.28	\$	3.38	\$	3.43
EARNINGS PER COMMON SHARE - BASIC									
EARNINGS PER COMMON SHARE - BASIC									
EARNINGS PER COMMON SHARE - DILUTED	EARNINGS PER COMMON SHARE - DILUTED	\$	1.08	\$	1.28	\$	3.37	\$	3.42
EARNINGS PER COMMON SHARE - DILUTED									
EARNINGS PER COMMON SHARE - DILUTED									
CASH DIVIDENDS DECLARED PER COMMON SHARE									
CASH DIVIDENDS DECLARED PER COMMON SHARE									
CASH DIVIDENDS DECLARED PER COMMON SHARE	CASH DIVIDENDS DECLARED PER COMMON SHARE	\$	0.30	\$	0.27	\$	0.90	\$	0.81
See accompanying notes to consolidated financial statements.	See accompanying notes to consolidated financial statements.								
See accompanying notes to consolidated financial statements.									
See accompanying notes to consolidated financial statements.									

HEARTLAND FINANCIAL USA, INC.  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (Unaudited)  
(Dollars in thousands)

		Three Months Ended September 30,		Nine Months Ended September 30,	
		2023	2022	2023	2022

HEARTLAND FINANCIAL USA, INC.  
CONSOLIDATED STATEMENTS OF  
COMPREHENSIVE INCOME (Unaudited)  
(Dollars in thousands)

HEARTLAND FINANCIAL USA, INC.  
CONSOLIDATED STATEMENTS OF  
COMPREHENSIVE INCOME (Unaudited)  
(Dollars in thousands)

Three Months Ended  
March 31,  
2024

		2024				
		2024				
NET INCOME						
NET INCOME						
NET INCOME	NET INCOME	\$ 48,091	\$ 56,564	\$150,283	\$ 151,526	
OTHER	OTHER					
COMPREHENSIVE	COMPREHENSIVE					
INCOME (LOSS)	INCOME (LOSS)					
OTHER COMPREHENSIVE INCOME						
(LOSS)						
OTHER COMPREHENSIVE INCOME						
(LOSS)						
Changes in available for sale ("AFS") securities:	Changes in available for sale ("AFS") securities:					
Net change in unrealized loss on securities		(128,987)	(218,463)	(106,378)	(860,365)	
Reclassification adjustment for net losses on hedged AFS securities		36,362	—	65,872	—	
Changes in available for sale ("AFS") securities:						
Changes in available for sale ("AFS") securities:						
Net change in unrealized gain (loss) on securities						
Net change in unrealized gain (loss) on securities						
Net change in unrealized gain (loss) on securities						
Reclassification adjustment for net (gains) losses on hedged AFS securities						
Reclassification adjustment for net (gains) losses on hedged AFS securities						
Reclassification adjustment for net (gains) losses on hedged AFS securities						
Reclassification adjustment for net (gains) losses realized in net income	Reclassification adjustment for net (gains) losses realized in net income	(59)	1,070	1,370	1,720	
Income tax benefit		22,943	53,529	8,388	213,328	
Other comprehensive loss on AFS securities		(69,741)	(163,864)	(30,748)	(645,317)	
Reclassification adjustment for net (gains) losses realized in net income						
Reclassification adjustment for net (gains) losses realized in net income						
Income tax benefit (expense)						
Income tax benefit (expense)						
Income tax benefit (expense)						
Other comprehensive income (loss) on AFS securities						

Other comprehensive income (loss)					
on AFS securities					
Other comprehensive income (loss)					
on AFS securities					
Changes in securities held to maturity:					
Changes in securities held to maturity:					
Changes in securities held to maturity:	Changes in securities held to maturity:				
Net amortization of unrealized losses on securities transferred from AFS	Net amortization of unrealized losses on securities transferred from AFS				
		2,893	—	8,401	—
Income tax expense		(709)	—	(2,462)	—
Other comprehensive income on held to maturity securities		2,184	—	5,939	—
Net amortization of unrealized losses on securities transferred from AFS					
Net amortization of unrealized losses on securities transferred from AFS					
Income tax benefit (expense)					
Income tax benefit (expense)					
Income tax benefit (expense)					
Other comprehensive income (loss) on held to maturity securities					
Other comprehensive income (loss) on held to maturity securities					
Other comprehensive income (loss) on held to maturity securities					
Change in cash flow hedges:					
Change in cash flow hedges:					
Change in cash flow hedges:	Change in cash flow hedges:				
Net change in unrealized gain on derivatives	Net change in unrealized gain on derivatives	—	—	1,952	—
Net change in unrealized gain on derivatives					
Net change in unrealized gain on derivatives					
Reclassification adjustment for net (gains) losses on derivatives realized in net income					
Reclassification adjustment for net (gains) losses on derivatives realized in net income					
Reclassification adjustment for net (gains) losses on derivatives realized in net income					
Reclassification adjustment for net (gains) losses on derivatives realized in net income	Reclassification adjustment for net (gains) losses on derivatives realized in net income	(63)	189	638	552
Income tax benefit (expense)	Income tax benefit (expense)	22	(43)	(613)	(119)

Income tax benefit (expense)					
Income tax benefit (expense)					
Other comprehensive income (loss) on cash flow hedges	Other comprehensive income (loss) on cash flow hedges				
		(41)	146	1,977	433
Other comprehensive loss		(67,598)	(163,718)	(22,832)	(644,884)
Other comprehensive income (loss) on cash flow hedges					
Other comprehensive income (loss) on cash flow hedges					
Other comprehensive income (loss)					
Other comprehensive income (loss)					
Other comprehensive income (loss)					
TOTAL COMPREHENSIVE INCOME (LOSS)					
TOTAL COMPREHENSIVE INCOME (LOSS)					
TOTAL COMPREHENSIVE INCOME (LOSS)	TOTAL COMPREHENSIVE INCOME (LOSS)	\$(19,507)	\$(107,154)	\$127,451	\$(493,358)
See accompanying notes to consolidated financial statements.	See accompanying notes to consolidated financial statements.				
See accompanying notes to consolidated financial statements.					
See accompanying notes to consolidated financial statements.					

HEARTLAND FINANCIAL USA, INC. CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited) (Dollars in thousands)	HEARTLAND FINANCIAL USA, INC. CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited) (Dollars in thousands)
	Nine Months Ended September 30,
	Three Months Ended March 31,
	Three Months Ended March 31,
	Three Months Ended March 31,
	Three Months Ended March 31,

		Three Months Ended March 31,		Three Months Ended March 31,		Three Months Ended March 31,		Three Months Ended March 31,		Three Months Ended March 31,	
		2023		2022		2024		2023		2023	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>										
Net income	Net income	\$ 150,283	\$	151,526							
Net income	Net income										
Net income	Net income										
Adjustments to reconcile net income to net cash provided by operating activities:	Adjustments to reconcile net income to net cash provided by operating activities:										
Depreciation and amortization	Depreciation and amortization										
Depreciation and amortization	Depreciation and amortization	15,467		18,758							
Provision for credit losses	Provision for credit losses	9,969		11,983							
Net amortization of premium on securities	Net amortization of premium on securities	23,332		50,886							
Securities losses, net	Securities losses, net	1,532		272							
Securities losses (gains), net	Securities losses (gains), net										
Unrealized (gain) loss on equity securities, net	Unrealized (gain) loss on equity securities, net	(165)		615							
Unrealized loss (gain) on equity securities, net	Unrealized loss (gain) on equity securities, net										
Unrealized loss (gain) on equity securities, net	Unrealized loss (gain) on equity securities, net										
Unrealized loss (gain) on equity securities, net	Unrealized loss (gain) on equity securities, net										
Stock based compensation	Stock based compensation	7,742		7,411							
Loans originated for sale	Loans originated for sale	(122,764)		(244,908)							
Loans originated for sale	Loans originated for sale										
Loans originated for sale	Loans originated for sale										
Proceeds on sales of loans held for sale	Proceeds on sales of loans held for sale	138,603		263,904							
Net gains on sale of loans held for sale	Net gains on sale of loans held for sale	(3,762)		(6,926)							

Increase in accrued interest receivable		(9,203)	(5,348)
Decrease in prepaid expenses		964	1,479
Increase in accrued interest payable		46,697	483
(Increase) decrease in accrued interest receivable			
Decrease (increase) in prepaid expenses			
Increase (decrease) in accrued interest payable			
Capitalization of servicing rights	Capitalization of servicing rights	(24)	(1,218)
Valuation adjustment on servicing rights		—	(1,658)
Gain on sales/valuations of assets, net		(2,149)	(390)
Capitalization of servicing rights			
Capitalization of servicing rights			
Loss (gain) on sales/valuations of assets, net			
Loss (gain) on sales/valuations of assets, net			
Loss (gain) on sales/valuations of assets, net			
Net excess tax benefit (expense) from stock based compensation	Net excess tax benefit (expense) from stock based compensation	(115)	129
Income from fair value hedge activity			
Other, net	Other, net	140,670	66,142
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>397,077</b>	<b>313,140</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from the sale of securities available for sale	Proceeds from the sale of securities available for sale	331,196	1,031,521
Proceeds from the sale of securities held to maturity		—	2,337
Proceeds from the sale of securities available for sale			
Proceeds from the sale of securities available for sale			



Proceeds from the maturity of and principal paydowns on securities available for sale			
Proceeds from the maturity of and principal paydowns on securities available for sale			
Proceeds from the maturity of and principal paydowns on securities available for sale	Proceeds from the maturity of and principal paydowns on securities available for sale	480,362	758,453
Proceeds from the maturity of and principal paydowns on securities held to maturity	Proceeds from the maturity of and principal paydowns on securities held to maturity	2,325	2,500
Proceeds from the maturity of time deposits in other financial institutions		250	1,154
Proceeds from the sale, maturity of, redemption of and principal paydowns on other investments			
Proceeds from the sale, maturity of, redemption of and principal paydowns on other investments			
Proceeds from the sale, maturity of, redemption of and principal paydowns on other investments	Proceeds from the sale, maturity of, redemption of and principal paydowns on other investments	13,255	13,674
Purchase of securities available for sale	Purchase of securities available for sale	(276,635)	(1,982,073)
Purchase of other investments	Purchase of other investments	(28,851)	(10,045)
Net increase in loans		(505,924)	(1,002,220)
Purchase of other investments			
Purchase of other investments			
Net (increase) decrease in loans			
Purchase of bank owned life insurance policies	Purchase of bank owned life insurance policies	(226)	(209)
Proceeds from bank owned life insurance policies		—	502
Proceeds from sale of mortgage servicing rights	Proceeds from sale of mortgage servicing rights	6,714	—
Capital expenditures		(5,701)	(12,276)
Proceeds from sale of mortgage servicing rights			
Proceeds from sale of mortgage servicing rights			

Capital expenditures and investments		
Proceeds from the sale of equipment	4,446	6,789
Net cash expended in divestitures	—	(50,616)
Proceeds from the sale of premises, furniture and equipment		
Proceeds from the sale of premises, furniture and equipment		
Proceeds from the sale of premises, furniture and equipment		
Proceeds on sale of OREO and other repossessed assets	5,672	2,564
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<b>\$ 26,883</b>	<b>\$ (1,237,945)</b>
Proceeds on sale of OREO and other repossessed assets		
Proceeds on sale of OREO and other repossessed assets		
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>		

HEARTLAND FINANCIAL USA, INC. CONSOLIDATED STATEMENTS OF CASH FLOWS, CONTINUED (Unaudited) (Dollars in thousands)	HEARTLAND FINANCIAL USA, INC. CONSOLIDATED STATEMENTS OF CASH FLOWS, CONTINUED (Unaudited) (Dollars in thousands)		
HEARTLAND FINANCIAL USA, INC. CONSOLIDATED STATEMENTS OF CASH FLOWS, CONTINUED (Unaudited) (Dollars in thousands)			
HEARTLAND FINANCIAL USA, INC. CONSOLIDATED STATEMENTS OF CASH FLOWS, CONTINUED (Unaudited) (Dollars in thousands)			
		Three Months Ended March 31,	
		Three Months Ended March 31,	
		Three Months Ended March 31,	
	2024	2024	2023
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net increase (decrease) in demand deposits			
Net increase (decrease) in demand deposits			
Net increase (decrease) in demand deposits			
Net increase (decrease) in savings deposits			
Net increase (decrease) in time deposit accounts			
		Nine Months Ended September 30,	

		2023	2022
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Net decrease in demand deposits		\$ (908,527)	\$(396,552)
Net (decrease) increase in savings deposits		(1,239,480)	1,204,574
Net increase in time deposit accounts		1,735,991	105,695
Net increase (decrease) in borrowings			
Net increase (decrease) in borrowings			
Net (decrease) increase in short-term borrowings		(285,255)	14,003
Proceeds from short term advances		617,391	236,000
Repayments of short term advances		(315,619)	(236,000)
Net increase (decrease) in borrowings			
Proceeds from Bank Term Funding Program advances			
Proceeds from short term FHLB advances			
Repayments of short term FHLB advances			
Repayments of other borrowings		(740)	(198)
Repayments of term debt			
Repayments of term debt			
Repayments of term debt			
Proceeds from issuance of common stock	Proceeds from issuance of common stock	1,527	1,896
Proceeds from issuance of common stock			
Proceeds from issuance of common stock			
Dividends paid	Dividends paid	(44,340)	(40,352)
<b>NET CASH (USED) PROVIDED BY FINANCING ACTIVITIES</b>		<b>(439,052)</b>	<b>889,066</b>
Net decrease in cash and cash equivalents		(15,092)	(35,739)
<b>NET CASH USED BY FINANCING ACTIVITIES</b>			
Net increase (decrease) in cash and cash equivalents			
Cash and cash equivalents at beginning of year	Cash and cash equivalents at beginning of year	363,087	435,599
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>\$ 347,995</b>	<b>\$ 399,860</b>
Supplemental disclosures:	Supplemental disclosures:		
Cash paid for income/franchise taxes			
Cash paid for income/franchise taxes			
Cash paid for income/franchise taxes	Cash paid for income/franchise taxes	\$ 47,240	\$ 33,412
Cash paid for interest	Cash paid for interest	206,113	36,456
Loans transferred to OREO	Loans transferred to OREO	12,776	8,458
Transfer of premises from premises, furniture and equipment, net, to premises, furniture and equipment held for sale	Transfer of premises from premises, furniture and equipment, net, to premises, furniture and equipment held for sale	4,091	4,555
Transfer of premises from premises, furniture and equipment held for sale to premises, furniture and equipment, net	Transfer of premises from premises, furniture and equipment held for sale to premises, furniture and equipment, net	5,825	—
Deposits transferred to held for sale			
Loans transferred to held for sale			
Dividends declared, not paid	Dividends declared, not paid	2,141	2,013
Transfer of available for sale securities to held to maturity securities		—	748,252

See accompanying notes to consolidated financial statements.

See accompanying notes to consolidated financial statements.

See accompanying notes to consolidated financial statements.

## HEARTLAND FINANCIAL USA, INC.

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (Unaudited)

(Dollars in thousands, except per share data)

	Heartland Financial USA, Inc. Stockholders' Equity					
	Preferred Stock	Common Stock	Capital Surplus	Retained Earnings	Accumulated Other Comprehensive Loss	Total Equity
<b>Balance at June 30, 2022</b>	<b>\$ 110,705</b>	<b>\$ 42,439</b>	<b>\$ 1,076,766</b>	<b>\$ 1,031,076</b>	<b>\$ (486,918)</b>	<b>\$ 1,774,068</b>
Comprehensive (loss) income				56,564	(163,718)	(107,154)
Cash dividends declared:						
Preferred, \$175.00 per share				(2,013)		(2,013)
Common, \$0.27 per share				(11,459)		(11,459)
Issuance of 4,667 shares of common stock		5	190			195
Stock based compensation			2,321			2,321
<b>Balance at September 30, 2022</b>	<b>\$ 110,705</b>	<b>\$ 42,444</b>	<b>\$ 1,079,277</b>	<b>\$ 1,074,168</b>	<b>\$ (650,636)</b>	<b>\$ 1,655,958</b>
<b>Balance at January 1, 2022</b>	<b>\$ 110,705</b>	<b>\$ 42,275</b>	<b>\$ 1,071,956</b>	<b>\$ 962,994</b>	<b>\$ (5,752)</b>	<b>\$ 2,182,178</b>
Comprehensive (loss) income				151,526	(644,884)	(493,358)
Cash dividends declared:						
Preferred, \$525.00 per share				(6,038)		(6,038)
Common, \$0.81 per share				(34,314)		(34,314)
Issuance of 168,842 shares of common stock		169	(90)			79
Stock based compensation			7,411			7,411
<b>Balance at September 30, 2022</b>	<b>\$ 110,705</b>	<b>\$ 42,444</b>	<b>\$ 1,079,277</b>	<b>\$ 1,074,168</b>	<b>\$ (650,636)</b>	<b>\$ 1,655,958</b>
<b>Balance at June 30, 2023</b>	<b>\$ 110,705</b>	<b>\$ 42,645</b>	<b>\$ 1,087,358</b>	<b>\$ 1,193,522</b>	<b>\$ (575,240)</b>	<b>\$ 1,858,990</b>
Comprehensive (loss) income				48,091	(67,598)	(19,507)
Cash dividends declared:						
Preferred, \$175.00 per share				(2,013)		(2,013)
Common, \$0.30 per share				(12,860)		(12,860)
Issuance of 11,759 shares of common stock		11	60			71
Stock based compensation			849			849
<b>Balance at September 30, 2023</b>	<b>\$ 110,705</b>	<b>\$ 42,656</b>	<b>\$ 1,088,267</b>	<b>\$ 1,226,740</b>	<b>\$ (642,838)</b>	<b>\$ 1,825,530</b>
<b>Balance at January 1, 2023</b>	<b>\$ 110,705</b>	<b>\$ 42,467</b>	<b>\$ 1,080,964</b>	<b>\$ 1,120,925</b>	<b>\$ (620,006)</b>	<b>\$ 1,735,055</b>
Comprehensive (loss) income				150,283	(22,832)	127,451
Cash dividends declared:						
Preferred, \$525.00 per share				(6,038)		(6,038)
Common, \$0.90 per share				(38,430)		(38,430)
Issuance of 188,909 shares of common stock		189	(439)			(250)
Stock based compensation			7,742			7,742
<b>Balance at September 30, 2023</b>	<b>\$ 110,705</b>	<b>\$ 42,656</b>	<b>\$ 1,088,267</b>	<b>\$ 1,226,740</b>	<b>\$ (642,838)</b>	<b>\$ 1,825,530</b>

See accompanying notes to consolidated financial statements.

## HEARTLAND FINANCIAL USA, INC.

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (Unaudited)

(Dollars in thousands, except per share data)

	Heartland Financial USA, Inc. Stockholders' Equity					
	Preferred Stock	Common Stock	Capital Surplus	Retained Earnings	Accumulated Other Comprehensive Loss	Total Equity
<b>Balance at January 1, 2023</b>	<b>\$ 110,705</b>	<b>\$ 42,467</b>	<b>\$ 1,080,964</b>	<b>\$ 1,120,925</b>	<b>\$ (620,006)</b>	<b>\$ 1,735,055</b>
Comprehensive income (loss)				52,776	53,087	105,863
Cash dividends declared:						

Preferred, \$175.00 per share				(2,013)		(2,013)
Common, \$0.30 per share				(12,740)		(12,740)
Issuance of 91,332 shares of common stock	92		(1,571)			(1,479)
Stock based compensation			4,719			4,719
<b>Balance at March 31, 2023</b>	<b>\$ 110,705</b>	<b>\$ 42,559</b>	<b>\$ 1,084,112</b>	<b>\$ 1,158,948</b>	<b>\$ (566,919)</b>	<b>\$ 1,829,405</b>
<b>Balance at January 1, 2024</b>	<b>\$ 110,705</b>	<b>\$ 42,688</b>	<b>\$ 1,090,740</b>	<b>\$ 1,141,501</b>	<b>\$ (452,517)</b>	<b>\$ 1,933,117</b>
Comprehensive income (loss)				51,707	6,324	58,031
Cash dividends declared:						
Preferred, \$175.00 per share				(2,013)		(2,013)
Common, \$0.30 per share				(12,865)		(12,865)
Issuance of 95,662 shares of common stock	96		(1,279)			(1,183)
Stock based compensation			3,746			3,746
<b>Balance at March 31, 2024</b>	<b>\$ 110,705</b>	<b>\$ 42,784</b>	<b>\$ 1,093,207</b>	<b>\$ 1,178,330</b>	<b>\$ (446,193)</b>	<b>\$ 1,978,833</b>
See accompanying notes to consolidated financial statements.						

**HEARTLAND FINANCIAL USA, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 1: BASIS OF PRESENTATION**

The interim unaudited consolidated financial statements contained herein should be read in conjunction with the audited consolidated financial statements and accompanying notes to the consolidated financial statements for the fiscal year ended **December 31, 2022** **December 31, 2023**, included in the Annual Report on Form 10-K of Heartland Financial USA, Inc. ("HTLF") filed with the Securities and Exchange Commission ("SEC") on **February 23, 2023** **February 23, 2024**. Footnote disclosures to the interim unaudited consolidated financial statements which would substantially duplicate the disclosure contained in the footnotes to the audited consolidated financial statements have been omitted.

The financial information included herein has been prepared in accordance with U.S. generally accepted accounting principles for interim financial reporting and has been prepared pursuant to the rules and regulations for reporting on Form 10-Q and Rule 10-01 of Regulation S-X. Such information reflects all adjustments (consisting of normal recurring adjustments), that are, in the opinion of management, necessary for a fair presentation of the financial position and results of operations for the periods presented. The results of the interim period ended **September 30, 2023** **March 31, 2024**, are not necessarily indicative of the results expected for the year ending **December 31, 2023** **December 31, 2024**.

During the first quarter of 2023, HTLF reclassified swap and loan syndication income (collectively, "capital markets fees") to capital markets fees from other noninterest income on the consolidated statements of income, and all prior periods have been adjusted.

During the second quarter of 2023, HTLF reclassified Federal Deposit Insurance Corporation ("FDIC") insurance premiums to FDIC insurance assessments from professional fees on the consolidated statements of income, and all prior periods have been adjusted.

In the second quarter of 2023, HTLF amended and restated its Certificate of Incorporation and filed Certificates of Elimination with the state of Delaware with respect to Series A, B, C, and D preferred stock issuances, which returned these previously designated shares to authorized but unissued. The following shows the details of Series A, B, C and D preferred stock at December 31, 2022:

- Series A Junior Participating preferred stock-par value \$1 per share; authorized 16,000 shares; none issued or outstanding at December 31, 2022
- Series B Fixed Rate Cumulative Perpetual Preferred Stock-par value \$1 per share; 81,698 shares authorized at December 31, 2022; none issued or outstanding at December 31, 2022
- Series C Senior Non-Cumulative Perpetual Preferred Stock-par value \$1 per share; 81,698 shares authorized at December 31, 2022; none issued or outstanding at December 31, 2022
- Series D Senior Non-Cumulative Perpetual Convertible Preferred Stock-par value \$1 per share; 3,000 shares authorized at December 31, 2022; none issued or outstanding at December 31, 2022

After the cancellation of Series A, B, C and D preferred shares, total undesignated preferred shares authorized increased to 188,500 from 6,104 at December 31, 2022, of which none were issued or outstanding at both September 30, 2023 and December 31, 2022.

## Earnings Per Share

Basic earnings per share is determined using net income available to common stockholders and weighted average common shares outstanding. Diluted earnings per share is computed by dividing net income available to common stockholders by the weighted average common shares and assumed incremental common shares issued. Amounts used in the determination of basic and diluted earnings per share for the ~~three- and nine- three~~ months ended ~~September 30, 2023~~ ~~March 31, 2024~~ and ~~2022, 2023~~, are shown in the table below, dollars and number of shares in thousands, except per share data:

		Three Months Ended September 30,	
		2023	2022
Net income		\$ 48,091	\$ 56,564

  

		Three Months Ended March 31,		Three Months Ended March 31,	
		2024		2024	2023
Net income attributable to HTLF					
Preferred dividends	Preferred dividends	(2,013)	(2,013)		
Net income available to common stockholders	Net income available to common stockholders	\$ 46,078	\$ 54,551		
Net income available to common stockholders					
Net income available to common stockholders					
Weighted average common shares outstanding for basic earnings per share					
Weighted average common shares outstanding for basic earnings per share					
Weighted average common shares outstanding for basic earnings per share	Weighted average common shares outstanding for basic earnings per share	42,761	42,575		
Assumed incremental common shares issued upon vesting of outstanding restricted stock units	Assumed incremental common shares issued upon vesting of outstanding restricted stock units	52	69		

Weighted average common shares for diluted earnings per share	Weighted average common shares for diluted earnings per share	42,813	42,644
Earnings per common share — basic	Earnings per common share — basic	\$ 1.08	\$ 1.28
Earnings per common share — diluted	Earnings per common share — diluted	\$ 1.08	\$ 1.28
Number of antidilutive common stock equivalents excluded from diluted earnings per share computation	Number of antidilutive common stock equivalents excluded from diluted earnings per share computation	204	4
Number of antidilutive stock options excluded from diluted earnings per share computation	Number of antidilutive stock options excluded from diluted earnings per share computation	58	—
<b>Nine Months Ended September 30,</b>			
		<b>2023</b>	<b>2022</b>
Net income		\$ 150,283	\$ 151,526
Preferred dividends		(6,038)	(6,038)
Net income available to stockholders		\$ 144,245	\$ 145,488
Weighted average common shares outstanding for basic earnings per share		42,681	42,471
Assumed incremental common shares issued upon vesting of outstanding restricted stock units		89	125
Weighted average common shares for diluted earnings per share		42,770	42,596
Earnings per common share — basic		\$ 3.38	\$ 3.43
Earnings per common share — diluted		\$ 3.37	\$ 3.42

Number of antidilutive common stock equivalents excluded from diluted earnings per share computation	107	8
Number of antidilutive stock options excluded from diluted earnings per share computation	62	—

**Subsequent Events** - On April 28, 2024 (the "Signing Date"), HTLF entered into an Agreement and Plan of Merger (the "Merger Agreement") with UMB Financial Corporation, a Missouri corporation ("UMB") and Blue Sky Merger Sub Inc., a Delaware corporation and wholly owned subsidiary of UMB ("Blue Sky Merger Sub"). The Merger Agreement provides that, upon the terms and subject to the conditions set forth therein, (i) Blue Sky Merger Sub will merge with and into HTLF (the "Merger"), with HTLF surviving the Merger as a wholly owned subsidiary of UMB (the "Surviving Entity") and (ii) immediately following the effective time of the Merger (the "Effective Time") and as part of a single, integrated transaction, the Surviving Entity will merge with and into UMB (the "Second Merger", and together with the Merger, the "Mergers"), with UMB surviving the Second Merger (the "Surviving Corporation"). On the day immediately following the closing date of the Mergers, UMB will cause HTLF's wholly owned banking subsidiary, HTLF Bank, to merge with and into UMB's wholly owned banking subsidiary, UMB Bank, National Association (the "Bank Merger"), with UMB Bank, National Association continuing as the surviving bank in the Bank Merger. The Merger Agreement was unanimously approved by the Board of Directors of each of HTLF and UMB.

Upon the terms and subject to the conditions set forth in the Merger Agreement, at the Effective Time, each share of common stock, par value \$1.00 per share, of HTLF ("HTLF Common Stock") issued and outstanding immediately prior to the Effective Time, other than certain shares held by UMB or HTLF, will be converted into the right to receive 0.55 shares (the "Exchange Ratio," and such shares, the "Merger Consideration") of common stock, \$1.00 par value, of UMB ("UMB Common Stock") and cash in lieu of fractional shares. At the Effective Time, each share of 7.00% Fixed-Rate Non-Cumulative Perpetual Preferred Stock, Series E, par value \$1.00 per share of HTLF (the "HTLF Preferred Stock"), issued and outstanding immediately before the Effective Time will be converted into the right to receive one share of a newly created series of preferred stock of UMB ("UMB Preferred Stock") with such rights, preferences, privileges and powers (including voting powers) as set forth in the Certificate of Designations attached as an exhibit to the Merger Agreement.

HTLF has evaluated subsequent events that may require recognition or disclosure through the filing date of this Quarterly Report on Form 10-Q with the SEC. SEC and has concluded there are no other subsequent events that would require recognition in the accompanying consolidated financial statements.

Subsequent to September 30, 2023, in late October and early November, in responses to changes in interest rates, HTLF sold investment securities with a combined yield of approximately 2.48% in a series of sale transactions, resulting in proceeds totaling approximately \$667.9 million and a pre-tax loss of approximately \$103.5 million or approximately \$77.7 million after tax.

#### Effect of New Financial Accounting Standards

##### ASU 2022-01

In March 2022, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2022-01, "Derivatives and Hedging (Topic 815): Fair Value Hedging-Portfolio Layer Method," which expands the current last-of-layer method by allowing multiple hedged layers to be designated for a single closed portfolio of financial assets or one or more beneficial interests secured by a portfolio of financial instruments. HTLF adopted this ASU on January 1, 2023, and these amendments were applied prospectively.

##### ASU 2022-02

In March 2022, the FASB issued ASU 2022-02, "Financial Instruments-Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures." These amendments eliminate the troubled debt restructurings ("TDR") recognition and measurement guidance and require instead that an entity evaluate (consistent with the accounting for other loan modifications) whether the modification represents a new loan or a continuation of an existing loan. The amendments also enhance existing disclosure requirements and introduce new requirements related to certain modifications of receivables made to borrowers experiencing financial difficulty. These amendments also require that an entity disclose current-period gross charge-offs by year of origination for loans receivable within the scope of Subtopic 326-20. The guidance was effective for entities that have adopted ASU 2016-13 for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. HTLF adopted this ASU on January 1, 2023, as required, and these amendments were applied prospectively.

##### ASU 2023-02

In March 2023, the FASB issued ASU 2023-02 "Investments-Equity Method and Joint Ventures (Topic 323): Accounting for Investments in Tax Credit Structures Using the Proportional Amortization Method (a consensus of the Emerging Issues Task Force)." ASU 2023-02 expands the permitted use of the proportional amortization method, which is



currently only available to low-income housing tax credit investments, to other tax equity investments if certain conditions are met. Under the proportional amortization method, the initial cost of an investment is amortized in proportion to the income tax benefits received and both the amortization of the investment and the income tax benefits received are recognized as a component of income tax expense. This ASU **is** effective on January 1, 2024 and may be applied on either a modified retrospective or retrospective basis or, **HTLF has elected to use the proportional amortization method for certain changes, on a prospective basis, and early adoption is permitted.** investments in low-income housing projects. The amendments in this ASU are not expected to have a material impact on the results of operations or financial position.

#### ASU 2023-06

In October 2023, the FASB issued ASU 2023-06, "Disclosure Improvements: Codification Amendments in Response to the SEC's Disclosure Update and Simplification Initiative." The amendments in this Update modify the disclosure or presentation requirements of a variety of Topics in the Codification. Certain of the amendments represent clarifications to, or technical corrections of, the current requirements. Each amendment in the ASU will only become effective if the SEC removes the related disclosure or presentation requirement from its existing regulations by June 30, 2027. The amendments in this ASU are not expected to have a material impact on the results of operations or financial position.

#### ASU 2023-07

In November 2023, the FASB issued ASU 2023-07, "Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures" to improve disclosure requirements, primarily through enhanced disclosures about significant segment expenses. This update does not change how a public entity identifies its operating segments; however, it does require that an entity that has single reportable segment provide all the disclosures required by the amendments in this update. The amendments in this update are effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. A public entity should apply the amendments in this update retrospectively to all prior periods presented in the consolidated financial statements. Early adoption is permitted. We currently have one reportable operating segment. This ASU will not impact our consolidated financial statements and will have minimal impact to our disclosures, requiring identification of the chief operating decision maker and the information used to make operating decisions and to allocate resources.

#### ASU 2023-09

In December 2023, the FASB issued ASU 2023-09, "Income Taxes (Topic 740): Improvements to Income Tax Disclosures" that require public business entities to annually disclose (1) specific categories in their rate reconciliation; (2) additional information for reconciling items that meet a quantitative threshold; (3) the amount of income taxes paid (net of refunds received) disaggregated by federal, state, and foreign taxes; (4) the amount of income taxes paid (net of refunds received) disaggregated by individual jurisdictions in which the income taxes paid that meet a quantitative threshold; (5) income (or loss) from continuing operations before income tax expense (or benefit) disaggregated between domestic and foreign; and (6) income tax expense (or benefit) from continuing operations disaggregated by federal, state, and foreign. The ASU eliminates the requirement to disclose the nature and estimate of the range of the reasonably possible change in the unrecognized tax benefits balance in the next 12 months and to disclose the cumulative amount of each type of temporary difference when a deferred tax liability is not recognized because of the exceptions to comprehensive recognition of deferred taxes related to subsidiaries and corporate joint ventures. For public business entities, the amendments are effective for annual periods beginning after December 15, 2024. Early adoption is permitted for annual financial statements that have not yet been issued or made available for issuance. The amendments should be applied on a prospective basis, but retrospective application is permitted. HTLF is

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currently evaluating the impact of the standard and does not anticipate it will have a significant impact on the results of operations, financial position, or liquidity.

#### Qualified Affordable Housing Investments

HTLF elected to use the proportional amortization method for investments in low-income housing projects. HTLF's net investments in low-income housing projects were \$5.7 million and \$5.9 million as of March 31, 2024, and December 31, 2023, respectively, and are included in other assets in the consolidated balance sheet. With respect to HTLF's investment in low-income housing projects for the three months ended March 31, 2024, we recognized income tax credits and other income tax benefits of \$257,000 and \$33,000, respectively. The total income tax benefits of \$290,000 are partially offset in the "income taxes" item in the consolidated statements of income by \$235,000 of investment amortization recognized, for a net income tax benefit of \$55,000. The cash flows related to the total income tax benefits are presented in the following line items in the statement of cash flows:

- \$55,000 Net Income Tax Benefit, in the "Net income" line item in operating activities;
- \$235,000 Investment Amortization, in the "Other, net" line item, which is an adjustment to reconcile net income (loss) to cash from (used for) operating activities;
- \$257,000 Tax Credits, in the "Other, net" line item, which is also an adjustment to reconcile net income (loss) to cash from (used for) operating activities; and
- \$33,000 Other Tax Benefits Recognized, in the "Other, net" line item, which is also an adjustment to reconcile net income (loss) to cash from (used for) operating activities.

There was no non-income-tax-related activity or impairment losses related to the low-income housing investments this reporting period.

#### NOTE 2: SECURITIES

The amortized cost, gross unrealized gains and losses, and estimated fair values of debt securities available for sale and equity securities with a readily determinable fair value that are carried at fair value as of **September 30, 2023** **March 31, 2024**, and **December 31, 2022** **December 31, 2023**, are summarized in the table below, in thousands:

		Gross		Gross		Estimated		
		Amortized	Unrealized	Unrealized		Fair		
		Cost	Gains	Losses		Value		
September 30, 2023								
Amortized				Amortized		Gross	Gross	Estimated
Cost				Cost		Unrealized	Unrealized	Fair
						Gains	Losses	Value
March 31, 2024		March 31, 2024						
U.S. treasuries	U.S. treasuries	\$ 32,436	\$ —	\$ (631)	\$ 31,805			
U.S. agencies	U.S. agencies	48,022	—	(6,918)	41,104			
Obligations of states and political subdivisions	Obligations of states and political subdivisions	982,570	—	(207,883)	774,687			
Mortgage-backed securities - agency	Mortgage-backed securities - agency	1,910,725	48	(316,378)	1,594,395			
Mortgage-backed securities - non-agency	Mortgage-backed securities - non-agency	2,058,422	20	(163,362)	1,895,080			
Commercial mortgage-backed securities - agency	Commercial mortgage-backed securities - agency	98,497	—	(17,053)	81,444			
Commercial mortgage-backed securities - non-agency	Commercial mortgage-backed securities - non-agency	621,163	—	(18,730)	602,433			
Asset-backed securities	Asset-backed securities	397,410	—	(13,031)	384,379			
Corporate bonds	Corporate bonds	59,197	—	(2,675)	56,522			
Total debt securities	Total debt securities	6,208,442	68	(746,661)	5,461,849			
Equity securities with a readily determinable fair value	Equity securities with a readily determinable fair value	20,838	—	—	20,838			
Total	Total	\$6,229,280	\$ 68	\$ (746,661)	\$5,482,687			
December 31, 2022								
December 31, 2023								
U.S. treasuries								
U.S. treasuries								
U.S. treasuries	U.S. treasuries	\$ 32,369	\$ 8	\$ (678)	\$ 31,699			

U.S. agencies	U.S. agencies	49,437	—	(6,302)	43,135
Obligations of states and political subdivisions	Obligations of states and political subdivisions	1,049,578	14	(170,155)	879,437
Mortgage-backed securities - agency	Mortgage-backed securities - agency	2,042,092	56	(270,043)	1,772,105
Mortgage-backed securities - non-agency	Mortgage-backed securities - non-agency	2,327,308	1,417	(146,849)	2,181,876
Commercial mortgage-backed securities - agency	Commercial mortgage-backed securities - agency	100,518	—	(15,395)	85,123
Commercial mortgage-backed securities - non-agency	Commercial mortgage-backed securities - non-agency	679,511	—	(20,052)	659,459
Asset-backed securities	Asset-backed securities	428,397	—	(12,343)	416,054
Corporate bonds	Corporate bonds	59,205	—	(1,263)	57,942
Total debt securities	Total debt securities	6,768,415	1,495	(643,080)	6,126,830
Equity securities with a readily determinable fair value	Equity securities with a readily determinable fair value	20,314	—	—	20,314
Total	Total	\$6,788,729	\$ 1,495	\$(643,080)	\$6,147,144

The amortized cost, gross unrealized gains and losses and estimated fair values of held to maturity securities as of **September 30, 2023**, **March 31, 2024**, and **December 31, 2022**, are summarized in the table below, in thousands:

	Amortized Cost	Amortized Cost	Amortized Cost	
March 31, 2024				
March 31, 2024				
March 31, 2024				
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
September 30, 2023				
Obligations of states and political subdivisions				

Obligations of states and political subdivisions					
Obligations of states and political subdivisions	Obligations of states and political subdivisions	\$	835,468	\$	1,307
					(78,149)
Total	Total	\$	835,468	\$	1,307
				\$	(78,149)
				\$	758,626
December 31, 2022					
Total					
December 31, 2023					
December 31, 2023					
December 31, 2023					
Obligations of states and political subdivisions					
Obligations of states and political subdivisions					
Obligations of states and political subdivisions	Obligations of states and political subdivisions	\$	829,403	\$	3,096
				\$	(55,942)
Total	Total	\$	829,403	\$	3,096
				\$	(55,942)
				\$	776,557
Total					
Total					

As of **September 30, 2023** **March 31, 2024**, and **December 31, 2022** **December 31, 2023**, HTLF had **\$30.1** **\$25.3** million and **\$33.0** **\$28.0** million, respectively, of accrued interest receivable, which is included in other assets on the consolidated balance sheets. HTLF does not consider accrued interest receivable in the carrying amount of financial assets held at amortized cost basis or in the allowance for credit losses calculation.

The amortized cost and estimated fair value of investment securities carried at fair value at **September 30, 2023** **March 31, 2024**, by contractual maturity, are as follows, in thousands. Expected maturities will differ from contractual maturities because issuers may have the right to call or prepay obligations with or without penalties.

		September 30, 2023	
		Amortized Cost	Estimated Fair Value
March 31, 2024		March 31, 2024	
Amortized Cost		Amortized Cost	Estimated Fair Value
Due in 1 year or less	Due in 1 year or less	\$ 22,124	\$ 21,736
Due in 1 to 5 years	Due in 1 to 5 years	65,617	63,728
Due in 5 to 10 years	Due in 5 to 10 years	49,120	39,808
Due after 10 years	Due after 10 years	985,364	778,846
Total debt securities	Total debt securities	1,122,225	904,118
Mortgage and asset-backed securities	Mortgage and asset-backed securities	5,086,217	4,557,731

Equity securities with a readily determinable fair value	Equity securities with a readily determinable fair value	20,838	20,838
Total investment securities	Total investment securities	\$6,229,280	\$5,482,687

The amortized cost and estimated fair value of debt securities held to maturity at **September 30, 2023** **March 31, 2024**, by contractual maturity, are as follows, in thousands. Expected maturities will differ from contractual maturities because issuers may have the right to call or prepay obligations with or without penalties.

		<b>September 30, 2023</b>	
		<b>Amortized Cost</b>	<b>Estimated Fair Value</b>
		<b>March 31, 2024</b>	<b>March 31, 2024</b>
		<b>Amortized Cost</b>	<b>Estimated Fair Value</b>
Due in 1 year or less	Due in 1 year or less	\$ 5,584	\$ 5,573
Due in 1 to 5 years	Due in 1 to 5 years	86,908	85,469
Due in 5 to 10 years	Due in 5 to 10 years	156,899	147,931
Due after 10 years	Due after 10 years	586,077	519,653
Total debt securities	Total debt securities	\$ 835,468	\$ 758,626

As of **September 30, 2023** **March 31, 2024**, and **December 31, 2022** **December 31, 2023**, securities with a carrying value of **\$2.66 billion** **\$2.61 billion** and **\$1.49 billion** **\$2.63 billion**, respectively, were pledged to secure public and trust deposits, short-term borrowings and for other purposes as required or permitted by law.

Gross gains and losses realized related to the sales of securities carried at fair value for the three **and nine** months ended **September 30, 2023** **March 31, 2024** and **2022**, **2023**, are summarized as follows, in thousands:

		<b>Three Months Ended September 30,</b>		<b>Nine Months Ended September 30,</b>	
		<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
		<b>Three Months Ended March 31,</b>			
		<b>Three Months Ended March 31,</b>			
		<b>Three Months Ended March 31,</b>			
		<b>2024</b>			
		<b>2024</b>			
		<b>2024</b>			
Proceeds from sales	Proceeds from sales				
Proceeds from sales	Proceeds from sales				
Proceeds from sales	Proceeds from sales	\$ 44,457	\$ 57,610	\$ 331,196	\$ 1,031,521
Gross security gains	Gross security gains	803	—	1,286	7,298
Gross security gains	Gross security gains				
Gross security gains	Gross security gains				

Gross security losses	Gross security losses	744	1,070	2,656	9,018
Gross security losses					
Gross security losses					

The following table summarizes, in thousands, the amount of unrealized losses, defined as the amount by which cost or amortized cost exceeds fair value, and the related fair value of investments with unrealized losses in the securities portfolio as of **September 30, 2023**, **March 31, 2024**, and **December 31, 2022**, **December 31, 2023**. The investments were segregated into two categories: those that have been in a continuous unrealized loss position for less than 12 months and those that have been in a continuous unrealized loss position for 12 months or more. The reference point for determining how long an investment was in an unrealized loss position was **September 30, 2022**, **March 31, 2023**, and December 31, **2021**, **2023**, respectively.

Debt securities available for sale	Debt securities available for sale										Debt securities available for sale				12 months or longer					
		Less than 12 months			12 months or longer			Total			Less than 12 months						Total			
		Fair Value	Unrealized Losses	Count	Fair Value	Unrealized Losses	Count	Fair Value	Unrealized Losses	Count	Fair Value	Unrealized Losses	Count	Fair Value	Unrealized Losses	Count	Fair Value	Unrealized Losses		
September 30, 2023																				
March 31, 2024																				
U.S. treasuries																				
U.S. treasuries																				
U.S. treasuries	U.S. treasuries	\$	5,917	\$	(72)	2	\$	25,888	\$	(559)	3	\$	31,805	\$	(631)	5				
U.S. agencies	U.S. agencies		—		—	—		41,104		(6,918)	6		41,104		(6,918)	6				
Obligations of states and political subdivisions	Obligations of states and political subdivisions		3,360		(470)	4		771,031		(207,413)	163		774,391		(207,883)	167				
Mortgage-backed securities - agency	Mortgage-backed securities - agency		1,958		(62)	11		1,591,796		(316,316)	215		1,593,754		(316,378)	226				
Mortgage-backed securities - non-agency	Mortgage-backed securities - non-agency		488,800		(41,299)	14		1,282,494		(122,063)	43		1,771,294		(163,362)	57				
Commercial mortgage-backed securities - agency	Commercial mortgage-backed securities - agency		—		—	—		81,444		(17,053)	19		81,444		(17,053)	19				
Commercial mortgage-backed securities - non-agency	Commercial mortgage-backed securities - non-agency		9,695		(344)	1		584,871		(18,386)	17		594,566		(18,730)	18				
Asset-backed securities	Asset-backed securities		—		—	—		139,217		(13,031)	11		139,217		(13,031)	11				
Corporate bonds	Corporate bonds		48,634		(1,365)	1		7,888		(1,310)	7		56,522		(2,675)	8				

Total temporarily impaired securities	Total temporarily impaired securities	\$ 558,364	\$ (43,612)	33	\$4,525,733	\$ (703,049)	484	\$5,084,097	\$ (746,661)	517
December 31, 2022										
Total temporarily impaired securities										
Total temporarily impaired securities										
December 31, 2023										
U.S. treasuries										
U.S. treasuries										
U.S. treasuries	U.S. treasuries	\$ 28,699	\$ (678)	4	\$ —	\$ —	—	\$ 28,699	\$ (678)	4
U.S. agencies	U.S. agencies	16,487	(222)	5	26,648	(6,080)	2	43,135	(6,302)	7
Obligations of states and political subdivisions	Obligations of states and political subdivisions	288,457	(28,378)	69	589,641	(141,777)	113	878,098	(170,155)	182
Mortgage-backed securities - agency	Mortgage-backed securities - agency	241,288	(21,420)	99	1,528,951	(248,623)	126	1,770,239	(270,043)	225
Mortgage-backed securities - non-agency	Mortgage-backed securities - non-agency	950,054	(70,213)	25	693,531	(76,636)	25	1,643,585	(146,849)	50
Commercial mortgage-backed securities - agency	Commercial mortgage-backed securities - agency	27,732	(2,291)	12	57,392	(13,104)	7	85,124	(15,395)	19
Commercial mortgage-backed securities - non-agency	Commercial mortgage-backed securities - non-agency	530,541	(16,830)	15	84,619	(3,222)	4	615,160	(20,052)	19
Asset-backed securities	Asset-backed securities	118,613	(6,107)	7	56,621	(6,236)	6	175,234	(12,343)	13
Corporate bonds	Corporate bonds	57,544	(1,257)	7	398	(6)	1	57,942	(1,263)	8
Total temporarily impaired securities	Total temporarily impaired securities	\$2,259,415	\$(147,396)	243	\$3,037,801	\$(495,684)	284	\$5,297,216	\$(643,080)	527
Total temporarily impaired securities										
Total temporarily impaired securities										
Securities held to maturity	Securities held to maturity									
		Less than 12 months			12 months or longer			Total		
Securities held to maturity										

Securities held to maturity										Less than 12 months		12 months or longer		Total				
										Fair Value	Unrealized Losses	Count	Fair Value	Unrealized Losses	Count	Fair Value	Unrealized Losses	Count
March 31, 2024																		
		Fair Value	Unrealized Losses	Count	Fair Value	Unrealized Losses	Count	Fair Value	Unrealized Losses	Count								
September 30, 2023																		
Obligations of states and political subdivisions																		
Obligations of states and political subdivisions																		
Obligations of states and political subdivisions	Obligations of states and political subdivisions	\$164,348	\$ (14,240)	38	\$531,005	\$ (63,909)	129	\$695,353	\$ (78,149)	167								
Total temporarily impaired securities	Total temporarily impaired securities	\$164,348	(14,240)	38	\$531,005	\$ (63,909)	129	\$695,353	(78,149)	167								
December 31, 2022																		
December 31, 2023																		
Obligations of states and political subdivisions																		
Obligations of states and political subdivisions																		
Obligations of states and political subdivisions	Obligations of states and political subdivisions	\$697,424	\$ (55,942)	155	\$ —	\$ —	—	\$697,424	\$ (55,942)	155								
Total temporarily impaired securities	Total temporarily impaired securities	\$697,424	\$ (55,942)	155	\$ —	\$ —	—	\$697,424	\$ (55,942)	155								

HTLF reviews each security in the investment securities portfolio on a quarterly basis for potential credit losses, taking into consideration numerous factors, and the relative significance of any single factor can vary by security. Some factors HTLF may consider include changes in security ratings, financial condition of the issuer, and security and industry specific economic conditions. With regard to debt securities, HTLF may also evaluate payment structure, whether there are defaulted payments or expected defaults, prepayment speeds and the value of any underlying collateral. For certain debt securities in unrealized loss positions, HTLF prepares cash flow analyses to compare the present value of cash flows expected to be collected from the security with the amortized cost basis of the security.

The unrealized losses on HTLF's commercial mortgage, mortgage and asset-backed securities are the result of changes in market interest rates or widening of market spreads subsequent to HTLF's purchase of the securities. The losses are not related to concerns regarding the underlying credit of the issuers or the underlying collateral. It is expected that the securities will not be settled at a price less than the amortized cost of the investment. Because the decline in fair value is attributable to changes in interest rates or widening market spreads and not credit quality, and because, as of **September 30, 2023** **March 31, 2024**, HTLF has the intent and ability to hold these investments until a market price recovery or to maturity and does not believe it will be required to sell the securities before maturity, no credit losses were recognized on these securities during the three **and nine** months ended **September 30, 2023** **March 31, 2024** and **2022, 2023**.

The unrealized losses on HTLF's obligations of states and political subdivisions available for sale are the result of changes in market interest rates or widening of market spreads subsequent to the initial purchase of the securities. Management monitors the published credit ratings of these securities and the stability of the underlying municipalities. Because the declines in fair value are attributable to changes in interest rates or widening market spreads due to insurance company downgrades and not underlying credit quality, and because, as of **September 30, 2023** **March 31, 2024**, HTLF has the intent and ability to hold these investments until a market price recovery or to maturity and does not believe it will



be required to sell the securities before maturity, no credit losses were recognized on these securities during the three and nine months ended September 30, 2023 March 31, 2024 and 2022, 2023.

Based on HTLF's credit loss methodology applicable to held to maturity debt securities, no allowance for credit losses was required at both September 30, 2023, and December 31, 2022.

The following table summarizes, in thousands, the carrying amount of HTLF's held to maturity debt securities by investment rating as of September 30, 2023 March 31, 2024, and December 31, 2022 December 31, 2023, which are updated quarterly and used to monitor the credit quality of the securities:

		September 30, 2023	December 31, 2022
March 31, 2024		March 31, 2024	
Rating Rating		December 31, 2023	
AAA			
AAA			
AAA	AAA	\$ 88,254	\$ 79,598
AA,	AA,		
AA+,	AA+,		
AA-	AA-	583,188	588,354
A+, A,	A+, A,		
A-	A-	138,885	136,624
BBB	BBB	20,113	20,623
Not	Not		
Rated	Rated	5,028	4,204
Total	Total	\$ 835,468	\$ 829,403

Included in other investments were shares of stock in each Federal Home Loan Bank (the "FHLB") of which each of its Banks is a member at an amortized cost of \$24.9 million \$2.6 million at September 30, 2023 March 31, 2024, and \$12.3 million \$25.8 million at December 31, 2022 December 31, 2023.

The HTLF banks are Bank is required by federal law to maintain FHLB stock as members a member of the various FHLBs. FHLB. These equity securities are "restricted" in that they can only be sold back to the respective institutions from which they were acquired or another member institution at par. Therefore, the FHLB stock is less liquid than other marketable equity securities, and the fair value approximates amortized cost. HTLF considers its FHLB stock as a long-term investment that provides access to competitive products and liquidity. HTLF evaluates impairment in these investments based on the ultimate recoverability of the par value and, at September 30, 2023 March 31, 2024, and December 31, 2022 December 31, 2023, did not consider the investments to be impaired.

### NOTE 3: LOANS

Loans as of September 30, 2023 March 31, 2024, and December 31, 2022 December 31, 2023, were as follows, in thousands:

		September 30, 2023	December 31, 2022
March 31, 2024		March 31, 2024	
Loans receivable held to maturity:		December 31, 2023	
Commercial and industrial	Commercial and industrial	\$ 3,591,809	\$ 3,464,414
Paycheck Protection Program ("PPP")	Paycheck Protection Program ("PPP")	3,750	11,025

Owner occupied commercial real estate	Owner occupied commercial real estate	2,429,659	2,265,307
Non-owner occupied commercial real estate	Non-owner occupied commercial real estate	2,656,358	2,330,940
Real estate construction	Real estate construction	1,029,554	1,076,082
Agricultural and agricultural real estate	Agricultural and agricultural real estate	842,116	920,510
Residential real estate	Residential real estate	813,803	853,361
Consumer	Consumer	505,387	506,713
Total loans receivable held to maturity	Total loans receivable held to maturity	11,872,436	11,428,352
Allowance for credit losses	Allowance for credit losses	(110,208)	(109,483)
Allowance for credit losses			
Allowance for credit losses			
Loans receivable, net	Loans receivable, net	\$11,762,228	\$11,318,869

As of **September 30, 2023** **March 31, 2024**, and **December 31, 2022** **December 31, 2023**, HTLF had **\$61.3** **\$66.4** million and **\$49.1** **\$65.4** million, respectively, of accrued interest receivable, which is included in other assets on the consolidated balance sheets. HTLF does not consider accrued interest receivable in the allowance for credit losses calculation.

The following table shows the balance in the allowance for credit losses at **September 30, 2023** **March 31, 2024**, and **December 31, 2022** **December 31, 2023**, and the related loan balances, disaggregated on the basis of measurement methodology, in thousands. If a loan no longer shares similar risk characteristics with other loans in the pool, it is evaluated on an individual basis and is not included in the collective evaluation. Lending relationships on nonaccrual with \$500,000 or more of total exposure are individually assessed using a collateral dependency calculation. All other loans are collectively evaluated for losses.

	Allowance For Credit Losses			Gross Loans Receivable Held to Maturity		
	Individually Evaluated for Credit Losses	Collectively Evaluated for Credit Losses	Total	Loans Individually Evaluated for Credit Losses	Loans Collectively Evaluated for Credit Losses	Total
September 30, 2023						
March 31, 2024	Allowance For Credit Losses			Allowance For Credit Losses		
	Individually Evaluated for Credit Losses			Gross Loans Receivable Held to Maturity		
Commercial and industrial				Individually Evaluated for Credit Losses	Collectively Evaluated for Credit Losses	Total

Commercial and industrial													
Commercial and industrial	Commercial and industrial	\$	6,712	\$	21,584	\$	28,296	\$	15,242	\$	3,576,567	\$	3,591,809
PPP	PPP		—		—		—		—		3,750		3,750
Owner occupied commercial real estate	Owner occupied commercial real estate		—		14,674		14,674		4,411		2,425,248		2,429,659
Non-owner occupied commercial real estate	Non-owner occupied commercial real estate		257		17,027		17,284		6,580		2,649,778		2,656,358
Real estate construction	Real estate construction		—		28,979		28,979		910		1,028,644		1,029,554
Agricultural and agricultural real estate	Agricultural and agricultural real estate		2,021		2,383		4,404		6,964		835,152		842,116
Residential real estate	Residential real estate		—		7,107		7,107		2,216		811,587		813,803
Consumer	Consumer		—		9,464		9,464		—		505,387		505,387
Total	Total	\$	8,990	\$	101,218	\$	110,208	\$	36,323	\$	11,836,113	\$	11,872,436
Total													
Total													
December 31, 2022													
December 31, 2023													
December 31, 2023													
December 31, 2023													
Commercial and industrial													
Commercial and industrial													
Commercial and industrial	Commercial and industrial	\$	6,670	\$	22,401	\$	29,071	\$	18,712	\$	3,445,702	\$	3,464,414
PPP	PPP		—		—		—		—		11,025		11,025
Owner occupied commercial real estate	Owner occupied commercial real estate		376		13,572		13,948		7,932		2,257,375		2,265,307
Non-owner occupied commercial real estate	Non-owner occupied commercial real estate		—		16,539		16,539		11,371		2,319,569		2,330,940
Real estate construction	Real estate construction		—		29,998		29,998		1,518		1,074,564		1,076,082
Agricultural and agricultural real estate	Agricultural and agricultural real estate		63		2,571		2,634		3,851		916,659		920,510
Residential real estate	Residential real estate		—		7,711		7,711		1,607		851,754		853,361
Consumer	Consumer		—		9,582		9,582		—		506,713		506,713
Total	Total	\$	7,109	\$	102,374	\$	109,483	\$	44,991	\$	11,383,361	\$	11,428,352

Total
Total

The following tables show the amortized cost basis as of September 30, 2023 March 31, 2024 and March 31, 2023, of the loans modified during the three and nine months ended September 30, 2023 March 31, 2024 and March 31, 2023, to borrowers experiencing financial difficulty by loan category and type of concession granted, dollars in thousands.

For the Three Months Ended September 30, 2023	Loan Modifications Made to Borrowers Experiencing Financial Difficulty			
	Term Extension		Term Extension and Interest Only Payments	
	Amortized Cost Basis	% of Loan Category	Amortized Cost Basis	% of Loan Category
Commercial	\$ —	— %	\$ —	— %
Owner occupied commercial real estate	—	—	—	—
Real estate construction	—	—	—	—
Agricultural and agricultural real estate	1,992	0.24	—	—
Residential real estate	—	—	—	—
Total	\$ 1,992	0.02 %	\$ —	— %

For the Three Months Ended March 31, 2024	Loan Modifications Made to Borrowers Experiencing Financial Difficulty			
	Term Extension		Term Extension and Interest Only Payments	
	Amortized Cost Basis	% of Loan Category	Amortized Cost Basis	% of Loan Category
Commercial and industrial	\$ 267	0.01 %	\$ —	— %
Real estate construction	739	0.07	—	—
Total	\$ 1,006	0.01 %	\$ —	— %

For the Nine Months Ended September 30, 2023	Loan Modifications Made to Borrowers Experiencing Financial Difficulty			
	Term Extension		Term Extension and Interest Only Payments	
	Amortized Cost Basis	% of Loan Category	Amortized Cost Basis	% of Loan Category

Loan Modifications Made to Borrowers Experiencing Financial Difficulty			Loan Modifications Made to Borrowers Experiencing Financial Difficulty	
			Term Extension and Interest Only Payments	
Term Extension			Term Extension	

For the Three Months Ended March 31, 2023							For the Three Months Ended March 31, 2023	Amortized Cost Basis	% of Loan Category	Amortized Cost Basis	% of Loan Category
Commercial Owner occupied commercial real estate	Commercial Owner occupied commercial real estate	\$ 4,233	0.12 %	\$ —	— %	Commercial	\$3,682	0.11 %	—	— %	— %
Owner occupied commercial real estate											
Owner occupied commercial real estate											
Real estate construction	Real estate construction	1,453	0.14	—	—						
Agricultural and agricultural real estate	Agricultural and agricultural real estate	3,546	0.42	—	—						
Real estate construction											
Real estate construction											
Residential real estate											
Residential real estate											
Residential real estate	Residential real estate	741	0.09	—	—						
Total	Total	\$ 9,973	0.08 %	\$ 5,043	0.04 %						
Total											
Total								\$ 5,942	0.05 %	\$ 5,043	0.22 %

The following table describes the financial effect of the modifications made to borrowers experiencing financial difficulty in the nine months ending September 30, 2023 March 31, 2024 and March 31, 2023.

Loan Type	Weighted Average Term Extension (months)	Weighted Average Term Extension and Interest Only Payments (months)
Commercial and industrial	8	0
Owner occupied commercial real estate	0	12
Real estate construction	6	0
Agricultural and agricultural real estate	11	0
Residential real estate	12	0

For the Three Months Ended March 31, 2024	Weighted Average Term Extension (months)	Weighted Average Term Extension and Interest Only Payments (months)
Commercial and industrial	6	0
Real estate construction	4	0

For the Three Months Ended March 31, 2023	Weighted Average Term Extension (months)	Weighted Average Term Extension and Interest Only Payments (months)
Commercial and industrial	10	0
Owner occupied commercial real estate	0	12
Real estate construction	6	0
Residential real estate	12	0

At September 30, 2023 March 31, 2024, there were \$98,000 in no unfunded commitments to extend credit to the borrowers experiencing financial difficulty.

HTLF had no loans to borrowers experiencing financial difficulty that had a payment default during the three months and nine months ended September 30, 2023 March 31, 2024, that had been modified in the twelve-month period prior to the default.

HTLF closely monitors the performance of the loans that are modified to borrowers experiencing financial difficulty to understand the effectiveness of its modification efforts. The following table shows tables show the performance of loans that have been modified in the nine three months ended September 30, 2023 March 31, 2024 and March 31, 2023, dollars in thousands.

	Accruing Loans					
	30-59 Days Past Due	60-89 Days Past Due	90 Days or More Past Due	Total Past Due	Current	Nonaccrual
<b>September 30, 2023</b>						
Commercial and industrial	\$ —	\$ —	\$ —	\$ —	\$ 4,233	\$ —
Owner occupied commercial real estate	—	—	—	—	5,043	—
Real estate construction	—	—	—	—	—	1,453
Agricultural and agricultural real estate	—	—	—	—	3,546	—
Residential real estate	—	—	—	—	—	741
<b>Total</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 12,822</b>	<b>\$ 2,194</b>
	Accruing Loans					
	30-59 Days Past Due	60-89 Days Past Due	90 Days or More Past Due	Total Past Due	Current	Nonaccrual
<b>March 31, 2024</b>						
Commercial and industrial	\$ —	\$ —	\$ —	\$ —	\$ 267	\$ —
Real estate construction	—	—	—	—	739	—
<b>Total</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 1,006</b>	<b>\$ —</b>
	Accruing Loans					
	30-59 Days Past Due	60-89 Days Past Due	90 Days or More Past Due	Total Past Due	Current	Nonaccrual
<b>March 31, 2023</b>						
Commercial and industrial	\$ —	\$ —	\$ —	\$ —	\$ 3,682	\$ —
Owner occupied commercial real estate	—	—	—	—	5,043	—
Real estate construction	—	—	—	—	—	1,498
Residential real estate	—	—	—	—	—	762
<b>Total</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 8,725</b>	<b>\$ 2,260</b>

HTLF's internal rating system is a series of grades reflecting management's credit risk assessment, based on its analysis of the borrower's financial condition. The "pass" category consists of all loans that are not in the "nonpass" category and consists of a range of loan grades that reflect increasing, though still acceptable, risk. Movement of risk through the various grade levels in the pass category is monitored for early identification of credit deterioration and risk rating migration analysis.

The "nonpass" category consists of watch, substandard, doubtful and loss rated loans. The "watch" rating is attached to loans where the borrower exhibits negative trends in financial circumstances due to borrower specific or systemic conditions that, if left uncorrected, threaten the borrower's capacity to meet its debt obligations. The borrower is believed to have sufficient financial flexibility to react to and resolve its negative financial situation. These credits are closely monitored for improvement or deterioration.

The "substandard" rating is assigned to loans that are inadequately protected by the current net worth and repaying capacity of the borrower and that may be further at risk due to deterioration in the value of collateral pledged. Well-defined weaknesses jeopardize liquidation of the debt. These loans are still considered collectible; however, a distinct possibility

exists that HTLF will sustain some loss if deficiencies are not corrected. Substandard loans may exhibit some or all of the following weaknesses: deteriorating financial trends, insufficient earnings, inadequate debt service capacity, excessive debt and/or lack of liquidity.

The "doubtful" rating is assigned to loans where identified weaknesses in the borrowers' ability to repay these loans make collection or liquidation in full, on the basis of existing facts, conditions and values, highly questionable and improbable. These borrowers are usually in default, lack liquidity, capital, and the resources necessary to remain as an operating entity. Specific pending events, such as capital injections, liquidations or perfection of liens on additional collateral, may strengthen the credit, thus deferring the rating of the loan as "loss" until the exact status of the loan can be determined. The "loss" rating is assigned to loans considered uncollectible. HTLF had no loans classified as "loss" or "doubtful" as of **September 30, 2023** **March 31, 2024**, and **December 31, 2022** **December 31, 2023**.

The following table shows the risk category of loans by loan category, year of origination and charge-offs as of **September 30, 2023** **March 31, 2024**, in thousands:

As of September 30, 2023		Amortized Cost Basis of Term Loans by Year of Origination														
							2018 and									
		2023	2022	2021	2020	2019	Prior	Revolving	Total							
As of March 31, 2024																
										2023	2022	2021	2020	2019 and Prior		Revolving
Commercial and industrial	Commercial and industrial															
Pass																
Pass																
Pass	Pass	\$371,612	\$844,387	\$359,961	\$207,736	\$86,378	\$331,567	\$1,232,550	\$3,434,191							
Watch	Watch	4,078	23,685	253	3,266	3,200	10,002	26,000	70,484							
Substandard	Substandard	18,954	12,849	4,005	6,025	18,761	7,971	18,569	87,134							
Commercial and industrial total	Commercial and industrial total	\$394,644	\$880,921	\$364,219	\$217,027	\$108,339	\$349,540	\$1,277,119	\$3,591,809							
Commercial and industrial charge-offs	Commercial and industrial charge-offs	\$—	\$567	\$196	\$1,414	\$554	\$1,938	\$1,812	\$6,481							
PPP																
Pass		\$—	\$—	\$2,968	\$59	\$—	\$—	\$—	\$3,027							
Watch		—	—	636	—	—	—	—	636							
Substandard		—	—	87	—	—	—	—	87							
PPP total		\$—	\$—	\$3,691	\$59	\$—	\$—	\$—	\$3,750							
PPP charge-offs		\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—							

As of September 30, 2023		Amortized Cost Basis of Term Loans by Year of Origination												
As of March 31, 2024														
		2024												
		2024												
		2024						2023	2022	2021	2020	2019 and Prior	Revolving	Total
PPP														
PPP														
PPP														
Pass														
Pass														
Pass														
Watch														

Substandard									
PPP total									
PPP charge-offs									
		2018 and							
		2023	2022	2021	2020	2019	Prior	Revolving	Total
Owner occupied commercial real estate	Owner occupied commercial real estate								
Owner occupied commercial real estate									
Owner occupied commercial real estate									
Pass									
Pass									
Pass	Pass	\$ 283,766	\$ 501,294	\$ 770,707	\$ 228,578	\$ 242,952	\$ 236,637	\$ 43,522	\$ 2,307,456
Watch	Watch	15,369	11,034	15,380	2,690	10,724	6,661	—	61,858
Substandard	Substandard	23,354	12,824	3,479	12,050	4,132	4,506	—	60,345
Owner occupied commercial real estate total	Owner occupied commercial real estate total	\$ 322,489	\$ 525,152	\$ 789,566	\$ 243,318	\$ 257,808	\$ 247,804	\$ 43,522	\$ 2,429,659
Owner occupied commercial real estate charge-offs	Owner occupied commercial real estate charge-offs	\$ —	\$ —	\$ —	\$ 5	\$ —	\$ 14	\$ —	\$ 19
Non-owner occupied commercial real estate	Non-owner occupied commercial real estate								
Non-owner occupied commercial real estate									
Non-owner occupied commercial real estate									
Pass									
Pass									
Pass	Pass	\$ 479,766	\$ 743,063	\$ 480,475	\$ 219,733	\$ 242,084	\$ 276,518	\$ 43,226	\$ 2,484,865
Watch	Watch	28,925	3,673	437	2,412	27,620	51,230	—	114,297
Substandard	Substandard	—	6,697	690	652	14,816	34,341	—	57,196
Non-owner occupied commercial real estate total	Non-owner occupied commercial real estate total	\$ 508,691	\$ 753,433	\$ 481,602	\$ 222,797	\$ 284,520	\$ 362,089	\$ 43,226	\$ 2,656,358
Non-owner occupied commercial real estate charge-offs	Non-owner occupied commercial real estate charge-offs	\$ —	\$ 62	\$ —	\$ 29	\$ 398	\$ 147	\$ —	\$ 636
Real estate construction	Real estate construction								
Real estate construction									
Real estate construction									



Pass									
Pass									
Pass	Pass	\$ 207,371	\$ 529,810	\$ 207,672	\$ 35,069	\$ 11,885	\$ 3,834	\$ 8,438	\$ 1,004,079
Watch	Watch	—	12,808	1,823	74	—	100	—	14,805
Substandard	Substandard	394	9,275	665	336	—	—	—	10,670
Real estate construction									
Real estate construction total	Real estate construction total	\$ 207,765	\$ 551,893	\$ 210,160	\$ 35,479	\$ 11,885	\$ 3,934	\$ 8,438	\$ 1,029,554
Real estate construction charge-offs									
Real estate construction charge-offs	Real estate construction charge-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Agricultural and agricultural real estate									
Agricultural and agricultural real estate									
Pass									
Pass									
Pass	Pass	\$ 130,711	\$ 231,769	\$ 119,184	\$ 68,386	\$ 29,310	\$ 49,609	\$ 178,635	\$ 807,604
Watch	Watch	2,626	359	740	2,033	150	438	2,292	8,638
Substandard	Substandard	1,496	7,635	1,770	35	912	13,454	572	25,874
Agricultural and agricultural real estate total									
Agricultural and agricultural real estate total	Agricultural and agricultural real estate total	\$ 134,833	\$ 239,763	\$ 121,694	\$ 70,454	\$ 30,372	\$ 63,501	\$ 181,499	\$ 842,116
Agricultural and agricultural real estate charge-offs									
Agricultural and agricultural real estate charge-offs	Agricultural and agricultural real estate charge-offs	\$ —	\$ —	\$ —	\$ 9	\$ —	\$ 1	\$ 5,309	\$ 5,319
Residential real estate									
Residential real estate									
Pass									
Pass									
Pass	Pass	\$ 60,769	\$ 183,291	\$ 247,584	\$ 75,960	\$ 44,007	\$ 166,554	\$ 18,715	\$ 796,880
Watch	Watch	63	1,479	1,666	614	674	4,194	—	8,690
Substandard	Substandard	741	—	2,728	768	265	3,332	399	8,233
Residential real estate total									
Residential real estate total	Residential real estate total	\$ 61,573	\$ 184,770	\$ 251,978	\$ 77,342	\$ 44,946	\$ 174,080	\$ 19,114	\$ 813,803
Residential real estate charge-offs									
Residential real estate charge-offs	Residential real estate charge-offs	\$ —	\$ 59	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 59
Residential real estate charge-offs									
Residential real estate charge-offs									
Consumer									
Consumer									

Consumer									
Pass									
Pass									
Pass	Pass	\$ 41,649	\$ 66,162	\$ 38,254	\$ 9,007	\$ 4,167	\$ 14,394	\$ 325,015	\$ 498,648
Watch	Watch	618	91	710	26	44	430	1,582	3,501
Substandard	Substandard	2	282	320	69	145	2,039	381	3,238
Consumer total	Consumer total	\$ 42,269	\$ 66,535	\$ 39,284	\$ 9,102	\$ 4,356	\$ 16,863	\$ 326,978	\$ 505,387
Consumer charge-offs	Consumer charge-offs	\$ —	\$ 210	\$ 112	\$ 23	\$ 18	\$ 27	\$ 2,824	\$ 3,214
Total Pass		\$1,575,644	\$3,099,776	\$2,226,805	\$844,528	\$660,783	\$1,079,113	\$1,850,101	\$11,336,750
Total Watch		51,679	53,129	21,645	11,115	42,412	73,055	29,874	282,909
Total Substandard		44,941	49,562	13,744	19,935	39,031	65,643	19,921	252,777
Total Loans		\$1,672,264	\$3,202,467	\$2,262,194	\$875,578	\$742,226	\$1,217,811	\$1,899,896	\$11,872,436
Total Charge-offs		\$ —	\$ 898	\$ 308	\$ 1,480	\$ 970	\$ 2,127	\$ 9,945	\$ 15,728

As of March 31, 2024	Amortized Cost Basis of Term Loans by Year of Origination						Revolving	Total
	2024	2023	2022	2021	2020	2019 and Prior		
Total Pass	\$ 235,155	\$ 1,993,509	\$ 2,719,290	\$ 1,921,263	\$ 693,634	\$ 1,518,727	\$ 1,724,470	\$ 10,806,048
Total Watch	18,774	95,954	154,982	77,932	11,574	113,369	41,814	514,399
Total Substandard	458	56,785	85,787	19,182	27,266	82,045	52,671	324,194
Total Loans	<u>\$ 254,387</u>	<u>\$ 2,146,248</u>	<u>\$ 2,960,059</u>	<u>\$ 2,018,377</u>	<u>\$ 732,474</u>	<u>\$ 1,714,141</u>	<u>\$ 1,818,955</u>	<u>\$ 11,644,641</u>
Total charge-offs	\$ —	\$ 38	\$ 842	\$ 94	\$ 521	\$ 222	\$ 2,376	\$ 4,093

The following table shows the risk category of loans by loan category and year of origination as of **December 31, 2022** December 31, 2023, in thousands.

As of December 31, 2023	Amortized Cost Basis of Term Loans by Year of Origination							Revolving	Total
	2023	2022	2021	2020	2019	2018 and Prior			
Commercial and industrial									
Pass	\$ 608,030	\$ 779,218	\$ 333,900	\$ 187,406	\$ 78,455	\$ 327,775	\$ 1,159,397	\$ 3,474,181	
Watch	20,694	19,788	257	3,631	2,398	2,953	28,749	78,470	
Substandard	20,171	12,658	2,636	5,447	18,535	7,489	32,460	99,396	
Commercial and industrial total	\$ 648,895	\$ 811,664	\$ 336,793	\$ 196,484	\$ 99,388	\$ 338,217	\$ 1,220,606	\$ 3,652,047	
Commercial and industrial charge-offs	245	794	680	1,425	563	1,949	2,966	8,622	
PPP									
Pass	\$ —	\$ —	\$ 2,591	\$ 50	\$ —	\$ —	\$ —	\$ 2,641	
Watch	—	—	89	—	—	—	—	89	
Substandard	—	—	47	—	—	—	—	47	
PPP total	\$ —	\$ —	\$ 2,727	\$ 50	\$ —	\$ —	\$ —	\$ 2,777	
PPP charge-offs	—	—	—	—	—	—	—	—	
Owner occupied commercial real estate									
Pass	\$ 443,683	\$ 547,898	\$ 799,978	\$ 225,257	\$ 225,405	\$ 224,608	\$ 41,072	\$ 2,507,901	
Watch	8,052	25,947	13,114	2,662	8,115	7,553	—	65,443	
Substandard	31,904	10,489	2,268	11,609	6,390	2,171	—	64,831	
Owner occupied commercial real estate total	\$ 483,639	\$ 584,334	\$ 815,360	\$ 239,528	\$ 239,910	\$ 234,332	\$ 41,072	\$ 2,638,175	
Owner occupied commercial real estate charge-offs	—	802	—	5	—	63	—	870	

Non-owner occupied commercial real estate																
Pass	\$	480,683	\$	656,824	\$	423,420	\$	203,330	\$	262,541	\$	251,499	\$	26,978	\$	2,305,275
Watch		71,400		34,651		8,237		3,834		27,345		57,083		—		202,550
Substandard		5,043		952		1,391		—		4,238		34,262		—		45,886
Non-owner occupied commercial real estate total	\$	557,126	\$	692,427	\$	433,048	\$	207,164	\$	294,124	\$	342,844	\$	26,978	\$	2,553,711
Non-owner occupied commercial real estate charge-offs		—		52		—		29		399		147		—		627
Real estate construction																
Pass	\$	283,519	\$	468,646	\$	176,604	\$	9,889	\$	11,048	\$	3,405	\$	6,486	\$	959,597
Watch		629		33,220		9,418		72		—		65		—		43,404
Substandard		—		8,522		—		107		—		—		86		8,715

As of December 31, 2022	Amortized Cost Basis of Term Loans by Year of Origination							
	2017 and							Total
	2022	2021	2020	2019	2018	Prior	Revolving	
Commercial and industrial								
Pass	\$ 967,103	\$ 442,001	\$ 260,021	\$ 101,998	\$ 57,776	\$ 421,312	\$ 1,064,333	\$ 3,314,544
Watch	12,638	1,370	685	5,487	2,882	3,315	21,984	48,361
Substandard	6,691	14,366	9,369	22,171	5,546	6,758	36,608	101,509
Commercial and industrial total	\$ 986,432	\$ 457,737	\$ 270,075	\$ 129,656	\$ 66,204	\$ 431,385	\$ 1,122,925	\$ 3,464,414
PPP								
Pass	\$ —	\$ 7,807	\$ 526	\$ —	\$ —	\$ —	\$ —	\$ 8,333
Watch	—	7	—	—	—	—	—	7
Substandard	—	2,685	—	—	—	—	—	2,685
PPP total	\$ —	\$ 10,499	\$ 526	\$ —	\$ —	\$ —	\$ —	\$ 11,025
Owner occupied commercial real estate								
Pass	\$ 511,547	\$ 781,946	\$ 255,476	\$ 266,228	\$ 103,943	\$ 179,503	\$ 34,117	\$ 2,132,760
Watch	22,079	3,410	12,346	8,520	3,645	11,899	—	61,899
Substandard	2,971	23,802	26,490	6,358	2,574	7,353	1,100	70,648
Owner occupied commercial real estate total	\$ 536,597	\$ 809,158	\$ 294,312	\$ 281,106	\$ 110,162	\$ 198,755	\$ 35,217	\$ 2,265,307
Non-owner occupied commercial real estate								
Pass	\$ 756,059	\$ 515,075	\$ 227,383	\$ 261,964	\$ 127,400	\$ 210,289	\$ 70,398	\$ 2,168,568
Watch	8,131	792	2,849	38,218	38,510	16,180	547	105,227
Substandard	202	6,784	1,838	16,019	22,332	9,970	—	57,145
Non-owner occupied commercial real estate total	\$ 764,392	\$ 522,651	\$ 232,070	\$ 316,201	\$ 188,242	\$ 236,439	\$ 70,945	\$ 2,330,940
Real estate construction								
Pass	\$ 597,370	\$ 328,391	\$ 88,660	\$ 21,221	\$ 2,568	\$ 6,274	\$ 8,252	\$ 1,052,736
Watch	665	16,218	1,257	—	—	122	—	18,262
Substandard	2,587	356	173	446	1,478	44	—	5,084
As of December 31, 2023								
	2023							
	2023							

		2023									2022	2021	2020	2019	2018 and Prior	Revolving	Total
Real estate construction total	Real estate construction total	\$ 600,622	\$ 344,965	\$ 90,090	\$ 21,667	\$ 4,046	\$ 6,440	\$ 8,252	\$ 1,076,082								
Real estate construction charge-offs																	
Agricultural and agricultural real estate	Agricultural and agricultural real estate																
Agricultural and agricultural real estate																	
Agricultural and agricultural real estate																	
Pass																	
Pass																	
Pass	Pass	\$ 324,791	\$ 140,252	\$ 79,307	\$ 34,447	\$ 22,600	\$ 38,672	\$ 239,686	\$ 879,755								
Watch	Watch	3,795	515	3,865	641	444	672	902	10,834								
Substandard	Substandard	8,674	3,224	204	1,859	12,323	2,682	955	29,921								
Agricultural and agricultural real estate total	Agricultural and agricultural real estate total	\$ 337,260	\$ 143,991	\$ 83,376	\$ 36,947	\$ 35,367	\$ 42,026	\$ 241,543	\$ 920,510								
Agricultural and agricultural real estate charge-offs																	
Residential real estate	Residential real estate																
Residential real estate																	
Pass																	
Pass																	
Pass	Pass	\$ 189,133	\$ 268,561	\$ 64,627	\$ 39,468	\$ 34,863	\$ 217,489	\$ 23,331	\$ 837,472								
Watch	Watch	706	1,095	88	957	2,296	2,237	399	7,778								
Substandard	Substandard	28	1,273	1,024	99	792	4,895	—	8,111								
Residential real estate total	Residential real estate total	\$ 189,867	\$ 270,929	\$ 65,739	\$ 40,524	\$ 37,951	\$ 224,621	\$ 23,730	\$ 853,361								
Residential real estate charge-offs																	
Consumer	Consumer																
Consumer																	
Consumer																	
Pass																	
Pass																	
Pass	Pass	\$ 80,592	\$ 47,787	\$ 11,722	\$ 6,022	\$ 4,840	\$ 24,655	\$ 325,247	\$ 500,865								
Watch	Watch	20	191	35	119	74	1,584	953	2,976								
Substandard	Substandard	188	331	242	303	75	1,539	194	2,872								
Consumer total	Consumer total	\$ 80,800	\$ 48,309	\$ 11,999	\$ 6,444	\$ 4,989	\$ 27,778	\$ 326,394	\$ 506,713								

Consumer charge-offs									
Total Pass									
Total Pass									
Total Pass	Total Pass	\$3,426,595	\$2,531,820	\$ 987,722	\$731,348	\$353,990	\$1,098,194	\$1,765,364	\$10,895,033
Total Watch	Total Watch	48,034	23,598	21,125	53,942	47,851	36,009	24,785	255,344
Total									
Substandard	Substandard	21,341	52,821	39,340	47,255	45,120	33,241	38,857	277,975
Total Loans	Total Loans	\$3,495,970	\$2,608,239	\$1,048,187	\$832,545	\$446,961	\$1,167,444	\$1,829,006	\$11,428,352
Total charge-offs									
Total charge-offs									
Total charge-offs									

Included in the nonpass loans at September 30, 2023 March 31, 2024, and December 31, 2022 December 31, 2023, were \$723,000 \$254,000 and \$2.7 million, \$136,000, respectively, of nonpass PPP loans as a result of risk ratings on non-PPP related credits. HTLF's risk rating methodology assigns a risk rating to the whole lending relationship. HTLF has no allowance recorded related to the PPP loans because of the 100% government guarantee through the United States Small Business Administration.

Changes in credit risk are monitored on a continuous basis as part of relationship management, and changes in risk ratings are made when credit quality improves or deteriorates in accordance with HTLF's credit risk rating framework. All individually assessed loans are reviewed at least annually.

As of September 30, 2023 March 31, 2024, HTLF had \$63,000 \$189,000 of loans secured by residential real estate property that were in the process of foreclosure.

The following table sets forth information regarding accruing and nonaccrual loans at September 30, 2023 March 31, 2024, and December 31, 2022 December 31, 2023, in thousands:

	Accruing Loans				Current	Nonaccrual	Total Loans
	90 Days or More			Total			
	30-59 Days	60-89 Days	Past Due				
	Past Due	Past Due	Past Due				
	Due	Due	Due				
	September 30, 2023						

	Accruing Loans				Current	Nonaccrual	Total Loans
	90 Days or More			Total			
	30-59 Days	60-89 Days	Past Due				
	Past Due	Past Due	Past Due				
	Due	Due	Due				
	March 31, 2024						
Commercial and industrial							

Commercial and industrial								
Commercial and industrial	Commercial and industrial	\$ 2,736	\$ 653	\$ 152	\$ 3,541	\$ 3,568,215	\$ 20,053	\$ 3,591,809
PPP	PPP	597	35	20	652	3,098	—	3,750
Owner occupied commercial real estate	Owner occupied commercial real estate	707	—	318	1,025	2,422,914	5,720	2,429,659
Non-owner occupied commercial real estate	Non-owner occupied commercial real estate	125	—	—	125	2,649,460	6,773	2,656,358
Real estate construction	Real estate construction	4,752	—	—	4,752	1,022,040	2,762	1,029,554
Agricultural and agricultural real estate	Agricultural and agricultural real estate	—	12	—	12	832,609	9,495	842,116
Residential real estate	Residential real estate	1,310	777	21	2,108	806,638	5,057	813,803
Consumer	Consumer	1,933	179	—	2,112	501,831	1,444	505,387
Total gross loans receivable held to maturity		<u>\$12,160</u>	<u>\$1,656</u>	<u>\$511</u>	<u>\$14,327</u>	<u>\$11,806,805</u>	<u>\$ 51,304</u>	<u>\$11,872,436</u>
<b>December 31, 2022</b>								
Total loans receivable held to maturity								
<b>December 31, 2023</b>								
Commercial and industrial								
Commercial and industrial	Commercial and industrial	\$ 1,099	\$ 356	\$ 131	\$ 1,586	\$ 3,440,062	\$ 22,766	\$ 3,464,414
PPP	PPP	—	—	—	—	11,006	19	11,025
Owner occupied commercial real estate	Owner occupied commercial real estate	12	127	—	139	2,256,365	8,803	2,265,307
Non-owner occupied commercial real estate	Non-owner occupied commercial real estate	—	—	—	—	2,319,282	11,658	2,330,940
Real estate construction	Real estate construction	16	28	—	44	1,073,687	2,351	1,076,082
Agricultural and agricultural real estate	Agricultural and agricultural real estate	48	—	142	190	914,088	6,232	920,510
Residential real estate	Residential real estate	1,206	152	—	1,358	846,739	5,264	853,361



Recoveries	Recoveries	2,007	113	—	26	11	19	1,592	3,768
Provision (benefit)	Provision (benefit)	3,699	632	1,381	(1,045)	7,078	(564)	1,504	12,685
<b>Balance at September 30, 2023</b>		<b>\$ 28,296</b>	<b>\$ 14,674</b>	<b>\$ 17,284</b>	<b>\$ 28,979</b>	<b>\$ 4,404</b>	<b>\$ 7,107</b>	<b>\$ 9,464</b>	<b>\$110,208</b>
<b>Balance at March 31, 2024</b>									

		Owner		Non-Owner		Agricultural				
		Commercial	Occupied	Occupied		and	Residential			
		and	Commercial	Commercial	Real Estate	Agricultural	Real			
		Industrial	Real Estate	Real Estate	Construction	Real Estate	Estate	Consumer	Total	
Balance at June 30, 2022		\$ 27,668	\$ 17,658	\$ 15,738	\$ 19,391	\$ 2,948	\$ 8,571	\$ 9,379	\$101,353	
Charge-offs		(385)	—	—	(35)	(34)	(1)	(483)	(938)	
Recoveries		506	—	20	3	76	—	307	912	
Provision (benefit)		2,474	(686)	(949)	4,911	(423)	(1,144)	205	4,388	
Balance at September 30, 2022		\$ 30,263	\$ 16,972	\$ 14,809	\$ 24,270	\$ 2,567	\$ 7,426	\$ 9,408	\$105,715	
		Owner		Non-Owner		Agricultural				
		Commercial	Occupied	Occupied		and	Residential			
		and	Commercial	Commercial	Real Estate	Agricultural	Real			
		Industrial	Real Estate	Real Estate	Construction	Real Estate	Estate	Consumer	Total	
Balance at December 31, 2021		\$ 27,738	\$ 19,214	\$ 17,908	\$ 22,538	\$ 5,213	\$ 8,427	\$ 9,050	\$110,088	
Commercial and Industrial										
Commercial and Industrial										
Commercial and Industrial										
Balance at December 31, 2022										
Charge-offs										
Charge-offs										
Charge-offs	Charge-offs	(5,528)	—	(322)	(35)	(3,163)	(138)	(6,442)	(15,628)	
Recoveries	Recoveries	1,157	40	53	12	653	—	779	2,694	
Provision (benefit)	Provision (benefit)	6,896	(2,282)	(2,830)	1,755	(136)	(863)	6,021	8,561	
Balance at September 30, 2022		\$ 30,263	\$ 16,972	\$ 14,809	\$ 24,270	\$ 2,567	\$ 7,426	\$ 9,408	\$105,715	
Balance at March 31, 2023										

		Owner		Non-Owner		Agricultural and Residential			
		Commercial Real Estate	Occupied Commercial Real Estate	Commercial Real Estate	Real Estate Construction	Agricultural Real Estate	Real Estate	Consumer	Total



Management allocates the allowance for credit losses by pools of risk within each loan portfolio. The total allowance for credit losses is available to absorb losses from any segment of the loan portfolio. The provision expense in the three months ended March 31, 2024 was impacted by \$2.0 million for the transfer of \$352.7 million of Rocky Mountain Bank loans to the held for sale category.

Changes in the allowance for credit losses for unfunded commitments for the three and nine months ended September 30, 2023 March 31, 2024, and September 30, 2022 March 31, 2023, were as follows:

	For the Three Months Ended September 30,	
	2023	2022
Balance at June 30,	\$ 18,636	\$ 17,780
Provision (benefit)	(1,156)	1,104
Balance at September 30,	\$ 17,480	\$ 18,884

For the Three Months Ended September 30,

	For the Nine Months Ended September 30,	
	2023	2022
	For the Three Months Ended March 31,	
	2024	2023
Balance at December 31,	\$20,196	\$15,462
Provision (benefit)	(2,716)	3,422
Balance at September 30,	\$17,480	\$18,884
Provision (benefit)		
Provision (benefit)		
Balance at March 31,		

#### NOTE 5: GOODWILL AND CORE DEPOSIT PREMIUM AND OTHER INTANGIBLE ASSETS

HTLF had goodwill of \$576.0 million at both September 30, 2023 March 31, 2024, and December 31, 2022 December 31, 2023. HTLF conducts its an annual internal assessment of the goodwill both at the consolidated level and at its subsidiaries in the fourth quarter of every year reporting unit level as of September 30.

The sustained decline in 30, as well as when required due to triggering events related to the uncertainty of the value of the goodwill on HTLF's stock price, which management deemed to be a triggering event, caused management to perform a quantitative impairment test on balance sheet. HTLF conducted its goodwill in the second quarter of 2023. Management concluded that none annual internal assessment of the goodwill at any of HTLF or HTLF's reporting units as of September 30. There was impaired, no goodwill impairment as of the most recent assessment.

The gross carrying amount of other intangible assets which consisted of core deposit intangibles and mortgage servicing rights, and the associated accumulated amortization at September 30, 2023 March 31, 2024, and December 31, 2022 December 31, 2023, are presented in the table below, in thousands:

September 30, 2023			December 31, 2022			March 31, 2024			December 31, 2023		
Gross Carrying Amount	Net Accumulated Amortization	Carrying Amount	Gross Carrying Amount	Net Accumulated Amortization	Carrying Amount	Gross Carrying Amount	Net Accumulated Amortization	Carrying Amount	Gross Carrying Amount	Net Accumulated Amortization	Carrying Amount

Amortizing intangible assets:	Amortizing intangible assets:									
Core deposit intangibles	Core deposit intangibles	\$101,185	\$	81,159	\$20,026	\$101,185	\$	76,031	\$25,154	
Core deposit intangibles	Core deposit intangibles									
Core deposit intangibles	Core deposit intangibles									
Mortgage servicing rights	Mortgage servicing rights	—		—		—		13,700	5,860	7,840
Total	Total	\$101,185	\$	81,159	\$20,026	\$114,885	\$	81,891	\$32,994	
Total	Total									
Total	Total									

The following table shows the estimated future amortization expense for amortizable intangible assets, in thousands:

	Core Deposit Intangibles
Three months ending December 31, 2023	\$ 1,611
Year ending December 31,	
2024	5,591
2025	4,700
2026	3,533
2027	2,601
2028	1,287
Thereafter	703
Total	\$ 20,026

On March 31, 2023, First Bank & Trust, a division of HTLF Bank, closed on the sale of its mortgage servicing rights portfolio, which contained loans with an unpaid principal balance of \$698.5 million, to two unrelated third-parties. The transaction qualified as a sale, and \$7.7 million of mortgage servicing rights were de-recognized on the consolidated balance sheet as of March 31, 2023. Cash of approximately \$6.7 million was received on March 31, 2023, and an estimated loss of \$203,000 was recorded. A receivable of approximately \$580,000 was recorded in other assets on the consolidated balance sheet as of March 31, 2023, due to the timing of the servicing transfer per the terms of the sale agreement. First Bank & Trust provided interim servicing of the loans until the transfer date, which was May 1, 2023.

The following table summarizes, in thousands, the changes in mortgage servicing rights for the nine months ended September 30, 2023, and September 30, 2022:

	2023	2022
Balance at January 1,	\$ 7,840	\$ 6,412
Originations	24	1,218
Amortization	(210)	(909)
Sale of mortgage servicing rights	(7,654)	—
Valuation adjustment	—	1,658
Balance at period end	\$ —	\$ 8,379
Mortgage servicing rights, net to servicing portfolio	— %	1.14 %

The following table summarizes, in thousands, the book value, the fair value of each tranche of the mortgage servicing rights and any recorded valuation allowance at December 31, 2022.

	Book Value 15-Year Tranche	Fair Value 15-Year Tranche	Valuation Allowance 15-Year Tranche	Book Value 30-Year Tranche	Fair Value 30-Year Tranche	Valuation Allowance 30-Year Tranche
December 31, 2022	\$ 1,388	\$ 1,388	\$ —	\$ 6,452	\$ 6,452	\$ —

	Core Deposit Intangibles	
Nine months ending December 31, 2024	\$	4,099
Year ending December 31,		
2025		4,700
2026		3,533
2027		2,601
2028		1,287
2029		466
Thereafter		237
Total	\$	16,923

#### NOTE 6: DERIVATIVE FINANCIAL INSTRUMENTS

HTLF considers and uses derivative financial instruments as part of its interest rate risk management strategy, which may include interest rate swaps, fair value hedges, risk participation agreements, caps, floors, collars, and certain interest rate lock commitments and forward sales of securities related to mortgage banking activities, collars. HTLF's current strategy includes the use of interest rate swaps interest rate lock commitments and forward sales of mortgage securities. In addition, HTLF facilitates as well as back-to-back loan swaps to assist customers in managing their interest rate risk while executing offsetting interest rate swaps with dealer counterparties.

HTLF's objectives are to add stability to its net interest margin and to manage its exposure to movements in interest rates. The contract or notional amount of a derivative is used to determine, along with the other terms of the derivative, the amounts to be

exchanged between the counterparties. HTLF is exposed to credit risk in the event of nonperformance by counterparties to financial instruments. HTLF minimizes this risk by entering into derivative contracts with counterparties that meet HTLF's credit standards, and the contracts contain collateral provisions protecting the at-risk party. HTLF has not experienced any losses from nonperformance by these counterparties. HTLF monitors counterparty risk in accordance with the provisions of ASC 815. HTLF was required to post \$587,000 \$590,000 of collateral at September 30, 2023 March 31, 2024, compared to \$793,000 \$27.7 million as of December 31, 2022 December 31, 2023, related to derivative financial instruments. HTLF's counterparties were required to pledge \$179.4 \$93.6 million at September 30, 2023 March 31, 2024, compared to \$45.1 \$44.8 million at December 31, 2022 December 31, 2023.

HTLF's derivative and hedging instruments are recorded at fair value on the consolidated balance sheets. See Note 7, "Fair Value," for additional fair value information and disclosures.

#### Cash Flow Hedges

In 2021, two one interest rate swap transactions were terminated, and the debt was converted to variable rate subordinated debentures. For the next twelve months, HTLF estimates recognized all remaining cash payments related to the terminated derivatives in the first quarter of 2024 and reclassification reclassified the remaining cash payments from accumulated other comprehensive income (loss) to interest expense related to the terminated swaps will total \$411,000. expense.

In the first quarter of 2023, HTLF terminated its interest rate swap agreement, which effectively converted \$500.0 million of variable rate loans to fixed rate loans. For the next twelve months, HTLF estimates cash payments and reclassification from accumulated other comprehensive income (loss) to interest expense income will total \$985,000. \$982,000.

HTLF had no derivative instruments designated as cash flow hedges at September 30, 2023 March 31, 2024. The table below identifies the balance sheet category and fair value of HTLF's derivative instrument designated as a cash flow hedge at December 31, 2022, in thousands:

	Notional Amount		Fair Value		Balance Sheet Category
<b>December 31, 2022</b>					
Interest rate swap	\$	500,000	\$	13	Other Assets

The table below identifies the gains and losses recognized on HTLF's terminated derivative instruments designated as cash flow hedges for the three and nine months ended September 30, 2023 March 31, 2024, and September 30, 2022 March 31, 2023, in thousands:

Recognized in OCI
Recognized in OCI

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#### Fair Value Hedges

HTLF uses interest rate swaps to convert certain long term fixed rate loans to floating rates to hedge interest rate risk exposure. HTLF also uses interest rate swaps to mitigate the risk of changes in the fair market value of certain municipal and mortgage-backed securities. The changes in the fair values of derivatives that have been designated and qualify for fair value hedge accounting are recorded in the same line item in the consolidated statements of income as the changes in the fair value of the hedged items attributable to the risk being hedged.

HTLF uses statistical regression to assess hedge effectiveness, both at the inception of the hedge as well as on a continual basis. The regression analysis involves regressing the periodic change in the fair value of the hedging instrument against the periodic changes in the fair value of the asset being hedged due to changes in the hedge risk.

During 2023, HTLF entered into interest rate swaps designated as fair value hedges with initial notional amounts totaling \$838.1 million primarily designed to provide protection for unrealized securities losses against the impact of higher mid-to-long term interest rates. HTLF also executed interest rate swaps designated as a fair value hedges with total original notional amounts of \$2.5 billion to convert certain long-term fixed rate loans to floating rates to hedge interest rate risk exposure using the portfolio layer method, which allows HTLF to designate as the hedged item a stated amount of the assets that are not expected to be affected by prepayments, defaults and other factors that would affect the timing and amount of cash flow.

The table below identifies the fair value of the interest rate swaps designated as fair value hedges and the balance sheet category of the interest rate swaps as of **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**, in thousands:

	Fair Value		Balance Sheet Category	
September 30, 2023	March 31, 2024			
Interest rate swaps-loans receivable held to maturity	\$	24,998	13,901	Other assets
Interest rate swaps-securities carried at fair value		66,853	42,972	Other assets
Interest rate swaps-loans receivable held to maturity			5,946	Other liabilities
December 31, 2022	2023			
Interest rate swaps-loans receivable held to maturity	54	\$	5,027	Other assets
Interest rate swaps-securities carried at fair value			23,182	Other assets
Interest rate swaps-loans receivable held to maturity			27,554	Other liabilities

The table below identifies the carrying amount of the hedged assets and cumulative amount of fair value hedging adjustment included in the carrying amount of the hedged assets that are designated as fair value hedge accounting relationships at **September 30, 2023** **March 31, 2024**, and **December 31, 2022** **December 31, 2023**, in thousands:

	Location in the consolidated balance sheet		
	Location in the consolidated balance sheet		
	Location in the consolidated balance sheet		
<b>March 31, 2024</b>			
<b>March 31, 2024</b>			
<b>March 31, 2024</b>			
	Location in the consolidated balance sheet	Carrying Amount of the Hedged Assets	Cumulative Amount of Fair Value Hedging Adjustment Included in Carrying Amount of Hedged Assets
<b>September 30, 2023</b>			
Interest rate swap			
Interest rate swap			
Interest rate swap	Loans receivable held to maturity	\$ 2,476,983	\$ (23,707)
Interest rate swap	Securities carried at fair value	729,528	(64,820)
<b>December 31, 2022</b>			
Interest rate swap	Loans receivable held to maturity	\$ 1,185	\$ (54)
Interest rate swap			
<b>December 31, 2023</b>			
<b>December 31, 2023</b>			
<b>December 31, 2023</b>			
Interest rate swap			
Interest rate swap			
Interest rate swap			
Interest rate swap			
Interest rate swap			
Interest rate swap			

The table below identifies the net impact to interest income recognized on HTLF's fair value hedges specific to the fair value remeasurements and the income statement classification where it is recorded in comparison to the total amount of interest income presented on the consolidated statements of income for the **three- and nine- three** months

ended September 30, 2023 March 31, 2024, and September 30, 2022 March 31, 2023, in thousands:

		Three Months Ended September 30,		Nine Months Ended September 30,	
		2023	2022	2023	2022
		Three Months Ended March 31,			
		Three Months Ended March 31,			
		Three Months Ended March 31,			
		2024			
		2024			
		2024			
Gain (loss) recognized in interest income and fees on loans					
Gain (loss) recognized in interest income and fees on loans					
Gain (loss)	Gain (loss)				
recognized in	recognized in				
interest income	interest income				
and fees on loans	and fees on loans	\$	\$	\$	\$
		(375)	5	(371)	44
Total amount of	Total amount of				
interest and fees	interest and fees				
on loans	on loans	182,394	122,913	505,136	334,000
Total amount of interest and fees on loans					
Total amount of interest and fees on loans					
Gain (loss) recognized in interest income on securities-taxable					
Gain (loss) recognized in interest income on securities-taxable					
Gain (loss)	Gain (loss)				
recognized in	recognized in				
interest income	interest income				
on securities-	on securities-				
taxable	taxable	(1,126)	—	(1,052)	—
Total amount of	Total amount of				
interest on	interest on				
securities-taxable	securities-taxable	54,800	45,648	168,948	116,366
Total amount of interest on securities-taxable					
Total amount of interest on securities-taxable					

The table below identifies the effect of fair value hedge accounting on the consolidated statements of income, in thousands:

		Three Months Ended September 30,		Nine Months Ended September 30,	
		2023	2022	2023	2022
		Three Months Ended March 31,			
		Three Months Ended March 31,			
		Three Months Ended March 31,			
		2024			

		2024			
		2024			
Hedged item (loans receivable held to maturity)					
Hedged item (loans receivable held to maturity)					
Hedged item (loans receivable held to maturity)	Hedged item (loans receivable held to maturity)	\$ (11,144)	\$ (34)	\$ (24,026)	\$ (117)
Hedged item (securities carried at fair value)	Hedged item (securities carried at fair value)	(36,362)	—	(65,872)	—
Hedged item (securities carried at fair value)					
Hedged item (securities carried at fair value)					
Derivatives designated as hedging instruments on loans receivable held to maturity					
Derivatives designated as hedging instruments on loans receivable held to maturity					
Derivatives designated as hedging instruments on loans receivable held to maturity	Derivatives designated as hedging instruments on loans receivable held to maturity	10,769	39	23,655	161
Derivatives designated as hedging instruments on securities carried at fair value	Derivatives designated as hedging instruments on securities carried at fair value	35,236	—	64,820	—
Derivatives designated as hedging instruments on securities carried at fair value					
Derivatives designated as hedging instruments on securities carried at fair value					

#### Embedded Derivatives

HTLF has fixed rate loans with embedded derivatives. These loans contain terms that affect the cash flows or value of the loan similar to a derivative instrument, and therefore are considered to contain an embedded derivative. The embedded derivatives are bifurcated from the loans because the terms of the derivative instrument are not clearly and closely related to the loans. The embedded derivatives are recorded at fair value on the consolidated balance sheets as a part of other assets, and changes in the fair value are a component of noninterest income. The table below identifies the notional amount, fair value and balance sheet category of the embedded derivatives at **September 30, 2023**, **March 31, 2024**, and **December 31, 2022**, **December 31, 2023**, in thousands:

	Notional Amount	Fair Value	Balance Sheet Category
<b>September 30, 2023</b>			
	Notional Amount		
	Notional Amount		
	Notional Amount		

The table below identifies the gains and losses recognized on HTLF's embedded derivatives for the three- and nine- three months ended September 30, 2023 March 31, 2024, and September 30, 2022 March 31, 2023, in thousands:

	Three Months Ended March 31,	
	2024	2023
Gain (loss) recognized in other noninterest income on embedded derivatives	\$ 9	\$ (37)

HTLF has loan interest rate swap relationships with customers to assist them in managing their interest rate risk. Upon entering into these loan swaps, HTLF enters into offsetting positions with counterparties in order to minimize interest rate risk to HTLF. These back-to-back loan swaps qualify as free standing financial derivatives with the fair values reported in other assets and other liabilities on the consolidated balance sheets. Any gains and losses on these back-to-back swaps are recorded in noninterest income on the consolidated statements of income, and for the three and nine months ended September 30, 2023, March 31, 2024, and September 30, 2022, March 31, 2023, no gain or loss was recognized. HTLF recognized \$1.6 million and \$6.7 million \$891,000 in fee income related to executing back-to-back loan swaps for customers for the three and nine months ended September 30, 2023, March 31, 2024, respectively, compared to \$1.3 \$2.0 million and \$5.8 million for the three and nine months ended September 30, 2022, respectively, March 31, 2023.

The table below identifies the balance sheet category and fair values of the derivative instruments designated as loan swaps at September 30, 2023, March 31, 2024, and December 31, 2022, in thousands:

	Notional Amount	Fair Value	Balance Sheet Category
September 30, 2023			
	Notional Amount		
	Notional Amount		
	Notional Amount		
March 31, 2024			
March 31, 2024			
March 31, 2024			



Customer interest rate swaps	Customer interest rate swaps	\$	1,500,715	\$	75,965	Other assets
Customer interest rate swaps	Customer interest rate swaps		1,500,715		(75,965)	Other liabilities
<b>December 31, 2022</b>						
Customer interest rate swaps						
Customer interest rate swaps						
Customer interest rate swaps						
Customer interest rate swaps						
<b>December 31, 2023</b>						
<b>December 31, 2023</b>						
<b>December 31, 2023</b>						
Customer interest rate swaps						
Customer interest rate swaps						
Customer interest rate swaps						
Customer interest rate swaps						
Customer interest rate swaps	Customer interest rate swaps	\$	819,662	\$	46,091	Other assets
Customer interest rate swaps	Customer interest rate swaps		819,662		(46,091)	Other liabilities

#### Other Free Standing Derivatives

HTLF has entered into interest rate lock commitments to originate residential mortgage loans held for sale and forward commitments to sell residential mortgage loans and mortgage backed securities that are considered derivative instruments. HTLF enters into forward commitments for the future delivery of residential mortgage loans when interest rate lock commitments are entered into and to economically hedge the effect of future changes in interest rates on the commitments to fund the loans as well as on residential mortgage loans available for sale. The fair value of these commitments is recorded on the consolidated balance sheets, with the changes in fair value recorded in the consolidated statements of income as a component of gains on sale of loans held for sale. These derivative contracts are designated as free standing derivative contracts and are not designated against specific assets and liabilities on the consolidated balance sheets or forecasted transactions and therefore do not qualify for hedge accounting treatment. HTLF was required to pledge no collateral at both September 30, 2023, and December 31, 2022. HTLF's counterparties were required to pledge no collateral at both September 30, 2023, and December 31, 2022, as collateral for these forward commitments.

HTLF acquired undesignated interest rate swaps in 2015. These swaps were entered into primarily for the benefit of customers seeking to manage their interest rate risk and are not designated against specific assets or liabilities on the consolidated balance sheets or forecasted transactions and therefore do not qualify for hedge accounting in accordance with ASC 815. These swaps are carried at fair value on the consolidated balance sheets as a component of other liabilities, with changes in the fair value recorded as a component of other noninterest income.

The table below identifies the balance sheet category and fair values of HTLF's other free standing derivative instruments not designated as hedging instruments at **September 30, 2023** March 31, 2024, and **December 31, 2022** December 31, 2023, in thousands:

	Balance Sheet Category	Notional Amount	Fair Value
<b>September 30, 2023</b>			
Interest rate lock commitments (mortgage)	Other assets	\$ 4,000	\$ 99
Forward commitments	Other assets	7,500	41
Forward commitments	Other liabilities	1,750	(5)
Undesignated interest rate swaps	Other liabilities	4,185	(109)
<b>December 31, 2022</b>			
Interest rate lock commitments (mortgage)	Other assets	\$ 9,340	\$ 174
Forward commitments	Other assets	6,400	47
Forward commitments	Other liabilities	5,750	(99)
Undesignated interest rate swaps	Other liabilities	6,028	(135)
<b>March 31, 2024</b>			
	Notional Amount	Fair Value	Balance Sheet Category

Undesignated interest rate swaps	2,344	(70)	Other liabilities
<b>December 31, 2023</b>			
Undesignated interest rate swaps	2,391	(61)	Other liabilities

HTLF recognizes gains and losses on other free standing derivatives in two separate income statement categories. Interest rate lock commitments and forward commitments are recognized in net gains on sale of loans held for sale and undesignated interest rate swaps are recognized in other noninterest income. **As of the balance sheet dates presented above there were no interest rate lock commitments or forward commitments.** The table below identifies the gains and losses recognized in income on HTLF's other free standing derivative instruments not designated as hedging instruments for the **three- and nine- three** months ended **September 30, 2023** **March 31, 2024**, and **September 30, 2022** **March 31, 2023**, in thousands:

		Three Months Ended March 31,		Three Months Ended March 31,		Three Months Ended March 31,	
		Three Months Ended September 30,		Three Months Ended September 30,		Nine Months Ended September 30,	
		2023	2022	2023	2022	2023	2022
Interest rate lock commitments (mortgage)	Interest rate lock commitments (mortgage)	\$ (352)	\$ (1,337)	\$ (70)	\$ (2,009)		
Interest rate lock commitments (mortgage)							
Interest rate lock commitments (mortgage)							
Forward commitments							
Forward commitments							
Forward commitments	Forward commitments	(4)	813	87	881		
Undesignated interest rate swaps	Undesignated interest rate swaps	9	(121)	26	(446)		
Undesignated interest rate swaps							
Undesignated interest rate swaps							

#### NOTE 7: FAIR VALUE

HTLF utilizes fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. Securities carried at fair value, which include available for sale, trading securities and equity securities with a readily determinable fair value, and derivatives are recorded in the consolidated balance sheets at fair value on a recurring basis. Additionally, from time to time, HTLF may be required to record at fair value other assets on a nonrecurring basis such as loans held for sale, loans held to maturity and certain other assets including, but not limited to, **mortgage servicing rights**, commercial servicing rights and other real estate owned. These nonrecurring fair value adjustments typically involve application of the lower of cost or fair value accounting or write-downs of individual assets.

#### Fair Value Hierarchy

Under ASC 820, assets and liabilities are grouped at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

Level 1 — Valuation is based upon quoted prices for identical instruments in active markets.

Level 2 — Valuation is based upon quoted prices for similar instruments in active markets, or similar instruments in markets that are not active, and model-based valuation techniques for all significant assumptions are observable in the market.

Level 3 — Valuation is generated from model-based techniques that use at least one significant assumption not observable in the market. These unobservable assumptions reflect estimates of assumptions that market participants would use in pricing the asset or liability. Valuation techniques include use of option pricing models, discounted cash flow models and similar techniques.

The following is a description of valuation methodologies used for assets and liabilities recorded at fair value on a recurring or non-recurring basis.

#### *Securities Available for Sale and Held to Maturity*

Securities available for sale are recorded at fair value on a recurring basis. Securities held to maturity are generally recorded at cost. Fair value measurement is based upon quoted prices, if available. If quoted prices are not available, fair values are measured using independent pricing models or other model-based valuation techniques such as the present value of future cash flows, adjusted for the security's credit rating, prepayment assumptions and other factors such as credit loss assumptions. Level 1 securities include those traded on an active exchange, such as the New York Stock Exchange, as well as U.S. Treasury

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securities. Level 2 securities include U.S. government and agency securities, mortgage and asset-backed securities and private collateralized mortgage obligations, municipal bonds and corporate debt securities. On a quarterly basis, a secondary independent pricing service is used for the securities portfolio to validate the pricing from HTLF's primary pricing service.

#### *Equity Securities with a Readily Determinable Fair Value*

Equity securities with a readily determinable fair value generally include Community Reinvestment Act mutual funds and are classified as Level 2 due to the infrequent trading of these securities. The fair value is based on the price per share.

#### *Loans Held for Sale*

Loans held for sale are carried at the lower of cost or fair value on an aggregate basis. The fair value of loans held for sale is based on what secondary markets are currently offering for portfolios with similar characteristics. As such, HTLF classifies loans held for sale subjected to nonrecurring fair value adjustments as Level 2. As of March 31, 2024, loans held for sale includes \$352.7 million related to the Rocky Mountain Bank division. HTLF Bank signed definitive agreements in February of 2024 to sell all nine Rocky Mountain Bank branches in Montana.

#### *Loans Held to Maturity*

HTLF does not record loans held to maturity at fair value on a recurring basis. However, from time to time, certain loans are considered collateral dependent and an allowance for credit losses is established. The fair value of individually assessed loans is measured using the fair value of the collateral. In accordance with ASC 820, individually assessed loans measured at fair value are classified as nonrecurring Level 3 in the fair value hierarchy.

#### *Premises, Furniture and Equipment Held for Sale*

HTLF considers third party appraisals less estimated disposal costs, as well as independent fair value assessments from realtors or persons involved in selling bank premises, furniture and equipment, in determining the fair value of particular properties held for sale. Accordingly, the valuation of premises, furniture and equipment held for sale is subject to significant external and internal judgment. HTLF periodically reviews premises, furniture and equipment held for sale to determine if the fair value of the property, less disposal costs, has declined below its recorded book value and records any adjustments accordingly. Premises, furniture and equipment held for sale are classified as nonrecurring Level 3 in the fair value hierarchy.

#### *Mortgage Servicing Rights*

Mortgage servicing rights assets represent As of March 31, 2024, premises, furniture and equipment held for sale includes \$13.2 million related to the value associated with servicing residential real estate loans that have been sold Rocky Mountain Bank division. HTLF Bank signed definitive agreements in February of 2024 to outside investors with servicing retained. sell all nine Rocky Mountain Bank branches in Montana. The fair value for servicing assets is determined through discounted cash flow analysis and utilizes discount rates, prepayment speeds and delinquency rate assumptions as inputs. All properties will transfer upon completion of the assumptions in the discounted cash flow analysis require a significant degree of management estimation and judgment. Mortgage servicing rights are subject to impairment testing. The carrying values of these rights are reviewed quarterly for impairment based upon the calculation of fair value as performed by an outside third party. For purposes of measuring impairment, the rights are stratified into certain risk characteristics including note type and note term. If the valuation model reflects a fair value less than the carrying value, mortgage servicing rights are adjusted to fair value through a valuation allowance. HTLF classifies mortgage servicing rights as nonrecurring with Level 3 measurement inputs.

On March 31, 2023, HTLF sold its mortgage servicing rights portfolio. The transaction qualified as a sale, and \$7.7 million of mortgage servicing rights were de-recognized on the consolidated balance sheet as of March 31, 2023. The book value and fair value were both \$0 as of March 31, 2023. sales transactions.

#### *Derivative Financial Instruments*

HTLF's current interest rate risk strategy includes cash flow hedges and interest rate swaps. The valuation of these instruments is determined using widely accepted valuation techniques including discounted cash flow analysis on the expected cash flows of each derivative. This analysis reflects the contractual terms of the derivatives, including the period to maturity, and uses observable market-based inputs, including interest rate curves and implied volatilities. To comply with the provisions of ASC 820, HTLF incorporates credit valuation adjustments to appropriately reflect both its own nonperformance risk and the respective counterparty's nonperformance risk in the fair value measurements. In adjusting the fair value of its derivative contracts for the effect of nonperformance risk, HTLF has considered the impact of netting any applicable credit enhancements, such as collateral postings, thresholds, mutual puts, and guarantees.

Although HTLF has determined that the majority of the inputs used to value its derivatives fall within Level 2 of the fair value hierarchy, the credit valuation adjustments associated with its derivatives utilize Level 3 inputs, such as estimates of current credit spreads to evaluate the likelihood of default by itself and its counterparties. However, as of September

30, 2023 March 31, 2024, and December 31, 2022 December 31, 2023, HTLF has assessed the significance of the impact of the credit valuation adjustments on the overall valuation of its derivative positions and has determined that the credit valuation adjustments are not significant to the overall valuation of its derivatives. As a result, HTLF has determined that its derivative valuations in their entirety are classified in Level 2 of the fair value hierarchy.

Interest rate lock commitments

HTLF uses an internal valuation model that relies on internally developed inputs to estimate the fair value of its interest rate lock commitments which is based on unobservable inputs that reflect management's assumptions and specific information about each borrower. Interest rate lock commitments are classified in Level 3 of the fair value hierarchy.

Forward commitments

The fair value of forward commitments are estimated using an internal valuation model, which includes current trade pricing for similar financial instruments in active markets that HTLF has the ability to access and are classified in Level 2 of the fair value hierarchy.

Other Real Estate Owned

Other real estate owned ("OREO") represents property acquired through foreclosures and settlements of loans. Property acquired is carried at the fair value of the property at the time of acquisition (representing the property's cost basis), plus any acquisition costs, or the estimated fair value of the property, less disposal costs. HTLF considers third party appraisals, as well

as independent fair value assessments from realtors or persons involved in selling OREO, in determining the fair value of particular properties. Accordingly, the valuation of OREO is subject to significant external and internal judgment. HTLF periodically reviews OREO to determine if the fair value of the property, less disposal costs, has declined below its recorded book value and records any adjustments accordingly. OREO is classified as nonrecurring Level 3 of the fair value hierarchy.

The table below presents HTLF's assets and liabilities that are measured at fair value on a recurring basis as of September 30, 2023 March 31, 2024, and December 31, 2022 December 31, 2023, in thousands, aggregated by the level in the fair value hierarchy within which those measurements fall:

		Total Fair		Level			
		Value	Level 1	Level 2	3		
September 30, 2023							
Total Fair Value				Total Fair Value	Level 1	Level 2	Level 3
March 31, 2024							
Assets							
Assets							
Assets	Assets						
Securities available for sale	Securities available for sale						
Securities available for sale							
Securities available for sale							
U.S. treasuries							
U.S. treasuries							
U.S. treasuries	U.S. treasuries	\$	31,805	\$31,805	\$	—	\$ —
U.S. agencies	U.S. agencies		41,104	—		41,104	—
Obligations of states and political subdivisions	Obligations of states and political subdivisions		774,687	—		774,687	—

Mortgage-backed securities - agency	Mortgage-backed securities - agency	1,594,395	—	1,594,395	—
Mortgage-backed securities - non-agency	Mortgage-backed securities - non-agency	1,895,080	—	1,895,080	—
Commercial mortgage-backed securities - agency	Commercial mortgage-backed securities - agency	81,444	—	81,444	—
Commercial mortgage-backed securities - non-agency	Commercial mortgage-backed securities - non-agency	602,433	—	602,433	—
Asset-backed securities	Asset-backed securities	384,379	—	384,379	—
Corporate bonds	Corporate bonds	56,522	—	56,522	—
Equity securities with a readily determinable fair value	Equity securities with a readily determinable fair value	20,838	—	20,838	—
Derivative financial instruments <sup>(1)</sup>	Derivative financial instruments <sup>(1)</sup>	167,925	—	167,925	—
Interest rate lock commitments		99	—	—	99
Forward commitments		41	—	41	—
Total assets at fair value					
Total assets at fair value					
Total assets at fair value	Total assets at fair value	\$5,650,752	\$31,805	\$5,618,848	\$ 99
<b>Liabilities</b>	<b>Liabilities</b>				
Derivative financial instruments <sup>(2)</sup>	Derivative financial instruments <sup>(2)</sup>	\$ 76,074	\$ —	\$ 76,074	\$ —
Forward commitments		5	—	5	—
Derivative financial instruments <sup>(2)</sup>					
Derivative financial instruments <sup>(2)</sup>					
Total liabilities at fair value	Total liabilities at fair value	\$ 76,079	\$ —	\$ 76,079	\$ —
December 31, 2022					
Total liabilities at fair value					
Total liabilities at fair value					
December 31, 2023					
<b>Assets</b>	<b>Assets</b>				

December 31, 2023

Securities available for sale	Securities available for sale					
Securities available for sale						
Securities available for sale						
U.S. treasuries						
U.S. treasuries						
U.S. treasuries	U.S. treasuries	\$	31,699	\$31,699	\$	— \$ —
U.S. agencies	U.S. agencies		43,135	—	43,135	—
Obligations of states and political subdivisions	Obligations of states and political subdivisions		879,437	—	879,437	—
Mortgage-backed securities - agency	Mortgage-backed securities - agency		1,772,105	—	1,772,105	—
Mortgage-backed securities - non-agency	Mortgage-backed securities - non-agency		2,181,876	—	2,181,876	—
Commercial mortgage-backed securities - agency	Commercial mortgage-backed securities - agency		85,123	—	85,123	—
Commercial mortgage-backed securities - non-agency	Commercial mortgage-backed securities - non-agency		659,459	—	659,459	—
Asset-backed securities	Asset-backed securities		416,054	—	416,054	—
Corporate bonds	Corporate bonds		57,942	—	57,942	—
Equity securities with a readily determinable fair value	Equity securities with a readily determinable fair value		20,314	—	20,314	—
Derivative financial instruments <sup>(2)</sup>			46,293	—	46,293	—
Interest rate lock commitments			174	—	—	174
Forward commitments			47	—	47	—
Derivative financial instruments <sup>(1)</sup>						
Total assets at fair value						
Total assets at fair value						
Total assets at fair value	Total assets at fair value		\$6,193,658	\$31,699	\$6,161,785	\$174
Liabilities	Liabilities					

	(1) Includes interest rate swaps, embedded derivatives and back-to-back loan swaps.	(2) Includes back-to-back loan swaps and free standing derivatives.
Total liabilities at fair value		
Total liabilities at fair value		
(1) Includes interest rate swaps, fair value hedges, embedded derivatives and back-to-back loan swaps.		
(1) Includes interest rate swaps, fair value hedges, embedded derivatives and back-to-back loan swaps.		
(1) Includes interest rate swaps, fair value hedges, embedded derivatives and back-to-back loan swaps.		
(2) Includes fair value hedges, back-to-back loan swaps and free standing derivatives.	(2) Includes fair value hedges, back-to-back loan swaps and free standing derivatives.	

[illegible]

Collateral dependent individually assessed loans:	Collateral dependent individually assessed loans:						
Commercial and industrial							
Commercial and industrial							
Commercial and industrial	Commercial and industrial	\$ 8,530	\$ —	\$ —	\$ 8,530	\$ 554	
Owner occupied commercial real estate	Owner occupied commercial real estate	4,411	—	—	4,411	—	
Non-owner occupied commercial real estate	Non-owner occupied commercial real estate	6,323	—	—	6,323	—	
Real estate construction	Real estate construction	910	—	—	910	—	
Agricultural and agricultural real estate	Agricultural and agricultural real estate	4,943	—	—	4,943	5,309	
Residential real estate	Residential real estate	2,216	—	—	2,216	—	
Total collateral dependent individually assessed loans	Total collateral dependent individually assessed loans	\$27,333	\$ —	\$ —	\$ 27,333	\$5,863	
Total collateral dependent individually assessed loans							
Total collateral dependent individually assessed loans							
Loans held for sale	Loans held for sale	\$ 6,262	\$ —	\$ 6,262	\$ —	\$ (121)	
Other real estate owned	Other real estate owned	14,362	—	—	14,362	1,010	
Premises, furniture and equipment held for sale	Premises, furniture and equipment held for sale	2,798	—	—	2,798	1,455	

**Fair Value Measurements at  
December 31, 2022**



		Quoted Prices in Active Markets for Identical Assets Significant Other Observable Inputs Significant Unobservable Inputs Year-to-Date (Gains) Losses				
		Total	(Level 1)	(Level 2)	(Level 3)	
Fair Value Measurements at December 31, 2023		Fair Value Measurements at December 31, 2023				
		Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Year-to-Date (Gains) Losses
Collateral dependent individually assessed loans:	Collateral dependent individually assessed loans:					
Commercial and industrial	Commercial and industrial					
Commercial and industrial	Commercial and industrial					
Commercial and industrial	Commercial and industrial	\$12,042	\$ —	\$ —	\$ 12,042	\$4,186
Owner occupied commercial real estate	Owner occupied commercial real estate	7,556	—	—	7,556	—
Non-owner occupied commercial real estate	Non-owner occupied commercial real estate	11,371	—	—	11,371	—
Real estate construction	Real estate construction	1,518	—	—	1,518	—
Agricultural and agricultural real estate	Agricultural and agricultural real estate	3,788	—	—	3,788	—
Residential real estate	Residential real estate	1,607	—	—	1,607	—
Total collateral dependent individually assessed loans	Total collateral dependent individually assessed loans	\$37,882	\$ —	\$ —	\$ 37,882	\$4,186
Total collateral dependent individually assessed loans						
Total collateral dependent individually assessed loans						
Loans held for sale	Loans held for sale	\$ 5,277	\$ —	\$ 5,277	\$ —	\$ (116)

Other real estate owned	Other real estate owned	8,401	—	—	8,401	180
Other real estate owned						
Other real estate owned						
Premises, furniture and equipment held for sale	Premises, furniture and equipment held for sale	6,851	—	—	6,851	1,562
Servicing rights		7,840	—	—	7,840	516

The following tables present additional quantitative information about assets measured at fair value on a recurring and nonrecurring basis and for which HTLF has utilized Level 3 inputs to determine fair value, in thousands:

Fair Value at 3/31/2024						Fair Value at 3/31/2024		Valuation Technique		Unobserved Inputs	
		Fair Value at 9/30/2023	Valuation Technique	Unobservable Input	Range (Weighted Average)						
Interest rate lock commitments	\$	99	Discounted cash flows	Closing ratio	0-99% (89%)(1)						
Other real estate owned											
Other real estate owned	Other real estate owned	14,362	Modified appraised value	Third party appraisal	(2)	Other real estate owned	2,590	Modified appraised value	Modified appraised value	Third party appraisal	
				Appraisal discount	0-10%(3)					Appraisal discount	
Premises, furniture and equipment held for sale											
Premises, furniture and equipment held for sale											
Premises, furniture and equipment held for sale	Premises, furniture and equipment held for sale	2,798	Modified appraised value	Third party appraisal	(2)	16,064	Modified appraised value	Modified appraised value		Third party appraisal	
				Appraisal discount	0-10%(3)					Appraisal discount	
Collateral dependent individually assessed loans:											
Commercial	Commercial	8,530	Modified appraised value	Third party appraisal	(2)						
				Appraisal discount	0-10%(3)						
Commercial						Commercial 22,292		Modified appraised value		Third party appraisal	
										Appraisal discount	

Owner occupied commercial real estate	Owner occupied commercial real estate	4,411	Modified appraised value	Third party appraisal	(2)	Owner occupied commercial real estate	30,089	Modified appraised value	Modified appraised value		Third party appraisal	
				Appraisal discount	0-10% <sup>(3)</sup>							
Appraisal discount												
Non-owner occupied commercial real estate	Non-owner occupied commercial real estate	6,323	Modified appraised value	Third party appraisal	(2)	Non-owner occupied commercial real estate	—	Modified appraised value	Modified appraised value		Third party appraisal	
				Appraisal discount	0-8% <sup>(3)</sup>							
Appraisal discount												
Real estate construction	Real estate construction	910	Modified appraised value	Third party appraisal	(2)	Real estate construction	642	Modified appraised value	Modified appraised value		Third party appraisal	
				Appraisal discount	0-10% <sup>(3)</sup>							Appr
Agricultural and agricultural real estate	Agricultural and agricultural real estate	4,943	Modified appraised value	Third party appraisal	(2)	Agricultural and agricultural real estate	4,664	Modified appraised value	Modified appraised value		Third party appraisal	
				Appraisal discount	0-10% <sup>(3)</sup>							Appr
Residential real estate	Residential real estate	2,216	Modified appraised value	Third party appraisal	(2)	Residential real estate	727	Modified appraised value	Modified appraised value		Third party appraisal	
				Appraisal discount	0-10% <sup>(3)</sup>							Appr

(1) The significant unobservable input used in the fair value measurement is the closing ratio, (2) Third party which represents the percentage of loans currently in a lock position which management annually to estimate will ultimately close. The closing ratio calculation takes into consideration historical disclosure of the data and loan-level data.

not be meaningful to appraisal.

(1) Third party appraisals are obtained and updated at least annually to establish the value of the underlying asset, but the disclosure of the unobservable inputs used by the appraisers would not be meaningful because the range will vary widely from appraisal to appraisal.

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(2) Discounts applied to the appraised values primarily include estimated sales costs, but also consider the age of the appraisal, changes in local market conditions and changes in the current condition of the collateral.

(2) Discounts applied to the appraised values primarily include estimated sales costs, but also consider the age of the appraisal, changes in local market conditions and changes in the current condition of the collateral.

	Fair Value at 12/31/2023	Valuation Technique	Unobservable Input	Range (Weighted Average)
Other real estate owned	2,590	Modified appraised value	Third party appraisal	(1)
			Appraisal discount	0-10% <sub>(2)</sub>
Premises, furniture and equipment held for sale	16,064	Modified appraised value	Third party appraisal	(1)
			Appraisal discount	0-10% <sub>(2)</sub>
<b>Collateral dependent individually assessed loans:</b>				
Commercial and industrial	23,422	Modified appraised value	Third party appraisal	(1)
			Appraisal discount	0-12% <sub>(2)</sub>
Owner occupied commercial real estate	30,400	Modified appraised value	Third party appraisal	(1)
			Appraisal discount	0-20% <sub>(2)</sub>
Non-owner occupied commercial real estate	—	Modified appraised value	Third party appraisal	(1)
			Appraisal discount	0-10% <sub>(2)</sub>
Real estate construction	642	Modified appraised value	Third party appraisal	(1)
			Appraisal discount	0-10% <sub>(2)</sub>
Agricultural and agricultural real estate	4,768	Modified appraised value	Third party appraisal	(1)
			Appraisal discount	0-15% <sub>(2)</sub>
Residential real estate	741	Modified appraised value	Third party appraisal	(1)
			Appraisal discount	0-10% <sub>(2)</sub>

(1) Third-party appraisals are obtained and updated at least annually to establish the value of the underlying asset, but the disclosure of the unobservable inputs used by the appraisers would not be meaningful because the range will vary widely from appraisal to appraisal.

(2) Discounts applied to the appraised values primarily include estimated sales costs, but also consider the age of the appraisal, changes in local market conditions and changes in the current condition of the collateral.

	Fair Value at 12/31/2022	Valuation Technique	Unobservable Input	Range (Weighted Average)
Interest rate lock commitments	\$ 174	Discounted cash flows	Closing ratio	0-99% (88%)(1)
Other real estate owned	8,401	Modified appraised value	Third party appraisal	(2)
			Appraisal discount	0-10%(3)
Servicing rights	7,840	Discounted cash flows	Discount rate	9.98 - 11.72% (10.02%)(4)
			Constant prepayment rate	7.8 - 14.2% (7.9%)(4)
Premises, furniture and equipment held for sale	6,851	Modified appraised value	Third party appraisal	(2)
			Appraisal discount	0-10%(3)
Collateral dependent individually assessed loans:				
Commercial and industrial	12,042	Modified appraised value	Third party appraisal	(2)
			Appraisal discount	0-10%(3)
Owner occupied commercial real estate	7,556	Modified appraised value	Third party appraisal	(2)
			Appraisal discount	0-10%(3)
Non-owner occupied commercial real estate	11,371	Modified appraised value	Third party appraisal	(2)
			Appraisal discount	0-10%(3)
Real estate construction	1,518	Modified appraised value	Third party appraisal	(2)
			Appraisal discount	0-10%(3)
Agricultural and agricultural real estate	3,788	Modified appraised value	Third party appraisal	(2)
			Appraisal discount	0-15%(3)
Residential real estate	1,607	Modified appraised value	Third party appraisal	(2)
			Appraisal discount	0-10%(3)

(1) The significant unobservable input used in the fair value measurement is the closing ratio, which represents the percentage of loans currently in a lock position which management estimates will ultimately close. The closing ratio calculation takes into consideration historical data and loan-level data.

(2) Third party appraisals are obtained and updated at least annually to establish the value of the underlying asset, but the disclosure of the unobservable inputs used by the appraisers would not be meaningful because the range will vary widely from appraisal to appraisal.

(3) Discounts applied to the appraised values primarily include estimated sales costs, but also consider the age of the appraisal, changes in local market conditions and changes in the current condition of the collateral.

(4) The significant unobservable input used in the discounted cash flow analysis are the discount rate and constant prepayment rate.

The changes in fair value of the interest rate lock commitments, which are Level 3 financial instruments measured on a recurring basis, are summarized in the following table, in thousands:

	For the Nine Months Ended September 30, 2023		For the Year Ended December 31, 2022	
Balance at January 1,	\$	174	\$	1,306
Total net gains included in earnings		(70)		(1,828)
Issuances		1,678		3,683
Settlements		(1,683)		(2,987)
Balance at period end	\$	99	\$	174

Included in gains (losses) on sale of loans held for sale attributable to interest rate lock commitments held at September 30, 2023, and December 31, 2022, were losses of \$99,000 and gains of \$174,000, respectively.

The table below is a summary of the estimated fair value of HTLF's financial instruments (as defined by ASC 825) as of **September 30, 2023**, **March 31, 2024**, and **December 31, 2022**, **December 31, 2023**, in thousands. The carrying amounts in the following tables are recorded in the consolidated balance sheets under the indicated captions. In accordance with ASC 825, the assets and liabilities that are not financial instruments are not included in the disclosure, including the value of **mortgage servicing rights**, premises, furniture and equipment, premises, furniture and equipment held for sale, OREO, goodwill, and other intangibles and other liabilities.

HTLF does not believe that the estimated information presented herein is representative of the earnings power or value of HTLF. The following analysis, which is inherently limited in depicting fair value, also does not consider any value associated with either existing customer relationships or the ability of HTLF to create value through loan origination, deposit gathering or fee generating activities. Many of the estimates presented herein are based upon the use of highly subjective information and assumptions and, accordingly, the results may not be precise. Management believes that fair value estimates may not be comparable between financial institutions due to the wide range of permitted valuation techniques and numerous estimates which must be made. Furthermore, because the disclosed fair value amounts were estimated as of the balance sheet date, the amounts actually realized or paid upon maturity or settlement of the various financial instruments could be significantly different.

		Fair Value Measurements at September 30, 2023																	
		Quoted Prices in Active Markets				Significant for Other Significant													
		Estimated	Identical	Observable	Unobservable														
		Carrying	Fair	Assets	Inputs	Inputs													
		Amount	Value	(Level 1)	(Level 2)	(Level 3)													
Fair Value Measurements at March 31, 2024														Fair Value Measurements at March 31, 2024					
														Quoted Prices in Active Markets for Identical Assets (Level 1)		Significant Other Observable Inputs (Level 2)		Significant Unobservable Inputs (Level 3)	
Carrying Amount								Carrying Amount		Estimated Fair Value									
Financial assets:	Financial assets:																		
Cash and cash equivalents																			
Cash and cash equivalents																			
Cash and cash equivalents	Cash and cash equivalents	\$ 347,995	\$ 347,995	\$347,995	\$	—	\$	—											
Time deposits in other financial institutions	Time deposits in other financial institutions	1,490	1,490	1,490	—	—													
Securities:	Securities:																		
Carried at fair value																			
Carried at fair value																			
Carried at fair value	Carried at fair value	5,482,687	5,482,687	31,805	5,450,882	—													
Held to maturity	Held to maturity	835,468	758,626	—	758,626	—													
Other investments	Other investments	90,001	90,001	—	90,001	—													
Loans held for sale	Loans held for sale	6,262	6,262	—	6,262	—													
Loans, net:	Loans, net:																		
Commercial and industrial																			
Commercial and industrial																			

Commercial and industrial	Commercial and industrial	3,563,513	3,371,432	—	3,362,902	8,530
PPP	PPP	3,750	3,750	—	3,750	—
Owner occupied commercial real estate	Owner occupied commercial real estate	2,414,985	2,225,107	—	2,220,696	4,411
Non-owner occupied commercial real estate	Non-owner occupied commercial real estate	2,639,074	2,493,314	—	2,486,991	6,323
Real estate construction	Real estate construction	1,000,575	977,316	—	976,406	910
Agricultural and agricultural real estate	Agricultural and agricultural real estate	837,712	760,022	—	755,079	4,943
Residential real estate	Residential real estate	806,696	699,081	—	696,865	2,216
Consumer	Consumer	495,923	476,515	—	476,515	—
Total Loans, net	Total Loans, net	11,762,228	11,006,537	—	10,979,204	27,333
Cash surrender value on life insurance	Cash surrender value on life insurance	196,694	196,694	—	196,694	—
Derivative financial instruments <sup>(1)</sup>	Derivative financial instruments <sup>(1)</sup>	167,925	167,925	—	167,925	—
Interest rate lock commitments		99	99	—	—	99
Forward commitments		41	41	—	41	—
Financial liabilities:						
Financial liabilities:						
Financial liabilities:	Financial liabilities:					
Deposits	Deposits					
Deposits						
Deposits						
Demand deposits						
Demand deposits						
Demand deposits	Demand deposits	4,792,813	4,792,813	—	4,792,813	—
Savings deposits	Savings deposits	8,754,911	8,754,911	—	8,754,911	—
Time deposits	Time deposits	3,553,269	3,553,269	—	3,553,269	—
Deposits held for sale						
Borrowings						
Term Debt						
Derivative financial instruments <sup>(2)</sup>						
Short term borrowings		392,634	392,634	—	392,634	—
Other borrowings		372,059	373,681	—	373,681	—

Derivative financial instruments <sup>(2)</sup>	76,074	76,074	—	76,074	—
Forward commitments	5	5	—	5	—

(1) Includes interest rate swaps, embedded derivatives and back-to-back loan swaps.

(2) Includes back-to-back loan swaps and free standing derivative instruments.

(1) Includes interest rate swaps, fair value hedges, embedded derivatives and back-to-back loan swaps.

(1) Includes interest rate swaps, fair value hedges, embedded derivatives and back-to-back loan swaps.

(1) Includes interest rate swaps, fair value hedges, embedded derivatives and back-to-back loan swaps.

(2) Includes fair value hedges, back-to-back loan swaps and undesignated interest rate swaps.

(2) Includes fair value hedges, back-to-back loan swaps and undesignated interest rate swaps.

		Fair Value Measurements at December 31, 2022			
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Carrying Amount	Estimated Fair Value				

Fair Value Measurements at December 31, 2023								Fair Value Measurements at December 31, 2023				
								Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)		
	Carrying Amount						Carrying Amount	Estimated Fair Value				
Financial assets:	Financial assets:											
Cash and cash equivalents												
Cash and cash equivalents												
Cash and cash equivalents	Cash and cash equivalents	\$ 363,087	\$ 363,087	\$363,087	\$ —	\$ —						
Time deposits in other financial institutions	Time deposits in other financial institutions	1,740	1,740	1,740	—	—						
Securities:	Securities:											
Carried at fair value												
Carried at fair value												
Carried at fair value	Carried at fair value	6,147,144	6,147,144	31,699	6,115,445	—						



Held to maturity	Held to maturity	829,403	776,557	—	776,557	—
Other investments	Other investments	74,567	74,567	—	74,567	—
Loans held for sale	Loans held for sale	5,277	5,277	—	5,277	—
Loans, net:	Loans, net:					
Commercial and industrial						
Commercial and industrial						
Commercial and industrial	Commercial and industrial	3,435,343	3,270,127	—	3,258,085	12,042
PPP	PPP	11,025	11,025	—	11,025	—
Owner occupied commercial real estate	Owner occupied commercial real estate	2,251,359	2,084,665	—	2,077,109	7,556
Non-owner occupied commercial real estate	Non-owner occupied commercial real estate	2,314,401	2,184,796	—	2,173,425	11,371
Real estate construction	Real estate construction	1,046,084	1,039,244	—	1,037,726	1,518
Agricultural and agricultural real estate	Agricultural and agricultural real estate	917,876	842,637	—	838,849	3,788
Residential real estate	Residential real estate	845,650	741,325	—	739,718	1,607
Consumer	Consumer	497,131	480,018	—	480,018	—
Total Loans, net	Total Loans, net	11,318,869	10,653,837	—	10,615,955	37,882
Cash surrender value on life insurance	Cash surrender value on life insurance	193,403	193,403	—	193,403	—
Derivative financial instruments <sup>(1)</sup>	Derivative financial instruments <sup>(1)</sup>	46,293	46,293	—	46,293	—
Interest rate lock commitments		174	174	—	—	174
Forward commitments		47	47	—	47	—
Financial liabilities:						
Financial liabilities:						
Deposits	Deposits					
Deposits						
Deposits						
Demand deposits						
Demand deposits						
Demand deposits	Demand deposits	5,701,340	5,701,340	—	5,701,340	—
Savings deposits	Savings deposits	9,994,391	9,994,391	—	9,994,391	—
Time deposits	Time deposits	1,817,278	1,817,278	—	1,817,278	—
Short term borrowings		376,117	376,117	—	376,117	—
Other borrowings		371,753	372,473	—	372,473	—

Derivative financial instruments <sup>(1)</sup>	46,226	46,226	—	46,226	—
Forward commitments	99	99	—	99	—
Borrowings					
Borrowings					
Borrowings					
Term Debt					
Derivative financial instruments <sup>(2)</sup>					

(1) Includes interest rate swaps, fair value hedges, embedded derivatives and back-to-back loan swaps.

(2) Includes back-to-back loan swaps and undesignated interest rate swaps.

(1) Includes interest rate swaps, fair value hedges, embedded derivatives and back-to-back loan swaps.	
(1) Includes interest rate swaps, fair value hedges, embedded derivatives and back-to-back loan swaps.	
(2) Includes fair value hedges, back-to-back loan swaps and undesignated interest rate swaps.	(2) Includes fair value hedges, back-to-back loan swaps and undesignated interest rate swaps.

Cash and Cash Equivalents — The carrying amount is a reasonable estimate of fair value due to the short-term nature of these instruments.

Time Deposits in Other Financial Institutions — The carrying amount is a reasonable estimate of fair value due to the short-term nature of these instruments.

Securities — For equity securities with a readily determinable fair value and debt securities either held to maturity, available for sale or trading, fair value equals quoted market price if available. If a quoted market price is not available, fair value is estimated using quoted market prices for similar securities. For Level 3 securities, HTLF utilizes independent pricing provided by third party vendors or brokers.

Other Investments — Fair value measurement of other investments, which consists primarily of FHLB stock, are based on their redeemable value, which is at cost due to the restrictions placed on their transferability. The market for these securities is restricted to the issuer of the stock and subject to impairment evaluation.

Loans — The fair value of loans is determined using an exit price methodology. The exit price estimation of fair value is based on the present value of the expected cash flows. The projected cash flows are based on the contractual terms of the loans, adjusted for prepayments and a discount rate based on the relative risk of the cash flows. Other considerations include the loan type, remaining life of the loan and credit risk.

The fair value of individually assessed or impaired loans is measured using the fair value of the underlying collateral. The fair value of loans held for sale is estimated using quoted market prices.

Cash surrender value on life insurance — Life insurance policies are held on certain officers. The carrying value of these policies approximates fair value as it is based on the cash surrender value adjusted for other charges or amounts due that are probable at settlement. As such, HTLF classifies the estimated fair value of the cash surrender value on life insurance as Level 2.

Derivative Financial Instruments — The fair value of all derivatives is estimated based on the amount that HTLF would pay or would be paid to terminate the contract or agreement, using current rates and prices, and, when appropriate, the current creditworthiness of the counterparty.

Interest Rate Lock Commitments— The fair value of interest rate lock commitments is estimated using an internal valuation model, which includes grouping the interest rate lock commitments by interest rate and terms, applying an estimated closing ratio based on historical experience, and then multiplying by quoted investor prices determined to be

reasonably applicable to the loan commitment groups based on interest rate, terms, and rate lock expiration dates of the loan commitment group.

**Forward Commitments**— The fair value of these instruments is estimated using an internal valuation model, which includes current trade pricing for similar financial instruments.

**Deposits** — The fair value of demand deposits, savings accounts and certain money market deposits is the amount payable on demand at the reporting date. The fair value of fixed maturity certificates of deposit is estimated using the rates currently offered for deposits of similar remaining maturities. If the fair value of the fixed maturity certificates of deposit is calculated at less than the carrying amount, the carrying value of these deposits is reported as the fair value.

**Short-term Borrowings** and **Other Borrowings** **Term Debt** — Rates currently available to HTLF for debt with similar terms and remaining maturities are used to estimate fair value of existing debt.

**Commitments to Extend Credit, Unused Lines of Credit and Standby Letters of Credit** — Based upon management's analysis of the off balance sheet financial instruments, there are no significant unrealized gains or losses associated with these financial instruments based upon review of the fees currently charged to enter into similar agreements, taking into account the remaining terms of the agreements and the present creditworthiness of the counterparties.

**NOTE 8: STOCK COMPENSATION**

Under its 2020 Long-Term Incentive Plan (the "Plan"), HTLF's Compensation and Human Capital Committee, (the "Compensation Committee"), may grant non-qualified and incentive stock options, stock appreciation rights, stock awards, restricted stock, restricted stock units and cash incentive awards. The Plan authorized 1,460,000 shares of common stock for issuance, of which 739,466 474,721 shares of common stock were available as of September 30, 2023 March 31, 2024, for issuance of future awards to employees and directors of, and service providers to, HTLF or its subsidiaries.

The cost of each award is based upon its fair value estimated on the date of grant and recognized in the consolidated statements of income over the vesting period of the award. The fair market value of restricted stock and restricted stock units is based on the fair value of the underlying shares of common stock on the date of grant. Forfeitures are accounted for as they occur.

HTLF's income tax expense included \$115,000 \$418,000 of tax expense during the nine three months ended September 30, 2023 March 31, 2024, and a tax benefit of \$129,000 \$46,000 during the nine three months ended September 30, 2022 March 31, 2023, related to the exercise, vesting and forfeiture of equity-based awards.

*Restricted Stock Units*

The Plan permits the Compensation Committee to grant restricted stock units ("RSUs"). The time-based RSUs are generally granted in the first quarter of each year and represent the right, without payment, to receive shares of HTLF common stock on a specified date in the future. Generally, the time-based RSUs vest over three years in equal installments in March of each of the three years following the year of the grant.

The Compensation Committee has also granted three-year performance-based RSUs, generally in the first quarter of each year. These performance-based RSUs will be earned based on satisfaction of performance targets for the three-year performance period as defined in the RSU agreement. These performance-based RSUs or a portion thereof vest after measurement of performance in relation to the performance targets.

The time-based RSUs may also vest upon death, or disability, upon a change in control or upon a "qualified retirement" (as defined in the RSU agreement), or upon certain terminations of employment following a change in control, and the three-year performance-based RSUs may also vest to the extent that they are earned upon death, disability, upon a change in control or upon a "qualified retirement" (as defined in the RSU agreement), those same conditions.

All of HTLF's RSUs will be settled in common stock upon vesting. Most RSUs granted after March 2023 accrue dividends, dividend equivalents, which are paid in cash without interest only upon vesting. Dividend equivalents with respect to RSUs forfeited are also forfeited. RSUs granted prior to March 2023 are not entitled to dividend equivalents.

A summary of the RSUs outstanding as of September 30, 2023 March 31, 2024, and September 30, 2022 March 31, 2023, and changes during the nine three months ended September 30, 2023 March 31, 2024 and 2022, 2023, follows:

2023		2022	
Weighted-Average Grant Date		Weighted-Average Grant Date	
Shares	Fair Value	Shares	Fair Value
2024		2024	
		2023	

Shares				Weighted-Average Grant Date Fair Value		Weighted-Average Grant Date Fair Value	
Shares				Shares		Shares	
Outstanding at January 1,	Outstanding at January 1,						
1,	1,	424,086	\$ 46.15	389,885	\$ 44.19		
Granted	Granted	272,465	45.33	238,495	48.41		
Vested	Vested	(175,313)	41.74	(158,702)	45.04		
Forfeited	Forfeited	(42,091)	46.25	(27,316)	46.69		
Outstanding at September 30,		479,147	\$ 47.29	442,362	\$ 46.01		
Outstanding at March 31,							

Total compensation costs recorded for RSUs were \$7.4 million \$3.6 million and \$4.3 million during both the nine three months ended September 30, 2023 March 31, 2024 and 2022, 2023, respectively. As of September 30, 2023 March 31, 2024, there were \$11.0 million \$14.6 million of total unrecognized compensation costs related to the Plan for RSUs that are expected to be recognized through 2026, 2027.

#### Stock Options

The Plan provides the Compensation Committee the authority to grant stock options. During the year ended December 31, 2022, 64,518 options were granted, and the fair value of the options granted was determined using the Black-Scholes valuation model. The options granted generally vest over the first four years in equal installments on the anniversary date of the grant. The options may also vest upon death, disability, upon a change in control or upon a "qualified retirement" as defined in the stock option agreement.

The exercise price of the stock options was established by the Compensation Committee, but the exercise price may not be less than the fair market value of the shares on the date the options are granted.

A summary of the status of stock options as of September 30, 2023 March 31, 2024, and March 31, 2023, and changes during the nine three months ended September 30, 2023, is shown in the table below. There were no options outstanding at September 30, 2022, March 31, 2024 and 2023, follows:

2023				2024				2023			
Weighted Average Exercise Price				Weighted Average Exercise Price				Weighted Average Exercise Price			
Shares				Shares				Shares			
Outstanding at January 1,	Outstanding at January 1,	64,518	\$ 48.79								
Granted	Granted	—	—								
Exercised	Exercised	—	—								
Forfeited	Forfeited	(6,452)	48.79								
Outstanding at September 30,		58,066	48.79								
Options exercisable at September 30,		—	\$ —								
Outstanding at March 31,											
Options exercisable at March 31,											

At September 30, 2023 March 31, 2024, the options had a weighted average remaining contractual life of 9.17 8.67 years. The intrinsic value of the vested options as of September 30, 2023 March 31, 2024 was \$0. The intrinsic value of the options exercised during the nine three months ended September 30, 2023 March 31, 2024, was \$0. The total fair value of the options that vested during the nine three months ended September 30, 2023 March 31, 2024, was \$0. Total compensation costs recorded for stock options during the nine three months ended September 30, 2023 March 31, 2024 and 2022 2023 were \$165,000 49,000 and \$0, 69,000, respectively. As of September 30, 2023 March 31, 2024, there were \$546,000 \$381,000 of total unrecognized compensation costs related to the Plan for options that are expected to be recognized through 2026.

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

### SAFE HARBOR STATEMENT

This Quarterly Report on Form 10-Q (including any information incorporated herein by reference) contains, and future oral and written statements of Heartland Financial USA, Inc. ("HTLF") and its management may contain, forward-looking statements within the meaning of such term in Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act") with respect to the business, financial condition, results of operations, plans, objectives and future performance of HTLF. Any statements about HTLF's expectations, beliefs, plans, objectives, assumptions or future events or performance are not historical facts and may be forward-looking. Forward-looking statements may include information about possible or assumed future results of HTLF's operations or performance, and may be based upon beliefs, expectations and assumptions of HTLF's management. These forward-looking statements are generally identifiable by the use of words such as "believe," "expect," "anticipate," "plan," "intend," "estimate," "project," "may," "will," "would," "could," "should," "view," "opportunity," "potential," or other similar expressions. Although HTLF has made these statements based on management's experience and best estimate of future events, the ability of HTLF to predict results or the actual effect or outcomes of plans or strategies is inherently uncertain, and there may be events or factors that management has not anticipated. Therefore, the accuracy and achievement of such forward-looking statements and estimates are subject to a number of risks, many of which are beyond the ability of management to control or predict, that could cause actual results to differ materially from those in its forward-looking statements. These factors, which HTLF currently believes could have a material adverse effect on its operations and future prospects include, among others, those described below and in the risk factors in HTLF's reports filed with the Securities and Exchange Commission ("SEC"), including the "Risk Factors" section under Item 1A of Part I of the company's Annual Report on Form 10-K for the year ended **December 31, 2022** **December 31, 2023**:

- Economic and Market Conditions Risks, including risks related to the deterioration of the U.S. economy in general and in the local economies in which HTLF conducts its operations and future civil unrest, natural disasters, pandemics and governmental measures addressing them, climate change and climate-related regulations, persistent inflation, higher interest rates, recession, supply chain issues, labor shortages, terrorist threats or acts of war;
- Credit Risks, including risks of increasing credit losses due to deterioration in the financial condition of HTLF's borrowers, changes in asset and collateral values due to climate and other borrower industry risks, which may impact the provision for credit losses and net charge-offs;
- Liquidity and Interest Rate Risks, including the impact of capital market conditions, rising interest rates and changes in monetary policy on our borrowings and net interest income;
- Risks related to the Merger, the fluctuation of the market value of the merger consideration, risks related to combining our businesses, including expenses related to the Merger and integration of the combined entity, risks that the Merger may not occur, and the risk of litigation related to the Merger;
- Operational Risks, including processing, information systems, cybersecurity, vendor, business interruption, and fraud risks;
- Strategic and External Risks, including economic, political, and competitive forces impacting our business; and
- Legal, Compliance and Reputational Risks, including regulatory and litigation risks; and risks.

#### • Risks

For information regarding factors that could affect the Company's results of **Owning Stock** operations, financial condition and liquidity, see the risk factors disclosed in **HTLF**, including the "Risk Factors" section of our Annual Report on Form 10-K for the year ended December 31, 2023. See also the Safe Harbor Statement above and the updated Risk Factors below:

**Because the market price of UMB common stock may fluctuate, holders of our common stock cannot be certain of the market value of the merger consideration they will receive in the Merger.**

Upon completion of the Merger, each share of our common stock issued and outstanding immediately prior to closing (other than certain shares held by us or UMB) will be converted into the right to receive 0.5500 shares of UMB common stock. This exchange ratio is fixed and will not be adjusted for changes in the market price **volatility** of either UMB common stock or our common stock. Changes in the price of UMB common stock prior to the Merger will affect the value that holders of our common stock will receive in the Merger. We and **dilution** UMB are not permitted to terminate the Merger Agreement as a result, in and of itself, of any increase or decrease in the market price of UMB common stock or our common stock.

There will be a time lapse between the date of this Quarterly Report on Form 10-Q, the date on which our stockholders vote to approve the Merger Agreement at the special meeting and the date on which our stockholders entitled to receive shares of UMB common stock actually receive such shares. The market value of UMB common stock may fluctuate during these periods as a result of a variety of factors, including general market and economic conditions, regulatory considerations, including changes in U.S. monetary policy and its effect on global financial markets and on interest rates, changes in UMB's or our business,

operations and prospects and the impact that any of the foregoing may have on UMB, us or the customers or other constituencies of UMB or us, many of which factors are beyond UMB's or our control. Therefore, at the time our stockholders must decide whether to approve the Merger Agreement, they will not know the market value of the consideration to be received by holders of our common stock at closing. You should obtain current market quotations for shares of UMB common stock and for shares of our common stock.

**Combining our company and UMB may be more difficult, costly or time consuming than expected and we and UMB may fail to successfully integrate the two businesses or to realize the anticipated benefits of the acquisition.**

The success of the Merger will depend, in part, on the ability to realize the anticipated cost savings from integrating our business with that of UMB. This integration will depend substantially on our and UMB's ability to consolidate operations, corporate cultures, systems and procedures and to eliminate redundancies and costs. We may not be able to

combine our business with that of UMB without encountering difficulties that could adversely affect the ability to maintain relationships with existing clients, customers, depositors and employees, such as:

- the loss of key employees;
- the disruption of operations and business;
- inability to maintain and increase competitive presence;
- loan and deposit attrition, customer loss and revenue loss;
- possible inconsistencies in standards, control procedures and policies;
- additional costs or unexpected problems with operations, personnel, technology and credit;
- inconsistencies in standards, controls, procedures and policies; and/or
- problems with the assimilation of new operations, systems, sites or personnel, which could divert resources from regular banking operations.

Any disruption to the businesses could cause customers to remove their accounts and move their business to a competing financial institution. Integration efforts between the two companies may also divert management attention and resources. Additionally, general market and economic conditions or governmental actions affecting the financial industry generally may inhibit the successful integration of our business and that of UMB.

We and UMB have operated and, until the completion of the Merger, will continue to operate, independently. The success of the Merger will depend, in part, on the Merger resulting in various benefits including, among other things, benefits relating to enhanced revenues, a strengthened market position for the combined company, cross selling opportunities, technological efficiencies, cost savings and operating efficiencies. Achieving the anticipated benefits of the Merger is subject to a number of uncertainties, including whether the integration of our business and that of UMB is completed in an efficient, effective and timely manner, and general competitive factors in the marketplace. Failure to achieve these anticipated benefits on the anticipated timeframe, or at all, could result in a reduction in the price of UMB common stock as well as in increased costs, decreases in the amount of expected revenues and diversion of management's time and energy and could materially and adversely affect the combined company's business, financial condition and operating results. Those integration matters could have an adverse effect on each of us and UMB for an undetermined period after completion of the Merger on the combined company.

***We and UMB have, and the combined company following the Merger will, incur significant transaction and Merger-related costs in connection with the transactions contemplated by the Merger Agreement.***

We and UMB have incurred and expect to incur significant non-recurring costs associated with combining our operations with those of UMB. These costs include legal, financial advisory, accounting, consulting and other advisory fees, severance/employment-related costs, public company filing fees and other regulatory fees, printing costs and other related costs. Additional unanticipated costs may be incurred in the integration of our business with the business of UMB, and there are many factors beyond our or UMB's control that could affect the total amount or timing of integration costs. Although we expect that the elimination of duplicative costs, as well as the realization of other efficiencies related to the integration of the businesses, may offset incremental transaction and Merger-related costs over time, this net benefit may not be achieved in the near term, or at all.

Whether or not the Merger is consummated, we, UMB and the combined company will incur substantial expenses in pursuing the Merger and may adversely impact our and the combined company's earnings. Completion of the transactions contemplated by the Merger Agreement will be conditioned upon customary closing conditions, including the receipt of required governmental authorizations, consents, orders and approvals, including approval by certain federal banking regulators. We and UMB intend to pursue all required approvals in accordance with the Merger Agreement. However, there can be no assurance that such approvals will be obtained without additional cost, on the anticipated timeframe, or at all.

***Regulatory approvals for the Merger may not be received, may take longer than expected or may impose conditions that are not currently anticipated or that could have an adverse effect on the combined company following the Merger.***

Before the Merger and the Bank Merger may be completed, various approvals, consents and non-objections must be obtained from regulatory authorities. In determining whether to grant these approvals, regulatory authorities consider a variety of factors, including the regulatory standing of each party. These approvals could be delayed or not obtained at all, including due to any or all of the following: an adverse development in any party's regulatory standing or any other factors considered by regulators in granting such approvals, governmental, political or community group inquiries, investigations or opposition; changes in legislation or the political environment, including as a result of changes of the U.S. executive administration, or Congressional leadership and regulatory agency leadership.

Even if the approvals are granted, they may impose terms and conditions, limitations, obligations or costs, or place restrictions on the conduct of the combined company's business or require changes to the terms of the transactions contemplated by the Merger Agreement. There can be no assurance that regulators will not impose any such conditions, limitations, obligations or restrictions or that such conditions, limitations, obligations or restrictions will not have the effect of delaying the completion of any of the transactions contemplated by the Merger Agreement, imposing additional material costs on or materially limiting the revenues of the combined company following the Merger or will otherwise reduce the anticipated benefits of the Merger. In addition, there can be no assurance that any such conditions, limitations, obligations or restrictions will not result in the delay or abandonment of the Merger. Additionally, the completion of the Merger is conditioned on the absence of certain orders, injunctions or decrees by any governmental entity of competent jurisdiction that would prohibit or make illegal the completion of the transactions contemplated by the Merger Agreement.

Despite our and UMB's commitments to use our reasonable best efforts to respond to any request for information and resolve any objection that may be asserted by any governmental entity with respect to the Merger Agreement, neither party is required under the terms of the Merger Agreement to take any action, commit to take any action, or agree to any condition or restriction in connection with obtaining these approvals, that would reasonably be expected to have a material adverse effect on the combined company and its subsidiaries, taken as a whole, after giving effect to the proposed Merger (measured on a scale relative to us and our subsidiaries, taken as a whole) (a "materially burdensome regulatory condition").

***The Merger Agreement may be terminated in accordance with its terms and the Merger may not be completed. Such failure to complete the transactions contemplated by the Merger Agreement could cause our results to be adversely affected, our stock price to decline or have a material and adverse effect on our stock price and results of operations.***

If the transactions contemplated by the Merger Agreement, including the Merger, are not completed for any reason, including as a result of our stockholders or UMB's shareholders failing to approve the transactions contemplated by the Merger Agreement, there may be various adverse consequences and we may experience negative reactions from the financial markets and from our respective customers and employees. Moreover, our stock price may decline because costs related to such transactions, such as legal, accounting and financial advisory fees, must be paid even if such transactions, including the Merger, are not completed. Moreover, we may be required to pay a termination fee of \$70 million to UMB upon a termination of the Merger Agreement in certain circumstances. In addition, if the transactions contemplated by the Merger Agreement are not completed, whether because of our failure to receive required regulatory approvals in a timely fashion or because we have breached our obligations in a way that permits UMB to terminate the Merger Agreement, or for any other reason, our stock price may decline.

***The market price for UMB's common stock following the Merger may be affected by factors different from those that historically have affected or currently affect our common stock.***

Subject to the terms and conditions of the Merger Agreement, upon completion of the Merger, holders of shares of our common stock will receive shares of UMB common stock. The combined company's business and financial position will differ from our business and financial position before the completion of the Merger and, accordingly, the results of operations of the combined company will be affected by some factors that are different from those currently affecting our results of operations and those currently affecting our results of operations. Accordingly, the market price and performance of UMB's common stock following the Merger is likely to be different from the performance of our common stock in the absence of the Merger.

***The future equity offerings results of the combined company following the Merger may suffer if the combined company does not effectively manage its expanded operations.***

Following the Merger, the size of the business of the combined company will increase significantly beyond the current size of either our or UMB's business. The combined company's future success will depend, in part, upon its ability to manage this expanded business, which may pose challenges for management, including challenges related to the management and acquisitions, monitoring of new operations and associated increased costs and complexity. The combined company may also face increased scrutiny from governmental authorities as a result of the significant increase in the size of its business.

In addition, while HTLF Bank is a Colorado state-chartered non-member bank subject to primary federal bank regulatory oversight by the Federal Deposit Insurance Corporation, UMB's bank subsidiary, UMB Bank, National Association ("UMB Bank") is, and the bank subsidiary of the combined company upon completion of the Bank Merger will be, a national bank subject to oversight by the Office of the Comptroller of the Currency (the "OCC"). The laws, regulations and regulatory

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guidance applicable to HTLF Bank and the bank subsidiary of the combined company will therefore differ in ways that may affect the operations of the combined company.

There can be no assurances that the combined company will be successful or that it will realize the expected operating efficiencies, cost savings or other benefits currently anticipated from the Merger.

***We will be subject to business uncertainties and contractual restrictions while the Merger is pending.***

Uncertainty about the effect of the Merger on employees and customers may have an adverse effect on us. These uncertainties may impair our ability to attract, retain and motivate key personnel until the Merger is completed, and could cause customers and others that deal with us to seek to change existing business relationships with us. In addition, subject to certain exceptions, we and UMB have agreed to operate our respective businesses in the ordinary course consistent with past practice in all material respects prior to closing, and we and UMB have agreed to agree not to take certain actions, which could cause us to be unable to pursue other beneficial opportunities that may arise prior to the completion of the Merger.

***The shares of UMB common stock to be received by holders of our common stock as a result of the Merger will have different rights from the shares of our common stock.***

Following the Merger, holders of our common stock will become holders of UMB common stock and their rights as shareholders of UMB common stock will be governed by Missouri law and the governing documents of the combined company. The rights associated with UMB common stock are different from the rights associated with our common stock.

***Holders of our common stock will have a reduced ownership and voting interest in the combined company after the Merger and will exercise less influence over management.***

Holders of our common stock currently have the right to vote in the election of the board of directors and on other matters affecting us. When the Merger is completed, each holder of our common stock who receives shares of UMB common stock will become a holder of common stock of the combined company, with a percentage ownership of the combined company that is smaller than the holder's percentage ownership of us. Based on the number of shares of UMB common stock and our common stock outstanding as of the close of business on April 26, 2024, and based on the number of shares of UMB common stock expected to be issued in the Merger, the former holders of our common stock, as a group, are estimated to own approximately thirty-one percent (31%) of the combined company immediately after closing. Additionally, five of the members of our Board of Directors will join



the UMB Board of Directors at closing, which will be expanded to sixteen members. Because of this, holders of our common stock may have less influence on the management and policies of the combined company than they now have on our management and policies.

***Litigation related to the Merger could prevent or delay completion of the Merger or otherwise negatively affect the business and operations of us and UMB.***

We and UMB may incur costs in connection with the defense or settlement of any shareholder or stockholder lawsuits filed in connection with the Merger. Such litigation could have an adverse effect on our and UMB's financial condition and results of operations and could prevent or delay the completion of the Merger.

***The Merger Agreement limits our ability to pursue alternatives to the Merger and may discourage other companies from trying to acquire us.***

The Merger Agreement contains "no shop" covenants that restrict our ability to, directly or indirectly, initiate, solicit, knowingly encourage or knowingly facilitate any inquiries or proposals with respect to any acquisition proposal, engage or participate in any negotiations with any person concerning any acquisition proposal, provide any confidential or nonpublic information or data to, or have or participate in any discussions with, any person relating to any acquisition proposal, subject to certain exceptions, or, unless the Merger Agreement has been terminated in accordance with its terms, approve or enter into any term sheet, letter of intent, commitment, memorandum of understanding, agreement in principle, acquisition agreement, Merger Agreement or other agreement in connection with or relating to any acquisition proposal.

The Merger Agreement further provides that, during the twelve (12)-month period following the termination of the Merger Agreement under specified circumstances, including the entry into a definitive agreement or consummation of a transaction with respect to an alternative acquisition proposal, we may be required to pay a termination fee of \$70 million to UMB.

These provisions could discourage a potential third-party acquirer that might have an interest in acquiring all or a significant portion of us from considering or proposing that acquisition.

***The Merger will not be completed unless important conditions are satisfied or waived, including adoption of the Merger Agreement by our stockholders and approval of the issuance of UMB stock and amendment of the UMB articles pursuant to the Merger Agreement by UMB's shareholders.***

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Specified conditions set forth in the Merger Agreement must be satisfied or waived to complete the Merger. If the conditions are not satisfied or, subject to applicable law, waived, the Merger will not occur or will be delayed and each of us and UMB may lose some or all of the intended benefits of the Merger. The following conditions must be satisfied or waived, if permissible, before we and UMB are obligated to complete the Merger: (1) (A) adoption of the Merger Agreement by our stockholders and (B) approval of the issuance of UMB stock and the amendment and the amendment of UMB's articles pursuant to the Merger Agreement by UMB's shareholders, (2) authorization for listing on the Nasdaq Global Select Market of the shares of UMB stock to be issued in the Merger, subject to official notice of issuance, (3) receipt of specified governmental consents and approvals, including from the Board of Governors of the Federal Reserve System and the Office of the Comptroller of the Currency, and termination or expiration of all applicable waiting periods in respect thereof, in each case without the imposition of a materially burdensome regulatory condition, (4) effectiveness of the registration statement on Form S-4 for the shares of UMB stock to be issued in the Merger, and (5) the absence of any order, injunction, decree or other legal restraint preventing the completion of the Merger or the Bank Merger or making the completion of the Merger or the Bank Merger illegal. Each party's obligation to complete the Merger is also subject to certain additional customary conditions, including (i) subject to certain exceptions, the accuracy of the representations and warranties of the other party, (ii) performance in all material respects by the other party of its obligations under the Merger Agreement and (iii) receipt by such party of an opinion from counsel to the effect that the first and second steps of the Merger, taken together, will qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended.

These risks and uncertainties should be considered in evaluating forward-looking statements made by HTLF or on its behalf, and undue reliance should not be placed on these statements. There can be no assurance that other factors not currently anticipated by HTLF will not materially and adversely affect the company's business, financial condition and results of operations. All statements in this Quarterly Report on Form 10-Q, including forward-looking statements, speak only as of the date they are made. HTLF does not undertake and specifically disclaims any obligation to publicly release the results of any revisions which may be made or to correct or update any forward-looking statement to reflect events or circumstances after the date of such statements or to reflect the occurrence of anticipated or unanticipated events or to otherwise update any statement in light of new information or future events. Further information concerning HTLF and its business, including additional factors that could materially affect HTLF's financial results, is included in the company's filings with the SEC.

## CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, income and expenses. These estimates are based upon historical experience and on various other assumptions that management believes are reasonable under the circumstances. Among other things, the estimates form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. The estimates and judgments that management believes have the most effect on HTLF's reported financial position and results of operations are described as critical accounting policies in the company's Annual Report on Form 10-K for the year ended **December 31, 2022** **December 31, 2023**. There have

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been no significant changes in the critical accounting estimates or the assumptions and judgments utilized in applying these estimates since **December 31, 2022** **December 31, 2023**.



## OVERVIEW

Heartland Financial USA, Inc. is a bank holding company operating under the brand name "HTLF". HTLF's independently branded banks (referred to herein collectively as the "Banks", "Bank Markets") serve communities in Arizona, California, Colorado, Illinois, Iowa, Kansas, Minnesota, Missouri, Montana, New Mexico, Texas and Wisconsin. HTLF is committed to its core commercial business supported by a strong retail operation and provides a diversified line of financial services and products including treasury management, commercial credit cards, wealth management, investments and residential mortgages. As of September 30, 2023 March 31, 2024, HTLF had two Banks and operated under 11 local bank brands through a total of 116 locations.

HTLF's results of operations depend primarily on net interest income, which is the difference between interest income from interest earning assets and interest expense on interest bearing liabilities. Noninterest income, which includes service charges and fees, loan servicing income, trust fees, brokerage and insurance commissions, capital markets fees, net securities gains/(losses), net gains on sale of loans held for sale, and income on bank owned life insurance, also affects the results of operations. HTLF's principal operating expenses, aside from interest expense, consist of the provision for credit losses, salaries and employee benefits, occupancy, furniture and equipment costs, professional fees, FDIC insurance assessments, advertising, core deposit and customer relationship intangibles amortization, other real estate and loan collection expenses, (gains)/losses on sales/valuation of assets, partnership investment in tax credit projects and acquisition, integration and restructuring costs.

### HTLF Response to Recent Banking Industry Disruptions

The banking industry experienced significant disruptions in March 2023, including bank failures, which has since caused industry-wide concerns related to deposit outflows, liquidity, continued interest rate increases and unrealized losses on securities. In response to the concerns, management continues to:

- help customers facilitate additional FDIC insurance through Insured Cash Sweep ("ICS") products and Certificate of Deposit Registry Service ("CDARS") products,
- monitor and adjust deposit pricing to address the highly competitive deposit environment, and
- maintain borrowing capacity through various federal programs, including the Federal Reserve's Bank Term Funding Program ("BTFP"), which totaled \$3.09 billion as of September 30, 2023, of which no balance was drawn.

As of September 30, 2023:

- 64% of HTLF's deposits were insured or collateralized.
- HTLF's capital ratios substantially exceeded the well-capitalized thresholds, and management believes that HTLF would remain well-capitalized in the event that regulatory rules were adopted requiring that unrealized losses in the total investment portfolio be included in the calculation of regulatory capital ratios.

The shift to work-from-home and hybrid work arrangements has caused decreased utilization of and demand for office space. HTLF is actively monitoring its exposure to office space in the non-owner occupied commercial real estate portfolio and securities portfolio. As of September 30, 2023:

- Outstanding loans totaling \$425.9 million were collateralized by non-owner occupied office space, which represents 3.6% of the total loans held to maturity, and the average loan size was \$1.5 million.
- There were no loans collateralized by office space on nonaccrual.
- The collateral consists primarily of multi-tenant, non-central business district properties.

### Overview of Third First Quarter and Year to Date results as of September 30, 2023 March 31, 2024

HTLF reported the following results for the quarter ended September 30, 2023 March 31, 2024, compared to the quarter ended September 30, 2022 March 31, 2023:

- net income available to common stockholders of \$46.1 million \$49.7 million compared to \$54.6 million \$50.8 million, a decrease of \$8.5 million \$1.1 million or 16% 2%,
- earnings per diluted common share of \$1.08 \$1.16 compared to \$1.28, \$1.19, a decrease of \$0.20 \$0.03 or 16% 3%,
- adjusted earnings available to common stockholders (non-GAAP)<sup>(1)</sup> of \$52.4 million or \$1.22 per diluted common share included \$0.04 compared to \$53.7 million of acquisition, integration and restructuring costs in both quarters, \$1.26 per diluted common share,
- net interest income of \$145.8 million \$154.2 million compared to \$155.9 million \$152.2 million, a decrease an increase of \$10.1 million \$2.0 million or 6% 1%,
- return on average assets was 0.94% 1.08% compared to 1.13% 1.06%,

- return on average common equity was 10.47% 10.90% compared to 12.93% 12.43%, and
- return on average tangible common equity (non-GAAP) was 16.34% 16.49% compared to 20.76% 20.03%.

HTLF reported the following results for the nine months ended September 30, 2023 compared to the nine months ended September 30, 2022:

- net income available to common stockholders of \$144.2 million compared to \$145.5 million, a decrease of \$1.2 million or 1%.

- earnings per diluted common share of \$3.37 compared to \$3.42, a decrease of \$0.05 or 1%,
- earnings per diluted common share included \$0.11 of acquisition, integration and restructuring costs compared to \$0.10,
- net interest income of \$445.1 million compared to \$433.0 million, an increase of \$12.1 million or 3%,
- return on average assets was 1.00% compared to 1.04%,
- return on average common equity was 11.28% compared to 10.80%, and
- return on average tangible common equity (non-GAAP) was 17.83% compared to 16.79%.

During For the first quarter of 2023, HTLF reclassified swap and loan syndication income (collectively, "capital markets fees") to capital markets fees from other noninterest income on the consolidated statements of income, and all prior periods have been adjusted.

During the second quarter of 2023, HTLF reclassified Federal Deposit Insurance Corporation ("FDIC") insurance premiums to FDIC insurance assessments from professional fees on the consolidated statements of income, and all prior periods have been adjusted.

For the third quarter of 2023, 2024, net interest margin was 3.14% (3.18% 3.52% (3.57% on a fully tax-equivalent basis, non-GAAP), which compares to 3.19% (3.23% 3.47% (3.52% on a fully tax-equivalent basis, non-GAAP) for the second fourth quarter of 2023, and 3.41% (3.45% 3.36% (3.40% on a fully tax-equivalent basis, non-GAAP) for the third first quarter of 2022. For the first nine months of 2023, net interest margin was 3.23% (3.27% on a fully tax-equivalent basis, non-GAAP) which compares to 3.22% (3.27% on a fully tax equivalent basis, non-GAAP) for the first nine months of 2022, 2023.

The efficiency ratio was 63.77% (59.95% 62.46% (58.77% on an adjusted efficiency ratio, fully tax-equivalent basis, non-GAAP) for the third first quarter of 2023 2024 compared to 58.84% (55.26% 60.94% (57.16% on an adjusted fully-tax equivalent basis, non-GAAP) for the same quarter of 2022. For the first nine months of 2023, the efficiency ratio was 61.86% (58.98% on an adjusted fully tax-equivalent basis, non-GAAP) compared to 61.39% (58.99% on an adjusted fully tax-equivalent basis, non-GAAP) for the first nine months of 2022, 2023.

Total assets were \$20.13 billion \$19.13 billion at September 30, 2023 March 31, 2024, a decrease of \$114.4 million \$278.9 million or 1% since December 31, 2022 December 31, 2023. Securities represented 32% 28% and 35% 29% of total assets at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively. Total loans held to maturity were \$11.87 billion \$11.64 billion at September 30, 2023 March 31, 2024, compared to \$11.43 billion \$12.07 billion at December 31, 2022 December 31, 2023, an increase a decrease of \$444.1 million \$424.0 million or 4%.

The total allowance for lending related credit losses was \$127.7 million \$137.7 million or 1.08% 1.18% of total loans at September 30, 2023 March 31, 2024, compared to \$129.7 million \$139.0 million or 1.13% 1.15% of total loans at December 31, 2022 December 31, 2023.

Total deposits were \$17.10 billion \$15.30 billion as of September 30, 2023 March 31, 2024, compared to \$17.51 billion \$16.20 billion at December 31, 2022 December 31, 2023, a decrease of \$412.0 million \$899.5 million or 2% 6%. As of March 31, 2024, 69% of HTLF's deposits were insured or collateralized.

Total equity was \$1.83 billion \$1.98 billion at September 30, 2023 March 31, 2024, compared to \$1.74 billion \$1.93 billion at December 31, 2022 December 31, 2023. Book value per common share was \$40.20 \$43.66 at September 30, 2023 March 31, 2024, compared to \$38.25 \$42.69 at year-end 2022, 2023. The unrealized loss on securities available for sale including the unrealized gain on the fair value security hedges, net of applicable taxes, was \$644.0 million \$447.4 million at September 30, 2023 March 31, 2024, compared to an unrealized loss of \$619.2 million \$453.7 million, net of applicable taxes, at December 31, 2022 December 31, 2023.

Refer to "Non-GAAP Financial Measures" for additional information on the usage and presentation of the foregoing non-GAAP measures, and refer to the financial tables under "Financial Highlights" for the reconciliations to the most directly comparable GAAP measures.

## 2023 2024 Developments

### HTLF Retirement Plan Services

As of March 29, 2023, HTLF's subsidiary, Dubuque Bank & Trust, entered into an agreement to sell and transfer the recordkeeping and administration services component of HTLF's Retirement Plan Services business to July Business Services ("July"). Through the new partnership with July, HTLF expects to augment the comprehensive retirement plan solutions offered to clients with enhanced technology and an expanded suite of product offerings that clients expect from a top retirement services provider. The transaction was completed and recordkeeping and administration services were transferred in the second quarter of 2023. The transaction resulted in a gain of \$4.3 million.

### First Bank & Trust Mortgage Servicing Rights

On March 31, 2023, First Bank & Trust, a division of HTLF Bank, closed on the sale of its mortgage servicing rights portfolio, which consisted of approximately 4,500 loans serviced for others with an unpaid principal balance of \$698.5 million. First Bank & Trust provided interim servicing of the loans until the transfer date of May 1, 2023.

### Goodwill Impairment Testing

The sustained decline in HTLF's stock price, which management deemed to be a triggering event, caused management to perform impairment testing on its goodwill in the second quarter of 2023. Management concluded that none of the goodwill at any of HTLF's reporting units was impaired.

### Fair Value Hedges

During the second quarter of 2023, HTLF entered into interest rate swaps designated as fair value hedges with initial notional amounts of \$838.1 million primarily designed to provide protection against unrealized securities losses due to the impact of higher mid-to-long term interest rates.

During the second and third quarters of 2023, HTLF also executed interest rate swaps designated as fair value hedges with original notional amounts totaling \$2.5 billion to convert certain long term fixed rate loans to floating rates to hedge interest rate risk exposure.

#### Sale of Securities

Subsequent to September 30, 2023, in late October and early November, in responses to changes in interest rates, HTLF sold investment securities with a combined yield of approximately 2.48% and an average life of approximately 4.6 years in a series of sale transactions, resulting in proceeds totaling approximately \$667.9 million and realized securities losses of approximately \$103.5 million or approximately \$77.7 million after tax. HTLF intends to utilize the proceeds to reduce its wholesale deposits and short-term borrowings, which carry an interest rate of approximately 5.52%.

These transactions decreased earning assets by approximately \$667.9 million and tangible assets by approximately \$693.7 million. Future net interest income is expected to increase approximately \$20.3 million on an annualized basis. In addition, the net interest margin is expected to increase approximately 11 basis points due to the increase in net interest income and the decrease in earning assets. Because the securities sold were held on the balance sheet as available for sale, the incurred loss was included in tangible common equity at September 30, 2023, and with the decrease in tangible assets, management expects the tangible common equity ratio to immediately increase by approximately 36 basis points.

Depending on market conditions, HTLF may execute additional sales of this nature in the near future and intends to use the proceeds to further reduce high-cost wholesale deposits and short-term borrowings.

#### Charter Consolidation Update

During the third quarter of 2023, Rocky Mountain Bank and New Mexico Bank & Trust were consolidated into HTLF Bank. Subsequent to September 30, 2023, Dubuque Bank & Trust was consolidated into HTLF Bank.

HTLF Bank which completed has signed definitive agreements to sell all nine Rocky Mountain Bank branches in Montana along with all associated deposits and certain related assets to two purchasers. Per the consolidation terms of member banks into HTLF Bank.

Total consolidation restructuring costs the agreements, six branches will be sold to Glacier Bank and three branches will be sold to Stockman Bank of Montana. Loans of \$352.7 million, deposits of \$596.3 million and fixed assets of \$13.2 million have been moved to held for sale categories as of March 31, 2024. The transactions are projected expected to be \$18-\$19 million with approximately \$2-\$3 million of expenses remaining to be incurred in 2023. Total costs incurred since the project started in the fourth quarter of 2021 through September 30, 2023, were \$15.3 million, of which \$2.4 million were incurred close early in the third quarter of 2023. Total charter consolidation costs for the first nine months this year with an estimated pre-tax premium of 2023 totaled \$6.0 million. \$30-\$35 million based upon current deposit balances.

#### Subsequent Events

FINANCIAL HIGHLIGHTS				
(Dollars in thousands, except per share data)	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2023	2022	2023	2022
<b>STATEMENT OF INCOME DATA</b>				
Interest income	\$ 245,432	\$ 175,806	\$ 697,910	\$ 469,955
Interest expense	99,676	19,930	252,810	36,939
Net interest income	145,756	155,876	445,100	433,016
Provision for credit losses	1,516	5,492	9,969	11,983
Net interest income after provision for credit losses	144,240	150,384	435,131	421,033
Noninterest income	28,383	29,181	90,875	98,289
Noninterest expenses	111,053	108,883	331,542	326,159
Income taxes	13,479	14,118	44,181	41,637
Net income	48,091	56,564	150,283	151,526
Preferred dividends	(2,013)	(2,013)	(6,038)	(6,038)
Net income available to common stockholders	\$ 46,078	\$ 54,551	\$ 144,245	\$ 145,488
<b>KEY PERFORMANCE RATIOS</b>				
Annualized return on average assets	0.94 %	1.13 %	1.00 %	1.04 %
Annualized return on average common equity (GAAP)	10.47	12.93	11.28	10.80
Annualized return on average tangible common equity (non-GAAP) <sup>(1)</sup>	16.34	20.76	17.83	16.79
Annualized ratio of net charge-offs to average loans	0.12	0.00	0.14	0.17
Annualized net interest margin (GAAP)	3.14	3.41	3.23	3.22

Annualized net interest margin, fully tax-equivalent (non-GAAP) <sup>(1)</sup>	3.18	3.45	3.27	3.27
Efficiency ratio (GAAP)	63.77	58.84	61.86	61.39
Adjusted efficiency ratio, fully tax-equivalent (non-GAAP) <sup>(1)</sup>	59.95	55.26	58.98	58.99
Total noninterest expenses to average assets	2.18	2.18	2.20	2.23
Core noninterest expenses to average assets (non-GAAP) <sup>(1)</sup>	2.08	2.09	2.12	2.17

On April 28, 2024 (the "Signing Date"), HTLF entered into an Agreement and Plan of Merger (the "Merger Agreement") with UMB Financial Corporation, a Missouri corporation ("UMB") and Blue Sky Merger Sub Inc., a Delaware corporation and wholly owned subsidiary of UMB ("Blue Sky Merger Sub"). The Merger Agreement provides that, upon the terms and subject to the conditions set forth therein, (i) Blue Sky Merger Sub will merge with and into HTLF (the "Merger"), with HTLF surviving the Merger as a wholly owned subsidiary of UMB (the "Surviving Entity") and (ii) immediately following the effective time of the Merger (the "Effective Time") and as part of a single, integrated transaction, the Surviving Entity will merge with and into UMB (the "Second Merger", and together with the Merger, the "Mergers"), with UMB surviving the Second Merger (the "Surviving Corporation"). On the day immediately following the closing date of the Mergers, UMB will cause HTLF's wholly owned banking subsidiary, HTLF Bank, to merge with and into UMB's wholly owned banking subsidiary, UMB Bank, National Association (the "Bank Merger"), with UMB Bank, National Association continuing as the surviving bank in the Bank Merger. The Merger Agreement was unanimously approved by the Board of Directors of each of HTLF and UMB.

Dollars in thousands, except per share data	As Of and For the Quarter Ended				
	9/30/2023	6/30/2023	3/31/2023	12/31/2022	9/30/2022
<b>BALANCE SHEET DATA</b>					
Investments	\$ 6,408,156	\$ 6,705,005	\$ 7,001,119	\$ 7,051,114	\$ 6,970,864
Loans held for sale	6,262	14,353	10,425	5,277	9,570
Loans receivable held to maturity	11,872,436	11,717,974	11,495,353	11,428,352	10,923,532
Allowance for credit losses	110,208	111,198	112,707	109,483	105,715
Total assets	20,129,793	20,224,716	20,182,544	20,244,228	19,682,950
Total deposits	17,100,993	17,663,543	17,681,346	17,513,009	17,267,121
Long-term obligations	372,059	372,403	372,097	371,753	371,446
Common equity	1,714,825	1,748,285	1,718,700	1,624,350	1,545,253
<b>COMMON SHARE DATA</b>					
Book value per common share (GAAP)	\$ 40.20	\$ 41.00	\$ 40.38	\$ 38.25	\$ 36.41
Tangible book value per common share (non-GAAP) <sup>(1)</sup>	\$ 26.23	\$ 26.98	\$ 26.30	\$ 24.09	\$ 22.20
ASC 320 effect on book value per common share	\$ (16.27)	\$ (14.04)	\$ (13.35)	\$ (14.58)	\$ (15.31)
Common shares outstanding, net of treasury stock	42,656,303	42,644,544	42,558,726	42,467,394	42,444,106
Tangible common equity ratio (non-GAAP) <sup>(1)</sup>	5.73 %	5.86 %	5.72 %	5.21 %	4.94 %
Adjusted tangible common equity ratio (non-GAAP) <sup>(1)</sup>	8.73 %	8.54 %	8.37 %	8.11 %	8.07 %
(1) Refer to "Non-GAAP Financial Measures" for additional information on the usage and presentation of these non-GAAP measures, and refer to these financial tables for the reconciliations to the most directly comparable GAAP measures.					

Upon the terms and subject to the conditions set forth in the Merger Agreement, at the Effective Time, each share of common stock, par value \$1.00 per share, of HTLF ("HTLF Common Stock") issued and outstanding immediately prior to the Effective Time, other than certain shares held by UMB or HTLF, will be converted into the right to receive 0.55 shares (the "Exchange Ratio," and such shares, the "Merger Consideration") of common stock, \$1.00 par value, of UMB ("UMB Common Stock") and cash in lieu of fractional shares. At the Effective Time, each share of 7.00% Fixed-Rate Non-Cumulative Perpetual Preferred Stock, Series E, par value \$1.00 per share of HTLF (the "HTLF Preferred Stock"), issued and outstanding immediately before the Effective Time will be converted into the right to receive one share of a newly created series of preferred stock of UMB ("UMB Preferred Stock") with such rights, preferences, privileges and powers (including voting powers) as set forth in the Certificate of Designations attached as an exhibit to the Merger Agreement.

FINANCIAL HIGHLIGHTS	Three Months Ended	
	March 31,	
	2024	2023
(Dollars in thousands, except per share data)		
<b>STATEMENT OF INCOME DATA</b>		
Interest income	\$ 251,722	\$ 216,978
Interest expense	97,507	64,766
Net interest income	154,215	152,212
Provision for credit losses	986	3,074
Net interest income after provision for credit losses	153,229	149,138
Noninterest income	27,663	29,999
Noninterest expenses	113,595	111,043

Income taxes	15,590	15,318
Net income	51,707	52,776
Preferred dividends	(2,013)	(2,013)
Net income available to common stockholders	\$ 49,694	\$ 50,763
<b>KEY PERFORMANCE RATIOS</b>		
Annualized return on average assets	1.08 %	1.06 %
Annualized return on average common equity (GAAP)	10.90	12.43
Annualized return on average tangible common equity (non-GAAP) <sup>(1)</sup>	16.49	20.03
Annualized ratio of net charge-offs/(recoveries) to average loans	0.08	(0.04)
Annualized net interest margin (GAAP)	3.52	3.36
Annualized net interest margin, fully tax-equivalent (non-GAAP) <sup>(1)</sup>	3.57	3.40
Efficiency ratio (GAAP)	62.46	60.94
Adjusted efficiency ratio, fully tax-equivalent (non-GAAP) <sup>(1)</sup>	58.77	57.16
Total noninterest expenses to average assets	2.37	2.24
Core noninterest expenses to average assets (non-GAAP) <sup>(1)</sup>	2.25	2.14

Dollars in thousands, except per share data	As Of and For the Quarter Ended				
	3/31/2024	12/31/2023	9/30/2023	6/30/2023	3/31/2023
<b>BALANCE SHEET DATA</b>					
Investments	\$ 5,327,801	\$ 5,576,409	\$ 6,408,156	\$ 6,705,005	\$ 7,001,119
Loans held for sale	352,744	5,071	6,262	14,353	10,425
Loans receivable held to maturity	11,644,641	12,068,645	11,872,436	11,717,974	11,495,353
Allowance for credit losses	123,934	122,566	110,208	111,198	112,707
Total assets	19,132,827	19,411,707	20,129,793	20,224,716	20,182,544
Total deposits	15,302,166	16,201,714	17,100,993	17,663,543	17,681,346
Term debt	372,652	372,396	372,059	372,403	372,097
Common equity	1,868,128	1,822,412	1,714,825	1,748,285	1,718,700
<b>COMMON SHARE DATA</b>					
Book value per common share (GAAP)	\$ 43.66	\$ 42.69	\$ 40.20	\$ 41.00	\$ 40.38
Tangible book value per common share (non-GAAP) <sup>(1)</sup>	\$ 29.81	\$ 28.77	\$ 26.23	\$ 26.98	\$ 26.30
ASC 320 effect on book value per common share	\$ (11.18)	\$ (11.00)	\$ (16.27)	\$ (14.04)	\$ (13.35)
Common shares outstanding, net of treasury stock	42,783,670	42,688,008	42,656,303	42,644,544	42,558,726
Tangible common equity ratio (non-GAAP) <sup>(1)</sup>	6.88 %	6.53 %	5.73 %	5.86 %	5.72 %
Adjusted tangible common equity ratio (non-GAAP) <sup>(1)</sup>	9.07 %	8.72 %	8.73 %	8.54 %	8.37 %
(1) Refer to "Non-GAAP Financial Measures" for additional information on the usage and presentation of these non-GAAP measures, and refer to these financial tables for the reconciliations to the most directly comparable GAAP measures.					

Non-GAAP Reconciliations (Dollars in thousands, except per share data)	As Of and For the Quarter Ended				
	3/31/2024	12/31/2023	9/30/2023	6/30/2023	3/31/2023
<b>Reconciliation of Tangible Book Value Per Common Share (non-GAAP)</b>					
Common stockholders' equity (GAAP)	\$ 1,868,128	\$ 1,822,412	\$ 1,714,825	\$ 1,748,285	\$ 1,718,700
Less goodwill	576,005	576,005	576,005	576,005	576,005
Less core deposit intangibles, net	16,923	18,415	20,026	21,651	23,366
Tangible common stockholders' equity (non-GAAP)	\$ 1,275,200	\$ 1,227,992	\$ 1,118,794	\$ 1,150,629	\$ 1,119,329
Common shares outstanding, net of treasury stock	42,783,670	42,688,008	42,656,303	42,644,544	42,558,726

Common stockholders' equity (book value) per share (GAAP)	\$ 43.66	\$ 42.69	\$ 40.20	\$ 41.00	\$ 40.38
Tangible book value per common share (non-GAAP)	\$ 29.81	\$ 28.77	\$ 26.23	\$ 26.98	\$ 26.30
<b>Reconciliation of Tangible Common Equity Ratio (non-GAAP)</b>					
Tangible common stockholders' equity (non-GAAP)	\$ 1,275,200	\$ 1,227,992	\$ 1,118,794	\$ 1,150,629	\$ 1,119,329
Total assets (GAAP)	\$ 19,132,827	\$ 19,411,707	\$ 20,129,793	\$ 20,224,716	\$ 20,182,544
Less goodwill	576,005	576,005	576,005	576,005	576,005
Less core deposit intangibles, net	16,923	18,415	20,026	21,651	23,366
Total tangible assets (non-GAAP)	<u>\$ 18,539,899</u>	<u>\$ 18,817,287</u>	<u>\$ 19,533,762</u>	<u>\$ 19,627,060</u>	<u>\$ 19,583,173</u>
Tangible common equity ratio (non-GAAP)	6.88 %	6.53 %	5.73 %	5.86 %	5.72 %
<b>Reconciliation of Adjusted Tangible Common Equity Ratio (non-GAAP)</b>					
Tangible common equity (non-GAAP)	\$ 1,275,200	\$ 1,227,992	\$ 1,118,794	\$ 1,150,629	\$ 1,119,329
Accumulated other comprehensive loss	446,193	452,517	642,838	575,240	566,919
Adjusted tangible common equity (non-GAAP)	<u>\$ 1,721,393</u>	<u>\$ 1,680,509</u>	<u>\$ 1,761,632</u>	<u>\$ 1,725,869</u>	<u>\$ 1,686,248</u>
Total tangible assets (non-GAAP)	\$ 18,539,899	\$ 18,817,287	\$ 19,533,762	\$ 19,627,060	\$ 19,583,173
Fair value adjustment for securities and derivatives, net of deferred taxes	446,193	452,517	642,838	575,240	566,919
Total adjusted tangible assets (non-GAAP)	<u>\$ 18,986,092</u>	<u>\$ 19,269,804</u>	<u>\$ 20,176,600</u>	<u>\$ 20,202,300</u>	<u>\$ 20,150,092</u>
Adjusted tangible common equity ratio (non-GAAP)	9.07 %	8.72 %	8.73 %	8.54 %	8.37 %
(1) Computed on a tax-equivalent basis using an effective tax rate of 21%.					

Non-GAAP Reconciliations (Dollars in thousands, except per share data)					
	As Of and For the Quarter Ended				
	9/30/2023	6/30/2023	3/31/2023	12/31/2022	9/30/2022
<b>Reconciliation of Tangible Book Value Per Common Share (non-GAAP)</b>					
Common equity (GAAP)	\$ 1,714,825	\$ 1,748,285	\$ 1,718,700	\$ 1,624,350	\$ 1,545,253
Less goodwill	576,005	576,005	576,005	576,005	576,005
Less core deposit and customer relationship intangibles, net	20,026	21,651	23,366	25,154	26,995
Tangible common equity (non-GAAP)	<u>\$ 1,118,794</u>	<u>\$ 1,150,629</u>	<u>\$ 1,119,329</u>	<u>\$ 1,023,191</u>	<u>\$ 942,253</u>
Common shares outstanding, net of treasury stock	42,656,303	42,644,544	42,558,726	42,467,394	42,444,106
Common equity (book value) per share (GAAP)	\$ 40.20	\$ 41.00	\$ 40.38	\$ 38.25	\$ 36.41
Tangible book value per common share (non-GAAP)	\$ 26.23	\$ 26.98	\$ 26.30	\$ 24.09	\$ 22.20
<b>Reconciliation of Tangible Common Equity Ratio (non-GAAP)</b>					
Tangible common equity (non-GAAP)	\$ 1,118,794	\$ 1,150,629	\$ 1,119,329	\$ 1,023,191	\$ 942,253
Total assets (GAAP)	\$ 20,129,793	\$ 20,224,716	\$ 20,182,544	\$ 20,244,228	\$ 19,682,950
Less goodwill	576,005	576,005	576,005	576,005	576,005
Less core deposit and customer relationship intangibles, net	20,026	21,651	23,366	25,154	26,995
Total tangible assets (non-GAAP)	<u>\$ 19,533,762</u>	<u>\$ 19,627,060</u>	<u>\$ 19,583,173</u>	<u>\$ 19,643,069</u>	<u>\$ 19,079,950</u>
Tangible common equity ratio (non-GAAP)	5.73 %	5.86 %	5.72 %	5.21 %	4.94 %
<b>Reconciliation of Adjusted Tangible Common Equity Ratio (non-GAAP)</b>					
Tangible common equity (non-GAAP)	\$ 1,118,794	\$ 1,150,629	\$ 1,119,329	\$ 1,023,191	\$ 942,253
Accumulated other comprehensive loss	642,838	575,240	566,919	620,006	650,636
Adjusted tangible common equity (non-GAAP)	<u>\$ 1,761,632</u>	<u>\$ 1,725,869</u>	<u>\$ 1,686,248</u>	<u>\$ 1,643,197</u>	<u>\$ 1,592,889</u>

Total tangible assets (non-GAAP)	\$ 19,533,762	\$ 19,627,060	\$ 19,583,173	\$ 19,643,069	\$ 19,079,950
Fair value adjustment for securities and derivatives, net of deferred taxes	642,838	575,240	566,919	620,006	650,636
Total adjusted tangible assets (non-GAAP)	\$ 20,176,600	\$ 20,202,300	\$ 20,150,092	\$ 20,263,075	\$ 19,730,586
Adjusted tangible common equity ratio (non-GAAP)	8.73 %	8.54 %	8.37 %	8.11 %	8.07 %
(1) Computed on a tax-equivalent basis using an effective tax rate of 21%.					

Non-GAAP Reconciliations (Dollars in thousands, except per share data)	For the Quarter Ended	
	March 31,	
	2024	2023
<b>Reconciliation of Annualized Return on Average Tangible Common Equity (non-GAAP)</b>		
Net income available to common stockholders (GAAP)	\$ 49,694	\$ 50,763
Plus core deposit intangibles amortization, net of tax <sup>(2)</sup>	1,131	1,413
Adjusted net income available to common stockholders (non-GAAP)	\$ 50,825	\$ 52,176
Average common stockholders' equity (GAAP)	\$ 1,832,959	\$ 1,655,860
Less average goodwill	576,005	576,005
Less average other intangibles, net	17,641	24,238
Average tangible common equity (non-GAAP)	\$ 1,239,313	\$ 1,055,617
Annualized return on average common equity (GAAP)	10.90 %	12.43 %
Annualized return on average tangible common equity (non-GAAP)	16.49 %	20.05 %
<b>Reconciliation of Annualized Net Interest Margin, Fully Tax-Equivalent (non-GAAP)</b>		
Net interest income (GAAP)	\$ 154,215	\$ 152,212
Plus tax-equivalent adjustment <sup>(1)</sup>	1,981	2,209
Net interest income, fully tax-equivalent (non-GAAP)	\$ 156,196	\$ 154,421
Average earning assets	\$ 17,597,068	\$ 18,392,649
Annualized net interest margin (GAAP)	3.52 %	3.36 %
Annualized net interest margin, fully tax-equivalent (non-GAAP)	3.57	3.40
Net purchase accounting discount accretion on loans included in annualized net interest margin	0.02	0.02

<b>Reconciliation of Adjusted Efficiency Ratio (non-GAAP)</b>		
Net interest income (GAAP)	\$ 154,215	\$ 152,212
Tax-equivalent adjustment <sup>(1)</sup>	1,981	2,209
Fully tax-equivalent net interest income	156,196	154,421
Noninterest income (GAAP)	27,663	29,999
Securities (gains)/losses, net	(58)	1,104
Unrealized (gain)/loss on equity securities, net	(95)	(193)
Valuation adjustment on servicing rights	—	—
Adjusted revenue (non-GAAP)	\$ 183,706	\$ 185,331
Total noninterest expenses (GAAP)	\$ 113,595	\$ 111,043
Less:		
Core deposit intangibles amortization	1,492	1,788
Partnership investment in tax credit projects	494	538
(Gain)/loss on sales/valuation of assets, net	214	1,115
Acquisition, integration and restructuring costs	1,375	1,673
FDIC special assessment	2,049	—

Core expenses (non-GAAP)	\$	107,971	\$	105,929
Efficiency ratio (GAAP)		62.46 %		60.94 %
Adjusted efficiency ratio, fully tax-equivalent (non-GAAP)		58.77 %		57.16 %
(1) Computed on a tax-equivalent basis using an effective tax rate of 21%.				
(2) Tax effect is calculated based on the respective periods' year-to-date effective tax rate excluding the impact of discrete items.				

Non-GAAP Reconciliations (Dollars in thousands, except per share data)	For the Quarter Ended		For the Nine Months Ended	
	September 30,		September 30,	
	2023	2022	2023	2022
<b>Reconciliation of Annualized Return on Average Tangible Common Equity (non-GAAP)</b>				
Net income available to common stockholders (GAAP)	\$ 46,078	\$ 54,551	\$ 144,245	\$ 145,488
Plus core deposit and customer relationship intangibles amortization, net of tax <sup>(1)</sup>	1,284	1,466	4,051	4,734
Net income available to common stockholders excluding intangible amortization (non-GAAP)	\$ 47,362	\$ 56,017	\$ 148,296	\$ 150,222
Average common equity (GAAP)	\$ 1,746,818	\$ 1,674,306	\$ 1,710,230	\$ 1,801,835
Less average goodwill	576,005	576,005	576,005	576,005
Less average core deposit and customer relationship intangibles, net	20,821	27,902	22,501	29,878
Average tangible common equity (non-GAAP)	\$ 1,149,992	\$ 1,070,399	\$ 1,111,724	\$ 1,195,952
Annualized return on average common equity (GAAP)	10.47 %	12.93 %	11.28 %	10.80 %
Annualized return on average tangible common equity (non-GAAP)	16.34 %	20.76 %	17.83 %	16.79 %
<b>Reconciliation of Annualized Net Interest Margin, Fully Tax-Equivalent (non-GAAP)</b>				
Net interest income (GAAP)	\$ 145,756	\$ 155,876	\$ 445,100	\$ 433,016
Plus tax-equivalent adjustment <sup>(1)</sup>	2,152	2,151	6,497	6,247
Net interest income, fully tax-equivalent (non-GAAP)	\$ 147,908	\$ 158,027	\$ 451,597	\$ 439,263
Average earning assets	\$ 18,439,010	\$ 18,157,795	\$ 18,451,907	\$ 17,969,001
Annualized net interest margin (GAAP)	3.14 %	3.41 %	3.23 %	3.22 %
Annualized net interest margin, fully tax-equivalent (non-GAAP)	3.18	3.45	3.27	3.27
Net purchase accounting discount accretion on loans included in annualized net interest margin	0.01	0.03	0.02	0.05
<b>Reconciliation of Adjusted Efficiency Ratio (non-GAAP)</b>				
Net interest income (GAAP)	\$ 145,756	\$ 155,876	\$ 445,100	\$ 433,016
Tax-equivalent adjustment <sup>(1)</sup>	2,152	2,151	6,497	6,247
Fully tax-equivalent net interest income	147,908	158,027	451,597	439,263
Noninterest income (GAAP)	28,383	29,181	90,875	98,289
Securities (gains)/losses, net	114	1,055	1,532	272
Unrealized (gain)/loss on equity securities, net	(13)	211	(165)	615
Valuation adjustment on servicing rights	—	—	—	(1,658)
Adjusted revenue (non-GAAP)	\$ 176,392	\$ 188,474	\$ 543,839	\$ 536,781
Total noninterest expenses (GAAP)	\$ 111,053	\$ 108,883	\$ 331,542	\$ 326,159
Less:				
Core deposit and customer relationship intangibles amortization	1,625	1,856	5,128	5,993
Partnership investment in tax credit projects	1,136	979	1,828	1,793
(Gain)/loss on sales/valuation of assets, net	108	(251)	(2,149)	(3,435)
Acquisition, integration and restructuring costs	2,429	2,156	5,994	5,144
Core expenses (non-GAAP)	\$ 105,755	\$ 104,143	\$ 320,741	\$ 316,664



Efficiency ratio (GAAP)	63.77 %	58.84 %	61.86 %	61.39 %
Adjusted efficiency ratio, fully tax-equivalent (non-GAAP)	59.95 %	55.26 %	58.98 %	58.99 %
(1) Computed on a tax-equivalent basis using an effective tax rate of 21%.				

Non-GAAP Reconciliations (Dollars in thousands, except per share data)	For the Quarter Ended March 31,	
	2024	2023
<b>Reconciliation of Annualized Ratio of Core Expenses to Average Assets (non-GAAP)</b>		
Total noninterest expenses (GAAP)	\$ 113,595	\$ 111,043
Core expenses (non-GAAP)	107,971	105,929
Average assets	\$ 19,296,638	\$ 20,118,005
Total noninterest expenses to average assets (GAAP)	2.37 %	2.24 %
Core expenses to average assets (non-GAAP)	2.25 %	2.14 %
<b>Acquisition, integration and restructuring costs</b>		
Salaries and employee benefits	\$ 168	\$ 74
Professional fees	931	934
Advertising	—	122
Other noninterest expenses	276	543
Total acquisition, integration and restructuring costs	\$ 1,375	\$ 1,673
After tax impact on diluted earnings per common share <sup>(1)</sup>	\$ 0.03	\$ 0.03
<b>Reconciliation of Adjusted Earnings</b>		
Net income/(loss)	\$ 51,707	\$ 52,776
(Gain) loss from sale of securities	(58)	1,104
(Gain) loss on sales/valuation of assets, net	214	1,115
Acquisition, integration and restructuring costs	1,375	1,673
FDIC special assessment	2,049	—
<b>Total adjustments</b>	<b>3,580</b>	<b>3,892</b>
Tax effect of adjustments <sup>(2)</sup>	(866)	(922)
<b>Adjusted earnings</b>	<b>\$ 54,421</b>	<b>\$ 55,746</b>
Preferred dividends	(2,013)	(2,013)
<b>Adjusted earnings available to common stockholders</b>	<b>\$ 52,408</b>	<b>\$ 53,733</b>
Plus core deposit intangibles amortization, net of tax <sup>(2)</sup>	1,131	1,364
<b>Earnings available to common stockholders excluding intangible amortization (non-GAAP)</b>	<b>\$ 53,539</b>	<b>\$ 55,097</b>
<b>Reconciliation of Adjusted Annualized Return on Average Assets</b>		
Average assets	\$ 19,296,638	\$ 20,118,005
Adjusted annualized return on average assets (non-GAAP)	1.13 %	1.12 %
<b>Reconciliation of Adjusted Annualized Return on Average Common Equity</b>		
Average common stockholders' equity (GAAP)	\$ 1,832,959	\$ 1,655,860
Adjusted annualized average common equity (non-GAAP)	11.50 %	13.16 %
<b>Reconciliation of Adjusted Annualized Return on Average Tangible Common Equity</b>		
Average tangible common equity (non-GAAP)	\$ 1,239,313	\$ 1,055,617
Adjusted annualized average tangible common equity (non-GAAP)	17.38 %	21.17 %

#### Reconciliation of Adjusted Diluted Earnings Per Common Share

Weighted average shares outstanding-diluted			42,915,768		42,742,878
Adjusted diluted earnings per common share		\$	1.22	\$	1.26

(1) Computed on a tax-equivalent basis using an effective tax rate of 21%.

(2) Tax effect is calculated based on the respective periods' year-to-date effective tax rate excluding the impact of discrete items.

#### Non-GAAP Reconciliations (Dollars in thousands, except per share data)

	For the Quarter Ended September 30,		For the Nine Months Ended September 30,	
	2023	2022	2023	2022
<b>Reconciliation of Annualized Ratio of Core Expenses to Average Assets (non-GAAP)</b>				
Total noninterest expenses (GAAP)	\$ 111,053	\$ 108,883	\$ 331,542	\$ 326,159
Core expenses (non-GAAP)	105,755	104,143	320,741	316,664
Average assets	\$ 20,207,920	\$ 19,775,341	\$ 20,182,808	\$ 19,523,433
Total noninterest expenses to average assets (GAAP)	2.18 %	2.18 %	2.20 %	2.23 %
Core expenses to average assets (non-GAAP)	2.08 %	2.09 %	2.12 %	2.17 %
<b>Acquisition, integration and restructuring costs</b>				
Salaries and employee benefits	\$ 94	\$ 365	\$ 261	\$ 980
Professional fees	1,617	1,480	3,619	3,495
Advertising	178	131	522	287
Other noninterest expenses	540	180	1,592	382
Total acquisition, integration and restructuring costs	\$ 2,429	\$ 2,156	\$ 5,994	\$ 5,144
After tax impact on diluted earnings per common share <sup>(1)</sup>	\$ 0.04	\$ 0.04	\$ 0.11	\$ 0.10

(1) Computed on a tax-equivalent basis using an effective tax rate of 21%.

#### Non-GAAP Financial Measures

This [Quarterly Annual](#) Report on Form [10-Q 10-K](#) contains references to financial measures which are not defined by generally accepted accounting principles ("GAAP"). Management believes the non-GAAP measures are helpful for investors to analyze and evaluate HTLF's financial condition and operating results. However, these non-GAAP measures have inherent limitations and should not be considered a substitute for operating results determined in accordance with GAAP. Additionally, because non-GAAP measures are not standardized, it may not be possible to compare the non-GAAP measures presented in this section with other companies' non-GAAP measures. Reconciliations of each non-GAAP measure to the most directly comparable GAAP measure may be found in the financial tables above.

The non-GAAP measures presented in this [Quarterly Annual](#) Report on Form [10-Q, 10-K](#), management's reason for including each measure and the method of calculating each measure are presented below:

- **Annualized net interest margin, fully tax-equivalent**, Adjusted earnings available to common stockholders, adjusts net interest income for the tax-favored status loss/(gain) from sale of certain loans securities, and securities, other non-operating expenses as well as the tax effect of those transactions. Management believes this measure enhances the comparability net income available to common stockholders as it reflects adjustments commonly made by management, investors and analysts to evaluate the ongoing operations and enhance comparability with the results of prior periods.
- **Adjusted annualized return on average assets**, adjusts net income for the loss/(gain) from sale of securities, and other non-operating expenses as well as the tax effect of those transactions. Management believes this measure enhances the comparability of net interest income arising from taxable annualized return on average assets as it reflects adjustments commonly made by management, investors and tax-exempt sources, analysts to evaluate the ongoing operations and enhance comparability with the results of prior periods.
- **Adjusted efficiency ratio, fully tax equivalent**, expresses noninterest annualized return on average common equity, adjusts net income for the loss/(gain) from sale of securities, and other non-operating expenses as a percentage of fully tax-equivalent net interest income and noninterest income. This adjusted efficiency ratio is presented on a tax-equivalent basis which adjusts net interest income and noninterest expenses for well as the tax favored status effect of certain loans, securities, and tax credit projects. Management believes the presentation of this non-GAAP measure provides supplemental useful information for proper understanding of the financial results as it enhances the comparability of income and expenses arising from taxable and nontaxable sources and excludes specific items as noted in the reconciliation contained in this Quarterly Report on Form 10-Q.
- **Net interest income, fully tax equivalent**, is net income adjusted for the tax-favored status of certain loans and securities, those transactions. Management believes this measure enhances the comparability of net interest income arising from taxable annualized return on average assets as it reflects adjustments commonly made by

management, investors and tax-exempt sources, analysts to evaluate the ongoing operations and enhance comparability with the results of prior periods.

- Tangible book value per common share is total common equity less goodwill and core deposit and customer relationship intangibles, net, divided by common shares outstanding, net of treasury. This measure is included as it is considered to be a critical metric to analyze and evaluate use of equity, financial condition and capital strength.
- Tangible common equity ratio is total common equity less goodwill and core deposit and customer relationship intangibles, net, divided by total assets less goodwill and core deposit and customer relationship intangibles, net. This measure is included as it is considered to be a critical metric to analyze and evaluate financial condition and capital strength.
- The adjusted tangible common equity ratio is calculated by subtracting goodwill, core deposit and customer relationship intangibles, net, and accumulated other comprehensive loss from total common equity and dividing it by total assets excluding goodwill, core deposit and customer relationship intangibles, net and the fair value adjustment on securities and derivatives, net of deferred taxes. This measure is included as it is considered to be a critical metric used by management, analysts, and investors to analyze and evaluate financial condition and capital strength.

composition and trends on a comparable basis by excluding the variability of the fair value of securities and derivatives, net of deferred taxes.

- Annualized return on average tangible common equity is net income excluding intangible amortization calculated as (1) net income excluding tax-effected core deposit and customer relationship intangibles amortization, divided by (2) average common equity less goodwill and core deposit and customer relationship intangibles, net. This measure is included as it is considered to be a critical metric to analyze and evaluate use of equity, financial condition and capital strength.
- Adjusted annualized return on average tangible common equity, adjusts net income available to common stockholders for the loss/(gain) from sale of securities, and other non-operating expenses as well as the tax effect of those transactions. Management believes this measure enhances the comparability of annualized return on average assets as it reflects adjustments commonly made by management, investors and analysts to evaluate the ongoing operations and enhance comparability with the results of prior periods.
- Net interest income, fully tax equivalent, is net income adjusted for the tax-favored status of certain loans and securities. Management believes this measure enhances the comparability of net interest income arising from taxable and tax-exempt sources.
- Annualized net interest margin, fully tax-equivalent, adjusts net interest income for the tax-favored status of certain loans and securities. Management believes this measure enhances the comparability of net interest income arising from taxable and tax-exempt sources.
- Adjusted efficiency ratio, fully tax equivalent, expresses adjusted noninterest expenses as a percentage of fully tax-equivalent net interest income and adjusted noninterest income. This adjusted efficiency ratio is presented on a tax-equivalent basis which adjusts net interest income and noninterest expenses for the tax favored status of certain loans, securities, and tax credit projects. Management believes the presentation of this non-GAAP measure provides supplemental useful information for proper understanding of the financial results as it enhances the comparability of income and expenses arising from taxable and nontaxable sources and excludes specific items as noted in the reconciliation contained in this Annual Report on Form 10-K.
- Annualized ratio of core expenses to average assets adjusts noninterest expenses to exclude specific items noted in the reconciliation. Management includes this measure as it is considered to be a critical metric to analyze and evaluate controllable expenses related to primary business operations.

## RESULTS OF OPERATIONS

### Net Interest Margin and Net Interest Income

HTLF's management seeks to optimize net interest margin and net interest income through the growth of earning assets and customer deposits while managing asset and liability positions because they are key indicators of HTLF's profitability.

Net interest income is the difference between interest income on earning assets and interest expense paid on interest bearing liabilities. As such, net interest income is affected by changes in volumes and yields on earning assets and the volume and rates paid on interest bearing liabilities. Net interest margin is the ratio of net interest income to average earning assets.

For the Quarters ended September 30, 2023, March 31, 2024 and 2022, 2023

Net interest margin, expressed as a percentage of average earning assets, was 3.14% (3.18% 3.52% (3.57% on a fully tax-equivalent basis, non-GAAP) during the third first quarter of 2023 2024 compared to 3.41% (3.45% 3.36% (3.40% on a fully tax-equivalent basis, non-GAAP) during the third first quarter of 2022, 2023. For the both quarters ended September 30, 2023, March 31, 2024 and 2022, 2023, net interest margin included 12 basis point and 3 basis points respectively, of net purchase accounting discount amortization. HTLF's net interest margin may be impacted in future periods as a result of market pressures to increase deposit pricing due to competition. Management anticipates utilizing cash flow from the investment portfolio to pay down wholesale deposits and short-term borrowings, which would positively impact net interest margin.

Total interest income and average earning asset changes for the third first quarter of 2023 2024 compared to the third first quarter of 2022 2023 were:

- Total interest income was \$245.4 million \$251.7 million compared to \$175.8 million \$217.0 million, an increase of \$69.6 million \$34.7 million or 40% 16% and primarily attributable to an increase in yields on average earning assets and higher yields, assets.

- Total interest income on a tax-equivalent basis (non-GAAP) was \$247.6 million \$253.7 million, an increase of \$69.6 million \$34.5 million or 39% 16% from \$178.0 million \$219.2 million.
- Average earning assets increased \$281.2 million decreased \$795.6 million or 2% 4% to \$18.44 billion \$17.60 billion compared to \$18.16 billion \$18.39 billion.
- The average rate on earning assets increased 144 97 basis points to 5.33% 5.80% compared to 3.89% 4.83%, primarily due to recent interest rate increases.

Total interest expense and average interest bearing liability changes for the third first quarter of 2023 2024 compared to the third first quarter of 2022 2023 were:

- Total interest expense was \$99.7 million \$97.5 million, an increase of \$79.7 million \$32.7 million from \$19.9 million \$64.8 million, due to increases in the average interest rate paid and the average balance of interest bearing liabilities.
- The average interest rate paid on interest bearing liabilities increased 234 102 basis points to 3.01% 3.11% from 0.67% 2.09%.
- Average interest bearing deposits increased \$1.47 billion decreased \$395.8 million or 13% 3% to \$12.68 billion \$11.59 billion from \$11.22 billion \$11.99 billion, including an increase a decrease of \$1.36 billion \$312.4 million in wholesale and institutional deposits.
- The average interest rate paid on interest bearing deposits increased 236 100 basis points to 2.90% 2.92% from 0.54% 1.92%, primarily due to recent interest rate increases and increased competition for deposits.
- Average borrowings decreased \$30.8 million increased \$421.3 million or 6% 71% to \$475.7 million \$1.02 billion from \$506.5 million \$594.7 million, and the average interest rate paid on borrowings was 5.78% 5.29% compared to 3.74% 5.37%.

Net interest income changes for the third first quarter of 2023 2024 compared to the third first quarter of 2022 2023 were:

- Net interest income totaled \$145.8 million \$154.2 million compared to \$155.9 million \$152.2 million, a decrease an increase of \$10.1 million \$2.0 million or 6% 1%.
- Net interest income on a tax-equivalent basis (non-GAAP) totaled \$147.9 million \$156.2 million compared to \$158.0 million \$154.4 million, which was a decrease of \$10.1 million or 6%.

*For the Nine Months ended September 30, 2023 and 2022*

Net interest margin, expressed as a percentage of average earning assets, was 3.23% (3.27% on a fully tax-equivalent basis, non-GAAP) during the first nine months of 2023, compared to 3.22% (3.27% on a fully tax-equivalent basis, non-GAAP) during the first nine months of 2022. For the nine months ended September 30, 2023 and 2022, net interest margin included 2 basis points and 5 basis points, respectively, of net purchase accounting discount amortization.

Total interest income and average earning asset changes for the first nine months of 2023 compared to the first nine months of 2022 were:

- Total interest income was \$697.9 million, an increase of \$228.0 million \$1.8 million or 49% from \$470.0 million.
- Total interest income on a tax-equivalent basis (non-GAAP) was \$704.4 million, an increase of \$228.2 million or 48% from \$476.2 million.
- Average earning assets increased \$482.9 million or 3% to \$18.45 billion from \$17.97 billion.

Total interest expense and average interest bearing liability changes for the first nine months of 2023 compared to the first nine months of 2022 were:

- Total interest expense was \$252.8 million, an increase of \$215.9 million from \$36.9 million, due to increases in the average interest rate paid and the average balance of interest bearing liabilities.
- The average interest rate paid on interest bearing liabilities increased to 2.60% from 0.44%.
- Average interest bearing deposits increased \$1.72 billion or 16% to \$12.48 billion from \$10.76 billion which was primarily attributable to an increase in wholesale and institutional deposits. Average wholesale and institutional deposits totaled \$2.79 billion for the first nine months of 2023 compared to \$1.03 billion for the first nine months of 2022, an increase of \$1.75 billion.
- The average interest rate paid on interest bearing deposits was 2.48% for the first nine months of 2023 compared to 0.31% for the first nine months of 2022, primarily due to recent interest rate increases and increased competition for deposits.

Net interest income changes for the first nine months of 2023 compared to first nine months of 2022 were:

- Net interest income totaled \$445.1 million compared to \$433.0 million, an increase of \$12.1 million or 3%.
- Net interest income on a tax-equivalent basis (non-GAAP) totaled \$451.6 million compared to \$439.3 million, an increase of \$12.3 million or 3% 1%.

See "Analysis of Average Balances, Tax-Equivalent Yields and Rates" for additional information relating to net interest income on a fully tax-equivalent basis, which is not defined by GAAP.

HTLF attempts to manage its balance sheet to minimize the effect that a change in interest rates has on its net interest income. Management continues to work toward improving both its earning assets and funding mix through targeted organic growth strategies, which management believes will result in additional net interest income. In addition, management continually monitors the balance sheet position for opportunities to increase net interest income. HTLF models and reviews simulations using various improving and deteriorating interest rate scenarios to assist in monitoring its exposure to interest rate risk. Based on these simulations, it is management's opinion that HTLF maintains management considers actions necessary to maintain a well-balanced balanced and manageable interest rate posture. Item 3 of Part I of this Quarterly Report on Form 10-Q contains additional information about the results of the most recent net interest income simulations. Note 6 Six to the consolidated financial statements included in this Quarterly Report on Form 10-Q contains a detailed discussion of the derivative instruments utilized to manage its interest rate risk.

The following tables set forth certain information relating to average consolidated balance sheets and reflect the yield on average earning assets and the cost of average interest bearing liabilities for the periods indicated, in thousands. Such yields and costs are calculated by dividing income or expense by the average balance of assets or liabilities. Average balances are derived from daily balances, and nonaccrual loans and loans held for sale are included in each respective loan category. Assets that receive favorable tax treatment are evaluated on a tax-equivalent basis assuming a federal income tax rate of 21%. Tax-favored assets generally have lower contractual pre-tax yields than fully taxable assets. A tax-equivalent yield is calculated by adding the tax savings to the interest earned on tax favored assets and dividing this amount by the average balance of the tax favorable assets.

ANALYSIS OF AVERAGE BALANCES, TAX EQUIVALENT YIELDS AND RATES <sup>(1)</sup>

		For the Quarter Ended													
		September 30, 2023			June 30, 2023			September 30, 2022							
		Average			Average			Average							
		Balance	Interest	Rate	Balance	Interest	Rate	Balance	Interest	Rate					
		For the Quarter Ended													
		For the Quarter Ended													
		For the Quarter Ended													
		March 31, 2024													
		Average													
		Balance													
Earning Assets	Earning Assets														
Securities:	Securities:														
Securities:															
Securities:															
Taxable															
Taxable															
Taxable	Taxable	\$ 5,726,057	\$ 54,800	3.80 %	\$ 5,962,207	\$ 58,172	3.91 %	\$ 6,303,278	\$ 45,648	2.87 %	\$4,665,196	\$	\$ 47,014	4.05	4.05 %
Nontaxable <sup>(1)</sup>	Nontaxable <sup>(1)</sup>	881,162	8,085	3.64	895,458	7,896	3.54	951,232	7,802	3.25					
Total securities	Total securities	6,607,219	62,885	3.78	6,857,665	66,068	3.86	7,254,510	53,450	2.92					
Interest on deposits with other banks and short-term investments	Interest on deposits with other banks and short-term investments	142,301	1,651	4.60	153,622	2,051	5.36	222,170	1,081	1.93					
Federal funds sold	Federal funds sold	152	3	7.83	—	—	—	11	—	—					
Loans <sup>(2)</sup>	Loans <sup>(2)</sup>														
Commercial and industrial <sup>(1)</sup>	Commercial and industrial <sup>(1)</sup>	3,610,677	63,001	6.92	3,565,449	56,644	6.37	3,182,134	37,526	4.68					
Commercial and industrial <sup>(1)</sup>															
Commercial and industrial <sup>(1)</sup>															
PPP loans	PPP loans	3,948	11	1.11	6,302	24	1.53	17,859	363	8.06					
Owner occupied commercial real estate	Owner occupied commercial real estate	2,412,501	30,127	4.95	2,366,107	28,031	4.75	2,272,666	23,601	4.12					

Non-owner occupied commercial real estate	Non-owner occupied commercial real estate	2,586,011	38,779	5.95	2,462,098	35,583	5.80	2,258,424	25,895	4.55
Real estate construction	Real estate construction	1,027,544	19,448	7.51	1,028,109	18,528	7.23	914,520	12,382	5.37
Agricultural and agricultural real estate	Agricultural and agricultural real estate	822,957	12,582	6.07	848,554	12,256	5.79	799,823	8,966	4.45
Residential mortgage		827,402	9,482	4.55	840,741	9,383	4.48	858,119	8,665	4.01
Residential real estate										
Consumer	Consumer	509,024	9,615	7.49	508,082	9,068	7.16	479,590	6,028	4.99
Less: allowance for credit losses-loans		(110,726)	—	—	(113,177)	—	—	(102,031)	—	—
Less: allowance for credit losses										
Net loans	Net loans	11,689,338	183,045	6.21	11,512,265	169,517	5.91	10,681,104	123,426	4.58
Total earning assets	Total earning assets	18,439,010	247,584	5.33 %	18,523,552	237,636	5.15 %	18,157,795	177,957	3.89 %
Nonearning Assets	Nonearning Assets	1,768,910			1,697,959			1,617,546		
Total Assets	Total Assets	\$20,207,920			\$20,221,511			\$19,775,341		
Total Assets										
Total Assets										
Interest Bearing Liabilities										
Interest Bearing Liabilities										
Savings	Savings	\$ 8,737,581	\$ 49,195	2.23 %	\$ 8,935,775	\$ 41,284	1.85 %	\$10,059,652	\$ 12,907	0.51 %
Savings										
Savings								\$8,809,530	\$54,667	2.50
Time deposits	Time deposits	3,945,371	43,549	4.38	3,812,330	40,691	4.28	1,156,908	2,251	0.77
Short-term borrowings		103,567	1,167	4.47	89,441	848	3.80	134,974	360	1.06
Other borrowings		372,112	5,765	6.15	372,248	5,545	5.97	371,492	4,412	4.71
Total interest bearing liabilities		13,158,631	99,676	3.01 %	13,209,794	88,368	2.68 %	11,723,026	19,930	0.67 %
Borrowings										
Term debt										
Total interest-bearing liabilities										
Total interest-bearing liabilities										
Noninterest Bearing Liabilities	Noninterest Bearing Liabilities	4,824,861			4,941,033			6,065,729		
Noninterest-bearing deposits										
Noninterest-bearing deposits										
Noninterest-bearing deposits										

Accrued interest and other liabilities	Accrued interest and other liabilities	366,905	232,966	201,575
Total noninterest bearing liabilities				
		5,191,766	5,173,999	6,267,304
Equity				
		1,857,523	1,837,718	1,785,011
Accrued interest and other liabilities				
Accrued interest and other liabilities				
Total noninterest-bearing liabilities				
Total noninterest-bearing liabilities				
Total noninterest-bearing liabilities				
Stockholders' Equity				
Stockholders' Equity				
Stockholders' Equity				
Total Liabilities and Equity				
Total Liabilities and Equity				
Total Liabilities and Equity	Total Liabilities and Equity	\$20,207,920	\$20,221,511	\$19,775,341
Net interest income, fully tax-equivalent (non-GAAP)(1)	Net interest income, fully tax-equivalent (non-GAAP)(1)			
(3)	(3)	\$147,908	\$149,268	\$158,027
Net interest income, fully tax-equivalent (non-GAAP)(1)				
(3)				
Net interest income, fully tax-equivalent (non-GAAP)(1)				
(3)				
Net interest spread(1)				
Net interest spread(1)				
Net interest spread(1)	Net interest spread(1)	2.32 %	2.47 %	3.22 %
Net interest income, fully tax-equivalent to total earning assets (non-GAAP)(1)(3)				
Net interest income, fully tax-equivalent to total earning assets (non-GAAP)(1)(3)	Net interest income, fully tax-equivalent to total earning assets (non-GAAP)(1)(3)	3.18 %	3.23 %	3.45 % GAAP)(1)(3)
Interest bearing liabilities to earning assets				
		71.36 %	71.31 %	64.56 %
Interest-bearing liabilities to earning assets				

(1) Computed on a tax-equivalent basis using an effective tax rate of 21%.

(1) Computed on a tax-equivalent basis using an effective tax rate of 21%.

ANALYSIS OF AVERAGE BALANCES, TAX EQUIVALENT YIELDS AND RATES <sup>(1)</sup>						
	For the Nine Months Ended					
	September 30, 2023			September 30, 2022		
	Average Balance	Interest	Rate	Average Balance	Interest	Rate
<b>Earning Assets</b>						
Securities:						
Taxable	\$ 5,927,026	\$ 168,948	3.81 %	\$ 6,407,459	\$ 116,366	2.43 %
Nontaxable <sup>(1)</sup>	899,613	23,611	3.51	990,784	22,625	3.05
Total securities	6,826,639	192,559	3.77	7,398,243	138,991	2.51
Interest bearing deposits with other banks and other short-term investments	133,910	4,833	4.83	238,819	1,715	0.96
Federal funds sold	51	3	7.86	7	—	—
Loans: <sup>(2)</sup>						
Commercial and industrial <sup>(1)</sup>	3,547,256	169,552	6.39	2,977,751	95,020	4.27
PPP loans	6,718	61	1.21	63,342	6,487	13.69
Owner occupied commercial real estate	2,355,545	84,927	4.82	2,270,486	67,742	3.99
Non-owner occupied commercial real estate	2,459,965	105,111	5.71	2,166,873	69,929	4.31
Real estate construction	1,051,298	56,107	7.14	880,354	31,673	4.81
Agricultural and agricultural real estate	835,673	36,191	5.79	776,127	23,905	4.12
Residential mortgage	840,143	28,138	4.48	850,444	25,108	3.95
Consumer	506,143	26,925	7.11	452,032	15,632	4.62
Less: allowance for loan losses	(111,434)	—	—	(105,477)	—	—
Net loans	11,491,307	507,012	5.90	10,331,932	335,496	4.34
<b>Total earning assets</b>	<b>18,451,907</b>	<b>704,407</b>	<b>5.10 %</b>	<b>17,969,001</b>	<b>476,202</b>	<b>3.54 %</b>
Nonearning Assets	1,730,901			1,554,432		
<b>Total Assets</b>	<b>\$ 20,182,808</b>			<b>\$ 19,523,433</b>		
Interest Bearing Liabilities						
Savings	\$ 9,130,980	\$ 128,372	1.88 %	\$ 9,652,651	\$ 20,673	0.29 %



Time deposits	3,344,434	103,245	4.13	1,106,095	3,992	0.48
Short-term borrowings	138,157	4,437	4.29	124,459	494	0.53
Other borrowings	372,094	16,756	6.02	372,027	11,780	4.23
<b>Total interest bearing liabilities</b>	<b>12,985,665</b>	<b>252,810</b>	<b>2.60 %</b>	<b>11,255,232</b>	<b>36,939</b>	<b>0.44 %</b>
<b>Noninterest Bearing Liabilities</b>						
Noninterest bearing deposits	5,092,200			6,172,984		
Accrued interest and other liabilities	284,008			182,677		
<b>Total noninterest bearing liabilities</b>	<b>5,376,208</b>			<b>6,355,661</b>		
<b>Equity</b>	<b>1,820,935</b>			<b>1,912,540</b>		
<b>Total Liabilities and Equity</b>	<b>\$ 20,182,808</b>			<b>\$ 19,523,433</b>		
<b>Net interest income, fully tax-equivalent (non-GAAP)<sup>(1)(3)</sup></b>		<b>\$ 451,597</b>			<b>\$ 439,263</b>	
<b>Net interest spread<sup>(1)</sup></b>			<b>2.50 %</b>			<b>3.10 %</b>
<b>Net interest income, fully tax-equivalent (non-GAAP) to total earning assets<sup>(1)</sup></b>						
<sup>(3)</sup>			<b>3.27 %</b>			<b>3.27 %</b>
Interest bearing liabilities to earning assets	70.38 %			62.64 %		

(1) Computed on a tax-equivalent basis using an effective tax rate of 21%.

(2) Nonaccrual loans and loans held for sale are included in the average loans outstanding.

(3) Refer to "Non-GAAP Financial Measures" for additional information on the usage and presentation of these non-GAAP measures, and refer to the financial tables under "Financial Highlights" for the reconciliations to the most directly comparable GAAP measures.

The following tables present the dollar amount of changes in interest income and interest expense for the major components of interest earning assets and interest bearing liabilities, in thousands, and quantify the changes in interest income and interest expense related to changes in the average outstanding balances (volume) and those changes caused by fluctuating interest rates. For each category of interest earning assets and interest bearing liabilities, information is provided on changes attributable to (i) changes in volume, calculated by multiplying the difference between the average balance for the current period and the average balance for the prior period by the rate for the prior period, and (ii) changes in rate, calculated by multiplying the difference between the rate for the current period and the rate for the prior period by the average balance for the prior period. The

unallocated change has been allocated pro rata to volume and rate variances.

	Three Months Ended								
	March 31, 2024			March 31, 2024			March 31, 2023		
	Compared to			Compared to			Compared to		
	March 31, 2023			December 31, 2023			March 31, 2022		
	Change Due to			Changes Due to			Change Due to		
	Volume	Rate	Net	Volume	Rate	Net	Volume	Rate	Net
Earnings Assets/Interest Income									
Investment securities:									
Taxable	\$ (35,705)	\$ 26,743	\$ (8,962)	\$ (5,151)	\$ (2,408)	\$ (7,559)	\$ (13,693)	\$ 37,049	\$ 23,356
Nontaxable <sup>(1)</sup>	(4,650)	4,403	(247)	919	(1,217)	(298)	(5,403)	5,182	(221)
Interest bearing deposits	1,753	122	1,875	3,280	(2,448)	832	(274)	1,334	1,060
Federal funds sold	—	—	—	—	—	—	—	—	—
Loans <sup>(1)(2)</sup>	9,411	32,439	41,850	597	2,187	2,784	15,144	36,467	51,611
<b>Total earning assets</b>	<b>(29,191)</b>	<b>63,707</b>	<b>34,516</b>	<b>(355)</b>	<b>(3,886)</b>	<b>(4,241)</b>	<b>(4,226)</b>	<b>80,032</b>	<b>75,806</b>
Liabilities/Interest Expense									
Interest bearing deposits:									
Savings	(22,659)	39,433	16,774	90	770	860	248	35,251	35,499
Time deposits	5,070	5,392	10,462	(4,501)	(296)	(4,797)	1,307	17,115	18,422
Borrowings	4,928	174	5,102	7,986	(6,336)	1,650	73	2,303	2,376

Term Debt	10	393	403	1	44	45	(18)	1,904	1,886
<b>Total interest bearing liabilities</b>	<b>(12,651)</b>	<b>45,392</b>	<b>32,741</b>	<b>3,576</b>	<b>(5,818)</b>	<b>(2,242)</b>	<b>1,610</b>	<b>56,573</b>	<b>58,183</b>
<b>Net interest income</b>	<b>\$ (16,540)</b>	<b>\$ 18,315</b>	<b>\$ 1,775</b>	<b>\$ (3,931)</b>	<b>\$ 1,932</b>	<b>\$ (1,999)</b>	<b>\$ (5,836)</b>	<b>\$ 23,459</b>	<b>\$ 17,623</b>

(1) Computed on a tax-equivalent basis using an effective tax rate of 21%.

(2) Nonaccrual loans and loans held for sale are included in average loans outstanding.

	Three Months Ended								
	September 30, 2023			September 30, 2023			September 30, 2022		
	Compared to			Compared to			Compared to		
	September 30, 2022			June 30, 2023			September 30, 2021		
	Change Due to			Changes Due to			Change Due to		
	Volume	Rate	Net	Volume	Rate	Net	Volume	Rate	Net
Earnings Assets/Interest Income									
Investment securities:									
Taxable	\$ (23,787)	\$ 32,939	\$ 9,152	\$ (1,925)	\$ (1,447)	\$ (3,372)	\$ 310	\$ 12,954	\$ 13,264
Nontaxable <sup>(1)</sup>	(2,705)	2,988	283	(587)	776	189	1,555	412	1,967
Interest bearing deposits	(2,330)	2,900	570	(138)	(262)	(400)	(290)	1,239	949
Federal funds sold	—	3	3	—	3	3	—	—	—
Loans <sup>(1)(2)</sup>	12,520	47,099	59,619	3,093	10,435	13,528	10,198	678	10,876
<b>Total earning assets</b>	<b>(16,302)</b>	<b>85,929</b>	<b>69,627</b>	<b>443</b>	<b>9,505</b>	<b>9,948</b>	<b>11,773</b>	<b>15,283</b>	<b>27,056</b>
Liabilities/Interest Expense									
Interest bearing deposits:									
Savings	(11,602)	47,890	36,288	(5,859)	13,770	7,911	541	10,126	10,667
Time deposits	14,053	27,245	41,298	1,725	1,133	2,858	69	978	1,047
Short-term borrowings	(566)	1,373	807	151	168	319	(20)	282	262
Other borrowings	7	1,346	1,353	(13)	233	220	1,062	248	1,310
<b>Total interest bearing liabilities</b>	<b>1,892</b>	<b>77,854</b>	<b>79,746</b>	<b>(3,996)</b>	<b>15,304</b>	<b>11,308</b>	<b>1,652</b>	<b>11,634</b>	<b>13,286</b>
<b>Net interest income</b>	<b>\$ (18,194)</b>	<b>\$ 8,075</b>	<b>\$ (10,119)</b>	<b>\$ 4,439</b>	<b>\$ (5,799)</b>	<b>\$ (1,360)</b>	<b>\$ 10,121</b>	<b>\$ 3,649</b>	<b>\$ 13,770</b>

(1) Computed on a tax-equivalent basis using an effective tax rate of 21%.

(2) Nonaccrual loans and loans held for sale are included in average loans outstanding.

	Nine Months Ended					
	September 30, 2023 Compared to			September 30, 2022 Compared to		
	September 30, 2022 Change			September 30, 2021 Change		
	Due to			Due to		
	Volume	Rate	Net	Volume	Rate	Net
Earnings Assets/Interest Income						
Investment securities:						
Taxable	\$ (14,500)	\$ 67,082	\$ 52,582	\$ 7,891	\$ 14,102	\$ 21,993
Nontaxable <sup>(1)</sup>	(3,069)	4,055	986	5,862	(545)	5,317
Interest bearing deposits	(1,510)	4,628	3,118	(48)	1,505	1,457
Federal funds sold	—	3	3	—	(1)	(1)
Loans <sup>(1)(2)</sup>	40,865	130,651	171,516	21,786	(24,308)	(2,522)
<b>Total earning assets</b>	<b>21,786</b>	<b>206,419</b>	<b>228,205</b>	<b>35,491</b>	<b>(9,247)</b>	<b>26,244</b>
Liabilities/Interest Expense						
Interest bearing deposits:						
Savings	(1,923)	109,622	107,699	154	13,616	13,770
Time deposits	20,972	78,281	99,253	178	(912)	(734)
Short-term borrowings	60	3,883	3,943	16	130	146
Other borrowings	2	4,974	4,976	(11)	2,413	2,402
<b>Total interest bearing liabilities</b>	<b>19,111</b>	<b>196,760</b>	<b>215,871</b>	<b>337</b>	<b>15,247</b>	<b>15,584</b>
<b>Net interest income</b>	<b>\$ 2,675</b>	<b>\$ 9,659</b>	<b>\$ 12,334</b>	<b>\$ 35,154</b>	<b>\$ (24,494)</b>	<b>\$ 10,660</b>

(1) Computed on a tax-equivalent basis using an effective tax rate of 21%.

(2) Nonaccrual loans and loans held for sale are included in average loans outstanding.

## Provision For Credit Losses

The allowance for credit losses is established through provision expense to provide, in management's opinion, an appropriate allowance for credit losses. The following table shows the components of provision for credit losses for the ~~three- and nine-~~three months ended ~~September 30, 2023~~ March 31, 2024 and ~~2022, 2023~~, in thousands:

		Three Months Ended September 30,		Nine Months Ended September 30,	
		2023	2022	2023	2022
		<div> <div>Three Months Ended March 31,</div> <div>Three Months Ended March 31,</div> <div>Three Months Ended March 31,</div> <div>2024</div> <div>2024</div> <div>2024</div> </div>			
Provision expense for credit losses-loans	Provision expense for credit losses-loans	\$ 2,672	\$ 4,388	\$ 12,685	\$ 8,561
(Benefit) provision expense for credit losses-unfunded commitments		(1,156)	1,104	(2,716)	3,422
Provision expense for credit losses-loans					
Provision expense for credit losses-loans					
Provision (benefit) expense for credit losses-unfunded commitments					
Provision (benefit) expense for credit losses-unfunded commitments					
Provision (benefit) expense for credit losses-unfunded commitments					
Total provision expense	Total provision expense	\$ 1,516	\$ 5,492	\$ 9,969	\$ 11,983
Total provision expense					
Total provision expense					

The provision expense for credit losses for loans was \$2.7 million \$986,000 for the third first quarter of 2023, 2024, which was a decrease of \$1.7 million \$2.1 million from provision expense of \$4.4 million \$3.1 million recorded in the third first quarter of 2022, 2023. The provision expense for the third first quarter of 2023 2024 compared to the third first quarter of 2022 2023 was impacted by several factors, including:

- loan growth Provision expense reflected a benefit of \$154.5 million compared \$2.0 million for the impact of the Rocky Mountain Bank loans transferred to \$254.8 million, and the held for sale category.
- improvement in credit quality as indicated by the decrease Net charge-offs of nonpass loans as a percentage of total loans. Nonpass loans \$2.3 million were 4.5% at September 30, 2023 and 4.8% of loans at June 30, 2023. Nonpass loans were 5.3% of total loans at September 30, 2022 compared to 5.8% of total loans at June 30, 2022.

The provision expense for credit losses for loans was \$12.7 million recorded for the first nine three months of 2023 compared to \$8.6 million for the first nine months of 2022. The provision expense for the first nine months of 2023 and the first nine months of 2022 were impacted by several factors, including:

- 2024 net charge-offs of \$12.0 million, which included a \$5.3 million charge-off related to an overdraft of a single long-term customer compared to net charge-offs of \$12.9 million, which included two charge-offs totaling \$9.2 million due to customer fraud related to two lending relationships that had collateral deficiencies,
- provision expense totaling \$2.6 million was recorded for an individually assessed loan in the first quarter of 2023,
- loan growth of \$444.1 million compared to \$969.0 million, and
- stable credit quality during the first nine months of 2023 compared to improved credit quality as indicated by nonpass loans as a percentage of total loans. Nonpass loans were 4.5% of loans at September 30, 2023 compared to 4.7% at December 31, 2022. Nonpass loans were 5.3% of total loans at September 30, 2022 compared to 7.4% of total loans at December 31, 2021.

The size of the loan portfolio, the levels of organic loan growth including government guaranteed loans, changes in credit quality and the variability that can occur in the factors, including the impact of economic conditions, are all considered when determining the appropriateness of the allowance for credit losses and will contribute to the variability in the provision for credit losses from quarter to quarter. For additional details on the specific factors considered in establishing the allowance for credit losses, refer to the discussion of critical accounting estimates set forth in Management's Discussion and Analysis of Financial Condition and Results of Operations contained in HTLF's Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023, "Allowance For Credit Losses" and "Provision for Credit Losses" in Item 2 of this Quarterly Report on Form 10-Q and Note 4, Four, "Allowance for Credit Losses," to the consolidated financial statements included herein.

Management believes that the allowance for credit losses as of September 30, 2023 March 31, 2024, was at a level commensurate with the overall risk exposure of the loan portfolio. However, deterioration in economic conditions, including a recession, could cause certain borrowers to experience difficulty and impede their ability to meet debt service. Due to the uncertainty of future economic conditions, including ongoing concerns regarding higher interest rates, supply chain challenges, workforce shortages and wage pressures, the provision for credit losses could be volatile in future quarters.

## Noninterest Income

The tables below show noninterest income for the three- and nine- three months ended September 30, 2023 March 31, 2024 and 2022, 2023, in thousands:

Three Months Ended March 31,																	
		Three Months Ended September 30,															
		2023	2022	Change	% Change	2024		2023		Change				% Change			
Service charges and fees	Service charges and fees	\$18,553	\$17,282	\$ 1,271	7 %	Service charges and fees	\$ 17,063	\$ \$		17,136	\$ \$		(73)	—		—	%
Loan servicing income	Loan servicing income	278	831	(553)	(67)												
Trust fees	Trust fees	4,734	5,372	(638)	(12)												
Brokerage and insurance commissions	Brokerage and insurance commissions	692	649	43	7												
Capital markets fees	Capital markets fees	1,845	1,809	36	2												
Securities losses, net		(114)	(1,055)	941	89												
Unrealized gain/(loss) on equity securities, net		13	(211)	224	106												
Securities (losses) gains, net																	

[illegible]

Total noninterest income was \$28.4 million during the third first quarter of 2024 compared to \$30.0 million during the first quarter of 2023, compared to \$29.2 million during the third quarter of 2022, a decrease of \$798,000 or 3%. Total noninterest income was \$90.9 million for the first nine months of 2023 compared to \$98.3 million for the first nine months of 2022, a decrease of \$7.4 million or 8%. Notable changes in noninterest income categories for the three- and nine- three months ended September 30, 2023 March 31, 2024 and 2022 2023 are as follows:

The following tables summarize the changes in service charges and fees for the three- and nine- three months ended September 30, 2023 March 31, 2024 and 2022, 2023, in thousands:

		Three Months Ended September 30,									

Management expects to institute new policies regarding consumer overdraft fees, HTLF modified its consumer deposit product and fee structure, including overdraft fees. As a result, management anticipated a decline in the fourth quarter of 2023, which will reduce overdraft fee income in fees during 2024 and future periods.

#### Loan servicing income

Loan servicing income includes the fees collected for the servicing of commercial, agricultural, and mortgage loans, which depend upon the aggregate outstanding balances of these loans. The following tables show in the changes in loan first quarter of 2023, First Bank & Trust, a division of HTLF Bank, sold its mortgage servicing rights portfolio. Loan servicing income totaled \$131,000 for the three- and nine- months ended September 30, 2023, and 2022, in thousands:

	Three Months Ended September 30,			
	2023	2022	Change	% Change
Commercial and agricultural loan servicing fees <sup>(1)</sup>	\$ 274	\$ 583	\$ (309)	(53)%
Residential mortgage servicing fees	4	471	(467)	(99)
Mortgage servicing rights amortization	—	(223)	223	100
Total loan servicing income	\$ 278	\$ 831	\$ (553)	(67)%

  

	Nine Months Ended September 30,			
	2023	2022	Change	% Change
Commercial and agricultural loan servicing fees <sup>(1)</sup>	\$ 1,120	\$ 1,469	\$ (349)	(24)%
Residential mortgage servicing fees	493	1,391	(898)	(65)
Mortgage servicing rights amortization	(210)	(909)	699	77
Total loan servicing income	\$ 1,403	\$ 1,951	\$ (548)	(28)%

(1) Includes servicing fees for commercial, commercial real estate, agricultural and agricultural real estate loans.

first quarter of 2024 compared to \$714,000 for the first quarter of 2023, a decrease of \$583,000 or 82%.

#### Trust fees

Trust fees totaled \$4.7 million \$5.0 million for the third first quarter of 2023 2024 compared to \$5.4 million \$5.7 million for the same quarter of 2022 2023, a decrease of \$638,000 \$614,000 or 12%. For the first nine months of 2023, trust fees totaled \$15.8 million compared to \$17.1 million for the first nine months of 2022, a decrease of \$1.3 million or 8% 11%.

The decrease for both the quarterly and year-to-date comparisons was primarily attributable to the sale of the administrative and recordkeeping services component of HTLF's Retirement Plan Services business that was completed in the second quarter of 2023. Retirement plan services income decreased \$743,000 \$685,000 or 50% 45% to \$746,000 \$826,000 for the third first quarter of 2023 2024 compared to \$1.5 million for the third first quarter of 2022. For the first nine months of 2023, retirement plan services income decreased \$916,000 or 19% to \$3.8 million from \$4.7 million for the first nine months of 2022 2023.

#### Capital markets fees

Capital markets fees totaled \$1.8 million \$891,000 for the third first quarter of both 2023 and 2022. For 2024 compared to \$2.4 million for the first nine months same quarter of 2023, capital markets fees totaled \$8.3 million, a decrease of \$1.4 million \$1.6 million or 14% from \$9.7 million 64%. In the first quarter of 2024 there was no syndication income compared to \$422,000 for the same quarter of 2023. Swap fee income decreased \$1.1 million or 56% to \$891,000 for the first nine three months of 2022. Syndication income decreased \$2.2 million or 58% 2024 compared to \$1.7 million \$2.0 million for the first nine three months of 2023 compared to \$3.9 million for the same period of 2022. Swap fee income increased \$857,000 or 15% to \$6.7 million for the first nine months of 2023 compared to \$5.8 million for the first nine months of 2022 2023.

Capital markets fees vary, in part, based upon the size of the transaction and are recognized upon the closing of the transaction.

#### Securities losses, (losses) gains, net

For the third first quarter of 2023 2024, net security losses gains totaled \$114,000 \$58,000 compared to net losses of \$1.1 million for the third first quarter of 2022, a decrease of \$941,000 or 89%. For the first nine months of 2023, net security losses totaled \$1.5 million compared to net losses of \$272,000 during the first nine months of 2022, an increase of \$1.3 million \$1.2 million or 105%. The realized losses HTLF had minimal sales activity in 2023 for both the quarterly and year-to-date results were primarily attributable to the sustained loss position of the securities portfolio. During the second first quarter of 2022, approximately \$158.7 million 2024 after the balance sheet repositioning which occurred in the fourth quarter of lower-yielding securities were sold, resulting in a net loss of \$2.6 million, and the proceeds from this sale were used to purchase higher-yielding securities, 2023.

#### Net gains on sale of loans held for sale

For the third first quarter of 2023 2024, net gains on sale of loans held for sale totaled \$905,000 \$104,000, a decrease of \$927,000 \$1.7 million or 51% 94% from \$1.8 million in the same quarter of 2022. For the first nine months of 2023, net gains on sale of loans held for sale totaled \$3.8 million compared to \$8.1 million for the first nine months of 2022, a decrease of \$4.4 million or 54% 2023.

Loans sold to investors during the third first quarter of 2024 totaled \$5.1 million compared to \$37.1 million during the first quarter of 2023, totaled \$57.1 million compared to \$74.1 million during the third quarter of 2022, a decrease of \$17.0 million \$32.0 million or 23% 86%. Loans sold to investors in the first nine months of 2023 totaled \$134.8 million compared to \$257.0 million during the first nine months of 2022, a decrease of \$122.1 million or 48%.

The decrease for both the quarterly and year-to-date comparisons was primarily attributable to a reduction in residential mortgage activity due to increases in residential mortgage loan interest rates.

#### Valuation adjustment on servicing rights

The valuation adjustment on servicing rights was \$0 for both Also, HTLF elected to significantly scale back mortgage originations, as a result of the third quarter of 2023 and 2022. For the first nine months of 2023, the valuation adjustment on servicing rights was \$0 compared to \$1.7 million for the first nine months of 2022. HTLF sold its mortgage servicing rights portfolio in the first quarter of 2023. HTLF recovered its valuation allowance in the first quarter of 2022 decreased customer demand due to increases in residential the continued challenging rate environment for mortgage loan interest rates. originations.

#### Income on bank owned life insurance

Income on bank owned life insurance totaled \$858,000 \$1.2 million for the third first quarter of 2023, 2024, an increase of \$164,000 \$213,000 or 24% 22% from \$694,000 \$964,000 recorded in the third first quarter of 2022. For the first nine months of 2023, income on bank owned life insurance totaled \$3.0 million, an increase of \$1.3 million from \$1.7 million for the first nine months of 2022, 2023. The increase for both the quarterly and year-to-date comparisons was attributable to market value changes.

#### Other noninterest income

Other noninterest income totaled \$619,000 \$2.3 million for the third first quarter of 2023, 2024 compared to \$2.0 million \$1.5 million for the same quarter of 2022, a decrease 2023, an increase of \$1.4 million \$884,000 or 69% 60%. During the third first quarter of 2022, 2024, HTLF received a \$637,000 recovery on an acquired loan that had been charged off prior to acquisition.

For recognized \$715,000 in income associated with the first nine months of 2023, other noninterest income was \$2.5 million compared to \$5.9 million for the first nine months of 2022, a decrease of \$3.4 million or 58%. The decrease was primarily attributable to gains of \$1.9 million recorded assets in the second quarter of 2022 on the sale of all VISA Class B shares held by two subsidiary banks deferred compensation plan which was largely offset with additional salaries and the \$637,000 recovery noted above. benefits expense.

## Noninterest Expenses

The tables below show noninterest expenses for the three- and nine- three months ended September 30, 2023 March 31, 2024, and 2022, 2023, in thousands:

Three Months Ended March 31,											
		Three Months Ended September 30,									
		2023	2022	Change	%			2024	2023	Change	%
Salaries and employee benefits	Salaries and employee benefits	\$ 62,262	\$ 62,661	\$ (399)	(1) %	Salaries and employee benefits	\$	63,955	\$	62,149	\$ 1,806 3 %
Occupancy	Occupancy	6,438	6,794	(356)	(5)						
Furniture and equipment	Furniture and equipment	2,720	2,928	(208)	(7)						
Professional fees	Professional fees	13,616	14,289	(673)	(5)						
FDIC insurance assessments	FDIC insurance assessments	3,313	1,988	1,325	67						
Advertising	Advertising	1,633	1,554	79	5						
Core deposit and customer relationship intangibles amortization		1,625	1,856	(231)	(12)						
Core deposit amortization											



	Nine Months Ended			
	September 30,			
	2023	2022	Change	% Change
Salaries and employee benefits	\$ 186,510	\$ 192,867	\$ (6,357)	(3)%
Occupancy	20,338	21,250	(912)	(4)
Furniture and equipment	8,698	9,480	(782)	(8)
Professional fees	41,607	42,286	(679)	(2)
FDIC insurance assessments	9,627	5,134	4,493	88
Advertising	6,670	4,392	2,278	52
Core deposit and customer relationship intangibles amortization	5,128	5,993	(865)	(14)
Other real estate and loan collection expenses	984	577	407	71
Loss/(gain) on sales/valuations of assets, net	(2,149)	(3,435)	1,286	(37)
Acquisition, integration and restructuring costs	5,994	5,144	850	17
Partnership investment in tax credit projects	1,828	1,793	35	2
Other noninterest expenses	46,307	40,678	5,629	14
Total noninterest expenses	\$ 331,542	\$ 326,159	\$ 5,383	2 %

Notable changes in noninterest expense categories for the three- and nine- three months ended September 30, 2023 March 31, 2024 and 2022 2023 are as follows:

Salaries and employee benefits totaled \$62.3 million \$64.0 million for the third first quarter of 2024 compared to \$62.1 million for the first quarter of 2023, compared to \$62.7 million for the third quarter an increase of 2022, a decrease of \$399,000 \$1.8 million or 1% 3%. The decrease increase was attributable to higher benefit costs including incentive compensation and retirement plans partially offset by a reduction of full-time equivalent employees. Full-time equivalent employees and lower incentive compensation expense, mostly offset by higher salary expense driven by inflationary wage pressures and competition for talent, totaled 1,888 compared to 1,991, a decrease of 103 or 5%.

#### For the first nine months of 2023, salaries and employee benefits Professional Fees

Professional fees totaled \$186.5 million compared to \$192.9 million \$15.5 million for the first nine months quarter of 2022, a decrease 2024 compared to \$12.8 million for the first quarter of \$6.4 million 2023, an increase of \$2.7 million or 3%, 21%. The increase was primarily attributable to a reduction driven by increases in consulting and legal expenses associated with the increased level of full-time equivalent employees and lower incentive compensation expense and partially offset by inflationary wage pressures and competition for talent.

#### nonperforming loans in comparison with the prior year.

#### FDIC insurance assessments

FDIC insurance assessments totaled \$5.0 million for the first quarter of 2024 compared to \$3.3 million for the third first quarter of 2023, compared to \$2.0 million for the third quarter of 2022, an increase of \$1.3 million \$1.7 million or 67%. For the first nine months of 2023, FDIC insurance assessments totaled \$9.6 million compared to \$5.1 million, an increase of \$4.5 million or 88% 52%. The increase for both the quarterly and year-to-date comparisons were was attributable to a one-time special assessment rate changes that were effective with expense of \$2.0 million in the first quarter of 2024. This special assessment is in addition to the \$8.1 million HTLF recorded in the fourth quarter of 2023 assessment.

HTLF is expecting an based upon additional FDIC assessment expense associated with the special assessment that was proposed by the FDIC in May 2023. The proposal would assess a 12.5 basis point annual special assessment on the uninsured deposits reported by HTLF at December 31, 2022, which was \$7.70 billion. The special assessment excludes the first \$5 billion of uninsured deposits and would be in place for two years. The full expense for the two year period would be recognized upon approval of the assessment and is estimated to be approximately \$3.4 million. expected losses.

#### Advertising

Advertising totaled \$1.6 million for the third quarter of 2023, an increase of \$79,000 or 5% from \$1.6 million for the third quarter of 2022. Advertising totaled \$6.7 million \$1.4 million for the first nine months quarter of 2023 compared to \$4.4 million 2024, a decrease of \$627,000 or 32% from \$2.0 million for the first nine months quarter of 2022, an increase of \$2.3 million or 52%, 2023, which was primarily driven by deposit acquisition campaigns launched in 2023.

#### Gain Losses (gain) on sales/valuations of assets, net

Net losses on sales/valuations of assets were \$108,000 \$214,000 for the third first quarter of 2023 2024 compared to net gains losses of \$251,000 for the third quarter of 2022. For the first nine months of 2023, net gains on sales/valuations of assets totaled \$2.1 million compared to \$3.4 million \$1.1 million for the first nine months quarter of 2022.

In the first nine months of 2023, HTLF recorded a gain of \$4.3 million associated with the sale of HTLF's Retirement Plan Services recordkeeping and administrative services business, which was partially offset by losses on various other repossessed real estate properties. 2023. HTLF recorded \$813,000 of losses on fixed assets associated with branch optimization activities and a loss of \$203,000 associated with the sale of the mortgage servicing rights portfolio.

During in the first nine months of 2022, two branches in Illinois were sold for a gain of \$3.0 million, and a gain of \$413,000 was recorded in conjunction with the sale of an insurance subsidiary.

#### Acquisition, integration and restructuring costs

Acquisition, integration and restructuring costs totaled \$2.4 million in the third quarter of 2023 compared to \$2.2 million in the third quarter of 2023, an increase of \$273,000 or 13%. For the first nine months of 2023, acquisition, integration and restructuring costs totaled \$6.0 million compared to \$5.1 million for the same period of 2022, an increase of \$850,000 or 17% primarily due to charter consolidation expenses that will continue through the end of 2023.

#### Other noninterest expenses

Other noninterest expenses totaled \$15.3 million \$14.1 million in the third first quarter of 2024 compared to \$15.4 million in the first quarter of 2023, compared to \$13.6 million a decrease of \$1.3 million or 9% in the third quarter of 2022, an increase of \$1.7 million or 12%. Credit card processing expenses increased \$1.4 million or 49% to \$4.3 million from \$2.9 million. conjunction with HTLF's 3.0 efficiency efforts.

For the first nine months of 2023, other noninterest expenses totaled \$46.3 million compared to \$40.7 million for the first nine months of 2022, an increase of \$5.6 million or 14%. Credit card processing expenses increased \$2.9 million or 30% to \$12.7 million from \$9.8 million. Fraud losses increased \$1.1 million or 58% to \$3.1 million from \$2.0 million.

The increases in credit card processing expenses for both the three- and nine-month comparisons were primarily due to higher volumes and increased rebate expense.

#### Efficiency Ratio

During the third first quarter of 2023 2024, the efficiency ratio was 63.77% (59.95% 62.46% (58.77% on an adjusted efficiency ratio, fully tax-equivalent basis, non-GAAP) compared to 58.84% (55.26% 60.94% (57.16% on an adjusted fully tax-equivalent basis, non-GAAP) for the third quarter of 2022.

During the first nine months of 2023, the efficiency ratio, was 61.86% (58.98% on an adjusted fully tax-equivalent basis, non-GAAP) compared to 61.39% (58.99% on an adjusted fully tax-equivalent basis, non-GAAP) for the first nine months quarter of 2022. 2023.

HTLF continues to pursue strategies to improve operational efficiency and its adjusted efficiency ratio, on a fully tax-equivalent basis (non-GAAP), which include the following initiatives:

#### Consolidation of bank charters HTLF 3.0

Charter consolidation is designed to eliminate redundancies HTLF's new strategic plan, HTLF 3.0, was announced and improve HTLF's operating efficiency and capacity to support ongoing product and service enhancements as well as current and future growth. Through the end of the third quarter of 2023, ten charters have been consolidated into HTLF Bank, and subsequent to September 30, 2023, the final charter was consolidated. The consolidated charters operate as divisions of HTLF Bank.

Consolidation restructuring costs are projected to be \$18-\$19 million with approximately \$2-\$3 million of expenses remaining to be incurred in 2023, which includes expenses to complete several span of control improvements. Total costs incurred since the project started initiated in the fourth quarter of 2021 2023. Initiatives of HTLF 3.0 include investing in growth through September 30, 2023, were \$15.3 million, banker expansion and talent acquisition, expanding treasury management products and capabilities, enhancement of which \$2.4 million was incurred in the third quarter of 2023. Total charter consolidation costs for the first nine months of 2023 totaled \$6.0 million, consumer and small business digital platforms, improving our efficiency ratio and footprint and facilities optimization.

During the three months ended March 31, 2024, HTLF took the following actions as part of HTLF 3.0:

- Facilities optimization initiatives
  - Reduced wholesale and institutional deposits by \$312.4 million.
  - Announced the sale of the Rocky Mountain Bank division.
  - Completed key hires and promotions in wealth management and commercial and middle market banking.

#### Branch Optimization Strategy

During 2023, HTLF's branch network was reduced by 2 locations. HTLF continues will continue to review optimize its branch network and physical facilities as part of its facilities optimization strategy, the HTLF 3.0 initiatives, which will likely result in write-downs of fixed assets and additional restructuring costs in future periods.

#### Income Taxes

The effective tax rate was 21.89% 23.17% for the third first quarter of 2023, 2024, compared to 19.97% 22.50% for the third first quarter of 2022, 2023. The following items impacted the third first quarter 2023 2024 and 2022 2023 tax calculations:

- Solar energy tax credits of \$844,000 \$306,000 compared to \$1.1 million. \$310,000.
- Federal low-income housing tax credits of \$311,000 \$257,000 compared to \$519,000. \$311,000.
- New markets tax credits of \$90,000 compared to \$75,000. \$90,000.
- Historic rehabilitation tax credits of \$362,000 \$282,000 compared to \$63,000. \$258,000.
- Tax-exempt interest income as a percentage of pre-tax income of 13.14% 11.08% compared to 11.45% 12.20%.
- Tax expense of \$41,000 \$418,000 compared to \$0 a tax benefit of \$46,000 resulting from the vesting of restricted stock units.
- Tax expense of \$1.6 million \$1.3 million compared to \$258,000 \$929,000 resulting from the disallowed interest expense related to tax-exempt loans and securities, aligning with increases in total interest expense.

The effective tax rate was 22.72% for the nine months ended September 30, 2023, compared to 21.56% for the nine months ended September 30, 2022. The following items impacted HTLF's tax calculation for the first nine months of 2023 and 2022:

- Solar energy tax credits of \$1.2 million compared to \$1.8 million.
- Federal low-income housing tax credits of \$932,000 compared to \$789,000.
- New markets tax credits of \$270,000 compared to \$225,000.
- Historic rehabilitation tax credits of \$787,000 compared to \$190,000.
- Tax-exempt interest income as a percentage of pre-tax income of 12.57% compared to 12.17%.
- Tax expense of \$115,000 compared to a tax benefit of \$129,000 resulting from the vesting of restricted stock units.
- Tax expense of \$3.6 million compared to \$425,000 resulting from the disallowed interest expense related to tax-exempt loans and securities, aligning with increases in total interest expense.

#### FINANCIAL CONDITION

Total assets were \$20.13 billion \$19.13 billion at September 30, 2023 March 31, 2024, a decrease of \$114.4 million \$278.9 million or 1% from \$20.24 billion \$19.41 billion at December 31, 2022 December 31, 2023. Securities represented 32% 28% and 35% 29% of total assets at September 30, 2023 March 31, 2024, and December 31, 2022 December 31, 2023, respectively.

## LENDING ACTIVITIES

Total loans held to maturity were \$11.87 billion \$11.64 billion at September 30, 2023 March 31, 2024, and \$11.43 billion \$12.07 billion at December 31, 2022 December 31, 2023, an increase a decrease of \$444.1 million \$424.0 million or 4%. Excluding the impact of the transfer of \$352.7 million of loans to held for sale related to the planned sale of Rocky Mountain Bank, loans held to maturity decreased \$71.3 million or 1%.

The following table shows the changes in loan balances by loan category since December 31, 2022 December 31, 2023, in thousands:

		September 30, 2023	December 31, 2022	Change	% Change								
	March 31, 2024						March 31, 2024			December 31, 2023		Change	% Change
Commercial and industrial	Commercial and industrial	\$ 3,591,809	\$ 3,464,414	\$127,395	4 %	Commercial and industrial	\$ 3,545,051	\$	\$ 3,652,047	\$	\$(106,996)	(3)	(3)%
Paycheck Protection Program ("PPP")	Paycheck Protection Program ("PPP")	3,750	11,025	(7,275)	(66)								
Owner occupied commercial real estate	Owner occupied commercial real estate	2,429,659	2,265,307	164,352	7								
Non-owner occupied commercial real estate	Non-owner occupied commercial real estate	2,656,358	2,330,940	325,418	14								
Real estate construction	Real estate construction	1,029,554	1,076,082	(46,528)	(4)								
Agricultural and agricultural real estate	Agricultural and agricultural real estate	842,116	920,510	(78,394)	(9)								
Residential mortgage	Residential mortgage	813,803	853,361	(39,558)	(5)								
Consumer	Consumer	505,387	506,713	(1,326)	—								
Total loans held to maturity	Total loans held to maturity	\$11,872,436	\$11,428,352	\$444,084	4 %	Total loans held to maturity	\$11,644,641	\$	\$12,068,645	\$	\$(424,004)	(4)	(4)%

The Significant changes by loan growth in category at March 31, 2024 compared to December 31, 2023 included:

- Commercial and industrial loans decreased \$107.0 million or 3% to \$3.55 billion compared to \$3.65 billion. Excluding the first nine months of 2023 was primarily in decrease related to Rocky Mountain Bank, commercial and business lending decreased \$30.5 million or 1%.
- Owner occupied commercial real estate which was attributable decreased \$93.1 million or 4% to an emphasis on organic loan growth and further market penetration in various HTLF growth markets. The growth was partially offset by decreases in \$2.55 billion compared to \$2.64 billion. Excluding the decrease related to Rocky Mountain Bank, owner occupied commercial real estate lending decreased \$10.2 million or less than 1%.
- Non owner occupied commercial real estate decreased \$58.6 million or 2% to \$2.50 billion compared to \$2.55 billion. Excluding the decrease related to Rocky Mountain Bank, owner occupied commercial real estate lending decreased \$5.3 million or less than 1%.
- Real estate construction loans increased \$29.9 million or 3% to \$1.04 billion compared to \$1.01 billion. Excluding the decrease related to Rocky Mountain Bank, construction loans increased \$41.0 million or 4%.
- Agricultural and agricultural real estate loans decreased \$109.3 million or 12% to \$809.9 million compared to \$919.2 million. Excluding the decrease related to Rocky Mountain Bank, agricultural and agricultural real estate and loans decreased \$46.5 million or 5%.
- Residential mortgage loans decreased \$41.8 million or 5% to \$756.0 million compared to \$797.8 million. Excluding the decrease related to Rocky Mountain Bank, residential mortgage. mortgage loans decreased \$9.9 million or 1%.
- Consumer loans decreased \$43.4 million or 9% to \$449.8 million compared to \$493.2 million. Excluding the decrease related to Rocky Mountain Bank, consumer loans decreased \$9.6 million or 2%

The table below presents the composition of the loan portfolio as of September 30, 2023, March 31, 2024, and December 31, 2022, December 31, 2023, in thousands:

September 30, 2023		December 31, 2022												December 31, 2023
		March 31, 2024						March 31, 2024						
		Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	
Loans receivable held to maturity:	Loans receivable held to maturity:													
Commercial and industrial	Commercial and industrial													
Commercial and industrial	Commercial and industrial													
Commercial and industrial	Commercial and industrial	\$ 3,591,809	30.27 %	\$ 3,464,414	30.31 %	\$3,545,051	30.45	\$3,652,047	30.26					
PPP	PPP	3,750	0.03	11,025	0.10									
Owner occupied commercial real estate	Owner occupied commercial real estate	2,429,659	20.46	2,265,307	19.82									
Non-owner occupied commercial real estate	Non-owner occupied commercial real estate	2,656,358	22.37	2,330,940	20.40									
Real estate construction	Real estate construction	1,029,554	8.67	1,076,082	9.42									
Agricultural and agricultural real estate	Agricultural and agricultural real estate	842,116	7.09	920,510	8.05									
Residential mortgage	Residential mortgage	813,803	6.85	853,361	7.47									
Consumer	Consumer	505,387	4.26	506,713	4.43									
Gross loans receivable held to maturity	Gross loans receivable held to maturity	11,872,436	100.00 %	11,428,352	100.00 %	Gross loans receivable held to maturity	11,644,641	100.00	100.00 %	12,068,645	100.00			1
Allowance for credit losses-loans	Allowance for credit losses-loans	(110,208)		(109,483)										
Allowance for credit losses-loans	Allowance for credit losses-loans													
Allowance for credit losses-loans	Allowance for credit losses-loans													
Loans receivable, net	Loans receivable, net	\$11,762,228		\$11,318,869										

The following table provides detail on owner occupied commercial real estate loans classified by industry diversification as of March 31, 2024, and December 31, 2023, in thousands:

	March 31, 2024	December 31, 2023

	Amount	%	Amount	%
Health Care and Social Assistance	\$ 510,524	20.06 %	\$ 483,073	18.31 %
Real Estate and Rental and Leasing	420,478	16.52	438,244	16.61
Manufacturing	278,381	10.94	277,755	10.53
Retail Trade	271,786	10.68	307,543	11.66
Other Services (except Public Administration)	189,292	7.44	197,260	7.48
Wholesale Trade	145,275	5.71	149,310	5.66
Construction	138,418	5.44	161,746	6.13
Accommodation and Food Services	117,828	4.63	121,268	4.60
Arts, Entertainment, and Recreation	87,404	3.43	90,325	3.42
All Other	\$ 385,647	15.15	\$ 411,651	15.60
Total	\$ 2,545,033	100.00 %	\$ 2,638,175	100.00 %

The following table provides geographic diversification detail on owner occupied commercial real estate loans by bank division location as of March 31, 2024, and December 31, 2023, in thousands:

	March 31, 2024		December 31, 2023	
	Amount	%	Amount	%
Colorado	\$ 566,824	22.27 %	\$ 516,354	19.56 %
Illinois	297,217	11.68	298,076	11.30
Arizona	295,245	11.60	297,759	11.29
California	281,340	11.05	314,135	11.91
Wisconsin	258,110	10.14	250,069	9.48
Texas	227,738	8.95	236,592	8.97
Iowa	176,138	6.92	195,491	7.41
Minnesota	166,094	6.53	158,278	6.00
New Mexico	163,126	6.41	159,401	6.04
Kansas/Missouri	113,201	4.45	119,395	4.53
Montana	—	—	92,625	3.51
Total	\$ 2,545,033	100.00 %	\$ 2,638,175	100.00 %

The following table provides detail on non-owner occupied commercial real estate loans classified by industry diversification as of March 31, 2024, and December 31, 2023, in thousands:

	March 31, 2024		December 31, 2023	
	Amount	%	Amount	%
Office	435,416	17.46 %	424,671	16.63 %
Retail	\$ 419,184	16.80	\$ 432,084	16.91
Hospitality	378,888	15.19	406,516	15.92
Medical	308,881	12.38	329,306	12.90
Multifamily	307,494	12.32	294,097	11.52
Logistics/distribution	251,603	10.08	258,389	10.12
Industrial flex/other	220,492	8.84	230,167	9.01
Self-Storage	112,306	4.50	115,731	4.53
Restaurant	52,002	2.08	52,820	2.07
Other	8,802	0.35	9,930	0.39
Total	\$ 2,495,068	100.00 %	\$ 2,553,711	100.00 %

The following table provides geographic diversification detail on non-owner occupied commercial real estate loans by bank division location as of March 31, 2024, and December 31, 2023, in thousands:

	March 31, 2024		December 31, 2023	
	Amount	%	Amount	%
Colorado	\$ 600,560	24.07 %	\$ 593,688	23.25 %
Arizona	276,755	11.09	280,144	10.97
New Mexico	271,269	10.87	275,083	10.77
California	264,497	10.60	234,182	9.17
Illinois	241,957	9.70	244,000	9.55
Minnesota	226,192	9.07	216,458	8.48
Texas	209,098	8.38	224,571	8.79
Kansas/Missouri	145,081	5.81	148,126	5.80
Iowa	135,385	5.43	137,055	5.37
Wisconsin	124,274	4.98	124,093	4.86
Montana	—	—	76,311	2.99
Total	\$ 2,495,068	100.00 %	\$ 2,553,711	100.00 %

The shift to work-from-home and hybrid work arrangements has caused decreased utilization of and demand for office space. HTLF is actively monitoring its exposure to office space in the non-owner occupied commercial real estate portfolio and securities portfolio. As of March 31, 2024:

- Outstanding loans totaling \$435.4 million were collateralized by non-owner occupied office space, which represents 3.8% of the total loans held to maturity, and the average loan size was \$1.5 million.
- There were no loans collateralized by office space on nonaccrual.
- The collateral consists primarily of multi-tenant, non-central business district properties.

#### ALLOWANCE FOR CREDIT LOSSES

The process utilized by HTLF to determine the appropriateness of the allowance for credit losses is considered a critical accounting practice. The allowance for credit losses represents management's estimate of lifetime losses in the existing loan portfolio. For additional details on the specific factors considered in determining the allowance for credit losses, refer to the critical accounting estimates section of HTLF's Annual Report on Form 10-K for the year ended [December 31, 2022](#) [December 31, 2023](#).

#### Total Allowance for Lending Related Credit Losses

The total allowance for lending related credit losses was [\\$127.7 million](#) [\\$137.7 million](#) at [September 30, 2023](#) [March 31, 2024](#), which was [1.08%](#) [1.18%](#) of loans, compared to [\\$129.7 million](#) [\\$139.0 million](#) or [1.13%](#) [1.15%](#) of loans at [December 31, 2022](#) [December 31, 2023](#). The following table shows, in thousands, the components of the allowance for lending related credit losses as of [September 30, 2023](#) [March 31, 2024](#), and [December 31, 2022](#) [December 31, 2023](#):

		September 30, 2023		December 31, 2022	
		Amount	% of Allowance	Amount	% of Allowance
March 31, 2024					
March 31, 2024					
March 31, 2024					
Amount					
Amount					
Amount					
Quantitative	Quantitative	\$ 88,482	69.30 %	\$ 84,409	65.09 %
Quantitative					
Quantitative					
Qualitative/Economic Forecast					
Qualitative/Economic Forecast					
Qualitative/Economic Forecast	Qualitative/Economic Forecast	39,206	30.70	45,270	34.91
Total	Total	\$ 127,688	100.00 %	\$ 129,679	100.00 %
Total					

Total
-------

#### Quantitative Allowance

The quantitative allowance increased \$4.1 million \$9.1 million or 5% 9% to \$88.5 million \$111.1 million or 69% 81% of the total allowance for lending related credit losses at September 30, 2023 March 31, 2024, compared to \$84.4 million \$102.0 million or 65% 73% of the total allowance at December 31, 2022 December 31, 2023. Specific reserves for individually assessed loans totaled \$9.0 million \$23.1 million at September 30, 2023 March 31, 2024, an increase of \$1.9 million \$2.7 million or 26% 13% from \$7.1 million \$20.4 million at December 31, 2022 December 31, 2023. Risk rating downgrades in the first quarter of 2024 on six construction loan customers resulted in \$9.6 million of additional quantitative reserves.

#### Qualitative Allowance/Economic Forecast

The qualitative allowance totaled \$39.2 million \$26.6 million or 31% 19% of the total allowance for lending related credit losses at September 30, 2023 March 31, 2024, compared to \$45.3 million \$37.0 million or 35% 27% at December 31, 2022 December 31, 2023. The decrease in the qualitative allowance was driven by two factors. The policy exception factor showed significant improvement this quarter. In addition, the increase in the construction quantitative calculation resulted in a decrease in the qualitative as more of the risk is recognized within the quantitative calculation and therefore is not included qualitatively.

HTLF has access to various third-party economic forecast scenarios provided by Moody's, which are updated quarterly in HTLF's methodology. HTLF continued to use a one year reasonable and supportable forecast period. At September 30, 2023 March 31, 2024, Moody's September 11, 2023 March 11, 2024, baseline forecast scenario was utilized, and management considered other downside forecast scenarios in addition to the baseline forecast to support the macroeconomic outlook used in the allowance for credit losses calculation.

During HTLF's annual methodology update in the third quarter of 2023, management made some enhancements to the methodology, resulting in a shift of allowance composition. The quantitative calculation increased while the qualitative/economic forecast calculation decreased.

#### Allowance for Credit Losses-Loans

The tables below present the changes in the allowance for credit losses for loans during the three- and nine- three months ended September 30, 2023 March 31, 2024 and 2022, 2023, in thousands:

	Three Months Ended September 30,	
	2023	2022
Balance at beginning of period	\$ 111,198	\$ 101,353
Provision for credit losses	2,672	4,388
Recoveries on loans previously charged off	302	912
Charge-offs on loans	(3,964)	(938)
Balance at end of period	\$ 110,208	\$ 105,715
Allowance for credit losses for loans as a percent of loans	0.93 %	0.97 %
Annualized ratio of net charge-offs to average loans	0.12 %	0.00 %

	Nine Months Ended September 30,	
	2023	2022
	Three Months Ended March 31,	
	2024	2023
Balance at beginning of period	Balance at beginning of period	\$109,483 \$110,088
Provision for credit losses		
Provision for credit losses		
Provision for credit losses	Provision for credit losses	12,685 8,561



Recoveries on loans previously charged off	Recoveries on loans previously charged off	3,768	2,694				
Charge-offs on loans	Charge-offs on loans	(15,728)	(15,628)				
Balance at end of period	Balance at end of period	\$110,208	\$105,715				
Allowance for credit losses for loans as a percent of loans	Allowance for credit losses for loans as a percent of loans	0.93 %	0.97 %	Allowance for credit losses for loans as a percent of loans	1.06 %	0.98 %	%
Annualized ratio of net charge-offs to average loans	Annualized ratio of net charge-offs to average loans	0.14 %	0.17 %				
Annualized ratio of net charge-offs/(recoveries) to average loans	Annualized ratio of net charge-offs/(recoveries) to average loans			Annualized ratio of net charge-offs/(recoveries) to average loans	0.08 %	(0.04) %	%

The allowance for credit losses for loans totaled \$110.2 million \$123.9 million at September 30, 2023 March 31, 2024, compared to \$109.5 million \$122.6 million at December 31, 2022 December 31, 2023, and \$105.7 million \$112.7 million at September 30, 2022 March 31, 2023. The allowance for credit losses for loans at September 30, 2023 March 31, 2024, was 0.93% 1.06% of loans compared to 0.96% 1.02% of loans at December 31, 2022 December 31, 2023. The following items impacted the allowance for credit losses for loans for the nine three months ended September 30, 2023 March 31, 2024:

- Net charge-offs for the first nine three months of 2024 totaled \$2.3 million compared to net recoveries of \$1.0 million for the first three months of 2023, totaled \$12.0 million compared to net charge-offs an increase of \$12.9 million for the first nine months of 2022, a decrease of \$974,000. Included in net charge-offs for the first nine months of 2023 was a \$5.3 million charge-off related to an overdraft, the result of a fraud incident impacting the account of a single long-term customer. Included in net charge-offs for the first nine months of 2022 were two charge-offs due to customer fraud totaling \$9.2 million related to two lending relationships which had collateral deficiencies, \$3.3 million.
- Provision expense totaling \$2.6 million \$2.0 million was recorded for an individually assessed loan in the first quarter of 2023, 2024.
- Loan growth totaled \$444.1 million for Loans outstanding declined \$424.0 million during the first nine three months of 2023, 2024 or \$71.3 million excluding the impact of the Rocky Mountain Bank loans transferred from HTM to held for sale.

The following tables show, in thousands, the changes in the allowance for unfunded commitments for the three and nine months ended September 30, 2023

March 31, 2024 and 2022: 2023:

Three Months Ended September 30,	
2023	2022
Three Months Ended March 31,	
Three Months Ended March 31,	
Three Months Ended March 31,	
2024	
2024	
2024	

The allowance for unfunded commitments totaled \$17.5 million \$13.8 million as of September 30, 2023 March 31, 2024, compared to \$20.2 million \$16.5 million as of December 31, 2022 December 31, 2023, and \$18.9 million \$21.1 million as of September 30, 2022 March 31, 2023. The decrease in the allowance for unfunded commitments in the first nine three months of 2023 2024 was primarily due to a reduction of \$85.6 million \$105.7 million in unfunded commitments for construction loans, which carry the highest loss rate. Total unfunded commitments increased \$84.1 million decreased \$88.1 million or 2% to \$4.81 billion \$4.54 billion at September 30, 2023 March 31, 2024, compared to \$4.73 billion \$4.63 billion at December 31, 2022 December 31, 2023.

The internal rating system for the credit quality of its loans is a series of grades reflecting management's risk assessment, based on its analysis of the borrower's financial condition. The "pass" category consists of all loans that are not in the "nonpass" category and categorized into a range of loan grades that reflect increasing, though still acceptable, risk. Movement of risk through the various grade levels in the pass category is monitored for early identification of credit deterioration. For more information on this internal rating system, see Note 3, Three, "Loans" of the consolidated financial statements in this Quarterly Report on Form 10-Q.

The nonpass loans totaled \$535.7 million \$338.6 million or 4.5% 7.2% of total loans as of September 30, 2023 March 31, 2024, compared to \$533.3 million \$676.3 million or 4.7% 6% of total loans as of December 31, 2022 December 31, 2023. As of September 30, 2023 March 31, 2024, the nonpass loans consisted of approximately 53% 61% watch loans and 47% 39% substandard loans compared to approximately 48% 62% watch loans and 52% 38% substandard loans as of December 31, 2022 December 31, 2023. The percent of nonpass loans on nonaccrual status as of September 30, 2023 March 31, 2024, was 10% 11%.

		September 30,		December 31,					
		March 31,						March 31,	
								December 31,	
		2023	2022	2022	2021	2024	2023	2023	2022
Nonaccrual loans	Nonaccrual loans	\$51,304	\$64,560	\$58,231	\$69,369				
Loans contractually past due 90 days or more	Loans contractually past due 90 days or more	511	678	273	550				
Total nonperforming loans	Total nonperforming loans	51,815	65,238	58,504	69,919				
Other real estate	Other real estate	14,362	8,030	8,401	1,927				
Other repossessed assets	Other repossessed assets	1	—	26	43				

Total nonperforming assets	Total nonperforming assets	\$66,178	\$73,268	\$66,931	\$71,889
Nonperforming loans to total loans	Nonperforming loans to total loans	0.44 %	0.60 %	0.51 %	0.70 %
Nonperforming loans to total loans					
Nonperforming loans to total loans		0.82 %	0.51 %	0.81 %	0.51 %
Nonperforming assets to total loans plus repossessed property	Nonperforming assets to total loans plus repossessed property	0.56	0.67	0.59	0.72
Nonperforming assets to total assets	Nonperforming assets to total assets	0.33	0.37	0.33	0.37

The schedules below summarize the changes in nonperforming assets during the three- and nine- ~~three~~ months ended **September 30, 2023** **March 31, 2024**, in thousands:

	Nonperforming Loans	Other Real Estate Owned	Other Repossessed Assets	Total Nonperforming Assets
June 30, 2023	\$ 63,415	\$ 2,677	\$ 5	\$ 66,097
Loan foreclosures	(12,542)	12,537	5	—
Net loan charge-offs	(3,662)	—	—	(3,662)
New nonperforming loans	19,295	—	—	19,295
Reduction of nonperforming loans <sup>(1)</sup>	(14,691)	—	—	(14,691)
OREO/Reposessed assets sales proceeds	—	(589)	(6)	(595)
OREO/Reposessed assets writedowns, net	—	(263)	(3)	(266)
September 30, 2023	\$ 51,815	\$ 14,362	\$ 1	\$ 66,178

(1) Includes principal reductions and transfers to performing status.

	Nonperforming Loans	Other Real Estate Owned	Other Repossessed Assets	Total Nonperforming Assets
December 31, 2022	\$ 58,504	\$ 8,401	\$ 26	\$ 66,931
Loan foreclosures	(12,800)	12,776	24	—
Net loan charge-offs	(11,960)	—	—	(11,960)
New nonperforming loans	43,726	—	—	43,726
Reduction of nonperforming loans <sup>(1)</sup>	(25,655)	—	—	(25,655)
OREO/Reposessed assets sales proceeds	—	(5,636)	(36)	(5,672)
OREO/Reposessed assets writedowns, net	—	(1,179)	(13)	(1,192)
September 30, 2023	\$ 51,815	\$ 14,362	\$ 1	\$ 66,178

(1) Includes principal reductions and transfers to performing status.

Nonperforming Loans	Other Real Estate Owned	Other Repossessed Assets	Total Nonperforming Assets
---------------------	-------------------------	--------------------------	----------------------------

December 31, 2023	\$	97,933	\$	12,548	\$	—	\$	110,481
Loan foreclosures		—		—		—		—
Net loan charge-offs		(2,300)		—		—		(2,300)
New nonperforming loans		5,470		—		—		5,470
Reduction of nonperforming loans <sup>(1)</sup>		(5,692)		—		—		(5,692)
OREO/Reposessed assets sales proceeds		—		(9,826)		—		(9,826)
OREO/Reposessed assets writedowns, net		—		(132)		—		(132)
March 31, 2024	\$	95,411	\$	2,590	\$	—	\$	98,001

(1) Includes principal reductions and transfers to performing status.

Total nonperforming assets decreased \$753,000 \$12.5 million or 1% 11% to \$66.2 million \$98.0 million or 0.33% 0.51% of total assets at September 30, 2023 March 31, 2024, compared to \$66.9 million \$110.5 million or 0.33% 0.57% of total assets at December 31, 2022 December 31, 2023. Nonperforming loans were \$51.8 million \$95.4 million at September 30, 2023 March 31, 2024, compared to \$58.5 million \$97.9 million at December 31, 2022 December 31, 2023, which represented 0.44% 0.82% and 0.51% 0.81% of total loans at September 30, 2023 March 31, 2024, and December 31, 2022 December 31, 2023, respectively. At September 30, 2023 March 31, 2024, approximately \$33.6 million \$70.6 million or 65% 75% of HTLF's nonperforming loans had individual loan balances exceeding \$1.0 million and represented loans to twelve 11 borrowers. The portion of the nonperforming nonresidential real estate loans covered by government guarantees totaled \$10.4 million \$10.1 million and \$12.5 million \$10.3 million at September 30, 2023 March 31, 2024, and December 31, 2022 December 31, 2023, respectively.

Other real estate owned, net, increased \$6.0 million decreased \$10.0 million or 71% 79% to \$14.4 million \$2.6 million at September 30, 2023 March 31, 2024 from \$8.4 million \$12.5 million at December 31, 2022 December 31, 2023. HTLF added one property with a book value of \$11.3 million to other real estate, net, during the third quarter of 2023, 2023 which was sold in the first quarter of 2024.

## SECURITIES

The composition of the securities portfolio is managed to meet liquidity needs while maximizing the return on the portfolio within the established HTLF risk appetite parameters and in consideration of the impact it has on HTLF's asset/liability position. Securities represented 32% 28% and 35% 29% of total assets at September 30, 2023 March 31, 2024, and December 31, 2022 December 31, 2023, respectively. Total securities carried at fair value as of September 30, 2023 March 31, 2024, were \$5.48 billion \$4.42 billion, a decrease of \$664.5 million \$228.7 million or 11% 5% from \$6.15 billion \$4.65 billion at December 31, 2022 December 31, 2023.

As of September 30, 2023 March 31, 2024, and December 31, 2022 December 31, 2023, securities with a carrying value of \$2.66 billion \$2.61 billion and \$1.49 billion \$2.63 billion, respectively, were pledged to secure public and trust deposits, short-term borrowings and for other purposes as required or permitted by law. As of September 30, 2023 March 31, 2024, approximately \$3.64 billion \$2.62 billion of securities remained available to pledge.

The table below presents the composition of the securities portfolio, including securities carried at fair value, held to maturity securities, net of allowance for credit losses, and other, by major category, as of September 30, 2023 March 31, 2024, and December 31, 2022 December 31, 2023, in thousands:

		March 31, 2024					
		March 31, 2024					
		March 31, 2024					
		September 30, 2023			December 31, 2022		
		Amount		Percent	Amount		Percent
U.S. treasuries	U.S. treasuries	\$	31,805	0.50 %	\$	31,699	0.45 %
U.S. treasuries							
U.S. treasuries							
U.S. agencies							
U.S. agencies							
U.S. agencies	U.S. agencies		41,104	0.64		43,135	0.61
Obligations of states and political subdivisions	Obligations of states and political subdivisions			25.13		1,708,840	24.24
			1,610,155				
Obligations of states and political subdivisions							
Obligations of states and political subdivisions							
Mortgage-backed securities - agency							
Mortgage-backed securities - agency							

Mortgage-backed securities - agency	Mortgage-backed securities - agency	1,594,395	24.88	1,772,105	25.13
Mortgage-backed securities - non-agency	Mortgage-backed securities - non-agency	1,895,080	29.57	2,181,876	30.94
Mortgage-backed securities - non-agency					
Mortgage-backed securities - non-agency					
Commercial mortgage-backed securities - agency					
Commercial mortgage-backed securities - agency					
Commercial mortgage-backed securities - agency	Commercial mortgage-backed securities - agency	81,444	1.27	85,123	1.21
Commercial mortgage-backed securities - non-agency	Commercial mortgage-backed securities - non-agency	602,433	9.40	659,459	9.35
Commercial mortgage-backed securities - non-agency					
Commercial mortgage-backed securities - non-agency					
Asset-backed securities	Asset-backed securities	384,379	6.00	416,054	5.90
Asset-backed securities					
Asset-backed securities					
Corporate bonds					
Corporate bonds					
Corporate bonds	Corporate bonds	56,522	0.88	57,942	0.82
Equity securities with a readily determinable fair value	Equity securities with a readily determinable fair value	20,838	0.33	20,314	0.29
Equity securities with a readily determinable fair value					
Equity securities with a readily determinable fair value					
Other securities					
Other securities					
Other securities	Other securities	90,001	1.40	74,567	1.06
Total securities	Total securities	\$ 6,408,156	100.00 %	\$ 7,051,114	100.00 %
Total securities					
Total securities					

HTLF's securities portfolio had an expected modified duration of 6.12 6.76 years as of September 30, 2023 March 31, 2024, and 6.19 6.38 years as of December 31, 2022 December 31, 2023.

At September 30, 2023 March 31, 2024, HTLF had \$90.0 million \$68.5 million of other securities, including Federal Home Loan Bank ("FHLB") stock. These securities are recorded on the consolidated balance sheets in Securities: Other investments, at cost.

## DEPOSITS

Total deposits were **\$17.10 billion** \$15.30 billion as of **September 30, 2023** March 31, 2024, compared to **\$17.51 billion** \$16.20 billion at **December 31, 2022** December 31, 2023, a decrease of **\$412.0 million** \$899.5 million or 6%. Excluding the impact of the transfer of \$596.3 million of deposits to held for sale related to the planned sale of Rocky Mountain Bank, deposits decreased \$303.2 million or 2%. As of **September 30, 2023** March 31, 2024, **64%** 69% of HTLF's deposits were insured or collateralized. Total uninsured deposits were \$6.00 billion or 38% of total deposits including deposits held for sale as of March 31, 2024.

HTLF maintains a granular and diverse deposit base. As of **September 30, 2023** March 31, 2024, no Bank Market represented more than **13%** 15% of total customers deposits, and no major industry represented more than **10%** 11% of total commercial customer deposits.

The following table shows the changes in deposit balances by deposit type since year-end **2022, 2023**, in thousands:

		September 30, 2023	December 31, 2022	Change	% Change								
						March 31, 2024		December 31, 2023		Change			
March 31, 2024						March 31, 2024		December 31, 2023					
Demand-customer	Demand-customer	\$ 4,792,813	\$ 5,701,340	\$ (908,527)	(16) %	Demand-customer	\$ 4,264,390	\$	\$ 4,500,304	\$	\$(235,914)	(5)	(5)
Savings-customer	Savings-customer	8,190,430	8,670,898	(480,468)	(6)								
Savings-wholesale and institutional	Savings-wholesale and institutional	564,481	1,323,493	(759,012)	(57)								
Total savings	Total savings	8,754,911	9,994,391	(1,239,480)	(12)								
Time-customer	Time-customer	1,814,335	851,539	962,796	113								
Time-wholesale	Time-wholesale	1,738,934	965,739	773,195	80								
Total time	Total time	3,553,269	1,817,278	1,735,991	96								
Total deposits	Total deposits	\$17,100,993	\$17,513,009	\$ (412,016)	(2) %	Total deposits	\$15,302,166	\$	\$16,201,714	\$	\$(899,548)	(6)	(6)
Total customer deposits	Total customer deposits	\$14,797,578	\$15,223,777	\$ (426,199)	(3) %								
Total customer deposits	Total customer deposits						\$14,269,317		\$14,856,428		\$(587,111)	(4) %	
Total wholesale and institutional deposits	Total wholesale and institutional deposits	2,303,415	2,289,232	14,183	1 %	Total wholesale and institutional deposits	1,032,849	1,345,286	1,345,286	(312,437)	(312,437)	(23)	
Total deposits	Total deposits	\$17,100,993	\$17,513,009	\$ (412,016)	(2) %	Total deposits	\$15,302,166	\$	\$16,201,714	\$	\$(899,548)	(6)	(6)

Total customer deposits were **\$14.27 billion** as of March 31, 2024 compared to **\$14.86 billion** at December 31, 2023, which was a decrease of **\$587.1 million** or 4%. Excluding the impact of the transfer of \$596.3 million of deposits to held for sale related to the planned sale of Rocky Mountain Bank, customer deposits increased **\$9.2 million**. Significant customer deposit changes by category at March 31, 2024, compared to December 31, 2023, included:

- Customer demand deposits decreased **\$235.9 million** or 5% to **\$4.26 billion** compared to **\$4.50 billion**. Excluding the decrease related to Rocky Mountain Bank, customer demand deposits decreased **\$91.9 million** or 2%.

- Customer savings deposits decreased \$141.3 million or 2% to \$8.27 billion compared to \$8.41 billion. Excluding the decrease related to Rocky Mountain Bank, customer savings deposits increased \$189.0 million or 2%.
- Customer time deposits decreased \$209.9 million or 11% to \$1.73 billion compared to \$1.94 billion. Excluding the decrease related to Rocky Mountain Bank, customer time deposits decreased \$87.9 million or 5%.

Management helps customer facilitate additional FDIC insurance through Insured Cash Sweep ("ICS") products and Certificates of Deposit Registry Service ("CDARS") products. At September 30, 2023 March 31, 2024, HTLF had \$2.30 billion \$1.03 billion of wholesale and institutional deposits, of which \$564.5 million \$399.3 million was included in savings deposits and \$1.74 billion \$633.6 million was included in time deposits. At December 31, 2023, HTLF had \$1.32 billion \$1.35 billion of wholesale and institutional deposits, of which \$394.4 million of wholesale savings and institutional deposits and \$965.7 million \$950.9 million was included in time deposits.

Wholesale and institutional deposits at March 31, 2024 include \$845.3 million or 6% of wholesale total deposits, of brokered deposits, of which \$633.6 million was included in brokered time deposits and \$210.7 million included in ICS. Wholesale and institutional deposits at December 31, 2022 December 31, 2023, included \$1.16 billion, or 7% of total deposits, of brokered deposits, of which \$951.9 million was included in brokered time deposits and \$210.7 million included in ICS.

HTLF has established policies with respect to the use of brokered deposits to limit the amount of brokered deposits as a percentage of total deposits and the HTLF Asset/Liability Committee monitors the use of brokered deposits on a regular basis, including interest rates and the total volume of such deposits in relation to total deposits. As of March 31, 2024, the level of brokered deposits falls well within the internal policy limit of 20% of total assets. HTLF has established risk limits for the level of uninsured deposits to total deposits and uninsured and collateralized deposits to total deposits as well as deposit concentration limits for the largest one, five and 100 customers, and has been in compliance with those internal requirements for the periods presented.

The table below presents the composition of deposits by category as of September 30, 2023 March 31, 2024, and December 31, 2022 December 31, 2023, in thousands:

		September 30, 2023		December 31, 2022								
		Amount	Percent	Amount	Percent							
		March 31, 2024										
		Amount				March 31, 2024				December 31, 2023		
						Amount	Percent			Amount	Percent	
Demand-customer	Demand-customer	\$ 4,792,813	28.03 %	\$ 5,701,340	32.55 %	Demand-customer	\$ 4,264,390	27.87	27.87 %	\$ 4,500,304	27.78	27.78 %
Savings-customer	Savings-customer	8,190,430	47.89	8,670,898	49.52							
Savings-wholesale and institutional	Savings-wholesale and institutional	564,481	3.30	1,323,493	7.56							
Time-customer	Time-customer	1,814,335	10.61	851,539	4.86							
Time-wholesale	Time-wholesale	1,738,934	10.17	965,739	5.51							
Total	Total	\$17,100,993	100.00 %	\$17,513,009	100.00 %	Total	\$15,302,166	100.00	100.00 %	\$16,201,714	100.00	100.00 %

#### SHORT-TERM BORROWINGS

Short-term borrowings, which HTLF defines as borrowings with an original maturity of one year or less, Borrowings were as follows as of September 30, 2023 March 31, 2024, and December 31, 2022 December 31, 2023, in thousands:

	September 30, 2023	December 31, 2022	Change	% Change
Securities sold under agreement to repurchase	\$ 29,124	\$ 95,303	\$ (66,179)	(69)%
Advances from the FHLB	351,772	50,000	301,772	604
Advances from the federal discount window	—	224,000	(224,000)	(100)
Other short-term borrowings	11,738	6,814	4,924	72
Total	\$ 392,634	\$ 376,117	\$ 16,517	4 %

	March 31, 2024	December 31, 2023	Change	% Change
Retail repurchase agreements	\$ 47,961	\$ 42,447	\$ 5,514	13 %

Advances from the FHLB	—	521,186	(521,186)	(100)
Bank term funding program	500,000	—	500,000	—
Other borrowings	102,072	58,622	43,450	74
Total	<u>\$ 650,033</u>	<u>\$ 622,255</u>	<u>\$ 27,778</u>	<u>4 %</u>

**Short-term borrowings** Borrowings generally include federal funds purchased, securities sold under agreements to repurchase, swap margin payable, short-term FHLB advances, Bank Term Funding Program ("BTFP") and discount window borrowings from the Federal Reserve Bank. These funding sources are utilized in varying degrees depending on their pricing and availability. The Banks own HTLF Bank owns FHLB stock in either the FHLB of Topeka, or Des Moines FHLB, enabling them HTLF Bank to borrow funds from their respective FHLB for short-term or long-term purposes under a variety of programs. Short-term borrowings Borrowings totaled \$392.6 million \$650.0 million at September 30, 2023 March 31, 2024, compared to \$376.1 million \$622.3 million at December 31, 2022 December 31, 2023, an increase of \$16.5 million \$27.8 million or 4%.

The Banks have pledged securities that provided borrowing capacity totaling \$613.1 million as of September 30, 2023, to the BTFP is a Federal Reserve Bank program created in the first quarter of 2023 to assist banks in meeting all the liquidity needs of depositors. There have been no advances from The BTFP ceased extending new loans on March 11, 2024. During the first quarter of 2024 HTLF Bank utilized the BTFP since to obtain a \$500.0 million advance due in January of 2025; prepayable at any time without penalty. HTLF Bank pledged \$393.1 million of securities to support the inception borrowings as of the program. March 31, 2024.

The Banks provide HTLF Bank provides retail repurchase agreements to their customers as a cash management tool. Although the aggregate balance of these retail repurchase agreements is subject to variation, the account relationships represented by these balances are principally local. The balances of retail repurchase agreements were \$29.1 million \$48.0 million at September 30, 2023 March 31, 2024, compared to \$95.3 million \$42.4 million at December 31, 2022 December 31, 2023, a decrease an increase of \$66.2 million \$5.5 million or 69% 13%.

HTLF renewed its revolving credit line agreement with an unaffiliated bank on June 14, 2022. This revolving credit line agreement, which has \$100.0 million of borrowing capacity, is included in short-term borrowings, and the primary purpose of this credit line agreement is to provide liquidity. No advances occurred on this line during the first nine three months of 2023, 2024, and the outstanding balance was \$0 at both September 30, 2023 March 31, 2024, and December 31, 2022 December 31, 2023. The credit agreement contains specific financial covenants which HTLF complied with as of March 31, 2024.

## OTHER BORROWINGS

## TERM DEBT

The outstanding balances of other borrowings, which HTLF defines as borrowings with an original maturity date of more than one year, are shown in the table below, term debt net of discount and issuance costs amortization as of September 30, 2023 March 31, 2024, and December 31, 2022 December 31, 2023, in thousands:

March 31, 2024		September 30, 2023		December 31, 2022		March 31, 2024		December 31, 2023		Change		% Change	
Advances from the FHLB		\$ —	\$ 740	\$ (740)	(100) %								
Trust preferred securities													
Trust preferred securities	Trust preferred securities	148,595	148,284	311	—								
Contracts payable	Contracts payable	80	82	(2)	(2)								
Contracts payable													
Subordinated notes	Subordinated notes	223,384	222,647	737	—								
Total	Total	<u>\$ 372,059</u>	<u>\$ 371,753</u>	<u>\$ 306</u>	<u>— %</u>								
Total													
Total						<u>\$ 372,652</u>	<u>\$ 372,396</u>	<u>\$ 256</u>	<u>— %</u>				



September 30, 2023 March 31, 2024,

		Interest Rate as of														
		Amount Issued	Issuance Date	Interest Rate	9/30/2023 <sup>(1)</sup>	Maturity Date	Callable Date									
							Interest Rate as of 3/31/2024 <sup>(1)</sup>									
		Amount Issued						Amount Issued		Issuance Date		Interest Rate				
Heartland Financial Statutory Trust IV	Heartland Financial Statutory Trust IV	\$ 10,310	03/17/2004	2.75% over LIBOR	8.42%	03/17/2034	12/17/2023	\$ 10,310	03/17/2004	03/17/2004		2.75% over LIBOR	8.34%			03/17/2024
Heartland Financial Statutory Trust V	Heartland Financial Statutory Trust V	20,619	01/27/2006	1.33% over LIBOR	6.90	04/07/2036	01/07/2024	20,619	01/27/2006	01/27/2006		1.33% over LIBOR	6.91			04/07/2024
Heartland Financial Statutory Trust VI	Heartland Financial Statutory Trust VI	20,619	06/21/2007	1.48% over LIBOR	7.15	09/15/2037	12/15/2023	20,619	06/21/2007	06/21/2007		1.48% over LIBOR	7.07			09/15/2024
Heartland Financial Statutory Trust VII	Heartland Financial Statutory Trust VII	18,042	06/26/2007	1.48% over LIBOR	7.15	09/01/2037	12/01/2023	18,042	06/26/2007	06/26/2007		1.48% over LIBOR	7.08			09/01/2024
Morrill Statutory Trust I	Morrill Statutory Trust I	9,440	12/19/2002	3.25% over LIBOR	8.91	12/26/2032	12/26/2023	9,487	12/19/2002	12/19/2002		3.25% over LIBOR	8.82			12/26/2024
Morrill Statutory Trust II	Morrill Statutory Trust II	9,170	12/17/2003	2.85% over LIBOR	8.52	12/17/2033	12/17/2023	9,226	12/17/2003	12/17/2003		2.85% over LIBOR	8.44			12/17/2024
Sheboygan Statutory Trust I	Sheboygan Statutory Trust I	6,856	09/17/2003	2.95% over LIBOR	8.62	09/17/2033	12/17/2023	6,900	09/17/2003	09/17/2003		2.95% over LIBOR	8.54			09/17/2024
CBNM Capital Trust I	CBNM Capital Trust I	4,595	09/10/2004	3.25% over LIBOR	8.92	12/15/2034	12/15/2023	4,620	09/10/2004	09/10/2004		3.25% over LIBOR	8.84			12/15/2024
Citywide Capital Trust III	Citywide Capital Trust III	6,647	12/19/2003	2.80% over LIBOR	8.43	12/19/2033	01/23/2024	6,675	12/19/2003	12/19/2003		2.80% over LIBOR	8.38			12/19/2024
Citywide Capital Trust IV	Citywide Capital Trust IV	4,512	09/30/2004	2.20% over LIBOR	7.84	09/30/2034	11/23/2023	4,541	09/30/2004	09/30/2004		2.20% over LIBOR	7.78			09/30/2024
Citywide Capital Trust V	Citywide Capital Trust V	12,593	05/31/2006	1.54% over LIBOR	7.21	07/25/2036	12/15/2023	12,705	05/31/2006	05/31/2006		1.54% over LIBOR	7.13			07/25/2024
OCGI Statutory Trust III	OCGI Statutory Trust III	3,026	06/27/2002	3.65% over LIBOR	9.22	09/30/2032	12/30/2023	3,029	06/27/2002	06/27/2002		3.65% over LIBOR	9.23			09/30/2024
OCGI Capital Trust IV	OCGI Capital Trust IV	5,553	09/23/2004	2.50% over LIBOR	8.17	12/15/2034	12/15/2023	5,582	09/23/2004	09/23/2004		2.50% over LIBOR	8.09			12/15/2024
BVBC Capital Trust II	BVBC Capital Trust II	7,349	04/10/2003	3.25% over LIBOR	8.88	04/24/2033	01/24/2024	7,369	04/10/2003	04/10/2003		3.25% over LIBOR	8.82			04/24/2024

(1) Effective weighted average interest rate as of September 30, 2023, was 8.35%.

(1) Effective weighted average interest rate as of March 31, 2024, was 8.25%.

	Total Capital (to Risk- Weighted Assets)	Tier 1 Capital (to Risk- Weighted Assets)	Common Equity Tier 1 (to Risk- Weighted Assets)	Tier 1 Capital (to Average Assets)
Well capitalized requirement	10.00	8.00	6.50	5.00
Minimum capital requirement, including fully-phased in capital conservation buffer	10.50	8.50	7.00	N/A
Risk-weighted assets	\$ 15,187,911	\$ 15,187,911	\$ 15,187,911	N/A
Average assets	N/A	N/A	N/A	\$ 18,713,039
<b>December 31, 2023</b>	<b>14.53 %</b>	<b>11.69 %</b>	<b>10.97 %</b>	<b>9.44 %</b>
Minimum capital requirement	8.00	6.00	4.50	4.00
Well capitalized requirement	10.00	8.00	6.50	5.00
Minimum capital requirement, including fully-phased in capital conservation buffer	10.50	8.50	7.00	N/A
Risk-weighted assets	\$ 15,399,653	\$ 15,399,653	\$ 15,399,653	N/A
Average assets	N/A	N/A	N/A	\$ 19,082,733

Retained earnings that could be available for the payment of dividends to HTLF from its banks HTLF Bank totaled approximately \$774.2 million \$788.8 million and \$702.2 million \$743.3 million at September 30, 2023 March 31, 2024, and December 31, 2022 December 31, 2023, respectively, under the most restrictive minimum capital requirements. Retained earnings that could be available for the payment of dividends to HTLF from its banks HTLF Bank while remaining above the well capitalized levels totaled approximately \$463.7 million \$486.7 million and \$403.9 million \$436.9 million at September 30, 2023 March 31, 2024, and December 31, 2022 December 31, 2023, respectively. These dividends are the principal source of funds to pay dividends on HTLF's common and preferred stock and to pay interest and principal on its debt.

As of September 30, 2023 March 31, 2024, management believes regulatory capital ratio buffers would withstand any changes in regulatory rules that require the inclusion of unrealized losses in the total investment portfolio and remain well capitalized.

On June 26, 2020, HTLF issued and sold 4.6 million depositary shares, each representing a 1/400th interest in a share of 7.00% Fixed-Rate Reset Non-Cumulative Perpetual Preferred Stock, Series E. The depositary shares are listed on The Nasdaq Global Select Market under the symbol "HTLFP." If declared, dividends are paid quarterly in arrears at a rate of 7.00% per annum beginning on October 15, 2020. For the dividend period beginning on the first reset date of July 15, 2025, and for dividend periods beginning every fifth anniversary thereafter, each a reset date, the rate per annum will be reset based on a recent five-year treasury rate plus 6.675%. The earliest redemption date for the preferred shares is July 15, 2025. Dividends payable on common shares are subject to quarterly dividends payable on these outstanding preferred shares at the applicable dividend rate.

On August 8, 2022, HTLF filed a universal shelf registration statement with the SEC to register debt or equity securities. This shelf registration statement, which was effective immediately, provides HTLF with the ability to raise capital, subject to market conditions and SEC rules and limitations, if the board of directors decides to do so. This registration statement permits HTLF,

from time to time, in one or more public offerings, to offer debt securities, subordinated notes, common stock, preferred stock, depositary shares, warrants, rights or units of any combination of these securities. The amount of securities that may be offered was not specified in the registration statement, and the terms of any future offerings are to be established at the time of the offering. The registration statement expires on August 8, 2025.

## COMMITMENTS AND CONTRACTUAL OBLIGATIONS

### Commitments and Contractual Obligations

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 Banks evaluate HTLF Bank evaluates the creditworthiness of customers to which they extend a credit commitment on a case-by-case basis and may require collateral to secure any credit extended. The amount of collateral obtained is based upon management's credit evaluation of the customer. Collateral held varies but may include accounts receivable, inventory, property, plant and equipment and income-producing commercial properties. Standby letters of credit and financial guarantees are conditional commitments issued by the Banks HTLF Bank to guarantee the performance of a customer to a third party. Those guarantees are primarily issued to support public and private borrowing arrangements. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers. At September 30, 2023 March 31, 2024, and December 31, 2022,

December 31, 2023, commitments to extend credit totaled \$4.81 billion \$4.54 billion and \$4.73 billion \$4.62 billion, respectively. Standby letters of credit totaled \$75.8 million \$52.3 million at September 30, 2023 March 31, 2024, and \$55.1 million \$56.4 million at December 31, 2022 December 31, 2023.

At September 30, 2023 March 31, 2024, and December 31, 2022 December 31, 2023, HTLF's banks HTLF Bank had \$832.6 million \$921.4 million and \$682.9 million \$917.0 million, respectively, of standby letters of credit with the respective FHLB to secure public funds and municipal deposits.

Contractual obligations and other commitments were disclosed in HTLF's Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023. There have been no material changes to HTLF's contractual obligations and other commitments since the Annual Report on Form 10-K was filed.

There are certain legal proceedings pending against HTLF and its subsidiaries at September 30, 2023 March 31, 2024, that are ordinary routine litigation incidental to business.

HTLF continues to explore opportunities to expand the size of its banking footprint by opportunistically identifying acquisition targets that complement its current banking strategy. This includes transactions that increase penetration in existing geographic Bank Markets, as well as acquisitions of fee income businesses that complement and build on existing businesses or further meet the needs of customers. Future expenditures relating to expansion efforts, in addition to those identified above, cannot be estimated at this time.

Derivative Financial Instruments

HTLF enters into mortgage banking derivatives, considers and uses derivative financial instruments as part of its interest rate risk management strategy, which are classified as free standing derivatives. These derivatives may include interest rate lock commitments provided to customers to fund certain mortgage swaps, fair value hedges, risk participation agreements, caps, floors and collars. In the first quarter of 2023, HTLF terminated cash flow hedges that were effectively converting \$500.0 million of variable rate loans to be sold fixed rate loans. In the second and third quarter of 2023, HTLF continued the strategy of using derivatives by entering into fair value hedges to manage the secondary market exposure to changes in the fair value on \$2.5 billion of our loan portfolio and forward commitments for the future delivery \$838.1 million of these loans. HTLF enters into forward commitments for the future delivery of residential mortgage loans when interest rate lock commitments are entered into in order to economically hedge the effect of future interest rate changes on the commitments to fund these loans and on the residential mortgage loans held as available for sale, our investment portfolio. See Note 6 Six to the consolidated financial statements included in this Quarterly Report on Form 10-Q for additional information on derivative financial instruments.

LIQUIDITY

Liquidity refers to the ability to maintain a cash flow that is adequate to meet maturing obligations and existing commitments, to withstand fluctuations in deposit levels, to fund operations and to provide for customers' credit needs. The liquidity of HTLF principally depends on cash flows from operating activities, investment in and maturity of assets, changes in balances of deposits and borrowings and its ability to borrow funds in the money or capital markets.

At September 30, 2023 March 31, 2024, HTLF had \$348.0 million \$444.4 million of cash and cash equivalents, time deposits in other financial institutions of \$1.5 million \$1.2 million and securities carried at fair value of \$5.48 billion \$4.42 billion. Management expects the securities portfolio to produce principal cash flows of approximately \$1.2 billion \$733.5 million over the next twelve months.

Management of investing and financing activities, and market conditions, determine the level and the stability of net interest cash flows. Management attempts to mitigate the impact of changes in market interest rates to the extent possible, so that balance sheet growth is the principal determinant of growth in net interest cash flows.

The Banks' HTLF Bank's FHLB memberships give membership gives them the ability to borrow funds for short- and long-term purposes under a variety of programs. Short-term borrowing Borrowing balances depend on commercial cash management and smaller correspondent bank relationships and, as a result, will normally fluctuate. Management believes these balances to be stable sources of funds and has tested drawing on these sources. In the event of short-term liquidity needs, HTLF's banks HTLF Bank may purchase federal funds from each other or from correspondent banks and may also borrow from the Federal Reserve Bank, including utilizing the BTFP, Bank.

Additional funding is provided by long-term term debt and short-term borrowings. As of September 30, 2023 March 31, 2024, HTLF had \$372.1 million \$372.7 million of long-term term debt outstanding, and it is an important funding source because of its multi-year borrowing structure.

HTLF's current liquidity strategy includes using overnight borrowings and reducing wholesale deposits. The use of overnight borrowings provides flexibility to make repayments on demand. As of September 30, 2023 March 31, 2024, pledged securities totaled \$2.66 billion \$2.61 billion. As of September 30, 2023 March 31, 2024, approximately \$3.64 billion \$2.62 billion of securities remained available to pledge.

The following table shows the source of funding, balance outstanding and available borrowing capacity as of September 30, 2023 March 31, 2024, dollars in thousands:

As of September 30, 2023							As of March 31, 2024	
As of March 31, 2024					As of March 31, 2024			
Source	Source	Outstanding	Available	Source	Outstanding	Available		

Federal Reserve	Federal Reserve		
Discount Window	Discount Window \$	—	\$1,337,967
Bank Term	Bank Term		
Funding Program	Funding Program	—	613,065
Federal Home	Federal Home		
Loan Bank	Loan Bank	351,772	1,142,180
Federal Funds	Federal Funds	—	295,000
Wholesale	Wholesale		
deposits/brokered	deposits/brokered		
CDs	CDs	2,163,287	1,864,025
Total	Total	\$ 2,515,059	\$5,252,237

HTLF is focused on loan growth and strives to fund loan growth with the least expensive source of deposits, sales of securities or borrowings. Excluding any sales which management may pursue from time to time, the securities portfolio is expected to produce principal cash flows of approximately **\$1.2 billion** **\$733.5 million** over the next twelve months, which could be used to fund loan growth, as well as reduce wholesale deposits. Additionally, growing customer deposits will continue to be a focus. HTLF offers the ICS and CDARS products accessed through the Intrafi network of financial institutions, which helps to reduce the amount of pledged securities.

On a consolidated basis, HTLF maintains a large balance of short-term securities that, when combined with cash from operations, management believes are adequate to meet its funding obligations.

At the parent company level, routine funding requirements consist primarily of dividends paid to stockholders, debt service on revolving credit arrangements and trust preferred securities, repayment requirements under other debt obligations and payments for acquisitions. The parent company obtains the funding to meet these obligations from dividends paid by **its Banks** **HTLF Bank** and the issuance of debt and equity securities.

At **September 30, 2023** **March 31, 2024**, the parent company had cash of **\$301.5 million** **\$288.5 million**. Additionally, HTLF has a revolving credit agreement with an unaffiliated bank, which was renewed most recently on June 14, 2022. The revolving credit agreement has \$100.0 million of maximum borrowing capacity, of which none was outstanding at **September 30, 2023** **March 31, 2024**. This credit agreement contains specific financial covenants, all of which HTLF complied with as of **September 30, 2023** **March 31, 2024**.

The ability of HTLF to pay dividends to its stockholders depends upon dividends paid to HTLF by **its Banks**. **The Banks are** **HTLF Bank**. HTLF Bank is subject to statutory and regulatory restrictions on the amount they may pay in dividends. To maintain acceptable capital ratios at **HTLF's Banks**, **HTLF Bank**, certain portions of their retained earnings are not available for the payment of dividends.

HTLF has filed a universal shelf registration statement with the SEC that provides HTLF the ability to raise both debt and capital, subject to SEC rules and limitations, if HTLF's board of directors decides to do so. This registration statement expires in August 2025.

Management believes that cash on hand, cash flows from operations and cash availability under existing borrower programs and facilities will be sufficient to meet any recurring and additional operating cash needs in **2023**, **2024**.

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

Market risk is the risk of loss arising from adverse changes in market prices and **rates**, **including the risk that our net income will be materially impacted by changes in interest rates**. HTLF's market risk is comprised primarily of interest rate risk resulting from **its** **HTLF Bank's** core banking activities of lending and **accepting deposits**. **Interest deposit gathering**.

**HTLF uses an interest rate risk measures the impact on earnings from changes in interest rates and the effect on the current fair market values of HTLF's assets, liabilities and off-balance sheet contracts. HTLF's objective is management process to measure this market risk and manage its balance sheet to avoid unacceptable potential for economic loss.**

**Management continually develops and applies strategies to mitigate market risk, exposure within policy limits approved by the HTLF Board of Directors. Exposure to market risk is reviewed on a regular basis by the asset/liability committee of the Bank, HTLF Bank's Asset/Liability Committee as well as HTLF's and on a consolidated basis, by HTLF's executive HTLF Bank's management and board Board of directors. At least quarterly, a detailed review of the Directors.**

**HTLF's balance sheet market risk profile is performed for HTLF measured and its Banks. Included in these reviews are reviewed at least quarterly. As part of the review, interest rate sensitivity analyses, analysis is performed, which simulate simulates changes in net interest income in response to various hypothetical interest rate scenarios. These analyses consider current portfolio rates, existing maturities, repricing opportunities scenarios capturing asset and market interest rates, in addition to prepayments liability pricing mismatches over a one-year and growth under different interest rate assumptions. Selected strategies are modeled prior to implementation to determine their effect on HTLF's interest rate risk profile and two-year time horizon. Increasing net interest income, income in a rising rate environment would indicate that asset-related income will increase faster than liability-related expense over the simulation period.**

The core interest rate risk analysis utilized by HTLF examines the balance sheet under increasing and decreasing many interest rate scenarios that are neither too modest nor too extreme. All rate changes are ramped over a 12-month horizon based upon a parallel shift in the including shocks, ramps, yield curve twists, market-based, as well as those that may be deemed extreme or highly unlikely. We use a net interest income ("NII") simulation model to measure the estimated changes in NII that would result over various time horizons from immediate and then maintained at those levels over sustained changes in interest rates. This model is an interest rate risk management tool, and the remainder results are not necessarily an indication of the simulation horizon. Using this approach, management is able to see the effect that both a gradual change of rates (year one) and a rate shock (year two and beyond) could have on our future net interest income. Starting balances The model has inherent limitations, and these results are based on a given set of rate changes and assumptions at a point in time. Key assumptions in the analysis include balance sheet growth, product mix-shift, the repricing behavior of interest-bearing deposits (i.e., deposit betas), behavior of deposits with indeterminate maturities, prepayment assumptions on financial instruments with embedded options such as loans and investment securities, as well as cashflow reinvestment assumptions.

The base scenario assumes a static balance sheet and static interest rates as of March 31, 2024, no changes to product mix shift and cashflow reinvestment at current market interest rates. HTLF also assumes a correlation, referred to as a deposit beta, with respect to interest-bearing deposits, as the rates paid to deposit holders change at a different pace when compared with changes in average benchmark interest rates. Generally, time deposits are assumed to have a high correlation, while other interest-bearing accounts are assumed to have a lower correlation. The model reflect actual balances assumes interest-bearing deposits reprice at 53% and total deposits reprice at 38% in an up rate scenario and that interest-bearing deposits reprice at 46% and total deposits reprice at 33% in a down rate scenario, as compared to the change in benchmark interest rates. The majority of our loans are variable rate and are assumed to reprice in accordance with their contractual terms. Some loans and investment securities include the opportunity of prepayment (embedded options) and the simulation model uses prepayment assumptions to estimate these accelerated cash flows and reinvests the proceeds at current simulated yields. Changes that could vary significantly from HTLF's assumptions include loan and deposit growth or contraction, loan and deposit pricing, changes in the mix of earning assets or funding sources, and future asset/liability management decisions, all of which may have significant effects on our net interest income.

Key assumptions are monitored at least annually or as needed, as part of the sensitivity analysis and back testing framework. When appropriate and applicable assumptions are recalibrated taking into consideration among other factors, the impact of a full interest rate cycle on the "as of" date, adjusted for balance sheet. In 2023, HTLF recalibrated certain prepayment assumptions and updated cash flow characteristics. None of the changes were material transactions. Pro-forma balances remain static. This methodology enables to the simulation model.

The following table presents the most recent simulation of net interest income at March 31, 2024, in thousands. The interest rate risk embedded within the existing balance sheet structure scenarios assume parallel instantaneous changes to be isolated from the interest rate risk often caused levels by growth 100 and 200 basis points.

	2024	
	Net Interest Margin	% Change From Base
<b>Year 1</b>		
Down 200 Basis Points	\$ 507,272	(18.86)%
Down 100 Basis Points	569,150	(8.67)
Base	623,201	
Up 100 Basis Points	673,889	8.13
Up 200 Basis Points	723,011	16.02
<b>Year 2</b>		
Down 200 Basis Points	536,259	(19.32)
Down 100 Basis Points	605,792	(8.85)
Base	664,642	
Up 100 Basis Points	709,600	6.76
Up 200 Basis Points	749,938	12.83

As of March 31, 2024, HTLF's through the cycle deposit beta (calculated by taking the change in assets and liabilities. Due company deposit rates compared to the low benchmark federal funds target rate over a period of time) for customer deposits was approximately 33% for all customer deposits and 37% including both customer and wholesale and institutional deposits. As of March 31, 2024, HTLF's through the cycle beta excluding noninterest-bearing accounts was approximately 47% for customer deposits and 51% including both customer and wholesale and institutional deposits. As of December 31, 2023, HTLF's through the cycle beta for customer deposits was approximately 31% for all customer deposits and 37% including both customer and wholesale and institutional deposits. As of December 31, 2023, HTLF's through the cycle beta excluding noninterest-bearing accounts was approximately 45% for customer deposits and 51% including both customer and wholesale and institutional deposits. HTLF compares actual deposit betas to the betas utilized in the net interest margin simulation models to monitor model performance and to monitor our deposits in comparison with market competition. Management also uses deposit betas to understand the risk to net interest income in various interest rate environment, the simulations under a decreasing interest rate scenario were prepared using a 100 basis point shift in rates. The most recent reviews at September 30, 2023, and September 30, 2022, provided the following results, in thousands: environments.

	2023		2022	
	Net Interest Margin	% Change From Base	Net Interest Margin	% Change From Base
<b>Year 1</b>				
Down 100 Basis Points	\$ 598,060	(2.83)%	\$ 596,846	(2.43)%
Base	615,457	—	611,715	—

HTLF uses We use derivative financial instruments to manage the impact of changes in interest rates on its our future interest income or interest expense. HTLF is We are exposed to credit-related losses in the event of nonperformance by the counterparties to these derivative instruments but believes it has believe we have minimized the risk of these losses by entering into the contracts with large, stable financial institutions. The estimated fair market values of these derivative instruments are presented in Note 6 Seven to the consolidated financial statements included in this Quarterly Report on Form 10-Q. statements.

	(1.02)%	\$	590,415	(3.48)%
Base	657,034	6.76	646,665	5.71
HTLF enters <u>We enter</u> into financial instruments with off balance sheet risk in the normal course of business to meet the financing needs of its <u>our</u> customers. These financial instruments include commitments to extend credit and standby letters of credit. These instruments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the consolidated balance sheets. Commitments to extend credit are agreements to lend <u>funds</u> to a customer as long as there is no violation of any condition established in the contract relating to the commitment. Commitments generally have fixed expiration dates and may require collateral from the borrower. Standby letters of credit are conditional commitments issued by HTLF to guarantee the performance of a customer to a <u>third party third-party</u> up to a stated amount and <u>subject to with</u> specified terms and conditions. These commitments to extend credit and standby letters of credit are not recorded on the <u>consolidated</u> balance <u>sheets sheet</u> until the loan is made or the letter <u>or of</u> credit is issued.	716,655	16.44	680,461	11.24

ITEM 4. CONTROLS AND PROCEDURES

Based on an evaluation, as of the end of the period covered by this Quarterly Report on Form 10-Q, under the supervision and with the participation of management, including the Chief Executive Officer and Chief Financial Officer, the Chief Executive Officer and Chief Financial Officer have concluded that:

- HTLF's disclosure controls and procedures (as defined in Rule 13a-15(e) and Rule 15d-15(e) promulgated under the Securities Exchange Act of 1934, as amended) were effective.
- During the three months ended September 30, 2023 March 31, 2024, there have been no changes in internal controls over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934, as amended) that have materially affected, or are reasonably likely to materially affect, the internal controls over financial reporting.

PART II

ITEM 1. LEGAL PROCEEDINGS

There are certain legal proceedings pending against HTLF and its subsidiaries at September 30, 2023 March 31, 2024, that are ordinary routine litigation incidental to HTLF's business.

ITEM 1A. RISK FACTORS

There have been no material changes in the risk factors applicable to HTLF from those disclosed in Part I, Item 1A. "Risk Factors" in HTLF's 2022 2023 Annual Report on Form 10-K.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

On March 17, 2020, the board of directors authorized management to acquire and hold up to 5% of capital or \$85.7 million as of September 30, 2023 March 31, 2024, as treasury shares at any one time. HTLF and its affiliated purchasers made no purchases of its common stock during the quarter ended September 30, 2023 March 31, 2024.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable

ITEM 5. OTHER INFORMATION

None

ITEM 6. EXHIBITS



## Exhibits

<a href="#">10.1</a>			
<a href="#">10.2</a>			
<a href="#">10.1</a>		(2)(3)	<a href="#">Amendment 3 to Agreement, dated June 9, 2023, to Master Agreement between Fiserv Solutions LLC and Heartland Financial USA, Inc. dated of July 1, 2021.</a>
<a href="#">10.2</a>			
<a href="#">10.2</a>	<a href="#">10.2</a>	(2)(3)	<a href="#">Amendment 4 to Agreement, dated June 9, 2023, to Master Agreement between Fiserv Solutions LLC and Heartland Financial USA, Inc. dated of July 1, 2021.</a>
<a href="#">10.3</a>	<a href="#">10.3</a>	(2)(3)	<a href="#">Amendment 5 to Agreement, dated June 9, 2023, to Master Agreement between Fiserv Solutions LLC and Heartland Financial USA, Inc. dated of July 1, 2021.</a>
<a href="#">10.3</a>			
<a href="#">10.3</a>			
<a href="#">31.1</a>	<a href="#">31.1</a>	(3)	<a href="#">Certification of Chief Executive Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act.</a>
<a href="#">31.1</a>			
<a href="#">31.1</a>			
<a href="#">31.2</a>			
<a href="#">31.2</a>			
<a href="#">31.2</a>	<a href="#">31.2</a>	(3)	<a href="#">Certification of Chief Financial Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act.</a>
<a href="#">32.1</a>	<a href="#">32.1</a>	(3)	<a href="#">Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>
<a href="#">32.1</a>			
<a href="#">32.1</a>			
<a href="#">32.2</a>			
<a href="#">32.2</a>	<a href="#">32.2</a>	(3)	<a href="#">Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>
101	101		Financial statement formatted in Inline Extensible Business Reporting Language: (i) the Consolidated Balance Sheets, (ii) the Consolidated Statements of Income, (iii) the Consolidated Statements of Comprehensive Income, (iv) the Consolidated Statements of Cash Flows, (v) the Consolidated Statements of Changes in Equity, and (vi) the Notes to Consolidated Financial Statements.
101			
101			
104	104		Cover page formatted in Inline Extensible Business Reporting Language
104			



- (1) Management contract or compensatory plan or arrangement
- (2) Filed or furnished herewith
- (3) Certain confidential information contained in this agreement has been omitted because it is both not material and is the type that the registrant treats as private or confidential.
- (3) Filed or furnished herewith

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 there unto duly authorized.

HEARTLAND FINANCIAL USA, INC.  
(Registrant)

/s/ Bruce K. Lee  
By: Bruce K. Lee  
President and Chief Executive Officer  
(Principal Executive Officer and Duly Authorized Officer)

/s/ Bryan R. McKeag Kevin L. Thompson  
By: Bryan R. McKeag Kevin L. Thompson  
Executive Vice President and Chief Financial Officer  
(Principal Financial Officer and Duly Authorized Officer)

/s/ Janet M. Quick  
By: Janet M. Quick  
Executive Vice President and Deputy Chief Financial Officer  
(Principal Accounting Officer and Duly Authorized Officer)

Dated: November 8, 2023 May 8, 2024



FISERV SOLUTIONS, LLC By: \s1\ By: \s2\ Name: \na1\ Name: Anthony Clark



Heartland Financial USA, Inc. - 00734886.0 Page 2 of 4 Title: \T1\ Title: Authorized Signatory Date: \ds1\ Date: \ds2\ Weiland Bank Solutions Services Schedule to ASP Services Exhibit 1, SERVICES. (a) Description of Services. Client agrees to purchase the treasury management application services using Fiserv's Weiland Account Analysis ("WAA" together with any additional modules noted in this Schedule shall be the "Fiserv System" for purpose of this Schedule) as identified in the Attachment(s) to this Schedule (the "Services") and Fiserv agrees to provide Client, in accordance with the Agreement, the ASP Services Exhibit to Master Agreement and this Schedule, such Services at the fees and charges set forth in Attachment 1. (b) Defined Terms. As used in this Schedule, the following terms shall have the meaning set forth below: (i) "Base Limits" [\*\*\*] (ii) "Live Production Date" [\*\*\*] (iii) "On Site Days" [\*\*\*] (iv) "Schedule Effective Date" means the effective date of the Amendment adding this Schedule to the Agreement. (v) "User Login" means the unique login information provided by Fiserv for each user identified and authorized by Client. (c) Implementation Services. Fiserv will provide Client with the implementation services described herein for the Services identified in Attachment 1 (the "Professional Services") [\*\*\*] (i) On Site Days. [\*\*\*] (ii) Service Definition Mapping. Fiserv and Client will meet for Fiserv to gather pertinent information regarding all of the depository, cash management, and treasury management services to be included in the implementation of the Services. [\*\*\*] (iii) Delivery of Fiserv System. [\*\*\*] (iv) Extended Training. If extended training is purchased as set forth on Attachment 1, Fiserv will provide, on mutually agreeable dates/times, training identified in Attachment 1 for use of the Services at Client's designated location. (v) Testing Account Analysis Statements. [\*\*\*] (d) Support Services. [\*\*\*] (i) Scheduled Maintenance. "Scheduled Maintenance" refers to upgrades of hardware or software, upgrades to increase capacity, and other maintenance necessary to maintain the condition of the Services. [\*\*\*] (ii) Emergency Maintenance. [\*\*\*] 2. FEES. Client shall pay the fees set forth in Attachment 1 in accordance with the payment terms set forth therein.



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Heartland Financial USA, Inc. - 00734886.0 Page 3 of 4 3. ADDITIONAL TERMS. (a) Term. The term of this Schedule shall be coterminous with the term of the ASP Services Exhibit and any subsequent renewal term(s) thereof. (b) Threatening Conditions. [\*\*\*] (c) Aggregated Data. [\*\*\*] (d) Vendor Due Diligence. [\*\*\*] (e) Client Responsibilities. (i) Client shall designate (A) an employee of Client as the primary project contact to work with the Fiserv Consultant in the implementation of the Services; and (B) an executive who is responsible for identifying and authorizing Client's users for issuance of User Logins. (ii) Client shall designate one or more employees as the system security administrators for access to the Services. (iii) User Logins may not be shared and are unique to Client's individual employee to whom it is assigned. If an employee leaves or otherwise is no longer using the Services on behalf of Client, Client shall notify Fiserv immediately to terminate the assigned User Login. Client shall request new User Logins for each Client representative accessing the Services.



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Heartland Financial USA, Inc.: 00734886.0 Page 4 of 4 Attachment 1 to Weiland Bank Solutions Services Schedule WAA Services; Fees 1. Payment Terms. (a) One-time Fees. [\*\*\*] (b) Recurring Services Fees. [\*\*\*] 2. Services Fees. Service Implementation (One-time) Fee — includes 4 On Site Days Monthly Service Fee (subject to additional fees above Base Limits Weiland Account Analysis (WAA). [\*\*\*] [\*\*\*] Signature RPA Extract Interface [\*\*\*] Extensions included with WAA: Additional features included: [\*\*\*] Base Limit category Number included in Base Limit incremental monthly usage fees for use above the Base Limits (based on active and open users, banks, and/or accounts on the last Friday of each billing month): Named Back Office User IDs [\*\*\*] [\*\*\*] Accounts [\*\*\*] [\*\*\*] Billing Points [\*\*\*] [\*\*\*] Named Front Office User IDs [\*\*\*] [\*\*\*] Electronic Analysis Endpoints [\*\*\*] [\*\*\*]



slide1

Heartland Financial Usa, Inc.-00730623.0 Page 1 of 1 3 7 This 17 dated effective August 5th, 2023 the last date of signature below 53203 1398 Central Ave, 700 Locust Street, IA 52001-5021 Iowa 52001 is 255 Fiserv Drive, Brookfield, Wisconsin 53045 600 N. Vel R. Phillips Avenue Milwaukee WI through the date hereof . WHEREAS, entered into the Agreement for Fiserv's provision of various Services and Products to Client; WHEREAS, the Agreement included Axiom Services ("Axiom Services") under the Axiom Services Attachment to Intelligent Workplace Platform Services Schedule to the ASP Services Exhibit ("Axiom Schedule"); and WHEREAS, the parties desire to terminate the Axiom Schedule in accordance with this Amendment. NOW, THEREFORE, Fiserv and Client hereby shall Termination of Axiom Services, 2. Extend Desktop Teller and Desktop Sales parties agree that term for Maintenance Services for Desktop Teller and Desktop Sales Software set forth in Section 3(b) in Axiom Services, as provided under Account Processing Software (Signature) Schedule of Axiom Account Processing (Signature) to Software Products Exhibit terminated as extended and shall now end on December 31, 2024. The Desktop Teller and Desktop Sales Software Maintenance Services and support shall terminate December 31, 2024 (the "Desktop Maintenance Termination Date"), in alignment with the previously announced sunset date for Desktop Teller and Desktop Sales Software. Client shall retain the licenses to Desktop Teller and Desktop Sales and the right to continue usage Desktop Teller and Desktop Sales at no cost but without support from Fiserv after Amendment Effective Date herein, Desktop Termination Date, 2, 3, intended to be IN WITNESS WHEREOF, the The have caused execute to be executed s11 s12 tra1 Brad Enneking IT11 Chief Information Officer ds1 March 26, 2024 | 10:41 CDT ds2 March 28, 2024 | 06:30 CDT Heartland Financial USA, Inc.- 00749662.0 Page 1 of 1



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Heartland Financial Usa, Inc.-00735513.0 Page 1 HEARTLAND FINANCIAL USA, INC. 2020 LONG-TERM INCENTIVE PLAN 2024 TIME-BASED RESTRICTED STOCK UNIT AWARD AGREEMENT The Participant specified below is hereby granted a restricted stock unit award by HEARTLAND FINANCIAL USA, INC. (the "Company"), under the HEARTLAND FINANCIAL USA, INC. 2020 LONG-TERM INCENTIVE PLAN (as amended and restated, the "Plan"). The restricted stock units awarded by this Award Agreement (this "Agreement") shall be subject to the terms of the Plan and the terms set forth in this Agreement. All capitalized terms used in this Agreement and not otherwise defined have the meaning assigned to them in the Plan. Section 1. Award. The Company hereby grants to the Participant an award of restricted stock units (each such unit, an "RSU"), where each RSU represents the right of the Participant to receive one share of Company stock ("Share") in the future, subject to the terms of this Agreement and the Plan. For purposes of this Agreement, The "Participant" is: %FIRST\_NAME MIDDLE\_NAME LAST\_NAME% The "Grant Date" is: %OPTION\_DATE% The number of RSUs is: %TOTAL\_SHARES\_GRANTED/999,999,999%-% Section 2. Vesting of RSU. (a) The RSUs shall vest with respect to one-third (1/3) of the RSUs (rounded down to the nearest whole number and fully vested on the third vesting date) on March 21 of each of the three years following the year of the grant on which the RSU shall vest pursuant to this Section. Legend: [\*\*\*] CERTAIN INFORMATION IN THIS DOCUMENT HAS BEEN OMITTED FROM THIS EXHIBIT BECAUSE IT IS BOTH (i) NOT MATERIAL AND (ii) INFORMATION THAT THE COMPANY TREATS AS PRIVATE OR CONFIDENTIAL. Amendment 5 being hereafter referred Agreement This Amendment dated as the "Vesting Date"), provided that the Participant's Termination of Service has not occurred prior to the Vesting Date. A "Termination of Service" shall mean the Participant's cessation of employment with the Company or a Subsidiary. The price at which the RSUs shall vest is the fair market value of Company stock at closing on the business day prior to the Vesting Date. (b) Notwithstanding the foregoing provisions of this Section 2, the RSUs shall become fully vested immediately upon (i) the Participant's Disability or (ii) the Participant's death. (c) Notwithstanding the foregoing provisions of this Section 2, if the Participant's Termination of Service occurs due to a Qualifying Retirement, all RSUs shall become vested September 29, 2023 15:51 CDT ("Amendment Effective Date") is entered into the date of such Termination of Service due to a Qualifying Retirement. For such purposes, a "Qualifying Retirement" means a voluntary Termination of Services the Participant on or after the date the Participant reaches the age of 62, between Fiserv Solutions, LLC, a Wisconsin limited liability company with provided that (A) the Participant has provided at least five (5) years of service located at 255 Fiserv Drive, Brookfield, Wisconsin 53045 ("Fiserv") and Heartland Financial USA, Inc. with offices located at 1800 Larimer St Ste 1800 Denver CO 80202-1411 ("Client"), and is an amendment full-time equivalent services Master Agreement dated July 1, 2021 between Fiserv and Client (and as subsequently amended Company or a Subsidiary hereof of such Termination



of Services; (b) ("Agreement"). WHEREAS, Fiserv Participant executes a general release Client entered into waiver of claims against Company and its affiliates at the time of such Termination of Services; and (C) the Participant executes a Confidentiality, Non-Compete, Non-Solicitation for Fiserv's provision & General Waiver and Release, Consistent with Section 5.2 various services and products to Client. WHEREAS, Fiserv and Client wish to amend Agreement as described herein. NOW, THEREFORE, Fiserv and Client hereby agree as follows: 1. Unless otherwise defined herein, capitalized terms used herein shall have the same meanings assigned them in the Agreement; 2. Deliverables. The Services Description Attachment to Statement Advantage Services Schedule to ASP Services Exhibit Plan, any question regarding whether a voluntary Termination of Service constitutes a Qualifying Retirement amended to add determined by additional Services as set forth below. Weiland Account Analysis Statements Statements will Committee and the decision of the Committee shall duplex printed on white paper stock final inserted into windowed envelopes. Costs below apply to each service performed and include processing and all materials except as where noted. Description Fee Implementation Fees Statement Advantage. One-time implementation fee for Weiland Account Analysis (single bank instance) [\*\*\*] Digital Document Advantage (fka EDD): One-time implementation fee [\*\*\*] Implementation Credit - to be used towards binding upon Statement Advantage Project Fees [\*\*\*] Services Fee Weiland Account Analysis Statement Composition - print and electronic (per duplex page) [\*\*\*] Complete Statement Print - full color (per duplex page) [\*\*\*] Statement File Archive - return file export to Archive (per duplex page) [\*\*\*] Monthly Maintenance/Upgrades [\*\*\*] Presort (#10 - per envelope) Presort (9x12 - per envelope), as needed [\*\*\*] IMB - Intelligent Mail Barcode (per envelope) [\*\*\*] Postage - based on current USPS rates [\*\*\*] Volume Assumptions: (a) Approx [\*\*\*] Participant



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Heartland Financial Usa, Inc.-00735513.0 Page (d) Immediately upon a Change in Control, if the obligations under this Agreement are not assumed by the Company or its successor in such Change in Control, all RSUs that have not been previously forfeited shall become vested. Otherwise, if the obligations under this Agreement are assumed by the Company or its successor in such Change in Control, and if a Participant's employment by the Company, a Subsidiary or successor, the Company or a Subsidiary shall become subject to a Termination of Service within the period beginning six months prior to a Change in Control and ending 24 months after a Change in Control, all RSUs then held by the Participant shall become vested upon the later to occur of the Termination of Service or Change in Control. The foregoing provisions are subject to any forfeiture and expiration provisions otherwise applicable to the RSUs. (e) Except as set forth in Section 2(b), Section 2(c) and Section 2(d) above, upon the Participant's Termination of Service, Participant shall forfeit all RSUs that have not vested as of such Termination of Service and Participant shall have no further rights under this Agreement. Section 3. Precondition of Award. No Award of RSUs to a Participant will be effective unless Participant executes the Non-Solicitation Agreement attached as Exhibit A. Section 4. Settlement of RSUs. Delivery of Shares or other amounts under this Agreement and the Plan shall be subject to the following: (a) Delivery of Shares. The Company shall deliver to the Participant one Share free and clear of any restrictions in settlement of each of the vested and unrestricted RSUs within 30 days after such RSU becomes vested. Only whole Shares shall be issued, with any fractional RSUs rounded down to the nearest whole Share. Approx [\*\*\*] 2. Compliance with Applicable Laws. Notwithstanding any other term of this Agreement or the Plan, the Company shall have no obligation to deliver any Shares or make any other distribution of benefits under this Agreement or the Plan unless such delivery or distribution complies with all applicable laws and the applicable rules of any securities exchange or similar entity. (c) Certificates Not Required. To the extent that this Agreement and the Plan provide for the issuance of Shares, such issuance may be effected on a non-certificated basis, to the extent not prohibited by applicable law or the applicable rules of any securities exchange or similar entity. Section 5. Withholding. All deliveries of Shares pursuant to this Award shall be subject to withholding of all applicable taxes. The Company shall have the right to require the Participant (or if applicable, permitted assigns, heirs and Designated Beneficiaries) to remit to the Company an amount sufficient to satisfy any tax requirements prior to the delivery date of any Shares in connection with this Agreement. Except as may be provided otherwise by the Committee, such withholding obligations may be satisfied at the election of the Participant (a) through debit of a deposit account held by the Participant at a Company-affiliated bank, or (b) through the surrender of Shares to which the Participant is otherwise entitled under the Plan; provided, however, that except as otherwise specifically provided by the Committee, such Shares under clause (b) may not be used to satisfy more than the Company's minimum statutory withholding obligation. Section 6. Non-Transferability of RSUs. No RSU granted pursuant to this Agreement is transferable except as designated by the Participant by will or by the laws of descent and distribution or pursuant to a domestic relations order. Except as provided in the immediately preceding sentence, this Agreement shall not be assigned, transferred, pledged, hypothecated or otherwise disposed of by the Participant in any way whether by operation of law or otherwise, and shall not be subject to execution, attachment or similar process. Any attempt at assignment, transfer, pledge, hypothecation or other disposition of this Agreement contrary to the provisions hereof, or the levy of any attachment or similar process upon this Agreement or the RSUs it represents, shall be null and void and without effect.



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3 Section 7. Stockholder Rights. Any dividends or other distributions declared payable on the Company's Shares on or after the Grant Date of the RSUs until the RSUs vest or forfeit shall be credited notionally to the Participant in an amount equal to such declared dividends or other distributions on an equivalent number of the Shares of the Company ("Dividend Equivalents"). Dividend Equivalents so credited shall be paid if, and only to the extent that, the RSUs to which they relate vest, as provided under the terms of the Plan and this Agreement. Dividend Equivalents credited in respect to RSUs that are forfeited under the terms of the Plan and this Agreement are correspondingly forfeited. No interest or other earnings shall be credited on Dividend Equivalents. Vested Dividend Equivalents shall be paid in cash at the same time as the RSUs to which they relate vest and are converted into Shares. Other than as explicitly set forth above, the Participant shall not have any other rights of a Stockholder with respect to the RSUs, including but not limited to, voting rights, prior to the settlement of the RSUs pursuant to Section 4(a) above and issuance of Shares as provided herein. Section 8. Heirs and Successors. **Amendment** Agreement shall be binding upon, and inure to the benefit of, the Company and its successors and assigns, and upon any person acquiring all or substantially all of the Company's assets or business. If any rights of the Participant or benefits distributable to the Participant under this Agreement have not been settled or distributed at the time of the Participant's death and have not been designated to pass to a certain beneficiary, such rights shall be provided to the legal representative of the estate of the Participant. Section 9. Administration. The authority to manage and control the operation and administration of this Agreement and the Plan shall be vested in the Committee, and the Committee shall have all powers with respect to this Agreement as it has with respect to the Plan. Any interpretation of this Agreement or the Plan by the Committee and any decision made by the Committee with respect to this Agreement or the Plan shall be final and binding on all persons. Section 10. Plan Governs. Notwithstanding anything in this Agreement to the contrary, this Agreement shall be subject to the terms of the Plan, a copy of which may be obtained by the Participant from the Human Resources Department of the Company. This Agreement shall be subject to all interpretations, amendments, rules and regulations promulgated by the Committee from time to time. Notwithstanding any term of this Agreement to the contrary, in the event of any discrepancy between the corporate records of the Company and this Agreement, the corporate records of the Company shall control. Section 11. Not an Employment Contract. Neither the RSUs granted under this Agreement nor this Agreement shall confer upon the Participant any rights with respect to continuance of employment or other service with the Company or a Subsidiary, nor shall they interfere in any way with any right the Company or a Subsidiary may otherwise have to terminate or modify the terms of the Participant's employment or other service at any time. Section 12. Amendment. Without limitation of Section 15 and Section 16 below, this Agreement may be amended in accordance with the provisions of the Plan, and may otherwise be amended in writing by the Participant and the Company without the consent of any other person. Section 13. Governing Law. This Agreement, the Plan and all actions taken in connection herewith and therewith shall be governed by and construed in accordance with the laws of the State of Delaware, without reference to principles of conflict of laws, except as superseded by applicable federal law or as specifically stated in Exhibit A. Section 14. Validity. If any provision of this Agreement is determined to be illegal or invalid for any reason, said illegality or invalidity shall not affect the remaining parts hereof, but this Agreement shall be construed and enforced as if such illegal or invalid provision had never been included herein. Section 15. Section 409A Amendment. **This Agreement** **a modification** exempt from Code Section 409A and this Agreement shall be administered and interpreted in accordance with such intent. The Committee reserves



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4. the right (including the right to delegate such right) to unilaterally amend this Agreement without the consent of the Participant in order to maintain an exclusion from the application of, or to maintain compliance with, Code Section 409A; and the Participant hereby acknowledges and consents to such rights of the Committee. Section 16. Clawback. This Agreement, the RSUs and any Shares received under this Agreement, and any amount or benefit received under the Plan shall be subject to potential cancellation, recoupment, rescission, payback or other action in accordance with the terms of any applicable Company or Subsidiary clawback policy (the "Policy") or any applicable law, as may be in effect from time to time. The Participant hereby acknowledges and consents to the Company's or a Subsidiary's application, implementation and enforcement of (a) the Policy and any similar policy established by the Company or a Subsidiary that may apply to the Participant, whether adopted prior to or following the date of this Agreement, and (b) any provision of applicable law relating to cancellation, rescission, payback or recoupment of compensation, and agrees that the Company or a Subsidiary may take such actions as may be necessary to effectuate the Policy, any similar policy and applicable law, without further consideration or action. \* \* \* \*



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5 IN WITNESS WHEREOF, the Company has caused this Agreement to be executed in its name and on its behalf, and the Participant acknowledges understanding and acceptance of, and agrees to, the terms of this Agreement, all as of the Grant Date. This Agreement and any amendments or supplements hereto may be executed in counterparts, each of which shall constitute an original, but taken together shall constitute a single contract. Signature may be in electronic format, including by electronic acknowledgement. EMPLOYEE By: %%FIRST NAME LAST NAME%% Via Electronic Acknowledgment HEARTLAND FINANCIAL USA, INC. By: Bruce K. Lee President and CEO



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EXHIBIT A NON-SOLICITATION AGREEMENT This NON-SOLICITATION AGREEMENT (the "Agreement"), including the state-specific modifications in Appendix A.1 is entered into between Heartland Financial USA, Inc., and its Affiliates (as defined below), successors, and assigns (collectively the "Company") and the undersigned Employee. WHEREAS, the Company is engaged in the business of providing banking, investment, and other financial products and services (collectively, the "Services"); WHEREAS, to maximize the quality of the Services it provides, the Company encourages its employees to develop and maintain a proper business and professional relationships with its existing and potential customers as well as other employees; WHEREAS, in furtherance of developing these relationships and services, the Company compensates its employees for their time, trains its employees, discloses to its employees certain Confidential and Proprietary Information (as that term is defined in the parties' Employee Confidentiality and Non-Disclosure Agreement), and commits its resources to the development of these relationships and Confidential and Proprietary Information; WHEREAS, the Company's customer and employee relationships represent a significant investment of the Company's resources and are commercially important, and it is important that the Company protects its customers and employees from direct and indirect solicitation by competitors and former employees; and WHEREAS, Employee is receiving valuable consideration in the form of restricted stock grants ("RSUs") issued contemporaneously with Employee's execution of this **Except** NOW, THEREFORE, in consideration of the Employee's employment, the Employee's access to Confidential and Proprietary Information, the Company's providing Employee specialized training related to the Company's Services, the Company's allowing Employee access to customers and the ability to use and develop goodwill with them, the award of RSUs, the Employee's eligibility for discretionary compensation plans and programs in addition to any regular compensation, and the mutual covenants and promises set forth herein, the parties agree **expressly modified herein** follows: 1 Employees in Alabama, California, Colorado, District of Columbia, Georgia, Illinois, Indiana, Louisiana, Minnesota, Missouri, Nebraska, Nevada, New York, New Hampshire, North Carolina, North Dakota, Oklahoma, Virginia, Washington, and Wisconsin are directed to the State-Specific Appendix for important limitations on the scope of this Agreement.



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1. Confidentiality and Non-Disclosure. Employee acknowledged and agreed to the Employee Confidentiality and Non-Disclosure Agreement, which is incorporated into this Agreement. The Confidentiality and Non-Disclosure Agreement survives the termination of Employee's employment in accordance with its terms. 2. Nonsolicitation a. Non-Solicitation of Employees. At all times while Employee is employed by the Company and for 12 months immediately following the voluntary or involuntary termination of Employee's employment with the Company, regardless of the reason for the termination, Employee agrees and covenants not to directly or indirectly: (i) solicit or recruit for their own benefit or the benefit of any other person or entity, any employee of the Company (A) who was employed by the Company on the last day of Employee's employment or in the six month period immediately prior; and (B) whom the Employee gained knowledge of through Employee's employment with the Company ("Covered Employee"), or (ii) encourage or induce any Covered Employee to terminate their employment with the Company. Under no circumstances will Section 2(a) apply in California post-termination of employment. b. Non-Solicitation of Customers. Employee understands and acknowledges that because of Employee's employment with the Company, Employee will have access to and learn about the Company's Customer Information. "Customer Information" includes, but is not limited to, names, phone numbers, addresses, email addresses, transaction history and preferences, chain of command, pricing information, and other information identifying facts and circumstances specific to the customer and its relationship with the Company, as well as any information the disclosure or use of which is subject to the Confidentiality and Non-Disclosure Agreement. Employee further understands and acknowledges that the curtailment, diversion, or loss of any such customer relationship or goodwill will cause significant and irreparable harm to the Company. Based on the foregoing and Employee's employment relationship with the Company, at all times while Employee is employed by the Company and for 12 months immediately following the voluntary or involuntary termination of Employee's employment with the Company, regardless of the reason for the termination, Employee agrees and covenants not to directly or indirectly (i) solicit or attempt to solicit, for the purposes of providing or performing services similar to or in competition with the Company's Services, the Company's former, current, or prospective customers (1) with whom Employee had Material Business-Related Contact during the last two years of Employee's employment with the Company (the "Look Back Period"), including any interaction occurring indirectly through individuals directly or indirectly supervised by Employee or with whom Employee engaged in cross-selling or other joint marketing efforts, or (2) about whom the Employee received Customer Information during the Look Back Period (collectively "Covered Customers"), or (ii) encourage or otherwise induce any Covered Customer to curtail, terminate or decline to renew such Covered



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Customer's business relationship with the Company. Under no circumstances will Section 2(b) apply in California post-termination of employment. c. For purposes of this Section 2, "soliciting" means to interact with someone in an effort to cause or encourage the person or entity to do something, regardless of which party first initiates contact. "Material Business-Related Contact" means a direct, substantive conference, meeting, correspondence, discussion, or other contact or communication (but not merely a mass mailing, "cold call" telephone solicitation, incidental meeting at trade shows or conventions, or other like incidental contacts), that is intended to result in, lead to, maintain, increase, facilitate further, or otherwise aid the sale or other provision of product(s) or service(s) sold or provided by the Company. d. Territory. The non-solicitation covenants in Sections 2(a) and 2(b) are understood to be inherently and reasonably limited by geography to those locations and/or places of business where the Covered Customer or Covered Employee is located and available for solicitation. Where (and only where) a different form of geographic limitation is required by applicable law for enforcement, the covenants will be considered limited to Employee's Territory. "Territory" means the United States (including state and state-equivalents and county and county-equivalents therein), as the Company and Employee agree that the Company's business is conducted nationwide. If Employee is employed in a sales position, Employee acknowledges that the geographic scope is reasonable because many of the customers to whom Employee sells/sold products while employed by the Company are national accounts with locations throughout the country, and therefore, the scope of Confidential Information to which Employee had access and the goodwill Employee builds on behalf of the Company will not be limited to any particular county or state within the United States. If Employee is employed as an officer of the Company, Employee acknowledges that the geographic scope is reasonable because Employee is presumed to have participated in the Company's business and/or had Confidential Information about the Company's business throughout the United States (including state and state-equivalents and county and county-equivalents therein). Provided, however, if a nationwide Territory is unenforceable, "Territory" means the geographic territory(ies) assigned to Employee by the Company during the Look Back Period (by state, county, or other recognized geographic boundary used in the Company's business); and, if Employee has no such specifically assigned geographic territory then: (i) those states and counties in which Employee participated in the Company's business during the Look Back Period; and, (ii) the state(s) and county(ies) where Employee resided during the Look Back Period. e. Clarifications. The non-solicitation provisions in subsection 2(a) and (b) explicitly cover all forms of oral, written, or electronic communication, including, but not limited to, communications by email, regular mail, express mail, telephone, fax, instant message, and social media.



The use of the term the "Company" in this Agreement refers collectively to Heartland Financial USA, Inc. and its Affiliates. "Affiliate" shall mean any bank, trust company, financial services firm or other legal entity that directly or indirectly controls or is controlled by Heartland Financial USA, Inc., or is under common control with Heartland Financial USA, Inc. 3. Choice of Law; Remedies. This Agreement shall be interpreted according to the laws of the state in which the Employee last worked for the Company. The parties agree that, regardless of any choice of law provisions of any jurisdiction, **remain** be enforceable **full force** any Court of competent jurisdiction in that state. **ect** the parties expressly consent to the jurisdiction therein. Employee agrees that the Company may be irreparably harmed if Employee violated the terms of this Agreement and that money damages may not provide adequate relief. Employee therefore agrees that if Employee violates or threatens to violate any term of this Agreement, the Company may be entitled to a temporary or permanent injunction to enforce this Agreement, as well as any other remedies at law or in equity. Should the Company need to commence legal action to enforce any provision of this Agreement or protect its rights under the Agreement, and the Company is deemed the prevailing party, the Company shall recover its attorneys' fees incurred in such legal action, if permitted under applicable law. The Company shall be deemed the prevailing party if it is awarded any part of the legal or equitable relief it seeks, irrespective of whether some of the relief it

seeks is denied or modified. However, if applicable law requires this provision regarding attorneys' fees and costs be interpreted as reciprocal, it shall be modified such that all parties bear their own attorneys' fees and costs. 4. Successors. This Agreement shall inure to the benefit of and shall be enforceable by any successor or assignee of the Company. If the Company is sold, merged into another entity, or otherwise reorganized, this Agreement shall automatically be assigned to the successor entity, and Employee shall continue to owe the obligations set forth in this Agreement to the successor entity unless otherwise agreed in writing. In such a circumstance, Confidential Information shall include information of the successor entity as well as that of the Company. Furthermore, in the event of a corporate reorganization where Employee's employer transfers to a different entity included within the definition of Company, Employee shall owe the obligations set forth in this Agreement to Employee's new employing entity unless otherwise agreed in writing. In such a circumstance, Confidential Information shall include information of the new employing entity as well as that of the Company. This Agreement may be enforced by any of the Company's successors, or assigns who have a legitimate business interest that would be protected by enforcement of this Agreement. Employee's obligations under this Agreement are personal in nature and will not be assigned by Employee without the written consent of the Company. 5. Prior Agreements. This Agreement is intended as a clarification and amplification of any existing prior agreements between the parties (including the Employee Confidentiality and Non-Disclosure Agreement), which prior agreements relate to the subject matter of the Agreement. 6. Amendment. No changes in or additions to this Agreement shall be valid or binding unless reduced to writing and signed by both parties. Employee acknowledges that portions of this Agreement may be modified or overridden by the laws of the state in which



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Employee last worked for the Company, and that these modifications or overrides are set forth in the State-Specific Appendix below, which constitutes part of the Agreement and which Employee has read and understands. The parties agree that, where permitted by law, a Court of competent jurisdiction shall have the power to reduce the period or scope contained in this Agreement to substitute the maximum period or scope deemed reasonable under such circumstances or enforce the restrictions to such lesser extent as allowed by law. 7. Severability. The Employee Company agree that the covenants contained in this or any of its paragraphs, sentences, or clauses are severable and separate, and the enforceability of any specific covenant or restriction shall not affect the validity or enforceability of any other covenant or restriction set forth herein. Each such covenant on the part of the Employee shall be construed as an agreement independent of any other provision in Amendment Agreement, and the existence of any claim or cause of action of the Employee against the Company or any Affiliate whether predicated on this Agreement or otherwise control. Not constitute a defense to the enforcement of the Company of said covenants. 8. Waiver of Default. Any waiver by the Company of any default or violation under this Agreement shall not constitute a waiver of any other default or violation on a different occasion. 9. Consent. The Employee acknowledges that he/she has had sufficient time to read, has read, and understands this Agreement. The Employee acknowledges having received a copy of this Agreement. Employee is advised of the opportunity to review this Agreement with Employee's legal counsel. 10. Disclosure to Future Employers. Employee agrees to provide a copy of this Agreement to any organization that Employee is employed by or otherwise provides services to at any time during the 12 month period following termination of Employee's employment with the Company. The Employee acknowledges and agrees that the Company may send a copy of this Agreement to any such organization. 11. Counterparts; Electronic Signatures. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument. The Parties agree that any electronic signature included in this Agreement is intended to authenticate this writing and to have the same force and effect as an original signature by hand in ink. Employee may decline the use of an electronic signature and instead elect to sign a paper copy of this Agreement by hand in ink. The Company assents to and accepts this Agreement upon Employee providing Employee's signature either electronically or by hand, and the Parties agree that this Agreement will be binding and enforceable without the Company's signature.



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hereto executed this Agreement, effective as of the date executed electronically by the Employee ("Effective Date"). EMPLOYEE By: %%FIRST\_NAME LAST\_NAME%% Via Electronic  
Acknowledgment HEARTLANDFINANCIAL USA, INC. By: Bruce K. Lee President and CEO



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12 APPENDIX A The following shall apply to modify provisions of the Agreement, where applicable, based upon the controlling law in the state where Employee primarily resided and worked when last employed by the Company. Alabama: If Alabama law applies, then: (a) Employee's non-solicitation of employees obligations in Section 2(a) shall only apply to Covered Employees who are in a position uniquely essential to the management, organization, or service of the Company's business (such as an employee involved in management or significant customer sales or servicing); and (b) Employee's non-solicitation of customers obligations in Section 2(b) shall be modified to further limit the restriction on solicitation of clients to solicitation on behalf of a commercial entity that carries on a like business to the Company's Services. California: If California law applies, then the non-solicitation of employees obligations in Section 2(a) and the non-solicitation of customers obligations in Section 2(b) shall not apply after Employee's employment with the Company ends. However, any conduct relating to the solicitation of Company's customers or employees that involves the misappropriation of the Company's trade secret information, such as its protected customer information, will remain prohibited conduct at all times. Further, Employee acknowledges that signing this Agreement is Employee's knowing and voluntary choice after having had a full and fair opportunity to consult with legal counsel (at the Employee's cost). Colorado: If Colorado law applies, then: (a) The non-solicitation of customers obligations in Section 2(b) will not be enforceable against Employee unless Employee earns annualized cash compensation (including wages, bonuses, commissions, or other cash compensation) from the Company of at least 60% of the "highly compensated" annual threshold amount set by Colorado's Division of Labor Standards and Statistics in the Department of Labor and Employment under 7 CCR 1103-14, R. 2.2.11 (\$74,250 for 2024), both on the Effective Date and when the Agreement is enforced ("Colorado Non-Solicit Earnings Threshold"); (b) The non-solicitation of customers obligations in Section 2(b) shall be deemed to be modified to cover only those customers with respect to which Employee had access to trade secret information during the last two years of Employee's employment with the Company; (c) Employee stipulates that non-solicitation of customers obligations in Section 2(b), as amended in this above, are no broader than reasonably necessary to protect the Company's legitimate interest in protecting trade secrets within the meaning of § 8-2-113(2)(d) (the "Colorado Noncompete Act").



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13. (d) Nothing in this Agreement prohibits the disclosure of information arising from Employee's general training, knowledge, skill, or experience, information readily ascertainable to the public, or information that Employee otherwise has a right to disclose as legally protected conduct; and (e) if Employee was physically in Colorado when Employee signed this Agreement, Employee acknowledges that Employee received notice of and a copy of this Agreement either (i) before Employee accepted an offer of employment from the Company, if Employee is a new employee; or (ii) 14 days before the Effective Date of this Agreement, if Employee is a current employee. District of Columbia: If Employee spends more than 50% of their time working for the Company in the District of Columbia, or if Employee's employment is based in the District of Columbia and Employee does not spend more than 50% of their time working in another jurisdiction, and the law of the District of Columbia controls, then Employee acknowledges that Employee received notice of and a copy of this Agreement either (i) before Employee accepted an offer of employment from the Company, if Employee is a new employee; or (ii) 14 days before the Effective Date of this Agreement, if Employee is a current employee. Georgia: If Georgia law applies, then: (a) The definition of Covered Customer in Section 2(b) shall include only current customers and actively sought prospective customer of the Company with whom Employee had material business-related interaction during the Look Back Period; (b) Nothing in the customer non-solicitation obligations in Section 2(b) shall restrict Employee from accepting business from a Covered Customer so long as Employee did not solicit, assist in soliciting, facilitate the solicitation of, provide, or offer to provide services to the Covered Customer (regardless of who first initiated contact) or use Confidential and Proprietary Information to encourage or induce the Covered Customer to withdraw, curtail, or cancel its business with the Company or in any other manner modify or fail to enter into any actual or potential business relationship with the Company; and (c) Employee understands that the employee non-solicitation covenant in Section 2(a) and the customer non-solicitation covenant in Section 2(b) are limited in geographic scope to the Territory. Illinois: If Illinois law applies, the Employee is advised to consult with an attorney before entering into this Agreement. If Employee signs this Agreement during Employee's employment with the Company, Employee acknowledges that Employee had at least 14 calendar days to review this Agreement prior to signing it. Employee further understands that the non-solicitation of employees obligations in Section 2(a) and the non-solicitation of customers obligations in Section 2(b) shall not be enforceable against Employee unless Employee earns from the Company more than \$45,000 per year. This threshold increases by \$2,500 every five years (after 2022) until 2037 ("Illinois Earnings Threshold"). Employee further agrees (and has received notice from the Company through this Agreement) that if, at the time Employee signs this Agreement, Employee's earnings do not meet the Earnings Threshold, then the non-solicitation of employees obligations



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14 in Section 2(a) and the non-solicitation of customers obligations in Section 2(b) will automatically become enforceable against Employee if and when Employee's earnings meet the Illinois Earnings Threshold. Indiana: If Indiana law applies, then the definition of Covered Employee in Section 2(a) shall be modified to further limit the restrictions on solicitation of employees to those who have access to or possess any Confidential and Proprietary Information that would give a competitor an unfair advantage. Louisiana: If Louisiana law applies, then: the definition of Territory shall be limited to the parishes and counties (or their equivalents) from the following list so long as the Company continues to carry on business therein: Acadia, Allen, Ascension, Assumption, Avoyelles, Beauregard, Bienville, Bossier, Caddo, Calcasieu, Caldwell, Cameron, Catahoula, Claiborne, Concordia, Desoto, East Baton Rouge, East Carroll, East Feliciana, Evangeline, Franklin, Grant, Iberia, Iberville, Jackson, Jefferson Davis, Jefferson, Lafayette, Lafourche, LaSalle, Lincoln, Livingston, Madison, Morehouse, Natchitoches, Orleans, Ouachita, Plaquemines, Pointe Coupee, Rapides, Red River, Richland, Sabine, St. Bernard, St. Charles, St. Helena, St. James, St. John the Baptist, St. Landry, St. Martin, St. Mary, St. Tammany, Tangipahoa, Tensas, Terrebonne, Union, Vermillion, Vernon, Washington, Webster, West Baton Rouge, West Carroll, West Feliciana, Winn; and, if counties (or their equivalents) that are located outside of Louisiana must also be specified by name, Employee acknowledges that the names at issue are those listed by the U. S. Census Bureau for the remainder of the United States found at [https://en.wikipedia.org/wiki/List\\_of\\_counties\\_by\\_U.S.\\_state](https://en.wikipedia.org/wiki/List_of_counties_by_U.S._state) (summarizing data from [www.census.gov](http://www.census.gov) and incorporated herein by reference) and the same are all incorporated herein by reference. Employee agrees that the foregoing provides Employee with adequate notice of the geographic scope of the restrictions contained in the Agreement by name of specific parish or parishes (and equivalents), municipality or municipalities, and/or parts thereof. Minnesota: If Employee primarily resides or works in Minnesota during Employee's employment with the Company, then for so long as Employee primarily resides or works in Minnesota, then, if entering into this Agreement in connection with the start of Employee's employment with the Company, Employee acknowledges that Employee was provided with notice of this Agreement when offered employment and was aware that execution of an agreement with non-solicitation restrictions was a requirement of employment when Employee accepted the Company's offer. If entering into this Agreement after the commencement of employment, Employee acknowledges Employee received independent consideration for the covenants in this Agreement and was aware that execution of an agreement with non-solicit restrictions was a requirement of employment before Employee accepted the additional consideration. Missouri: If Missouri law applies, then the non-solicitation of employees obligations in Section 2(a) shall be modified to exclude the solicitation or hiring of any employee who provides solely secretarial or clerical services.



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15 Nebraska: If Nebraska law applies, then: (a) the definition of Covered Customer in Section 2(b) is modified so that it means any persons or entities with which Employee, alone or in combination with others, handled, serviced, or solicited at any time during the Look Back Period; and (b) the definition of Covered Employee in Section 2(a) is modified so that it means any persons or entities with which Employee, alone or in combination with others, handled, serviced, or solicited at any time during the Look Back Period. Nevada: If Nevada law applies, then the customer non-solicitation obligations in Section 2(b) do not preclude Employee from providing services to any former customer of the Company if: (i) Employee did not solicit the former customer; (ii) the customer voluntarily chose to leave and seek services from Employee; and (iii) Employee is otherwise complying with the limitations in this Agreement as to time and scope of activity to be restrained. New York: If New York law applies, then the customer non-solicitation obligations in Section 2(b) shall be further limited to exclude those customers who became a customer of the Company as a result of Employee's independent contact and business development efforts with the customer prior to and independent from Employee's employment with Company. New Hampshire: If New Hampshire law applies, then Employee acknowledges that Employee was given a copy of this Agreement prior to a change in job classification or the offer of employment. North Carolina: If North Carolina law applies, then the definition of Covered Customer shall include only the Company's former, current, or prospective customers with whom Employee had material business-related interaction during the Look Back Period, including any interaction occurring indirectly through individuals directly or directly supervised by Employee or with whom Employee engaged in cross-selling or other joint marketing efforts. In addition, the Look Back Period shall be calculated looking back one (1) year from the date Employee's employment with the Company ends or two years from the date of enforcement and not from the date the Employee's employment with the Company ends, whichever provides the Company the greatest protection and is enforceable under applicable law. North Dakota: If North Dakota law applies, then the non-solicitation of customers covenant in Section 2(b) shall not apply after Employee's employment with the Company ends. However, any conduct relating to the solicitation of the Company's clients that involves the misappropriation of the Company's trade secret information, such as its protected client information, will remain prohibited conduct at all times. Oklahoma: If Oklahoma law applies, then the non-solicitation of customers covenant in Section 2(b) shall be amended to provide that notwithstanding anything in it to the contrary, Employee shall be



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16 permitted to engage in the same business as that conducted by the Company or in a similar business as long as Employee does not directly solicit the sale of goods, services, or a combination of goods and services from the established customers of the Company. Virginia: If Virginia law applies, then: (a) the parties agree that the non-solicitation obligations herein are reasonably limited in nature and do not prohibit employment with a competing business in a non-competitive position; and (b) if Employee resides in Virginia and Employee's average weekly earnings calculated, as provided for under Code of Virginia § 40.1-28.7-7 (the "Virginia Act"), are less than the average weekly wage of the Commonwealth as determined pursuant to subsection B of §65.2-500 or Employee otherwise qualifies as a "low-wage employee" under the Virginia Act then nothing in the customer non-solicitation obligations in Section 2(b) shall restrict Employee from providing a service to a customer of the Company if Employee does not initiate contact with or solicit the customer. Employee shall not be considered a "low-wage employee" if Employee's earnings are derived, in whole or in predominant part, from sales commissions, incentives, or bonuses paid to Employee by the Company. Washington: If Washington law applies, then: (a) Section 2(a) is amended as follows: a. Non-Solicitation of Employees. At all times while Employee is employed by the Company and for 12 months immediately following the voluntary or involuntary termination of Employee's employment with the Company, regardless of the reason for the termination, Employee agrees and covenants not to, directly or indirectly, solicit for employment, or attempt to solicit for employment, for their own benefit or the benefit of any other person or entity, any employee of the Company (A) who was employed by the Company on the last day of Employee's employment or in the six month period immediately prior; and (B) whom the Employee gained knowledge of through Employee's employment with the Company ("Covered Employee"). (b) Section 2(b) is amended as follows: b. Non-Solicitation of Customers. Employee understands and acknowledges that because of Employee's employment with the Company, Employee will have access to and learn about the Company's Customer Information. "Customer Information" includes, but is not limited to, names, phone numbers, addresses, email addresses, transaction history and preferences, chain of command, pricing information, and other information identifying facts and circumstances specific to the customer and its relationship with the Company, as well as any information the disclosure or use of which is subject to the Confidentiality and Non-Disclosure Agreement. Employee further understands and acknowledges that the curtailment, diversion, or loss of any such customer relationship or



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17 goodwill will cause significant and irreparable harm to the Company. Based on the foregoing and Employee's employment relationship with the Company, at all times while Employee is employed by the Company and for 12 months immediately following the voluntary or involuntary termination of Employee's employment with the Company, regardless of the reason for the termination, Employee agrees and covenants not to directly or indirectly solicit or attempt to solicit, for the purposes of providing or performing services similar to or in competition with the Company's Services, the Company's customers (1) with whom Employee had Material Business-Related Conduct during the last two years of Employee's employment with the Company (the "Look Back Period"), including any interaction occurring indirectly through individuals directly or indirectly supervised by Employee or with whom Employee engaged in cross-selling or other joint marketing efforts; or (2) about whom the Employee received Customer Information during the Look Back Period (collectively "Covered Customers"). Wisconsin: If Wisconsin law applies, then the non-solicitation of employees obligations in Section 2(a) are amended to provide that the Covered Employee must also be an employee who is either (i) entrusted with Confidential and Proprietary Information; or (ii) employed in a position essential to the management, organization, or service of the business (such as, but not limited to, maintaining the Company's customer relationships).



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HEARTLAND FINANCIAL USA, INC. 2020 LONG-TERM INCENTIVE PLAN 2024 PERFORMANCE-BASED RESTRICTED STOCK UNIT AWARD AGREEMENT THREE-YEAR PERFORMANCE PERIOD The Participant specified below is hereby granted a performance-based restricted stock unit award by HEARTLAND FINANCIAL USA, INC. (the "Company") under the HEARTLAND FINANCIAL USA, INC. 2020 LONG-TERM INCENTIVE PLAN (as amended and restated, the "Plan"). The restricted stock units awarded by this Award Agreement (this "Agreement") shall be subject to the terms of the Plan and the terms set forth in this Agreement. All capitalized terms used in this Agreement and not otherwise defined have the meaning assigned to them in the Plan. Section 1. Award. The Company hereby grants to the Participant an award of restricted stock units (each such unit, an "RSU"), where each RSU represents the right of the Participant to receive one share of Company stock ("Share") in the future, subject to the terms of this Agreement and the Plan. For all purposes of this Agreement, The "Participant" is: %FIRST\_NAME\_MIDDLE\_NAME\_LAST\_NAME%-% The "Grant Date" is: %OPTION\_DATE%-% The number of RSUs is: %TOTAL\_SHARES\_GRANTED:999,999,999%-% Section 2. Vesting of RSU. (a) Vesting. To the extent earned in accordance with Section 2(b), and subject to forfeiture prior to vesting in accordance with Section 2(c), the RSUs shall vest on the Measurement Date (as defined in Section 2(b)) or such earlier date pursuant to Section 2(c). Shares shall be delivered based upon vesting of RSUs pursuant to and subject to Section 3 below. The price at which the RSUs shall vest is the fair market value of Company stock at closing on the business day prior to the Measurement Date. (b) Earning of RSUs. The RSUs are earned based upon the financial performance of the Company as set forth in Exhibit A (the "Performance Targets") during the three fiscal years commencing with the fiscal year in which the Grant Date occurs (the "Performance Period"). The Committee shall determine the number of RSUs earned based upon the Performance Targets at its first meeting after measurement of performance in relation to the Performance Targets is attainable for the last fiscal year of the Performance Period (the "Measurement Date"), and the Company shall advise the Participant as soon as practicable thereafter of the number of RSUs that have been earned; provided, however, that no RSUs shall become earned if there exists as of the Measurement Date, as determined by the Committee, a material weakness (a "Material Weakness") in the safety, soundness or compliance (e.g., a regulatory memorandum of understanding, or a material weakness in internal control over financial reporting) of the Company. In determining whether the RSUs have been earned based upon the Performance Targets, the Committee shall consider the effects of the following items, to the extent identified in the audited financial statements of the Company as of and for the three fiscal years ended during the Performance Period, or in the Management Discussion and Analysis section of the Company's



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2 annual reports for such three fiscal years made available to its stockholders during the Performance Period; (i) extraordinary, unusual or nonrecurring items of gain or loss; (ii) gains or losses on the disposition of a business; (iii) changes in tax or accounting principles, regulations or laws or (iv) mergers or acquisitions; (c) Forfeiture and Special Vesting of RSUs. Notwithstanding the foregoing provisions of Section 2(b): (i) Any RSUs that have not been earned as of the Measurement Date based upon failure to meet the Performance Targets shall expire and be forfeited on, and as of, the Measurement Date; (ii) Any RSUs that have not been earned as of the Measurement Date based upon failure to remediate a Material Weakness shall expire and be forfeited on, and as of, the Measurement Date; (iii) If a Participant's Termination of Service occurs prior to the Measurement Date due to termination of the Participant's employment by the Participant's employer (with or without Cause) or by the Participant voluntarily (other than due to Qualifying Retirement), any RSUs held by the Participant shall expire and shall be forfeited as of the date of employment termination; (iv) If a Participant's Termination of Service occurs during the Performance Period but prior to the Measurement Date, due to the Participant's Disability or death, then the number of RSUs awarded in Section 1 shall vest. Participant is not entitled to an increase or decrease in vesting RSUs as a result of the Company's financial performance relative to any Performance Targets; (v) If the Participant's Termination of Service occurs during the Performance Period due to a Qualifying Retirement (as defined below), then all of the RSUs shall vest in accordance with subsection 2(b)(v) above as though the Participant were employed through the Performance Period. A "Qualifying Retirement" means a voluntary Termination of Services by the Participant on or after the date the Participant reaches the age of 62, and provided that (A) the Participant has provided at least five (5) years of full-time equivalent services to the Company or a Subsidiary through the date of such Termination of Services; (B) the Participant covenants that the Participant shall not engage in any full-time employment with any entity thereafter (although Participant shall be entitled to engage in part-time employment, including services as a member of a board of directors or similar body, with an entity that does not compete with the Company or any Subsidiary) unless such employment has been approved in writing by the Chair of the Committee; (C) the Participant executes a general release and waiver of claims against the Company at the time of such Termination of Services; and (D) the Participant executes a confidentiality, non-solicitation, and non-competition agreement with the Company at the time of such Termination of Service. Consistent with Section 5.2 of the Plan, any question regarding whether a voluntary Termination of Service constitutes a Qualifying Retirement shall be determined by the Committee and the decision of the Committee shall be final and binding upon the Participant; (vi) Immediately upon a Change in Control, if the obligations under this Agreement are not assumed by the Company or its successor in such Change in Control, all RSUs that have not been previously forfeited shall become vested as if the Company had achieved 100% of the Performance Targets immediately prior to the Change in Control. Otherwise, if the obligations under this Agreement are assumed by the Company or its successor in such Change in Control, and if a Participant's employment



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3 by the Company or Bank or successor of the Company or Bank shall become subject to a Termination of Service within the period beginning six months prior to a Change in Control and ending 24 months after a Change in Control, all RSUs then held by the Participant shall become vested as if the Company had achieved 100% of the Performance Targets immediately prior to the Change in Control, upon the later to occur of the Termination of Service or Change in Control. The foregoing provisions are subject to any forfeiture and expiration provisions otherwise applicable to the RSUs. Section 3. Settlement of RSUs: Delivery of Shares or other amounts under this Agreement shall be subject to the following: (a) Delivery of Shares. The Company shall deliver to the Participant one Share, free and clear of any restrictions, in settlement of each vested RSU within 30 days following the Measurement Date. For RSUs vesting as a result of the Participant's death or Disability, the Company shall deliver to the Participant or Participant's estate or beneficiaries, as applicable, free, and clear of any restrictions, in settlement of each vested RSU within 90 days of Participant's death or within 30 days of Company's receipt of proof of Participant's Disability. (b) Compliance with Applicable Laws. Notwithstanding any other term of this Agreement or the Plan, the Company shall have no obligation to deliver any Shares or make any other distribution of benefits under this Agreement or the Plan unless such delivery or distribution complies with all applicable laws and the applicable rules of any securities exchange or similar entity. (c) Certificates Not Required. To the extent that this Agreement and the Plan provide for the issuance of Shares, such issuance may be effected on a non-certificated basis, to the extent not prohibited by applicable law or the applicable rules of any securities exchange or similar entity. Section 4. Withholding. All deliveries of Shares pursuant to this Agreement shall be subject to withholding of all applicable taxes. The Company shall have the right to require the Participant (or if applicable, permitted assigns, heirs, and Designated Beneficiaries) to remit to the Company an amount sufficient to satisfy any tax requirements prior to the delivery date of any Shares in connection with this Agreement. Except as may be provided otherwise by the Committee, such withholding obligations may be satisfied at the election of the Participant (a) through debit of a deposit account held by the Participant at a Company-affiliated bank, or (b) through the surrender of Shares to which the Participant is otherwise entitled under the Plan; provided, however, that except as otherwise specifically provided by the Committee, such Shares under clause (b) may not be used to satisfy more than the Company's minimum statutory withholding obligation. Section 5. Non-Transferability of RSUs. Neither the RSUs awarded pursuant to this Agreement, nor any portion thereof, shall be transferable, except as designated by the Participant by will or by the laws of descent and distribution or pursuant to a domestic relations order. Except as provided in the immediately preceding sentence, this Agreement shall not be assigned, transferred, pledged, hypothecated, or otherwise disposed of by the Participant in any way whether by operation of law or otherwise, and shall not be subject to execution, attachment, or similar process. Any attempt at assignment, transfer, pledge, hypothecation, or other disposition of this Agreement contrary to the provisions hereof, or the levy of any attachment or similar process upon this Agreement or the RSUs it represents, shall be null and void and without effect.



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4 Section 6. Stockholder Rights. Any dividends or other distributions declared payable on the Company's Shares on or after the Grant Date of the RSUs until the RSUs vest or forfeit shall be credited notionally to the Participant in an amount equal to such declared dividends or other distributions on an equivalent number of the Shares of the Company ("Dividend Equivalents"). Dividend Equivalents so credited shall be paid if, and only to the extent that, the RSUs to which they relate vest, as provided under the terms of the Plan and this Agreement. Dividend Equivalents credited in respect to RSUs that are forfeited under the terms of the Plan and this Agreement are correspondingly forfeited. No interest or other earnings shall be credited on Dividend Equivalents. Vested Dividend Equivalents shall be paid in cash at the same time as the RSUs to which they relate vest and are converted into Shares. Other than as explicitly set forth above, the Participant shall not have any other rights of a Stockholder with respect to the RSUs, including but not limited to, voting rights, prior to the settlement of the RSUs pursuant to Section 3(a) above and issuance of Shares as provided herein. Section 7. Heirs and Successors. This Agreement shall be binding upon, and inure to the benefit of, the Company and its successors and assigns, and upon any person acquiring all or substantially all of the Company's assets or business. If any rights of the Participant or benefits distributable to the Participant under this Agreement have not been settled or distributed at the time of the Participant's death and have not been designated to pass to a certain beneficiary, such rights shall be provided to the legal representative of the estate of the Participant. Section 8. Administration. The authority to manage and control the operation and administration of this Agreement and the Plan shall be vested in the Committee, and the Committee shall have all powers with respect to this Agreement as it has with respect to the Plan. Any interpretation of this Agreement or the Plan by the Committee and any decision made by the Committee with respect to this Agreement or the Plan shall be final and binding on all persons. Section 9. Plan Governs. Notwithstanding anything in this Agreement to the contrary, this Agreement shall be subject to the terms of the Plan, a copy of which may be obtained by the Participant from the Human Resources Department of the Company. This Agreement shall be subject to all interpretations, amendments, rules, and regulations promulgated by the Committee from time to time. Notwithstanding any term of this Agreement to the contrary, in the event of any discrepancy between the corporate records of the Company and this Agreement, the corporate records of the Company shall control. Section 10. Not an Employment Contract. Neither the RSUs granted under this Agreement, nor this Agreement shall confer upon the Participant any rights with respect to continuance of employment or other service with the Company or a Subsidiary, nor shall they interfere in any way with any right the Company or a Subsidiary may otherwise have to terminate or modify the terms of the Participant's employment or other service at any time. Section 11. Amendment. Without limitation of Section 14 and Section 15 below, this Agreement may be amended in accordance with the provisions of the Plan, and may otherwise be amended in writing by the Participant and the Company without the consent of any other person.



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Section 13. Validity. If any provision of this Agreement is determined to be illegal or invalid for any reason, said illegality or invalidity shall not affect the remaining parts hereof, but this Agreement shall be construed and enforced as if such illegal or invalid provision had never been included herein. Section 14. Section 409A Amendment. This Agreement is intended to be exempt from Code Section 409A and this Agreement shall be administered and interpreted in accordance with such intent. The Committee reserves the right (including the right to delegate such right) to unilaterally amend this Agreement without the consent of the Participant in order to maintain an exclusion from the application of or to maintain compliance with, Code Section 409A, and the Participant hereby acknowledges and consents to such rights of the Committee. Section 15. Clawback. This Agreement, the RSUs and any Shares issued under this Agreement, and any amount or benefit received under the Plan, shall be subject to potential cancellation, recoupment, rescission, payback, or other action in accordance with the terms of any applicable Company or Subsidiary clawback policy (the "Policy") or any applicable law, as may be in effect from time to time. The Participant hereby acknowledges and consents to the Company's or a Subsidiary's application, implementation and enforcement of (a) the Policy and any similar policy established by the Company or a Subsidiary that may apply to the Participant, whether adopted prior to or following the date of this Agreement, and (b) any provision of applicable law relating to cancellation, rescission, payback or recoupment of compensation, and agrees that the Company or a Subsidiary may take such actions as may be necessary to effectuate the Policy, any similar policy and applicable law, without further consideration or action. \*\* IN WITNESS WHEREOF, the Company has Amendment Agreement by their duly authorized representatives in its name and on its behalf, and the Participant acknowledges understanding and acceptance of, and agrees to, the terms of this Agreement, all Amendment Effective Grant For Client: For Fiserv: Heartland Financial This Agreement and any amendments or supplements hereto may be executed in counterparts, each of which shall constitute an original, but taken together shall constitute a single contract. Signature may be in electronic format, including by electronic acknowledgement. EMPLOYEE By: %FIRST\_NAME% MIDDLE\_NAME% LAST\_NAME% Via Electronic Acknowledgment HEARTLAND FINANCIAL Inc. Fiserv Solutions, LLC INC. %1 By: %2 Name: %1a1 Name: %1a2 Bruce K. Lee %1 Title: Authorized Signatory Date: %1d Last Date: %1d2 President and CEO

## EXHIBIT 31.1

I, Bruce K. Lee, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Heartland Financial USA, 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 internal control over financial reporting (as defined in Exchange Act Rules 13a-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 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 registrant's board of directors (or persons performing the equivalent function):
  - 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: November May 8, 2023 2024

/s/ Bruce K. Lee

Bruce K. Lee

President and Chief Executive Officer

## EXHIBIT 31.2

I, Bryan R. McKeag, Kevin L. Thompson, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Heartland Financial USA, 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 internal control over financial reporting (as defined in Exchange Act Rules 13a-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 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 registrant's board of directors (or persons performing the equivalent function):
  - 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: November 5, 2021 May 8, 2024

/s/ Bryan R. McKeag Kevin L. Thompson

Bryan R. McKeag Kevin L. Thompson

Executive Vice President

Chief Financial Officer

**EXHIBIT 32.1**

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 Heartland Financial USA, Inc. (the "Company") on Form 10-Q for the quarter ending **September 30, 2023** **March 31, 2024**, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Bruce K. Lee, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 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/ Bruce K. Lee

Bruce K. Lee

President and Chief Executive Officer

Date: **November** **May 8, 2023** **2024**

**EXHIBIT 32.2**

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 Heartland Financial USA, Inc. (the "Company") on Form 10-Q for the quarter ending **September 30, 2023** **March 31, 2024**, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, **Bryan R. McKeag**, **Kevin L. Thompson**, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 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/ **Bryan R. McKeag** **Kevin L.**

**Thompson**

**Bryan R. McKeag** **Kevin L. Thompson**

Executive Vice President

Chief Financial Officer

Date: **November** **May 8, 2023** **2024**

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