

REFINITIV

# DELTA REPORT

## 10-Q

HBT - HBT FINANCIAL, INC.

10-Q - SEPTEMBER 30, 2023 COMPARED TO 10-Q - JUNE 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS 2053

 CHANGES 231

 DELETIONS 1188

 ADDITIONS 634

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

X

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

For the quarterly period ended **June 30, 2023**

**September 30, 2023**

OR

0

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

For the transition period from  to

Commission file number:001-39085

**HBT Financial, Inc.**

(Exact name of registrant as specified in its charter)

Delaware	37-1117216
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

401 North Hershey Rd Bloomington, Illinois61704 (Address of principal executive offices, including zip code)	(888) (888) 897-2276 (Registrant's telephone number, including area code)
---	---

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  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 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

Accelerated filer

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting

company

Emerging growth company

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 in Rule 12b-2 of the Exchange Act). Yes  No

As of **July 24, 2023** **October 24, 2023**, there were **31,846,236** **31,710,005** shares outstanding of the registrant's common stock, \$0.01 par value.

---



---



---



---

[Table of Contents](#)

## TABLE OF CONTENTS

### HBT Financial, Inc.

Page	Page
<u><a href="#">PART I. FINANCIAL INFORMATION</a></u>	<u><a href="#">3</a></u> <u><a href="#">3</a></u>
<u><a href="#">Item 1. Consolidated Financial Statements</a></u>	<u><a href="#">3</a></u> <u><a href="#">3</a></u>
<u><a href="#">Consolidated Balance Sheets</a></u>	<u><a href="#">3</a></u> <u><a href="#">3</a></u>
<u><a href="#">Consolidated Statements of Income</a></u>	<u><a href="#">4</a></u> <u><a href="#">4</a></u>
<u><a href="#">Consolidated Statements of Comprehensive Income (Loss)</a></u>	<u><a href="#">5</a></u> <u><a href="#">5</a></u>
<u><a href="#">Consolidated Statement of Changes in Stockholders' Equity</a></u>	<u><a href="#">6</a></u> <u><a href="#">6</a></u>
<u><a href="#">Consolidated Statements of Cash Flows</a></u>	<u><a href="#">8</a></u> <u><a href="#">8</a></u>
<u><a href="#">Notes to Consolidated Financial Statements</a></u>	<u><a href="#">10</a></u> <u><a href="#">10</a></u>
<u><a href="#">Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</a></u>	<u><a href="#">62</a></u> <u><a href="#">60</a></u>
<u><a href="#">Item 3. Quantitative and Qualitative Disclosures about Market Risk</a></u>	<u><a href="#">90</a></u> <u><a href="#">91</a></u>
<u><a href="#">Item 4. Controls and Procedures</a></u>	<u><a href="#">91</a></u> <u><a href="#">92</a></u>
<u><a href="#">PART II. OTHER INFORMATION</a></u>	<u><a href="#">92</a></u> <u><a href="#">93</a></u>
<u><a href="#">Item 1. Legal Proceedings</a></u>	<u><a href="#">92</a></u> <u><a href="#">93</a></u>
<u><a href="#">Item 1A. Risk Factors</a></u>	<u><a href="#">92</a></u> <u><a href="#">93</a></u>
<u><a href="#">Item 2. Unregistered Sales of Equity Securities, and Use of Proceeds, and Issuer Purchases of Equity Securities</a></u>	<u><a href="#">92</a></u> <u><a href="#">93</a></u>
<u><a href="#">Item 3. Defaults Upon Senior Securities</a></u>	<u><a href="#">92</a></u> <u><a href="#">93</a></u>
<u><a href="#">Item 4. Mine Safety Disclosures</a></u>	<u><a href="#">92</a></u> <u><a href="#">93</a></u>
<u><a href="#">Item 5. Other Information</a></u>	<u><a href="#">93</a></u> <u><a href="#">94</a></u>
<u><a href="#">Item 6. Exhibits</a></u>	<u><a href="#">93</a></u> <u><a href="#">94</a></u>

## CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements contained in this quarterly report are forward-looking statements. Forward-looking statements may include statements relating to our plans, strategies and expectations, the economic impact of the COVID-19 pandemic and our future financial results, near-term loan growth, net interest margin, mortgage banking profits, wealth management fees, expenses, asset quality, capital levels, continued earnings, and liquidity. Forward-looking statements are generally identifiable by use of the words "believe," "may," "will," "should," "could," "expect," "estimate," "intend," "anticipate," "project," "plan" or similar expressions. Forward-looking statements are frequently based on assumptions that may or may not materialize and are subject to numerous uncertainties that could cause actual results to differ materially from those anticipated in the forward-looking statements. Factors that could cause actual results to differ materially from the results anticipated or projected and which could materially and adversely affect our operating results, financial condition or prospects include, but are not limited to:

- the strength of the local, state, national and international economies (including effects of inflationary pressures and supply chain constraints);
- the economic impact of any future terrorist threats and attacks, widespread disease or pandemics (including the COVID-19 pandemic in the United States), acts of war or other threats thereof (including the Russian invasion of Ukraine), or other adverse external events that could cause economic deterioration or instability in credit markets, and the response of the local, state and national governments to any such adverse external events;
- changes in accounting policies and practices, as may be adopted by state and federal regulatory agencies, the Financial Accounting Standards Board (the "FASB") or the Public Company Accounting Oversight Board (including the Company's adoption of the current expected credit losses ("CECL") methodology);
- changes in state and federal laws, regulations and governmental policies concerning the Company's general business and any changes in response to the recent failures of other banks;
- changes in interest rates and prepayment rates of the Company's assets (including the impact of LIBOR phase-out);
- increased competition in the financial services sector, including from non-bank competitors such as credit unions and "fintech" companies, and the inability to attract new customers;
- changes in technology and the ability to develop and maintain secure and reliable electronic systems;
- unexpected results of acquisitions, which may include failure to realize the anticipated benefits of acquisitions and the possibility that transaction costs may be greater than anticipated;
- the loss of key executives or employees;
- changes in consumer spending;
- unexpected outcomes of existing or new litigation involving the Company;
- the economic impact of exceptional weather occurrences such as tornadoes, floods and blizzards;
- fluctuations in the value of securities held in our securities portfolio;
- concentrations within our loan portfolio, large loans to certain borrowers, and large deposits from certain clients;
- the concentration of large deposits from certain clients who have balances above current FDIC insurance limits and may withdraw deposits to diversify their exposure;
- the level of non-performing assets on our balance sheets;
- interruptions involving our information technology and communications systems or third-party servicers;
- breaches or failures of our information security controls or cybersecurity-related incidents;
- our asset quality and any loan charge-offs;
- the composition of our loan portfolio;
- the effects of changes in interest rates on our net interest income, net interest margin, our investments, our loan originations, and our modeling estimates relating to interest rate changes;
- our access to sources of liquidity and capital to address our liquidity needs;
- our inability to receive dividends from the Bank, pay dividends to our common stockholders or satisfy obligations as they become due;
- the effects of problems encountered by other financial institutions;
- our ability to achieve organic loan and deposit growth and the composition of such growth;
- our ability to successfully develop and commercialize new or enhanced products and services;
- current and future business, economic and market conditions in the United States ("U.S.") generally or in the States of Illinois and Iowa in particular;
- the geographic concentration of our operations in the States of Illinois and Iowa;

1

- the strength of the local, state, national and international economies (including effects of inflationary pressures and supply chain constraints);
- the economic impact of any future terrorist threats and attacks, widespread disease or pandemics (including the COVID-19 pandemic in the United States), acts of war or other threats thereof (including the Israeli-Palestinian conflict and the Russian invasion of Ukraine), or other adverse external events that could cause economic deterioration or instability in credit markets, and the response of the local, state and national governments to any such adverse external events;
- changes in accounting policies and practices, as may be adopted by state and federal regulatory agencies, the Financial Accounting Standards Board (the "FASB") or the Public Company Accounting Oversight Board (including the Company's adoption of the current expected credit losses ("CECL") methodology);

- changes in state and federal laws, regulations and governmental policies concerning the Company's general business and any changes in response to the recent failures of other banks;
- changes in interest rates and prepayment rates of the Company's assets (including the impact of LIBOR phase-out and the recent and potential additional rate increases by the Federal Reserve);
- increased competition in the financial services sector, including from non-bank competitors such as credit unions and "fintech" companies, and the inability to attract new customers;
- changes in technology and the ability to develop and maintain secure and reliable electronic systems;
- unexpected results of acquisitions, which may include failure to realize the anticipated benefits of acquisitions and the possibility that transaction costs may be greater than anticipated;
- the loss of key executives or employees;
- changes in consumer spending;
- unexpected outcomes of existing or new litigation involving the Company;
- the economic impact of exceptional weather occurrences such as tornadoes, floods and blizzards;
- fluctuations in the value of securities held in our securities portfolio;
- concentrations within our loan portfolio, large loans to certain borrowers, and large deposits from certain clients;
- the concentration of large deposits from certain clients who have balances above current FDIC insurance limits and may withdraw deposits to diversify their exposure;
- the level of non-performing assets on our balance sheets;
- interruptions involving our information technology and communications systems or third-party servicers;
- breaches or failures of our information security controls or cybersecurity-related incidents;
- our asset quality and any loan charge-offs;
- the composition of our loan portfolio;
- the effects of changes in interest rates on our net interest income, net interest margin, our investments, our loan originations, and our modeling estimates relating to interest rate changes;
- our access to sources of liquidity and capital to address our liquidity needs;
- our inability to receive dividends from the Bank, pay dividends to our common stockholders or satisfy obligations as they become due;
- the effects of problems encountered by other financial institutions;
- our ability to achieve organic loan and deposit growth and the composition of such growth;
- our ability to successfully develop and commercialize new or enhanced products and services;
- current and future business, economic and market conditions in the United States ("U.S.") generally or in the States of Illinois and Iowa in particular;

**Table 4:** the geographic concentration of our operations in the States of Illinois and Iowa;

- our ability to attract and retain customer deposits;
- our ability to maintain the Bank's reputation;
- possible impairment of our goodwill and other intangible assets;
- our prior status as an S corporation;
- possible changes in trade, monetary and fiscal policies of, and other activities undertaken by, governments, agencies, central banks and similar organizations;
- the effectiveness of our risk management and internal disclosure controls and procedures;
- market perceptions associated with certain aspects of our business;
- our ability to meet our obligations as a public company, including our obligations under Section 404 of the Sarbanes-Oxley Act of 2002;
- damage to our reputation from any of the factors described above;
- our success at managing the risks involved in the foregoing items; and
- the factors discussed in "Risk Factors", "Management's Discussion and Analysis of Financial Condition and Results of Operations" or elsewhere in this Quarterly Report on Form 10-Q and in our Annual Report on Form 10-K for the year ended December 31, 2022, filed with the Securities and Exchange ("SEC") Commission on March 8, 2023.
- our ability to attract and retain customer deposits;
- our ability to maintain the Bank's reputation;
- possible impairment of our goodwill and other intangible assets;
- our prior status as an S corporation;

- possible changes in trade, monetary and fiscal policies of, and other activities undertaken by, governments, agencies, central banks and similar organizations;
- the effectiveness of our risk management and internal disclosure controls and procedures;
- market perceptions associated with certain aspects of our business;
- our ability to meet our obligations as a public company, including our obligations under Section 404 of the Sarbanes-Oxley Act of 2002;
- damage to our reputation from any of the factors described above;
- our success at managing the risks involved in the foregoing items; and
- the factors discussed in "Risk Factors", "Management's Discussion and Analysis of Financial Condition and Results of Operations" or elsewhere in this Quarterly Report on Form 10-Q and in our Annual Report on Form 10-K for the year ended December 31, 2022, filed with the Securities and Exchange ("SEC") Commission on March 8, 2023.

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

2

[Table of Contents](#)

**PART I. FINANCIAL INFORMATION**

**ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS**

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

(dollars in thousands, except per share data)

	(Unaudited)		December 31, 2022
	June 30, 2023	2023	
<b>ASSETS</b>			
Cash and due from banks	\$ 28,044		\$ 18,970
Interest-bearing deposits with banks	81,764		95,189
Cash and cash equivalents	109,808		114,159
Debt securities available-for-sale, at fair value (allowance for credit losses of \$800 at 2023)	822,788		843,524
Debt securities held-to-maturity (fair value of \$469,921 at 2023 and \$478,801 at 2022)	533,231		541,600
Equity securities with readily determinable fair value	3,152		3,029
Equity securities with no readily determinable fair value	2,275		1,977
Restricted stock, at cost	11,345		7,965
Loans held for sale	8,829		615
Loans, before allowance for credit losses	3,244,655		2,620,253
Allowance for credit losses	(37,814)		(25,333)
Loans, net of allowance for credit losses	3,206,841		2,594,920
Bank owned life insurance	23,594		7,557

Bank premises and equipment, net	65,029	50,469
Bank premises held for sale	35	235
Foreclosed assets	3,080	3,030
Goodwill	59,876	29,322
Intangible assets, net	22,122	1,070
Mortgage servicing rights, at fair value	20,133	10,147
Investments in unconsolidated subsidiaries	1,614	1,165
Accrued interest receivable	19,900	19,506
Other assets	62,158	56,444
<b>Total assets</b>	<b>\$ 4,975,810</b>	<b>\$ 4,286,734</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Liabilities</b>		
<b>Deposits:</b>		
Noninterest-bearing	\$ 1,125,823	\$ 994,954
Interest-bearing	3,038,700	2,592,070
<b>Total deposits</b>	<b>4,164,523</b>	<b>3,587,024</b>
Securities sold under agreements to repurchase	38,729	43,081
Federal Home Loan Bank advances	177,572	160,000
Subordinated notes	39,435	39,395
Junior subordinated debentures issued to capital trusts	52,760	37,780
Other liabilities	51,939	45,822
<b>Total liabilities</b>	<b>4,524,958</b>	<b>3,913,102</b>
<b>COMMITMENTS AND CONTINGENCIES (Note 15)</b>		
<b>Stockholders' Equity</b>		
Preferred stock, \$0.01 par value; 25,000,000 shares authorized; none issued or outstanding	—	—
Common stock, \$0.01 par value; 125,000,000 shares authorized; shares issued of 32,730,698 at 2023 and 29,308,491 at 2022; shares outstanding of 31,865,868 at 2023 and 28,752,626 at 2022	327	293
Surplus	294,875	222,783
Retained earnings	241,777	232,004
Accumulated other comprehensive income (loss)	(70,662)	(71,759)
Treasury stock at cost, 864,830 shares at 2023 and 555,865 at 2022	(15,465)	(9,689)
<b>Total stockholders' equity</b>	<b>450,852</b>	<b>373,632</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 4,975,810</b>	<b>\$ 4,286,734</b>

	<i>(Unaudited)</i>	
	<i>September 30, 2023</i>	<i>December 31, 2022</i>
<i>(dollars in thousands, except per share data)</i>		
<b>ASSETS</b>		
Cash and due from banks	\$ 24,757	\$ 18,970
Interest-bearing deposits with banks	87,156	95,189
Cash and cash equivalents	111,913	114,159
Interest-bearing time deposits with banks	500	—
Debt securities available-for-sale, at fair value	753,163	843,524
Debt securities held-to-maturity (fair value of \$450,313 at 2023 and \$478,801 at 2022)	527,144	541,600

<i>Equity securities with readily determinable fair value</i>	3,106	3,029
<i>Equity securities with no readily determinable fair value</i>	2,300	1,977
<i>Restricted stock, at cost</i>	11,165	7,965
<i>Loans held for sale</i>	3,563	615
 <i>Loans, before allowance for credit losses</i>	 3,342,786	 2,620,253
<i>Allowance for credit losses</i>	(38,863)	(25,333)
<i>Loans, net of allowance for credit losses</i>	 3,303,923	 2,594,920
 <i>Bank owned life insurance</i>	 23,747	 7,557
<i>Bank premises and equipment, net</i>	64,713	50,469
<i>Bank premises held for sale</i>	35	235
<i>Foreclosed assets</i>	1,519	3,030
<i>Goodwill</i>	59,820	29,322
<i>Intangible assets, net</i>	21,402	1,070
<i>Mortgage servicing rights, at fair value</i>	20,156	10,147
<i>Investments in unconsolidated subsidiaries</i>	1,614	1,165
<i>Accrued interest receivable</i>	23,447	19,506
<i>Other assets</i>	58,538	56,444
<b>Total assets</b>	<b>\$ 4,991,768</b>	<b>\$ 4,286,734</b>

#### LIABILITIES AND STOCKHOLDERS' EQUITY

##### **Liabilities**

###### *Deposits:*

<i>Noninterest-bearing</i>	\$ 1,086,877	\$ 994,954
<i>Interest-bearing</i>	3,111,191	2,592,070
<b>Total deposits</b>	<b>4,198,068</b>	<b>3,587,024</b>
 <i>Securities sold under agreements to repurchase</i>	 28,900	 43,081
<i>Federal Home Loan Bank advances</i>	177,650	160,000
<i>Subordinated notes</i>	39,454	39,395
<i>Junior subordinated debentures issued to capital trusts</i>	52,774	37,780
<i>Other liabilities</i>	38,671	45,822
<b>Total liabilities</b>	<b>4,535,517</b>	<b>3,913,102</b>

#### COMMITMENTS AND CONTINGENCIES (Note 15)

##### **Stockholders' Equity**

<i>Preferred stock, \$0.01 par value; 25,000,000 shares authorized; none issued or outstanding</i>	—	—
<i>Common stock, \$0.01 par value; 125,000,000 shares authorized; shares issued of 32,730,698 at 2023 and 29,308,491 at 2022; shares outstanding of 31,774,140 at 2023 and 28,752,626 at 2022</i>	327	293
<i>Surplus</i>	295,483	222,783
<i>Retained earnings</i>	256,050	232,004
<i>Accumulated other comprehensive income (loss)</i>	(78,432)	(71,759)
<i>Treasury stock at cost, 956,558 shares at 2023 and 555,865 at 2022</i>	(17,177)	(9,689)
<b>Total stockholders' equity</b>	<b>456,251</b>	<b>373,632</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 4,991,768</b>	<b>\$ 4,286,734</b>

See accompanying Notes to Consolidated Financial Statements (Unaudited)

[Table of Contents](#)

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

(Unaudited)

	Three Months Ended June 30,				Six Months Ended June 30,						
	2023		2022		2023		2022				
	(dollars in thousands, except per share data)										
<b>INTEREST AND DIVIDEND INCOME</b>											
Loans, including fees:											
Taxable	\$ 47,149	\$ 27,843	\$ 89,308	\$ 54,649							
Federally tax exempt	1,040	679	1,992	1,341							
Securities:											
Taxable	6,518	5,663	13,134	10,312							
Federally tax exempt	1,162	1,138	2,359	2,178							
Interest-bearing deposits in bank	781	420	1,520	579							
Other interest and dividend income	118	14	234	33							
<b>Total interest and dividend income</b>	<b>56,768</b>	<b>35,757</b>	<b>108,547</b>	<b>69,092</b>							
<b>INTEREST EXPENSE</b>											
Deposits	4,323	506	6,697	1,075							
Securities sold under agreements to repurchase	34	8	72	17							
Borrowings	2,189	1	3,486	2							
Subordinated notes	469	469	939	939							
Junior subordinated debentures issued to capital trusts	881	400	1,644	758							
<b>Total interest expense</b>	<b>7,896</b>	<b>1,384</b>	<b>12,838</b>	<b>2,791</b>							
Net interest income	48,872	34,373	95,709	66,301							
<b>PROVISION FOR CREDIT LOSSES</b>											
Net interest income after provision for credit losses	(230)	145	5,980	(439)							
	49,102	34,228	89,729	66,740							
<b>NONINTEREST INCOME</b>											
Card income	2,905	2,714	5,563	5,118							
Wealth management fees	2,279	2,322	4,617	4,611							
Service charges on deposit accounts	1,919	1,792	3,790	3,444							
Mortgage servicing	1,254	661	2,353	1,319							
Mortgage servicing rights fair value adjustment	141	366	(483)	2,095							
Gains on sale of mortgage loans	373	326	649	913							
Realized gains (losses) on sales of securities	—	—	(1,007)	—							
Unrealized gains (losses) on equity securities	7	(153)	(15)	(340)							
Gains (losses) on foreclosed assets	(97)	(7)	(107)	33							
Gains (losses) on other assets	109	(43)	109	150							
Income on bank owned life insurance	147	41	262	81							
Other noninterest income	877	532	1,620	1,170							
<b>Total noninterest income</b>	<b>9,914</b>	<b>8,551</b>	<b>17,351</b>	<b>18,594</b>							

<b>NONINTEREST EXPENSE</b>				
<b>Salaries</b>	<b>16,660</b>	<b>12,936</b>	<b>36,071</b>	<b>25,737</b>
Employee benefits	2,707	1,984	5,042	4,428
Occupancy of bank premises	2,785	1,741	4,887	3,801
Furniture and equipment	809	623	1,468	1,175
Data processing	2,883	1,990	7,206	3,643
Marketing and customer relations	1,359	1,205	2,195	2,056
Amortization of intangible assets	720	245	1,230	490
FDIC insurance	630	298	1,193	586
Loan collection and servicing	348	278	626	435
Foreclosed assets	97	31	158	163
Other noninterest expense	4,975	2,511	9,830	5,485
<b>Total noninterest expense</b>	<b>33,973</b>	<b>23,842</b>	<b>69,906</b>	<b>47,999</b>
<b>INCOME BEFORE INCOME TAX EXPENSE</b>	<b>25,043</b>	<b>18,937</b>	<b>37,174</b>	<b>37,335</b>
<b>INCOME TAX EXPENSE</b>	<b>6,570</b>	<b>4,852</b>	<b>9,493</b>	<b>9,646</b>
<b>NET INCOME</b>	<b>\$ 18,473</b>	<b>\$ 14,085</b>	<b>\$ 27,681</b>	<b>\$ 27,689</b>
<b>EARNINGS PER SHARE - BASIC</b>	<b>\$ 0.58</b>	<b>\$ 0.49</b>	<b>\$ 0.88</b>	<b>\$ 0.96</b>
<b>EARNINGS PER SHARE - DILUTED</b>	<b>\$ 0.58</b>	<b>\$ 0.49</b>	<b>\$ 0.88</b>	<b>\$ 0.95</b>
<b>WEIGHTED AVERAGE SHARES OF COMMON STOCK OUTSTANDING</b>	<b>31,980,133</b>	<b>28,891,202</b>	<b>31,481,439</b>	<b>28,938,634</b>

	<i>Three Months Ended September 30,</i>		<i>Nine Months Ended September 30,</i>	
	<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>
<i>(dollars in thousands, except per share data)</i>				
<b>INTEREST AND DIVIDEND INCOME</b>				
<i>Loans, including fees:</i>				
Taxable	\$ 49,640	\$ 29,855	\$ 138,948	\$ 84,504
Federally tax exempt	1,072	842	3,064	2,183
<i>Securities:</i>				
Taxable	6,451	6,635	19,585	16,947
Federally tax exempt	978	1,207	3,337	3,385
<i>Interest-bearing deposits in bank</i>	714	458	2,234	1,037
<i>Other interest and dividend income</i>	186	17	420	50
<b>Total interest and dividend income</b>	<b>59,041</b>	<b>39,014</b>	<b>167,588</b>	<b>108,106</b>
<b>INTEREST EXPENSE</b>				
Deposits	7,211	587	13,908	1,662
Securities sold under agreements to repurchase	35	9	107	26
Borrowings	2,108	85	5,594	87
Subordinated notes	470	470	1,409	1,409
Junior subordinated debentures issued to capital trusts	938	473	2,582	1,231
<b>Total interest expense</b>	<b>10,762</b>	<b>1,624</b>	<b>23,600</b>	<b>4,415</b>
<b>Net interest income</b>	<b>48,279</b>	<b>37,390</b>	<b>143,988</b>	<b>103,691</b>
<b>PROVISION FOR CREDIT LOSSES</b>				
<b>Net interest income after provision for credit losses</b>	<b>480</b>	<b>386</b>	<b>6,460</b>	<b>(53)</b>
	47,799	37,004	137,528	103,744
<b>NONINTEREST INCOME</b>				
Card income	2,763	2,569	8,326	7,687
Wealth management fees	2,381	2,059	6,998	6,670
Service charges on deposit accounts	2,040	1,927	5,830	5,371

Mortgage servicing	1,169	697	3,522	2,016
Mortgage servicing rights fair value adjustment	23	351	(460)	2,446
Gains on sale of mortgage loans	476	354	1,125	1,267
Realized gains (losses) on sales of securities	(813)	—	(1,820)	—
Unrealized gains (losses) on equity securities	(46)	(107)	(61)	(447)
Gains (losses) on foreclosed assets	550	(225)	443	(192)
Gains (losses) on other assets	52	(31)	161	119
Income on bank owned life insurance	153	41	415	122
Other noninterest income	742	599	2,362	1,769
<b>Total noninterest income</b>	<b>9,490</b>	<b>8,234</b>	<b>26,841</b>	<b>26,828</b>
<b>NONINTEREST EXPENSE</b>				
Salaries	15,644	12,752	51,715	38,489
Employee benefits	2,616	1,771	7,658	6,199
Occupancy of bank premises	2,573	1,979	7,460	5,780
Furniture and equipment	667	668	2,135	1,843
Data processing	2,581	1,631	9,787	5,274
Marketing and customer relations	1,679	880	3,874	2,936
Amortization of intangible assets	720	243	1,950	733
FDIC insurance	512	302	1,705	888
Loan collection and servicing	345	336	971	771
Foreclosed assets	76	97	234	260
Other noninterest expense	3,258	3,339	13,088	8,824
<b>Total noninterest expense</b>	<b>30,671</b>	<b>23,998</b>	<b>100,577</b>	<b>71,997</b>
<b>INCOME BEFORE INCOME TAX EXPENSE</b>	<b>26,618</b>	<b>21,240</b>	<b>63,792</b>	<b>58,575</b>
<b>INCOME TAX EXPENSE</b>	<b>6,903</b>	<b>5,613</b>	<b>16,396</b>	<b>15,259</b>
<b>NET INCOME</b>	<b>\$ 19,715</b>	<b>\$ 15,627</b>	<b>\$ 47,396</b>	<b>\$ 43,316</b>
<b>EARNINGS PER SHARE - BASIC</b>	<b>\$ 0.62</b>	<b>\$ 0.54</b>	<b>\$ 1.50</b>	<b>\$ 1.50</b>
<b>EARNINGS PER SHARE - DILUTED</b>	<b>\$ 0.62</b>	<b>\$ 0.54</b>	<b>\$ 1.49</b>	<b>\$ 1.49</b>
<b>WEIGHTED AVERAGE SHARES OF COMMON STOCK OUTSTANDING</b>	<b>31,829,250</b>	<b>28,787,662</b>	<b>31,598,650</b>	<b>28,887,757</b>

See accompanying Notes to Consolidated Financial Statements (Unaudited)

4

[Table of Contents](#)

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

(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
(dollars in thousands)				

<b>NET INCOME</b>	\$ 18,473	\$ 14,085	\$ 27,681	\$ 27,689
<b>OTHER COMPREHENSIVE (LOSS) INCOME</b>				
Unrealized (losses) on debt securities available-for-sale	(12,638)	(24,151)	(1,195)	(77,573)
Reclassification adjustment for losses on securities available-for-sale realized in income	200	—	1,807	—
Reclassification adjustment for amortization of net unrealized losses on debt securities transferred to held-to-maturity	475	549	965	730
Unrealized gains on derivative instruments	201	149	161	743
Reclassification adjustment for net settlements on derivative instruments	(109)	67	(203)	163
Total other comprehensive (loss) income, before tax	(11,871)	(23,386)	1,535	(75,937)
Income tax (benefit) expense	(3,384)	(6,666)	438	(21,646)
Total other comprehensive (loss) income	(8,487)	(16,720)	1,097	(54,291)
<b>TOTAL COMPREHENSIVE INCOME (LOSS)</b>	<b>\$ 9,986</b>	<b>\$ (2,635)</b>	<b>\$ 28,778</b>	<b>\$ (26,602)</b>

(dollars in thousands)	<i>Three Months Ended September 30,</i>		<i>Nine Months Ended September 30,</i>	
	<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>
	<i>NET INCOME</i>	<i>\$ 19,715</i>	<i>\$ 15,627</i>	<i>\$ 47,396</i>
<b>OTHER COMPREHENSIVE LOSS</b>				
Unrealized losses on debt securities available-for-sale	(11,326)	(35,358)	(12,521)	(112,931)
Reclassification adjustment for losses on securities available-for-sale realized in income	13	—	1,820	—
Reclassification adjustment for amortization of net unrealized losses on debt securities transferred to held-to-maturity	518	504	1,483	1,234
Unrealized gains on derivative instruments	58	374	219	1,117
Reclassification adjustment for net settlements on derivative instruments	(131)	14	(334)	177
Total other comprehensive loss, before tax	(10,868)	(34,466)	(9,333)	(110,403)
Income tax benefit	(3,098)	(9,824)	(2,660)	(31,470)
<b>Total other comprehensive loss</b>	<b>(7,770)</b>	<b>(24,642)</b>	<b>(6,673)</b>	<b>(78,933)</b>
<b>TOTAL COMPREHENSIVE INCOME (LOSS)</b>	<b>\$ 11,945</b>	<b>\$ (9,015)</b>	<b>\$ 40,723</b>	<b>\$ (35,617)</b>

See accompanying Notes to Consolidated Financial Statements (Unaudited)

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

(Unaudited)

	Accumulated								Total Stockholders' Equity	
	Common Stock			Other						
	Shares	Outstanding	Amount	Retained Earnings	Comprehensive Income (Loss)	Treasury Stock				
(dollars in thousands, except per share data)										
<b>Balance, March 31, 2023</b>	32,095,370	\$ 327	\$ 294,441	\$ 228,782	\$ (62,175)	\$ (11,277)	\$ 450,098			
Net income	—	—	—	18,473	—	—	—	18,473		
Other comprehensive loss	—	—	—	—	(8,487)	—	—	(8,487)		
Stock-based compensation	—	—	434	—	—	—	—	434		
Repurchase of common stock	(229,502)	—	—	—	—	(4,188)	—	(4,188)		
Cash dividends and dividend equivalents (\$0.17 per share)	—	—	—	(5,478)	—	—	—	(5,478)		
<b>Balance, June 30, 2023</b>	<b>31,865,868</b>	<b>\$ 327</b>	<b>\$ 294,875</b>	<b>\$ 241,777</b>	<b>\$ (70,662)</b>	<b>\$ (15,465)</b>	<b>\$ 450,852</b>			
<b>Balance, March 31, 2022</b>	<b>28,967,943</b>	<b>\$ 293</b>	<b>\$ 221,735</b>	<b>\$ 203,076</b>	<b>\$ (36,100)</b>	<b>\$ (5,849)</b>	<b>\$ 383,155</b>			
Net income	—	—	—	14,085	—	—	—	14,085		
Other comprehensive loss	—	—	—	—	(16,720)	—	—	(16,720)		
Stock-based compensation	—	—	352	—	—	—	—	352		
Repurchase of common stock	(136,746)	—	—	—	—	(2,408)	—	(2,408)		
Cash dividends and dividend equivalents (\$0.16 per share)	—	—	—	(4,655)	—	—	—	(4,655)		
<b>Balance, June 30, 2022</b>	<b>28,831,197</b>	<b>\$ 293</b>	<b>\$ 222,087</b>	<b>\$ 212,506</b>	<b>\$ (52,820)</b>	<b>\$ (8,257)</b>	<b>\$ 373,809</b>			

	Accumulated								Total Stockholders' Equity	
	Common Stock			Other						
	Shares	Outstanding	Amount	Surplus	Retained Earnings	Comprehensive Income (Loss)	Treasury Stock			
(dollars in thousands, except per share data)										
<b>Balance, June 30, 2023</b>	<b>31,865,868</b>	<b>\$ 327</b>	<b>\$ 294,875</b>	<b>\$ 241,777</b>	<b>\$ (70,662)</b>	<b>\$ (15,465)</b>	<b>\$ 450,852</b>			
Net income	—	—	—	19,715	—	—	—	19,715		
Other comprehensive loss	—	—	—	—	(7,770)	—	—	(7,770)		
Stock-based compensation	—	—	608	—	—	—	—	608		
Repurchase of common stock	(91,728)	—	—	—	—	—	(1,712)	(1,712)		
Cash dividends and dividend equivalents (\$0.17 per share)	—	—	—	(5,442)	—	—	—	(5,442)		
<b>Balance, September 30, 2023</b>	<b>31,774,140</b>	<b>\$ 327</b>	<b>\$ 295,483</b>	<b>\$ 256,050</b>	<b>\$ (78,432)</b>	<b>\$ (17,177)</b>	<b>\$ 456,251</b>			
<b>Balance, June 30, 2022</b>	<b>28,831,197</b>	<b>\$ 293</b>	<b>\$ 222,087</b>	<b>\$ 212,506</b>	<b>\$ (52,820)</b>	<b>\$ (8,257)</b>	<b>\$ 373,809</b>			
Net income	—	—	—	15,627	—	—	—	15,627		
Other comprehensive loss	—	—	—	—	(24,642)	—	—	(24,642)		
Stock-based compensation	—	—	349	—	—	—	—	349		
Repurchase of common stock	(78,571)	—	—	—	—	—	(1,432)	(1,432)		
Cash dividends and dividend equivalents (\$0.16 per share)	—	—	—	(4,638)	—	—	—	(4,638)		
<b>Balance, September 30, 2022</b>	<b>28,752,626</b>	<b>\$ 293</b>	<b>\$ 222,436</b>	<b>\$ 223,495</b>	<b>\$ (77,462)</b>	<b>\$ (9,689)</b>	<b>\$ 359,073</b>			

See accompanying Notes to Consolidated Financial Statements (Unaudited)

[Table of Contents](#)

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

(Unaudited)

	Accumulated										Total	
	Common Stock			Other				Stockholders'				
	Shares	Retained	Comprehensive	Treasury	Stock	Equity						
(dollars in thousands, except per share data)												
<b>Balance, December 31, 2022</b>	<b>28,752,626</b>	<b>\$ 293</b>	<b>\$ 222,783</b>	<b>\$ 232,004</b>	<b>\$ (71,759)</b>	<b>\$ (9,689)</b>	<b>\$ 373,632</b>					
Cumulative effect of change in accounting principle (ASU 2016-13)	—	—	—	(6,922)	—	—	—	—	—	—	(6,922)	
Net income	—	—	—	27,681	—	—	—	—	—	—	27,681	
Other comprehensive income	—	—	—	—	—	1,097	—	—	—	—	1,097	
Stock-based compensation	—	—	951	—	—	—	—	—	—	—	951	
Issuance of common stock upon vesting of restricted stock units, net of tax withholdings	43,607	—	(181)	—	—	—	—	—	—	—	(181)	
Issuance of common stock in Town and Country acquisition	3,378,600	34	71,322	—	—	—	—	—	—	—	71,356	
Repurchase of common stock	(308,965)	—	—	—	—	—	—	—	(5,776)	—	(5,776)	
Cash dividends and dividend equivalents (\$0.34 per share)	—	—	—	(10,986)	—	—	—	—	—	—	(10,986)	
<b>Balance, June 30, 2023</b>	<b>31,865,868</b>	<b>\$ 327</b>	<b>\$ 294,875</b>	<b>\$ 241,777</b>	<b>\$ (70,662)</b>	<b>\$ (15,465)</b>	<b>\$ 450,852</b>					
<b>Balance, December 31, 2021</b>	<b>28,986,061</b>	<b>\$ 293</b>	<b>\$ 220,891</b>	<b>\$ 194,132</b>	<b>\$ 1,471</b>	<b>\$ (4,906)</b>	<b>\$ 411,881</b>					
Net income	—	—	—	27,689	—	—	—	—	—	—	27,689	
Other comprehensive loss	—	—	—	—	(54,291)	—	—	—	—	—	(54,291)	
Stock-based compensation	—	—	1,253	—	—	—	—	—	—	—	1,253	
Issuance of common stock upon vesting of restricted stock units, net of tax withholdings	31,944	—	(57)	—	—	—	—	—	—	—	(57)	
Repurchase of common stock	(186,808)	—	—	—	—	—	—	—	(3,351)	—	(3,351)	
Cash dividends and dividend equivalents (\$0.32 per share)	—	—	—	(9,315)	—	—	—	—	—	—	(9,315)	
<b>Balance, June 30, 2022</b>	<b>28,831,197</b>	<b>\$ 293</b>	<b>\$ 222,087</b>	<b>\$ 212,506</b>	<b>\$ (52,820)</b>	<b>\$ (8,257)</b>	<b>\$ 373,809</b>					

(dollars in thousands, except per share data)	Common Stock			Accumulated				Total	
	Shares			Other		Stockholders'			
	Outstanding	Amount	Surplus	Retained Earnings	Comprehensive Income (Loss)	Treasury Stock	Equity		
(dollars in thousands, except per share data)									

<b>Balance, December 31, 2022</b>	28,752,626	\$ 293	\$ 222,783	\$ 232,004	\$ (71,759)	\$ (9,689)	\$ 373,632
<i>Cumulative effect of change in accounting principle (ASU 2016-13)</i>	—	—	—	(6,922)	—	—	(6,922)
<i>Net income</i>	—	—	—	47,396	—	—	47,396
<i>Other comprehensive loss</i>	—	—	—	—	(6,673)	—	(6,673)
<i>Stock-based compensation</i>	—	—	1,559	—	—	—	1,559
<i>Issuance of common stock upon vesting of restricted stock units, net of tax withholdings</i>	43,607	—	(181)	—	—	—	(181)
<i>Issuance of common stock in Town and Country acquisition</i>	3,378,600	34	71,322	—	—	—	71,356
<i>Repurchase of common stock</i>	(400,693)	—	—	—	—	(7,488)	(7,488)
<i>Cash dividends and dividend equivalents (\$0.51 per share)</i>	—	—	—	(16,428)	—	—	(16,428)
<b>Balance, September 30, 2023</b>	<b>31,774,140</b>	<b>\$ 327</b>	<b>\$ 295,483</b>	<b>\$ 256,050</b>	<b>\$ (78,432)</b>	<b>\$ (17,177)</b>	<b>\$ 456,251</b>
<b>Balance, December 31, 2021</b>	<b>28,986,061</b>	<b>\$ 293</b>	<b>\$ 220,891</b>	<b>\$ 194,132</b>	<b>\$ 1,471</b>	<b>\$ (4,906)</b>	<b>\$ 411,881</b>
<i>Net income</i>	—	—	—	43,316	—	—	43,316
<i>Other comprehensive loss</i>	—	—	—	—	(78,933)	—	(78,933)
<i>Stock-based compensation</i>	—	—	1,602	—	—	—	1,602
<i>Issuance of common stock upon vesting of restricted stock units, net of tax withholdings</i>	31,944	—	(57)	—	—	—	(57)
<i>Repurchase of common stock</i>	(265,379)	—	—	—	—	(4,783)	(4,783)
<i>Cash dividends and dividend equivalents (\$0.48 per share)</i>	—	—	—	(13,953)	—	—	(13,953)
<b>Balance, September 30, 2022</b>	<b>28,752,626</b>	<b>\$ 293</b>	<b>\$ 222,436</b>	<b>\$ 223,495</b>	<b>\$ (77,462)</b>	<b>\$ (9,689)</b>	<b>\$ 359,073</b>

See accompanying Notes to Consolidated Financial Statements (Unaudited)

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

(Unaudited)

	<b>Six Months Ended June 30,</b>	
	<b>2023</b>	<b>2022</b>
	<b>(dollars in thousands)</b>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income	\$ 27,681	\$ 27,689
<b>Adjustments to reconcile net income to net cash provided by operating activities:</b>		
Depreciation expense	1,609	1,532
Provision for credit losses	5,980	(439)

Net amortization of debt securities	2,999	3,609
Deferred income tax expense	802	141
Stock-based compensation	951	1,253
Net accretion of discount and deferred loan fees on loans	(3,378)	(3,263)
Net realized loss on sales of securities	1,007	—
Net unrealized loss on equity securities	15	340
Net (gain) loss on disposals of bank premises and equipment	(32)	14
Net gain on sales of bank premises held for sale	(75)	(187)
Impairment losses on bank premises held for sale	—	23
Net gain on sales of foreclosed assets	(68)	(98)
Write-down of foreclosed assets	175	65
Amortization of intangibles	1,230	490
Decrease (increase) in mortgage servicing rights	483	(2,095)
Amortization of discount and issuance costs on subordinated notes and debentures	71	73
Amortization of premium on Federal Home Loan Bank advances	172	—
Amortization of premium on interest-bearing time deposits with banks	—	5
Amortization of discount on time deposits	(239)	(126)
Mortgage loans originated for sale	(35,682)	(38,091)
Proceeds from sale of mortgage loans	29,729	38,634
Net gain on sale of mortgage loans	(649)	(913)
Increase in cash surrender value of bank owned life insurance	(255)	(81)
Decrease in accrued interest receivable	2,719	638
Decrease in other assets	4,864	1,827
Decrease in other liabilities	(3,978)	(245)
Net cash provided by operating activities	<u>36,131</u>	<u>30,795</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from maturities of interest-bearing time deposits with banks	249	485
Proceeds from sales of securities available-for-sale	145,844	—
Proceeds from paydowns, maturities, and calls of debt securities	50,540	74,703
Purchase of securities	(2,985)	(349,769)
Purchase of loans	(36,964)	—
Net decrease in loans	51,609	52,336
Purchase of restricted stock	(11,622)	(74)
Proceeds from redemption of restricted stock	11,064	—
Purchases of bank premises and equipment	(1,495)	(496)
Proceeds from sales of bank premises and equipment	151	—
Proceeds from sales of bank premises held for sale	310	1,297
Proceeds from sales of foreclosed assets	284	447
Net cash paid for acquisition of Town and Country	(14,454)	—
Net cash provided by (used in) investing activities	<u>192,531</u>	<u>(221,071)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net decrease in deposits	(142,679)	(36,073)
Net decrease in repurchase agreements	(4,352)	(10,165)
Net decrease in Federal Home Loan Bank advances	(69,039)	—
Taxes paid related to the vesting of restricted stock units	(181)	(57)
Repurchase of common stock	(5,776)	(3,351)

<b>Cash dividends and dividend equivalents paid</b>	<b>(10,986)</b>	<b>(9,315)</b>
<b>Net cash used in financing activities</b>	<b>(233,013)</b>	<b>(58,961)</b>
 <b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	 <b>(4,351)</b>	 <b>(249,237)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>114,159</b>	<b>409,268</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>\$ 109,808</b>	<b>\$ 160,031</b>

	<i>Nine Months Ended September 30,</i>	
	<i>2023</i>	<i>2022</i>
<i>(dollars in thousands)</i>		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income	\$ 47,396	\$ 43,316
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation expense	2,362	2,296
Provision for credit losses	6,460	(53)
Net amortization of debt securities	4,391	5,337
Deferred income tax expense (benefit)	2,492	(245)
Stock-based compensation	1,559	1,602
Net accretion of discount and deferred loan fees on loans	(5,312)	(4,320)
Net realized loss on sales of securities	1,820	—
Net unrealized loss on equity securities	61	447
Net loss (gain) on disposals of bank premises and equipment	(84)	8
Net gain on sales of bank premises held for sale	(75)	(187)
Impairment losses on bank premises held for sale	—	61
Net gain on sales of foreclosed assets	(632)	(118)
Write-down of foreclosed assets	189	310
Amortization of intangibles	1,950	733
Decrease (increase) in mortgage servicing rights	460	(2,446)
Amortization of discount and issuance costs on subordinated notes and debentures	104	109
Amortization of discount on Federal Home Loan Bank advances	275	—
Amortization of premium on interest-bearing time deposits with banks	—	5
Amortization of premium on time deposits	(330)	(164)
Mortgage loans originated for sale	(53,187)	(50,467)
Proceeds from sale of mortgage loans	52,976	54,379
Net gain on sale of mortgage loans	(1,125)	(1,267)
Increase in cash surrender value of bank owned life insurance	(408)	(122)
Increase in accrued interest receivable	(828)	(1,980)
Decrease in other assets	12,530	289
Increase (decrease) in other liabilities	(20,198)	1,583
<b>Net cash provided by operating activities</b>	<b>52,846</b>	<b>49,106</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from maturities of interest-bearing time deposits with banks	249	485
Purchase of interest-bearing time deposits with banks	(500)	—
Proceeds from sales of securities available-for-sale	185,280	—
Proceeds from paydowns, maturities, and calls of debt securities	74,616	129,629
Purchase of securities	(3,010)	(368,794)
Purchase of loans	(49,859)	—
Net increase in loans	(32,506)	(74,769)
Purchase of restricted stock	(20,143)	(1,311)

Proceeds from redemption of restricted stock	19,765	—
Purchases of bank premises and equipment	(1,951)	(683)
Proceeds from sales of bank premises and equipment	222	8
Proceeds from sales of bank premises held for sale	310	1,297
Proceeds from sales of foreclosed assets	3,274	476
Net cash paid for acquisition of Town and Country	(14,454)	—
<b>Net cash provided by (used in) investing activities</b>	<b>161,293</b>	<b>(313,662)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net decrease in deposits	(109,043)	(94,578)
Net decrease in repurchase agreements	(14,181)	(13,126)
Net decrease (increase) in Federal Home Loan Bank advances	(69,064)	60,000
Taxes paid related to the vesting of restricted stock units	(181)	(57)
Repurchase of common stock	(7,488)	(4,783)
Cash dividends and dividend equivalents paid	(16,428)	(13,953)
<b>Net cash used in financing activities</b>	<b>(216,385)</b>	<b>(66,497)</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>114,159</b>	<b>409,268</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>\$ 111,913</b>	<b>\$ 78,215</b>

See accompanying Notes to Consolidated Financial Statements (Unaudited)

[Table of Contents](#)

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

(Unaudited)

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION	<i>Six Months Ended June 30,</i>	
	<i>2023                    2022</i>	
	<i>(dollars in thousands)</i>	
Cash paid for interest	\$ 11,815	\$ 2,860
Cash paid for income taxes	\$ 8,997	\$ 7,845
<b>SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING ACTIVITIES</b>		
Transfers of loans to foreclosed assets	\$ 170	\$ 27
Transfers of bank premises and equipment to bank premises held for sale	\$ 35	\$ —

<i>(dollars in thousands)</i>	<i>Nine Months Ended September 30,</i>	
	<i>2023</i>	<i>2022</i>

<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</b>			
Cash paid for interest	\$ 21,788	\$ 4,851	
Cash paid for income taxes	\$ 15,867	\$ 13,805	
<b>SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING ACTIVITIES</b>			
Transfers of loans to foreclosed assets	\$ 1,049	\$ 27	
Transfers of bank premises and equipment to bank premises held for sale	\$ 35	\$ —	

See accompanying Notes to Consolidated Financial Statements (Unaudited)

9

## [Table of Contents](#)

### **HBT FINANCIAL, INC. AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**(Unaudited)**

#### **NOTE 1 – ACCOUNTING POLICIES**

##### **Basis of Presentation**

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

The unaudited consolidated financial statements, including the notes thereto, have been prepared in accordance with accounting principles generally accepted in the U.S. ("GAAP") interim reporting requirements. Certain information in footnote disclosures normally included in financial statements prepared in accordance with GAAP has been condensed or omitted pursuant to rules and regulations of the SEC. These interim unaudited consolidated financial statements and notes thereto should be read in conjunction with the Company's audited consolidated financial statements and accompanying notes included in the Company's Annual Report on Form 10-K for the year ended December 31, 2022, filed with the SEC on March 8, 2023.

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

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

##### **Use of Estimates**

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

Actual results could differ significantly from those estimates. Material estimates that are particularly susceptible to significant changes in the near term relate to the determination of the allowance for credit losses and fair value of assets acquired and liabilities assumed in business combinations.

[Table of Contents](#)

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

**Segment Reporting**

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

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

**Reclassifications**

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

**Subsequent Events**

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

**Impact of Recently Adopted Accounting Standards**

On January 1, 2023, the Company adopted Accounting Standards Update ("ASU") 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended, which replaces the incurred loss methodology with an expected loss methodology, commonly referred to as the current expected credit losses ("CECL") methodology. The measurement of expected credit losses under the CECL methodology is applicable to financial assets measured at amortized cost, including loan receivables and debt securities held-to-maturity. It also applies to off-balance sheet credit exposures not accounted for as insurance, such as loan commitments and letters of credit. In addition, Accounting Standards Codification ("ASC") 326 made changes to the accounting for debt securities available-for-sale. One such change is to require credit losses be presented as an allowance rather than as a write-down on debt securities available-for-sale management does not intend to sell or believes that it is more likely than not they will be required to sell.

[Table of Contents](#)

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

The Company adopted ASC 326 using the modified retrospective method for all financial assets measured at amortized cost and off-balance sheet credit exposures. Results for reporting periods beginning after December 31, 2022 are presented under ASC 326 while prior period amounts continue to be reported in accordance with previously applicable GAAP. The Company recorded a net decrease to retained earnings of **\$6.9 million** as of January 1, 2023 for the cumulative effect of adopting ASC 326. The following table illustrates the impact of ASC 326 on the allowance for credit losses:

	January 1, 2023		
	Pre-ASC 326	Impact of	As Reported
	Adoption	ASC 326 Adoption	under ASC 326
(dollars in thousands)			
<b>Assets:</b>			
Allowance for credit losses on loans			
Commercial and industrial	\$ 3,279	\$ (822)	\$ 2,457
Commercial real estate - owner occupied	1,193	587	1,780
Commercial real estate - non-owner occupied	6,721	501	7,222
Construction and land development	4,223	1,969	6,192
Multi-family	1,472	85	1,557
One-to-four family residential	1,759	797	2,556
Agricultural and farmland	796	1,567	2,363
Municipal, consumer, and other	5,890	2,299	8,189
<b>Allowance for credit losses on loans</b>	<b>\$ 25,333</b>	<b>\$ 6,983</b>	<b>\$ 32,316</b>
<b>Liabilities:</b>			
Allowance for credit losses on unfunded commitments	\$ —	\$ 2,899	\$ 2,899

	January 1, 2023		
	Pre-ASC 326	Impact of	As Reported
	Adoption	ASC 326 Adoption	under ASC 326
(dollars in thousands)			
<b>Assets:</b>			
Allowance for credit losses on loans			
Commercial and industrial	\$ 3,279	\$ (822)	\$ 2,457
Commercial real estate - owner occupied	1,193	587	1,780
Commercial real estate - non-owner occupied	6,721	501	7,222
Construction and land development	4,223	1,969	6,192
Multi-family	1,472	85	1,557
One-to-four family residential	1,759	797	2,556
Agricultural and farmland	796	1,567	2,363
Municipal, consumer, and other	5,890	2,299	8,189
<b>Allowance for credit losses on loans</b>	<b>\$ 25,333</b>	<b>\$ 6,983</b>	<b>\$ 32,316</b>

Liabilities:				
Allowance for credit losses on unfunded commitments	\$	—	\$ 2,899	\$ 2,899

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

The Company also adopted ASC 326 using the prospective transition approach for purchase credit deteriorated ("PCD") financial assets that were previously classified as purchased credit impaired ("PCI") and accounted for under ASC 310-30. In accordance with ASC 326, management did not reassess whether PCI assets met the criteria of PCD assets as of the date of adoption. On January 1, 2023, the amortized cost basis of the PCD assets were adjusted to reflect the addition of **\$0.2 million** **\$0.2 million** to the allowance for credit losses. The remaining noncredit discount will be accreted into interest income at the effective interest rate as of January 1, 2023.

On January 1, 2023, the Company also adopted ASU 2022-02, *Financial Instruments - Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures*. ASU 2022-02 eliminates the recognition and measurement guidance for troubled debt restructurings ("TDRs") by creditors in ASC 310-40. This ASU also enhances disclosure requirements for certain loan restructurings by creditors when a borrower is experiencing financial difficulty. Specifically, rather than applying the recognition and measurement guidance for TDRs, an entity will apply refinancing and restructuring guidance to determine whether a modification or other form of restructuring results in a new loan or a continuation of an existing loan. Additionally, the amendments in ASU 2022-02 require a public business entity to disclosure current-period gross write-offs by year of origination for financing receivables and net investments in leases in the existing vintage disclosures. This standard did not have a material impact on the Company's consolidated results of operations or financial position.

12

---

[Table of Contents](#)

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

**Recent Accounting Pronouncements**

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

In March 2022, the FASB issued ASU 2022-01, *Derivatives and Hedging (Topic 815): Fair Value Hedging – Portfolio Layer Method*. ASU 2022-01 replaces the current last-of-layer hedge accounting method with an expanded portfolio layer method that permits multiple hedged layers of a single closed portfolio. The scope of the portfolio layer method is also expanded to include non-prepayable financial assets. ASU 2022-01 also provides additional guidance on the accounting for and disclosure of hedge

basis adjustments that are applicable to the portfolio layer method, and specifies how hedge basis adjustments should be considered when determining credit losses for the assets included in the closed portfolio. Amendments related to hedge basis adjustments which are included in this standard apply on a modified retrospective basis by means of a cumulative-effect adjustment to the opening balance of retained earnings on the initial application date. Amendments related to hedge basis adjustments which are included in this standard apply on a modified retrospective basis by means of a cumulative-effect adjustment to the opening balance of retained earnings on the initial application date. Amendments related to disclosure which are included in this standard may be applied on a prospective basis from the initial application date, or on a retrospective basis to each prior period presented after the date of adoption of the amendments in ASU 2017-12, *Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities*. The amendments in this update are effective for years beginning after December 15, 2023, including interim periods within those years. Early adoption is permitted. This standard is not expected to have a material impact on the Company's consolidated results of operations or financial position.

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

In March 2020, the FASB issued ASU 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*. ASU 2020-04 provides optional expedients and exceptions for applying GAAP to contracts, hedging relationships, and other transactions affected by reference rate reform, if certain criteria are met. In January 2021, the FASB also issued ASU 2021-01, *Reference Rate Reform (Topic 848): Scope*, which refined the scope for certain optional expedients and exceptions for contract modifications and hedge accounting to apply to derivative contracts and certain hedging relationships affected by the discounting transition. Entities may apply the provisions as of the beginning of the reporting period when the election is made and are available until December 31, 2024. The Company is currently evaluating the effect that this standard will have on the consolidated results of operations and financial position.

13

In March 2023, the FASB issued ASU 2023-02, *Investments—Equity Method and Joint Ventures (Topic 323)*. ASU 2023-02 permits an election to use the proportional amortization method to account for equity investments made primarily for the purpose of receiving income tax credits and other income tax benefits, regardless of the tax credit program from which the income tax credits are received, provided that certain conditions are met. The proportional amortization method results in the cost of the investment being amortized in proportion to the income tax credits and other income tax benefits received, with the amortization of the investment and the income tax credits being presented net in the income statement as a component of income tax expense. ASU 2023-02 must be applied on a retrospective or modified retrospective basis, and is applicable for the Company beginning after December 15, 2023. Early adoption is permitted. The Company is currently evaluating the effect that this standard will have on the consolidated results of operations and financial position.

[Table of Contents](#)

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

(Unaudited)

**NOTE 2 – ACQUISITIONS**

**Town and Country Financial Corporation**

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

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

This transaction was accounted for using the acquisition method of accounting and, accordingly, assets acquired, liabilities assumed, and consideration exchanged were recorded at estimated fair values on the date of acquisition. Fair values are subject to refinement for up to one year after the closing date of February 1, 2023. Measurement period adjustments of \$0.1 million were recorded in the third quarter of 2023 as more information became available regarding Town and Country's tax assets and liabilities. Goodwill of \$30.6 million was recorded in the acquisition, which reflects expected synergies from combining the operations of HBT Financial and Town and Country, and is nondeductible for tax purposes.

The acquisition of Town and Country further enhanced HBT Financial's footprint in Central Illinois, and expanded our footprint into metro-east St. Louis. During the three and **six** **nine** months ended **June 30, 2023, September 30, 2023 and 2022**, HBT Financial incurred the following expenses related to the acquisition of Town and Country:

	Three Months Ended		Six Months Ended June	
	June 30, 2023		30, 2023	
	(dollars in thousands)			
<b>PROVISION FOR CREDIT LOSSES</b>	\$	—	\$	5,924
<b>NONINTEREST EXPENSE</b>				
Salaries		66		3,584
Furniture and equipment		39		39
Data processing		176		2,031
Marketing and customer relations		10		24
Loan collection and servicing		125		125
Legal fees and other noninterest expense		211		1,964
<b>Total noninterest expense</b>		627		7,767
<b>Total acquisition-related expenses</b>	\$	627	\$	13,691

There were no expenses related to the acquisition of Town and Country during the three and six months ended June 30, 2022.

14

(dollars in thousands)	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2023	2022	2023	2022
<b>PROVISION FOR CREDIT LOSSES</b>	\$	—	\$	5,924
<b>NONINTEREST EXPENSE</b>				
Salaries	—	—	3,584	—
Furniture and equipment	—	—	39	—
Data processing	—	—	2,031	—
Marketing and customer relations	—	—	24	—
Loan collection and servicing	—	—	125	—

Legal fees and other noninterest expense	—	462	1,964	462
<b>Total noninterest expense</b>	<b>—</b>	<b>462</b>	<b>7,767</b>	<b>462</b>
<b>Total acquisition-related expenses</b>	<b>\$ —</b>	<b>\$ 462</b>	<b>\$ 13,691</b>	<b>\$ 462</b>

[Table of Contents](#)

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

(Unaudited)

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

	<u>Fair Value</u>
<b>Assets acquired:</b>	
Cash and cash equivalents	\$ 23,542
Interest-bearing time deposits with banks	249
Debt securities	167,869
Equity securities	90
Restricted stock	2,822
Loans held for sale	1,612
Loans, before allowance for credit losses	635,376
Allowance for credit losses	(1,247)
Loans, net of allowance for credit losses	634,129
Bank owned life insurance	15,782
Bank premises and equipment	14,828
Foreclosed assets	271
Intangible assets	22,282
Mortgage servicing rights	10,469
Investments in unconsolidated subsidiaries	449
Accrued interest receivable	3,113
Other assets	8,061
<b>Total assets acquired</b>	<b>905,568</b>
<b>Liabilities assumed:</b>	
Deposits	720,417
FHLB advances	86,439
Junior subordinated debentures	14,949
Other liabilities	4,965
<b>Total liabilities assumed</b>	<b>826,770</b>
<b>Net assets acquired</b>	<b>\$ 78,798</b>
<b>Consideration paid:</b>	

Cash	\$ 37,996
Common stock	71,356
<b>Total consideration paid</b>	<b>\$ 109,352</b>
<b>Goodwill</b>	<b>\$ 30,554</b>

15

	Fair Value
<b>Assets acquired:</b>	
Cash and cash equivalents	\$ 23,542
Interest-bearing time deposits with banks	249
Debt securities	167,869
Equity securities	90
Restricted stock	2,822
Loans held for sale	1,612
Loans, before allowance for credit losses	635,376
Allowance for credit losses	(1,247)
Loans, net of allowance for credit losses	634,129
Bank owned life insurance	15,782
Bank premises and equipment	14,828
Foreclosed assets	271
Intangible assets	22,282
Mortgage servicing rights	10,469
Investments in unconsolidated subsidiaries	449
Accrued interest receivable	3,113
Other assets	9,151
<b>Total assets acquired</b>	<b>906,658</b>
<b>Liabilities assumed:</b>	
Deposits	720,417
FHLB advances	86,439
Junior subordinated debentures	14,949
Other liabilities	5,999
<b>Total liabilities assumed</b>	<b>827,804</b>
<b>Net assets acquired</b>	<b>\$ 78,854</b>
<b>Consideration paid:</b>	
Cash	\$ 37,996
Common stock	71,356
<b>Total consideration paid</b>	<b>\$ 109,352</b>
<b>Goodwill</b>	<b>\$ 30,498</b>

[Table of Contents](#)

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

**(Unaudited)**

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

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

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

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

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

(dollars in thousands, except per share data)	Pro Forma		Pro Forma	
	Three Months Ended June 30,	2023	Six Months Ended June 30,	2023
Total revenues (net interest income and noninterest income)	\$ 58,786	\$ 53,431	\$ 116,556	\$ 107,943
Net income	18,185	16,833	28,200	36,190
Earnings per share - basic	0.57	0.55	0.89	1.17
Earnings per share - diluted	0.57	0.55	0.88	1.17

(dollars in thousands, except per share data)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Total revenues (net interest income and noninterest income)	\$ 57,459	\$ 56,902	\$ 174,015	\$ 164,845
Net income	19,497	18,207	47,697	52,617
Earnings per share - basic	0.61	0.57	1.49	1.63
Earnings per share - diluted	0.61	0.56	1.49	1.63

[Table of Contents](#)

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

(Unaudited)

**NOTE 3 – SECURITIES**

**Debt Securities**

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

June 30, 2023	Gross		Gross		Allowance for
	Amortized Cost	Unrealized Gains	Unrealized Losses	Credit Losses	
(dollars in thousands)					
<b>Available-for-sale:</b>					
U.S. Treasury	\$ 169,788	\$ —	\$ (14,648)	\$ —	\$ 155,140
U.S. government agency	56,833	—	(4,409)	—	52,424
Municipal	273,263	18	(29,226)	—	244,055
Mortgage-backed:					
Agency residential	208,470	—	(18,920)	—	189,550
Agency commercial	147,922	3	(17,039)	—	130,886
Corporate	57,632	—	(6,099)	(800)	50,733
<b>Total available-for-sale</b>	<b>\$ 913,908</b>	<b>\$ 21</b>	<b>\$ (90,341)</b>	<b>\$ (800)</b>	<b>\$ 822,788</b>
(dollars in thousands)					
June 30, 2023	Gross		Gross		Allowance for
	Amortized Cost	Unrealized Gains	Losses	Fair Value	Credit Losses
<b>Held-to-maturity:</b>					
U.S. government agency	\$ 88,436	\$ —	\$ (9,615)	\$ 78,821	\$ —
Municipal	39,756	147	(422)	39,481	—
Mortgage-backed:					
Agency residential	100,685	—	(7,003)	93,682	—
Agency commercial	304,354	—	(46,417)	257,937	—
<b>Total held-to-maturity</b>	<b>\$ 533,231</b>	<b>\$ 147</b>	<b>\$ (63,457)</b>	<b>\$ 469,921</b>	<b>\$ —</b>

(dollars in thousands)	September 30, 2023				
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Allowance for Credit Losses	Fair Value
<b>Available-for-sale:</b>					
U.S. Treasury	\$ 169,751	\$ —	\$ (15,357)	\$ —	\$ 154,394
U.S. government agency	55,483	—	(4,768)	—	50,715
Municipal	231,444	1	(36,244)	—	195,201
Mortgage-backed:					
Agency residential	197,549	9	(20,508)	—	177,050
Agency commercial	142,920	2	(18,593)	—	124,329
Corporate	57,649	—	(6,175)	—	51,474
<b>Total available-for-sale</b>	<b>\$ 854,796</b>	<b>\$ 12</b>	<b>\$ (101,645)</b>	<b>\$ —</b>	<b>\$ 753,163</b>
September 30, 2023					
(dollars in thousands)	Gross Unrealized				
	Amortized Cost	Gross Unrealized Gains	Losses	Fair Value	Allowance for Credit Losses
<b>Held-to-maturity:</b>					
U.S. government agency	\$ 88,442	\$ —	\$ (12,392)	\$ 76,050	\$ —
Municipal	39,344	6	(1,686)	37,664	—
Mortgage-backed:					
Agency residential	98,115	—	(9,281)	88,834	—
Agency commercial	301,243	—	(53,478)	247,765	—
<b>Total held-to-maturity</b>	<b>\$ 527,144</b>	<b>\$ 6</b>	<b>\$ (76,837)</b>	<b>\$ 450,313</b>	<b>\$ —</b>

[Table of Contents](#)

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

(Unaudited)

December 31, 2022	Amortized Cost	Gross		Gross	
		Unrealized Gains	Unrealized Losses	Unrealized	Fair Value
<b>Available-for-sale:</b>					
U.S. Treasury	\$ 169,860	\$ —	\$ (15,345)	\$ 154,515	\$ —
U.S. government agency	59,291	—	(4,134)	55,157	—
Municipal	275,972	46	(32,189)	243,829	—
Mortgage-backed:					
Agency residential	213,676	5	(18,240)	195,441	—
Agency commercial	150,060	—	(17,172)	132,888	—
Corporate	65,597	55	(3,958)	61,694	—
<b>Total available-for-sale</b>	<b>\$ 934,456</b>	<b>\$ 106</b>	<b>\$ (91,038)</b>	<b>\$ 843,524</b>	<b>\$ —</b>

December 31, 2022	Amortized		Gross		Gross	
	Cost	Unrealized	Gains	Losses	Fair Value	
(dollars in thousands)						
<b>Held-to-maturity:</b>						
U.S. government agency	\$ 88,424	\$ —	\$ (9,728)	\$ 78,696		
Municipal	42,167	195	(314)	42,048		
Mortgage-backed:						
Agency residential	102,728	—	(6,470)	96,258		
Agency commercial	308,281	—	(46,482)	261,799		
<b>Total held-to-maturity</b>	<b>\$ 541,600</b>	<b>\$ 195</b>	<b>\$ (62,994)</b>	<b>\$ 478,801</b>		

(dollars in thousands)	December 31, 2022			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
<b>Available-for-sale:</b>				
<b>U.S. Treasury</b>				
U.S. Treasury	\$ 169,860	\$ —	\$ (15,345)	\$ 154,515
U.S. government agency	59,291	—	(4,134)	55,157
Municipal	275,972	46	(32,189)	243,829
Mortgage-backed:				
Agency residential	213,676	5	(18,240)	195,441
Agency commercial	150,060	—	(17,172)	132,888
Corporate	65,597	55	(3,958)	61,694
<b>Total available-for-sale</b>	<b>\$ 934,456</b>	<b>\$ 106</b>	<b>\$ (91,038)</b>	<b>\$ 843,524</b>

(dollars in thousands)	December 31, 2022			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
<b>Held-to-maturity:</b>				
<b>U.S. government agency</b>				
U.S. government agency	\$ 88,424	\$ —	\$ (9,728)	\$ 78,696
Municipal	42,167	195	(314)	42,048
Mortgage-backed:				
Agency residential	102,728	—	(6,470)	96,258
Agency commercial	308,281	—	(46,482)	261,799
<b>Total held-to-maturity</b>	<b>\$ 541,600</b>	<b>\$ 195</b>	<b>\$ (62,994)</b>	<b>\$ 478,801</b>

On March 31, 2022, the Company transferred certain debt securities from the available-for-sale category to the held-to-maturity category in order to better reflect the revised intentions of the Company due to possible market value volatility, resulting from a potential rise in interest rates. The following is a summary of the amortized cost and fair value of securities transferred to the held-to-maturity category:

	March 31, 2022	
	Amortized	
	Cost	Fair Value
(dollars in thousands)		
U.S. government agency	\$ 78,841	\$ 71,048
Mortgage-backed:		
Agency residential	8,175	7,651
Agency commercial	27,834	25,432
<b>Total</b>	<b>\$ 114,850</b>	<b>\$ 104,131</b>

	March 31, 2022		
	Amortized		
	Cost	Fair Value	
(dollars in thousands)			
U.S. government agency	\$ 78,841	\$ 71,048	
Mortgage-backed:			
Agency residential	8,175	7,651	
Agency commercial	27,834	25,432	
<b>Total</b>	<b>\$ 114,850</b>	<b>\$ 104,131</b>	

The debt securities were transferred between categories at fair value, with the transfer date fair value becoming the new amortized cost for each security transferred. The unrealized gain (loss), net of tax, at the date of transfer remains a component of accumulated other comprehensive income, but will be amortized over the remaining life of the debt securities as an adjustment of yield in a manner consistent with amortization of any premium or discount. As a result, the amortization of an unrealized gain (loss) reported in accumulated other comprehensive income will offset or mitigate the effect on interest income of the amortization of the premium or discount for that held-to-maturity debt security.

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

As of **June 30, 2023** **September 30, 2023** and December 31, 2022, the Bank had debt securities with a carrying value of **\$449.6 million** **\$449.2 million** and **\$332.6 million**, **\$332.6 million**, respectively, which were pledged to secure public deposits, securities sold under agreements to repurchase, and for other purposes required or permitted by law.

18

---

[Table of Contents](#)

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

The amortized cost and fair value of debt securities by contractual maturity, as of **June 30, 2023** **September 30, 2023**, are shown below. Expected maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

	Available-for-Sale				Held-to-Maturity			
	Amortized		Amortized					
	Cost	Fair Value	Cost	Fair Value				
	(dollars in thousands)							
Due in 1 year or less	\$ 34,603	\$ 33,740	\$ 2,451	\$ 2,454				

Due after 1 year through 5 years	230,246	215,388	27,401	26,424
Due after 5 years through 10 years	236,936	204,230	92,657	84,186
Due after 10 years	55,731	48,994	5,683	5,238
Mortgage-backed:				
Agency residential	208,470	189,550	100,685	93,682
Agency commercial	147,922	130,886	304,354	257,937
<b>Total</b>	<b>\$ 913,908</b>	<b>\$ 822,788</b>	<b>\$ 533,231</b>	<b>\$ 469,921</b>

(dollars in thousands)	Available-for-Sale		Held-to-Maturity	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Due in 1 year or less	\$ 34,149	\$ 33,546	\$ 2,643	\$ 2,634
Due after 1 year through 5 years	213,534	197,634	34,215	31,718
Due after 5 years through 10 years	217,279	180,780	85,250	74,459
Due after 10 years	49,365	39,824	5,678	4,903
Mortgage-backed:				
Agency residential	197,549	177,050	98,115	88,834
Agency commercial	142,920	124,329	301,243	247,765
<b>Total</b>	<b>\$ 854,796</b>	<b>\$ 753,163</b>	<b>\$ 527,144</b>	<b>\$ 450,313</b>

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

June 30, 2023	Investments in a Continuous Unrealized Loss Position					
	Less than 12 Months		12 Months or More		Total	
	Unrealized		Unrealized		Unrealized	
	Loss	Fair Value	Loss	Fair Value	Loss	Fair Value
(dollars in thousands)						
<b>Available-for-sale:</b>						
U.S. Treasury	\$ —	\$ —	\$ (14,648)	\$ 155,140	\$ (14,648)	\$ 155,140
U.S. government agency	(270)	7,973	(4,139)	44,451	(4,409)	52,424
Municipal	(723)	47,645	(28,503)	192,219	(29,226)	239,864
Mortgage-backed:						
Agency residential	(1,305)	36,555	(17,615)	152,961	(18,920)	189,516
Agency commercial	(345)	13,093	(16,694)	117,701	(17,039)	130,794
Corporate	(1,994)	17,752	(3,928)	31,957	(5,922)	49,709
<b>Total available-for-sale</b>	<b>\$ (4,637)</b>	<b>\$ 123,018</b>	<b>\$ (85,527)</b>	<b>\$ 694,429</b>	<b>\$ (90,164)</b>	<b>\$ 817,447</b>

19

(dollars in thousands)	September 30, 2023					
	Investments in a Continuous Unrealized Loss Position					
	Less than 12 Months		12 Months or More		Total	
	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value
(dollars in thousands)						

<b>Available-for-sale:</b>												
U.S. Treasury	\$	—	\$	—	\$	(15,357)	\$	154,394	\$	(15,357)	\$	154,394
U.S. government agency		(5)		1,380		(4,763)		49,298		(4,768)		50,678
Municipal		(282)		10,479		(35,962)		183,720		(36,244)		194,199
Mortgage-backed:												
Agency residential		(725)		13,924		(19,783)		160,778		(20,508)		174,702
Agency commercial		(86)		3,645		(18,507)		120,593		(18,593)		124,238
Corporate		(443)		6,317		(5,732)		45,156		(6,175)		51,473
<b>Total available-for-sale</b>		<b>\$ (1,541)</b>		<b>\$ 35,745</b>		<b>\$ (100,104)</b>		<b>\$ 713,939</b>		<b>\$ (101,645)</b>		<b>\$ 749,684</b>

[Table of Contents](#)

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

(Unaudited)

The following table presents gross unrealized losses and fair value of debt securities, aggregated by category and length of time that individual debt securities have been in a continuous unrealized loss position, as of December 31, 2022:

December 31, 2022	Investments in a Continuous Unrealized Loss Position					
	Less than 12 Months		12 Months or More		Total	
	Unrealized	Fair Value	Unrealized	Fair Value	Unrealized	Fair Value
<b>Available-for-sale:</b>	(dollars in thousands)					
U.S. Treasury	\$ (8,401)	\$ 92,445	\$ (6,944)	\$ 62,070	\$ (15,345)	\$ 154,515
U.S. government agency	(2,980)	47,370	(1,154)	7,787	(4,134)	55,157
Municipal	(10,906)	149,261	(21,283)	87,794	(32,189)	237,055
Mortgage-backed:						
Agency residential	(8,332)	127,288	(9,908)	65,692	(18,240)	192,980
Agency commercial	(4,764)	62,672	(12,408)	70,216	(17,172)	132,888
Corporate	(2,594)	52,190	(1,364)	5,600	(3,958)	57,790
<b>Total available-for-sale</b>	<b>(37,977)</b>	<b>531,226</b>	<b>(53,061)</b>	<b>299,159</b>	<b>(91,038)</b>	<b>830,385</b>
<b>Held-to-maturity:</b>						
U.S. government agency	(1,754)	15,751	(7,974)	62,945	(9,728)	78,696
Municipal	(314)	23,433	—	—	(314)	23,433
Mortgage-backed:						
Agency residential	(4,039)	78,452	(2,431)	17,806	(6,470)	96,258
Agency commercial	(16,716)	103,298	(29,766)	158,501	(46,482)	261,799
<b>Total held-to-maturity</b>	<b>(22,823)</b>	<b>220,934</b>	<b>(40,171)</b>	<b>239,252</b>	<b>(62,994)</b>	<b>460,186</b>
<b>Total debt securities</b>	<b>\$ (60,800)</b>	<b>\$ 752,160</b>	<b>\$ (93,232)</b>	<b>\$ 538,411</b>	<b>\$ (154,032)</b>	<b>\$ 1,290,571</b>

(dollars in thousands)	December 31, 2022					
	Investments in a Continuous Unrealized Loss Position					
	Less than 12 Months		12 Months or More		Total	
Unrealized	Loss	Fair Value	Unrealized	Loss	Fair Value	Unrealized

<b>Available-for-sale:</b>							
U.S. Treasury	\$ (8,401)	\$ 92,445	\$ (6,944)	\$ 62,070	\$ (15,345)	\$ 154,515	
U.S. government agency	(2,980)	47,370	(1,154)	7,787	(4,134)	55,157	
Municipal	(10,906)	149,261	(21,283)	87,794	(32,189)	237,055	
Mortgage-backed:							
Agency residential	(8,332)	127,288	(9,908)	65,692	(18,240)	192,980	
Agency commercial	(4,764)	62,672	(12,408)	70,216	(17,172)	132,888	
Corporate	(2,594)	52,190	(1,364)	5,600	(3,958)	57,790	
<b>Total available-for-sale</b>	<b>(37,977)</b>	<b>531,226</b>	<b>(53,061)</b>	<b>299,159</b>	<b>(91,038)</b>	<b>830,385</b>	
<b>Held-to-maturity:</b>							
U.S. government agency	(1,754)	15,751	(7,974)	62,945	(9,728)	78,696	
Municipal	(314)	23,433	—	—	(314)	23,433	
Mortgage-backed:							
Agency residential	(4,039)	78,452	(2,431)	17,806	(6,470)	96,258	
Agency commercial	(16,716)	103,298	(29,766)	158,501	(46,482)	261,799	
<b>Total held-to-maturity</b>	<b>(22,823)</b>	<b>220,934</b>	<b>(40,171)</b>	<b>239,252</b>	<b>(62,994)</b>	<b>460,186</b>	
<b>Total debt securities</b>	<b>\$ (60,800)</b>	<b>\$ 752,160</b>	<b>\$ (93,232)</b>	<b>\$ 538,411</b>	<b>\$ (154,032)</b>	<b>\$ 1,290,571</b>	

As of **June 30, 2023** **September 30, 2023**, there were **587,669** debt securities in an unrealized loss position for a period of twelve months or more, and **350,225** debt securities in an unrealized loss position for a period of less than twelve months.

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

Municipal securities include approximately **81%** **79%** general obligation bonds as of **June 30, 2023** **September 30, 2023**, which have a very low historical default rate due to issuers generally having taxing authority to service the debt. The remainder of the municipal securities are also of high credit quality with ratings of A+/A1 or better. The Company evaluates credit risk through monitoring credit ratings and reviews of available financial data. The changes in fair value in these portfolios are considered to be primarily driven by changes in market interest rates and other non-credit risks, such as call and liquidity risks. The estimated allowance for credit losses for the municipal debt securities held-to-maturity was deemed insignificant.

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

Corporate securities include investment grade corporate and bank subordinated debt securities. The Company evaluates credit risk through monitoring credit ratings, reviews of available issuer financial data, and sector trends. An **\$0.8 million** There was no allowance for credit losses was on corporate securities recorded as of **June 30, 2023** **September 30, 2023**. A negative provision for credit losses of **\$0.8 million** was recorded during the three months ended **September 30, 2023**, reversing the provision for credit losses recognized during the first half of 2023, related to one bank subordinated debt security and security. The initial provision for credit losses recognized during the first half of 2023 reflected heightened potential credit risk following the recent failures of other banks. The related provision for banks, but this heightened potential credit losses were **\$0.2 million** and **\$0.6 million** during risk was reduced after a merger announcement by the three and six months ended **June 30, 2023**, respectively. For issuer of the other corporate securities, bank subordinated debt security. As of **September 30, 2023**, the changes in fair value in these portfolios are considered to be primarily driven by changes in market interest rates and other non-credit risks, such as call and liquidity risks.

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

As of **June 30, 2023** **September 30, 2023**, the Company did not intend to sell the debt securities that are in an unrealized or unrecognized loss position, and it was more likely than not that the Company would recover the amortized cost prior to being required to sell the debt securities.

Accrued interest on debt securities totaled **\$6.1 million** **\$6.2 million** as of **June 30, 2023** **September 30, 2023** and is excluded from the estimate of credit losses.

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

	Three Months Ended June			
	30,		Six Months Ended June 30,	
	2023	2022	2023	2022
(dollars in thousands)				
Proceeds from sales	\$ —	\$ —	\$ 145,844	\$ —
Gross realized gains	—	—	—	—
Gross realized losses	—	—	(1,007)	—

Subsequent to June 30, 2023, the Company recognized \$0.8 million of net losses on the sale of \$39.4 million of debt securities.

(dollars in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	\$ 39,436	\$ —	\$ 185,280	\$ —
Proceeds from sales	\$ 39,436	\$ —	\$ 185,280	\$ —
Gross realized gains	—	—	—	—
Gross realized losses	(813)	—	(1,820)	—

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

**Equity Securities**

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

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

June 30, 2023	Readily	No Readily
	Determinable	Determinable
	Fair Value	Fair Value
(dollars in thousands)		
Initial cost	\$ 3,142	\$ 2,578
Cumulative net unrealized gains (losses)	10	(303)
<b>Carrying value</b>	<b>\$ 3,152</b>	<b>\$ 2,275</b>

December 31, 2022	Readily	No Readily
	Determinable	Determinable
	Fair Value	Fair Value
(dollars in thousands)		
Initial cost	\$ 3,142	\$ 2,142
Cumulative net unrealized gains (losses)	(113)	(165)
<b>Carrying value</b>	<b>\$ 3,029</b>	<b>\$ 1,977</b>

21

	September 30, 2023	
	Readily	No Readily
	Determinable	Determinable
(dollars in thousands)		
Initial cost	\$ 3,142	\$ 2,603
Cumulative net unrealized gains (losses)	(36)	(303)
<b>Carrying value</b>	<b>\$ 3,106</b>	<b>\$ 2,300</b>

	December 31, 2022	
	Readily	No Readily
	Determinable	Determinable
(dollars in thousands)		
Initial cost	\$ 3,142	\$ 2,142
Cumulative net unrealized gains (losses)	(113)	(165)
<b>Carrying value</b>	<b>\$ 3,029</b>	<b>\$ 1,977</b>

[Table of Contents](#)

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

As of **June 30, 2023** **September 30, 2023**, the cumulative net unrealized losses on equity securities with no readily determinable fair value reflect impairments of **\$0.1 million** **\$0.1 million** and downward adjustments based on observable price changes of an identical investment of **\$0.2 million** **\$0.2 million**. As of December 31, 2022, the cumulative net unrealized losses on equity securities with no readily determinable fair value reflect downward adjustments based on observable price changes of an identical investment. There have been no upward adjustments based on observable price changes to equity securities with no readily determinable fair value.

There were no sales of equity securities during the three and **six nine** months ended **June 30, 2023** **September 30, 2023** and 2022. Unrealized gains (losses) on equity securities were as follows during the three and **six nine** months ended **June 30, 2023** **September 30, 2023** and 2022:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
			(dollars in thousands)	
Readily determinable fair value	\$ 7	\$ (153)	\$ 123	\$ (340)

No readily determinable fair value	—	—	(138)	—
<b>Unrealized gains (losses) on equity securities</b>	<b>\$ 7</b>	<b>\$ (153)</b>	<b>\$ (15)</b>	<b>\$ (340)</b>

(dollars in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Readily determinable fair value	\$ (46)	\$ (107)	\$ 77	\$ (447)
No readily determinable fair value	—	—	(138)	—
<b>Unrealized gains (losses) on equity securities</b>	<b>\$ (46)</b>	<b>\$ (107)</b>	<b>\$ (61)</b>	<b>\$ (447)</b>

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

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

Major categories of loans are summarized as follows:

	June 30, 2023	December 31, 2022
	(dollars in thousands)	
Commercial and industrial	\$ 385,768	\$ 266,757
Commercial real estate - owner occupied	303,522	218,503
Commercial real estate - non-owner occupied	882,598	713,202
Construction and land development	335,262	360,824
Multi-family	375,536	287,865
One-to-four family residential	482,442	338,253
Agricultural and farmland	259,858	237,746
Municipal, consumer, and other	219,669	197,103
Loans, before allowance for credit losses	3,244,655	2,620,253
Allowance for credit losses	(37,814)	(25,333)
<b>Loans, net of allowance for credit losses</b>	<b>\$ 3,206,841</b>	<b>\$ 2,594,920</b>

(dollars in thousands)	September 30, 2023		December 31, 2022	
	\$ 386,933	\$ 266,757	\$ 297,242	\$ 218,503
Commercial and industrial	\$ 386,933	\$ 266,757	\$ 901,929	\$ 713,202
Commercial real estate - owner occupied	297,242	218,503	371,158	360,824
Commercial real estate - non-owner occupied	901,929	713,202	388,742	287,865
Construction and land development	371,158	360,824	488,655	338,253
Multi-family	388,742	287,865	275,239	237,746
One-to-four family residential	488,655	338,253	232,888	197,103
Agricultural and farmland	275,239	237,746	3,342,786	2,620,253
Municipal, consumer, and other	232,888	197,103	(38,863)	(25,333)
Loans, before allowance for credit losses	3,342,786	2,620,253	\$ 3,303,923	\$ 2,594,920
Allowance for credit losses	(38,863)	(25,333)		
<b>Loans, net of allowance for credit losses</b>	<b>\$ 3,303,923</b>	<b>\$ 2,594,920</b>		

As of **June 30, 2023** **September 30, 2023** and December 31, 2022, commercial and industrial loans include **\$22** **\$18** thousand and \$28 thousand Paycheck Protection Program ("PPP") loans, respectively.

#### Allowance for Credit Losses

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

#### [Table of Contents](#)

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

At **June 30, 2023** **September 30, 2023**, the economic forecast used by management anticipates a mild recession starting in 2024, with the unemployment rate increasing and GDP growth slowing and then shrinking over the next 4 quarters considered in the forecast period. After the forecast period, the Company reverts to long-term averages over a 4-quarter reversion period. Additionally, management may make qualitative adjustments to the loss estimates, as necessary, to reflect other factors that influence credit losses.

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

The following tables detail activity in the allowance for credit losses for the three and **six** **nine** months ended **June** **September 30**:

	Three Months Ended June 30, 2023													
	Commercial		Commercial								Municipal,			
	Commercial	Real Estate	Real Estate	Construction	One-to-four			Agricultural	Consumer,					
	and	Owner	Non-owner	and Land	Family			and	and					
	Industrial	Occupied	Occupied	Development	Multi-Family	Residential	Farmland	Other	Total					
(dollars in thousands)														
Beginning balance	\$ 2,932	\$ 2,535	\$ 7,840	\$ 7,574	\$ 2,151	\$ 4,165	\$ 2,674	\$ 8,905	\$ 38,776					
Provision for credit losses	791	(175)	(466)	(1,745)	452	(121)	(68)	252	(1,080)					
Charge-offs	—	—	—	—	—	(4)	—	(175)	(179)					
Recoveries	12	2	164	5	—	37	1	76	297					
<b>Ending balance</b>	<b>\$ 3,735</b>	<b>\$ 2,362</b>	<b>\$ 7,538</b>	<b>\$ 5,834</b>	<b>\$ 2,603</b>	<b>\$ 4,077</b>	<b>\$ 2,607</b>	<b>\$ 9,058</b>	<b>\$ 37,814</b>					
Three Months Ended June 30, 2022														

	Commercial								Commercial				Municipal,			
	Commercial		Real Estate		Real Estate		Construction		One-to-four		Agricultural		Consumer,			
	and		Owner		Non-owner		and Land		Family		and		and			
	Industrial		Occupied		Occupied		Development		Multi-Family		Residential		Farmland		Other	
(dollars in thousands)																
Beginning balance	\$ 2,491	\$ 1,511	\$ 7,014	\$ 4,493	\$ 1,354	\$ 1,583	\$ 842	\$ 5,220	\$ 24,508							
Provision for loan losses	450	(287)	(408)	(434)	21	51	82	670	145							
Charge-offs	—	—	—	—	—	(47)	—	(112)	(159)							
Recoveries	40	—	5	—	—	109	—	86	240							
<b>Ending balance</b>	<b>\$ 2,981</b>	<b>\$ 1,224</b>	<b>\$ 6,611</b>	<b>\$ 4,059</b>	<b>\$ 1,375</b>	<b>\$ 1,696</b>	<b>\$ 924</b>	<b>\$ 5,864</b>	<b>\$ 24,734</b>							

	Six Months Ended June 30, 2023																	
	Commercial								Commercial						Municipal,			
	Commercial		Real Estate		Real Estate		Construction		One-to-four		Agricultural		Consumer,					
	and		Owner		Non-owner		and Land		Family		and		and					
(dollars in thousands)																		
Beginning balance	\$ 3,279	\$ 1,193	\$ 6,721	\$ 4,223	\$ 1,472	\$ 1,759	\$ 796	\$ 5,890	\$ 25,333									
Adoption of ASC 326	(822)	587	501	1,969	85	797	1,567	2,299	6,983									
PCD allowance established in acquisition	69	127	239	240	68	492	5	7	1,247									
Provision for credit losses	1,178	444	(161)	(606)	978	960	237	991	4,021									
Charge-offs	—	(3)	—	—	—	(26)	—	(292)	(321)									
Recoveries	31	14	238	8	—	95	2	163	551									
<b>Ending balance</b>	<b>\$ 3,735</b>	<b>\$ 2,362</b>	<b>\$ 7,538</b>	<b>\$ 5,834</b>	<b>\$ 2,603</b>	<b>\$ 4,077</b>	<b>\$ 2,607</b>	<b>\$ 9,058</b>	<b>\$ 37,814</b>									

	Six Months Ended June 30, 2022																	
	Commercial								Commercial						Municipal,			
	Commercial		Real Estate		Real Estate		Construction		One-to-four		Agricultural		Consumer,					
	and		Owner		Non-owner		and Land		Family		and		and					
(dollars in thousands)																		
Beginning balance	\$ 2,440	\$ 1,840	\$ 8,145	\$ 4,914	\$ 1,263	\$ 1,311	\$ 845	\$ 3,178	\$ 23,936									
Provision for loan losses	(203)	(716)	(1,804)	(855)	112	171	79	2,777	(439)									
Charge-offs	(5)	—	—	—	—	(49)	—	(239)	(293)									
Recoveries	749	100	270	—	—	263	—	148	1,530									
<b>Ending balance</b>	<b>\$ 2,981</b>	<b>\$ 1,224</b>	<b>\$ 6,611</b>	<b>\$ 4,059</b>	<b>\$ 1,375</b>	<b>\$ 1,696</b>	<b>\$ 924</b>	<b>\$ 5,864</b>	<b>\$ 24,734</b>									

	Three Months Ended September 30, 2023															
	Commercial								Commercial						Municipal,	
	Commercial		Real Estate		Real Estate		Construction		One-to-four		Agricultural		Consumer,			
	and		Owner		Non-owner		and Land		Family		Residential		Farmland		and	
(dollars in thousands)																
Beginning balance	\$ 3,735	\$ 2,362	\$ 7,538	\$ 5,834	\$ 2,603	\$ 4,077	\$ 2,607	\$ 9,058	\$ 37,814							

Provision for credit losses	515	(108)	248	1,004	(348)	(21)	(337)	30	983
Charge-offs	(15)	(2)	(171)	—	—	(8)	—	(216)	(412)
Recoveries	14	2	15	44	280	40	2	81	478
<b>Ending balance</b>	<b>\$ 4,249</b>	<b>\$ 2,254</b>	<b>\$ 7,630</b>	<b>\$ 6,882</b>	<b>\$ 2,535</b>	<b>\$ 4,088</b>	<b>\$ 2,272</b>	<b>\$ 8,953</b>	<b>\$ 38,863</b>

Three Months Ended September 30, 2022

(dollars in thousands)	Commercial		Commercial		Construction		One-to-four		Municipal,		
	Commercial		Real Estate	Real Estate	and Land	Multi-	Family	Residential	Farmland	Agricultural	Consumer,
	and Industrial	Occupied	Owner	Non-owner	Development	Family	Residential	Farmland	Other	and	Total
Beginning balance	\$ 2,981	\$ 1,224	\$ 6,611	\$ 4,059	\$ 1,375	\$ 1,696	\$ 924	\$ 5,864	\$ 24,734		
Provision for loan losses	14	(65)	268	316	(52)	(78)	(83)	66	386		
Charge-offs	(17)	—	—	—	—	(18)	—	(187)	(222)		
Recoveries	6	1	3	1	—	60	—	91	162		
<b>Ending balance</b>	<b>\$ 2,984</b>	<b>\$ 1,160</b>	<b>\$ 6,882</b>	<b>\$ 4,376</b>	<b>\$ 1,323</b>	<b>\$ 1,660</b>	<b>\$ 841</b>	<b>\$ 5,834</b>	<b>\$ 25,060</b>		

Nine Months Ended September 30, 2023

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

Nine Months Ended September 30, 2022

(dollars in thousands)	Commercial		Commercial		Construction		One-to-four		Municipal,		
	Commercial		Real Estate	Real Estate	and Land	Multi-	Family	Residential	Agricultural	Consumer,	
	and Industrial	Occupied	Owner	Non-owner	Development	Family	Residential	Farmland	Other	and	Total
Beginning balance	\$ 2,440	\$ 1,840	\$ 8,145	\$ 4,914	\$ 1,263	\$ 1,311	\$ 845	\$ 3,178	\$ 23,936		
Provision for loan losses	(189)	(781)	(1,536)	(539)	60	93	(4)	2,843	(53)		
Charge-offs	(22)	—	—	—	—	(67)	—	(426)	(515)		
Recoveries	755	101	273	1	—	323	—	239	1,692		
<b>Ending balance</b>	<b>\$ 2,984</b>	<b>\$ 1,160</b>	<b>\$ 6,882</b>	<b>\$ 4,376</b>	<b>\$ 1,323</b>	<b>\$ 1,660</b>	<b>\$ 841</b>	<b>\$ 5,834</b>	<b>\$ 25,060</b>		

## Table of Contents

### HBT FINANCIAL, INC. AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

Gross charge-offs, further sorted by origination year, were as follows during the three and **six** **nine** months ended **June 30, 2023** **September 30, 2023**:

Gross Charge-Offs for the Three Months Ended June 30, 2023										
	Term Loans by Origination Year						Revolving Loans			
	2023	2022	2021	2020	2019	Prior	Revolving Loans	Converted to Term	Total	
	(dollars in thousands)									
Commercial and industrial	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Commercial real estate - owner occupied	—	—	—	—	—	—	—	—	—	—
Commercial real estate - non-owner occupied	—	—	—	—	—	—	—	—	—	—
Construction and land development	—	—	—	—	—	—	—	—	—	—
Multi-family	—	—	—	—	—	—	—	—	—	—
One-to-four family residential	—	—	—	—	—	4	—	—	—	4
Agricultural and farmland	—	—	—	—	—	—	—	—	—	—
Municipal, consumer, and other	100	21	—	—	—	—	54	—	—	175
<b>Total</b>	<b>\$ 100</b>	<b>\$ 21</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 4</b>	<b>\$ 54</b>	<b>\$ —</b>	<b>\$ 179</b>	

Gross Charge-Offs for the Six Months Ended June 30, 2023										
	Term Loans by Origination Year						Revolving Loans			
	2023	2022	2021	2020	2019	Prior	Revolving Loans	Converted to Term	Total	
	(dollars in thousands)									
Commercial and industrial	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Commercial real estate - owner occupied	—	3	—	—	—	—	—	—	—	3
Commercial real estate - non-owner occupied	—	—	—	—	—	—	—	—	—	—
Construction and land development	—	—	—	—	—	—	—	—	—	—
Multi-family	—	—	—	—	—	—	—	—	—	—
One-to-four family residential	—	—	—	—	1	25	—	—	—	26
Agricultural and farmland	—	—	—	—	—	—	—	—	—	—
Municipal, consumer, and other	135	74	—	9	—	—	74	—	—	292
<b>Total</b>	<b>\$ 135</b>	<b>\$ 77</b>	<b>\$ —</b>	<b>\$ 9</b>	<b>\$ 1</b>	<b>\$ 25</b>	<b>\$ 74</b>	<b>\$ —</b>	<b>\$ 321</b>	

24

Gross Charge-Offs for the Three Months Ended September 30, 2023										
	Term Loans by Origination Year						Revolving Loans			
	2023	2022	2021	2020	2019	Prior	Revolving Loans	Converted to Term	Total	
	(dollars in thousands)									
Commercial and industrial	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 15	\$ —	\$ 15

Commercial real estate -													
owner occupied	—	2	—	—	—	—	—	—	—	—	—	—	2
Commercial real estate - non-													
owner occupied	—	—	—	—	—	—	—	—	—	171	—	—	171
Construction and land													
development	—	—	—	—	—	—	—	—	—	—	—	—	—
Multi-family	—	—	—	—	—	—	—	—	—	—	—	—	—
One-to-four family residential	—	—	—	—	—	—	—	8	—	—	—	—	8
Agricultural and farmland	—	—	—	—	—	—	—	—	—	—	—	—	—
Municipal, consumer, and													
other	141	9	—	—	—	—	—	—	66	—	—	—	216
<b>Total</b>	<b>\$ 141</b>	<b>\$ 11</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 8</b>	<b>\$ 252</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 412</b>	

Gross Charge-Offs for the Nine Months Ended September 30, 2023													
(dollars in thousands)	Term Loans by Origination Year						Revolving Loans Converted to Term						
	2023	2022	2021	2020	2019	Prior	Revolving Loans	to Term	Total				
	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 15	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 15
Commercial and industrial	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 15	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 15
Commercial real estate - owner occupied	—	5	—	—	—	—	—	—	—	—	—	—	5
Commercial real estate - non-owner occupied	—	—	—	—	—	—	—	171	—	—	—	—	171
Construction and land development	—	—	—	—	—	—	—	—	—	—	—	—	—
Multi-family	—	—	—	—	—	—	—	—	—	—	—	—	—
One-to-four family residential	—	—	—	—	—	1	33	—	—	—	—	—	34
Agricultural and farmland	—	—	—	—	—	—	—	—	—	—	—	—	—
Municipal, consumer, and other	276	83	—	9	—	—	140	—	—	—	—	—	508
<b>Total</b>	<b>\$ 276</b>	<b>\$ 88</b>	<b>\$ —</b>	<b>\$ 9</b>	<b>\$ 1</b>	<b>\$ 33</b>	<b>\$ 326</b>	<b>\$ —</b>	<b>\$ 733</b>				

#### Table of Contents

### HBT FINANCIAL, INC. AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

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

June 30, 2023	Commercial		Commercial		Construction		One-to-four		Agricultural		Municipal,		
	Commercial	Real Estate	Real Estate	Non-owner	and Land	Development	Multi-Family	Family	Residential	Farmland	and	Consumer,	
	and Industrial	Owner Occupied	Occupied	Non-owner Occupied	and Land Development	Development	Multi-Family	Family Residential	Residential Residential	Farmland Residential	and Farmland	and Other	Total
<b>Loan balances:</b> (dollars in thousands)													
Collectively evaluated for impairment	\$ 385,594	\$ 303,271	\$ 868,421	\$ 335,024	\$ 374,578	\$ 476,326	\$ 259,858	\$ 203,767	\$ 3,206,839				

Individually evaluated for impairment	174	251	14,177	238	958	6,116	—	15,902	37,816
<b>Total</b>	<b>\$ 385,768</b>	<b>\$ 303,522</b>	<b>\$ 882,598</b>	<b>\$ 335,262</b>	<b>\$ 375,536</b>	<b>\$ 482,442</b>	<b>\$ 259,858</b>	<b>\$ 219,669</b>	<b>\$ 3,244,655</b>
<b>Allowance for credit losses:</b>									
Collectively evaluated for impairment	\$ 3,730	\$ 2,350	\$ 6,280	\$ 5,834	\$ 2,603	\$ 3,705	\$ 2,607	\$ 5,656	\$ 32,765
Individually evaluated for impairment	5	12	1,258	—	—	372	—	3,402	5,049
<b>Total</b>	<b>\$ 3,735</b>	<b>\$ 2,362</b>	<b>\$ 7,538</b>	<b>\$ 5,834</b>	<b>\$ 2,603</b>	<b>\$ 4,077</b>	<b>\$ 2,607</b>	<b>\$ 9,058</b>	<b>\$ 37,814</b>
<b>December 31, 2022</b>									
<b>Loan balances:</b>									
(dollars in thousands)									
Collectively evaluated for impairment	\$ 261,833	\$ 203,558	\$ 671,663	\$ 359,892	\$ 287,298	\$ 325,621	\$ 233,118	\$ 184,579	\$ 2,527,562
Individually evaluated for impairment	4,818	11,366	30,509	82	—	8,399	4,033	12,508	71,715
Acquired with deteriorated credit quality	106	3,579	11,030	850	567	4,233	595	16	20,976
<b>Total</b>	<b>\$ 266,757</b>	<b>\$ 218,503</b>	<b>\$ 713,202</b>	<b>\$ 360,824</b>	<b>\$ 287,865</b>	<b>\$ 338,253</b>	<b>\$ 237,746</b>	<b>\$ 197,103</b>	<b>\$ 2,620,253</b>
<b>Allowance for loan losses:</b>									
Collectively evaluated for impairment	\$ 3,121	\$ 1,008	\$ 4,332	\$ 4,221	\$ 1,470	\$ 1,709	\$ 796	\$ 2,327	\$ 18,984
Individually evaluated for impairment	158	168	2,388	—	—	44	—	3,562	6,320
Acquired with deteriorated credit quality	—	17	1	2	2	6	—	1	29
<b>Total</b>	<b>\$ 3,279</b>	<b>\$ 1,193</b>	<b>\$ 6,721</b>	<b>\$ 4,223</b>	<b>\$ 1,472</b>	<b>\$ 1,759</b>	<b>\$ 796</b>	<b>\$ 5,890</b>	<b>\$ 25,333</b>

25

September 30, 2023									
(dollars in thousands)	Commercial		Commercial		One-to-four		Municipal,		
	Commercial	Real Estate	Real Estate	Construction	One-to-four	Agricultural	Consumer,	and	and
<b>Loan balances:</b>									
Collectively evaluated for impairment	\$ 386,763	\$ 297,068	\$ 888,068	\$ 370,942	\$ 388,282	\$ 482,838	\$ 275,111	\$ 217,638	\$ 3,306,710
Individually evaluated for impairment	170	174	13,861	216	460	5,817	128	15,250	36,076
<b>Total</b>	<b>\$ 386,933</b>	<b>\$ 297,242</b>	<b>\$ 901,929</b>	<b>\$ 371,158</b>	<b>\$ 388,742</b>	<b>\$ 488,655</b>	<b>\$ 275,239</b>	<b>\$ 232,888</b>	<b>\$ 3,342,786</b>

Allowance for credit losses:											
	Impairment	Commercial	Commercial	Construction	One-to-four	Agricultural	Municipal,	Consumer,	and	and	Total
(dollars in thousands)	Commercial and Industrial	Real Estate Occupied	Real Estate Occupied	and Land Development	Family Residential	Farmland	Other				
<b>Allowance for credit losses:</b>											
Collectively evaluated for impairment	\$ 4,244	\$ 2,254	\$ 6,503	\$ 6,882	\$ 2,535	\$ 3,737	\$ 2,272	\$ 5,844	\$ 34,271		
Individually evaluated for impairment	5	—	1,127	—	—	351	—	3,109	4,592		
<b>Total</b>	<b>\$ 4,249</b>	<b>\$ 2,254</b>	<b>\$ 7,630</b>	<b>\$ 6,882</b>	<b>\$ 2,535</b>	<b>\$ 4,088</b>	<b>\$ 2,272</b>	<b>\$ 8,953</b>	<b>\$ 38,863</b>		
<b>December 31, 2022</b>											
	Commercial and Industrial	Real Estate Occupied	Real Estate Occupied	Construction and Land Development	One-to-four Family Residential	Agricultural Farmland	Municipal, Other	Consumer,	and	and	Total
<b>Loan balances:</b>											
Collectively evaluated for impairment	\$ 261,833	\$ 203,558	\$ 671,663	\$ 359,892	\$ 287,298	\$ 325,621	\$ 233,118	\$ 184,579	\$ 2,527,562		
Individually evaluated for impairment	4,818	11,366	30,509	82	—	8,399	4,033	12,508	71,715		
Acquired with deteriorated credit quality	106	3,579	11,030	850	567	4,233	595	16	20,976		
<b>Total</b>	<b>\$ 266,757</b>	<b>\$ 218,503</b>	<b>\$ 713,202</b>	<b>\$ 360,824</b>	<b>\$ 287,865</b>	<b>\$ 338,253</b>	<b>\$ 237,746</b>	<b>\$ 197,103</b>	<b>\$ 2,620,253</b>		
<b>Allowance for loan losses:</b>											
Collectively evaluated for impairment	\$ 3,121	\$ 1,008	\$ 4,332	\$ 4,221	\$ 1,470	\$ 1,709	\$ 796	\$ 2,327	\$ 18,984		
Individually evaluated for impairment	158	168	2,388	—	—	44	—	3,562	6,320		
Acquired with deteriorated credit quality	—	17	1	2	2	6	—	1	29		
<b>Total</b>	<b>\$ 3,279</b>	<b>\$ 1,193</b>	<b>\$ 6,721</b>	<b>\$ 4,223</b>	<b>\$ 1,472</b>	<b>\$ 1,759</b>	<b>\$ 796</b>	<b>\$ 5,890</b>	<b>\$ 25,333</b>		

## Table of Contents

### HBT FINANCIAL, INC. AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

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

June 30, 2023	Amortized Cost				Allowance for Credit Losses	
	Primary Collateral Type					
	Real Estate	Vehicles	Other	Total		
(dollars in thousands)						
Commercial and industrial	\$ —	\$ —	\$ 174	\$ 174	\$ 5	

Commercial real estate - owner occupied	251	—	—	251	12
Commercial real estate - non-owner occupied	14,177	—	—	14,177	1,258
Construction and land development	238	—	—	238	—
Multi-family	958	—	—	958	—
One-to-four family residential	6,116	—	—	6,116	372
Agricultural and farmland	—	—	—	—	—
Municipal, consumer, and other	15,826	31	45	15,902	3,402
<b>Total</b>	<b>\$ 37,566</b>	<b>\$ 31</b>	<b>\$ 219</b>	<b>\$ 37,816</b>	<b>\$ 5,049</b>

(dollars in thousands)	September 30, 2023					
	Amortized Cost			Allowance for Credit Losses		
	Primary Collateral Type					
	Real Estate	Vehicles	Other	Total		Losses
Commercial and industrial	\$ —	\$ —	\$ 170	\$ 170	\$ 5	5
Commercial real estate - owner occupied	174	—	—	174	—	—
Commercial real estate - non-owner occupied	13,861	—	—	13,861	1,127	1,127
Construction and land development	216	—	—	216	—	—
Multi-family	460	—	—	460	—	—
One-to-four family residential	5,817	—	—	5,817	351	351
Agricultural and farmland	128	—	—	128	—	—
Municipal, consumer, and other	15,141	31	78	15,250	3,109	3,109
<b>Total</b>	<b>\$ 35,797</b>	<b>\$ 31</b>	<b>\$ 248</b>	<b>\$ 36,076</b>	<b>\$ 4,592</b>	

Accrued interest on loans totaled \$13.7 million \$17.0 million as of June 30, 2023 September 30, 2023 and is excluded from the estimate of credit losses.

[Table of Contents](#)

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

(Unaudited)

**Pre-ASC 326 Adoption Impaired Loan Disclosures**

The following table presents loans individually evaluated for impairment by category of loans:

December 31, 2022	Unpaid		
	Principal	Recorded	Related
	Balance	Investment	Allowance
<b>With an allowance recorded:</b>			
(dollars in thousands)			

Commercial and industrial	\$ 268	\$ 254	\$ 158
Commercial real estate - owner occupied	635	610	168
Commercial real estate - non-owner occupied	14,269	14,261	2,388
Construction and land development	—	—	—
Multi-family	—	—	—
One-to-four family residential	569	524	44
Agricultural and farmland	—	—	—
Municipal, consumer, and other	8,152	8,131	3,562
<b>Total</b>	<b>\$ 23,893</b>	<b>\$ 23,780</b>	<b>\$ 6,320</b>
 <b>With no related allowance:</b>			
Commercial and industrial	\$ 4,564	\$ 4,564	\$ —
Commercial real estate - owner occupied	10,912	10,756	—
Commercial real estate - non-owner occupied	16,327	16,248	—
Construction and land development	92	82	—
Multi-family	—	—	—
One-to-four family residential	9,181	7,875	—
Agricultural and farmland	4,440	4,033	—
Municipal, consumer, and other	4,410	4,377	—
<b>Total</b>	<b>\$ 49,926</b>	<b>\$ 47,935</b>	<b>\$ —</b>
 <b>Total loans individually evaluated for impairment:</b>			
Commercial and industrial	\$ 4,832	\$ 4,818	\$ 158
Commercial real estate - owner occupied	11,547	11,366	168
Commercial real estate - non-owner occupied	30,596	30,509	2,388
Construction and land development	92	82	—
Multi-family	—	—	—
One-to-four family residential	9,750	8,399	44
Agricultural and farmland	4,440	4,033	—
Municipal, consumer, and other	12,562	12,508	3,562
<b>Total</b>	<b>\$ 73,819</b>	<b>\$ 71,715</b>	<b>\$ 6,320</b>

	December 31, 2022		
	Unpaid Principal Balance	Recorded Investment	Related Allowance
<i>(dollars in thousands)</i>			
<b>With an allowance recorded:</b>			
Commercial and industrial	\$ 268	\$ 254	\$ 158
Commercial real estate - owner occupied	635	610	168
Commercial real estate - non-owner occupied	14,269	14,261	2,388
Construction and land development	—	—	—
Multi-family	—	—	—
One-to-four family residential	569	524	44
Agricultural and farmland	—	—	—
Municipal, consumer, and other	8,152	8,131	3,562

<b>Total</b>	\$ 23,893	\$ 23,780	\$ 6,320
<b>With no related allowance:</b>			
Commercial and industrial	\$ 4,564	\$ 4,564	\$ —
Commercial real estate - owner occupied	10,912	10,756	—
Commercial real estate - non-owner occupied	16,327	16,248	—
Construction and land development	92	82	—
Multi-family	—	—	—
One-to-four family residential	9,181	7,875	—
Agricultural and farmland	4,440	4,033	—
Municipal, consumer, and other	4,410	4,377	—
<b>Total</b>	<b>\$ 49,926</b>	<b>\$ 47,935</b>	<b>\$ —</b>
<b>Total loans individually evaluated for impairment:</b>			
Commercial and industrial	\$ 4,832	\$ 4,818	\$ 158
Commercial real estate - owner occupied	11,547	11,366	168
Commercial real estate - non-owner occupied	30,596	30,509	2,388
Construction and land development	92	82	—
Multi-family	—	—	—
One-to-four family residential	9,750	8,399	44
Agricultural and farmland	4,440	4,033	—
Municipal, consumer, and other	12,562	12,508	3,562
<b>Total</b>	<b>\$ 73,819</b>	<b>\$ 71,715</b>	<b>\$ 6,320</b>

[Table of Contents](#)

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

**(Unaudited)**

The following tables present the average recorded investment and interest income recognized for loans individually evaluated for impairment by category of loans:

	Three Months Ended June 30, 2022							
	Average		Interest					
	Recorded		Income					
	Investment		Recognized					
(dollars in thousands)								
<b>With an allowance recorded:</b>								
Commercial and industrial	\$ 267	\$ 4						
Commercial real estate - owner occupied	745	11						
Commercial real estate - non-owner occupied	14,603	185						
Construction and land development	—	—						
Multi-family	—	—						
One-to-four family residential	548	4						

Agricultural and farmland	—	—	
Municipal, consumer, and other	8,344	46	
<b>Total</b>	<b>\$ 24,507</b>	<b>\$ 250</b>	
<b>With no related allowance:</b>			
Commercial and industrial	\$ 15,156	\$ 156	
Commercial real estate - owner occupied	11,887	141	
Commercial real estate - non-owner occupied	17,947	340	
Construction and land development	2,012	26	
Multi-family	—	—	
One-to-four family residential	8,181	84	
Agricultural and farmland	252	3	
Municipal, consumer, and other	4,480	33	
<b>Total</b>	<b>\$ 59,915</b>	<b>\$ 783</b>	
<b>Total loans individually evaluated for impairment:</b>			
Commercial and industrial	\$ 15,423	\$ 160	
Commercial real estate - owner occupied	12,632	152	
Commercial real estate - non-owner occupied	32,550	525	
Construction and land development	2,012	26	
Multi-family	—	—	
One-to-four family residential	8,729	88	
Agricultural and farmland	252	3	
Municipal, consumer, and other	12,824	79	
<b>Total</b>	<b>\$ 84,422</b>	<b>\$ 1,033</b>	

28

	Three Months Ended September 30, 2022		
	Average Recorded Investment	Interest Income	Interest Recognized
(dollars in thousands)			
<b>With an allowance recorded:</b>			
Commercial and industrial	\$ 258	\$ 5	
Commercial real estate - owner occupied	739	11	
Commercial real estate - non-owner occupied	14,441	185	
Construction and land development	—	—	
Multi-family	—	—	
One-to-four family residential	349	2	
Agricultural and farmland	—	—	
Municipal, consumer, and other	8,254	66	
<b>Total</b>	<b>\$ 24,041</b>	<b>\$ 269</b>	
<b>With no related allowance:</b>			
Commercial and industrial	\$ 3,894	\$ 41	
Commercial real estate - owner occupied	11,651	141	

Commercial real estate - non-owner occupied	17,220	369
Construction and land development	2,010	57
Multi-family	—	—
One-to-four family residential	8,119	99
Agricultural and farmland	425	5
Municipal, consumer, and other	4,457	44
<b>Total</b>	<b>\$ 47,776</b>	<b>\$ 756</b>
<b>Total loans individually evaluated for impairment:</b>		
Commercial and industrial	\$ 4,152	\$ 46
Commercial real estate - owner occupied	12,390	152
Commercial real estate - non-owner occupied	31,661	554
Construction and land development	2,010	57
Multi-family	—	—
One-to-four family residential	8,468	101
Agricultural and farmland	425	5
Municipal, consumer, and other	12,711	110
<b>Total</b>	<b>\$ 71,817</b>	<b>\$ 1,025</b>

[Table of Contents](#)

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

(Unaudited)

	Six Months Ended June 30, 2022			
	Average		Interest	
	Recorded		Income	
	Investment	Income	Recognized	(dollars in thousands)
<b>With an allowance recorded:</b>				
Commercial and industrial	\$ 280	\$ 8	8	
Commercial real estate - owner occupied	1,580	44	44	
Commercial real estate - non-owner occupied	14,728	371	371	
Construction and land development	—	—	—	
Multi-family	—	—	—	
One-to-four family residential	597	9	9	
Agricultural and farmland	—	—	—	
Municipal, consumer, and other	8,426	85	85	
<b>Total</b>	<b>\$ 25,611</b>	<b>\$ 517</b>	<b>517</b>	
<b>With no related allowance:</b>				
Commercial and industrial	\$ 17,316	\$ 356	356	
Commercial real estate - owner occupied	11,460	247	247	
Commercial real estate - non-owner occupied	16,728	538	538	

Construction and land development	2,014	48
Multi-family	—	—
One-to-four family residential	8,453	141
Agricultural and farmland	244	3
Municipal, consumer, and other	4,511	54
<b>Total</b>	<b>\$ 60,726</b>	<b>\$ 1,387</b>
<b>Total loans individually evaluated for impairment:</b>		
Commercial and industrial	\$ 17,596	\$ 364
Commercial real estate - owner occupied	13,040	291
Commercial real estate - non-owner occupied	31,456	909
Construction and land development	2,014	48
Multi-family	—	—
One-to-four family residential	9,050	150
Agricultural and farmland	244	3
Municipal, consumer, and other	12,937	139
<b>Total</b>	<b>\$ 86,337</b>	<b>\$ 1,904</b>

	Nine Months Ended September 30, 2022		
	Average Recorded Investment	Interest Income	Interest Recognized
<i>(dollars in thousands)</i>			
<b>With an allowance recorded:</b>			
Commercial and industrial	\$ 272	\$ 13	13
Commercial real estate - owner occupied	1,297	55	55
Commercial real estate - non-owner occupied	14,631	556	556
Construction and land development	—	—	—
Multi-family	—	—	—
One-to-four family residential	513	11	11
Agricultural and farmland	—	—	—
Municipal, consumer, and other	8,368	151	151
<b>Total</b>	<b>\$ 25,081</b>	<b>\$ 786</b>	<b>786</b>
<b>With no related allowance:</b>			
Commercial and industrial	\$ 12,793	\$ 397	397
Commercial real estate - owner occupied	11,524	388	388
Commercial real estate - non-owner occupied	16,894	907	907
Construction and land development	2,012	105	105
Multi-family	—	—	—
One-to-four family residential	8,341	240	240
Agricultural and farmland	305	8	8
Municipal, consumer, and other	4,493	98	98
<b>Total</b>	<b>\$ 56,362</b>	<b>\$ 2,143</b>	<b>2,143</b>
<b>Total loans individually evaluated for impairment:</b>			
Commercial and industrial	\$ 13,065	\$ 410	410
Commercial real estate - owner occupied	12,821	443	443

Commercial real estate - non-owner occupied	31,525	1,463
Construction and land development	2,012	105
Multi-family	—	—
One-to-four family residential	8,854	251
Agricultural and farmland	305	8
Municipal, consumer, and other	12,861	249
<b>Total</b>	<b>\$ 81,443</b>	<b>\$ 2,929</b>

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

Changes in the accretable yield for loans acquired with deteriorated credit quality were as follows:

	Three Months Ended		Six Months Ended June	
	June 30, 2022		30, 2022	
	(dollars in thousands)			
Beginning balance	\$ 484		\$ 413	
Reclassification from non-accretable difference		100		217
Accretion income		(47)		(93)
<b>Ending balance</b>	<b>\$ 537</b>		<b>\$ 537</b>	

29

(dollars in thousands)	Three Months Ended		Nine Months Ended	
	September 30, 2022		September 30, 2022	
	(dollars in thousands)			
Beginning balance	\$ 537		\$ 413	
Reclassification from non-accretable difference		283		500
Accretion income		(58)		(151)
<b>Ending balance</b>	<b>\$ 762</b>		<b>\$ 762</b>	

[Table of Contents](#)

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

**Past Due and Nonaccrual Status**

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

performance and we must believe that all remaining principal and interest is fully collectible, before the loan is eligible to return to accrual status.

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

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

June 30, 2023	Accruing Interest					Total Loans	
	30 - 89 Days		90+ Days		Nonaccrual		
	Current	Past Due	Past Due				
(dollars in thousands)							
Commercial and industrial	\$ 385,504	\$ 90	\$ —	\$ 174	\$ 385,768		
Commercial real estate - owner occupied	303,145	126	—	251	303,522		
Commercial real estate - non-owner occupied	882,208	—	—	390	882,598		
Construction and land development	335,024	—	—	238	335,262		
Multi-family	374,488	90	—	958	375,536		
One-to-four family residential	475,473	1,522	—	5,447	482,442		
Agricultural and farmland	259,730	128	—	—	259,858		
Municipal, consumer, and other	219,335	257	1	76	219,669		
<b>Total</b>	<b>\$ 3,234,907</b>	<b>\$ 2,213</b>	<b>\$ 1</b>	<b>\$ 7,534</b>	<b>\$ 3,244,655</b>		

December 31, 2022	Accruing Interest					Total Loans	
	30 - 89 Days		90+ Days		Nonaccrual		
	Current	Past Due	Past Due				
(dollars in thousands)							
Commercial and industrial	\$ 266,521	\$ 17	\$ —	\$ 219	\$ 266,757		
Commercial real estate - owner occupied	218,242	187	—	74	218,503		
Commercial real estate - non-owner occupied	713,031	—	—	171	713,202		
Construction and land development	360,763	61	—	—	360,824		
Multi-family	287,854	11	—	—	287,865		
One-to-four family residential	335,576	894	145	1,638	338,253		
Agricultural and farmland	237,727	19	—	—	237,746		
Municipal, consumer, and other	196,892	157	1	53	197,103		
<b>Total</b>	<b>\$ 2,616,606</b>	<b>\$ 1,346</b>	<b>\$ 146</b>	<b>\$ 2,155</b>	<b>\$ 2,620,253</b>		

(dollars in thousands)	September 30, 2023					Total Loans	
	Accruing Interest						
	30 - 89 Days		90+ Days		Nonaccrual		
(dollars in thousands)							
Commercial and industrial	\$ 386,383	\$ 380	\$ —	\$ 170	\$ 386,933		
Commercial real estate - owner occupied	297,069	—	—	173	297,242		

Commercial real estate - non-owner occupied	900,058	1,605	—	266	901,929
Construction and land development	370,922	20	—	216	371,158
Multi-family	387,966	316	—	460	388,742
One-to-four family residential	481,603	1,897	—	5,155	488,655
Agricultural and farmland	275,096	15	—	128	275,239
Municipal, consumer, and other	232,561	217	—	110	232,888
<b>Total</b>	<b>\$ 3,331,658</b>	<b>\$ 4,450</b>	<b>\$ —</b>	<b>\$ 6,678</b>	<b>\$ 3,342,786</b>

(dollars in thousands)	December 31, 2022					
	Accruing Interest					
	Current	30 - 89 Days	90+ Days	Past Due	Nonaccrual	Total Loans
Commercial and industrial	\$ 266,521	\$ 17	\$ —	\$ 219	\$ 266,757	
Commercial real estate - owner occupied	218,242	187	—	—	74	218,503
Commercial real estate - non-owner occupied	713,031	—	—	—	171	713,202
Construction and land development	360,763	61	—	—	—	360,824
Multi-family	287,854	11	—	—	—	287,865
One-to-four family residential	335,576	894	145	1,638	338,253	
Agricultural and farmland	237,727	19	—	—	—	237,746
Municipal, consumer, and other	196,892	157	1	53	197,103	
<b>Total</b>	<b>\$ 2,616,606</b>	<b>\$ 1,346</b>	<b>\$ 146</b>	<b>\$ 2,155</b>	<b>\$ 2,620,253</b>	

[Table of Contents](#)

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

(Unaudited)

The following table presents nonaccrual loans with and without a related allowance for credit losses:

June 30, 2023	Nonaccrual		Nonaccrual		Total Nonaccrual	
	With		With No			
	Allowance for Credit Losses		Allowance for Credit Losses			
	Current	Nonaccrual	Current	Nonaccrual		
(dollars in thousands)						
Commercial and industrial	\$ 128	\$ 46	\$ 174			
Commercial real estate - owner occupied	74	177	251			
Commercial real estate - non-owner occupied	219	171	390			
Construction and land development	—	238	238			
Multi-family	—	958	958			
One-to-four family residential	129	5,318	5,447			
Agricultural and farmland	—	—	—			
Municipal, consumer, and other	—	76	76			
<b>Total</b>	<b>\$ 550</b>	<b>\$ 6,984</b>	<b>\$ 7,534</b>			

(dollars in thousands)	September 30, 2023					
	Nonaccrual		Nonaccrual		Total	
	With Allowance for Credit Losses		With No Allowance for Credit Losses			
	Allowance for Credit Losses	With No Allowance for Credit Losses	Allowance for Credit Losses	With No Allowance for Credit Losses		
Commercial and industrial	\$ 127	\$ 43	\$ 170	\$ 170		
Commercial real estate - owner occupied	—	173	—	173		
Commercial real estate - non-owner occupied	220	46	266	266		
Construction and land development	—	216	—	216		
Multi-family	—	460	—	460		
One-to-four family residential	100	5,055	—	5,155		
Agricultural and farmland	—	128	—	128		
Municipal, consumer, and other	31	79	—	110		
<b>Total</b>	<b>\$ 478</b>	<b>\$ 6,200</b>	<b>\$ 6,678</b>			

#### Credit Quality Indicators

The Company assigns a risk rating to all loans and periodically performs detailed internal reviews of all such loans that are part of relationships with over \$750,000 in total exposure to identify credit risks and to assess the overall collectability of the portfolio. These risk ratings are also subject to review by the Company's regulators, external loan review, and internal loan review. During the internal reviews, management monitors and analyzes the financial condition of borrowers and guarantors, trends in the industries in which the borrowers operate and the fair values of collateral securing the loans. The risk rating is reviewed annually, at a minimum, and on an as needed basis depending on the specific circumstances of the loan. These credit quality indicators are used to assign a risk rating to each individual loan. Risk ratings are grouped into four major categories, defined as follows:

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

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

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

**Doubtful** – a doubtful loan has all the weaknesses inherent in one classified as substandard with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of currently existing facts, conditions, and values, highly questionable and improbable.

#### HBT FINANCIAL, INC. AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

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

June 30, 2023	Pass	Pass-Watch	Substandard	Doubtful	Total
(dollars in thousands)					
Commercial and industrial	\$ 378,223	\$ 3,900	\$ 3,645	\$ —	\$ 385,768
Commercial real estate - owner occupied	281,115	11,660	10,747	—	303,522
Commercial real estate - non-owner occupied	825,108	33,361	24,129	—	882,598
Construction and land development	329,877	5,055	330	—	335,262
Multi-family	349,513	24,749	1,274	—	375,536
One-to-four family residential	461,525	7,654	13,263	—	482,442
Agricultural and farmland	251,388	5,142	3,328	—	259,858
Municipal, consumer, and other	201,708	1,921	16,040	—	219,669
<b>Total</b>	<b>\$ 3,078,457</b>	<b>\$ 93,442</b>	<b>\$ 72,756</b>	<b>\$ —</b>	<b>\$ 3,244,655</b>

December 31, 2022	Pass	Pass-Watch	Substandard	Doubtful	Total
(dollars in thousands)					
Commercial and industrial	\$ 255,309	\$ 6,630	\$ 4,818	\$ —	\$ 266,757
Commercial real estate - owner occupied	198,546	10,105	9,852	—	218,503
Commercial real estate - non-owner occupied	652,691	27,282	33,229	—	713,202
Construction and land development	358,215	2,527	82	—	360,824
Multi-family	283,682	4,183	—	—	287,865
One-to-four family residential	323,632	5,907	8,714	—	338,253
Agricultural and farmland	223,114	10,004	4,628	—	237,746
Municipal, consumer, and other	184,299	296	12,508	—	197,103
<b>Total</b>	<b>\$ 2,479,488</b>	<b>\$ 66,934</b>	<b>\$ 73,831</b>	<b>\$ —</b>	<b>\$ 2,620,253</b>

32

September 30, 2023						
(dollars in thousands)	Pass	Pass-Watch	Substandard	Doubtful	Total	
Commercial and industrial	\$ 382,041	\$ 4,114	\$ 778	\$ —	\$	386,933
Commercial real estate - owner occupied	279,081	8,249	9,912	—	\$	297,242
Commercial real estate - non-owner occupied	842,816	33,767	25,346	—	\$	901,929
Construction and land development	366,198	4,667	293	—	\$	371,158
Multi-family	363,214	24,753	775	—	\$	388,742
One-to-four family residential	468,736	7,572	12,347	—	\$	488,655
Agricultural and farmland	266,353	5,466	3,420	—	\$	275,239
Municipal, consumer, and other	215,726	1,771	15,391	—	\$	232,888
<b>Total</b>	<b>\$ 3,184,165</b>	<b>\$ 90,359</b>	<b>\$ 68,262</b>	<b>\$ —</b>	<b>\$</b>	<b>3,342,786</b>

December 31, 2022						
(dollars in thousands)	Pass	Pass-Watch	Substandard	Doubtful	Total	
Commercial and industrial	\$ 255,309	\$ 6,630	\$ 4,818	\$ —	\$	266,757
Commercial real estate - owner occupied	198,546	10,105	9,852	—	\$	218,503
Commercial real estate - non-owner occupied	652,691	27,282	33,229	—	\$	713,202
Construction and land development	358,215	2,527	82	—	\$	360,824

Multi-family	283,682	4,183	—	—	287,865
One-to-four family residential	323,632	5,907	8,714	—	338,253
Agricultural and farmland	223,114	10,004	4,628	—	237,746
Municipal, consumer, and other	184,299	296	12,508	—	197,103
<b>Total</b>	<b>\$ 2,479,488</b>	<b>\$ 66,934</b>	<b>\$ 73,831</b>	<b>\$ —</b>	<b>\$ 2,620,253</b>

[Table of Contents](#)

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

(Unaudited)

Risk ratings of loans, further sorted by origination year, are as follows as of **June 30, 2023** **September 30, 2023**:

(dollars in thousands)	Term Loans by Origination Year						Prior	Revolving Loans	Revolving Loans		
	2023	2022	2021	2020	2019	Revolving Loans			Converted to Term	Total	
<b>Commercial and industrial</b>											
Pass	\$ 69,081	\$ 63,617	\$ 27,992	\$ 31,141	\$ 6,418	\$ 10,665	\$ 166,040	\$ 3,269	\$ 378,223		
Pass-Watch	117	934	—	535	825	211	581	697	3,900		
Substandard	5	101	—	46	—	49	617	2,827	3,645		
<b>Total</b>	<b>\$ 69,203</b>	<b>\$ 64,652</b>	<b>\$ 27,992</b>	<b>\$ 31,722</b>	<b>\$ 7,243</b>	<b>\$ 10,925</b>	<b>\$ 167,238</b>	<b>\$ 6,793</b>	<b>\$ 385,768</b>		
<b>Commercial real estate - owner occupied</b>											
Pass	\$ 19,573	\$ 63,767	\$ 61,278	\$ 59,353	\$ 34,394	\$ 35,565	\$ 7,185	\$ —	\$ 281,115		
Pass-Watch	672	2,365	2,773	358	2,747	1,795	950	—	11,660		
Substandard	—	1,688	3,430	262	673	3,200	1,494	—	10,747		
<b>Total</b>	<b>\$ 20,245</b>	<b>\$ 67,820</b>	<b>\$ 67,481</b>	<b>\$ 59,973</b>	<b>\$ 37,814</b>	<b>\$ 40,560</b>	<b>\$ 9,629</b>	<b>\$ —</b>	<b>\$ 303,522</b>		
<b>Commercial real estate - non-owner occupied</b>											
Pass	\$ 53,549	\$ 260,402	\$ 264,052	\$ 98,430	\$ 86,880	\$ 48,439	\$ 9,567	\$ 3,789	\$ 825,108		
Pass-Watch	758	—	7,475	—	7,379	3,870	13,734	145	33,361		
Substandard	11,774	127	—	73	2,515	9,469	—	171	24,129		
<b>Total</b>	<b>\$ 66,081</b>	<b>\$ 260,529</b>	<b>\$ 271,527</b>	<b>\$ 98,503</b>	<b>\$ 96,774</b>	<b>\$ 61,778</b>	<b>\$ 23,301</b>	<b>\$ 4,105</b>	<b>\$ 882,598</b>		
<b>Construction and land development</b>											
Pass	\$ 82,321	\$ 154,790	\$ 68,926	\$ 5,676	\$ 3,284	\$ 1,791	\$ 7,868	\$ 5,221	\$ 329,877		
Pass-Watch	156	2,867	—	—	—	12	1,183	837	5,055		
Substandard	—	—	—	—	—	317	—	13	330		
<b>Total</b>	<b>\$ 82,477</b>	<b>\$ 157,657</b>	<b>\$ 68,926</b>	<b>\$ 5,676</b>	<b>\$ 3,284</b>	<b>\$ 2,120</b>	<b>\$ 9,051</b>	<b>\$ 6,071</b>	<b>\$ 335,262</b>		
<b>Multi-family</b>											
Pass	\$ 35,047	\$ 79,926	\$ 105,151	\$ 58,069	\$ 34,925	\$ 29,929	\$ 5,954	\$ 512	\$ 349,513		

Pass-Watch	2,674	7,273	—	8,833	59	5,558	343	9	24,749
Substandard	—	—	315	—	489	470	—	—	1,274
<b>Total</b>	<b>\$ 37,721</b>	<b>\$ 87,199</b>	<b>\$ 105,466</b>	<b>\$ 66,902</b>	<b>\$ 35,473</b>	<b>\$ 35,957</b>	<b>\$ 6,297</b>	<b>\$ 521</b>	<b>\$ 375,536</b>
<b>One-to-four family residential</b>									
Pass	\$ 69,055	\$ 90,014	\$ 88,637	\$ 69,356	\$ 23,957	\$ 57,917	\$ 57,698	\$ 4,891	\$ 461,525
Pass-Watch	1,011	670	1,164	572	713	2,909	295	320	7,654
Substandard	415	2,490	857	1,045	823	4,461	25	3,147	13,263
<b>Total</b>	<b>\$ 70,481</b>	<b>\$ 93,174</b>	<b>\$ 90,658</b>	<b>\$ 70,973</b>	<b>\$ 25,493</b>	<b>\$ 65,287</b>	<b>\$ 58,018</b>	<b>\$ 8,358</b>	<b>\$ 482,442</b>
<b>Agricultural and farmland</b>									
Pass	\$ 24,392	\$ 40,120	\$ 39,227	\$ 40,052	\$ 9,319	\$ 9,194	\$ 86,766	\$ 2,318	\$ 251,388
Pass-Watch	825	1,691	96	1,021	145	960	404	—	5,142
Substandard	—	—	16	3,312	—	—	—	—	3,328
<b>Total</b>	<b>\$ 25,217</b>	<b>\$ 41,811</b>	<b>\$ 39,339</b>	<b>\$ 44,385</b>	<b>\$ 9,464</b>	<b>\$ 10,154</b>	<b>\$ 87,170</b>	<b>\$ 2,318</b>	<b>\$ 259,958</b>
<b>Municipal, Consumer, and other</b>									
Pass	\$ 31,397	\$ 70,574	\$ 28,952	\$ 15,154	\$ 1,793	\$ 45,049	\$ 8,787	\$ 2	\$ 201,708
Pass-Watch	—	20	26	20	—	1,855	—	—	1,921
Substandard	32	94	7	—	46	15,861	—	—	16,040
<b>Total</b>	<b>\$ 31,429</b>	<b>\$ 70,688</b>	<b>\$ 28,985</b>	<b>\$ 15,174</b>	<b>\$ 1,839</b>	<b>\$ 62,765</b>	<b>\$ 8,787</b>	<b>\$ 2</b>	<b>\$ 219,669</b>
<b>Total by Risk Rating</b>									
Pass	\$ 384,415	\$ 823,210	\$ 684,215	\$ 377,231	\$ 200,970	\$ 238,549	\$ 349,865	\$ 20,002	\$ 3,078,457
Pass-Watch	6,213	15,820	11,534	11,339	11,868	17,170	17,490	2,008	93,442
Substandard	12,226	4,500	4,625	4,738	4,546	33,827	2,136	6,158	72,756
<b>Total</b>	<b>\$ 402,854</b>	<b>\$ 843,530</b>	<b>\$ 700,374</b>	<b>\$ 393,308</b>	<b>\$ 217,384</b>	<b>\$ 289,546</b>	<b>\$ 369,491</b>	<b>\$ 28,168</b>	<b>\$ 3,244,655</b>

(dollars in thousands)	Term Loans by Origination Year						Revolving Loans		
	2023	2022	2021	2020	2019	Prior	Revolving Loans	Converted to Term	Total
	Commercial and industrial								
Pass	\$ 94,311	\$ 59,814	\$ 26,229	\$ 29,297	\$ 5,927	\$ 8,496	\$ 150,403	\$ 7,564	\$ 382,041
Pass-Watch	229	1,400	257	198	788	450	284	508	4,114
Substandard	3	87	40	43	—	44	310	251	778
<b>Total</b>	<b>\$ 94,543</b>	<b>\$ 61,301</b>	<b>\$ 26,526</b>	<b>\$ 29,538</b>	<b>\$ 6,715</b>	<b>\$ 8,990</b>	<b>\$ 150,997</b>	<b>\$ 8,323</b>	<b>\$ 386,933</b>
<b>Commercial real estate - owner occupied</b>									
Pass	\$ 25,378	\$ 64,227	\$ 58,426	\$ 55,299	\$ 33,692	\$ 34,949	\$ 6,487	\$ 653	\$ 279,081
Pass-Watch	556	963	3,102	351	1,624	1,653	—	—	8,249
Substandard	463	1,163	3,338	70	658	3,229	991	—	9,912
<b>Total</b>	<b>\$ 26,397</b>	<b>\$ 66,353</b>	<b>\$ 64,866</b>	<b>\$ 55,690</b>	<b>\$ 35,974</b>	<b>\$ 39,831</b>	<b>\$ 7,478</b>	<b>\$ 653</b>	<b>\$ 297,242</b>

Commercial real estate - non-owner occupied												
Pass	\$ 96,710	\$ 254,299	\$ 247,868	\$ 90,232	\$ 96,034	\$ 43,858	\$ 10,042	\$ 3,773	\$ 842,816			
Pass-Watch	696	—	7,684	358	7,277	3,823	13,680	249	33,767			
Substandard	13,424	126	—	—	2,465	9,331	—	—	25,346			
<b>Total</b>	<b>\$ 110,830</b>	<b>\$ 254,425</b>	<b>\$ 255,552</b>	<b>\$ 90,590</b>	<b>\$ 105,776</b>	<b>\$ 57,012</b>	<b>\$ 23,722</b>	<b>\$ 4,022</b>	<b>\$ 901,929</b>			
Construction and land development												
Pass	\$ 139,883	\$ 143,616	\$ 58,998	\$ 7,459	\$ 2,753	\$ 1,005	\$ 7,232	\$ 5,252	\$ 366,198			
Pass-Watch	155	2,537	—	—	—	11	1,127	837	4,667			
Substandard	—	216	—	—	—	77	—	—	293			
<b>Total</b>	<b>\$ 140,038</b>	<b>\$ 146,369</b>	<b>\$ 58,998</b>	<b>\$ 7,459</b>	<b>\$ 2,753</b>	<b>\$ 1,093</b>	<b>\$ 8,359</b>	<b>\$ 6,089</b>	<b>\$ 371,158</b>			
Multi-family												
Pass	\$ 44,034	\$ 78,646	\$ 99,032	\$ 53,945	\$ 32,475	\$ 47,177	\$ 7,403	\$ 502	\$ 363,214			
Pass-Watch	2,747	6,671	—	8,827	55	6,096	349	8	24,753			
Substandard	—	—	316	—	—	459	—	—	775			
<b>Total</b>	<b>\$ 46,781</b>	<b>\$ 85,317</b>	<b>\$ 99,348</b>	<b>\$ 62,772</b>	<b>\$ 32,530</b>	<b>\$ 53,732</b>	<b>\$ 7,752</b>	<b>\$ 510</b>	<b>\$ 388,742</b>			
One-to-four family residential												
Pass	\$ 91,683	\$ 87,716	\$ 87,384	\$ 65,721	\$ 23,325	\$ 50,394	\$ 57,222	\$ 5,291	\$ 468,736			
Pass-Watch	2,503	412	958	332	608	2,219	219	321	7,572			
Substandard	490	2,268	814	831	801	4,245	—	2,898	12,347			
<b>Total</b>	<b>\$ 94,676</b>	<b>\$ 90,396</b>	<b>\$ 89,156</b>	<b>\$ 66,884</b>	<b>\$ 24,734</b>	<b>\$ 56,858</b>	<b>\$ 57,441</b>	<b>\$ 8,510</b>	<b>\$ 488,655</b>			
Agricultural and farmland												
Pass	\$ 31,739	\$ 36,428	\$ 39,008	\$ 37,683	\$ 10,797	\$ 11,247	\$ 97,954	\$ 1,497	\$ 266,353			
Pass-Watch	926	2,030	95	1,006	137	731	541	—	5,466			
Substandard	—	—	15	3,277	—	128	—	—	3,420			
<b>Total</b>	<b>\$ 32,665</b>	<b>\$ 38,458</b>	<b>\$ 39,118</b>	<b>\$ 41,966</b>	<b>\$ 10,934</b>	<b>\$ 12,106</b>	<b>\$ 98,495</b>	<b>\$ 1,497</b>	<b>\$ 275,239</b>			
Municipal, Consumer, and other												
Pass	\$ 38,953	\$ 58,869	\$ 28,671	\$ 15,023	\$ 1,639	\$ 44,137	\$ 28,433	\$ 1	\$ 215,726			
Pass-Watch	—	4	—	17	—	1,750	—	—	1,771			
Substandard	63	85	5	2	43	15,176	17	—	15,391			
<b>Total</b>	<b>\$ 39,016</b>	<b>\$ 58,958</b>	<b>\$ 28,676</b>	<b>\$ 15,042</b>	<b>\$ 1,682</b>	<b>\$ 61,063</b>	<b>\$ 28,450</b>	<b>\$ 1</b>	<b>\$ 232,888</b>			
Total by Risk Rating												
Pass	\$ 562,691	\$ 783,615	\$ 645,616	\$ 354,629	\$ 206,642	\$ 241,263	\$ 365,176	\$ 24,533	\$ 3,184,165			
Pass-Watch	7,812	14,017	12,096	11,089	10,489	16,733	16,200	1,923	90,359			
Substandard	14,443	3,945	4,528	4,223	3,967	32,689	1,318	3,149	68,262			
<b>Total</b>	<b>\$ 584,946</b>	<b>\$ 801,577</b>	<b>\$ 662,240</b>	<b>\$ 369,941</b>	<b>\$ 221,098</b>	<b>\$ 290,685</b>	<b>\$ 382,694</b>	<b>\$ 29,605</b>	<b>\$ 3,342,786</b>			

## Table of Contents

### HBT FINANCIAL, INC. AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

#### Modifications and Troubled Debt Restructurings

There were no loan modifications to borrowers in financial distress during the three and **six** **nine** months ended **June 30, 2023** **September 30, 2023**.

There were no new troubled debt restructurings during the three and **six** **nine** months ended **June 30, 2022** **September 30, 2022**. As of December 31, 2022, the Company had **\$3.0 million** **\$3.0 million** of troubled debt restructurings.

#### Pledged Loans

As of **June 30, 2023** **September 30, 2023** and December 31, 2022, the Company pledged loans totaling **\$1.04 billion** **\$1.07 billion** and **\$892.1 million**, **\$892.1 million**, respectively, to the Federal Home Loan Bank of Chicago ("FHLB") to secure available FHLB advance borrowing capacity.

#### NOTE 5 – LOAN SERVICING

Mortgage loans serviced for others, which are not included in the accompanying consolidated balance sheets, amounted to **\$1.72 billion** **\$1.69 billion** and **\$955.8 million** **\$955.8 million** as of **June 30, 2023** **September 30, 2023** and December 31, 2022, respectively. Activity in mortgage servicing rights is as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023		2022	
	(dollars in thousands)			
Beginning balance	\$ 19,992	\$ 9,723	\$ 10,147	\$ 7,994
Acquired	—	—	10,469	—
Capitalized servicing rights	170	136	299	307
Fair value adjustment:				
Attributable to payments and principal reductions	(559)	(379)	(990)	(686)
Attributable to changes in valuation inputs and assumptions	530	609	208	2,474
Total fair value adjustment	(29)	230	(782)	1,788
<b>Ending balance</b>	<b>\$ 20,133</b>	<b>\$ 10,089</b>	<b>\$ 20,133</b>	<b>\$ 10,089</b>

34

(dollars in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023		2022	
	2023	2022	2023	2022
Beginning balance	\$ 20,133	\$ 10,089	\$ 10,147	\$ 7,994
Acquired	—	—	10,469	—
Capitalized servicing rights	227	144	526	451
Fair value adjustment:				
Attributable to payments and principal reductions	(631)	(362)	(1,621)	(1,048)
Attributable to changes in valuation inputs and assumptions	427	569	635	3,043
Total fair value adjustment	(204)	207	(986)	1,995
<b>Ending balance</b>	<b>\$ 20,156</b>	<b>\$ 10,440</b>	<b>\$ 20,156</b>	<b>\$ 10,440</b>

[Table of Contents](#)

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

**NOTE 6 – FORECLOSED ASSETS**

Foreclosed assets activity is as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
	(dollars in thousands)			
Beginning balance	\$ 3,356	\$ 3,043	\$ 3,030	\$ 3,278
Acquired	—	—	271	—
Transfers from loans	65	8	170	27
Proceeds from sales	(244)	(153)	(284)	(447)
Net gain (loss) on sales	48	(7)	68	98
Direct write-downs	(145)	—	(175)	(65)
<b>Ending balance</b>	<b>\$ 3,080</b>	<b>\$ 2,891</b>	<b>\$ 3,080</b>	<b>\$ 2,891</b>

(dollars in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Beginning balance	\$ 3,080	\$ 2,891	\$ 3,030	\$ 3,278
Acquired	—	—	271	—
Transfers from loans	879	—	1,049	27
Proceeds from sales	(2,990)	(29)	(3,274)	(476)
Net gain on sales	564	20	632	118
Direct write-downs	(14)	(245)	(189)	(310)
<b>Ending balance</b>	<b>\$ 1,519</b>	<b>\$ 2,637</b>	<b>\$ 1,519</b>	<b>\$ 2,637</b>

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

Gains (losses) on foreclosed assets includes the following:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
	(dollars in thousands)			
Direct write-downs	\$ (145)	\$ —	\$ (175)	\$ (65)
Net gain (loss) on sales	48	(7)	68	98
<b>Gains (losses) on foreclosed assets</b>	<b>\$ (97)</b>	<b>\$ (7)</b>	<b>\$ (107)</b>	<b>\$ 33</b>

(dollars in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Direct write-downs	\$ (14)	\$ (245)	\$ (189)	\$ (310)

Net gain on sales	564	20	632	118
<b>Gains (losses) on foreclosed assets</b>	<b>\$ 550</b>	<b>\$ (225)</b>	<b>\$ 443</b>	<b>\$ (192)</b>

The carrying value of foreclosed one-to-four family residential real estate properties held was \$0.2 million \$0.6 million and \$20 thousand as of June 30, 2023 September 30, 2023 and December 31, 2022, respectively. As of June 30, 2023 September 30, 2023, there were 16 14 one-to-four family residential real estate loans in the process of foreclosure totaling \$1.4 million. \$1.2 million. As of December 31, 2022, there were 4 one-to-four family residential real estate loans in the process of foreclosure totaling \$0.2 million.

\$0.2 million.

35

---

[Table of Contents](#)

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

(Unaudited)

**NOTE 7 – DEPOSITS**

The Company's deposits are summarized below:

	<u>June 30, 2023</u>	<u>December 31, 2022</u>
	(dollars in thousands)	
Noninterest-bearing deposits	\$ 1,125,823	\$ 994,954
Interest-bearing deposits:		
Interest-bearing demand	1,181,187	1,139,150
Money market	730,652	555,425
Savings	657,506	634,527
Time	469,355	262,968
<b>Total interest-bearing deposits</b>	<b>3,038,700</b>	<b>2,592,070</b>
<b>Total deposits</b>	<b>\$ 4,164,523</b>	<b>\$ 3,587,024</b>

Money market account deposits included \$50.0 million and

(dollars in thousands)	<u>September 30, 2023</u>	<u>December 31, 2022</u>
Noninterest-bearing deposits	\$ 1,086,877	\$ 994,954
Interest-bearing deposits:		
Interest-bearing demand	1,134,721	1,139,150
Money market	673,780	555,425
Savings	623,083	634,527
Time	679,607	262,968
<b>Total interest-bearing deposits</b>	<b>3,111,191</b>	<b>2,592,070</b>
<b>Total deposits</b>	<b>\$ 4,198,068</b>	<b>\$ 3,587,024</b>

As of September 30, 2023, time deposits included \$1.0 million \$115.0 million of brokered deposits as of June 30, 2023, deposits. There were no brokered deposits as of December 31, 2022. Interest-bearing demand deposits included \$41.6 million \$38.7 million of reciprocal transaction deposits as of June 30, 2023 September 30, 2023. Money market deposits included \$11.7 million \$12.8 million and \$1.7 million \$1.7 million of reciprocal transaction deposits as of June 30, 2023 September 30, 2023 and December 31, 2022, respectively. Time deposits included \$38.8 million \$35.5 million and \$1.6 million \$1.6 million of reciprocal time deposits as of June 30, 2023 September 30, 2023, and December 31, 2022, respectively.

The aggregate amounts of time deposits in denominations of \$250 thousand or more amounted to \$78.7 million \$115.9 million and \$27.2 million \$27.2 million as of June 30, 2023 September 30, 2023 and December 31, 2022, respectively. The aggregate amounts of time deposits in denominations of \$100 thousand or more amounted to \$236.8 million \$302.3 million and \$92.6 million \$92.6 million as of June 30, 2023 September 30, 2023 and December 31, 2022, respectively.

The components of interest expense on deposits are as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023		2022	
	(dollars in thousands)			
Interest-bearing demand	\$ 683	\$ 144	\$ 1,141	\$ 286
Money market	1,516	110	2,451	231
Savings	189	52	367	102
Time	1,935	200	2,738	456
<b>Total interest expense on deposits</b>	<b>\$ 4,323</b>	<b>\$ 506</b>	<b>\$ 6,697</b>	<b>\$ 1,075</b>

36

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
(dollars in thousands)				
Interest-bearing demand	\$ 761	\$ 144	\$ 1,902	\$ 430
Money market	2,041	203	4,492	434
Savings	249	53	616	155
Time	4,160	187	6,898	643
<b>Total interest expense on deposits</b>	<b>\$ 7,211</b>	<b>\$ 587</b>	<b>\$ 13,908</b>	<b>\$ 1,662</b>

[Table of Contents](#)

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

**(Unaudited)**

**NOTE 8 – JUNIOR SUBORDINATED DEBENTURES ISSUED TO CAPITAL TRUSTS**

Eight subsidiary business trusts of the Company have issued floating rate capital securities ("capital securities") which are guaranteed by the Company. Three of these (Town and Country Statutory Trust II, Town and Country Statutory Trust III, and West Plains Investors Statutory Trust I) were acquired by the Company as part of its acquisition of Town and Country.

The Company owns all of the outstanding stock of the subsidiary business trusts. The trusts used the proceeds from the issuance of their capital securities to buy floating rate junior subordinated deferrable interest debentures ("junior subordinated debentures") issued by the Company. These junior subordinated debentures are the only assets of the trusts and the interest payments from the junior subordinated debentures finance the distributions paid on the capital securities. The junior subordinated debentures are unsecured, and rank junior and subordinate in the right of payment to all senior debt of the Company.

Company, and have an optional redemption in whole or in part on any interest payment date.

In accordance with GAAP, the trusts are not consolidated in the Company's financial statements.

The face values and carrying values of the junior subordinated debentures are summarized as follows:

	Carrying Value		
	Face Value	June 30, 2023	December 31, 2022
		(dollars in thousands)	
Heartland Bancorp, Inc. Capital Trust B	\$ 10,310	\$ 10,310	\$ 10,310
Heartland Bancorp, Inc. Capital Trust C	10,310	10,310	10,310
Heartland Bancorp, Inc. Capital Trust D	5,155	5,155	5,155
FFBI Capital Trust I	7,217	7,217	7,217
National Bancorp Statutory Trust I	5,773	4,821	4,788
Town and Country Statutory Trust II	4,124	4,415	—
Town and Country Statutory Trust III	7,732	7,572	—
West Plains Investors Statutory Trust I	3,093	2,960	—
<b>Total</b>	<b>\$ 53,714</b>	<b>\$ 52,760</b>	<b>\$ 37,780</b>

(dollars in thousands)	Carrying Value		
	Face Value	September 30, 2023	December 31, 2022
Heartland Bancorp, Inc. Capital Trust B	\$ 10,310	\$ 10,310	\$ 10,310
Heartland Bancorp, Inc. Capital Trust C	10,310	10,310	10,310
Heartland Bancorp, Inc. Capital Trust D	5,155	5,155	5,155
FFBI Capital Trust I	7,217	7,217	7,217
National Bancorp Statutory Trust I	5,773	4,837	4,788
Town and Country Statutory Trust II	4,124	4,407	—
Town and Country Statutory Trust III	7,732	7,575	—
West Plains Investors Statutory Trust I	3,093	2,963	—
<b>Total</b>	<b>\$ 53,714</b>	<b>\$ 52,774</b>	<b>\$ 37,780</b>

The interest rates on the junior subordinated debentures are variable, reset quarterly, and are equal to the three-month LIBOR, as determined on the LIBOR Determination Date immediately preceding the Distribution Payment Date specific to each junior subordinated debenture, plus a fixed percentage. Beginning in July 2023, the three-month LIBOR index was replaced by the three-month term SOFR index plus a spread adjustment.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**(Unaudited)**

The interest rates and maturities of the junior subordinated debentures are summarized as follows:

	Variable Interest Rate	Interest Rate at			Maturity Date
		June 30, 2023	December 31, 2022		
Heartland Bancorp, Inc. Capital Trust B	LIBOR plus 2.75 %	8.01 %	6.83 %		April 6, 2034
Heartland Bancorp, Inc. Capital Trust C	LIBOR plus 1.53	7.08	6.30		June 15, 2037
Heartland Bancorp, Inc. Capital Trust D	LIBOR plus 1.35	6.90	6.12		September 15, 2037
FFBI Capital Trust I	LIBOR plus 2.80	8.06	6.88		April 6, 2034
National Bancorp Statutory Trust I	LIBOR plus 2.90	8.45	7.67		December 15, 2037
Town and Country Statutory Trust II	LIBOR plus 2.79	8.30	N/A		March 17, 2034
Town and Country Statutory Trust III	LIBOR plus 1.68	7.23	N/A		March 22, 2037
West Plains Investors Statutory Trust I	LIBOR plus 1.45	7.00	N/A		June 15, 2037

	Variable Interest Rate	Interest Rate at			Maturity Date
		September 30, 2023	December 31, 2022		
Heartland Bancorp, Inc. Capital Trust B	SOFR plus 3.01%	8.32 %	6.83 %		April 6, 2034
Heartland Bancorp, Inc. Capital Trust C	SOFR plus 1.79	7.20	6.30		June 15, 2037
Heartland Bancorp, Inc. Capital Trust D	SOFR plus 1.61	7.02	6.12		September 15, 2037
FFBI Capital Trust I	SOFR plus 3.06	8.37	6.88		April 6, 2034
National Bancorp Statutory Trust I	SOFR plus 3.16	8.57	7.67		December 15, 2037
Town and Country Statutory Trust II	SOFR plus 3.05	8.46	N/A		March 17, 2034
Town and Country Statutory Trust III	SOFR plus 1.94	7.35	N/A		March 22, 2037
West Plains Investors Statutory Trust I	SOFR plus 1.71	7.12	N/A		June 15, 2037

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

The distribution rate payable on the debentures is cumulative and payable quarterly in arrears. The Company has the right, subject to events of default, to defer payments of interest on the junior subordinated debentures at any time by extending the interest payment period for a period not exceeding 20 quarterly periods with respect to each deferral period, provided that no extension period may extend beyond the redemption or maturity date of the junior subordinated debentures. The capital securities are subject to mandatory redemption upon payment of the junior subordinated debentures and carry an interest rate identical to that of the related debenture. The junior subordinated debentures maturity dates may be shortened if certain conditions are met, or at any time within 90 days following the occurrence and continuation of certain changes in either tax treatment or the capital treatment of the junior subordinated debentures or the capital securities. If the junior subordinated debentures are redeemed before they mature, the redemption price will be the principal amount plus any accrued but unpaid interest. The Company has the right to terminate each Capital Trust and cause the junior subordinated debentures to be distributed to the holders of the capital securities in liquidation of such trusts.

Under current banking regulations, bank holding companies are allowed to include qualifying trust preferred securities in their Tier 1 Capital for regulatory capital purposes, subject to a 25% limitation to all core (Tier 1) capital elements, net of goodwill and other

intangible assets less any associated deferred tax liability. As of **June 30, 2023** **September 30, 2023** and 2022, 100% of the trust preferred securities qualified as Tier 1 capital under the final rule adopted in March 2005.

---

[Table of Contents](#)

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

**(Unaudited)**

**NOTE 9 – DERIVATIVE FINANCIAL INSTRUMENTS**

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

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

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

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

	June 30, 2023		December 31, 2022	
	Notional	Fair	Notional	Fair
	Amount	Value	Amount	Value
(dollars in thousands)				
Fair value recorded in other assets	\$ 17,000	\$ 587	\$ 17,000	\$ 629

(dollars in thousands)	September 30, 2023		December 31, 2022	
	Notional	Fair	Notional	Fair
	Amount	Value	Amount	Value
Fair value recorded in other assets	\$ 17,000	\$ 514	\$ 17,000	\$ 629

As of **June 30, 2023** **September 30, 2023**, the interest rate swap agreements designated as cash flow hedges had contractual maturities between 2024 and 2025. As of **June 30, 2023** **September 30, 2023** and December 31, 2022, counterparties had cash pledged and held on deposit by the Company of **\$0.6 million** **\$0.6 million** and **\$0.6 million**, **\$0.6 million**, respectively.

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

Location of gross gain (loss) reclassified from accumulated other	Amounts of gross gain (loss) reclassified from accumulated
--	---

comprehensive income (loss) to income	other comprehensive income (loss)							
	Three Months Ended				Six Months Ended			
	June 30,		June 30,		June 30,		June 30,	
	2023	2022	2023	2022				
<b>Designated as cash flow hedges:</b>								
(dollars in thousands)								
Junior subordinated debentures interest expense	\$ 109	\$ (67)	\$ 203	\$ (163)				

39

Location of gross gain (loss) reclassified from accumulated other comprehensive income (loss) to income	Amounts of gross gain (loss) reclassified from accumulated other comprehensive income (loss)			
	Three Months Ended		Nine Months Ended	
	September 30,	2022	September 30,	2022
(dollars in thousands)				
<b>Designated as cash flow hedges:</b>				
Junior subordinated debentures interest expense	\$ 131	\$ (14)	\$ 334	\$ (177)

## [Table of Contents](#)

### HBT FINANCIAL, INC. AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

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

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

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

	June 30, 2023		December 31, 2022	
	Notional	Fair	Notional	Fair
	Amount	Value	Amount	Value
(dollars in thousands)				
Fair value recorded in other assets:				
Interest rate swaps with a commercial borrower counterparty	\$ —	\$ —	\$ —	\$ —
Interest rate swaps with a financial institution counterparty	105,954	8,053	106,995	6,981
<b>Total fair value recorded in other assets</b>	<b>\$ 105,954</b>	<b>\$ 8,053</b>	<b>\$ 106,995</b>	<b>\$ 6,981</b>
Fair value recorded in other liabilities:				
Interest rate swaps with a commercial borrower counterparty	\$ 105,954	\$ (8,053)	\$ 106,995	\$ (6,981)
Interest rate swaps with a financial institution counterparty	—	—	—	—

<b>Total fair value recorded in other liabilities</b>	<b>\$ 105,954</b>	<b>\$ (8,053)</b>	<b>\$ 106,995</b>	<b>\$ (6,981)</b>
---	-------------------	-------------------	-------------------	-------------------

(dollars in thousands)	September 30, 2023		December 31, 2022	
	Notional Amount	Fair Value	Notional Amount	Fair Value
<b>Fair value recorded in other assets:</b>				
Interest rate swaps with a commercial borrower counterparty	\$ —	\$ —	\$ —	\$ —
Interest rate swaps with a financial institution counterparty	101,612	9,674	106,995	6,981
<b>Total fair value recorded in other assets</b>	<b>\$ 101,612</b>	<b>\$ 9,674</b>	<b>\$ 106,995</b>	<b>\$ 6,981</b>
<b>Fair value recorded in other liabilities:</b>				
Interest rate swaps with a commercial borrower counterparty	\$ 101,612	\$ (9,674)	\$ 106,995	\$ (6,981)
Interest rate swaps with a financial institution counterparty	—	—	—	—
<b>Total fair value recorded in other liabilities</b>	<b>\$ 101,612</b>	<b>\$ (9,674)</b>	<b>\$ 106,995</b>	<b>\$ (6,981)</b>

As of **June 30, 2023** **September 30, 2023**, the interest rate swap agreements not designated as hedging instruments had contractual maturities between 2023 and 2035.

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

(dollars in thousands)	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2023	2022	2023	2022
<b>Not designated as hedging instruments:</b>				
Gross gains	\$ 1,703	\$ 4,681	\$ 4,440	\$ 10,094
Gross losses	(1,703)	(4,681)	(4,440)	(10,094)
<b>Net gains (losses)</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>

(dollars in thousands)	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2023	2022	2023	2022
<b>Not designated as hedging instruments:</b>				
Gross gains	\$ 2,510	\$ 5,209	\$ 6,950	\$ 15,303
Gross losses	(2,510)	(5,209)	(6,950)	(15,303)
<b>Net gains (losses)</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>

[Table of Contents](#)

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

**(Unaudited)**

**NOTE 10 – ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)**

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

	<b>Unrealized Gains (Losses)</b>					(dollars in thousands)	
	<b>on Debt Securities</b>						
	<b>Available-for-Sale</b>	<b>Held-to-Maturity</b>	<b>Derivatives</b>	<b>Total</b>			
<b>Three Months Ended June 30, 2023</b>							
<b>Balance, March 31, 2023</b>	\$ (52,668)	\$ (9,596)	\$ 89	\$ (62,175)			
Other comprehensive income (loss) before reclassifications	(12,638)	—	201	(12,437)			
Reclassifications	200	475	(109)	566			
Other comprehensive income (loss), before tax	(12,438)	475	92	(11,871)			
Income tax expense (benefit)	(3,546)	135	27	(3,384)			
Other comprehensive income (loss), after tax	(8,892)	340	65	(8,487)			
<b>Balance, June 30, 2023</b>	<b>\$ (61,560)</b>	<b>\$ (9,256)</b>	<b>\$ 154</b>	<b>\$ (70,662)</b>			
<b>Three Months Ended June 30, 2022</b>							
<b>Balance, March 31, 2022</b>	\$ (24,794)	\$ (11,048)	\$ (258)	\$ (36,100)			
Other comprehensive income (loss) before reclassifications	(24,151)	—	149	(24,002)			
Reclassifications	—	549	67	616			
Other comprehensive income (loss), before tax	(24,151)	549	216	(23,386)			
Income tax expense (benefit)	(6,884)	157	61	(6,666)			
Other comprehensive income (loss), after tax	(17,267)	392	155	(16,720)			
<b>Balance, June 30, 2022</b>	<b>\$ (42,061)</b>	<b>\$ (10,656)</b>	<b>\$ (103)</b>	<b>\$ (52,820)</b>			

41

(dollars in thousands)	<b>Unrealized Gains (Losses)</b>					(dollars in thousands)
	<b>on Debt Securities</b>					
	<b>Available-for-Sale</b>	<b>Held-to-Maturity</b>	<b>Derivatives</b>	<b>Total</b>		
<b>Three Months Ended September 30, 2023</b>						
<b>Balance, June 30, 2023</b>	\$ (61,560)	\$ (9,256)	\$ 154	\$ (70,662)		
Other comprehensive income (loss) before reclassifications	(11,326)	—	58	(11,268)		
Reclassifications	13	518	(131)	400		
Other comprehensive income (loss), before tax	(11,313)	518	(73)	(10,868)		
Income tax expense (benefit)	(3,224)	147	(21)	(3,098)		
Other comprehensive income (loss), after tax	(8,089)	371	(52)	(7,770)		
<b>Balance, September 30, 2023</b>	<b>\$ (69,649)</b>	<b>\$ (8,885)</b>	<b>\$ 102</b>	<b>\$ (78,432)</b>		
<b>Three Months Ended September 30, 2022</b>						
<b>Balance, June 30, 2022</b>	\$ (42,061)	\$ (10,656)	\$ (103)	\$ (52,820)		
Other comprehensive income (loss) before reclassifications	(35,358)	—	374	(34,984)		

Reclassifications	—	504	14	518
Other comprehensive income (loss), before tax	(35,358)	504	388	(34,466)
Income tax expense (benefit)	(10,079)	144	111	(9,824)
Other comprehensive income (loss), after tax	(25,279)	360	277	(24,642)
<b>Balance, September 30, 2022</b>	<b>\$ (67,340)</b>	<b>\$ (10,296)</b>	<b>\$ 174</b>	<b>\$ (77,462)</b>

[Table of Contents](#)

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

**(Unaudited)**

<b>Unrealized Gains (Losses)</b>									
on Debt Securities									
	<b>Available-for-Sale</b>	<b>Held-to-Maturity</b>	<b>Derivatives</b>	<b>Total</b>					
	(dollars in thousands)								
<b>Six Months Ended June 30, 2023</b>									
<b>Balance, December 31, 2022</b>	\$ (61,998)	\$ (9,946)	\$ 185	\$ (71,759)					
Other comprehensive income (loss) before reclassifications	(1,195)	—	161	(1,034)					
Reclassifications	1,807	965	(203)	2,569					
Other comprehensive income (loss), before tax	612	965	(42)	1,535					
Income tax expense (benefit)	174	275	(11)	438					
Other comprehensive income (loss), after tax	438	690	(31)	1,097					
<b>Balance, June 30, 2023</b>	<b>\$ (61,560)</b>	<b>\$ (9,256)</b>	<b>\$ 154</b>	<b>\$ (70,662)</b>					
<b>Six Months Ended June 30, 2022</b>									
<b>Balance, December 31, 2021</b>	\$ 5,736	\$ (3,514)	\$ (751)	\$ 1,471					
Transfer from available-for-sale to held-to-maturity	7,664	(7,664)	—	—					
Other comprehensive income (loss) before reclassifications	(77,573)	—	743	(76,830)					
Reclassifications	—	730	163	893					
Other comprehensive income (loss), before tax	(77,573)	730	906	(75,937)					
Income tax expense (benefit)	(22,112)	208	258	(21,646)					
Other comprehensive income (loss), after tax	(55,461)	522	648	(54,291)					
<b>Balance, June 30, 2022</b>	<b>\$ (42,061)</b>	<b>\$ (10,656)</b>	<b>\$ (103)</b>	<b>\$ (52,820)</b>					

<b>Unrealized Gains (Losses)</b>									
on Debt Securities									
	<b>Available-for-Sale</b>	<b>Held-to-Maturity</b>	<b>Derivatives</b>	<b>Total</b>					
	(dollars in thousands)								
<b>Nine Months Ended September 30, 2023</b>									
<b>Balance, December 31, 2022</b>	\$ (61,998)	\$ (9,946)	\$ 185	\$ (71,759)					
Other comprehensive income (loss) before reclassifications	(12,521)	—	219	(12,302)					
Reclassifications	1,820	1,483	(334)	2,969					
Other comprehensive income (loss), before tax	(10,701)	1,483	(115)	(9,333)					
Income tax expense (benefit)	(3,050)	422	(32)	(2,660)					

Other comprehensive income (loss), after tax	(7,651)	1,061	(83)	(6,673)
<b>Balance, September 30, 2023</b>	<b>\$ (69,649)</b>	<b>\$ (8,885)</b>	<b>\$ 102</b>	<b>\$ (78,432)</b>
<b>Nine Months Ended September 30, 2022</b>				
<b>Balance, December 31, 2021</b>	<b>\$ 5,736</b>	<b>\$ (3,514)</b>	<b>\$ (751)</b>	<b>\$ 1,471</b>
Transfer from available-for-sale to held-to-maturity	7,664	(7,664)	—	—
Other comprehensive income (loss) before reclassifications	(112,931)	—	1,117	(111,814)
Reclassifications	—	1,234	177	1,411
Other comprehensive income (loss), before tax	(112,931)	1,234	1,294	(110,403)
Income tax expense (benefit)	(32,191)	352	369	(31,470)
Other comprehensive income (loss), after tax	(80,740)	882	925	(78,933)
<b>Balance, September 30, 2022</b>	<b>\$ (67,340)</b>	<b>\$ (10,296)</b>	<b>\$ 174</b>	<b>\$ (77,462)</b>

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

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

Reclassifications from accumulated other comprehensive income (loss) for the fair value of derivative financial instruments represent net interest payments received or made on derivatives designated as cash flow hedges. See Note 9 for additional information.

[Table of Contents](#)

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

**(Unaudited)**

**NOTE 11 – EARNINGS PER SHARE**

The Company has granted certain restricted stock units that contain non-forfeitable rights to dividend equivalents. Such restricted stock units are considered participating securities. As such, we have included these restricted stock units in the calculation of basic earnings per share and calculate basic earnings per share using the two-class method. The two-class method of computing earnings per share is an earnings allocation formula that determines earnings per share for each class of common stock and participating security according to dividends declared (or accumulated) and participation rights in undistributed earnings.

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

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
(dollars in thousands)				

**Numerator:**

Net income	\$ 18,473	\$ 14,085	\$ 27,681	\$ 27,689
Earnings allocated to participating securities	(11)	(17)	(16)	(34)
Numerator for earnings per share - basic and diluted	<u>\$ 18,462</u>	<u>\$ 14,068</u>	<u>\$ 27,665</u>	<u>\$ 27,655</u>
<b>Denominator:</b>				
Weighted average common shares outstanding	31,980,133	28,891,202	31,481,439	28,938,634
Dilutive effect of outstanding restricted stock units	99,850	53,674	84,981	48,688
Weighted average common shares outstanding, including all dilutive potential shares	<u>32,079,983</u>	<u>28,944,876</u>	<u>31,566,420</u>	<u>28,987,322</u>
<b>Earnings per share - Basic</b>	<u>\$ 0.58</u>	<u>\$ 0.49</u>	<u>\$ 0.88</u>	<u>\$ 0.96</u>
<b>Earnings per share - Diluted</b>	<u>\$ 0.58</u>	<u>\$ 0.49</u>	<u>\$ 0.88</u>	<u>\$ 0.95</u>

43

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
(dollars in thousands)				
<b>Numerator:</b>				
Net income	\$ 19,715	\$ 15,627	\$ 47,396	\$ 43,316
Earnings allocated to participating securities	(10)	(17)	(26)	(51)
Numerator for earnings per share - basic and diluted	<u>\$ 19,705</u>	<u>\$ 15,610</u>	<u>\$ 47,370</u>	<u>\$ 43,265</u>
<b>Denominator:</b>				
Weighted average common shares outstanding	31,829,250	28,787,662	31,598,650	28,887,757
Dilutive effect of outstanding restricted stock units	137,187	72,643	102,574	56,761
Weighted average common shares outstanding, including all dilutive potential shares	<u>31,966,437</u>	<u>28,860,305</u>	<u>31,701,224</u>	<u>28,944,518</u>
<b>Earnings per share - Basic</b>	<u>\$ 0.62</u>	<u>\$ 0.54</u>	<u>\$ 1.50</u>	<u>\$ 1.50</u>
<b>Earnings per share - Diluted</b>	<u>\$ 0.62</u>	<u>\$ 0.54</u>	<u>\$ 1.49</u>	<u>\$ 1.49</u>

[Table of Contents](#)

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

(Unaudited)

**NOTE 12 – STOCK-BASED COMPENSATION PLANS**

The Company has adopted the HBT Financial, Inc. Omnibus Incentive Plan (the "Omnibus Incentive Plan"). The Omnibus Incentive Plan provides for grants of (i) stock options, (ii) stock appreciation rights, (iii) restricted shares, (iv) restricted stock units, (v) performance awards, (vi) other share-based awards and (vi) other

cash-based awards to eligible employees, non-employee directors and consultants of the Company. The maximum number of shares of common stock available for issuance under the Omnibus Incentive Plan is 1,820,000 shares.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023		2022	
	(dollars in thousands)			
Restricted stock units	\$ 317	\$ 234	\$ 594	\$ 842
Performance restricted stock units	117	118	357	411
Total awards classified as equity	434	352	951	1,253
Stock appreciation rights	(47)	7	(46)	(16)
<b>Total stock-based compensation expense</b>	<b>\$ 387</b>	<b>\$ 359</b>	<b>\$ 905</b>	<b>\$ 1,237</b>

(dollars in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Restricted stock units	\$ 313	\$ 230	\$ 907	\$ 1,072
Performance restricted stock units	295	119	652	530
Total awards classified as equity	608	349	1,559	1,602
Stock appreciation rights	3	51	(43)	35
<b>Total stock-based compensation expense</b>	<b>\$ 611</b>	<b>\$ 400</b>	<b>\$ 1,516</b>	<b>\$ 1,637</b>

In February 2022, all outstanding restricted stock unit and performance restricted stock unit agreements were modified to address treatment upon retirement. In the event of retirement, and if the retirement eligibility requirements are met, then 100% of unvested restricted stock units and performance restricted stock units will continue to vest in accordance with the originally established vesting schedule. The retirement modification resulted in the acceleration of \$0.6 million \$0.6 million of expense, although total compensation costs related to the modified agreements remained the same.

## [Table of Contents](#)

### HBT FINANCIAL, INC. AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

#### Restricted Stock Units

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

During the six nine months ended June 30, 2023 September 30, 2023 and 2022, the total grant date fair value of the restricted stock units granted was \$1.0 million \$1.0 million and \$0.9 million, \$0.9 million, respectively, based on the grant date closing prices. The total intrinsic value of restricted stock that vested during the six nine months ended June 30, 2023 September 30, 2023 and 2022 was \$1.1 million \$1.1 million and \$0.7 million, \$0.7 million, respectively.

The following is a summary of restricted stock unit activity:

	Three Months Ended June 30,							
	2023		2022		Weighted		Weighted	
	Weighted		Weighted		Average		Average	
	Restricted	Grant Date	Restricted	Grant Date	Stock Units	Fair Value	Stock Units	Fair Value
	Stock Units	Fair Value	Stock Units	Grant Date	Stock Units	Fair Value	Stock Units	Fair Value
Beginning balance	129,422	\$ 19.58	120,631	\$ 17.98				
Granted	—	—	—	—				
Vested	—	—	—	—				
Forfeited	—	—	—	—				
Ending balance	129,422	\$ 19.58	120,631	\$ 17.98				

  

	Six Months Ended June 30,							
	2023		2022		Weighted		Weighted	
	Weighted		Weighted		Average		Average	
	Restricted	Grant Date	Restricted	Grant Date	Stock Units	Fair Value	Stock Units	Fair Value
	Stock Units	Fair Value	Stock Units	Grant Date	Stock Units	Fair Value	Stock Units	Fair Value
Beginning balance	139,986	\$ 18.01	109,244	\$ 17.27				
Granted	41,847	22.72	46,312	19.11				
Vested	(51,693)	17.91	(34,925)	17.26				
Forfeited	(718)	16.58	—	—				
Ending balance	129,422	\$ 19.58	120,631	\$ 17.98				

	Three Months Ended September 30,							
	2023		2022		Weighted		Weighted	
	Weighted		Weighted		Average		Average	
	Restricted	Grant Date	Restricted	Grant Date	Stock Units	Fair Value	Stock Units	Fair Value
	Stock Units	Fair Value	Stock Units	Grant Date	Stock Units	Fair Value	Stock Units	Fair Value
Beginning balance	129,422	\$ 19.58	120,631	\$ 17.98				
Granted	—	—	—	—				
Vested	—	—	—	—				
Forfeited	(520)	21.23	(1,328)	18.35				
Ending balance	128,902	\$ 19.57	119,303	\$ 17.98				

	Nine Months Ended September 30,							
	2023		2022		Weighted		Weighted	
	Weighted		Weighted		Average		Average	
	Restricted	Grant Date	Restricted	Grant Date	Stock Units	Fair Value	Stock Units	Fair Value
	Stock Units	Fair Value	Stock Units	Grant Date	Stock Units	Fair Value	Stock Units	Fair Value
Beginning balance	139,986	\$ 18.01	109,244	\$ 17.27				
Granted	41,847	22.72	46,312	19.11				
Vested	(51,693)	17.91	(34,925)	17.26				

Forfeited	(1,238)	18.53	(1,328)	18.35
Ending balance	128,902	\$ 19.57	119,303	\$ 17.98

As of **June 30, 2023** **September 30, 2023**, unrecognized compensation cost related to the non-vested restricted stock units was **\$1.6 million**, **\$1.3 million**. This cost is expected to be recognized over the weighted average remaining service period of **1.8** **1.7** years.

[Table of Contents](#)

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

**(Unaudited)**

**Performance Restricted Stock Units**

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

During the **six** **nine** months ended **June 30, 2023** **September 30, 2023** and 2022, the total fair value of the performance restricted stock units granted was \$0.4 million and \$0.5 million, respectively, based on the grant date closing prices and an assessment of the probable outcome of the performance condition on the grant date.

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

	Three Months Ended June 30,							
	2023		2022		Weighted		Weighted	
	Performance	Average	Performance	Average	Stock Units	Fair Value	Stock Units	Fair Value
	Restricted	Grant Date	Restricted	Grant Date				
	Stock Units	Fair Value	Stock Units	Fair Value				
Beginning balance	79,097	\$ 18.25	62,067	\$ 17.02				
Granted	—	—	—	—				
Vested	—	—	—	—				
Forfeited	—	—	—	—				
Ending balance	79,097	\$ 18.25	62,067	\$ 17.02				
Six months ended June 30,								
	2023		2022		Weighted		Weighted	
	Performance	Average	Performance	Average	Stock Units	Fair Value	Stock Units	Fair Value
	Restricted	Grant Date	Restricted	Grant Date				

	Restricted	Grant Date	Restricted	Grant Date
	Stock Units	Fair Value	Stock Units	Fair Value
Beginning balance	62,067	\$ 17.02	38,344	\$ 15.72
Granted	17,030	22.72	23,723	19.14
Vested	—	—	—	—
Forfeited	—	—	—	—
Ending balance	<u>79,097</u>	<u>\$ 18.25</u>	<u>62,067</u>	<u>\$ 17.02</u>

	Three Months Ended September 30,				
	2023		2022		
	Performance	Weighted		Performance	Weighted
		Restricted	Average		Average
	Stock Units	Grant Date	Stock Units	Grant Date	Stock Units
		Fair Value			Fair Value
Beginning balance	79,097	\$ 18.25	62,067	\$ 17.02	
Granted	—	—	—	—	—
Vested	—	—	—	—	—
Forfeited	—	—	—	—	—
Ending balance	<u>79,097</u>	<u>\$ 18.25</u>	<u>62,067</u>	<u>\$ 17.02</u>	

	Nine Months Ended September 30,				
	2023		2022		
	Performance	Weighted		Performance	Weighted
		Restricted	Average		Average
	Stock Units	Grant Date	Stock Units	Grant Date	Stock Units
		Fair Value			Fair Value
Beginning balance	62,067	\$ 17.02	38,344	\$ 15.72	
Granted	17,030	22.72	23,723	19.14	
Vested	—	—	—	—	—
Forfeited	—	—	—	—	—
Ending balance	<u>79,097</u>	<u>\$ 18.25</u>	<u>62,067</u>	<u>\$ 17.02</u>	

As of **June 30, 2023** September 30, 2023, unrecognized compensation cost related to non-vested performance restricted stock units was **\$0.5 million**, **\$0.4 million**, based on the current assessment of the probable outcome of the performance conditions. This cost is expected to be recognized over the weighted average remaining service period of **1.7** **1.5** years.

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

**(Unaudited)**

## Stock Appreciation Rights

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

The following is a summary of stock appreciation rights activity:

	Three Months Ended June 30,			
	2023		2022	
	Stock	Weighted	Stock	Weighted
	Appreciation	Average	Appreciation	Average
	Rights	Grant Date	Rights	Grant Date
	Outstanding	Assigned Value	Outstanding	Assigned Value
Beginning balance	73,440	\$ 16.32	91,800	\$ 16.32
Granted	—	—	—	—
Exercised	—	—	—	—
Expired	—	—	—	—
Forfeited	—	—	—	—
Ending balance	73,440	\$ 16.32	91,800	\$ 16.32

  

	Six Months Ended June 30,			
	2023		2022	
	Stock	Weighted	Stock	Weighted
	Appreciation	Average	Appreciation	Average
	Rights	Grant Date	Rights	Grant Date
	Outstanding	Assigned Value	Outstanding	Assigned Value
Beginning balance	73,440	\$ 16.32	97,920	\$ 16.32
Granted	—	—	—	—
Exercised	—	—	(6,120)	16.32
Expired	—	—	—	—
Forfeited	—	—	—	—
Ending balance	73,440	\$ 16.32	91,800	\$ 16.32

	Three Months Ended September 30,			
	2023		2022	
	Stock	Weighted	Stock	Weighted
	Appreciation	Average	Appreciation	Average
	Rights	Grant Date	Rights	Grant Date
	Outstanding	Assigned Value	Outstanding	Assigned Value
Beginning balance	73,440	\$ 16.32	91,800	\$ 16.32
Granted	—	—	—	—
Exercised	—	—	—	—
Expired	—	—	—	—
Forfeited	—	—	—	—
Ending balance	73,440	\$ 16.32	91,800	\$ 16.32

  

	Nine Months Ended September 30,			

	2023			2022		
	Stock Appreciation Rights	Weighted Average		Stock Appreciation Rights	Weighted Average	
		Grant Date	Assigned Value		Grant Date	Assigned Value
Beginning balance	73,440	\$ 16.32		97,920	\$ 16.32	
Granted	—	—	—	—	—	—
Exercised	—	—	—	(6,120)	16.32	
Expired	—	—	—	—	—	—
Forfeited	—	—	—	—	—	—
Ending balance	73,440	\$ 16.32		91,800	\$ 16.32	

A further summary of stock appreciation rights as of **June 30, 2023** **September 30, 2023**, is as follows:

Grant Date Assigned Values	Weighted Average		
	Stock Appreciation Rights		Remaining
	Outstanding	Exercisable	Contractual Term
\$ 16.32	73,440	67,320	6.2 years

Grant Date Assigned Values	Stock Appreciation Rights		Weighted Average
	Outstanding	Exercisable	Remaining
\$16.32	73,440	73,440	5.9 years

As of **June 30, 2023** **September 30, 2023**, there was no unrecognized compensation cost related to non-vested stock appreciation rights was \$6 thousand.

rights.

[Table of Contents](#)

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

**(Unaudited)**

As of **June 30, 2023** **September 30, 2023** and December 31, 2022, the liability recorded for outstanding stock appreciation rights was **\$0.4 million** **\$0.4 million** and **\$0.5 million**, **\$0.5 million**, respectively. The Company used an option pricing model to value the stock appreciation rights, using the assumptions in the following table. Expected volatility is derived from the historical volatility of the Company's stock price and a selected peer group of industry-related companies.

	June 30, 2023	December 31, 2022
Risk-free interest rate	4.06 %	3.95 %
Expected volatility	37.35 %	36.54 %
Expected life (in years)	6.2	6.7

Expected dividend yield	3.69 %	3.27 %
Risk-free interest rate	4.60 %	3.95 %
Expected volatility	37.29 %	36.54 %
Expected life (in years)	5.9	6.7
Expected dividend yield	3.73 %	3.27 %

As of **June 30, 2023** **September 30, 2023**, the liability recorded for previously exercised stock appreciation rights was **\$0.2 million**, **\$0.2 million**, which will be paid in one remaining annual installment in 2024. As of December 31, 2022, the liability recorded for previously exercised stock appreciation rights was **\$0.5 million**.

**\$0.5 million.**

#### NOTE 13 – REGULATORY MATTERS

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

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

Additionally, the Company and the Bank must maintain a “capital conservation buffer” to avoid becoming subject to restrictions on capital distributions and certain discretionary bonus payments to management. As of **June 30, 2023** **September 30, 2023** and December 31, 2022, the capital conservation buffer was 2.5% of risk-weighted assets.

As of **June 30, 2023** **September 30, 2023**, the Company and the Bank each met all capital adequacy requirements to which they were subject.

#### HBT FINANCIAL, INC. AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**(Unaudited)**

The actual and required capital amounts and ratios of the Company (on a consolidated basis) and the Bank are as follows:

	September 30, 2023	December 31, 2022
Risk-free interest rate	4.60 %	3.95 %
Expected volatility	37.29 %	36.54 %
Expected life (in years)	5.9	6.7
Expected dividend yield	3.73 %	3.27 %

June 30, 2023							To Be Well	
	Actual			For Capital Adequacy Purposes		Capitalized Under Prompt Corrective Action Provisions		
	Amount	Ratio		Amount	Ratio	Amount	Ratio	
(dollars in thousands)								
<b>Total Capital (to Risk Weighted Assets)</b>								
Consolidated HBT Financial, Inc.	\$ 575,030	15.03 %	\$ 306,067	8.00 %		N/A	N/A	
Heartland Bank and Trust Company	566,196	14.82	305,541	8.00	\$ 381,926	10.00 %		
<b>Tier 1 Capital (to Risk Weighted Assets)</b>								
Consolidated HBT Financial, Inc.	\$ 501,898	13.12 %	\$ 229,551	6.00 %		N/A	N/A	
Heartland Bank and Trust Company	532,499	13.94	229,156	6.00	\$ 305,541	8.00 %		
<b>Common Equity Tier 1 Capital (to Risk Weighted Assets)</b>								
Consolidated HBT Financial, Inc.	\$ 450,752	11.78 %	\$ 172,163	4.50 %		N/A	N/A	
Heartland Bank and Trust Company	532,499	13.94	171,867	4.50	\$ 248,252	6.50 %		
<b>Tier 1 Capital (to Average Assets)</b>								
Consolidated HBT Financial, Inc.	\$ 501,898	10.07 %	\$ 199,442	4.00 %		N/A	N/A	
Heartland Bank and Trust Company	532,499	10.69	199,201	4.00	\$ 249,001	5.00 %		

December 31, 2022							To Be Well	
	Actual			For Capital Adequacy Purposes		Capitalized Under Prompt Corrective Action Provisions		
	Amount	Ratio		Amount	Ratio	Amount	Ratio	
(dollars in thousands)								
<b>Total Capital (to Risk Weighted Assets)</b>								
Consolidated HBT Financial, Inc.	\$ 516,556	16.27 %	\$ 254,052	8.00 %		N/A	N/A	
Heartland Bank and Trust Company	489,316	15.43	253,643	8.00	\$ 317,054	10.00 %		
<b>Tier 1 Capital (to Risk Weighted Assets)</b>								
Consolidated HBT Financial, Inc.	\$ 451,828	14.23 %	\$ 190,539	6.00 %		N/A	N/A	
Heartland Bank and Trust Company	463,983	14.63	190,233	6.00	\$ 253,643	8.00 %		
<b>Common Equity Tier 1 Capital (to Risk Weighted Assets)</b>								
Consolidated HBT Financial, Inc.	\$ 415,213	13.07 %	\$ 142,904	4.50 %		N/A	N/A	
Heartland Bank and Trust Company	463,983	14.63	142,674	4.50	\$ 206,085	6.50 %		
<b>Tier 1 Capital (to Average Assets)</b>								
Consolidated HBT Financial, Inc.	\$ 451,828	10.48 %	\$ 172,427	4.00 %		N/A	N/A	
Heartland Bank and Trust Company	463,983	10.78	172,240	4.00	\$ 215,300	5.00 %		

(dollars in thousands)	To Be Well					
	Actual		For Capital Adequacy Purposes		Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
<b>Consolidated HBT Financial, Inc.</b>						
Total Capital (to Risk Weighted Assets)	\$ 590,174	15.09 %	\$ 312,868	8.00 %	N/A	N/A
Tier 1 Capital (to Risk Weighted Assets)	515,643	13.18	234,651	6.00	N/A	N/A
Common Equity Tier 1 Capital (to Risk Weighted Assets)	464,483	11.88	175,988	4.50	N/A	N/A
Tier 1 Capital (to Average Assets)	515,643	10.34	199,420	4.00	N/A	N/A
<b>Heartland Bank and Trust Company</b>						
Total Capital (to Risk Weighted Assets)	\$ 577,525	14.78 %	\$ 312,537	8.00 %	\$ 390,671	10.00 %
Tier 1 Capital (to Risk Weighted Assets)	542,448	13.89	234,403	6.00	312,537	8.00
Common Equity Tier 1 Capital (to Risk Weighted Assets)	542,448	13.89	175,802	4.50	253,936	6.50
Tier 1 Capital (to Average Assets)	542,448	10.89	199,216	4.00	249,020	5.00

[Table of Contents](#)

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

(Unaudited)

(dollars in thousands)	December 31, 2022					
	Actual		For Capital Adequacy Purposes		To Be Well	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
<b>Consolidated HBT Financial, Inc.</b>						
Total Capital (to Risk Weighted Assets)	\$ 516,556	16.27 %	\$ 254,052	8.00 %	N/A	N/A
Tier 1 Capital (to Risk Weighted Assets)	451,828	14.23	190,539	6.00	N/A	N/A
Common Equity Tier 1 Capital (to Risk Weighted Assets)	415,213	13.07	142,904	4.50	N/A	N/A
Tier 1 Capital (to Average Assets)	451,828	10.48	172,427	4.00	N/A	N/A
<b>Heartland Bank and Trust Company</b>						
Total Capital (to Risk Weighted Assets)	\$ 489,316	15.43 %	\$ 253,643	8.00 %	\$ 317,054	10.00 %
Tier 1 Capital (to Risk Weighted Assets)	463,983	14.63	190,233	6.00	253,643	8.00
Common Equity Tier 1 Capital (to Risk Weighted Assets)	463,983	14.63	142,674	4.50	206,085	6.50
Tier 1 Capital (to Average Assets)	463,983	10.78	172,240	4.00	215,300	5.00

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

**NOTE 14 – FAIR VALUE OF FINANCIAL INSTRUMENTS**

**Recurring Basis**

The Company uses fair value measurements to record fair value adjustments to certain assets and to determine fair value disclosures. Additional information on fair value measurements is summarized in Note 1 to the Company's annual consolidated financial statements included in the Annual Report on Form 10-K for the year ended December 31, 2022, filed with the SEC on March 8, 2023. There were no transfers between levels during the three and **six** **nine** months ended **June 30, 2023** **September 30, 2023** and 2022. The Company's policy for determining transfers between levels occurs at the end of the reporting period when circumstances in the underlying valuation criteria change and result in transfer between levels.

The following tables present the balances of the assets measured at fair value on a recurring basis:

June 30, 2023	Level 1	Level 2	Level 3	Total
	Inputs	Inputs	Inputs	Fair Value
(dollars in thousands)				
Debt securities available-for-sale:				
U.S. Treasury	\$ 155,140	\$ —	\$ —	\$ 155,140
U.S. government agency	—	52,424	—	52,424
Municipal	—	244,055	—	244,055
Mortgage-backed:				
Agency residential	—	189,550	—	189,550
Agency commercial	—	130,886	—	130,886
Corporate	—	50,733	—	50,733
Equity securities with readily determinable fair values	3,152	—	—	3,152
Mortgage servicing rights	—	—	20,133	20,133
Derivative financial assets	—	8,640	—	8,640
Derivative financial liabilities	—	8,053	—	8,053

December 31, 2022	Level 1	Level 2	Level 3	Total
	Inputs	Inputs	Inputs	Fair Value
(dollars in thousands)				
Debt securities available-for-sale:				
U.S. Treasury	\$ 154,515	\$ —	\$ —	\$ 154,515
U.S. government agency	—	55,157	—	55,157
Municipal	—	243,829	—	243,829
Mortgage-backed:				
Agency residential	—	195,441	—	195,441
Agency commercial	—	132,888	—	132,888
Corporate	—	61,694	—	61,694
Equity securities with readily determinable fair values	3,029	—	—	3,029
Mortgage servicing rights	—	—	10,147	10,147
Derivative financial assets	—	7,610	—	7,610
Derivative financial liabilities	—	6,981	—	6,981

September 30, 2023

(dollars in thousands)	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total Fair Value
Debt securities available-for-sale:				
U.S. Treasury	\$ 154,394	\$ —	\$ —	\$ 154,394
U.S. government agency	—	50,715	—	50,715
Municipal	—	195,201	—	195,201
Mortgage-backed:				
Agency residential	—	177,050	—	177,050
Agency commercial	—	124,329	—	124,329
Corporate	—	51,474	—	51,474
Equity securities with readily determinable fair values	3,106	—	—	3,106
Mortgage servicing rights	—	—	20,156	20,156
Derivative financial assets	—	10,188	—	10,188
Derivative financial liabilities	—	9,674	—	9,674

(dollars in thousands)	December 31, 2022				
	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total Fair Value	
Debt securities available-for-sale:					
U.S. Treasury	\$ 154,515	\$ —	\$ —	\$ 154,515	
U.S. government agency	—	55,157	—	55,157	
Municipal	—	243,829	—	243,829	
Mortgage-backed:					
Agency residential	—	195,441	—	195,441	
Agency commercial	—	132,888	—	132,888	
Corporate	—	61,694	—	61,694	
Equity securities with readily determinable fair values	3,029	—	—	3,029	
Mortgage servicing rights	—	—	10,147	10,147	
Derivative financial assets	—	7,610	—	7,610	
Derivative financial liabilities	—	6,981	—	6,981	

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

The following is a description of the valuation methodologies used for instruments measured at fair value on a recurring basis, as well as the general classification of such instruments pursuant to the valuation hierarchy. There were no changes to the valuation techniques from December 31, 2022 to **June 30, 2023** **September 30, 2023**.

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

*Investment Securities*

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

*Derivative Financial Instruments*

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

*Mortgage Servicing Rights*

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

51

---

[Table of Contents](#)

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

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

June 30, 2023	Fair Value	Valuation Technique	Unobservable Inputs	Range (Weighted Average)

Mortgage servicing rights	\$20,133	Discounted cash flows	Constant payment (CPR)	pre-rates	6.8% to 39.4% (8.0%)
			Discount rate		9.0% to 23.4% (9.6%)
Range					
<b>December 31, 2022</b>	<b>Fair Value</b>	<b>Valuation Technique</b>	<b>Unobservable Inputs</b>	<b>(Weighted Average)</b>	
Mortgage servicing rights	\$10,147	Discounted cash flows	Constant payment (CPR)	pre-rates	5.3% to 59.7% (8.2%)
			Discount rate		9.0% to 11.7% (9.3%)

September 30, 2023	Fair Value	Valuation		Range	
		Technique	Unobservable Inputs	(Weighted Average)	
Mortgage servicing rights	\$ 20,156	Discounted cash flows	Constant pre-payment rates (CPR)	6.5% to 41.5% (8.2%)	
			Discount rate	9.0% to 45.9% (9.8%)	

December 31, 2022	Fair Value	Valuation		Range	
		Technique	Unobservable Inputs	(Weighted Average)	
Mortgage servicing rights	\$ 10,147	Discounted cash flows	Constant pre-payment rates (CPR)	5.3% to 59.7% (8.2%)	
			Discount rate	9.0% to 11.7% (9.3%)	

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

**Nonrecurring Basis**

Certain assets are measured at fair value on a nonrecurring basis. These assets are not measured at fair value on an ongoing basis; however, they are subject to fair value adjustments in certain circumstances, such as there is evidence of impairment or a change in the amount of previously recognized impairment.

The following tables present the balances of the assets measured at fair value on a nonrecurring basis:

June 30, 2023		Level 1	Level 2	Level 3	Total
		Inputs	Inputs	Inputs	Fair Value
		(dollars in thousands)			
Loans held for sale		\$ —	\$ 8,829	\$ —	\$ 8,829
Collateral-dependent loans		—	—	32,767	32,767
Bank premises held for sale		—	—	35	35
Foreclosed assets		—	—	3,080	3,080

December 31, 2022	Level 1	Level 2	Level 3	Total
	Inputs	Inputs	Inputs	Fair Value
(dollars in thousands)				
Loans held for sale	\$ —	\$ 615	\$ —	\$ 615
Collateral-dependent loans	—	—	17,460	17,460
Bank premises held for sale	—	—	235	235
Foreclosed assets	—	—	3,030	3,030

(dollars in thousands)	September 30, 2023			
	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total Fair Value
Loans held for sale	\$ —	\$ 3,563	\$ —	\$ 3,563
Collateral-dependent loans	—	—	31,484	31,484
Bank premises held for sale	—	—	35	35
Foreclosed assets	—	—	1,519	1,519

(dollars in thousands)	December 31, 2022			
	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total Fair Value
Loans held for sale	\$ —	\$ 615	\$ —	\$ 615
Collateral-dependent loans	—	—	17,460	17,460
Bank premises held for sale	—	—	235	235
Foreclosed assets	—	—	3,030	3,030

#### *Loans Held for Sale*

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

---

#### [Table of Contents](#)

### **HBT FINANCIAL, INC. AND SUBSIDIARIES**

#### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**(Unaudited)**

#### *Collateral-Dependent Loans*

In accordance with the provisions of the loan impairment guidance, impairment was measured for loans with respect to which it is probable that payment of interest and principal will not be made in accordance with the contractual terms of the loan agreement. The fair value of collateral-dependent impaired loans is estimated based on the fair value of the underlying collateral supporting the loan. Collateral-dependent loans require classification in the fair value hierarchy. Impaired loans include loans acquired with deteriorated credit quality. Collateral values are estimated using Level 3 inputs based on customized discounting criteria.

*Bank Premises Held for Sale*

Bank premises held for sale are recorded at the lower of cost or fair value, less estimated selling costs, at the date classified as held for sale. Values are estimated using Level 3 inputs based on appraisals and customized discounting criteria. The carrying value of bank premises held for sale is not re-measured to fair value on a recurring basis but is subject to fair value adjustments when the carrying value exceeds the fair value, less estimated selling costs.

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

*Foreclosed Assets*

Foreclosed assets are recorded at fair value based on property appraisals, less estimated selling costs, at the date of the transfer. Subsequent to the transfer, foreclosed assets are carried at the lower of cost or fair value, less estimated selling costs. Values are estimated using Level 3 inputs based on appraisals and customized discounting criteria. The carrying value of foreclosed assets is not re-measured to fair value on a recurring basis but is subject to fair value adjustments when the carrying value exceeds the fair value, less estimated selling costs.

**Collateral-Dependent Loans, Bank Premises Held for Sale, and Foreclosed Assets**

The estimated fair value of collateral-dependent loans, bank premises held for sale, and foreclosed assets is based on the appraised fair value of the collateral, less estimated costs to sell. Collateral-dependent loans, bank premises held for sale, and foreclosed assets are classified within Level 3 of the fair value hierarchy.

The Company considers the appraisal or a similar evaluation as the starting point for determining fair value and then considers other factors and events in the environment that may affect the fair value. Appraisals or a similar evaluation of the collateral underlying collateral-dependent loans and foreclosed assets are obtained at the time a loan is first considered impaired or a loan is transferred to foreclosed assets. Appraisals or a similar evaluation of bank premises held for sale are obtained when first classified as held for sale. Appraisals or similar evaluations are obtained subsequently as deemed necessary by management but at least annually on foreclosed assets and bank premises held for sale. Appraisals are reviewed for accuracy and consistency by management. Appraisals are performed by individuals selected from the list of approved appraisers maintained by management. The appraised values are reduced by estimated costs to sell. These discounts and estimates are developed by management by comparison to historical results.

53

---

[Table of Contents](#)

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

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

June 30, 2023	Fair Value	Valuation Technique		Unobservable Inputs	Range (Weighted Average)
	Collateral-dependent loans	\$32,767	Appraisal of collateral	Appraisal adjustments	Not meaningful
Bank premises held for sale	35	Appraisal	Appraisal adjustments	7% (7%)	
Foreclosed assets	3,080	Appraisal	Appraisal adjustments	7% (7%)	

  

December 31, 2022	Fair Value	Valuation Technique		Unobservable Inputs	Range (Weighted Average)
	Collateral-dependent loans	\$17,460	Appraisal of collateral	Appraisal adjustments	Not meaningful
Bank premises held for sale	235	Appraisal	Appraisal adjustments	7% (7%)	
Foreclosed assets	3,030	Appraisal	Appraisal adjustments	7% (7%)	

September 30, 2023	Fair Value	Valuation Technique	Unobservable Inputs	Range (Weighted Average)
	Collateral-dependent loans	\$ 31,484	Appraisal of collateral	Appraisal adjustments
Bank premises held for sale	35	Appraisal	Appraisal adjustments	7% (7%)
Foreclosed assets	1,519	Appraisal	Appraisal adjustments	7% (7%)

  

December 31, 2022	Fair Value	Valuation Technique	Unobservable Inputs	Range (Weighted Average)
	Collateral-dependent loans	\$ 17,460	Appraisal of collateral	Appraisal adjustments
Bank premises held for sale	235	Appraisal	Appraisal adjustments	7% (7%)
Foreclosed assets	3,030	Appraisal	Appraisal adjustments	7% (7%)

#### Other Fair Value Methods

The following methods and assumptions were used by the Company in estimating fair value disclosures of its other financial instruments. There were no changes in the methods and significant assumptions used to estimate the fair value of these financial instruments.

*Cash and Cash Equivalents*

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

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

*Restricted Stock*

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

*Loans*

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

*Investments in Unconsolidated Subsidiaries*

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

54

---

[Table of Contents](#)

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

*Time Deposits*

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

*Securities Sold Under Agreements to Repurchase*

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

*Subordinated Notes*

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

*Junior Subordinated Debentures*

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

*Accrued Interest*

The carrying amounts of accrued interest approximate fair value.

**Limitations**

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

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

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

55

---

[Table of Contents](#)

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

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

	Fair Value Hierarchy Level	June 30, 2023		December 31, 2022	
		Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
		(dollars in thousands)			
<b>Financial assets:</b>					
Cash and cash equivalents	Level 1	\$ 109,808	\$ 109,808	\$ 114,159	\$ 114,159
Debt securities held-to-maturity	Level 2	533,231	469,921	541,600	478,801
Restricted stock	Level 3	11,345	11,345	7,965	7,965
Loans, net	Level 3	3,206,841	3,143,481	2,594,920	2,566,930
Investments in unconsolidated subsidiaries	Level 3	1,614	1,614	1,165	1,165
Accrued interest receivable	Level 2	19,900	19,900	19,506	19,506
<b>Financial liabilities:</b>					
Time deposits	Level 3	469,355	457,327	262,968	253,619
Securities sold under agreements to repurchase	Level 2	38,729	38,729	43,081	43,081
Subordinated notes	Level 3	39,435	32,481	39,395	37,205
Junior subordinated debentures	Level 3	52,760	41,993	37,780	37,030
Accrued interest payable	Level 2	2,386	2,386	1,363	1,363

	Fair Value Hierarchy Level	September 30, 2023		December 31, 2022	
		Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
		(dollars in thousands)			
<b>Financial assets:</b>					
Cash and cash equivalents	Level 1	\$ 111,913	\$ 111,913	\$ 114,159	\$ 114,159
Debt securities held-to-maturity	Level 2	527,144	450,313	541,600	478,801
Restricted stock	Level 3	11,165	11,165	7,965	7,965
Loans, net	Level 3	3,303,923	3,252,850	2,594,920	2,566,930

Investments in unconsolidated subsidiaries	Level 3	1,614	1,614	1,165	1,165
Accrued interest receivable	Level 2	23,447	23,447	19,506	19,506
<b>Financial liabilities:</b>					
Time deposits	Level 3	679,607	668,960	262,968	253,619
Securities sold under agreements to repurchase	Level 2	28,900	28,900	43,081	43,081
Subordinated notes	Level 3	39,454	36,852	39,395	37,205
Junior subordinated debentures	Level 3	52,774	43,600	37,780	37,030
Accrued interest payable	Level 2	3,707	3,707	1,363	1,363

The Company estimated the fair value of lending related commitments as described in Note 15 to be immaterial based on limited interest rate exposure due to their variable nature, short-term commitment periods and termination clauses provided in the agreements.

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

**(Unaudited)**

**NOTE 15 – COMMITMENTS AND CONTINGENCIES**

**Financial Instruments**

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

The Bank's exposure to credit loss in the event of nonperformance by the other party to the financial instrument for commitments to extend credit and standby letters of credit is represented by the

contractual amount of those instruments. The Bank uses the same credit policies in making commitments and conditional obligations as it does for on-balance sheet instruments.

Such commitments and conditional obligations were as follows:

	Contractual Amount	
	June 30, 2023	December 31, 2022
	(dollars in thousands)	
Commitments to extend credit	\$ 860,390	\$ 756,885
Standby letters of credit	19,053	17,785

	Contractual Amount	
	September 30, 2023	December 31, 2022
	(dollars in thousands)	
Commitments to extend credit	\$ 881,943	\$ 756,885
Standby letters of credit	23,689	17,785

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

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

#### **Allowance for Credit Losses on Unfunded Commitments**

The Company estimates expected credit losses over the contractual period in which the Company is exposed to credit risk via a contractual obligation to extend credit, unless that obligation is unconditionally cancelable by the Company. The allowance for credit losses on unfunded commitments is included in other liabilities on the consolidated balance sheets and is adjusted through a charge to provision for credit loss expense on the consolidated statements of income. The allowance for credit losses on unfunded commitments estimate includes consideration of the likelihood that funding will occur and an estimate of expected credit losses on commitments expected to be funded over its estimated life. The allowance for credit losses on unfunded commitments was **\$4.1 million** **\$4.4 million** as of **June 30, 2023** **September 30, 2023**.

### Legal Contingencies

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

*PLB Investments LLC, John Kuehner, and A.S. Palmer Investments LLC v. Heartland Bank and Trust Company and PNC Bank N.A., In the United States District Court for the Northern District of Illinois, Case No. 1:20-cv-1023 ("Class Action"); and Melanie E. Damian, As Receiver of Today's Growth Consultant, Inc. (dba The Income Store) v. Heartland Bank and Trust Company and PNC Bank N.A., In the United States District Court for the Northern District of Illinois, Case No. 1:20-cv-7819 ("Receiver's Action")*

The Bank was a defendant in the purported Class Action lawsuit that was filed on February 12, 2020, in the U.S. District Court for the Northern District of Illinois. The plaintiffs in the Class Action alleged that the Bank negligently enabled and facilitated a fraudulent, Ponzi-like scheme perpetrated by Today's Growth Consultant, Inc. (dba The Income Store) ("TGC"). Additionally, the Receiver for TGC filed the Receiver's Action on December 30, 2020, in the U.S. District Court for the Northern District of Illinois, with similar allegations.

On February 20, 2023, the Bank reached an agreement in principle to settle both the Class Action and Receiver's Action in which the Bank would make one-time cash payments totaling \$13.0 million, without admitting fault, to release the Bank from further liability and claims in both the Class Action and Receiver's Action.

Pursuant to the agreement in principle, the parties would settle and dismiss the Class Action and Receiver's Action and seek the entry of bar orders from the U.S. District Court for the Northern District of Illinois (the "Court") prohibiting any continued or future claims against the Bank and its related parties relating to the Class Action and the Receiver's Action, whether asserted to date or not. If

On August 16, 2023, definitive settlement agreements, including the bar orders described in the preceding sentence, are approved by the Court and are not subject to appeal, the Bank will make one-time cash payments totaling \$13.0 million.

Definitive settlement agreements reflecting the terms of the agreement in principle have been executed and notice to TGC's investor claimants have been delivered. Motions for final, non-appealable approvals of the settlement agreements and for entry of a bar order were granted and are pending entry of final written order approved by the Court, ("Final Written Order"), and the Bank made the one-time cash payments totaling \$13.0 million during the third quarter of 2023. The Class Action has been voluntarily dismissed.

The proposed settlements do not include any admission of liability or wrongdoing by the Bank, and the Bank expressly denies any liability or wrongdoing with respect to any matter alleged in the Class Action and Receiver's Action. The Bank agreed in principle to the settlements to avoid the cost, risks and distraction of continued litigation. The Company believes the settlements are in the best interests of the Company and its shareholders.

Accordingly, the Bank had a \$13.0 million accrual accrued related to these matters as of June 30, 2023 and December 31, 2022. The Bank's insurer has agreed to reimburse reimbursed \$7.4 million of the settlement payment which was recorded as an insurance recovery receivable as of June 30, 2023 and December 31, 2022. The estimated net settlement amount of \$5.6 million was included in other noninterest expense in the consolidated statements of income during the fourth quarter of 2022. The settlement payments will be made within two weeks of the date of the Final Written Order of the Court.

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

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

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

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

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

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

On May 15, 2023, the Bank reached an agreement in principle to settle both the *DeBaere, et al* and *Miller, et al* cases in which the Bank would make one-time cash payments totaling \$3.4 million, without admitting fault, to release the Bank from further liability and claims in both the cases. If the proposed settlement agreements are approved by the Court and are not subject to appeal, the Bank will make one-time cash payments totaling \$3.4 million.

\$3.4 million.

The *DeBaere, et al* settlement agreement was preliminarily approved by the Court on September 28, 2023, and the *Miller, et al* settlement agreement is pending preliminary approval by the Court. The proposed settlements do not include any admission of liability or wrongdoing by the Bank, and the Bank expressly denies any liability or wrongdoing with respect to any matter alleged in the *DeBaere, et al* and *Miller, et al* cases. The Bank has agreed in principle to the settlements to avoid the cost, risks and distraction of continued litigation. The Company believes the proposed settlements are in the best interests of the Company and its shareholders.

Accordingly, the Bank had in the aggregate a \$3.4 million accrued as of September 30, 2023 and \$2.6 million accrual \$2.6 million accrued as of December 31, 2022 related to these matters as of June 30, 2023 and December 31, 2022, respectively, matters. An initial \$2.6 million \$2.6 million accrual was recognized in other noninterest expense during the fourth quarter of 2022, reflecting management's best estimate at that time, and an additional \$0.8 million \$0.8 million accrual was recognized in other noninterest expense during the second third quarter of 2023 following the agreement in principle to settle both the *DeBaere, et al* and *Miller, et al* cases.

59

*John Pickett v. Town and Country Bank*

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

The Bank intends to vigorously defend the lawsuit. The Company is unable to predict when the matter will be resolved, the ultimate outcome, or potential costs or damages to be incurred.

## [Table of Contents](#)

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

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

*The following is management's discussion and analysis of the financial condition as of **June 30, 2023** **September 30, 2023** (unaudited), as compared with December 31, 2022, and the results of operations for the three and **six** **nine** months ended **June 30, 2023** **September 30, 2023** and 2022 (unaudited). Management's discussion and analysis should be read in conjunction with the Company's unaudited consolidated financial statements and notes thereto appearing elsewhere in this Quarterly Report on Form 10-Q, as well as the Company's audited consolidated financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2022, filed with the SEC on March 8, 2023. Results of operations for the three and **six** **nine** months ended **June 30, 2023** **September 30, 2023** and 2022 are not necessarily indicative of results to be attained for the year ended December 31, 2023 or for any other period.*

#### **OVERVIEW**

HBT Financial, Inc., headquartered in Bloomington, Illinois, is the holding company for Heartland Bank and Trust Company, and has banking roots that can be traced back to 1920. We provide a comprehensive suite of business, commercial, wealth management, and retail banking products and services to businesses, families, and local governments throughout Illinois and Eastern Iowa. As of **June 30, 2023** **September 30, 2023**, the Company had total assets of **\$5.0 billion**, **\$5.0 billion**, loans held for investment of **\$3.2 billion**, **\$3.3 billion**, and total deposits of **\$4.2 billion**.

**\$4.2 billion.**

#### **Market Area**

As of **June 30, 2023** **September 30, 2023**, our branch network included 67 full-service branch locations throughout Illinois and Eastern Iowa. We hold a leading deposit share in many of our Central Illinois markets, which we define as a top three deposit share rank, providing the foundation for our strong deposit base. The stability provided by this low-cost funding is a key driver of our strong track record of financial performance. Below is a summary of our loan and deposit balances by geographic region:

	<b>June 30, 2023</b>		<b>December 31, 2022</b>	
	<b>Loans</b>	<b>Deposits</b>	<b>Loans</b>	<b>Deposits</b>
	<b>(dollars in thousands)</b>			
Central	\$ 1,642,456	\$ 2,862,138	\$ 1,024,015	\$ 2,239,030
Chicago MSA	1,305,872	1,186,925	1,294,327	1,216,423
<b>Illinois</b>	<b>2,948,328</b>	<b>4,049,063</b>	<b>2,318,342</b>	<b>3,455,453</b>
<b>Iowa</b>	<b>296,327</b>	<b>115,460</b>	<b>301,911</b>	<b>131,571</b>
<b>Total</b>	<b>\$ 3,244,655</b>	<b>\$ 4,164,523</b>	<b>\$ 2,620,253</b>	<b>\$ 3,587,024</b>

	<b>September 30, 2023</b>	<b>December 31, 2022</b>

(dollars in thousands)	Loans	Deposits	Loans	Deposits
Central	\$ 1,663,966	\$ 2,883,803	\$ 1,024,015	\$ 2,239,030
Chicago MSA	1,370,054	1,207,001	1,294,327	1,216,423
Illinois	3,034,020	4,090,804	2,318,342	3,455,453
Iowa	308,766	107,264	301,911	131,571
<b>Total</b>	<b>\$ 3,342,786</b>	<b>\$ 4,198,068</b>	<b>\$ 2,620,253</b>	<b>\$ 3,587,024</b>

### Town and Country Acquisition

On February 1, 2023, HBT Financial completed its acquisition of Town and Country, the holding company for Town and Country Bank. The acquisition of Town and Country further enhanced HBT Financial's footprint in Central Illinois and expanded our footprint into metro-east St. Louis. At the time of acquisition, Town and Country Bank operated 10 full-service branch locations which began operating as branches of Heartland Bank. The core system conversion was successfully completed in April 2023. After considering business combination accounting adjustments, Town and Country added total assets of \$906 million, \$937 million, total loans held for investment of \$635 million, \$635 million, and total deposits of \$720 million.

\$720 million.

60

### [Table of Contents](#)

Total consideration consisted of 3.4 million shares of HBT Financial's common stock and \$38.0 million in cash. Based upon the closing price of HBT Financial common stock of \$21.12 on February 1, 2023, the aggregate consideration was approximately \$109.4 million. Goodwill of \$30.6 million \$30.5 million was recorded in the acquisition. There were no acquisition-related expenses during the three months ended September 30, 2023. Acquisition-related expenses were \$0.6 million and totaled \$13.7 million for the three and six nine months ended June 30, 2023 September 30, 2023, respectively, which includes the recognition of an allowance for credit losses on non-PCD loans of \$5.2 million \$5.2 million and an allowance for credit losses on unfunded commitments of \$0.7 million \$0.7 million through provision for credit losses during the first quarter of 2023.

2023, and totaled \$462 thousand for the three and nine months ended September 30, 2022. We do not expect material acquisition-related expenses related to Town and Country in subsequent quarters.

### FACTORS AFFECTING OUR RESULTS OF OPERATIONS

#### Economic Conditions

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

#### Interest Rates

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

The cost of our deposits and short-term wholesale borrowings is largely based on short-term interest rates, which are primarily driven by the FRB's actions. The yields generated by our loans and securities are typically driven by short-term and long-term interest rates, which are set by the market and, to some degree, by the FRB's actions. Our net interest income is therefore influenced by movements in such interest rates and the pace at which such movements occur. Generally, we expect increases in market interest rates will increase our net interest income and net interest margin in future periods, while decreases in market interest rates may decrease our net interest income and net interest margin in future periods.

#### **Credit Trends**

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

#### **Competition**

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

61

#### [Table of Contents](#)

#### **Digital Banking**

Throughout the banking industry, in-person branch traffic is expected to continue to decline as more customers turn to digital banking for routine banking transactions. The COVID-19 pandemic accelerated this transition, and in-person branch traffic is not expected to return to pre-pandemic levels. Additionally, widespread adoption of faster payment and instant payment technologies could require us to substantially increase our expenditures on technology infrastructure, increase our regulatory compliance costs, and adversely impact the stability of our deposit base. We plan to continue investing in our digital banking platforms, while maintaining an appropriately sized branch network. An inability to meet evolving customer expectations, with the appropriate level of security, for both digital and in-person banking may adversely affect our financial results in the future.

#### **Regulatory Environment and Trends**

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

## FACTORS AFFECTING COMPARABILITY OF FINANCIAL RESULTS

### JOBS Act Accounting Election

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

62

### [Table of Contents](#)

## RESULTS OF OPERATIONS

### Overview of Recent Financial Results

The following table presents selected financial results and measures:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023		2022	
	(dollars in thousands, except per share amounts)			
Total interest and dividend income	\$ 56,768	\$ 35,757	\$ 108,547	\$ 69,092
Total interest expense	7,896	1,384	12,838	2,791
Net interest income	48,872	34,373	95,709	66,301
Provision for credit losses	(230)	145	5,980	(439)
Net interest income after provision for credit losses	49,102	34,228	89,729	66,740
Total noninterest income	9,914	8,551	17,351	18,594
Total noninterest expense	33,973	23,842	69,906	47,999
Income before income tax expense	25,043	18,937	37,174	37,335
Income tax expense	6,570	4,852	9,493	9,646
Net income	\$ 18,473	\$ 14,085	\$ 27,681	\$ 27,689
Adjusted net income (1)	\$ 18,772	\$ 13,836	\$ 38,631	\$ 26,063

Net interest income (tax-equivalent basis) <sup>(1) (2)</sup>	\$ 49,587	\$ 34,971	\$ 97,126	\$ 67,428
<b>Share and Per Share Information</b>				
Earnings per share - Diluted	\$ 0.58	\$ 0.49	\$ 0.88	\$ 0.95
Adjusted earnings per share - Diluted <sup>(1)</sup>	0.58	0.48	1.22	0.90
Weighted average shares of common stock outstanding	31,980,133	28,891,202	31,481,439	28,938,634
<b>Summary Ratios</b>				
Net interest margin *	4.16 %	3.34 %	4.18 %	3.21 %
Net interest margin (tax-equivalent basis) * <sup>(1) (2)</sup>	4.22	3.39	4.24	3.26
Yield on loans *	5.97	4.64	5.89	4.54
Yield on interest-earning assets *	4.83	3.47	4.74	3.34
Cost of interest-bearing liabilities *	0.95	0.20	0.80	0.20
Cost of total deposits *	0.41	0.05	0.33	0.06
Cost of funds *	0.71	0.14	0.59	0.14
Efficiency ratio	56.57 %	54.97 %	60.74 %	55.96 %
Efficiency ratio (tax-equivalent basis) <sup>(1) (2)</sup>	55.89	54.22	59.99	55.23
Return on average assets *	1.49 %	1.32 %	1.15 %	1.29 %
Return on average stockholders' equity *	16.30	14.92	12.73	14.23
Return on average tangible common equity * <sup>(1)</sup>	19.91	16.25	15.31	15.45
Adjusted return on average assets * <sup>(1)</sup>	1.51 %	1.29 %	1.60 %	1.22 %
Adjusted return on average stockholders' equity * <sup>(1)</sup>	16.57	14.66	17.77	13.40
Adjusted return on average tangible common equity * <sup>(1)</sup>	20.23	15.96	21.36	14.55

(dollars in thousands, except per share amounts)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Total interest and dividend income	\$ 59,041	\$ 39,014	\$ 167,588	\$ 108,106
Total interest expense	10,762	1,624	23,600	4,415
Net interest income	48,279	37,390	143,988	103,691
Provision for credit losses	480	386	6,460	(53)
Net interest income after provision for credit losses	47,799	37,004	137,528	103,744
Total noninterest income	9,490	8,234	26,841	26,828
Total noninterest expense	30,671	23,998	100,577	71,997
Income before income tax expense	26,618	21,240	63,792	58,575
Income tax expense	6,903	5,613	16,396	15,259
Net income	\$ 19,715	\$ 15,627	\$ 47,396	\$ 43,316
Adjusted net income <sup>(1)</sup>	\$ 20,279	\$ 15,856	\$ 58,910	\$ 41,919
Net interest income (tax-equivalent basis) <sup>(1) (2)</sup>	\$ 48,954	\$ 38,064	\$ 146,080	\$ 105,492
<b>Share and Per Share Information</b>				
Earnings per share - Diluted	\$ 0.62	\$ 0.54	\$ 1.49	\$ 1.49
Adjusted earnings per share - Diluted <sup>(1)</sup>	0.63	0.55	1.86	1.45
Weighted average shares of common stock outstanding	31,829,250	28,787,662	31,598,650	28,887,757

Summary Ratios				
Net interest margin *	4.07 %	3.65 %	4.14 %	3.36 %
Net interest margin (tax-equivalent basis) * <sup>(1)(2)</sup>	4.13	3.72	4.20	3.41
Yield on loans *	6.10	4.91	5.96	4.66
Yield on interest-earning assets *	4.97	3.81	4.82	3.50
Cost of interest-bearing liabilities *	1.27	0.23	0.96	0.21
Cost of total deposits *	0.69	0.06	0.45	0.06
Cost of funds *	0.96	0.17	0.72	0.15
Efficiency ratio	51.85 %	52.07 %	57.73 %	54.60 %
Efficiency ratio (tax-equivalent basis) <sup>(1)(2)</sup>	51.25	51.31	57.04	53.86
Return on average assets *	1.58 %	1.47 %	1.29 %	1.35 %
Return on average stockholders' equity *	17.02	16.27	14.22	14.91
Return on average tangible common equity * <sup>(1)</sup>	20.70	17.70	17.17	16.20
Adjusted return on average assets * <sup>(1)</sup>	1.62 %	1.49 %	1.61 %	1.31 %
Adjusted return on average stockholders' equity * <sup>(1)</sup>	17.51	16.51	17.68	14.43
Adjusted return on average tangible common equity * <sup>(1)</sup>	21.29	17.96	21.34	15.67

\* Annualized measure.

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

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

63

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

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

## Table of Contents

Comparison of the Three Months Ended **June 30, 2023** **September 30, 2023** to the Three Months Ended **June 30, 2022**

**September 30, 2022**

For the three months ended **June 30, 2023** **September 30, 2023**, net income was **\$18.5 million**, **\$19.7 million**, increasing by **\$4.4 million**, **\$4.1 million**, or **31.2%** **26.2%**, when compared to net income for the three months ended **June 30, 2022** **September 30, 2022**. Notable changes include the following:

- A \$14.5 million increase in net interest income, primarily attributable to higher yields on interest-earning assets and the increase in average interest-earning assets following the Town and Country merger;
- Town and Country acquisition-related expenses totaled \$0.6 million during the second quarter of 2023 which were not present in the second quarter of 2022 results;
- Excluding Town and Country acquisition-related expenses, noninterest expense increased by \$9.5 million primarily due to the addition of Town and Country's operations as well as \$0.8 million of legal fees and a \$0.8 million accrual related to pending legal matters previously disclosed and incurred during the second quarter of 2023 which were not present in the second quarter of 2022 results. Settlements have been reached with plaintiffs in these matters which are now pending final court approval; and

- A \$1.4 million increase in noninterest income, primarily attributable to the Town and Country merger with a \$0.6 million increase in mortgage servicing income, a \$0.2 million increase in card income, and a \$0.1 million increase in service charges on deposit accounts.
- 

*A \$10.9 million increase in net interest income, primarily attributable to higher yields on interest-earning assets and the increase in average interest-earning assets following the Town and Country merger;*

- *There were no Town and Country acquisition-related expenses during the third quarter of 2023, compared to \$0.5 million during the third quarter of 2022;*
- *Excluding Town and Country acquisition-related expenses, noninterest expense increased by \$7.1 million primarily due to the addition of Town and Country's operations;*
- *Net losses of \$0.8 million on the sale of \$39.4 million of municipal securities were realized during the three months ended September 30, 2023, with the sales proceeds used to reduce FHLB borrowings and fund loan growth; and*
- *A \$1.3 million increase in noninterest income, primarily attributable to a \$0.8 million improvement in gains (losses) on foreclosed assets as well as the addition of Town and Country's operations which contributed to a \$0.5 million increase in mortgage servicing income, a \$0.3 million increase in wealth management fees, and a \$0.2 million increase in card income.*

Comparison of the **Six Nine Months Ended June 30, 2023** September 30, 2023 to the **Six Nine Months Ended June 30, 2022**

**September 30, 2022**

For the **six nine months ended June 30, 2023** September 30, 2023, net income was **\$27.7 million, nearly unchanged** **\$47.4 million, increasing by \$4.1 million, or 9.4%**, when compared to net income for the **six nine months ended June 30, 2022** September 30, 2022. Notable changes include the following:

- A \$29.4 million increase in net interest income, primarily attributable to higher yields on interest-earning assets and the increase in average interest-earning assets following the Town and Country merger;
- Town and Country acquisition-related expenses totaled \$13.7 million during the six months ended June 30, 2023, including the recognition of an allowance for credit losses on non-PCD loans of \$5.2 million and an allowance for credit losses on unfunded commitments of \$0.7 million through provision for credit losses;
- Realized losses on sales of securities totaled \$1.0 million during the six months ended June 30, 2023, as the vast majority of the securities acquired from Town and Country were sold with the sales proceeds used to reduce FHLB borrowings; and
- Excluding Town and Country acquisition-related expenses, noninterest expense increased by \$14.1 million primarily due to the addition of Town and Country's operations as well as \$0.8 million of legal fees and a \$0.8 million accrual related to pending legal matters previously disclosed and incurred during the second quarter of 2023 which were not present in the 2022 results. Settlements have been reached with plaintiffs in these matters which are now pending final court approval.
- 

*A \$40.3 million increase in net interest income, primarily attributable to higher yields on interest-earning assets and the increase in average interest-earning assets following the Town and Country merger;*

- *Town and Country acquisition-related expenses totaled \$13.7 million during the nine months ended September 30, 2023, including the recognition of an allowance for credit losses on non-PCD loans of \$5.2 million and an allowance for credit losses on unfunded commitments of \$0.7 million through provision for credit losses, compared to \$0.5 million during the nine months ended September 30, 2022;*
- *Net losses of \$1.8 million on the sale of \$185.3 million of securities were realized during the nine months ended September 30, 2023 with the sales proceeds used to reduce FHLB borrowings and fund loan growth; and*
- *Excluding Town and Country acquisition-related expenses, noninterest expense increased by \$21.3 million primarily due to the addition of Town and Country's operations.*

#### **Net Interest Income**

*Net interest income equals the excess of interest income on interest earning assets (including discount accretion on acquired loans plus certain loan fees) over interest expense incurred on interest-bearing liabilities. Interest rate spread and net interest margin are utilized to measure and explain changes in net interest income. Interest rate spread is the*

difference between the yield on interest-earning assets and the rate paid for interest-bearing liabilities that fund those assets. The net interest margin is expressed as the percentage of net interest income to average interest-earning assets. The net interest margin exceeds the interest rate spread because noninterest-bearing sources of funds, principally noninterest-bearing demand deposits and stockholders' equity, also support interest-earning assets.

[Table of Contents](#)

The following tables set forth average balances, average yields and costs, and certain other information for the three and **six nine** months ended **June 30, 2023** **September 30, 2023** and 2022. Average balances are daily average balances. Nonaccrual loans are included in the computation of average balances but have been reflected in the table as loans carrying a zero yield. The yields set forth below include the effect of deferred fees and costs, discounts and premiums, as well as purchase accounting adjustments that are accreted or amortized to interest income or expense.

	Three Months Ended					
	June 30, 2023			June 30, 2022		
	Average		Average			
	Balance	Interest	Yield/Cost *	Balance	Interest	Yield/Cost *
(dollars in thousands)						
<b>ASSETS</b>						
Loans	\$3,238,774	\$ 48,189	5.97 %	\$2,467,851	\$ 28,522	4.64 %
Securities	1,384,180	7,680	2.23	1,422,096	6,801	1.92
Deposits with banks	84,366	781	3.71	240,692	420	0.70
Other	8,577	118	5.52	2,809	14	2.07
<b>Total interest-earning assets</b>	<b>4,715,897</b>	<b>\$ 56,768</b>	<b>4.83 %</b>	<b>4,133,448</b>	<b>\$ 35,757</b>	<b>3.47 %</b>
Allowance for credit losses	(39,484)			(24,579)		
<b>Noninterest-earning assets</b>	<b>299,622</b>			<b>177,433</b>		
<b>Total assets</b>	<b>\$4,976,035</b>			<b>\$4,286,302</b>		
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>						
<b>Liabilities</b>						
Interest-bearing deposits:						
Interest-bearing demand	\$1,224,285	\$ 683	0.22 %	\$1,159,077	\$ 144	0.05 %
Money market	675,530	1,516	0.90	582,016	110	0.08
Savings	687,014	189	0.11	661,661	52	0.03
Time	447,146	1,935	1.74	284,880	200	0.28
<b>Total interest-bearing deposits</b>	<b>3,033,975</b>	<b>4,323</b>	<b>0.57</b>	<b>2,687,634</b>	<b>506</b>	<b>0.08</b>
Securities sold under agreements to repurchase	34,170	34	0.40	51,057	8	0.07
Borrowings	173,040	2,189	5.07	440	1	1.34

Subordinated notes	39,424	469	4.78	39,346	469	4.79
Junior subordinated debentures issued to capital trusts	52,752	881	6.70	37,738	400	4.26
Total interest-bearing liabilities	3,333,361	\$ 7,896	0.95 %	2,816,215	\$ 1,384	0.20 %
Noninterest-bearing deposits	1,145,089			1,072,883		
Noninterest-bearing liabilities	43,080			18,673		
Total liabilities	4,521,530			3,907,771		
Stockholders' Equity	454,505			378,531		
Total liabilities and stockholders' equity	\$4,976,035			\$4,286,302		
Net interest income/Net interest margin (1)	\$ 48,872		4.16 %	\$ 34,373		3.34 %
Tax-equivalent adjustment (2)	715		0.06	598		0.05
Net interest income (tax-equivalent basis)/ Net interest margin (tax-equivalent basis) (2) (3)	\$ 49,587		4.22 %	\$ 34,971		3.39 %
Net interest rate spread (4)			3.88 %			3.27 %
Net interest-earning assets (5)	\$1,382,536			\$1,317,233		
Ratio of interest-earning assets to interest-bearing liabilities	1.41			1.47		
Cost of total deposits			0.41 %			0.05 %
Cost of funds			0.71			0.14

(dollars in thousands)	Three Months Ended					
	September 30, 2023			September 30, 2022		
	Average	Average		Average	Average	
ASSETS	Balance	Interest	Yield/Cost *	Balance	Interest	Yield/Cost *
Loans	\$ 3,296,703	\$ 50,712	6.10 %	\$ 2,481,920	\$ 30,697	4.91 %
Securities	1,324,686	7,429	2.22	1,470,092	7,842	2.12
Deposits with banks	77,595	714	3.65	105,030	458	1.73
Other	9,347	186	7.90	2,936	17	2.25
Total interest-earning assets	4,708,331	\$ 59,041	4.97 %	4,059,978	\$ 39,014	3.81 %
Allowance for credit losses	(38,317)			(24,717)		
Noninterest-earning assets	294,818			173,461		
<b>Total assets</b>	<b>\$ 4,964,832</b>			<b>\$ 4,208,722</b>		
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>						
<b>Liabilities</b>						
Interest-bearing deposits:						
Interest-bearing demand	\$ 1,160,654	\$ 761	0.26 %	\$ 1,137,072	\$ 144	0.05 %
Money market	683,859	2,041	1.18	577,388	203	0.14
Savings	639,384	249	0.15	649,752	53	0.03
Time	585,372	4,160	2.82	271,870	187	0.27
Total interest-bearing deposits	3,069,269	7,211	0.93	2,636,082	587	0.09
Securities sold under agreements to repurchase	33,807	35	0.41	50,427	9	0.07
Borrowings	157,908	2,108	5.30	11,967	85	2.80
Subordinated notes	39,444	470	4.72	39,365	470	4.73
Junior subordinated debentures issued to capital trusts	52,767	938	7.05	37,755	473	4.97
<b>Total interest-bearing liabilities</b>	<b>3,353,195</b>	<b>\$ 10,762</b>	<b>1.27 %</b>	<b>2,775,596</b>	<b>\$ 1,624</b>	<b>0.23 %</b>

Noninterest-bearing deposits	1,105,472		1,031,407		
Noninterest-bearing liabilities	46,564		20,736		
<b>Total liabilities</b>	<b>4,505,231</b>		<b>3,827,739</b>		
<b>Stockholders' Equity</b>	<b>459,601</b>		<b>380,983</b>		
<b>Total liabilities and stockholders' equity</b>	<b>\$ 4,964,832</b>		<b>\$ 4,208,722</b>		
Net interest income/Net interest margin (1)	\$ 48,279	4.07 %	\$ 37,390	3.65 %	
Tax-equivalent adjustment (2)	675	0.06	674	0.07	
Net interest income (tax-equivalent basis)/					
Net interest margin (tax-equivalent basis) (2) (3)	\$ 48,954	4.13 %	\$ 38,064	3.72 %	
Net interest rate spread (4)		3.70 %			3.58 %
Net interest-earning assets (5)	\$ 1,355,136		\$ 1,284,382		
Ratio of interest-earning assets to interest-bearing liabilities	1.40		1.46		
Cost of total deposits		0.69 %		0.06 %	
Cost of funds		0.96		0.17	

\* Annualized measure.

- (1) Net interest margin represents net interest income divided by average total interest-earning assets.
- (2) On a tax-equivalent basis assuming a federal income tax rate of 21% and a state income tax rate of 9.5%.
- (3) See "Non-GAAP Financial Information" for reconciliation of non-GAAP measure to their most closely comparable GAAP measures.
- (4) Net interest rate spread represents the difference between the yield on average interest-earning assets and the cost of average interest-bearing liabilities.
- (5) Net interest-earning assets represents total interest-earning assets less total interest-bearing liabilities.

65

- (1) Net interest margin represents net interest income divided by average total interest-earning assets.
- (2) On a tax-equivalent basis assuming a federal income tax rate of 21% and a state income tax rate of 9.5%.
- (3) See "Non-GAAP Financial Information" for reconciliation of non-GAAP measure to their most closely comparable GAAP measures.
- (4) Net interest rate spread represents the difference between the yield on average interest-earning assets and the cost of average interest-bearing liabilities.
- (5) Net interest-earning assets represents total interest-earning assets less total interest-bearing liabilities.

(dollars in thousands)	Nine Months Ended					
	September 30, 2023			September 30, 2022		
	Average		Yield/Cost *	Average		Yield/Cost *
	Balance	Interest		Balance	Interest	
<b>ASSETS</b>						
Loans	\$ 3,183,641	\$ 142,012	5.96 %	\$ 2,485,501	\$ 86,687	4.66 %
Securities	1,373,175	22,922	2.23	1,405,245	20,332	1.93
Deposits with banks	84,720	2,234	3.53	237,646	1,037	0.58
Other	8,457	420	6.64	2,829	50	2.36
Total interest-earning assets	4,649,993	\$ 167,588	4.82 %	4,131,221	\$ 108,106	3.50 %
Allowance for credit losses	(37,053)			(24,467)		
Noninterest-earning assets	289,843			172,243		

<b>Total assets</b>	<b>\$ 4,902,783</b>		<b>\$ 4,278,997</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>			
<b>Liabilities</b>			
Interest-bearing deposits:			
Interest-bearing demand	\$ 1,204,937	\$ 1,902	0.21 %
Money market	664,846	4,492	0.90
Savings	678,495	616	0.12
Time	463,937	6,898	1.99
Total interest-bearing deposits	3,012,215	13,908	0.62
Securities sold under agreements to repurchase	35,844	107	0.40
Borrowings	148,443	5,594	5.04
Subordinated notes	39,424	1,409	4.78
Junior subordinated debentures issued to capital trusts	51,054	2,582	6.76
Total interest-bearing liabilities	3,286,980	\$ 23,600	0.96 %
Noninterest-bearing deposits	1,123,917		1,060,566
Noninterest-bearing liabilities	46,310		21,883
<b>Total liabilities</b>	<b>4,457,207</b>		<b>3,890,488</b>
<b>Stockholders' Equity</b>	<b>445,576</b>		<b>388,509</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 4,902,783</b>		<b>\$ 4,278,997</b>
Net interest income/Net interest margin (1)	\$ 143,988	4.14 %	\$ 103,691 3.36 %
Tax-equivalent adjustment (2)	2,092	0.06	1,801 0.05
Net interest income (tax-equivalent basis)/Net interest margin (tax-equivalent basis) (2) (3)	\$ 146,080	4.20 %	\$ 105,492 3.41 %
Net interest rate spread (4)		3.86 %	3.29 %
Net interest-earning assets (5)	\$ 1,363,013		\$ 1,323,182
Ratio of interest-earning assets to interest-bearing liabilities	1.41		1.47
Cost of total deposits		0.45 %	0.06 %
Cost of funds		0.72	0.15

Table \* Annualized measure.

(1) Net interest margin represents net interest income divided by average total interest-earning assets.  
 (2) On a tax-equivalent basis assuming a federal income tax rate of **Contents** 21% and a state income tax rate of **9.5%**.

	Six Months Ended					
	June 30, 2023			June 30, 2022		
	Average		Average			
	Balance	Interest	Yield/Cost *	Balance	Interest	Yield/Cost *
(dollars in thousands)						
<b>ASSETS</b>						
Loans	\$ 3,126,173	\$ 91,300	5.89 %	\$ 2,487,320	\$ 55,990	4.54 %
Securities	1,397,821	15,493	2.24	1,372,284	12,490	1.84
Deposits with banks	88,343	1,520	3.47	305,053	579	0.38
Other	8,004	234	5.89	2,775	33	2.43
<b>Total interest-earning assets</b>	<b>4,620,341</b>	<b>\$ 108,547</b>	<b>4.74 %</b>	<b>4,167,432</b>	<b>\$ 69,092</b>	<b>3.34 %</b>

Allowance for credit losses	(36,410)	(24,340)
Noninterest-earning assets	287,314	171,624
Total assets	<u><u>\$4,871,245</u></u>	<u><u>\$4,314,716</u></u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Liabilities</b>		
Interest-bearing deposits:		
Interest-bearing demand	\$ 1,227,447	\$ 1,141
	0.19 %	\$ 1,151,495
Money market	655,182	2,451
	0.75	590,098
Savings	698,375	367
	0.11	655,645
Time	402,212	2,738
	1.37	297,706
Total interest-bearing deposits	<u><u>2,983,216</u></u>	<u><u>6,697</u></u>
	0.45	2,694,944
Securities sold under agreements to repurchase	36,879	72
	0.39	52,050
Borrowings	143,632	3,486
	4.89	470
Subordinated notes	39,414	939
	4.81	39,335
Junior subordinated debentures issued to capital trusts	50,183	1,644
	6.61	37,730
Total interest-bearing liabilities	<u><u>3,253,324</u></u>	<u><u>\$ 12,838</u></u>
	0.80 %	2,824,529
		\$ 2,791
		0.20 %
Noninterest-bearing deposits	1,133,292	
Noninterest-bearing liabilities	46,181	
Total liabilities	<u><u>4,432,797</u></u>	<u><u>3,922,382</u></u>
Stockholders' Equity	438,448	
Total liabilities and stockholders' equity	<u><u>\$ 4,871,245</u></u>	<u><u>\$ 4,314,716</u></u>
Net interest income/Net interest margin (1)	\$ 95,709	4.18 %
Tax-equivalent adjustment (2)	1,417	0.06
Net interest income (tax-equivalent basis)/ Net interest margin (tax-equivalent basis) (2) (3)	<u><u>\$ 97,126</u></u>	<u><u>4.24 %</u></u>
Net interest rate spread (4)		3.94 %
Net interest-earning assets (5)	<u><u>\$ 1,367,017</u></u>	<u><u>\$ 1,342,903</u></u>
Ratio of interest-earning assets to interest-bearing liabilities	1.42	1.48
Cost of total deposits		0.33 %
Cost of funds	0.59	0.14

\* Annualized measure.

(1) Net interest margin represents net interest income divided by average total interest-earning assets.(3)  
 (2) On a tax-equivalent basis assuming a federal income tax rate of 21% and a state income tax rate of 9.5%.  
 (3) See "Non-GAAP Financial Information" for reconciliation of non-GAAP measure to their most closely comparable GAAP measures.  
 (4) Net interest rate spread represents the difference between the yield on average interest-earning assets and the cost of average interest-bearing liabilities.  
 (5) Net interest-earning assets represents total interest-earning assets less total interest-bearing liabilities.

66

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

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

[Table of Contents](#)

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

	Three Months Ended June 30,				Six Months Ended June 30,			
	2023		2022		2023		2022	
	Yield		Yield		Yield		Yield	
	Interest	Contribution *	Interest	Contribution *	Interest	Contribution *	Interest	Contribution *
(dollars in thousands)								
Contractual								
interest	\$ 45,897	5.69 %	\$ 25,738	4.20 %	\$ 86,873	5.60 %	\$ 50,480	4.10 %
Loan fees								
(excluding PPP loans)	1,184	0.15	1,124	0.18	2,290	0.15	2,279	0.18
PPP loan fees	—	—	642	0.10	1	—	1,381	0.11
Accretion of acquired loan								
discounts	1,008	0.12	323	0.05	1,821	0.12	443	0.04
Nonaccrual								
interest recoveries	100	0.01	695	0.11	315	0.02	1,407	0.11
<b>Total loan</b>	<b>interest income</b>	<b>\$ 48,189</b>	<b>5.97 %</b>	<b>\$ 28,522</b>	<b>4.64 %</b>	<b>\$ 91,300</b>	<b>5.89 %</b>	<b>\$ 55,990</b>
(dollars in thousands)								
	Yield		Yield		Yield		Yield	
	Interest	Contribution *	Interest	Contribution *	Interest	Contribution *	Interest	Contribution *
Contractual								
interest	\$ 48,232	5.80 %	\$ 29,192	4.67 %	\$ 135,105	5.67 %	\$ 79,672	4.28 %
Loan fees								
(excluding PPP loans)	1,176	0.14	1,030	0.16	3,466	0.15	3,309	0.18
PPP loan fees	—	—	106	0.02	1	—	1,487	0.08
Accretion of acquired loan								
discounts	1,143	0.14	253	0.04	2,964	0.12	696	0.04
Nonaccrual								
interest recoveries	161	0.02	116	0.02	476	0.02	1,523	0.08
<b>Total loan</b>	<b>interest</b>	<b>\$ 50,712</b>	<b>6.10 %</b>	<b>\$ 30,697</b>	<b>4.91 %</b>	<b>\$ 142,012</b>	<b>5.96 %</b>	<b>\$ 86,687</b>

\* Annualized measure.

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

	Three Months Ended June 30,				Six Months Ended June 30,			
	2023		2022		2023		2022	
	Net Interest		Net Interest		Net Interest		Net Interest	
	Margin	Margin	Margin	Margin	Margin	Margin	Margin	Margin
	Interest	Contribution *	Interest	Contribution *	Interest	Contribution *	Interest	Contribution *
	(dollars in thousands)							
<b>Interest income:</b>								
Contractual interest								
on loans	\$45,897	3.90 %	\$25,738	2.50 %	\$ 86,873	3.79 %	\$50,480	2.44 %
Loan fees								
(excluding PPP loans)	1,184	0.10	1,124	0.11	2,290	0.10	2,279	0.11
PPP loan fees	—	—	642	0.06	1	—	1,381	0.07
Accretion of acquired loan discounts	1,008	0.09	323	0.03	1,821	0.08	443	0.02
Nonaccrual interest recoveries	100	0.01	695	0.07	315	0.01	1,407	0.07
Securities	7,680	0.65	6,801	0.66	15,493	0.68	12,490	0.60
Deposits with banks	781	0.07	420	0.04	1,520	0.07	579	0.03
Other	118	0.01	14	—	234	0.01	33	—
<b>Total interest income</b>	<b>56,768</b>	<b>4.83</b>	<b>35,757</b>	<b>3.47</b>	<b>108,547</b>	<b>4.74</b>	<b>69,092</b>	<b>3.34</b>
<b>Interest expense:</b>								
Deposits	4,323	0.37	506	0.05	6,697	0.29	1,075	0.04
Other interest-bearing liabilities	3,573	0.30	878	0.08	6,141	0.27	1,716	0.09
<b>Total interest expense</b>	<b>7,896</b>	<b>0.67</b>	<b>1,384</b>	<b>0.13</b>	<b>12,838</b>	<b>0.56</b>	<b>2,791</b>	<b>0.13</b>
<b>Net interest income</b>	<b>48,872</b>	<b>4.16</b>	<b>34,373</b>	<b>3.34</b>	<b>95,709</b>	<b>4.18</b>	<b>66,301</b>	<b>3.21</b>
Tax equivalent adjustment (1)	715	0.06	598	0.05	1,417	0.06	1,127	0.05
<b>Net interest income (tax equivalent)</b>	<b>\$49,587</b>	<b>4.22 %</b>	<b>\$34,971</b>	<b>3.39 %</b>	<b>\$ 97,126</b>	<b>4.24 %</b>	<b>\$67,428</b>	<b>3.26 %</b>
Three Months Ended September 30,				Nine Months Ended September 30,				
2023		2022		2023		2022		
Net Interest		Net Interest		Net Interest		Net Interest		
(dollars in thousands)		Margin		Margin		Margin		
	Interest	Contribution *	Interest	Contribution *	Interest	Contribution *	Interest	Contribution *
<b>Interest income:</b>								

<b>Contractual</b>								
interest on loans	\$ 48,232	4.06 %	\$ 29,192	2.85 %	\$ 135,105	3.89 %	\$ 79,672	2.58 %
<b>Loan fees</b>								
(excluding PPP								
loans)	1,176	0.10	1,030	0.10	3,466	0.10	3,309	0.11
PPP loan fees	—	—	106	0.01	1	—	1,487	0.05
<b>Accretion of</b>								
<b>acquired loan</b>								
discounts	1,143	0.10	253	0.02	2,964	0.09	696	0.02
<b>Nonaccrual</b>								
interest								
recoveries	161	0.01	116	0.01	476	0.01	1,523	0.05
Securities	7,429	0.63	7,842	0.77	22,922	0.66	20,332	0.66
<b>Deposits with</b>								
banks	714	0.06	458	0.05	2,234	0.06	1,037	0.03
Other	186	0.01	17	—	420	0.01	50	—
<b>Total interest</b>								
income	59,041	4.97	39,014	3.81	167,588	4.82	108,106	3.50
<b>Interest</b>								
<b>expense:</b>								
Deposits	7,211	0.60	587	0.06	13,908	0.40	1,662	0.06
Other interest-bearing liabilities	3,551	0.30	1,037	0.10	9,692	0.28	2,753	0.08
<b>Total interest</b>								
expense	10,762	0.90	1,624	0.16	23,600	0.68	4,415	0.14
<b>Net interest</b>								
income	48,279	4.07	37,390	3.65	143,988	4.14	103,691	3.36
Tax-equivalent								
adjustment <sup>(1)</sup>	675	0.06	674	0.07	2,092	0.06	1,801	0.05
<b>Net interest</b>								
<b>income (tax-equivalent) <sup>(1)</sup></b>								
(2)	<b>\$ 48,954</b>	<b>4.13 %</b>	<b>\$ 38,064</b>	<b>3.72 %</b>	<b>\$ 146,080</b>	<b>4.20 %</b>	<b>\$ 105,492</b>	<b>3.41 %</b>

\* Annualized measure.

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

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

67

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

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

[Table of Contents](#)

## Rate/Volume Analysis

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

	Three Months Ended June 30, 2023			Six Months Ended June 30, 2023		
	vs.			vs.		
	Three Months Ended June 30, 2022			Six Months Ended June 30, 2022		
	Increase (Decrease) Due to			Increase (Decrease) Due to		
	Volume	Rate	Total	Volume	Rate	Total
	(dollars in thousands)					
<b>Interest-earning assets:</b>						
Loans	\$ 10,243	\$ 9,424	\$19,667	\$ 16,363	\$ 18,947	\$35,310
Securities	(185)	1,064	879	236	2,767	3,003
Deposits with banks	(427)	788	361	(680)	1,621	941
Other	58	46	104	114	87	201
<b>Total interest-earning assets</b>	<b>9,689</b>	<b>11,322</b>	<b>21,011</b>	<b>16,033</b>	<b>23,422</b>	<b>39,455</b>
<b>Interest-bearing liabilities:</b>						
Interest-bearing deposits:						
Interest-bearing demand	9	530	539	20	835	855
Money market	21	1,385	1,406	29	2,191	2,220
Savings	2	135	137	7	258	265
Time	171	1,564	1,735	210	2,072	2,282
<b>Total interest-bearing deposits</b>	<b>203</b>	<b>3,614</b>	<b>3,817</b>	<b>266</b>	<b>5,356</b>	<b>5,622</b>
Securities sold under agreements to repurchase						
repurchase	(4)	30	26	(6)	61	55
Borrowings	2,173	15	2,188	3,440	44	3,484
Subordinated notes	1	(1)	—	2	(2)	—
Junior subordinated debentures	197	284	481	305	581	886
<b>Total interest-bearing liabilities</b>	<b>2,570</b>	<b>3,942</b>	<b>6,512</b>	<b>4,007</b>	<b>6,040</b>	<b>10,047</b>
<b>Change in net interest income</b>	<b>\$ 7,119</b>	<b>\$ 7,380</b>	<b>\$ 14,499</b>	<b>\$ 12,026</b>	<b>\$ 17,382</b>	<b>\$29,408</b>

	Three Months Ended September 30, 2023			Nine Months Ended September 30, 2023		
	vs.			vs.		
	Three Months Ended September 30, 2022			Nine Months Ended September 30, 2022		
	Increase (Decrease) Due to			Increase (Decrease) Due to		
(dollars in thousands)	Volume	Rate	Total	Volume	Rate	Total
	(dollars in thousands)					
<b>Interest-earning assets:</b>						
Loans	\$ 11,487	\$ 8,528	\$ 20,015	\$ 27,757	\$ 27,568	\$ 55,325
Securities	(802)	389	(413)	(473)	3,063	2,590
Deposits with banks	(145)	401	256	(1,048)	2,245	1,197
Other	79	90	169	194	176	370
<b>Total interest-earning assets</b>	<b>10,619</b>	<b>9,408</b>	<b>20,027</b>	<b>26,430</b>	<b>33,052</b>	<b>59,482</b>

<b>Interest-bearing liabilities:</b>						
Interest-bearing deposits:						
Interest-bearing demand	3	614	617	23	1,449	1,472
Money market	44	1,794	1,838	66	3,992	4,058
Savings	(1)	197	196	6	455	461
Time	439	3,534	3,973	602	5,653	6,255
<i>Total interest-bearing deposits</i>	<i>485</i>	<i>6,139</i>	<i>6,624</i>	<i>697</i>	<i>11,549</i>	<i>12,246</i>
Securities sold under agreements to repurchase	(4)	30	26	(10)	91	81
Borrowings	1,885	138	2,023	5,364	143	5,507
Subordinated notes	1	(1)	—	3	(3)	—
Junior subordinated debentures issued to capital trusts	226	239	465	528	823	1,351
<i>Total interest-bearing liabilities</i>	<i>2,593</i>	<i>6,545</i>	<i>9,138</i>	<i>6,582</i>	<i>12,603</i>	<i>19,185</i>
<b>Change in net interest income</b>	<b>\$ 8,026</b>	<b>\$ 2,863</b>	<b>\$ 10,889</b>	<b>\$ 19,848</b>	<b>\$ 20,449</b>	<b>\$ 40,297</b>

Comparison of the Three Months Ended **June 30, 2023** September 30, 2023 to the Three Months Ended **June 30, 2022**

**September 30, 2022**

Net interest income for the three months ended **June 30, 2023** September 30, 2023 was **\$48.9 million**, **\$48.3 million**, increasing **\$14.5 million**, **\$10.9 million**, or **42.2% 29.1%**, from the three months ended **June 30, 2022** September 30, 2022. The increase is primarily attributable to the increase in average interest-earning assets following the Town and Country merger and higher yields on interest-earning assets.

Net interest margin increased to 4.07% for the three months ended September 30, 2023, compared to 3.65% for the three months ended September 30, 2022. The increase was primarily attributable to higher yields on interest-earning assets which were partially offset by increased funding costs, driven by significant increases in market rates since early 2022. Additionally, the contribution of acquired loan discount accretion to net interest margin increased to 10 basis points during the three months ended September 30, 2023, from 2 basis points during the three months ended September 30, 2022.

Comparison of the Nine Months Ended September 30, 2023 to the Nine Months Ended September 30, 2022

Net interest income for the nine months ended September 30, 2023 was **\$144.0 million**, increasing **\$40.3 million**, or **38.9%**, from the nine months ended September 30, 2022. The increase is primarily attributable to higher yields on interest-earning assets and the increase in average interest-earning assets following the Town and Country merger.

Net interest margin increased to **4.16% 4.14%** for the **three nine** months ended **June 30, 2023** September 30, 2023, compared to **3.34% 3.36%** for the **three nine** months ended **June 30, 2022** September 30, 2022. The increase was primarily attributable to higher yields on interest-earning assets which were partially offset by increased funding costs, driven by significant increases in market rates since early 2022. Additionally, the contribution of acquired loan discount accretion to net interest margin increased to 9 basis points during the **three nine** months ended **June 30, 2023**, from 3 basis points during the three months ended **June 30, 2022**.

[Table of Contents](#)**Comparison of the Six Months Ended June 30, 2023 to the Six Months Ended June 30, 2022**

Net interest income for the six months ended June 30, 2023 was \$95.7 million, increasing \$29.4 million, or 44.4%, from the six months ended June 30, 2022. The increase is primarily attributable to higher yields on interest-earning assets and the increase in average interest-earning assets following the Town and Country merger.

Net interest margin increased to 4.18% for the six months ended June 30, 2023, compared to 3.21% for the six months ended June 30, 2022. The increase was primarily attributable to higher yields on interest-earning assets which were partially offset by increased funding costs, driven by significant increases in market rates since early 2022. Additionally, the contribution of acquired loan discount accretion to net interest margin increased to 8 basis points during the six months ended June 30, 2023 September 30, 2023, from 2 basis points during the ~~six~~ nine months ended ~~June 30, 2022~~ September 30, 2022.

The quarterly net interest margins were as follows:

	2023	2022
<b>Three months ended:</b>		
March 31	4.20 %	3.08 %
June 30	4.16	3.34
September 30	—	3.65
December 31	—	4.10

	2023	2022
<b>Three months ended:</b>		
March 31	4.20 %	3.08 %
June 30	4.16	3.34
September 30	4.07	3.65
December 31	—	4.10

In March 2022, the Federal Open Markets Committee ("FOMC") raised the target range for the federal funds rate to 0.25% to 0.50%, the first rate hike since December 2018. Since March 2022, the FOMC has raised the target range for the federal funds rate several times, ~~setting~~ leaving the target range for the federal funds rate ~~to~~ 5.25% to 5.50% ~~at the July 2023 meeting.~~

as of September 30, 2023.

As a result, market interest rates have also risen since March 2022 which has led to improvements in our net interest margin compared to through the first half quarter of 2022. These increases 2023. Our net interest margin decreased modestly in market interest rates have also the second and third quarters of 2023 as increased competition for deposits. deposits drove an increase in our funding costs. Competition for deposits continues to be elevated relative to 2022. As a result, deposit and funding costs have increased during 2023 compared to such costs in 2022, and we expect such costs to continue to increase during the remainder of 2023. Additionally, core deposits balances may decrease and be replaced by higher cost funding sources, such as FHLB advances and brokered deposits, or other wholesale funding.

deposits.

69

## [Table of Contents](#)

### **Provision for Credit Losses**

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

	Three Months Ended June 30,		Six Months Ended June 30,		
	2023		2022		
	(dollars in thousands)				
<b>Provision for credit losses</b>					
Loans	\$ (1,080)	\$ 145	\$ 4,021	\$ (439)	
Unfunded lending-related commitments	650	—	1,159	—	
Debt securities	200	—	800	—	
<b>Total provision for credit losses</b>	<b>\$ (230)</b>	<b>\$ 145</b>	<b>\$ 5,980</b>	<b>\$ (439)</b>	

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2023	2022	2023	2022
<b>PROVISION FOR CREDIT LOSSES</b>				
Loans	\$ 983	\$ 386	\$ 5,004	\$ (53)
Unfunded lending-related commitments	297	—	1,456	—
Debt securities	(800)	—	—	—

Total provision for credit losses	\$ 480	\$ 386	\$ 6,460	\$ (53)
-----------------------------------	--------	--------	----------	---------

Comparison of the Three Months Ended June 30, 2023 September 30, 2023 to the Three Months Ended June 30, 2022

September 30, 2022

The Company recorded a negative provision for credit losses of \$0.2 million \$0.5 million for the second third quarter of 2023. The negative provision for credit losses primarily reflects a \$1.1 million decrease in specific reserves on individually evaluated loans; a \$1.1 million \$0.9 million increase in required reserves driven by growth of the loan portfolio and unfunded commitments; a \$0.4 million decrease \$0.8 million increase in required reserves resulting from changes in economic and qualitative factors; a \$0.2 million increase \$0.8 million decrease in reserves on debt securities available-for-sale, related to one bank subordinated debt security; a \$0.5 million decrease in specific reserves on individually evaluated loans; and net recoveries of \$0.1 million.

Comparison of the Six Nine Months Ended June 30, 2023 September 30, 2023 to the Six Nine Months Ended June 30, 2022

September 30, 2022

In connection with the Town and Country merger, we recognized an allowance for credit losses on non-PCD loans of \$5.2 million \$5.2 million and an allowance for credit losses on unfunded commitments of \$0.7 million \$0.7 million. Excluding the impact of the Town and Country merger, the remaining provision for credit losses primarily reflects a \$1.3 million \$1.8 million decrease in specific reserves on individually evaluated loans; a \$1.8 million increase in required reserves driven by growth of the establishment of an allowance for credit losses of \$0.8 loan portfolio and unfunded commitments; a \$0.4 million on debt securities available-for-sale, related to one bank subordinated debt security; increase in required reserves resulting from changes in economic and qualitative factors; and net recoveries of \$0.2 million.

\$0.3 million.

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

### Noninterest Income

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

	Three Months Ended June 30,			Six Months Ended June 30,		
	2023	2022	\$ Change	2023	2022	\$ Change
	(dollars in thousands)					
Card income	\$2,905	\$2,714	\$ 191	\$ 5,563	\$ 5,118	\$ 445
Wealth management fees	2,279	2,322	(43)	4,617	4,611	6
Service charges on deposit accounts	1,919	1,792	127	3,790	3,444	346
Mortgage servicing	1,254	661	593	2,353	1,319	1,034
Mortgage servicing rights fair value adjustment	141	366	(225)	(483)	2,095	(2,578)
Gains on sale of mortgage loans	373	326	47	649	913	(264)
Realized gains (losses) on sales of securities	—	—	—	(1,007)	—	(1,007)
Unrealized gains (losses) on equity securities	7	(153)	160	(15)	(340)	325
Gains (losses) on foreclosed assets	(97)	(7)	(90)	(107)	33	(140)
Gains (losses) on other assets	109	(43)	152	109	150	(41)
Income on bank owned life insurance	147	41	106	262	81	181
Other noninterest income	877	532	345	1,620	1,170	450
<b>Total noninterest income</b>	<b>\$9,914</b>	<b>\$8,551</b>	<b>\$ 1,363</b>	<b>\$17,351</b>	<b>\$18,594</b>	<b>\$ (1,243)</b>

(dollars in thousands)	Three Months Ended September 30,			Nine Months Ended September 30,		
	2023	2022	\$ Change	2023	2022	\$ Change
	\$ 2,763	\$ 2,569	\$ 194	\$ 8,326	\$ 7,687	\$ 639
Card income						
Wealth management fees	2,381	2,059	322	6,998	6,670	328
Service charges on deposit accounts	2,040	1,927	113	5,830	5,371	459
Mortgage servicing	1,169	697	472	3,522	2,016	1,506
Mortgage servicing rights fair value adjustment	23	351	(328)	(460)	2,446	(2,906)
Gains on sale of mortgage loans	476	354	122	1,125	1,267	(142)
Realized gains (losses) on sales of securities	(813)	—	(813)	(1,820)	—	(1,820)
Unrealized gains (losses) on equity securities	(46)	(107)	61	(61)	(447)	386
Gains (losses) on foreclosed assets	550	(225)	775	443	(192)	635
Gains (losses) on other assets	52	(31)	83	161	119	42
Income on bank owned life insurance	153	41	112	415	122	293
Other noninterest income	742	599	143	2,362	1,769	593
<b>Total noninterest income</b>	<b>\$ 9,490</b>	<b>\$ 8,234</b>	<b>\$ 1,256</b>	<b>\$ 26,841</b>	<b>\$ 26,828</b>	<b>\$ 13</b>

Comparison of the Three Months Ended **June 30, 2023** September 30, 2023 to the Three Months Ended **June 30, 2022**

**September 30, 2022**

Total noninterest income for the three months ended **June 30, 2023** September 30, 2023, was \$9.9 million, \$9.5 million, an increase of \$1.4 million, \$1.3 million, or 15.9% 15.3%, from the three months ended **June 30, 2022** September 30, 2022. Notable changes in noninterest income include the following:

- A \$0.6 million increase in mortgage servicing revenue, primarily due to the addition of the Town and Country servicing portfolio which nearly doubled the size of our existing mortgage servicing portfolio;
- A \$0.2 million change in the mortgage servicing rights fair value adjustment, primarily due to changes in prepayment assumptions utilized in the valuations;
- A \$0.2 million increase in card income, mostly attributable to debit card activity on deposit accounts acquired from Town and Country; and
- A \$0.1 million gain on sale of branch premise held for sale recognized during the second quarter of 2023 compared to a \$18 thousand loss on sale of branch premise held for sale recognized during the second quarter of 2022.

71

- Net losses of \$0.8 million were realized on the sale of \$39.4 million of municipal debt securities during the third quarter of 2023 which were not present in the third quarter of 2022 results;
- A \$0.6 million gain on foreclosed assets was recognized during the third quarter of 2023, primarily related to the sale of one property, compared to a \$0.2 million loss on foreclosed assets during the third quarter of 2022;

Table • The addition of Town and Country's operations in the first quarter of 2023 contributed to a \$0.5 million increase in mortgage servicing revenue, with the size of our existing mortgage servicing portfolio nearly doubling, a \$0.3 million increase in wealth management fees, and a \$0.2 million increase in card income; and

- A \$0.3 million decrease in the mortgage servicing rights fair value adjustment, primarily due to changes in prepayment assumptions utilized in the valuations.

Comparison of the Six Nine Months Ended June 30, 2023 September 30, 2023 to the Six Nine Months Ended June 30, 2022

September 30, 2022

Total noninterest income for the six nine months ended June 30, 2023 September 30, 2023, was \$17.4 \$26.8 million, a decrease of \$1.2 million, or 6.7%, nearly unchanged from the six nine months ended June 30, 2022 September 30, 2022. Notable changes in noninterest income include the following:

- A \$2.6 million change in the mortgage servicing rights fair value adjustment, primarily due to changes in prepayment assumptions utilized in the valuations;
- The vast majority of the securities portfolio acquired from Town and Country was sold during the first quarter of 2023, with the sales proceeds used to reduce FHLB borrowings. Net losses of \$1.0 million were realized on the sales;
- A \$1.0 million increase in mortgage servicing revenue, primarily due to the addition of the Town and Country servicing portfolio which nearly doubled the size of our existing mortgage servicing portfolio; and
- A \$0.4 million increase in card income, mostly attributable to debit card activity on deposit accounts acquired from Town and Country.

72

- A \$2.9 million change in the mortgage servicing rights fair value adjustment, primarily due to changes in prepayment assumptions utilized in the valuations;
- Net losses of \$1.8 million were realized on the sale of \$185.3 million of debt securities during the nine months ended September 30, 2023. The vast majority of the securities portfolio acquired from Town and Country was sold during the first quarter of 2023, and an additional \$39.4 million of municipal debt securities were sold during the third quarter of 2023;
- The addition of Town and Country's operations in the first quarter of 2023 contributed to a \$1.5 million increase in mortgage servicing revenue, with the size of our existing mortgage servicing portfolio nearly

doubling, a \$0.6 million increase in card income, a \$0.5 million increase in service charges on deposit accounts, and a \$0.3 million increase in wealth management fees; and

Table: A \$0.4 million gain on foreclosed assets was recognized during 2023, primarily related to the sale of one property, compared to a \$0.2 million loss on foreclosed assets during 2022.

### Noninterest Expense

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

	Three Months Ended June 30,			Six Months Ended June 30,		
	2023	2022	\$ Change	2023	2022	\$ Change
	(dollars in thousands)					
Salaries	\$16,660	\$12,936	\$ 3,724	\$36,071	\$25,737	\$10,334
Employee benefits	2,707	1,984	723	5,042	4,428	614
Occupancy of bank premises	2,785	1,741	1,044	4,887	3,801	1,086
Furniture and equipment	809	623	186	1,468	1,175	293
Data processing	2,883	1,990	893	7,206	3,643	3,563
Marketing and customer relations	1,359	1,205	154	2,195	2,056	139
Amortization of intangible assets	720	245	475	1,230	490	740
FDIC insurance	630	298	332	1,193	586	607
Loan collection and servicing	348	278	70	626	435	191
Foreclosed assets	97	31	66	158	163	(5)
Other noninterest expense	4,975	2,511	2,464	9,830	5,485	4,345
<b>Total noninterest expense</b>	<b>\$33,973</b>	<b>\$23,842</b>	<b>\$10,131</b>	<b>\$69,906</b>	<b>\$47,999</b>	<b>\$21,907</b>

	Three Months Ended September 30,			Nine Months Ended September 30,		
	(dollars in thousands)	\$		2023	2022	\$ Change
		2023	2022	Change		
Salaries	\$15,644	\$12,752	\$ 2,892	\$ 51,715	\$38,489	\$13,226
Employee benefits	2,616	1,771	845	7,658	6,199	1,459
Occupancy of bank premises	2,573	1,979	594	7,460	5,780	1,680

Furniture and equipment	667	668	(1)	2,135	1,843	292
Data processing	2,581	1,631	950	9,787	5,274	4,513
Marketing and customer relations	1,679	880	799	3,874	2,936	938
Amortization of intangible assets	720	243	477	1,950	733	1,217
FDIC insurance	512	302	210	1,705	888	817
Loan collection and servicing	345	336	9	971	771	200
Foreclosed assets	76	97	(21)	234	260	(26)
Other noninterest expense	3,258	3,339	(81)	13,088	8,824	4,264
<b>Total noninterest expense</b>	<b>\$30,671</b>	<b>\$23,998</b>	<b>\$6,673</b>	<b>\$100,577</b>	<b>\$71,997</b>	<b>\$28,580</b>

Comparison of the Three Months Ended June 30, 2023 September 30, 2023 to the Three Months Ended June 30, 2022

September 30, 2022

Total noninterest expense for the three months ended June 30, 2023 September 30, 2023, was \$34.0 million, \$30.7 million, an increase of \$10.1 million, \$6.7 million, or 27.8%, from the three months ended June 30, 2022 September 30, 2022. Notable changes in noninterest expense include the following:

- Town and Country acquisition-related noninterest expenses totaled \$0.6 million during the three months ended June 30, 2023;
- Excluding Town and Country acquisition-related expenses, the \$9.5 million increase in noninterest expense was primarily attributable to the addition of Town and Country's operations, primarily related to personnel costs, occupancy of bank premises, and data processing; and
- Legal fees of \$0.8 million and accruals of \$0.8 million related to pending legal matters previously disclosed were incurred during the second quarter of 2023 which were not present in the second quarter of 2022 results. Settlements have been reached with plaintiffs in these matters which are now pending final court approval.

- There were no Town and Country acquisition-related expenses for the three months ended September 30, 2023, but such expenses totaled \$0.5 million for the three months ended September 30, 2022;
- Excluding Town and Country acquisition-related expenses, the \$7.1 million increase in noninterest expense was mainly attributable to the addition of Town and Country's operations, primarily related to personnel costs, occupancy of bank premises, and data processing; and
- A \$0.8 million increase in marketing and customer relations expense.

*Comparison of the Six Nine Months Ended June 30, 2023 September 30, 2023 to the Six Nine Months Ended June 30, 2022*

*September 30, 2022*

Total noninterest expense for the six nine months ended June 30, 2023 September 30, 2023, was \$69.9 million, \$100.6 million, an increase of \$21.9 million, \$28.6 million, or 45.6% 39.7%, from the six nine months ended June 30, 2022 September 30, 2022. Notable changes in noninterest expense include the following:

- Town and Country acquisition-related noninterest expenses totaled \$7.8 million, including \$3.6 million in salaries, \$2.0 million in data processing, and \$2.0 million in legal, professional, and other noninterest expenses;
- Excluding Town and Country acquisition-related expenses, the \$14.1 million increase in noninterest expense was primarily attributable to the addition of Town and Country's operations, primarily related to personnel costs, occupancy of bank premises, and data processing; and
- Legal fees of \$0.8 million and accruals of \$0.8 million related to pending legal matters previously disclosed were incurred during the six months ended June 30, 2023 which were not present in the 2022 results. Settlements have been reached with plaintiffs in these matters which are now pending final court approval.

*73*

- Town and Country acquisition-related noninterest expenses totaled \$7.8 million and \$0.5 million for the nine months ended September 30, 2023 and 2022, respectively;
- Excluding Town and Country acquisition-related expenses, the \$21.3 million increase in noninterest expense was

mainly attributable to the addition of Town and Country's operations, primarily related to personnel costs, occupancy of bank premises, and data processing; and

- Legal fees of \$0.8 million and accruals of \$0.8 million related to pending legal matters previously disclosed were incurred during the second quarter of 2023 which were not present in the 2022 results. Settlements have been reached with plaintiffs in these matters which are now pending final court approval.

## [Table of Contents](#)

### Income Taxes

During the three months ended **June 30, 2023** **September 30, 2023** and 2022, we recorded income tax expense of **\$6.6 million**, **\$6.9 million**, or an effective tax rate of **26.2%** **25.9%**, and **\$4.9 million**, **\$5.6 million**, or an effective tax rate of **25.6%** **26.4%**, respectively. During the **six** **nine** months ended **June 30, 2023** **September 30, 2023** and 2022, we recorded income tax expense of **\$9.5 million**, **\$16.4 million**, or an effective tax rate of **25.5%** **25.7%**, and **\$9.6 million**, **\$15.3 million**, or an effective tax rate of **25.8%** **26.1%**, respectively. The fluctuations in effective tax rate are primarily attributable to **lower overall state income taxes** and changes in the proportion of federally tax-exempt interest income to pre-tax income.

74

### FINANCIAL CONDITION

(dollars in thousands, except per share data)	September 30, 2023	December 31, 2022	\$ Change	% Change

<b>Consolidated Balance Sheet Information</b>				
Cash and cash equivalents	\$ 111,913	\$ 114,159	\$ (2,246)	(2.0)%
Debt securities available-for- sale, at fair value	753,163	843,524	(90,361)	(10.7)
Debt securities held-to-maturity	527,144	541,600	(14,456)	(2.7)
Loans held for sale	3,563	615	2,948	479.3
Loans, before allowance for credit losses	3,342,786	2,620,253	722,533	27.6
Less: allowance for credit losses	38,863	25,333	13,530	53.4
Loans, net of allowance for credit losses	3,303,923	2,594,920	709,003	27.3
Goodwill	59,820	29,322	30,498	104.0
Intangible assets, net	21,402	1,070	20,332	1,900.2
Other assets	210,840	161,524	49,316	30.5
<b>Total assets</b>	<b>\$4,991,768</b>	<b>\$4,286,734</b>	<b>\$705,034</b>	<b>16.4 %</b>
Total deposits	\$4,198,068	\$3,587,024	\$611,044	17.0 %
Securities sold under agreements to repurchase	28,900	43,081	(14,181)	(32.9)
Borrowings	177,650	160,000	17,650	11.0
Subordinated notes	39,454	39,395	59	0.1
Junior subordinated debentures	52,774	37,780	14,994	39.7
Other liabilities	38,671	45,822	(7,151)	(15.6)
<b>Total liabilities</b>	<b>4,535,517</b>	<b>3,913,102</b>	<b>622,415</b>	<b>15.9</b>
<b>Total stockholders' equity</b>	<b>456,251</b>	<b>373,632</b>	<b>82,619</b>	<b>22.1</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$4,991,768</b>	<b>\$4,286,734</b>	<b>\$705,034</b>	<b>16.4 %</b>
Tangible assets (1)	\$4,910,546	\$4,256,342	\$654,204	15.4 %
Tangible common equity (1)	375,029	343,240	31,789	9.3

Core deposits <sup>(1)</sup>	\$ 3,967,155	\$ 3,559,866	\$ 407,289	11.4 %
<b>Share and Per Share Information</b>				
Book value per share	\$ 14.36	\$ 12.99		
Tangible book value per share				
<sup>(1)</sup>	11.80	11.94		
Shares of common stock outstanding	31,774,140	28,752,626		
<b>Balance Sheet Ratios</b>				
Loan to deposit ratio	79.63 %	73.05 %		
Core deposits to total deposits <sup>(1)</sup>	94.50	99.24		
Stockholders' equity to total assets	9.14	8.72		
Tangible common equity to tangible assets <sup>(1)</sup>	7.64	8.06		

[Table \(1\)](#) See "Non-GAAP Financial Information" for reconciliation of [Contents](#) non-GAAP measure to their most closely comparable GAAP measures.

#### FINANCIAL CONDITION

	June 30,		December 31,		\$ Change	% Change		
	2023	2022						
<b>Consolidated Balance Sheet Information</b> <small>(dollars in thousands, except per share data)</small>								
Cash and cash equivalents	\$ 109,808	\$ 114,159	\$ (4,351)		(3.8)%			
Debt securities available-for-sale, at fair value	822,788	843,524	(20,736)		(2.5)			
Debt securities held-to-maturity	533,231	541,600	(8,369)		(1.5)			
Loans held for sale	8,829	615	8,214	1,335.6				

Loans, before allowance for credit losses	3,244,655	2,620,253	624,402	23.8
Less: allowance for credit losses	37,814	25,333	12,481	49.3
Loans, net of allowance for credit losses	3,206,841	2,594,920	611,921	23.6
Goodwill	59,876	29,322	30,554	104.2
Intangible assets, net	22,122	1,070	21,052	1,967.5
Other assets	212,315	161,524	50,791	31.4
<b>Total assets</b>	<b>\$ 4,975,810</b>	<b>\$ 4,286,734</b>	<b>\$689,076</b>	<b>16.1 %</b>
Total deposits	\$ 4,164,523	\$ 3,587,024	\$577,499	16.1 %
Securities sold under agreements to repurchase	38,729	43,081	(4,352)	(10.1)
Borrowings	177,572	160,000	17,572	11.0
Subordinated notes	39,435	39,395	40	0.1
Junior subordinated debentures	52,760	37,780	14,980	39.7
Other liabilities	51,939	45,822	6,117	13.3
<b>Total liabilities</b>	<b>4,524,958</b>	<b>3,913,102</b>	<b>611,856</b>	<b>15.6</b>
<b>Total stockholders' equity</b>	<b>450,852</b>	<b>373,632</b>	<b>77,220</b>	<b>20.7</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 4,975,810</b>	<b>\$ 4,286,734</b>	<b>\$689,076</b>	<b>16.1 %</b>
Tangible assets				
(1)	\$ 4,893,812	\$ 4,256,342	\$637,470	15.0 %
Tangible common equity				
(1)	368,854	343,240	25,614	7.5
Core deposits				
(1)	\$ 4,034,808	\$ 3,559,866	\$474,942	13.3 %
<b>Share and Per Share Information</b>				

Book value per share	\$ 14.15	\$ 12.99
Tangible book value per share		
(1)	11.58	11.94
<b>Shares of common stock outstanding</b>		
outstanding	31,865,868	28,752,626
<b>Balance Sheet Ratios</b>		
Loan to deposit ratio	77.91 %	73.05 %
Core deposits to total deposits		
(1)	96.89	99.24
Stockholders' equity to total assets	9.06	8.72
Tangible common equity to tangible assets (1)	7.54	8.06

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

[Table of Contents](#)

Total assets were \$4.98 billion at June 30, 2023, an increase of \$689.1 million, or 16.1%, from December 31, 2022. Notable changes in our consolidated balance sheet include the following:

- The Town and Country merger added \$905.6 million in total assets, \$635.4 million in loans held for investment, and \$720.4 million in deposits;

- Following the Town and Country merger, \$145.8 million of the securities acquired from Town and Country were sold with the sales proceeds used to reduce FHLB borrowings; and
- Excluding the impact of the Town and Country merger, total deposits decreased \$142.9 million primarily attributable to decreases in balances held in existing retail and business accounts partially offset by a seasonal increase in public fund account balances and the addition of \$51.0 million of brokered deposits.

•

*The Town and Country merger added \$937.2 million in total assets, \$635.4 million in loans held for investment, and \$720.4 million in deposits;*

- Excluding the impact of the Town and Country merger, loan growth since December 31, 2022 was broad-based with total loans increasing \$87.2 million;
- Following the Town and Country merger, \$145.8 million of the securities acquired from Town and Country were sold with the sales proceeds used to reduce FHLB borrowings and fund loan growth, and an additional \$39.4 million of municipal securities were sold during the third quarter of 2023;
- Additionally, paydowns, maturities and calls of debt securities generated another \$74.6 million of proceeds which were used to reduce FHLB borrowings and fund loan growth; and
- Excluding the impact of the Town and Country merger, total deposits decreased \$109.4 million primarily attributable to decreases in balances held in existing smaller balance accounts, partially offset by the addition of \$115.0 million of brokered deposits.

#### Loan Portfolio

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

	June 30, 2023		December 31, 2022	
	Balance	Percent	Balance	Percent
	(dollars in thousands)			
Commercial and industrial	\$ 385,768	11.9 %	\$ 266,757	10.2 %

Commercial				
real estate -				
owner				
occupied	303,522	9.3	218,503	8.3
Commercial				
real estate -				
non-owner				
occupied	882,598	27.2	713,202	27.2
Construction				
and land				
development	335,262	10.3	360,824	13.8
Multi-family	375,536	11.6	287,865	11.0
One-to-four				
family				
residential	482,442	14.9	338,253	12.9
Agricultural				
and				
farmland	259,858	8.0	237,746	9.1
Municipal,				
consumer,				
and other	219,669	6.8	197,103	7.5
Loans,				
before				
allowance				
for credit				
losses	3,244,655	100.0 %	2,620,253	100.0 %
Allowance				
for credit				
losses	(37,814)		(25,333)	
Loans, net				
of				
allowance				
for credit				
losses	\$3,206,841		\$2,594,920	

(dollars in thousands)	September 30, 2023		December 31, 2022	
	Balance	Percent	Balance	Percent
Commercial				
and industrial	\$ 386,933	11.6 %	\$ 266,757	10.2 %
Commercial				
real estate -				
owner				
occupied	297,242	8.9	218,503	8.3
Commercial				
real estate -				
non-owner				
occupied	901,929	27.0	713,202	27.2
Construction				
and land				
development	371,158	11.1	360,824	13.8

Multi-family	388,742	11.6	287,865	11.0
One-to-four family				
residential	488,655	14.6	338,253	12.9
Agricultural and farmland	275,239	8.2	237,746	9.1
Municipal, consumer, and other	232,888	7.0	197,103	7.5
Loans, before allowance for credit losses	3,342,786	<u>100.0 %</u>	2,620,253	<u>100.0 %</u>
Allowance for credit losses	(38,863)		(25,333)	
<b>Loans, net of allowance for credit losses</b>	<b>\$3,303,923</b>		<b>\$2,594,920</b>	

Loans, before allowance for credit losses were \$3.24 billion \$3.34 billion at June 30, 2023 September 30, 2023, an increase of \$624.4 million; \$722.5 million, or 23.8% 27.6%, from December 31, 2022. Excluding the impact of the Town and Country merger, total loans decreased \$11.0 million, increased \$87.2 million, or 0.4% 3.3%, with the following notable changes:

- The decrease in construction and land development loans was generally driven by the completion of a number of sizeable projects that are now amortizing and have been moved into other real estate loan categories, with the largest being a \$29.5 million project that moved to the commercial real estate - non-owner occupied category;
- The increase in commercial and industrial loans was driven by new loan fundings and the purchase of two pools of loans totaling \$37.0 million. One pool includes equipment finance loans purchased from a bank that originated the loans through its equipment finance division. These loans are to borrowers across multiple industries and geographic regions. The other pool is a 50% participation in a pool of loans originated by a financial services company with a long-standing history of originating loans to healthcare and professional service borrowers. These loans are to borrowers across multiple geographic regions; and
- A \$12.4 million substandard relationship in the commercial real estate - non-owner occupied category paid off during the second quarter of 2023.

- The relative percent decrease in construction and land development loans was generally driven by the completion of a number of sizeable projects that are now amortizing and have been moved into other real estate loan categories, including the commercial real estate - non-owner occupied and multi-family categories;
- The increase in commercial and industrial loans was driven by new loan fundings and the purchase of three pools of loans totaling \$49.9 million. Two pools include equipment finance loans purchased from a bank that originated the loans through its equipment finance division. These loans are to borrowers across multiple industries and geographic regions. The remaining pool is a 50% participation in a pool of loans originated by a financial services company with a long-standing history of originating loans to healthcare and professional service borrowers. These loans are to borrowers across multiple geographic regions; and
- Seasonally higher agricultural line of credit usage further contributed to loan growth.

## [Table of Contents](#)

### *Loan Portfolio Maturities*

The following table summarizes the scheduled maturities of the loan portfolio as of September 30, 2023. Demand loans (loans having no stated repayment schedule or maturity) and overdraft loans are reported as being due in one year or less.

	After 1 Year				After 5 Years		
	1 Year		Through		Through	After	
	June	30, 2023	or Less	5 Years	15 Years	15 Years	Total
(dollars in thousands)							
Commercial and industrial							
			\$ 206,062	\$ 138,801	\$ 40,905	\$ —	\$ 385,768

Commercial real estate - owner occupied	32,912	151,057	110,797	8,756	303,522
Commercial real estate - non-owner occupied	96,725	527,267	252,561	6,045	882,598
Construction and land development	167,645	142,462	25,078	77	335,262
Multi-family	30,947	257,063	85,539	1,987	375,536
One-to-four family residential	55,774	183,771	126,342	116,555	482,442
Agricultural and farmland	106,704	107,859	41,354	3,941	259,858
Municipal, consumer, and other	70,928	50,744	71,949	26,048	219,669
<b>Total</b>	<b>\$767,697</b>	<b>\$1,559,024</b>	<b>\$ 754,525</b>	<b>\$163,409</b>	<b>\$3,244,655</b>

(dollars in thousands)	After 1 Year		After 5 Years		
	1 Year or Less	Through 5 Years	Through 15 Years	After 15 Years	Total
Commercial and industrial	\$204,207	\$ 148,503	\$ 34,223	\$ —	\$ 386,933
Commercial real estate - owner occupied	34,905	146,465	107,379	8,493	297,242
Commercial real estate - non-owner occupied	110,609	559,662	225,682	5,976	901,929
Construction and land development	185,707	164,006	21,369	76	371,158
Multi-family	31,553	286,438	68,783	1,968	388,742
One-to-four family residential	50,626	193,438	122,249	122,342	488,655
Agricultural and farmland	116,683	108,723	45,311	4,522	275,239
Municipal, consumer, and other	69,460	64,735	72,128	26,565	232,888
<b>Total</b>	<b>\$803,750</b>	<b>\$1,671,970</b>	<b>\$697,124</b>	<b>\$169,942</b>	<b>\$3,342,786</b>

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

June 30, 2023	Variable Interest Rates				Predetermined (Fixed)
	Repricing or Less	Repricing 1 Year	Total After 1 Year	Variable Interest Rates	
	(dollars in thousands)				
Commercial and industrial	\$ 41,994	\$ 8,143	\$ 50,137	\$ 129,569	\$ 179,706
Commercial real estate - owner occupied	33,518	42,792	76,310	194,300	270,610
Commercial real estate - non-owner occupied	134,249	32,502	166,751	619,122	785,873
Construction and land development	71,605	2,116	73,721	93,896	167,617
Multi-family	42,397	42,323	84,720	259,869	344,589
One-to-four family residential	85,803	67,667	153,470	273,198	426,668
Agricultural and farmland	6,699	11,205	17,904	135,250	153,154
Municipal, consumer, and other	21,311	19,017	40,328	108,413	148,741
<b>Total</b>	<b>\$437,576</b>	<b>\$225,765</b>	<b>\$ 663,341</b>	<b>\$ 1,813,617</b>	<b>\$2,476,958</b>

77

(dollars in thousands)	Variable Interest Rates				Predetermined (Fixed) Interest Rates	
	Total					
	Repricing or Less	Repricing 1 Year	Variable Interest Rates	Predetermined (Fixed)		
Commercial and industrial	\$ 39,186	\$ 7,335	\$ 46,521	\$ 136,205	\$ 182,726	

Commercial real estate - owner occupied	34,499	39,762	74,261	188,076	262,337
Commercial real estate - non-owner occupied	119,511	32,358	151,869	639,451	791,320
Construction and land development	82,323	1,422	83,745	101,706	185,451
Multi-family	43,372	37,932	81,304	275,885	357,189
One-to-four family residential	80,807	72,131	152,938	285,091	438,029
Agricultural and farmland	2,427	11,889	14,316	144,240	158,556
Municipal, consumer, and other	35,812	20,917	56,729	106,699	163,428
<b>Total</b>	<b>\$437,937</b>	<b>\$223,746</b>	<b>\$661,683</b>	<b>\$ 1,877,353</b>	<b>\$2,539,036</b>

[Table of Contents](#)

*Nonperforming Assets*

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

	<u>June 30, 2023</u>	<u>December 31, 2022</u>		
	(dollars in thousands)			
<b>NONPERFORMING ASSETS</b>				
<i>Nonaccrual</i>				
Nonaccrual	\$ 7,534	\$ 2,155		
<i>Past due 90 days or more, still accruing</i>				
(1)	1	1		
<b>Total</b>	<b>1</b>	<b>1</b>		
<i>nonperforming loans</i>				
Nonaccrual	7,535	2,156		
Foreclosed assets	3,080	3,030		
<b>Total</b>	<b>10,615</b>	<b>5,186</b>		
<i>nonperforming assets</i>				

<i>Nonperforming loans that are wholly or partially guaranteed by the U.S. Government</i>	\$ 2,332	\$ 133
<i>Allowance for credit losses</i>	\$ 37,814	\$ 25,333
<i>Loans, before allowance for credit losses</i>	3,244,655	2,620,253
<b>CREDIT QUALITY</b>		
<b>RATIOS</b>		
<i>Allowance for credit losses to loans, before allowance for credit losses</i>	1.17 %	0.97 %
<i>Allowance for credit losses to nonaccrual loans</i>	501.91	1,175.55
<i>Allowance for credit losses to nonperforming loans</i>	501.84	1,175.00
<i>Nonaccrual loans to loans, before allowance for credit losses</i>	0.23	0.08
<i>Nonperforming loans to loans, before allowance for credit losses</i>	0.23	0.08
<i>Nonperforming assets to total assets</i>	0.21	0.12
<i>Nonperforming assets to loans, before allowance for credit losses, and foreclosed assets</i>	0.33	0.20

(1) Prior to 2023, excludes loans acquired with deteriorated credit quality that are past due 90 or more days and accruing. Such loans totaled \$145 thousand as of December 31, 2022.

	<i>September 30, (dollars in thousands)</i>	<i>December 31, 2023</i>	<i>2022</i>

<b>NONPERFORMING ASSETS</b>			
Nonaccrual	\$ 6,678	\$ 2,155	
<i>Past due 90 days or more, still accruing</i>			
(1)	—	1	
<b>Total nonperforming loans</b>	<b>6,678</b>	<b>2,156</b>	
Foreclosed assets	1,519	3,030	
<b>Total nonperforming assets</b>	<b>\$ 8,197</b>	<b>\$ 5,186</b>	
<i>Nonperforming loans that are wholly or partially guaranteed by the U.S. Government</i>	\$ 1,968	\$ 133	
Allowance for credit losses	\$ 38,863	\$ 25,333	
<i>Loans, before allowance for credit losses</i>	3,342,786	2,620,253	
<b>CREDIT QUALITY RATIOS</b>			
Allowance for credit losses to loans, before allowance for credit losses	1.16 %	0.97 %	
Allowance for credit losses to nonaccrual loans	581.96	1,175.55	
Allowance for credit losses to nonperforming loans	581.96	1,175.00	
Nonaccrual loans to loans, before allowance for credit losses	0.20	0.08	
Nonperforming loans to loans, before allowance for credit losses	0.20	0.08	
Nonperforming assets to total assets	0.16	0.12	
Nonperforming assets to loans, before allowance for credit losses, and foreclosed assets	0.25	0.20	

(1) Prior to 2023, excludes loans acquired with deteriorated credit quality that are past due 90 or more days and accruing. Such loans

totaled \$145 thousand as of December 31, 2022.

Total nonperforming assets were \$10.6 million \$8.2 million at June 30, 2023 September 30, 2023, increasing by \$5.4 million \$3.0 million since December 31, 2022. The increase was primarily attributable to the Town and Country merger which added \$3.8 million \$3.8 million in nonaccrual loans and \$0.3 million \$0.3 million of foreclosed assets.

assets, partially offset by the payoff of several smaller credits and sale of one larger foreclosed property.

#### Risk Classification of Loans

Our risk classifications of loans were as follows:

	June 30, 2023 (dollars in thousands)	December 31, 2022 (dollars in thousands)
Pass	\$3,078,457	\$ 2,479,488
Pass-watch	93,442	66,934
Substandard	72,756	73,831
Doubtful	—	—
<b>Total</b>	<b>\$3,244,655</b>	<b>\$ 2,620,253</b>

	September (dollars in thousands)	December 31, 2022
Pass	\$3,184,165	\$2,479,488
Pass-watch	90,359	66,934
Substandard	68,262	73,831
Doubtful	—	—
<b>Total</b>	<b>\$3,342,786</b>	<b>\$2,620,253</b>

Pass-watch loans increased \$26.5 million, \$23.4 million, or 39.6% 35.0%, and substandard loans decreased \$1.1 million, \$5.6 million, or 1.5% 7.5%, from December 31, 2022 to June 30, 2023 September 30, 2023. The Town and Country merger which added \$10.3 million increase in pass-watch loans was primarily attributable to pass-watch loans acquired from Town and \$17.6 million Country. The decrease in substandard loans. Additionally, loans was primarily

attributable to a \$12.4 million \$12.4 million substandard relationship in the commercial real estate – non-owner occupied category which paid off during the second quarter of 2023.

2023, as well as several other smaller paydowns and payoffs, partially offset by substandard loans acquired from Town and Country.

78

#### [Table of Contents](#)

#### *Net Charge-offs and Recoveries*

The following table summarizes net charge-offs (recoveries) to average loans, before allowance for credit losses, by loan category.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
	(dollars in thousands)			
<b>Net charge-offs (recoveries)</b>				
Commercial and industrial	\$ (12)	\$ (40)	\$ (31)	\$ (744)
Commercial real estate - owner occupied	(2)	—	(11)	(100)
Commercial real estate - non-owner occupied	(164)	(5)	(238)	(270)
Construction and land development	(5)	—	(8)	—
Multi-family	—	—	—	—

<i>One-to-four family residential</i>	(33)	(62)	(69)	(214)
<i>Agricultural and farmland</i>	(1)	—	(2)	—
<i>Municipal, consumer, and other</i>	99	26	129	91
<b>Total</b>	<b>\$ (118)</b>	<b>\$ (81)</b>	<b>\$ (230)</b>	<b>\$ (1,237)</b>
<b>Average loans, before allowance for credit losses</b>				
<i>Commercial and industrial</i>	\$ 361,312	\$ 274,696	\$ 343,461	\$ 290,496
<i>Commercial real estate - owner occupied</i>	301,707	223,757	289,036	224,257
<i>Commercial real estate - non-owner occupied</i>	890,857	682,317	852,990	693,092
<i>Construction and land development</i>	359,332	324,806	369,449	320,033
<i>Multi-family</i>	362,038	251,840	351,727	249,319
<i>One-to-four family residential</i>	486,759	327,191	461,007	328,671
<i>Agricultural and farmland</i>	251,050	230,755	239,206	231,486
<i>Municipal, consumer, and other</i>	225,719	152,489	219,297	149,966
<b>Total</b>	<b>\$ 3,238,774</b>	<b>\$ 2,467,851</b>	<b>\$3,126,173</b>	<b>\$2,487,320</b>
<b>Net charge- offs (recoveries) to average loans, before allowance for credit losses</b>				
<b>*</b>				

<i>Commercial and industrial</i>	(0.01)%	(0.06)%	(0.02)%	(0.52)%
<i>Commercial real estate - owner</i>				
<i>occupied</i>	—	—	(0.01)	(0.09)
<i>Commercial real estate - non-owner</i>				
<i>occupied</i>	(0.07)	—	(0.06)	(0.08)
<i>Construction and land development</i>	(0.01)	—	—	—
<i>Multi-family</i>	—	—	—	—
<i>One-to-four family residential</i>	(0.03)	(0.08)	(0.03)	(0.13)
<i>Agricultural and farmland</i>	—	—	—	—
<i>Municipal, consumer, and other</i>	0.18	0.07	0.12	0.12
<b>Total</b>	<b>(0.01)%</b>	<b>(0.01)%</b>	<b>(0.01)%</b>	<b>(0.10)%</b>

<i>Net charge- offs (recoveries)</i>	<i>Three Months Ended September 30,</i>		<i>Nine Months Ended September 30,</i>	
	<i>(dollars in thousands)</i>			
	<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>
<i>Commercial and industrial</i> \$ 1 \$ 11 \$ (30) \$ (733)				
<i>Commercial real estate - owner</i>				
<i>occupied</i> — (1) (11) (101)				
<i>Commercial real estate - non-owner</i>				
<i>occupied</i> 156 (3) (82) (273)				
<i>Construction and land development</i> (44) (1) (52) (1)				
<i>Multi-family</i> (280) — (280) —				
<i>One-to-four family residential</i> (32) (42) (101) (256)				
<i>Agricultural and farmland</i> (2) — (4) —				

<i>Municipal, consumer, and other</i>	135	96	264	187
<b>Total</b>	<b>\$ (66)</b>	<b>\$ 60</b>	<b>\$ (296)</b>	<b>\$ (1,177)</b>

**Average  
loans, before  
allowance for  
credit losses**

<i>Commercial and industrial</i>	\$ 393,231	\$ 233,046	\$ 360,233	\$ 271,136
<i>Commercial real estate - owner occupied</i>	291,969	212,997	290,025	220,463
<i>Commercial real estate - non-owner occupied</i>	895,384	675,086	867,277	687,024
<i>Construction and land development</i>	360,319	348,958	366,372	329,781
<i>Multi-family</i>	378,775	265,690	360,842	254,836
<i>One-to-four family residential</i>	492,094	327,272	471,483	328,199
<i>Agricultural and farmland</i>	264,110	235,273	247,598	232,762
<i>Municipal, consumer, and other</i>	220,821	183,598	219,811	161,300
<b>Total</b>	<b>\$ 3,296,703</b>	<b>\$ 2,481,920</b>	<b>\$ 3,183,641</b>	<b>\$ 2,485,501</b>

**Charge-offs  
(recoveries)  
to average  
loans, before  
allowance for  
credit losses**

\*

<i>Commercial and industrial</i>	— %	0.02 %	(0.01)%	(0.36)%
<i>Commercial real estate - owner occupied</i>	—	—	(0.01)	(0.06)
<i>Commercial real estate - non-owner occupied</i>	0.07	—	(0.01)	(0.05)
<i>Construction and land development</i>	(0.05)	—	(0.02)	—
<i>Multi-family</i>	(0.29)	—	(0.10)	—
<i>One-to-four family residential</i>	(0.03)	(0.05)	(0.03)	(0.10)

<i>Agricultural and farmland</i>	—	—	—	—
<i>Municipal, consumer, and other</i>	0.24	0.21	0.16	0.16
<b>Total</b>	<u><u>(0.01)%</u></u>	<u><u>0.01 %</u></u>	<u><u>(0.01)%</u></u>	<u><u>(0.06)%</u></u>

\* Annualized measure.

*The net charge-offs (recoveries) to average total loans before allowance for credit losses ratio has remained low for several years. We believe our continuous credit monitoring and collection efforts have resulted in lower levels of loan losses, while also recognizing that favorable economic conditions prior to the COVID-19 pandemic and substantial federal economic stimulus during the pandemic have also contributed to reduced loan losses.*

## Securities

*The Company's investment policy emphasizes safety of the principal, liquidity needs, expected returns, cash flow targets and consistency with our interest rate risk management strategy. The composition and maturities of the debt securities portfolio as of **June 30, 2023** **September 30, 2023**, are summarized in the following table. Maturities are based on the final contractual payment dates, and do not reflect the impact of prepayments or early redemptions that may occur. Security yields have not been adjusted to a tax-equivalent basis.*

(dollars in thousands)	Available-for-Sale		Held-to-Maturity		Total	
	Amortized Cost	Weighted Average Yield	Amortized Cost	Weighted Average Yield	Amortized Cost	Weighted Average Yield
<b>Due in 1 year or less</b>						
U.S.						
Treasury	\$ 30,058	1.56 %	\$ —	— %	\$ 30,058	1.56 %
Municipal	4,091	2.78	2,643	3.74	6,734	3.16
Mortgage-backed:						
Agency residential	54	2.69	—	—	54	2.69
Agency commercial	6,376	3.38	—	—	6,376	3.38
<b>Total</b>	<b>\$ 40,579</b>	<b>1.97 %</b>	<b>\$ 2,643</b>	<b>3.74 %</b>	<b>\$ 43,222</b>	<b>2.08 %</b>
<b>Due after 1 year through 5 years</b>						
U.S.						
Treasury	\$ 99,538	1.27 %	\$ —	— %	\$ 99,538	1.27 %
U.S. government agency	46,372	2.57	17,411	1.94	63,783	2.40
Municipal	45,710	1.91	16,804	3.11	62,514	2.23
Mortgage-backed:						
Agency residential	14,078	2.77	8,286	1.62	22,364	2.34
Agency commercial	60,338	1.70	33,301	2.85	93,639	2.11
Corporate	21,914	4.94	—	—	21,914	4.94
<b>Total</b>	<b>\$ 287,950</b>	<b>2.02 %</b>	<b>\$ 75,802</b>	<b>2.57 %</b>	<b>\$ 363,752</b>	<b>2.14 %</b>
<b>Due after 5 years through 10 years</b>						
U.S.						
Treasury	\$ 40,155	1.53 %	\$ —	— %	\$ 40,155	1.53 %
U.S. government agency	9,111	2.30	67,937	2.60	77,048	2.56
Municipal	134,278	1.77	17,313	3.46	151,591	1.96
Mortgage-backed:						
Agency residential	72,319	2.11	3,531	3.51	75,850	2.17
Agency commercial	36,428	1.83	226,404	1.87	262,832	1.87
Corporate	33,735	4.14	—	—	33,735	4.14
<b>Total</b>	<b>\$ 326,026</b>	<b>2.08 %</b>	<b>\$ 315,185</b>	<b>2.14 %</b>	<b>\$ 641,211</b>	<b>2.11 %</b>
<b>Due after 10 years</b>						

<i>U.S. government agency</i>	\$ —	— %	\$ 3,094	2.83 %	\$ 3,094	2.83 %
<i>Municipal</i>	47,365	1.72	2,584	3.39	49,949	1.81
<i>Mortgage-backed:</i>						
<i>Agency residential</i>	111,098	2.96	86,298	3.66	197,396	3.27
<i>Agency commercial</i>	39,778	2.29	41,538	1.86	81,316	2.07
<i>Corporate</i>	2,000	4.50	—	—	2,000	4.50
<b>Total</b>	<b>\$200,241</b>	<b>2.55 %</b>	<b>\$133,514</b>	<b>3.07 %</b>	<b>\$ 333,755</b>	<b>2.76 %</b>
<b>Total</b>						
<i>U.S. Treasury</i>	\$169,751	1.38 %	\$ —	— %	\$ 169,751	1.38 %
<i>U.S. government agency</i>						
<i>Municipal</i>	55,483	2.53	88,442	2.48	143,925	2.50
<i>Mortgage-backed:</i>						
<i>Agency residential</i>	197,549	2.63	98,115	3.48	295,664	2.92
<i>Agency commercial</i>	142,920	1.97	301,243	1.98	444,163	1.98
<i>Corporate</i>	57,649	4.45	—	—	57,649	4.45
<b>Total</b>	<b>\$854,796</b>	<b>2.17 %</b>	<b>\$527,144</b>	<b>2.44 %</b>	<b>\$1,381,940</b>	<b>2.27 %</b>

[Table of Contents](#)

	June 30, 2023					
	Available-for-Sale		Held-to-Maturity			
	Weighted		Weighted			
	Amortized Cost	Average Yield	Amortized Cost	Average Yield	Amortized Cost	
(dollars in thousands)						
<b>Due in 1 year or less</b>						
<i>U.S. Treasury</i>	\$ 30,094	1.56 %	\$ —	— %	\$ 30	
<i>Municipal</i>	4,509	2.40	2,451	3.72	6	
<i>Mortgage-backed:</i>						
<i>Agency residential</i>	20	4.14	—	—	—	
<i>Agency commercial</i>	7	8.11	—	—	—	
<b>Total</b>	<b>\$ 34,630</b>	<b>1.67 %</b>	<b>\$ 2,451</b>	<b>3.72 %</b>	<b>\$ 37</b>	
<b>Due after 1 year through 5 years</b>						

<i>U.S. Treasury</i>	\$ 99,526	1.27 %	\$ —	— %	\$ 99
<i>U.S. government agency</i>	42,381	2.67	10,000	2.18	52
<i>Municipal</i>	66,433	2.04	17,401	3.13	83
<i>Mortgage-backed:</i>					
<i>Agency residential</i>	13,344	2.85	8,312	1.62	21
<i>Agency commercial</i>	57,690	1.96	18,818	2.56	76
<i>Corporate</i>	21,906	4.86	—	—	21
<b>Total</b>	<b>\$301,280</b>	<b>2.10 %</b>	<b>\$ 54,531</b>	<b>2.53 %</b>	<b>\$ 355</b>

**Due after 5 years through 10 years**

<i>U.S. Treasury</i>	\$ 40,168	1.53 %	\$ —	— %	\$ 40
<i>U.S. government agency</i>	14,452	2.11	75,340	2.50	89
<i>Municipal</i>	148,590	1.79	17,317	3.46	165
<i>Mortgage-backed:</i>					
<i>Agency residential</i>	78,234	2.10	3,662	3.51	81
<i>Agency commercial</i>	49,298	1.70	238,939	1.92	288
<i>Corporate</i>	33,726	4.14	—	—	33
<b>Total</b>	<b>\$364,468</b>	<b>2.05 %</b>	<b>\$335,258</b>	<b>2.15 %</b>	<b>\$ 699</b>

**Due after 10 years**

<i>U.S. government agency</i>	\$ —	— %	\$ 3,096	2.83 %	\$ 3
<i>Municipal</i>	53,731	1.85	2,587	3.39	56
<i>Mortgage-backed:</i>					
<i>Agency residential</i>	116,872	2.91	88,711	3.66	205
<i>Agency commercial</i>	40,927	2.29	46,597	2.03	87
<i>Corporate</i>	2,000	4.50	—	—	2
<b>Total</b>	<b>\$213,530</b>	<b>2.54 %</b>	<b>\$140,991</b>	<b>3.10 %</b>	<b>\$ 354</b>

**Total**

<i>U.S. Treasury</i>	\$169,788	1.38 %	\$ —	— %	\$ 169
<i>U.S. government agency</i>	56,833	2.53	88,436	2.48	145
<i>Municipal</i>	273,263	1.87	39,756	3.33	313
<i>Mortgage-backed:</i>					
<i>Agency residential</i>	208,470	2.60	100,685	3.49	309
<i>Agency commercial</i>	147,922	1.96	304,354	1.98	452
<i>Corporate</i>	57,632	4.42	—	—	57
<b>Total</b>	<b>\$913,908</b>	<b>2.16 %</b>	<b>\$533,231</b>	<b>2.45 %</b>	<b>\$1,447</b>

**SOURCES OF FUNDS**

## Deposits

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

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

Three Months Ended June 30,						
	2023			2022		
	Average	Percent of	Weighted	Average	Percent of	Weighted
	Balance	Total Deposits	Average Cost *	Balance	Total Deposits	Average Cost *
(dollars in thousands)						
<i>Noninterest-bearing</i>						
bearing	\$1,145,089	27.4 %	— %	\$1,072,883	28.5 %	— %
<i>Interest-bearing</i>						
<i>demand</i>	1,224,285	29.3	0.22	1,159,077	30.8	0.05
<i>Money</i>						
<i>market</i>	675,530	16.2	0.90	582,016	15.5	0.08
<i>Savings</i>	687,014	16.4	0.11	661,661	17.6	0.03
<i>Total</i>	<u>3,731,918</u>	<u>89.3</u>	<u>0.26</u>	<u>3,475,637</u>	<u>92.4</u>	<u>0.04</u>
<i>non-maturity</i>						
<i>deposits</i>	447,146	10.7	1.74	284,890	7.6	0.28
<i>Total</i>	<u>\$4,179,064</u>	<u>100.0 %</u>	<u>0.41 %</u>	<u>\$3,760,517</u>	<u>100.0 %</u>	<u>0.05 %</u>
Six Months Ended June 30,						
	2023			2022		
	Average	Percent of	Weighted	Average	Percent of	Weighted
	Balance	Total Deposits	Average Cost *	Balance	Total Deposits	Average Cost *
(dollars in thousands)						
<i>Noninterest-bearing</i>						
bearing	\$1,133,292	27.5 %	— %	\$1,075,387	28.5 %	— %
<i>Interest-bearing</i>						
<i>demand</i>	1,227,447	29.8	0.19	1,151,495	30.5	0.05
<i>Money</i>						
<i>market</i>	655,182	15.9	0.75	590,098	15.7	0.08

Savings	698,375	17.0	0.11	655,645	17.4	0.03
<i>Total</i>						
<i>non-maturity</i>						
<i>deposits</i>	3,714,296	90.2	0.21	3,472,625	92.1	0.04
Time	402,212	9.8	1.37	297,706	7.9	0.31
<i>Total</i>						
<i>deposits</i>	<b>\$4,116,508</b>	100.0 %	0.33 %	<b>\$3,770,331</b>	100.0 %	0.06 %

Three Months Ended September 30,							
	2023		2022		Percent		
(dollars in thousands)	Average Balance	Percent of Deposits	Weighted Average Cost *	Average Balance	Percent of Deposits	Weighted Average Cost *	Change in Average Balance
Noninterest-bearing							
bearing	\$1,105,472	26.5 %	— %	\$1,031,407	28.1 %	— %	7.2 %
Interest-bearing							
demand	1,160,654	27.8	0.26	1,137,072	31.0	0.05	2.1
Money market	683,859	16.4	1.18	577,388	15.8	0.14	18.4
Savings	639,384	15.3	0.15	649,752	17.7	0.03	(1.6)
<i>Total</i>							
<i>non-maturity</i>							
<i>deposits</i>	3,589,369	86.0	0.34	3,395,619	92.6	0.05	5.7
Time	585,372	14.0	2.82	271,870	7.4	0.27	115.3
<i>Total</i>							
<i>deposits</i>	<b>\$4,174,741</b>	100.0 %	0.69 %	<b>\$3,667,489</b>	100.0 %	0.06 %	13.8 %

Nine Months Ended September 30,							
	2023		2022		Percent		
(dollars in thousands)	Average Balance	Percent of Deposits	Weighted Average Cost *	Average Balance	Total Deposits	Weighted Average Cost *	Change in Average Balance
Noninterest-bearing							
bearing	\$1,123,917	27.2 %	— %	\$1,060,566	28.4 %	— %	6.0 %
Interest-bearing							
demand	1,204,937	29.1	0.21	1,146,635	30.7	0.05	5.1
Money market	664,846	16.1	0.90	585,815	15.7	0.10	13.5
Savings	678,495	16.4	0.12	653,659	17.5	0.03	3.8
<i>Total</i>							
<i>non-maturity</i>							
<i>deposits</i>	3,672,195	88.8	0.26	3,446,675	92.3	0.04	6.5
Time	463,937	11.2	1.99	289,000	7.7	0.30	60.5
<i>Total</i>							
<i>deposits</i>	<b>\$4,136,132</b>	100.0 %	0.45 %	<b>\$3,735,675</b>	100.0 %	0.06 %	10.7 %

\* Annualized measure.

The increase in average deposits balances in 2023 compared to 2022 are primarily attributable to the Town and Country merger which added \$576.8 million of non-maturity deposits and \$143.6 million in time deposits on February 1, 2023. Recent increases in market interest rates have increased competition for deposits. As a result, we expect deposit costs have and are expected to continue to increase during 2023, relative to 2022, and core deposits balances may decrease. Additionally, outgoing core deposits may be replaced by higher cost funding sources, such as FHLB advances and brokered deposits, or other wholesale funding.

deposits.

The following table sets forth time deposits by remaining maturity as of June 30, 2023 September 30, 2023:

Time deposits:	3 Months or Less	Over 3 through 6 Months	Over 6 through 12 Months	Over 12 Months	Over Total
	(dollars in thousands)				
Amounts less than	\$100,000	\$ 37,353	\$ 46,284	\$ 81,220	\$ 67,736 \$232,593

<i>Amounts of \$100,000 or more but less than</i>	<i>\$250,000</i>	<i>31,538</i>	<i>36,291</i>	<i>54,412</i>	<i>35,816</i>	<i>158,057</i>
<i>Amounts of \$250,000 or more</i>	<i>9,036</i>	<i>23,485</i>	<i>32,569</i>	<i>13,615</i>	<i>78,705</i>	
<b>Total time deposits</b>	<b>\$ 77,927</b>	<b>\$ 106,060</b>	<b>\$ 168,201</b>	<b>\$ 117,167</b>	<b>\$ 469,355</b>	

<i>(dollars in thousands)</i>	<i>Over 3 Less</i>		<i>Over 6 through 12 Months</i>		<i>Over 12 Months</i>	<i>Total</i>	
	<i>3 Months or less</i>	<i>6 Months</i>	<i>through 12 Months</i>	<i>Over 12 Months</i>			
<b><i>Time deposits:</i></b>							
<i>Amounts less than \$100,000</i>							
<i>\$100,000</i>	<i>\$ 46,386</i>	<i>\$ 141,889</i>	<i>\$ 136,841</i>	<i>\$ 52,182</i>	<i>\$ 377,298</i>		
<i>Amounts of \$100,000 or more but less than</i>	<i>\$250,000</i>	<i>36,487</i>	<i>40,472</i>	<i>86,034</i>	<i>23,376</i>	<i>186,369</i>	
<i>Amounts of \$250,000 or more</i>	<i>25,867</i>	<i>33,484</i>	<i>47,831</i>	<i>8,758</i>	<i>115,940</i>		
<b><i>Total time deposits</i></b>	<b><i>\$ 108,740</i></b>	<b><i>\$ 215,845</i></b>	<b><i>\$ 270,706</i></b>	<b><i>\$ 84,316</i></b>	<b><i>\$ 679,607</i></b>		

As of **June 30,**  
**2023 September 30,**  
**2023 and December 31,**  
**2022, the Bank's**  
**uninsured deposits were**  
**estimated to be**  
**\$824.1 million \$876.0**  
**million and**  
**\$739.0 million, \$739.0**  
**million, respectively.**

## LIQUIDITY

### Bank Liquidity

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

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

and interest rate sensitivity of the investment and loan portfolios and deposits, and regulatory capital requirements.

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

Additional sources of liquidity include unpledged securities, federal funds purchased, borrowings from the FHLB and FRB, and brokered deposits. Unpledged securities may be sold or pledged as collateral for borrowings to meet liquidity needs. Interest is charged at the prevailing market rate on federal funds purchased and FHLB borrowings. Funds available through federal funds purchased and FHLB borrowings are used primarily to meet daily liquidity needs.

As of **June 30,**  
**2023 September**  
30, **2023**,  
management  
believed the current  
liquidity and  
available sources of  
liquidity are  
adequate to meet  
all of the  
reasonably  
foreseeable short-  
term and  
intermediate-term  
demands of the  
Bank. As of **June**  
**30,**  
**2023 September**  
30, 2023, the Bank  
had no material  
commitments for  
capital  
expenditures.

***Holding Company  
Liquidity***

The Holding Company,  
or HBT Financial,  
Inc. on an  
unconsolidated  
basis, is a  
corporation  
separate and apart  
from the Bank and,  
therefore, it must  
provide for its own  
liquidity. As of **June**  
**30,**  
**2023 September**  
30, 2023, the  
Holding Company  
had cash and cash  
equivalents of **\$6.2**  
**million** **\$13.0**  
million.

The Holding Company's  
main source of  
funding is dividends  
declared and paid  
to it by the Bank.  
Due to state  
banking laws, the  
Bank may not  
declare dividends in  
any calendar year  
in an amount that  
would exceed  
accumulated  
retained earnings,  
after giving effect to

any unrecognized losses and bad debts, without the prior approval of the Illinois Department of Financial and Professional Regulation. In addition, dividends paid by the Bank to the Holding Company would be prohibited if the effect thereof would cause the Bank's capital to be reduced below applicable minimum capital requirements.

Management believes that these limitations will not impact the Holding Company's ability to meet its ongoing short-term cash obligations. During the three months ended **June 30, 2023** **September 30, 2023** and 2022, the Bank paid **\$15.0 million** **\$12.0 million** and **\$6.0 million** in dividends to the Holding Company, respectively. During the **six** **nine** months ended **June 30, 2023** **September 30, 2023** and 2022, the Bank paid **\$40.0 million** **\$52.0 million** and **\$12.0 million** **\$18.0 million** in dividends to the Holding Company, respectively.

*The liquidity needs of the Holding Company on an unconsolidated basis consist primarily of operating expenses, interest payments on the subordinated notes and junior subordinated debentures, and shareholder distributions in the form of dividends and stock repurchases.*  
*During the three months ended June 30, 2023 September 30, 2023 and 2022, holding company operating expenses consisted of interest expense of \$1.4 million \$1.4 million and \$0.9 million, \$0.9 million, respectively, and other operating expenses of \$1.2 million \$1.2 million and \$1.0 million \$1.4 million,*

respectively.

During the  
six nine months  
ended June 30,  
2023 September  
30, 2023 and  
2022, holding  
company  
operating  
expenses  
consisted of  
interest  
expense of  
\$2.6 million \$4.0  
million and  
\$1.7 million, \$2.6  
million,  
respectively,  
and other  
operating  
expenses of  
\$3.4 million \$4.6  
million and \$2.5  
million \$4.0  
million,  
respectively.

Additionally, the  
Holding  
Company paid  
\$5.5 million \$5.4  
million and  
\$4.7 million \$4.6  
million of  
dividends to  
stockholders  
during the three  
months ended  
June 30,  
2023 September  
30, 2023 and  
2022,  
respectively,  
and paid  
\$11.0 million \$16.4  
million and  
\$9.3 million \$14.0  
million of  
dividends to  
stockholders  
during the  
six nine months  
ended June 30,  
2023 September  
30, 2023 and  
2022,

respectively.  
The Holding  
Company also  
paid  
\$38.0 million \$38.0  
million in cash  
consideration in  
the acquisition  
of Town and  
Country during  
the first quarter  
of 2023.

As of June 30,  
2023 September  
30, 2023,  
management  
was not aware  
of any known  
trends, events  
or uncertainties  
that had or  
were  
reasonably  
likely to have a  
material impact  
on the Holding  
Company's  
liquidity.

As of June 30,  
2023 September  
30, 2023,  
management  
believed the  
current liquidity  
and available  
sources of  
liquidity are  
adequate to  
meet all of the  
reasonably  
foreseeable  
short-term and  
intermediate-  
term demands  
of the Holding  
Company. As  
of June 30,  
2023 September  
30, 2023, the  
Holding  
Company had  
no material  
commitments  
for capital  
expenditures.

#### **CAPITAL RESOURCES**

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

***Regulatory Capital Requirements***

*The Company and Bank are each subject to various regulatory capital requirements administered by federal and state banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory, and possibly*

*additional  
discretionary,  
actions by  
regulators that,  
if undertaken,  
could have a  
direct material  
effect on the  
financial  
statements of  
the Company  
and the Bank.*

*In addition to  
meeting  
minimum  
capital  
requirements,  
the Company  
and the Bank  
must also  
maintain a  
“capital  
conservation  
buffer” to avoid  
becoming  
subject to  
restrictions on  
capital  
distributions  
and certain  
discretionary  
bonus  
payments to  
management.  
As of June 30,  
2023 September  
30, 2023 and  
December 31,  
2022, the  
capital  
conservation  
buffer  
requirement  
was 2.5% of  
risk-weighted  
assets.*

*As of June 30,  
2023 September  
30, 2023 and  
December 31,  
2022, the  
Company and  
the Bank met  
all capital  
adequacy  
requirements to  
which they  
were subject.  
As of those  
dates, the Bank*

was "well capitalized" under the regulatory prompt corrective action provisions.

83

[Table of Contents](#)

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

	September 30, 2023	December 31, 2022	For Capital Adequacy Purposes With Capital Conversation Buffer (1)	To Be Well Capitalized Under Prompt Corrective Action Provisions (2)
<b>Consolidated</b>				
<b>HBT</b>				
<b>Financial,</b>				
<b>Inc.</b>				
<i>Total Capital (to Risk Weighted Assets)</i>	<i>15.09 %</i>	<i>16.27 %</i>	<i>10.50 %</i>	<i>N/A</i>

<i>Tier 1</i> <i>Capital (to</i> <i>Risk</i> <i>Weighted</i> <i>Assets)</i>	<b>13.18</b>	<b>14.23</b>	<b>8.50</b>	<b>N/A</b>
<i>Common</i> <i>Equity Tier 1</i> <i>Capital (to</i> <i>Risk</i> <i>Weighted</i> <i>Assets)</i>	<b>11.88</b>	<b>13.07</b>	<b>7.00</b>	<b>N/A</b>
<i>Tier 1</i> <i>Capital (to</i> <i>Average</i> <i>Assets)</i>	<b>10.34</b>	<b>10.48</b>	<b>4.00</b>	<b>N/A</b>
<b><i>Heartland</i></b> <b><i>Bank and</i></b> <b><i>Trust</i></b> <b><i>Company</i></b>				
<i>Total Capital</i> <i>(to Risk</i> <i>Weighted</i> <i>Assets)</i>	<b>14.78 %</b>	<b>15.43 %</b>	<b>10.50 %</b>	<b>10.00 %</b>
<i>Tier 1</i> <i>Capital (to</i> <i>Risk</i> <i>Weighted</i> <i>Assets)</i>	<b>13.89</b>	<b>14.63</b>	<b>8.50</b>	<b>8.00</b>
<i>Common</i> <i>Equity Tier 1</i> <i>Capital (to</i> <i>Risk</i> <i>Weighted</i> <i>Assets)</i>	<b>13.89</b>	<b>14.63</b>	<b>7.00</b>	<b>6.50</b>
<i>Tier 1</i> <i>Capital (to</i> <i>Average</i> <i>Assets)</i>	<b>10.89</b>	<b>10.78</b>	<b>4.00</b>	<b>5.00</b>
			<b>For Capital</b>	<b>To Be Well</b>
			<b>Adequacy Purposes</b>	<b>Capitalized Under</b>
	<b>June 30,</b>	<b>December 31,</b>		
	<b>2023</b>	<b>2022</b>	<b>With Capital</b>	<b>Prompt Corrective</b>
<i>Total Capital</i> <i>(to Risk</i> <i>Weighted</i> <i>Assets)</i>	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>With Capital</b>	<b>Prompt Corrective</b>
<i>Consolidated</i> <i>HBT</i> <i>Financial,</i> <i>Inc.</i>			<b>Conversation Buffer (1)</b>	<b>Action Provisions (2)</b>
<i>Heartland</i> <i>Bank and</i> <i>Trust</i> <i>Company</i>				

<i>Tier 1 Capital (to Risk Weighted Assets)</i>				
<i>Consolidated HBT Financial, Inc.</i>	<i>13.12 %</i>	<i>14.23 %</i>	<i>8.50 %</i>	<i>N/A</i>
<i>Heartland Bank and Trust Company</i>	<i>13.94</i>	<i>14.63</i>	<i>8.50</i>	<i>8.00 %</i>
<i>Common Equity Tier 1 Capital (to Risk Weighted Assets)</i>				
<i>Consolidated HBT Financial, Inc.</i>	<i>11.78 %</i>	<i>13.07 %</i>	<i>7.00 %</i>	<i>N/A</i>
<i>Heartland Bank and Trust Company</i>	<i>13.94</i>	<i>14.63</i>	<i>7.00</i>	<i>6.50 %</i>
<i>Tier 1 Capital (to Average Assets)</i>				
<i>Consolidated HBT Financial, Inc.</i>	<i>10.07 %</i>	<i>10.48 %</i>	<i>4.00</i>	<i>N/A</i>
<i>Heartland Bank and Trust Company</i>	<i>10.69</i>	<i>10.78</i>	<i>4.00</i>	<i>5.00 %</i>

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

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

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

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

N/A Not applicable.

As of **June 30, 2023** **September 30, 2023**, management was not aware of any known trends, events or uncertainties that had or were reasonably likely to have a material impact on the Company's capital resources.

#### ***Cash Dividends***

During 2022, the Company paid quarterly cash dividends of \$0.16 per share. On January 24, 2023, the Company announced an increase of \$0.01 and paid a \$0.17 per share dividend **during through the first and second quarters third quarter** of 2023.

#### ***Stock Repurchase Program***

Under the Company's stock repurchase program, the Company repurchased **229,502** **91,728** shares of its common stock at a weighted average price of **\$18.07** **\$18.48**

during the three months ended **June 30,**

**2023 September**

**30, 2023.** The Company's Board of Directors authorized the repurchase of up to **\$15.0 million** **\$15.0 million** of its common stock under its stock repurchase program in effect until January 1, 2024. As of **June 30,**

**2023 September**

**30, 2023,** the Company had **\$9.3 million** **\$7.6 million** remaining under the current stock repurchase authorization.

**OFF-BALANCE  
SHEET  
ARRANGEMENTS**

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

*additional information, see "Note 15 – Commitments and Contingencies" to the consolidated financial statements.*

84

[Table of Contents](#)

**CRITICAL ACCOUNTING ESTIMATES**

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

### **Allowance for Credit Losses**

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

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

party to inform its economic forecasts with a reversion to historical averages for periods beyond a reasonable and supportable forecast period.

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

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

**Fair Value of Assets Acquired and Liabilities Assumed in Business Combinations**

Business combinations are accounted for using the acquisition method of accounting. Under the acquisition method of accounting, assets acquired and liabilities assumed are recorded at their estimated fair value on the acquisition date. Estimating such fair values may require highly subjective assumptions or the use of a valuation specialist. In the Town and Country acquisition, the fair value for loans was most significant estimate and relatively small changes in assumptions used in this estimate could result in a materially different conclusion.

The fair value for loans was based on a discounted cash flow methodology that considered credit loss and prepayment expectations, market

interest rates and other market factors, such as liquidity, from the perspective of a market participant. Loan cash flows were generated on an individual loan basis. The probability of default, loss given default, exposure at default, and prepayment assumptions are key factors in this analysis.

**85**

[Table of Contents](#)

**NON-GAAP FINANCIAL INFORMATION**

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

measures to their most closely comparable GAAP financial measures below.

		<b>How the Measure Provides Useful Information to Investors</b>	
<b>Non-GAAP Financial Measure</b>	<b>Definition</b>		
<i>Adjusted Net Income</i>	<p>Net income, with the following adjustments:</p> <ul style="list-style-type: none"> <li>- excludes acquisition expenses,</li> <li>- excludes branch closure expenses,</li> <li>- excludes charges related to termination of certain employee benefit plans,</li> <li>- excludes net earnings (losses) from closed or sold operations,</li> <li>- excludes realized gains (losses) on sales of closed branch premises,</li> <li>- excludes realized gains (losses) on sales of securities,</li> <li>- excludes mortgage servicing rights fair value adjustment, and</li> <li>- the income tax effect of these pre-tax adjustments.</li> </ul>	<p>Enhances comparisons to prior periods and, accordingly, facilitates the development of future projections and earnings growth prospects.</p> <p>We also sometimes refer to ratios that include Adjusted Net Income, such as:</p> <ul style="list-style-type: none"> <li>- Adjusted Return on Average Assets, which is Adjusted Net Income divided by average assets.</li> <li>- Adjusted Return on Average Equity, which is Adjusted Net Income divided by average equity.</li> <li>- Adjusted Earnings Per Share - Basic, which is Adjusted Net Income</li> </ul>	

allocated to common shares divided by weighted average common shares outstanding.

- Adjusted Earnings Per Share – Diluted, which is Adjusted Net Income allocated to common shares divided by weighted average common shares outstanding, including all dilutive potential shares.

**Net Interest Income** We believe the tax equivalent basis is the preferred industry measurement of net interest income.

**Adjusted for the tax-favored status of tax-exempt loans and securities.** (1) Enhances comparability of net interest income arising from taxable and tax-exempt sources.

We also sometimes refer to Net Interest Margin (Tax Equivalent Basis), which is Net Interest Income (Tax Equivalent Basis) divided by average interest-earning assets.

**Efficiency Ratio (Tax Equivalent Basis)** Noninterest expense less amortization of intangible assets

Provides a measure of productivity in the banking

assets divided by the sum of net interest income (tax equivalent basis) and noninterest income. (1) industry. Calculated to measure the cost of generating one dollar of revenue. That is, the ratio is designed to reflect the percentage of one dollar which must be expended to generate that dollar of revenue.

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

86

[Table of Contents](#)

Measure	Definition	How the Measure Provides Useful Information to Investors
<i>Non-GAAP Financial Measure</i>		
Tangible Common Equity to Tangible Assets	Tangible Common Equity is total stockholders' equity less goodwill and other intangible assets. Assets is total assets less goodwill and other intangible assets.	Generally used by investors, our management, and banking regulators to evaluate capital adequacy. Facilitates comparison of our earnings with the earnings of other banking organization with

significant amounts of goodwill or intangible assets.

- We also sometimes refer to ratios that include Tangible Common Equity, such as:
  - Tangible Book Value Per Share, which is Tangible Common Equity divided by shares of common stock outstanding.
  - Return on Average Tangible Common Equity, which is net income divided by average Tangible Common Equity.
  - Adjusted Return on Average Tangible Common Equity, which is Adjusted Net Income divided by average Tangible Common Equity.

Core	Total	Provides
<i>Deposits</i>	deposits, excluding: <ul style="list-style-type: none"><li>- Time deposits of \$250,000 or more, and</li><li>- Brokered deposits</li></ul>	investors with information regarding the stability of the Company's sources of funds.
		• We also sometimes refer to the

refer to the  
ratio of Core  
Deposits to  
total  
deposits.

[Table of Contents](#)

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

	<i>Three Months Ended June 30,</i>		<i>Six Months Ended June 30,</i>	
	<i>2023</i>		<i>2022</i>	
	<i>(dollars in thousands)</i>			
<i>Net income</i>	\$ 18,473	\$ 14,085	\$ 27,681	\$ 27,689
<i>Adjustments:</i>				
<i>Acquisition</i>				
<i>expenses (1)</i>	(627)	—	(13,691)	—
<i>Gains</i>				
<i>(losses) on</i>				
<i>sales of</i>				
<i>closed</i>				
<i>branch</i>				
<i>premises</i>	75	(18)	75	179
<i>Realized</i>				
<i>gains (losses)</i>				
<i>on sales of</i>				
<i>securities</i>	—	—	(1,007)	—
<i>Mortgage</i>				
<i>servicing</i>				
<i>rights fair</i>				
<i>value</i>				
<i>adjustment</i>	141	366	(483)	2,095
<i>Total</i>				
<i>adjustments</i>	(411)	348	(15,106)	2,274
<i>Tax effect of</i>				
<i>adjustments</i>	112	(99)	4,156	(648)

<i>Less</i>	_____	_____	_____	_____
<i>adjustments</i>				
after tax				
effect	(299)	249	(10,950)	1,626
<i>Adjusted net</i>				
<i>income</i>	\$ 18,772	\$ 13,836	\$ 38,631	\$ 26,063
<i>Average assets</i>	\$ 4,976,035	\$ 4,286,302	\$ 4,871,245	\$ 4,314,716
<i>Return on</i>				
<i>average assets</i>				
*	1.49 %	1.32 %	1.15 %	1.29 %
<i>Adjusted return</i>				
on average				
assets *	1.51	1.29	1.60	1.22
	<i>Three Months Ended</i>	<i>Nine Months Ended</i>		
	<i>September 30,</i>	<i>September 30,</i>		
(dollars in				
thousands)	<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>
<i>Net income</i>	\$ 19,715	\$ 15,627	\$ 47,396	\$ 43,316
<i>Adjustments:</i>				
Acquisition				
expenses (1)	—	(462)	(13,691)	(462)
Gains (losses)				
on sales of				
closed branch				
premises	—	(38)	75	141
Realized				
gains (losses)				
on sales of				
securities	(813)	—	(1,820)	—
Mortgage				
servicing				
rights fair				
value				
adjustment	23	351	(460)	2,446
<i>Total</i>				
adjustments	(790)	(149)	(15,896)	2,125
<i>Tax effect of</i>				
adjustments	226	(80)	4,382	(728)
<i>Total</i>				
adjustments				
after tax				
effect	(564)	(229)	(11,514)	1,397
<i>Adjusted net</i>				
<i>income</i>	\$ 20,279	\$ 15,856	\$ 58,910	\$ 41,919
<i>Average assets</i>	\$ 4,964,832	\$ 4,208,722	\$ 4,902,783	\$ 4,278,997
<i>Return on</i>				
<i>average assets</i>				
*	1.58 %	1.47 %	1.29 %	1.35 %

<i>Adjusted return on average assets *</i>	1.62	1.49	1.61	1.31
--	------	------	------	------

\* Annualized measure.

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

(1)

Includes recognition of an allowance for credit losses on non-PCD loans of \$5.2 million and an allowance for credit losses on unfunded commitments of \$0.7 million in connection with the Town and Country merger during the first quarter of 2023.

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

	<i>Three Months Ended June 30,</i>		<i>Six Months Ended June 30,</i>	
	<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>
(dollars in thousands, except per share amounts)				
<i>Numerator:</i>				
<i>Net income</i>	\$ 18,473	\$ 14,085	\$ 27,681	\$ 27,689
<i>Earnings allocated to participating securities (1)</i>	(11)	(17)	(16)	(34)
<i>Numerator for earnings per share - basic and diluted</i>	\$ 18,462	\$ 14,068	\$ 27,665	\$ 27,655
<i>Adjusted net income</i>	\$ 18,772	\$ 13,836	\$ 38,631	\$ 26,063

<i>Earnings allocated to participating securities</i> <sup>(1)</sup>	<u>(10)</u>	<u>(17)</u>	<u>(23)</u>	<u>(32)</u>
<i>Numerator for adjusted earnings per share - basic and diluted</i>	<u>\$ 18,762</u>	<u>\$ 13,819</u>	<u>\$ 38,608</u>	<u>\$ 26,031</u>
 <i>Denominator:</i>				
<i>Weighted average common shares outstanding</i>	<u>31,980,133</u>	<u>28,891,202</u>	<u>31,481,439</u>	<u>28,938,634</u>
<i>Dilutive effect of outstanding restricted stock units</i>	<u>99,850</u>	<u>53,674</u>	<u>84,981</u>	<u>48,688</u>
<i>Weighted average common shares outstanding, including all dilutive potential shares</i>	<u>32,079,983</u>	<u>28,944,876</u>	<u>31,566,420</u>	<u>28,987,322</u>
 <i>Earnings per share - Basic</i>	<u>\$ 0.58</u>	<u>\$ 0.49</u>	<u>\$ 0.88</u>	<u>\$ 0.96</u>
<i>Earnings per share - Diluted</i>	<u>\$ 0.58</u>	<u>\$ 0.49</u>	<u>\$ 0.88</u>	<u>\$ 0.95</u>
 <i>Adjusted earnings per share - Basic</i>	<u>\$ 0.59</u>	<u>\$ 0.48</u>	<u>\$ 1.23</u>	<u>\$ 0.90</u>
<i>Adjusted earnings per share - Diluted</i>	<u>\$ 0.58</u>	<u>\$ 0.48</u>	<u>\$ 1.22</u>	<u>\$ 0.90</u>

**(1)** The Company has granted certain restricted stock units that contain non-forfeitable rights to dividend equivalents. Such restricted stock units are considered participating securities. As such, we have included these restricted stock units in the calculation of basic earnings per share and calculate basic earnings per share using the two-class method. The two-class method of computing earnings per share is an earnings allocation formula that determines earnings per share for each class of common stock and participating security according to dividends declared (or accumulated) and participation rights in undistributed earnings.

	<i>Three Months Ended</i> <i>September 30,</i>	<i>Nine Months Ended</i> <i>September 30,</i>
(dollars in thousands, except per share amounts)		
	<u>2023</u>	<u>2022</u>
	<u>2023</u>	<u>2022</u>

**Numerator:**

Net income	\$ 19,715	\$ 15,627	\$ 47,396	\$ 43,316
------------	-----------	-----------	-----------	-----------

Earnings  
allocated to  
participating  
securities (1)

	(10)	(17)	(26)	(51)
--	------	------	------	------

Numerator  
for earnings  
per share -  
basic and

diluted	<u>\$ 19,705</u>	<u>\$ 15,610</u>	<u>\$ 47,370</u>	<u>\$ 43,265</u>
---------	------------------	------------------	------------------	------------------

Adjusted net

income	\$ 20,279	\$ 15,856	\$ 58,910	\$ 41,919
--------	-----------	-----------	-----------	-----------

Earnings  
allocated to  
participating  
securities (1)

	(10)	(17)	(33)	(49)
--	------	------	------	------

Numerator  
for adjusted  
earnings per  
share - basic

and diluted	<u>\$ 20,269</u>	<u>\$ 15,839</u>	<u>\$ 58,877</u>	<u>\$ 41,870</u>
-------------	------------------	------------------	------------------	------------------

**Denominator:**

Weighted  
average  
common  
shares  
outstanding

outstanding	31,829,250	28,787,662	31,598,650	28,887,757
-------------	------------	------------	------------	------------

Dilutive  
effect of  
outstanding  
restricted

stock units	<u>137,187</u>	<u>72,643</u>	<u>102,574</u>	<u>56,761</u>
-------------	----------------	---------------	----------------	---------------

Weighted  
average  
common  
shares  
outstanding,  
including all  
dilutive  
potential  
shares

<u>31,966,437</u>	<u>28,860,305</u>	<u>31,701,224</u>	<u>28,944,518</u>
-------------------	-------------------	-------------------	-------------------

**Earnings per**

<b>share - Basic</b>	<u>\$ 0.62</u>	<u>\$ 0.54</u>	<u>\$ 1.50</u>	<u>\$ 1.50</u>
----------------------	----------------	----------------	----------------	----------------

**Earnings per**

**share -**

<b>Diluted</b>	<u>\$ 0.62</u>	<u>\$ 0.54</u>	<u>\$ 1.49</u>	<u>\$ 1.49</u>
----------------	----------------	----------------	----------------	----------------

**Adjusted**

**earnings per**

<b>share - Basic</b>	<u>\$ 0.64</u>	<u>\$ 0.55</u>	<u>\$ 1.86</u>	<u>\$ 1.45</u>
----------------------	----------------	----------------	----------------	----------------

**Adjusted**

**earnings per**

**share -**

<b>Diluted</b>	<u>\$ 0.63</u>	<u>\$ 0.55</u>	<u>\$ 1.86</u>	<u>\$ 1.45</u>
----------------	----------------	----------------	----------------	----------------

(1) The Company has granted certain restricted stock units that contain non-forfeitable rights to dividend equivalents. Such restricted stock units are considered participating securities. As such, we have included these restricted stock units in the calculation of basic earnings per share and calculate basic earnings per share using the two-class method. The two-class method of computing earnings per share is an earnings allocation formula that determines earnings per share for each class of common stock and participating security according to dividends declared (or accumulated) and participation rights in undistributed earnings.

#### [Table of Contents](#)

#### Reconciliation of Non-GAAP

Financial Measure – Net  
Interest Income and Net  
Interest Margin (Tax  
Equivalent Basis)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
<i>(dollars in thousands)</i>				
<i>Net interest</i>				
<i>income (tax</i>				
<i>equivalent</i>				
<i>basis)</i>				
<i>Net</i>				
<i>interest</i>				
<i>income</i>	\$ 48,872	\$ 34,373	\$ 95,709	\$ 66,301
<i>Tax-</i>				
<i>equivalent</i>				
<i>adjustment</i>				
(1)	715	598	1,417	1,127
<i>Net</i>				
<i>interest</i>				
<i>income</i>				
<i>(tax</i>				
<i>equivalent</i>				
<i>basis) (1)</i>	<u>\$ 49,587</u>	<u>\$ 34,971</u>	<u>\$ 97,126</u>	<u>\$ 67,428</u>

<i>Net interest margin (tax equivalent basis)</i>				
<i>Net interest margin *</i>	4.16 %	3.34 %	4.18 %	3.21 %
<i>Tax-equivalent adjustment</i>				
* (1)	0.06	0.05	0.06	0.05
<i>Net interest margin (tax equivalent basis) * (1)</i>	4.22 %	3.39 %	4.24 %	3.26 %
<i>Average interest-earning assets</i>	\$ 4,715,897	\$ 4,133,448	\$ 4,620,341	\$ 4,167,432

	Three Months Ended September 30,		Nine Months Ended September 30,	
(dollars in thousands)	2023	2022	2023	2022
<i>Net interest income (tax-equivalent basis)</i>				
<i>Net interest income</i>	\$ 48,279	\$ 37,390	\$ 143,988	\$ 103,691
<i>Tax-equivalent adjustment</i>				
(1)	675	674	2,092	1,801
<i>Net interest income (tax-equivalent basis) (1)</i>	\$ 48,954	\$ 38,064	\$ 146,080	\$ 105,492
<i>Net interest margin (tax-equivalent basis)</i>				
<i>Net interest margin *</i>	4.07 %	3.65 %	4.14 %	3.36 %
<i>Tax-equivalent adjustment</i>				
* (1)	0.06	0.07	0.06	0.05

<i>Net interest margin (tax-equivalent basis) * (1)</i>	<u><u>4.13 %</u></u>	<u><u>3.72 %</u></u>	<u><u>4.20 %</u></u>	<u><u>3.41 %</u></u>
<i>Average interest-earning assets</i>	<b>\$4,708,331</b>	<b>\$4,059,978</b>	<b>\$4,649,993</b>	<b>\$4,131,221</b>

\* Annualized measure.

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

(1)

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

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

	<i>Three Months Ended June 30,</i>		<i>Six Months Ended June 30,</i>	
	<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>
	(dollars in thousands)			
<i>Efficiency ratio (tax equivalent basis)</i>				
<i>Total noninterest expense</i>	\$ 33,973	\$ 23,842	\$ 69,906	\$ 47,999
<i>Less:</i>				
<i>amortization of intangible assets</i>	720	245	1,230	490
<i>Adjusted noninterest expense</i>	<u><u>\$ 33,253</u></u>	<u><u>\$ 23,597</u></u>	<u><u>\$ 68,676</u></u>	<u><u>\$ 47,509</u></u>
<i>Net interest income</i>	\$ 48,872	\$ 34,373	\$ 95,709	\$ 66,301
<i>Total noninterest income</i>	9,914	8,551	17,351	18,594
<i>Operating revenue</i>	<b>58,786</b>	<b>42,924</b>	<b>113,060</b>	<b>84,895</b>

<b>Tax-equivalent adjustment</b>				
(1)	<b>715</b>	<b>598</b>	<b>1,417</b>	<b>1,127</b>
<b>Operating revenue</b>				
<b>(tax-equivalent basis) (1)</b>	<b>\$ 59,501</b>	<b>\$ 43,522</b>	<b>\$ 114,477</b>	<b>\$ 86,022</b>
<b>Efficiency ratio</b>	<b>56.57 %</b>	<b>54.97 %</b>	<b>60.74 %</b>	<b>55.96 %</b>
<b>Efficiency ratio (tax equivalent basis) (1)</b>	<b>55.89</b>	<b>54.22</b>	<b>59.99</b>	<b>55.23</b>

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

	<b>Three Months Ended</b> <b>September 30,</b>		<b>Nine Months Ended</b> <b>September 30,</b>	
(dollars in thousands)	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
<b>Efficiency ratio (tax- equivalent basis)</b>				
<b>Total noninterest expense</b>	<b>\$ 30,671</b>	<b>\$ 23,998</b>	<b>\$ 100,577</b>	<b>\$ 71,997</b>
<b>Less:</b>				
<b>amortization of intangible assets</b>	<b>720</b>	<b>243</b>	<b>1,950</b>	<b>733</b>
<b>Adjusted noninterest expense</b>	<b>\$ 29,951</b>	<b>\$ 23,755</b>	<b>\$ 98,627</b>	<b>\$ 71,264</b>
<b>Net interest income</b>	<b>\$ 48,279</b>	<b>\$ 37,390</b>	<b>\$ 143,988</b>	<b>\$ 103,691</b>
<b>Total noninterest income</b>	<b>9,490</b>	<b>8,234</b>	<b>26,841</b>	<b>26,828</b>
<b>Operating revenue</b>	<b>57,769</b>	<b>45,624</b>	<b>170,829</b>	<b>130,519</b>
<b>Tax- equivalent adjustment (1)</b>	<b>675</b>	<b>674</b>	<b>2,092</b>	<b>1,801</b>
<b>Operating revenue (tax- equivalent basis) (1)</b>	<b>\$ 58,444</b>	<b>\$ 46,298</b>	<b>\$ 172,921</b>	<b>\$ 132,320</b>

	51.85 %	52.07 %	57.73 %	54.60 %
<i>Efficiency ratio</i>				
(tax-equivalent basis) <sup>(1)</sup>	51.25	51.31	57.04	53.86

(1)

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

**89**

[Table of Contents](#)

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

June 30, 2023      December 31, 2022  
(dollars in thousands, except per share data)

<b>Tangible Common Equity</b>		
<i>Total stockholders' equity</i>	\$ 450,852	\$ 373,632
<i>Less:</i>		
<i>Goodwill</i>	59,876	29,322
<i>Less:</i>		
<i>Intangible assets, net</i>	<u>22,122</u>	<u>1,070</u>
<b>Tangible common equity</b>	<u>\$ 368,854</u>	<u>\$ 343,240</u>

<b>Tangible Assets</b>		
<i>Total assets</i>	\$ 4,975,810	\$ 4,286,734
<i>Less:</i>		
<i>Goodwill</i>	59,876	29,322
<i>Less:</i>		
<i>Intangible assets, net</i>	<u>22,122</u>	<u>1,070</u>

<b>Tangible</b>		
<b>assets</b>	\$ 4,893,812	\$ 4,256,342
<hr/>		
<i>Total stockholders' equity to total assets</i>		
<i>9.06 % 8.72 %</i>		
<i>Tangible common equity to tangible assets</i>		
<i>7.54 8.06</i>		
<i>Shares of common stock outstanding</i>		
<i>31,865,868 28,752,626</i>		
<i>Book value per share</i>		
<i>\$ 14.15 \$ 12.99</i>		
<i>Tangible book value per share</i>		
<i>\$ 11.58 \$ 11.94</i>		

(dollars in thousands,  
except per share September 30, December 31,  
data) **2023** **2022**

<b>Tangible</b>		
<b>Common</b>		
<b>Equity</b>		
<i>Total stockholders' equity</i>		
<i>\$ 456,251 \$ 373,632</i>		
<i>Less:</i>		
<i>Goodwill 59,820 29,322</i>		
<i>Less:</i>		
<i>Intangible assets, net 21,402 1,070</i>		
<b>Tangible common equity</b>		
<b><u>\$ 375,029 \$ 343,240</u></b>		

<b>Tangible</b>		
<b>Assets</b>		
<i>Total assets \$ 4,991,768 \$ 4,286,734</i>		
<i>Less:</i>		
<i>Goodwill 59,820 29,322</i>		
<i>Less:</i>		
<i>Intangible assets, net 21,402 1,070</i>		
<b>Tangible assets</b>		
<b><u>\$ 4,910,546 \$ 4,256,342</u></b>		

<i>Total stockholders' equity to total assets</i>	9.14 %	8.72 %
<i>Tangible common equity to tangible assets</i>	7.64	8.06
<i>Shares of common stock outstanding</i>	31,774,140	28,752,626
<i>Book value per share</i>	\$ 14.36	\$ 12.99
<i>Tangible book value per share</i>	11.80	11.94

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
(dollars in thousands)				
<i>Average</i>				
<i>Tangible</i>				
<i>Common</i>				
<i>Equity</i>				
<i>Total</i>				
<i>stockholders' equity</i>	\$ 454,505	\$ 378,531	\$ 438,448	\$ 392,334
<i>Less:</i>				
<i>Goodwill</i>	59,876	29,322	54,643	29,322
<i>Less:</i>				
<i>Intangible assets, net</i>	22,520	1,597	19,097	1,720
<i>Average tangible common equity</i>	\$ 372,109	\$ 347,612	\$ 364,708	\$ 361,292
<i>Net income</i>	\$ 18,473	\$ 14,085	\$ 27,681	\$ 27,689
<i>Adjusted net income</i>	18,772	13,836	38,631	26,063

<i>Return on</i>				
<i>average</i>				
<i>stockholders'</i>				
<i>equity *</i>	<b>16.30 %</b>	<b>14.92 %</b>	<b>12.73 %</b>	<b>14.23 %</b>
<i>Return on</i>				
<i>average</i>				
<i>tangible</i>				
<i>common</i>				
<i>equity *</i>	<b>19.91</b>	<b>16.25</b>	<b>15.31</b>	<b>15.45</b>
<i>Adjusted</i>				
<i>return on</i>				
<i>average</i>				
<i>stockholders'</i>				
<i>equity *</i>	<b>16.57 %</b>	<b>14.66 %</b>	<b>17.77 %</b>	<b>13.40 %</b>
<i>Adjusted</i>				
<i>return on</i>				
<i>average</i>				
<i>tangible</i>				
<i>common</i>				
<i>equity *</i>	<b>20.23</b>	<b>15.96</b>	<b>21.36</b>	<b>14.55</b>

	<i>Three Months Ended</i>		<i>Nine Months Ended</i>	
	<i>September 30,</i>		<i>September 30,</i>	
(dollars in thousands)	<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>
<i>Average</i>				
<i>Tangible</i>				
<i>Common</i>				
<i>Equity</i>				
<i>Total</i>				
<i>stockholders'</i>				
<i>equity</i>	<b>\$ 459,601</b>	<b>\$ 380,983</b>	<b>\$ 445,576</b>	<b>\$ 388,509</b>
<i>Less:</i>				
<i>Goodwill</i>	<b>59,875</b>	<b>29,322</b>	<b>56,406</b>	<b>29,322</b>
<i>Less:</i>				
<i>Intangible</i>				
<i>assets, net</i>	<b>21,793</b>	<b>1,356</b>	<b>20,005</b>	<b>1,597</b>
<i>Average</i>				
<i>tangible</i>				
<i>common</i>				
<i>equity</i>	<b>\$ 377,933</b>	<b>\$ 350,305</b>	<b>\$ 369,165</b>	<b>\$ 357,590</b>
<i>Net income</i>	<b>\$ 19,715</b>	<b>\$ 15,627</b>	<b>\$ 47,396</b>	<b>\$ 43,316</b>
<i>Adjusted net</i>				
<i>income</i>	<b>20,279</b>	<b>15,856</b>	<b>58,910</b>	<b>41,919</b>
<i>Return on</i>				
<i>average</i>				
<i>stockholders'</i>				
<i>equity *</i>	<b>17.02 %</b>	<b>16.27 %</b>	<b>14.22 %</b>	<b>14.91 %</b>

<i>Return on average tangible common equity *</i>	20.70	17.70	17.17	16.20
<i>Adjusted return on average stockholders' equity *</i>	17.51 %	16.51 %	17.68 %	14.43 %
<i>Adjusted return on average tangible common equity *</i>	21.29	17.96	21.34	15.67

\* Annualized measure.

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

	<u>June 30, 2023</u>	<u>December 31, 2022</u>
	<i>(dollars in thousands)</i>	
<i>Core Deposits</i>		
<i>Total</i>		
<i>deposits</i>	<u>\$ 4,164,523</u>	<u>\$ 3,587,024</u>
<i>Less:</i>		
<i>time deposits of \$250,000</i>		
<i>or more</i>	<u>78,705</u>	<u>27,158</u>
<i>Less:</i>		
<i>brokered deposits</i>	<u>51,010</u>	<u>—</u>
<i>Core deposits</i>	<u>\$ 4,034,808</u>	<u>\$ 3,559,866</u>
<i>Core deposits to total deposits</i>	<i>96.89 %</i>	<i>99.24 %</i>

	<u>September 30, 2023</u>	<u>December 31, 2022</u>
	<i>(dollars in thousands)</i>	

<b>Core</b>		
<b>Deposits</b>		
<i>Total</i>		
deposits	\$4,198,068	\$3,587,024
<i>Less: time</i>		
<i>deposits of</i>		
\$250,000		
or more	115,940	27,158
<i>Less:</i>		
<i>brokered</i>		
deposits	114,973	—
<b>Core</b>		
<b>deposits</b>	<u>\$3,967,155</u>	<u>\$3,559,866</u>
<b>Core</b>		
<b>deposits to</b>		
<b>total</b>		
<b>deposits</b>	94.50 %	99.24 %

## [Table of Contents](#)

### **ITEM**

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

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

#### **Interest Rate Risk**

*Our most significant form of market risk is interest rate*

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

The Company's Asset/Liability Management Committee ("ALCO"), which is authorized by the Company's board of directors, monitors our interest rate sensitivity and makes decisions relating to that process. The ALCO's goal is to structure our

*asset/liability composition to maximize net interest income while managing interest rate risk so as to minimize the adverse impact of changes in interest rates on net interest income and capital in either a rising or declining interest rate environment. Profitability is affected by fluctuations in interest rates. A sudden and substantial change in interest rates may adversely impact our earnings because the interest rates borne by assets and liabilities do not change at the same speed, to the same extent or on the same basis.*

*We monitor the impact of changes in interest rates on our net interest income and economic value of equity ("EVE") using rate*

shock analysis. Net interest income simulations measure the short-term earnings exposure from changes in market rates of interest in a rigorous and explicit fashion. Our current financial position is combined with assumptions regarding future business to calculate net interest income under varying hypothetical rate scenarios.

EVE measures our long-term earnings exposure from changes in market rates of interest. EVE is defined as the present value of assets minus the present value of liabilities at a point in time.

A decrease in EVE due to a specified rate change indicates a decline in the long-term

earnings capacity of the balance sheet assuming that the rate change remains in effect over the life of the current balance sheet.

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

Change in Interest Rates (basis points)	Estimated	Increase (Decrease) in Estimated Net Interest Income	
	Increase (Decrease) in EVE	Year 1	Year 2
<b>June</b>			
<b>30, 2023</b>			
+300	3.0 %	4.5 %	7.7 %
+200	3.1	2.6	5.0
+100	2.0	0.6	2.1
-100	(3.4)	(4.3)	(5.9)
-200	(8.2)	(7.3)	(10.8)
-300	(14.0)	(10.1)	(15.7)
<b>December</b>			
<b>31, 2022</b>			
+300	11.0 %	6.9 %	10.5 %
+200	8.7	4.8	7.6
+100	5.3	2.5	4.2
-100	(7.9)	(4.0)	(5.9)
-200	(19.5)	(9.6)	(13.6)
-300	(27.0)	(14.7)	(20.5)

Interest (basis points)	Estimated Increase (Decrease) in EVE	Increase (Decrease) in Estimated Net Interest Income		
		Year 1	Year 2	
<b>September</b>				
<b>30, 2023</b>				
+400	7.5 %	6.5 %	10.4 %	
+300	7.1	4.6	7.7	
+200	6.2	2.6	5.1	
+100	4.0	0.7	2.3	
-100	(5.5)	(4.7)	(6.1)	
-200	(12.9)	(7.8)	(11.2)	
-300	(9.7)	(10.7)	(16.6)	
-400	2.4	(12.5)	(19.9)	
<b>December</b>				
<b>31, 2022</b>				
+400	11.9 %	8.7 %	12.7 %	
+300	11.0	6.9	10.5	
+200	8.7	4.8	7.6	
+100	5.3	2.5	4.2	
-100	(7.9)	(4.0)	(5.9)	
-200	(19.5)	(9.6)	(13.6)	
-300	(27.0)	(14.7)	(20.5)	

[Table of Contents](#)

*Certain shortcomings are inherent in the methodology used in the above interest rate risk measurements. Modeling changes in EVE and net interest income requires that we make certain*

assumptions  
that may or  
may not  
reflect the  
manner in  
which actual  
yields and  
costs  
respond to  
changes in  
market  
interest  
rates. The  
EVE and net  
interest  
income table  
presented  
above  
assumes  
that the  
composition  
of our  
interest-rate-  
sensitive  
assets and  
liabilities  
existing at  
the  
beginning of  
a period  
remains  
constant  
over the  
period being  
measured  
and,  
accordingly,  
the data  
does not  
reflect any  
actions that  
we may  
undertake in  
response to  
changes in  
interest  
rates, such  
as changes  
in rates paid  
on certain  
deposit

accounts based on local competitive factors, which could change the actual impact on EVE and net interest income. The table also assumes that a particular change in interest rates is reflected uniformly across the yield curve regardless of the duration to maturity or the repricing characteristics of specific assets and liabilities.

Accordingly, although the EVE and net interest income table provides an indication of our sensitivity to interest rate changes at a particular point in time, such measurements are not intended to and do not provide a

precise  
forecast of  
the effect of  
changes in  
market  
interest  
rates on our  
net interest  
income and  
will differ  
from actual  
results.

#### **Credit Risk**

*Credit risk is the risk that  
borrowers or  
counterparties  
will be  
unable or  
unwilling to  
repay their  
obligations  
in  
accordance  
with the  
underlying  
contractual  
terms. We  
manage and  
control credit  
risk in the  
loan portfolio  
by adhering  
to well-  
defined  
underwriting  
criteria and  
account  
administration  
standards  
established  
by  
management.  
Our loan  
policy  
documents  
underwriting  
standards,  
approval  
levels,  
exposure  
limits and  
other limits  
or standards  
deemed  
necessary  
and prudent.  
Portfolio*

diversification at the borrower, industry, and product levels is actively managed to mitigate concentration risk. In addition, credit risk management also includes an independent loan review process that assesses compliance with loan policy, compliance with loan documentation standards, accuracy of the risk rating and overall credit quality of the loan portfolio.

**ITEM**

**4. CONTROLS  
AND  
PROCEDURES**

**Evaluation of  
Disclosure  
Controls  
and  
Procedures**

An evaluation of the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) or Rule 15d-15(e) under the Exchange Act) as of the end of the period covered by

this report was carried out under the supervision and with the participation of the Company's Chief Executive Officer, Chief Financial Officer and other members of the Company's senior management. The Company's Chief Executive Officer and Chief Financial Officer concluded that, as of June 30, 2023 September 30, 2023, the end of the period covered by this report, the Company's disclosure controls and procedures were effective in ensuring that the information required to be disclosed by the Company in the reports it files or submits under the Exchange Act is: (i) accumulated and communicated to the

Company's management (including the Chief Executive Officer and Chief Financial Officer) to allow timely decisions regarding required disclosure; and (ii) recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms.

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

There were no changes in the Company's internal control over financial reporting (as defined in Rule 13a-15(f) or Rule 15d-15(f) under the Exchange Act) that occurred during the quarter ended **June 30, 2023** **September 30, 2023**, that have materially affected, or are reasonably likely to materially affect, the Company's

*internal  
control over  
financial  
reporting.*

**92**

[Table of Contents](#)

**PART II. OTHER  
INFORMATION**

**ITEM**

**1. LEGAL  
PROCEEDINGS**

*We are sometimes party to legal actions that are routine and incidental to our business. Management, in consultation with legal counsel, does not expect the ultimate disposition of any or a combination of these matters to have a material adverse effect on our assets, business, cash flow, financial condition, liquidity, prospects and results of operations;*

however, given the nature, scope and complexity of the extensive legal and regulatory landscape applicable to our business, including laws and regulations governing consumer protection, fair lending, fair labor, privacy, information security and anti-money laundering and anti-terrorism laws, we, like all banking organizations, are subject to heightened legal and regulatory compliance and litigation risk.

**ITEM**

**1A. RISK FACTORS**

There have been no material changes to the risk factors disclosed under the heading "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2022,

filed with the  
SEC on  
March 8,  
2023.

**ITEM**

**2. UNREGISTERED  
SALES  
OF  
EQUITY  
SECURITIES,  
AND  
USE  
OF  
PROCEEDS,**

**AND**

**ISSUER  
PURCHASES  
OF  
EQUITY  
SECURITIES**

**Unregistered Sales of  
Equity  
Securities**

None.

**Issuer Purchases of  
Equity  
Securities**

*On December 20, 2022,  
the  
Company's  
board of  
directors  
approved a  
stock  
repurchase  
program that  
authorizes  
the  
Company to  
repurchase  
up to \$15  
million \$15.0  
million of its  
common  
stock. The  
stock  
repurchase  
program will  
be in effect  
until January  
1, 2024 with  
the timing of  
purchases  
and number  
of shares*

repurchased  
dependent  
upon a  
variety of  
factors  
including  
price,  
trading  
volume,  
corporate  
and  
regulatory  
requirements,  
and market  
conditions.

The  
Company is  
not obligated  
to purchase  
any shares  
under the  
stock  
repurchase  
program,  
and the  
stock  
repurchase  
program  
may be  
suspended  
or  
discontinued  
at any time  
without  
notice.

The following table sets  
forth  
information  
about the  
Company's  
purchases of  
its common  
stock during  
the  
second third  
quarter of  
2023:

Period	Total Number of Shares			Approximate Doll. Under the Plans or (in thousan
	Total Number of Shares	Average Price Paid	Purchased as Part of Publicly Announced Plans or Programs	
	Purchased	Per Share	Plans or Programs	
April 1 - 30, 2023	56,242	\$ 18.96	56,242	\$
May 1 - 31, 2023	104,469	17.38	104,469	

<i>June 1</i>				
- 30,				
2023	68,791	18.38		68,791
<b>Total</b>	<b>229,502</b>	<b>\$ 18.07</b>		<b>229,502</b>

Period	Approximate Dollar Value			
	Total		of	
	Number of Shares Purchased	Shares Paid	Shares Announced	Shares Purchased
<i>July 1 - 31, 2023</i>	19,632	\$18.59	19,632	\$ 8,906
<i>August 1 - 31, 2023</i>	34,996	18.81	34,996	8,248
<i>September 1 - 30, 2023</i>	37,100	18.12	37,100	7,576
<b>Total</b>	<b>91,728</b>	<b>\$18.48</b>	<b>91,728</b>	<b>\$ 7,576</b>

*ITEM*

**3. DEFAULTS  
UPON  
SENIOR  
SECURITIES**

None.

*ITEM*

**4. MINE  
SAFETY  
DISCLOSURES**

None.

93

None.

[Table](#) [of](#)

[Contents](#)

*ITEM*

**5. OTHER  
INFORMATION**

During the fiscal quarter ended **June 30, 2023** **September 30, 2023**, **none** of the Company's directors or executive officers adopted or terminated any contract, instruction or written plan for the purchase or sale of Company securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or any non- Rule 10b5-1 trading arrangement.

**ITEM**

**6. EXHIBITS**

***Exhibit***

<b>No.</b>	<b>Description</b>
	<u><a href="#">Certification</a></u> <small>of the Chief</small>

or the Chief  
Executive  
Officer  
pursuant to  
Rule 13a-  
14(a).  
31.1

Certification  
of the Chief  
Financial  
Officer  
pursuant to  
Rule 13a-  
14(a).  
31.2

Certification  
of the Chief  
Executive  
Officer  
pursuant to  
18 U.S.C.  
1350.  
32.1 \*

Certification  
of the Chief  
Financial  
Officer  
pursuant to  
18 U.S.C.  
1350.  
32.2 \*

*iXBRL  
Instance  
101.INS Document.*

*iXBRL  
Taxonomy  
Extension  
Schema  
101.SCH Document.*

*iXBRL  
Taxonomy  
Extension  
Calculation  
Linkbase  
101.CAL Document.*

*iXBRL  
Taxonomy  
Extension  
Label*

*Linkbase*  
*101.LAB Document.*

*iXBRL*  
*Taxonomy*  
*Extension*  
*Presentation*  
*Linkbase*  
*101.PRE Document.*

*iXBRL*  
*Taxonomy*  
*Extension*  
*Definition*  
*Linkbase*  
*101.DEF Document.*

*Cover Page*  
*Interactive*  
*Data File*  
*(formatted*  
*as inline*  
*XBRL and*  
*contained in*  
*Exhibits*  
*104 101).*

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

**94**

[Table of Contents](#)

**SIGNATURES**

Pursuant to the requirements of the Securities

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

HBT  
FINANCIAL,  
INC.

**August** /s/ Peter  
**2, November** R.  
**3, 2023** By: Chapman  
Peter R.  
Chapman  
Chief  
Financial  
Officer  
(on  
behalf of  
the  
registrant  
and as  
principal  
financial  
officer)

95

94

**EXHIBIT 31.1**

***Certification of Chief  
Executive  
Officer***

***Pursuant to Rules  
13a-14(a)  
and 15d-  
14(a) of  
the  
Securities  
Exchange  
Act of  
1934***

***and Section 302 of  
the  
Sarbanes-  
Oxley  
Act of  
2002***

*I, J. Lance Carter,  
certify  
that:*

*1. I  
have  
reviewed  
this  
quarterly  
report  
on  
Form  
10-  
Q  
of  
HBT  
Financial,  
Inc.:*

*2. Based  
on  
my  
knowledge,  
this  
report  
does  
not  
contain  
any  
untrue  
statement  
of  
a  
material  
fact  
or  
omit  
to  
state  
a  
material  
fact*

*necessary  
to  
make  
the  
statements  
made,  
in  
light  
of  
the  
circumstances  
under  
which  
such  
statements  
were  
made,  
not  
misleading  
with  
respect  
to  
the  
period  
covered  
by  
this  
report;*

3. *Based  
on  
my  
knowledge,  
the  
financial  
statements,  
and  
other  
financial  
information  
included  
in  
this  
report,  
fairly  
present  
in  
all  
material  
respects  
the  
financial  
condition,  
results  
of  
operations  
and  
cash  
flows*

of  
the  
registrant  
as  
of,  
and  
for,  
the  
periods  
presented  
in  
this  
report;

4. *The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f))*

for  
the  
registrant  
and  
have:

a) *Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;*

*b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;*

*c) Evaluated the effectiveness of the registrant's disclosure controls*

and  
procedures  
and  
presented  
in  
this  
report  
our  
conclusions  
about  
the  
effectiveness  
of  
the  
disclosure  
controls  
and  
procedures,  
as  
of  
the  
end  
of  
the  
period  
covered  
by  
this  
report  
based  
on  
such  
evaluation;  
and

d) Disclosed  
in  
this  
report  
any  
change  
in  
the  
registrant's  
internal  
control  
over  
financial  
reporting  
that  
occurred  
during  
the  
registrant's  
most  
recent  
fiscal  
quarter  
(the

*registrant's  
fourth  
fiscal  
quarter  
in  
the  
case  
of  
an  
annual  
report)  
that  
has  
materially  
affected,  
or  
is  
reasonably  
likely  
to  
materially  
affect,  
the  
registrant's  
internal  
control  
over  
financial  
reporting;  
and*

5. *The  
registrant's  
other  
certifying  
officer  
and  
I  
have  
disclosed,  
based  
on  
our  
most  
recent  
evaluation  
of  
internal  
control  
over  
financial  
reporting,  
to  
the  
registrant's  
auditors  
and  
the  
audit*

*committee  
of  
the  
registrant's  
board  
of  
directors  
(or  
persons  
performing  
the  
equivalent  
functions):*

a) *All  
significant  
deficiencies  
and  
material  
weaknesses  
in  
the  
design  
or  
operation  
of  
internal  
control  
over  
financial  
reporting  
which  
are  
reasonably  
likely  
to  
adversely  
affect  
the  
registrant's  
ability  
to  
record,  
process,  
summarize  
and  
report  
financial  
information;  
and*

b) *Any  
fraud,  
whether  
or  
not*

*material,  
that  
involves  
management  
or  
other  
employees  
who  
have  
a  
significant  
role  
in  
the  
registrant's  
internal  
control  
over  
financial  
reporting.*

Date: /s/ J.

**August 2, Lance**

**2023 Carter**

**November**

**3, 2023** \_\_\_\_\_

*J. Lance  
Carter  
President  
and Chief  
Executive  
Officer  
(Principal  
Executive  
Officer)*

---

**EXHIBIT 31.2**

***Certification of Chief  
Financial  
Officer***

***Pursuant to Rules  
13a-14(a)  
and 15d-***

**14(a) of  
the  
Securities  
Exchange  
Act of  
1934**

**and Section 302 of  
the  
Sarbanes-  
Oxley  
Act of  
2002**

*I, Peter R. Chapman,  
certify  
that:*

*1. I  
have  
reviewed  
this  
quarterly  
report  
on  
Form  
10-  
Q  
of  
HBT  
Financial,  
Inc.:*

*2. Based  
on  
my  
knowledge,  
this  
report  
does  
not  
contain  
any  
untrue  
statement  
of  
a  
material  
fact  
or  
omit  
to  
state  
a  
material  
fact  
necessary  
to  
make*

*the  
statements  
made,  
in  
light  
of  
the  
circumstances  
under  
which  
such  
statements  
were  
made,  
not  
misleading  
with  
respect  
to  
the  
period  
covered  
by  
this  
report;*

3. *Based  
on  
my  
knowledge,  
the  
financial  
statements,  
and  
other  
financial  
information  
included  
in  
this  
report,  
fairly  
present  
in  
all  
material  
respects  
the  
financial  
condition,  
results  
of  
operations  
and  
cash  
flows  
of  
the  
registrant*

as  
of,  
and  
for,  
the  
periods  
presented  
in  
this  
report;

4. *The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant*

and  
have:

a) *Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;*

*b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;*

*c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and*

*presented  
in  
this  
report  
our  
conclusions  
about  
the  
effectiveness  
of  
the  
disclosure  
controls  
and  
procedures,  
as  
of  
the  
end  
of  
the  
period  
covered  
by  
this  
report  
based  
on  
such  
evaluation;  
and*

*d) Disclosed  
in  
this  
report  
any  
change  
in  
the  
registrant's  
internal  
control  
over  
financial  
reporting  
that  
occurred  
during  
the  
registrant's  
most  
recent  
fiscal  
quarter  
(the  
registrant's  
fourth  
fiscal*

*quarter  
in  
the  
case  
of  
an  
annual  
report)  
that  
has  
materially  
affected,  
or  
is  
reasonably  
likely  
to  
materially  
affect,  
the  
registrant's  
internal  
control  
over  
financial  
reporting;  
and*

5. *The  
registrant's  
other  
certifying  
officer  
and  
I  
have  
disclosed,  
based  
on  
our  
most  
recent  
evaluation  
of  
internal  
control  
over  
financial  
reporting,  
to  
the  
registrant's  
auditors  
and  
the  
audit  
committee  
of  
the*

*registrant's  
board  
of  
directors  
(or  
persons  
performing  
the  
equivalent  
functions):*

*a) All  
significant  
deficiencies  
and  
material  
weaknesses  
in  
the  
design  
or  
operation  
of  
internal  
control  
over  
financial  
reporting  
which  
are  
reasonably  
likely  
to  
adversely  
affect  
the  
registrant's  
ability  
to  
record,  
process,  
summarize  
and  
report  
financial  
information;  
and*

*b) Any  
fraud,  
whether  
or  
not  
material,  
that  
involves*

*management  
or  
other  
employees  
who  
have  
a  
significant  
role  
in  
the  
registrant's  
internal  
control  
over  
financial  
reporting.*

Date: /s/ Peter

August 2, R.

2023 Chapman

November  
3, 2023

\_\_\_\_\_  
Peter R.  
Chapman  
Executive  
Vice  
President  
and Chief  
Financial  
Officer  
(Principal  
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  
HBT  
Financial,  
Inc. (the  
"Company")  
on Form  
10-Q for  
the period  
ended  
June 30,  
2023 September  
30, 2023  
as filed  
with the  
Securities  
and  
Exchange  
Commission  
on the  
date  
hereof  
(the  
"Report"),  
the  
undersigned  
hereby  
certifies,  
pursuant  
to 18  
U.S.C.  
Section  
1350, as  
adopted  
pursuant  
to Section  
906 of the  
Sarbanes-  
Oxley Act  
of 2002,  
that, to  
his  
knowledge:*

- 1. The  
Report  
fully  
complies  
with  
the  
requirements*

of  
Sections  
13(a)  
or  
15(d)  
of  
the  
Securities  
Exchange  
Act  
of  
1934;  
and

2. *The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.*

/s/ *J. Lance*

*Carter*

J. Lance

*Carter*

*President*

*and Chief*

*Executive*

*Officer*

*(Principal*

*Executive*

*Officer)*

*August*

*2, November*

*3, 2023*

---

**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*  
*HBT*  
*Financial,*  
*Inc. (the*  
*"Company")*  
*on Form*  
*10-Q for*  
*the period*  
*ended*  
*June 30,*  
*2023 September*

30, 2023  
as filed  
with the  
Securities  
and  
Exchange  
Commission  
on the  
date  
hereof  
(the  
"Report"),  
the  
undersigned  
hereby  
certifies,  
pursuant  
to 18  
U.S.C.  
Section  
1350, as  
adopted  
pursuant  
to Section  
906 of the  
Sarbanes-  
Oxley Act  
of 2002,  
that, to  
his  
knowledge:

1. The Report  
fully  
complies  
with  
the  
requirements  
of  
Sections  
13(a)  
or  
15(d)  
of  
the  
Securities  
Exchange  
Act  
of  
1934;  
and

2. The  
information  
contained  
in  
the  
Report

*fairly  
presents,  
in  
all  
material  
respects,  
the  
financial  
condition  
and  
results  
of  
operations  
of  
the  
Company.*

*/s/ Peter R.*

*Chapman*

*Peter R.*

*Chapman*

*Executive*

*Vice*

*President*

*and Chief*

*Financial*

*Officer*

*(Principal*

*Financial*

*Officer)*

*August*

*2, November*

*3, 2023*

**DISCLAIMER**

THE

INFORMATION  
CONTAINED  
IN  
THE  
REFINITIV  
CORPORATE  
DISCLOSURES  
DELTA  
REPORT™  
IS  
A  
COMPARISON  
OF  
TWO  
FINANCIALS  
PERIODIC  
REPORTS.  
THERE  
MAY  
BE  
MATERIAL  
ERRORS,  
OMISSIONS,  
OR  
INACCURACIES  
IN  
THE  
REPORT  
INCLUDING  
THE  
TEXT  
AND  
THE  
COMPARISON  
DATA  
AND  
TABLES.  
IN  
NO  
WAY  
DOES  
REFINITIV  
OR  
THE  
APPLICABLE  
COMPANY  
ASSUME  
ANY  
RESPONSIBILITY  
FOR  
ANY  
INVESTMENT  
OR  
OTHER  
DECISIONS  
MADE  
BASED

UPON  
THE  
INFORMATION  
PROVIDED  
IN  
THIS  
REPORT.  
USERS  
ARE  
ADVISED  
TO  
REVIEW  
THE  
APPLICABLE  
COMPANY'S  
ACTUAL  
SEC  
FILINGS  
BEFORE  
MAKING  
ANY  
INVESTMENT  
OR  
OTHER  
DECISIONS.

©2023,

*Refinitiv.  
All  
rights  
reserved.  
Patents  
Pending.*