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As filed with the Securities and Exchange Commission on October 1, 2019

Registration No. 333-233747

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

AMENDMENT NO. 1
TO

FORM S-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

HBT Financial, Inc.
(Exact name of registrant as specified in its charter)

Delaware	**6022**	**37-1117216**
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification No.)

401 North Hershey Road
Bloomington, Illinois 61704
(888) 897-2276
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

J. Lance Carter
President and Chief Operating Officer
401 North Hershey Road
Bloomington, Illinois 61704
(888) 897-2276
(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies of all communications, including communications sent to agent for service, should be sent to:

Edwin S. del Hierro, P.C. **James S. Rowe** **Elisabeth M. Martin** **Kirkland & Ellis LLP** **300 N. LaSalle** **Chicago, Illinois 60654** **(312) 862-2000**	**Byron B. Rooney** **Shane Tintle** **Davis Polk & Wardwell LLP** **450 Lexington Avenue** **New York, New York 10017** **(212) 450-4000**

Approximate date of commencement of proposed sale to the public:
As soon as practicable after this Registration Statement becomes effective.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box: o

If this Form is filed to registered additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

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

Large accelerated filer o	Accelerated filer o	Non-accelerated filer ☒	Smaller reporting company o 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 to Section 7(a)(2)(B) of the Securities Act. o

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	**Amount to be Registered(1)**	**Proposed Maximum Offering Price Per Share(2)**	**Proposed Maximum Aggregate Offering Price(1)(2)**	**Amount of Registration Fee**
Common Stock, par value $0.01 per share	9,545,000	$19.00	$181,355,000	$22,680(3)

(1) Includes the offering price of any additional shares of common stock that the underwriters have the option to purchase.

(2) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(o) under the Securities Act of 1933, as amended.

(3) The registrant previously paid a registration fee of $12,120 in relation to its filing of its initial Registration Statement on Form S-1 (No. 333-233747) on September 13, 2019. The registrant has paid the remaining registration fee of $10,560 herewith.

The registrant hereby amends this Registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities act of 1933 or until this Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

The information in this preliminary prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell these securities and it is not a solicitation of an offer to buy these securities in any state where the offer or sale is not permitted.

Subject to Completion, dated October 1, 2019

PRELIMINARY PROSPECTUS

8,300,000 Shares

HBT Financial, Inc.

Common Stock

This is the initial public offering of shares of common stock of HBT Financial, Inc. We are offering 8,300,000 shares of our common stock. No public market currently exists for our stock.

We have applied to list our common stock on the Nasdaq Global Select Market (the "Nasdaq") under the symbol "HBT." Upon completion of this offering, we will be a "controlled company" as defined in the Nasdaq corporate governance rules.

We anticipate that the initial public offering price will be between $17.00 and $19.00 per share.

Investing in our common stock involves risks. See "Risk Factors" beginning on page 27.

	Per Share	Total
Price to the public	$	$
Underwriting discounts and commissions	$	$
Proceeds, before expenses, to us(1)	$	$

(1) See "Underwriting."

We have granted the underwriters a 30-day option to purchase up to 1,245,000 additional shares from us at the initial public offering price, less the underwriting discount.

We are an "emerging growth company" as defined under the federal securities laws and, as such, may elect to comply with certain reduced public company reporting requirements for future filings. See "Implications of Being an Emerging Growth Company." Upon completion of this offering, we will also be a "controlled company" as defined in the Nasdaq corporate governance rules and, therefore, we will qualify for, and intend to rely on, exemptions from certain Nasdaq corporate governance requirements. See "Management—Controlled Company."

The shares of our common stock that you purchase in this offering are not deposits, savings accounts or other obligations of our Banks (as defined herein) and are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other governmental agency.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the shares on or about , 2019 through the book-entry facilities of The Depository Trust Company.

Keefe, Bruyette & Woods
A Stifel Company

J.P. Morgan

RAYMOND JAMES **Sandler O'Neill + Partners, L.P.** **D.A. Davidson & Co.**

The date of this prospectus is , 2019

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ABOUT THIS PROSPECTUS

We and the underwriters have not authorized anyone to provide any information or to make any representations other than those contained in this prospectus or in any free writing prospectuses we have prepared. We and the underwriters take no responsibility for, and can provide no assurance as to the reliability of, any different or additional information that others may give you.

We are offering to sell shares of our common stock, and intend to seek offers to buy shares of our common stock, only in jurisdictions where offers and sales are permitted. The information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of the delivery of this prospectus or any sale of our common stock. Our business, financial condition, results of operations and growth prospects may have changed since that date. Information contained on, or accessible through, our website is not part of this prospectus.

Until   , 2019 (25 days after the date of this prospectus), all dealers that effect transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This delivery requirement is in addition to the dealers' obligation to deliver a prospectus when acting as an underwriter and with respect to their unsold allotments or subscriptions.

BASIS OF PRESENTATION

In this prospectus, unless we state otherwise or the context otherwise requires, references to "we," "our," "us" or the "Company" refer to HBT Financial, Inc. (formerly known as Heartland Bancorp, Inc.), a Delaware corporation ("HBT"), and its wholly owned subsidiaries, including Heartland Bank and Trust Company, an Illinois state chartered bank ("Heartland Bank"), and State Bank of Lincoln, an Illinois state chartered bank ("Lincoln Bank" and together with Heartland Bank, our "Banks"). The term "HBT" refers to HBT Financial, Inc. and not its consolidated subsidiaries.

On October 16, 2015, we completed the acquisition of National Bancorp, Inc. (the "NBI Acquisition"). NBI was the parent company of American Midwest Bank ("AMB"), which was subsequently merged into Heartland Bank in April 2016.

On December 31, 2018, we completed the merger of Lincoln S.B. Corp, the parent company of Lincoln Bank, with and into HBT (the "Lincoln Acquisition") with HBT as the surviving corporation. Lincoln Bank became a wholly owned subsidiary of HBT.

Our voting ownership and the voting ownership of Lincoln S.B. Corp were considered under common control on the effective date of the Lincoln Acquisition and for all periods presented in the consolidated financial statements included in this prospectus. The Lincoln Acquisition was accounted for as a change in reporting entity and, accordingly, as the receiving entity, we recognized the transfer of the assets and liabilities in connection with the Lincoln Acquisition at their carrying amounts in the accounts of Lincoln S.B. Corp, the transferring entity, on the effective date of the Lincoln Acquisition. The results of operations are reported as though the exchange of equity interests had occurred at the beginning of the periods presented in the consolidated financial statements included in this prospectus. For similar assets and liabilities accounted for using different accounting methods, the carrying amounts have been retrospectively adjusted to the accounting methods that we use. Significant intra-entity transactions and accounts have been eliminated in consolidation.

The results of operations of Lincoln S.B. Corp. have been incorporated into our consolidated financial statements for the periods presented in the consolidated financial statements included in this prospectus. Unless otherwise noted, financial information included in this prospectus for periods prior to the periods presented in the consolidated financial statements included in this prospectus represents the simple arithmetic combination of the stand-alone consolidated financial statements of HBT that are not being included in this prospectus and the stand-alone consolidated financial statements of Lincoln S.B. Corp. that are not being included in this prospectus. We cannot assure you that the financial information for any period prior to those presented in the consolidated financial statements included in this prospectus would not be materially different had our consolidated financial results reflected the combination of Lincoln S.B. Corp. for the entire period.

Unless otherwise indicated or the context requires, all per-share information in this prospectus reflects the twenty-for-one stock split effected on September 13, 2019.

S CORP STATUS

Since 1996, we have elected to be taxed for U.S. federal income tax purposes as an "S corporation" (an "S Corp") under the provisions of Sections 1361 through 1379 of the Internal Revenue Code of 1986, as amended (the "Code"). As a result, our net income has not been subject to, and we have not paid, U.S. federal income tax, and no provision or liability for U.S. federal income tax has been included in our consolidated financial statements. Instead, for U.S. federal income tax purposes our taxable income is "passed through" to our stockholders. Unless specifically noted otherwise, no amount of our consolidated net income or our earnings per share presented in this prospectus, including in our consolidated financial statements and the accompanying notes appearing in this prospectus, reflects any provision for or accrual of any expense for U.S. federal income tax liability for us for any period presented. Upon the consummation of this offering, our status as an S Corp will terminate. Thereafter, our net income will be subject to U.S. federal income tax and we will bear the liability for those taxes.

INDUSTRY AND MARKET DATA

This prospectus includes statistical and other industry and market data that we obtained from governmental reports and other third party sources. Our internal data, estimates and forecasts are based on information obtained from governmental reports, trade and business organizations and other contacts in the markets in which we operate and our management's understanding of industry conditions. Although we believe that this information (including the industry publications and third party research, surveys and studies) is accurate and reliable, we have not independently verified such information. In addition, estimates, forecasts and assumptions are necessarily subject to a high degree of uncertainty and risk due to a variety of factors, including those described in the "Risk Factors" section and elsewhere in this prospectus.

IMPLICATIONS OF BEING AN EMERGING GROWTH COMPANY

As a company with less than $1.07 billion in revenue during our last fiscal year, we qualify as an "emerging growth company" under the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act"). An emerging growth company may take advantage of reduced reporting requirements and is relieved of certain other significant requirements that are otherwise generally applicable to public companies. As an emerging growth company:

- we are permitted to present only two years of audited financial statements and only two years of related discussion in "Management's Discussion and Analysis of Financial Condition and Results of Operations" and provide less than five years of selected financial data in this prospectus;

- we are exempt from the requirement to obtain an attestation from our auditors on management's assessment of our internal control over financial reporting under the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act");

- we are permitted to provide less extensive disclosure about our executive compensation arrangements; and

- we are not required to hold non-binding stockholder advisory votes on executive compensation or golden parachute arrangements.

We may take advantage of some or all of these provisions for up to five years unless we earlier cease to be an emerging growth company, which will occur if we have more than $1.07 billion in annual gross revenue, if we issue more than $1.0 billion of non-convertible debt in a three-year period or if the market value of our common stock held by non-affiliates exceeds $700.0 million as of any June 30 before that time, in which case we would no longer be an emerging growth company as of the following December 31. We have taken advantage of certain reduced reporting obligations in this prospectus. Accordingly, the information contained herein may be different than the information you receive from other public companies in which you hold stock.

In addition to scaled disclosure and the other relief described above, the JOBS Act permits us an extended transition period for complying with new or revised accounting standards affecting public companies. We have elected to take advantage of this extended transition period, which means that the financial statements included in this prospectus, as well as any financial statements that we file in the future, will not be subject to all new or revised accounting standards generally applicable to public companies for the transition period for so long as we remain an emerging growth company or until we affirmatively and irrevocably opt out of the extended transition period under the JOBS Act.

PROSPECTUS SUMMARY

The following summary highlights information appearing elsewhere in this prospectus. This summary does not contain all of the information you should consider before investing in our common stock. You should read this entire prospectus carefully. In particular, you should read the sections entitled "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the consolidated financial statements and the notes relating to those statements included elsewhere in this prospectus. Some of the statements in this prospectus constitute forward-looking statements. See "Forward-Looking Statements." In this prospectus, unless we state otherwise or the context otherwise requires, references to "we," "our," "us" or the "Company" refer to HBT Financial, Inc. (formerly known as Heartland Bancorp, Inc.), a Delaware corporation, and its wholly owned subsidiaries, including Heartland Bank and Trust Company, an Illinois state chartered bank ("Heartland Bank"), and State Bank of Lincoln, an Illinois state chartered bank ("Lincoln Bank" and together with Heartland Bank, our "Banks"). The term "HBT" refers to HBT Financial, Inc. and not its consolidated subsidiaries.

Company Overview

We are HBT Financial, Inc. (formerly known as Heartland Bancorp, Inc.), a bank holding company headquartered in Bloomington, Illinois. As of June 30, 2019, we had total assets of $3.2 billion, loans held for investment of $2.2 billion, total deposits of $2.8 billion and stockholders' equity of $340 million. Through our two bank subsidiaries, Heartland Bank and Lincoln Bank, we provide a comprehensive suite of business, commercial and retail banking products and services to businesses, families and local governments throughout Central and Northeastern Illinois. We currently operate 61 full-service and three limited-service branch locations, and have a leading deposit share, which we define as a top three deposit share rank, in the majority of our core markets in Central Illinois that we attribute to our long track record of providing relationship-based and personalized service to our customers and communities. Key members of our ownership group and management team have lived in our Central Illinois communities for generations, and have led our efforts to tailor our product suite to support the needs of the communities we serve while promoting sustained, profitable growth for the Company. Our motto "small enough to know you, big enough to serve you" is the embodiment of our long-term commitment to support the growth and banking needs of our customers and communities through our relationship-based approach.

The roots of our Company can be traced back nearly 100 years to 1920 when M.B. Drake, the grandfather of our current Chairman and Chief Executive Officer ("CEO"), Fred Drake, helped found a community bank in Cornland, Illinois. The Drake family operated several banks throughout Central Illinois, and eventually, in 1982, George Drake (M.B.'s son and Fred's father) incorporated the Company as one of the first multi-bank holding companies in Illinois. In 1997, we combined our five existing bank charters into Heartland Bank of which Fred Drake was then President and CEO. Fred Drake assumed the role of President and CEO of the Company in January 1999 and the role of Chairman was added in January 2007. The Company has remained a family controlled organization, with the Drake family owning over 95% of the Company before giving effect to this offering.

Over the years, we have grown both organically and through the successful integration of more than a dozen community bank acquisitions since 1982. Over the last decade, we leveraged our strong capital position, excellent credit quality and strong earnings to participate in the wave of FDIC-assisted transactions during and after the Great Recession, ultimately identifying and successfully acquiring four failed banks with strong core deposit bases and strategic fit with our business. Through these acquisitions, our management team demonstrated a disciplined approach to identifying and executing transactions that increased our density in mid-sized metropolitan markets and expanded our presence into the greater Chicago metropolitan area. Further, through the integration of these acquisitions, we have maintained and improved our strong profitability, ultimately driving long-term stockholder value creation. We believe our prior acquisition experience and collaboration with bank regulators positions us well to capitalize on favorable acquisition opportunities in the future.

Along the way, the foundation for our success has been built upon a steadfast commitment to our core operating principles:

- prioritize safety and soundness;
- maintain strong profitability;
- continue disciplined growth; and
- uphold our Midwestern values.

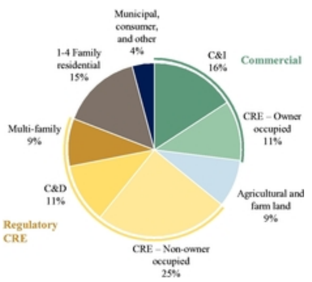
The execution of this straightforward yet powerful strategy has produced a consistent track record of strong financial performance, which we believe positions us well for continued success.

Our Products and Services

Lending products and services

We offer a broad range of lending products with a focus on commercial real estate ("CRE"), commercial and industrial ("C&I"), construction and land development ("C&D"), agricultural and farmland, multi-family and one-to-four family residential loans. We also provide municipal, consumer and other loans. Our originated loans have grown at a 7.1% annualized growth rate since 2016, driven by our local lenders' knowledge of their marketplace and guided by a conservative credit culture and strong underwriting criteria. We pride ourselves on our disciplined underwriting process. As a result, we have been able to achieve a yield on loans and leases of 5.63% in the first half of 2019 (up from 5.25% in the first half of 2018) with only 5 basis points of net charge-offs to average loans.

Loan Composition as of June 30, 2019



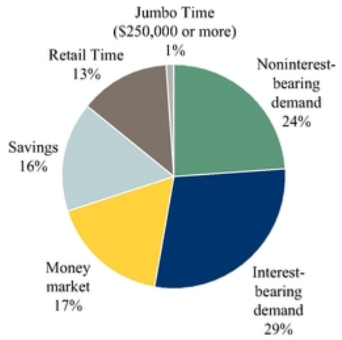
Originated and Acquired Loans(1)

(1) Originated loans represent loans initially originated by the Company and acquired loans that were refinanced using the Company's underwriting criteria. Acquired loans represent loans originated under the underwriting criteria used by a bank that was acquired by Heartland Bank or Lincoln Bank.

Deposit products and services

We offer traditional bank deposit account services such as checking, savings, retirement accounts and online banking with conveniences tailored to meet the needs of today's deposit consumers. We utilize a combination of high touch personal service and an array of products comparable to those offered by our largest competitors to meet the deposit needs of our communities. As a result, we have achieved one of the strongest core funding bases among our peer group, with 99% core deposits (defined as all deposits excluding time deposits of $250,000 or more and brokered deposits) as of June 30, 2019, a highly attractive cost of deposits of only 0.29% for the six months ended June 30, 2019, and substantial liquidity, with a total loans to deposits ratio of 79% as of June 30, 2019.

Deposit Composition as of June 30, 2019



Diversified revenue streams

In addition to our traditional banking services, our Banks offer wealth management services and residential mortgage banking. These business lines offer a recurring and diversified source of revenue, resulting in noninterest income constituting 16.2% of our total revenues in the first half of 2019.

Our wealth management division provides financial planning to individuals, trusts and estates, trustee and custodial services, investment management, corporate retirement plan consulting and administration and retail brokerage services. Further, our agriculture services department operates under our wealth management division and provides specialized farm management services, farmland sale services and crop insurance services throughout our markets. As of June 30, 2019, our wealth management division had an aggregate of approximately $1.6 billion in assets under management or administration.

Through our residential mortgage banking division, we primarily originate and sell conventional residential mortgage loans to both Freddie Mac and Fannie Mae and retain the servicing for substantially all of those loans. For the six months ended June 30, 2019 and the year ended December 31, 2018, we originated $54.9 million and $128.5 million, respectively, in mortgage loans for sale in the secondary market, and our portfolio of loans serviced for others was $1.2 billion as of June 30, 2019.

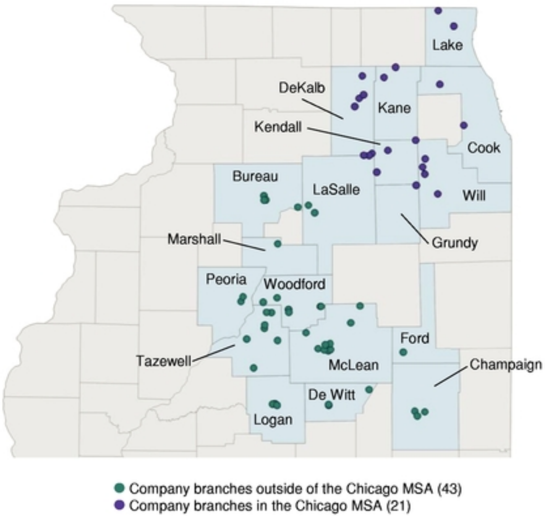
Our Market Area

We currently operate 61 full-service and three limited-service branch locations across 18 counties in Central and Northeastern Illinois. We believe our diverse footprint in both mid-sized markets and the Chicago metropolitan market positions us favorably to compete for high quality, stable deposits and provides access to an abundance of loan origination opportunities. The majority of our deposits are sourced from our mid-sized markets, which we define as counties with populations of less than 500,000, and holding a leading deposit market share in many of these markets provides 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. Our long history of providing relationship-based, personal banking services, the successful integration of several strategic in-market acquisitions, and a relatively small presence of money center and super-regional banks in our mid-sized markets has enabled us to maintain meaningful market share in these markets.

In recent years we have increased our presence in the Chicago metropolitan statistical area (the "Chicago MSA"), which contributes $924 million, or 33%, of our total deposits and $986 million, or 45%, of our total gross loans. The Chicago MSA is a large, urban center with a population of more than 9.5 million people and an annual gross domestic product in excess of $675 billion (according to the most recently available data from the Federal Reserve Bank of St. Louis). We believe the scale and diversity of the Chicago market will enable us to grow our presence without the need to capture outsized market share. Moreover, in recent years, the greater Chicago metropolitan area in particular has seen significant disruption from an increasing number of bank merger transactions, which has enabled us to attract quality, experienced lenders to further our growth in the market. Consequently, we have achieved annual originated loan growth of more than 16% in the Chicago MSA since 2016 (originated loans represent loans initially originated by us and acquired loans that were refinanced using our underwriting criteria). Further, we believe our growing lending presence within the Chicago MSA should continue to attract new sources of deposits.

We also have a significant market presence in the Central Illinois MSAs of Bloomington and Peoria. The Bloomington, Illinois MSA where we are headquartered contributes $665 million, or 24%, of our total deposits and $573 million, or 26%, of our total gross loans. Our deposit market share rank within the Bloomington, Illinois MSA was #1 as of June 30, 2019 (the latest available date for deposit market share data according to the FDIC). The Bloomington MSA has a population of more than 187 thousand people and an annual gross domestic product in excess of $12 billion (according to the most recently available data from the Federal Reserve Bank of St. Louis). The Peoria, Illinois MSA contributes $509 million, or 18%, of our total deposits and $181 million, or 8%, of our total gross loans. Our deposit market share rank within the Peoria, Illinois MSA was #5 as of June 30, 2019. The Peoria MSA has a population of more than 369 thousand people and an annual gross domestic product in excess of $18 billion.

Company Branch Locations



Our Competitive Strengths

We believe the following competitive strengths position us favorably to execute on our strategy of disciplined growth and high profitability:

Consistent Performance through Cycles. We have consistently delivered excellent operating performance, exemplified by sustained peer-leading returns. Our return on average assets and core C Corp equivalent return on average assets of 2.06% and 1.75%, respectively, in the first half of 2019 was well above peers, and our consistency is evidenced by our ability to remain highly profitable through the Great Recession. For a reconciliation of core C Corp equivalent ROAA to the most directly comparable financial measure prepared in accordance with GAAP, see "—Summary Historical Consolidated Financial and Other Data." We believe we remain favorably positioned to outperform our competitors in a future economic downturn as a result of our excellent underwriting standards. Our peer-leading profitability is driven by: 1) strong, low-cost deposits supported by our leading market share in core mid-sized markets; 2) a relationship-based business model that has allowed us to cultivate and underwrite attractively priced loans; 3) a robust credit risk management framework to prudently manage credit quality; and 4) diversified sources of fee income, including in wealth management. Together, these factors have contributed to our ability to generate sustained peer-leading profitability, characterized by the key performance indicators below, and has allowed us to generate 12.0% annualized tangible book value growth on a per share basis in the period between December 31, 2007 and June 30, 2019 (and 15.6% including capital distributed during this period).

Key Performance Indicators for the Six Months Ended June 30, 2019

		Peers	
	Company	Midwestern(3)	High-Performing(4)
Cost of deposits	0.29%	0.95%	0.81%
Net interest margin / net interest margin (tax-equivalent basis)(1)	4.40% / 4.48%	3.76%	3.85%
Yield on loans	5.63%	5.19%	5.21%
NCOs to average loans	0.05%	0.05%	0.04%
Total loans to deposits	79%	93%	93%
Efficiency ratio / FTE efficiency ratio(1)	55% / 54%	58%	57%
Return on average assets ("ROAA")(2)	2.06%		
Core C Corp equivalent ROAA(1)(2)	1.75%	1.39%	1.49%

Source: Company reports and S&P Global Market Intelligence.

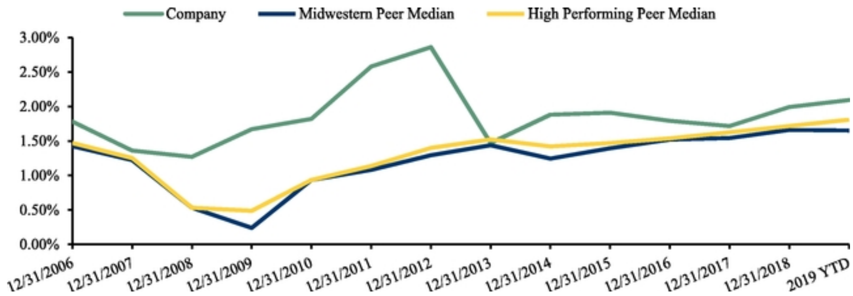
(1) Net interest margin (tax-equivalent basis), efficiency ratio (tax-equivalent basis) and core C Corp equivalent ROAA are each non-GAAP financial measures. For a description of these metrics and a reconciliation to the most directly comparable financial measure prepared in accordance with generally accepted accounting principles in the United States ("GAAP"), see "—Summary Historical Consolidated Financial and Other Data—GAAP reconciliation and management explanation of non-GAAP financial measures."

(2) For a description of the calculation of ROAA and C Corp equivalent ROAA, see "—Summary Historical Consolidated Financial and Other Data—GAAP reconciliation and management explanation of non-GAAP financial measures—Core C Corp equivalent net income, Core C Corp equivalent return on average assets, Core C Corp equivalent return on average stockholders' equity and Core C Corp equivalent return on average tangible common equity."

(3) Represents approximately 45 major exchange-traded banks headquartered in the Midwest with assets of $1.5-10 billion (the "Midwestern Peer Group").

(4) Represents approximately 30 high performing banks within our Midwestern Peer Group with core return on average assets greater than 1.20% and non-performing assets-to-assets less than 2.00% (the "High Performing Peer Group").

Historical Pre-Tax Return on Average Assets (%) Company vs. Peers[1]



Source: Company reports and S&P Global Market Intelligence.

(1) The Company's pre-tax ROAA gives effect to the Lincoln Acquisition starting July 1, 2012. For 2006 through June 30, 2012, the Company's pre-tax ROAA does not include Lincoln S.B. Corp. and its subsidiaries. See "Basis of Presentation." The Company's pre-tax ROAA includes the following significant non-recurring items in the years indicated:

- 2011: $25.4 million bargain purchase gains;
- 2012: $11.4 million bargain purchase gains, $9.7 million net realized gain on securities, and $6.7 million net positive adjustments on FDIC indemnification asset and true-up liability; and
- 2013: $9.1 million net realized loss on securities and $6.9 million net loss related to the sale of branches.

Leading Market Position in Core Mid-Sized Markets, with Growth Opportunity in the Chicago Metropolitan Market. We have developed a track record of personalized service with the customers in our core mid-sized markets that dates back several decades. As a result, we maintain a weighted average market share of more than 20% of deposits and a top three market share rank of deposits in six of our seven largest mid-sized markets as of June 30, 2019 (according to S&P Global Market Intelligence). We have always found these markets to be attractive, underscored by a relatively stable population base. Our strong presence in these markets is attributed to three primary factors: 1) our sustained commitment to these communities over several decades; 2) our ability to successfully integrate a series of strategic, in-market acquisitions while maintaining acquired deposit relationships; and 3) relatively limited competition from money center banks. With regard to the Chicago MSA, we expect to see continued disruption in this metropolitan area from bank merger transactions and are in a position to capitalize on these events by growing deposits and loans, and attracting quality, experienced lenders.

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Company Market Share by County as of June 30, 2019

	Company				Market			
County	Deposits (millions)	# of Branches	% of Deposits	Market Share	Rank	Market Deposits (millions)	Money Center[(1)] Share	Pop. (in 000's)
McLean	$ 507.9	9	18.3%	16.6%	2	$ 3,077	13.0%	172
DeKalb	334.2	7	12.1%	14.2%	4	2,360	—	105
Tazewell	227.7	7	8.2%	8.2%	2	2,772	—	133
Logan	226.0	4	8.1%	38.6%	1	586	—	29
Woodford	208.9	7	7.5%	28.5%	2	732	—	39
Cook	198.4	2	7.2%	0.1%	57	295,326	38.5%	5,197
Bureau	192.3	4	6.9%	20.7%	1	930	—	33
De Witt	157.1	3	5.7%	37.9%	2	414	—	16
Other Counties	721.1	21	26.0%					
	$ 2,773.8	**64**	**100.0%**					

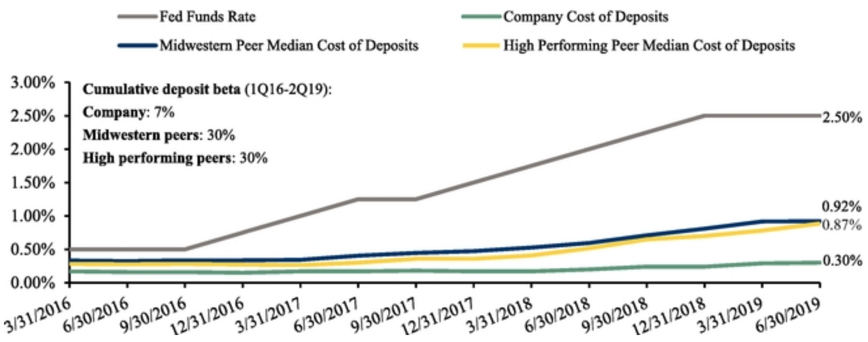
Source: S&P Global Market Intelligence.

Note: Shaded counties denote Company's top mid-sized markets by deposit share. Excludes deposits from non-retail branches (McLean County excludes State Farm Bank given its lack of retail banking locations).

(1) Money Center banks include J.P. Morgan, Bank of America, Wells Fargo, and Citi

Stable, Low-Cost Core Deposit Base. By virtue of our market positioning within our core mid-sized market footprint and our excellent customer relationships, we have been able to develop an attractive funding base characterized by a stable source of low-cost deposits. This is reflected in our cost of deposits of only 0.30% for the three months ended June 30, 2019, which compares very favorably to Midwestern peers at 0.92% and reflects a cumulative deposit beta of only 7% since 2016. Given our loans to deposits ratio of 79%, we have been able to maintain our reliance on non-core deposits at less than 2% and increase our composition of non-interest bearing deposits from 21.7% to 23.9%, each for the period from December 31, 2016 to June 30, 2019, with no reliance on brokered deposits as of June 30, 2019, despite the rising rate environment over that time period.

Deposit Elasticity During the Rising Rate Cycle[(1)]

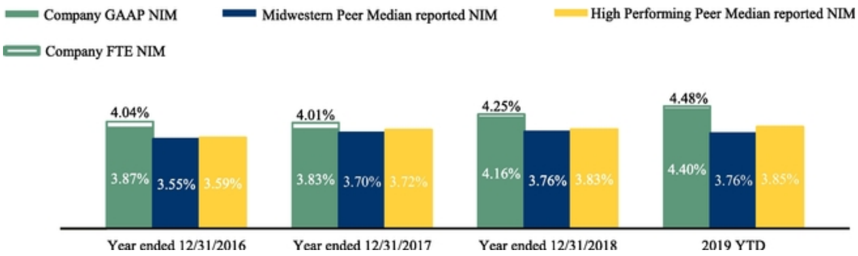


Source: Company reports and S&P Global Market Intelligence.

(1) The Company's cost of deposits includes cost of total deposits for Heartland Bank and Lincoln Bank. See "Basis of Presentation."

The relative stability in our cost of deposits has been a significant factor in the expansion of net interest margin from 3.87% for the year ended December 31, 2016 to 4.40% in the first half of 2019. Our taxable equivalent net interest margin increased from 4.04% for the year ended December 31, 2016 to 4.48% in the first half of 2019, ultimately contributing to improvement in bottom-line profitability over the same period.

Net Interest Margin (%) Company vs. Peers



Source: Company reports and S&P Global Market Intelligence. Note: Peer Group NIM shown on FTE basis where available.

Track Record of Successfully Integrating Acquisitions. Throughout our history we have pursued a strategy of disciplined organic and acquisitive growth while maintaining a strong track record of profitability. Since 2010, we have successfully completed seven acquisitions, including four failed banks purchased from the FDIC and three private whole-bank transactions. Through these acquisitions, our management team has demonstrated a disciplined approach to identifying and integrating strategic transactions that either added density to our footprint or expanded our footprint into attractive markets to ultimately build long-term stockholder value. Following each transaction, we retained the majority of our acquired deposit and desired lending relationships, which we believe is reflective of the strength of our relationship-based community banking focus and the quality of our established integration processes. We believe this approach will continue to position the Company to be the acquirer of choice for other institutions in our target markets.

Bank	Year Acquired	Type	Deposits at Acquisition
Bank of Illinois	2010	FDIC-assisted	$175.9 million
Western Springs National Bank	2011	FDIC-assisted	$183.9 million
Bank of Shorewood	2011	FDIC-assisted	$105.4 million
Farmer City State Bank	2012	Private	$70.1 million
Citizens First National Bank	2012	FDIC-assisted	$807.9 million
National Bancorp, Inc. (American Midwest Bank)	2015	Private	$446.5 million
Lincoln S.B. Corp (State Bank of Lincoln)(1)	2018	Private	$357.3 million

(1) Although the Lincoln Acquisition is identified as an acquisition in the above table, the transaction was accounted for as a change of reporting entity due to its common control with HBT. See "Basis of Presentation."

Prudent Risk Management. Our management team recognizes that risk management is paramount to our ability to create long-term stockholder value and has instilled a culture of adherence to well- developed risk management procedures throughout the Company. Our diversified loan portfolio is primarily originated from borrowers within our footprint and is subject to a rigorous credit evaluation process that balances responsiveness with prudent underwriting practices. A centralized credit underwriting group underwrites all credit exposures over $500,000 ensuring consistent application of credit standards throughout the Company and we have established processes to monitor the loan portfolio on a regular basis. Our management team and board of directors have also established concentration limits by loan type, industry, and related borrower, which are regularly reviewed in light of current conditions in our targeted market areas to mitigate developing risk areas within our loan portfolio and to ensure that the asset quality of our loan portfolio remains very strong. As a result, nonperforming loans represented only 1.14% of our total loan portfolio, and net charge-offs were modest at only 0.05% of average loans for the six months ended June 30, 2019. Moreover, a substantial portion of our non-performing loans are attributed to loans that we acquired, which we expect will improve as acquired loans run off and are redeployed into loans originated by our team of lenders.

Experienced Executive Management Team with Deep Ties to the Local Community. Our management team is comprised of professionals with broad experience in community and regional banking, with a particular emphasis on building customer relationships, credit analysis and structuring, and a commitment to risk management. This team has been the driving force of our growth and delivery of consistent profitability by leveraging our local knowledge and developing high-touch customer relationships which are the hallmark of a strong community bank. In addition, our management team and our board of directors, under the leadership of our Chairman and CEO, Fred Drake, approach each decision with an ownership mentality and place long-term stockholder value creation top of mind. Further, we have been able to recruit high quality team members from other financial services organizations to supplement the depth and skill of our team. With an average tenure of more than 30 years in the industry, our management team has the depth and capabilities to continue to execute our banking strategy. Through their collective leadership, we have driven earnings per share improvement from $3.24 in 2016 to $3.54 in 2018 as reported and $2.17 in 2016 to $2.68 in 2018 on a C Corp equivalent basis.

Our Business Strategy

We intend to pursue the following strategies that we believe will continue to drive growth while maintaining our high levels of asset quality and profitability:

Preserve Strong Ties to our Communities. Our community banking approach stems from our Midwest values—hard work, perseverance and doing the right things for our customers, staff, stockholders and communities. Our senior management team lives and works in the communities we serve, and our commitment to delivering banking products and services that support the needs of our target customers enables us to preserve and grow share in our markets. The quality of our comprehensive suite of products and services coupled with our relationship-based approach to banking contribute meaningfully to our growth and success.

Deploy Excess Deposit Funding into Loan Growth Opportunities. Our strong market share in our core mid-sized markets provide a stable source of attractive funding. Our management believes our scale in these mid-sized markets and the relative dearth of money center banking institutions operating in them creates a highly defensible market position whereby we can continue to maintain our funding cost advantage relative to our peer groups. We plan to prudently make use of our current balance sheet liquidity (as represented by our 79% loan to deposit ratio, versus 93% for our Midwestern peers) by deploying excess funding into loan growth opportunities in the larger, more diverse Chicago MSA. We believe the Chicago MSA provides significant opportunities for loan growth, and will ultimately contribute to continued strong profitability. Many competitors in this market are money center or super-regional banks, and we believe our responsive, local decision-making provides a competitive advantage over these larger, more bureaucratic institutions. Further, we expect to continue to benefit from continued market disruption in the Chicago MSA caused by recent significant bank acquisitions to acquire talent and customers experiencing dislocation.

Maintain a Prudent Approach to Credit Underwriting. Robust underwriting and pricing standards have been a hallmark of the Company and continue to serve as a central tenet of our banking strategy even as we grow our loan portfolio in newer markets. We intend to prudently deploy our excess funding and liquidity into assets that optimize risk-adjusted returns and maintain peer-leading net interest margin with minimal losses. Further, we believe our history of maintaining strong asset quality and minimal levels of problem assets even through the Great Recession confirms the effectiveness of our strong credit underwriting. Our underwriting strength is further demonstrated by our low levels of net charge-offs on originated loans which have been below 0.20% of average originated loans in each of the last three calendars years and were 0.00% for the six months ended June 30, 2019.

Pursue Strategic Acquisitions. Our management team has a history of successfully integrating strategic acquisitions over several decades. We believe this track record, coupled with the flexibility to use stock as a transaction currency, will position the Company to be an attractive acquirer for many potential partners. We continue to opportunistically seek acquisitions that are either located within our market footprint, in adjacent markets or provide a new growth opportunity that is strategically and financially compelling and consistent with our culture. Illinois is an attractive market for acquisitions, given the presence of more than 375 banking institutions with less than $2.0 billion of assets. In particular, nearly two-thirds of the approximately 150 banking institutions operating in the Chicago MSA have total assets less than $1.0 billion, providing a wealth of potential targets for further consolidation.

Our Leadership Team

Our executive management team consists of professionals with broad experience in community and regional banking, combining finance, credit, marketing and risk management experience. With an average tenure of more than 30 years in the industry, we have the depth and capabilities to execute our strategy of continued organic and acquisitive growth.

Fred L. Drake, Chairman and CEO of the Company, leads our executive team. He joined Heartland Bank's predecessor bank, Bank of Carlock, in 1983. In 1992, he led our entry into the Bloomington-Normal market, one of Heartland Bank's most successful initiatives, setting the tone for the Company's organic growth in the 1990s and early 2000s. He provides leadership in all facets, including overall strategy, growth, and acquisitions. Mr. Drake holds a BS in Finance and an MBA, both from University of Illinois. Mr. Drake has long been active in the Bloomington-Normal community serving on boards of various community organizations. Mr. Drake serves as our chairman of the board and as chairman of the board for Heartland Bank and Lincoln Bank.

J. Lance Carter is President and Chief Operating Officer of the Company and Executive Vice President and Chief Operating Officer of Heartland Bank. Mr. Carter joined the Company in 2001 and served as our Chief Credit Officer from March 2010 to December 2018. He was named Chief Operating Officer in June 2015. Mr. Carter's responsibilities include oversight of loan approval, loan operations, special assets, finance, risk management, retail, and information technology. Mr. Carter holds a BS in Finance and an MBA from the University of Illinois. He has also completed the Graduate School of Banking at University of Wisconsin—Madison. Mr. Carter serves on our board and on the board of Heartland Bank.

Patrick F. Busch is Executive Vice President and Chief Lending Officer of the Company, and President and Chief Lending Officer of Heartland Bank. He joined the Company in 1995 and was named President and Chief Lending Officer of Heartland Bank in March 2010. As Chief Lending Officer, Mr. Busch has been critical in establishing the loan culture and integrating acquisitions over the years. He played a leading role in Heartland Bank's organic growth in Bloomington-Normal, Champaign and Peoria and is responsible for oversight of senior lenders and market leaders, mortgage lending, and treasury management services. Mr. Busch received a BS in Business Administration from Illinois Wesleyan University and completed the Stonier Graduate School of Banking. He serves on our board and on the board of Heartland Bank.

Matthew J. Doherty has served as Executive Vice President and Chief Financial Officer for the Company and Heartland Bank since March 2010. Mr. Doherty has previously worked at a number of financial institutions, including money center banks, where his primary roles included advising community bank clients on fixed income securities and capital market solutions. As Chief Financial Officer, Mr. Doherty is responsible for oversight of accounting, financial and tax reporting, bond investments, ALCO, municipal deposits and loans, and wealth management. Mr. Doherty has a BS in Accounting from the University of Illinois and is also a certified public accountant (CPA) and a chartered financial analyst (CFA).

Lawrence J. Horvath is Executive Vice President and Regional Senior Lender for Heartland Bank. He joined Heartland Bank in 2010 and currently oversees commercial lending for all Heartland Bank markets outside Cook County and the Chicago Suburban area. Mr. Horvath has been active in the Bloomington community serving on boards of various community organizations. In addition, he currently serves on the loan committee for the largest community development corporation in the state and is also Heartland Bank's representative serving on the board for Illinois Real Estate Title Center. Mr. Horvath holds a BS in Finance from Western Illinois University.

Larry J. Kallembach is Executive Vice President and Chief Information Officer for the Company and Heartland Bank. Prior to joining the Company in July 2016, Mr. Kallembach served as Executive Vice President—Operations and Technology at MB Financial Bank. As our Chief Information Officer, Mr. Kallembach's responsibilities include oversight of information technology and security, networks, core data systems, and facilities management. He holds a BS in Finance from Indiana University and an MBA from University of Illinois and has 40 years of experience in the industry.

Diane H. Lanier is Executive Vice President and Chief Retail Officer for the Company and Heartland Bank. She joined the Company in 1997 as our Marketing Director and assumed her current role as Chief Retail Officer in March 2010. As Chief Retail Officer, Ms. Lanier has oversight of the retail branch and support operations, retail lending and community reinvestment, marketing, and human resources. Ms. Lanier received a BS in Marketing from Louisiana State University and completed the ABA School of Bank Marketing and Management. Ms. Lanier serves as Corporate Secretary for the Company and Heartland Bank.

Mark W. Scheirer is Senior Vice President and Chief Credit Officer for the Company and Heartland Bank. Mr. Scheirer joined the Company in 2011 and has served in multiple capacities, including as a Senior Credit Officer, and as our Chief Credit Officer beginning in January 2019. As Chief Credit Officer, Mr. Scheirer is responsible for the overall credit quality of the loan portfolio and all credit administration activities for both subsidiary banks. He has a BS in Finance from the University of Illinois and has also completed the Graduate School of Banking at University of Wisconsin-Madison.

Andrea E. Zurkamer is Senior Vice President and Chief Risk Officer for the Company and Heartland Bank. Ms. Zurkamer joined the Company as our Director of Risk Management in June 2013 and was named our Chief Risk Officer in July 2017. Previously, Ms. Zurkamer worked as a bank auditor and consultant for CliftonLarsonAllen for 13 years. As our Chief Risk Officer, Ms. Zurkamer is responsible for overall risk management, including internal audit, loan review, compliance and BSA/investigations. She is a graduate of Illinois State University with a BS in Financial Accounting and is a CPA.

Risk Factors

Our business is subject to a number of substantial risks and uncertainties you should consider before making a decision to invest in our common stock. These risks are discussed more fully in the section entitled "Risk Factors." Significant risk factors include, but are not limited to, the following:

- We may not be able to adequately measure and limit our credit risk, which could lead to unexpected losses;
- Our allowance for loan losses may prove to be insufficient to absorb potential losses in our loan portfolio;
- Many of our loans are to commercial borrowers, which have a higher degree of risk than other types of loans; and
- The small to midsized business to which we lend may have fewer resources to weather adverse business developments, which may impair a borrower's ability to repay a loan, and such impairment could adversely affect our results of operations and financial condition.

The Lincoln Acquisition

On December 31, 2018, we completed the merger of Lincoln S.B. Corp, the parent company of Lincoln Bank, with and into HBT with HBT as the surviving corporation. Lincoln Bank became a wholly owned subsidiary of HBT. Our voting ownership and the voting ownership of Lincoln S.B. Corp were considered under common control on the effective date of the Lincoln Acquisition and for all prior periods presented in the consolidated financial statements.

Corporate Information

Our principal executive office is located at 401 North Hershey Road, Bloomington, Illinois 61704, and our telephone number is (888) 897-2276. We maintain an Internet website at www.hbtbank.com. The information contained on or accessible from our websites does not constitute a part of this prospectus and is not incorporated by reference herein.

The Offering

Issuer	HBT Financial, Inc.
Common stock offered by us	8,300,000 shares
Underwriters' option to purchase additional shares	We have granted the underwriters a 30-day option to purchase up to an additional 1,245,000 shares from us at the public offering price less underwriting discounts and commissions.
Common stock to be outstanding immediately after completion of this offering	26,327,512 shares
Use of proceeds	We estimate that the net proceeds to us from this offering, after deducting underwriting discounts and commissions and the estimated offering expenses, will be approximately $136.7 million, or approximately $157.6 million if the underwriters' option is exercised in full, assuming an initial public offering price of $18.00 per share (the midpoint of the range set forth on the cover page of this prospectus). We intend to use the net proceeds from this offering to fund a $170.0 million distribution to our existing stockholders. See "Distribution to stockholders." To the extent the net proceeds to us from this offering are insufficient to fund such distribution, we intend to cause one or both of the Banks to make a dividend payment to us in order to fund the remaining amount. If the underwriters elect to exercise their option to purchase additional shares and we sell those shares to the underwriters before the Distribution is paid, we would expect to reduce the amount of the dividend payment from one or both of the Banks. If the underwriters elect to exercise their option to purchase additional shares and we sell those shares to the underwriters after the Distribution is paid, or if the net proceeds from any exercise and sale prior to the Distribution are in excess of the amount required to fund the Distribution, we intend to use any net proceeds from the sale of those shares to support our growth, including to fund organic growth and implement our strategic initiatives, which may include the potential expansion of our business through opportunistic acquisitions, for working capital and other general corporate purposes, and to strengthen our regulatory capital position. See "Use of Proceeds."
Distribution to stockholders	At December 31, 2018, we had in excess of $188 million of S Corp earnings, which have been taxed to our existing stockholders but have not been distributed to them. As a result and in connection with the termination of our status as an S Corp, we are able to make a cash distribution to our existing stockholders in an amount equal to a significant portion of the taxed, yet undistributed, earnings.

	In connection with this offering, our board of directors has approved a cash distribution to our existing stockholders in the amount of $170.0 million (the "Distribution"). The Distribution is contingent upon, and payable to our existing stockholders immediately following, the closing of this offering. Purchasers of our common stock in this offering will not be entitled to receive any portion of the Distribution.
Dividend policy	Historically, we have been an S Corp, and as such, we have paid distributions to our existing stockholders to assist them in paying the U.S. federal income taxes on our taxable income that is "passed through" to them as well as additional amounts for returns on capital. Following this offering, we will be taxed as a "C corporation" (a "C Corp") under the provisions of Sections 301 through 385 of the Code and, therefore, we will no longer pay distributions to provide our stockholders with funds to pay U.S. federal income tax on their pro rata portion of our taxable income. Following the completion of this offering, we expect to declare and pay a quarterly dividend on our common stock of approximately $0.15 per share, beginning in the first quarter of 2020. Our board of directors may change or eliminate the payment of future dividends at its discretion, without notice to our stockholders. Any future determination relating to our dividend policy will be made at the discretion of our board of directors and will depend on a number of factors, including general and economic conditions, industry standards, our financial condition and operating results, our available cash and current and anticipated cash needs, capital requirements, banking regulations, contractual, legal, tax and regulatory restrictions and implications on the payment of dividends by us to our stockholders or by our subsidiaries to us, and such other factors as our board of directors may deem relevant. See "Dividend Policy."
Controlled company	Over 95% of our currently outstanding common stock is held in a voting trust (the "Voting Trust") pursuant to which Fred Drake, our CEO, exercises voting control. Upon the closing of this offering, the Voting Trust will continue to beneficially own more than 50% of the voting power for the election of members of our board of directors and we will be a "controlled company" under the Nasdaq corporate governance rules. As a controlled company, we qualify for, and intend to rely on, exemptions from certain corporate governance requirements of the Nasdaq. See "Management—Controlled Company."

Directed share program	At our request, the underwriters have reserved up to 415,000 of the shares of common stock being offered by this prospectus for sale at the initial public offering price to our directors, officers, employees and other individuals associated with us. The sales will be made by J.P. Morgan Securities LLC, an underwriter of this offering, through a directed share program. We do not know if these persons will choose to purchase all or any portion of these reserved shares, but any purchases they do make will reduce the number of common stock available to the general public. Any reserved shares not so purchased will be offered by the underwriters to the general public on the same terms as the other shares of common stock. Reserved shares purchased by our directors and officers in the directed share program will be subject to lock-up restrictions described in this prospectus.
Proposed symbol for trading on the Nasdaq	"HBT"
Risk factors	You should carefully read and consider the risks relating to us, our business and an investment in our common stock discussed in the "Risk Factors" section of this prospectus and all other information set forth in this prospectus before investing in our common stock.

Unless otherwise indicated, all information in this prospectus relating to the number of shares of common stock to be outstanding immediately after this offering:

- assumes the effectiveness of our restated certificate of incorporation and amended and restated bylaws, which we will adopt prior to the completion of this offering;
- gives effect to a twenty-for-one stock split effected on September 13, 2019;
- excludes an aggregate of 1,820,000 shares of our common stock reserved for issuance under our Omnibus Incentive Plan (as defined herein) that we intend to adopt in connection with this offering; and
- assumes (1) no exercise by the underwriters of their option to purchase up to 1,245,000 additional shares from us and (2) an initial public offering price of $18.00 per share, the midpoint of the price range set forth on the cover of this prospectus.

We intend to reclassify all of our outstanding Series A nonvoting stock into common stock on a one-for-one basis prior to the completion of this offering.

Summary Historical Consolidated Financial and Other Data

The following tables set forth (i) our summary historical consolidated financial data as of and for the years ended December 31, 2018, 2017 and 2016, (ii) our summary unaudited historical consolidated financial data as of and for the six months ended June 30, 2019 and 2018 and (iii) certain C Corp equivalent information to reflect our conversion from a subchapter S Corp to a C Corp in connection with this offering as if it had occurred at the beginning of each period. The consolidated financial and other data as of December 31, 2018 and 2017 and for the years ended December 31, 2018, 2017 and 2016 are derived from our audited consolidated financial statements included elsewhere in this prospectus. The consolidated financial and other data as of June 30, 2019 and for the six months ended June 30, 2019 and 2018 have been derived from our unaudited consolidated financial statements included elsewhere in this prospectus. The summary historical consolidated financial data reflects the twenty-for-one stock split effected on September 13, 2019.

Our historical results for any prior period are not necessarily indicative of results to be expected in any future period. The following summary consolidated financial and other data are qualified in their entirety by reference to, and should be read in conjunction with, the information under "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and notes thereto included elsewhere in this prospectus.

	Six Months Ended June 30, (unaudited)		Year Ended December 31,		
	2019	2018	2018	2017	2016
	(dollars in thousands, except per share data)				
Statement of Income Data:					
Total interest and dividend income	$ 73,499	$ 67,452	$ 137,432	$ 127,593	$ 127,705
Total interest expense	5,116	3,687	7,990	6,595	6,604
Net interest income	68,383	63,765	129,442	120,998	121,101
Provision for loan losses	2,582	553	5,697	3,139	6,434
Net income after provision for loan losses	65,801	63,212	123,745	117,859	114,667
Total noninterest income	14,208	16,785	31,625	34,584	39,354
Total noninterest expense	46,148	45,321	90,702	95,470	94,434
Income before income tax expense	33,861	34,676	64,668	56,973	59,587
Income tax expense	520	389	869	870	1,041
Net income	$ 33,341	$ 34,287	$ 63,799	$ 56,103	$ 58,546
Net interest income (tax-equivalent basis)(1)	$ 69,599	$ 65,108	$ 132,103	$ 126,525	$ 126,569
Per Share Data					
Basic and diluted earnings per share	$ 1.85	$ 1.90	$ 3.54	$ 3.10	$ 3.24
Book value(2)(3)	18.85	18.03	18.88	17.92	18.05
Tangible book value(1)(3)	17.28	16.37	17.27	16.23	16.25
C Corp Equivalent Data:					
C Corp equivalent net income(4)	$ 25,162	$ 25,875	$ 48,297	$ 37,294	$ 39,249
C Corp equivalent basic and diluted earnings per share(4)	1.40	1.43	2.68	2.06	2.17
Core C Corp equivalent net income(1)	28,250	26,137	49,856	39,886	39,043

	Six Months Ended June 30, (unaudited)		Year Ended December 31,		
	2019	2018	2018	2017	2016
	(dollars in thousands, except per share data)				
Balance Sheet Data (at end of period):					
Cash and due from banks	$ 17,151	$ 20,381	$ 21,343	$ 39,121	$ 42,980
Interest-bearing deposits with banks	124,575	127,926	165,536	126,562	195,761
Cash and cash equivalents	141,726	148,307	186,879	165,683	238,741
Interest-bearing time deposits with banks	248	496	248	744	744
Securities available-for-sale, at fair value	651,967	738,138	679,526	769,571	687,120
Securities held-to-maturity	108,829	126,028	121,715	129,322	140,254
Equity securities	4,030	3,173	3,261	3,203	3,145
Restricted stock, at cost	2,425	2,719	2,719	2,876	7,127
Loans held for sale	5,303	4,208	2,800	4,863	7,826
Loans before allowance for loan losses	2,203,096	2,113,194	2,144,257	2,115,946	2,106,515
Allowance for loan losses	(22,542)	(20,345)	(20,509)	(19,765)	(19,708)
Loans, net of allowance for loan losses	2,180,554	2,092,849	2,123,748	2,096,181	2,086,807
Originated loans[1]	2,005,250	1,858,269	1,923,859	1,825,129	1,689,186
Acquired loans[1]	197,846	254,925	220,398	290,817	417,329
Total assets	3,224,160	3,245,693	3,249,569	3,312,875	3,317,124
Total deposits	2,773,768	2,813,267	2,795,970	2,855,685	2,877,181
Core deposits[1]	2,739,128	2,772,260	2,759,095	2,812,855	2,839,109
Borrowings and repurchase agreements	35,646	40,942	46,195	66,838	43,081
Total liabilities	2,884,290	2,920,663	2,909,173	2,988,959	2,990,878
Total stockholders' equity[3]	339,870	325,030	340,396	323,916	326,246

	Six Months Ended June 30, (unaudited) 2019	2018	Year Ended December 31, 2018	2017	2016
	(dollars in thousands, except per share data)				
Summary Ratios					
Return on average assets(3)	2.06%	2.09%	1.96%	1.69%	1.76%
Return on average stockholders' equity(3)	19.45%	21.04%	19.32%	16.58%	16.93%
Return on average tangible common equity(1)(3)	21.23%	23.20%	21.24%	18.29%	18.75%
Net interest margin	4.40%	4.07%	4.16%	3.83%	3.87%
Net interest margin (tax-equivalent basis)(1)	4.48%	4.16%	4.25%	4.01%	4.04%
Efficiency ratio	54.96%	55.30%	55.35%	60.13%	57.49%
Efficiency ratio (tax-equivalent basis)(1)	54.17%	54.39%	54.45%	58.07%	55.60%
Yield on loans	5.63%	5.25%	5.35%	5.09%	5.17%
Yield on interest-earning assets	4.73%	4.30%	4.42%	4.04%	4.08%
Cost of interest-bearing liabilities	0.46%	0.33%	0.36%	0.29%	0.28%
Cost of total deposits	0.29%	0.18%	0.21%	0.17%	0.18%
C Corp Equivalent Summary Ratios					
C Corp equivalent return on average assets(3)(4)	1.56%	1.58%	1.49%	1.12%	1.18%
C Corp equivalent return on average stockholders' equity(3)(4)	14.68%	15.88%	14.63%	11.02%	11.35%
C Corp equivalent return on average tangible common equity(1)(3)(4)	16.02%	17.51%	16.08%	12.16%	12.57%
Core C Corp equivalent return on average assets(1)(3)(4)	1.75%	1.60%	1.54%	1.20%	1.17%
Core C Corp equivalent return on average stockholders' equity(1)(3)(4)	16.48%	16.04%	15.10%	11.79%	11.29%
Core C Corp equivalent return on average tangible common equity(1)(3)(4)	17.99%	17.68%	16.60%	13.00%	12.51%
Credit Quality Ratios					
Allowance for loan losses to total loans before allowance for loan losses	1.02%	0.96%	0.96%	0.93%	0.94%
Allowance for loan losses to nonperforming loans	89.98%	106.93%	128.88%	89.43%	88.62%
Nonperforming loans to total loans before allowance for loan losses	1.14%	0.90%	0.74%	1.04%	1.06%
Nonperforming originated loans to total originated loans(1)	0.80%	0.69%	0.54%	0.85%	0.67%
Nonperforming assets to total assets	1.08%	0.95%	0.78%	1.17%	1.16%
Nonperforming assets to total loans and other real estate owned	1.57%	1.46%	1.18%	1.81%	1.81%
Nonperforming originated assets to total originated loans and originated other real estate owned(1)	0.87%	0.84%	0.61%	1.17%	0.94%
Net charge-offs to average loans	0.05%	0.00%	0.23%	0.15%	0.23%
Net charge-offs on originated loans to average originated loans(1)	0.00%	0.01%	0.17%	0.14%	0.08%
Balance Sheet Ratios					
Average stockholders' equity to average assets	10.60%	9.94%	10.17%	10.19%	10.40%
Loan to deposit ratio	79.43%	75.12%	76.69%	74.10%	73.21%
Core deposits to total deposits(1)	98.75%	98.54%	98.68%	98.50%	98.68%
Capital Ratios (Company)					
Stockholders' equity to assets	10.54%	10.01%	10.48%	9.78%	9.84%
Tangible common equity to tangible assets(1)	9.75%	9.18%	9.67%	8.94%	8.94%
Tier 1 leverage capital (to average assets)	10.62%	10.49%	10.80%	9.94%	9.93%
Tier 1 capital (to risk-weighted assets)	13.59%	14.02%	14.17%	13.58%	13.72%
Total capital (to risk-weighted assets)	14.49%	14.85%	14.99%	14.40%	14.54%
Common Equity Tier 1 (to risk-weighted assets) (CET1)	12.14%	12.53%	12.71%	12.09%	12.21%

(1) These measures are not measures recognized under GAAP, and are therefore considered to be non-GAAP financial measures. See "GAAP reconciliation and management explanation of non-GAAP financial measures" for a reconciliation of these measures to their most comparable GAAP measures.

(2) Book value per share equals our total stockholders' equity as of the date presented divided by the number of shares of our common stock outstanding as of the date presented. The number of shares of our common stock outstanding as of December 31, 2018, 2017 and 2016 was 18,027,512, 18,070,692, and 18,070,692, respectively. The number of shares of our common stock outstanding as of June 30, 2019 and 2018 was 18,027,512 and 18,027,512, respectively.

(3) If we gave effect to our conversion from an S Corp to a C Corp in connection with this offering as of June 30, 2019, we would have recorded a deferred tax asset of approximately $46 thousand along with a corresponding $46 thousand increase to stockholders' equity. This C Corp equivalent adjustment is not reflected in the amounts presented above.

(4) We have calculated our C Corp equivalent net income, C Corp equivalent net income per share, C Corp equivalent assets, C Corp equivalent returns on average assets and C Corp equivalent return on average equity for each period shown by calculating a C Corp equivalent provision for income tax using an assumed combined effective income tax rate of 25.69% and 25.38% for the six months ended June 30, 2019 and 2018, respectively, and a combined effective income tax rate of 25.32%, 34.54% and 34.13% for the years ended December 31, 2018, 2017 and 2016, respectively, and adjusting our historical net income for each period to give effect to the C Corp equivalent provision for income tax for such period.

GAAP reconciliation and management explanation of non-GAAP financial measures

We identify certain of the financial measures discussed in this prospectus as being "non-GAAP financial measures." In accordance with the SEC's rules, we classify a financial measure as being a non-GAAP financial measure if that financial measure excludes or includes amounts, or is subject to adjustments that have the effect of excluding or including amounts, that are included or excluded, as the case may be, in the most directly comparable measure calculated and presented in accordance with generally accepted accounting principles as in effect from time to time in the United States in our statements of income, balance sheets or statements of cash flows. The non-GAAP financial measures that we discuss in this prospectus should not be considered in isolation or as a substitute for the most directly comparable or other financial measures calculated in accordance with GAAP. Moreover, the manner in which we calculate the non-GAAP financial measures that we discuss this prospectus may differ from that of other companies reporting measures with similar names. You should understand how such other banking organizations calculate their financial measures similar or with names similar to the non-GAAP financial measures we have discussed in this prospectus when comparing such non-GAAP financial measures. The following reconciliation tables provide a more detailed analysis of these non-GAAP financial measures.

Net interest income (tax equivalent basis) and net interest margin (tax equivalent basis)

Net interest income on a tax-equivalent basis is a non-GAAP measure that adjusts for the tax-favored status of net interest income from loans and investments using a federal tax rate of 21% and state income tax rate of 9.5% for the six months ended June 30, 2019 and 2018 and the year ended December 31, 2018, a federal tax rate of 35% and state income tax rate of 8.63% for the year ended December 31, 2017, and federal tax rate of 35% and state income tax rate of 7.75% for the year ended December 31, 2016 to increase tax-exempt interest income to a tax-equivalent basis. We believe this measure to be the preferred industry measurement of net interest income and it enhances comparability of net interest income arising from taxable and tax-exempt sources. The most directly comparable financial measure calculated in accordance with GAAP is our net interest income.

Net interest margin on a tax-equivalent basis is net interest income on a tax-equivalent basis divided by average interest-earning assets on a tax equivalent basis. The most directly comparable financial measure calculated in accordance with GAAP is our net interest margin.

The following table presents, as of the dates set forth below, net interest income on a tax-equivalent basis compared with net interest income and presents net interest margin on a tax-equivalent basis compared with net interest margin:

	Six Months Ended June 30, (unaudited)		Year Ended December 31,		
	2019	2018	2018	2017	2016
	(Dollars in thousands)				
Net interest income (tax-equivalent basis)					
Net interest income	$ 68,383	$ 63,765	$ 129,442	$ 120,998	$ 121,101
Tax-equivalent adjustment	1,216	1,343	2,661	5,527	5,468
Net interest income (tax-equivalent basis)	$ 69,599	$ 65,108	$ 132,103	$ 126,525	$ 126,569
Net interest margin (tax-equivalent basis)					
Net interest margin	4.40%	4.07%	4.16%	3.83%	3.87%
Tax-equivalent adjustment	0.08%	0.09%	0.09%	0.18%	0.17%
Net interest margin (tax-equivalent basis)	4.48%	4.16%	4.25%	4.01%	4.04%

Efficiency ratio (tax equivalent basis)

The efficiency ratio on a tax-equivalent basis is a non-GAAP measure that provides a measure of productivity in the banking industry. This ratio is 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. We calculate this ratio by dividing adjusted noninterest expense by the sum of net interest income on a tax equivalent basis using a federal tax rate of 21% and state income tax rate of 9.5% for the six months ended June 30, 2019 and 2018 and the year ended December 31, 2018, a federal tax rate of 35% and state income tax rate of 8.63% for the year ended December 31, 2017, and federal tax rate of 35% and state income tax rate of 7.75% for the year ended December 31, 2016 to increase tax-exempt interest income to a tax-equivalent basis and noninterest income.

	Six Months Ended June 30, (unaudited)		Year Ended December 31,		
	2019	2018	2018	2017	2016
	(Dollars in thousands)				
Total noninterest expense	$ 46,148	$ 45,321	$ 90,702	$ 95,470	$ 94,434
Less amortization of intangible assets	752	780	1,559	$ 1,916	2,183
Adjusted noninterest expense	$ 45,396	$ 44,541	$ 89,143	$ 93,554	$ 92,251
Net interest income	$ 68,383	$ 63,765	$ 129,442	$ 120,998	$ 121,101
Total noninterest income	14,208	16,785	31,625	34,584	39,354
Operating Revenue	82,591	80,550	161,067	155,582	160,455
Tax-equivalent adjustment	1,216	1,343	2,661	5,527	5,468
Operating Revenue (tax-equivalent basis)	$ 83,807	$ 81,893	$ 163,728	$ 161,109	$ 165,923
Efficiency Ratio	54.96%	55.30%	55.35%	60.13%	57.49%
Efficiency Ratio (tax-equivalent basis)	54.17%	54.39%	54.45%	58.07%	55.60%

Tangible book value per share and tangible common equity to tangible assets

Tangible book value per share and tangible common equity to tangible assets are non-GAAP measures generally used by investors to evaluate capital adequacy. We calculate: (i) tangible common equity as total stockholders' equity less goodwill and other intangible assets; (ii) tangible assets as total assets less goodwill and other intangible assets, (iii) tangible book value per share as tangible common equity (as described in clause (i)) divided by shares of common stock outstanding and (iv) tangible common equity to tangible assets is the ratio of tangible common equity (as described in clause (i)) to tangible assets (as described in clause (ii)). For tangible book value per share, the most directly comparable financial measure calculated in accordance with GAAP is our book value per share and for tangible common equity to tangible assets, the most directly comparable financial measure calculated in accordance with GAAP is our total stockholders' equity to total assets.

We believe that these non-GAAP financial measures are important information to be provided to you because, as do our management, banking regulators, many investors, you can use the tangible book value in conjunction with more traditional bank capital ratios to assess our capital adequacy without the effect of our goodwill and core deposit intangible assets and compare our capital adequacy with the capital adequacy of other banking organizations with significant amounts of goodwill and/or core deposit intangible assets, which typically stem from the use of the purchase accounting method of accounting for mergers and acquisitions.

The following table presents, as of the dates set forth below, tangible common equity compared with total stockholders' equity, tangible book value per share compared with our book value per share and common equity to tangible assets compared to total stockholders' equity to total assets:

	As of June 30, (unaudited)		As of December 31,		
	2019	2018	2018	2017	2016
	(Dollars in thousands, except share and per share data)				
Tangible Assets					
Total assets	$ 3,224,160	$ 3,245,693	$ 3,249,569	$ 3,312,875	$ 3,317,124
Adjustments:					
Goodwill	(23,620)	(23,620)	(23,620)	(23,620)	(23,620)
Core deposit intangible assets, net	(4,701)	(6,232)	(5,453)	(7,012)	(8,928)
Tangible assets	$ 3,195,839	$ 3,215,841	$ 3,220,496	$ 3,282,243	$ 3,284,576
Tangible Common Equity					
Total stockholders' equity	$ 339,870	$ 325,030	$ 340,396	$ 323,916	$ 326,246
Adjustments:					
Goodwill	(23,620)	(23,620)	(23,620)	(23,620)	(23,620)
Core deposit intangible assets, net	(4,701)	(6,232)	(5,453)	(7,012)	(8,928)
Tangible common equity	$ 311,549	$ 295,178	$ 311,323	$ 293,284	$ 293,698
Shares outstanding	18,027,512	18,027,512	18,027,512	18,070,692	18,070,692
Book value per share	$ 18.85	$ 18.03	$ 18.88	$ 17.92	$ 18.05
Tangible book value per share	$ 17.28	$ 16.37	$ 17.27	$ 16.23	$ 16.25
Total stockholders' equity to total assets	10.54%	10.01%	10.48%	9.78%	9.84%
Tangible common equity to tangible assets	9.75%	9.18%	9.67%	8.94%	8.94%

Core C Corp equivalent net income, core C Corp equivalent return on average assets, core C Corp equivalent return on average stockholders' equity and core C Corp equivalent return on average tangible common equity

Core C Corp equivalent net income is a non-GAAP financial measure that adjusts for gains or losses on securities and bank premises and equipment, mortgage servicing right fair value adjustments, expenses related to FDIC indemnification assets and liabilities, non-recurring charges related to an employee benefits policy change in 2017 and termination of the supplemental executive retirement plan (SERP) in 2019, and net earnings from closed operations including gain on sale of HBT Insurance, First Community Title Services, Inc., and HB Credit Company. We believe this non-GAAP financial measure provides investors additional insights into operational performance of the Company. The most directly comparable financial measure calculated in accordance with GAAP is the net income. Core C Corp equivalent return on average assets is a non-GAAP financial measure that is calculated by dividing core C Corp equivalent net income for a period by average assets for the period. Core C Corp equivalent return on average stockholders' equity is a non-GAAP financial measure that is calculated by dividing core C Corp equivalent net income for a period by average stockholders' equity for the period. Core C Corp equivalent return on average tangible common equity is a non-GAAP financial measure that is calculated by dividing core C Corp equivalent net income for a period by average tangible common equity for the period.

The following table presents, as of the dates set forth below, core C Corp equivalent net income compared to net income:

	Six Months Ended June 30, (unaudited) 2019	2018	Year Ended December 31, 2018	2017	2016
	(Dollars in thousands)				
Core C Corp Equivalent Net Income					
Net income	$ 33,341	$ 34,287	$ 63,799	$ 56,103	$ 58,546
C Corp equivalent net income	$ 25,162	$ 25,875	$ 48,297	$ 37,294	$ 39,249
Non-core adjustments:					
Net earnings (losses) from HB Credit Company	—	(902)	(979)	1,284	609
Net earnings from HBT Insurance including gain on sale	290	122	221	217	129
Net earnings (losses) from First Community Title Services, Inc. including gain on sale	245	(37)	(64)	211	305
Net gains (losses) on securities	115	(30)	(2,663)	(1,275)	106
Nonrecurring charges related to employee benefits	(3,316)	—	—	(1,336)	—
Net gain (loss) on bank premise and equipment	469	114	676	(2,152)	19
Mortgage servicing right fair value adjustment	(2,122)	367	629	(315)	197
Expenses related to FDIC indemnification assets and liabilities	—	—	—	(999)	(1,021)
Total non-core adjustments before tax effect	(4,319)	(366)	(2,180)	(4,365)	344
C Corp equivalent tax effect of non-core adjustments	1,231	104	621	1,773	(138)
Less non-core adjustments after C Corp equivalent tax effect	(3,088)	(262)	(1,559)	(2,592)	206
Core C Corp equivalent net income	$ 28,250	$ 26,137	$ 49,856	$ 39,886	$ 39,043
Return on average assets	2.06%	2.09%	1.96%	1.69%	1.76%
Return on average stockholders' equity	19.45%	21.04%	19.32%	16.58%	16.93%
Return on average tangible common equity	21.23%	23.20%	21.24%	18.29%	18.75%
C Corp equivalent return on average assets	1.56%	1.58%	1.49%	1.12%	1.18%
C Corp equivalent return on average equity	14.68%	15.88%	14.63%	11.20%	11.35%
C Corp equivalent return on average tangible common equity	16.02%	17.51%	16.08%	12.16%	12.57%
Core C Corp equivalent return on average assets	1.75%	1.60%	1.54%	1.20%	1.17%
Core C Corp equivalent return on average stockholders' equity	16.48%	16.04%	15.10%	11.79%	11.29%
Core C Corp equivalent return on average tangible common equity	17.99%	17.68%	16.60%	13.00%	12.51%

Core deposits

Core deposits are a non-GAAP financial measure that excludes time deposits of $250,000 or more and brokered deposits. We believe this non-GAAP financial measure provides investors with information regarding the stability of the Company's sources of funds. The most directly comparable financial measure calculated in accordance with GAAP is total deposits.

	As of June 30, (unaudited)		As of December 31,		
	2019	2018	2018	2017	2016
	(Dollars in thousands)				
Core Deposits					
Total deposits	$ 2,773,768	$ 2,813,267	$ 2,795,970	$ 2,855,685	$ 2,877,181
Less time deposits of $250,000 or more	34,640	39,019	36,875	42,830	38,072
Less brokered deposits	—	1,988	—	—	—
Core deposits	$ 2,739,128	$ 2,772,260	$ 2,759,095	$ 2,812,855	$ 2,839,109
Core deposits to total deposits	98.75%	98.54%	98.68%	98.50%	98.68%

Originated loans and acquired loans

Originated loans and related credit quality ratios such as net charge-offs on originated loans to average originated loans, nonperforming originated loans to total originated loans, nonperforming originated assets to total originated loans and other real estate owned, and originated loans by risk rating are non-GAAP financial measures that exclude loans acquired through an acquisition. Loans acquired through an acquisition were not underwritten using the Company's policies and procedures. We believe these non-GAAP financial measures provide investors with information regarding the credit quality of loans underwritten using the Company's policies and procedures. The most directly comparable financial measure calculated in accordance with GAAP are total loans, net charge-offs to average loans, nonperforming loans to total loans, nonperforming assets to total loans and other real estate owned and loans by risk rating.

	As of and for the Six Months Ended June 30, (unaudited)		As of and for the Year Ended December 31,		
	2019	2018	2018	2017	2016
	(Dollars in thousands)				
Total loans	$ 2,203,096	$ 2,113,194	$ 2,144,257	$ 2,115,946	$ 2,106,515
Less: acquired loans	197,846	254,925	220,398	290,817	417,329
Originated loans	$ 2,005,250	$ 1,858,269	$ 1,923,859	$ 1,825,129	$ 1,689,186
Total nonaccrual loans	$ 25,051	$ 18,406	$ 15,876	$ 22,074	$ 20,494
Less: acquired loans on nonaccrual	9,066	6,146	5,547	6,569	10,983
Originated loans on nonaccrual	$ 15,985	$ 12,260	$ 10,329	$ 15,505	$ 9,511
Total loans past due 90 days, still accruing	$ 2	$ 621	$ 37	$ 28	$ 1,745
Less: acquired loans past due 90 days, still accruing	—	—	—	—	—
Originated loans past due 90 days, still accruing	$ 2	$ 621	$ 37	$ 28	$ 1,745
Total nonperforming loans	$ 25,053	$ 19,027	$ 15,913	$ 22,102	$ 22,239
Less: nonperforming acquired loans	9,066	6,146	5,547	6,569	10,983
Nonperforming originated loans	$ 15,987	$ 12,881	$ 10,366	$ 15,533	$ 11,256

	As of and for the Six Months Ended June 30, (unaudited)		As of and for the Year Ended December 31,		
	2019	2018	2018	2017	2016
	(Dollars in thousands)				
Total other real estate owned	$ 9,707	$ 11,916	$ 9,559	$ 16,545	$ 16,224
Less: other real estate owned acquired through bank merger	8,197	9,166	8,164	10,595	11,629
Originated other real estate owned	$ 1,510	$ 2,750	$ 1,395	$ 5,950	$ 4,595
Total nonperforming assets	$ 34,760	$ 30,943	$ 25,472	$ 38,647	$ 38,463
Less: nonperforming assets acquired through bank merger	17,263	15,312	13,711	17,164	22,612
Nonperforming originated assets	$ 17,497	$ 15,631	$ 11,761	$ 21,483	$ 15,851
Total nonperforming loans to total loans	1.14%	0.90%	0.74%	1.04%	1.06%
Total nonperforming assets to total loans and other real estate owned	1.57%	1.46%	1.18%	1.81%	1.81%
Nonperforming acquired loans to total acquired loans	4.58%	2.41%	2.52%	2.26%	2.63%
Nonperforming acquired assets to total acquired loans and acquired other real estate owned	8.38%	5.80%	6.00%	5.69%	5.27%
Nonperforming originated loans to total originated loans	0.80%	0.69%	0.54%	0.85%	0.67%
Nonperforming originated assets to total originated loans and originated other real estate owned	0.87%	0.84%	0.61%	1.17%	0.94%
Net charge-offs (recoveries)	$ 549	$ (27)	$ 4,953	$ 3,082	$ 4,974
Less: net charge-offs (recoveries) on acquired loans	591	(147)	1,816	582	3,729
Net charge-offs (recoveries) on originated loans	$ (42)	$ 120	$ 3,137	$ 2,500	$ 1,245
Net charge-offs percentage	0.05%	0.00%	0.23%	0.15%	0.23%
Net charge-offs on acquired loans percentage	0.56%	(0.11)%	0.70%	0.17%	0.72%
Net charge-offs on originated loans percentage	0.00%	0.01%	0.17%	0.14%	0.08%
Loans risk rated Pass	$ 1,985,873	$ 1,929,024	$ 1,945,019	$ 1,933,389	$ 1,885,462
Less: loans acquired through bank merger	145,055	198,365	166,824	227,454	317,583
Originated loans risk rated Pass	$ 1,840,818	$ 1,730,659	$ 1,778,195	$ 1,705,935	$ 1,567,879
Loans risk rated Watch	$ 120,947	$ 116,308	$ 127,595	$ 120,151	$ 142,888
Less: loans acquired through bank merger	24,822	29,386	25,595	38,421	56,448
Originated loans risk rated Watch	$ 96,125	$ 86,922	$ 102,000	$ 81,730	$ 86,440
Loans risk rated Substandard	$ 96,276	$ 67,862	$ 71,643	$ 62,406	$ 78,165
Less: loans acquired through bank merger	27,969	27,174	27,979	24,942	43,298
Originated loans risk rated Substandard	$ 68,307	$ 40,688	$ 43,664	$ 37,464	$ 34,867
Total loans (Chicago MSA)	$ 985,577	$ 912,352	$ 941,028	$ 900,357	$ 897,387
Less: acquired loans (Chicago MSA)	148,648	196,773	166,570	227,535	324,948
Originated loans (Chicago MSA)	$ 836,929	$ 715,579	$ 774,458	$ 672,822	$ 572,439

RISK FACTORS

Investing in our common stock involves a significant degree of risk. Before investing in our common stock, you should carefully consider the risks and uncertainties described below, in addition to the other information contained in this prospectus. Any of the following risks, as well as risks that we do not know or currently deem immaterial, could have a material adverse effect on our business, financial condition or results of operations. As a result, the trading price of our common stock could decline, and you could lose some or all of your investment. Further, to the extent that any of the information in this prospectus constitutes forward-looking statements, the risk factors below are cautionary statements identifying important factors that could cause actual results to differ materially from those expressed in any forward-looking statements made by us or on our behalf. See "Cautionary Note Regarding Forward-Looking Statements."

Risks Related to Our Business

Lending and Credit Risks

We may not be able to adequately measure and limit our credit risk, which could lead to unexpected losses.

Our business depends on our ability to successfully measure and manage credit risk. As a lender, we are exposed to the risk that the principal of, or interest on, a loan will not be repaid timely or at all or that the value of any collateral supporting a loan will be insufficient to cover our outstanding exposure. In addition, we are exposed to risks with respect to the period of time over which the loan may be repaid, risks relating to proper loan underwriting, risks resulting from changes in economic and industry conditions, and risks inherent in dealing with individual loans and borrowers. The creditworthiness of a borrower is affected by many factors including local market conditions and general economic conditions. If the overall economic climate in the U.S., generally, or our market areas, specifically, experiences material disruption, our borrowers may experience difficulties in repaying their loans, the collateral we hold may decrease in value or become illiquid, and the level of nonperforming loans, charge-offs and delinquencies could rise and require significant additional provisions for credit losses. Additional factors related to the credit quality of commercial loans include the quality of the management of the business and the borrower's ability both to properly evaluate changes in the supply and demand characteristics affecting its market for products and services and to effectively respond to those changes. Additional factors related to the credit quality of commercial real estate loans include tenant vacancy rates and the quality of management of the property.

Our risk management practices, such as monitoring the concentration of our loans within specific industries and our credit approval, review and administrative practices may not adequately reduce credit risk, and our credit administration personnel, policies and procedures may not adequately adapt to changes in economic or any other conditions affecting customers and the quality of the loan portfolio. A failure to effectively measure and limit the credit risk associated with our loan portfolio may result in loan defaults, foreclosures and additional charge-offs, and may necessitate that we significantly increase our allowance for credit losses, each of which could adversely affect our net income. As a result, our inability to successfully manage credit risk could have an adverse effect on our business, financial condition and results of operations.

Our allowance for loan losses may prove to be insufficient to absorb potential losses in our loan portfolio.

We establish our allowance for loan losses and maintain it at a level that management considers adequate to absorb probable loan losses based on an analysis of our portfolio and market environment. The allowance for loan losses represents our estimate of probable losses in the portfolio at each balance sheet date and is based upon relevant information available to us. The allowance contains provisions for probable losses that have been identified relating to specific borrowing relationships, as well as probable losses inherent in the loan portfolio and credit undertakings that are not specifically identified. Additions to the allowance for loan losses, which are charged to earnings through the provision for loan losses, are determined based on a variety of factors, including an analysis of the loan portfolio, historical loss experience and an evaluation of current economic conditions in our market areas. The actual amount of loan losses is affected by changes in economic, operating and other conditions within our markets, which may be beyond our control, and such losses may exceed current estimates.

As of June 30, 2019, our allowance for loan losses as a percentage of total loans was 1.02% and as a percentage of total nonperforming loans was 89.98%. Although management believes that the allowance for loan losses is adequate to absorb losses on any existing loans that may become uncollectible, we may be required to take additional provisions for loan losses in the future to further supplement the allowance for loan losses, either due to management's decision to do so or because our banking regulators require us to do so. Our bank regulatory agencies will periodically review our allowance for loan losses and the value attributed to nonaccrual loans or to real estate acquired through foreclosure and may require us to adjust our determination of the value for these items. These adjustments may adversely affect our business, financial condition and results of operations.

The majority of our loan portfolio consists of commercial and regulatory CRE loans, which have a higher degree of risk than other types of loans.

At June 30, 2019, commercial and regulatory CRE loans represented $1.6 billion, or 71%, of our total gross loans. These loans are often larger and involve greater risks than other types of lending. Because payments on such loans are often dependent on the successful operation or development of the property or business involved, repayment of such loans is often more sensitive than other types of loans to adverse conditions in the real estate market or the general business climate and economy. Accordingly, a downturn in the real estate market and a challenging business and economic environment may increase our risk related to commercial loans, particularly commercial real estate loans. Unlike residential mortgage loans, which generally are made on the basis of the borrowers' ability to make repayment from their employment and other income and which are secured by real property whose value tends to be more easily ascertainable, commercial loans typically are made on the basis of the borrowers' ability to make repayment from the cash flow of the commercial venture. Our operating commercial loans are primarily made based on the identified cash flow of the borrower and secondarily on the collateral underlying the loans. Most often, this collateral consists of accounts receivable, inventory and equipment. Inventory and equipment may depreciate over time, may be difficult to appraise and may fluctuate in value based on the success of the business. If the cash flow from business operations is reduced, the borrower's ability to repay the loan may be impaired. Due to the larger average size of each commercial loan as compared with other loans such as residential loans, as well as collateral that is generally less readily-marketable, losses incurred on a small number of commercial loans could have a material adverse impact on our financial condition and results of operations.

The small to midsized businesses to which we lend may have fewer resources to weather adverse business developments, which may impair a borrower's ability to repay a loan, and such impairment could adversely affect our results of operations and financial condition.

We target our business development and marketing strategy primarily to serve the banking and financial services needs of small to midsized businesses. These businesses generally have fewer financial resources in terms of capital or borrowing capacity than larger entities, can have less access to capital sources and loan facilities, frequently have smaller market shares than their competition, may be more vulnerable to economic downturns, often need substantial additional capital to expand or compete, and may experience substantial volatility in operating results, any of which may impair a borrower's ability to repay a loan. In addition, the success of a small and medium-sized business often depends on the management talents and efforts of one or two people or a small group of people, and the death, disability or resignation of one or more of these people could have a material adverse impact on the business and its ability to repay its loan. If general economic conditions negatively impact the markets in which we operate or any of our borrowers otherwise are affected by adverse business developments, our small to medium-sized borrowers may be disproportionately affected and their ability to repay outstanding loans may be negatively affected, resulting in an adverse effect on our results of operations and financial condition.

The implementation of the Current Expected Credit Loss accounting standard could require us to increase our allowance for loan losses and may have a material adverse effect on our financial condition and results of operations.

The Financial Accounting Standards Board ("FASB") has issued a new accounting standard that will replace the current approach under GAAP for establishing allowances for loan and lease losses, which generally considers only past events and current conditions, with a forward-looking methodology that reflects the expected credit losses over the lives of financial assets, starting when such assets are first originated or acquired. As an emerging growth company relying on the extended transition period for new accounting standards, this standard, referred to as Current Expected Credit Loss, or CECL, will be effective for us in 2022. The CECL standard will require us to record, at the time of origination, credit losses expected throughout the life of the asset portfolio on loans and held-to-maturity securities, as opposed to the current practice of recording losses when it is probable that a loss event has occurred. The Company is currently evaluating the impact the CECL standard will have on its accounting. The adoption of the CECL standard will materially affect how we determine allowance for loan losses ("ALLL") and could require us to significantly increase the allowance. Moreover, the CECL standard may create more volatility in the level of ALLL. If we are required to materially increase the level of ALLL for any reason, such increase could adversely affect our business, financial condition and results of operations.

In addition, from time to time, FASB and the SEC may change other financial accounting and reporting standards, or the interpretation of those standards, that govern the preparation of the Company's financial statements. These changes are beyond the Company's control, can be difficult to predict, and could materially impact how the Company reports its results of operations and financial condition.

Real estate construction loans are based upon estimates of costs and values associated with the complete project. These estimates may be inaccurate, and we may be exposed to significant losses on loans for these projects.

Real estate construction loans comprised approximately 10.8% of our total loan portfolio as of June 30, 2019, and such lending involves additional risks because funds are advanced upon the security of the project, which is of uncertain value prior to its completion, and costs may exceed realizable values in declining real estate markets. Because of the uncertainties inherent in estimating construction costs and the realizable market value of the completed project and the effects of governmental regulation of real property, it is relatively difficult to evaluate accurately the total funds required to complete a project and the related loan-to-value ratio. As a result, construction loans often involve the disbursement of substantial funds with repayment dependent, in part, on the success of the ultimate project and the ability of the borrower to sell or lease the property, rather than the ability of the borrower or guarantor to repay principal and interest. If our appraisal of the value of the completed project proves to be overstated or market values or rental rates decline, we may have inadequate security for the repayment of the loan upon completion of construction of the project. If we are forced to foreclose on a project prior to or at completion due to a default, we may not be able to recover all of the unpaid balance of, and accrued interest on, the loan as well as related foreclosure and holding costs. In addition, we may be required to fund additional amounts to complete the project and may have to hold the property for an unspecified period of time while we attempt to dispose of it.

The appraisals and other valuation techniques we use in evaluating and monitoring loans secured by real property, other real estate owned ("OREO") and other repossessed assets may not accurately describe the fair value of the asset.

In considering whether to make a loan secured by real property, we generally require an appraisal of the property. However, an appraisal is only an estimate of the value of the property at the time the appraisal is made, and, as real estate values may change significantly in relatively short periods of time (especially in periods of heightened economic uncertainty), this estimate may not accurately describe the fair value of the real property collateral after the loan is made. As a result, we may not be able to realize the full amount of any remaining indebtedness when we foreclose on and sell the relevant property. In addition, we rely on appraisals and other valuation techniques to establish the value of our OREO and personal property that we acquire through foreclosure proceedings and to determine certain loan impairments. If any of these valuations are inaccurate, our consolidated financial statements may not reflect the correct value of our OREO, and our allowance for loan losses may not reflect accurate loan impairments. This could have a material adverse effect on our business, financial condition or results of operations.

We provide loans and services to the agriculture industry and the health of this industry is impacted by factors outside our control and the control of our customers.

At June 30, 2019, we had $208.9 million of loans outstanding to agricultural producers and/or secured by farmland. In addition, our commercial loan portfolio includes loans to farm implement dealerships, grain elevators and other businesses that provide products and services to agricultural producers. We also provide farm management advice, engage in farm sale services and arrange for crop insurance. Our agriculture loans generally consist of (i) real estate loans secured by farmland, (ii) crop input loans primarily focused on corn and soybeans and (iii) equipment financing for specific agriculture equipment. Decreases in commodity prices, such as those currently impacting the agriculture industry, may negatively affect both the cash flows of the borrowers and the value of the collateral supporting such loans, and could decrease the fees from our other agricultural services. Current tariffs imposed on China and tariffs under consideration for China and other countries are currently putting downward pressure on commodity prices. Although we attempt to account for the possibility of such commodity price fluctuations in underwriting, structuring and monitoring our agriculture loans, there is no guarantee that our efforts will be successful and we may experience increased delinquencies or defaults in this portfolio or be required to increase our provision for loan losses, which could have an adverse effect on our business, financial condition and results of operations.

Our agricultural loans are dependent on the profitable operation and management of the farmland securing the loan and its cash flows. The success of our agricultural loans may be affected by many factors outside the control of the borrower, including:

- adverse weather conditions (such as hail, drought and floods), restrictions on water supply or other conditions that prevent the planting of a crop or limit crop yields, or that affect crop harvesting;
- loss of crops or livestock due to disease or other factors;
- declines in the market prices or demand for agricultural products (both domestically and internationally), for any reason;
- increases in production costs (such as the costs of labor, rent, feed, fuel and fertilizer);

- adverse changes in interest rates, currency exchange rates, agricultural land values or other factors that may affect delinquency levels and credit losses on agricultural loans;
- the impact of government policies and regulations (including changes in price supports, subsidies, government-sponsored crop insurance, minimum ethanol content requirements for gasoline, tariffs, trade barriers and health and environmental regulations);
- access to technology and the successful implementation of production technologies; and
- changes in the general economy that could affect the availability of off-farm sources of income and prices of real estate for borrowers.

We depend on the accuracy and completeness of information about customers and counterparties.

In deciding whether to extend credit or enter into other transactions, and in evaluating and monitoring our loan portfolio on an ongoing basis, we may rely on information furnished by or on behalf of customers and counterparties, including financial statements, credit reports and other financial information. We may also rely on representations of those customers or counterparties or of other third parties, such as independent auditors, as to the accuracy and completeness of that information. Reliance on inaccurate, incomplete, fraudulent or misleading financial statements, credit reports or other financial or business information, or the failure to receive such information on a timely basis, could result in loan losses, reputational damage or other effects that could have a material adverse effect on our business, financial condition or results of operations.

We are subject to environmental liability risk associated with lending activities.

A significant portion of our loan portfolio is, and is expected to be, secured by real property and during the ordinary course of business, we may foreclose on and take title to properties securing certain loans. In addition, we own our branch properties. If hazardous or toxic substances are found on our foreclosed or branch properties, we may be liable for remediation costs, as well as for personal injury and property damage. Environmental laws may require us to incur substantial expenses and may materially reduce the affected property's value or limit our ability to use or sell the affected property. In addition, future laws or more stringent interpretations or enforcement policies with respect to existing laws may increase our exposure to environmental liability. The remediation costs and any other financial liabilities associated with an environmental hazard could have a material adverse effect on our financial condition and results of operations.

Interest Rate Risks

Fluctuations in interest rates may reduce net interest income and otherwise negatively impact our financial condition and results of operations.

The majority of our banking assets are monetary in nature and subject to risk from changes in interest rates. Like most financial institutions, our earnings and cash flows depend to a great extent upon the level of our net interest income, or the difference between the interest income we earn on loans, investments and other interest-earning assets, and the interest we pay on interest-bearing liabilities, such as deposits and borrowings. Changes in interest rates can increase or decrease our net interest income, because different types of assets and liabilities may react differently, and at different times, to market interest rate changes. When interest-bearing liabilities mature or reprice more quickly, or to a greater degree than interest-earning assets in a period, an increase in interest rates could reduce net interest income. Similarly, when interest-earning assets mature or reprice more quickly, or to a greater degree than interest-bearing liabilities, falling interest rates could reduce net interest income. As of June 30, 2019, 39.1% of our interest-earning assets and 82.4% of our interest-bearing liabilities were variable rate, where our variable rate liabilities reprice at a slower rate than our variable rate assets. Our interest sensitivity profile was asset sensitive as of June 30, 2019, meaning that we estimate our net interest income would increase from rising interest rates and decline with falling interest rates.

Additionally, an increase in interest rates may, among other things, reduce the demand for loans, increase the cost of deposit and wholesale funding, reduce our ability to originate loans and decrease loan repayment rates. A decrease in the general level of interest rates may, among other things, increase prepayments on our loan and securities portfolios and result in a decrease in our net yield on interest-earning assets that exceeds any decrease on our cost of funds, negatively impacting our results. Although our asset-liability management strategy is designed to control and mitigate exposure to the risks related to changes in market interest rates, those rates are affected by many factors outside of our control, including governmental monetary policies, inflation, deflation, recession, changes in unemployment, the money supply, international disorder and instability in domestic and foreign financial markets.

We may seek to mitigate our interest rate risk by entering into interest rate swaps and other interest rate derivative contracts from time to time with counterparties. Our hedging strategies rely on assumptions and projections regarding interest rates, asset levels and general market factors and subject us to counterparty risk. There is no assurance that our interest rate mitigation strategies will be successful and if our assumptions and projections prove to be incorrect or our hedging strategies do not adequately mitigate the impact of changes in interest rates, we may incur losses that could adversely affect our earnings.

We may be adversely impacted by the transition from the London Interbank Offered Rate ("LIBOR") as a reference rate.

We have derivative contracts, borrowings, including $37.6 million in subordinated debentures underlying our trust preferred securities, and other financial instruments with attributes that are either directly or indirectly dependent on the U.S. dollar LIBOR. Further, 21% of our total gross loans are tied to LIBOR, as of June 30, 2019.

In 2017, the United Kingdom Financial Conduct Authority (the authority that regulates LIBOR) announced that it will stop compelling banks to submit rates for the calculation of LIBOR after the end of 2021, creating considerable uncertainty regarding the publication of such rates beyond 2021. There are currently no agreed upon alternative reference rates. The transition away from LIBOR to alternative reference rates could have a negative impact on the value of, return on, and trading market for the LIBOR-based loans and securities in our portfolio and an adverse impact on the availability and cost of hedging instruments and borrowings. In addition, we may incur expenses if we are required to renegotiate the terms of existing agreements that govern LIBOR-based products as a result of the transition away from LIBOR, and could be subject to disputes or litigation with counterparties regarding the interpretation and enforceability of provisions in existing LIBOR-based products regarding fallback language or other related provisions, as the economics of various alternative reference rates differ from LIBOR. The impact on the valuation, pricing, and operation of our LIBOR-based financial instruments and the cost of transitioning to the use of alternative reference rates is not yet known and could have an adverse effect on our results of operations.

The value of the financial instruments we own may decline in the future.

As of June 30, 2019, we owned $764.8 million of investment securities, which consisted primarily of our positions in U.S. government and government-sponsored enterprises and federal agency obligations, mortgage and asset-backed securities, corporate and municipal securities. We evaluate our investment securities on at least a quarterly basis, and more frequently when economic and market conditions warrant such an evaluation, to determine whether any decline in fair value below amortized cost is the result of an other-than-temporary impairment. The process for determining whether impairment is other-than-temporary usually requires complex, subjective judgments about the future financial performance of the issuer in order to assess the probability of receiving all contractual principal and interest payments on the security. Because of changing economic and market conditions affecting issuers, we may be required to recognize other-than-temporary impairment in future periods, which could adversely affect our business, results of operations or financial condition.

In addition, an increase in market interest rates may affect the market value of our securities portfolio, potentially reducing accumulated other comprehensive income and/or earnings.

Liquidity and Funding Risks

Liquidity risks could affect operations and jeopardize our business, financial condition and results of operations.

Liquidity is essential to our business. An inability to raise funds through deposits, borrowings, the sale of loans and/or investment securities and from other sources could have a substantial negative effect on our liquidity. Our most important source of funds consists of our customer deposits. Such deposit balances can decrease when customers perceive alternative investments, such as the stock market, as providing a better risk/return tradeoff. If customers move money out of bank deposits and into other investments, we could lose a relatively low cost source of funds, which would require us to seek wholesale funding alternatives in order to continue to grow, thereby increasing our funding costs and reducing our net interest income and net income.

Other primary sources of funds comes from our deposit base and customer repurchase agreements. Our liquidity consists of cash from operations and investment maturities, redemptions and sales as well as cash flow from loan prepayments and maturing loans that are not renewed. When needed, additional liquidity is sometimes provided by our ability to borrow from the Federal Reserve Bank of Chicago and the Federal Home Loan Bank of Chicago (the "FHLBC"), through federal funds lines with our correspondent banks, and through other wholesale funding sources including brokered certificates of deposits or deposits placed with the Certificate of Deposit Account Registry Service. Our access to funding sources in amounts adequate to finance or capitalize our activities or on terms that are acceptable to us could be impaired by factors that affect us directly or the financial services industry or economy in general, such as disruptions in the financial markets or negative views and expectations about the prospects for the financial services industry.

Any decline in available funding could adversely impact our ability to continue to implement our business plan, including originating loans, investing in securities, meeting our expenses or fulfilling obligations such as repaying our borrowings and meeting deposit withdrawal demands, any of which could have a material adverse impact on our liquidity, business, financial condition and results of operations.

We may need to raise additional capital in the future, and such capital may not be available when needed or at all.

We may need to raise additional capital, in the form of debt or equity securities, in the future to have sufficient capital resources to meet our commitments and our regulatory requirements, and to fund our business needs and future growth, particularly if the quality of our assets or earnings were to deteriorate significantly. Our ability to raise additional capital, if needed, will depend on, among other things, conditions in the capital markets at that time, which are outside of our control, and our financial condition. We may not be able to obtain capital on acceptable terms or at all. Any occurrence that may limit our access to capital, such as a decline in the confidence of debt purchasers, depositors of our Banks or counterparties participating in the capital markets or other disruption in capital markets, may adversely affect our capital costs and our ability to raise capital and, in turn, our liquidity.

Further, if we need to raise capital in the future, we may have to do so when many other financial institutions are also seeking to raise capital and would then have to compete with those institutions for investors. An inability to raise additional capital on acceptable terms when needed could have a material adverse effect on our business, financial condition or results of operations.

We may be adversely affected by changes in the actual or perceived soundness or condition of other financial institutions.

Financial services institutions that deal with each other are interconnected as a result of trading, investment, liquidity management, clearing, counterparty and other relationships. Concerns about, or a default by, one institution could lead to significant liquidity problems and losses or defaults by other institutions, as the commercial and financial soundness of many financial institutions is closely related as a result of these credit, trading, clearing and other relationships. Even the perceived lack of creditworthiness of, or questions about, a counterparty may lead to market-wide liquidity problems and losses or defaults by various institutions. This systemic risk may adversely affect financial intermediaries with which we interact on a daily basis or key funding providers such as the FHLBC, any of which could have a material adverse effect on our access to liquidity or otherwise have a material adverse effect on our business, financial condition or results of operations.

Operational Risks

We may not be able to continue growing our business, particularly if we cannot make acquisitions or increase loans through organic loan growth, either because of an inability to find suitable acquisition candidates, constrained capital resources or otherwise.

We anticipate that much of our future growth will be dependent on our ability to successfully implement our acquisition growth strategy because certain of our market areas are comprised of mature, rural communities with limited population growth. A risk exists, however, that we will not be able to identify suitable additional candidates for acquisitions. In addition, even if suitable targets are identified, we expect to compete for such businesses with other potential bidders, many of which may have greater financial resources than we have, which may adversely affect our ability to make acquisitions at attractive prices. In light of the foregoing, our ability to continue to grow successfully will depend to a significant extent on our capital resources. It also will depend, in part, upon our ability to attract deposits, identify favorable loan and investment opportunities and on whether we can continue to fund growth while maintaining cost controls and asset quality, as well on other factors beyond our control, such as national, regional and local economic conditions and interest rate trends.

Also, as our acquired loan portfolio, which produces higher yields than our originated loans due to loan discount accretion, is paid down, we expect downward pressure on our income to the extent that the run-off is not replaced with other high-yielding loans. The accretable yield represents the excess of the net present value of expected future cash flows over the acquisition date fair value and includes both the expected coupon of the loan and the discount accretion. For example, the total loan yield for the six months ended June 30, 2019 was 5.63%, while the yield generated using only the expected coupon would have been 5.47% during the same period. As a result of the foregoing, if we are unable to replace loans in our existing portfolio with comparable high-yielding loans or a larger volume of loans, we could be adversely affected. We could also be materially and adversely affected if we choose to pursue riskier higher-yielding loans that fail to perform.

Our strategy of pursuing growth via acquisitions exposes us to financial, execution and operational risks that could have a material adverse effect on our business, financial position, results of operations and growth prospects.

We have been pursuing a strategy of leveraging our human and financial capital by acquiring other financial institutions in our target markets, including acquisitions of failed insured depository institutions with the assistance of the Federal Deposit Insurance Corporation ("FDIC"). We have completed several acquisitions in recent years, including most recently the NBI Acquisition and the Lincoln Acquisition, and we may continue pursuing this strategy.

Our acquisition activities could require us to use a substantial amount of cash, other liquid assets, and/or issue debt or additional equity. In addition to the general risks associated with any growth plans, acquiring other banks, businesses, or branches involves various risks commonly associated with acquisitions, including, among other things:

- the time and expense associated with identifying and evaluating potential acquisitions and negotiating potential transactions;
- inaccuracies in the estimates and judgments used to evaluate credit, operations, management, and market risks with respect to the target institution. If the actual results fall short or exceed our estimates, our earnings, capital and financial condition may be materially and adversely affected;
- the ability to finance an acquisition and possible dilution to existing stockholders;
- compliance and legal risks associated with acquiring unfamiliar customers, products and services, and branches in new geographical markets; and
- risks associated with integrating the operations and personnel of the acquired business in a manner that permits growth opportunities and does not materially disrupt existing customer relationships or result in decreased revenues resulting from any loss of customers.

With respect to the risks particularly associated with the integration of an acquired business, we may encounter a number of difficulties, such as: (1) customer loss and revenue loss; (2) the loss of key employees; (3) the disruption of its operations and business; (4) the inability to maintain and increase its competitive presence; (5) possible inconsistencies in standards, control procedures and policies; and/or (6) unexpected problems with costs, operations, personnel, technology and credit. In addition to the risks posed by the integration process itself, the focus of management's attention and effort on integration may result in a lack of sufficient management attention to other important issues, causing harm to our business. Also, general market and economic conditions or governmental actions affecting the financial industry generally may inhibit our successful integration of an acquired business.

Generally, any acquisition of financial institutions, banking centers or other banking assets by us will require approval by, and cooperation from, a number of governmental regulatory agencies, including the Board of Governors of the Federal Reserve System (the "Federal Reserve"), the Illinois Department of Financial and Professional Regulations (the "IDFPR") and the FDIC. Such regulators could deny our applications based on various prescribed criteria or other considerations, which would restrict our growth, or the regulatory approvals may not be granted on terms that are acceptable to us. For example, we could be required to sell banking centers as a condition to receiving regulatory approvals and such a condition may not be acceptable to us or may reduce the benefit of any acquisition. These regulatory approvals and the factors considered in reviewing such applications are described in greater detail in "Supervision and Regulation—Acquisitions and Branching."

We cannot assure you that we will be successful in overcoming these risks or any other problems encountered in connection with acquisitions. Our inability to overcome risks associated with acquisitions could have an adverse effect on our ability to successfully implement our acquisition growth strategy and grow our business and profitability.

Attractive acquisition opportunities may not be available to us in the future.

While we seek continued organic growth, we anticipate continuing to evaluate merger and acquisition opportunities presented to us in our core markets and beyond. We expect that other banking and financial companies, many of which have significantly greater resources, will compete with us to acquire financial services businesses. In addition, the Economic Growth, Regulatory Relief, and Consumer Protection Act (the "Regulatory Relief Act") and certain proposed implementing regulations, if adopted, would significantly reduce the regulatory burden of larger bank holding companies. This could cause certain large bank holding companies to more aggressively pursue expansion, including through acquisitions. This competition could increase prices for potential acquisitions, which could reduce our potential returns and reduce the attractiveness of these opportunities to us.

Loss of customer deposits could increase our funding costs.

We rely on bank deposits as a low cost and stable source of funding. We compete with banks and other financial services companies for deposits. If our competitors raise the rates they pay on deposits, our funding costs may increase, either because we raise our rates to avoid losing deposits or because we lose deposits and must rely on more expensive sources of funding. Higher funding costs could reduce our net interest margin and net interest income and could have a material adverse effect on our business, financial condition, and results of operations.

Our future success will be heavily dependent upon our key management personnel.

Our success depends upon the continued service of our senior management team and upon our ability to attract and retain qualified financial services personnel. In addition to these executives, we will depend on the services of our other lending officers and our operational and staff officers. Additionally, our future success and growth will depend upon our ability to recruit and retain highly skilled employees with strong community relationships and specialized knowledge in the financial services industry. Competition for qualified employees is intense. In our experience, it can take a significant period of time to identify and hire personnel with the combination of skills and attributes required in carrying out our strategy. If we lose the services of our key personnel, or are unable to attract additional qualified personnel, our business, financial condition, results of operations and cash flows could be materially adversely affected.

The occurrence of fraudulent activity, breaches or failures of our information security controls or cybersecurity-related incidents could have a material adverse effect on our business, financial condition or results of operations.

As a financial institution, we are susceptible to fraudulent activity, information security breaches and cybersecurity-related incidents that may be committed against us or our clients, which may result in financial losses or increased costs to us or our clients, disclosure or misuse of our information or our client information, misappropriation of assets, privacy breaches against our clients, litigation or damage to our reputation. Such fraudulent activity may take many forms, including check fraud, electronic fraud, wire fraud, phishing, social engineering and other dishonest acts. Information security breaches and cybersecurity-related incidents may include fraudulent or unauthorized access to systems used by us or our clients, denial or degradation of service attacks, and malware or other cyber-attacks. In recent periods, there continues to be a rise in electronic fraudulent activity, security breaches and cyber-attacks within the financial services industry, especially in the commercial banking sector due to cyber criminals targeting commercial bank accounts. Consistent with industry trends, we have also experienced an increase in attempted electronic fraudulent activity, security breaches and cybersecurity-related incidents in recent periods. Moreover, in recent periods, several large corporations, including financial institutions and retail companies, have suffered major data breaches, in some cases exposing not only confidential and proprietary corporate information, but also sensitive financial and other personal information of their customers and employees and subjecting them to potential fraudulent activity. Some of our clients may have been affected by these breaches, which could increase their risks of identity theft and other fraudulent activity that could involve their accounts with us.

We also face risks related to cyber-attacks and other security breaches in connection with debit card and credit card transactions that typically involve the transmission of sensitive information regarding our customers through various third parties, including retailers and payment processors. Some of these parties have in the past been the target of security breaches and cyber-attacks, and because the transactions involve third parties and environments such as the point of sale that we do not control or secure, future security breaches or cyber-attacks affecting any of these third parties could affect us through no fault of our own. In some cases, we may have exposure and suffer losses for breaches or attacks relating to them, including costs to replace compromised debit cards and address fraudulent transactions.

Information pertaining to us and our customers is maintained, and transactions are executed, on networks and systems maintained by us and certain third-party partners, such as our online banking or reporting systems. The secure maintenance and transmission of confidential information, as well as execution of transactions over these systems, are essential to protect us and our customers against fraud and security breaches and to maintain our customers' confidence. Breaches of information security also may occur through intentional or unintentional acts by those having access to our systems or our customers' or counterparties' confidential information, including employees. In addition, a number of developments could result in a compromise or breach of the technology, processes and controls that we use to prevent fraudulent transactions and to protect data about us, our customers and underlying transactions, as well as the technology used by our customers to access our systems. These developments include increases in criminal activity levels and sophistication, advances in computer capabilities, new discoveries and vulnerabilities in third-party technologies (including browsers and operating systems).

Although we have developed, and continue to invest in, systems and processes that are designed to detect and prevent security breaches and cyber-attacks and periodically test our security, our or our third-party partners' inability to anticipate, or failure to adequately mitigate, breaches of security could result in losses to us or our customers, loss of business and/or customers, reputational damage, the incurrence of additional expenses, disruption to our business, our inability to grow our online services or other businesses, additional regulatory scrutiny or penalties, or our exposure to civil litigation and possible financial liability, any of which could have a material adverse effect on our business, financial condition or results of operations.

More generally, publicized information concerning security and cyber-related problems could inhibit the use or growth of electronic or web-based applications or solutions as a means of conducting commercial transactions. Such publicity may also cause damage to our reputation as a financial institution. As a result, our business, financial condition or results of operations could be adversely affected.

We depend on information technology and telecommunications systems of third parties, and any systems failures, interruptions or data breaches involving these systems could adversely affect our operations and financial condition.

Our business is highly dependent on the successful and uninterrupted functioning of our information technology and telecommunications systems, third-party servicers, accounting systems, mobile and online banking platforms and financial intermediaries. We outsource to third parties many of our major systems, such as data processing, loan servicing, and deposit processing systems. The failure of these systems, or the termination of a third-party software license or service agreement on which any of these systems is based, could interrupt our operations. Because our information technology and telecommunications systems interface with and depend on third-party systems, we could experience service denials if demand for such services exceeds capacity or such third-party systems fail or experience interruptions. If sustained or repeated, a system failure or service denial could result in a deterioration of our ability to process loans or gather deposits and provide customer service, compromise our ability to operate effectively, result in potential noncompliance with applicable laws or regulations, damage our reputation, result in a loss of customer business and/or subject us to additional regulatory scrutiny and possible financial liability, any of which could have a material adverse effect on our financial condition and results of operations. In addition, failure of third parties to comply with applicable laws and regulations, or fraud or misconduct on the part of employees of any of these third parties, could disrupt our operations or adversely affect our reputation.

It may be difficult for us to replace some of our third-party vendors, particularly vendors providing our core banking, debit card and credit card services and information services, in a timely manner if they are unwilling or unable to provide us with these services in the future for any reason and even if we are able to replace them, it may be at higher cost or result in the loss of customers. Any such events could have a material adverse effect on our business, financial condition or results of operations.

Our operations rely heavily on the secure processing, storage and transmission of information and the monitoring of a large number of transactions on a minute-by-minute basis, and even a short interruption in service could have significant consequences. We also interact with and rely on retailers, for whom we process transactions, as well as financial counterparties and regulators. Each of these third parties may be targets of the same types of fraudulent activity, computer break-ins and other cybersecurity breaches described above or herein, and the cybersecurity measures that they maintain to mitigate the risk of such activity may be different than our own and may be inadequate.

As a result of financial entities and technology systems becoming more interdependent and complex, a cyber-incident, information breach or loss, or technology failure that compromises the systems or data of one or more financial entities could have a material impact on counterparties or other market participants, including ourselves. Although we review business continuity and backup plans for our vendors and take other safeguards to support our operations, such plans or safeguards may be inadequate. As a result of the foregoing, our ability to conduct business may be adversely affected by any significant disruptions to us or to third parties with whom we interact.

Our use of third-party vendors and our other ongoing third-party business relationships is subject to increasing regulatory requirements and attention.

Our use of third-party vendors for certain information systems is subject to increasingly demanding regulatory requirements and attention by our federal bank regulators. Regulatory guidance requires us to enhance our due diligence, ongoing monitoring and control over our third-party vendors and other ongoing third-party business relationships. In certain cases we may be required to renegotiate our agreements with these vendors to meet these enhanced requirements, which could increase our costs. Our regulators may hold us responsible for deficiencies in our oversight and control of our third-party relationships and in the performance of the parties with which we have these relationships. As a result, if our regulators conclude that we have not exercised adequate oversight and control over our third-party vendors or other ongoing third-party business relationships or that such third parties have not performed appropriately, we could be subject to enforcement actions, including civil money penalties or other administrative or judicial penalties or fines as well as requirements for customer remediation, any of which could have a material adverse effect our business, financial condition or results of operations.

We continually encounter technological change and may have fewer resources than many of our larger competitors to continue to invest in technological improvements.

The financial services industry is undergoing rapid technological changes, with frequent introductions of new technology-driven products and services. The effective use of technology increases efficiency and enables financial institutions to better serve customers and to reduce costs. Our future success will depend, in part, upon our ability to address the needs of our customers by using technology to provide products and services that will satisfy customer demands for convenience, as well as to create additional efficiencies in our operations. Many of our competitors have substantially greater resources to invest in technological improvements. We also may not be able to effectively implement new technology-driven products and services or be successful in marketing these products and services to our customers.

In addition, we expect that new technologies and business processes applicable to the banking industry will continue to emerge, and these new technologies and business processes may be better than those we currently use. The implementation of technological changes and upgrades to maintain current systems and integrate new ones may cause service interruptions, transaction processing errors and system conversion delays and may cause us to fail to comply with applicable laws. Because the pace of technological change is high and our industry is intensely competitive, we may not be able to sustain our investment in new technology as critical systems and applications become obsolete or as better ones become available. A failure to maintain current technology and business processes could cause disruptions in our operations or cause our products and services to be less competitive, all of which could have a material adverse effect on our business, financial condition or results of operations.

New lines of business or new products and services may subject us to additional risks.

From time to time, we may seek to implement new lines of business or offer new products and services within existing lines of business in our current markets or new markets. There are substantial risks and uncertainties associated with these efforts, particularly in instances where the markets are not fully developed. In developing and marketing new lines of business and/or new products and services, we may invest significant time and resources. Initial timetables for the introduction and development of new lines of business and/or new products or services may not be achieved, and price and profitability targets may not prove feasible, which could in turn have a material negative effect on our operating results. Implementing new products and services also poses compliance and legal risk which, if not fully assessed prior to implementation and effectively managed thereafter, could expose us to fines and penalties, which depending on how severe, may negatively impact our reputation and ability to pursue growth opportunities.

External Risks

Adverse changes in local economic conditions and adverse conditions in an industry on which a local market in which we do business depends could hurt our business in a material way.

Our financial performance generally, and in particular the ability of our borrowers to pay interest on and repay principal of outstanding loans and the value of collateral securing those loans, as well as demand for loans and other products and services we offer, is highly dependent upon the business environment in the markets in which we operate and in the United States as a whole. Unlike larger banks that are more geographically diversified, we provide banking and financial services to customers primarily in the State of Illinois. The economic conditions in our local markets may be different from, or worse than, the economic conditions in the United States as a whole. Some elements of the business environment that affect our financial performance include short-term and long-term interest rates, the prevailing yield curve, inflation and price levels, tax policy, monetary policy, unemployment and the strength of the domestic economy and the local economy in the markets in which we operate.

Unfavorable market conditions can result in a deterioration in the credit quality of our borrowers and the demand for our products and services, an increase in the number of loan delinquencies, defaults and charge-offs, additional provisions for loan losses, adverse asset values and an overall material adverse effect on the quality of our loan portfolio. Unfavorable or uncertain economic and market conditions can be caused by, among other factors, declines in economic growth, business activity or investor or business confidence; limitations on the availability or increases in the cost of credit and capital; changes in inflation or interest rates; increases in real estate and other state and local taxes; high unemployment; natural disasters; severe weather; acts of terrorism or war; or a combination of these or other factors.

The State of Illinois has experienced significant financial difficulties, and this could adversely impact certain borrowers and our business.

The State of Illinois is experiencing significant financial difficulties, including material pension funding shortfalls and large budget deficits. The State's debt ratings have been downgraded and the State of Illinois' executive and legislative branches of government have only just recently been able to reach agreement on a budget for the current and past fiscal years. These issues could impact the economic vitality of the State of Illinois and our customers, and could specifically encourage businesses to relocate, and discourage new employers from starting or moving businesses to Illinois. These issues could also result in delays in the payment of accounts receivable owed to borrowers that conduct business with the State of Illinois and Medicaid payments to nursing homes and other healthcare providers in Illinois and impair their ability to repay their loans when due.

Our business is significantly dependent on the real estate markets in which we operate, as a significant percentage of our loan portfolio is secured by real estate.

As of June 30, 2019, approximately 75.6% of our loan portfolio was comprised of loans with real estate as a primary or secondary component of collateral, with substantially all of these real estate loans concentrated in the State of Illinois. Real property values in our market may be different from, and in some instances worse than, real property values in other markets or in the United States as a whole and may be affected by a variety of factors outside of our control and the control of our borrowers, including national and local economic conditions, generally. Cook County, in particular, has experienced volatility in real estate values over the past decade. Declines in real estate values, including prices for homes and commercial properties, could result in a deterioration of the credit quality of our borrowers, an increase in the number of loan delinquencies, defaults and charge-offs, and reduced demand for our products and services, generally. Our CRE loans may have a greater risk of loss than residential mortgage loans, in part because these loans are generally larger or more complex to underwrite. In particular, real estate construction and acquisition and development loans have certain risks not present in other types of loans, including risks associated with construction cost overruns, project completion risk, general contractor credit risk and risks associated with the ultimate sale or use of the completed construction. In addition, declines in real property values in the states in which we operate could reduce the value of any collateral we realize following a default on these loans and could adversely affect our ability to continue to grow our loan portfolio consistent with our underwriting standards. We may have to foreclose on real estate assets if borrowers default on their loans, in which case we are required to record the related asset to the then fair market value of the collateral, which may ultimately result in a loss. An increase in the level of nonperforming assets increases our risk profile and may affect the capital levels regulators believe are appropriate in light of the ensuing risk profile. Our failure to effectively mitigate these risks could have a material adverse effect on our business, financial condition or results of operations.

Our future growth and success will depend on our ability to compete effectively in a highly competitive environment.

We face substantial competition in all phases of our operations from a variety of different competitors. Our future growth and success will depend on our ability to compete effectively in this highly competitive environment. To date, our competitive strategies have focused on attracting deposits in our local markets and growing our loan portfolio by emphasizing specific loan products in which we have significant experience and expertise, identifying and targeting markets in which we believe we can effectively compete with larger institutions and other competitors, and offering highly competitive pricing to borrowers with appropriate risk profiles. We compete for loans, deposits and other financial services with other commercial banks, credit unions, brokerage houses, mutual funds, insurance companies, real estate conduits, mortgage brokers and specialized finance companies. Many of our competitors offer products and services that we do not offer, and some offer loan structures and have underwriting standards that are not as restrictive as our required loan structures and underwriting standards. Some larger competitors have substantially greater resources and lending limits, name recognition and market presence that benefit them in attracting business. In addition, larger competitors may be able to price loans more aggressively than we do, and because of their larger capital bases, their underwriting practices for smaller loans may be subject to less regulatory scrutiny than they would be for smaller banks. Newer competitors may be more aggressive in pricing their products in order to increase their market share.

Some of the financial institutions and financial services organizations with which we compete are not subject to the extensive regulations imposed on banks insured by the FDIC and their holding companies. As a result, these nonbank competitors have certain advantages over us in accessing funding and in providing various financial services. Additionally, technology and other changes are allowing consumers and businesses to complete financial transactions through alternative methods that historically have involved banks. For example, the wide acceptance of Internet-based commerce has resulted in a number of alternative payment processing systems and lending platforms in which banks play only minor roles. Customers can now maintain funds in prepaid debit cards or digital currencies and pay bills and transfer funds directly without the direct assistance of banks. The diminishing role of banks as financial intermediaries has resulted and could continue to result in the loss of fee income, as well as the loss of customer deposits and the related income generated from those deposits. The loss of these revenue streams and the potential loss of lower cost deposits as a source of funds could have a material adverse effect on our business, financial condition and results of operations.

Our ability to maintain our reputation is critical to the success of our business, and the failure to do so may materially adversely affect our business and the value of our stock.

We are a community bank, and our reputation is one of the most valuable components of our business. As such, we strive to conduct our business in a manner that enhances our reputation. This is done, in part, by recruiting, hiring and retaining employees who share our core values of being an integral part of the communities we serve, delivering superior service to our customers and caring about our customers and associates. Maintenance of our reputation depends not only on our success in maintaining our service-focused culture, but also on our success in identifying and appropriately addressing issues that may arise in areas such as potential conflicts of interest, anti-money laundering, customer personal information and privacy issues, employee, customer and other third-party fraud, record-keeping, regulatory investigations, and any litigation that may arise from the failure or perceived failure of us to comply with legal and regulatory requirements. If our reputation is negatively affected, by the intentional, inadvertent or unsubstantiated misconduct of our employees, directors, customers, third parties, or otherwise, our business and, therefore, our operating results and the value of our stock may be materially adversely affected.

Severe weather, natural disasters, pandemics, acts of war or terrorism or other external events could significantly impact our business.

Severe weather, natural disasters, widespread disease or pandemics, acts of war or terrorism or other adverse external events could have a significant impact on our ability to conduct business. In addition, such events could affect the stability of our deposit base, impair the ability of borrowers to repay outstanding loans and leases, impair the value of collateral securing loans, cause significant property damage, result in loss of revenue or cause us to incur additional expenses. The occurrence of any of these events in the future could have a material adverse effect on our business, financial condition or results of operations.

Legal, Accounting, Regulatory and Compliance Risks

Our accounting estimates and risk management processes and controls rely on analytical and forecasting techniques and models and assumptions, which may not accurately predict future events.

Our accounting policies and methods are fundamental to the manner in which we record and report our financial condition and results of operations. Our management must exercise judgment in selecting and applying many of these accounting policies and methods so they comply with GAAP and reflect management's judgment of the most appropriate manner to report our financial condition and results of operations. In some cases, management must select the accounting policy or method to apply from two or more alternatives, any of which may be reasonable under the circumstances, yet which may result in our reporting materially different results than would have been reported under a different alternative.

Certain accounting policies are critical to presenting our financial condition and results of operations. They require management to make difficult, subjective or complex judgments about matters that are uncertain. Materially different amounts could be reported under different conditions or using different assumptions or estimates. Our critical accounting policies currently include the allowance for loan losses. See Note 1 of the Company's consolidated financial statements included elsewhere in this prospectus. Because of the uncertainty of estimates involved in these matters, we may be required to significantly increase the allowance for loan losses or sustain loan losses that are significantly higher than the reserve provided. This could have a material adverse effect on our business, financial condition or results of operations. See "Management's Discussion and Analysis of Financial Condition and Results of Operations".

Our internal controls, disclosure controls, processes and procedures, and corporate governance policies and procedures are based in part on certain assumptions and can provide only reasonable (not absolute) assurances that the objectives of the system are met. Any failure or circumvention of our controls, processes and procedures or failure to comply with regulations related to controls, processes and procedures could necessitate changes in those controls, processes and procedures, which may increase our compliance costs, divert management attention from our business or subject us to regulatory actions and increased regulatory scrutiny. Any of these could have a material adverse effect on our business, financial condition or results of operations.

If the goodwill that we recorded in connection with a business acquisition becomes impaired, it could require charges to earnings, which would have a negative impact on our financial condition and results of operations.

Goodwill represents the amount by which the cost of an acquisition exceeded the fair value of net assets we acquired in connection with the purchase. We review goodwill for impairment at least annually, or more frequently if events or changes in circumstances indicate that the carrying value of the asset might be impaired.

We determine impairment by comparing the implied fair value of the reporting unit goodwill with the carrying amount of that goodwill. If the carrying amount of the reporting unit goodwill exceeds the implied fair value of that goodwill, an impairment loss is recognized in an amount equal to that excess. Any such adjustments are reflected in our results of operations in the periods in which they become known. As of June 30, 2019, our goodwill totaled $23.6 million. There can be no assurance that our future evaluations of goodwill will not result in findings of impairment and related write-downs, which may have a material adverse effect on our financial condition and results of operations.

The accounting for loans acquired in connection with our acquisitions is based on numerous subjective determinations that may prove to be inaccurate and have a negative impact on our results of operations.

Loans acquired in connection with our acquisitions have been recorded at estimated fair value on their acquisition date without a carryover of the related allowance for loan losses. In general, the determination of estimated fair value of acquired loans requires management to make subjective determinations regarding discount rate, estimates of losses on defaults, market conditions and other factors that are highly subjective in nature. A risk exists that our estimate of the fair value of acquired loans will prove to be inaccurate and that we ultimately will not recover the amount at which we recorded such loans on our balance sheet, which would require us to recognize losses.

Loans acquired in connection with acquisitions that have evidence of credit deterioration since origination and for which it is probable at the date of acquisition that we will not collect all contractually required principal and interest payments are accounted for under ASC Topic 310-30, *Loans and Debt Securities Acquired with Deteriorated Credit Quality*. These credit-impaired loans, like non-credit-impaired loans acquired in connection with our acquisitions, have been recorded at estimated fair value on their acquisition date, based on subjective determinations regarding risk ratings, expected future cash flows and fair value of the underlying collateral, without a carryover of the related allowance for loan losses. We evaluate these loans quarterly to assess expected cash flows. Subsequent decreases to the expected cash flows will generally result in a provision for loan losses. Subsequent increases in cash flows result in a reversal of the provision for loan losses to the extent of prior charges or a reclassification of the difference from non-accretable to accretable with a positive impact on interest income in future periods. Because the accounting for these loans is based on subjective measures that can change frequently, we may experience fluctuations in our net interest income and provisions for loan losses attributable to these loans. These fluctuations could negatively impact our results of operations.

The banking industry is highly regulated, and the regulatory framework, together with any future legislative or regulatory changes, may have a significant adverse effect on our business, financial condition, results of operations and future prospects.

As a bank holding company, we and our subsidiaries are subject to extensive examination, supervision and comprehensive regulation under both federal and state laws and regulations that are intended primarily for the protection of depositors, customers, the Deposit Insurance Fund (the "DIF") and the overall financial stability of the United States, not for the protection of our stockholders and creditors. We are subject to regulation and supervision by the Federal Reserve, and our Banks are subject to regulation and supervision by the FDIC and the IDFPR. The banking laws and regulations applicable to us govern a variety of matters, including, among other things, the types of business activities in which we and our subsidiaries can engage; permissible types, amounts and terms of loans and investments we may make; the maximum interest rate that we may charge; the amount of reserves we must hold against deposits we take; the types of deposits we may accept; maintenance of adequate capital and liquidity; changes in the control of us and our Banks; restrictions on dividends or other capital distributions; and establishment of new offices or branches. These requirements may constrain our operations or require us to obtain approval from our regulators before engaging in certain activities, with no assurance that such approvals may be obtained, either in a timely manner or at all. Also, the burden imposed by those federal and state regulations may place banks in general, including the Banks in particular, at a competitive disadvantage compared to their non-bank competitors.

Applicable banking laws, regulations, interpretations, enforcement policies, and accounting principles have been subject to significant changes in recent years and may be subject to significant future changes. In addition, regulators may elect to alter standards or the interpretation of the standards used to measure regulatory compliance or to determine the adequacy of liquidity, certain risk management or other operational practices for bank holding companies in a manner that impacts our ability to implement our strategy and could affect us in substantial and unpredictable ways. Compliance with existing and any potential new or changed regulations, as well as regulatory scrutiny, may significantly increase our costs, impede the efficiency of our internal business processes, require us to increase our regulatory capital and limit our ability to pursue business opportunities in an efficient manner. Our failure to comply with banking laws, regulations and policies, even if the failure follows good faith effort or reflects a difference in interpretation, could subject us to restrictions on our business activities, fines and other penalties, the commencement of informal or formal enforcement actions against us, and other negative consequences, including reputational damage, any of which could adversely affect our business, financial condition, results of operations, capital base and the price of our securities.

Prior to this offering, we were treated as an S Corp, and claims of taxing authorities related to our prior status as an S Corp could harm us.

Upon consummation of this offering, our status as an S Corp will terminate and we will be treated as a C Corp, which treat us as an entity that is subject to U.S. federal income tax. If the unaudited, open tax years in which we were an S Corp are audited by the Internal Revenue Service (the "IRS") and we are determined not to have qualified for, or to have violated, our S Corp status, we will be obligated to pay back tax, interest and penalties. The amounts that we would be obligated to pay could include tax on all of our taxable income while we were an S Corp. Any such claims could result in additional costs to us and could have a material adverse effect on our results of operations and financial condition.

Monetary policies and regulations of the Federal Reserve could adversely affect our business, financial condition and results of operations.

In addition to being affected by general economic conditions, our earnings and growth are affected by the policies of the Federal Reserve. An important function of the Federal Reserve is to regulate the money supply and credit conditions. Among the instruments used by the Federal Reserve to implement these objectives are open market purchases and sales of U.S. government securities, adjustments of the discount rate and changes in banks' reserve requirements against bank deposits. These instruments are used in varying combinations to influence overall economic growth and the distribution of credit, bank loans, investments and deposits. Their use also affects interest rates charged on loans or paid on deposits.

The monetary policies and regulations of the Federal Reserve have had a significant effect on the operating results of commercial banks in the past and are expected to continue to do so in the future. The effects of such policies upon our business, financial condition and results of operations cannot be predicted.

We are subject to capital adequacy requirements and may be subject to more stringent capital requirements and, if we fail to meet these requirements, we will be subject to restrictions on our ability to make capital distributions and other restrictions.

The regulatory capital rules adopted by the U.S. banking agencies to implement the Basel III regulatory capital framework developed by the Basel Committee on Banking Supervision (the "Basel III Capital Rules") increased our capital requirements, including by introducing a Common Equity Tier 1 ("CET1") capital ratio and establishing additional criteria for certain capital instruments to be considered Additional Tier 1 and Tier 2 capital. For example, trust preferred securities are generally excluded from being counted as Tier 1 capital under the Basel III Capital Rules, but our trust preferred securities were grandfathered in as a component of Tier 1 capital because we have less than $15 billion in total consolidated assets. If we were to pursue sufficient balance sheet growth through acquisitions or mergers, we could lose Tier 1 capital treatment of our $37.6 million in grandfathered trust preferred securities as of June 30, 2019, although such trust preferred securities likely would continue to be included as a component of Tier 2 capital.

The Basel III Capital Rules require us to maintain a minimum CET1 capital ratio of 4.5%, a minimum total Tier 1 capital ratio of 6%, a minimum total capital ratio of 8% and a minimum Tier 1 leverage ratio of 4%, and a capital conservation buffer of greater than 2.5% of risk-weighted assets (the "Capital Conservation Buffer"). The Capital Conservation Buffer began phasing in on January 1, 2016 at 0.625% and increased each year until January 1, 2019, when it reached its fully phased-in level of 2.5%. Failure to maintain the Capital Conservation Buffer would result in increasingly stringent restrictions on our ability to make dividend payments and other capital distributions and to pay discretionary bonuses to our executive officers. See "Supervision and Regulation—Regulatory Capital Requirements" for more information on the capital adequacy standards that we must meet and maintain.

While we currently meet the requirements of the Basel III Capital Rules, we may fail to do so in the future and may be unable to raise additional capital to remediate any capital deficiencies. The failure to meet applicable regulatory capital requirements could result in one or more of our regulators placing limitations or conditions on our activities or restricting the commencement of new activities, including our growth initiatives, and could affect customer and investor confidence, our costs of funds and level of required deposit insurance assessments to the FDIC, our ability to pay dividends on our capital stock, our ability to make acquisitions, and our business, results of operations and financial conditions generally.

Future legislative or regulatory change could impose higher capital standards on us or the Banks. The Federal Reserve may also set higher capital requirements for holding companies whose circumstances warrant it. For example, holding companies experiencing internal growth or making acquisitions are expected to maintain strong capital positions substantially above the minimum supervisory levels, without significant reliance on intangible assets.

The Federal Reserve may require us to commit capital resources to support the Banks.

Federal law requires a bank holding company to act as a source of financial and managerial strength to its subsidiary banks, and to commit resources to support such subsidiary banks. Under the "source of strength" doctrine, the Federal Reserve may require a bank holding company to make capital injections into a troubled subsidiary bank and may charge the bank holding company with engaging in unsafe and unsound practices for failure to commit resources to a subsidiary bank. A capital injection may be required at times when the Company may not have the resources to provide it and therefore may be required to borrow the funds or raise capital. Any loans by a holding company to its subsidiary banks are subordinate in right of payment to deposits and to certain other indebtedness of such subsidiary bank. In the event of a bank holding company's bankruptcy, the bankruptcy trustee will assume any commitment by the holding company to a federal bank regulatory agency to maintain the capital of a subsidiary bank. Moreover, bankruptcy law provides that claims based on any such commitment will be entitled to a priority of payment over the claims of the institution's general unsecured creditors, including the holders of its note obligations. Thus, any borrowing that must be done by the Company to make a required capital injection into one or both of the Banks could be more difficult and expensive to obtain and could have an adverse effect on our business, financial condition and results of operations.

Our risk management framework may not be effective in mitigating risks and/or losses to us.

Our risk management framework is comprised of various processes, systems and strategies, and is designed to manage the types of risk to which we are subject, including, among others, credit, market, liquidity, interest rate and compliance. Our framework also includes financial or other modeling methodologies that involve management assumptions and judgment. Our risk management framework may not be effective under all circumstances or that it will adequately mitigate any risk or loss to us. If our framework is not effective, we could suffer unexpected losses and our business, financial condition, results of operations or growth prospects could be materially and adversely affected. We may also be subject to potentially adverse regulatory consequences.

Federal and state regulators periodically examine our business, and we may be required to remediate adverse examination findings.

The Federal Reserve (with respect to us) and the FDIC and the IDFPR (with respect to the Banks) periodically examine our business, including our compliance with applicable laws and regulations. These regulatory agencies have extremely broad discretion in their interpretation of regulations and laws, and in their interpretation of the quality of our loan portfolio, securities portfolio and other assets. If, as a result of an examination, a banking agency were to determine that our financial condition, capital resources, asset quality, lending practices, investment practices, earnings prospects, management, liquidity or other aspects of any of our operations had become unsatisfactory, or that we were in violation of any law or regulation, it may take a number of different remedial actions as it deems appropriate. These actions include the power to enjoin "unsafe or unsound" practices, to require affirmative action to correct any conditions resulting from any violation or practice, to issue an administrative order that can be judicially enforced, to direct an increase in our capital, to restrict our growth, to assess civil money penalties, to fine or remove officers and directors and, if it is concluded that such conditions cannot be corrected or there is an imminent risk of loss to depositors, to terminate our deposit insurance and place us into receivership or conservatorship. Any regulatory action against us could have an adverse effect on our business, financial condition, results of operations and growth prospects.

Future consumer legislation or regulation could harm our performance and competitive position.

The Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") established the Consumer Financial Protection Bureau ("CFPB") as an independent federal agency that has broad rulemaking authority over consumer financial products and services for all financial institutions, including deposit products, residential mortgages, home-equity loans and credit cards. In addition, the CFPB also has exclusive supervisory and examination authority and primary enforcement authority with respect to various federal consumer financial laws and regulations for insured depository institutions with more than $10 billion in total consolidated assets. The Banks are not subject to the examination and supervisory authority of the CFPB because they each have less than $10 billion in total assets but are required to comply with the rules and regulations issued by the CFPB. The FDIC has the primarily responsible for supervising and examining the Banks' compliance with federal consumer financial laws and regulations, including CFPB regulations. See "Supervision and Regulation—Consumer Financial Protection" for additional information.

In addition to the enactment of the Dodd-Frank Act, various state and local legislative bodies have adopted or have been considering augmenting their existing framework governing consumers' rights. Such legislative or regulatory changes to consumer financial laws and regulations could result in changes to our pricing, practices, products and procedures; increases in our costs related to regulatory oversight, supervision and examination; or result in remediation efforts and possible penalties. We may be required to add additional compliance personnel or incur other significant compliance-related expenses to meet the demands of these consumer protection laws. We cannot predict whether new legislation or regulation will be enacted and, if enacted, the effect that it would have on our activities, financial condition, or results of operations.

We are subject to numerous laws and regulations designed to protect consumers, including the Community Reinvestment Act and fair lending laws, and failure to comply with these laws could lead to a wide variety of sanctions.

The Community Reinvestment Act of 1977 ("CRA") requires our Banks, consistent with safe and sound operations, to ascertain and meet the credit needs of their entire communities, including low and moderate income areas. Our Banks' failure to comply with the CRA could, among other things, result in the denial or delay of certain corporate applications filed by us or our Banks, including applications for branch openings or relocations and applications to acquire, merge or consolidate with another banking institution or holding company. In addition, the Equal Credit Opportunity Act, the Fair Housing Act and other fair lending laws and regulations prohibit discriminatory lending practices by financial institutions. The U.S. Department of Justice, federal banking agencies, and other federal agencies are responsible for enforcing these laws and regulations. A challenge to an institution's compliance with fair lending laws and regulations could result in a wide variety of sanctions, including damages and civil money penalties, injunctive relief, restrictions on mergers and acquisitions activity, restrictions on expansion, and restrictions on entering new business lines. Private parties may also challenge an institution's performance under fair lending laws in private class action litigation. Such actions could have a material adverse effect on our business, financial condition, results of operations and growth prospects. See "Supervision and Regulation—Community Reinvestment Act".

The expanding body of federal, state and local regulations and/or the licensing of loan servicing, collections or other aspects of our business and our sales of loans to third parties may increase the cost of compliance and the risks of noncompliance and subject us to litigation.

We service some of our own loans, and loan servicing is subject to extensive regulation by federal, state and local governmental authorities as well as to various laws and judicial and administrative decisions imposing requirements and restrictions on those activities. The volume of new or modified laws and regulations has increased in recent years and, in addition, some individual municipalities have begun to enact laws that restrict loan servicing activities including delaying or temporarily preventing foreclosures or forcing the modification of certain mortgages. If regulators impose new or more restrictive requirements, we may incur significant additional costs to comply with such requirements which may adversely affect us. In addition, were we to be subject to regulatory investigation or regulatory action regarding our loan modification and foreclosure practices, our financial condition and results of operation could be adversely affected. We have also sold loans to third parties. In connection with these sales, we, or certain of our subsidiaries, make or have made various representations and warranties, breaches of which may result in a requirement that we repurchase the loans or otherwise make whole or provide other remedies to counterparties. These aspects of our business or our failure to comply with applicable laws and regulations could possibly lead to, among other things, civil and criminal liability, loss of licensure, damage to our reputation in the industry or with customers, fines and penalties, litigation (including class action lawsuits) and administrative enforcement actions. Any of these outcomes could materially and adversely affect us.

Non-compliance with the USA PATRIOT Act, the Bank Secrecy Act (the "BSA"), or other laws and regulations could result in fines or sanctions.

Financial institutions are required under the USA PATRIOT Act of 2001 and the BSA to develop programs to prevent financial institutions from being used for money-laundering, terrorist financing and other illicit activities. Financial institutions are also obligated to file suspicious activity reports with the Office of Financial Crimes Enforcement Network ("FinCEN") of the U.S. Department of the Treasury ("Treasury") if such activities are detected. These rules also require financial institutions to establish procedures for identifying and verifying the identity of customers seeking to open new financial accounts. Failure or the inability to comply with these regulations could result in fines or penalties, curtailment of expansion opportunities, intervention or sanctions by regulators and costly litigation or expensive additional controls and systems. In recent years, several banking institutions have received large fines for non-compliance with these laws and regulations. In addition, FinCEN has recently imposed new requirements for financial institutions to enhance their Customer Due Diligence programs, including verifying the identity of beneficial owners of qualifying business customers. We have developed policies and continue to augment procedures and systems designed to assist in compliance with these laws and regulations, but these policies may not be effective to provide such compliance. If we violate these laws and regulations, or our policies, procedures and systems are deemed deficient, we could face severe consequences, including sanctions, fines, regulatory actions and reputational consequences. Any of these results could have a material adverse effect on our business, financial condition, results of operations and growth prospects.

Regulation in the areas of privacy and data security could increase our costs.

We are subject to various regulations related to privacy and data security, and we could be negatively impacted by these regulations. For example, we are subject to the safeguards guidelines under the Gramm-Leach-Bliley Act ("GLBA"). The safeguards guidelines require that each financial institution develop, implement and maintain a written, comprehensive information security program containing safeguards that are appropriate to the financial institution's size and complexity, the nature and scope of the financial institution's activities and the sensitivity of any customer information at issue. Further, there are various other statutes and regulations relevant to the direct email marketing, debt collection and text-messaging industries including the Telephone Consumer Protection Act.

In addition to the foregoing enhanced data security requirements, various federal banking regulatory agencies, and all 50 states, the District of Columbia, Puerto Rico and the Virgin Islands, have enacted data security regulations and laws requiring varying levels of consumer notification in the event of a security breach and/or requirements to disclose to consumers information collected about them. Also, federal legislators and regulators are increasingly pursuing new guidelines, laws and regulations that, if adopted, could further restrict how we collect, use, share and secure consumer information, which could impact some of our current or planned business initiatives. The interpretation of many of these statutes and regulations is evolving in the courts and administrative agencies and an inability or failure to comply with them may have an adverse impact on our business.

FDIC deposit insurance assessments may materially increase in the future, which would have an adverse effect on earnings.

As institutions with deposits insured by the FDIC, the Banks are assessed a quarterly deposit insurance premium. The failure of banks nationwide during the financial crisis significantly depleted the DIF and reduced the ratio of reserves to insured deposits. The FDIC adopted a Deposit Insurance Fund Restoration Plan, which required the DIF to attain a 1.35% reserve ratio by September 30, 2020.

This ratio was attained in the third quarter of 2018. The Banks could be required to pay significantly higher premiums or additional special assessments if, among other reasons, future bank failures deplete the DIF. This would adversely affect the Banks' earnings, thereby reducing its availability of funds to pay dividends to us.

Litigation and regulatory actions, including possible enforcement actions, could subject us to significant fines, penalties, judgments or other requirements resulting in increased expenses or restrictions on our business activities.

Our business is subject to increased litigation and regulatory enforcement risks due to a number of factors, including the highly regulated nature of the financial services industry and the focus of state and federal prosecutors on banks and the financial services industry generally. This focus has only intensified in recent years, with regulators and prosecutors focusing on a variety of financial institution practices and requirements, including foreclosure practices, compliance with applicable consumer protection laws, classification of "held for sale" assets and compliance with anti-money laundering statutes, the BSA and sanctions administered by the Office of Foreign Assets Control of the Treasury.

In the normal course of business, from time to time, we have in the past and may in the future be named as a defendant in various legal actions, including arbitrations, class actions and other litigation, arising in connection with our current and/or prior business activities. Legal actions could include claims for substantial compensatory or punitive damages or claims for indeterminate amounts of damages. In addition, while the arbitration provisions in certain of our customer agreements historically have limited our exposure to consumer class action litigation, there can be no assurance that we will be successful in enforcing our arbitration clause in the future. We may also, from time to time, be the subject of subpoenas, requests for information, reviews, investigations and proceedings (both formal and informal) by governmental agencies regarding our current and/or prior business activities. Any such legal or regulatory actions may subject us to substantial compensatory or punitive damages, significant fines, penalties, obligations to change our business practices or other requirements resulting in increased expenses, diminished income and damage to our reputation. Our involvement in any such matters, whether tangential or otherwise and even if the matters are ultimately determined in our favor, could also cause significant harm to our reputation and divert management attention from the operation of our business. Further, any settlement, consent order or adverse judgment in connection with any formal or informal proceeding or investigation by government agencies may result in litigation, investigations or proceedings as other litigants and government agencies begin independent reviews of the same activities. As a result, the outcome of legal and regulatory actions could be material to our business, results of operations, financial condition and cash flows depending on, among other factors, the level of our earnings for that period, and could have a material adverse effect on our business, financial condition or results of operations.

Risks Related to this Offering and Ownership of Our Common Stock

Following the offering, we will be classified as a "controlled company" and, as a result, we will qualify for, and intend to rely on, certain exemptions from certain corporate governance requirements. You will not have the same protections afforded to stockholders of companies that are subject to such requirements.

Upon completion of this offering, the Voting Trust will continue to control a majority of the voting power of our outstanding common stock. As a result, we will be a "controlled company" within the meaning of the applicable stock exchange corporate governance standards. Under the rules of the Nasdaq, a company of which more than 50% of the outstanding voting power is held by an individual, group or another company is a "controlled company" and may elect not to comply with certain stock exchange corporate governance requirements, including:

- the requirement that a majority of the board of directors consists of independent directors;

- the requirement that nominating and corporate governance matters be decided solely by independent directors; and
- the requirement that executive and officer compensation matters be decided solely by independent directors.

Following this offering, we intend to utilize these exemptions.

As a result, we may not have a majority of independent directors and our nominating and corporate governance and compensation functions may not be decided solely by independent directors. Accordingly, you will not have the same protections afforded to stockholders of companies that are subject to all of the stock exchange corporate governance requirements.

Our significant stockholder will have the ability to control significant corporate activities after the completion of this offering and our significant stockholder's interests may not coincide with yours.

After the consummation of this offering, the Voting Trust will have the power to vote approximately 65.4% of our common stock, assuming the underwriters do not exercise their option to purchase additional shares. If the underwriters exercise in full their option to purchase additional shares, the Voting Trust will have the power to vote approximately 62.4% of our common stock. As a result, the Voting Trust will have the ability to control the outcome of matters submitted to a vote of stockholders and, through our board of directors, the ability to control decision-making with respect to our business direction and policies. Matters over which the Voting Trust will, directly or indirectly, exercise control following this offering include:

- the election of our board of directors and the appointment and removal of our officers;
- mergers and other business combination transactions, including proposed transactions that would result in our stockholders receiving a premium price for their shares;
- other material acquisitions or dispositions of businesses or assets;
- incurrence of indebtedness and the issuance of equity securities;
- repurchase of stock and payment of dividends; and
- the issuance of shares to management under our equity incentive plans.

Even if the Voting Trust's ownership of our shares falls below a majority, the trustee may continue to be able to influence or effectively control our decisions.

We have entered into an Amended Restated Stockholder Agreement with our current stockholders (each a "pre-IPO stockholder") and could become obligated to make payments to the pre-IPO stockholders for any additional federal, state or local income taxes assessed against such pre-IPO stockholder for tax periods prior to the completion of this offering.

We historically have been treated as an S Corp for U.S. federal income tax purposes. Because we have been an S Corp, our pre-IPO stockholders have been taxed on our income as individuals. Therefore each pre-IPO stockholder has received certain distributions ("tax distributions") from us that were generally intended to equal the amount of tax such was required to pay with respect to our income. In connection with this offering, our S Corp status will terminate and we will thereafter be subject to federal and increased state income taxes. In the event of an adjustment to our reported taxable income for periods prior to termination of our S Corp status, it is possible that each pre-IPO stockholder will be liable for additional income taxes for those prior periods. Therefore, we have entered into an Amended Restated Stockholder Agreement with each of our pre-IPO stockholders. Pursuant to this agreement, upon our filing any tax return (amended or otherwise), in the event of any restatement of our taxable income or pursuant to a determination by, or a settlement with, a taxing authority, for any period during which we were an S Corp, depending on the nature of the adjustment we may be required to make a payment to each of the pre-IPO stockholders in an amount equal to such pre-IPO stockholder's incremental tax liability, which amount may be material. In addition, we will indemnify each pre-IPO stockholder with respect to unpaid income tax liabilities to the extent that such unpaid income tax liabilities are attributable to an adjustment to our taxable income for any period after our S Corp status terminates. In both cases the amount of the payment will be based on the assumption that such pre-IPO stockholder is taxed at the highest rate applicable to individuals for the relevant periods. We will also indemnify each pre-IPO stockholder for any interest, penalties, losses, costs or expenses arising out of any claim under the agreement. However, each pre-IPO stockholder will indemnify us with respect to our unpaid tax liabilities (including interest and penalties) to the extent that such unpaid tax liabilities are attributable to a decrease in the shareholder's taxable income for any for tax period and a corresponding increase in the Company's taxable income for any period.

An active trading market for our common stock may not develop.

Prior to this offering, there has been no public market for our common stock or the common stock of our subsidiaries. The initial public offering price for our common stock will be determined through negotiations between us and the underwriters, and market conditions, and may not be indicative of the market price of our common stock after this offering. If you purchase shares of our common stock, you may not be able to resell those shares at or above the initial public offering price. We cannot predict the extent to which investor interest in the Company will lead to the development of an active trading market on Nasdaq or how liquid that market might become. An active public market for our common stock may not develop or be sustained after the offering. If an active public market does not develop or is not sustained, it may be difficult for you to sell your shares of common stock at a price that is attractive to you, or at all.

Our stock price may be volatile or may decline regardless of our operating performance, and you may not be able to resell your shares at or above the initial public offering price.

After this offering, the market price for our common stock is likely to be volatile, in part because our shares have not been traded publicly. In addition, the market price of our common stock may fluctuate significantly in response to a number of factors, many of which we cannot control, including those described under "—Risks Related to Our Business" and the following:

- changes in financial estimates by any securities analysts who follow our common stock, our failure to meet these estimates or failure of those analysts to initiate or maintain coverage of our common stock;
- downgrades by any securities analysts who follow our common stock;
- future sales of our common stock by our officers, directors and significant stockholders;
- market conditions or trends in our industry or the economy as a whole;
- investors' perceptions of our prospects;
- announcements by us of significant acquisitions, joint ventures or capital commitments; and
- changes in key personnel.

In addition, the stock markets have experienced extreme price and volume fluctuations that have affected and continue to affect the market prices of equity securities of many companies. In the past, stockholders have instituted securities class action litigation following periods of market volatility. If we were involved in securities litigation, we could incur substantial costs, and our resources and the attention of management could be diverted from our business.

Our ability to pay dividends to our stockholders is restricted by applicable laws and regulations and by the ability of our subsidiaries to pay dividends to us.

Holders of our common stock are only entitled to receive such cash dividends as our board, in its sole discretion, may declare out of funds legally available for such payments. Any decision to declare and pay dividends will be dependent on a variety of factors, including our financial condition, earnings, legal requirements, our general liquidity needs, and other factors that our board deems relevant. As a bank holding company, our ability to declare and pay dividends to our stockholders is subject to certain banking laws, regulations, and policies, including minimum capital requirements and, as a Delaware corporation, we are subject to certain restrictions on dividends under the DGCL. In addition, we are a separate legal entity, and, accordingly, our ability to pay dividends depends primarily upon the receipt of dividends or other capital distributions from the Banks. The ability of the Banks to make distributions or pay dividends to us is subject to their earnings, financial condition, and liquidity needs, as well as federal and state laws, regulations, and policies applicable to them, which limit the amount our Banks can pay as dividends or other capital distributions to us. Finally, our ability to pay dividends to our stockholders, or our Banks' ability to pay dividends or other distributions to us, may be limited by covenants in any financing arrangements that we or our Banks may enter into in the future. See "Dividend Policy" and "Supervision and Regulation—Dividends and Share Repurchases."

As a consequence of these various limitations and restrictions, we may not be able to make, or may have to reduce or eliminate at any time, the payment of dividends on our common stock. Any change in the level of our dividends or the suspension of the payment thereof could have a material adverse effect on the market price of our common stock.

During 2018 and 2017, the Banks made significant dividend payments to us and we used the cash to make dividends to our stockholders, including significant dividends that were intended to facilitate the payment of state and federal taxes on pass-through income to our stockholders due to our status as an S Corp. In addition, we intend to use the net proceeds to us from this offering to fund the Distribution to our existing stockholders, conditioned upon the closing of the offering. We cannot guarantee that we will be able to pay dividends to our stockholders following the closing of the offering, or that either board of directors of our Banks will be able to or will elect to pay dividends to us, nor can we guarantee the timing or amount of any such dividends actually paid. As a result, you many not receive any return on an investment in our common stock unless you sell our common stock for a price greater than that which you paid for it.

Future sales of our common stock, or the perception in the public markets that these sales may occur, may depress our stock price.

Sales of substantial amounts of our common stock in the public market after this offering, or the perception that these sales could occur, could adversely affect the price of our common stock and could impair our ability to raise capital through the sale of additional shares. Upon completion of this offering, we will have 26,327,512 shares of common stock outstanding. The shares of common stock offered in this offering will be freely tradable without restriction under the Securities Act of 1933, as amended (the "Securities Act"), except for any shares of our common stock that may be held or acquired by our directors, executive officers and other affiliates, as that term is defined in the Securities Act, which will be restricted securities under the Securities Act. Restricted securities may not be sold in the public market unless the sale is registered under the Securities Act or an exemption from registration is available.

We, each of our executive officers and directors and the trustee of the Voting Trust, which controls over 95% of our outstanding common stock, have agreed, subject to certain exceptions, with the underwriters not to dispose of or hedge any of the shares of common stock or securities convertible into or exchangeable for shares of common stock during the period from the date of this prospectus continuing through the date that is 180 days after the date of this prospectus (subject to extension in certain circumstances), with limited customary exceptions. Keefe, Bruyette & Woods, Inc. and JP Morgan Securities LLC may, in their sole discretion, release any of these shares from these restrictions at any time without notice. See "Underwriting."

All of our shares of common stock outstanding as of the date of this prospectus may be sold in the public market by existing stockholders 180 days after the date of this prospectus, subject to applicable volume and other limitations imposed under federal securities laws. See "Shares Eligible for Future Sale" for a more detailed description of the restrictions on selling shares of our common stock after this offering.

After this offering, subject to any lock-up restrictions described above with respect to certain holders, holders of approximately 17,210,400 shares of our common stock will have the right to require us to register the sales of their shares under the Securities Act, under the terms of an agreement between us and the holders of these securities. See "Shares Eligible for Future Sale—Registration Rights Agreement" for a more detailed description of these rights.

In the future, we may also issue securities in connection with acquisitions or investments. The number of shares of our common stock issued in connection with an acquisition or investment could constitute a material portion of our then-outstanding shares of our common stock.

We are an "emerging growth company" and may elect to comply with reduced public company reporting requirements, which could make our common stock less attractive to investors.

We are an emerging growth company, as defined in the JOBS Act. For as long as we continue to be an emerging growth company, we may choose to take advantage of exemptions from various public company reporting requirements. These exemptions include, but are not limited to, (i) not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, (ii) reduced disclosure obligations regarding executive compensation in our periodic reports, proxy statements and registration statements, and (iii) exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. We could be an emerging growth company for up to five years after the first sale of our common stock pursuant to an effective registration statement under the Securities Act, which fifth anniversary will occur in 2024. However, if certain events occur prior to the end of such five-year period, including if we become a "large accelerated filer," our annual gross revenue exceeds $1.07 billion or we issue more than $1.0 billion of non-convertible debt in any three-year period, we would cease to be an emerging growth company prior to the end of such five-year period. We have taken advantage of certain of the reduced disclosure obligations regarding executive compensation in this prospectus and may elect to take advantage of other reduced disclosure obligations in future filings. As a result, the information that we provide to holders of our common stock may be different than you might receive from other public reporting companies in which you hold equity interests. We cannot predict if investors will find our common stock less attractive as a result of our reliance on these exemptions. If some investors find our common stock less attractive as a result of any choice we make to reduce disclosure, there may be a less active trading market for our common stock and the price for our common stock may be more volatile.

Under the JOBS Act, emerging growth companies may also elect to delay adoption of new or revised accounting standards until such time as those standards apply to private companies. We have elected to use this extended transition period for complying with new or revised accounting standards and, therefore, we will not be subject to the same new or revised accounting standards as other public companies.

The requirements of being a public company may strain our resources and distract our management, which could make it difficult to manage our business, particularly after we are no longer an "emerging growth company."

Following the completion of this offering, we will be required to comply with various regulatory and reporting requirements as a publicly-traded company, including those required by the SEC. Complying with these reporting and other regulatory requirements will be time-consuming and will result in increased costs to us and could have a negative effect on our business, financial condition and results of operations. Furthermore, as an "emerging growth company" we intend to take advantage of certain reduced regulatory and reporting requirements and our costs of being a public company will likely increase further once we no longer qualify as an "emerging growth company."

As a public company, we will be subject to the reporting requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). We are inexperienced with these reporting requirements and complying with them may place a strain on our systems and resources. The Exchange Act requires that we file annual, quarterly and current reports with respect to our business and financial condition. We will be implementing additional procedures and processes for the purpose of addressing the standards and requirements applicable to public companies. Sustaining our growth also will require us to commit additional management, operational and financial resources to identify new professionals to join our firm and to maintain appropriate operational and financial systems to adequately support expansion. These activities will likely divert management's attention from other business concerns, including implementing our growth strategy, which could have a material adverse effect on our business, financial condition, results of operations and future growth.

As a public reporting company, we will be subject to rules and regulations established from time to time by the SEC regarding our internal control over financial reporting. If we fail to remediate material weaknesses in our internal control over financial reporting or otherwise establish and maintain effective internal control over financial reporting and disclosure controls and procedures, we may not be able to accurately report our financial results or report them in a timely manner.

Upon completion of this offering, we will become a public reporting company subject to the rules and regulations established from time to time by the SEC and the Nasdaq. These rules and regulations will require that, among other things, we establish and periodically evaluate procedures with respect to our internal control over financial reporting. Reporting obligations as a public company are likely to place a considerable strain on our financial and management systems, processes and controls, as well as on our personnel. Our management team, including our Chief Executive Officer, Chief Operating Officer and Chief Financial Officer, has limited experience managing a publicly traded company, and limited experience complying with the increasingly complex and changing laws pertaining to public companies.

In addition, as a public company we will be required to document and test our internal control over financial reporting pursuant to Section 404 of the Sarbanes-Oxley Act so that our management can certify as to the effectiveness of our internal control over financial reporting by the time our second annual report is filed with the SEC and thereafter, which will require us to document and make significant changes to our internal control over financial reporting. Likewise, our independent registered public accounting firm will be engaged to provide an attestation report on the effectiveness of our internal control over financial reporting at such time as we cease to be an "emerging growth company," as defined in the JOBS Act.

If our senior management is unable to conclude that we have effective internal control over financial reporting, or to certify the effectiveness of such controls, or if our independent registered public accounting firm cannot render an unqualified opinion on management's assessment and the effectiveness of our internal control over financial reporting, when required, or if material weaknesses in our internal control over financial reporting is identified, we could be subject to regulatory scrutiny, a loss of public and investor confidence, and to litigation from investors and stockholders, which could have a material adverse effect on our business and our stock price. In addition, if we do not maintain adequate financial and management personnel, processes and controls, we may not be able to manage our business effectively or accurately report our financial performance on a timely basis, which could cause a decline in our common stock price and adversely affect our results of operations and financial condition. Additionally, to comply with the requirements of being a public company, we may need to undertake various costly and time-consuming actions, such as implementing new internal controls and procedures and hiring additional accounting or internal audit personnel, which may adversely affect our business, financial condition and results of operations.

Anti-takeover provisions in our charter documents and Delaware law, and the banking laws and regulations to which we are subject, might discourage or delay acquisition attempts for us that you might consider favorable.

Our restated certificate of incorporation and amended and restated bylaws will contain provisions that may make the acquisition of the Company more difficult without the approval of our board of directors. These provisions:

- authorize the issuance of undesignated preferred stock, the terms of which may be established and the shares of which may be issued without stockholder approval, and which may include super voting, special approval, dividend or other rights or preferences superior to the rights of the holders of common stock;
- prohibit stockholder action by written consent, requiring all stockholder actions be taken at a meeting of our stockholders, if the Voting Trust ceases to own more than 35% of our outstanding common stock;
- provide that the board of directors is expressly authorized to make, alter or repeal our amended and restated bylaws;
- establish advance notice requirements for nominations for elections to our board of directors or for proposing matters that can be acted upon by stockholders at stockholder meetings; and
- prohibit stockholders from calling special meetings of stockholders.

These anti-takeover provisions and other provisions under Delaware law could discourage, delay or prevent a transaction involving a change in control of the Company, even if doing so would benefit our stockholders. These provisions could also discourage proxy contests and make it more difficult for you and other stockholders to elect directors of your choosing and to cause us to take other corporate actions you desire. For a further discussion of these and other such anti-takeover provisions, see "Description of Capital Stock—Anti-takeover Effects of our Restated Certificate of Incorporation and Amended and Restated Bylaws."

Furthermore, banking laws impose notice, approval and ongoing regulatory requirements on any stockholder or other party that seeks to acquire direct or indirect "control," as defined under applicable law, of an FDIC-insured depository institution. These laws include the Bank Holding Company Act of 1956 (the "BHCA") and the Change in Bank Control Act of 1978. These laws could, among other things, limit the equity held by certain stockholders, restrain a stockholder's ability to influence proxy matters, or prevent an acquisition of the Company, in each case without first obtaining regulatory approval. See "Supervision and Regulation—Acquisition of Control."

Our restated certificate of incorporation upon consummation of this offering will designate the Court of Chancery of the State of Delaware as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers or employees.

Our restated certificate of incorporation upon consummation of this offering will provide that, subject to limited exceptions, the Court of Chancery of the State of Delaware (or, if the Court of

Chancery does not have jurisdiction, the federal district court for the District of Delaware) will be the sole and exclusive forum for (i) any derivative action or proceeding brought on our behalf, (ii) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers or other employees to us or our stockholders, (iii) any action asserting a claim against us or any of our directors, officers or other employees arising pursuant to any provision of the DGCL, our certificate of incorporation or our by-laws or (iv) any other action asserting a claim against us or any of our directors, officers or other employees that is governed by the internal affairs doctrine. Any person or entity purchasing or otherwise acquiring any interest in shares of our capital stock shall be deemed to have notice of and to have consented to the provisions of our certificate of incorporation described above. This choice of forum provision may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers or other employees, which may discourage such lawsuits against us and our directors, officers and employees. Alternatively, if a court were to find these provisions of our restated certificate of incorporation inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings, we may incur additional costs associated with resolving such matters in other jurisdictions, which could adversely affect our business and financial condition.

If you purchase shares of common stock sold in this offering, you will incur immediate and substantial dilution.

If you purchase shares of common stock in this offering, you will incur immediate and substantial dilution in the amount of $7.43 per share because the initial public offering price of $18.00 per share (the midpoint of the range set forth on the cover page of the prospectus) is substantially higher than the tangible book value per share of our outstanding common stock after giving effect to the Distribution. Dilution results from the fact that the initial public offering price per share of the common stock is substantially in excess of the book value per share of common stock attributable to the existing stockholders for the presently outstanding shares of common stock. In addition, you may also experience additional dilution upon future equity issuances or the exercise of stock options to purchase common stock granted to our employees and directors under our management incentive plan. See "Dilution."

We will have broad discretion in the use of any net proceeds from this offering in excess of the amount required to fund the Distribution.

We intend to use all of the net proceeds of this offering to fund the Distribution, but if we receive any net proceeds in excess of the amount required to fund the Distribution, our management will have broad discretion over the use and investment of those net proceeds, and accordingly, investors in this offering will need to rely upon the judgment of our management with respect to the use of such remaining net proceeds with only limited information concerning management's specific intentions. See "Use of Proceeds."

If securities or industry analysts do not publish research or publish inaccurate or unfavorable research about our business, our stock price and trading volume could decline.

The trading market for our common stock will depend in part on the research and reports that securities or industry analysts publish about us or our business. We do not currently have and may never obtain research coverage by securities and industry analysts. If no securities or industry analysts commence coverage of our company, the trading price for our stock would be negatively impacted. If we obtain securities or industry analyst coverage and if one or more of the analysts who covers us downgrades our stock or publishes inaccurate or unfavorable research about our business, our stock price would likely decline. If we fail to meet the expectations of analysts for our operating results, our stock price would likely decline. If one or more of these analysts ceases coverage of us or fails to publish reports on us regularly, demand for our stock could decrease, which could cause our stock price and trading volume to decline.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements contained in this prospectus are forward-looking statements. Forward-looking statements may include statements relating to our future plans, strategies and expectations, as well as our future revenues, expenses, earnings, losses, financial performance, financial condition, asset quality metrics and future prospects. 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:

- our asset quality and any loan charge-offs;
- the composition of our loan portfolio;
- time and effort necessary to resolve nonperforming assets;
- environmental liability associated with our lending activities;
- the effects of the current low interest rate environment or changes in interest rates on our net interest income, net interest margin, our investments, and 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 our Banks, 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 attract and retain skilled employees or changes in our management personnel;
- any failure or interruption of our information and communications systems;
- our ability to identify and address cybersecurity risks;
- the effects of the failure of any component of our business infrastructure provided by a third party;
- our ability to keep pace with technological changes;
- 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 generally or in Illinois in particular;
- the geographic concentration of our operations in the State of Illinois;
- our ability to effectively compete with other financial services companies and the effects of competition in the financial services industry on our business;
- our ability to attract and retain customer deposits;
- our ability to maintain our Banks' reputations;
- possible impairment of our goodwill and other intangible assets;

- the impact of, and changes in applicable laws, regulations and accounting standards and policies;
- our prior status as an S Corp;
- 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;
- the one-time and incremental costs of operating as a standalone public company;
- our ability to meet our obligations as a public company, including our obligations under Section 404 of Sarbanes-Oxley; and
- damage to our reputation from any of the factors described above, in "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations" or elsewhere in this prospectus.

These risks and uncertainties, as well as the factors discussed under "Risk Factors," 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.

USE OF PROCEEDS

Assuming an initial public offering price of $18.00 per share (the midpoint of the range set forth on the cover page of this prospectus), we estimate that the net proceeds to us from this offering, after deducting underwriting discounts and commissions and the estimated offering expenses, will be approximately $136.7 million, or approximately $157.6 million if the underwriters' option to purchase additional shares is exercised in full. Each $1.00 increase (decrease) in the initial public offering price per share would increase (decrease) our net proceeds, after deducting underwriting discounts and commissions and the estimated offering expenses, by $7.7 million (assuming the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and no exercise of the underwriters' option to purchase additional shares). See "Underwriting" for additional information regarding offering expenses and underwriting commissions and discounts.

We intend to use the net proceeds to us from this offering to fund a Distribution to our existing stockholders immediately after the closing of this offering in the amount of $170.0 million, which represents a significant portion of our S Corp earnings that have been taxed to our existing stockholders, but not distributed to them. To the extent the net proceeds to us from this offering are insufficient to fund the Distribution, we intend to cause one or both of the Banks to make a dividend payment to us in order to fund the remaining amount. Assuming net proceeds to us from this offering of $136.7 million, we would require a dividend payment of approximately $33.3 million from one or both of the Banks to fund the remainder of the Distribution. If the underwriters elect to exercise their option to purchase additional shares and we sell those shares to the underwriters before the Distribution is paid, we would expect to reduce the amount of the dividend payment from one or both of the Banks. If the underwriters elect to exercise their option to purchase additional shares and we sell those shares to the underwriters after the Distribution is paid, or if the net proceeds from any exercise and sale prior to the Distribution are in excess of the amount required to fund the Distribution, we intend to use any net proceeds from the sale of those shares to support our growth, including to fund our organic growth and implement our strategic initiatives, which may include the potential expansion of our business through opportunistic acquisitions of depository institutions and other complementary businesses, and selective acquisitions of assets, deposits and branches that we believe present attractive risk-adjusted returns or provide a strategic benefit to our growth strategy, for working capital and for other general corporate purposes, and to strengthen our regulatory capital. We currently have no plans, understandings or agreements to make any material acquisitions.

Our management will have broad discretion in the application of the net proceeds from this offering to us, and investors will be relying on the judgment of our management regarding the application of the proceeds. Pending their use, we plan to invest our net proceeds from this offering in short term, interest bearing obligations, investment grade instruments, certificates of deposit, or direct or guaranteed obligations of the U.S. government.

DIVIDEND POLICY

Dividends

As an S Corp, we have historically made distributions to our existing stockholders to provide them with funds to pay U.S. federal income tax on our taxable income that was "passed through" to them. We have also historically paid additional dividends to our existing stockholders as a return on their investment from time to time. Following this offering, we will be taxed as a C Corp and, therefore, we will no longer pay distributions to provide our stockholders with funds to pay U.S. federal income tax on their pro rata portion of our taxable income.

Following the completion of this offering, we expect to declare and pay a quarterly dividend on our common stock of approximately $0.15 per share, beginning in the first quarter of 2020. Our board of directors may change or eliminate the payment of future dividends at its discretion, without notice to our stockholders. Any future determination relating to our dividend policy will be made at the discretion of our board of directors and will depend on a number of factors, including general and economic conditions, industry standards, our financial condition and operating results, our available cash and current and anticipated cash needs, capital requirements, banking regulations, contractual, legal, tax and regulatory restrictions and implications on the payment of dividends by us to our stockholders or by our subsidiaries to us, and such other factors as our board of directors may deem relevant.

Distribution of S Corp earnings

As of December 31, 2018, we had in excess of $188 million of S Corp earnings which have been taxed to our existing stockholders but have not been distributed to them. As a result and in connection with the termination of our status as an S Corp, we are able to make a cash distribution to our existing stockholders in an amount equal to these taxed, yet undistributed, earnings that is intended to be non-taxable to them.

In connection with the Distribution, our board of directors intends to declare a cash distribution to our existing stockholders in the amount of $170.0 million, which will be contingent upon, and payable to our existing stockholders following, the closing of this offering. Purchasers of our common stock in this offering will not be entitled to receive any portion of the Distribution.

Dividend restrictions

As a bank holding company, our ability to pay dividends is subject to limitations under various federal and state laws, regulations and policies, including minimum capital and other requirements. Further, we are a separate legal entity from our subsidiaries and do not have significant operations of our own. Accordingly, our ability to pay dividends depends primarily upon the receipt of dividends or other capital distributions from the Banks and our Banks also are subject to various bank regulatory and other restrictions on their ability to make distributions or pay dividends to us. See "Supervision and Regulation—Dividends" for a more detailed discussion of these bank regulatory limitations.

As a Delaware corporation, we are subject to certain restrictions on dividends under the DGCL. Generally, a Delaware corporation may only pay dividends either out of "surplus" or out of the current or the immediately preceding year's net profits. Surplus is defined as the excess, if any, at any given time, of the total assets of a corporation over its total liabilities and statutory capital. The value of a corporation's assets can be measured in a number of ways and may not necessarily equal their book value. In addition, financing arrangements that we may enter into in the future may include restrictive covenants that may limit our ability to pay dividends.

DILUTION

If you invest in our common stock, your ownership interest will be diluted to the extent the initial public offering price per share of our common stock exceeds the as adjusted tangible book value per share of our common stock immediately following this offering. As of June 30, 2019, the tangible book value of our common stock was approximately $311.5 million, or $17.28 per share of common stock based on 18,027,512 shares of our common stock issued and outstanding. Tangible book value per share represents common equity less intangible assets and goodwill, divided by the number of shares of our common stock outstanding.

After giving effect to our sale of 8,300,000 shares of our common stock in this offering (assuming the underwriters do not exercise their purchase option) based upon an assumed initial public offering price of $18.00 per share (the midpoint of the range set forth on the cover page of this prospectus) and deducting estimated underwriting discounts and commission and estimated offering expenses payable by us, the cash distribution of $170.0 million to our existing stockholders and the twenty-for-one stock split effected on September 13, 2019, the as adjusted tangible book value of our common stock at June 30, 2019 would have been approximately $278.3 million, or $10.57 per share. Therefore, this offering will result in an immediate decrease of $6.71 in the tangible book value per share of our common stock of existing stockholders and an immediate dilution of $7.43 in the tangible book value per share of our common stock to investors purchasing shares in this offering, or approximately 41.3% of the public offering price of $18.00 per share.

If the underwriters exercise their option to purchase additional shares of our common stock in full, the as adjusted tangible book value per share of common stock after giving effect to this offering would be approximately $10.85 per share, and the dilution in as adjusted tangible book value per share of common stock to new investors in this offering would be approximately $7.15.

The following table illustrates the calculation of the amount of dilution per share that a new investor of our common stock in this offering will incur given the assumptions above:

Assumed initial public offering price per share		$ 18.00
Tangible book value per share as of June 30, 2019	$ 17.28	
Decrease per share attributable to new investors and dividend payment	(6.71)	
As adjusted, Tangible book value per share after this offering		10.57
Dilution per share to new investors		$ 7.43

A $1.00 increase or decrease in the assumed initial public offering price of $18.00 per share, the midpoint of the price range set forth on the cover of this prospectus, would increase or decrease tangible book value by $7.72 million, or $0.29 per share, and would increase or decrease the dilution per share to new investors by $0.29 based on the assumptions set forth above.

In April 2016, we sold 54,400 shares of common stock to certain officers, directors and affiliated persons. The average effective cash cost to such persons was $17.00 per share, or $1.00 less than the assumed initial public offering price of $18.00 per share (the midpoint of the range set forth on the cover page of the prospectus) to investors in this offering. The aggregate cash contribution of such officers, directors and affiliated persons in April 2016 was $924,800. Assuming an initial public offering price of $18.00 per share (the midpoint of the range set forth on the cover page of the prospectus), new investors purchasing shares of our common stock in this offering will pay an aggregate of $149.4 million.

CAPITALIZATION

The following table sets forth our cash and cash equivalents and our capitalization as of June 30, 2019 on:

- an actual basis; and
- an adjusted basis to give effect to the following: (i) the Distribution, (ii) the reclassification of our outstanding Series A common stock into shares of common stock on a one-for-one basis, (iii) the conversion to a C Corp and (iv) the sale of 8,300,000 shares of our common stock in this offering by us at an assumed initial public offering price of $18.00 per share, the midpoint of the price range set forth on the cover of this prospectus, after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us and the application of the net proceeds therefrom as described under "Use of Proceeds."

You should read the following table in conjunction with the sections entitled "Use of Proceeds," "Summary Historical Consolidated Financial and Other Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and related notes included elsewhere in this prospectus.

	June 30, 2019 (unaudited)	
(in thousands)	Actual	As Adjusted
Cash and cash equivalents	$ 141,726	$ 108,438
Debt:		
Subordinated debentures	37,550	37,550
Stockholders' Equity:		
Common stock, $0.01 par value; 5,000,000 shares of common stock authorized, 315,780 shares of common stock issued and 268,312 shares of common stock outstanding, actual; 120,000,000 shares of Series A common stock authorized, 17,835,960 shares of Series A common stock issued and 17,759,200 shares of Series A common stock outstanding, actual; and 125,000,000 shares of common stock authorized, 26,451,740 shares of common stock issued and 26,327,512 shares of common stock outstanding, as adjusted	181	446
Surplus	32,288	168,735
Retained earnings	302,984	132,984
Accumulated other comprehensive income	7,436	7,436
Less Treasury stock	(3,019)	(3,019)
Total stockholders' equity	339,870	306,582
Total capitalization	$ 377,420	$ 344,132
Capital Ratios		
Stockholders' equity to assets	10.54%	9.61%
Tangible common equity to tangible assets	9.75%	8.80%
Tier 1 leverage capital (to average assets)	10.62%	9.68%
Tier 1 capital (to risk-weighted assets)	13.59%	12.26%
Total capital (to risk-weighted assets)	14.49%	13.16%
Common equity tier 1 capital (to risk-weighted assets) (CET1)	12.14%	10.81%

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with "Selected Historical Consolidated Financial Information" and our consolidated financial statements and related notes thereto included elsewhere in this prospectus. In addition to historical information, this discussion contains forward-looking statements that involve risks, uncertainties and assumptions that could cause actual results to differ materially from management's expectations. Factors that could cause such differences are discussed in the sections entitled "Cautionary Note Regarding Forward-Looking Statements" and "Risk Factors." We assume no obligation to update any of these forward-looking statements.

Overview

We are HBT Financial, Inc., a bank holding company headquartered in Bloomington, Illinois. As of June 30, 2019, we had total assets of $3.2 billion, loans held for investment of $2.2 billion, total deposits of $2.8 billion and stockholders' equity of $340 million. Through our two bank subsidiaries, Heartland Bank and Lincoln Bank, we provide a comprehensive suite of business, commercial and retail banking products and services to businesses, families and local governments throughout Central and Northeastern Illinois. We currently operate 61 full-service and three limited-service branch locations, and have a leading deposit share, which we define as a top three deposit share rank, in the majority of our core markets in Central Illinois that we attribute to our long track record of providing relationship-based and personalized service to our customers and communities.

Transaction with Lincoln S.B. Corp

In December 2018, we entered into an agreement to exchange 100% of the outstanding stock of Lincoln S.B. Corp, an Illinois corporation headquartered in Lincoln, Illinois for shares of our Series A common stock. Lincoln Bank was a wholly-owned subsidiary of Lincoln S.B. Corp prior to the consummation of the Lincoln Acquisition. Our voting ownership and the voting ownership of Lincoln S.B. Corp were considered under common control on the effective date of the Lincoln Acquisition and for all periods presented in the consolidated financial statements.

The Lincoln Acquisition was accounted for as a change in reporting entity and, accordingly, as the receiving entity, we recognized the transfer of the assets and liabilities in connection with the Lincoln Acquisition at their carrying amounts in the accounts of Lincoln S.B. Corp, the transferring entity, on the effective date of the Lincoln Acquisition. The results of operations are reported as though the exchange of equity interests had occurred at the beginning of the periods presented. For similar assets and liabilities accounted for using different accounting methods, the carrying amounts have been retrospectively adjusted to the basis of accounting that we use. Significant intra-entity transactions and accounts have been eliminated in consolidation.

Factors Affecting Our Results of Operations

Economic Conditions

Our business and financial performance are affected by economic conditions generally in the United States and more directly in the Illinois 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 our markets, unemployment rates, real estate markets, and interest rates.

The United States economy expanded at a 2.1% seasonally adjusted, annualized rate in the second quarter of 2019, which follows continued positive growth since mid-2014. Second quarter GDP growth calculated on a year over year basis was 2.3%. This measure has not been negative since the third quarter 2009 and many economists expect us to soon mark 10 years of economic expansion. The unemployment rate remained near its recent historic low of 3.6%, increasing slightly to 3.7% in July 2019 and many inflation measures indicate price increases remain below 2.0%. However, there is currently significant uncertainty about future economic growth as well as the expected future monetary policy. After raising its Fed Funds target rate 9 times since late 2015, the Federal Reserve Board has recently indicated concerns over uncertainties about its outlook for sustained expansion of economic activity, strong labor market conditions, and inflation near its 2 percent objective. Consequently, the Federal Reserve Board lowered its target range for the federal funds rate by 0.25% at the end of July.

Existing home sales in the United States, as indicated by the National Association of Realtors, declined by 2.2% from a year ago as of the end of June 2019, and by 1.7% month-over-month to a seasonally adjusted annual rate of 5.3 million as of June 2019. This compares to 5.3 million and 5.5 million as of December 31, 2018 and 2017, respectively. However, new home sales have increased to a seasonally adjusted annual rate of 646 thousand as of June 2019, from 564 thousand and 656 thousand as of December 31, 2018 and 2017, respectively. Home values, as indicated by the seasonally adjusted Case-Shiller 20 city index, showed an increase of 2.4% from May 2018 to May 2019, with Chicago reporting a 1.6% increase in home values during that same time period. Bankruptcy filings, per the U.S. Court Statistics, also improved with total filings down 2.0% for the year ended December 31, 2018, compared to the same period in 2017, with business filings down 4.0% and personal filings down 1.9% for the year ended December 31, 2018, compared to the same period in 2017.

According to the Beige Book published by the Federal Reserve Board in July 2019, overall economic activity in the Seventh Federal Reserve District (which includes Illinois) was little changed on balance in late May and June 2019, though growth is expected to continue at a modest pace over the next 12 months. Business spending increased slightly, while consumer spending and construction and real estate activity were flat, and manufacturing decreased slightly. Employment increased modestly over the period, as the labor market remained tight, though wage growth remained modest overall. Prices rose slightly in May and June 2019, and they are expected to rise at a somewhat higher rate over the next 12 months. Producer prices, in particular, increased due to higher labor, materials, and freight costs. Home sales were overall flat, with increased sales of lower-end homes offset by decreased sales of higher-end homes. Home prices and rents rose slightly. Nonresidential construction increased modestly overall. Financial market participants noted some improvement in market conditions, albeit with greater volatility. The construction sector led modest increases in business loan demand, though loan quality deteriorated slightly amid higher competition. Consumer loan demand increased modestly as lower rates drove increased mortgage activity. The agriculture industry was challenged by more wet weather in late May and June, causing further delays in planting and poorer growing conditions. Corn and soybean prices moved up as expected yields declined, while egg and dairy prices increased. Hog and cattle prices decreased.

In recent years, real estate values have generally increased throughout our major markets, while unemployment has fluctuated, especially in our downstate markets such as Bloomington (4.2% in June 2019 compared to 4.4% in December 2018 and 4.0% in December 2017), Champaign (4.3% in June 2019 compared to 4.5% in December 2018 and 4.2% in December 2017), and Peoria (5.0% in June 2019 compared to 5.2% in December 2018 and 5.1% in December 2017).

Interest Rates

Net interest income is our primary source of revenue. Net interest income equals 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 and mix of interest-earning assets and interest-bearing liabilities both impact net interest income. These factors are 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 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 Federal Reserve Board'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 Federal Reserve Board's actions. The level of net interest income is therefore influenced by movements in such interest rates and the pace at which such movements occur. After an extended period of highly accommodative monetary policy, the Federal Reserve raised short-term rates 9 times from late 2015 to late 2018, before reversing its stance with a rate cut in July 2019. The most recent period of rate increases helped improve our interest income as earning assets repriced at higher rates. Market conditions have allowed our interest-bearing liabilities to reprice very little which has resulted in improved net interest margins. In general, we believe that further rate increases will lead to improved net interest margins while rate decreases will result in lower net interest margins. However, rate decreases may have the effect of increasing our mortgage origination and our general mortgage banking profitability, which could be more than offset by decreases in the valuation of our Mortgage Servicing Rights portfolio. For additional information regarding interest rate risk factors, see "Risk Factors—Interest Rate Risks."

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. We monitor our credit quality closely with a series of monthly reports and a quarterly Credit Committee meeting where performance and trends within the loan portfolio are reviewed. We have a strong Credit Department that underwrites larger loan relationships and prepares annual reviews for larger and more complex loan relationships. Although we believe our loan approval process and credit review process is a strength that allows 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.

Historically, we have maintained strong credit quality in our originated portfolio. Loans acquired through bank acquisitions represent a segment of our portfolio characterized by loans underwritten with different philosophies in both original risk appetite and loan structure. As we have efficiently worked through the acquired loan portfolios, we have experienced higher overall nonperforming assets, but this segment of our portfolio and the related nonperforming assets has been declining through active collection efforts. Overall credit quality continued to improve in 2018 compared to 2017 and 2016. This was due to both stable economic conditions within our markets and the continued resolution of relationships acquired through prior bank acquisitions.

In addition to its impact on credit quality metrics, our acquired bank loan portfolio has presented a headwind to our overall loan growth rate as we have intentionally worked to reduce our exposure to higher risk loans and loans originated by the acquired banks that did not align with our credit culture. We have experienced a significant reduction in our one-to-four family residential portfolio as we have allowed existing acquired loans that do not meet our normal underwriting standards to amortize down, and new applications that do meet our criteria, are generally sold in the secondary market. Acquired one-to-four family residential loans totaled $68.7 million at June 30, 2019. Additionally, the American Midwest Bank portfolio contained niche lending segments such as a nationwide RV lending program and a local mobile home loan program. We elected to discontinue those programs, and the acquired loans in those programs have been amortizing down. The acquired loan segment of our portfolio has been reduced from $417.3 million at December 31, 2016 to $197.7 million at June 30, 2019.

Growth within the originated segment of our portfolio has primarily been the result of strong growth in commercial real estate—non owner occupied and construction and land development loans in the Chicago MSA. We entered the Chicago market in 2011 through the acquisition of Western Springs National Bank. We have hired experienced lenders with contacts in the market and began developing relationships with clients at a time when many banks were not financing commercial real estate. We believe that we were able to establish relationships with borrowers that weathered the recession, and we built a foundation of quality loans that met our traditional underwriting philosophy characterized by loans with good cash equity and sound structuring. As the commercial real estate market in the Chicago MSA recovered and thrived, we have been able to build off that foundation through loans to existing borrowers and a growing network of referrals. Our loan growth in the Chicago MSA has been spread across a variety of commercial real estate asset classes, including multi family, mixed use, industrial, retail, and office, and it has represented a mixture of projects intended for resale as well as projects intended for long term investment.

Although we have maintained a history of strong credit metrics, we are sensitive to credit quality risks in our loan portfolio. For additional information regarding credit quality risk factors, see "Risk Factors—Lending and Credit Risks."

Competition

Our profitability and growth are affected by the highly competitive nature of the financial services industry. We compete with community banks in all of 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 and other financial institutions operating within the areas we serve.

Our competition for loans comes principally from commercial banks, savings banks, mortgage banking companies, the U.S. Government, credit unions, leasing companies, insurance companies, real estate conduits and other companies that provide financial services to businesses and individuals.

Our most direct competition for deposits has historically come from commercial banks and credit unions. We face increasing competition for deposits from online financial institutions and non-depository competitors such as the mutual fund industry, securities and brokerage firms and insurance companies.

We seek to meet this competition 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.

Recently, we have seen increased competitive pressures on loan rates and terms and increased competition for deposits. Continued loan and deposit pricing pressure may affect our financial results in the future.

Regulatory Environment / Trends

We are subject to extensive regulation and supervision, which continue to evolve as the legal and regulatory framework governing our operations continues to change. The current operating environment also has heightened supervisory expectations in areas such as consumer compliance, the BSA and anti-money laundering compliance, risk management and internal audit. We anticipate that this environment of heightened scrutiny will continue for the industry. As a result of these heightened expectations, we expect to incur additional costs for additional compliance, risk management and audit personnel or professional fees associated with advisors and consultants. For additional information, please refer to "Supervision and Regulation" as well as "Risk Factors—Legal, Accounting, Regulatory and Compliance Risks."

Factors Affecting Comparability of Financial Results.

S Corp Status

Since 1997, we have elected to be taxed for U.S. federal income tax purposes as an S Corp. As a result, our net income has not been subject to, and we have not paid, U.S. federal income tax, and we have not been required to make any provision or recognize any liability for U.S. federal income tax in our financial statements. Taxable income of an S Corp is passed through to and reported by its stockholders who are individually liable to pay taxes at individual tax rates. While we are not subject to and have not paid U.S. federal income tax, we are subject to, and have paid, State of Illinois replacement tax. The consummation of this offering will result in the termination of our status as an S Corp and the beginning of our taxation as a C Corp for U.S. federal income tax purposes. Upon the termination of our status as an S Corp, we will commence paying U.S. federal income tax on our pre-tax net income for each year (including the portion of the year beginning on the date our status as an S Corp terminates), and our financial statements will reflect a provision for U.S. federal income tax. As a result of this change, the net income and earnings per share data presented in our historical financial statements and the other financial information set forth in this prospectus (unless otherwise specified) will not be comparable with our future net income and earnings per share in periods after we commence to be taxed as a C Corp.

The termination of our status as an S Corp may also affect our financial condition and cash flows. Historically, we have made quarterly cash distributions to our stockholders in amounts estimated by us to be sufficient for them to pay estimated individual U.S. federal and state income tax liability resulting from our taxable income that was "passed through" to them. In addition to quarterly dividends for individual estimated tax liability, we have also paid a quarterly regular dividend and occasionally have declared and paid special dividends. The estimated tax dividends have been based on individual U.S. federal and state income tax rates, which differ from the rates imposed on the income of C Corps. Once our status as an S Corp terminates, no income will be "passed through" to any stockholders, but, as noted above, we will commence paying U.S. federal and state income tax. However, the amounts that we have historically distributed to the stockholders are not indicative of the amount of U.S. federal and state income tax that we will be required to pay after we commence to be taxed as a C Corp. Based on 2019 corporate and individual tax rates, our C Corp tax obligation would be meaningfully less than tax dividends paid as an S Corp. Future corporate and individual tax rates are subject to change and our future cash flows and financial condition could be positively or adversely affected compared to our historical cash flows and financial condition.

Furthermore, deferred tax assets and liabilities will be recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of our existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of the change in tax rates resulting from becoming a C Corp will be recognized in income in the quarter such change takes place. This difference between the financial statement carrying amounts of assets and liabilities and their respective tax bases would have been recorded as a net deferred tax asset of $46 thousand at June 30, 2019, a net deferred tax asset of $0.7 million at December 31, 2018, a net deferred tax liability of $0.7 million at December 31, 2017, and a net deferred tax liability of $2.1 million at December 31, 2016.

Public Company Costs

Following the completion of this offering, we expect to incur additional costs associated with operating as a public company, hiring additional personnel, enhancing technology and expanding our capabilities. We expect that these costs will include legal, regulatory, accounting, investor relations and other expenses that we did not incur as a private company. Sarbanes-Oxley and rules adopted by the SEC, the FDIC and national securities exchanges require public companies to implement specified corporate governance practices that are currently inapplicable to us as a private company.

Non-GAAP Financial Information

This prospectus contains certain financial information determined by methods other than in accordance with GAAP. These measures include net interest income (tax-equivalent basis), net interest margin (tax-equivalent basis), efficiency ratio (tax-equivalent basis), tangible book value per share, tangible common equity to tangible assets, originated loans and any ratios derived therefrom, core deposits, core deposits to total deposits, core C Corp equivalent net income, core C Corp equivalent return on average assets, core C Corp equivalent return on average stockholders' equity, and core C Corp equivalent return on average tangible common equity. Our management uses these non-GAAP financial measures, together with the related GAAP financial measures, in its analysis of our performance and in making business decisions. The tax equivalent adjustment to net interest income recognizes the income tax savings when comparing taxable and tax-exempt assets and assumes a federal tax rate of 21% and state income tax rate of 9.5% for the six months ended June 30, 2019 and 2018 and the year ended December 31, 2018, a federal tax rate of 35% and state income tax rate of 8.63% for the year ended December 31, 2017, and federal tax rate of 35% and state income tax rate of 7.75% for the year ended December 31, 2016.

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 directly comparable GAAP financial measures under the caption "Summary Historical Consolidated Financial and Other Data—GAAP reconciliation and management explanation of non-GAAP financial measures."

Results of Operation

Overview of Recent Financial Results

Comparison of Six Months Ended June 30, 2019 to Six Months Ended June 30, 2018

For the six months ended June 30, 2019, net income available to common stockholders was $33.3 million decreasing $0.9 million, or 2.76%, from the six months ended June 30, 2018. Basic and diluted earnings per share were $1.85 for six months ended June 30, 2019, a decrease of 2.63% compared to $1.90 for the six months ended June 30, 2018. Our return on average assets of 2.06% for six months ended June 30, 2019 was down slightly from 2.09% for the six months ended June 30, 2018, and our return on average stockholders' equity was 19.45% for six months ended June 30, 2019, decreasing from 21.04% for the six months ended June 30, 2018. The first six months of 2019 results declined primarily due to a decline in the fair value of mortgage servicing rights asset of $2.1 million and a nonrecurring $3.3 million charge to employee benefits expense related to the termination of the supplemental executive retirement plan (SERP), offset by increases in net interest income as a result of increases in asset yields. Our provision during the first six months of 2019 was higher than the provision during the first six months of 2018, but remained in line with expectations.

For the six months ended June 30, 2019, C Corp equivalent net income was $25.2 million decreasing $0.7 million, or 2.76%, from the six months ended June 30, 2018. C Corp equivalent basic and diluted earnings per share were $1.40 for the six months ended June 30, 2019, a decrease of 2.10% compared to $1.43 for the six months ended June 30, 2018. Our C Corp equivalent return on average assets of 1.56% for six months ended June 30, 2019 was down slightly from 1.58% for the six months ended June 30, 2018, and our C Corp equivalent return on average stockholders' equity was 14.68% for six months ended June 30, 2019, decreasing from 15.88% for the six months ended June 30, 2018.

For the six months ended June 30, 2019, core C Corp equivalent net income was $28.3 million increasing $2.1 million, or 8.08%, from $26.1 million the six months ended June 30, 2018. Core C Corp equivalent return on average assets increased to 1.75% for the six months ended June 30, 2019 from 1.60% for the six months ended June 30, 2018 and core C Corp equivalent return on average stockholders' equity increased to 16.48% from 16.04%. The primary driver for the increase in core C Corp equivalent net income were an increase in loan yields and a shift in asset mix, increasing average loan balances with decreases in lower yielding investment securities. Cost of total interest bearing liabilities also increased period over period, but less than the increase on the yield on interest-earning assets.

Comparison of Year Ended December 31, 2018 to Year Ended December 31, 2017

For the year ended December 31, 2018, net income available to common stockholders was $63.8 million increasing $7.7 million, or 13.72%, from the year ended December 31, 2017. Basic and diluted earnings per share increased to $3.54 for 2018, compared to $3.10 for 2017. Our return on average assets of 1.96% for 2018 was up significantly from 1.69% for 2017 while our return on average stockholders' equity was 19.32% for 2018, which also increased significantly compared to 16.58% for 2017. 2018 results improved primarily due to improved net interest and margins from an increase in asset yields that exceeded the increase in our cost of interest-bearing liabilities. Our provision for 2018 was unfavorable to the 2017 provision. A decrease in noninterest income was more than offset by a larger decrease in noninterest expense primarily due to a reduction in branch operating expense. 2017 also included significant one-time expenses discussed below that materially increased noninterest expense in that period. The increase in return on average assets and return on average stockholders' equity year over year were enhanced by decreases in average assets and average stockholders' equity for the two periods.

For the year ended December 31, 2018, C Corp equivalent net income was $48.3 million increasing $11.0 million, or 29.50%, from the year ended December 31, 2017. C Corp equivalent basic and diluted earnings per share increased to $2.68 for the year ended December 31, 2018, or 30.10%, compared to $2.06 for the year ended December 31, 2017. The 2018 C Corp equivalent earnings improved primarily due to improved net interest margins from an increase in asset yields and tax rate changes in the Tax Cuts and Jobs Act first effective in 2018. Our C Corp equivalent return on average assets of 1.49% for the year ended December 31, 2018 was up from 1.12% the year ended December 31, 2017, and our C Corp equivalent return on average stockholders' equity was 14.63% for the year ended December 31, 2018 increasing from 11.02% for the year ended December 31, 2017.

For the year ended December 31, 2018, core C Corp equivalent net income was $49.9 million, an increase of $10.0 million, or 25.00%, from the year ended December 31, 2017. Core C Corp equivalent return on average assets and core C Corp equivalent return on average stockholders' equity increased to 1.54% and 15.10%, respectively, for the year ended December 31, 2018 from 1.20% and 11.79%, respectively, for the year ended December 31, 2017. The key drivers of a year over year comparison of core C Corp equivalent net income were similar to comparisons of net income. A material increase in net interest income was offset by a larger provision and a small decline in non-interest income.

Comparison of Year Ended December 31, 2017 to Year Ended December 31, 2016

For the year ended December 31, 2017, net income available to common stockholders was $56.1 million decreasing $2.4 million, or 4.17%, from the year ended December 31, 2016. Basic and diluted earnings per share decreased to $3.10 for 2017, or 4.32%, from $3.24 for 2016. Our return on average assets of 1.69% for 2017 was down from 1.76% for 2016 and our return on average stockholders' equity also decreased slightly to 16.58% for 2017 from 16.93% for 2016. 2017 earnings decreased primarily due to significant one-time expenses discussed below that materially increased non-interest expense in 2017. Net interest income in 2017 was almost unchanged from 2016, but a significantly smaller provision in 2017 helped results on a comparative basis. Slightly lower average assets and lower average stockholders' equity in 2017 compared to 2016 helped to mitigate the decline in return on average assets and return on average stockholders' equity year over year.

For the year ended December 31, 2017, C Corp equivalent net income was $37.3 million decreasing $2.0 million, or 4.98%, from the year ended December 31, 2016. C Corp equivalent basic and diluted earnings per share decreased to $2.06 for the year ended December 31, 2017, or 5.07%, from $2.17 for the year ended December 31, 2016. Our C Corp equivalent return on average assets of 1.12% for the year ended December 31, 2017 was down from 1.18% for the year ended December 31, 2016 while our C Corp equivalent return on average stockholders' equity was 11.02% for the year ended December 31, 2017 decreasing from 11.35% for the year ended December 31, 2016.

For the year ended December 31, 2017, core C Corp equivalent net income was $39.9 million, an increase of $0.8 million, or 2.16%, from the year ended December 31, 2016. Core C Corp equivalent return on average assets and core C Corp equivalent return on average stockholders' equity increased to 1.20% and 11.79%, respectively, for the year ended December 31, 2017 from 1.17% and 11.29%, respectively, for the year ended December 31, 2016. The key drivers of a year over year comparison of core C Corp equivalent net income were similar to comparisons of net income. Very similar net interest income between the two periods was helped by a material decrease in provision in 2017.

Net Interest Income

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

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

	Six Months Ended June 30, (unaudited)					
	2019			2018		
	Average Outstanding Balance	Interest	Yield/Rate[5]	Average Outstanding Balance	Interest	Yield/Rate[5]
	(Dollars in thousands)					
Gross loans[1]	$ 2,180,722	$ 61,780	5.67%	$ 2,121,655	$ 56,058	5.28%
Securities[1]	796,577	11,618	2.92	890,199	11,926	2.68
Deposits with banks	128,445	1,286	2.00	116,395	775	1.33
Other	2,578	31	2.43	2,824	36	2.56
Total interest-earning assets[1]	3,108,322	$ 74,715	4.81%	3,131,073	$ 68,795	4.39%
Allowance for loan losses	(20,848)			(19,520)		
Noninterest-earning assets	147,357			165,171		
Total assets	$ 3,234,831			$ 3,276,724		
Interest-bearing demand	$ 826,586	$ 828	0.20%	$ 829,203	$ 587	0.14%
Money market	449,021	859	0.38	453,084	326	0.14
Savings	429,078	137	0.06	441,076	143	0.06
Time	422,137	2,270	1.08	441,904	1,540	0.70
Total interest-bearing deposits	2,126,822	4,094	0.38	2,165,267	2,596	0.24
Securities sold under agreements to repurchase	41,466	31	0.15	35,393	19	0.11
Borrowings	553	7	2.59	26,476	223	1.69
Subordinated debentures	37,536	984	5.24	37,470	849	4.53
Total interest-bearing liabilities	2,206,377	$ 5,116	0.46%	2,264,606	$ 3,687	0.33%
Noninterest-bearing deposits	656,714			660,891		
Noninterest-bearing liabilities	28,879			25,365		
Total liabilities	2,891,970			2,950,862		
Equity	342,861			325,862		
Total liabilities and equity	$ 3,234,831			$ 3,276,724		
Net interest income (tax-equivalent basis)/Net interest margin (tax-equivalent basis)[1][4]		$ 69,599	4.48%		$ 65,108	4.16%
Less: tax-equivalent adjustment		1,216	0.08%		1,343	0.09%
Net interest income /Net interest margin[4]		$ 68,383	4.40%		$ 63,765	4.07%
Net interest rate spread[1][2]			4.35%			4.06%
Net interest-earning assets[3]	$ 901,945			$ 866,467		
Ratio of interest-earning assets to interest-bearing liabilities	1.41			1.38		

	Years Ended December 31,								
	2018			2017			2016		
	Average Outstanding Balance	Interest	Yield/Rate	Average Outstanding Balance	Interest	Yield/Rate	Average Outstanding Balance	Interest	Yield/Rate
	(Dollars in thousands)								
Gross loans[1]	$ 2,131,512	$ 114,748	5.38%	$ 2,091,863	$ 107,657	5.15%	$ 2,132,405	$ 111,069	5.21%
Securities[1]	860,804	23,560	2.74	886,077	23,755	2.68	819,877	21,275	2.59
Deposits with banks	114,202	1,717	1.50	176,199	1,657	0.94	172,189	761	0.44
Other	2,771	68	2.47	3,056	51	1.69	7,292	68	0.93
Total interest-earning assets[1]	3,109,289	$ 140,093	4.51%	3,157,195	$ 133,120	4.22%	3,131,763	$ 133,173	4.25%
Allowance for loan losses	(20,046)			(20,497)			(18,402)		
Noninterest-earning assets	158,355			183,541			212,122		
Total assets	$ 3,247,598			$ 3,320,239			$ 3,325,483		
Interest-bearing demand	$ 824,910	$ 1,378	0.17%	$ 808,263	$ 908	0.11%	$ 779,176	$ 925	0.12%
Money market	442,872	685	0.15	479,916	704	0.15	491,897	708	0.14
Savings	433,661	283	0.07	439,844	293	0.07	433,123	319	0.07
Time	442,569	3,541	0.80	495,222	3,054	0.62	545,455	3,047	0.56
Total interest-bearing deposits	2,144,012	5,887	0.27	2,223,245	4,959	0.22	2,249,651	4,999	0.22
Securities sold under agreements to repurchase	40,725	57	0.14	40,821	50	0.12	40,050	45	0.11
Borrowings	14,946	251	1.68	5,788	61	1.05	9,994	75	0.75
Subordinated debentures	37,487	1,795	4.79	37,421	1,525	4.07	37,356	1,485	3.98
Total interest-bearing liabilities	2,237,170	$ 7,990	0.36%	2,307,275	$ 6,595	0.29%	2,337,051	$ 6,604	0.28%
Noninterest-bearing deposits	653,885			643,326			603,970		
Noninterest-bearing liabilities	26,329			31,321			38,567		
Total liabilities	2,917,384			2,981,922			2,979,588		
Equity	330,214			338,317			345,895		
Total liabilities and equity	$ 3,247,598			$ 3,320,239			$ 3,325,483		
Net interest income (tax-equivalent basis)/Net interest margin (tax-equivalent basis)[1][4]		$ 132,103	4.25%		$ 126,525	4.01%		$ 126,569	4.04%
Less: tax-equivalent adjustment		2,661	0.09%		5,527	0.18%		5,468	0.17%
Net interest income /Net interest margin[4]		$ 129,442	4.16%		$ 120,998	3.83%		$ 121,101	3.87%
Net interest rate spread[1][2]			4.15%			3.93%			3.97%
Net interest-earning assets[3]	$ 872,119			$ 849,920			$ 794,712		
Ratio of interest-earning assets to interest-bearing liabilities	1.39			1.37			1.34		

(1) On a C Corp tax-equivalent basis assuming a federal income tax rate of 21% in 2019 and 2018 and 35% in 2017 and 2016. A state tax rate of 9.5% in 2019 and 2018, 8.63% in 2017, and 7.75% in 2016, respectively.

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

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

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

(5) Annualized.

The following tables set forth the components of loan interest income. Our loan interest income includes contractual interest on loans, loan fees, accretion of acquired loan discounts and earnings on net cash flow hedges.

	Six Months Ended June 30, (unaudited)			
	2019		2018	
	Interest	Yield	Interest	Yield
	(Dollars in thousands)			
Contractual interest	$ 57,972	5.33%	$ 51,578	4.86%
Loan fees	1,577	0.14	1,588	0.15
Accretion of acquired loan discounts	1,796	0.16	2,466	0.23
Net cash flow hedge earnings	50	0.00	98	0.01
Total loan interest income	61,395	5.63	55,730	5.25
Tax equivalent adjustment	385	0.04	328	0.03
Total loan interest income (tax-equivalent basis)[(1)]	$ 61,780	5.67%	$ 56,058	5.28%

	Years Ended December 31,					
	2018		2017		2016	
	Interest	Yield	Interest	Yield	Interest	Yield
	(Dollars in thousands)					
Contractual interest	$ 106,522	5.00%	$ 97,879	4.68%	$ 98,724	4.63%
Loan fees	3,304	0.15	3,296	0.16	3,456	0.16
Accretion of acquired loan discounts	4,033	0.19	5,017	0.24	7,672	0.36
Net cash flow hedge earnings	175	0.01	275	0.01	326	0.02
Total loan interest income	114,034	5.35	106,467	5.09	110,178	5.17
Tax equivalent adjustment	714	0.03	1,190	0.06	891	0.04
Total loan interest income (tax-equivalent basis)[(1)]	$ 114,748	5.38%	$ 107,657	5.15%	$ 111,069	5.21%

(1) Non-GAAP financial measure. See our reconciliation of non-GAAP financial measures to their most directly comparable GAAP financial measures under the caption "Summary Historical Consolidated Financial and Other Data—GAAP reconciliation and management explanation of non-GAAP financial measures."

The following table sets forth the components of net interest income. Our total interest income consists of contractual interest on loans, contractual interest on securities, contractual interest on interest-bearing deposits in banks, loan fees, accretion of acquired loan discounts, securities amortization, net and other interest and dividend income. Our total interest expense consists of contractual interest on deposits, contractual interest on other interest-bearing liabilities and other.

	Six Months Ended June 30, (unaudited)			
	2019		2018	
	Interest	Net Interest Margin Contribution	Interest	Net Interest Margin Contribution
	(Dollars in thousands)			
Interest income:				
Contractual interest on loans	$ 57,972	3.73%	$ 51,578	3.29%
Contractual interest on securities	12,655	0.81	13,628	0.87
Contractual interest on interest-bearing deposits in banks	1,286	0.08	775	0.05
Loan fees	1,577	0.10	1,588	0.10
Accretion of acquired loan discounts	1,796	0.12	2,466	0.15
Securities amortization, net	(1,868)	(0.12)	(2,717)	(0.17)
Other	81	0.01	134	0.01
Total interest income	$ 73,499	4.73%	$ 67,452	4.30%
Interest expense:				
Contractual interest on deposits	$ 4,109	0.27%	$ 2,599	0.16%
Contractual interest on other interest-bearing liabilties	992	0.06	1,059	0.07
Other	15	0.00	29	0.00
Total interest expense	5,116	0.33	3,687	0.23
Net interest income	68,383	4.40	63,765	4.07
Tax equivalent adjustment	1,216	0.08	1,343	0.09
Net interest income (tax-equivalent basis)[(1)]	$ 69,599	4.48%	$ 65,108	4.16%

	Years Ended December 31,					
	2018		2017		2016	
	Interest	Net Interest Margin Contribution	Interest	Net Interest Margin Contribution	Interest	Net Interest Margin Contribution
	(Dollars in thousands)					
Interest income:						
Contractual interest on loans	$ 106,522	3.42%	$ 97,879	3.10%	$ 98,724	3.16%
Contractual interest on securities	26,658	0.86	25,339	0.80	22,832	0.73
Contractual interest on interest-bearing deposits in banks	1,717	0.05	1,657	0.05	761	0.02
Loan fees	3,304	0.11	3,296	0.11	3,456	0.11
Accretion of acquired loan discounts	4,033	0.13	5,017	0.16	7,672	0.25
Securities amortization, net	(5,045)	(0.16)	(5,921)	(0.19)	(6,134)	(0.20)
Other	243	0.01	326	0.01	394	0.01
Total interest income	$ 137,432	4.42%	$ 127,593	4.04%	$ 127,705	4.08%
Interest expense:						
Contractual interest on deposits	$ 5,910	0.19%	$ 5,054	0.16%	$ 5,255	0.17%
Contractual interest on other interest-bearing liabilties	2,038	0.07	1,462	0.05	1,291	0.04
Other	42	0.00	79	0.00	58	0.00
Total interest expense	7,990	0.26	6,595	0.21	6,604	0.21
Net interest income	129,442	4.16	120,998	3.83	121,101	3.87
Tax equivalent adjustment	2,661	0.09	5,527	0.18	5,468	0.17
Net interest income (tax-equivalent basis)[(1)]	$ 132,103	4.25%	$ 126,525	4.01%	$ 126,569	4.04%

(1) Non-GAAP financial measure. See our reconciliation of non-GAAP financial measures to their most directly comparable GAAP financial measures under the caption "Summary Historical Consolidated Financial and Other Data—GAAP reconciliation and management explanation of non-GAAP financial measures."

Comparison of Six Months Ended June 30, 2019 to Six Months Ended June 30, 2018

Net interest income increased $4.6 million, or 7.24%, to $68.4 million for the six months ended June 30, 2019 compared to $63.8 million for the six months ended June 30, 2018. Net interest margin was 4.40% for the six months ended June 30, 2019, increasing 33 basis points from 4.07% for the six months ended June 30, 2018. Accretion of acquired loan discount contributed $1.8 million, or 12 basis points, in yield for the six months ended June 30, 2019, compared to $2.5 million, or 15 basis points, in yield for the six months ended June 30, 2018.

Net interest income, on a tax equivalent basis, increased $4.5 million to $69.6 million for the six months ended June 30, 2019 compared to $65.1 million for the six months ended June 30, 2018. Our net interest margin, on a tax equivalent basis, increased 32 basis points to 4.48% for the six months ended June 30, 2019, from 4.16% for the six months ended June 30, 2018. Our average interest-earning assets decreased $22.8 million to $3.11 billion for the six months ended June 30, 2019, from $3.13 billion for the six months ended June 30, 2018, and our average interest-bearing liabilities decreased $58.2 million to $2.21 billion for the six months ended June 30, 2019, from $2.26 billion for the six months ended June 30, 2018. Slight declines in interest-bearing deposits, as well as a decline in borrowings, has driven the slight decline in interest-bearing liabilities. Interest-earning assets decreased; however, organic loan growth was funded through decreases in the securities portfolio. Increases in net interest income, on a tax equivalent basis, and net interest margin, on a tax equivalent basis, are due primarily to increases in benchmark interest rates which drove our loan and securities yields higher and from organic loan growth shifting our earning asset mix.

Comparison of Year Ended December 31, 2018 to Year Ended December 31, 2017

Net interest income increased $8.4 million, or 6.98%, to $129.4 million for the year ended December 31, 2018 compared to $121.0 million for the year ended December 31, 2017. Net interest margin was 4.16% for the year ended December 31, 2018, increasing 33 basis points from 3.83% for the year ended December 31, 2017. Accretion of acquired loan discount contributed $4.0 million, or 13 basis points, in yield for the year ended December 31, 2018, compared to $5.0 million, or 16 basis points, in yield for the year ended December 31, 2017.

Net interest income, on a tax equivalent basis, increased $5.6 million to $132.1 million for the year ended December 31, 2018 compared to $126.5 million for the year ended December 31, 2017. Our net interest margin, on a tax equivalent basis, increased 24 basis points to 4.25% for the year ended December 31, 2018, from 4.01% for 2017. Our average interest-earning assets decreased $47.9 million to $3.11 billion for the year ended December 31, 2018, from $3.16 billion for the year ended December 31, 2017, and our average interest-bearing liabilities decreased $70.1 million to $2.24 billion for the year ended December 31, 2018, from $2.31 billion for the year ended December 31, 2017. Decreases in money market and higher cost time deposits more than offset an increase interest bearing demand deposits which primarily drove the decrease in interest bearing liabilities. Interest earning assets, which also decreased, had organic loan growth funded by bigger decreases in lower yielding deposits with banks and securities. Increases in net interest income, on a tax equivalent basis, and net interest margin, on a tax equivalent basis, are due primarily to increases in benchmark interest rates which drove our loan and securities yields higher and from organic loan growth shifting our earning asset mix.

Comparison of Year Ended December 31, 2017 to Year Ended December 31, 2016

Net interest income remained nearly constant at $121.0 million and $121.1 million for the years ended December 31, 2017 and 2016, respectively. Net interest margin was 3.83% for the year ended December 31, 2017, decreasing 4 basis points from 3.87% for the year ended December 31, 2016. Accretion of acquired loan discount contributed $5.0 million, or 16 basis points, in yield for the year ended December 31, 2017, compared to $7.7 million, or 25 basis points, in yield for the year ended December 31, 2016.

Net interest income, on a tax equivalent basis, remained nearly constant at $126.5 million and $126.6 million for the years ended December 31, 2017 and 2016, respectively. Our net interest margin, on a tax equivalent basis, decreased 3 basis points to 4.01% for the year ended December 31, 2017, from 4.04% for the year ended December 31, 2016. Our average interest-earning assets increased $25.4 million to $3.16 billion for the year ended December 31, 2017, from $3.13 billion for the year ended December 31, 2016, and our average interest-bearing liabilities decreased $29.8 million to $2.31 billion for the year ended December 31, 2017, from $2.34 billion for the year ended December 31, 2016. The small decrease in net interest income, on a tax equivalent basis, and the slight decrease in net interest margin, on a tax equivalent basis, are due primarily to a drop in interest-earning asset yields resulting from a shift of earning assets from loans to lower yielding securities and by the decline in accretion of discount on acquired loans as noted above.

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 changes in 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 rate and volume that cannot be segregated have been allocated proportionately to the change due to volume and the change due to rate.

	Six Months Ended June 30, 2019 vs. Six Months Ended June 30, 2018 (unaudited)		
	Increase (Decrease) Due to		Total Increase (Decrease)
	Volume	Rate	
	(Dollars in thousands)		
Interest-earning assets:			
Loans	$ 1,559	$ 4,163	$ 5,722
Securities	(1,255)	947	(308)
Deposits with banks	80	431	511
Other	(3)	(2)	(5)
Total interest-earning assets	381	5,539	5,920
Interest-bearing liabilities:			
Interest-bearing demand	(2)	243	241
Money market	(3)	536	533
Savings	(4)	(2)	(6)
Time	(69)	799	730
Securities sold under agreements to repurchase	3	9	12
Borrowings	(219)	3	(216)
Subordinated debentures	1	134	135
Total interest-bearing liabilities	(293)	1,722	1,429
Change in net interest income	$ 674	$ 3,817	$ 4,491

	Year Ended December 31, 2018 vs. Year Ended December 31, 2017		
	Increase (Decrease) Due to		Total Increase (Decrease)
	Volume	Rate	
	(Dollars in thousands)		
Interest-earning assets:			
Loans	$ 2,042	$ 5,049	$ 7,091
Securities	(677)	482	(195)
Deposits with banks	(583)	643	60
Other	(5)	22	17
Total interest-earning assets	777	6,196	6,973
Interest-bearing liabilities:			
Interest-bearing demand	18	452	470
Money market	(56)	37	(19)
Savings deposits	(4)	(6)	(10)
Time	(326)	813	487
Securities sold under agreements to repurchase	—	7	7
Borrowings	96	94	190
Subordinated debentures	3	267	270
Total interest-bearing liabilities	(269)	1,664	1,395
Change in net interest income	$ 1,046	$ 4,532	$ 5,578

	Year Ended December 31, 2017 vs. Year Ended December 31, 2016		
	Increase (Decrease) Due to		Total Increase (Decrease)
	Volume	Rate	
	(Dollars in thousands)		
Interest-earning assets:			
Loans	$ (2,112)	$ (1,300)	$ (3,412)
Securities	1,715	765	2,480
Deposits with banks	18	878	896
Other	(39)	22	(17)
Total interest-earning assets	(418)	365	(53)
Interest-bearing liabilities:			
Interest-bearing demand	35	(52)	(17)
Money market	(17)	13	(4)
Savings deposits	5	(31)	(26)
Time	(281)	288	7
Securities sold under agreements to repurchase	1	4	5
Borrowings	(32)	18	(14)
Subordinated debentures	3	37	40
Total interest-bearing liabilities	(286)	277	(9)
Change in net interest income	$ (132)	$ 88	$ (44)

Provision for Loan Losses

We establish provisions for loan losses, which are charged to operations in order to maintain the allowance for loan losses at a level we consider necessary to absorb probable incurred credit losses in the loan portfolio. In determining the level of the allowance for loan losses, we consider past and current loss experience, evaluations of collateral, current economic conditions, volume and type of lending, adverse situations that may affect a borrower's ability to repay a loan and the levels of nonperforming and other classified loans. The amount of the allowance is based on estimates and the ultimate losses may vary from such estimates as more information becomes available or events change. We assess the allowance for loan losses on a quarterly basis and make provisions for loan losses in order to maintain the allowance. The provision for loan losses is a function of the allowance for loan loss methodology we use to determine the appropriate level of the allowance for inherent loan losses after net charge-offs have been deducted. For further analysis and information on how we determine the appropriate level for the allowance for loan losses and analysis of credit quality, see "Critical Accounting Policies and Estimates," "Risk Classification of Loans" and "Allowance for Loan Losses."

Comparison of Six Months Ended June 30, 2019 to Six Months Ended June 30, 2018

Provision for loan losses for the six months ended June 30, 2019 was $2.6 million, compared to $0.6 million for the six months ended June 30, 2018. The provision for loan losses during the six months ended June 30, 2019 was primarily due to downward credit migration of two large loan relationships which combined had a related allowance of $2.6 million allocated during the six months ended June 30, 2019. The provision for loan losses during the six months ended June 30, 2018 was due primarily to some credit migration, offset by an improvement in a large loan relationship previously classified as substandard.

Comparison of Year Ended December 31, 2018 to Year Ended December 31, 2017

Provision for loan losses for the year ended December 31, 2018 were $5.7 million as compared to $3.1 million for the year ended December 31, 2017. The larger provision in 2018 was primarily related to one long time borrowing relationship. The allowance for loan losses as a percentage of loans increased slightly from 0.93% at December 31, 2017 to 0.96% at December 31, 2018, reflecting our relatively stable operating environment and consistent credit quality throughout 2018.

Comparison of Year Ended December 31, 2017 to Year Ended December 31, 2016

Provision for loan losses for the year ended December 31, 2017 were $3.1 million as compared to $6.4 million for the year ended December 31, 2016. The allowance for loan losses as a percentage of loans decreased slightly from 0.94% at December 31, 2016 to 0.93% at December 31, 2017, reflecting our relatively stable operating environment and consistent credit quality throughout 2017.

Noninterest Income

Our noninterest income primarily includes service charges on deposit accounts, card income, wealth management fees, mortgage banking income, net realized gain (loss) on sales of securities, and other noninterest income.

The following table sets forth the primary components of noninterest income for the periods indicated.

	Six Months Ended June 30, (unaudited)	
	2019	2018
	(Dollars in thousands)	
Service charges on deposit accounts	$ 3,603	$ 3,819
Card income	3,742	3,554
Wealth management fees	3,055	3,063
Mortgage banking income	610	3,363
Net realized gain (loss) on sales of securities	—	—
Other	3,198	2,986
Total noninterest income	$ 14,208	16,785

	Year Ended December 31,		
	2018	2017	2016
	(Dollars in thousands)		
Service charges on deposit accounts	$ 7,983	$ 8,013	$ 8,311
Card income	7,315	6,749	6,237
Wealth management fees	6,350	5,543	6,056
Mortgage banking income	6,761	7,589	10,104
Net realized gain (loss) on sales of securities	(2,541)	(1,275)	106
Other	5,757	7,965	8,540
Total noninterest income	$ 31,625	$ 34,584	$ 39,354

Comparison of Six Months Ended June 30, 2019 to Six Months Ended June 30, 2018

Our noninterest income decreased by $2.6 million, or 15.4%, to $14.2 million for the six months ended June 30, 2019, from $16.8 million for the six months ended June 30, 2018. The decrease in noninterest income is due primarily a $2.8 million decline in mortgage banking income, which includes a fair value adjustment decrease of $2.1 million to our mortgage servicing rights asset during the six months ended June 30, 2019 compared to an increase of $0.4 million during the six months ended June 30, 2018. Other noninterest income increased primarily due to the sale of First Community Title Services, Inc. on February 15, 2019 resulting in a $0.5 million gain on sale.

Comparison of Year Ended December 31, 2018 and Year Ended December 31, 2017

Our noninterest income decreased by $3.0 million, or 8.6%, to $31.6 million for the year ended December 31, 2018, from $34.6 million in 2017 primarily due to a $1.3 million increase in realized losses on sales of securities as a result of targeted security sales for tax purposes and a $0.8 million decrease in mortgage banking income, which includes a $1.6 million decrease in gains on sales of mortgage loans, due to rising interest rates over the period and lower mortgage volume. These declines were offset by improvements achieved in wealth management fees of $0.8 million as well an increase in card income of $0.6 million.

Comparison of Year Ended December 31, 2017 and Year Ended December 31, 2016

Our noninterest income decreased by $4.8 million, or 12.1%, to $34.6 million for the year ended December 31, 2017, from $39.4 million in 2016 primarily due to a $1.4 million decrease in realized losses on sales of securities and a $2.5 million decrease in mortgage banking income, which includes a $1.9 million decrease in gains on sales of mortgage loans, due to rising interest rates over the period and lower mortgage volume. These declines were offset by a $0.5 million increase in card income.

Noninterest Expense

Our noninterest expenses primarily include salaries, employee benefits, occupancy of bank premises, furniture and equipment, data processing, marketing and customer relations, net adjustments on FDIC indemnification asset and true-up liability, and other noninterest expenses.

	Six Months Ended June 30, (unaudited)	
	2019	2018
	(Dollars in thousands)	
Salaries	$ 24,004	$ 24,308
Employee benefits	6,090	3,230
Occupancy of bank premises	3,067	3,697
Furniture and equipment	1,505	1,612
Data processing	2,492	2,614
Marketing and customer relations	2,036	2,112
Net adjustments on FDIC indemnification asset and true-up liability	—	—
Other	6,954	7,748
Total noninterest expense	$ 46,148	$ 45,321

	Year Ended December 31,		
	2018	2017	2016
	(Dollars in thousands)		
Salaries	$ 49,637	$ 51,379	$ 49,245
Employee benefits	6,244	5,939	5,425
Occupancy of bank premises	6,782	9,569	7,606
Furniture and equipment	3,117	3,518	3,767
Data processing	5,008	4,621	5,800
Marketing and customer relations	4,195	4,492	4,533
Net adjustments on FDIC indemnification asset and true-up liability	—	999	1,021
Other	15,719	14,953	17,037
Total noninterest expense	$ 90,702	$ 95,470	$ 94,434

Comparison of Six Months Ended June 30, 2019 to Six Months Ended June 30, 2018

For six months ended June 30, 2019, noninterest expense increased slightly by $0.8 million, or 1.82%, to $46.1 million, from $45.3 million for six months ended June 30, 2018. Employee benefits increased $2.9 million, due primarily to a nonrecurring charge of $3.3 million related to the termination of the SERP. Occupancy of bank premises decreased $0.6 million primarily due to sales of bank premises held for sale, reducing real estate holding costs. Other noninterest expense also decreased $0.8 million due in part to a $0.6 million decrease in ORE foreclosure writedowns and losses.

Comparison of Year Ended December 31, 2018 to Year Ended December 31, 2017

For the year ended December 31, 2018, noninterest expense decreased by $4.8 million, or 5.0%, to $90.7 million, from $95.5 million for the year ended December 31, 2017. Occupancy expense declined $2.8 million primarily due to $1.9 million of non-recurring expenses related to the closure of seven less productive branch locations incurred in 2017. Compensation expense decreased $1.7 million due in part to a $1.3 million accrual in 2017 related to a change in policy for paid time off benefits that resulted in an increase in accrued expense. Also in 2017, our FDIC indemnification agreements related to the previous acquisitions of two failed banks were terminated which represents expenses not recurring subsequent to 2017.

Comparison of Year Ended December 31, 2017 to Year Ended December 31, 2016

For the year ended December 31, 2017, noninterest expense increased by $1.0 million, or 1.1%, to $95.5 million, from $94.4 million for the year ended December 31, 2016. Salaries expense increased by $2.1 million due in part to a $1.3 million accrual related to a change in policy for paid time off benefits. The $2.0 million increase in occupancy of bank premises expense was primarily attributed to $1.9 million of impairment losses on bank premises that were held for sale due to branch closings. Employee benefits expense increased $0.5 million due to unusually high medical claim expense. Data processing expense decreased $1.2 million in 2017 compared to 2016, as there were additional costs in 2016 resulting from the termination of a data processing contract in the NBI acquisition.

Income Taxes

The Company has historically been taxed under sections of federal and state tax law as an "S corporation" which provides that with the exception of certain state replacement and franchise taxes, current stockholders account separately for their share of the Company's income, deductions, losses and credits. Our effective tax rate reflects our liability for various state corporate taxes, including Illinois, which taxes are not "passed through" to our stockholders. See "S Corp Status" in this section for a discussion of our status as an S Corp and "C Corp equivalent Income Tax Expense and Net Income" below for a discussion on what our income tax expense and net income would have been had we been taxed as a C Corp.

For the six months ended June 30, 2019 and 2018, we recorded income tax expense of $0.5 million and $0.4 million, respectively. For the years ended December 31, 2018, 2017, and 2016, we recorded income tax expense of $0.9 million, $0.9 million, and $1.0 million, respectively.

C Corp Equivalent Income Tax Expense and Net Income

As a result of our status as an S Corp, we had no U.S. federal income tax expense or state corporate income tax, except state replacement tax, for the six months ended June 30, 2019 or 2018 or the years ended December 31, 2018, 2017, or 2016. The following table illustrates the impact of being taxed as a C Corp:

	Six Months Ended June 30, (unaudited)		Year Ended December 31,		
	2019	2018	2018	2017	2016
	(Dollars in thousands)				
As Reported (S Corp)					
Income before income tax expense	$ 33,861	$ 34,676	$ 64,668	$ 56,973	$ 59,587
Income tax expense	520	389	869	870	1,041
Net income	$ 33,341	$ 34,287	$ 63,799	$ 56,103	$ 58,546
C Corp Equivalent					
Combined effective income tax rate	25.69%	25.38%	25.32%	34.54%	34.13%
Income before income tax expense	$ 33,861	$ 34,676	$ 64,668	$ 56,973	$ 59,587
Income tax expense	8,699	8,801	16,371	19,679	20,338
Net income	$ 25,162	$ 25,875	$ 48,297	$ 37,294	$ 39,249

The C Corp equivalent effective rates reflect a U.S. federal income tax rate of 21% for the six months ended June 30, 2019 and 2018 and the year ended December 31, 2018 and 35.0% for the years ended December 31, 2017 and 2016 on corporate federal taxable income. The C Corp equivalent rates also reflect Illinois Corporate Income and Corporate Replacement tax rates of 7.00% and 2.50%, respectively, for the six months ended June 30, 2019 and 2018 and the year ended December 31, 2018, 6.13% (blended) and 2.50% for the year ended December 31, 2017 and 5.25% and 2.50%, respectively, for the year ended December 31, 2016. C Corp equivalent federal taxable income reflects adjustments to our net income in each of these periods for both temporary timing differences as well as permanent differences including federal tax-exempt municipal investment and loan interest income and other nondeductible expenses. C Corp equivalent state corporate income and replacement tax expense was computed using appropriate state tax rates in each period as well as appropriate timing and permanent income adjustments in arriving at corporate state taxable income also in each period.

The decrease in 2018 C Corp equivalent provision for income tax was primarily due to the lower U.S. federal effective tax rate beginning in 2018.

If we gave effect to our conversion from a subchapter S Corp, we would have recorded a net deferred tax asset of $46 thousand along with a corresponding $46 thousand increase to stockholders' equity at June 30, 2019, a net deferred tax asset of $0.7 million along with a corresponding $0.7 million increase to stockholders' equity at December 31, 2018, a net deferred tax liability of $0.7 million along with a corresponding $0.7 million decrease to stockholders' equity at December 31, 2017, and a net deferred tax liability of $2.1 million along with a corresponding $2.1 million decrease to stockholders' equity at December 31, 2016.

Financial Condition

Total Assets

Balance Sheet Analysis

Comparison of June 30, 2019 to December 31, 2018

The Company's total assets were $3.22 billion at June 30, 2019, a decrease of $25.4 million, or 0.78%, from December 31, 2018 mostly due to a decrease in the securities portfolio and cash equivalents, offset by increases in the loan portfolio from organic loan growth.

Total liabilities were $2.88 billion at June 30, 2019, a decrease of $24.9 million, or 0.86%, from December 31, 2018 primarily due to a decrease in interest-bearing deposits. Total deposits were $2.77 billion at June 30, 2019, a decrease of $22.2 million, or 0.79%, from December 31, 2018 due to decreases in time deposits and interest-bearing demand deposits, partly offset by increases in money market accounts. Total equity was $339.9 million at June 30, 2019, a decrease of $0.5 million, or 0.15%, from December 31, 2018 due to earnings for the period net of dividends declared, partly offset by an increase in accumulated other comprehensive income from increases in fair values of securities available-for-sale.

At June 30, 2019, gross loan balances increased 2.74% compared to December 31, 2018. Asset quality declined slightly with nonperforming loans representing 1.14% of total loans at June 30, 2019, compared to 0.74% at December 31, 2018. At June 30, 2019, our allowance for loan losses as a percentage of total loans was 1.02%, compared to 0.96% at December 31, 2018. Nonperforming assets to total assets were 1.08% at June 30, 2019, compared to 0.78% at December 31, 2018. Core deposits to total deposits remained very high at 98.75% at June 30, 2019 compared to 98.68% at December 31, 2018, as we managed our deposit portfolio to retain and increase higher value core deposit relationships and maintain the lowest practicable cost of funds. The loan-to-deposit ratio was 79.43% at June 30, 2019, increasing from 76.69% at December 31, 2018.

Comparison of December 31, 2018 to December 31, 2017

The Company's total assets were $3.25 billion at December 31, 2018, a decrease of $63.3 million, or 1.91%, from December 31, 2017 mostly due to sales, calls, and maturities of securities available-for-sale not re-invested in securities, offset in part by an increase in the loan portfolio from organic loan growth.

Total liabilities were $2.91 billion at December 31, 2018, a decrease of $79.8 million, or 2.67%, from December 31, 2017 mostly due to scheduled maturities of FHLB advances and decreases in deposits. Total deposits were $2.8 billion at December 31, 2018, a decrease of $59.7 million, or 2.09%, from December 31, 2017 due to decreases in noninterest-bearing, money market, and time deposit accounts partly offset by an increase in interest-bearing demand accounts.

Total equity was $340.4 million at December 31, 2018, an increase of $16.5 million, or 5.09%, from December 31, 2017 due primarily to earnings for the period net of dividends declared.

At December 31, 2018, gross loan balances increased 1.34% compared to the prior year-end. We achieved our goal of maintaining high asset quality in 2018, reflecting the relative strength of our loan originations over the past five years. Asset quality remained strong, with nonperforming loans representing 0.74% of total loans at December 31, 2018, compared to 1.04% at December 31, 2017. At December 31, 2018, our allowance for loan losses as a percentage of total loans was 0.96%, compared to 0.93% at December 31, 2017. Nonperforming assets to total assets were 0.78% at December 31, 2018, compared to 1.17% at December 31, 2017.

The core deposit portfolio remained stable during 2018 as we managed our deposit portfolio to retain and increase higher value core deposit relationships and maintain the lowest practicable cost of funds. Total deposits decreased $59.7 million, or 2.09%, from December 31, 2017 to $2.8 billion at December 31, 2018, primarily due to decreases in money market and time deposits. Noninterest-bearing demand deposits represented 23.78% of total deposits at December 31, 2018, down from 24.67% at December 31, 2017. Core deposits remained very high at 98.68% of total deposits at December 31, 2018 compared to 98.50% as of December 31, 2017. The loan-to-deposit ratio was 76.69% at December 31, 2018, compared to 74.10% at December 31, 2017. The decline in total deposits is attributed primarily to higher cost time deposits from previous acquisitions being allowed to run off.

Comparison of December 31, 2017 to December 31, 2016

The Company's total assets were $3.31 billion at December 31, 2017, a decrease of $4.2 million, or 0.13%, from December 31, 2016 due to a decrease in cash and cash equivalents offset by an increase in the securities portfolio.

Total liabilities were $3.0 billion at December 31, 2017 remaining stable from December 31, 2016 due to a decrease in deposits offset by an increase in FHLB advances. Total deposits were $2.9 billion at December 31, 2017, a decrease of $21.5 million, or 0.75%, from December 31, 2016 due to decreases in money market and time deposit accounts partly offset by an increase in interest-bearing demand accounts.

Total equity was $323.9 million at December 31, 2017, a decrease of $2.3 million, or 0.71%, from December 31, 2016 due primarily to earnings for the period net of dividends declared.

At December 31, 2017, gross loan balances increased 0.45% compared to the prior year-end. Asset quality remained strong, with nonperforming loans representing 1.04% of total loans at December 31, 2017, compared to 1.06% at December 31, 2016. At December 31, 2017, our allowance for loan losses as a percentage of total loans was 0.93%, compared to 0.94% at December 31, 2016. Nonperforming assets to total assets were 1.17% at December 31, 2017, compared to 1.16% at December 31, 2016.

The core deposit portfolio remained stable during 2017 as we managed our deposit portfolio to retain and increase higher value core deposit relationships and maintain the lowest practicable cost of funds. Total deposits decreased $21.5 million, or 0.75%, from December 31, 2016 to $2.9 billion at December 31, 2017, primarily due to decreases in money market and time deposits. Noninterest-bearing demand deposits represented 24.67% of total deposits at December 31, 2017, up from 21.69% at December 31, 2016. Core deposits remained very high at 98.50% of total deposits at December 31, 2017 compared to 98.68% as of December 31, 2016. The loan-to-deposit ratio was 74.10% at December 31, 2017, compared to 73.21% at December 31, 2016.

Loan Portfolio

Our loan portfolio is our most significant earning asset, representing 68.3%, 66.0%, 63.9%, and 63.5% of our total assets as of June 30, 2019, December 31, 2018, 2017, and 2016, respectively. Our strategy is to grow our loan portfolio by originating quality loans that comply with our credit policies and that produce revenues consistent with our financial objectives. We believe our loan portfolio is well-balanced, which provides us with the opportunity to grow while monitoring our credit quality and loan concentrations. In addition, we purchase and sell loan participations from time-to-time.

Our loan portfolio consists primarily of business loans which includes commercial and industrial, agricultural and farmland, commercial real estate owner occupied, commercial real estate non-owner occupied, multi-family, and construction and land development, which together totaled 80.7%, 80.8%, 78.1%, and 77.0% of gross loans at June 30, 2019, December 31, 2018, 2017, and 2016, respectively.

Loans, net of allowance for loan losses, increased $56.8 million, or 2.67%, to $2.2 billion as of June 30, 2019 as compared to $2.1 billion as of December 31, 2018. Our loan growth during the six months ended June 30, 2019 was primarily comprised of a decrease of $8.2 million, or 2.3%, in commercial and industrial, a decrease of $1.0 million, or 0.5%, in agricultural and farmland, a decrease of $10.1 million, or 4.0%, in commercial real estate—owner occupied, an increase of $9.5 million, or 1.8%, in commercial real estate—non-owner occupied, an increase of $55.8 million, or 41.1%, in multifamily, a decrease of $0.4 million, or 0.2%, in construction and land development, an increase of $10.0 million, or 3.2%, in one-to-four family residential, and an increase of $3.1 million, or 3.1%, in municipal, consumer and other. The increase in loans during the six months ended June 30, 2019 is primarily attributable to continued growth in commercial real estate—non-owner occupied and multi-family loans in our northern Illinois markets and continued favorable economic conditions.

Loans, net of allowance for loan losses, increased $27.6 million, or 1.3%, to $2.1 billion at December 31, 2018 as compared to $2.1 billion as of December 31, 2017. Our loan growth during the year ended December 31, 2018 was primarily comprised of a decrease of $11.0 million or 2.9% in commercial and industrial, an increase of $1.5 million or 0.7% in agricultural and farmland, a decrease of $21.8 million or 7.9% in commercial real estate—owner occupied, an increase of $45.5 million or 9.3% in commercial real estate—non-owner occupied, a decrease of $1.1 million or 0.8% in multi-family, an increase of $66.8 million or 39.2% in construction and land development, a decrease of $45.6 million or 12.7% in one-to-four family residential, and a decrease of $6.0 million or 5.7% in municipal, consumer and other. The increase in loans during the year ended December 31, 2018 is primarily attributable to the aforementioned growth in commercial real estate—non-owner occupied and construction and land development loans in the Chicago MSA, partially offset by a decline in one-to-four family residential loans.

Loans, net of allowance for loan losses, increased $9.4 million, or 0.4%, to $2.10 billion at December 31, 2017 as compared to $2.09 billion as of December 31, 2016. Our loan growth during the year ended December 31, 2017 was comprised of a decrease of $1.1 million or 0.3% in commercial and industrial, an increase of $0.7 million or 0.4% in agricultural and farmland, a decrease of $20.9 million or 7.0% in commercial real estate—owner occupied, an increase of $54.5 million or 12.6% in commercial real estate—non-owner occupied, an increase of $9.9 million or 7.8% in multi-family, a decrease of $11.5 million or 6.3% in construction and land development, a decrease of $34.7 million or 8.8% in one-to-four family residential, and an increase of $12.6 million or 13.7% in municipal, consumer and other. The increase in loans during the year ended December 31, 2017 is primarily attributable to strong growth in commercial real estate—non-owner occupied loans in the Chicago MSA, offset by a decline in one-to-four family residential loans.

Loans by Type

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

	At June 30, 2019 (unaudited)		At December 31,			
			2018		2017	
	Amount	Percent	Amount	Percent	Amount	Percent
			(Dollars in thousands)			
Commercial and industrial	$ 352,326	15.99%	$ 360,501	16.81%	$ 371,452	17.55%
Agricultural and farmland	208,923	9.48	209,875	9.79	208,349	9.85
Commercial real estate—owner occupied	244,954	11.12	255,074	11.90	276,883	13.09
Commercial real estate—non-owner occupied	543,444	24.67	533,910	24.89	488,442	23.08
Multi-family	191,734	8.70	135,925	6.34	137,055	6.48
Construction and land development	236,902	10.75	237,275	11.07	170,513	8.06
One-to-four family residential	323,135	14.67	313,108	14.60	358,659	16.95
Municipal, consumer and other	101,678	4.62	98,589	4.60	104,593	4.94
	2,203,096	100.00%	2,144,257	100.00%	2,115,946	100.00%
Allowance for loan losses	(22,542)		(20,509)		(19,765)	
Total loans, net	$ 2,180,554		$ 2,123,748		$ 2,096,181	

	At December 31,					
	2016		2015		2014	
	Amount	Percent	Amount	Percent	Amount	Percent
	(Dollars in thousands)					
Commercial and industrial	$ 372,588	17.69%	$ 413,365	19.32%	$ 346,092	19.42%
Agricultural and farmland	207,604	9.86	196,704	9.19	172,160	9.66
Commercial real estate—owner occupied	297,818	14.14	317,315	14.83	290,948	16.32
Commercial real estate—non-owner occupied	433,939	20.59	401,403	18.76	259,473	14.56
Multi-family	127,132	6.04	121,348	5.67	104,626	5.87
Construction and land development	182,023	8.64	168,342	7.87	170,212	9.55
One-to-four family residential	393,399	18.67	436,051	20.38	374,504	21.01
Municipal, consumer and other	92,012	4.37	85,083	3.98	64,381	3.61
	2,106,515	100.00%	2,139,611	100.00%	1,782,396	100.00%
Allowance for loan losses	(19,708)		(18,248)		(16,939)	
Total loans, net	$ 2,086,807		$ 2,121,363		$ 1,765,457	

Loan Categories

The principal categories of our loan portfolio are discussed below:

Commercial and Industrial: Commercial and Industrial loans are typically granted for working capital, asset acquisition and other business purposes. These loans are underwritten primarily based on the borrower's cash flow with most loans secondarily supported by collateral. Most commercial loans are secured by the assets being financed or other business assets, such as accounts receivable, inventory, and equipment, and are typically supported by personal guarantees of the owners. Cash flows and collateral values may fluctuate based on general economic conditions, specific industry conditions and specific borrower circumstances. As of June 30, 2019, our largest industries served included automobile dealers, offices of physicians, gambling industries, grain elevators, and automotive repair.

Agricultural and Farmland: Agricultural and Farmland loans are typically secured by farmland and/or agricultural operating assets, and are generally underwritten to existing cash flows of operating agricultural businesses. Debt repayment is provided by business cash flows. Economic trends influenced by unemployment rates and other key economic indicators are not closely correlated to the credit quality of these loans. The credit quality of these loans is most correlated to changes in prices of corn and soybeans and, to a lesser extent, weather, which has been partially mitigated by federal crop insurance programs. As of June 30, 2019, 63% of the portfolio comprised real estate loans secured by farmland, 33% comprised crop input loans, 2% comprised equipment finance loans, and 2% comprised livestock loans.

Commercial Real Estate—Owner Occupied: Owner occupied commercial real estate loans are secured by commercial real estate that is both owned and occupied by the same or a related borrower. These loans are primarily underwritten based on the cash flow of the business occupying the property. As with Commercial and Industrial loans, cash flows and collateral values may fluctuate based on general economic conditions, specific industry conditions, and specific borrower circumstances.

Commercial Real Estate—Non-owner Occupied: Non-owner occupied commercial real estate loans are secured by commercial real estate for which the primary source of repayment is the sale or rental cash flow from the underlying collateral. These loans are underwritten based primarily on the historic and/or projected cash flow from the underlying collateral. Adverse economic developments or an overbuilt market typically impact commercial real estate projects. Trends in rental and vacancy rates of commercial properties impact the credit quality of these loans. As of June 30, 2019, our largest industries served included senior living facilities, warehouse and manufacturing, office, and multiunit retail.

Multi-family: Multi-family loans are secured by five or more unit apartment buildings. These loans may be affected by demographic and population trends, unemployment or underemployment, and deteriorating market values of real estate.

Construction and Land Development: This category consists of loans for speculative and pre-sold construction projects for developers intending to either sell upon completion or hold for long term investment, as well as construction of projects to be owner occupied. In addition, loans in this category may include subdivision development projects to be repaid from the sale of lots. Loans in this category generally possess a higher inherent risk of loss than other portfolio segments due to risk of non-completion, changes in budgeted costs, and changes in market forces during the term of the construction period.

One-to-four Family Residential: One-to-four family residential loans consist of loans secured by one-to-four family residences, including both first and junior lien mortgage loans for owner occupied and non-owner occupied properties and home equity lines of credit. The degree of risk in residential mortgage lending depends on the local economy, including the local real estate market and unemployment rates.

Municipal, Consumer and Other: Loans to municipalities are primarily federally tax-exempt. Consumer loans include loans to individuals for consumer purposes and typically consist of small balance loans. Economic trends determined by unemployment rates and other key economic indicators are closely correlated to the credit quality of the consumer loans. Loans to other financial institutions, as well as leases, would be included. This category has comprised a very small portion of our total loan portfolio.

Loan Portfolio Maturities

The following table summarizes the scheduled repayments of our loan portfolio at June 30, 2019 and December 31, 2018. Demand loans, loans having no stated repayment schedule or maturity and overdraft loans are reported as being due in one year or less.

June 30, 2019 (unaudited)	Within One Year	One Year Through Five Years	Beyond Five Years	Total
	(Dollars in thousands)			
Scheduled Repayments of Loans:				
Commercial and industrial	$ 226,615	$ 98,081	$ 27,630	$ 352,326
Agricultural and farmland	101,560	83,704	23,659	208,923
Commercial real estate—owner-occupied	49,558	112,069	83,327	244,954
Commercial real estate—non-owner occupied	100,711	331,344	111,389	543,444
Multi-family	36,655	135,260	19,819	191,734
Construction and land development	141,717	91,473	3,712	236,902
One-to-four family residential	52,836	125,201	145,098	323,135
Municipal, consumer and other.	15,091	20,521	66,066	101,678
Total	$ 724,743	$ 997,653	$ 480,700	$ 2,203,096
Loans Maturing After One Year:				
Predetermined (fixed) interest rates				$ 955,764
Floating interest rates:				
Repricing within one year				396,155
Repricing in one year or more				126,434
Total floating interest rates				522,589
Total loans maturing after one year				$ 1,478,353

December 31, 2018	Within One Year	One Year Through Five Years	Beyond Five Years	Total
	(Dollars in thousands)			
Scheduled Repayments of Loans:				
Commercial and industrial	$ 198,718	$ 133,196	$ 28,587	$ 360,501
Agricultural and farmland	95,950	90,703	23,222	209,875
Commercial real estate—owner-occupied	46,706	141,173	67,195	255,074
Commercial real estate—non-owner occupied	86,185	337,379	110,346	533,910
Multi-family	19,137	104,669	12,119	135,925
Construction and land development	114,237	110,640	12,398	237,275
One-to-four family residential	52,301	109,697	151,110	313,108
Municipal, consumer and other	10,846	25,188	62,555	98,589
Total	$ 624,080	$ 1,052,645	$ 467,532	$ 2,144,257
Loans Maturing After One Year:				
Predetermined (fixed) interest rates				$ 965,847
Floating interest rates:				
Repricing within one year				437,697
Repricing in one year or more				116,633
Total floating interest rates				554,330
Total loans maturing after one year				$ 1,520,177

Asset Quality

We have developed a comprehensive credit administration process to originate loans that we believe are high quality and to monitor the ongoing credit quality of our loan portfolio. Our processes, procedures and practices are governed by our loan policy and provide the foundation for monitoring the loan portfolio and assist in the early identification of potential problem loans. Once a loan is identified as higher risk, we typically involve our dedicated Special Assets group in order to proactively manage the relationship and minimize future losses.

Nonperforming Loans and Assets

Nonperforming loans consist of all loans past due 90 days or more or on nonaccrual. Nonperforming assets consist of all nonperforming loans and other real estate owned. 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 believe that all remaining principal and interest is fully collectible, before the loan is eligible to return to accrual status. We believe our lending practices and active approach to managing nonperforming assets has resulted in timely resolution of problem assets.

Purchased credit impaired ("PCI") loans are considered past due or delinquent when the contractual principal or interest due in accordance with the terms of the loan agreement remains unpaid after the due date of the scheduled payment. However, these loans are considered performing, even though they may be contractually past due, as any non-payment of contractual principal or interest is considered in the periodic re-estimation of expected cash flows and is included in the resulting recognition of current period loan loss provision or future period yield adjustments. The accrual of interest is discontinued on PCI loans if management can no longer estimate future cash flows on the loan. No PCI loans were classified as nonaccrual at December 31, 2018, 2017, 2016, 2015 or 2014 as the carrying value of the respective loan or pool of loans cash flows were considered estimable and probable of collection. As of June 30, 2019, there were $2.0 million of PCI loans classified as nonaccrual, as management can no longer estimate future cash flows on such loans. Therefore, interest revenue, through accretion of the difference between the carrying value of the loans and the expected cash flows, is being recognized on all PCI loans, except those management can no longer estimate future cash flows.

When it appears likely that we will obtain title to OREO, we develop an exit strategy by assessing overall market conditions, the current use and condition of the asset, and its highest and best use. If determined necessary to maximize value, we complete the necessary improvements or tenant stabilization tasks, with the applicable time value discount and improvement expenses incorporated into our estimates of the expected costs to sell. As of June 30, 2019, and December 31, 2018, 2017, 2016, 2015, and 2014 substantially all impaired real estate loan collateral and OREO were valued on an "as-is" basis.

Estimates of the net realizable value of real estate collateral also include a deduction for the expected costs to sell the collateral or such other deductions from the cash flows resulting from the operation and liquidation of the asset as are appropriate. For most real estate collateral and OREO, we apply a 7.0% deduction to the value of the asset to account for the expected costs to sell the asset. This estimate includes sales commissions and closing costs. For OREO, expenses for real estate taxes are accrued and repairs are expensed when incurred.

Nonperforming Assets Summary

The following table below sets forth the amounts and categories of our nonperforming loans and nonperforming assets. We have experienced significant reductions in nonperforming assets from December 31, 2017 through December 31, 2018 before a $9.3 million increase occurred in the six months ended June 30, 2019.

	At June 30, 2019 (unaudited)	At December 31, 2018	2017	2016	2015	2014
		(Dollars in thousands)				
Nonaccrual loans						
Commercial and industrial	$ 5,105	$ 2,151	$ 3,100	$ 3,165	$ 2,540	$ 1,897
Agricultural and farmland	8,889	1,976	3,051	1,900	—	207
Commercial real estate—owner-occupied	2,593	4,654	6,183	1,361	1,506	1,233
Commercial real estate—non-owner occupied	1,250	611	1,778	5,556	603	198
Multi-family	1,342	—	413	—	278	—
Construction and land development	53	395	1,062	1,200	2,034	1,427
One-to-four family residential	5,586	5,915	6,187	7,125	8,025	8,343
Municipal, consumer and other	233	174	300	187	28	10
Total nonaccrual loans	$ 25,051	$ 15,876	$ 22,074	$ 20,494	$ 15,014	$ 13,315
Loans Past Due Over 90 Days, still accruing						
Commercial and industrial	$ —	$ —	$ —	$ 29	$ —	$ 600
Agricultural and farmland	—	—	—	986	—	—
Commercial real estate—owner-occupied	—	—	—	662	—	—
Commercial real estate—non-owner occupied	—	—	—	—	76	—
Multi-family	—	—	—	—	—	—
Construction and land development	—	—	—	—	1,222	1,547
One-to-four family residential	—	—	—	34	284	106
Municipal, consumer and other	2	37	28	34	224	1
Total Loans Past Due Over 90 Days, still accruing	2	37	28	1,745	1,806	2,254
Total nonperforming loans	$ 25,053	$ 15,913	$ 22,102	$ 22,239	$ 16,820	$ 15,569
Other real estate owned						
Commercial	$ 3,333	$ 2,697	$ 4,343	$ 4,215	$ 3,851	$ 4,591
Farmland	—	—	836	—	—	258
Multi-family	—	—	—	—	—	114
Construction and land development	3,945	4,304	6,569	5,539	6,101	5,657
One-to-four family residential	2,429	2,558	4,797	6,470	9,834	1,866
Total other real estate owned	9,707	9,559	16,545	16,224	19,786	12,486
Total nonperforming assets	$ 34,760	$ 25,472	$ 38,647	$ 38,463	$ 36,606	$ 28,055
Ratios						
Nonperforming loans to total loans	1.14%	0.74%	1.04%	1.06%	0.79%	0.87%
Nonperforming assets to total loans and other real estate owned	1.57%	1.18%	1.81%	1.81%	1.70%	1.56%
Nonperforming assets to total assets	1.08%	0.78%	1.17%	1.16%	1.09%	0.99%
Nonperforming originated loans to total originated loans(1)	0.80%	0.54%	0.85%	0.67%	0.80%	0.93%
Nonperforming originated assets to total originated loans and originated other real estate owned(1)	0.87%	0.61%	1.17%	0.94%	1.12%	1.13%

(1) Non-GAAP financial measure. See our reconciliation of non-GAAP financial measures to their most directly comparable GAAP financial measures under the caption "Summary Historical Consolidated Financial and Other Data—GAAP reconciliation and management explanation of non-GAAP financial measures."

Comparison of June 30, 2019 to December 31, 2018

Nonperforming assets increased by $9.3 million at June 30, 2019 compared to December 31, 2018. Nonperforming assets totaled $34.8 million at June 30, 2019 and $25.5 million at December 31, 2018. The increase at June 30, 2019 was primarily related to five relationships totaling $11.3 million that are spread across four industries. All five relationships were evaluated for impairment at June 30, 2019 and total specific reserves of $0.5 million were established on these five relationships. The disposition of one, long term commercial loan relationship was the primary offsetting factor to the increase. This relationship was placed on nonaccrual in 2017, partially charged down in 2018, and nearly all of the remaining nonaccrual balance was resolved in the first quarter of 2019. Total other real estate owned remained relatively consistent at $9.7 million and $9.6 million, as of June 30, 2019 and December 31, 2018, respectively.

Comparison of December 31, 2018 to December 31, 2017

Nonperforming assets decreased by $13.2 million in 2018. Nonperforming assets totaled $25.5 million at December 31, 2018 and $38.6 million at December 31, 2017. OREO declined $7.0 million during 2018 while nonaccrual loans declined by $6.2 million. The decline in OREO was the result of the disposition of numerous properties. Approximately $4.6 million of the reduction in OREO came from originated OREO while the remainder came via acquired loans, which continued a trend of decline in acquired OREO. The decline in nonaccrual loans was led by a $5.2 million reduction in originated nonaccrual loans that was primarily due to the continuing resolution of two long term borrowers.

Comparison of December 31, 2017 to December 31, 2016

Nonperforming assets increased by $0.2 million in 2017. Nonperforming assets totaled $38.6 million at December 31, 2017 and $38.5 million at December 31, 2016. During 2017, two long term originated loan relationships were placed on nonaccrual, and both of these situations are now resolved. In this period, continuing smaller reductions in acquired nonperforming assets largely offset the impact of those two relationships. In 2016, nonaccrual loans were up $5.4 million largely due to loans from the NBI acquisition that were not considered PCI loans at the time of acquisition.

Troubled Debt Restructurings

We evaluate loan renewals, extensions, and modifications in accordance with ASC 310-40 and related federal regulatory guidance to determine if a loan is a troubled debt restructuring ("TDR"). We also consider the Federal Financial Institutions Examination Council ("FFIEC") workout guidance to determine the required treatment for nonaccrual status and risk classification purposes. In general, if we grant a TDR that involves either the absence of principal amortization or a material extension of an existing loan amortization period in excess of our underwriting standards, the loan will be placed on nonaccrual status. However, if a TDR is well secured by an abundance of collateral and the collectability of both interest and principal is probable, the loan may remain on accrual status. A nonaccrual TDR in full compliance with the payment requirements specified in the loan modification for at least six months may return to accrual status, if the collectability of both principal and interest is probable. All TDRs are individually evaluated for impairment.

We had $10.8 million of TDRs at June 30, 2019 and $13.4 million of TDRs at December 31, 2018, compared to $10.7 million at December 31, 2017 and $9.2 million at December 31, 2016. TDRs have remained a small portion of our loan portfolio as loan modifications to borrowers with deteriorating financial condition are generally offered only as part of an overall workout strategy to minimize losses to the Company.

The following table presents our TDRs by class.

	At June 30, 2019 (unaudited)	At December 31, 2018	2017	2016	2015	2014
	(Dollars in thousands)					
Commercial and industrial	$ 918	$ 467	$ 620	$ 13	$ 14	$ 192
Agricultural and farmland	384	—		—	—	156
Commercial real estate—owner-occupied	5,841	6,244	1,811	7,576	1,485	1,336
Commercial real estate—non-owner occupied	1,462	2,061	2,099	559	581	—
Multi-family	—	—	—	—	—	—
Construction and land development	—	—	—	—	—	—
One-to-four family residential	441	556	340	109	118	126
Municipal, consumer and other	—	—	—	—	—	—
Total accrual troubled debt restructured loans	9,046	9,328	4,870	8,257	2,198	1,810
Commercial and industrial	153	206	194	329	426	421
Agricultural and farmland	166	166	—	—	—	—
Commercial real estate—owner-occupied	904	3,112	5,126	161	176	65
Commercial real estate—non-owner occupied	—	—	468	—	—	—
Multi-family	—	—	—	—	—	—
Construction and land development	—	—	—	417	—	1,000
One-to-four family residential	537	550	74	—	—	—
Municipal, consumer and other	—	—	—	—	—	—
Total nonaccrual troubled debt restructured loans	1,760	4,034	5,862	907	602	1,486
Total troubled debt restructured loans	$ 10,806	$ 13,362	$ 10,732	$ 9,164	$ 2,800	$ 3,296

Risk Classification of Loans

Our policies, consistent with regulatory guidelines, provide for the classification of loans and other assets that are considered to be of lesser quality as watch, substandard, doubtful, or loss.

A watch loan is still considered a "pass" credit and is not a classified 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.

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.

An asset classified as doubtful 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. Assets classified as loss are those considered uncollectible and of such little value that their continuance as assets is not warranted; such balances are promptly charged-off as required by applicable federal regulations.

At June 30, 2019 and December 31, 2018, our risk classifications of loans were as follows:

	At June 30, 2019 (unaudited)				
	Pass	Watch	Substandard	Doubtful	Total
	(Dollars in thousands)				
Commercial and industrial	$ 308,486	$ 25,211	$ 16,247	$ —	$ 349,944
Agricultural and farmland	179,863	9,032	18,890	—	207,785
Commercial real estate—owner-occupied	200,835	18,110	16,787	—	235,732
Commercial real estate—non-owner-occupied	478,964	41,571	2,563	—	523,098
Multi-family	184,721	1,628	3,735	—	190,084
Construction and land development	225,044	4,953	2,937	—	232,934
One-to-four family residential	286,693	10,897	13,902	—	311,492
Municipal, consumer and other	87,080	446	14,038	—	101,564
Total, excluding PCI loans	1,951,686	111,848	89,099	—	2,152,633
PCI loans	34,187	9,099	7,177	—	50,463
Total loans	$ 1,985,873	$ 120,947	$ 96,276	$ —	$ 2,203,096
Originated loans(1)	$ 1,840,818	$ 96,125	$ 68,307	$ —	$ 2,005,250
Acquired loans(1)	145,055	24,822	27,969	—	197,846

	At December 31, 2018				
	Pass	Watch	Substandard	Doubtful	Total
	(Dollars in thousands)				
Commercial and industrial	$ 315,259	$ 35,176	$ 7,488	$ —	$ 357,923
Agricultural and farmland	185,298	12,116	11,295	—	208,709
Commercial real estate—owner-occupied	210,343	15,725	19,202	—	245,270
Commercial real estate—non-owner-occupied	470,950	33,418	7,820	—	512,188
Multi-family	129,911	2,468	1,678	—	134,057
Construction and land development	224,241	5,385	3,331	—	232,957
One-to-four family residential	273,449	13,724	12,837	—	300,010
Municipal, consumer and other	97,562	497	416	—	98,475
Total, excluding PCI loans	1,907,013	118,509	64,067	—	2,089,589
PCI loans	38,006	9,086	7,576	—	54,668
Total loans	$ 1,945,019	$ 127,595	$ 71,643	$ —	$ 2,144,257
Originated loans(1)	$ 1,778,195	$ 102,000	$ 43,664	$ —	$ 1,923,859
Acquired loans(1)	166,824	25,595	27,979	—	220,398

(1) Non-GAAP financial measure. See our reconciliation of non-GAAP financial measures to their most directly comparable GAAP financial measures under the caption "Summary Historical Consolidated Financial and Other Data—GAAP reconciliation and management explanation of non-GAAP financial measures."

Allowance for Loan Losses

We establish provisions for loan losses, which are charged to operations in order to maintain the allowance for loan losses at a level we consider necessary to absorb probable incurred credit losses in the loan portfolio. In determining the level of the allowance for loan losses, we consider past and current loss experience, trends in nonaccrual loans, evaluations of real estate collateral, current economic conditions, volume and type of lending, adverse situations that may affect a borrower's ability to repay a loan and the levels of nonperforming and other classified loans. The amount of the allowance is based on estimates and the ultimate losses may vary from the estimates as more information becomes available or events change.

We provide for loan losses based on the allowance method. Accordingly, all loan losses are charged to the related allowance and all recoveries are credited to it. Additions to the allowance for loan losses are provided by charges to income based on various factors that, in our judgment, deserve current recognition in estimating probable incurred credit losses. We review the loan portfolio on an ongoing basis and make provisions for loan losses on a quarterly basis to maintain the allowance for loan losses in accordance with GAAP. The allowance for loan losses consists of two components:

- specific allowances established for any impaired loan for which the recorded investment in the loan exceeds the measured value of the loan; and
- general allowances for loan losses for each loan class based on historical loan loss experience, and adjustments to historical loss experience (general allowances), maintained to cover uncertainties that affect our estimate of probable incurred credit losses for each loan class.

The adjustments to historical loss experience are based on our evaluation of several factors, including levels of, and trends in, past due and classified loans; levels of, and trends in, charge-offs and recoveries; trends in volume and terms of loans, including any credit concentrations in the loan portfolio; experience, and ability of lending management and other relevant staff; and national and local economic trends and conditions.

We evaluate the allowance for loan losses based upon the combined total of the specific and general components. Generally, when the loan portfolio increases, absent other factors, the allowance for loan loss methodology results in a higher dollar amount of estimated probable incurred credit losses than would be the case without the increase. Conversely, when the loan portfolio decreases, absent other factors, the allowance for loan loss methodology generally results in a lower dollar amount of estimated probable losses than would be the case without the decrease.

We review our loan portfolio on an ongoing basis to determine whether any loans require classification and impairment testing in accordance with applicable regulations and accounting principles. When we classify loans as either substandard or doubtful and in certain other cases, such as troubled debt restructurings, we review the collateral and future cash flow projections to determine if a specific reserve is necessary. The allowance for loan losses represents amounts that have been established to recognize incurred credit losses in the loan portfolio that are both probable and reasonably estimable at the date of the consolidated financial statements. When we classify problem loans as loss, we charge-off such amounts.

Our calculation of the allowance for loan losses includes a 16-quarter loss history that we use to calculate the general component of the allowance for loan losses for each loan category.

While we use the best information available to make evaluations, future adjustments to the allowance may become necessary if conditions change substantially from the conditions that we used in previous evaluations. Our determinations as to the risk classification of our loans and the amount of our allowance for loan losses are subject to review by our regulatory agencies, which can require that we establish additional loss allowances.

Net Charge-offs and Recoveries

The following table sets forth activity in our allowance for loan losses.

	At or For the Six Months Ended June 30, 2019 (unaudited)	At or For the Years Ended December 31,				
		2018	2017	2016	2015	2014
				(Dollars in thousands)		
Balance at beginning of year	$ 20,509	$ 19,765	$ 19,708	$ 18,248	$ 16,939	$ 20,409
Charge-offs						
Commercial and industrial	(283)	(1,446)	(1,780)	(1,322)	(3,794)	(575)
Agricultural and farmland	(30)	—	(3)	(83)	(11)	—
Commercial real estate—owner-occupied	(166)	(2,352)	(32)	(753)	(133)	(1,778)
Commercial real estate—non-owner occupied	—	(237)	(940)	(1,134)	(100)	(901)
Multi-family	—	(194)	(153)	—	—	(17)
Construction and land development	(9)	(58)	(503)	(442)	(471)	(293)
One-to-four family residential	(639)	(1,415)	(787)	(1,848)	(1,309)	(1,221)
Municipal, consumer and other	(372)	(783)	(818)	(989)	(773)	(1,023)
Total charge-offs	(1,499)	(6,485)	(5,016)	(6,571)	(6,591)	(5,808)
Recoveries						
Commercial and industrial	107	315	188	890	1,458	288
Agricultural and farmland	—	—	—	—	—	—
Commercial real estate—owner-occupied	21	54	38	9	10	53
Commercial real estate—non-owner occupied	10	141	958	95	20	13
Multi-family	—	—	—	6	—	—
Construction and land development	433	260	27	19	125	8
One-to-four family residential	193	490	414	258	212	135
Municipal, consumer and other	186	272	309	320	309	453
Total recoveries	950	1,532	1,934	1,597	2,134	950
Net charge-offs	(549)	(4,953)	(3,082)	(4,974)	(4,457)	(4,858)
Provision for loan losses	2,582	5,697	3,139	6,434	5,766	1,388
Balance at end of period	$ 22,542	$ 20,509	$ 19,765	$ 19,708	$ 18,248	$ 16,939
Net charge-offs (recoveries) to average loans outstanding						
Commercial and industrial	0.10%	0.31%	0.43%	0.11%	0.65%	0.09%
Agricultural and farmland	0.03%	0.00%	0.00%	0.04%	0.01%	0.00%
Commercial real estate—owner occupied	0.12%	0.85%	0.00%	0.24%	0.04%	0.58%
Commercial real estate—non-owner occupied	0.00%	0.02%	0.00%	0.25%	0.03%	0.37%
Multi-family	0.00%	0.15%	0.12%	0.00%	0.00%	0.02%
Construction and land development	(0.36)%	(0.10)%	0.27%	0.23%	0.22%	0.18%
Residential real estate	0.28%	0.27%	0.10%	0.38%	0.29%	0.28%
Municipal, consumer, and other	0.36%	0.50%	0.50%	0.78%	0.69%	0.95%
Ratios						
Net charge-offs to average loans outstanding	0.05%	0.23%	0.15%	0.23%	0.24%	0.28%
Allowance for loan losses to nonperforming loans	89.98%	128.88%	89.43%	88.62%	108.49%	108.80%
Allowance for loan losses to total loans	1.02%	0.96%	0.93%	0.94%	0.85%	0.95%
Net charge-offs on acquired loans[(1)]	$ 591	$ 1,816	$ 582	$ 3,729	$ 2,237	$ 4,006
Net charge-offs on acquired loans to average acquired loans[(1)]	0.56%	0.70%	0.17%	0.72%	0.64%	1.09%
Net charge-offs (recoveries) on originated loans[(1)]	$ (42)	$ 3,137	$ 2,500	$ 1,245	$ 2,220	$ 852
Net charge-offs on originated loans to average originated loans[(1)]	0.00%	0.17%	0.14%	0.08%	0.15%	0.06%

(1) Non-GAAP financial measure. See our reconciliation of non-GAAP financial measures to their most directly comparable GAAP financial measures under the caption "Summary Historical Consolidated Financial and Other Data—GAAP reconciliation and management explanation of non-GAAP financial measures."

A loan balance is classified as a loss and charged-off when it is confirmed that there is no readily apparent source of repayment for the portion of the loan that is classified as loss.

The provision for or recovery of loan losses is a function of the allowance for loan loss methodology that we use to determine the appropriate level of the allowance for inherent loan losses after net charge-offs have been deducted.

Our overall net charge-offs in both dollar terms and as a percent of total loans have been fairly steady over the past 5 years with a modest decline in 2017. Since January 1, 2016, the average annualized net charge-off rate was 0.17% while the average annualized net charge off rate on originated loans was 0.11%.

The annualized ratio of net charge-offs to average loans outstanding was 0.05%, respectively, for the six months ended June 30, 2019, compared to 0.23% for the year ended December 31, 2018. Net charge-offs were low during the six months ended June 30, 2019 due to favorable economic conditions and our continuous credit monitoring and collection efforts.

Net charge-offs and the ratio of net charge-offs to average loans outstanding were $5.0 million and 0.23%, respectively, for the year ended December 31, 2018, compared to $3.1 million and 0.15%, respectively, for the year ended December 31, 2017. The increase in 2018 was due to recording a $2.1 million charge off of one long-time non-performing loan relationship approaching final resolution.

Net charge-offs and the ratio of net charge-offs to average loans outstanding were $3.1 million and 0.15%, respectively, were recorded for the year ended December 31, 2017, compared to $5.0 million and 0.23%, respectively, for the year ended December 31, 2016.

Allocation of Allowance for Loan Losses

The following table sets forth our allowance for loan losses allocated by loan category. The allowance for loan losses allocated to each category is not necessarily indicative of future losses in any particular category and does not restrict the use of the allowance to absorb losses in other categories.

	At June 30, 2019 (unaudited)		At December 31, 2018		At December 31, 2017	
	Allowance for Loan Losses	Loan Balances by Category	Allowance for Loan Losses	Loan Balances by Category	Allowance for Loan Losses	Loan Balances by Category
	(Dollars in thousands)					
Commercial and industrial	$ 5,187	$ 352,326	$ 3,748	$ 360,501	$ 5,411	$ 371,452
Agricultural and farmland	2,862	208,923	2,650	209,875	2,385	208,349
Commercial real estate—owner-occupied	2,487	244,954	2,506	255,074	1,510	276,883
Commercial real estate—non-owner occupied	2,721	543,444	2,644	533,910	2,476	488,442
Multi-family	1,153	191,734	912	135,925	997	137,055
Construction and land development	3,723	236,902	4,176	237,275	2,981	170,513
One-to-four family residential	3,569	323,135	2,782	313,108	2,723	358,659
Municipal, consumer and other	840	101,678	1,091	98,589	1,282	104,593
Total	$ 22,542	$ 2,203,096	$ 20,509	$ 2,144,257	$ 19,765	$ 2,115,946

	At December 31,					
	2016		2015		2014	
	Allowance for Loan Losses	Loan Balances by Category	Allowance for Loan Losses	Loan Balances by Category	Allowance for Loan Losses	Loan Balances by Category
	(Dollars in thousands)					
Commercial and industrial	$ 4,870	$ 372,588	$ 4,464	$ 413,365	$ 6,613	$ 346,092
Agricultural and farmland	3,455	207,604	3,019	196,704	1,966	172,160
Commercial real estate—owner-occupied	1,622	297,818	1,444	317,315	1,050	290,948
Commercial real estate—non-owner occupied	2,701	433,939	2,494	401,403	1,314	259,473
Multi-family	1,282	127,132	764	121,348	232	104,626
Construction and land development	1,983	182,023	2,048	168,342	1,887	170,212
One-to-four family residential	2,720	393,399	3,321	436,051	3,340	374,504
Municipal, consumer and other	1,075	92,012	694	85,083	537	64,381
Total	$ 19,708	$ 2,106,515	$ 18,248	$ 2,139,611	$ 16,939	$ 1,782,396

Securities

Our investment policy is established by management and approved by our board of directors. The policy emphasizes safety of the investment, liquidity requirements, potential returns, cash flow targets and consistency with our interest rate risk management strategy.

As of June 30, 2019, our U.S. government agency securities as well as our agency mortgage-backed securities reflected in the following table were issued by U.S. government-sponsored enterprises (GSE) and government agencies, including the Federal Home Loan Bank, the Federal Farm Credit Bank, Freddie Mac, Fannie Mae, Ginnie Mae, the Small Business Administration, the US Department of Housing and the US Department of Veterans Affairs, and are either backed by the Full Faith and Credit of the United States or are obligations which the federal government has affirmed its commitment to support.

The following table sets forth the composition, amortized cost and fair values of our debt securities available-for-sale and the carrying value and fair values of our debt securities held-to-maturity.

	At							
	June 30, 2019 (unaudited)		December 31, 2018		December 31, 2017		December 31, 2016	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value
	(Dollars in thousands)							
Debt Securities:								
Available-for-sale								
U.S. Treasury	$ —	$ —	$ —	$ —	$ 7,033	$ 7,028	$ 31,295	$ 31,353
U.S. government agency	39,696	40,670	46,977	46,866	45,798	45,735	55,390	55,391
Municipal	152,872	155,079	161,957	161,450	206,472	207,953	220,061	220,748
Agency mortgage-backed:								
Residential	232,819	235,223	235,903	234,303	267,039	265,698	202,656	202,499
Commercial	136,761	138,232	151,878	150,081	149,543	148,011	120,246	118,850
Private label mortgage-backed	89	90	254	256	3,508	3,513	4,072	4,083
Corporate	81,667	82,673	87,118	86,570	91,588	91,633	53,976	54,197
Total available-for-sale	$ 643,904	$ 651,967	$ 684,087	$ 679,526	$ 770,981	$ 769,571	$ 687,696	$ 687,121

	At							
	June 30, 2019 (unaudited)		December 31, 2018		December 31, 2017		December 31, 2016	
	Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value
Debt Securities (continued):								
Held to maturity:								
U.S. government agency	$ —	$ —	$ —	$ —	$ —	$ —	$ 315	$ 316
Municipal	62,253	63,774	73,176	74,283	79,490	81,824	84,708	86,933
Agency mortgage-backed:								
Residential	21,639	21,426	23,192	22,194	27,552	26,766	33,566	32,952
Commercial	24,937	25,778	25,347	25,029	22,280	22,204	21,665	21,398
Total held to maturity securities	108,829	110,978	121,715	121,506	129,322	130,794	140,254	141,599
Total debt securities	$ 752,733	$ 762,945	$ 805,802	$ 801,032	$ 900,303	$ 900,365	$ 827,950	$ 828,720

Securities reflect revised categories as required by the Company's adoption of ASU 2016-01 on January 1, 2018. That new guidance refined the definition of equity securities and required their segregation from debt securities available-for-sale. The below table sets forth the carrying balances of our equity securities.

Equity Securities	June 30, 2019 (unaudited)	December 31, 2018	December 31, 2017	December 31, 2016
	(Dollars in thousands)			
Readily determinable fair value	$ 3,196	$ 3,081	$ 3,203	$ 3,145
No readily determinable fair value	834	180	—	—
	$ 4,030	$ 3,261	$ 3,203	$ 3,145

We have elected to measure the equity securities with no readily determinable fair values at cost minus impairment, if any, plus or minus changes resulting from observable price changes for identical or similar securities of the same issuer. During the six months ended June 30, 2019 and the year ended December 31, 2018, we did not record any impairment or other adjustments to the carrying amount of the equity securities with no readily determinable fair values. During the years ended December 31, 2017 and 2016, the Company did not hold any equity securities with no readily determinable fair values.

The fair values of equity securities with readily determinable fair values are determined by quoted prices, in active markets, for each specific security. The fair values of debt securities are generally determined by matrix pricing. 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.

We evaluate securities with significant declines in fair value on a quarterly basis to determine whether they should be considered other-than-temporarily impaired under current accounting guidance, which generally provides that if a security is in an unrealized loss position, whether due to general market conditions or industry or issuer-specific factors, the holder of the securities must assess whether the impairment is other-than-temporary. There were no other-than-temporary impairments during the six months ended June 30, 2019 or the years ended December 31, 2018, 2017 and 2016.

The Banks are members of the Federal Home Loan Bank System (the "FHLB System"). Accordingly, each of our Banks holds stock in the FHLBC common stock with an aggregate cost of $2.4 million as of June 30, 2019, based on its par value. As of June 30, 2019, the Banks did not own shares of FHLBC common stock in excess of the number of shares required to maintain their respective membership in the FHLB System and to be eligible to obtain advances from the FHLBC. See "Supervision and Regulation—Federal Home Loan Bank Membership."

Portfolio Maturities and Yields

The composition and maturities of the debt securities portfolio as of June 30, 2019 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. Municipal securities yields have not been adjusted to a tax-equivalent basis.

	June 30, 2019 (unaudited)									
	One Year or Less		More than One Year through Five Years		More than Five Years through Ten Years		More than Ten Years		Total	
	Amortized Cost	Weighted Average Yield	Amortized Cost	Weighted Average Yield	Amortized Cost	Weighted Average Yield	Amortized Cost	Weighted Average Yield	Amortized Cost	Weighted Average Yield
	(Dollars in thousands)									
Securities:										
Available-for-sale:										
U.S. government agency	$ —	—	$ 11,429	2.42%	$ 28,267	2.88%	$ —	—	$ 39,696	2.75%
Municipal	32,199	2.32%	68,387	2.60%	43,709	2.52%	8,577	2.42%	152,872	2.51%
Agency mortgage-backed:										
Residential	25	3.35%	4,454	2.15%	78,911	2.57%	149,429	2.76%	232,819	2.68%
Commercial	2,425	(1.08)%	64,776	2.35%	24,673	3.13%	44,887	2.80%	136,761	2.58%
Private label mortgage-backed	—	—	—	—	—	—	89	4.00%	89	4.00%
Corporate	24,489	2.40%	36,709	2.67%	20,469	4.88%	—	—	81,667	3.14%
Total available-for-sale	59,138	2.22%	185,755	2.51%	196,029	2.91%	202,982	2.75%	643,904	2.68%
Held to maturity:										
Municipal	147	3.41%	25,457	3.03%	30,980	3.33%	5,669	3.95%	62,253	3.26%
Agency mortgage-backed:										
Residential	—	—	—	—	—	—	21,639	2.36%	21,639	2.36%
Commercial	—	—	2,247	2.05%	15,619	2.91%	7,071	3.24%	24,937	2.92%
Total held to maturity securities	147	3.41%	27,704	2.95%	46,599	3.19%	34,379	2.81%	108,829	3.01%
Total securities	$ 59,285	2.22%	$ 213,459	2.56%	$ 242,628	2.96%	$ 237,361	2.76%	$ 752,733	2.73%

	December 31, 2018									
	One Year or Less		More than One Year through Five Years		More than Five Years through Ten Years		More than Ten Years		Total	
	Amortized Cost	Weighted Average Yield	Amortized Cost	Weighted Average Yield	Amortized Cost	Weighted Average Yield	Amortized Cost	Weighted Average Yield	Amortized Cost	Weighted Average Yield
	(Dollars in thousands)									
Securities:										
Available-for-sale:										
U.S. government agency	$ 6,001	1.57%	$ 11,458	2.43%	$ 29,518	2.87%	$ —	—%	$ 46,977	2.60%
Municipal	29,538	2.19%	77,183	2.56%	44,356	2.55%	10,880	2.40%	161,957	2.48%
Agency mortgage-backed:										
Residential	92	1.85%	6,265	2.14%	78,994	2.54%	150,552	3.04%	235,903	2.85%
Commercial	5,559	1.03%	70,710	2.30%	18,317	3.16%	57,292	2.89%	151,878	2.58%
Private label mortgage-backed	—	—%	—	—%	—	—%	254	4.52%	254	4.52%
Corporate	25,508	2.63%	51,625	2.62%	9,985	4.59%	—	—%	87,118	2.85%
Total available-for-sale	66,698	2.21%	217,241	2.47%	181,170	2.77%	218,978	2.97%	648,087	2.69%
Held to maturity:										
Municipal	698	2.31%	19,048	2.96%	47,753	3.21%	5,677	3.85%	73,176	3.18%
Agency mortgage-backed:										
Residential	—	—%	—	—%	—	—%	23,192	2.25%	23,192	2.25%
Commercial	—	—%	2,267	2.05%	13,208	2.81%	9,872	3.24%	25,347	2.91%
Total held to maturity securities	698	2.31%	21,315	2.86%	60,961	3.12%	38,741	2.73%	121,715	2.95%
Total securities	$ 67,396	2.21%	$ 238,556	2.51%	$ 242,131	2.86%	$ 257,719	2.93%	$ 805,802	2.72%

Sources of Funds

Deposits

At June 30, 2019, our deposits totaled $2.8 billion. Interest-bearing deposits totaled $2.1 billion and noninterest-bearing demand deposits totaled $662.4 million. At June 30, 2019, we had $394.4 million of time deposits outstanding, of which $278.9 million had maturities of one year or less.

At December 31, 2018, our deposits totaled $2.8 billion. Interest-bearing deposits totaled $2.1 billion and noninterest-bearing demand deposits totaled $664.9 million. At December 31, 2018, we had $424.7 million of time deposits outstanding, of which $292.3 million had maturities of one year or less.

We consider our core deposits, which exclude time deposits of $250,000 or more and brokered deposits, to be our primary and most valuable funding source. As of June 30, 2019, core deposits represented 98.75% of our total deposits. We continue to focus on growing core deposits through our relationship driven banking philosophy, community-focused marketing programs, and initiatives such as the development of our treasury management services for both small and large businesses. Additionally, we continue to add and improve ancillary convenience services tied to deposit accounts, such as mobile and remote deposits and peer-to-peer payments, to solidify our core deposit banking relationships.

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

	At June 30, 2019 (unaudited)		
	Average Balance	Percent	Weighted Average Rate
	(Dollars in thousands)		
Noninterest-bearing demand	$ 656,714	23.59%	—%
Interest-bearing demand	826,586	29.70	0.20
Money market	449,021	16.13	0.38
Savings deposits	429,078	15.41	0.06
Time deposits	442,137	15.17	1.08
Total	$ 2,783,536	100.00%	0.29%

	At December 31,								
	2018			2017			2016		
	Average Balance	Percent	Weighted Average Rate	Average Balance	Percent	Weighted Average Rate	Average Balance	Percent	Weighted Average Rate
	(Dollars in thousands)								
Noninterest-bearing demand	$ 653,885	23.37%	—%	$ 643,326	22.44%	—%	$ 603,970	21.17%	—%
Interest-bearing demand	824,910	29.48	0.17	808,263	28.20	0.11	779,176	27.30	0.12
Money market	442,872	15.83	0.15	479,916	16.74	0.15	491,897	17.24	0.14
Savings deposits	433,661	15.50	0.07	439,844	15.34	0.07	433,123	15.18	0.07
Time deposits	442,569	15.82	0.80	495,222	17.28	0.62	545,455	19.11	0.56
Total	$ 2,797,897	100.00%	0.21%	$ 2,866,571	100.00%	0.17%	$ 2,853,621	100.00%	0.18%

The following table sets forth time deposits by remaining maturity at June 30, 2019 (unaudited):

	Maturity				
	3 Months or Less	Over 3 to 6 Months	Over 6 to 12 Months	Over 12 Months	Total
	(Dollars in thousands)				
Time deposits less than $100,000	$ 55,117	$ 46,438	$ 77,808	$ 74,077	$ 253,440
Time deposits of $100,000 to $250,000	25,919	20,474	27,117	32,826	106,336
Time deposits of $250,000 or more	6,895	7,027	12,096	8,622	34,640
Total time deposits	$ 87,931	$ 73,939	$ 117,021	$ 115,525	$ 394,416

Securities Sold Under Agreements to Repurchase

All of our securities sold under agreements to repurchase are sweep instruments. The securities underlying the agreements are held under our control in safekeeping at third-party financial institutions, and included securities available-for-sale and held-to-maturity. The following table sets forth information concerning balances and interest rates on our securities sold under agreements to repurchase.

	At or For the Period Ended June 30, 2019 (unaudited)	At or For the Periods Ended December 31		
		2018	2017	2016
	(Dollars in thousands)			
Balance at end of period	$ 35,646	$ 46,195	$ 37,838	$ 39,081
Average balance during period	41,466	40,725	40,821	40,050
Maximum outstanding at any month end	43,903	52,303	47,039	43,360
Weighted average interest rate at end of period	0.17%	0.12%	0.11%	0.11%
Average interest rate during period	0.15%	0.14%	0.12%	0.11%

Borrowings

Deposits are the primary source of funds for our lending activities and general business purposes. However, we may also obtain advances from the FHLBC, purchase federal funds, and engage in overnight borrowing from the Federal Reserve. We also use these sources of funds as part of our asset liability management process to control our long-term interest rate risk exposure, even if it may increase our short-term cost of funds. Our level of short-term borrowing can fluctuate on a daily basis depending on funding needs and the source of funds to satisfy the needs.

Our borrowings consist primarily of advances from the FHLBC. The following table sets forth information concerning balances and interest rates on our advances from the FHLBC.

	At or For the Period Ended June 30, 2019 (unaudited)	At or For the Periods Ended December 31		
		2018	2017	2016
	(Dollars in thousands)			
Balance at end of period	$ —	$ —	$ 29,000	$ 4,000
Average balance during period	304	14,518	5,403	9,805
Maximum outstanding at any month end	5,000	74,000	29,000	53,147
Weighted average interest rate at end of period	—%	—%	1.47%	0.87%
Average interest rate during period	2.50%	1.73%	1.13%	0.76%

Our use of advances from the FHLBC has been somewhat infrequent and has had a nominal impact on our total funding for the periods noted.

At June 30, 2019 and December 31, 2018, we had the capacity to borrow an additional $331.4 million and $337.0 million, respectively, under our credit facilities with the FHLBC. Furthermore, we had unpledged securities with a market value of $481.1 million and $510.1 million, respectively, that could be used to support additional FHLB borrowings.

Impact of Inflation

Our consolidated financial statements and the related notes have been prepared in conformity with GAAP. GAAP generally requires the measurement of financial position and operating results in terms of historical dollars without considering changes in the relative purchasing power of money over time due to inflation. The impact of inflation, if any, is reflected in the increased cost of our operations. Unlike industrial companies, our assets and liabilities are primarily monetary in nature. As a result, changes in market interest rates have a greater impact on performance than the effects of inflation.

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. Credit risk is the risk of not collecting the interest and/or the principal balance of a loan or investment when it is due and is disclosed in detail above. Interest rate risk is the potential reduction of net interest income as a result of changes in interest rates. Some of the other risks that we face are operational risks, liquidity risk and reputation risk. Operational risks include risks related to fraud, legal and regulatory compliance, processing errors, technology and disaster recovery. Liquidity risk is the possible inability to fund obligations to depositors, lenders or borrowers due to unforeseen circumstances and is discussed in detail above. Reputation risk is the risk that negative publicity or press, whether true or not, could cause a decline in our customer base or revenue. Please see "Risk Factors" for additional information on the potential risks we face.

Interest Rate Risk

A significant form of market risk is interest rate risk inherent in the normal course of lending and deposit-taking activities. 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 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, or 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, as of June 30, 2019, the estimated impact on our EVE and net interest income of immediate changes in interest rates at the specified levels.

Change in Interest Rates (basis points)	Estimated Increase (Decrease) in EVE		Increase (Decrease) in Estimated Net Interest Income			
			Year 1		Year 2	
	Amount	Percent	Amount	Percent	Amount	Percent
	(Dollars in thousands)					
+400	$ 190,130	35.50%	$ 22,717	17.39%	$ 28,930	22.28%
+300	158,059	29.51%	17,789	13.62%	23,120	17.80%
+200	117,898	22.01%	12,332	9.44%	16,249	12.51%
+100	66,005	12.32%	6,430	4.92%	8,599	6.62%
0	—	—	—	—	—	—
−100	(107,984)	(20.16)%	(11,429)	(8.75)%	(15,946)	(12.28)%

The table set forth above indicates that at June 30, 2019, in the event of an immediate 100 basis point decrease in interest rates, the Company would be expected to experience a 20.16% decrease in EVE and a $11.4 million and $15.9 million decrease in net interest income during each of the subsequent 2 years, respectively. In the event of an immediate 200 basis point increase in interest rates, the Company would be expected to experience a 22.01% increase in EVE and a $12.3 million and $16.2 million increase in net interest income during each of the subsequent 2 years, respectively. This 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 or changes in earning assets mix, which could reduce the actual impact on EVE and net interest income, if any.

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. 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 and lease 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.

Liquidity Management

Bank Liquidity Management

The overall objective of our liquidity management is to ensure the availability of sufficient cash funds to meet all financial commitments and to take advantage of investment opportunities. We manage 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.

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

As part of our liquidity management strategy, we are also focused on minimizing our costs of liquidity and attempt to decrease these costs by promoting our noninterest bearing and other low-cost deposits and replacing higher cost funding including time deposits and borrowed funds. While we do not control the types of deposit instruments our clients choose, we do influence those choices with the rates and the deposit specials we offer. As a result of these strategies, our cost of total deposits has remained relatively low from 0.18% for the year ended December 31, 2016 to 0.29% for the six months ended June 30, 2019.

Core deposits are a major source of funds used by the Banks to meet their liquidity. Maintaining the ability to acquire these funds as needed in a variety of markets is important to assuring the Banks' liquidity. Management continually monitors the liquidity and non-core dependency ratios to ensure compliance with targets established by the Company's ALCO.

Our investment portfolio is another alternative for meeting liquidity needs. These assets generally have readily available markets that offer conversions to cash as needed. Securities within our investment portfolio are also used to secure certain deposit types. At June 30, 2019 and December 31, 2018, securities with a carrying value of $280.7 million and $291.4 million, respectively, were pledged to secure public and trust deposits, securities sold under agreements to repurchase, and for other purposes required or permitted by law.

Additional sources of liquidity include federal funds purchased and borrowings from the FHLB. Interest is charged at the prevailing market rate on federal funds purchased and FHLB borrowings. There were no outstanding federal funds purchased or FHLB borrowings at June 30, 2019 and December 31, 2018. Funds obtained from federal funds purchased and FHLB borrowings are used primarily to meet day to day liquidity needs. The total amount of the remaining credit available to the Banks from the FHLB at June 30, 2019 and December 31, 2018 was $331.4 million and $337.0 million, respectively.

Holding Company Liquidity Management

The Company is a corporation separate and apart from the Banks and, therefore, it must provide for its own liquidity. The Company's main source of funding is dividends declared and paid to it by the Banks. Statutory and regulatory limitations exist that affect the ability of the Banks to pay dividends to the Company. Management believes that these limitations will not impact the Company's ability to meet its ongoing short-term cash obligations.

Due to state banking laws, neither Bank may declare dividends in any calendar year in an amount that would exceed the accumulated retained earnings of such Bank 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 a Bank to the Company would be prohibited if the effect thereof would cause a Bank's capital to be reduced below applicable minimum capital requirements. During the six months ended June 30, 2019, the Banks paid $37.4 million in dividends to the Company. During the year ended December 31, 2018, the Banks paid $44.4 million in dividends to the Company.

The liquidity needs of the Company on an unconsolidated basis consist primarily of operating expenses, dividends to stockholders and debt interest payments. Holding company operating expenses and debt interest expense totaled $1.5 million for the six months ended June 30, 2019 and $2.9 million during the year ended December 31, 2018. Dividends paid to stockholders totaled $45.6 million during the six months ended June 30, 2019, of which $13.1 million were tax dividends, $5.4 million were regular dividends and $27.0 million were special dividends. During the year ended December 31, 2018, dividends paid to stockholders totaled $42.6 million, of which $27.2 million were tax dividends, $8.4 million were regular dividends and $7.0 million were special dividends. During 2018, the Company also repurchased 43,180 shares of our common stock for an aggregate purchase price of $0.9 million. There we no stock repurchases over the six months ended June 30, 2019. As of June 30, 2019, we were not aware of any known trends, events or uncertainties that had or were reasonably likely to have a material impact on our liquidity. As of June 30, 2019, we had no material commitments for capital expenditures.

Capital Management

Bank Capital Management

The overall objectives of our 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. We seek 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.

Heartland Bank and Lincoln Bank are subject to regulatory capital requirements administered by the federal banking agencies. Failure to meet minimum capital requirements can trigger certain mandatory, and possibly additional discretionary, actions by the FDIC and the IDFPR that, if undertaken, could have a direct material effect on the Banks' financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Banks must meet specific capital guidelines that involve quantitative measures of the Banks' assets, liabilities, and certain off-balance-sheet items as calculated under regulatory accounting practices. The Banks' capital amounts and classification are also subject to qualitative judgments by regulators about components, risk weightings, and other factors.

The prompt corrective action regulations provide five classifications, including well-capitalized, adequately capitalized, undercapitalized, significantly undercapitalized, and critically undercapitalized, although these terms are not used to represent overall financial condition. Adequately capitalized institutions require regulatory approval to accept brokered deposits. If undercapitalized, a financial institution's capital distributions, asset growth and expansion are limited, and the submission of a capital restoration plan may be required.

At June 30, 2019 and December 31, 2018, actual and required capital ratios were:

June 30, 2019 (unaudited)	Actual Ratio	Minimum Ratio to be "Adequately Capitalized"	Minimum Ratio to be "Well Capitalized"(1)
Company			
Total capital (to risk-weighted assets)	14.49%	8.00%	10.00%
Tier 1 capital (to risk-weighted assets)	13.59	6.00	6.00
Common Tier 1 (to risk-weighted assets) (CET1)	12.14	4.50	N/A
Tier 1 leverage capital (to average assets)	10.62	4.00	N/A
Heartland Bank			
Total capital (to risk-weighted assets)	13.84%	8.00%	10.00%
Tier 1 capital (to risk-weighted assets)	12.93	6.00	8.00
Common Equity Tier 1 (to risk-weighted assets) (CET1)	12.93	4.50	6.50
Tier 1 leverage capital (to average assets)	10.52	4.00	5.00
Lincoln Bank			
Total capital (to risk-weighted assets)	20.85%	8.00%	10.00%
Tier 1 capital (to risk-weighted assets)	20.05	6.00	8.00
Common Equity Tier 1 (to risk-weighted assets) (CET1)	20.05	4.50	6.50
Tier 1 leverage capital (to average assets)	10.39	4.00	5.00

December 31, 2018	Actual Ratio	Minimum Ratio to be "Adequately Capitalized"	Minimum Ratio to be "Well Capitalized"(1)
Company			
Total capital (to risk-weighted assets)	14.99%	8.00%	10.00%
Tier 1 capital (to risk-weighted assets)	14.17	6.00	6.00
Common Equity Tier 1 (to risk-weighted assets) (CET1)	12.71	4.50	N/A
Tier 1 leverage capital (to average assets)	10.80	4.00	N/A
Heartland Bank			
Total capital (to risk-weighted assets)	14.44%	8.00%	10.00%
Tier 1 capital (to risk-weighted assets)	13.62	6.00	8.00
Common Equity Tier 1 (to risk-weighted assets) (CET1)	13.62	4.50	6.50
Tier 1 leverage capital (to average assets)	11.03	4.00	5.00
Lincoln Bank			
Total capital (to risk-weighted assets)	21.02%	8.00%	10.00%
Tier 1 capital (to risk-weighted assets)	20.17	6.00	8.00
Common Equity Tier 1 (to risk-weighted assets) (CET1)	20.17	4.50	6.50
Tier 1 leverage capital (to average assets)	10.21	4.00	5.00

(1) Reflects the well capitalized standard applicable to the Company under the Federal Reserve Regulation Y and the well capitalized standard applicable to the Banks under the FDIC's prompt corrective action regulations.

Holding Company Capital Management

Total stockholders' equity was $339.9 million at June 30, 2019 compared to $340.4 million at December 31, 2018, decreasing primarily due to the payment of cash dividends totaling $45.6 million, of which $27.0 million was a special dividend, during the six months ended June 30, 2019.

Total stockholders' equity was $340.4 million at December 31, 2018 compared to $323.9 million at December 31, 2017. The increase in total stockholders' equity was primarily due to the combined impact of net income and our declaration and payment of cash dividends totaling $42.6 million, during the year ended December 31, 2018.

Total stockholders' equity was $323.9 million at December 31, 2017, compared to $326.2 million at December 31, 2016. The decrease in total stockholders' equity was primarily due to the combined impact of net income and our declaration and payment of cash dividends totaling $57.1 million, during the year ended December 31, 2017.

Cash Dividends

Our board of directors declared cash dividends totaling $45.6 million during the six months ended June 30, 2019 and $42.6 million during the year ended December 31, 2018. The below table summarizes the cash dividends by quarter for the six months ended June 30, 2019 and the year ended December 31, 2018.

	2019		2018			
	Second Quarter	First Quarter	Fourth Quarter	Third Quarter	Second Quarter	First Quarter
	(dollars in thousands)					
Regular	$ 2,704	$ 2,704	$ 2,101	$ 2,101	$ 2,105	$ 2,105
Tax	7,048	6,094	6,751	7,055	7,092	6,305
Special	—	27,041	2,000	—	—	5,006
Total cash dividends	$ 9,752	$ 35,839	$ 10,852	$ 9,156	$ 9,197	$ 13,416

Off-Balance Sheet Arrangements

As a financial services provider, we routinely are 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 and commitments to sell loans. 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 that we make. Although we consider commitments to extend credit in determining our allowance for loan losses, at June 30, 2019 and December 31, 2018, we had made no provision for losses on commitments to extend credit, and had no specific or general allowance for losses on such commitments, as we have had no historical loss experience with commitments to extend credit and we believed that no probable and reasonably estimable losses were inherent in our portfolio as a result of our commitments to extend credit. For additional information, see Note 20 to the audited consolidated financial statements included elsewhere in this prospectus.

Contractual Obligations

In the ordinary course of our operations, we enter into certain contractual obligations. Such obligations include operating leases for premises and equipment.

The following table summarizes our significant fixed and determinable contractual obligations and other funding needs by payment date at December 31, 2018.

	Payments Due by Period				
	Less than One Year	One to Three Years	Three to Five Years	More than Five Years	Total
	(Dollars in thousands)				
Contractual Obligations					
Time Deposits[1]	$ 292,273	$ 109,624	$ 22,459	$ 391	$ 424,747
Subordinated debentures[1][2]	—	—	—	38,765	38,765
Standby letters of credit	839	3,982	5,537	—	10,358
Limited partnership investment[3]	2,820	—	—	—	2,820
Operating leases	112	67	24	—	203
Total	$ 296,044	$ 113,673	$ 28,020	39,156	$ 476,893
Commitments to extend credit	$ 327,335	$ 87,432	$ 57,764	$ 51,581	$ 524,112

(1) Excludes interest.

(2) Represents amounts due to the recipient and does not include unamortized discounts of $1.2 million.

(3) This commitment represents amounts we are obligated to contribute to a limited partnership investment in accordance with the provisions of the respective limited partnership agreements. The capital contributions may be required at any time, and are therefore reflected in the "less than one year" category.

Critical Accounting Policies and Estimates

The Company has established various accounting policies that govern the application of accounting principles generally accepted in the United States of America in the preparation of its consolidated financial statements. Significant accounting policies are described in Note 1 to the consolidated financial statements contained elsewhere in this prospectus.

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 policy could be deemed critical:

Allowance for Loan Losses

The allowance for loan losses (allowance) is an estimate of loan losses inherent in the Company's loan portfolio. The allowance is established through a provision for loan losses which is charged to expense. Additions to the allowance are expected to maintain the adequacy of the total allowance. Loan losses are charged off against the allowance 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.

The allowance consists of two primary components, general reserves and specific reserves related to impaired loans. The general component covers non-impaired loans and is based on historical losses adjusted for qualitative factors. The historical loss experience is determined by portfolio segment and is based on the actual loss history experienced by the Company over the most recent four-year or 16-quarter period. This actual loss experience is adjusted for qualitative factors based on the risks present for each portfolio segment. These qualitative factors include consideration of the following: levels of and trends in delinquencies and impaired loans; levels of and trends in charge-offs and recoveries; trends in volume and terms of loans; effects of any changes in risk selection and underwriting standards; other changes in lending policies, procedures, and practices; experience, ability, and depth of lending management and other relevant staff; national and local economic trends and conditions; industry conditions; and effects of changes in credit concentrations. These qualitative factors are inherently subjective and are driven by the repayment risk associated with each portfolio segment.

Loans acquired that have evidence of deterioration in credit quality since origination and for which it is probable, at acquisition, that the Company will be unable to collect all contractually required payments receivable, are initially recorded at fair value (as determined by the present value of expected future cash flows) with no allowance for loan losses. Loans are evaluated by management at the time of purchase to determine if there is evidence of deterioration in credit quality since origination. Loans where there is evidence of deterioration of credit quality since origination may be aggregated and accounted for as a pool of loans if the loans being aggregated have common risk characteristics. The difference between the undiscounted cash flows expected at acquisition and the investment in the loan, or the "accretable yield," is recognized as interest income over the life of the loan. Contractually required payments for interest and principal that exceed the undiscounted cash flows expected at acquisition, or the "nonaccretable difference," are not recognized as a yield adjustment. Subsequent decreases to the expected cash flows will generally result in a provision for loan losses. Subsequent increases in expected cash flows result in a reversal of the provision for loan losses to the extent of prior charges or a reclassification of the difference from nonaccretable to accretable yield with a positive impact on interest income on a prospective basis. If the Company does not have the information necessary to reasonably estimate cash flows to be expected, it may use the cost recovery method or cash basis method of income recognition.

New Accounting Pronouncements

The Company reviews new accounting standards as issued. Information relating to accounting pronouncements issued and applicable to the Company in 2018 appears in Note 1 to the consolidated financial statements.

Under the JOBS Act, emerging growth companies may also elect to delay adoption of new or revised accounting standards until such time as those standards apply to private companies. We have elected to use this extended transition period for complying with new or revised accounting standards and, therefore, we will not be subject to the same new or revised accounting standards as other public companies.

Change in Accountants

On June 14, 2017, our Audit Committee approved the dismissal of CliftonLarsonAllen LLP ("CLA") from its role as our independent registered accounting firm.

The reports of CLA on our consolidated financial statements for the years ended December 31, 2015 and 2016, which are not included herein, did not contain an adverse opinion or a disclaimer of opinion and were not qualified or modified as to uncertainty, audit scope or accounting principles.

During the years ended December 31, 2015 and 2016, and the subsequent interim period from January 1, 2017 through June 14, 2017, (i) we had no disagreements with CLA on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure, which disagreements, if not resolved to the satisfaction of CLA, would have caused CLA to make reference to the subject matter of the disagreements in connection with its report on the consolidated financial statements for such periods, and (ii) there were no "reportable events" as defined in Item 304(a)(1)(v) of Regulation S-K.

We provided CLA with a copy of this disclosure prior to its filing and requested that CLA furnish a letter addressed to the Securities and Exchange Commission stating whether it agrees with the above statements and, if not, stating the respect in which it does not agree. A copy of CLA's letter, dated as of September 12, 2019, is attached as Exhibit 16.1 to the registration statement on Form S-1 of which this prospectus forms a part.

On June 14, 2017, our Audit Committee approved the engagement of RSM US LLP as our new independent registered public accounting firm and to re-audit our consolidated financial statements for the years ended December 31, 2015 and 2016 in connection with this offering. We did not consult RSM US LLP regarding (i) the application of accounting principles to a specific transaction, either completed or proposed, or the type of audit opinion that might be rendered on our financial statements, or (ii) any matter that was the subject of a disagreement (as defined in Item 304(a)(1)(iv) of Regulation S-K) or any reportable event (as described in Item 304(a)(1)(v) of Regulation S-K), during the years ended December 31, 2015 and 2016.

BUSINESS

Company Overview

We are HBT Financial, Inc., a bank holding company headquartered in Bloomington, Illinois. As of June 30, 2019, we had total assets of $3.2 billion, loans held for investment of $2.2 billion, total deposits of $2.8 billion and stockholders' equity of $340 million. Through our two bank subsidiaries, Heartland Bank and Lincoln Bank, we provide a comprehensive suite of business, commercial and retail banking products and services to businesses, families and local governments throughout Central and Northeastern Illinois. We currently operate 61 full-service and three limited-service branch locations, and have a leading deposit share, which we define as a top three deposit share rank, in the majority of our core markets in Central Illinois that we attribute to our long track record of providing relationship-based and personalized service to our customers and communities. Key members of our ownership group and management team have lived in our Central Illinois communities for generations, and have led our efforts to tailor our product suite to support the needs of the communities we serve while promoting sustained, profitable growth for the Company. Our motto "small enough to know you, big enough to serve you" is the embodiment of our long-term commitment to support the growth and banking needs of our customers and communities through our relationship-based approach.

The roots of our Company can be traced back nearly 100 years to 1920 when M.B. Drake, the grandfather of our current Chairman and CEO, Fred Drake, helped found a community bank in Cornland, Illinois. The Drake family operated several banks throughout Central Illinois, and eventually, in 1982, George Drake (M.B.'s son and Fred's father) incorporated the Company as one of the first multi-bank holding companies in Illinois. In 1997, we combined our five existing bank charters into Heartland Bank of which Fred Drake was then President and CEO. Fred Drake assumed the role of President and CEO of the Company in January 1999 and the role of Chairman was added in January 2007. The Company has remained a family controlled organization, with the Drake family owning over 95% of the Company before giving effect to this offering.

Over the years, we have grown both organically and through the successful integration of more than a dozen community bank acquisitions since 1982. Over the last decade, we leveraged our strong capital position, excellent credit quality and strong earnings to participate in the wave of FDIC-assisted transactions during and after the Great Recession, ultimately identifying and successfully acquiring four failed banks with strong core deposit bases and strategic fit with our business. Through these acquisitions, our management team demonstrated a disciplined approach to identifying and executing transactions that increased our density in mid-sized metropolitan markets and expanded our presence into the greater Chicago metropolitan area. Further, through the integration of these acquisitions, we have maintained and improved our strong profitability, ultimately driving long-term stockholder value creation. We believe our prior acquisition experience and collaboration with bank regulators positions us to capitalize on favorable acquisition opportunities in the future.

Along the way, the foundation for our success has been built upon a steadfast commitment to our core operating principles:

- **Prioritize safety and soundness.** We engage in safe and sound banking practices that preserve the asset quality of our balance sheet and protect our deposit base. Recognizing that credit is the number one risk for a community bank, our senior management's credit culture emphasizes prudent underwriting practices. Additionally, our senior management team has developed a compliance management infrastructure which monitors all operational risk areas within the Company with the goal of maintaining the track record of safety and soundness that has defined the Company throughout its history. This compliance management infrastructure focuses on several key components including, but not limited to, the following:

- Development of sound governance, including creation and adherence to policies and procedures;
- Creation of a solid compliance management system, including training and independent testing for adherence with applicable rules and regulations;
- Implementation of strong internal controls which are independently tested by our internal audit personnel; and
- Completion of regular loan reviews addressing our adherence to the established credit culture and reporting on asset quality and related documentation matters.

- **Maintain strong profitability.** We have produced consistently strong earnings. We have accomplished this by focusing on strong net interest margins, growing non-interest income with diversified income streams, and by managing non-interest expense.
- **Continue disciplined growth.** We have a strong track record of organic and acquisitive growth with our seasoned senior management team. We believe ample opportunity exists to enhance market penetration in a number of our communities, for acquisition of banks in and adjacent to our existing footprint and for acquisitions that are strategically and financially compelling and consistent with our culture.
- **Uphold our Midwestern values.** As a long-time family-owned bank, we convey the values of the Midwest through hard work, perseverance and doing the right things. We serve our customers well, provide employment, challenges and rewards for our staff, and generate good returns for our stockholders.

The execution of this straightforward yet powerful strategy has produced a consistent track record of strong financial performance, which we believe positions us well for continued success.

Our Products and Services

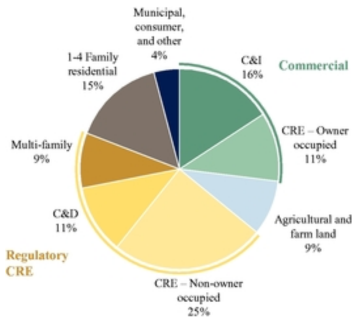
Our products and services are primarily deposit, lending, and ancillary products that offer a broad range of options to meet the needs of individuals, families, small to medium sized businesses, and municipal entities. We continue to enhance our digital banking suite of products so that all consumer and commercial customers can do their banking at their convenience, through their channels of choice.

Additionally, we provide traditional trust and investment services, farmland management and farmland sales through our Wealth Management division.

Lending products and services

We offer a broad range of lending products with a focus on commercial real estate ("CRE"), commercial and industrial ("C&I"), construction and land development ("C&D"), agricultural and farmland, multi-family and one-to-four family residential loans. We also provide municipal, consumer and other loans. Our originated loans have grown at a 7.1% annualized growth rate since 2016, driven by our local lenders' knowledge of their marketplace and guided by a conservative credit culture and strong underwriting criteria. We pride ourselves on our disciplined underwriting process. As a result, we have been able to achieve a yield on loans and leases of 5.63% in the first half of 2019 (up from 5.25% in the first half of 2018) with only 5 basis points of net charge-offs to average loans.

Loan Composition as of June 30, 2019



Originated and Acquired Loans(1)

(1) Originated loans represent loans initially originated by the Company and acquired loans that were refinanced using the Company's underwriting criteria. Acquired loans represent loans originated under the underwriting criteria used by a bank that was acquired by Heartland Bank or Lincoln Bank.

Our current loan portfolio is approximately 45% adjustable rate loans with approximately 51% of the total portfolio (including fixed rate loans) re-pricing within one year. Of the adjustable rate loans, approximately 29% have an interest rate floor.

We have a strong credit culture that is conservative, favors asset quality first, and balances local lenders' knowledge of their marketplace with a strong centralized credit process. We maintain a well-diversified portfolio of loans and control concentrations related to loan types and specific industries or businesses. Our Banks perform very well in this regard because we focus on loans in and near our branch network with knowledgeable, experienced lenders.

Our consumer loans and home equity loans are provided through our retail branches. Our mortgage lenders primarily originate loans for sale to Freddie Mac or Fannie Mae while we maintain the servicing. In some instances, mortgage loans will be maintained on our books. We have experienced commercial lenders organized in teams by region. All our commercial lenders can originate all loan types, except consumer and one-to-four family residential; however, many lenders specialize in one loan type or specific industries, and they bring in more experienced lenders for loan types in which they are less experienced.

Regulatory CRE

As of June 30, 2019, we had $972 million in regulatory CRE loans including $543 million in CRE—non-owner occupied loans, $237 million in C&D loans, and $192 million in multi-family loans.

We provide financing for a wide variety of property types including multi-family, senior living, retail, warehouse, manufacturing, office, and hotel/motel. We have established sub-limits for each of these categories to avoid any concentration in any single property type. We focus on financing experienced, local real estate investors. Cash flow is our primary consideration in underwriting with our loan-to-value and guarantor support considered secondarily. Our C&D portfolio includes both ground up construction projects and renovation projects. It includes a wide variety of property types, including all those listed above. Construction projects include single-family residential (including condos) built on both a pre-sold and speculative basis, commercial buildings and apartment buildings built by real estate investors who intend to lease out the completed project, and commercial buildings for businesses who intend to occupy the property themselves. The C&D portfolio also includes residential and commercial lots and a small amount of undeveloped land held for future projects.

Commercial

As of June 30, 2019, we had $597 million in commercial loans, including $352 million in C&I loans and $245 million in CRE—owner occupied loans. We make loans to a wide variety of businesses, with automobile dealers, grain elevators, offices of physicians, hospitals and the gambling industries currently are five largest industries based on loan commitments. None of these industries account for more than 10% of the total commercial portfolio. C&I loans primarily include loans for working capital and equipment needs to small and mid-sized businesses in the communities that we serve.

Agriculture

As of June 30, 2019, we had $209 million in agriculture loans, including $76 million for agricultural production including working capital and equipment loans and $133 million to finance farmland. With our roots in smaller communities throughout Central Illinois, we have a long history of financing agriculture production and land. Central Illinois has some of the most productive farmland in the world. We originate loans to agriculture producers for input costs, equipment and land. Most of our agriculture loans are to family farms growing corn and soybeans. In general, these customers have been long-time customers whose families have been farming for multiple generations. No single agriculture customer accounts for more than 5% of our agriculture loan portfolio. We have very limited exposure to livestock.

One-to-four Family Residential

As of June 30, 2019, our one-to-four family residential portfolio totaled $323 million consisting of $233 million in closed-end first mortgage loans, $25 million in closed-end junior mortgage loans, and $66 million of home equity lines of credit. The portfolio includes owner-occupied residences in the amount of $172 million and non-owner occupied residences totaling $151 million.

Municipal

As of June 30, 2019 we had $71 million in loans to municipalities or for the purchase of bonds issued by municipalities. We provide direct financing to municipalities and financing for local businesses through the purchase of bonds issued by various municipalities.

Consumer and Other Loans

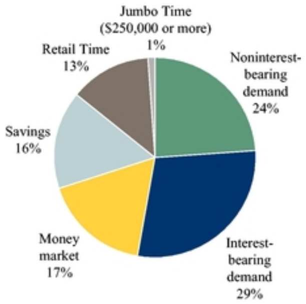
As of June 30, 2019, we had $31 million in consumer and other loans. These loans consisted primarily of credit cards, vehicle loans, personal property loans and unsecured consumer loans.

Deposit products and services

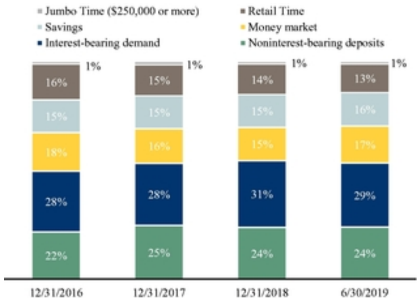
We offer traditional bank deposit account services such as checking, savings, retirement accounts and online banking with conveniences tailored to meet the needs of today's deposit consumers. Our deposit accounts consist of noninterest-bearing demand deposits, interest-bearing transaction accounts, money market accounts, savings accounts, certificates of deposits, HSA, and IRA accounts. We also provide commercial checking accounts and related services such as cash management services. We utilize a combination of high touch personal service and an array of products comparable to those offered by our largest competitors to meet the deposit needs of our communities. We rely on our favorable locations, customer service, competitive pricing, and related deposit services such as online and mobile banking to attract and retain deposit accounts. As a result, we have achieved one of the strongest core funding bases among our peer group, with 99% core deposits (defined as all deposits excluding time deposits of $250,000 or more and brokered deposits) as of June 30, 2019, a highly attractive cost of deposits of only 0.29% for the six months ended June 30, 2019, and substantial liquidity, with a total loans to deposits ratio of 79% as of June 30, 2019.

A significant component of our business is the growth and stability of our core deposits, which we use to fund our loans and securities. A long-term focus on the growth of our non-interest bearing deposit accounts and management of deposit rates in general have resulted in a commendable low cost of funds. We will continue to grow our core deposits by attracting new depositors and cross-selling deposit relationships with existing customers.

Deposit Composition as of June 30, 2019



Period End Deposit Composition



During the interest rate tightening cycle which began in late 2015 and lasted through December 2018, we demonstrated the strength of our deposit franchise and the success of our relationship based approach to community banking by expanding our lowest cost core deposit segments and allowing highly rate sensitive money market and time deposit accounts to decline in order to support net interest margin. From December 31, 2016 through June 30, 2019, the average balances of our lowest cost deposit segments (noninterest bearing, interest bearing demand and savings deposits) increased by 5.0% from $1.8 billion to $1.9 billion. Over the same time period, the average balances of our higher cost money market and time deposit segments declined by 16.0% from $1.0 billion to $871.0 million.

We believe our strong deposit base, which is approximately 86% non-time deposits, provides the foundation of our consistently strong financial performance. Even in our FDIC-assisted transactions, we followed a strategy of acquiring true community banks with local core deposits with the understanding that a strong core deposit base is the true driver of long-term shareholder value for community banking institutions.

At June 30, 2019, our deposits totaled $2.8 billion. Interest-bearing deposits totaled $2.1 billion, or 76%, of total deposits, and noninterest-bearing deposits totaled $662 million, or 24%, of total deposits. Savings, money market and NOW account deposits totaled $1.7 billion, or 62%, of total deposits, and certificates of deposit totaled $394 million, or 14%, of total deposits, of which $279 million had maturities of one year or less.

Diversified revenue streams

In addition to our traditional banking services, our Banks offer wealth management services and residential mortgage banking. These business lines offer a recurring and diversified source of revenue, resulting in noninterest income constituting 16.2% of our total revenues in the first half of 2019.

Wealth Management

Our wealth management division provides financial planning to individuals, trusts and estates, trustee and custodial services, investment management, corporate retirement plan consulting and administration and retail brokerage services. Further, our agriculture services department operates under our wealth management division and provides specialized farm management services, farmland sale services and crop insurance services throughout our markets.

As of June 30, 2019, our wealth management division had an aggregate of approximately $1.6 billion in assets under management or administration and generated approximately $6 million in revenue for the year ended December 31, 2018.

Residential Mortgage Origination and Servicing

We originate one-to-four family residential mortgage loans and sell those loans in the secondary market. Loans are originated by our mortgage lenders within our branch network. To a lesser extent, we purchase loan originated by other banks that are in turn sold into the secondary market. We sell conventional loans to both Freddie Mac and Fannie Mae and retain the servicing for substantially all of those loans. We also originated FHA, VA and Rural Development loans, which are typically sold servicing released.

For the six months ended June 30, 2019 and the year ended December 31, 2018, we originated $54.9 million and $128.5 million, respectively, in mortgage loans for sale in the secondary market, and our portfolio of loans serviced for others was $1.2 billion as of June 30, 2019.

Deposit Services Income

Our excellent core deposit base, which is derived from our strong branch presence in our mid-sized markets, also provides us with an attractive, recurring source of card income. Our card income has grown consistently over the course of the last three calendar years from $6.2 million for the year ended December 31, 2016 to $7.3 million for the year ended December 31, 2018 and was approximately $3.7 million for the six months ended June 30, 2019. We also take a disciplined approach to deposit service charges which have averaged approximately 23.3% of our total noninterest income since the 2016 calendar year. Our strong market presence within our mid-sized markets allows us to earn fair fees on services provided to our deposit accountholders.

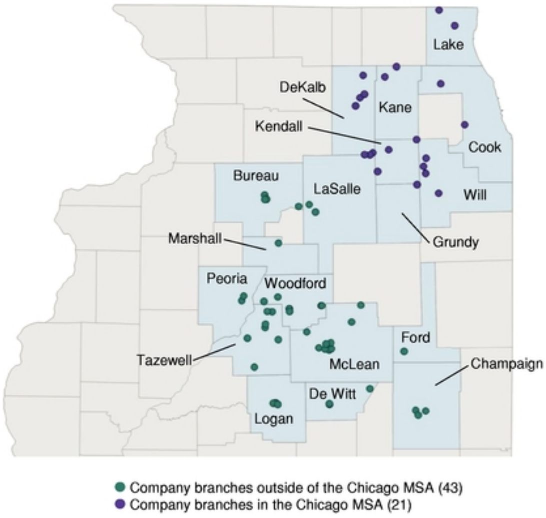
Our Market Area

We currently operate 61 full-service and three limited-service branch locations across 18 counties in Central and Northeastern Illinois. We believe our diverse footprint in both mid-sized markets and the Chicago metropolitan market positions us favorably to compete for high quality, stable deposits and provides access to an abundance of loan origination opportunities. The majority of our deposits are sourced from our mid-sized markets, which we define as counties with populations of less than 500,000, and holding a leading deposit market share in many of these markets provides 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. Our long history of providing relationship-based, personal banking services, the successful integration of several strategic in-market acquisitions, and a relatively small presence of money center and super-regional banks in our mid-sized markets has enabled us to maintain meaningful market share in these markets.

In recent years, we have increased our presence in the Chicago MSA, which contributes $924 million, or 33%, of our total deposits and $986 million, or 45%, of our total gross loans. The Chicago MSA is a large, urban center with a population of more than 9.5 million people and an annual gross domestic product in excess of $675 billion (according to the most recently available data from the Federal Reserve Bank of St. Louis). We believe the scale and diversity of the Chicago market will enable us to grow our presence without the need to capture outsized market share. Moreover, in recent years, the greater Chicago metropolitan area in particular has seen significant disruption from an increasing number of bank merger transactions, which has enabled us to attract quality, experienced lenders to further our growth in the market. Consequently, we have achieved annual originated loan growth of more than 16% in the Chicago MSA since 2016 (originated loans represent loans initially originated by us and acquired loans that were refinanced using our underwriting criteria). Further, we believe our growing lending presence within the Chicago MSA should continue to attract new sources of deposits.

We also have a significant market presence in the Central Illinois MSAs of Bloomington and Peoria. The Bloomington, Illinois MSA where we are headquartered contributes $665 million, or 24%, of our total deposits and $573 million, or 26%, of our total gross loans. Our deposit market share rank within the Bloomington, Illinois MSA was #1 as of June 30, 2019 (the latest available date for deposit market share data according to the FDIC). The Bloomington MSA has a population of more than 187 thousand people and an annual gross domestic product in excess of $12 billion (according to the most recently available data from the Federal Reserve Bank of St. Louis). The Peoria, Illinois MSA contributes $509 million, or 18%, of our total deposits and $181 million, or 8%, of our total gross loans. Our deposit market share rank within the Peoria, Illinois MSA was #5 as of June 30, 2019. The Peoria MSA has a population of more than 369 thousand people and an annual gross domestic product in excess of $18 billion.

Company Branch Locations



Our management team believes our diverse footprint in both urban and rural markets positions us well relative to our competition in terms of access to both high quality, stable funding sources and a wealth of loan growth opportunities in attractive markets. We consider ourselves to be well positioned to serve the needs of commercial and retail customers throughout both the urban and rural portions of our footprint through our scale, comprehensive suite of banking and wealth management products and our commitment to high-touch customer service.

Our Competitive Strengths

We believe the following competitive strengths position us favorably to execute on our strategy of disciplined growth and high profitability:

Consistent Performance through Cycles. We have consistently delivered excellent operating performance, exemplified by sustained peer-leading returns. Our return on average assets and core C Corp equivalent return on average assets of 2.06% and 1.75%, respectively, in the first half of 2019 was well above peers, and our consistency is evidenced by our ability to remain highly profitable through the Great Recession. For a reconciliation of core C Corp equivalent ROAA to the most directly comparable financial measure prepared in accordance with GAAP, see "—Summary Historical Consolidated Financial and Other Data." We believe we remain favorably positioned to outperform our competitors in a future economic downturn as a result of our excellent underwriting standards. Our peer-leading profitability is driven by: 1) strong, low-cost deposits supported by our leading market share in core mid-sized markets; 2) a relationship-based business model that has allowed us to cultivate and underwrite attractively priced loans; 3) a robust credit risk management framework to prudently manage credit quality; and 4) diversified sources of fee income, including in wealth management. Together, these factors have contributed to our ability to generate sustained peer-leading profitability, characterized by the key performance indicators below, and has allowed us to generate 12.0% annualized tangible book value growth on a per share basis in the period between December 31, 2007 and June 30, 2019 (and 15.6% including capital distributed during this period).

Key Performance Indicators for the Six Months Ended June 30, 2019

		Peers	
	Company	Midwestern(3)	High-Performing(4)
Cost of deposits	0.29%	0.95%	0.81%
Net interest margin / net interest margin (tax-equivalent basis)(1)	4.40% / 4.48%	3.76%	3.85%
Yield on loans	5.63%	5.19%	5.21%
NCOs to average loans	0.05%	0.05%	0.04%
Total loans to deposits	79%	93%	93%
Efficiency ratio / FTE efficiency ratio(1)	55% / 54%	58%	57%
Return on average assets ("ROAA")(2)	2.06%		
Core C Corp equivalent ROAA(1)(2)	1.75%	1.39%	1.49%

Source: Company reports and S&P Global Market Intelligence.

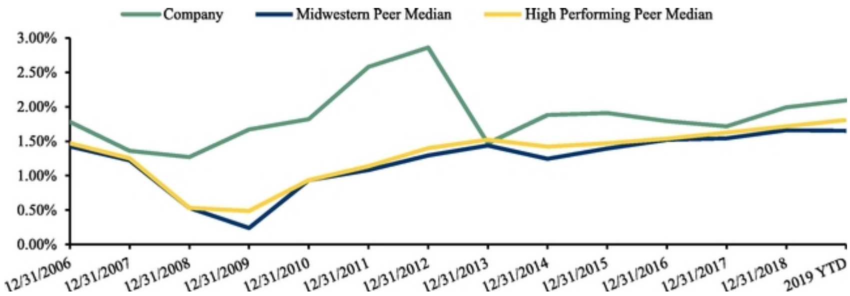
(1) Net interest margin (tax-equivalent basis), efficiency ratio (tax equivalent basis) and core C Corp equivalent ROAA are each non-GAAP financial measures. For a description of these metrics and a reconciliation to the most directly comparable financial measure prepared in accordance with generally accepted accounting principles in the United States ("GAAP"), see "Summary Historical Consolidated Financial and Other Data—GAAP reconciliation and management explanation of non-GAAP financial measures."

(2) For a description of the calculation of ROAA and C Corp equivalent ROAA, see "—Summary Historical Consolidated Financial and Other Data—GAAP reconciliation and management explanation of non-GAAP financial measures—Core C Corp equivalent net income, Core C Corp equivalent return on average assets, Core C Corp equivalent return on average stockholders' equity and Core C Corp equivalent return on average tangible common equity."

(3) Represents approximately 45 major exchange-traded banks headquartered in the Midwest with assets of $1.5-10 billion (the "Midwestern Peer Group").

(4) Represents approximately 30 high performing banks within our Midwestern Peer Group with core return on average assets greater than 1.20% and non-performing assets-to-assets less than 2.00% (the "High Performing Peer Group").

Historical Pre-Tax Return on Average Assets (%) Company vs. Peers(1)



Source: Company reports and S&P Global Market Intelligence.

(1) The Company's pre-tax ROAA gives effect to the Lincoln Acquisition starting July 1, 2012. For 2006 through June 30, 2012, the Company's pre-tax ROAA does not include Lincoln S.B. Corp. and its subsidiaries. See "Basis of Presentation." The Company's pre-tax ROAA includes the following significant non-recurring items in the years indicated:

- 2011: $25.4 million bargain purchase gains;
- 2012: $11.4 million bargain purchase gains, $9.7 million net realized gain on securities, and $6.7 million net positive adjustments on FDIC indemnification asset and true-up liability; and
- 2013: $9.1 million net realized loss on securities and $6.9 million net loss related to the sale of branches.

Leading Market Position in Core Mid-Sized Markets, with Growth Opportunity in the Chicago Metropolitan Market. We have developed a track record of personalized service with the customers in our core mid-sized markets that dates back several decades. As a result, we maintain a weighted average market share of more than 20% of deposits and a top three market share rank of deposits in six of our seven largest mid-sized markets as of June 30, 2019 (according to S&P Global Market Intelligence data). We have always found these markets to be attractive, underscored by a relatively stable population base. Our strong presence in these markets is attributed to three primary factors: 1) our sustained commitment to these communities over several decades; 2) our ability to successfully integrate a series of strategic, in-market acquisitions while maintaining acquired deposit relationships; and 3) relatively limited competition from money center banks. With regard to the Chicago MSA, we expect to see continued disruption in this metropolitan area from bank merger transactions and are in a position to capitalize on these events by growing deposits and loans, and attracting quality, experienced lenders.

Company Market Share by County as of June 30, 2019

	Company				Market			
County	**Deposits (millions)**	**# of Branches**	**% of Deposits**	**Market Share**	**Rank**	**Market Deposits (millions)**	**Money Center(1) Share**	**Pop. (in 000's)**
McLean	$ 507.9	9	18.3%	16.6%	2	$ 3,077	13.0%	172
DeKalb	334.2	7	12.1%	14.2%	4	2,360	—	105
Tazewell	227.7	7	8.2%	8.2%	2	2,772	—	133
Logan	226.0	4	8.1%	38.6%	1	586	—	29
Woodford	208.9	7	7.5%	28.5%	2	732	—	39
Cook	198.4	2	7.2%	0.1%	57	295,326	38.5%	5,197
Bureau	192.3	4	6.9%	20.7%	1	930	—	33
De Witt	157.1	3	5.7%	37.9%	2	414	—	16
Other Counties	721.1	21	26.0%					
	$ 2,773.8	**64**	**100.0%**					

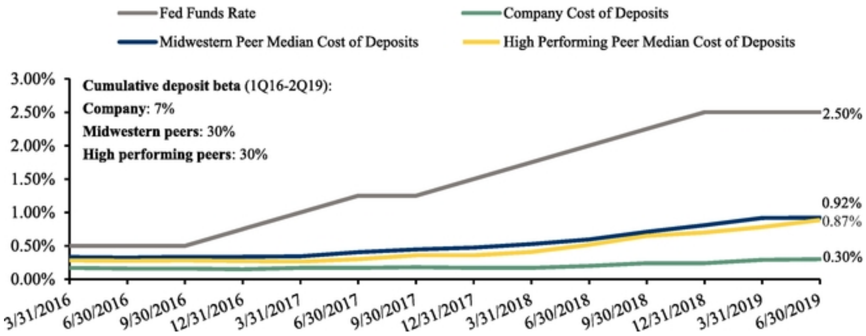
Source: S&P Global Market Intelligence.

Note: Shaded counties denote Company's top mid-sized markets by deposit share. Excludes deposits from non-retail branches (McLean County excludes State Farm Bank given its lack of retail banking locations).

(1) Money Center banks include J.P. Morgan, Bank of America, Wells Fargo, and Citi

Stable, Low-Cost Core Deposit Base. By virtue of our market positioning within our core mid-sized market footprint and our excellent customer relationships, we have been able to develop an attractive funding base characterized by a stable source of low-cost deposits. This is reflected in our cost of deposits of only 0.30% for the three months ended June 30, 2019, which compares very favorably to Midwestern peers at 0.92% and reflects a cumulative deposit beta of only 7% since 2016. Given our loans to deposits ratio of 79%, we have been able to maintain our reliance on non-core deposits at less than 2% and increase our composition of non-interest bearing deposits from 21.7% to 23.9%, each for the period from December 31, 2016 to June 30, 2019, with no reliance on brokered deposits as of June 30, 2019, despite the rising rate environment over that time period.

Deposit Elasticity During the Rising Rate Cycle[1]

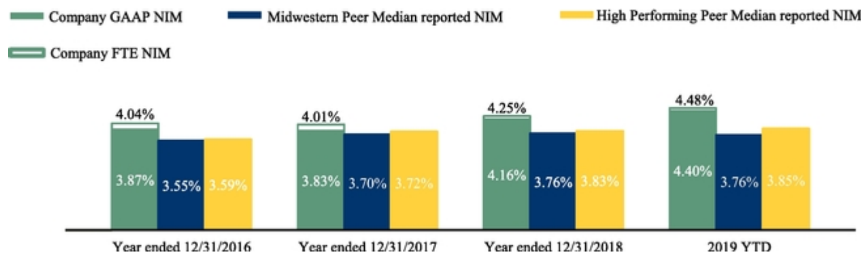


Source: Company reports and S&P Global Market Intelligence.

(1) The Company's cost of deposits includes cost of total deposits for Heartland Bank and Lincoln Bank.

The relative stability in our cost of deposits has been a significant factor in the expansion of net interest margin from 3.87% for the year ended December 31, 2016 to 4.40% in the first half of 2019. Our taxable equivalent net interest margin increased from 4.04% for the year ended December 31, 2016 to 4.48% in the first half of 2019, ultimately contributing to improvement in bottom-line profitability over the same period.

Net Interest Margin (%) Company vs. Peers



Source: Company reports and S&P Global Market Intelligence. Note: Peer Group NIM shown on FTE basis where available.

Track Record of Successfully Integrating Acquisitions. Throughout our history we have pursued a strategy of disciplined organic and acquisitive growth while maintaining a strong track record of profitability. Since 2010, we have successfully completed seven acquisitions, including four failed banks purchased from the FDIC and three private whole-bank transactions. Through these acquisitions, our management team has demonstrated a disciplined approach to identifying and integrating strategic transactions that either added density to our footprint or expanded our footprint into attractive markets to ultimately build long-term stockholder value. Following each transaction, we retained the majority of our acquired deposit and desired lending relationships, which we believe is reflective of the strength of our relationship-based community banking focus and the quality of our established integration processes. We believe this approach will continue to position the Company to be the acquirer of choice for other institutions in our target markets.

Bank	Year Acquired	Type	Deposits at Acquisition
Bank of Illinois	2010	FDIC-assisted	$175.9 million
Western Springs National Bank	2011	FDIC-assisted	$183.9 million
Bank of Shorewood	2011	FDIC-assisted	$105.4 million
Farmer City State Bank	2012	Private	$70.1 million
Citizens First National Bank	2012	FDIC-assisted	$807.9 million
National Bancorp, Inc. (American Midwest Bank)	2015	Private	$446.5 million
Lincoln S.B. Corp (State Bank of Lincoln)(1)	2018	Private	$357.3 million

(1) Although the Lincoln Acquisition is identified as an acquisition in the above table, the transaction was accounted for as a change of reporting entity due to its common control with HBT. See "Basis of Presentation."

Prudent Risk Management. Our management team recognizes that risk management is paramount to our ability to create long-term stockholder value and has instilled a culture of adherence to well- developed risk management procedures throughout the Company. Our diversified loan portfolio is primarily originated from borrowers within our footprint and is subject to a rigorous credit evaluation process that balances responsiveness with prudent underwriting practices. A centralized credit underwriting group underwrites all credit exposures over $500,000 ensuring consistent application of credit standards throughout the Company and we have established processes to monitor the loan portfolio on a regular basis. Our management team and board of directors have also established concentration limits by loan type, industry, and related borrower, which are regularly reviewed in light of current conditions in our targeted market areas to mitigate developing risk areas within our loan portfolio and to ensure that the asset quality of our loan portfolio remains very strong.

As a result, nonperforming loans represented only 1.14% of our total loan portfolio, and net charge-offs were modest at only 0.05% of average loans for the six months ended June 30, 2019. Moreover, a substantial portion of our non-performing loans are attributed to loans that we acquired, which we expect will improve as acquired loans run off and are redeployed into loans originated by our team of lenders.

Experienced Executive Management Team with Deep Ties to the Local Community. Our management team is comprised of professionals with broad experience in community and regional banking, with a particular emphasis on building customer relationships, credit analysis and structuring, and a commitment to risk management. This team has been the driving force of our growth and delivery of consistent profitability by leveraging our local knowledge and developing high-touch customer relationships which are the hallmark of a strong community bank. In addition, our management team and our board of directors, under the leadership of our Chairman and CEO, Fred Drake, approach each decision with an ownership mentality and place long-term stockholder value creation top of mind. Further, we have been able to recruit high quality team members from other financial services organizations to supplement the depth and skill of our team. With an average tenure of more than 30 years in the industry, our management team has the depth and capabilities to continue to execute our banking strategy. Through their collective leadership, we have driven earnings per share improvement from $3.24 in 2016 to $3.54 in 2018 as reported and $2.17 in 2016 to $2.68 in 2018 on a C Corp equivalent basis.

Our Business Strategy

We intend to pursue the following strategies that we believe will continue to drive growth while maintaining our high levels of asset quality and profitability:

Preserve Strong Ties to our Communities. Our community banking approach stems from our Midwest values—hard work, perseverance and doing the right things for our customers, staff, stockholders and communities. Our senior management team lives and works in the communities we serve, and our commitment to delivering banking products and services that support the needs of our target customers enables us to preserve and grow share in our markets. The quality of our comprehensive suite of products and services coupled with our relationship-based approach to banking contribute meaningfully to our growth and success.

Deploy Excess Deposit Funding into Loan Growth Opportunities. Our strong market share in our core mid-sized markets provide a stable source of attractive funding. Our management believes our scale in these mid-sized markets and the relative dearth of money center banking institutions operating in them creates a highly defensible market position whereby we can continue to maintain our funding cost advantage relative to our peer groups. We plan to prudently make use of our current balance sheet liquidity (as represented by our 79% loan to deposit ratio, versus 93% for our Midwestern peers) by deploying excess funding into loan growth opportunities in the larger, more diverse Chicago MSA. We believe the Chicago MSA provides significant opportunities for loan growth, and will ultimately contribute to continued strong profitability. Many competitors in this market are money center or super-regional banks, and we believe our responsive, local decision-making provides a competitive advantage over these larger, more bureaucratic institutions. Further, we expect to continue to benefit from continued market disruption in the Chicago MSA caused by recent significant bank acquisitions to acquire talent and customers experiencing dislocation.

Maintain a Prudent Approach to Credit Underwriting. Robust underwriting and pricing standards have been a hallmark of the Company and continue to serve as a central tenet of our banking strategy even as we grow our loan portfolio in newer markets. We intend to prudently deploy our excess funding and liquidity into assets that optimize risk-adjusted returns and maintain peer-leading net interest margin with minimal losses. Further, we believe our history of maintaining strong asset quality and minimal levels of problem assets even through the Great Recession confirms the effectiveness of our strong credit underwriting. Our underwriting strength is further demonstrated by our low levels of net charge-offs on originated loans which have been below 0.20% of average originated loans in each of the last three calendars years and were 0.00% for the six months ended June 30, 2019.

Pursue Strategic Acquisitions. Our management team has a history of successfully integrating strategic acquisitions over several decades. We believe this track record, coupled with the flexibility to use stock as a transaction currency, will position the Company to be an attractive acquirer for many potential partners. We continue to opportunistically seek acquisitions that are either located within our market footprint, in adjacent markets or provide a new growth opportunity that is strategically and financially compelling and consistent with our culture. Illinois is an attractive market for acquisitions, given the presence of more than 375 banking institutions with less than $2.0 billion of assets. In particular, nearly two-thirds of the approximately 150 banking institutions operating in the Chicago MSA have total assets less than $1.0 billion, providing a wealth of potential targets for further consolidation.

Our Leadership Team

Our executive management team consists of professionals with broad experience in community and regional banking, combining finance, credit, marketing and risk management experience. With an average tenure of more than 30 years in the industry, we have the depth and capabilities to execute our strategy of continued organic and acquisitive growth.

Executive	Position	Years with Heartland	Years in Financial Services
Fred L. Drake	Chairman & CEO	36	39
J. Lance Carter	President & Chief Operating Officer (Company); Executive Vice President & Chief Operating Officer (Heartland Bank)	18	26
Patrick F. Busch	Executive Vice President & Chief Lending Officer (Company); President & Chief Lending Officer (Heartland Bank)	24	41
Matthew J. Doherty	Executive Vice President & Chief Financial Officer	9	27
Lawrence J. Horvath	Executive Vice President & Regional Senior Lender (Heartland Bank)	9	34
Larry J. Kallembach	Executive Vice President & Chief Information Officer	3	40
Diane H. Lanier	Executive Vice President & Chief Retail Officer	22	34
Mark W. Scheirer	Senior Vice President & Chief Credit Officer	8	27
Andrea E. Zurkamer	Senior Vice President & Chief Risk Officer	6	19

Employees

At June 30, 2019, we had 742 full-time equivalent employees. Our employees are not represented by a collective bargaining unit and we consider our working relationship with our employees to be good.

Competition

Our profitability and growth are affected by the highly competitive nature of the financial services industry. We compete with community banks in all of 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 and other financial institutions operating within the areas we serve.

Our competition for loans comes principally from commercial banks, savings banks, mortgage banking companies, the U.S. Government, credit unions, leasing companies, insurance companies, real estate conduits and other companies that provide financial services to businesses and individuals.

Our most direct competition for deposits has historically come from commercial banks and credit unions. We face increasing competition for deposits from online financial institutions and non-depository competitors such as the mutual fund industry, securities and brokerage firms and insurance companies.

We seek to meet this competition 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.

Recently, we have seen increased competitive pressures on loan rates and terms and increased competition for deposits. Continued loan pricing pressure may affect our financial results in the future.

Properties

We conduct our business at 64 banking offices and a few support facilities. Our corporate office is located at 401 North Hershey Road, Bloomington, Illinois 61704. We own our corporate office, support facilities, and all but three of our branch offices and one support office that are leased. At certain Bank locations, excess space is leased to third parties. We own 82 automated teller machines ("ATMs"), 62 of which are located at our banking facilities and 20 are offsite.

We believe that all of our properties and equipment are well maintained, in good operating condition and adequate for all of our present and anticipated needs.

Material 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, condition (financial or otherwise), 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.

SUPERVISION AND REGULATION

We and our subsidiaries, including Heartland Bank and Lincoln Bank, are subject to extensive supervision, regulation and examination under federal and state banking laws, which impose a comprehensive system of supervision, regulation and enforcement on our operations. Following the offering, we will also subject to the disclosure and regulatory requirements of the Securities Act and the Exchange Act, both as administered by the SEC, as well as the corporate governance rules that apply to companies with securities listed on the.

Banking laws, regulations and policies are continually under review by Congress, state legislatures and federal and state regulatory agencies. In addition, federal and state bank regulatory agencies may issue policy statements, interpretive letters and similar written guidance applicable to us and our subsidiaries. This regulatory framework has a significant effect on our growth and financial performance and is intended primarily for the protection of bank depositors, bank customers, the DIF, and the U.S. banking and financial system and financial markets as a whole, and not for the protection of our stockholders and creditors.

Both the scope of the laws and regulations and the intensity of the supervision to which we are subject have increased in response to the global financial crisis of 2008, as well as other factors such as technological and market changes. Regulatory enforcement and fines have also increased across the banking and financial services sector. Many of these changes have occurred as a result of the Dodd-Frank Act and its implementing regulations, most of which are now in place. While the regulatory environment has entered a period of tailoring and rebalancing of the post financial crisis framework, we expect that our business will remain subject to extensive regulation and supervision.

The following discussion describes certain elements of the comprehensive bank regulatory framework applicable to us, which descriptions are qualified in their entirety by reference to the subject laws, regulations and written guidance. This discussion is not intended to describe all laws and regulations applicable to us, the Banks and our other subsidiaries.

General

We are a bank holding company under the BHCA, subject to supervision and regulation by the Federal Reserve. Each of Heartland Bank and Lincoln Bank is chartered as a commercial bank under the laws of Illinois with its deposits insured by the FDIC and is not a member of the Federal Reserve System. Consequently, the primary banking regulators of each of Heartland Bank and Lincoln Bank are the FDIC and the IDFPR. As the owner of Illinois-chartered banks, we also are subject to the supervision of the IDFPR.

We and our Banks are subject to regular examination by our respective banking regulators, which result in examination reports and ratings that can impact the conduct and growth of our operations. Examination results and many related supervisory matters are confidential. These examinations consider compliance with applicable banking laws and regulations, capital levels, asset quality and risk, ability and performance of management, earnings, liquidity, and various other factors.

The banking agencies generally have broad discretion to impose restrictions and limitations on the operations of a bank or bank holding company if they determine that the financial condition, capital resources, asset quality, earnings prospects, management, liquidity or other aspects of a banking organization's operations are unsatisfactory, unsafe, unsound or fail to comply with applicable law, or are otherwise inconsistent with laws and regulations or with the supervisory policies of the agency. Further, the banking agencies have great flexibility and powers to undertake enforcement actions against bank holding companies, banks, and their respective officers, directors and institution-affiliated parties, including the power to impose a capital plan and capital directive, impose nonpublic supervisory agreements, issue cease and desist orders, impose civil money penalties, appoint a conservator or receiver or the termination of deposit insurance.

Federal law requires us, as a bank holding company, to act as a source of financial and managerial strength to our Banks. Under this requirement, we are expected to commit resources to support Heartland Bank and Lincoln Bank, even if we may not be in a financial position to provide such resources or if it may not be in our stockholders' or creditors' best interests to do so. In addition, any capital loans we make to our Banks are subordinate in right of payment to depositors and certain other indebtedness. In the event of our bankruptcy, any commitment by us to a banking agency to maintain the capital of our Banks will be assumed by the bankruptcy trustee and entitled to priority of payment.

Permitted Activities

In general, the BHCA limits the business of bank holding companies to banking, managing or controlling banks and other activities that the Federal Reserve has determined to be so closely related to banking as to be a proper incident thereto. Bank holding companies that qualify and elect to be treated as "financial holding companies" may engage in a broader range of additional activities than bank holding companies, may obtain regulatory approval for certain proposed acquisitions or mergers more quickly and, in certain circumstances, may complete acquisitions without prior regulatory approval. In particular, financial holding companies may engage in activities that are (i) financial in nature or incidental to such financial activities or (ii) complementary to a financial activity and do not pose a substantial risk to the safety and soundness of depository institutions or the financial system generally.

The Federal Reserve has the power to order a bank holding company or any of its subsidiaries to terminate any activity or to terminate ownerships or control of any subsidiary if the Federal Reserve has reasonable grounds to believe that continuing such activity, ownership or control constitutes a serious risk to the financial soundness, safety or stability of any bank subsidiary of the bank holding company. We have elected to be regulated as a financial holding company, although we currently do not conduct any non-banking activities or have any non-bank subsidiaries.

As Illinois-chartered commercial banks, each of our Banks' business is generally limited to activities permitted by Illinois law and applicable federal laws. Under the Illinois Banking Act, our Banks generally may engage in all usual banking activities, including accepting deposits, making commercial and consumer loans and buying and selling certain investment securities. However, Illinois law also imposes restrictions on the activities of our Banks which are intended to promote their safety and soundness. For example, our Banks are restricted under the Illinois Banking Act from investing in certain types of investment securities and are generally limited in the amount that each can lend to a single borrower or invest in securities issued by a single issuer.

Acquisitions and Branching

The BHCA, Section 18(c) of the Federal Deposit Insurance Act (the "Bank Merger Act"), the Illinois Banking Act, the Illinois Bank Holding Company Act and other federal and state statutes regulate acquisitions of banks and bank holding companies. Federal law permits state and national banks to merge with banks in other states, subject to applicable regulatory approvals, deposit concentration limits, and any state law limitations requiring the merging bank to have been in existence for a minimum period of time (not to exceed five years). We must obtain the prior approval of the Federal Reserve before (i) acquiring direct or indirect ownership or control of any voting shares of any bank or bank holding company, if after such acquisition, we will directly or indirectly own or control 5% or more of any class of voting shares of the institution, (ii) acquiring all or substantially all of the assets of any bank or bank holding company (other than directly through the Banks) or (iii) merging or consolidating with any other bank holding company. Under the Bank Merger Act, the prior approval of the FDIC is required for either of our Banks to merge with another bank or purchase all or substantially all of the assets or assume any of the deposits of another bank. In reviewing applications seeking approval of merger and acquisition transactions, banking agencies consider, among other things, the competitive effect and public benefits of the transactions, the capital position and managerial resources of the combined organization, the risks to the stability of the U.S. banking or financial system, the applicant's performance record under the CRA, the applicant's compliance with fair housing and other consumer protection laws and the effectiveness of all organizations involved in combating money laundering activities. In addition, failure to implement or maintain adequate compliance programs could cause bank regulators not to approve an application in connection with an acquisition, or to prohibit any further acquisition activity of a bank or bank holding company, whether or not approval is required.

Illinois state-chartered banks have the authority under Illinois law to establish branches anywhere in the State of Illinois, subject to receipt of all required regulatory approvals. Under federal law, the Banks may, with the approval of the FDIC, open a branch in any state if the law of that state would permit a state bank chartered in that state to establish the branch.

Acquisitions of Control of the Company

Acquisitions of our voting stock above certain thresholds are subject to prior regulatory notice or approval under federal banking laws, including the BHCA and the Change in Bank Control Act of 1978. Under the Change in Bank Control Act, a person or entity generally must provide prior notice to the Federal Reserve before acquiring the power to vote 10% or more of our outstanding common stock. Investors should be aware of these requirements when acquiring shares in our stock. In addition, under the Illinois Banking Act, any acquisition of our stock that results in a change in control of the Company would require prior approval of the IDFPR.

Dividends, Share Repurchases and Redemptions

We are a legal entity separate and distinct from our subsidiaries and, because substantially all of our net income comes from the Banks, our ability to pay dividends or repurchase or redeem shares depends upon our receipt of dividends or other distributions from the Banks. There are limitations on the payment of dividends by the Banks to the Company, as well as by the Company to its stockholders, under applicable banking laws and regulations.

Federal banking agencies are authorized to determine, under certain circumstances relating to the financial condition of a bank holding company or a bank, that the payment of dividends would be an unsafe or unsound practice and to prohibit payment thereof. In particular, the banking agencies have stated that paying dividends that deplete a banking organization's capital base to an inadequate level would be an unsafe and unsound banking practice and that banking organizations should generally pay dividends only out of current operating earnings. Under the Basel III Capital Rules, the Company and the Banks must maintain the applicable Capital Conservation Buffer to avoid becoming subject to restrictions on capital distributions, including dividends. For more information on these financial measures at the Company, Heartland Bank, and Lincoln Bank, see Note 18 to our audited consolidated financial statements.

In addition, Federal Reserve policy provides that bank holding companies, such as the Company, should generally pay dividends to stockholders only if (i) the organization's net income available to common stockholders over the past year has been sufficient to fully fund the dividends; (ii) the prospective rate of earnings retention appears consistent with the organization's capital needs, asset quality and overall financial condition and (iii) the organization will continue to meet minimum capital adequacy ratios. The policy also provides that a bank holding company should inform the Federal Reserve reasonably in advance of declaring or paying a dividend that exceeds earnings for the period for which the dividend is being paid or that could result in a material adverse change to the bank holding company's capital structure. Bank holding companies also are required to consult with the Federal Reserve before materially increasing dividends and must receive approval before redeeming or repurchasing capital instruments. In addition, the Federal Reserve could prohibit or limit the payment of dividends by a bank holding company if it determines that payment of the dividend would constitute an unsafe or unsound practice.

As an Illinois-chartered bank, each Bank, may pay dividends without the approval of its banking regulators only if it meets applicable regulatory capital requirements before and after the payment of the dividends and total dividends do not exceed an amount equal to the accumulated retained earnings of the Bank after giving effect to any unrecognized losses and bad debts. For the purpose of determining the amount of dividends that an Illinois bank may pay, bad debts are defined as debts upon which interest is past due and unpaid for a period of six months or more unless such debts are well secured and in the process of collection.

Further, under the BHCA, we may be required to provide the Federal Reserve with prior written notice of any purchase or redemption of our outstanding equity securities if the gross consideration for the purchase or redemption, when combined with the net consideration paid for all such purchases or redemptions during the preceding twelve months, is equal to 10% or more of our consolidated net worth. The Federal Reserve may disapprove such a purchase or redemption if it determines that the proposal would constitute an unsafe or unsound practice or would violate any law, regulation, Federal Reserve order, or any condition imposed by or written agreement with the Federal Reserve. This prior notice requirement does not apply to any bank holding company that meets certain well-capitalized and well-managed standards and is not subject to any unresolved supervisory issues.

Regulatory Capital Requirements

The Federal Reserve monitors our capital adequacy on a consolidated basis, and the FDIC and the IDFPR monitor the capital adequacy of our Banks. The Company and the Banks are required to maintain minimum risk-based and leverage capital ratios, as well as a Capital Conservation Buffer, pursuant to the Basel III Capital Rules.

Regulatory Capital and Risk-weighted Assets

The Federal Reserve monitors our capital adequacy on a consolidated basis, and the FDIC and the IDFPR monitor the capital adequacy of our Banks. These rules implement the Basel III international regulatory capital standards in the United States, as well as certain provisions of the Dodd-Frank Act. These quantitative calculations are minimums, and the Federal Reserve, FDIC or IDFPR may determine that a banking organization, based on its size, complexity or risk profile, must maintain a higher level of capital in order to operate in a safe and sound manner.

Under the Basel III Capital Rules, the Company's and the Banks' assets, exposures and certain off-balance sheet items are subject to risk weights used to determine the institutions' risk-weighted assets. These risk-weighted assets are used to calculate the following minimum capital ratios for the Company and the Banks:

- **Tier 1 Leverage Ratio**, equal to the ratio of Tier 1 capital to quarterly average assets (net of goodwill, certain other intangible assets and certain other deductions).

- **CET1 Risk-Based Capital Ratio**, equal to the ratio of CET1 capital to risk-weighted assets. CET1 capital primarily includes common stockholders' equity subject to certain regulatory adjustments and deductions, including with respect to goodwill, intangible assets and certain deferred tax assets. Certain of these adjustments and deductions were subject to phase-in periods that began on January 1, 2015 and ended on January 1, 2018. The last phase of the Basel III

Capital Rules' transition provisions relating to capital deductions for mortgage servicing assets, certain deferred tax assets and investments in the capital instruments of unconsolidated financial institutions, and the recognition of minority interests in regulatory capital was delayed for certain bank holding companies and banks, including us and the Banks, but a revised rule was finalized in July 2019 that will be effective in April 2020. Hybrid securities, such as trust preferred securities, generally are excluded from being counted as Tier 1 capital. However, for bank holding companies like us that have less than $15 billion in total consolidated assets, certain trust preferred securities were grandfathered in as a component of Tier 1 capital. If we were to pursue sufficient balance sheet growth through acquisitions or mergers, however, we could lose Tier 1 capital treatment of our currently $37.6 million in grandfathered trust preferred securities, although such trust preferred securities likely would continue to be included as a component of Tier 2 capital. In addition, because we are a not an advanced approach banking organization, we were permitted to make a one-time permanent election to exclude accumulated other comprehensive income items from regulatory capital. We made this election in order to avoid significant variations in our levels of capital depending upon the impact of interest rate fluctuations on the fair value of our Banks' available-for-sale securities portfolio.

- **Tier 1 Risk-Based Capital Ratio**, equal to the ratio of Tier 1 capital to risk-weighted assets. Tier 1 capital is primarily comprised of CET1 capital, perpetual preferred stock and certain qualifying capital instruments.

- **Total Risk-Based Capital Ratio**, equal to the ratio of total capital, including CET1 capital, Tier 1 capital and Tier 2 capital, to risk-weighted assets. Tier 2 capital primarily includes qualifying subordinated debt and qualifying ALLL. Tier 2 capital also includes, among other things, certain trust preferred securities.

The total minimum regulatory capital ratios and well-capitalized minimum ratios are reflected in the charts below. The Federal Reserve has not yet revised the well-capitalized standard for bank holding companies to reflect the higher capital requirements imposed under the Basel III Capital Rules. For purposes of the Federal Reserve's Regulation Y, including determining whether a bank holding company meets the requirements to be a financial holding company, bank holding companies, such as the Company, must maintain a Tier 1 Risk-Based Capital Ratio of 6.0% or greater and a Total Risk-Based Capital Ratio of 10.0% or greater. If the Federal Reserve were to apply the same or a very similar well-capitalized standard to bank holding companies as that applicable to the Banks, the Company's capital ratios as of June 30, 2019 would exceed such revised well-capitalized standard. The Federal Reserve may require bank holding companies, including the Company, to maintain capital ratios substantially in excess of mandated minimum levels, depending upon general economic conditions and a bank holding company's particular condition, risk profile and growth plans.

Failure to be well-capitalized or to meet minimum capital requirements could result in certain mandatory and possible additional discretionary actions by regulators that, if undertaken, could have an adverse material effect on our operations or financial condition. Failure to be well-capitalized or to meet minimum capital requirements could also result in restrictions on the Company's or the Banks' ability to pay dividends or otherwise distribute capital or to receive regulatory approval of applications.

In addition to meeting the minimum capital requirements, under the Basel III Capital Rules, the Company and the Banks must also maintain the required Capital Conservation Buffer to avoid becoming subject to restrictions on capital distributions and certain discretionary bonus payments to management. The Capital Conservation Buffer is calculated as a ratio of CET1 capital to risk-weighted assets, and it effectively increases the required minimum risk-based capital ratios. The Capital Conservation Buffer requirement was phased in over a three-year period that began on January 1, 2016. The phase-in period ended on January 1, 2019, and the Capital Conservation Buffer is now at its fully phased-in level of 2.5%. Throughout 2018, the required Capital Conservation Buffer was 1.875%.

The Tier 1 Leverage Ratio is not impacted by the Capital Conservation Buffer, and a banking institution may be considered well-capitalized while remaining out of compliance with the Capital Conservation Buffer.

The table below summarizes the capital requirements that the Company and the Banks must satisfy to avoid limitations on capital distributions and certain discretionary bonus payments (i.e., the required minimum capital ratios plus the Capital Conservation Buffer) during the remaining transition period for the Capital Conservation Buffer:

	Minimum Basel III Regulatory Capital Ratio Plus Capital Conservation Buffer	
	January 1, 2018	January 1, 2019
CET1 risk-based capital ratio	6.375%	7.0%
Tier 1 risk-based capital ratio	7.875	8.5
Total risk-based capital ratio	9.875	10.5

The following table presents the minimum regulatory capital ratios, minimum ratio plus capital conservation buffer, and well capitalized minimums compared with the Company's and the Banks' regulatory capital ratios as of June 30, 2019, calculated using the regulatory capital methodology applicable during 2019.

	Actual Ratio	Minimum Regulatory Capital Ratio	Minimum Ratio + Capital Conservation Buffer(1)	Minimum Ratio to be "Well Capitalized"(2)
Company				
Total capital (to risk-weighted assets)	14.49%	8.00%	10.5%	10.00%
Tier 1 capital (to risk-weighted assets)	13.59	6.00	8.5	6.00
Common Equity Tier 1 (to risk-weighted assets) (CET1)	12.14	4.50	7.0	N/A
Tier 1 leverage capital (to average assets)	10.62	4.00	N/A	N/A
Heartland Bank				
Total capital (to risk-weighted assets)	13.84%	8.00%	10.5%	10.00%
Tier 1 capital (to risk-weighted assets)	12.93	6.00	8.5	8.00
Common Equity Tier 1 (to risk-weighted assets) (CET1)	12.93	4.50	7.0	6.50
Tier 1 leverage capital (to average assets)	10.52	4.00	N/A	5.00
Lincoln Bank				
Total capital (to risk-weighted assets)	20.85%	8.00%	10.5%	10.00%
Tier 1 capital (to risk-weighted assets)	20.05	6.00	8.5	8.00
Common Equity Tier 1 (to risk-weighted assets) (CET1)	20.05	4.50	7.0	6.50
Tier 1 leverage capital (to average assets)	10.39	4.00	N/A	5.00

(1) Reflects the capital conservation buffer of 2.5% applicable during 2019.

(2) Reflects the well-capitalized standard applicable to the Company under Federal Reserve Regulation Y and the well-capitalized standard applicable to the Banks.

In December 2018, the U.S. federal banking agencies finalized rules that would permit bank holding companies and banks to phase-in, for regulatory capital purposes, the day-one impact of the new CECL accounting rule on retained earnings over a period of three years. For further discussion of the new current expected credit loss accounting rule, see Note 1 to the consolidated financial statements included elsewhere in this prospectus.

Community Bank Leverage Ratio

Pursuant to the Regulatory Relief Act, banks and bank holding companies with assets of less than $10 billion and that are not determined to be ineligible by their primary federal regulator due to their risk profile (a "Qualifying Community Bank") may choose to satisfy their regulatory capital requirements by maintaining a certain "community bank leverage ratio," which is equal to tangible equity capital divided by average total consolidated assets. On November 21, 2018, the federal banking agencies proposed a rule to implement this community bank leverage ratio. Under the proposed rule, a Qualifying Community Bank with a community bank leverage ratio that exceeds 9% would be considered to be "well-capitalized" and to have met generally applicable leverage and risk-based capital requirements. If it is adopted as proposed, we may or may not use the community bank leverage ratio to meet our regulatory capital requirements.

Prompt Corrective Action Framework

The Federal Deposit Insurance Corporation Improvement Act of 1991 (the "FDIC Improvement Act") requires the banking agencies to take prompt corrective action with respect to banks that fall below minimum capital standards, and prohibits any bank from making any capital distribution that would cause it to be undercapitalized. Banks that are not adequately capitalized may be subject to a variety of supervisory actions, including restrictions on growth, investment activities, capital distributions and affiliate transactions, and will be required to submit a capital restoration plan which, to be accepted by the banking agencies, must be guaranteed in part by any company having control of the institution. The FDIC Improvement Act also provides for enhanced supervisory authority with respect to banks that fall below minimum capital standards, including greater authority for the appointment of a conservator or receiver for critically undercapitalized institutions. Acting as a conservator or receiver, the FDIC would have broad powers to transfer any assets or liabilities of the institution without the approval of the institution's creditors or stockholders. Banks that are less than well-capitalized are also subject to restrictions under the Federal Deposit Insurance Act (the "FDI Act") relating to accepting and renewing brokered deposits, as well as deposit rate restrictions.

Under the Basel III Capital Rules, a bank qualifies as (i) "well capitalized" if it has a total risk-based capital ratio of 10% or greater, a CET1 capital ratio of 6.5% or greater, a Tier 1 risk-based capital ratio of 8% or greater and a Leverage Ratio of 5% or greater, and is not subject to any order or written directive by any such regulatory authority to meet and maintain a specific capital level for any capital measure; (ii) "adequately capitalized" if it has a total risk-based capital ratio of 8% or greater, a CET1 capital ratio of 4.5% or greater, a Tier 1 risk-based capital ratio of 6% or greater and a Leverage Ratio of 4% or greater and is not "well capitalized"; (iii) "undercapitalized" if it has a total risk-based capital ratio that is less than 8%, a CET1 capital ratio less than 4.5%, a Tier 1 risk-based capital ratio of less than 6% or a Leverage Ratio of less than 4%; (iv) "significantly undercapitalized" if it has a total risk-based capital ratio of less than 6%, a CET1 capital ratio less than 3%, a Tier 1 risk-based capital ratio of less than 4% or a Leverage Ratio of less than 3%; and (v) "critically undercapitalized" if its tangible equity is equal to or less than 2% of average quarterly tangible assets.

As of June 30, 2019, each of our Banks was considered "well capitalized" with the following capital ratios as calculated under Basel III: (i) for Heartland Bank, a Tier 1 capital ratio of 12.93%, total capital ratio of 13.84%, Tier 1 leverage ratio of 10.52%, and a CET1 capital ratio of 12.93% and (ii) for Lincoln Bank, a Tier 1 capital ratio of 20.05%, total capital ratio of 20.85%, Tier 1 leverage ratio of 10.39%, and a CET1 capital ratio of 20.05%. For more information on these financial measures at the Company and each of Heartland Bank and Lincoln Bank, see Note 13 to our consolidated financial statements.

Transactions with Affiliates and Insiders

Sections 23A and 23B of the Federal Reserve Act and the Federal Reserve's Regulation W impose qualitative standards and quantitative limitations upon certain transactions between FDIC-insured banks, such as the Banks, and its affiliates, including between a bank and its holding company. Transactions covered by these provisions include a loan or extension of credit to an affiliate, a purchase of securities issued by an affiliate, a purchase of assets (unless otherwise exempted by the Federal Reserve) from an affiliate, derivative transactions that create a credit exposure to an affiliate, securities borrowing and lending transactions with an affiliate, the acceptance of securities issued by an affiliate as collateral for a loan, and the issuance of a guarantee, acceptance or letter of credit on behalf of an affiliate. All such transactions with any one affiliate cannot exceed 10% of the bank's total capital, and all such transactions with all affiliates cannot exceed 20% of the bank's total capital. However, if the transaction is a loan or other extension of credit that is fully secured by cash or other prescribed and limited types of collateral in a segregated, earmarked deposit account, it will not be counted for purposes of the 10% and 20% thresholds. In addition, such transactions must be on terms that are at least as favorable to the bank as those that it could obtain in a comparable transaction with a non-affiliate.

The Federal Reserve's Regulation O also places similar restrictions on loans and other extensions of credit by FDIC-insured banks, such as the Banks, to their directors, executive officers and principal stockholders, as well as to entities controlled by such persons. Among other things, extensions of credit to such insiders are required to be made on terms that are substantially the same as, and follow credit underwriting procedures that are not less stringent than, those prevailing for comparable transactions with unaffiliated persons. Also, the terms of such extensions of credit may not involve more than the normal risk of non-repayment or present other unfavorable features and may not exceed certain limitations on the amount of credit extended to such persons individually and in the aggregate.

Safety and Soundness Standards

The FDI Act requires the FDIC, together with the other banking agencies, to prescribe standards of safety and soundness, by regulations or guidelines, relating generally to operations and management, asset growth, asset quality, earnings, stock valuation, and compensation. In addition, the banking agencies have adopted a set of guidelines prescribing safety and soundness standards pursuant to the FDIC Improvements Act which establish general standards relating to internal controls, risk management and information systems, internal audit systems, loan documentation, credit underwriting, interest rate exposure, asset growth, and compensation, fees and benefits. In general, the guidelines require appropriate systems and practices to identify and manage specified risks and exposures. The guidelines prohibit excessive compensation as an unsafe and unsound practice and describe compensation as excessive when the amounts paid are unreasonable or disproportionate to the services performed by an executive officer, employee, director or principal stockholder.

In addition, the banking agencies adopted regulations that authorize, but do not require, the agencies to order an institution that has been given notice that it is not satisfying the safety and soundness guidelines to submit a compliance plan. If after being so notified, an institution fails to submit an acceptable compliance plan or fails in any material respect to implement an accepted compliance plan, the banking agency must issue an order directing action to correct the deficiency and may issue an order directing other actions of the types to which an undercapitalized institution is subject under the "prompt corrective action" provisions of the FDIC Improvements Act described above. If an institution fails to comply with such an order, the banking agency may seek to enforce its order in judicial proceedings and to impose civil money penalties. The banking agencies have also adopted guidelines for asset quality and earning standards. State-chartered banks, including the Banks, may also be subject to a state's statutes, regulations and guidelines relating to safety and soundness.

Source of Strength

The Company is required to serve as a source of financial and managerial strength to the Banks and, under appropriate conditions, to commit resources to support the Banks. This support may be required by the Federal Reserve at times when we might otherwise determine not to provide it or when doing so is not otherwise in the interests of the Company or our stockholders or creditors. The Federal Reserve may require a bank holding company to make capital injections into a troubled subsidiary bank and may charge the bank holding company with engaging in unsafe and unsound practices if the bank holding company fails to commit resources to such a subsidiary bank or if it undertakes actions that the Federal Reserve believes might jeopardize the bank holding company's ability to commit resources to such subsidiary bank.

Under these requirements, the Company may in the future be required to provide financial assistance to the Banks should they experience financial distress. Capital loans by the Company to the Banks would be subordinate in right of payment to deposits and certain other debts of the Banks. In the event of the Company's bankruptcy, any commitment by the Company to a federal bank regulatory agency to maintain the capital of the Banks would be assumed by the bankruptcy trustee and entitled to a priority of payment.

Deposit Insurance, Depositor Preference and Assessments

The deposits of the Banks are insured by the DIF up to the standard maximum deposit insurance amount of $250,000 per depositor. Deposit insurance may be terminated by the FDIC upon a finding that an institution has engaged in unsafe or unsound practices, is in an unsafe or unsound condition to continue operations or has violated any applicable law, regulation, rule, order or condition imposed by the FDIC. If contested, such terminations can only occur following judicial review through the federal courts.

In the event of the liquidation or other resolution of a bank, the claims of depositors of the bank, including the claims of the FDIC as subrogee of insured depositors and certain claims for administrative expenses of the FDIC as a receiver, will have priority in payment ahead of unsecured non-deposit creditors, including depositors whose deposits are payable only outside of the United States and the parent bank holding company with respect to any extensions of credit made to such bank. In addition, under the FDI Act a bank that is commonly controlled with another bank generally shall be liable for losses incurred, or reasonably anticipated to be incurred, by the FDIC in connection with the default of such commonly controlled bank, or for any assistance provided by the FDIC to such commonly controlled bank.

Our Banks must pay deposit insurance assessments to the FDIC based on average total assets minus average tangible equity, among other factors. As institutions with less than $10 billion in total assets, the assessments for each of our Banks are based on the level of risk it poses to the FDIC's deposit insurance fund. Pursuant to changes adopted by the FDIC that were effective July 1, 2016, the initial base rate for deposit insurance is between three and 30 basis points. Total base assessments after possible adjustments now range between 1.5 and 40 basis points. For established smaller institutions, like Heartland Bank and Lincoln Bank, supervisory ratings are used to calculate a total base assessment rate, along with an initial base assessment rate, an unsecured debt adjustment (which can be positive or negative), and a brokered deposit adjustment. The Dodd-Frank Act also set a new minimum deposit insurance fund reserve ratio of 1.35% of estimated insured deposits but 2020, which was surpassed ahead of schedule in 2018.

In addition to the amounts paid for FDIC deposit insurance described above, all Illinois state-chartered banks are required to pay supervisory assessments to the IDFPR to fund the operations of that agency. The amount of the assessment is calculated on the basis of our Banks' total assets.

Consumer Financial Protection

We are subject to a number of federal and state consumer protection laws that are designed to protect consumers, including our customers. Interest and other charges collected or contracted for by banks are subject to state usury laws and federal laws concerning interest rates. Loan operations are also subject to federal laws applicable to credit transactions, such as:

- the federal Truth-In-Lending Act (the "TILA") and Regulation Z issued by the CFPB, governing disclosures of credit terms to consumer borrowers;
- The Real Estate Settlement Procedures Act and Regulation X issued by the CFPB, requiring that borrowers for mortgage loans for one-to-four family residential receive various disclosures, including good faith estimates of settlement costs, lender servicing and escrow account practices, and prohibiting certain practices that increase the cost of settlement services;
- the Home Mortgage Disclosure Act and Regulation C issued by the CFPB, requiring financial institutions to provide information to enable the public and public officials to determine whether a financial institution is fulfilling its obligation to help meet the housing needs of the community it serves;
- the Equal Credit Opportunity Act and Regulation B issued by the CFPB, prohibiting discrimination on the basis of various prohibited factors in extending credit;
- the Fair Credit Reporting Act and Regulation V issued by the CFPB, governing the use and provision of information to consumer reporting agencies;
- the Fair Debt Collection Practices Act and Regulation F issued by the CFPB, governing the manner in which consumer debts may be collected by collection agencies; and
- the Service Members Civil Relief Act, applying to all debts incurred prior to commencement of active military service (including credit card and other open-end debt) and limiting the amount of interest, including service and renewal charges and any other fees or charges (other than bona fide insurance) that is related to the obligation or liability.

Deposit operations are subject to the following federal laws, among others:

- the Truth in Savings Act and Regulation DD issued by the CFPB, which require disclosure of deposit terms to consumers;
- Regulation CC issued by the Federal Reserve, which relates to the availability of deposit funds to consumers;
- the Right to Financial Privacy Act, which imposes a duty to maintain the confidentiality of consumer financial records and prescribes procedures for complying with administrative subpoenas of financial records; and
- the Electronic Fund Transfer Act and Regulation E issued by the CFPB, which governs automatic deposits to and withdrawals from deposit accounts and customers' rights and liabilities arising from the use of automated teller machines and other electronic banking services.

There also are consumer protection standards that apply to functional areas of operation rather than applying only to loan or deposit products. In addition, the Banks are also subject to certain state laws and regulations designed to protect consumers.

Violations of applicable consumer protection laws can result in significant potential liability from litigation brought by customers, including actual damages, restitution and attorneys' fees. Federal banking agencies, state attorneys general, and state and local consumer protection agencies may also seek to enforce consumer protection requirements and obtain these and other remedies, including regulatory sanctions, customer rescission rights, action by the state and local attorneys general in each jurisdiction in which we operate and civil money penalties. Failure to comply with consumer protection requirements also may impact our ability to engage in merger or acquisition transactions.

The Dodd-Frank Act created an independent federal agency, the CFPB, which has broad rulemaking, supervisory and enforcement authority over consumer financial products and services, including the ability to require reimbursements and other payments to customers for alleged legal violations. The CFPB has the authority to impose significant penalties, as well as injunctive relief that prohibits lenders from engaging in allegedly unlawful practices. The CFPB is also authorized to engage in consumer financial education, track consumer complaints, request data and promote the availability of financial services to underserved consumers and communities. The CFPB also has exclusive supervisory and examination authority and primary enforcement authority with respect to various federal consumer financial laws and regulations for insured depository institutions with $10 billion or more in total assets. Because the Banks currently each have less than $10 billion in total assets, the Banks are not subject to the examination and supervisory authority of the CFPB, but are nevertheless required to comply with various federal consumer financial laws and regulations, including laws and regulations implemented by the CFPB. The FDIC is primarily responsible for examining the Banks' compliance with federal consumer financial laws and regulations, including CFPB regulations. The CFPB also has the authority to require reports from institutions with less than $10 billion in assets, such as our Banks, to support the CFPB in implementing federal consumer protection laws, supporting examination activities, and assessing and detecting risks to consumers and financial markets.

The CFPB has broad rulemaking authority for a wide range of consumer financial laws that apply to all banks including the authority to prohibit "unfair, deceptive, or abusive" acts and practices. Abusive acts or practices are defined in the Dodd-Frank Act as those that (1) materially interfere with a consumer's ability to understand a term or condition of a consumer financial product or service, or (2) take unreasonable advantage of a consumer's (a) lack of financial savvy, (b) inability to protect herself or himself in the selection or use of consumer financial products or services, or (c) reasonable reliance on a covered entity to act in the consumer's interests. The review of products and practices to prevent such acts and practices is a continuing focus of the CFPB, and of the banking agencies more broadly.

Residential Mortgage Lending

As required by the Dodd-Frank Act, the CFPB issued a series of final rules in January 2013 amending Regulation Z, implementing TILA, which requires mortgage lenders to make a reasonable and good faith determination, based on verified and documented information, that a consumer applying for a residential mortgage loan has a reasonable ability to repay the loan according to its terms. These final rules prohibit creditors from extending residential mortgage loans without regard for the consumer's ability to repay and add restrictions and requirements to residential mortgage origination and servicing practices. In addition, these rules restrict the imposition of prepayment penalties and restrict compensation practices relating to residential mortgage loan origination. Mortgage lenders are required to determine consumers' ability-to-repay in one of two ways. The first alternative requires the mortgage lender to consider eight underwriting factors when making the credit decision. Alternatively, the mortgage lender can originate "qualified mortgages," which are entitled to a presumption that the creditor making the loan satisfied the ability to repay requirements. In general, a qualified mortgage is a residential mortgage loan that does not have certain high risk features, such as negative amortization, interest-only payments, balloon payments, or a term exceeding 30 years. In addition, to be a qualified mortgage, the points and fees paid by a consumer cannot exceed 3% of the total loan amount and the borrower's total debt-to-income ratio must be no higher than 43% (subject to certain limited exceptions for loans eligible for purchase, guarantee or insurance by a government sponsored enterprise or a federal agency).

Privacy and Cybersecurity

The banking agencies have adopted rules limiting the ability of banks and other financial institutions to disclose non-public information about consumers to unaffiliated third parties. These limitations require disclosure of privacy policies to consumers and, in some circumstances, allow consumers to prevent disclosure of certain personal information to an unaffiliated third party. These regulations affect how consumer information is transmitted through diversified financial companies and conveyed to outside vendors. The Banks are subject to a variety of federal and state privacy and data security laws, which govern the collection, safeguarding, sharing and use of customer information and require that financial institutions have in place policies regarding information privacy and security. For example, the GLBA requires all financial institutions offering financial products or services to retail customers to provide such customers with the financial institution's privacy policy and practices for sharing nonpublic information with third parties, provide advance notice of any changes to the policies and provide such customers the opportunity to "opt out" of the sharing of certain personal financial information with unaffiliated third parties. It also requires banks to safeguard personal information of consumer customers.

Data privacy and data security are areas of increasing state legislative focus. Some state laws also protect the privacy of information of state residents and require adequate security for such data, and certain state laws may, in some circumstances, require the Banks to notify affected individuals of security breaches of computer databases that contain their personal information. These laws may also require the Banks to notify law enforcement, regulators or consumer reporting agencies in the event of a data breach, as well as businesses and governmental agencies that own data.

In March 2015, the banking agencies issued two related statements regarding cybersecurity. One statement indicates that financial institutions should design multiple layers of security controls to establish lines of defense and to ensure that their risk management processes also address the risk posed by compromised customer credentials, including security measures to reliably authenticate customers accessing internet-based services of the financial institution. The other statement indicates that a financial institution's management is expected to maintain sufficient business continuity planning processes to ensure the rapid recovery, resumption and maintenance of the institution's operations after a cyber-attack involving destructive malware. A financial institution is also expected to develop appropriate processes to enable recovery of data and business operations and address rebuilding network capabilities and restoring data if the institution or its critical service providers fall victim to this type of cyber-attack. This guidance is in addition to the 2005 interagency guidance regarding how banks should address data breaches that could have given unauthorized access to sensitive customer information maintained by the financial institution or its service providers.

Lending Standards Guidance and Concentrations in Commercial Real Estate

The federal banking agencies have adopted uniform regulations prescribing standards for extensions of credit that are secured by liens or interests in real estate or made for the purpose of financing permanent improvements to real estate. Under these regulations, all insured depository institutions, such as the Banks, must adopt and maintain written policies establishing appropriate limits and standards for extensions of credit that are secured by liens or interests in real estate or are made for the purpose of financing permanent improvements to real estate. These policies must establish loan portfolio diversification standards, prudent underwriting standards (including loan-to-value limits) that are clear and measurable, loan administration procedures, and documentation, approval and reporting requirements. The real estate lending policies must reflect consideration of the federal bank regulators' Interagency Guidelines for Real Estate Lending Policies.

The federal banking agencies have also jointly issued guidance on "Concentrations in Commercial Real Estate Lending" (the "Guidance"), which defines commercial real estate loans as exposures secured by raw land, land development and construction (including one-to-four family residential construction), multi-family property, and non-farm nonresidential property where the primary or a significant source of repayment is derived from rental income associated with the property (that is, loans for which 50% or more of the source of repayment comes from third party, non-affiliated, rental income) or the proceeds of the sale, refinancing or permanent financing of the property. The Guidance requires that appropriate processes be in place to identify, monitor and control risks associated with real estate lending concentrations. If a concentration is present, management must employ heightened risk management practices that address key elements, including board and management oversight and strategic planning, portfolio management, development of underwriting standards, risk assessment and monitoring through market analysis and stress testing, and maintenance of increased capital levels as needed to support the level of commercial real estate lending. The required heightened risk management practices could include enhanced strategic planning, underwriting policies, risk management, internal controls, portfolio stress testing and risk exposure limits, as well as appropriately designed compensation and incentive programs. Higher allowances for loan losses and capital levels may also be required. The Guidance states that the following metrics may indicate a concentration of commercial real estate loans, but that these metrics are neither limits nor a safe harbor: (1) total reported loans for construction, land development and other land represent 100% or more of total risk-based capital; or (2) total reported loans secured by multi-family properties, non-farm non-residential properties (excluding those that are owner-occupied), and loans for construction, land development and other land represent 300% or more of total risk-based capital and the bank's commercial real estate loan portfolio has increased 50% or more during the prior 36 months.

Leveraged Lending Guidance

In March 2013, the banking agencies jointly issued guidance on leveraged lending, which updates and replaces the guidance for leveraged finance activities issued by the banking agencies in April 2001. The revised leveraged lending guidance describes regulatory expectations for the sound risk management of leveraged lending activities, including the importance for institutions to maintain (i) a credit limit and concentration framework consistent with the institution's risk appetite, (ii) underwriting standards that define acceptable leverage levels, (iii) strong pipeline management policies and procedures and (iv) guidelines for conducting periodic portfolio and pipeline stress tests.

Community Reinvestment Act

Under the CRA, each of our Banks has an affirmative and continuing obligation, consistent with safe and sound operations, to help meet the credit needs of the market areas where it operates, which includes providing credit to low- and moderate-income individuals and communities. The CRA does not establish specific lending requirements or programs for insured depository institutions, nor does it limit an insured depository institution's discretion to develop the types of products and services that it believes are best suited to its particular community, consistent with the CRA. However, insured depository institutions are rated on their performance in meeting the needs of their communities.

In connection with its examination of our Banks, the FDIC is required to assess each bank's compliance with the CRA. The CRA requires the appropriate federal banking agency to take an insured depository institution's CRA record into account when evaluating certain applications filed by us or either of our Banks, including applications for charters, branch openings or relocations and applications to acquire, merge or consolidate with another bank or bank holding company. The CRA also requires that all institutions publicly disclose their CRA ratings. Each of our Banks received a rating of "satisfactory" in its most recently completed CRA examination, during late-2017 for Heartland Bank and mid-2017 for Lincoln Bank.

Federal Home Loan Bank Membership

The Banks are members of the FHLB System, an organization created under the Federal Home Loan Bank Act of 1932 to serve as a central credit facility for its members through eleven U.S.

government-sponsored banks, including the FHLBC. The FHLBC makes loans to member banks in the form of advances, all of which are required to be fully collateralized, as determined by the FHLBC. In the event that a member financial institution fails, the right of the FHLBC to seek repayment of funds loaned to that institution will take priority (a super lien) over the rights of all other creditors. To qualify for membership in the FHLB System the Banks are required to hold a certain amount of common stock in one of the Federal Home Loan banks, in order to be eligible to borrow funds from such Federal Home Loan bank under the FHLB System's advance program. There is no secondary market for the FHLBC's common stock, but additional purchases from, or repurchases by, the FHLBC may occur under prescribed circumstances. Specifically, the board of directors of the FHLBC can increase the minimum investment requirements in the event it has concluded that additional capital is required to allow it to meet its own regulatory capital requirements. Any increase in the minimum investment requirements outside of specified ranges requires the approval of the Federal Housing Finance Agency. Because the extent of any obligation to increase the level of investment in the FHLBC depends entirely upon the occurrence of future events, we are unable to determine the extent of future required potential payments to the FHLBC at this time.

Anti-Money Laundering and Similar Regulations

A major focus of governmental policy on banks and other financial institutions in recent years has been combating money laundering and terrorist financing. The BSA and the USA PATRIOT Act of 2001 impose significant obligations on banks and other financial institutions to detect and deter money laundering and terrorist financing. Banks and other financial institutions are required to establish compliance programs designed to implement BSA requirements that include, among other things: verifying customer identification, reporting certain large cash transactions, responding to requests for information by law enforcement, and monitoring, investigating and reporting suspicious transactions or activity. The Treasury's Office of Foreign Assets Control enforces economic and trade sanctions based on U.S. foreign policy and national security goals against entities such as targeted foreign countries, terrorists, international narcotics traffickers, and those engaged in the proliferation of weapons of mass destruction. The banking agencies routinely examine banks for compliance with these obligations, and failure of a bank to maintain and implement adequate programs to combat money laundering and terrorist financing, or to comply with all of the relevant laws or regulations, could have serious legal and reputational consequences for the bank and its bank holding company, including the ability to engage in merger or acquisition transactions. The banking agencies have imposed cease and desist orders and significant civil money penalties against banks found to be violating these obligations and have, in some cases, brought criminal actions against some bank and bank holding companies for these types of violations.

Incentive Compensation

The federal banking agencies have issued joint guidance on incentive compensation designed to ensure that the incentive compensation policies of banking organizations, such as the Company and the Banks, do not encourage imprudent risk taking and are consistent with the safety and soundness of the organization. In addition, the Dodd-Frank Act requires the federal banking agencies and the SEC to issue regulations or guidelines requiring covered financial institutions, including the Company and the Banks, to prohibit incentive-based payment arrangements that encourage inappropriate risks by providing compensation that is excessive or that could lead to material financial loss to the institution. A proposed rule was issued in 2016. Also pursuant to the Dodd-Frank Act, in 2015, the SEC proposed rules that would direct stock exchanges to require listed companies to implement clawback policies to recover incentive-based compensation from current or former executive officers in the event of certain financial restatements and would also require companies to disclose their clawback policies and their actions under those policies.

Regulatory Relief Act

In May 2018, the Regulatory Relief Act was signed into law. The Regulatory Relief Act principally amends various sections of the Dodd-Frank Act and includes consumer protection provisions related to credit reporting, student loans, and loans to active duty service members and veterans. While the Regulatory Relief Act keeps in place the fundamental aspects of the existing regulatory framework, it does make certain changes for organizations with total consolidated assets of less than $10 billion, including us and the Banks, and for large institutions with assets over $50 billion. With respect to banks and bank holding companies with less than $10 billion in total consolidated assets, the Regulatory Relief Act, among other things:

- Permits such banking organizations to satisfy their regulatory capital requirements by maintaining a "community bank leverage ratio" (including with respect to bank "well-capitalized" thresholds), rather than complying with the Basel III Capital Rules, as described in Supervision and Regulation—Regulatory Capital Requirements;
- Excludes certain loans classified as high-volatility commercial real estate exposures from the requirement to apply a heightened risk weight of 150% for purposes of calculating regulatory capital requirements;
- Permits well-capitalized and well-rated banks to not treat reciprocal deposits as brokered deposits up to the lesser of (i) $5 billion or (ii) 20% of total liabilities, and banks that are not both well-capitalized and well-rated may exclude reciprocal deposits under certain circumstances;
- Allows organizations with less than $5 billion in total consolidated assets to file short-form call reports for their first and third quarters;
- Changes exam cycles for banking organizations with less than $3 billion in total consolidated assets to every 18 months rather than every 12 months; and
- Exempts certain banking organizations with less than $10 billion in total consolidated assets and limited trading assets and liabilities, such as the Banks, from the requirements of the Volcker Rule.

A number of the provisions included in the Regulatory Relief Act, including certain of those listed above, require the banking agencies to either promulgate regulations or amend existing regulations before they become effective, and it will likely take some time for these agencies to implement the necessary changes and for us to assess which of the above provisions will apply to us, our Banks and our respective operations.

Tax Cuts and Jobs Act of 2017

In December 2017, what is commonly known as the Tax Cuts and Jobs Act of 2017, or the Tax Act, was signed into law. Although the Tax Act did not have any impact on our historical financial statements as an S Corp, we have adjusted the C Corp equivalent data presented in this prospectus to give effect to the provisions of the Tax Act that would have impacted our financial statements if we had been treated as a C Corp during the relevant periods. The Tax Act includes a number of provisions that may impact us following our conversion to a C Corp, including the following:

- The replacement of graduated corporate tax rates of up to 35% with a reduced 21% flat tax rate, resulting in increased earnings and capital;
- Eliminating certain exceptions to the compensation deduction limit imposed on publicly held corporations related to performance-based compensation;
- Allowing the immediate expense of the entire cost of certain depreciable tangible property and real property improvements; and
- Limiting the annual deduction of business interest expense.

MANAGEMENT

The following table sets forth the name, age and position of each of our directors and executive officers as of September 27, 2019.

Name	Age	Position
Fred L. Drake	62	Chairman and CEO (Company); Chairman (Heartland Bank and Lincoln Bank)
J. Lance Carter	48	President, Chief Operating Officer and Director (Company); Executive Vice President, Chief Operating Officer and Director (Heartland Bank)
Patrick F. Busch	63	Executive Vice President, Chief Lending Officer and Director (Company); President, Chief Lending Officer and Director (Heartland Bank)
Matthew J. Doherty	58	Executive Vice President and Chief Financial Officer (Company and Heartland Bank)
Lawrence J. Horvath	56	Executive Vice President and Regional Senior Lender (Heartland Bank)
Larry J. Kallembach	63	Executive Vice President and Chief Information Officer (Company and Heartland Bank)
Diane H. Lanier	56	Executive Vice President, Chief Retail Officer and Secretary (Company and Heartland Bank)
Mark W. Scheirer	49	Senior Vice President and Chief Credit Officer (Company and Heartland Bank)
Andrea E. Zurkamer	41	Senior Vice President and Chief Risk Officer (Company and Heartland Bank)
C. Alvin Bowman	66	Director
Eric E. Burwell	51	Director
Allen C. Drake	67	Director
Gerald E. Pfeiffer	68	Director
Dale S. Strassheim	73	Director

Directors are elected at the annual meeting of our stockholders and hold office until the next annual meeting or a special meeting in lieu thereof, and until their successors are elected and qualified, or upon their earlier resignation or removal. There are no arrangements or understandings between any executive officer and any other person pursuant to which he or she was selected as an officer.

Chairman and CEO Fred L. Drake and Director Allen C. Drake are brothers.

Executive Officers

Fred L. Drake, Chairman and CEO of the Company, leads our executive team. He joined Heartland Bank's predecessor bank, Bank of Carlock, in 1983. In 1992, he led our entry into the Bloomington-Normal market, one of Heartland Bank's most successful initiatives, setting the tone for the Company's organic growth in the 1990s and early 2000s. He provides leadership in all facets, including overall strategy, growth, and acquisitions. Mr. Drake holds a BS in Finance and an MBA, both from University of Illinois. Mr. Drake has long been active in the Bloomington-Normal community serving on boards of various community organizations. Mr. Drake serves as our chairman of the board and as chairman of the board for Heartland Bank and Lincoln Bank.

J. Lance Carter is President and Chief Operating Officer of the Company and Executive Vice President and Chief Operating Officer of Heartland Bank. Mr. Carter joined the Company in 2001 and served as our Chief Credit Officer from March 2010 to December 2018. He was named Chief

Operating Officer in June 2015. Mr. Carter's responsibilities include oversight of loan approval, loan operations, special assets, finance, risk management, retail, and information technology. Mr. Carter holds a BS in Finance and an MBA from the University of Illinois. He has also completed the Graduate School of Banking at University of Wisconsin-Madison. Mr. Carter serves on our board and on the board of Heartland Bank.

Patrick F. Busch is Executive Vice President and Chief Lending Officer of the Company, and President and Chief Lending Officer of Heartland Bank. He joined the Company in 1995 and was named President and Chief Lending Officer of Heartland Bank in March 2010. As Chief Lending Officer, Mr. Busch has been critical in establishing the loan culture and integrating acquisitions over the years. He played a leading role in Heartland Bank's organic growth in Bloomington-Normal, Champaign and Peoria and is responsible for oversight of senior lenders and market leaders, mortgage lending, and treasury management services. Mr. Busch received a BS in Business Administration from Illinois Wesleyan University and completed the Stonier Graduate School of Banking. He serves on our board and on the board of Heartland Bank.

Matthew J. Doherty has served as Executive Vice President and Chief Financial Officer for the Company and Heartland Bank since March 2010. Mr. Doherty has previously worked at a number of financial institutions, including money center banks, where his primary roles included advising community bank clients on fixed income securities and capital market solutions. As Chief Financial Officer, Mr. Doherty is responsible for oversight of accounting, financial and tax reporting, bond investments, ALCO, municipal deposits and loans, and wealth management. Mr. Doherty has a BS in Accounting from the University of Illinois and is also a certified public accountant (CPA) and a chartered financial analyst (CFA).

Lawrence J. Horvath is Executive Vice President and Regional Senior Lender for Heartland Bank. He joined Heartland Bank in 2010 and currently oversees commercial lending for all Heartland Bank markets outside Cook County and the Chicago Suburban area. Mr. Horvath has been active in the Bloomington community serving on boards of various community organizations. In addition, he currently serves on the loan committee for the largest community development corporation in the state and is also Heartland Bank's representative serving on the board for Illinois Real Estate Title Center. Mr. Horvath holds a BS in Finance from Western Illinois University.

Larry J. Kallembach is Executive Vice President and Chief Information Officer for the Company and Heartland Bank. Prior to joining the Company in July 2016, Mr. Kallembach served as Executive Vice President—Operations and Technology at MB Financial Bank. As our Chief Information Officer, Mr. Kallembach's responsibilities include oversight of information technology and security, networks, core data systems, and facilities management. He holds a BS in Finance from Indiana University and an MBA from University of Illinois and has 40 years of experience in the industry.

Diane H. Lanier is Executive Vice President and Chief Retail Officer for the Company and Heartland Bank. She joined the Company in 1997 as our Marketing Director and assumed her current role as Chief Retail Officer in March 2010. As Chief Retail Officer, Ms. Lanier has oversight of the retail branch and support operations, retail lending and community reinvestment, marketing, and human resources. Ms. Lanier received a BS in Marketing from Louisiana State University and completed the ABA School of Bank Marketing and Management. Ms. Lanier serves as Corporate Secretary for the Company and Heartland Bank.

Mark W. Scheirer is Senior Vice President and Chief Credit Officer for the Company and Heartland Bank. Mr. Scheirer joined the Company in 2011 and has served in multiple capacities, including as a Senior Credit Officer, and as our Chief Credit Officer beginning in January 2019. As Chief Credit Officer, Mr. Scheirer is responsible for the overall credit quality of the loan portfolio and all credit administration activities for both subsidiary banks. He has a BS in Finance from the

University of Illinois and has also completed the Graduate School of Banking at University of Wisconsin-Madison.

Andrea E. Zurkamer is Senior Vice President and Chief Risk Officer for the Company and Heartland Bank. Ms. Zurkamer joined the Company as our Director of Risk Management in June 2013 and was named our Chief Risk Officer in July 2017. Previously, Ms. Zurkamer worked as a bank auditor and consultant for CliftonLarsonAllen for 13 years. As our Chief Risk Officer, Ms. Zurkamer is responsible for overall risk management, including internal audit, loan review, compliance and BSA/investigations. She is a graduate of Illinois State University with a BS in Financial Accounting and is a CPA.

Non-Employee Directors

C. Alvin Bowman has been a director of the Company since June 2019. Dr. Bowman served as the 17th president of Illinois State University for ten years before retiring in 2013. Prior to his term as president, he served in various capacities, including Department Chair of its Speech Pathology and Audiology Department and as interim provost. Additionally, he was the Executive Director of the Illinois Board of Higher Education from November 2017 to December 2018. Dr. Bowman received a BA in Speech Pathology from Augustana College, a Master's in Speech-Language Pathology from Eastern Illinois University and a PhD in Speech and Hearing Science from the University of Illinois. He has 36 years of experience in higher education.

Eric E. Burwell joined the Company as a director in June 2005. Mr. Burwell currently works at Burwell Management Company, a family owned property management company, investing in a variety of real estate, private equity, venture capital and liquid investments. Mr. Burwell received a BA in Business Administration from Illinois State University and holds an MBA from Loyola University of Chicago.

Allen C. Drake has been a director of the Company since 1981. Mr. Drake was employed by the Company for 27 years, serving as our Executive Vice President. He also served as Vice President of Lincoln Bank and Chairman of Heartland Bank until his retirement in 2007. During his tenure in these positions, Mr. Drake was responsible for lending, administration, technology, personnel, accounting, trust and strategic planning. Mr. Drake received a BS in Electrical Engineering from the University of Illinois.

Gerald E. Pfeiffer joined the Company as a director in June 2019. Mr. Pfeiffer served as the Chief Financial Officer for Bridgeview Bancorp, Inc. from January 2017 to May 2019, where he was responsible for oversight of all financial reporting functions. Prior to Bridgeview Bancorp, Inc., Mr. Pfeiffer had been employed by CliftonLarsonAllen LLP since 1994, serving as Partner/Principal for the last 32 years of his tenure. He was responsible for engagement services to financial institutions and oversight of income tax, regulatory compliance and information technology services. Mr. Pfeiffer received a BS in Accounting from Bradley University and has 46 years of experience in providing professional services to financial institutions.

Dale S. Strassheim has been a director of the Company since 1993. During his tenure on our board, Mr. Strassheim served as President and CEO of BroMenn Healthcare (1992 – 2002) and then of The Baby Fold, until his retirement in 2014. Following his retirement, he served as Interim CEO for two child welfare organizations. Mr. Strassheim received a BBA from the University of Iowa and an MS in Healthcare Administration from Trinity University.

Controlled Company

For purposes of the Nasdaq corporate governance rules, we will be a "controlled company" after completion of this offering. Controlled companies under those rules are companies of which more than

50% of the voting power for the election of directors is held by an individual, a group or another company. The Voting Trust will continue to control more than 50% of the voting power of our common stock upon completion of this offering and will continue to have the right to designate a majority of the members of our board of directors for nomination for election and the voting power to elect such directors following this offering. Accordingly, we expect to be eligible to, and we intend to, take advantage of certain exemptions from corporate governance requirements provided in the corporate governance rules. Specifically, as a controlled company, we will not be required to have (1) a majority of independent directors, (2) a Nominating and Corporate Governance Committee composed entirely of independent directors, (3) a Compensation Committee composed entirely of independent directors or (4) an annual performance evaluation of the Nominating and Corporate Governance Committee and Compensation Committee. Therefore, following this offering, we may not have a majority of independent directors, our Compensation and Nominating and Corporate Governance Committees may not consist entirely of independent directors and such committees may not be subject to annual performance evaluations. Accordingly, you will not have the same protections afforded to stockholders of companies that are subject to all of the applicable corporate governance requirements. In the event that we cease to be a controlled company, we will be required to comply with those requirements within specified transition periods.

The controlled company exemption does not modify the independence requirements for the Audit Committee, and we intend to comply with the requirements of the Sarbanes-Oxley Act and the corporate governance rules, which require that our Audit Committee be composed of at least three members, one of whom will be independent upon the listing of our common stock on the Nasdaq, a majority of whom will be independent within 90 days of listing and each of whom will be independent within one year of this offering.

Board Structure

Our board of directors consists of eight directors. Our board has determined that each of C. Alvin Bowman, Eric E. Burwell, Gerald E. Pfeiffer and Dale S. Strassheim is independent under the Nasdaq corporate governance rules.

Directors are elected at the annual meeting of our stockholders and hold office until the next annual meeting or a special meeting in lieu thereof, and until their successors are elected and qualified, or upon their earlier resignation or removal.

Board Committees

Upon completion of this offering, our board of directors will have three standing committees: an Audit Committee, a Compensation Committee and a Nominating and Corporate Governance Committee. Each of the committees will report to the board of directors as they deem appropriate, and as the board of directors may request. The expected composition, duties and responsibilities of these committees are set forth below. In the future, our board of directors may establish other committees, as it deems appropriate, to assist it with its responsibilities.

Audit Committee

The Audit Committee is responsible for, among other matters: (1) appointing, compensating; retaining, overseeing and terminating our independent registered public accounting firm; (2) reviewing our independent registered public accounting firm independence from management; (3) reviewing with our independent registered public accounting firm the scope of their audit; (4) approving all audit and permissible non-audit services to be performed by our independent registered public accounting firm; (5) overseeing the financial reporting process and discussing with management and our independent registered public accounting firm the interim and annual consolidated financial statements that we file with the SEC; (6) reviewing and monitoring our accounting principles, accounting policies, financial reporting processes and controls and compliance with applicable legal and regulatory requirements; (7) establishing procedures for the confidential anonymous submission of concerns regarding questionable accounting, internal controls or auditing matters; (8) reviewing and approving related party transactions; and (9) reviewing and discussing policies and guidelines with respect to risk assessment and risk management.

Upon completion of this offering, our Audit Committee will consist of Gerald E. Pfeiffer (Chair), C. Alvin Bowman and Dale S. Strassheim. The SEC rules and Nasdaq corporate governance rules require us to have one independent Audit Committee member upon the listing of our common stock on the Nasdaq, a majority of independent directors within 90 days of the date of this prospectus and all independent Audit Committee members within one year of the date of this prospectus. Our board of directors has affirmatively determined that Mr. Pfeiffer, Mr. Bowman and Mr. Strassheim meet the definition of "independent director" for purposes of serving on the Audit Committee under applicable SEC and Nasdaq corporate governance rules, and we intend to comply with these independence requirements within the time periods specified. In addition, Mr. Pfeiffer will qualify as our "audit committee financial expert," as such term is defined in Item 407 of Regulation S-K.

Our board of directors will adopt a new written charter for the Audit Committee, which will be available on our corporate website at www.hbtbank.com upon the completion of this offering. Our website is not part of this prospectus.

Compensation Committee

The Compensation Committee will be responsible for, among other matters: (1) reviewing and approving executive officer compensation goals, objectives and plans; (2) reviewing and recommending the compensation of our directors; (3) reviewing and approving employment agreements, severance arrangements and change in control agreements/provisions between us and our executive officers; and (4) administering our stock plans and other incentive compensation plans.

Upon completion of this offering, our Compensation Committee will consist of Eric E. Burwell (Chair), Gerald E. Pfeiffer and Dale S. Strassheim.

Our board of directors will adopt a new written charter for the Compensation Committee, which will be available on our corporate website at www.hbtbank.com upon the completion of this offering. Our website is not part of this prospectus.

Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee will be responsible for, among other matters: (1) identifying individuals qualified to become members of our board of directors, consistent with criteria approved by our board of directors; (2) overseeing the organization of our board of directors to discharge the board's duties and responsibilities properly and efficiently; (3) identifying best practices and recommending corporate governance principles; and (4) developing and recommending to our board of directors a set of corporate governance guidelines and principles applicable to us.

Upon completion of this offering, our Nominating and Corporate Governance Committee will consist of C. Alvin Bowman (Chair), Gerald E. Pfeiffer and Dale S. Strassheim.

Our board of directors will adopt a written charter for the Nominating and Corporate Governance Committee, which will be available on our corporate website at www.hbtbank.com upon the completion of this offering. Our website is not part of this prospectus.

Risk Oversight

Following the completion of this offering, our board of directors will delegate to the Audit Committee oversight of our risk management process. The Audit Committee will focus on our general risk management strategy and the most significant risks facing us, and will direct management to implement appropriate risk mitigation strategies. Our other board committees will also consider and address risk as they perform their respective committee responsibilities. All committees will report to the full board of directors as appropriate, including when a matter rises to the level of a material or enterprise level risk. Our management will be responsible for day-to-day risk management. This oversight includes identifying, evaluating, and addressing potential risks that may exist at the enterprise, strategic, financial, operational, compliance and reporting levels.

Compensation Committee Interlocks and Insider Participation

Messrs. Burwell, Pfeiffer and Strassheim are the members of our Compensation Committee, and none of them is or has been our officer or employee. No member of the Compensation Committee has any relationship that would be required to be reported under Item 404 of Regulation S-K. No member of the Compensation Committee serves or served as a member of the board of directors or compensation committee of a company that has one or more executive officers serving as a member of our board of directors or Compensation Committee.

Code of Ethics

Our board of directors has adopted a Code of Ethics that will be effective upon the consummation of this offering that is designed to ensure that our directors, executive officers and associates meet the highest standards of ethical conduct. The Code of Ethics will require that our directors, executive officers and associates avoid conflicts of interest, comply with all laws and other legal requirements, conduct business in an honest and ethical manner and otherwise act with integrity and in our best interest. Upon completion of the offering, a copy of our Code of Ethics will be available free of charge on our website at www.hbtbank.com. We expect that any amendments to such code and guidelines, or any waivers of their requirements with respect to our directors or executive officers, will be disclosed on our corporate website or by such other means as may be required by applicable Nasdaq corporate governance rules.

EXECUTIVE COMPENSATION

This Executive Compensation section discusses the material components of the compensation for our principal executive officer and our two other most highly compensated executive officers, who we refer to as our "Named Executive Officers." As of the year ended December 31, 2018, our Named Executive Officers were as follows:

- Fred L. Drake, our Chairman and Chief Executive Officer;
- J. Lance Carter, our President, Chief Operating Officer and Director and Executive Vice President, Chief Operating Officer and Director of Heartland Bank; and
- Patrick F. Busch, our Executive Vice President, Chief Lending Officer and Director and President, Chief Lending Officer and Director of Heartland Bank.

This Executive Compensation section provides information in accordance with the scaled SEC disclosure rules available to "emerging growth companies," and may contain statements regarding future individual and Company performance targets and goals. These targets and goals are disclosed in the limited context of our executive compensation program and should not be understood to be statements of management's expectations or estimates of results or other guidance. We specifically caution investors not to apply these statements to other contexts.

Summary Compensation Table

The following table presents summary information regarding the total compensation paid to, earned by and awarded to each of our Named Executive Officers for 2018.

Name and Principal Position(s)	Year	Salary	Bonus(1)	All Other Compensation	Total
Fred L. Drake *Chairman and CEO*	2018	$ 160,740	$ 400,000	$ 96,800(2)	$ 657,540
J. Lance Carter *President, Chief Operating Officer and Director*	2018	$ 425,000	$ 400,000	$ 15,373(3)	$ 840,373
Patrick F. Busch *Executive Vice President, Chief Lending Officer and Director*	2018	$ 401,700	$ 400,000	$ 37,697(4)	$ 839,397

(1) Reflects performance-based, discretionary cash for the 2018 performance year. In determining bonus amounts for 2018, our board of directors relied on its judgment after a comprehensive review of Company and individual performance, as well as consideration of qualitative and other factors, without being tied to any formulas or pre-established weightings.

(2) Reflects $12,000 in director fees from Heartland Bank, plus $75,000 in chairman of the board fees and $9,800 in director fees from Lincoln Bank.

(3) Reflects a $1,500 financial planning benefit, a $4,208 stock appreciation rights dividend payment, a $415 group term life insurance benefit and $9,250 in 401(k) match contributions.

(4) Reflects a $1,500 financial planning benefit, a $1,704 benefit for the use of a Company automobile, a $8,415 stock appreciation rights dividend payment, a $1,828 group term life insurance benefit, $12,000 in director fees from Heartland Bank and $12,250 in 401(k) match contributions.

Outstanding Equity Awards at Fiscal Year-End

The following table summarizes, for each of our Named Executive Officers, the number of shares of our common stock underlying outstanding equity awards held as of December 31, 2018.

Name	Number of Securities Underlying Unexercised Options (#) Exercisable(1)	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price ($)	Option Expiration Date
Fred L. Drake	—	—	—	—
J. Lance Carter	6,120	—	6.86	03/01/2020
Patrick F. Busch	—	—	—	—

(1) Reflects cash-settled stock appreciation rights. See "Equity Compensation—Cash-Settled Stock Appreciation Rights" below for more information regarding the awards.

Employment Agreements

We have historically entered into employment agreements with each of our Named Executive Officers, which set forth certain terms and conditions of employment, including base salary, employee benefits, severance benefits and restrictive covenants. On October 1, 2019, we entered into new employment agreements with each of our Named Executive Officers. Set forth below are descriptions of the employment agreements in effect during the year ended December 31, 2018, as well as the new employment agreements entered into on October 1, 2019.

2015 Employment Agreement with Fred L. Drake

On May 1, 2015, we entered into an employment agreement with Fred L. Drake, our Chairman and CEO, with an initial term of three years and automatic one-year renewals thereafter. Under the agreement, Mr. Drake's base salary was initially set at $150,000 (with annual reviews for potential increase). Mr. Drake is eligible under his employment agreement to (1) earn a discretionary annual incentive bonus, (2) participate in applicable benefit plans or fringe benefits that he already received before April 1, 2015 or that are offered to other senior executives of the Company and (3) receive reimbursement for reasonable business expenses.

Under his employment agreement, if Mr. Drake's employment is terminated by us without "cause" or by Mr. Drake for "good reason" (each as defined in the agreement), he will be entitled to receive, subject to his execution of a valid release of claims, (1) a prorated annual bonus for the year of termination as determined in good faith by our board of directors and (2) a lump sum amount equal to his base salary through the end of the employment term. However, if such a termination is due to a change in control, Mr. Drake will instead be entitled to receive an amount equal to three times the sum of his base salary plus the average of his two most recent annual bonuses. Upon his death or disability, Mr. Drake or his estate will be entitled to receive a prorated annual bonus for the year of termination as determined in good faith by our board of directors. If Mr. Drake's employment terminates due to a non-renewal of his employment agreement, he will be entitled to receive a prorated annual bonus for the year of termination as determined in good faith by our board of directors, and if the non-renewal is due to a change in control, he will also be entitled to receive an amount equal to three times the sum of his base salary plus the average of his two most recent annual bonuses.

Mr. Drake's employment agreement contains customary confidentiality, noncompetition and nonsolicitation provisions. The noncompetition and nonsolicitation clauses generally extend for 18 months after termination of Mr. Drake's employment, while the confidentiality provision does not have a time limit.

2011 Employment Agreements with J. Lance Carter and Patrick F. Busch

On December 29, 2011, we entered into amended and restated employment agreements with J. Lance Carter, our President, Chief Operating Officer and Director, and Patrick F. Busch, our Executive Vice President, Chief Lending Officer and Director. The terms of the employment agreements for Mr. Carter and Mr. Busch are substantially similar except as described below.

The agreements provide for an initial term of three years and automatic one-year renewals beginning two years after the agreement date, effectively creating a rolling two-year term. Mr. Carter's and Mr. Busch's base salaries were initially set at $135,000 and $260,000, respectively, and are reviewed annually for adjustment in accordance with our management compensation policies. Mr. Carter and Mr. Busch are eligible to earn discretionary annual cash bonuses and to participate in the benefit plans and perquisites generally available to our executives. They are also eligible to receive life insurance up to three times base salary, up to $1,500 in financial and tax advice, 15 days of paid vacation annually, and reimbursement of business expenses.

Under their agreements, upon a termination by us without "cause" (as defined in the agreement), Mr. Carter and Mr. Busch will be entitled to receive, subject to execution of a release of claims, an amount equal to one times base salary. Upon a termination due to "constructive discharge" (as defined in the agreement), they will be entitled to receive, subject to execution of a release of claims, an amount equal to six months of base salary. If a change of control occurs, they will be entitled to terminate employment for any reason during the period beginning six months after the change of control and ending twelve months after the change of control, and upon such a termination we will be obligated to pay, subject to execution of a release of claims, an amount equal to one times base salary.

The agreements contain customary confidentiality, noncompetition and nonsolicitation provisions, and the release of claims that the executive is required to sign as a condition to receive severance contains a standard non-disparagement provision. The noncompetition and nonsolicitation clauses generally extend for 12 months (or six months if the termination is due to constructive discharge) after termination of employment and include a restricted area of 50 miles from each banking and other office location of the Company and its affiliates. The confidentiality and nondisparagement provisions do not have temporal or geographical limits.

New Employment Agreements with Fred L. Drake, J. Lance Carter, and Patrick F. Busch

We entered into new employment agreements with Mr. Drake, Mr. Carter, and Mr. Busch, in each case effective October 1, 2019. These agreements replaced the existing employment agreements with each of the executives. The terms of the new employment agreements are substantially similar for each of the executives except as provided below.

Under their respective agreements, Mr. Drake will serve as Chairman and CEO of the Company and chairman of the board of Heartland Bank and Lincoln Bank, Mr. Carter will serve as President and Chief Operating Officer of the Company and Executive Vice President and Chief Operating Officer of Heartland Bank, and Mr. Busch will serve as Executive Vice President and Chief Lending Officer of the Company and President and Chief Lending Officer of Heartland Bank. Each of the agreements provides for an initial term ending December 31, 2022, with automatic one-year renewals beginning at the end of the initial term, unless either party chooses to not renew. The initial annual base salaries under the agreements, which are reviewed annually for adjustment by the our board of directors, are $570,000 for Mr. Drake, $450,000 for Mr. Carter, and $428,750 for Mr. Busch. The executives are also eligible to earn discretionary annual cash bonuses under the agreements and to participate in the benefit plans generally available to Company executives.

Under the new employment agreements, upon a termination by the Company without "cause" or by the executive for "good reason" (each as defined in the agreement), the executives are eligible to receive severance benefits. If the termination is within 12 months after a "change in control" (as defined in the agreement), the executive is entitled to a lump sum payment equal to two times the sum of such executive's base salary and target bonus, plus a lump sum payment equal to the cost of 18 months of continued COBRA coverage. If the termination is not within 12 months after a change in control, the executive is entitled to continued base salary for six months after termination. All severance benefits under the agreements are conditioned upon the executive's execution of a release of claims against the Company and its affiliates.

The new employment agreements contain confidential information, non-competition, and employee and customer non-solicitation restrictive covenants. The confidential information covenant is perpetual. The non-competition and non-solicitation covenants run during employment and for six months after an involuntary termination not in connection with a change in control, six months after a disability termination, 12 months after a voluntary termination, and 24 months after an involuntary termination within 12 months of a change in control.

Equity Compensation

Cash-Settled Stock Appreciation Rights

During 2018, Mr. Carter and Mr. Busch each held stock appreciation rights ("SARs") under a SAR agreement with us. Under these agreements, the following terms applied:

- Upon exercise of his SARs, Mr. Busch became entitled to receive a cash amount equal to $254,448, which represents the excess of the fair market value (as determined by our board of directors) of 12,240 shares of Company common stock on the date of exercise over $4.21 per share. Mr. Busch's SARs became fully exercisable December 31, 2007, and were exercised as of December 1, 2018, when the fair market value of a share of Company common stock was $25.00. Payment is in five equal annual cash installments, plus interest, beginning in 2019.

- Upon exercise of his SARs, Mr. Carter became entitled to receive a cash amount equal to $115,590, which represents the excess of the fair market value (as determined by our board of directors) of 6,120 shares of Company common stock on the date of exercise over $6.86 per share. Mr. Carter's SARs became fully exercisable December 31, 2009, and were fully exercised in August 2019, when the fair market value of a share of Company common stock was $25.75. Payment is in five equal annual cash installments, plus interest, beginning in January 2020.

On September 1, 2019, we awarded 12,240 cash-settled SARs to Mr. Busch and 6,120 cash-settled SARs to Mr. Carter under our Omnibus Incentive Plan. These SARs have an exercise price per share of $25.75 and were vested upon grant. In connection with and subject to payment of the Distribution, the Compensation Committee may adjust the SARs, in accordance with the terms of the Omnibus Incentive Plan, to prevent dilution of the rights of the SAR holders.

Omnibus Incentive Plan

We have adopted the Omnibus Incentive Plan, under which employees, consultants and non-employee directors of the Company and our affiliates performing services for us are eligible to receive awards. The Omnibus Incentive Plan provides for the grant of stock options, stock appreciation rights, restricted stock, restricted stock units, bonus stock, dividend equivalents, other stock-based awards, annual incentive awards and performance awards intended to align the interests of participants with those of our stockholders. The following description is qualified in its entirety by reference to the final Omnibus Incentive Plan, a copy of which in substantially final form has been filed as an exhibit to the registration statement of which this prospectus is a part.

Share Reserve. We will reserve 1,820,000 shares of our common stock for issuance under the Omnibus Incentive Plan. In addition, the following shares of our common stock will again be available for grant or issuance under the Omnibus Incentive Plan:

- shares denominated for restricted shares, performance awards or other share-based awards that are forfeited for any reason;
- shares issuable upon exercise, voting or settlement of an award or owned by a participant that are surrendered or tendered to the Company in payment of the purchase price of an award or any taxes required to be withheld in respect of an award; and
- shares underlying a stock option, stock appreciation right or other share-based award that expires, terminates or is cancelled without having been exercised in full.

Administration. The Omnibus Incentive Plan will be administered by any committee authorized by our board of directors, or the board of directors itself if no committee has been authorized (such administering entity, the "Committee"). The Committee has the authority to interpret the Omnibus Incentive Plan, grant awards and make all other determinations necessary or advisable for the administration of the plan. Awards under the Omnibus Incentive Plan may be made subject to "performance conditions" and other terms.

Eligibility. Our employees, consultants and non-employee directors, and employees, consultants and non-employee directors of our affiliates, will be eligible to receive awards under the Omnibus Incentive Plan. The Committee will determine who will receive awards, and the terms and conditions of such awards.

Term. The Omnibus Incentive Plan will terminate 10 years from the date our board of directors approves the plan, unless it is terminated earlier by our board.

Stock Options. The Omnibus Incentive Plan provides for the grant of incentive stock options ("ISOs") only to our employees. All options other than ISOs may be granted to our employees, directors and consultants. The exercise price of each option to purchase stock must be at least equal to the fair market value of our common stock on the date of grant. The exercise price of ISOs granted to 10% or more stockholders must be at least equal to 110% of that value. Options granted under the Omnibus Incentive Plan may be exercisable at such times and subject to such terms and conditions as the Committee determines. The maximum term of options granted under the Omnibus Incentive Plan is 10 years (five years in the case of ISOs granted to 10% or more stockholders). For stock options that are intended to qualify as ISOs, under Section 422 of the Code, the maximum number of shares subject to ISOs will be 1,820,000.

Stock Appreciation Rights. Stock appreciation rights provide for a payment, or payments, in cash or common stock, to the holder based upon the difference between the fair market value of our common stock on the date of exercise and the stated exercise price of the stock appreciation right. The exercise price must be at least equal to the fair market value of our common stock on the date the stock appreciation right is granted. Stock appreciation rights may vest based on time or achievement of performance conditions, as determined by the Committee.

Restricted Stock. The Committee may grant awards consisting of shares of our common stock subject to restrictions on sale and transfer. The price (if any) paid by a participant for a restricted stock award will be determined by the Committee. Unless otherwise determined by the Committee at the time of grant, vesting will cease on the date the participant no longer provides services to us and unvested shares will be forfeited. The Committee may condition the grant or vesting of shares of restricted stock on the achievement of performance conditions or the satisfaction of a time-based vesting schedule.

Performance Awards. A performance award is an award that becomes payable upon the attainment of specific performance goals. A performance award may become payable in cash or in shares of our common stock. These awards may be subject to forfeiture before settlement due to termination of a participant's employment or failure to achieve the performance conditions.

Other Cash-Based Awards. The Committee may grant other cash-based awards to participants in amounts and on terms and conditions determined by it in its discretion. Cash-based awards may be granted subject to vesting conditions or awarded without being subject to conditions or restrictions.

Additional Provisions. Awards granted under the Omnibus Incentive Plan may not be transferred in any manner other than by will or by the laws of descent and distribution, or as determined by the Committee. All stock options may be exercised during the lifetime of the optionee only by the optionee, except that the Committee may determine that a non-ISO may be transferable to a family member. All shares acquired upon the exercise of a non-ISO by a permissible transferee or after the exercise of the option will be subject to the same terms and conditions of the Omnibus Incentive Plan and award agreement.

In the event of a change in control (as defined in the Omnibus Incentive Plan), the Committee may, in its discretion, provide for any or all of the following actions: (1) awards may be continued, assumed or substituted with new rights, (2) awards may be purchased for cash equal to the excess (if any) of the highest price per share of common stock paid in the change in control transaction over the aggregate exercise price of such awards, (3) outstanding and unexercised stock options, stock appreciation rights and other stock-based awards that provide for a participant-elected exercise may be terminated before the change in control (in which case holders of such unvested awards would be given notice and the opportunity to exercise such awards) or (4) the Committee may make any other determination as to the treatment of awards in connection with a change in control. All awards will be equitably adjusted in the case of the division of stock and similar transactions.

On September 1, 2019, we issued an aggregate of 110,160 cash-settled SARs to employees under our Omnibus Incentive Plan, each with an exercise price per share of $25.75. In connection with and subject to payment of the Distribution, the Compensation Committee may adjust the SARs, in accordance with the terms of the Omnibus Incentive Plan, to prevent dilution of the rights of the SAR holders.

SERP Benefits

During 2018, the Company maintained a nonqualified supplemental executive retirement plan ("SERP"), which provided benefits to certain key executive officers, including Mr. Drake. In June 2019, we approved the termination and liquidation of the SERP. Each SERP participant will receive a lump sum payment equal to the present value of his SERP account, payable in June 2020.

On January 2, 2007, we entered into an amended and restated SERP participation agreement with Mr. Drake (the "Drake SERP"). Under the Drake SERP, Mr. Drake's annual SERP benefit was 50% of his final average pay (the "SERP Benefit"). Final average pay was defined as an amount equal to the average of (1) the sum of Mr. Drake's annual base salary as of the effective date of the determination of the SERP Benefit and as of the end of the two immediately preceding years, plus (2) the greater of (i) the amounts of the annual bonuses paid to Mr. Drake for the three years immediately preceding the year during which the SERP Benefit was determined and (ii) Mr. Drake's annualized bonus accrual amount as of the effective date of the determination of the SERP Benefit and the amounts of annual bonus paid to Mr. Drake for the two immediately preceding years. Mr. Drake's SERP Benefit was fully vested. The SERP Benefit was scheduled to be paid in equal monthly installments for 30 years after the later of Mr. Drake's attainment of age 55 or Mr. Drake's termination of employment. Instead, the Drake SERP will be paid in a lump sum payment in June 2020 as a result of its termination in connection with this offering.

Health and Retirement Benefits

We provide medical, dental, vision, life insurance and disability benefits to all eligible employees. Our Named Executive Officers are eligible to participate in these benefits on the same basis as all other employees.

We maintain a 401(k) savings plan that allows participants, including our Named Executive Officers, to defer up to 60% of cash compensation (subject to applicable IRS guidelines). Eligible participants are all employees of the Company. Our Named Executive Officers are eligible to participate in the 401(k) plan on the same basis as all other employees. We may provide employer matching contributions under the 401(k) plan.

Director Compensation

The following table presents the total compensation we paid to non-employee directors for service on our board of directors during 2018.

Name	Fees Earned or Paid in Cash ($)	All Other Compensation ($)	Total ($)
Terry Brown	—	23,438(1)	23,438
Eric E. Burwell	—	12,400(2)	12,400
Allen C. Drake	—	22,200(3)	22,200
George E. Drake	—	27,800(4)	27,800
Dale S. Strassheim	—	12,800(2)	12,800

(1) Reflects $12,400 in director fees from Heartland Bank, plus $11,038 in director fees from Lincoln Bank.

(2) Reflects director fees from Heartland Bank.

(3) Reflects $12,400 in director fees from Heartland Bank, plus $9,800 in director fees from Lincoln Bank.

(4) Reflects $12,000 in director fees from Heartland Bank, plus $15,800 in director fees from Lincoln Bank.

PRINCIPAL STOCKHOLDERS

The following table shows information about the beneficial ownership of our common stock as of September 27, 2019 by:

- each person known by us to beneficially own 5% or more of our outstanding common stock;
- each of our directors and named executive officers; and
- all of our directors and executive officers as a group;

The numbers (including percentages) listed below are based on 26,327,512 shares of our common stock to be outstanding after completion of this offering assuming no exercise of the underwriters' option to purchase additional shares of common stock and 27,572,512 shares of our common stock to be outstanding after completion of this offering assuming the exercise in full of the underwriters' option to purchase additional shares of our common stock. All numbers and percentages give effect to the reclassification of all of our outstanding Series A nonvoting stock into voting common stock on a one-for-one basis, which we intend to effect prior to the completion of this offering.

Name and Address of Beneficial Owner(1)	Shares of common stock owned(2)	Percentage of common stock owned before the offering	Percentage of common stock owned after the offering assuming no option exercise	Percentage of common stock owned after the offering assuming full option exercise
5% Beneficial Holders:				
The Drake Family Voting Trust(3)	17,210,400	95.5%	65.4%	62.4%
Directors and Named Executive Officers:				
Fred L. Drake(3)(4)	17,210,400	95.5%	65.4%	62.4%
J. Lance Carter	60,800	*	*	*
Patrick F. Busch(5)	181,772	1.0%	*	*
C. Alvin Bowman	—	—	—	—
Eric E. Burwell	20,820	*	*	*
Allen C. Drake(6)	—	—	—	—
Gerald E. Pfeiffer	—	—	—	—
Dale S. Strassheim	4,180	*	*	*
All directors and executive officers as a group (14 persons)	17,361,800	97.7%	65.9%	63.0%

* Represents less than 1% of outstanding shares.

(1) A "beneficial owner" of a security is determined in accordance with Rule 13d-3 under the Exchange Act and generally means any person who, directly or indirectly, through any contract, arrangement, understanding, relationship, or otherwise, has or shares:

- voting power which includes the power to vote, or to direct the voting of, such security; and/or
- investment power which includes the power to dispose, or to direct the disposition of, such security.

(2) In computing the number of shares beneficially owned by a person and the percentage ownership of that person, shares of equity units subject to options held by that person that are currently exercisable or exercisable within 60 days of September 27, 2019 are deemed outstanding. Such shares, however, are not deemed outstanding for the purposes of computing the percentage ownership of any other person.

(3) Voting power over the securities held in the Voting Trust is exercised by Fred L. Drake in his capacity as trustee. See "Certain Relationships and Related Party Transactions—Voting Trust Agreement."

(4) All securities reported as beneficially owned by Mr. Drake are held through the Voting Trust. Mr. Drake may be deemed to be the beneficial owner of the securities held in the Voting Trust by virtue of his position as trustee. Mr. Drake disclaims beneficial ownership of the securities held in the Voting Trust except to the extent of his pecuniary interest therein. As of September 27, 2019, shares in the Voting Trust included (i) 980,768 shares held for the benefit of trusts for which Mr. Drake is the beneficiary and the trustee, (ii) 1,484,970 shares held for the benefit of a family trust for which Mr. Drake is the beneficiary but not the trustee and (iii) 154,800 shares held for the benefit of trusts for which Mr. Drake's wife is the beneficiary and the trustee.

(5) Represents shares held pursuant to the Patrick F. Busch Declaration of Trust dated May 6, 2014.

(6) Allen C. Drake holds interests in the Voting Trust. As of September 27, 2019, shares in the Voting Trust included (i) 11,318 shares held directly for the benefit of Mr. Drake, (ii) 200,980 shares held directly for the benefit of Mr. Drake's spouse and (iii) 5,939,880 shares held for the benefit of a family trust for which Mr. Drake is the trustee and a beneficiary of 25% of the shares held by the family trust.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

We describe below transactions and series of similar transactions, during our last three fiscal years or currently proposed, to which we were or will be a participant, in which (1) the amounts involved exceeded or will exceed $120,000; and (2) any of our directors or executive officers (in each case, including their immediate family members) or beneficial holders of more than 5% of any class of our voting securities had or will have a direct or indirect material interest.

Other than as described below, there have not been, nor are there any currently proposed, transactions or series of similar transactions meeting this criteria to which we have been or will be a participant other than compensation arrangements, which are described where required under "Executive Compensation."

Loans to Officers, Directors and Affiliates

We offer loans in the ordinary course of business to our insiders, including our executive officers and directors, their related interests and immediate family members and other employees. Applicable law and our written credit policies require that loans to insiders be on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with unrelated parties, and must not involve more than the normal risk of repayment or present other unfavorable features. Loans to non-insider employees and other non-insiders are subject to the same requirements and underwriting standards and meet our normal lending guidelines, except that non-insider employees and other non-insiders may receive preferential interest rates and fees as an employee benefit. Loans to individual employees, directors and executive officers must also comply with our statutory lending limits and regulatory requirements regarding lending limits and collateral. All extensions of credit to related parties must be reviewed and approved by our board of directors, and directors with a personal interest in any loan application are excluded from the consideration of such loan application.

We have made loans to directors and executive officers. Loans amounted to $0.8 million, $2.8 million and $1.9 million at December 31, 2018, 2017 and 2016, respectively. The loans to these persons (i) complied with our Regulation O policies and procedures, (ii) were made in the ordinary course of business, (iii) were made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable loans with persons not related us and (iv) did not involve more than a normal risk of collectability or did not present other features unfavorable to the Company.

Stockholder Agreement

All of our current stockholders are party to an Amended Restated Stockholder Agreement (the "Stockholder Agreement"), dated as of September 27, 2019, by and among the Company and the stockholders party thereto, which amends and supersedes the Restated Stockholder Agreement dated December 28, 2006. The Stockholder Agreement is intended to address the rights and responsibilities of the Company and its pre-IPO stockholders in connection with the planned conversion to C Corp status. The Stockholder Agreement generally prohibits stockholders from transferring common stock prior to the the termination of the Company's S Corp status in connection with the completion of this offering (the "Termination Date"), unless the recipient of such stock is an existing Company stockholder or the Company otherwise consents to such transfer. In addition, the Stockholder Agreement provides the Company with a right of first refusal to acquire any shares of common stock offered for sale by parties to the Stockholder Agreement prior to the Termination Date.

Pursuant to the Stockholder Agreement, upon the Company's filing any tax return (amended or otherwise), in the event of any restatement of the Company's taxable income or pursuant to a determination by, or a settlement with, a taxing authority, for any period prior to the Termination Date, depending on the nature of the adjustment the Company may be required to make a payment to each of its pre-IPO stockholders in an amount equal to such stockholder's incremental tax liability, which amount may be material. In addition, the Company will indemnify each pre-IPO stockholder with respect to unpaid income tax liabilities to the extent that such unpaid income tax liabilities are attributable to an adjustment to the Company's taxable income for any period after the Termination Date. In both cases, the amount of the payment will be based on the assumption that each pre-IPO stockholder is taxed at the highest rate applicable to individuals for the relevant periods. The Company will also indemnify each pre-IPO stockholder for any interest, penalties, losses, costs or expenses arising out of any claim under the Stockholder Agreement. Each pre-IPO stockholder will indemnify the Company with respect to the Company's unpaid tax liabilities (including interest and penalties) to the extent that such unpaid tax liabilities are attributable to a decrease in such stockholder's taxable income for any tax period and a corresponding increase in the Company's taxable income for any period.

Voting Trust Agreement

As of September 27, 2019, approximately 95.5% of our outstanding common stock (including nonvoting Series A stock which will be reclassified into voting common stock prior to the completion of this offering) was held in a voting trust for the benefit of various members of the Drake Family. The Voting Trust was established pursuant to the voting trust agreement (the "Voting Trust Agreement"), dated as of May 4, 2016, by and among the Company, Fred Drake, as trustee (the "Trustee"), and the various Company stockholders party thereto (the "Depositors"). In accordance with the Voting Trust Agreement, all shares of common stock or Series A nonvoting stock (which will be reclassified into voting common stock prior to the completion of this offering) owned by the Depositors are held in the Voting Trust and the Trustee exercises sole voting discretion over the voting common stock. Depositors are entitled to receive any dividends or other cash distributions made in respect of the shares underlying their respective interests in the Voting Trust.

Interests in the Voting Trust are represented by certificates, which may be transferred subject to the restrictions set forth on the underlying shares pursuant to the Stockholder Agreement. See "—Stockholder Agreement." The Voting Trust Agreement provides that the rights and obligations of the parties set forth in the Stockholder Agreement shall apply to the Depositors in the same manner and with the same effect as if the Depositors continued to hold the underlying shares. The Voting Trust was established with an initial duration of 15 years, which may be extended for up to an additional five years upon the written approval of holders of voting trust certificates corresponding to at least 66% of the shares of common stock subject to the Voting Trust. In addition, the Voting Trust will terminate sooner if the Trustee ceases to act and a successor trustee is not appointed within one year in accordance with the terms of the Voting Trust Agreement. Upon termination of the Voting Trust, holders of voting trust certificates are entitled to receive shares of common stock in accordance with their respective interests in the Voting Trust. The Voting Trust Agreement may only be amended with the written consent of the holders of at least two-thirds of the outstanding shares of voting common stock represented by voting trust certificates.

Following the expiration of the lock-up agreements described in the section entitled "Underwriting," Depositors representing two-thirds of the outstanding shares of common stock represented by voting trust certificates may amend the Voting Trust Agreement from time to time to provide for distributions of the underlying shares to certain of the Depositors.

Registration Rights Agreement

Prior to or upon the completion of this offering, we intend to enter into a registration rights agreement with the Voting Trust. The agreement will provide the Voting Trust with certain demand and piggyback registration rights in respect of any registrable shares of our common stock held by it, subject to various conditions and limitations as set forth in the agreement. Any shares distributed by the Voting

Trust to its depositors will continue to be registrable shares if the depositor would be the owner of at least 4% of our outstanding common stock on the date of distribution, but only for as long as the depositor continues to own at least 4% of our outstanding common stock.

Directed Share Program

At our request, the underwriters have reserved for sale, at the initial public offering price, up to 415,000 shares offered by this prospectus for sale to our directors, executive officers, employees and business associates and certain other related persons who have expressed an interest in purchasing our common stock in this offering through a directed share program. See "Underwriting" for additional information regarding the directed share program.

Other Transactions

Kevin Gramm is the brother-in-law of Mark Scheirer and is a commercial lender for Heartland Bank. Kevin Gramm received $145,787, $141,687 and $115,276 for his services in 2018, 2017 and 2016, respectively. Kevin Gramm is not an executive officer of Heartland Bank.

Policies and Procedures for Related Party Transactions

Transactions by us with related parties are subject to a formal written policy, as well as regulatory requirements and restrictions. These requirements and restrictions include Sections 23A and 23B of the Federal Reserve Act and the Federal Reserve's Regulation W, which governs certain transactions by us with our affiliates, and the Federal Reserve's Regulation O, which governs certain loans by us to executive officers, directors and principal stockholders. We have adopted policies to comply with these regulatory requirements and restrictions.

In addition, prior to the completion of this offering, our board of directors will adopt a written policy governing the review and approval of transactions with related parties that will or may be expected to exceed $120,000 in any fiscal year. The policy will call for the related party transactions to be reviewed and, if deemed appropriate, approved or ratified by our Audit Committee. In determining whether or not to approve a related party transaction, our Audit Committee will take into account, among other relevant factors, whether the related party transaction is in our best interests, whether its terms are no loss favorable than terms generally available to unaffiliated third parties, the results of an appraisal, if any, whether there was a bidding process, the valuation methodology and the extent of the related person's interest in the transaction. In the event that we become aware of a related party transaction that was not approved under the policy before it was entered into, our Audit Committee will review such transaction as promptly as reasonably practical and will take such course of action as may be deemed appropriate under the circumstances. In the event a member of our Audit Committee is not disinterested with respect to the related party transaction under review, that member may not participate in the review, approval or ratification of that related party transaction. Upon completion of this offering, our Related Party Transaction Policy will be available on our website at www.hbtbank.com.

DESCRIPTION OF CAPITAL STOCK

The following summary of certain provisions of our capital stock does not purport to be complete and is subject to our restated certificate of incorporation, our amended and restated bylaws and the provisions of applicable law. Copies of our restated certificate of incorporation and amended and restated bylaws will be filed as exhibits to the registration statement, of which this prospectus is a part.

Authorized Capitalization

General

Upon the closing of this offering, the total amount of our authorized capital stock will consist of 125,000,000 shares of common stock, par value $0.01 per share, and 25,000,000 shares of undesignated preferred stock. As of September 27, 2019, we would have had outstanding 18,027,512 shares of common stock after giving effect to the reclassification of Series A nonvoting stock into common stock on a one-for-one basis.

After giving effect to this offering, we will have 26,327,512 shares of common stock and no shares of preferred stock outstanding. The following summary describes all material provisions of our capital stock. We urge you to read our restated certificate of incorporation and our amended and restated bylaws, which are included as exhibits to the registration statement of which this prospectus forms a part.

Common Stock

As of September 27, 2019, there were approximately 25 holders of record of our common stock.

Preferred Stock

We do not have any shares of preferred stock outstanding. Our board of directors will have the authority to issue shares of preferred stock from time to time on terms it may determine, to divide shares of preferred stock into one or more series and to fix the designations, preferences, privileges, and restrictions of preferred stock, including dividend rights, conversion rights, voting rights, terms of redemption, liquidation preference, sinking fund terms, and the number of shares constituting any series or the designation of any series to the fullest extent permitted by the DGCL. The issuance of our preferred stock could have the effect of decreasing the trading price of our common stock, restricting dividends on our capital stock, diluting the voting power of our common stock, impairing the liquidation rights of our capital stock, or delaying or preventing a change in control of our company.

Voting Rights

Each holder of our common stock will be entitled to one vote per share on each matter submitted to a vote of stockholders. Our amended and restated bylaws will provide that the presence, in person or by proxy, of holders of shares representing a majority of the outstanding shares of capital stock entitled to vote at a stockholders' meeting shall constitute a quorum. When a quorum is present, the affirmative vote of a majority of the votes cast will be required to take action, unless otherwise specified by law or our certificate of incorporation, and except for the election of directors, which will be determined by a plurality vote. There will not be cumulative voting rights.

Dividend Rights

Each holder of shares of our capital stock will be entitled to receive such dividends and other distributions in cash, stock or property as may be declared by our board of directors from time to time out of our assets or funds legally available for dividends or other distributions. See the section entitled

"Dividend Policy." These rights will be subject to the preferential rights of any other class or series of our preferred stock.

Other Rights

Each holder of common stock will be subject to, and may be adversely affected by, the rights of the holders of any series of preferred stock that we may designate and issue in the future. This offering is not subject to pre-emptive rights.

Liquidation Rights

If the Company is involved in a consolidation, merger, recapitalization, reorganization, or similar event, each holder of common stock will participate pro rata in all assets remaining after payment of liabilities, subject to prior distribution rights of preferred stock, if any, then outstanding.

Anti-takeover Effects of our Restated Certificate of Incorporation and Amended and Restated Bylaws

Our restated certificate of incorporation and our amended and restated bylaws will contain provisions that may delay, defer or discourage another party from acquiring control of us. We expect that these provisions, which are summarized below, will discourage coercive takeover practices or inadequate takeover bids. These provisions are also designed to encourage persons seeking to acquire control of us to first negotiate with the board of directors, which we believe may result in an improvement of the terms of any such acquisition in favor of our stockholders. However, they also give the board of directors the power to discourage acquisitions that some stockholders may favor.

Authorized But Unissued Shares

We will have authorized but unissued shares of common stock and preferred stock, and our board of directors may authorize the issuance of one or more series of preferred stock without shareholder approval. These shares could be used by our board of directors to make it more difficult or to discourage an attempt to obtain control of us through a merger, tender offer, proxy contest or otherwise.

Action by Written Consent, Special Meeting of Stockholders and Advance Notice Requirements for Stockholder Proposals

Our restated certificate of incorporation will provide that stockholder action can be taken only at an annual or special meeting of stockholders and cannot be taken by written consent in lieu of a meeting once the Voting Trust ceases to own more than 35% of our outstanding common stock. Our restated certificate of incorporation and bylaws will also provide that, except as otherwise required by law, special meetings of the stockholders can be called only by the chairperson of the board of directors or pursuant to a resolution adopted by a majority of the total number of directors that we would have if there were no vacancies. Stockholders will not be permitted to call a special meeting or to require the board of directors to call a special meeting. In addition, our amended and restated bylaws require advance notice procedures for stockholder proposals to be brought before an annual meeting of the stockholders, including the nomination of directors. Stockholders at an annual meeting may only consider the proposals specified in the notice of meeting or brought before the meeting by or at the direction of the board of directors, or by a stockholder of record on the record date for the meeting, who is entitled to vote at the meeting and who has delivered a timely written notice in proper form to our secretary, of the stockholder's intention to bring such business before the meeting. These provisions could have the effect of delaying until the next stockholder meeting any stockholder actions, even if they are favored by the holders of a majority of our outstanding voting securities.

Amendment to Bylaws

The DGCL provides generally that the affirmative vote of a majority of the outstanding stock entitled to vote on amendments to a corporation's bylaws is required to approve such amendment, unless a corporation's certificate of incorporation also confers the power to adopt, amend or repeal bylaws upon the board of directors. Our amended and restated bylaws may be amended, altered, changed or repealed by a majority vote of our board of directors or by an affirmative vote of the holders of a majority in voting power of our outstanding shares of capital stock entitled to vote thereon.

Delaware Anti-Takeover Statute

Section 203 of the DGCL provides that if a person acquires 15% or more of the voting stock of a Delaware corporation, such person becomes an "interested stockholder" and may not engage in certain "business combinations" with the corporation for a period of three years from the time such person acquired 15% or more of the corporation's voting stock, unless: (1) the board of directors approves the acquisition of stock or the merger transaction before the time that the person becomes an interested stockholder, (2) the interested stockholder owns at least 85% of the outstanding voting stock of the corporation at the time the merger transaction commences (excluding voting stock owned by directors who are also officers and certain employee stock plans), or (3) the merger transaction is approved by the board of directors and by the affirmative vote at a meeting, not by written consent, of stockholders of two-thirds of the holders of the outstanding voting stock which is not owned by the interested stockholder. A Delaware corporation may elect in its certificate of incorporation or bylaws not to be governed by this particular Delaware law.

Under our restated certificate of incorporation, we will opt out of Section 203 of the DGCL and will therefore not be subject to Section 203.

Anti-takeover Effects of Banking Laws

Acquisitions of our voting stock above certain thresholds will be subject to prior regulatory notice or approval under federal banking laws, including the BHCA and the Change in Bank Control Act of 1978. Under the Change in Bank Control Act, a person or entity generally must provide prior notice to the Federal Reserve before acquiring the power to vote 10% or more of our outstanding common stock. Investors should be aware of these requirements when acquiring shares in our stock. In addition, under the Illinois Banking Act, any acquisition of our stock that results in a change in control of the Company will require prior approval of the IDFPR.

Exclusive Jurisdiction of Certain Actions

Our amended and restated bylaws will provide that, subject to limited exceptions, the Court of Chancery of the State of Delaware (or, if the Court of Chancery does not have jurisdiction, the federal district court for the District of Delaware), will be the sole and exclusive forum for (i) any derivative action or proceeding brought on our behalf, (ii) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers or other employees to us or our stockholders, (iii) any action asserting a claim against us or any of our directors, officers or other employees arising pursuant to any provision of the DGCL, our certificate of incorporation or our by-laws or (iv) any other action asserting a claim against us or any of our directors, officers or other employees that is governed by the internal affairs doctrine. Although we believe this provision benefits the Company by providing increased consistency in the application of Delaware law in the types of lawsuits to which it applies, the provision may have the effect of discouraging lawsuits against our directors and officers.

Our forum selection clause will be subject to a number of exceptions, including actions which are vested in the exclusive jurisdiction of a court or forum other than the Court of Chancery. Section 27 of the Exchange Act vests exclusive federal jurisdiction for all claims brought to enforce any duty or liability created under the Exchange Act. Therefore, our forum selection clause will not apply to any such claim.

In addition, Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all suits brought to enforce any duty or liability created by the Securities Act or the rules and regulations thereunder. As a result, there is uncertainty as to whether a court would enforce a forum selection clause in connection with claims arising under the Securities Act and the rules and regulations thereunder, and in any event, stockholders will not be deemed to have waived the Company's compliance with the federal securities laws and the rules and regulations thereunder.

Transfer Agent and Registrar

The transfer agent and registrar for our common stock will be Computershare Trust Company, N.A. Its address is 250 Royall Street, Canton, Massachusetts 02021.

Listing

We have applied to list our common stock on the Nasdaq under the trading symbol "HBT."

SHARES ELIGIBLE FOR FUTURE SALE

Prior to this offering, there has been no public market for our common stock. Future sales of substantial amounts of our common stock in the public market, or the perception that such sales may occur, could adversely affect the prevailing market price of our common stock. No prediction can be made as to the effect, if any, future sales of shares, or the availability of shares for future sales, will have on the market price of our common stock prevailing from time to time. The sale of substantial amounts of our common stock in the public market, or the perception that such sales could occur, could harm the prevailing market price of our common stock.

Sale of Restricted Shares

Upon completion of this offering, we will have 26,327,512 shares of common stock outstanding. Of these shares of common stock, the 8,300,000 shares of common stock being sold in this offering, plus any shares sold upon exercise of the underwriters' option to purchase additional shares, will be freely tradable without restriction under the Securities Act, except for any such shares which may be acquired by an "affiliate" of ours, as that term is defined in Rule 144 promulgated under the Securities Act ("Rule 144"), which shares will be subject to the volume limitations and other restrictions of Rule 144 described below. The remaining 18,027,512 shares of common stock held by our existing stockholders upon completion of this offering will be "restricted securities," as that term is defined in Rule 144, and may be resold only after registration under the Securities Act or pursuant to an exemption from such registration, including, among others, the exemptions provided by Rule 144 and Rule 701 under the Securities Act, which rules are summarized below. These remaining shares of common stock held by our existing stockholders upon completion of this offering will be available for sale in the public market (after the expiration of the lock-up agreements described below) only if registered or if they qualify for an exemption from registration under Rule 144 or Rule 701 under the Securities Act, as described below.

Rule 144

In general, under Rule 144 as currently in effect, persons who are not one of our affiliates at any time during the three months preceding a sale may sell shares of our common stock beneficially held upon the earlier of (1) the expiration of a six-month holding period, if we have been subject to the reporting requirements of the Exchange Act and have filed all required reports for at least 90 days prior to the date of the sale or (2) a one-year holding period.

At the expiration of the six-month holding period, a person who was not one of our affiliates at any time during the three months preceding a sale would be entitled to sell an unlimited number of shares of our common stock provided current public information about us is available, and a person who was one of our affiliates at any time during the three months preceding a sale would be entitled to sell within any three-month period a number of shares of common stock that does not exceed the greater of either of the following:

- 1% of the number of shares of our common stock then outstanding, which will equal approximately 263,275 shares immediately after this offering (or approximately 275,725 shares if the underwriters exercise their option to purchase additional shares in full), based on the number of shares of our common stock outstanding as of September 27, 2019; or

- the average weekly trading volume of our common stock on the Nasdaq during the four calendar weeks preceding the filing of a notice on Form 144 with respect to the sale.

At the expiration of the one-year holding period, a person who was not one of our affiliates at any time during the three months preceding a sale would be entitled to sell an unlimited number of shares of our common stock without restriction. A person who was one of our affiliates at any time during the three months preceding a sale would remain subject to the volume restrictions described above.

Sales under Rule 144 by our affiliates are also subject to manner of sale provisions and notice requirements and to the availability of current public information about us.

Rule 701

In general, subject to the expiration of the applicable lock-up restrictions, under Rule 701 promulgated under the Securities Act, any of our employees, directors or officers who purchased shares from us in connection with a qualified compensatory stock or option plan or other written agreement before the effective date of this offering, or who purchased shares from us after that date upon the exercise of options granted before that date, are eligible to resell such shares in reliance upon Rule 144 beginning 90 days after the date of this prospectus. If such person is not an affiliate, the sale may be made under Rule 144 without compliance with the holding periods of Rule 144 and subject only to the manner-of-sale restrictions of Rule 144. If such a person is an affiliate, the sale may be made under Rule 144 without compliance with its one-year minimum holding period, but subject to the other Rule 144 restrictions.

Stock Plans

We intend to file one or more registration statements on Form S-8 under the Securities Act to register shares of our common stock issued or reserved for issuance under the new equity incentive plan we intend to adopt in connection with this offering. The first such registration statement is expected to be filed soon after the date of this prospectus and will automatically become effective upon filing with the SEC. Accordingly, shares registered under such registration statement will be available for sale in the open market following the effective date, unless such shares are subject to vesting restrictions with us, Rule 144 restrictions applicable to our affiliates or the lock-up restrictions described below.

Lock-Up Agreements

Our directors and executive officers and the trustee of the Voting Trust have entered into lock-up agreements with the underwriters prior to the commencement of this offering pursuant to which each of these persons or entities, with limited customary exceptions, for a period of 180 days after the date of this prospectus, may not, without the prior written consent of Keefe, Bruyette & Woods, Inc. and J.P. Morgan Securities LLC, (1) offer, pledge, announce the intention to sell, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, any shares of our common stock or any securities convertible into or exercisable or exchangeable for our common stock (including, without limitation, common stock or such other securities which may be deemed to be beneficially owned by such directors, executive officers, managers and members in accordance with the rules and regulations of the SEC and securities which may be issued upon exercise of a stock option or warrant) or (2) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of the common stock or such other securities, whether any such transaction described in clause (1) or (2) above is to be settled by delivery of common stock or such other securities, in cash or otherwise, or (3) make any demand for or exercise any right with respect to the registration of any shares of our common stock or any security convertible into or exercisable or exchangeable for our common stock.

Registration Rights Agreement

Prior to or upon the completion of this offering, we intend to enter into a registration rights agreement with the Voting Trust. The agreement will provide the Voting Trust with certain demand and piggyback registration rights in respect of any registrable shares of our common stock held by it, subject to various conditions and limitations as set forth in the agreement. See "Certain Relationships and Related Party Transactions—Registration Rights Agreement."

MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS FOR NON-U.S. HOLDERS

The following is a summary of certain material United States federal income tax consequences relevant to non-U.S. holders, as defined below, of the purchase, ownership and disposition of our common stock issued pursuant to this offering, but does not purport to be a complete analysis of all the potential tax considerations relating thereto. The following summary is based on current provisions of the Code, Treasury regulations and judicial and administrative authority, all of which are subject to change, possibly with retroactive effect. These authorities may be changed, possibly retroactively, so as to result in U.S. federal income tax consequences different from those set forth below. We have not sought, and do not intend to seek, any ruling from the IRS with respect to the statements made and the conclusions reached in the following summary, and there can be no assurance that the IRS or a U.S. court will agree with such statements and conclusions.

This section does not consider state, local, gift, estate or non-U.S. tax consequences or the recently enacted changes to Section 451 of the Code with respect to conforming the timing of income accruals to financial statements, nor does it address tax consequences to special classes of investors, including, but not limited to, tax-exempt or governmental organizations, insurance companies, banks or other financial institutions, partnerships or other entities classified as partnerships for United States federal income tax purposes (or an investor in such an entity), traders, brokers and dealers in securities or currencies, controlled foreign corporations, passive foreign investment companies, regulated investment companies, corporations that accumulate earnings to avoid U.S. federal income tax, real estate investment trusts, persons who own or are deemed to own 10% or more of our voting stock, persons liable for the alternative minimum tax, persons liable for the Medicare tax on net investment income, persons subject to the base erosion and anti-abuse tax, certain former citizens, U.S. expatriates, or former long-term residents of the United States, traders in securities that elect to use a mark-to-market method of accounting for their securities holdings, persons who have acquired our common stock as compensation or otherwise in connection with the performance of services, persons deemed to sell our common stock under the constructive sale provisions of the Code, tax-qualified retirement plans, qualified foreign pension funds as defined in Section 897(l)(2) of the Code and entities all of the interest of which are held by qualified foreign pension funds, or persons that will hold our common stock as a position in a hedging transaction, "straddle," "conversion transaction" or other risk reduction transaction. Tax consequences may vary depending upon the particular status of an investor. The summary is limited to non-U.S. holders who purchase our common stock pursuant to this offering and will hold our common stock as "capital assets" (generally, property held for investment).

If an entity or arrangement treated as a partnership for United States federal income tax purposes holds our common stock, the tax treatment of a partner in the partnership will generally depend upon the status of the partner and the activities of the partner and the partnership. If you are treated as a partner in such an entity holding our common stock, you should consult your tax advisor as to the United States federal income tax consequences applicable to you.

YOU ARE URGED TO CONSULT YOUR TAX ADVISOR WITH RESPECT TO THE APPLICATION OF THE U.S. FEDERAL INCOME TAX LAWS TO YOUR PARTICULAR SITUATION, AS WELL AS ANY TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF OUR COMMON STOCK ARISING UNDER THE U.S. FEDERAL ESTATE OR GIFT TAX RULES OR UNDER THE LAWS OF ANY STATE, LOCAL, NON-U.S. OR OTHER TAXING JURISDICTION OR UNDER ANY APPLICABLE TAX TREATY.

Non-U.S. Holder Defined

For purposes of this discussion, you are a "non-U.S. holder" if you are a beneficial owner of shares of our common stock and you are not a "U.S. person" or an entity classified as a partnership for U.S. federal income tax purposes. You are a U.S. person for U.S. federal income tax purposes if you are:

- an individual citizen or resident of the United States (for tax purposes);
- a corporation or other entity taxable as a corporation created or organized in the United States or under the laws of the United States or any political subdivision thereof;
- an estate whose income is subject to U.S. federal income tax regardless of its source; or
- a trust (x) whose administration is subject to the primary supervision of a U.S. court and which has one or more U.S. persons who have the authority to control all substantial decisions of the trust or (y) that has made a valid election to be treated as a U.S. person.

Distributions

As described under "Dividend Policy," we expect to pay periodic dividends to holders of our common stock but we may elect not to pay dividends. If we do make distributions with respect to our common stock, such distributions will be treated as dividends when paid to the extent of our current or accumulated earnings and profits as determined for United States federal income tax purposes. Any distribution not constituting a dividend will be treated first as reducing the adjusted basis in the non-U.S. Holder's shares of our common stock and, to the extent it exceeds the adjusted basis in the non-U.S. Holder's shares of our common stock, as gain from the sale or exchange of such stock.

Except as described below, if you are a non-U.S. holder of our shares, dividends paid to you are subject to withholding of United States federal income tax at a 30% rate or at a lower rate if you are eligible for the benefits of an income tax treaty that provides for a lower rate. Even if you are eligible for a lower treaty rate, we and other payors will generally be required to withhold at a 30% rate (rather than the lower treaty rate) on dividends paid to you, unless you have furnished to us or another payor:

- A valid IRS Form W-8BEN, W-8BEN-E or other applicable Form W-8 (or successor form) upon which you certify, under penalties of perjury, your status as a non-U.S. person and your entitlement to the lower treaty rate with respect to such payments, or
- In the case of payments made outside the United States to an offshore account (generally, an account maintained by you at an office or branch of a bank or other financial institution at any location outside the United States), other documentary evidence establishing your entitlement to the lower treaty rate in accordance with Treasury regulations.

If you are eligible for a reduced rate of U.S. withholding tax under an applicable income tax treaty, you may obtain a refund of any amounts withheld in excess of that rate by timely filing a refund claim with the IRS. If the non-U.S. holder holds the stock through a financial institution or other agent acting on the non-U.S. holder's behalf, the non-U.S. holder will be required to provide appropriate documentation to the agent, which then will be required to provide certification to us or our paying agent, either directly or through other intermediaries.

If dividends paid to you are "effectively connected" with your conduct of a trade or business within the United States, and, if required by a tax treaty, the dividends are attributable to a permanent establishment or fixed base that you maintain in the United States, we and other payors generally are not required to withhold tax from the dividends, provided that you have furnished to us or another payor a valid IRS Form W-8ECI or other applicable IRS Form W-8 (or successor form) upon which you represent, under penalties of perjury, that:

- You are a non-U.S. person, and

- The dividends are effectively connected with your conduct of a trade or business within the United States and are includible in your gross income.

"Effectively connected" dividends are taxed at rates applicable to United States citizens, resident aliens and domestic United States corporations. If you are a corporate non-U.S. holder, "effectively connected" dividends that you receive may, under certain circumstances, be subject to an additional "branch profits tax" at a 30% rate, or at a lower rate if you are eligible for the benefits of an income tax treaty that provides for a lower rate.

Sale or Other Taxable Disposition

Subject to the discussion below regarding backup withholding and FATCA, you generally will not be subject to United States federal income or withholding tax on gain realized on the sale, exchange or other taxable disposition of our common stock unless:

- The gain is effectively connected with your conduct of a trade or business in the United States and, if an applicable tax treaty requires, is attributable to your U.S. permanent establishment or fixed base maintained by you in the United States;

- If you are an individual and are present in the United States for 183 days or more in the taxable year of the sale or other disposition, and certain other conditions are met; or

- Our common stock constitutes a U.S. real property interest by reason of our status as a "U.S. real property holding corporation" (USRPHC) for U.S. federal income tax purposes and, if our common stock is "regularly traded" on an established securities market, you held, directly or indirectly, at any time during the shorter of the five-year period ending on the date of disposition or your holding period, more than 5% of our common stock.

With respect to the third bullet above, in general, we would be a USRPHC if our "U.S. real property interests" comprised at least 50% of the sum of the fair market value of our worldwide real property interests plus our other assets used or held in our trade or business. We believe that we are not currently and will not become a USRPHC and the remainder of this discussion so assumes. However, because the determination of whether we are a USRPHC depends on the fair market value of our U.S. real property relative to the fair market value of our other business assets, there can be no assurance that we will not become a USRPHC in the future.

If you are an individual and are described in the first bullet above, you will be subject to tax on the net gain derived from the sale under regular graduated U.S. federal income tax rates generally in the same manner as if you were a U.S. resident (except as provided by an applicable income tax treaty). If you are a foreign corporation and are described in the first bullet above, you will be subject to tax on your gain under regular U.S. federal income tax rates generally in the same manner as if you were a U.S. person and, in addition, may be subject to the branch profits tax on your effectively connected earnings and profits at a rate of 30% or at such lower rate as may be specified by an applicable income tax treaty. If you are an individual non-U.S. holder described in the second bullet above, you will be required to pay a flat 30% tax (or such lower rate as may be specified by an applicable income tax treaty) on the gain derived from the disposition, which tax may be offset by U.S.-source capital losses for the year, provided that you have timely filed U.S. federal income tax returns with respect to such losses. You should consult any applicable income tax or other treaties that may provide for different rules.

Foreign Account Tax Compliance Act

Sections 1471 through 1474 of the Code and the Treasury regulations and administrative guidance issued thereunder (commonly referred to as FATCA) generally impose a 30% U.S. federal withholding tax on dividends on, and gross proceeds from the sale or other disposition of our common stock, if paid to a "*foreign financial institution*" or a "*non-financial foreign entity*" (each as defined in the Code) (including, in some cases, when such foreign financial institution or non-financial foreign entity is acting as an intermediary), if such entity fails to comply with certain disclosure and reporting rules that, in general, require that (i) in the case of a foreign financial institution, the entity identify and provide information in respect of financial accounts with such entity held (directly or indirectly) by United States persons and United States-owned foreign entities, and (ii) in the case of a non-financial foreign entity, the entity identify and provide information in respect of substantial United States owners of such entity. The IRS has issued proposed regulations that, when finalized, will provide for the repeal of the 30% withholding tax that existing regulations released in January 2013 and subsequent guidance by the IRS would have applied to all payments of gross proceeds from the sale, exchange or other disposition of any stock occurring after December 31, 2018. In the preamble to the proposed regulations, the IRS provided that taxpayers may rely upon this repeal until the issuance of final regulations. Foreign financial institutions located in jurisdictions that have an intergovernmental agreement with the United States with respect to these rules may be subject to different rules.

If withholding is required under FATCA on a payment related to our common stock, investors that otherwise would not be subject to withholding (or that otherwise would be entitled to a reduced rate of withholding) generally will be required to seek a refund or credit from the IRS to obtain the benefit of such exemption or reduction (provided that such benefit is available). Prospective investors should consult their tax advisors regarding the effect of FATCA in their particular circumstances.

Non-U.S. Holders are encouraged to consult with their tax advisors regarding the possible implications of FATCA on their investment in our common stock.

Information Reporting and Backup Withholding

Under certain circumstances, Treasury regulations require information reporting and backup withholding on certain payments on common stock.

Payment of dividends, and the tax withheld on those payments, are subject to information reporting requirements. These information reporting requirements apply regardless of whether withholding was reduced or eliminated by an applicable income tax treaty. We must report annually to the IRS and to each non-U.S. Holder the amount of dividends paid to that holder and the U.S. federal withholding tax withheld with respect to those dividends, regardless of whether withholding is reduced or eliminated by an applicable tax treaty. Under the provisions of an applicable income tax treaty or agreement, copies of the information returns reporting such dividends and withholding may also be made available to the tax authorities in the country in which the non-U.S. holder resides.

U.S. backup withholding (currently at a rate of 24%) is imposed on certain payments to persons that fail to furnish the information required under the U.S. information reporting requirements. Payments of dividends on or of proceeds from the disposition of our common stock will generally be exempt from backup withholding, provided the non-U.S. Holder meets applicable certification requirements, including providing a correct and properly executed IRS Form W-8BEN, W-8BEN-E (or other applicable form) or otherwise establishing an exemption and the payor does not have actual knowledge or reason to know that the non-U.S. holder is a U.S. person, as defined under the Code, that is not an exempt recipient.

Backup withholding does not represent an additional tax. Any amounts withheld from a payment to a non-U.S. holder under the backup withholding rules will be allowed as a credit against the holder's United States federal income tax liability and may entitle the holder to a refund, provided that the required information or returns are timely furnished by the holder to the IRS.

EACH PROSPECTIVE INVESTOR SHOULD CONSULT ITS OWN TAX ADVISOR REGARDING THE PARTICULAR U.S. FEDERAL, STATE AND LOCAL AND NON-U.S. TAX CONSEQUENCES OF PURCHASING, HOLDING AND DISPOSING OF OUR CLASS A COMMON STOCK, INCLUDING THE CONSEQUENCES OF ANY PROPOSED CHANGE IN APPLICABLE LAWS.

UNDERWRITING

We are offering the shares of common stock described in this prospectus through a number of underwriters. Keefe, Bruyette & Woods, Inc. and J.P. Morgan Securities LLC are acting as joint book-running managers of the offering and as representatives of the underwriters. We have entered into an underwriting agreement with the underwriters. Subject to the terms and conditions of the underwriting agreement, we have agreed to sell to the underwriters, and each underwriter has severally agreed to purchase, at the public offering price less the underwriting discounts and commissions set forth on the cover page of this prospectus, the number of shares of common stock listed next to its name in the following table:

Name	Number of Shares
Keefe, Bruyette & Woods, Inc.	
J.P. Morgan Securities LLC	
Raymond James & Associates, Inc.	
Sandler O'Neill & Partners, L.P.	
D.A. Davidson & Co.	
Total	8,300,000

The underwriters are committed to purchase all the shares of common stock offered by us if they purchase any shares. The underwriting agreement also provides that if an underwriter defaults, the purchase commitments of non-defaulting underwriters may also be increased or the offering may be terminated.

The underwriters propose to offer the shares of common stock directly to the public at the initial public offering price set forth on the cover page of this prospectus and to certain dealers at that price less a concession not in excess of $ per share. Any such dealers may resell shares to certain other brokers or dealers at a discount of up to $ per share from the initial public offering price. After the initial offering of the shares to the public, if all of the shares of common stock are not sold at the initial public offering price, the underwriters may change the offering price and the other selling terms. Sales of shares made outside of the United States may be made by affiliates of the underwriters.

The underwriters have an option to buy up to 1,245,000 additional shares of common stock from us to cover sales of shares by the underwriters which exceed the number of shares specified in the table above. The underwriters have 30 days from the date of this prospectus to exercise this option to purchase additional shares. If any shares are purchased with this option to purchase additional shares, the underwriters will purchase shares in approximately the same proportion as shown in the table above. If any additional shares of common stock are purchased, the underwriters will offer the additional shares on the same terms as those on which the shares are being offered.

The underwriting fee is equal to the public offering price per share of common stock less the amount paid by the underwriters to us per share of common stock. The underwriting fee is $ per share. The following table shows the per share and total underwriting discounts and commissions to be paid to the underwriters assuming both no exercise and full exercise of the underwriters' option to purchase additional shares.

	Without option to purchase additional shares exercise	With full option to purchase additional shares exercise
Per Share	$	$
Total	$	$

We estimate that the total expenses of this offering, including registration, filing and listing fees, printing fees and legal and accounting expenses, but excluding the underwriting discounts and commissions, will be approximately $2.2 million. The underwriters have agreed to reimburse certain of our expenses in connection with this offering.

At our request, the underwriters have reserved up to 5% of the common stock being offered by this prospectus for sale at the initial public offering price to our directors, officers, employees and other individuals associated with us. The sales will be made by J.P. Morgan Securities LLC, an underwriter of this offering, through a directed share program. We do not know if these persons will choose to purchase all or any portion of these reserved shares, but any purchases they do make will reduce the number of common stock available to the general public. Any reserved shares not so purchased will be offered by the underwriters to the general public on the same terms as the other shares of common stock. Reserved shares purchased by our directors and officers in the directed share program will be subject to lock-up restrictions described in this prospectus.

A prospectus in electronic format may be made available on the web sites maintained by one or more underwriters, or selling group members, if any, participating in the offering. The underwriters may agree to allocate a number of shares to underwriters and selling group members for sale to their online brokerage account holders. Internet distributions will be allocated by the representatives to underwriters and selling group members that may make Internet distributions on the same basis as other allocations.

We have agreed that we will not (i) offer, pledge, announce the intention to sell, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise dispose of, directly or indirectly, or file with the Securities and Exchange Commission a registration statement under the Securities Act relating to, any shares of our common stock or securities convertible into or exchangeable or exercisable for any shares of our common stock, or publicly disclose the intention to make any offer, sale, pledge, disposition or filing, or (ii) enter into any swap or other arrangement that transfers all or a portion of the economic consequences associated with the ownership of any shares of common stock or any such other securities (regardless of whether any of these transactions are to be settled by the delivery of shares of common stock or such other securities, in cash or otherwise), in each case without the prior written consent of Keefe, Bruyette & Woods, Inc. and J.P. Morgan Securities LLC for a period of 180 days after the date of this prospectus, other than the shares of our common stock to be sold hereunder, any grants of any options or other share-based awards issued under our existing management incentive plans, any shares of our common stock issued upon the exercise of options or stock appreciation rights granted under our existing management incentive plans and any issuance of shares of our common stock in connection with a merger, acquisition, joint venture or strategic participation (provided that the aggregate number of shares issued or issuable shall not exceed 10% of the total number issued and outstanding as of the date of such transaction).

Our directors and executive officers and the trustee of the Voting Trust have entered into lock-up agreements with the underwriters prior to the commencement of this offering pursuant to which each of these persons or entities, with limited customary exceptions, for a period of 180 days after the date of this prospectus, may not, without the prior written consent of Keefe, Bruyette & Woods, Inc. and J.P. Morgan Securities LLC, (1) offer, pledge, announce the intention to sell, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of, directly or indirectly, any shares of our common stock or any securities convertible into or exercisable or exchangeable for our common stock (including, without limitation, common stock or such other securities which may be deemed to be beneficially owned by such directors, executive officers, managers and members in accordance with the rules and regulations of the SEC and securities which may be issued upon exercise of a stock option or warrant) or (2) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of the common stock or such other securities, whether any such transaction described in clause (1) or (2) above is to be settled by delivery of common stock or such other securities, in cash or otherwise, or (3) make any demand for or exercise any right with respect to the registration of any shares of our common stock or any security convertible into or exercisable or exchangeable for our common stock.

Notwithstanding the foregoing, the terms of the lock-up agreements generally do not apply to or prohibit, among others, the items described below:

A. the conversion of shares of Series A nonvoting stock into shares of common stock in connection with this offering,

B. the exercise or other disposition of Company stock appreciation rights outstanding,

C. transfers of shares of common stock as a bona fide gift or gifts,

D. distributions of shares of common stock to members or stockholders of the lock-up party,

E. the establishment of a written trading plan pursuant to Rule 10b5-1 under the Exchange Act, for the transfer of shares of common stock, provided that such plan does not provide for the sale or transfer of shares of common stock during the lock-up period,

F. if the lock-up party is an individual, transfers pursuant to the rules of intestate succession or by will upon the death of such lock-up party,

G. if the lock-up party is an individual, transfers to any immediate family member or any trust, family limited liability company or like entity for the direct or indirect benefit of the lock-up party or such lock-up party's family, provided that any such transfer shall not involve a disposition for value,

H. transfers of shares of common stock acquired in the open market after the closing of this offering, and

I. any transfer pursuant to a bona fide third party tender offer made to all holders of the common stock, merger, consolidation or other similar transaction involving a change of control of the Company, including voting in favor of any such transaction or taking any other action in connection with such transaction (provided that in the event that such tender offer, merger, consolidation or other such transaction is not completed, the lock-up party shall remain subject to the lock-up restrictions);

provided that in the case of any transfer or distribution pursuant to clause (C), (D), (F) or (G) each donee, distributee or transferee shall be subject to the lock-up restrictions; and provided, further, that in the case of any transfer or distribution pursuant to clause (C), (D), (E), (F), (G) or (H), no filing by any party (donor, donee, transferor or transferee) under the Exchange Act or other public announcement reporting a reduction in the beneficial ownership of common stock held by the lock-up party shall be required or shall be made voluntarily in connection with such transfer or distribution (other than a filing on a Form 5 made after the expiration of the Restricted Period referred to above). The lock-up party further agrees that the foregoing provisions shall be equally applicable to any shares acquired under the directed share program.

We have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act.

We have applied to have our common stock approved for listing on the Nasdaq under the symbol "HBT."

In connection with this offering, the underwriters may engage in stabilizing transactions, which involves making bids for, purchasing and selling shares of common stock in the open market for the purpose of preventing or retarding a decline in the market price of the common stock while this offering is in progress. These stabilizing transactions may include making short sales of the common stock, which involves the sale by the underwriters of a greater number of shares of common stock than they are required to purchase in this offering, and purchasing shares of common stock on the open market to cover positions created by short sales. Short sales may be "covered" shorts, which are short positions in an amount not greater than the underwriters' option to purchase additional shares referred to above, or may be "naked" shorts, which are short positions in excess of that amount. The underwriters may close out any covered short position either by exercising their option to purchase additional shares, in whole or in part, or by purchasing shares in the open market. In making this determination, the underwriters will consider, among other things, the price of shares available for purchase in the open market compared to the price at which the underwriters may purchase shares through the option to purchase additional shares. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the common stock in the open market that could adversely affect investors who purchase in this offering. To the extent that the underwriters create a naked short position, they will purchase shares in the open market to cover the position.

The underwriters have advised us that, pursuant to Regulation M of the Securities Act, they may also engage in other activities that stabilize, maintain or otherwise affect the price of the common stock, including the imposition of penalty bids. This means that if the representatives of the underwriters purchase common stock in the open market in stabilizing transactions or to cover short sales, the representatives can require the underwriters that sold those shares as part of this offering to repay the underwriting discount received by them.

These activities may have the effect of raising or maintaining the market price of the common stock or preventing or retarding a decline in the market price of the common stock, and, as a result, the price of the common stock may be higher than the price that otherwise might exist in the open market. If the underwriters commence these activities, they may discontinue them at any time. The underwriters may carry out these transactions on the Nasdaq, in the over-the-counter market or otherwise.

Certain of the underwriters and their affiliates have provided in the past to us and our affiliates and may provide from time to time in the future certain commercial banking, financial advisory, investment banking and other services for us and such affiliates in the ordinary course of their business, for which they have received and may continue to receive customary fees and commissions. In addition, from time to time, certain of the underwriters and their affiliates may effect transactions for their own account or the account of customers, and hold on behalf of themselves or their customers, long or short positions in our debt or equity securities or loans, and may do so in the future.

Prior to this offering, there has been no public market for our common stock. The initial public offering price will be determined by negotiations between us and the representatives of the underwriters. In determining the initial public offering price, we and the representatives of the underwriters expect to consider a number of factors including:

- the information set forth in this prospectus and otherwise available to the representatives;
- our prospects and the history and prospects for the industry in which we compete;
- an assessment of our management;
- our prospects for future earnings;
- the general condition of the securities markets at the time of this offering;
- the recent market prices of, and demand for, publicly traded common stock of generally comparable companies; and

- other factors deemed relevant by the underwriters and us.

Neither we nor the underwriters can assure investors that an active trading market will develop for our common stock, or that the shares will trade in the public market at or above the initial public offering price.

Selling Restrictions

General

Other than in the United States, no action has been taken by us or the underwriters that would permit a public offering of the securities offered by this prospectus in any jurisdiction where action for that purpose is required. The securities offered by this prospectus may not be offered or sold, directly or indirectly, nor may this prospectus or any other offering material or advertisements in connection with the offer and sale of any such securities be distributed or published in any jurisdiction, except under circumstances that will result in compliance with the applicable rules and regulations of that jurisdiction. Persons into whose possession this prospectus comes are advised to inform themselves about and to observe any restrictions relating to the offering and the distribution of this prospectus. This prospectus does not constitute an offer to sell or a solicitation of an offer to buy any securities offered by this prospectus in any jurisdiction in which such an offer or a solicitation is unlawful.

Notice to Prospective Investors in Canada

The shares may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the shares must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 (or, in the case of securities issued or guaranteed by the government of a non-Canadian jurisdiction, section 3A.4) of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

Notice to Prospective Investors in the European Economic Area

In relation to each Member State of the European Economic Area (each a "Member State"), no shares have been offered or will be offered to the public in that Member State prior to the publication of a prospectus in relation to the shares which has been approved by the competent authority in that Member State or, where appropriate, approved in another Member State and notified to the competent authority in that Member State, all in accordance with the Prospectus Regulation, except that offers of shares may be made to the public in that Member State at any time under the following exemptions under the Prospectus Regulation:

A. to any legal entity which is a qualified investor as defined under the Prospectus Regulation;

B. to fewer than 150 natural or legal persons (other than qualified investors as defined under the Prospectus Regulation), subject to obtaining the prior consent of the representatives for any such offer; or

C. in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of shares shall require the Company or underwriters to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an "offer to the public" in relation to any shares in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any shares to be offered so as to enable an investor to decide to purchase or subscribe for any shares, and the expression "Prospectus Regulation" means Regulation (EU) 2017/1129.

Notice to Prospective Investors in the United Kingdom

In addition, in the United Kingdom, this document is being distributed only to, and is directed only at, and any offer subsequently made may only be directed at persons who are "qualified investors" (as defined in the Prospectus Directive) (i) who have professional experience in matters relating to investments falling within Article 19 (5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Order") and/or (ii) who are high net worth companies (or persons to whom it may otherwise be lawfully communicated) falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "relevant persons").

Any person in the United Kingdom that is not a relevant person should not act or rely on the information included in this document or use it as basis for taking any action. In the United Kingdom, any investment or investment activity that this document relates to may be made or taken exclusively by relevant persons. Any person in the United Kingdom that is not a relevant person should not act or rely on this document or any of its contents.

LEGAL MATTERS

The validity of the shares of our common stock offered hereby will be passed upon for us by Kirkland & Ellis LLP (a partnership that includes professional corporations), Chicago, Illinois. The underwriters have been represented by Davis Polk & Wardwell LLP, New York, New York.

EXPERTS

The consolidated financial statements of HBT Financial, Inc. (formerly known as Heartland Bancorp, Inc.) appearing in this prospectus and registration statement as of December 31, 2018 and 2017 and for each of the years in the three-year period ended December 31, 2018 have been audited by RSM US LLP, an independent registered public accounting firm, as stated in their report appearing elsewhere herein and are included in reliance upon such report and upon the authority of such firm as experts in accounting and auditing.

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the SEC a registration statement on Form S-1 under the Securities Act with respect to our common stock offered hereby. This prospectus, which constitutes part of the registration statement, does not contain all of the information set forth in the registration statement or the exhibits filed therewith. For further information about us and our common stock that we propose to sell in this offering, we refer you to the registration statement and the exhibits filed as a part of the registration statement. Statements contained in this prospectus as to the contents of any contract or any other document filed as an exhibit to the registration statement are not necessarily complete. If a contract or document has been filed as an exhibit to the registration statement, we refer you to the copy of the contract or document that has been filed as an exhibit to the registration statement.

Following the completion of this offering, we will be required to comply with various regulatory and reporting requirements as a publicly-traded company, including those required by the SEC. We maintain an Internet site at www.hbtbank.com. Information on, or accessible through, our website is not part of this prospectus or the registration statement of which it forms a part.

The SEC also maintains an Internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC through the SEC's Electronic Data Gathering, Analysis and Retrieval (EDGAR) system. This system can be accessed at www.sec.gov.

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HBT FINANCIAL, INC. (formerly known as Heartland Bancorp, Inc.) AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
June 30, 2019 and December 31, 2018

	(Unaudited) Pro Forma (Note 1) June 30, 2019	(Unaudited) June 30, 2019	December 31, 2018
	(dollars in thousands)		
ASSETS			
Cash and due from banks	$ 17,151	$ 17,151	$ 21,343
Interest-bearing deposits with banks	124,575	124,575	165,536
Cash and cash equivalents	141,726	141,726	186,879
Interest-bearing time deposits with banks	248	248	248
Securities available-for-sale, at fair value	651,967	651,967	679,526
Securities held-to-maturity (fair value of $110,978 in 2019 and $121,506 in 2018)	108,829	108,829	121,715
Equity securities	4,030	4,030	3,261
Restricted stock, at cost	2,425	2,425	2,719
Loans held for sale	5,303	5,303	2,800
Loans, net of allowance for loan losses of $22,542 in 2019 and $20,509 in 2018	2,180,554	2,180,554	2,123,748
Bank premises and equipment, net	53,993	53,993	54,736
Bank premises held for sale	149	149	749
Foreclosed assets	9,707	9,707	9,559
Goodwill	23,620	23,620	23,620
Core deposit intangible assets, net	4,701	4,701	5,453
Mortgage servicing rights, at fair value	8,796	8,796	10,918
Investments in unconsolidated subsidiaries	1,165	1,165	1,165
Accrued interest receivable	14,609	14,609	15,300
Other assets	12,384	12,338	7,173
Total assets	$ 3,224,206	$ 3,224,160	$ 3,249,569
LIABILITIES AND STOCKHOLDERS' EQUITY			
Liabilities			
Deposits:			
Noninterest-bearing	$ 662,405	$ 662,405	$ 664,876
Interest-bearing	2,111,363	2,111,363	2,131,094
Total deposits	2,773,768	2,773,768	2,795,970
Securities sold under agreements to repurchase	35,646	35,646	46,195
Subordinated debentures	37,550	37,550	37,517
Dividends payable	170,000	—	—
Other liabilities	37,326	37,326	29,491
Total liabilities	3,054,290	2,884,290	2,909,173
COMMITMENTS AND CONTINGENCIES (Notes 8 and 15)			
Stockholders' Equity			
Common stock:			
Voting—$0.01 par value, 5,000,000 shares authorized, 315,780 shares issued, 268,312 shares outstanding	3	3	3
Series A nonvoting—$0.01 par value, 120,000,000 shares authorized, 17,835,960 shares issued, 17,759,200 shares outstanding	178	178	178
Surplus	38,314	32,288	32,288
Retained earnings	129,124	302,984	315,234
Accumulated other comprehensive income (loss)	5,316	7,436	(4,288)
Less cost of treasury stock held:			
Voting—47,468 shares	(1,667)	(1,667)	(1,667)
Series A nonvoting—76,760 shares	(1,352)	(1,352)	(1,352)
Total stockholders' equity	169,916	339,870	340,396
Total liabilities and stockholders' equity	$ 3,224,206	$ 3,224,160	$ 3,249,569

See accompanying Notes to Consolidated Financial Statements (Unaudited)

HBT FINANCIAL, INC. (formerly known as Heartland Bancorp, Inc.) AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

Six Months Ended June 30, 2019 and 2018

(Unaudited)

	Six Months Ended June 30, 2019	Six Months Ended June 30, 2018
	(dollars in thousands, except per share amounts)	
INTEREST AND DIVIDEND INCOME		
Loans, including fees:		
Taxable	$ 59,944	$ 54,495
Non-taxable	1,451	1,235
Securities:		
Taxable	7,540	6,983
Non-taxable	3,247	3,928
Interest-bearing deposits in bank	1,286	775
Other interest and dividend income	31	36
Total interest and dividend income	73,499	67,452
INTEREST EXPENSE		
Deposits	4,094	2,596
Securities sold under agreements to repurchase	31	19
Borrowings	7	223
Subordinated debentures	984	849
Total interest expense	5,116	3,687
Net interest income	68,383	63,765
PROVISION FOR LOAN LOSSES	2,582	553
Net interest income after provision for loan losses	65,801	63,212
NONINTEREST INCOME		
Wealth management fees	3,055	3,063
Title insurance activity	167	596
Service charges on deposit accounts	3,603	3,819
Net unrealized gain (loss) on equity securities with readily determinable fair values	115	(30)
Gain on sale of mortgage loans	1,185	1,351
Mortgage servicing	(575)	2,012
Card income	3,742	3,554
Other noninterest income	2,916	2,420
Total noninterest income	14,208	16,785
NONINTEREST EXPENSE		
Salaries	24,004	24,308
Employee benefits	6,090	3,230
Occupancy of bank premises	3,067	3,697
Furniture and equipment	1,505	1,612
Data processing	2,492	2,614
Marketing and customer relations	2,036	2,112
Amortization of intangible assets	752	780
FDIC insurance	427	487
Loan fees	732	796
Foreclosed assets, net	173	919
Other noninterest expense	4,870	4,766
Total noninterest expense	46,148	45,321
INCOME BEFORE INCOME TAX EXPENSE	33,861	34,676
INCOME TAX EXPENSE	520	389
NET INCOME	$ 33,341	$ 34,287
BASIC EARNINGS PER SHARE	$ 1.85	$ 1.90
DILUTED EARNINGS PER SHARE	$ 1.85	$ 1.90
WEIGHTED AVERAGE SHARES OF COMMON STOCK OUTSTANDING	18,027,512	18,067,480
UNAUDITED PRO FORMA INFORMATION (Note 1)		
Historical income before income tax expense	$ 33,861	
Pro forma C Corp equivalent income tax expense	8,699	
Pro forma C Corp equivalent net income	$ 25,162	
Weighted average shares of common stock outstanding	18,027,512	
Pro forma incremental shares required to be issued in the offering necessary to pay dividends	8,300,000	
Pro forma weighted average shares of common stock outstanding	26,327,512	
PRO FORMA C CORP EQUIVALENT EARNINGS PER SHARE—BASIC	$ 0.96	
PRO FORMA C CORP EQUIVALENT EARNINGS PER SHARE—DILUTED	$ 0.96	

See accompanying Notes to Consolidated Financial Statements (Unaudited)

HBT FINANCIAL, INC. (formerly known as Heartland Bancorp, Inc.) AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Six Months Ended June 30, 2019 and 2018

(Unaudited)

	Six Months Ended June 30, 2019	Six Months Ended June 30, 2018
	(dollars in thousands)	
NET INCOME	$ 33,341	$ 34,287
OTHER COMPREHENSIVE INCOME (LOSS)		
Unrealized gains (losses) on securities available-for-sale	12,624	(9,262)
Reclassification adjustment for accretion of net unrealized gain on securities transferred to held-to-maturity	(159)	(188)
Unrealized losses on derivative instruments	(689)	(105)
Reclassification adjustment for net settlements on derivative instruments	(52)	(98)
Total other comprehensive income (loss)	11,724	(9,653)
TOTAL COMPREHENSIVE INCOME	$ 45,065	$ 24,634

See accompanying Notes to Consolidated Financial Statements (Unaudited)

HBT FINANCIAL, INC. (formerly known as Heartland Bancorp, Inc.) AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

Six Months Ended June 30, 2019 and 2018

(Unaudited)

	Common Stock						
	Voting	Series A	Surplus	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total Stockholders' Equity
	(dollars in thousands, except per share data)						
Balance, December 31, 2017	$ 3	$ 178	$ 32,288	$ 293,934	$ (375)	$ (2,112)	$ 323,916
Adoption of ASU 2016-01	—	—	—	122	(122)	—	—
Net income	—	—	—	34,287	—	—	34,287
Other comprehensive loss	—	—	—	—	(9,653)	—	(9,653)
Repurchase of common stock—Series A (43,180 shares)	—	—	—	—	—	(907)	(907)
Cash dividends ($1.25 per share)	—	—	—	(22,613)	—	—	(22,613)
Balance, June 30, 2018	$ 3	$ 178	$ 32,288	$ 305,730	$ (10,150)	$ (3,019)	$ 325,030
Balance, December 31, 2018	$ 3	$ 178	$ 32,288	$ 315,234	$ (4,288)	$ (3,019)	$ 340,396
Net income	—	—	—	33,341	—	—	33,341
Other comprehensive income	—	—	—	—	11,724	—	11,724
Cash dividends ($2.53 per share)	—	—	—	(45,591)	—	—	(45,591)
Balance, June 30, 2019	$ 3	$ 178	$ 32,288	$ 302,984	$ 7,436	$ (3,019)	$ 339,870

See accompanying Notes to Consolidated Financial Statements (Unaudited)

HBT FINANCIAL, INC. (formerly known as Heartland Bancorp, Inc.) AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

Six Months Ended June 30, 2019 and 2018

(Unaudited)

	Six Months Ended June 30, 2019	Six Months Ended June 30, 2018
	(dollars in thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 33,341	$ 34,287
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation expense	1,381	1,758
Provision for loan losses	2,582	553
Net amortization of securities	1,868	2,717
Net accretion of discount and deferred loan fees on loans	(2,450)	(2,943)
Net unrealized (gain) loss on equity securities	(115)	30
Net gain on sales of bank premises and equipment	(30)	(9)
Net gain on sales of bank premises held for sale	(448)	(114)
Impairment losses on bank premises held for sale	9	9
Net (gain) loss on sales of foreclosed assets	(105)	320
Gain on loan foreclosures	—	(96)
Write-down of foreclosed assets	389	477
Amortization of intangibles	752	780
Decrease (increase) in mortgage servicing rights	2,122	(367)
Amortization of subordinated debt purchase accounting adjustment	33	33
Mortgage loans originated for sale	(54,948)	(66,827)
Proceeds from sale of mortgage loans	53,630	68,833
Net gain on sale of mortgage loans	(1,185)	(1,351)
Gain on sale of First Community Title Services, Inc.	(498)	—
Decrease in accrued interest receivable	691	1,318
(Increase) decrease in other assets	(561)	1,885
Increase (decrease) in other liabilities	2,490	(186)
Net cash provided by operating activities	38,948	41,107
CASH FLOWS FROM INVESTING ACTIVITIES		
Net change in interest-bearing time deposits with banks	—	248
Proceeds from paydowns, maturities, and calls of securities	91,196	89,233
Purchase of securities	(40,424)	(66,673)
Net (increase) decrease in loans	(58,339)	5,103
Purchase of restricted stock	—	(2,374)
Proceeds from redemption of restricted stock	294	2,531
Purchases of bank premises and equipment	(784)	(361)
Proceeds from sales of bank premises and equipment	176	29
Proceeds from sales of bank premises held for sale	1,039	1,068
Proceeds from sales of foreclosed assets	969	4,547
Cash received from sale of First Community Title Services, Inc.	114	—
Net cash (used in) provided by investing activities	(5,759)	33,351
CASH FLOWS FROM FINANCING ACTIVITIES		
Net decrease in deposits	(22,202)	(42,418)
Net decrease in repurchase agreements	(10,549)	(896)
Repayment of Federal Home Loan Bank borrowings	—	(25,000)
Repurchase of common stock	—	(907)
Cash dividends paid	(45,591)	(22,613)
Net cash used in financing activities	(78,342)	(91,834)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(45,153)	(17,376)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	186,879	165,683
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 141,726	$ 148,307
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid for interest	$ 4,976	$ 3,663
Cash paid for income taxes	$ 880	$ 850
SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING ACTIVITIES		
Transfers of loans to foreclosed assets	$ 1,761	$ 1,889
Sales of foreclosed assets through loan origination	$ 360	$ 1,174

See accompanying Notes to Consolidated Financial Statements (Unaudited)

HBT FINANCIAL, INC. (formerly known as Heartland Bancorp, Inc.) AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

NOTE 1—ACCOUNTING POLICIES

Basis of Presentation

The unaudited consolidated financial statements, including the notes thereto of HBT Financial, Inc. (formerly known as Heartland Bancorp, Inc.) (the Company), have been prepared in accordance with generally accepted accounting principles (GAAP) interim reporting requirements, and therefore do not include all information and notes included in the annual consolidated financial statements in conformity with GAAP. 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 elsewhere in this prospectus. The Company's principal business activity is banking, conducted through its wholly owned subsidiaries, Heartland Bank and Trust Company (Heartland Bank) and State Bank of Lincoln (Lincoln Bank). Heartland Bank and Lincoln Bank are collectively referred to as "the Banks".

The unaudited consolidated financial statements include all adjustments, consisting of 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.

Unaudited Pro Forma Balance Sheet

The June 30, 2019 unaudited pro forma balance sheet information gives effect to (i) the termination of our S Corporation status in connection with the Company's anticipated initial public offering and the Company's election to be treated as a C Corporation under the applicable sections of federal and state income tax law, assuming such termination had occurred on June 30, 2019, and (ii) the accrual of a special cash dividend of $170.0 million in the aggregate to the Company's existing stockholders, which is conditioned upon the closing of the Company's anticipated initial public offering (without giving effect to the offering proceeds). The pro forma effect of the conversion to a C Corporation results in an increase in net deferred tax assets of $46,000, and the termination of the Company's S Corporation status results in the reclassification of undistributed S Corporation period earnings, inclusive of the effects of the pro forma deferred tax and cash dividend adjustments, to Surplus.

Unaudited Pro Forma Income Statement Information

The unaudited pro forma C Corp equivalent income tax expense information gives effect to the income tax expense had the Company been a C Corporation during the six months ended June 30, 2019 at an assumed combined effective income tax rate of 25.69%. The unaudited pro forma C Corp equivalent net income information, therefore, includes an adjustment for income tax expense as if the Company had been a C Corporation during the six months ended June 30, 2019.

The Company intends to declare and pay to holders of record on the dividend record date a special cash dividend of $170.0 million prior to the closing of the Company's anticipated initial public offering. Staff Accounting Bulletin Topic 1.B.3. requires that pro forma basic and diluted earnings per share be presented giving effect to the number of shares whose proceeds would be used to replace capital when dividends exceed current year earnings. The unaudited pro forma weighted average shares of common stock outstanding information gives effect to the deemed issuance of the number of shares that would be required to generate net proceeds sufficient to make the special cash dividend payment of $170.0 million in the aggregate to the Company's existing stockholders (but only to the extent that

NOTE 1—ACCOUNTING POLICIES (Continued)

the dividend, together with the dividends paid to the Company's stockholders in the last twelve months, exceeds the Company's earnings in the last twelve months). The number of incremental shares that would be required to be issued to pay the dividend is based on an estimated price of $18.00 per share, which is the midpoint of the range set forth on the cover of the prospectus for the initial public offering, after deducting the estimated underwriting discounts, resulting in net proceeds of $16.74 per share. In addition, the number of incremental shares to be added to the denominator should not exceed the total number of shares to be issued in the offering.

The calculation of the incremental shares whose proceeds would be necessary to pay the dividends in excess of current year earnings is set forth below (dollars in thousands, except per share amounts):

Excess of dividends over earnings:	
Dividends paid during the twelve months ended June 30, 2019	$ 65,599
Plus: Dividend to be paid prior to the closing of the initial public offering	170,000
Less: Earnings for the twelve months ended June 30, 2019	(62,853)
Total proceeds that would be necessary to pay dividends in excess of current year earnings	$ 172,746
Divided by: The assumed initial public offering price, less underwriting discount	$ 16.74
Incremental shares whose proceeds would be necessary to pay the dividends, limited to total number of shares to be issued in the offering	8,300,000

The unaudited pro forma basic and diluted earnings per share information is computed using the unaudited pro forma C Corp equivalent net income and unaudited pro forma weighted average shares of common stock outstanding. There were no dilutive instruments outstanding during 2019, therefore, the pro forma C Corp equivalent basic and diluted earnings per share amounts are the same.

Use of Estimates

The accompanying consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America and general banking industry. 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 loan losses.

Income Taxes

The Company, with the consent of its stockholders, has elected to be taxed under sections of federal and state income tax law as an "S corporation" which provides that, in lieu of Company income

NOTE 1—ACCOUNTING POLICIES (Continued)

taxes, except for state replacement and franchise taxes, the stockholders separately account for their pro rata shares of the Company's items of income, deductions, losses and credits. As a result of this election, no income taxes, other than state replacement and franchise taxes, have been recognized in the accompanying consolidated financial statements. As of June 30, 2019, the Company's reported net assets were less than their tax bases by approximately $160,000. No provision has been made for any amounts which may be advanced or paid as dividends to the stockholders to assist them in paying their personal taxes on the income from the Company.

The Company files consolidated federal and state income tax returns. The Company is no longer subject to federal or state income tax examinations for years prior to 2015.

With regard to uncertain tax matters, the Company recognizes in the consolidated financial statements the impact of a tax position taken, or expected to be taken, if it is more likely than not that the position will be sustained on audit based on the technical merit of the position. Management has analyzed the tax positions taken by the Company and concluded as of June 30, 2019 and December 31, 2018, there are no uncertain tax positions taken or expected to be taken that require recognition of a liability or disclosure in the consolidated financial statements. When applicable, the Company recognizes interest accrued related to unrecognized tax benefits and penalties in operating expenses.

Segment Reporting

The Company's operations consist of one reportable segment called community banking. The operations of the non-bank subsidiaries of the Company primarily support the operations of the Banks. While the Company's management monitors both bank subsidiaries' operations and profitability separately, these subsidiaries have been aggregated into one reportable segment due to the similarities in products and services, customer base, operations, profitability measures, and economic characteristics.

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 of recognition or disclosure through the date the financial statements were issued.

On September 13, 2019, the Company effected a twenty-for-one stock split of its issued and outstanding shares of common stock and its issued and outstanding shares of Series A nonvoting common stock. Accordingly, all share and per share amounts for all periods presented in these financial statements and notes thereto have been adjusted retroactively, where applicable, to reflect the stock split.

On September 13, 2019, the Company filed with the Delaware Secretary of State a Certificate of Amendment to the Certificate of Incorporation of the Company to amend, among other things, the name of the Company from Heartland Bancorp, Inc. to HBT Financial, Inc.

HBT FINANCIAL, INC. (formerly known as Heartland Bancorp, Inc.) AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

NOTE 1—ACCOUNTING POLICIES (Continued)

Sale of First Community Title Services, Inc.

On February 15, 2019, the Company consummated an agreement to sell the First Community Title Services, Inc. to Illinois Real Estate Title Center, LLC, an Illinois limited liability company, for a combination of cash and an equity interest in Illinois Real Estate Title Center, LLC representing total consideration of approximately $498,000.

Recent Accounting Pronouncements

On January 1, 2019, the Company adopted Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. Under the new guidance in this ASU, lessees will be required to recognize the following for all leases (with the exception of short-term leases) at the commencement date: (1) a lease liability, which is a lessee`s obligation to make lease payments arising from a lease, measured on a discounted basis; and (2) a right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. Under the new guidance, lessor accounting is largely unchanged. Certain targeted improvements were made to align, where necessary, lessor accounting with the lessee accounting model and Topic 606, *Revenue from Contracts with Customers*. The new lease guidance also simplified the accounting for sale and leaseback transactions primarily because lessees must recognize lease assets and lease liabilities. Lessees will no longer be provided with a source of off-balance sheet financing. On January 1, 2019, the Company adopted this standard without a material impact on the Company's results of operations or financial condition.

In June 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. ASU 2016-13 requires the measurement of all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts and requires enhanced disclosures related to the significant estimates and judgments used in estimating credit losses, as well as the credit quality and underwriting standards of an organization's portfolio. In addition, ASU 2016-13 amends the accounting for credit losses on available-for-sale debt securities and purchased financial assets with credit deterioration. ASU 2016-13 is effective for years beginning after December 15, 2021, including interim periods within those fiscal years. Early adoption is permitted for years beginning after December 31, 2018, including interim periods within those years. The Company is currently evaluating the effect that this standard will have on the consolidated financial statements.

In January 2017, the FASB issued ASU 2017-04, *Intangibles—Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment*. This ASU simplifies measurement of goodwill and eliminates Step 2 from the goodwill impairment test. Under the ASU, a company should perform its goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount. An impairment charge should be recognized for the amount by which the carrying amount exceeds the reporting unit's fair value. The impairment charge is limited to the amount of goodwill allocated to that reporting unit. The amendments in this update are effective for annual or any interim goodwill impairment tests in years beginning after December 15, 2021, including interim periods within those years. Early adoption is permitted for goodwill impairment tests performed on testing dates after January 1, 2017. This standard is not expected to have a material impact on the Company's consolidated results of operations or financial position.

NOTE 1—ACCOUNTING POLICIES (Continued)

In March 2017, the FASB issued ASU 2017-08, *Receivables—Nonrefundable Fees and Other Costs (Subtopic 310-20), Premium Amortization on Purchased Callable Debt Securities*. ASU 2017-08 shortens the amortization period for certain callable debt securities held at a premium, requiring the premium to be amortized to the earliest call date. ASU 2017-08 does not require an accounting change for securities held at a discount; the discount continues to be amortized to maturity. This guidance is effective for years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020. Early application is permitted. The adoption of this ASU requires use of a modified retrospective basis through a cumulative-effect adjustment directly to retained earnings as of the beginning of the period of adoption. The Company adopted this standard on January 1, 2019 without a material impact on the Company's consolidated results of operations or financial condition.

In August 2017, the FASB issued ASU 2017-12, *Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities*. ASU 2017-12 improves the financial reporting of hedging relationships to better portray the economic results of an entity's risk management activities in its financial statements and make certain targeted improvements to simplify the application of the hedge accounting guidance in current generally accepted accounting principles. The Company adopted this standard on January 1, 2018 without a material impact on the Company's consolidated results of operations or financial condition.

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework-Changes to the Disclosure Requirements for Fair Value Measurement*. ASU 2018-13 removes, modifies, and adds certain disclosure requirements on fair value measurements. This guidance is effective for annual reporting periods beginning after December 15, 2019, including interim periods within those fiscal years, with early adoption permitted. This standard is not expected to have a material impact on the Company's consolidated results of operations or financial position.

In October 2018, the FASB issued ASU 2018-16, *Derivatives and Hedging (Topic 815): Inclusion of the Secured Overnight Financing Rate (SOFR) Overnight Index Swap Rate as a Benchmark Interest Rate for Hedge Accounting Purposes*. ASU 2018-16 permits the use of the SOFR Overnight Index Swap Rate as a U.S. benchmark interest rate for hedge accounting purposes under ASC 815. The Company adopted this standard on January 1, 2019 without a material impact on the Company's consolidated results of operations or financial condition.

NOTE 2—TRANSACTIONS BETWEEN ENTITIES UNDER COMMON CONTROL

On October 29, 2018, the Company entered into an agreement to exchange 100% of the outstanding stock of Lincoln S.B. Corp., an Illinois Corporation headquartered in Lincoln, Illinois, for shares of HBT Financial, Inc. (formerly known as Heartland Bancorp, Inc.) Series A common stock. The transaction was completed on December 31, 2018 (the effective date). Lincoln Bank, which was Lincoln S.B. Corp.'s wholly-owned subsidiary prior to the agreement, offers a full line of quality retail and commercial banking products through six branches in central Illinois. The Company has operated Lincoln Bank as a separate subsidiary since the transaction was completed.

Under the terms of the definitive agreement, the 14,548 issued and outstanding shares of Lincoln S.B. Corp. common stock were converted into 1,382,560 shares of HBT Financial, Inc. (formerly known as Heartland Bancorp, Inc.) Series A common stock and approximately $6,000 paid in

NOTE 2—TRANSACTIONS BETWEEN ENTITIES UNDER COMMON CONTROL (Continued)

cash for fractional shares. In addition to the shares exchanged and cash paid for fractional shares, an additional $500,000 in cash was deposited into an escrow account. After 12 months, the escrow agreement shall expire, and the funds held in escrow shall be distributed to the Lincoln S.B. Corp. shareholders.

The voting ownership of HBT Financial, Inc. (formerly known as Heartland Bancorp, Inc.) and Lincoln S.B. Corp. were considered under common control on the effective date of the transaction and for all periods presented in the consolidated financial statements.

This transaction was accounted for as a change in reporting entity and, accordingly, HBT Financial, Inc. (formerly known as Heartland Bancorp, Inc.), the receiving entity, recognized assets and liabilities transferred at their carrying amounts in the accounts of Lincoln S.B. Corp., the transferring entity, on the effective date of the transaction. The results of operations are reported as though the exchange of equity interests had occurred at the beginning of the periods presented. For similar assets and liabilities accounted for using different accounting methods, the carrying amounts have been retrospectively adjusted to the basis of accounting used by HBT Financial, Inc. (formerly known as Heartland Bancorp, Inc.) Significant intra-entity transactions and accounts have been eliminated in consolidation.

NOTE 3—SECURITIES

Securities as shown in these consolidated financial statements reflect revised categories as required by the Company's adoption of ASU 2016-01 on January 1, 2018. That new guidance refined the definition of equity securities and required their segregation from debt securities available-for-sale.

While changes in the fair value of debt securities available-for-sale continue to be recorded in accumulated other comprehensive income (loss), the new guidance requires changes in the fair value of equity securities to be recorded in current earnings. As required by the new guidance, the unrealized gain in fair value on equity securities (recorded in accumulated other comprehensive loss at December 31, 2017) was reclassified to retained earnings on January 1, 2018. The amount of the reclassification was $122,000.

The carrying balances of the securities were as follows:

	June 30, 2019	December 31, 2018
	(dollars in thousands)	
Securities available-for-sale	$ 651,967	$ 679,526
Securities held-to-maturity	108,829	121,715
Equity securities:		
Readily determinable fair value	3,196	3,081
No readily determinable fair value	834	180
Total securities	$ 764,826	$ 804,502

The Company has elected to measure the equity securities with no readily determinable fair values at cost minus impairment, if any, plus or minus changes resulting from observable price changes for

NOTE 3—SECURITIES (Continued)

identical or similar securities of the same issuer. During the six months ended June 30, 2019 and 2018, the Company did not record any impairment or other adjustments to the carrying amount of the equity securities with no readily determinable fair values.

The amortized cost and fair values of securities available-for-sale, with gross unrealized gains and losses, are as follows:

June 30, 2019	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(dollars in thousands)			
Available-for-sale:				
U.S. government agency	$ 39,696	$ 980	$ (6)	$ 40,670
Municipal	152,872	2,273	(66)	155,079
Agency mortgage-backed:				
Residential	232,819	2,801	(397)	235,223
Commercial	136,761	1,774	(303)	138,232
Private-label mortgage-backed	89	1	—	90
Corporate	81,667	1,026	(20)	82,673
Total	$ 643,904	$ 8,855	$ (792)	$ 651,967

December 31, 2018	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(dollars in thousands)			
Available-for-sale:				
U.S. government agency	$ 46,977	$ 250	$ (361)	$ 46,866
Municipal	161,957	761	(1,268)	161,450
Agency mortgage-backed:				
Residential	235,903	788	(2,388)	234,303
Commercial	151,878	285	(2,082)	150,081
Private-label mortgage-backed	254	2	—	256
Corporate	87,118	207	(755)	86,570
Total	$ 684,087	$ 2,293	$ (6,854)	$ 679,526

NOTE 3—SECURITIES (Continued)

The carrying value and fair value of securities held-to-maturity, with gross unrealized gains and losses, are as follows:

June 30, 2019	Carrying Value	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
		(dollars in thousands)		
Held-to-maturity:				
Municipal	$ 62,253	$ 1,521	$ —	$ 63,774
Agency mortgage-backed:				
Residential	21,639	105	(318)	21,426
Commercial	24,937	895	(54)	25,778
Total	$ 108,829	$ 2,521	$ (372)	$ 110,978

December 31, 2018	Carrying Value	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
		(dollars in thousands)		
Held-to-maturity:				
Municipal	$ 73,176	$ 1,149	$ (42)	$ 74,283
Agency mortgage-backed:				
Residential	23,192	—	(998)	22,194
Commercial	25,347	177	(495)	25,029
Total	$ 121,715	$ 1,326	$ (1,535)	$ 121,506

Amortized cost of securities held-to-maturity amounted to $62,229,000 and $72,982,000 for municipal securities and $46,637,000 and $48,611,000 for mortgage-backed securities as of June 30, 2019 and December 31, 2018, respectively.

As of June 30, 2019 and December 31, 2018, the Banks had securities with a carrying value of $280,704,000 and $291,404,000, respectively, which were pledged to secure public and trust deposits, securities sold under agreements to repurchase, and for other purposes required or permitted by law.

The Company has no direct exposure to the State of Illinois, but approximately 54% of the obligations of local municipalities portfolio consists of securities issued by municipalities located in Illinois as of June 30, 2019. Approximately 91% of such securities were general obligation issues as of June 30, 2019.

The amortized cost and fair value of securities available-for-sale and the carrying value and fair value of securities held-to-maturity, as of June 30, 2019, by contractual maturity, are shown below.

NOTE 3—SECURITIES (Continued)

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 Cost	Fair Value	Carrying Value	Fair Value
	(dollars in thousands)			
Due in 1 year or less	$ 56,688	$ 56,777	$ 147	$ 148
Due after 1 year through 5 years	116,525	118,191	25,457	25,986
Due after 5 years through 10 years	92,445	94,760	30,980	31,804
Due after 10 years	8,577	8,694	5,669	5,836
Agency mortgage-backed:				
Residential	232,819	235,223	21,639	21,426
Commercial	136,761	138,232	24,937	25,778
Private-label mortgage-backed	89	90	—	—
Total	$ 643,904	$ 651,967	$ 108,829	$ 110,978

There were no sales of securities during the six months ended June 30, 2019 and 2018. The following tables present gross unrealized losses and fair value of investments, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position, as of June 30, 2019 and December 31, 2018:

	Investments in a Continuous Unrealized Loss Position					
	Less than 12 Months		12 Months or More		Total	
June 30, 2019	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value
	(dollars in thousands)					
Available-for-sale:						
U.S. government agency	$ —	$ —	$ (6)	$ 1,991	$ (6)	$ 1,991
Municipal	—	—	(66)	13,787	(66)	13,787
Agency mortgage-backed:						
Residential	(3)	5,275	(394)	60,895	(397)	66,170
Commercial	—	—	(303)	31,036	(303)	31,036
Corporate	—	—	(20)	18,471	(20)	18,471
Total	$ (3)	$ 5,275	$ (789)	$ 126,180	$ (792)	$ 131,455
Held-to-maturity:						
Agency mortgage-backed:						
Residential	$ —	$ —	$ (318)	$ 12,944	$ (318)	$ 12,944
Commercial	—	—	(54)	6,644	(54)	6,644
Total	$ —	$ —	$ (372)	$ 19,588	$ (372)	$ 19,588

HBT FINANCIAL, INC. (formerly known as Heartland Bancorp, Inc.) AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

NOTE 3—SECURITIES (Continued)

	Investments in a Continuous Unrealized Loss Position					
	Less than 12 Months		12 Months or More		Total	
December 31, 2018	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value
	(dollars in thousands)					
Available-for-sale:						
U.S. government agency	$ (302)	$ 19,079	$ (59)	$ 7,938	$ (361)	$ 27,017
Municipal	(230)	31,034	(1,038)	59,702	(1,268)	90,736
Agency mortgage-backed:						
Residential	(299)	40,864	(2,089)	99,967	(2,388)	140,831
Commercial	(262)	35,462	(1,820)	81,899	(2,082)	117,361
Corporate	(263)	20,734	(492)	39,054	(755)	59,788
Total	$ (1,356)	$ 147,173	$ (5,498)	$ 288,560	$ (6,854)	$ 435,733
Held-to-maturity:						
Municipal	$ (32)	$ 4,166	$ (10)	$ 1,856	$ (42)	$ 6,022
Agency mortgage-backed:						
Residential	(59)	4,046	(939)	17,564	(998)	21,610
Commercial	(67)	8,910	(428)	10,413	(495)	19,323
Total	$ (158)	$ 17,122	$ (1,377)	$ 29,833	$ (1,535)	$ 46,955

As of June 30, 2019, there were 143 securities in an unrealized loss position for a period of twelve months or more, and 6 securities in an unrealized loss position for a period of less than twelve months. These unrealized losses are primarily a result of fluctuations in interest rates in the bond market. In analyzing an issuer's financial condition, management considers whether the securities are issued by the federal government or its agencies, whether downgrades by bond rating agencies have occurred, and industry analysts' reports. Management believes that all declines in value of these securities are deemed to be temporary.

HBT FINANCIAL, INC. (formerly known as Heartland Bancorp, Inc.) AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

NOTE 4—LOANS AND THE ALLOWANCE FOR LOAN LOSSES

Major categories of loans as of June 30, 2019 and December 31, 2018 are summarized as follows:

	June 30, 2019	December 31, 2018
	(dollars in thousands)	
Commercial and industrial	$ 349,944	$ 357,923
Agricultural and farmland	207,785	208,709
Commercial real estate—owner occupied	235,732	245,270
Commercial real estate—non-owner occupied	523,098	512,188
Multi-family	190,084	134,057
Construction and land development	232,934	232,957
One-to-four family residential	311,492	300,010
Municipal, consumer, and other	101,564	98,475
Gross loans, excluding loans acquired with deteriorated credit quality	2,152,633	2,089,589
Allowance for loan losses	(22,089)	(19,985)
Loans, excluding loans acquired with deteriorated credit quality, net	2,130,544	2,069,604
Gross loans acquired with deteriorated credit quality	50,463	54,668
Allowance for loan losses	(453)	(524)
Loans acquired with deteriorated credit quality, net	50,010	54,144
Total loans, net	$ 2,180,554	$ 2,123,748

The following tables detail activity in the allowance for loan losses (excluding loans acquired with deteriorated credit quality) for the six months ended June 30, 2019 and 2018.

Six Months Ended June 30, 2019	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	Municipal, Consumer, and Other	Total
					(dollars in thousands)				
Allowance for loan losses:									
Balance, December 31, 2018	$ 3,742	$ 2,650	$ 2,489	$ 2,639	$ 907	$ 3,738	$ 2,729	$ 1,091	$ 19,985
Provision for loan losses	1,621	73	104	66	239	(612)	1,192	(66)	2,617
Charge-offs	(283)	(30)	(166)	—	—	(9)	(603)	(372)	(1,463)
Recoveries	107	—	21	10	—	433	193	186	950
Balance, June 30, 2019	$ 5,187	$ 2,693	$ 2,448	$ 2,715	$ 1,146	$ 3,550	$ 3,511	$ 839	$ 22,089

Six Months Ended June 30, 2018	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	Municipal, Consumer, and Other	Total
					(dollars in thousands)				
Allowance for loan losses:									
Balance, December 31, 2017	$ 4,893	$ 2,385	$ 1,510	$ 2,474	$ 966	$ 2,940	$ 2,652	$ 1,282	$ 19,102
Provision for loan losses	(61)	(10)	102	391	(46)	105	372	76	929
Charge-offs	(135)	—	(2)	(69)	—	(53)	(281)	(323)	(863)
Recoveries	84	—	6	131	—	254	287	135	897
Balance, June 30, 2018	$ 4,781	$ 2,375	$ 1,616	$ 2,927	$ 920	$ 3,246	$ 3,030	$ 1,170	$ 20,065

NOTE 4—LOANS AND THE ALLOWANCE FOR LOAN LOSSES (Continued)

The following tables detail activity in the allowance for loan losses for loans acquired with deteriorated credit quality for the six months ended June 30, 2019 and 2018.

Six Months Ended June 30, 2019	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	Municipal, Consumer, and Other	Total
					(dollars in thousands)				
Allowance for loan losses:									
Balance, December 31, 2018	$ 6	$ —	$ 17	$ 5	$ 5	$ 438	$ 53	$ —	$ 524
Provision for loan losses	(6)	169	22	1	2	(265)	41	1	(35)
Charge-offs	—	—	—	—	—	—	(36)	—	(36)
Recoveries	—	—	—	—	—	—	—	—	—
Balance, June 30, 2019	$ —	$ 169	$ 39	$ 6	$ 7	$ 173	$ 58	$ 1	$ 453

Six Months Ended June 30, 2018	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	Municipal, Consumer, and Other	Total
					(dollars in thousands)				
Allowance for loan losses:									
Balance, December 31, 2017	$ 518	$ —	$ —	$ 2	$ 31	$ 41	$ 71	$ —	$ 663
Provision for loan losses	(372)	—	—	1	(31)	58	(32)	—	(376)
Charge-offs	—	—	—	—	—	—	(7)	—	(7)
Recoveries	—	—	—	—	—	—	—	—	—
Balance, June 30, 2018	$ 146	$ —	$ —	$ 3	$ —	$ 99	$ 32	$ —	$ 280

The following tables present the recorded investments in loans and the allowance for loan losses by category as of June 30, 2019 and December 31, 2018.

June 30, 2019	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	Municipal, Consumer, and Other	Total
					(dollars in thousands)				
Loan balances:									
Individually evaluated for impairment	$ 16,256	$ 18,890	$ 17,686	$ 4,026	$ 3,735	$ 2,937	$ 14,010	$ 14,038	$ 91,578
Collectively evaluated for impairment	333,688	188,895	218,046	519,072	186,349	229,997	297,482	87,526	2,061,055
Acquired with deteriorated credit quality	2,382	1,138	9,222	20,346	1,650	3,968	11,643	114	50,463
Total	$ 352,326	$ 208,923	$ 244,954	$ 543,444	$ 191,734	$ 236,902	$ 323,135	$ 101,678	$ 2,203,096
Allowance for loan losses:									
Individually evaluated for impairment	$ 3,075	$ 184	$ 1,038	$ 71	$ 248	$ 1,693	$ 1,970	$ 52	$ 8,331
Collectively evaluated for impairment	2,112	2,509	1,410	2,644	898	1,857	1,541	787	13,758
Acquired with deteriorated credit quality	—	169	39	6	7	173	58	1	453
Total	$ 5,187	$ 2,862	$ 2,487	$ 2,721	$ 1,153	$ 3,723	$ 3,569	$ 840	$ 22,542

NOTE 4—LOANS AND THE ALLOWANCE FOR LOAN LOSSES (Continued)

December 31, 2018	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	Municipal, Consumer, and Other	Total
					(dollars in thousands)				
Loan balances:									
Individually evaluated for impairment	$ 7,488	$ 11,295	$ 19,202	$ 7,820	$ 1,678	$ 3,331	$ 12,837	$ 416	$ 64,067
Collectively evaluated for impairment	350,435	197,414	226,068	504,368	132,379	229,626	287,173	98,059	2,025,522
Acquired with deteriorated credit quality	2,578	1,166	9,804	21,722	1,868	4,318	13,098	114	54,668
Total	$ 360,501	$ 209,875	$ 255,074	$ 533,910	$ 135,925	$ 237,275	$ 313,108	$ 98,589	$ 2,144,257
Allowance for loan losses:									
Individually evaluated for impairment	$ 1,554	$ 39	$ 1,066	$ 73	$ 267	$ 1,714	$ 1,265	$ 67	$ 6,045
Collectively evaluated for impairment	2,188	2,611	1,423	2,566	640	2,024	1,464	1,024	13,940
Acquired with deteriorated credit quality	6	—	17	5	5	438	53	—	524
Total	$ 3,748	$ 2,650	$ 2,506	$ 2,644	$ 912	$ 4,176	$ 2,782	$ 1,091	$ 20,509

HBT FINANCIAL, INC. (formerly known as Heartland Bancorp, Inc.) AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

NOTE 4—LOANS AND THE ALLOWANCE FOR LOAN LOSSES (Continued)

The following tables present loans individually evaluated for impairment by category of loans as of June 30, 2019 and December 31, 2018.

June 30, 2019	Unpaid Principal Balance	Recorded Investment	Related Allowance	Average Recorded Investment	Interest Income Recognized
			(dollars in thousands)		
With an allowance recorded:					
Commercial and industrial	$ 5,803	$ 5,804	$ 3,075	$ 5,940	$ 89
Agricultural and farmland	991	991	184	877	7
Commercial real estate—owner occupied	3,398	3,395	1,038	3,434	79
Commercial real estate—non-owner occupied	101	101	71	102	—
Multi-family	1,342	1,342	248	1,354	—
Construction and land development	2,833	2,832	1,693	2,887	89
One-to-four family residential	3,836	3,828	1,970	3,832	49
Municipal, consumer, and other	226	227	52	236	4
Total	$ 18,530	$ 18,520	$ 8,331	$ 18,662	$ 317
With no related allowance:					
Commercial and industrial	$ 10,447	$ 10,452	$ —	$ 10,461	$ 196
Agricultural and farmland	17,898	17,899	—	20,417	342
Commercial real estate—owner occupied	14,278	14,291	—	14,656	332
Commercial real estate—non-owner occupied	3,922	3,925	—	3,958	54
Multi-family	2,394	2,393	—	2,431	81
Construction and land development	106	105	—	108	2
One-to-four family residential	10,213	10,182	—	10,488	120
Municipal, consumer, and other	13,854	13,811	—	17,417	110
Total	$ 73,112	$ 73,058	$ —	$ 79,936	$ 1,237
Total:					
Commercial and industrial	$ 16,250	$ 16,256	$ 3,075	$ 16,401	$ 285
Agricultural and farmland	18,889	18,890	184	21,294	349
Commercial real estate—owner occupied	17,676	17,686	1,038	18,090	411
Commercial real estate—non-owner occupied	4,023	4,026	71	4,060	54
Multi-family	3,736	3,735	248	3,785	81
Construction and land development	2,939	2,937	1,693	2,995	91
One-to-four family residential	14,049	14,010	1,970	14,320	169
Municipal, consumer, and other	14,080	14,038	52	17,653	114
Total	$ 91,642	$ 91,578	$ 8,331	$ 98,598	$ 1,554

NOTE 4—LOANS AND THE ALLOWANCE FOR LOAN LOSSES (Continued)

December 31, 2018	Unpaid Principal Balance	Recorded Investment	Related Allowance	Average Recorded Investment	Interest Income Recognized
			(dollars in thousands)		
With an allowance recorded:					
Commercial and industrial	$ 2,833	$ 2,833	$ 1,554	$ 4,274	$ 106
Agricultural and farmland	406	406	39	566	16
Commercial real estate—owner occupied	2,323	2,322	1,066	3,574	67
Commercial real estate—non-owner occupied	103	103	73	640	7
Multi-family	1,362	1,362	267	1,472	66
Construction and land development	3,136	3,135	1,714	2,593	161
One-to-four family residential	3,022	3,008	1,265	3,377	82
Municipal, consumer, and other	230	231	67	302	5
Total	$ 13,415	$ 13,400	$ 6,045	$ 16,798	$ 510
With no related allowance:					
Commercial and industrial	$ 4,651	$ 4,655	$ —	$ 5,093	$ 59
Agricultural and farmland	10,888	10,889	—	8,815	526
Commercial real estate—owner occupied	16,891	16,880	—	12,217	384
Commercial real estate—non-owner occupied	7,715	7,717	—	7,110	147
Multi-family	316	316	—	355	17
Construction and land development	198	196	—	528	3
One-to-four family residential	9,874	9,829	—	10,706	168
Municipal, consumer, and other	184	185	—	297	5
Total	$ 50,717	$ 50,667	$ —	$ 45,121	$ 1,309
Total:					
Commercial and industrial	$ 7,484	$ 7,488	$ 1,554	$ 9,367	$ 165
Agricultural and farmland	11,294	11,295	39	9,381	542
Commercial real estate—owner occupied	19,214	19,202	1,066	15,791	451
Commercial real estate—non-owner occupied	7,818	7,820	73	7,750	154
Multi-family	1,678	1,678	267	1,827	83
Construction and land development	3,334	3,331	1,714	3,121	164
One-to-four family residential	12,896	12,837	1,265	14,083	250
Municipal, consumer, and other	414	416	67	599	10
Total	$ 64,132	$ 64,067	$ 6,045	$ 61,919	$ 1,819

NOTE 4—LOANS AND THE ALLOWANCE FOR LOAN LOSSES (Continued)

The following tables present the recorded investment in loans by category based on current payment and accrual status as of June 30, 2019 and December 31, 2018:

June 30, 2019	Current	Accruing Interest 30 - 89 Days Past Due	Accruing Interest 90+ Days Past Due	Nonaccrual	Total Loans
	(dollars in thousands)				
Commercial and industrial	$ 344,915	$ 1,876	$ —	$ 3,153	$ 349,944
Agricultural and farmland	198,796	100	—	8,889	207,785
Commercial real estate—owner occupied	229,411	3,728	—	2,593	235,732
Commercial real estate—non-owner occupied	521,848	—	—	1,250	523,098
Multi-family	187,214	1,528	—	1,342	190,084
Construction and land development	232,740	141	—	53	232,934
One-to-four family residential	304,119	1,787	—	5,586	311,492
Municipal, consumer, and other	101,106	223	2	233	101,564
Total, excluding loans acquired with deteriorated credit quality	2,120,149	9,383	2	23,099	2,152,633
Loans acquired with deteriorated credit quality	47,155	879	477	1,952	50,463
Total	$ 2,167,304	$ 10,262	$ 479	$ 25,051	$ 2,203,096

December 31, 2018	Current	Accruing Interest 30 - 89 Days Past Due	Accruing Interest 90+ Days Past Due	Nonaccrual	Total Loans
	(dollars in thousands)				
Commercial and industrial	$ 355,650	$ 122	$ —	$ 2,151	$ 357,923
Agricultural and farmland	206,625	108	—	1,976	208,709
Commercial real estate—owner occupied	240,078	538	—	4,654	245,270
Commercial real estate—non-owner occupied	510,519	1,058	—	611	512,188
Multi-family	132,696	1,361	—	—	134,057
Construction and land development	232,480	82	—	395	232,957
One-to-four family residential	292,563	1,532	—	5,915	300,010
Municipal, consumer, and other	97,884	380	37	174	98,475
Total, excluding loans acquired with deteriorated credit quality	2,068,495	5,181	37	15,876	2,089,589
Loans acquired with deteriorated credit quality	51,319	622	2,727	—	54,668
Total	$ 2,119,814	$ 5,803	$ 2,764	$ 15,876	$ 2,144,257

NOTE 4—LOANS AND THE ALLOWANCE FOR LOAN LOSSES (Continued)

The following tables present total loans by category based on their assigned risk ratings determined by management as of June 30, 2019 and December 31, 2018:

June 30, 2019	Pass	Watch	Substandard	Doubtful	Total
			(dollars in thousands)		
Commercial and industrial	$ 308,486	$ 25,211	$ 16,247	$ —	$ 349,944
Agricultural and farmland	179,863	9,032	18,890	—	207,785
Commercial real estate—owner occupied	200,835	18,110	16,787	—	235,732
Commercial real estate—non-owner occupied	478,964	41,571	2,563	—	523,098
Multi-family	184,721	1,628	3,735	—	190,084
Construction and land development	225,044	4,953	2,937	—	232,934
One-to-four family residential	286,693	10,897	13,902	—	311,492
Municipal, consumer, and other	87,080	446	14,038	—	101,564
Total, excluding loans acquired with deteriorated credit quality	1,951,686	111,848	89,099	—	2,152,633
Loans acquired with deteriorated credit quality	34,187	9,099	7,177	—	50,463
Total	$ 1,985,873	$ 120,947	$ 96,276	$ —	$ 2,203,096

December 31, 2018	Pass	Watch	Substandard	Doubtful	Total
			(dollars in thousands)		
Commercial and industrial	$ 315,259	$ 35,176	$ 7,488	$ —	$ 357,923
Agricultural and farmland	185,298	12,116	11,295	—	208,709
Commercial real estate—owner occupied	210,343	15,725	19,202	—	245,270
Commercial real estate—non-owner occupied	470,950	33,418	7,820	—	512,188
Multi-family	129,911	2,468	1,678	—	134,057
Construction and land development	224,241	5,385	3,331	—	232,957
One-to-four family residential	273,449	13,724	12,837	—	300,010
Municipal, consumer, and other	97,562	497	416	—	98,475
Total, excluding loans acquired with deteriorated credit quality	1,907,013	118,509	64,067	—	2,089,589
Loans acquired with deteriorated credit quality	38,006	9,086	7,576	—	54,668
Total	$ 1,945,019	$ 127,595	$ 71,643	$ —	$ 2,144,257

NOTE 4—LOANS AND THE ALLOWANCE FOR LOAN LOSSES (Continued)

The following tables present the financial effect of troubled debt restructurings for the six months ended June 30, 2019 and 2018:

Six Months Ended June 30, 2019	Number	Recorded Investment Pre-Modification	Recorded Investment Post-Modification	Charge-offs and Specific Reserves
		(dollars in thousands)		
Commercial and industrial	3	$ 516	$ 516	$ —
Agricultural and farmland	2	392	392	—
Commercial real estate—owner occupied	1	170	170	—
Total	6	$ 1,078	$ 1,078	$ —

Six Months Ended June 30, 2018	Number	Recorded Investment Pre-Modification	Recorded Investment Post-Modification	Charge-offs and Specific Reserves
		(dollars in thousands)		
Commercial and industrial	1	$ 176	$ 176	$ 122
One-to-four family residential	2	332	358	59
Total	3	$ 508	$ 534	$ 181

During the six months ended June 30, 2019 and 2018, all troubled debt restructurings were the result of a payment concession.

Of the troubled debt restructurings entered into during the last 12 months, there were none which had subsequent payment defaults during the six months ended June 30, 2019 and 2018, respectively. For purposes of this disclosure, the Company considers "default" to mean 90 days or more past due as to interest or principal or were on nonaccrual status subsequent to restructuring.

As of June 30, 2019 and December 31, 2018, the Company had $10,806,000 and $13,362,000 of troubled debt restructurings, respectively. Restructured loans are evaluated for impairment quarterly as part of the Company's determination of the allowance for loan losses. There were no material commitments to lend additional funds to debtors owing receivables whose terms have been modified in troubled debt restructurings.

Changes in the accretable yield for loans acquired with deteriorated credit quality were as follows for the six months ended June 30, 2019 and 2018:

	Six Months Ended June 30, 2019	Six Months Ended June 30, 2018
	(dollars in thousands)	
Beginning balance	$ 2,101	$ 2,723
Net reclassification from non-accretable difference	407	429
Accretion income	(875)	(1,678)
Ending balance	$ 1,633	$ 1,474

NOTE 5—LOAN SERVICING

Mortgage loans serviced for others, not included in the accompanying consolidated balance sheets, amounted to $1,186,338,000 and $1,229,953,000 as of June 30, 2019 and December 31, 2018, respectively. Activity in mortgage servicing rights is as follows for the six months ended June 30, 2019 and 2018:

	Six Months Ended June 30,	
	2019	2018
	(dollars in thousands)	
Beginning balance	$ 10,918	$ 10,289
Capitalized servicing rights	376	428
Fair value adjustment	(2,498)	(61)
Ending balance	$ 8,796	$ 10,656

NOTE 6—FORECLOSED ASSETS

Foreclosed assets activity is as follows for the six months ended June 30, 2019 and 2018:

	Six Months Ended June 30,	
	2019	2018
	(dollars in thousands)	
Beginning balance	$ 9,559	$ 16,545
Transfers from loans	1,761	1,889
Proceeds from sales	(969)	(4,547)
Sales through loan origination	(360)	(1,174)
Net gain (loss) on sales	105	(320)
Direct write-downs	(389)	(477)
Ending balance	$ 9,707	$ 11,916

Expenses and income related to foreclosed assets for the six months ended June 30, 2019 and 2018 include:

	Six Months Ended June 30,	
	2019	2018
	(dollars in thousands)	
Direct write-downs	$ 389	$ 477
Net (gain) loss on sales	(105)	320
Gain on foreclosure	—	(96)
Operating expenses, net	(111)	218
Foreclosed assets expense, net	$ 173	$ 919

NOTE 6—FORECLOSED ASSETS (Continued)

The carrying value of foreclosed one-to-four family residential real estate property as of June 30, 2019 and December 31, 2018, was $2,429,000 and $2,558,000, respectively. As of June 30, 2019, there were 17 one-to-four family residential real estate loans in the process of foreclosure totaling approximately $1,030,000. As of December 31, 2018, there were 14 residential real estate loans in the process of foreclosure totaling approximately $1,097,000.

NOTE 7—DEPOSITS

The Company's interest-bearing deposits are summarized below as of June 30, 2019 and December 31, 2018:

	June 30, 2019	December 31, 2018
	(dollars in thousands)	
Interest-bearing demand	$ 815,770	$ 856,919
Money market	472,738	427,730
Savings	428,439	421,698
Time	394,416	424,747
Total interest-bearing deposits	$ 2,111,363	$ 2,131,094

Money market deposits include $19,851,000 and $20,512,000 of reciprocal transaction deposits as of June 30, 2019 and December 31, 2018, respectively. Time deposits include $3,684,000 and $4,895,000 of reciprocal time deposits as of June 30, 2019 and December 31, 2018, respectively.

The aggregate amounts of time deposits in denominations of $250,000 or more amounted to $34,640,000 and $36,875,000 as of June 30, 2019 and December 31, 2018, respectively. The aggregate amounts of time deposits in denominations of $100,000 or more amounted to $140,976,000 and $153,717,000 as of June 30, 2019 and December 31, 2018, respectively.

The components of interest expense on deposits for the six months ended June 30, 2019 and 2018 are as follows:

	Six Months Ended June 30,	
	2019	2018
	(dollars in thousands)	
Interest-bearing demand	$ 828	$ 587
Money market	859	326
Savings	137	143
Time	2,270	1,540
Total interest expense on deposits	$ 4,094	$ 2,596

NOTE 8—BORROWINGS

There were no FHLB borrowings as of June 30, 2019 and December 31, 2018. The Company also has available a line of credit from the FHLB with available borrowings based on the collateral pledged. There was no outstanding balance under the line of credit as of June 30, 2019 and December 31, 2018. The line, when drawn upon, is due on demand and bears interest at a variable rate.

Borrowings from the FHLB are secured by FHLB stock held by the Company. In addition, the Company has pledged security in the form of qualifying loans. The total amount of loans pledged as of June 30, 2019 and December 31, 2018 was $544,021,000 and $538,537,000, respectively. As of June 30, 2019 and December 31, 2018, loans pledged also served as collateral for credit exposure of approximately $355,000 associated with the Banks' participation in the FHLB's Mortgage Partnership Finance Program.

The Company also has available a line of credit from the FRB with available borrowings based on the collateral pledged. As of June 30, 2019 and December 31, 2018, the carrying value of securities pledged amounted to $487,000 and $490,000, respectively. There was no outstanding balance under the line of credit as of June 30, 2019 and December 31, 2018. The line, when drawn upon, is due on demand and bears interest at a variable rate.

NOTE 9—SUBORDINATED DEBENTURES

Five subsidiary business trusts of the Company have issued floating rate capital securities ("capital securities") which are guaranteed by the Company.

The Company owns all of the outstanding stock of Heartland Bancorp, Inc. Capital Trusts B, C, and D, FFBI Capital Trust I, as well as National Bancorp Statutory Trust I. The trusts used the proceeds from the issuance of their capital securities to buy floating rate junior subordinated deferrable interest debentures ("debentures") issued by the Company. These debentures are the only assets of the trusts and the interest payments from the debentures finance the distributions paid on the capital securities. The debentures are unsecured and rank junior and are subordinate in the right of payment to all senior debt of the Company.

The trusts are not consolidated in the Company's financial statements.

The carrying value of subordinated debentures are summarized as follows:

	June 30, 2019	December 31, 2018
	(dollars in thousands)	
Heartland Bancorp, Inc. Capital Trust B	$ 10,310	$ 10,310
Heartland Bancorp, Inc. Capital Trust C	10,310	10,310
Heartland Bancorp, Inc. Capital Trust D	5,155	5,155
FFBI Capital Trust I	7,217	7,217
National Bancorp Statutory Trust I	4,558	4,525
Total	$ 37,550	$ 37,517

The National Bancorp Statutory Trust I debenture was assumed through a business combination and has a contractual obligation of $5,773,000.

NOTE 9—SUBORDINATED DEBENTURES (Continued)

The interest rates on the subordinated debentures are variable, reset quarterly, and are equal to the three-month LIBOR, as determined on the LIBOR Determination Date immediately preceding each Distribution Payment Date specific to each subordinated debenture, plus a fixed percentage. The interest rates and maturities of the subordinated debentures are summarized as follows:

	Variable Interest Rate	Interest Rate at June 30, 2019	Interest Rate at December 31, 2018	Maturity Date
Heartland Bancorp, Inc. Capital Trust B	LIBOR plus 2.75%	5.35%	5.19%	April 6, 2034
Heartland Bancorp, Inc. Capital Trust C	LIBOR plus 1.53%	3.94%	4.32%	June 15, 2037
Heartland Bancorp, Inc. Capital Trust D	LIBOR plus 1.35%	3.76%	4.14%	September 15, 2037
FFBI Capital Trust I	LIBOR plus 2.80%	5.40%	5.24%	April 6, 2034
National Bancorp Statutory Trust I	LIBOR plus 2.90%	5.31%	5.69%	December 31, 2037

The distribution rate payable on the debentures is cumulative and payable quarterly in arrears. The Company has the right, subject to events in default, to defer payments of interest on the debentures at any time by extending the interest payment period for a period not exceeding 10 quarterly periods with respect to each deferral period, provided that no extension period may extend beyond the redemption or maturity date of the debentures. The capital securities are subject to mandatory redemption upon payment of the debentures and carry an interest rate identical to that of the related debenture. The 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 debentures or the capital securities. If the 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 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, 2019 and December 31, 2018, 100% of the trust preferred securities qualified as Tier 1 capital under the final rule adopted in March 2005.

NOTE 10—DERIVATIVE FINANCIAL INSTRUMENTS

Derivative instruments are negotiated contracts entered into with two issuing counterparties containing specific agreement terms, including the underlying instrument, amount, exercise price, and maturities.

The Company is exposed to certain risks relating to its ongoing business operations. The primary risk managed by using derivative instruments is interest rate risk. Interest rate swaps are entered into to manage interest rate risk associated with the Company's variable-rate borrowings and variable-rate loans.

The derivatives and hedge accounting guidance requires that the Company recognize all derivative instruments as either assets or liabilities at fair value in the consolidated balance sheets. In accordance

NOTE 10—DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

with this guidance, the Company designated certain interest rate swaps on variable-rate borrowings and variable-rate loans as cash flow hedges. The gain or loss on interest rate swaps designated as cash flow hedging instruments are 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.

During 2018 and the three months ended March 31, 2019, the Company had an interest rate swap contract with a notional amount of $10,000,000 designated as a cash flow hedge on variable-rate loans. Beginning April 1, 2019, this hedging relationship was no longer considered highly effective, and the Company discontinued hedge accounting. In accordance with hedge accounting guidance, the net unrealized gain associated with the discontinued hedging relationship, recorded within accumulated other comprehensive income, will be reclassified into earnings on a level yield basis through April 7, 2020, the period the hedged forecasted transactions affect earnings. As of June 30, 2019, the remaining unrealized gain recognized as a component of accumulated other comprehensive income was $108,000. On June 25, 2019, the Company cancelled the interest rate swap agreement and received $174,000 to settle the financial instrument.

As of June 30, 2019, the Company also had interest rate swap contracts with a total notional amount of $17,000,000 designated as a cash flow hedge on variable-rate borrowings. As of June 30, 2019, these interest rate swap contracts had contractual maturities between 2024 and 2025. As of June 30, 2019, the Company had cash pledged of $570,000, held on deposit at counterparties.

The Company also entered into interest rate swap contracts with several borrowers on variable-rate loans, on which the Company has offsetting interest rate swap contracts. These interest rate swap contracts with borrowers have a total notional value of $114,632,000 and $112,947,000 as of June 30, 2019 and December 31, 2018, respectively, and the offsetting interest rate swap contracts entered into by the Company have a total notional value of $114,632,000 and $112,947,000 as of June 30, 2019 and December 31, 2018, respectively. As of June 30, 2019, the interest rate swap contracts with borrowers on variable-rate loans had contractual maturities between 2022 and 2042. As of June 30, 2019 and December 31, 2018, the Company had $5,778,000 and $589,000, respectively, of securities pledged and held in safekeeping at the counterparty. While these interest rate swap derivatives generally worked 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.

HBT FINANCIAL, INC. (formerly known as Heartland Bancorp, Inc.) AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

NOTE 10—DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

As of June 30, 2019 and December 31, 2018, the fair values of the Company's derivative instrument assets and liabilities related to interest rate swap contracts are summarized as follows:

	June 30, 2019	December 31, 2018
	(dollars in thousands)	
Designated as cash flow hedges:		
Fair value recorded in other assets	$ —	$ 151
Fair value recorded in other liabilities	(698)	—
Total	$ (698)	$ 151
Not designated as hedging instruments:		
Fair value recorded in other assets	$ 7,721	$ 3,074
Fair value recorded in other liabilities	(7,721)	(3,074)
Total	$ —	$ —

For the six months ended June 30, 2019 and 2018, the effect of interest rate contracts designated as cash flow hedges on the consolidated statements of income is summarized below.

	Amount of gross gain reclassified from accumulated other comprehensive income to income	
	Six Months Ended June 30,	
Location of gross gain reclassified from accumulated other comprehensive income to income	2019	2018
	(dollars in thousands)	
Designated as cash flow hedges:		
Taxable loan interest income	$ 50	$ 98
Subordinated debentures interest expense	2	—
Total	$ 52	$ 98

For the six months ended June 30, 2019 and 2018, the effect of interest rate contracts not designated as hedging instruments recognized in other noninterest income on the consolidated statements of income is summarized below.

	Six Months Ended June 30,	
	2019	2018
	(dollars in thousands)	
Not designated as hedging instruments:		
Gross gains	$ 6,045	$ 1,323
Gross losses	(6,008)	(1,323)
Net gains (losses)	$ 37	$ —

HBT FINANCIAL, INC. (formerly known as Heartland Bancorp, Inc.) AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

NOTE 11—ACCUMULATED OTHER COMPREHENSIVE INCOME

The following table presents the activity and accumulated balances for components of other comprehensive income (loss) for the six months ended June 30, 2019 and 2018:

	Unrealized Gains (Losses) on Securities			
	Available-for-Sale	Held-to-Maturity	Derivatives	Total
	(dollars in thousands)			
Balance, December 31, 2017	$ (1,288)	$ 504	$ 409	$ (375)
Adoption of ASU 2016-01	(122)	—	—	(122)
Other comprehensive loss before reclassifications	(9,262)	—	(105)	(9,367)
Reclassifications	—	(188)	(98)	(286)
Other comprehensive loss	(9,262)	(188)	(203)	(9,653)
Balance, June 30, 2018	$ (10,672)	$ 316	$ 206	$ (10,150)
Balance, December 31, 2018	$ (4,561)	$ 122	$ 151	$ (4,288)
Other comprehensive income (loss) before reclassifications	12,624	—	(689)	11,935
Reclassifications	—	(159)	(52)	(211)
Other comprehensive income (loss)	12,624	(159)	(741)	11,724
Balance, June 30, 2019	$ 8,063	$ (37)	$ (590)	$ 7,436

The amounts reclassified from accumulated other comprehensive income (loss) for unrealized gains (losses) on securities available-for-sale are included in net realized gain (loss) on sales of securities in the accompanying consolidated statements of income.

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

The amounts reclassified from accumulated other comprehensive income (loss) for the fair value of derivative instruments represent net interest payments received or made on derivatives designated as cash flow hedges. See Note 10 for additional information.

NOTE 12—DEFERRED COMPENSATION

The Company maintained a supplemental executive retirement plan (the SERP) for certain key executive officers. The SERP benefit payments were scheduled to be paid in equal monthly installments over 30 years. In June 2019, the Company approved termination of the SERP agreements, and each participant will receive a lump sum payment equal to the present value of any remaining installment payments, payable in June 2020. As of June 30, 2019 and December 31, 2018, the deferred compensation liability for the SERP was $12,403,000 and $9,179,000, respectively. During the six months ended June 30, 2019 and 2018, the Company recognized deferred compensation expense for the SERP of $3,565,000 and $253,000, respectively.

NOTE 13—STOCK-BASED COMPENSATION PLANS

The Company sponsors a Stock Appreciation Rights Plan (the SAR Plan) which, as of June 30, 2019 authorized the issuance of performance shares (units) to key employees and directors as approved by the Board of Directors. Upon issuance, each unit is assigned a value equal to the price per share of the Company's stock as determined by an independent appraisal subject to approval by the Board of Directors. The units are revalued each year thereafter based on an independent appraisal. Each unit vests ratable either over a 4-year or a 5-year period as defined in the individual agreement under the SAR Plan. All outstanding units were fully vested as of June 30, 2019 and December 31, 2018.

Units are classified as liabilities. As of June 30, 2019 and December 31, 2018, the liability recorded for the outstanding units was $751,000 and $1,884,000, respectively. During the six months ended June 30, 2019 and 2018, the Company recognized $(115,000) and $58,000 as compensation expense, respectively. As of June 30, 2019 and December 31, 2018, there was no unrecognized compensation cost related to non-vested stock-based compensation agreements granted under the SAR Plan.

As of June 30, 2019, the liability recorded for previously exercised units was $891,000, which will be paid in five equal annual installments beginning in 2019. As of December 31, 2018, the liability recorded for previously exercised units was $176,000 and were paid in 2019.

A summary of the status of awards as of June 30, 2019 and December 31, 2018, and changes during the six months ended June 30, 2019 and 2018, is as follows:

	Units	Weighted Average Grant Date Assigned Value
Outstanding, December 31, 2017	116,280	$ 5.66
Granted	—	—
Exercised	(24,480)	5.43
Forfeited	—	—
Outstanding, June 30, 2018	91,800	$ 5.73
Outstanding, December 31, 2018	91,800	$ 5.73
Granted	—	—
Exercised	(48,960)	4.21
Forfeited	—	—
Outstanding, June 30, 2019	42,840	$ 7.46
Exercisable, December 31, 2018	91,800	$ 5.73
Exercisable, June 30, 2019	42,840	$ 7.46

NOTE 13—STOCK-BASED COMPENSATION PLANS (Continued)

A further summary of awards outstand as of June 30, 2019, is as follows:

Range of Grant Date Assigned Values	Units Outstanding	Units Exercisable
$ 6.86	18,360	18,360
7.41	6,120	6,120
7.75	6,120	6,120
8.25	12,240	12,240

NOTE 14—REGULATORY MATTERS

The final rules implementing Basel Committee on Banking Supervision's capital guidelines for U.S. banks (Basel III rules) became effective for the Company on January 1, 2015 with full compliance with all of the requirements being phased in over a multi-year schedule, and fully phased in by January 1, 2019. As allowed under the new regulations, the Banks and Company elected to exclude accumulated other comprehensive income, including unrealized gains and losses on securities, in the computation of regulatory capital.

The ability of the Company to pay dividends to its stockholders is dependent upon the ability of the Banks to pay dividends to the Company. The Banks are subject to certain statutory and regulatory restrictions on the amount it may pay in dividends. Under the Basel III regulations, a capital conservation buffer calculation will phase in over five years which limits allowable bank dividends if regulatory capital ratios fall below specific thresholds. As of June 30, 2019 and December 31, 2018, the capital conservation buffer was 2.5% and 1.875%, respectively.

HBT Financial, Inc. (formerly known as Heartland Bancorp, Inc.) (on a consolidated basis) and the Banks 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 financial statements of HBT Financial, Inc. (formerly known as Heartland Bancorp, Inc.) and the Banks. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, HBT Financial, Inc. (formerly known as Heartland Bancorp, Inc.) and the Banks 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 the regulators about components, risk weightings, and other factors. Prompt corrective action provisions are not applicable to bank holding companies.

Management believes, as of June 30, 2019 and December 31, 2018, that HBT Financial, Inc. (formerly known as Heartland Bancorp, Inc.) and the Banks each met all capital adequacy requirements to which they are subject.

HBT FINANCIAL, INC. (formerly known as Heartland Bancorp, Inc.) AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

NOTE 14—REGULATORY MATTERS (Continued)

The actual and required capital amounts and ratios of HBT Financial, Inc. (formerly known as Heartland Bancorp, Inc.) (consolidated) and the Banks are as follows:

June 30, 2019	Actual		For Capital Adequacy Purposes		To Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
			(dollars in thousands)			
Total Capital (to Risk Weighted Assets)						
Consolidated HBT Financial, Inc. (formerly known as Heartland Bancorp, Inc.)	$ 363,040	14.49%	$ 200,403	8.00%	N/A	N/A
Heartland Bank	$ 321,031	13.84%	$ 185,540	8.00%	$ 231,925	10.00%
Lincoln Bank	$ 38,105	20.85%	$ 14,619	8.00%	$ 18,274	10.00%
Tier 1 Capital (to Risk Weighted Assets)						
Consolidated HBT Financial, Inc. (formerly known as Heartland Bancorp, Inc.)	$ 340,498	13.59%	$ 150,302	6.00%	N/A	N/A
Heartland Bank	$ 299,960	12.93%	$ 139,155	6.00%	$ 185,540	8.00%
Lincoln Bank	$ 36,634	20.05%	$ 10,964	6.00%	$ 14,619	8.00%
Common Equity Tier 1 Capital (to Risk Weighted Assets)						
Consolidated HBT Financial, Inc. (formerly known as Heartland Bancorp, Inc.)	$ 304,113	12.14%	$ 112,727	4.50%	N/A	N/A
Heartland Bank	$ 299,960	12.93%	$ 104,366	4.50%	$ 150,751	6.50%
Lincoln Bank	$ 36,634	20.05%	$ 8,223	4.50%	$ 11,878	6.50%
Tier 1 Capital (to Average Assets)						
Consolidated HBT Financial, Inc. (formerly known as Heartland Bancorp, Inc.)	$ 340,498	10.62%	$ 128,235	4.00%	N/A	N/A
Heartland Bank	$ 299,960	10.52%	$ 114,063	4.00%	$ 142,579	5.00%
Lincoln Bank	$ 36,634	10.39%	$ 14,101	4.00%	$ 17,626	5.00%

HBT FINANCIAL, INC. (formerly known as Heartland Bancorp, Inc.) AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

NOTE 14—REGULATORY MATTERS (Continued)

December 31, 2018	Actual		For Capital Adequacy Purposes		To Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
			(dollars in thousands)			
Total Capital (to Risk Weighted Assets)						
Consolidated HBT Financial, Inc. (formerly known as Heartland Bancorp, Inc.)	$ 372,472	14.99%	$ 198,730	8.00%	N/A	N/A
Heartland Bank	$ 332,391	14.44%	$ 184,127	8.00%	$ 230,159	10.00%
Lincoln Bank	$ 38,059	21.02%	$ 14,488	8.00%	$ 18,110	10.00%
Tier 1 Capital (to Risk Weighted Assets)						
Consolidated HBT Financial, Inc. (formerly known as Heartland Bancorp, Inc.)	$ 351,963	14.17%	$ 149,047	6.00%	N/A	N/A
Heartland Bank	$ 313,406	13.62%	$ 138,095	6.00%	$ 184,127	8.00%
Lincoln Bank	$ 36,535	20.17%	$ 10,866	6.00%	$ 14,488	8.00%
Common Equity Tier 1 Capital (to Risk Weighted Assets)						
Consolidated HBT Financial, Inc. (formerly known as Heartland Bancorp, Inc.)	$ 315,611	12.71%	$ 111,785	4.50%	N/A	N/A
Heartland Bank	$ 313,406	13.62%	$ 103,572	4.50%	$ 149,603	6.50%
Lincoln Bank	$ 36,535	20.17%	$ 8,150	4.50%	$ 11,772	6.50%
Tier 1 Capital (to Average Assets)						
Consolidated HBT Financial, Inc. (formerly known as Heartland Bancorp, Inc.)	$ 351,963	10.80%	$ 130,393	4.00%	N/A	N/A
Heartland Bank	$ 313,406	11.03%	$ 113,668	4.00%	$ 142,085	5.00%
Lincoln Bank	$ 36,535	10.21%	$ 14,319	4.00%	$ 17,899	5.00%

NOTE 15—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 are summarized in Note 1 to the Company's annual consolidated financial statements. There were no transfers between levels during the six months ended June 30, 2019 and 2018. 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.

NOTE 15—FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

The following tables present the balances of the assets measured at fair value on a recurring basis as of June 30, 2019 and December 31, 2018:

June 30, 2019	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total Fair Value
		(dollars in thousands)		
Securities available-for-sale:				
U.S. government agency	$ —	$ 40,670	$ —	$ 40,670
Municipal	—	155,079	—	155,079
Agency mortgage-backed:				
Residential	—	235,223	—	235,223
Commercial	—	138,232	—	138,232
Private-label mortgage-backed	—	90	—	90
Corporate	—	82,673	—	82,673
Equity securities with readily determinable fair values	3,196	—	—	3,196
Mortgage servicing rights	—	—	8,796	8,796
Derivative financial assets	—	7,721	—	7,721
Derivative financial liabilities	—	8,419	—	8,419

December 31, 2018	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total Fair Value
		(dollars in thousands)		
Securities available-for-sale:				
U.S. government agency	$ —	$ 46,866	$ —	$ 46,866
Municipal	—	161,450	—	161,450
Agency mortgage-backed:				
Residential	—	234,303	—	234,303
Commercial	—	150,081	—	150,081
Private-label mortgage-backed	—	256	—	256
Corporate	—	86,570	—	86,570
Equity securities with readily determinable fair values	3,081	—	—	3,081
Mortgage servicing rights	—	—	10,918	10,918
Derivative financial assets	—	3,225	—	3,225
Derivative financial liabilities	—	3,074	—	3,074

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, 2018 to June 30, 2019.

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

NOTE 15—FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

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.

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.

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 in Level 3 of the fair value hierarchy. The change in fair value is recorded through an adjustment to the statement of income.

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, 2019	Fair Value	Valuation Technique	Unobservable Inputs	Range
Mortgage servicing rights	$ 8,796	Discounted cash flows	Constant pre-payment rates (CPR)	7.0% to 52.5%
			Discount rate	9.0% to 11.0%

December 31, 2018	Fair Value	Valuation Technique	Unobservable Inputs	Range
Mortgage servicing rights	$ 10,918	Discounted cash flows	Constant pre-payment rates(CPR)	7.5% to 87.6%
			Discount rate	9.0% to 11.0%

HBT FINANCIAL, INC. (formerly known as Heartland Bancorp, Inc.) AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

NOTE 15—FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

The following table presents additional information about financial assets measured at fair value on a recurring basis for which the Company used significant unobservable Level 3 inputs:

Six Months ended June 30,	Mortgage Servicing Rights 2019	2018
	(dollars in thousands)	
Beginning balance	$ 10,918	$ 10,289
Originations	376	428
Fair value adjustment	(2,498)	(61)
Ending balance	$ 8,796	$ 10,656

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 as of June 30, 2019 and December 31, 2018:

June 30, 2019	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total Fair Value
		(dollars in thousands)		
Loans held for sale	$ —	$ 5,303	$ —	$ 5,303
Collateral-dependent impaired loans	—	—	10,189	10,189
Bank premises held for sale	—	—	149	149
Foreclosed assets	—	—	9,707	9,707

December 31, 2018	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total Fair Value
		(dollars in thousands)		
Loans held for sale	$ —	$ 2,800	$ —	$ 2,800
Collateral-dependent impaired loans	—	—	7,355	7,355
Bank premises held for sale	—	—	749	749
Foreclosed assets	—	—	9,559	9,559

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.

NOTE 15—FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

Collateral-dependent Impaired Loans

In accordance with the provisions of the loan impairment guidance, impairment was measured for loans 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 impaired 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.

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 Impaired Loans, Bank Premises Held for Sale, and Foreclosed Assets

The estimated fair value of collateral-dependent impaired 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 impaired 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 discounts to consider lack of marketability and estimated costs to sell. These discounts and estimates are developed by management by comparison to historical results.

NOTE 15—FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

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

June 30, 2019	Fair Value	Valuation Technique	Unobservable Inputs	Range (Weighted Average)
Collateral-dependent impaired loans	$ 10,189	Appraisal of collateral	Appraisal adjustments	20% to 40% (25%)
Bank premises held for sale	149	Appraisal	Appraisal adjustments	7% (7%)
Foreclosed assets	9,707	Appraisal	Appraisal adjustments	7% (7%)

December 31, 2018	Fair Value	Valuation Technique	Unobservable Inputs	Range (Weighted Average)
Collateral-dependent impaired loans	$ 7,355	Appraisal of collateral	Appraisal adjustments	20% to 40% (25%)
Bank premises held for sale	749	Appraisal	Appraisal adjustments	7% (7%)
Foreclosed assets	9,559	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.

Interest-bearing Time Deposits with Banks

The carrying values of interest-bearing time deposits with banks approximate their fair values.

Restricted Stock

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

Loans

The estimated fair values of loans with variable interest rates are generally presumed to approximate the recorded carrying amounts. The remaining loans with fixed payment amounts have been estimated using the present value of estimated future cash flows at rates comparable to or currently offered for loans with similar terms to borrowers of similar credit quality.

NOTE 15—FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

Investments in Unconsolidated Subsidiaries

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

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 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.

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.

NOTE 15—FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

The following table provides summary information on the carrying amounts and estimated fair values of the Company's financial instruments as of June 30, 2019 and December 31, 2018:

	Fair Value Hierarchy Level	June 30, 2019		December 31, 2018	
		Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
		(dollars in thousands)			
Financial assets:					
Cash and cash equivalents	Level 1	$ 141,726	$ 141,726	$ 186,879	$ 186,879
Interest-bearing time deposits with banks	Level 1	248	248	248	248
Securities held-to-maturity	Level 2	108,829	110,978	121,715	121,506
Restricted stock	Level 3	2,425	2,425	2,719	2,719
Loans, net	Level 3	2,180,554	2,212,407	2,123,748	2,125,698
Investments in unconsolidated subsidiaries	Level 3	1,165	1,165	1,165	1,165
Accrued interest receivable	Level 2	14,609	14,609	15,300	15,300
Financial liabilities:					
Time deposits	Level 3	394,416	392,317	424,747	419,333
Securities sold under agreements to repurchase	Level 2	35,646	35,646	46,195	46,195
Subordinated debentures	Level 3	37,550	31,886	37,517	32,149
Accrued interest payable	Level 2	1,183	1,183	1,043	1,043

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.

NOTE 16—COMMITMENTS AND CONTINGENCIES

Financial Instruments

The Banks are 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 Banks' 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 Banks use the same credit policies in making commitments and conditional obligations as they do for on-balance sheet instruments.

NOTE 16—COMMITMENTS AND CONTINGENCIES (Continued)

Such commitments and conditional obligations were as follows as of June 30, 2019 and December 31, 2018:

	Contractual Amount	
	June 30, 2019	December 31, 2018
	(dollars in thousands)	
Commitments to extend credit	$ 517,297	$ 524,112
Standby letters of credit	9,070	10,358

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The Banks evaluate each customer's credit worthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary, by the Banks 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 Banks 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 Banks secure the standby letters of credit with the same collateral used to secure the related loan.

Legal Contingencies

Various legal claims arise from time to time in the normal course of business which, in the opinion of management, will have no material effect on the Company's consolidated financial statements.

RSM US LLP

Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors
HBT Financial, Inc. (formerly known as Heartland Bancorp, Inc.)

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of HBT Financial, Inc. (formerly known as Heartland Bancorp, Inc.) and its subsidiaries (the Company) as of December 31, 2018 and 2017, the related consolidated statements of income, comprehensive income, changes in stockholders' equity and cash flows for each of the three years in the period ended December 31, 2018, and the related notes to the consolidated financial statements (collectively, the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2018 and 2017, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2018, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB and in accordance with the auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ RSM US LLP

We have served as the Company's auditor since 2017.

Chicago, Illinois
March 25, 2019, except for the stock split described in Note 1, as to which the date is September 13, 2019.

HBT FINANCIAL, INC. (formerly known as Heartland Bancorp, Inc.) AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

December 31, 2018 and 2017

	2018	2017
	(dollars in thousands)	
ASSETS		
Cash and due from banks	$ 21,343	$ 39,121
Interest-bearing deposits with banks	165,536	126,562
Cash and cash equivalents	186,879	165,683
Interest-bearing time deposits with banks	248	744
Securities available-for-sale, at fair value	679,526	769,571
Securities held-to-maturity (fair value of $121,506 in 2018 and $130,794 in 2017)	121,715	129,322
Equity securities	3,261	3,203
Restricted stock, at cost	2,719	2,876
Loans held for sale	2,800	4,863
Loans, net of allowance for loan losses of $20,509 in 2018 and $19,765 in 2017	2,123,748	2,096,181
Bank premises and equipment, net	54,736	56,315
Bank premises held for sale	749	2,319
Foreclosed assets	9,559	16,545
Goodwill	23,620	23,620
Core deposit intangible assets, net	5,453	7,012
Mortgage servicing rights, at fair value	10,918	10,289
Investments in unconsolidated subsidiaries	1,165	1,165
Accrued interest receivable	15,300	14,747
Other assets	7,173	8,420
Total assets	$3,249,569	$3,312,875
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities		
Deposits:		
Noninterest-bearing	$ 664,876	$ 704,612
Interest-bearing	2,131,094	2,151,073
Total deposits	2,795,970	2,855,685
Securities sold under agreements to repurchase	46,195	37,838
Federal Home Loan Bank borrowings	—	29,000
Subordinated debentures	37,517	37,451
Other liabilities	29,491	28,985
Total liabilities	2,909,173	2,988,959
COMMITMENTS AND CONTINGENCIES (Notes 12, 13, and 20)		
Stockholders' Equity		
Common stock:		
Voting—$0.01 par value, 5,000,000 shares authorized, 315,780 shares issued, 268,312 shares outstanding	3	3
Series A nonvoting—$0.01 par value, 120,000,000 shares authorized, 17,835,960 shares issued, 17,759,200 shares outstanding in 2018 and 17,802,380 shares outstanding in 2017	178	178
Surplus	32,288	32,288
Retained earnings	315,234	293,934
Accumulated other comprehensive loss	(4,288)	(375)
Less cost of treasury stock held:		
Voting—47,468 shares	(1,667)	(1,667)
Series A nonvoting—76,760 shares in 2018 and 33,580 shares in 2017	(1,352)	(445)
Total stockholders' equity	340,396	323,916
Total liabilities and stockholders' equity	$3,249,569	$3,312,875

See accompanying Notes to Consolidated Financial Statements

HBT FINANCIAL, INC. (formerly known as Heartland Bancorp, Inc.) AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

Years Ended December 31, 2018, 2017, and 2016

	2018	2017	2016
	(dollars in thousands, except per share amounts)		
INTEREST AND DIVIDEND INCOME			
Loans, including fees:			
Taxable	$ 111,344	$ 104,253	$ 108,518
Non-taxable	2,690	2,214	1,660
Securities:			
Taxable	14,066	10,876	7,683
Non-taxable	7,547	8,542	9,015
Interest-bearing deposits in bank	1,717	1,657	761
Other interest and dividend income	68	51	68
Total interest and dividend income	137,432	127,593	127,705
INTEREST EXPENSE			
Deposits	5,887	4,959	4,999
Securities sold under agreements to repurchase	57	50	45
Federal Home Loan Bank borrowings	251	61	75
Subordinated debentures	1,795	1,525	1,485
Total interest expense	7,990	6,595	6,604
Net interest income	129,442	120,998	121,101
PROVISION FOR LOAN LOSSES	5,697	3,139	6,434
Net interest income after provision for loan losses	123,745	117,859	114,667
NONINTEREST INCOME			
Wealth management fees	6,350	5,543	6,056
Title insurance activity	1,207	1,481	1,653
Service charges on deposit accounts	7,983	8,013	8,311
Net realized gain (loss) on sales of securities	(2,541)	(1,275)	106
Net unrealized loss on equity securities with readily determinable fair values	(122)	—	—
Gain on sale of mortgage loans	2,872	4,506	6,397
Mortgage loan servicing fees, net	3,889	3,083	3,707
Card income	7,315	6,749	6,237
Other noninterest income	4,672	6,484	6,887
Total noninterest income	31,625	34,584	39,354
NONINTEREST EXPENSE			
Salaries	49,637	51,379	49,245
Employee benefits	6,244	5,939	5,425
Occupancy of bank premises	6,782	9,569	7,606
Furniture and equipment	3,117	3,518	3,767
Data processing	5,008	4,621	5,800
Marketing and customer relations	4,195	4,492	4,533
Amortization of intangible assets	1,559	1,916	2,183
FDIC insurance	942	960	1,487
Loan fees	1,606	2,339	3,196
Foreclosed assets, net	1,746	560	(124)
Net adjustments on FDIC asset and true-up liability	—	999	1,021
Other noninterest expense	9,866	9,178	10,295
Total noninterest expense	90,702	95,470	94,434
INCOME BEFORE INCOME TAX EXPENSE	64,668	56,973	59,587
INCOME TAX EXPENSE	869	870	1,041
NET INCOME	$ 63,799	$ 56,103	$ 58,546
BASIC EARNINGS PER SHARE	$ 3.54	$ 3.10	$ 3.24
DILUTED EARNINGS PER SHARE	$ 3.54	$ 3.10	$ 3.24
WEIGHTED AVERAGE SHARES OF COMMON STOCK OUTSTANDING	18,047,332	18,070,692	18,053,600
UNAUDITED PRO FORMA INFORMATION (Note 1)			
Historical income before income tax expense	$ 64,668		
Pro forma C Corp equivalent income tax expense	16,371		
Pro forma C Corp equivalent net income	$ 48,297		
Weighted average shares of common stock outstanding	18,047,332		
Pro forma incremental shares required to be issued in the offering necessary to pay dividends	8,300,000		
Pro forma weighted average shares of common stock outstanding	26,347,332		
PRO FORMA C CORP EQUIVALENT EARNINGS PER SHARE—BASIC	$ 1.83		
PRO FORMA C CORP EQUIVALENT EARNINGS PER SHARE—DILUTED	$ 1.83		

See accompanying Notes to Consolidated Financial Statements

HBT FINANCIAL, INC. (formerly known as Heartland Bancorp, Inc.) AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Years Ended December 31, 2018, 2017, and 2016

	2018	2017	2016
	(dollars in thousands)		
NET INCOME	$ 63,799	$ 56,103	$ 58,546
OTHER COMPREHENSIVE LOSS			
Unrealized losses on securities available-for-sale	(5,692)	(2,052)	(5,330)
Reclassification adjustment for (gains) losses on securities available-for-sale realized in income	2,541	1,275	(106)
Reclassification adjustment for accretion of net unrealized gain on securities transferred to held-to-maturity	(382)	(393)	(491)
Unrealized gains (losses) on derivative instruments	(83)	(27)	22
Reclassification adjustment for net settlements on derivative instruments	(175)	(167)	(63)
Total other comprehensive loss	(3,791)	(1,364)	(5,968)
TOTAL COMPREHENSIVE INCOME	$ 60,008	$ 54,739	$ 52,578

See accompanying Notes to Consolidated Financial Statements

HBT FINANCIAL, INC. (formerly known as Heartland Bancorp, Inc.) AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

Years Ended December 31, 2018, 2017, and 2016

	Common Stock						
	Voting	Series A	Surplus	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total Stockholders' Equity
	(dollars in thousands, except per share data)						
Balance, December 31, 2015	$ 3	$ 178	$ 31,895	$ 277,099	$ 6,957	$ (2,643)	$ 313,489
Net income	—	—	—	58,546	—	—	58,546
Other comprehensive loss	—	—	—	—	(5,968)	—	(5,968)
Reissuance of common stock—Series A (54,400 shares)	—	—	393	—	—	531	924
Cash dividends ($2.26 per share)	—	—	—	(40,745)	—	—	(40,745)
Balance, December 31, 2016	3	178	32,288	294,900	989	(2,112)	326,246
Net income	—	—	—	56,103	—	—	56,103
Other comprehensive loss	—	—	—	—	(1,364)	—	(1,364)
Cash dividends ($3.16 per share)	—	—	—	(57,069)	—	—	(57,069)
Balance, December 31, 2017	3	178	32,288	293,934	(375)	(2,112)	323,916
Adoption of ASU 2016-01	—	—	—	122	(122)	—	—
Net income	—	—	—	63,799	—	—	63,799
Other comprehensive loss	—	—	—	—	(3,791)	—	(3,791)
Repurchase of common stock—Series A (43,180 shares)	—	—	—	—	—	(907)	(907)
Cash dividends ($2.36 per share)	—	—	—	(42,621)	—	—	(42,621)
Balance, December 31, 2018	$ 3	$ 178	$ 32,288	$ 315,234	$ (4,288)	$ (3,019)	$ 340,396

See accompanying Notes to Consolidated Financial Statements

HBT FINANCIAL, INC. (formerly known as Heartland Bancorp, Inc.) AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years Ended December 31, 2018, 2017, and 2016

	2018	2017	2016
		(dollars in thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	$ 63,799	$ 56,103	$ 58,546
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation expense	3,219	3,292	3,575
Provision for loan losses	5,697	3,139	6,434
Net amortization of securities	5,045	5,921	6,134
Net accretion of discount and deferred loan fees on loans	(5,091)	(5,853)	(8,488)
Net realized loss (gain) on sales of securities	2,541	1,275	(106)
Net unrealized loss on equity securities	122	—	—
Net loss (gain) on sales of bank premises and equipment	6	216	(19)
Net gain on sales of bank premises held for sale	(734)	—	—
Impairment losses on bank premises held for sale	52	1,936	—
Net loss (gain) on sales of foreclosed assets	268	(1,727)	(2,575)
Gain on loan foreclosures	(96)	(974)	—
Write-down of foreclosed assets	1,165	2,419	1,053
Amortization of intangibles	1,559	1,916	2,183
(Increase) decrease in mortgage servicing rights	(629)	315	(197)
Accretion of Federal Home Loan Bank borrowings purchase accounting adjustment	—	—	(15)
Amortization of subordinated debt purchase accounting adjustment	66	65	66
Mortgage loans originated for sale	(128,514)	(158,948)	(245,115)
Proceeds from sale of mortgage loans	133,449	166,417	251,606
Net gain on sale of mortgage loans	(2,872)	(4,506)	(6,397)
Net amortization of FDIC indemnification asset	—	1,242	1,487
Write-down of FDIC indemnification asset	—	459	—
(Increase) decrease in accrued interest receivable	(553)	(1,328)	113
Decrease (increase) in other assets	35	(145)	(330)
Increase in other liabilities	1,460	848	346
Net cash provided by operating activities	79,994	72,082	68,301
CASH FLOWS FROM INVESTING ACTIVITIES			
Net change in interest-bearing time deposits with banks	496	—	(744)
Proceeds from sales of securities available-for-sale	104,303	51,500	9,884
Proceeds from paydowns, maturities, and calls of securities	171,462	224,110	182,768
Purchase of securities	(189,412)	(355,552)	(207,344)
Net (increase) decrease in loans	(29,375)	(15,748)	30,659
Purchase of restricted stock	(2,374)	(171)	—
Proceeds from redemption of restricted stock	2,531	4,422	631
Purchases of bank premises and equipment	(1,656)	(2,161)	(1,314)
Proceeds from sales of bank premises and equipment	10	120	67
Proceeds from sales of bank premises held for sale	2,252	—	—
Proceeds from sales of foreclosed assets	6,851	9,049	11,192
Capital improvements to foreclosed assets	—	—	(158)
Net indemnification payments paid to the FDIC	—	(949)	(1,064)
Cash paid for termination of FDIC loss-sharing agreements	—	(4,929)	—
Net cash provided by (used in) investing activities	65,088	(90,309)	24,577
CASH FLOWS FROM FINANCING ACTIVITIES			
Net (decrease) increase in deposits	(59,715)	(21,519)	16,787
Net increase (decrease) in repurchase agreements	8,357	(1,243)	(6,830)
Proceeds from Federal Home Loan Bank borrowings	—	29,000	4,000
Repayment of Federal Home Loan Bank borrowings	(29,000)	(4,000)	(54,134)
Reissuance of treasury stock	—	—	924
Repurchase of common stock	(907)	—	—
Cash dividends paid	(42,621)	(57,069)	(40,745)
Net cash used in financing activities	(123,886)	(54,831)	(79,998)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	21,196	(73,058)	12,880
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	165,683	238,741	225,861
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 186,879	$ 165,683	$ 238,741
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION			
Cash paid during the year for:			
Interest	$ 7,826	$ 6,648	$ 6,872
Income taxes	$ 851	$ 892	$ 906
SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING ACTIVITIES			
Transfers of loans to foreclosed assets	$ 2,518	$ 10,212	$ 6,165
Sales of foreclosed assets through loan origination	$ 1,220	$ 150	$ 214
Transfers of bank premises and equipment to bank premises held for sale	$ —	$ 2,319	$ —

See accompanying Notes to Consolidated Financial Statements

HBT FINANCIAL, INC. (formerly known as Heartland Bancorp, Inc.) AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

HBT Financial, Inc. (formerly known as Heartland Bancorp, Inc.) (Company) provides a full range of banking services to individual and corporate customers through its subsidiary banks. The Company is subject to competition from other financial and nonfinancial institutions providing financial services in its customer service area which is primarily rural communities located in central Illinois and parts of the Chicagoland area. Additionally, the Company is subject to the regulations of certain federal and state agencies and undergoes periodic examinations by those regulatory agencies.

The consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) and reporting practices applicable to the banking industry. Significant accounting policies are summarized below.

Basis of Consolidation

The consolidated financial statements of HBT Financial, Inc. (formerly known as Heartland Bancorp, Inc.) include the accounts of the Company and its wholly owned bank subsidiaries, Heartland Bank and Trust Company (Heartland Bank) and State Bank of Lincoln (Lincoln Bank). Heartland Bank and Lincoln Bank are collectively referred to as "the Banks". Other non-bank subsidiaries of the Company and the Banks include HB Credit Company, First Community Title Services, Inc., Heartland Data Services, Inc., Heartland Real Estate Holdings, LLC, CDBNA, LLC, National Realty Holdings, LLC, and Lakewood and Barrington, LLC.

The Company also has five wholly owned subsidiaries, Heartland Bancorp, Inc. Capital Trust B, Heartland Bancorp, Inc. Capital Trust C, Heartland Bancorp, Inc. Capital Trust D, FFBI Capital Trust I, and National Bancorp Statutory Trust I, which are not consolidated in accordance with GAAP as more fully described in Note 13.

Significant intercompany transactions and accounts have been eliminated in consolidation.

Unaudited Pro Forma Income Statement Information

The unaudited pro forma C Corp equivalent income tax expense information gives effect to the income tax expense had the Company been a C Corporation during the year ended December 31, 2018 at an assumed combined effective income tax rate of 25.32%. The unaudited pro forma C Corp equivalent net income information, therefore, includes an adjustment for income tax expense as if the Company had been a C Corporation during the year ended December 31, 2018.

The Company intends to declare and pay to holders of record on the dividend record date a special cash dividend of $170.0 million prior to the closing of the Company's anticipated initial public offering. Staff Accounting Bulletin Topic 1.B.3. requires that pro forma basic and diluted earnings per share be presented giving effect to the number of shares whose proceeds would be used to replace capital when dividends exceed current year earnings. The unaudited pro forma weighted average shares of common stock outstanding information gives effect to the deemed issuance of the number of shares that would be required to generate net proceeds sufficient to make the special cash dividend payment of $170.0 million in the aggregate to the Company's existing stockholders (but only to the extent that the dividend, together with the dividends paid to the Company's stockholders in the last twelve months, exceeds the Company's earnings in the last twelve months). The number of incremental shares that would be required to be issued to pay the dividend is based on an estimated price of $18.00 per share, which is the midpoint of the range set forth on the cover of the prospectus for the initial public

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

offering, after deducting the estimated underwriting discounts, resulting in net proceeds of $16.74 per share. In addition, the number of incremental shares to be added to the denominator should not exceed the total number of shares to be issued in the offering.

The calculation of the incremental shares whose proceeds would be necessary to pay the dividends in excess of current year earnings is set forth below (dollars in thousands, except per share amounts):

Excess of dividends over earnings:	
Dividends paid during the year ended December 31, 2018	$ 42,621
Plus: Dividend to be paid prior to the closing of the initial public offering	170,000
Less: earnings for the year ended December 31, 2018	(63,799)
Total proceeds that would be necessary to pay dividends in excess of current year earnings	$ 148,822
Divided by: The assumed initial public offering price, less underwriting discount	$ 16.74
Incremental shares whose proceeds would be necessary to pay the dividends, limited to total number of shares to be issued in the offering	8,300,000

The unaudited pro forma basic and diluted earnings per share information is computed using the unaudited pro forma C Corp equivalent net income and unaudited pro forma weighted average shares of common stock outstanding. There were no dilutive instruments outstanding during 2018, therefore, the pro forma C Corp equivalent basic and diluted earnings per share amounts are the same.

Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reporting period. Material estimates that are particularly susceptible to significant change in the near term include the determination of the allowance for loan losses. Actual results could differ from those estimates.

Business and Significant Concentrations of Credit Risk

The Company provides several types of loans to individuals and businesses primarily located in their customer service areas. Real estate and commercial loans are principal areas of concentration. The Company also strives to meet the borrowing needs of the consumers in its market areas. Extension of credit is generally limited to the primary trade areas of the Company. Primary deposit products of the Banks are noninterest-bearing and interest-bearing demand accounts, savings accounts, money market accounts, and term certificate of deposit accounts.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

For purposes of reporting consolidated cash flows, cash and cash equivalents include cash on hand and amounts due from banks, all of which have an original maturity within 90 days or less. Cash flows from loans and deposits are reported net.

Interest-Bearing Time Deposits with Banks

Interest-bearing time deposits with banks are carried at cost.

Securities

Debt securities are classified as held-to-maturity when the Company has the positive intent and ability to hold the securities to maturity and are carried at amortized cost. Debt securities not classified as held-to-maturity are classified as available-for-sale. Securities available-for-sale are carried at fair value with unrealized gains and losses reported in accumulated other comprehensive income (loss). Realized gains and losses on securities available-for-sale are included in noninterest income when applicable and reported as a reclassification adjustment in other comprehensive income (loss). Gains and losses on sales of securities are determined using the specific identification method on the trade date. The amortization of premiums and accretion of discounts are recognized in interest income using methods approximating the interest method over the period to maturity.

Any transfers of debt securities into the held-to-maturity category from the available-for-sale category are made at fair value at the date of transfer. The unrealized holding gain or loss at the date of transfer is retained in accumulated other comprehensive income (loss) and in the carrying value of the held-to-maturity securities. Such amounts are amortized over the period to maturity. There were no such transfers in 2018, 2017 and 2016.

Declines in the fair value of individual securities below their cost that are other-than-temporary result in write-downs of the individual securities to their fair value. The Company monitors the investment security portfolio for impairment on an individual security basis and has a process in place to identify securities that could potentially have a credit impairment that is other-than-temporary. This process involves analyzing the length of time and the extent to which the fair value has been less than the amortized cost basis, the market liquidity for the security, the financial condition and near-term prospects of the issuer, expected cash flows, and the intent of the Company to not sell the security or whether it is more likely than not that the Company will be required to sell the security before its anticipated recovery. A decline in value due to a credit event that is considered other-than-temporary is recorded as a loss in noninterest income.

Restricted Stock

Restricted stock, consisting of Federal Home Loan Bank of Chicago (FHLB) stock, is carried at cost and evaluated for impairment. The Company's investment in FHLB stock amounted to $2,719,000 and $2,876,000 as of December 31, 2018 and 2017, respectively.

Loans Held for Sale

Mortgage loans originated and intended for sale in the secondary market are carried at the lower of aggregate cost or fair value, as determined by aggregate outstanding commitments from investors or current investor yield. Net unrealized losses, if any, are recognized through a valuation allowance by charges to income.

Mortgage loans held for sale are generally sold with the mortgage servicing rights retained by the Company. The carrying value of mortgage loans sold is reduced by fair value allocated to the associated mortgage servicing rights. Gains or losses on sales of mortgage loans are recognized based on the difference between the selling price and the carrying value of the related mortgage loans sold.

Loans

Loans that management has the intent and ability to hold for the foreseeable future or until maturity or pay-off generally are reported at their outstanding unpaid principal balances adjusted for charge-offs and the allowance for loan losses, and deferred loan fees or costs on originated loans, and unamortized premiums or discounts on acquired loans.

Interest income is accrued on the unpaid principal balance. Loan origination fees, net of certain direct origination costs, as well as premiums and discounts, are deferred and recognized as an adjustment of the related loan yield using the interest method.

The accrual of interest on loans is discontinued at the time the loan is 90 days past due unless the credit is well-secured and in process of collection. Past due status is based on contractual terms of the loan. In all cases, loans are placed on nonaccrual or charged-off at an earlier date if collection of principal or interest is considered doubtful.

All interest accrued but not collected for loans that are placed on nonaccrual or charged off is reversed against interest income if it was accrued during the current year and charged-off against the allowance for loan losses if accrued in a prior year. Amortization of related deferred loan fees or costs is also suspended at this time. The interest on these loans is accounted for on the cash-basis or cost-recovery method, until qualifying for return to accrual. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured.

There were no significant related party loans as of either year-end.

Allowance for Loan Losses

The allowance for loan losses (allowance) is an estimate of loan losses inherent in the Company's loan portfolio. The allowance is established through a provision for loan losses which is charged to expense. Additions to the allowance are expected to maintain the adequacy of the total allowance. Loan losses are charged off against the allowance 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.

The allowance consists of two primary components, general reserves and specific reserves related to impaired loans. The general component covers non-impaired loans and is based on historical losses adjusted for qualitative factors. The historical loss experience is determined by portfolio segment and is based on the actual loss history experienced by the Company over the most recent four-year or 16-quarter period. This actual loss experience is adjusted for qualitative factors based on the risks present for each portfolio segment. These qualitative factors include consideration of the following:

levels of and trends in delinquencies and impaired loans; levels of and trends in charge-offs and recoveries; trends in volume and terms of loans; effects of any changes in risk selection and underwriting standards; other changes in lending policies, procedures, and practices; experience, ability, and depth of lending management and other relevant staff; national and local economic trends and conditions; industry conditions; and effects of changes in credit concentrations.

These qualitative factors are inherently subjective and are driven by the repayment risk associated with each portfolio segment.

A loan is considered impaired when, based on current information and events, it is probable that the Company will be unable to collect the scheduled payments of principal or interest when due according to the contractual terms of the loan agreement. Loans determined to be impaired are individually evaluated for impairment. When a loan is impaired, the Company generally measures impairment based on the fair value of the collateral, but also may use the present value of expected future cash flows discounted at the original contractual interest rate, when practical.

Under certain circumstances, the Company will provide borrowers relief through loan restructurings. A restructuring of debt constitutes a troubled debt restructuring (TDR) if the Company for economic or legal reasons related to the borrower's financial difficulties grants a concession to the borrower that it would not otherwise consider. Restructured loans typically present an elevated level of credit risk as the borrowers are not able to perform according to the original contractual terms. Loans that are reported as TDRs are considered impaired and measured for impairment as described above. TDR concessions can include reduction of interest rates, extension of maturity dates, forgiveness of principal or interest due, or acceptance of other assets in full or partial satisfaction of the debt.

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 $500,000 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.

Watch: Loans classified as Watch possess risk that requires quarterly monitoring via placement on the Bank's Watch List. The loan generally does not meet current credit standards for approval. Although higher risk is evident, the loans are performing and are not adversely classified.

Substandard: Loans classified as Substandard are not adequately protected by the current net worth and paying capacity of the borrower or of the collateral pledged, if any. Loans classified as Substandard have a well-defined weakness or weaknesses that jeopardize the repayment of the debt. Well defined weaknesses include inadequate cash flow or collateral support, failure to complete construction on time, or the failure to fulfill economic expectations. They are characterized by the distinct possibility that the Company will sustain some loss if the deficiencies are not corrected.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Doubtful: Loans classified as Doubtful have all the weaknesses inherent in those classified as Substandard, with the added characteristic that the weaknesses make collection or repayment in full, on the basis of currently existing facts, conditions, and values, highly questionable and improbable.

The Company maintains a separate general valuation allowance for each portfolio segment. These portfolio segments include construction and land, commercial real estate—non-owner occupied, commercial real estate—owner occupied, multi-family, commercial, consumer and other, residential real estate, and agricultural and farmland with risk characteristics described as follows:

Construction and Land: Consists of loans for construction, land development and other land loans whose primary source of repayment is the sale of the underlying collateral. These loans generally possess a higher inherent risk of loss than other portfolio segments. A major risk arises from the necessity to complete projects within a specified cost and time line. Trends in the construction industry significantly impact the credit quality of these loans, as demand drives construction activity. In addition, trends in real estate values significantly impact the credit quality of these loans, as property values determine the economic viability of construction projects.

Commercial Real Estate—Non-owner Occupied: Consists of loans secured by commercial real estate for which the primary source of repayment is the cash flow from the underlying collateral. Loans secured by commercial real estate that are both owned and occupied by the same or a related borrower are excluded. These loans are underwritten based primarily on the historic or projected cash flow from the underlying collateral. Adverse economic developments or an overbuilt market impact commercial real estate projects and may result in troubled loans. Trends in vacancy rates of commercial properties impact the credit quality of these loans.

Commercial Real Estate—Owner Occupied: Consists of loans secured by commercial real estate that is both owned and occupied by the same or a related borrower. These loans are primarily underwritten based on the cash flow of the business occupying the property. As with Commercial loans, cash flows and collateral values may fluctuate based on general economic conditions, specific industry conditions, and specific borrower circumstances.

Multi-family: Consists of loans secured by multi-family properties, such as apartment and condominium buildings. These loans may be affected by unemployment or underemployment and deteriorating market values of real estate.

Commercial: Consists of loans for working capital, asset acquisition and other business purposes. These loans are underwritten primarily based on the borrower's cash flow with most loans secondarily supported by collateral. In addition, they are often times supported by personal guarantees of the owners. Cash flows and collateral values may fluctuate based on general economic conditions, specific industry conditions and specific borrower circumstances.

Consumer and Other: Consumer loans include loans to individuals for consumer purposes and typically consist of small balance loans. Other loans include loans to municipalities and other financial institutions, as well as leases, and comprise a very small part of the Banks' total loan portfolios. Economic trends determined by unemployment rates and other key economic indicators are closely correlated to the credit quality of the consumer loans.

Residential Real Estate: Consists of loans secured by 1-4 family residences, including both first mortgage loans for owner occupied and non-owner occupied properties and home equity loans. The degree of risk in residential mortgage lending depends on the local economy, including the local real estate market and unemployment rates.

Agricultural and Farmland: These loans are generally underwritten to existing cash flows of operating agricultural businesses. These loans are also often times secured by farmland and agricultural operating assets. Debt coverage is provided by business cash flows and economic trends influenced by unemployment rates and other key economic indicators are not closely correlated to the credit quality of these loans.

Although management believes the allowance to be adequate, ultimate losses may vary from its estimates. At least quarterly, the Board of Directors reviews the adequacy of the allowance, including consideration of the relevant risks in the portfolio, current economic conditions and other factors. If the Board of Directors and management determine that changes are warranted based on those reviews, the allowance is adjusted. In addition, the Company's regulators review the adequacy of the allowance and may require additions to the allowance based on their judgment about information available at the time of their examinations.

Loans Acquired with Deteriorated Credit Quality

Loans acquired that have evidence of deterioration in credit quality since origination and for which it is probable, at acquisition, that the Company will be unable to collect all contractually required payments receivable, are initially recorded at fair value (as determined by the present value of expected future cash flows) with no allowance for loan losses. Loans are evaluated by management at the time of purchase to determine if there is evidence of deterioration in credit quality since origination. Loans where there is evidence of deterioration of credit quality since origination may be aggregated and accounted for as a pool of loans if the loans being aggregated have common risk characteristics. The difference between the undiscounted cash flows expected at acquisition and the investment in the loan, or the "accretable yield," is recognized as interest income over the life of the loan. Contractually required payments for interest and principal that exceed the undiscounted cash flows expected at acquisition, or the "nonaccretable difference," are not recognized as a yield adjustment. Subsequent decreases to the expected cash flows will generally result in a provision for loan losses. Subsequent increases in expected cash flows result in a reversal of the provision for loan losses to the extent of prior charges or a reclassification of the difference from nonaccretable to accretable yield with a positive impact on interest income on a prospective basis. If the Company does not have the information necessary to reasonably estimate cash flows to be expected, it may use the cost recovery method or cash basis method of income recognition.

Off-Balance Sheet Credit Related Financial Instruments

In the ordinary course of business, the Banks have entered into commitments to extend credit, including commitments under credit arrangements, commercial letters of credit, and standby letters of credit. Such financial instruments are recorded when they are funded.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Goodwill and Other Intangible Assets

Goodwill represents the excess of the original cost over the fair value of assets acquired and liabilities assumed. Goodwill is not amortized but instead is subject to an annual impairment evaluation by applying a fair-value based test. The Company has selected December 31 as the date to perform the annual impairment test. At December 31, 2018 and 2017, the Company's evaluations of goodwill indicated that goodwill was not impaired. Other identifiable intangible assets consist of core deposit intangible assets with definite useful lives which are being amortized using straight-line and accelerated methods over 10 years. The Company will periodically review the status of core deposit intangible assets for any events or circumstances which may change the recoverability of the underlying basis.

Loan Servicing

The Company periodically sells mortgage loans on the secondary market with servicing retained. For sales of mortgage loans, a portion of the cost of originating the loan is allocated to the servicing right based on fair value. Fair value is based on market prices for comparable mortgage servicing contracts, when available, or alternatively, is based on a valuation model that calculates the present value of estimated future net servicing income. The valuation model incorporates assumptions that market participants would use in estimating future net servicing income, such as the cost to service, the discount rate, the custodial earnings rate, an inflation rate, ancillary income, prepayment speeds, and default rates and losses. Mortgage servicing rights are carried at fair value on the consolidated balance sheets and changes in fair value are recorded in mortgage loan servicing fees, net on the consolidated statements of income.

Bank Premises and Equipment

Land is carried at cost. Bank premises and equipment are carried at cost less accumulated depreciation. Depreciation is computed over the estimated useful lives of the individual assets using straight-line and accelerated methods.

Bank Premises Held for Sale

Bank premises held for sale is carried at the lower of cost or fair value less estimated costs to sell. The bank premises are not depreciated while classified as held for sale.

During the year ended December 31, 2017, the Company closed certain branch locations. As of December 31, 2018 and 2017, the related branch buildings classified as held for sale totaled $749,000 and $2,319,000, respectively. During the years ended December 31, 2018 and 2017, there were impairment losses of $52,000 and $1,936,000, respectively, included in occupancy of bank premises on the consolidated statements of income. There was no bank premises held for sale as of December 31, 2016 or related impairment losses for the year then ended.

Impairment of Long-Lived Assets

The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of carrying amount or fair value less estimated costs to sell.

FDIC Indemnification Asset and True-up Liability

As a part of the Bank of Illinois (BOI) acquisition in 2010 and the Western Springs National Bank and Trust (WSNBT) acquisition in 2011, the Bank entered into loss-sharing agreements with the FDIC covering realized losses on loans and foreclosed assets. The BOI agreement included single family residential and non-single family residential loss-share agreements, while the WSNBT agreement only included a non-single family residential loss-share agreement. The single-family loss-share agreement had an original term of ten years and the non-single family residential loss-share agreement had an original term of eight years. The loss-sharing assets were measured separately from the loan portfolio because they were not contractually embedded in the loans and were not transferable with the loans should the Company choose to dispose of them. Fair values at the acquisition date were estimated based on projected cash flows for loss-sharing reimbursements and based on the credit adjustments estimated for each loan pool and the loss-sharing percentages. The loss-sharing assets were also separately measured from the related foreclosed real estate. Although these assets were contractual receivables from the FDIC, there were no contractual interest rates.

As part of the loss-share agreements associated with the BOI and WSNBT transactions Heartland Bank may have been required to pay the FDIC certain amounts at the end of the loss-share agreement terms. The Company's estimated true-up liability amounted to $4,593,000 as of December 31, 2016. Such amount was all related to the BOI agreement and was included in other liabilities in the accompanying consolidated balance sheets.

On October 27, 2017, the loss-sharing agreements with the FDIC were terminated. As part of the termination agreement, the Company paid cash of $4,929,000 to the FDIC and also incurred a write-down of $459,000 which represented the remaining carrying value of the FDIC indemnification asset.

Wealth Management Assets and Fees

Assets of the wealth management department of the Banks are not included in the consolidated balance sheets as they are not assets of the Company or Banks. Fee income generated from wealth management services is recorded in the consolidated statements of income as a source of noninterest income.

Foreclosed Assets

Assets acquired through, or in lieu of, loan foreclosure are held for sale and are initially recorded at fair value less estimated cost to sell at the date of foreclosure, establishing a new cost basis. Any write-down based on the fair value of the asset at the date of acquisition is charged to the allowance for loan losses. If the fair value of the asset less estimated cost to sell exceeds the recorded investment in the loan at the date of foreclosure, the increase in value is charged to current year operations unless there has been a prior charge-off, in which case a recovery to the allowance for loan losses is recorded. Subsequent to foreclosure, valuations are periodically performed by management and the assets are carried at the lower of carrying amount or fair value less estimated cost to sell. Write-downs of foreclosed assets subsequent to foreclosure are charged to current year operations as are gains and losses from sale of foreclosed assets, as well as expenses to maintain and hold foreclosed assets.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Employee Benefit Plans

The Company sponsors a profit sharing plan under which the Company may contribute, at the discretion of the Board of Directors, a discretionary amount to all participating employees for the plan year. Participating employees are those employees in service on the valuation date who were employed on the last day of the plan year then ended, were on leave of absence on the last day of the plan year then ended, or any participant whose service was terminated during the plan year then ended due to retirement, disability, or death. A 401(k) feature also allows the Bank to make discretionary matching contributions in an amount up to 5% of compensation contributed by employees.

The Company has a cafeteria plan including a Dependent Care Assistance Program and Healthcare Reimbursement Plan. Participants become eligible to join the plan once they have completed ninety days of employment, with entry date being the first day of the month coinciding with or following the date they meet the eligibility requirements.

Supplemental Executive Retirement Plan

Heartland Bank has a supplemental executive retirement plan (SERP) that provides retirement incentives for certain executive employees. The liabilities for these awards are included in other liabilities in the consolidated balance sheets. This is an unfunded plan.

Stock Appreciation Rights

The Company has a stock appreciation rights (SAR) plan. The Company recognizes compensation cost for awards requiring settlement in cash as the excess, if any, of the current market price of the stock, as determined based on an independent valuation, over the "base price" of the SAR, as defined in the SAR agreement. The Company's future liability for these awards is included in other liabilities in the consolidated balance sheets.

Transfers of Financial Assets and Participating Interests

Transfers of an entire financial asset or a participating interest in an entire financial asset are accounted for as sales when control over the assets has been surrendered. Control over transferred assets is deemed to be surrendered when (1) the assets have been isolated from the Company, (2) the transferee obtains the right (free of conditions that constrain it from taking advantage of that right) to pledge or exchange the transferred assets, and (3) the Company does not maintain effective control over the transferred assets through an agreement to repurchase them before their maturity.

The transfer of a participating interest in an entire financial asset must also meet the definition of a participating interest. A participating interest in a financial asset has all of the following characteristics: (1) from the date of transfer, it must represent a proportionate (pro rata) ownership interest in the financial asset, (2) from the date of transfer, all cash flows received, except any cash flows allocated as any compensation for servicing or other services performed, must be divided proportionately among participating interest holders in the amount equal to their share ownership, (3) the rights of each participating interest holder must have the same priority, and (4) no party has the right to pledge or exchange the entire financial asset unless all participating interest holders agree to do so.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Advertising Costs

Advertising costs are expensed as incurred.

Income Taxes

The Company, with the consent of its stockholders, has elected to be taxed under sections of federal and state income tax law as an "S corporation" which provides that, in lieu of Company income taxes, except for state replacement and franchise taxes, the stockholders separately account for their pro rata shares of the Company's items of income, deductions, losses and credits. As a result of this election, no income taxes, other than state replacement and franchise taxes, have been recognized in the accompanying consolidated financial statements. As of December 31, 2018, the Company's reported net assets were less than their tax bases by approximately $2,574,000. No provision has been made for any amounts which may be advanced or paid as dividends to the stockholders to assist them in paying their personal taxes on the income from the Company.

The Company files consolidated federal and state income tax returns. The Company is no longer subject to federal or state income tax examinations for years prior to 2015.

With regard to uncertain tax matters, the Company recognizes in the consolidated financial statements the impact of a tax position taken, or expected to be taken, if it is more likely than not that the position will be sustained on audit based on the technical merit of the position. Management has analyzed the tax positions taken by the Company and concluded as of December 31, 2018 and 2017, there are no uncertain tax positions taken or expected to be taken that require recognition of a liability or disclosure in the consolidated financial statements. When applicable, the Company recognizes interest accrued related to unrecognized tax benefits and penalties in operating expenses.

Derivative Financial Instruments

As part of the Company's asset/liability management, the Company uses interest rate swaps (swaps) to hedge various exposures or to modify interest rate characteristics of various balance sheet accounts. Derivatives that are used as part of the asset/liability management process are linked to specific assets or liabilities, or pools of assets or liabilities, and have high correlation between the contract and the underlying item being hedged, both at inception and throughout the hedge period.

All derivatives are recognized on the balance sheet at their fair value. On the date the derivative contract is entered into, the Company may designate the derivative as a hedge of a forecasted transaction or of the variability of cash flows to be received or paid related to a recognized asset or liability "cash flow" hedge. Changes in the fair value of a derivative that is highly effective as—and that is designated and qualifies as—a cash-flow hedge are recorded in other comprehensive income (loss), until earnings are affected by the variability of cash flows (e.g., when periodic settlements on a variable-rate asset or liability are recorded in earnings).

The Company formally documents all relationships between hedging instruments and hedged items, as well as its risk-management objective and strategy for undertaking various hedged transactions. This process includes linking all derivatives that are designated as cash-flow hedges to specific assets and liabilities on the balance sheet or forecasted transactions. The Company also formally assesses, both at the hedge's inception and on an ongoing basis, whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows of hedged items.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

When it is determined that a derivative is not highly effective as a hedge or that it has ceased to be a highly effective hedge, the Company discontinues hedge accounting prospectively.

The Company discontinues hedge accounting prospectively when (a) it is determined that the derivative is no longer effective in offsetting changes in the cash flows of a hedged item (including forecasted transactions); (b) the derivative expires or is sold, terminated, or exercised; (c) the derivative is dedesignated as a hedge instrument, because it is unlikely that a forecasted transaction will occur; or (d) management determines that designation of the derivative as a hedge instrument is no longer appropriate.

When hedge accounting is discontinued because it is probable that a forecasted transaction will not occur, the derivative will continue to be carried on the balance sheet at its fair value, and gains and losses that were accumulated in other comprehensive income will be recognized immediately in earnings. In all other situations in which hedge accounting is discontinued, the derivative will be carried at its fair value on the balance sheet, with subsequent changes in its fair value recognized in current-period earnings.

Comprehensive Income (Loss)

Accounting principles generally require that recognized revenue, expenses, gains, and losses be included in net income. Although certain changes in assets and liabilities, such as unrealized gains and losses on securities available-for-sale and interest rate swap agreements designated as cash flow hedges, are reported as a separate component of the equity section of the consolidated balance sheets, such items, along with net income, are components of comprehensive income (loss).

Fair Value Measurements

The Company categorizes its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement. Assets and liabilities valued at fair value are categorized based on the inputs to the valuation techniques as follows:

Level 1— Inputs that are quoted prices (unadjusted) for identical assets or liabilities in active markets that the Company has the ability to access as of the measurement date.

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

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

Subsequent to initial recognition, the Company may re-measure the carrying value of assets and liabilities measured on a nonrecurring basis to fair value. Adjustments to fair value usually result when certain assets are impaired. Such assets are written down from their carrying amounts to their fair value.

Accounting standards allow entities the irrevocable option to elect to measure certain financial instruments and other items at fair value for the initial and subsequent measurement on an instrument-by-instrument basis. The Company adopted the policy and has not elected to measure any existing financial instruments at fair value, except for mortgage servicing rights; however, it may elect to measure newly acquired financial instruments at fair value in the future.

Revenue from Contracts with Customers

The Company adopted the new authoritative accounting guidance under ASC Topic 606, *Revenue from Contracts with Customers* on January 1, 2018 using the modified retrospective transition method, and a cumulative effect adjustment to retained earnings was not necessary.

The new authoritative accounting guidance under ASC Topic 606 requires an entity to recognize revenue in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. To achieve this, the Company takes the following steps: identify the contract(s) with a customer; identify the performance obligations in the contract; determine the transaction price; allocate the transaction price to the performance obligations in the contract; and recognize revenue when (or as) the Company satisfies a performance obligation. The non-interest revenue streams that are considered to be in the scope of this new guidance are discussed below.

Wealth management fees: Consists of revenue from the management and advisement of client assets and trust administration. The Company's performance obligation is generally satisfied over time, and the fees are recognized monthly. Payment is typically received quarterly or annually.

Title insurance activity: Consists of fees related to real estate sale closings, title search fees, and title insurance premiums with First Community Title Services, Inc. acting as an agent. The Company's performance obligations are generally satisfied and payment is typically received at the time a real estate transaction is finalized.

Service charges on deposit accounts: Consists of deposit related fees such as account analysis fees, monthly service fees, and other related fees. The Company' performance obligation is ongoing and either party may cancel at any time. These fees are generally recognized as the services are rendered on a monthly basis. Payment is typically received monthly.

Card income: Consists of debit and credit card interchange fees. For debit and credit card transactions, the Company considers the merchant as the customer for interchange revenue with the performance obligation being satisfied when the cardholder purchases goods or services from the merchant. Interchange revenue is recognized as the services are provided. Payment is typically received daily.

Earnings Per Share

Basic earnings per share is computed by dividing net income by the weighted average shares of common stock outstanding during the year. There were no dilutive instruments outstanding during 2018, 2017, and 2016 therefore, diluted earnings per share is the same as basic earnings per share.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Segment Reporting

The Company's operations consist of one reportable segment called community banking. The operations of the non-bank subsidiaries of the Company primarily support the operations of the Banks. While the Company's management monitors both bank subsidiaries' operations and profitability separately, these subsidiaries have been aggregated into one reportable segment due to the similarities in products and services, customer base, operations, profitability measures, and economic characteristics.

Reclassifications

Certain reclassifications of the 2017 and 2016 consolidated financial statement amounts have been made to conform to the 2018 presentation with no impact on previously reported net income or stockholders' equity.

Recent Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. Under the new guidance in this ASU, lessees will be required to recognize the following for all leases (with the exception of short-term leases) at the commencement date: (1) a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and (2) a right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. Under the new guidance, lessor accounting is largely unchanged. Certain targeted improvements were made to align, where necessary, lessor accounting with the lessee accounting model and Topic 606, *Revenue from Contracts with Customers*. The new lease guidance also simplified the accounting for sale and leaseback transactions primarily because lessees must recognize lease assets and lease liabilities. Lessees will no longer be provided with a source of off-balance sheet financing. ASU 2016-02 is effective for years beginning after December 15, 2018, including interim periods within those years. Early application is permitted. Lessees (for capital and operating leases) and lessors (for sales-type, direct financing, and operating leases) must apply a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. The modified retrospective approach would not require any transition accounting for leases that expired before the earliest comparative period presented. Lessees and lessors may not apply a full retrospective transition approach. The Company adopted this standard on January 1, 2019 without a material impact on the Company's results of operations or financial condition.

In March 2016, FASB issued ASU 2016-05, *Derivatives and Hedging (Topic 815): Effect of Derivative Contract Novations on Existing Hedge Accounting Relationships*, which clarifies that a change in the counterparty to a derivative instrument that has been designated as a hedging instrument does not, in and of itself, require dedesignation of that hedging relationship provided that all other hedge accounting criteria continue to be met. ASU 2016-05 was effective for the Company for years beginning after December 15, 2016, including interim periods within those years. The Company has applied ASU 2016-05 on a prospective basis. This standard did not have a material impact on the Company's consolidated results of operations or financial position.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. ASU 2016-13 requires the measurement of all

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts and requires enhanced disclosures related to the significant estimates and judgments used in estimating credit losses, as well as the credit quality and underwriting standards of an organization's portfolio. In addition, ASU 2016-13 amends the accounting for credit losses on available-for-sale debt securities and purchased financial assets with credit deterioration. ASU 2016-13 is effective for years beginning after December 15, 2019, including interim periods within those fiscal years. Early adoption is permitted for years beginning after December 31, 2018, including interim periods within those years. The Company is currently evaluating the effect that this standard will have on the consolidated financial statements.

In January 2017, the FASB issued ASU 2017-04, *Intangibles—Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment*. This ASU simplifies measurement of goodwill and eliminates Step 2 from the goodwill impairment test. Under the ASU, a company should perform its goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount. An impairment charge should be recognized for the amount by which the carrying amount exceeds the reporting unit's fair value. The impairment charge is limited to the amount of goodwill allocated to that reporting unit. The amendments in this update are effective for annual or any interim goodwill impairment tests in years beginning after December 15, 2019, including interim periods within those years. Early adoption is permitted for goodwill impairment tests performed on testing dates after January 1, 2017. This standard is not expected to have a material impact on the Company's consolidated results of operations or financial position.

In March 2017, the FASB issued ASU 2017-08, *Receivables—Nonrefundable Fees and Other Costs (Subtopic 310-20), Premium Amortization on Purchased Callable Debt Securities*. ASU 2017-08 shortens the amortization period for certain callable debt securities held at a premium, requiring the premium to be amortized to the earliest call date. ASU 2017-08 does not require an accounting change for securities held at a discount; the discount continues to be amortized to maturity. This guidance is effective for years, and interim periods within those years, beginning after December 15, 2018, with early adoption permitted. The adoption of this ASU requires use of a modified retrospective basis through a cumulative-effect adjustment directly to retained earnings as of the beginning of the period of adoption. The Company adopted this standard on January 1, 2019 without a material impact on the Company's results of operations or financial condition.

In August 2017, the FASB issued ASU 2017-12, *Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities*. ASU 2017-12 improves the financial reporting of hedging relationships to better portray the economic results of an entity's risk management activities in its financial statements and make certain targeted improvements to simplify the application of the hedge accounting guidance in current generally accepted accounting principles. This guidance is effective for years beginning after December 15, 2018, and interim periods within those years. Early application is permitted. The Company adopted this standard on January 1, 2018 without a material impact on the Company's results of operations or financial condition.

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement*. ASU 2018-13 removes, modifies, and adds certain disclosure requirements on fair value measurements. This guidance is effective for annual reporting periods beginning after December 15, 2019, including interim periods

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

within those fiscal years, with early adoption permitted. This standard is not expected to have a material impact on the Company's consolidated results of operations or financial position.

In October 2018, the FASB issued ASU 2018-16, *Derivatives and Hedging (Topic 815): Inclusion of the Secured Overnight Financing Rate (SOFR) Overnight Index Swap Rate as a Benchmark Interest Rate for Hedge Accounting Purposes*. ASU 2018-16 permits the use of the SOFR Overnight Index Swap Rate as a U.S. benchmark interest rate for hedge accounting purposes under ASC 815. This guidance is effective for years beginning after December 15, 2018. This standard is not expected to have a material impact on the Company's consolidated results of operations or financial position.

Subsequent Events

In preparing these consolidated financial statements, the Company has evaluated events and transactions for potential recognition or disclosure through March 25, 2019, the date the consolidated financial statements were issued.

In 2019, the Company entered into an agreement to sell the First Community Title Services, Inc. to Illinois Real Estate Title Center, LLC, an Illinois limited liability company, for a combination of cash and an equity interest in Illinois Real Estate Title Center, LLC representing total consideration of approximately $498,000. The sale of First Community Title Services, Inc. closed on February 15, 2019.

Events subsequent to Original Issuance of Consolidated Financial Statements

On September 13, 2019, the Company effected a twenty-for-one stock split of its issued and outstanding shares of common stock and its issued and outstanding shares of Series A nonvoting common stock. Accordingly, all share and per share amounts for all periods presented in these financial statements and notes thereto have been adjusted retroactively, where applicable, to reflect the stock split.

On September 13, 2019, the Company filed with the Delaware Secretary of State a Certificate of Amendment to the Certificate of Incorporation of the Company to amend, among other things, the name of the Company from Heartland Bancorp, Inc. to HBT Financial, Inc.

NOTE 2—TRANSACTIONS BETWEEN ENTITIES UNDER COMMON CONTROL

On October 29, 2018, the Company entered into an agreement to exchange 100% of the outstanding stock of Lincoln S.B. Corp., an Illinois Corporation headquartered in Lincoln, Illinois, for shares of HBT Financial, Inc. (formerly known as Heartland Bancorp, Inc.) Series A common stock. The transaction was completed on December 31, 2018 (the effective date). State Bank of Lincoln, which was Lincoln S.B. Corp.'s wholly-owned subsidiary prior to the agreement, offers a full line of quality retail and commercial banking products through six branches in central Illinois. The Company has operated State Bank of Lincoln as a separate subsidiary since the transaction was completed.

Under the terms of the definitive agreement, the 14,548 issued and outstanding shares of Lincoln S.B. Corp. common stock were converted into 1,382,560 shares of HBT Financial, Inc. (formerly known as Heartland Bancorp, Inc.) Series A common stock and approximately $6,000 paid in cash for fractional shares. In addition to the shares exchanged and cash paid for fractional shares, an additional $500,000 in cash was deposited into an escrow account. After 12 months, the escrow

NOTE 2—TRANSACTIONS BETWEEN ENTITIES UNDER COMMON CONTROL (Continued)

agreement shall expire, and the funds held in escrow shall be distributed to the Lincoln S.B. Corp. shareholders.

The voting ownership of HBT Financial, Inc. (formerly known as Heartland Bancorp, Inc.) and Lincoln S.B. Corp. were considered under common control on the effective date of the transaction and for all periods presented in the consolidated financial statements.

This transaction was accounted for as a change in reporting entity and, accordingly, HBT Financial, Inc. (formerly known as Heartland Bancorp, Inc.), the receiving entity, recognized assets and liabilities transferred at their carrying amounts in the accounts of Lincoln S.B. Corp., the transferring entity, on the effective date of the transaction. The results of operations are reported as though the exchange of equity interests had occurred at the beginning of the year ended December 31, 2016. For similar assets and liabilities accounted for using different accounting methods, the carrying amounts have been retrospectively adjusted to the basis of accounting used by HBT Financial, Inc. (formerly known as Heartland Bancorp, Inc.) Significant intra-entity transactions and accounts have been eliminated in consolidation.

NOTE 3—RESTRICTED CASH AND DUE FROM BANKS

The Federal Reserve Bank required the Banks to maintain balances on reserve of approximately $22,037,000 and $21,053,000 at December 31, 2018 and 2017, respectively.

NOTE 4—SECURITIES

Securities as shown in these consolidated financial statements reflect revised categories as required by the Company's adoption of ASU 2016-01 on January 1, 2018. That new guidance refined the definition of equity securities and required their segregation from debt securities available-for-sale. For comparability purposes, reclassifications to the 2017 consolidated financial statement amounts have been made to conform to the 2018 presentation.

The carrying balances of the securities were as follows as of December 31:

	2018	2017
	(dollars in thousands)	
Securities available-for-sale	$ 679,526	$ 769,571
Securities held-to-maturity	121,715	129,322
Equity securities:		
Readily determinable fair value	3,081	3,203
No readily determinable fair value	180	—
Total securities	$ 804,502	$ 902,096

While changes in the fair value of debt securities available-for-sale continue to be recorded in accumulated other comprehensive income (loss), the new guidance requires changes in the fair value of equity securities to be recorded in current earnings. As required by the new guidance, the unrealized gain in fair value on equity securities (recorded in accumulated other comprehensive loss at December 31, 2017) was reclassified to retained earnings on January 1, 2018. The amount of the reclassification was $122,000.

NOTE 4—SECURITIES (Continued)

As of December 31, 2018 and 2017, equity securities with readily determinable fair values include common stocks and mutual funds with a total fair value of $3,081,000 and $3,203,000, respectively. The Company recorded $122,000 of unrealized losses in non-interest income in the accompanying consolidated financial statements for the year ended December 31, 2018 related to the change in the fair value of equity securities with readily determinable fair values.

As of December 31, 2018, equity securities without readily determinable fair values had a total carrying value of $180,000. The Company has elected, under the ASU, to measure the equity securities without readily determinable fair values at cost minus impairment, if any, plus or minus changes resulting from observable price changes for identical or similar securities of the same issuer. During the year ended December 31, 2018, the Company did not record any impairment or other adjustments to the carrying amount the equity securities without readily determinable fair values. There were no equity securities without readily determinable fair values as of December 31, 2017 or for the years ended December 31, 2017 and 2016.

The amortized cost and fair values of securities available-for-sale, with gross unrealized gains and losses, are as follows:

December 31, 2018	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(dollars in thousands)			
Available-for-sale:				
U.S. government agency	$ 46,977	$ 250	$ (361)	$ 46,866
Municipal	161,957	761	(1,268)	161,450
Agency mortgage-backed:				
Residential	235,903	788	(2,388)	234,303
Commercial	151,878	285	(2,082)	150,081
Private-label mortgage-backed	254	2	—	256
Corporate	87,118	207	(755)	86,570
Total	$ 684,087	$ 2,293	$ (6,854)	$ 679,526

December 31, 2017	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(dollars in thousands)			
Available-for-sale:				
U.S. Treasury	$ 7,033	$ —	$ (5)	$ 7,028
U.S. government agency	45,798	73	(136)	45,735
Municipal	206,472	2,141	(660)	207,953
Agency mortgage-backed:				
Residential	267,039	705	(2,046)	265,698
Commercial	149,543	40	(1,572)	148,011
Asset-backed and private-label mortgage-backed	3,508	8	(3)	3,513
Corporate	91,588	315	(270)	91,633
Total	$ 770,981	$ 3,282	$ (4,692)	$ 769,571

NOTE 4—SECURITIES (Continued)

The carrying value and fair value of securities held-to-maturity, with gross unrealized gains and losses, are as follows:

December 31, 2018	Carrying Value	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(dollars in thousands)			
Held-to-maturity:				
Municipal	$ 73,176	$ 1,149	$ (42)	$ 74,283
Agency mortgage-backed:				
Residential	23,192	—	(998)	22,194
Commercial	25,347	177	(495)	25,029
Total	$ 121,715	$ 1,326	$ (1,535)	$ 121,506

December 31, 2017	Carrying Value	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(dollars in thousands)			
Held-to-maturity:				
Municipal	$ 79,490	$ 2,340	$ (6)	$ 81,824
Agency mortgage-backed:				
Residential	27,552	40	(826)	26,766
Commercial	22,280	205	(281)	22,204
Total	$ 129,322	$ 2,585	$ (1,113)	$ 130,794

Amortized cost of securities held-to-maturity amounted to $72,982,000 and $78,892,000 for municipal securities and $48,611,000 and $49,926,000 for mortgage-backed securities as of December 31, 2018 and 2017, respectively.

At December 31, 2018 and 2017, the Banks had securities with a carrying value of $291,404,000 and $301,968,000, respectively, which were pledged to secure public and trust deposits, securities sold under agreements to repurchase, and for other purposes required or permitted by law.

The Company has no direct exposure to the State of Illinois, but approximately 53% of the obligations of local municipalities portfolio consists of securities issued by municipalities located in Illinois as of December 31, 2018. Approximately 93% of such securities were general obligation issues as of December 31, 2018.

The amortized cost and fair value of securities available-for-sale and the carrying value and fair value of securities held-to-maturity, at December 31, 2018, by contractual maturity, are shown below.

NOTE 4—SECURITIES (Continued)

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 Cost	Fair Value	Carrying Value	Fair Value
	(dollars in thousands)			
Due in 1 year or less	$ 61,047	$ 60,935	$ 699	$ 699
Due after 1 year through 5 years	140,266	139,949	19,048	19,266
Due after 5 years through 10 years	83,859	83,447	47,752	48,499
Due after 10 years	10,880	10,555	5,677	5,819
Agency mortgage-backed:				
Residential	235,903	234,303	23,192	22,194
Commercial	151,878	150,081	25,347	25,029
Asset-backed and private-label mortgage-backed	254	256	—	—
Total	$ 684,087	$ 679,526	$ 121,715	$ 121,506

Sales of securities available-for-sale were as follows for the years ended December 31:

	2018	2017	2016
	(dollars in thousands)		
Proceeds from sales	$ 104,303	$ 51,500	$ 9,884
Gross realized gains	281	—	106
Gross realized losses	(2,822)	(1,275)	—

The following tables present gross unrealized losses and fair value of investments, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position, as of December 31:

	Investments in a Continuous Unrealized Loss Position					
	Less than 12 Months		12 Months or More		Total	
December 31, 2018	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value
	(dollars in thousands)					
Available-for-sale:						
U.S. government agency	$ (302)	$ 19,079	$ (59)	$ 7,938	$ (361)	$ 27,017
Municipal	(230)	31,034	(1,038)	59,702	(1,268)	90,736
Agency mortgage-backed:						
Residential	(299)	40,864	(2,089)	99,967	(2,388)	140,831
Commercial	(262)	35,462	(1,820)	81,899	(2,082)	117,361
Corporate	(263)	20,734	(492)	39,054	(755)	59,788
Total	$ (1,356)	$ 147,173	$ (5,498)	$ 288,560	$ (6,854)	$ 435,733
Held-to-maturity:						
Municipal	$ (32)	$ 4,166	$ (10)	$ 1,856	$ (42)	$ 6,022
Agency mortgage-backed:						
Residential	(59)	4,046	(939)	17,564	(998)	21,610
Commercial	(67)	8,910	(428)	10,413	(495)	19,323
Total	$ (158)	$ 17,122	$ (1,377)	$ 29,833	$ (1,535)	$ 46,955

NOTE 4—SECURITIES (Continued)

	Investments in a Continuous Unrealized Loss Position					
	Less than 12 Months		12 Months or More		Total	
December 31, 2017	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value
	(dollars in thousands)					
Available-for-sale:						
U.S. Treasury	$ (5)	$ 7,028	$ —	$ —	$ (5)	$ 7,028
U.S. government agency	(113)	20,885	(23)	1,971	(136)	22,856
Municipal	(430)	67,512	(230)	11,505	(660)	79,017
Agency mortgage-backed:						
Residential	(1,269)	161,804	(777)	38,983	(2,046)	200,787
Commercial	(813)	86,886	(759)	38,079	(1,572)	124,965
Asset-backed and private-label mortgage-backed	(3)	2,997	—	—	(3)	2,997
Corporate	(270)	58,346	—	—	(270)	58,346
Total	$ (2,903)	$ 405,458	$ (1,789)	$ 90,538	$ (4,692)	$ 495,996
Held-to-maturity:						
Municipal	$ (6)	$ 2,172	$ —	$ —	$ (6)	$ 2,172
Agency mortgage-backed:						
Residential	(20)	4,873	(806)	16,384	(826)	21,257
Commercial	(11)	2,474	(270)	8,638	(281)	11,112
Total	$ (37)	$ 9,519	$ (1,076)	$ 25,022	$ (1,113)	$ 34,541

At December 31, 2018, there were 286 securities in an unrealized loss position for a period of twelve months or more, and 140 securities in an unrealized loss position for a period of less than twelve months. These unrealized losses are primarily a result of fluctuations in interest rates in the bond market. In analyzing an issuer's financial condition, management considers whether the securities are issued by the federal government or its agencies, whether downgrades by bond rating agencies have occurred, and industry analysts' reports. Management believes that all declines in value of these securities are deemed to be temporary.

NOTE 5—LOANS AND THE ALLOWANCE FOR LOAN LOSSES

Major categories of loans as of December 31 are summarized as follows:

	2018	2017
	(dollars in thousands)	
Commercial	$ 357,923	$ 368,723
Agricultural and farmland	208,709	207,165
Commercial real estate—owner occupied	245,270	264,928
Commercial real estate—non-owner occupied	512,188	464,645
Multi-family	134,057	134,642
Construction and land	232,957	164,994
Residential real estate	300,010	343,646
Consumer and other	98,475	104,471
Gross loans, excluding loans acquired with deteriorated credit quality	2,089,589	2,053,214
Allowance for loan losses	(19,985)	(19,102)
Loans, excluding loans acquired with deteriorated credit quality, net	2,069,604	2,034,112
Gross loans acquired with deteriorated credit quality	54,668	62,732
Allowance for loan losses	(524)	(663)
Loans acquired with deteriorated credit quality, net	54,144	62,069
Total loans, net	$ 2,123,748	$ 2,096,181

The following tables detail activity in the allowance for loan losses (excluding loans acquired with deteriorated credit quality) for the years ended December 31.

Year Ended December 31, 2018	Commercial	Agricultural and Farmland	Commercial Real Estate Owner Occupied	Commercial Real Estate Non-owner Occupied	Multi-Family	Construction and Land	Residential Real Estate	Consumer and Other	Total
					(dollars in thousands)				
Allowance for loan losses:									
Beginning balance	$ 4,893	$ 2,385	$ 1,510	$ 2,474	$ 966	$ 2,940	$ 2,652	$ 1,282	$ 19,102
Provision for loan losses	(20)	265	3,112	261	(59)	596	953	320	5,428
Charge-offs	(1,446)	—	(2,187)	(237)	—	(58)	(1,366)	(783)	(6,077)
Recoveries	315	—	54	141	—	260	490	272	1,532
Ending balance	$ 3,742	$ 2,650	$ 2,489	$ 2,639	$ 907	$ 3,738	$ 2,729	$ 1,091	$ 19,985

Year Ended December 31, 2017	Commercial	Agricultural and Farmland	Commercial Real Estate Owner Occupied	Commercial Real Estate Non-owner Occupied	Multi-Family	Construction and Land	Residential Real Estate	Consumer and Other	Total
					(dollars in thousands)				
Allowance for loan losses:									
Beginning balance	$ 4,530	$ 3,454	$ 1,612	$ 2,690	$ 1,276	$ 1,922	$ 2,518	$ 1,075	$ 19,077
Provision for loan losses	1,955	(1,066)	(108)	(234)	(168)	1,494	431	709	3,013
Charge-offs	(1,780)	(3)	(32)	(940)	(142)	(503)	(711)	(811)	(4,922)
Recoveries	188	—	38	958	—	27	414	309	1,934
Ending balance	$ 4,893	$ 2,385	$ 1,510	$ 2,474	$ 966	$ 2,940	$ 2,652	$ 1,282	$ 19,102

HBT FINANCIAL, INC. (formerly known as Heartland Bancorp, Inc.) AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE 5—LOANS AND THE ALLOWANCE FOR LOAN LOSSES (Continued)

Year Ended December 31, 2016	Commercial	Agricultural and Farmland	Commercial Real Estate Owner Occupied	Commercial Real Estate Non-owner Occupied	Multi-Family	Construction and Land	Residential Real Estate	Consumer and Other	Total
					(dollars in thousands)				
Allowance for loan losses:									
Beginning balance	$ 4,460	$ 3,019	$ 1,425	$ 2,451	$ 763	$ 1,768	$ 3,131	$ 694	$ 17,711
Provision for loan losses	502	518	931	1,253	507	577	832	1,049	6,169
Charge-offs	(1,322)	(83)	(753)	(1,109)	—	(442)	(1,703)	(988)	(6,400)
Recoveries	890	—	9	95	6	19	258	320	1,597
Ending balance	$ 4,530	$ 3,454	$ 1,612	$ 2,690	$ 1,276	$ 1,922	$ 2,518	$ 1,075	$ 19,077

The following tables detail activity in the allowance for loan losses for loans acquired with deteriorated credit quality for the years ended December 31.

Year Ended December 31, 2018	Commercial	Agricultural and Farmland	Commercial Real Estate Owner Occupied	Commercial Real Estate Non-owner Occupied	Multi-Family	Construction and Land	Residential Real Estate	Consumer and Other	Total
					(dollars in thousands)				
Allowance for loan losses:									
Beginning balance	$ 518	$ —	$ —	$ 2	$ 31	$ 41	$ 71	$ —	$ 663
Provision for loan losses	(512)	—	182	3	168	397	31	—	269
Charge-offs	—	—	(165)	—	(194)	—	(49)	—	(408)
Recoveries	—	—	—	—	—	—	—	—	—
Ending balance	$ 6	$ —	$ 17	$ 5	$ 5	$ 438	$ 53	$ —	$ 524

Year Ended December 31, 2017	Commercial	Agricultural and Farmland	Commercial Real Estate Owner Occupied	Commercial Real Estate Non-owner Occupied	Multi-Family	Construction and Land	Residential Real Estate	Consumer and Other	Total
					(dollars in thousands)				
Allowance for loan losses:									
Beginning balance	$ 340	$ 1	$ 10	$ 11	$ 6	$ 61	$ 202	$ —	$ 631
Provision for loan losses	178	(1)	(10)	(9)	36	(20)	(55)	7	126
Charge-offs	—	—	—	—	(11)	—	(76)	(7)	(94)
Recoveries	—	—	—	—	—	—	—	—	—
Ending balance	$ 518	$ —	$ —	$ 2	$ 31	$ 41	$ 71	$ —	$ 663

Year Ended December 31, 2016	Commercial	Agricultural and Farmland	Commercial Real Estate Owner Occupied	Commercial Real Estate Non-owner Occupied	Multi-Family	Construction and Land	Residential Real Estate	Consumer and Other	Total
					(dollars in thousands)				
Allowance for loan losses:									
Beginning balance	$ 4	$ —	$ 19	$ 43	$ 1	$ 280	$ 190	$ —	$ 537
Provision for loan losses	336	1	(9)	(7)	5	(219)	157	1	265
Charge-offs	—	—	—	(25)	—	—	(145)	(1)	(171)
Recoveries	—	—	—	—	—	—	—	—	—
Ending balance	$ 340	$ 1	$ 10	$ 11	$ 6	$ 61	$ 202	$ —	$ 631

NOTE 5—LOANS AND THE ALLOWANCE FOR LOAN LOSSES (Continued)

The following tables present the recorded investments in loans and the allowance for loan losses by category as of December 31.

December 31, 2018	Commercial	Agricultural and Farmland	Commercial Real Estate Owner Occupied	Commercial Real Estate Non-owner Occupied	Multi-Family	Construction and Land	Residential Real Estate	Consumer and Other	Total
					(dollars in thousands)				
Loan balances:									
Individually evaluated for impairment	$ 7,488	$ 11,295	$ 19,202	$ 7,820	$ 1,678	$ 3,331	$ 12,837	$ 416	$ 64,067
Collectively evaluated for impairment	350,435	197,414	226,068	504,368	132,379	229,626	287,173	98,059	2,025,522
Acquired with deteriorated credit quality	2,578	1,166	9,804	21,722	1,868	4,318	13,098	114	54,668
Total	$ 360,501	$ 209,875	$ 255,074	$ 533,910	$ 135,925	$ 237,275	$ 313,108	$ 98,589	$ 2,144,257
Allowance for loan losses:									
Individually evaluated for impairment	$ 1,554	$ 39	$ 1,066	$ 73	$ 267	$ 1,714	$ 1,265	$ 67	$ 6,045
Collectively evaluated for impairment	2,188	2,611	1,423	2,566	640	2,024	1,464	1,024	13,940
Acquired with deteriorated credit quality	6	—	17	5	5	438	53	—	524
Total	$ 3,748	$ 2,650	$ 2,506	$ 2,644	$ 912	$ 4,176	$ 2,782	$ 1,091	$ 20,509

December 31, 2017	Commercial	Agricultural and Farmland	Commercial Real Estate Owner Occupied	Commercial Real Estate Non-owner Occupied	Multi-Family	Construction and Land	Residential Real Estate	Consumer and Other	Total
					(dollars in thousands)				
Loan balances:									
Individually evaluated for impairment	$ 9,837	$ 7,652	$ 12,246	$ 4,121	$ 2,160	$ 3,917	$ 14,886	$ 789	$ 55,608
Collectively evaluated for impairment	358,886	199,513	252,682	460,524	132,482	161,077	328,760	103,682	1,997,606
Acquired with deteriorated credit quality	2,729	1,184	11,955	23,797	2,413	5,519	15,013	122	62,732
Total	$ 371,452	$ 208,349	$ 276,883	$ 488,442	$ 137,055	$ 170,513	$ 358,659	$ 104,593	$ 2,115,946
Allowance for loan losses:									
Individually evaluated for impairment	$ 2,499	$ —	$ 142	$ 105	$ 284	$ 1,667	$ 803	$ 197	$ 5,697
Collectively evaluated for impairment	2,394	2,385	1,368	2,369	682	1,273	1,849	1,085	13,405
Acquired with deteriorated credit quality	518	—	—	2	31	41	71	—	663
Total	$ 5,411	$ 2,385	$ 1,510	$ 2,476	$ 997	$ 2,981	$ 2,723	$ 1,282	$ 19,765

NOTE 5—LOANS AND THE ALLOWANCE FOR LOAN LOSSES (Continued)

The following tables present loans individually evaluated for impairment by category of loans as of December 31.

December 31, 2018	Unpaid Principal Balance	Recorded Investment	Related Allowance	Average Recorded Investment	Interest Income Recognized
	(dollars in thousands)				
With an allowance recorded:					
Commercial	$ 2,833	$ 2,833	$ 1,554	$ 4,274	$ 106
Agricultural and farmland	406	406	39	566	16
Commercial real estate—owner occupied	2,323	2,322	1,066	3,574	67
Commercial real estate—non-owner occupied	103	103	73	640	7
Multi-family	1,362	1,362	267	1,472	66
Construction and land	3,136	3,135	1,714	2,593	161
Residential real estate	3,022	3,008	1,265	3,377	82
Consumer and other	230	231	67	302	5
Total	$ 13,415	$ 13,400	$ 6,045	$ 16,798	$ 510
With no related allowance:					
Commercial	$ 4,651	$ 4,655	$ —	$ 5,093	$ 59
Agricultural and farmland	10,888	10,889	—	8,815	526
Commercial real estate—owner occupied	16,891	16,880	—	12,217	384
Commercial real estate—non-owner occupied	7,715	7,717	—	7,110	147
Multi-family	316	316	—	355	17
Construction and land	198	196	—	528	3
Residential real estate	9,874	9,829	—	10,706	168
Consumer and other	184	185	—	297	5
Total	$ 50,717	$ 50,667	$ —	$ 45,121	$ 1,309
Total:					
Commercial	$ 7,484	$ 7,488	$ 1,554	$ 9,367	$ 165
Agricultural and farmland	11,294	11,295	39	9,381	542
Commercial real estate—owner occupied	19,214	19,202	1,066	15,791	451
Commercial real estate—non-owner occupied	7,818	7,820	73	7,750	154
Multi-family	1,678	1,678	267	1,827	83
Construction and land	3,334	3,331	1,714	3,121	164
Residential real estate	12,896	12,837	1,265	14,083	250
Consumer and other	414	416	67	599	10
Total	$ 64,132	$ 64,067	$ 6,045	$ 61,919	$ 1,819

NOTE 5—LOANS AND THE ALLOWANCE FOR LOAN LOSSES (Continued)

December 31, 2017	Unpaid Principal Balance	Recorded Investment	Related Allowance	Average Recorded Investment	Interest Income Recognized
			(dollars in thousands)		
With an allowance recorded:					
Commercial	$ 5,025	$ 5,023	$ 2,499	$ 5,714	$ 256
Agricultural and farmland	—	—	—	725	—
Commercial real estate—owner occupied	5,439	5,433	142	4,825	277
Commercial real estate—non-owner occupied	251	246	105	1,177	7
Multi-family	1,378	1,372	284	1,582	59
Construction and land	2,800	2,800	1,667	2,052	17
Residential real estate	3,615	3,577	803	3,746	109
Consumer and other	363	365	197	374	10
Total	$ 18,871	$ 18,816	$ 5,697	$ 20,195	$ 735
With no related allowance:					
Commercial	$ 4,811	$ 4,814	$ —	$ 5,532	$ 140
Agricultural and farmland	7,655	7,652	—	6,741	228
Commercial real estate—owner occupied	6,828	6,813	—	7,554	276
Commercial real estate—non-owner occupied	3,868	3,875	—	6,502	144
Multi-family	790	788	—	394	31
Construction and land	1,121	1,117	—	861	10
Residential real estate	11,398	11,309	—	11,583	242
Consumer and other	421	424	—	409	15
Total	$ 36,892	$ 36,792	$ —	$ 39,576	$ 1,086
Total:					
Commercial	$ 9,836	$ 9,837	$ 2,499	$ 11,246	$ 396
Agricultural and farmland	7,655	7,652	—	7,466	228
Commercial real estate—owner occupied	12,267	12,246	142	12,379	553
Commercial real estate—non-owner occupied	4,119	4,121	105	7,679	151
Multi-family	2,168	2,160	284	1,976	90
Construction and land	3,921	3,917	1,667	2,913	27
Residential real estate	15,013	14,886	803	15,329	351
Consumer and other	784	789	197	783	25
Total	$ 55,763	$ 55,608	$ 5,697	$ 59,771	$ 1,821

NOTE 5—LOANS AND THE ALLOWANCE FOR LOAN LOSSES (Continued)

The following tables present the recorded investment in loans by category based on current payment and accrual status as of December 31:

December 31, 2018	Current	Accruing Interest 30 - 89 Days Past Due	Accruing Interest 90+ Days Past Due	Nonaccrual	Total Loans
	(dollars in thousands)				
Commercial	$ 355,650	$ 122	$ —	$ 2,151	$ 357,923
Agricultural and farmland	206,625	108	—	1,976	208,709
Commercial real estate—owner occupied	240,078	538	—	4,654	245,270
Commercial real estate—non-owner occupied	510,519	1,058	—	611	512,188
Multi-family	132,696	1,361	—	—	134,057
Construction and land	232,480	82	—	395	232,957
Residential real estate	292,563	1,532	—	5,915	300,010
Consumer and other	97,884	380	37	174	98,475
Total, excluding loans acquired with deteriorated credit quality	2,068,495	5,181	37	15,876	2,089,589
Loans acquired with deteriorated credit quality	51,319	622	2,727	—	54,668
Total	$ 2,119,814	$ 5,803	$ 2,764	$ 15,876	$ 2,144,257

December 31, 2017	Current	Accruing Interest 30 - 89 Days Past Due	Accruing Interest 90+ Days Past Due	Nonaccrual	Total Loans
	(dollars in thousands)				
Commercial	$ 365,379	$ 244	$ —	$ 3,100	$ 368,723
Agricultural and farmland	204,112	2	—	3,051	207,165
Commercial real estate—owner occupied	258,387	358	—	6,183	264,928
Commercial real estate—non-owner occupied	462,867	—	—	1,778	464,645
Multi-family	134,229	—	—	413	134,642
Construction and land	163,712	220	—	1,062	164,994
Residential real estate	334,581	2,878	—	6,187	343,646
Consumer and other	103,603	540	28	300	104,471
Total, excluding loans acquired with deteriorated credit quality	2,026,870	4,242	28	22,074	2,053,214
Loans acquired with deteriorated credit quality	61,677	777	278	—	62,732
Total	$ 2,088,547	$ 5,019	$ 306	$ 22,074	$ 2,115,946

NOTE 5—LOANS AND THE ALLOWANCE FOR LOAN LOSSES (Continued)

The following tables present total loans by category based on their assigned risk ratings determined by management as of December 31:

December 31, 2018	Pass	Watch	Substandard	Doubtful	Total
			(dollars in thousands)		
Commercial	$ 315,259	$ 35,176	$ 7,488	$ —	$ 357,923
Agricultural and farmland	185,298	12,116	11,295	—	208,709
Commercial real estate—owner occupied	210,343	15,725	19,202	—	245,270
Commercial real estate—non-owner occupied	470,950	33,418	7,820	—	512,188
Multi-family	129,911	2,468	1,678	—	134,057
Construction and land	224,241	5,385	3,331	—	232,957
Residential real estate	273,449	13,724	12,837	—	300,010
Consumer and other	97,562	497	416	—	98,475
Total, excluding loans acquired with deteriorated credit quality	1,907,013	118,509	64,067	—	2,089,589
Loans acquired with deteriorated credit quality	38,006	9,086	7,576	—	54,668
Total	$ 1,945,019	$ 127,595	$ 71,643	$ —	$ 2,144,257

December 31, 2017	Pass	Watch	Substandard	Doubtful	Total
			(dollars in thousands)		
Commercial	$ 333,369	$ 25,513	$ 9,841	$ —	$ 368,723
Agricultural and farmland	174,378	25,135	7,652	—	207,165
Commercial real estate—owner occupied	237,761	14,922	12,245	—	264,928
Commercial real estate—non-owner occupied	442,113	18,411	4,121	—	464,645
Multi-family	131,468	1,013	2,161	—	134,642
Construction and land	157,242	3,835	3,917	—	164,994
Residential real estate	317,805	10,955	14,886	—	343,646
Consumer and other	98,055	5,632	784	—	104,471
Total, excluding loans acquired with deteriorated credit quality	1,892,191	105,416	55,607	—	2,053,214
Loans acquired with deteriorated credit quality	41,198	14,735	6,799	—	62,732
Total	$ 1,933,389	$ 120,151	$ 62,406	$ —	$ 2,115,946

NOTE 5—LOANS AND THE ALLOWANCE FOR LOAN LOSSES (Continued)

The following tables present the financial effect of troubled debt restructurings for the years ended December 31:

Year Ended December 31, 2018	Number	Recorded Investment Pre-Modification	Recorded Investment Post-Modification	Charge-offs and Specific Reserves
		(dollars in thousands)		
Commercial	2	$ 296	$ 296	$ 157
Agricultural and farmland	1	171	171	—
Commercial real estate—owner occupied	2	5,173	5,189	47
Residential real estate	4	1,230	1,255	480
Total	9	$ 6,870	$ 6,911	$ 684

Year Ended December 31, 2017	Number	Recorded Investment Pre-Modification	Recorded Investment Post-Modification	Charge-offs and Specific Reserves
		(dollars in thousands)		
Commercial	4	$ 659	$ 659	$ 165
Commercial real estate—owner occupied	4	613	613	—
Commercial real estate—non-owner occupied	4	2,954	2,281	674
Residential real estate	4	350	350	52
Total	16	$ 4,576	$ 3,903	$ 891

Year Ended December 31, 2016	Number	Recorded Investment Pre-Modification	Recorded Investment Post-Modification	Charge-offs and Specific Reserves
		(dollars in thousands)		
Commercial real estate—owner occupied	2	$ 6,281	$ 6,281	$ 100
Construction and land	1	1,200	417	417
Total	3	$ 7,481	$ 6,698	$ 517

During the years ended December 31, 2018, 2017, and 2016, all troubled debt restructurings were the result of a payment concession.

The following table presents the recorded investment of troubled debt restructurings which had subsequent payment defaults within 12 months following the modification as of December 31:

	2018	2017	2016
	(dollars in thousands)		
Commercial	$ 47	$ —	$ —
Agricultural and farmland	166	—	—
Commercial real estate—owner occupied	172	—	—
Residential real estate	542	—	—
	$ 927	$ —	$ —

NOTE 5—LOANS AND THE ALLOWANCE FOR LOAN LOSSES (Continued)

For purposes of this disclosure, the Company considers "default" to mean 90 days or more past due as to interest or principal or placed on nonaccrual status subsequent to restructuring.

As of December 31, 2018 and 2017, the Company had $13,362,000 and $10,732,000 of troubled debt restructurings, respectively. Restructured loans are evaluated for impairment quarterly as part of the Company's determination of the allowance for loan losses. There were no material commitments to lend additional funds to debtors owing receivables whose terms have been modified in troubled debt restructurings.

Changes in the accretable yield for loans acquired with deteriorated credit quality were as follows for the years ended December 31:

	2018	2017	2016
	(dollars in thousands)		
Beginning balance	$ 2,723	$ 3,647	$ 7,271
Net reclassification from non-accretable difference	2,092	4,061	2,355
Accretion income	(2,714)	(4,985)	(5,979)
Ending balance	$ 2,101	$ 2,723	$ 3,647

NOTE 6—LOAN SERVICING

Mortgage loans serviced for others, not included in the accompanying consolidated balance sheets, amounted to $1,229,953,000 and $1,289,438,000 at December 31, 2018 and 2017, respectively. Activity in mortgage servicing rights is as follows for the years ended December 31:

	2018	2017	2016
	(dollars in thousands)		
Beginning balance	$ 10,289	$ 10,604	$ 10,407
Capitalized servicing rights	885	1,049	1,716
Fair value adjustment	(256)	(1,364)	(1,519)
Ending balance	$ 10,918	$ 10,289	$ 10,604

NOTE 7—BANK PREMISES AND EQUIPMENT

Bank premises and equipment are stated at cost less accumulated depreciation as of December 31 as follows:

	2018	2017
	(dollars in thousands)	
Land, buildings, and improvements	$ 75,168	$ 74,139
Furniture, fixtures, and equipment	20,265	20,767
	95,433	94,906
Less accumulated depreciation	40,697	38,591
Total bank premises and equipment, net	$ 54,736	$ 56,315

NOTE 7—BANK PREMISES AND EQUIPMENT (Continued)

Depreciation expense by category for the years ended December 31 is as follows:

	2018	2017	2016
	(dollars in thousands)		
Buildings and improvements	$ 2,107	$ 1,908	$ 1,935
Furniture, fixtures, and equipment	1,112	1,384	1,640
Total depreciation expense	$ 3,219	$ 3,292	$ 3,575

NOTE 8—FORECLOSED ASSETS

Foreclosed assets activity is as follows for the years ended December 31:

	2018	2017	2016
	(dollars in thousands)		
Beginning balance	$ 16,545	$ 16,224	$ 19,785
Transfers from loans	2,518	10,212	6,165
Proceeds from sales	(6,851)	(9,049)	(11,192)
Sales through loan origination	(1,220)	(150)	(214)
Net gain (loss) on sales	(268)	1,727	2,575
Capitalized improvements	—	—	158
Direct write-downs	(1,165)	(2,419)	(1,053)
Ending balance	$ 9,559	$ 16,545	$ 16,224

Expenses (income) related to foreclosed assets for the years ended December 31 include:

	2018	2017	2016
	(dollars in thousands)		
Direct write-downs	$ 1,165	$ 2,419	$ 1,053
Net loss (gain) on sales	268	(1,727)	(2,575)
Gain on foreclosure	(96)	(974)	—
Operating expenses, net	409	842	1,398
Foreclosed assets expense (income), net	$ 1,746	$ 560	$ (124)

During the years ended December 31, 2017 and 2016, foreclosed asset operating expenses include offsetting reimbursements from the FDIC under the BOI and WSNBT loss-share agreements. During the year ended December 31, 2018, there were no loss-share agreements in place.

The carrying value of foreclosed residential real estate property as of December 31, 2018 and 2017, was $2,558,000 and $4,797,000, respectively. As of December 31, 2018, there were 14 residential real estate loans in the process of foreclosure totaling approximately $1,097,000. As of December 31, 2017, there were 18 residential real estate loans in the process of foreclosure totaling approximately $946,000.

NOTE 9—CORE DEPOSIT INTANGIBLE ASSETS

Core deposit intangible assets as of December 31 are as follows:

	2018	2017
	(dollars in thousands)	
Gross carrying amount	$ 21,718	$ 21,718
Accumulated amortization	(16,265)	(14,706)
Core deposit intangible assets, net	$ 5,453	$ 7,012

Amortization of core deposit intangible assets for the years subsequent to December 31, 2018 is expected to be as follows (dollars in thousands):

Year ended December 31,	
2019	$ 1,423
2020	1,232
2021	1,047
2022	852
2023	330
Thereafter	569
Total	$ 5,453

NOTE 10—DEPOSITS

The Company's interest-bearing deposits are summarized below as of December 31:

	2018	2017
	(dollars in thousands)	
Interest-bearing demand	$ 856,919	$ 813,561
Money market	427,730	456,128
Savings	421,698	430,879
Time	424,747	450,505
Total interest-bearing deposits	$ 2,131,094	$ 2,151,073

Money market deposits include $20,512,000 and $14,280,000 of reciprocal brokered transaction deposits at December 31, 2018 and 2017, respectively. Time deposits include $4,895,000 and $3,048,000 of reciprocal brokered time deposits at December 31, 2018 and 2017, respectively.

The aggregate amounts of time deposits in denominations of $250,000 or more amounted to $36,875,000 and $42,830,000 at December 31, 2018 and 2017, respectively. The aggregate amounts of time deposits in denominations of $100,000 or more amounted to $153,717,000 and $154,836,000 at December 31, 2018 and 2017, respectively.

HBT FINANCIAL, INC. (formerly known as Heartland Bancorp, Inc.) AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE 10—DEPOSITS (Continued)

At December 31, 2018, the scheduled maturities of time deposits are as follows (dollars in thousands):

Year ended December 31,	
2019	$ 292,273
2020	83,222
2021	26,402
2022	14,531
2023	7,928
Thereafter	391
Total	$ 424,747

Deposits of executive officers, directors, significant stockholders, and parties which these individuals have the ability to significantly influence (related parties) amounted to $12,717,000 and $19,984,000 at December 31, 2018 and 2017, respectively.

The components of interest expense on deposits for the years ended December 31 are as follows:

	2018	2017	2016
	(dollars in thousands)		
Interest-bearing demand	$ 1,378	$ 908	$ 925
Money market	685	704	708
Savings	283	293	319
Time	3,541	3,054	3,047
Total interest expense on deposits	$ 5,887	$ 4,959	$ 4,999

NOTE 11—SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE

All repurchase agreements are sweep instruments. The securities underlying the agreements as of December 31, 2018 and 2017 were under the Company's control in safekeeping at third-party financial institutions, and included securities available-for-sale and held-to-maturity.

Information pertaining to securities sold under agreements to repurchase as of December 31 is as follows:

	2018	2017
	(dollars in thousands)	
Balance at end of year	$ 46,195	$ 37,838
Weighted average rate as of end of year	0.12%	0.11%
Fair value of securities underlying the agreements	$ 61,092	$ 52,101
Carrying value of securities underlying the agreements	$ 61,092	$ 52,090

NOTE 12—BORROWINGS

FHLB borrowings at December 31, 2017 consisted of fixed-rate advances amounting to $29,000,000 and matured in 2018. There were no FHLB borrowings at December 31, 2018.

The interest rates on the FHLB borrowings ranged from 1.43% to 1.73% at December 31, 2017.

Outstanding borrowings from the FHLB are secured by FHLB stock held by the Company. In addition, the Company has pledged security in the form of qualifying loans. The total amount of qualifying first residential mortgage loans pledged as of December 31, 2018 and 2017 was $183,862,000 and $213,735,000, respectively. The total amount of qualifying commercial real estate loans pledged as of December 31, 2018 and 2017 was $354,675,000 and $371,922,000, respectively. As of December 31, 2018, and 2017, loans pledged also served as collateral for credit exposure of approximately $355,000 and $375,000, respectively, associated with the Banks' participation in the FHLB's Mortgage Partnership Finance Program.

The Company also has available a line of credit from the FHLB with available borrowings based on the collateral pledged. There was no outstanding balance under the line of credit as of December 31, 2018 or 2017. The line, when drawn upon, is due on demand and bears interest at a variable rate.

The Company also has available a line of credit from the FRB with available borrowings based on the collateral pledged. As of December 31, 2018, and 2017, the carrying value of securities pledged amounted to $490,000 and $502,000, respectively. There was no outstanding balance under the line of credit as of December 31, 2018 or 2017. The line, when drawn upon, is due on demand and bears interest at a variable rate.

NOTE 13—SUBORDINATED DEBENTURES

Five subsidiary business trusts of the Company have issued floating rate capital securities ("capital securities") which are guaranteed by the Company.

The Company owns all of the outstanding stock of Heartland Bancorp, Inc. Capital Trusts B, C, and D, FFBI Capital Trust I, as well as National Bancorp Statutory Trust I. The trusts used the proceeds from the issuance of their capital securities to buy floating rate junior subordinated deferrable interest debentures ("debentures") issued by the Company. These debentures are the only assets of the trusts and the interest payments from the debentures finance the distributions paid on the capital securities. The debentures are unsecured and rank junior and are subordinate in the right of payment to all senior debt of the Company.

The trusts are not consolidated in the Company's financial statements.

NOTE 13—SUBORDINATED DEBENTURES (Continued)

The carrying value of subordinated debentures as of December 31 are summarized as follows:

	2018	2017
	(dollars in thousands)	
Heartland Bancorp, Inc. Capital Trust B	$ 10,310	$ 10,310
Heartland Bancorp, Inc. Capital Trust C	10,310	10,310
Heartland Bancorp, Inc. Capital Trust D	5,155	5,155
FFBI Capital Trust I	7,217	7,217
National Bancorp Statutory Trust I	4,525	4,459
Total	$ 37,517	$ 37,451

The National Bancorp Statutory Trust I debenture was assumed through a business combination and has a contractual obligation of $5,773,000.

The interest rates on the subordinated debentures are variable, reset quarterly, and are equal to the three-month LIBOR, as determined on the LIBOR Determination Date immediately preceding each Distribution Payment Date specific to each subordinated debenture, plus a fixed percentage. The interest rates and maturities of the subordinated debentures are summarized as follows:

	Variable Interest Rate	Interest Rate at December 31, 2018	2017	Maturity Date
Heartland Bancorp, Inc. Capital Trust B	LIBOR plus 2.75%	5.19%	4.11%	April 6, 2034
Heartland Bancorp, Inc. Capital Trust C	LIBOR plus 1.53%	4.32%	3.12%	June 15, 2037
Heartland Bancorp, Inc. Capital Trust D	LIBOR plus 1.35%	4.14%	2.94%	September 15, 2037
FFBI Capital Trust I	LIBOR plus 2.80%	5.24%	4.16%	April 6, 2034
National Bancorp Statutory Trust I	LIBOR plus 2.90%	5.69%	4.49%	December 31, 2037

The distribution rate payable on the debentures is cumulative and payable quarterly in arrears. The Company has the right, subject to events in default, to defer payments of interest on the debentures at any time by extending the interest payment period for a period not exceeding 10 quarterly periods with respect to each deferral period, provided that no extension period may extend beyond the redemption or maturity date of the debentures. The capital securities are subject to mandatory redemption upon payment of the debentures and carry an interest rate identical to that of the related debenture. The 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 debentures or the capital securities. If the 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 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 December 31, 2018 and 2017, 100% of the trust preferred securities qualified as Tier 1 capital under the final rule adopted in March 2005.

NOTE 14—DERIVATIVE FINANCIAL INSTRUMENTS

The Company is exposed to certain risks relating to its ongoing business operations. The primary risk managed by using derivative instruments is interest rate risk. Interest rate swaps are entered into to manage interest rate risk associated with the Company's variable-rate borrowings and variable-rate loans. The derivatives and hedging accounting guidance requires that the Company recognize all derivative instruments as either assets or liabilities at fair value in the consolidated balance sheets. In accordance with this guidance, the Company designated interest rate swaps on subordinated debentures and variable-rate loans as cash flow hedges.

The effective portion of the gain or loss on the derivative is reported as a component of accumulated other comprehensive income and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings. Gains and losses on the derivative representing either hedge ineffectiveness or hedge components excluded from the assessment of effectiveness are recognized in current earnings.

Derivative instruments are negotiated contracts entered into with two issuing counterparties containing specific agreement terms, including the underlying instrument, amount, exercise price, and maturities.

As of December 31, 2018 and 2017, the Company had an interest rate swap contract with a notional amount of $10,000,000 designated as a cash flow hedge on variable-rate loans. During the years ended December 31, 2017 and 2016, the Company also had interest rate swap contracts with total notional amounts of $15,000,000 designated as cash flow hedges on subordinated debentures, both of which matured in 2017. As of December 31, 2018, the interest rate swap contract had a contractual maturity of April 7, 2020. As of December 31, 2018 and 2017, the counterparty had cash pledged of $272,000 and $642,000, respectively, held on deposit at the Company.

The Company also entered into interest rate swap contracts with several borrowers on variable-rate loans, on which the Company has offsetting interest rate swap contracts. These interest rate swap contracts with borrowers have a total notional value of $112,947,000 and $119,941,000 as of December 31, 2018 and 2017, respectively, and the offsetting interest rate swap contracts entered into by the Company have a total notional value of $112,947,000 and $119,941,000 as of December 31, 2018 and 2017, respectively. As of December 31, 2018, the interest rate swap contracts with borrowers on variable-rate loans had contractual maturities between 2022 and 2042. As of December 31, 2018 and 2017, the Company had $589,000 and $4,016,000, respectively, of securities pledged and held in safekeeping at the counterparty. While these interest rate swap derivatives generally worked 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.

NOTE 14—DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

As of December 31, the fair values of the Company's derivative instrument assets and liabilities related to interest rate swap contracts are summarized as follows:

	2018	2017
	(dollars in thousands)	
Designated as cash flow hedges:		
Fair value recorded in other assets	$ 151	$ 409
Total	$ 151	$ 409
Not designated as hedging instruments:		
Fair value recorded in other assets	$ 3,074	$ 4,028
Fair value recorded in other liabilities	(3,074)	(4,028)
Total	$ —	$ —

As of December 31, the effect of interest rate contracts designated as cash flow hedges on the consolidated statements of income is summarized below. For interest rate contracts designated as cash flow hedges, the entire amount recognized in the consolidated statements of income represents the effective portion of the hedging relationship as there was no gain or loss related to an ineffective portion or amount excluded from the assessment of hedge effectiveness.

Location of gross gain (loss) reclassified from accumulated other comprehensive income to income (effective portion)	Amount of gross gain (loss) reclassified from accumulated other comprehensive income to income (effective portion)		
	2018	2017	2016
	(dollars in thousands)		
Designated as cash flow hedges:			
Taxable loan interest income	$ 175	$ 275	$ 326
Subordinated debentures interest expense	—	(108)	(263)
Total	$ 175	$ 167	$ 63

As of December 31, the effect of interest rate contracts not designated as hedging instruments recognized in loan interest income on the consolidated statements of income is summarized below.

	2018	2017	2016
	(dollars in thousands)		
Not designated as hedging instruments:			
Gross gains	$ 1,758	$ 1,468	$ 1,216
Gross losses	(1,758)	(1,468)	(1,216)
Net gains (losses)	$ —	$ —	$ —

NOTE 15—ACCUMULATED OTHER COMPREHENSIVE INCOME

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

	Unrealized Gains (Losses) on Securities			
	Available-for-Sale	Held-to-Maturity	Derivatives	Total
	(dollars in thousands)			
Balance, December 31, 2015	$ 4,925	$ 1,388	$ 644	$ 6,957
Other comprehensive income (loss) before reclassifications	(5,330)	—	22	(5,308)
Reclassifications	(106)	(491)	(63)	(660)
Other comprehensive loss	(5,436)	(491)	(41)	(5,968)
Balance, December 31, 2016	(511)	897	603	989
Other comprehensive loss before reclassifications	(2,052)	—	(27)	(2,079)
Reclassifications	1,275	(393)	(167)	715
Other comprehensive loss	(777)	(393)	(194)	(1,364)
Balance, December 31, 2017	(1,288)	504	409	(375)
Adoption of ASU 2016-01	(122)	—	—	(122)
Other comprehensive loss before reclassifications	(5,692)	—	(83)	(5,775)
Reclassifications	2,541	(382)	(175)	1,984
Other comprehensive loss	(3,151)	(382)	(258)	(3,791)
Balance, December 31, 2018	$ (4,561)	$ 122	$ 151	$ (4,288)

The amounts reclassified from accumulated other comprehensive income (loss) for unrealized gains (losses) on securities available-for-sale are included in net realized gain (loss) on sales of securities in the accompanying consolidated statements of income.

The amounts reclassified from accumulated other comprehensive income for unrealized gains on securities held-to-maturity are included in securities interest income in the accompanying consolidated statements of income.

The amounts reclassified from accumulated other comprehensive income for the fair value of derivative instruments represent net interest payments received or made on derivatives designated as cash flow hedges. See Note 14 for additional information.

NOTE 16—EMPLOYEE BENEFIT PLANS

During the years ended December 31, 2018, 2017, and 2016, the Company's profit-sharing plan contribution expense amounted to $1,109,000, $920,000, and $1,027,000, respectively. Matching contributions vest to employees ratably over a six-year period.

As of December 31, 2018 and 2017, the Company has a deferred compensation liability for the SERP of $9,179,000 and $9,355,000, respectively. During the years ended December 31, 2018, 2017, and 2016, the Company had deferred compensation expense for the SERP of $505,000, $514,000, and $522,000, respectively.

NOTE 16—EMPLOYEE BENEFIT PLANS (Continued)

The Company is partially self-insured for medical claims filed by its employees. As of December 31, 2018 and 2017, the Company's maximum aggregate liability under the plan was $6,017,000 and $5,709,000, respectively. The individual stop loss coverage was $130,000 per covered person each year. As of December 31, 2018 and 2017, there were 570 and 588 participants in the plan, respectively. During the years ended December 31, 2018, 2017, and 2016, the Company paid out claims and administrative service fees of approximately $6,139,000, $6,178,000, and $5,216,000, respectively.

NOTE 17—STOCK-BASED COMPENSATION PLANS

The Company sponsors a Stock Appreciation Rights Plan (the SAR Plan) which, as of December 31, 2018 authorized the issuance of performance shares (units) to key employees and directors as approved by the Board of Directors. Upon issuance, each unit is assigned a value equal to the price per share of the Company's stock as determined by an annual independent appraisal subject to approval by the Board of Directors. The units are revalued each year thereafter based on an annual independent appraisal. Each unit vests ratable either over a 4-year or a 5-year period as defined in the individual agreement under the SAR Plan. All outstanding units were fully vested as of December 31, 2018 and 2017.

Units are classified as liabilities. As of December 31, 2018 and 2017, the liability recorded for the outstanding units was $1,884,000 and $1,725,000, respectively. During the years ended December 31, 2018, 2017, and 2016, the Company recognized $540,000, $291,000 and $116,000 as compensation expense, respectively. As of December 31, 2018 and 2017, there was no unrecognized compensation cost related to non-vested stock-based compensation agreements granted under the SAR Plan.

NOTE 17—STOCK-BASED COMPENSATION PLANS (Continued)

A summary of the status of awards as of December 31, and changes during the years then ended, is as follows:

	Units	Weighted Average Grant Date Assigned Value
Outstanding, December 31, 2015	116,280	$ 5.66
Granted	—	—
Exercised	—	—
Forfeited	—	—
Outstanding, December 31, 2016	116,280	5.66
Granted	—	—
Exercised	—	—
Forfeited	—	—
Outstanding, December 31, 2017	116,280	5.66
Granted	—	—
Exercised	(24,480)	5.43
Forfeited	—	—
Outstanding, December 31, 2018	91,800	$ 5.73
Exercisable, December 31, 2016	116,280	$ 5.66
Exercisable, December 31, 2017	116,280	$ 5.66
Exercisable, December 31, 2018	91,800	$ 5.73

A further summary about awards outstanding as of December 31, 2018, is as follows:

Range of Grant Date Assigned Values	Units Outstanding	Units Exercisable
$ 4.21	48,960	48,960
6.86	18,360	18,360
7.41	6,120	6,120
7.75	6,120	6,120
8.25	12,240	12,240

NOTE 18—REGULATORY MATTERS

The final rules implementing Basel Committee on Banking Supervision's capital guidelines for U.S. banks (Basel III rules) became effective for the Company on January 1, 2015 with full compliance with all of the requirements being phased in over a multi-year schedule, and fully phased in by January 1, 2019. As allowed under the new regulations, the Banks and Company elected to exclude accumulated other comprehensive income, including unrealized gains and losses on securities, in the computation of regulatory capital.

The ability of the Company to pay dividends to its stockholders is dependent upon the ability of the Banks to pay dividends to the Company. The Banks are subject to certain statutory and regulatory

NOTE 18—REGULATORY MATTERS (Continued)

restrictions on the amount it may pay in dividends. Under the new Basel III regulations, a capital conservation buffer calculation will phase in over five years which limits allowable bank dividends if regulatory capital ratios fall below specific thresholds. As of December 31, 2018 and 2017, the capital conservation buffer was 1.875% and 1.25%, respectively.

HBT Financial, Inc. (formerly known as Heartland Bancorp, Inc.) (on a consolidated basis as discussed in Note 2) and the Banks 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 financial statements of HBT Financial, Inc. (formerly known as Heartland Bancorp, Inc.) and the Banks. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, HBT Financial, Inc. (formerly known as Heartland Bancorp, Inc.) and the Banks 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 the regulators about components, risk weightings, and other factors. Prompt corrective action provisions are not applicable to bank holding companies.

Management believes, as of December 31, 2018 and 2017, that HBT Financial, Inc. (formerly known as Heartland Bancorp, Inc.) and the Banks each met all capital adequacy requirements to which they are subject.

The actual and required capital amounts and ratios of HBT Financial, Inc. (formerly known as Heartland Bancorp, Inc.) (consolidated) and the Banks are as follows:

	Actual		For Capital Adequacy Purposes		To Be Well Capitalized Under Prompt Corrective Action Provisions	
December 31, 2018	Amount	Ratio	Amount	Ratio	Amount	Ratio
			(dollars in thousands)			
Total Capital (to Risk Weighted Assets)						
Consolidated HBT Financial, Inc. (formerly known as Heartland Bancorp, Inc.)	$ 372,472	14.99%	$ 198,730	8.00%	N/A	N/A
Heartland Bank and Trust Company	$ 332,391	14.44%	$ 184,127	8.00%	$ 230,159	10.00%
State Bank of Lincoln	$ 38,059	21.02%	$ 14,488	8.00%	$ 18,110	10.00%
Tier 1 Capital (to Risk Weighted Assets)						
Consolidated HBT Financial, Inc. (formerly known as Heartland Bancorp, Inc.)	$ 351,963	14.17%	$ 149,047	6.00%	N/A	N/A
Heartland Bank and Trust Company	$ 313,406	13.62%	$ 138,095	6.00%	$ 184,127	8.00%
State Bank of Lincoln	$ 36,535	20.17%	$ 10,866	6.00%	$ 14,488	8.00%
Common Equity Tier 1 Capital (to Risk Weighted Assets)						
Consolidated HBT Financial, Inc. (formerly known as Heartland Bancorp, Inc.)	$ 315,611	12.71%	$ 111,785	4.50%	N/A	N/A
Heartland Bank and Trust Company	$ 313,406	13.62%	$ 103,572	4.50%	$ 149,603	6.50%
State Bank of Lincoln	$ 36,535	20.17%	$ 8,150	4.50%	$ 11,772	6.50%
Tier 1 Capital (to Average Assets)						

HBT FINANCIAL, INC. (formerly known as Heartland Bancorp, Inc.) AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE 18—REGULATORY MATTERS (Continued)

December 31, 2018	Actual Amount	Actual Ratio	For Capital Adequacy Purposes Amount	For Capital Adequacy Purposes Ratio	To Be Well Capitalized Under Prompt Corrective Action Provisions Amount	To Be Well Capitalized Under Prompt Corrective Action Provisions Ratio
	(dollars in thousands)					
Consolidated HBT Financial, Inc. (formerly known as Heartland Bancorp, Inc.)	$ 351,963	10.80%	$ 130,393	4.00%	N/A	N/A
Heartland Bank and Trust Company	$ 313,406	11.03%	$ 113,668	4.00%	$ 142,085	5.00%
State Bank of Lincoln	$ 36,535	10.21%	$ 14,319	4.00%	$ 17,899	5.00%

December 31, 2017	Actual Amount	Actual Ratio	For Capital Adequacy Purposes Amount	For Capital Adequacy Purposes Ratio	To Be Well Capitalized Under Prompt Corrective Action Provisions Amount	To Be Well Capitalized Under Prompt Corrective Action Provisions Ratio
	(dollars in thousands)					
Total Capital (to Risk Weighted Assets)						
Consolidated HBT Financial, Inc. (formerly known as Heartland Bancorp, Inc.)	$ 349,710	14.40%	$ 194,341	8.00%	N/A	N/A
Heartland Bank and Trust Company	$ 308,253	13.62%	$ 181,110	8.00%	$ 226,388	10.00%
State Bank of Lincoln	$ 36,075	22.27%	$ 12,959	8.00%	$ 16,198	10.00%
Tier 1 Capital (to Risk Weighted Assets)						
Consolidated HBT Financial, Inc. (formerly known as Heartland Bancorp, Inc.)	$ 329,945	13.58%	$ 145,755	6.00%	N/A	N/A
Heartland Bank and Trust Company	$ 290,095	12.81%	$ 136,038	6.00%	$ 181,110	8.00%
State Bank of Lincoln	$ 34,383	21.23%	$ 9,719	6.00%	$ 12,959	8.00%
Common Equity Tier 1 Capital (to Risk Weighted Assets)						
Consolidated HBT Financial, Inc. (formerly known as Heartland Bancorp, Inc.)	$ 293,659	12.09%	$ 109,317	4.50%	N/A	N/A
Heartland Bank and Trust Company	$ 290,095	12.81%	$ 101,875	4.50%	$ 147,152	6.50%
State Bank of Lincoln	$ 34,383	21.23%	$ 7,289	4.50%	$ 10,529	6.50%
Tier 1 Capital (to Average Assets)						
Consolidated HBT Financial, Inc. (formerly known as Heartland Bancorp, Inc.)	$ 329,945	9.94%	$ 132,761	4.00%	N/A	N/A
Heartland Bank and Trust Company	$ 290,095	9.96%	$ 116,470	4.00%	$ 145,588	5.00%
State Bank of Lincoln	$ 34,383	9.98%	$ 13,779	4.00%	$ 17,224	5.00%

NOTE 19—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 are summarized in Note 1. There were no transfers between levels during the years ended December 31, 2018 and 2017. 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.

NOTE 19—FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

The following tables present the balances of the assets measured at fair value on a recurring basis as of December 31:

December 31, 2018	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total Fair Value
		(dollars in thousands)		
Securities available-for-sale:				
U.S. government agency	$ —	$ 46,866	$ —	$ 46,866
Municipal	—	161,450	—	161,450
Agency mortgage-backed:				
Residential	—	234,303	—	234,303
Commercial	—	150,081	—	150,081
Asset-backed and private-label mortgage-backed	—	256	—	256
Corporate	—	86,570	—	86,570
Equity securities with readily determinable fair values	3,081	—	—	3,081
Mortgage servicing rights	—	—	10,918	10,918
Derivative financial assets	—	3,225	—	3,225
Derivative financial liabilities	—	3,074	—	3,074

December 31, 2017	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total Fair Value
		(dollars in thousands)		
Securities available-for-sale:				
U.S. Treasury	$ 7,028	$ —	$ —	$ 7,028
U.S. government agency	—	45,735	—	45,735
Municipal	—	207,953	—	207,953
Agency mortgage-backed:				
Residential	—	265,698	—	265,698
Commercial	—	148,011	—	148,011
Asset-backed and private-label mortgage-backed	—	3,513	—	3,513
Corporate	—	91,633	—	91,633
Equity securities with readily determinable fair values	3,203	—	—	3,203
Mortgage servicing rights	—	—	10,289	10,289
Derivative financial assets	—	4,437	—	4,437
Derivative financial liabilities	—	4,028	—	4,028

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, 2017 to December 31, 2018.

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

NOTE 19—FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

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.

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.

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 in Level 3 of the fair value hierarchy. The change in fair value is recorded through an adjustment to the statement of income.

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

December 31, 2018	Fair Value	Valuation Technique	Unobservable Inputs	Range
Mortgage servicing rights	$ 10,918	Discounted cash flows	Constant pre-payment rates (CPR)	7.5% to 87.6%
			Discount rate	9.0% to 11.0%

December 31, 2017	Fair Value	Valuation Technique	Unobservable Inputs	Range
Mortgage servicing rights	$ 10,289	Discounted cash flows	Pre-payment speed (PSA)	117.0% to 516.0%
			Discount rate	2.9% to 11.1%

NOTE 19—FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

The following table presents additional information about financial assets measured at fair value on a recurring basis for which the Company used significant unobservable Level 3 inputs:

Year ended December 31,	Mortgage Servicing Rights 2018	Mortgage Servicing Rights 2017
	(dollars in thousands)	
Beginning balance	$ 10,289	$ 10,604
Originations	885	1,049
Fair value adjustment	(256)	(1,364)
Ending balance	$ 10,918	$ 10,289

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 as of December 31:

December 31, 2018	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total Fair Value
		(dollars in thousands)		
Loans held for sale	$ —	$ 2,800	$ —	$ 2,800
Collateral-dependent impaired loans	—	—	7,355	7,355
Bank premises held for sale	—	—	749	749
Foreclosed assets	—	—	9,559	9,559

December 31, 2017	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total Fair Value
		(dollars in thousands)		
Loans held for sale	$ —	$ 4,863	$ —	$ 4,863
Collateral-dependent impaired loans	—	—	13,119	13,119
Bank premises held for sale	—	—	2,319	2,319
Foreclosed assets	—	—	16,545	16,545

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.

NOTE 19—FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

Collateral-dependent Impaired Loans

In accordance with the provisions of the loan impairment guidance, impairment was measured for loans 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 impaired 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.

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 Impaired Loans, Bank Premises Held for Sale, and Foreclosed Assets

The estimated fair value of collateral-dependent impaired 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 impaired 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 discounts to consider lack of marketability and estimated costs to sell. These discounts and estimates are developed by management by comparison to historical results.

HBT FINANCIAL, INC. (formerly known as Heartland Bancorp, Inc.) AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE 19—FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

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

December 31, 2018	Fair Value	Valuation Technique	Unobservable Inputs	Range (Weighted Average)
Collateral-dependent impaired loans	$ 7,355	Appraisal of collateral	Appraisal adjustments	20% to 40% (25%)
Bank premises held for sale	749	Appraisal	Appraisal adjustments	7% (7%)
Foreclosed assets	9,559	Appraisal	Appraisal adjustments	7% (7%)

December 31, 2017	Fair Value	Valuation Technique	Unobservable Inputs	Range (Weighted Average)
Collateral-dependent impaired loans	$ 13,119	Appraisal of collateral	Appraisal adjustments	20% to 40% (25%)
Bank premises held for sale	2,319	Appraisal	Appraisal adjustments	7% (7%)
Foreclosed assets	16,545	Appraisal	Appraisal adjustments	10% to 25% (15%)

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.

Interest-bearing Time Deposits with Banks

The carrying values of interest-bearing time deposits with banks approximate their fair values.

Restricted Stock

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

Loans

The estimated fair values of loans with variable interest rates are generally presumed to approximate the recorded carrying amounts. The remaining loans with fixed payment amounts have been estimated using the present value of estimated future cash flows at rates comparable to or currently offered for loans with similar terms to borrowers of similar credit quality.

NOTE 19—FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

Investments in Unconsolidated Subsidiaries

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

Deposits and Time Deposits

Fair values of deposits with no stated maturities (demand, savings, money market, and NOW) are estimated to approximate their carrying amounts, which are the amounts due on demand. 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. Fair values of certificates maturing within one year approximate their carrying amounts. Time deposits also include public funds time deposits.

Securities Sold Under Agreements to Repurchase

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

FHLB Borrowings

The fair values of the fixed rate FHLB borrowings are estimated using discounted cash flow analyses based on current incremental borrowing rates.

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.

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.

NOTE 19—FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

The following table provides summary information on the carrying amounts and estimated fair values of the Company's consolidated financial instruments as of December 31:

	Fair Value Hierarchy Level	2018 Carrying Amount	2018 Estimated Fair Value	2017 Carrying Amount	2017 Estimated Fair Value
		(dollars in thousands)			
Financial assets:					
Cash and cash equivalents	Level 1	$ 186,879	$ 186,879	$ 165,683	$ 165,683
Interest-bearing time deposits with banks	Level 1	248	248	744	744
Securities held-to-maturity	Level 2	121,715	121,506	129,322	130,794
Restricted stock	Level 3	2,719	2,719	2,876	2,876
Loans, net	Level 3	2,123,748	2,125,698	2,096,181	2,109,898
Investments in unconsolidated subsidiaries	Level 3	1,165	1,165	1,165	1,165
Accrued interest receivable	Level 2	15,300	15,300	14,747	14,747
Financial liabilities:					
Deposits	Level 3	N/A	N/A	2,855,685	2,635,672
Time Deposits	Level 3	424,747	419,333	N/A	N/A
Securities sold under agreements to repurchase	Level 2	46,195	46,195	37,838	37,838
FHLB borrowings	Level 3	—	—	29,000	28,960
Subordinated debentures	Level 3	37,517	32,149	37,451	30,103
Accrued interest payable	Level 2	1,207	1,207	1,043	1,043

In connection with the adoption of ASU 2016-01 in 2018, only deposits with stated maturities are required to be disclosed.

The Company estimated the fair value of lending related commitments as described in Note 20 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.

NOTE 20—COMMITMENTS AND CONTINGENCIES

Financial Instruments

The Banks are 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 Banks' 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 Banks use the same credit policies in making

NOTE 20—COMMITMENTS AND CONTINGENCIES (Continued)

commitments and conditional obligations as they do for on-balance sheet instruments. Such commitments and conditional obligations were as follows as of December 31:

	Contractual Amount	
	2018	2017
	(dollars in thousands)	
Commitments to extend credit	$ 524,112	$ 442,618
Standby letters of credit	10,358	10,216

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The Banks evaluate each customer's credit worthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary, by the Banks 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 Banks 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 Banks secure the standby letters of credit with the same collateral used to secure the related loan.

Lease Commitments

The Company leases office space under operating leases expiring in various years through 2022. Certain leases contain renewal options for periods from three to five years at their fair rental value at the time of renewal. Future minimum lease payments under these leases are as follows (dollars in thousands):

Year ended December 31,	
2019	$ 112
2020	43
2021	24
2022	24
Total	$ 203

Legal Contingencies

Various legal claims arise from time to time in the normal course of business which, in the opinion of management, will have no material effect on the Company's consolidated financial statements.

HBT FINANCIAL, INC. (formerly known as Heartland Bancorp, Inc.) AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE 21—CONDENSED PARENT COMPANY ONLY FINANCIAL STATEMENTS

Following are the condensed financial statements of HBT Financial, Inc. (formerly known as Heartland Bancorp, Inc.) (Parent only).

Condensed Parent Company Only Balance Sheets

	December 31	
	2018	2017
	(dollars in thousands)	
ASSETS		
Cash and cash equivalents	$ 2,169	$ 2,387
Investment in subsidiaries:		
Bank	376,167	356,719
Non-bank	278	2,262
Other assets	422	429
Total assets	$ 379,036	$ 361,797
LIABILITIES		
Subordinated debentures	$ 37,517	$ 37,451
Other liabilities	1,123	430
Total liabilities	38,640	37,881
STOCKHOLDERS' EQUITY	340,396	323,916
Total liabilities and stockholders' equity	$ 379,036	$ 361,797

NOTE 21—CONDENSED PARENT COMPANY ONLY FINANCIAL STATEMENTS (Continued)

Condensed Parent Company Only Statements of Income

	Years ended December 31		
	2018	2017	2016
	(dollars in thousands)		
INCOME			
Dividends received from subsidiaries:			
Bank	$ 44,446	$ 57,327	$ 39,932
Non-bank	941	1,900	1,250
Undistributed earnings from subsidiaries:			
Bank	23,239	(115)	19,632
Non-bank	(1,984)	(404)	(497)
Other income	1	35	31
Total income	66,643	58,743	60,348
EXPENSES			
Interest expense	1,795	1,525	1,485
Other expense	1,085	1,134	432
Total expenses	2,880	2,659	1,917
INCOME BEFORE INCOME TAX BENEFIT	63,763	56,084	58,431
INCOME TAX BENEFIT	(36)	(19)	(115)
NET INCOME	$ 63,799	$ 56,103	$ 58,546

NOTE 21—CONDENSED PARENT COMPANY ONLY FINANCIAL STATEMENTS (Continued)

Condensed Parent Company Only Statements of Cash Flows

	Years ended December 31		
	2018	2017	2016
	(dollars in thousands)		
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	$ 63,799	$ 56,103	$ 58,546
Adjustments to reconcile net income to net cash provided by operating activities:			
Undistributed earnings of consolidated subsidiaries	(21,255)	519	(19,135)
Amortization of subordinated debenture purchase accounting adjustment	66	65	66
Changes in other assets and liabilities, net	700	306	343
Net cash provided by operating activities	43,310	56,993	39,820
CASH FLOWS FROM INVESTING ACTIVITIES	—	—	—
CASH FLOWS FROM FINANCING ACTIVITIES			
Reissuance of treasury stock	—	—	924
Repurchase of common stock	(907)	—	—
Cash dividends	(42,621)	(57,069)	(40,745)
Net cash used in financing activities	(43,528)	(57,069)	(39,821)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(218)	(76)	(1)
CASH AND CASH EQUIVALENTS			
Beginning of year	2,387	2,463	2,464
End of year	$ 2,169	$ 2,387	$ 2,463

Table of Contents

HBT Financial, Inc.

8,300,000 Shares

Common Stock

PROSPECTUS

Keefe, Bruyette & Woods
A Stifel Company

J.P. Morgan

RAYMOND JAMES

Sandler O'Neill + Partners, L.P.

D.A. Davidson & Co.

, 2019

Until , 2019 (25 days after the date of this prospectus), all dealers that effect transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This delivery requirement is in addition to the dealers' obligation to deliver a prospectus when acting as an underwriter and with respect to their unsold allotments or subscriptions.

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 13. Other Expenses of Issuance and Distribution.

The following table sets forth all costs and expenses, other than the underwriting discounts and commissions payable by us, in connection with the offer and sale of the securities being registered. All amounts shown are estimates except for the SEC registration fee and the Financial Industry Regulatory Authority, Inc. ("FINRA") filing fee.

	Amount
SEC registration fee	$ 22,680
FINRA filing fee	27,703
Nasdaq listing fee	150,000
Printing expenses	250,000
Accounting fees and expenses	500,000
Legal fees and expenses	1,250,000
Transfer agent and registrar fees and expenses	3,500
Miscellaneous expenses	26,117
Total	$ 2,230,000

Item 14. Indemnification of Officers and Directors.

Section 102(b)(7) of the DGCL allows a corporation to provide in its certificate of incorporation that a director of the corporation will not be personally liable to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except where the director breached the duty of loyalty, failed to act in good faith, engaged in intentional misconduct or knowingly violated a law, authorized the payment of a dividend or approved a stock repurchase in violation of Delaware corporate law or obtained an improper personal benefit. Our restated certificate of incorporation will provide for this limitation of liability.

Section 145 of the DGCL ("Section 145") provides that a Delaware corporation may indemnify any person who was, is or is threatened to be made, party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of such corporation), by reason of the fact that such person is or was an officer, director, employee or agent of such corporation or is or was serving at the request of such corporation as a director, officer, employee or agent of another corporation or enterprise. The indemnity may include expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding, provided such person acted in good faith and in a manner he reasonably believed to be in or not opposed to the corporation's best interests and, with respect to any criminal action or proceeding, had no reasonable cause to believe that his or her conduct was illegal. Where an officer or director is successful on the merits or otherwise in the defense of any action referred to above, the corporation must indemnify him against the expenses which such officer or director has actually and reasonably incurred.

Section 145 further authorizes a corporation to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation or enterprise, against any liability asserted against him and incurred by him in any such capacity, or arising out of his or her status as such, whether or not the corporation would otherwise have the power to indemnify him under Section 145.

Our amended and restated bylaws will provide that we must indemnify our directors and officers to the fullest extent authorized by the DGCL and must also pay expenses incurred in defending any such proceeding in advance of its final disposition upon delivery of an undertaking, by or on behalf of an indemnified person, to repay all amounts so advanced if it should be determined ultimately that such person is not entitled to be indemnified under this section or otherwise.

The indemnification rights set forth above shall not be exclusive of any other right which an indemnified person may have or hereafter acquire under any statute, provision of our restated certificate of incorporation, our amended and restated bylaws, agreement, vote of stockholders or disinterested directors or otherwise.

We maintain standard policies of insurance that provide coverage (1) to our directors and officers against loss rising from claims made by reason of breach of duty or other wrongful act and (2) to us with respect to indemnification payments that we may make to such directors and officers.

Item 15. Recent Sales of Unregistered Securities

On December 31, 2018, the Company issued 1,382,560 shares of its Series A nonvoting stock to the former stockholders of Lincoln S.B. Corp. in connection with the Company's acquisition of Lincoln S.B. Corp. The shares of Series A nonvoting stock were issued pursuant to exemptions from registration pursuant to Section 4(a)(2) of the Securities Act and Rule 506 of Regulation D promulgated thereunder as a transaction by an issuer not involving any public offering.

Item 16. Exhibits

(a) *Exhibits*

The exhibit index attached hereto is incorporated herein by reference.

(b) *Financial Statement Schedules*

Financial statement schedules have been omitted because they are not applicable or not required, or because the required information is provided in our consolidated financial statements or notes thereto.

Item 17. Undertakings

The undersigned registrant hereby undertakes to provide to the underwriters at the closing specified in the underwriting agreement certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

Insofar as indemnification for liabilities arising under the Securities Act of 1933, as amended, may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction, the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

The undersigned registrant hereby further undertakes that:

(1) For purposes of determining any liability under the Securities Act of 1933, as amended, the information omitted from the form of prospectus filed as part of this registration statement in

reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act of 1933, as amended, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof.

EXHIBIT INDEX

Exhibit Number	Description	
1.1	Form of Underwriting Agreement.	Filed herewith.
3.1	Form of Restated Certificate of Incorporation of HBT Financial, Inc.	Filed herewith.
3.2	Form of Amended and Restated By-Laws of HBT Financial, Inc.	Filed herewith.
4.1	Specimen Common Stock Certificate.	Filed herewith.
5.1	Opinion of Kirkland & Ellis LLP.	Filed herewith.
10.1	Amended Restated Stockholder Agreement, dated as of September 27, 2019, by and among the Company and the stockholders party thereto.	Filed herewith.
10.2	Voting Trust Agreement, dated as of May 4, 2016, among Fred L. Drake, the Company and the depositors party thereto.	Previously filed.
10.3	Form of Registration Rights Agreement.	Filed herewith.
10.4	HBT Financial, Inc. Omnibus Incentive Plan.	Previously filed.
10.5	Form of employment agreement for executive officers of the Company.	Filed herewith.
10.6	Form of employment agreement for executive officers of the Company and Heartland Bank and Trust Company.	Filed herewith.
10.7	Form of Stock Appreciation Rights Agreement.	Previously filed.
10.8	Form of Option Award Agreement.	Filed herewith.
10.9	Form of Restricted Shares Award Agreement.	Filed herewith.
10.10	Form of Restricted Stock Unit Award Agreement.	Filed herewith.
16.1	Letter from CliftonLarsonAllen LLP.	Previously filed.
21.1	Subsidiaries of the Registrant.	Previously filed.
23.1	Consent of RSM US LLP.	Filed herewith.
23.2	Consent of Kirkland & Ellis LLP (included in Exhibit 5.1).	Filed herewith.
24.1	Power of Attorney (included on the signature page of this Registration Statement).	Previously filed.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized in the City of Bloomington, State of Illinois, on October 1, 2019.

HBT Financial, Inc.

By: /s/ FRED L. DRAKE

Name: Fred L. Drake
Title: *Chairman and Chief Executive Officer*

* * * *

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities indicated and on October 1, 2019:

Signature	Title
/s/ FRED L. DRAKE Fred L. Drake	Chairman and Chief Executive Officer (principal executive officer)
/s/ MATTHEW J. DOHERTY Matthew J. Doherty	Executive Vice President and Chief Financial Officer (principal financial officer and principal accounting officer)
* C. Alvin Bowman	Director
* Eric E. Burwell	Director
* Patrick F. Busch	Executive Vice President, Chief Lending Officer and Director
* J. Lance Carter	President, Chief Operating Officer and Director
* Allen C. Drake	Director

Signature	Title
* Gerald E. Pfeiffer	Director
* Dale S. Strassheim	Director

* The undersigned, by signing his name hereto, does sign and execute this Amendment No. 1 to the Registration Statement pursuant to the Power of Attorney executed by the above-named officers and directors of HBT Financial, Inc. and filed with the Securities and Exchange Commission.

/s/ MATTHEW J. DOHERTY

Matthew J. Doherty
Attorney-in-Fact

Exhibit 1.1

HBT Financial, Inc.

[·] Shares of Common Stock

Underwriting Agreement

[·], 2019

Keefe, Bruyette & Woods, Inc.
J.P. Morgan Securities LLC
As Representatives of the
several Underwriters listed
in Schedule 1 hereto

c/o Keefe, Bruyette & Woods, Inc.
787 Seventh Avenue
5th Floor
New York, NY 10019

c/o J.P. Morgan Securities LLC
383 Madison Avenue
New York, New York 10179

Ladies and Gentlemen:

HBT Financial, Inc., a Delaware corporation (the "Company"), proposes to issue and sell to the several underwriters listed in Schedule 1 hereto (the "Underwriters"), for whom you are acting as representatives (the "Representatives"), an aggregate of [·] shares of common stock, par value $[·] per share, of the Company (the "Underwritten Shares") and, at the option of the Underwriters, up to an additional [·] shares of common stock of the Company (the "Option Shares"). The Underwritten Shares and the Option Shares are herein referred to as the "Shares". The shares of common stock of the Company to be outstanding after giving effect to the sale of the Shares are referred to herein as the "Stock".

J.P. Morgan Securities LLC (the "Directed Share Underwriter") has agreed to reserve a portion of the Shares to be purchased by it under this Agreement, up to [·] Shares, for sale to the Company's directors, officers, and certain employees and other parties related to the Company (collectively, "Participants"), as set forth in the Prospectus (as hereinafter defined) under the heading "Underwriting" (the "Directed Share Program"). The Shares to be sold by the Directed Share Underwriter and its affiliates pursuant to the Directed Share Program are referred to hereinafter as the "Directed Shares". Any Directed Shares not orally confirmed for purchase by any Participant by [·] P.M., New York City time on the business day on which this Agreement is executed will be offered to the public by the Underwriters as set forth in the Prospectus.

The Company hereby confirms its agreement with the several Underwriters concerning the purchase and sale of the Shares, as follows:

1. Registration Statement. The Company has prepared and filed with the Securities and Exchange Commission (the "Commission") under the Securities Act of 1933, as amended, and the rules and regulations of the Commission thereunder (collectively, the "Securities Act"), a registration statement (File No. 333-233747), including a prospectus, relating to the Shares. Such registration statement, as amended at the time it became effective, including the information, if any, deemed pursuant to Rule 430A, 430B or 430C under the Securities Act to be part of the registration statement at the time of its effectiveness ("Rule 430 Information"), is referred to herein as the "Registration Statement"; and as used herein, the term "Preliminary Prospectus" means each prospectus included in such registration statement (and any amendments thereto) before effectiveness, any prospectus filed with the Commission pursuant to Rule 424(a) under the Securities Act and the prospectus included in the Registration Statement at the time of its effectiveness that omits Rule 430 Information, and the term "Prospectus" means the prospectus in the form first used (or made available upon request of purchasers pursuant to Rule 173 under the Securities Act) in connection with confirmation of sales of the Shares. If the Company has filed an abbreviated registration statement pursuant to Rule 462(b) under the Securities Act (the "Rule 462 Registration Statement"), then any reference herein to the term "Registration Statement" shall be deemed to include such Rule 462 Registration Statement. Capitalized terms used but not defined herein shall have the meanings given to such terms in the Registration Statement and the Prospectus.

At or prior to the Applicable Time (as defined below), the Company had prepared the following information (collectively with the pricing information set forth on Annex A, the "Pricing Disclosure Package"): a Preliminary Prospectus dated [·], 2019 and each "free-writing prospectus" (as defined pursuant to Rule 405 under the Securities Act) listed on Annex A hereto.

"Applicable Time" means [·] P.M., New York City time, on [·], 2019.

2. Purchase of the Shares.

(a) The Company agrees to issue and sell the Underwritten Shares to the several Underwriters as provided in this underwriting agreement (this "Agreement"), and each Underwriter, on the basis of the representations, warranties and agreements set forth herein and subject to the conditions set forth herein, agrees, severally and not jointly, to purchase at a price per share of $[·] (the "Purchase Price") from the Company the respective number of Underwritten Shares set forth opposite such Underwriter's name in Schedule 1 hereto.

In addition, the Company agrees to issue and sell the Option Shares to the several Underwriters as provided in this Agreement, and the Underwriters, on the basis of the representations, warranties and agreements set forth herein and subject to the conditions set forth herein, shall have the option to purchase, severally and not jointly, from the Company the Option Shares at the Purchase Price less an amount per share equal to any dividends or distributions declared by the Company and payable on the Underwritten Shares but not payable on the Option Shares.

If any Option Shares are to be purchased, the number of Option Shares to be purchased by each Underwriter shall be the number of Option Shares which bears the same ratio to the aggregate number of Option Shares being purchased as the number of Underwritten Shares set forth opposite the name of such Underwriter in Schedule 1 hereto (or such number increased as set forth in Section 10 hereof) bears to the aggregate number of Underwritten Shares being purchased from the Company by the several Underwriters, subject, however, to such adjustments to eliminate any fractional Shares as the Representatives in their discretion shall make.

The Underwriters may exercise the option to purchase Option Shares at any time in whole, or from time to time in part, on or before the thirtieth day following the date of the Prospectus, by written notice from the Representatives to the Company. Such notice shall set forth the aggregate number of Option Shares as to which the option is being exercised and the date and time when the Option Shares are to be delivered and paid for, which may be the same date and time as the Closing Date (as hereinafter defined) but shall not be earlier than the Closing Date nor later than the tenth full business day (as hereinafter defined) after the date of such notice (unless such time and date are postponed in accordance with the provisions of Section 10 hereof). Any such notice shall be given at least two business days prior to the date and time of delivery specified therein.

(b) The Company understands that the Underwriters intend to make a public offering of the Shares, and initially to offer the Shares on the terms set forth in the Pricing Disclosure Package. The Company acknowledges and agrees that the Underwriters may offer and sell Shares to or through any affiliate of an Underwriter.

(c) Payment for the Shares shall be made by wire transfer in immediately available funds to the account specified by the Company to the Representatives in the case of the Underwritten Shares at the offices of Davis Polk & Wardwell, LLP at 10:00 A.M. New York City time on [·], 2019, or at such other time or place on the same or such other date, not later than the fifth business day thereafter, as the Representatives and the Company may agree upon in writing or, in the case of the Option Shares, on the date and at the time and place specified by the Representatives in the written notice of the Underwriters' election to purchase such Option Shares. The time and date of such payment for the Underwritten Shares is referred to herein as the "Closing Date" , and the time and date for such payment for the Option Shares, if other than the Closing Date, is herein referred to as the "Additional Closing Date".

Payment for the Shares to be purchased on the Closing Date or the Additional Closing Date, as the case may be, shall be made against delivery to the Representatives for the respective accounts of the several Underwriters of the Shares to be purchased on such date or the Additional Closing Date, as the case may be, with any transfer taxes payable in connection with the sale of such Shares duly paid by the Company. Delivery of the Shares shall be made through the facilities of The Depository Trust Company ("DTC") unless the Representatives shall otherwise instruct. The certificates for the Shares will be made available for inspection and packaging by the Representatives at the office of DTC or its designated custodian not later than 1:00 P.M., New York City time, on the business day prior to the Closing Date or the Additional Closing Date, as the case may be.

(d) The Company acknowledges and agrees that the Representatives and the other Underwriters are acting solely in the capacity of an arm's length contractual counterparty to the Company with respect to the offering of Shares contemplated hereby (including in connection with determining the terms of the offering) and not as a financial advisor or a fiduciary to, or an agent of, the Company or any other person. Additionally, neither the Representatives nor any other Underwriter is advising the Company or any other person as to any legal, tax, investment, accounting or regulatory matters in any jurisdiction. The Company shall consult with its own advisors concerning such matters and shall be responsible for making its own independent investigation and appraisal of the transactions contemplated hereby, and neither the Representatives nor the other Underwriters shall have any responsibility or liability to the Company with respect thereto. Any review by the Representatives and the other Underwriters of the Company, the transactions contemplated hereby or other matters relating to such transactions will be performed solely for the benefit of the Underwriters and shall not be on behalf of the Company.

3. Representations and Warranties of the Company. The Company represents and warrants to each Underwriter that:

(a) *Preliminary Prospectus.* No order preventing or suspending the use of any Preliminary Prospectus has been issued by the Commission, and each Preliminary Prospectus included in the Pricing Disclosure Package, at the time of filing thereof, complied in all material respects with the Securities Act, and no Preliminary Prospectus, at the time of filing thereof, contained any untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided that the Company makes no representation or warranty with respect to any statements or omissions made in reliance upon and in conformity with information relating to any Underwriter furnished to the Company by such Underwriter through the Representatives expressly for use in any Preliminary Prospectus, it being understood and agreed that the only such information furnished by any Underwriter consists of the information described as such in Section 7(b) hereof.

(b) *Pricing Disclosure Package*. The Pricing Disclosure Package as of the Applicable Time did not, and as of the Closing Date and as of the Additional Closing Date, as the case may be, will not, contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided that the Company makes no representation or warranty with respect to any statements or omissions made in reliance upon and in conformity with information relating to any Underwriter furnished to the Company by such Underwriter through the Representatives expressly for use in such Pricing Disclosure Package, it being understood and agreed that the only such information furnished by any Underwriter consists of the information described as such in Section 7(b) hereof. No statement of material fact included in the Prospectus has been omitted from the Pricing Disclosure Package and no statement of material fact included in the Pricing Disclosure Package that is required to be included in the Prospectus has been omitted therefrom.

(c) *Issuer Free Writing Prospectus.* Other than the Registration Statement, the Preliminary Prospectus and the Prospectus, the Company (including its agents and representatives, other than the Underwriters in their capacity as such) has not prepared, made, used, authorized, approved or referred to and will not prepare, make, use, authorize, approve or refer to any "written communication" (as defined in Rule 405 under the Securities Act) that constitutes an offer to sell or solicitation of an offer to buy the Shares (each such communication by the Company or its agents and representatives (other than a communication referred to in clause (i) below) an "Issuer Free Writing Prospectus") other than (i) any document not constituting a prospectus pursuant to Section 2(a)(10)(a) of the Securities Act or Rule 134 under the Securities Act, (ii) the documents listed on Annex A hereto, (iii) each electronic road show and (iv) any other written communications approved in writing in advance by the Representatives. Each such Issuer Free Writing Prospectus complies in all material respects with the Securities Act, has been or will be (within the time period specified in Rule 433) filed in accordance with the Securities Act (to the extent required thereby) and does not conflict with the information contained in the Registration Statement or the Pricing Disclosure Package, and, when taken together with the Preliminary Prospectus accompanying, or delivered prior to delivery of, such Issuer Free Writing Prospectus, did not, and as of the Closing Date and as of the Additional Closing Date, as the case may be, will not, contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided that the Company makes no representation or warranty with respect to any statements or omissions made in each such Issuer Free Writing Prospectus or Preliminary Prospectus in reliance upon and in conformity with information relating to any Underwriter furnished to the Company by such Underwriter through the Representatives expressly for use in such Issuer Free Writing Prospectus or Preliminary Prospectus, it being understood and agreed that the only such information furnished by any Underwriter consists of the information described as such in Section 7(b) hereof.

(d) *Emerging Growth Company*. From the time of initial confidential submission of the Registration Statement to the Commission (or, if earlier, the first date on which the Company engaged directly or through any person authorized to act on its behalf in any Testing-the-Waters Communication) through the date hereof, the Company has been and is an "emerging growth company," as defined in Section 2(a) of the Securities Act (an "Emerging Growth Company"). "Testing-the-Waters Communication" means any oral or written communication with potential investors undertaken in reliance on Section 5(d) of the Securities Act.

(e) *Testing-the-Waters Materials.* The Company (i) has not alone engaged in any Testing-the-Waters Communications other than Testing-the-Waters Communications with the consent of the Representatives with entities that are qualified institutional buyers within the meaning of Rule 144A under the Securities Act or institutions that are accredited investors within the meaning of Rule 501 under the Securities Act and (ii) has not authorized anyone other than the Representatives to engage in Testing-the-Waters Communications. The Company reconfirms that the Representatives have been authorized to act on its behalf in undertaking Testing-the-Waters Communications by virtue of a writing substantially in the form of Exhibit A hereto. The Company has not distributed or approved for distribution any Written Testing-the-Waters Communications other than those listed on Annex B hereto. "Written Testing-the-Waters Communication" means any Testing-the-Waters Communication that is a written communication within the meaning of Rule 405 under the Securities Act. Any individual Written Testing-the-Waters Communication does not conflict with the information contained in the Registration Statement or the Pricing Disclosure Package, complied in all material respects with the Securities Act, and when taken together with the Pricing Disclosure Package as of the Applicable Time, did not, and as of the Closing Date and as of the Additional Closing Date, as the case may be, will not, contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(f) *Registration Statement and Prospectus.* The Registration Statement has been declared effective by the Commission. No order suspending the effectiveness of the Registration Statement has been issued by the Commission, and no proceeding for that purpose or pursuant to Section 8A of the Securities Act against the Company or related to the offering of the Shares has been initiated or, to the Company's knowledge, threatened by the Commission; as of the applicable effective date of the Registration Statement and any post-effective amendment thereto, the Registration Statement and any such post-effective amendment complied and will comply in all material respects with the Securities Act, and did not and will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein not misleading; and as of the date of the Prospectus and any amendment or supplement thereto and as of the Closing Date and as of the Additional Closing Date, as the case may be, the Prospectus will comply in all material respects with the Securities Act and will not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided that the Company makes no representation or warranty with respect to any statements or omissions made in reliance upon and in conformity with information relating to any Underwriter furnished to the Company by such Underwriter through the Representatives expressly for use in the Registration Statement and the Prospectus and any amendment or supplement thereto, it being understood and agreed that the only such information furnished by any Underwriter consists of the information described as such in Section 7(b) hereof.

(g) *Financial Statements.* The financial statements (including the related notes thereto) of the Company and its consolidated subsidiaries included in the Registration Statement, the Pricing Disclosure Package and the Prospectus comply in all material respects with the applicable requirements of the Securities Act and present fairly the financial position of the Company and its consolidated subsidiaries as of the dates indicated and the results of their operations and the changes in their cash flows for the periods specified; such financial statements have been prepared in conformity with generally accepted accounting principles ("GAAP") in the United States applied on a consistent basis throughout the periods covered thereby, and any supporting schedules included in the Registration Statement present fairly the information required to be stated therein; and the other financial information included in the Registration Statement, the Pricing Disclosure Package and the Prospectus has been derived from the accounting records of the Company and its consolidated subsidiaries and presents fairly the information shown thereby; all disclosures included in the Registration Statement, the Pricing Disclosure Package and the Prospectus regarding “non-GAAP financial measures” (as such term is defined by the rules and regulations of Commission) comply with Regulation G of the Securities Exchange Act of 1934, as amended, and the rules and regulations of the Commission thereunder (collectively, the “Exchange Act”) and Item 10 of Regulation S-K of the Securities Act, to the extent applicable.

(h) *No Material Adverse Change.* Since the date of the most recent financial statements of the Company included in the Registration Statement, the Pricing Disclosure Package and the Prospectus, (i) there has not been any change in the capital stock (other than the issuance of shares of common stock of the Company upon exercise of stock options and awards described as outstanding in, and the grant of options and awards under existing equity incentive plans described in, the Registration Statement, the Pricing Disclosure Package and the Prospectus), short-term debt or long-term debt of the Company or any of its subsidiaries, or any dividend or distribution of any kind declared, set aside for payment, paid or made by the Company on any class of capital stock (except as described in the Registration Statement, the Pricing Disclosure Package and the Prospectus), or any Material Adverse Effect (as defined below); (ii) except as described in the Registration Statement, the Pricing Disclosure Package and the Prospectus, neither the Company nor any of its subsidiaries has entered into any transaction or agreement (whether or not in the ordinary course of business) that is material to the Company and its subsidiaries taken as a whole or incurred any liability or obligation, direct or contingent, that is material to the Company and its subsidiaries taken as a whole; and (iii) neither the Company nor any of its subsidiaries has sustained any loss or interference with its business that is material to the Company and its subsidiaries taken as a whole and that is either from fire, explosion, flood or other calamity, whether or not covered by insurance, or from any labor disturbance or dispute or any action, order or decree of any court or arbitrator or governmental or regulatory authority, except in each case as otherwise disclosed in the Registration Statement, the Pricing Disclosure Package and the Prospectus.

(i) *Organization and Good Standing.* The Company and each of its subsidiaries other than Heartland Bank and Trust Company (“Heartland Bank”) and State Bank of Lincoln (“Lincoln Bank” and together with Heartland Bank, the “Banks”) have been duly organized and are validly existing and in good standing under the laws of their respective jurisdictions of organization, are duly qualified to do business and are in good standing in each jurisdiction in which their respective ownership or lease of property or the conduct of their respective businesses requires such qualification, and have all power and authority necessary to own or hold their respective properties and to conduct the businesses in which they are engaged, except where the failure to be so qualified or in good standing or have such power or authority would not, individually or in the aggregate, have a material adverse effect on the business, properties, management, financial position, stockholders’ equity, results of operations or prospects of the Company and its subsidiaries taken as a whole or on the performance by the Company of its obligations under this Agreement (a “Material Adverse Effect”). The Company is duly registered with the Board of Governors of the Federal Reserve System (the “Federal Reserve”) as a financial holding company under the Bank Holding Company Act of

1956, as amended, and Federal Reserve Regulation Y and is in material compliance with all applicable requirements for qualification as such. The Company does not own or control, directly or indirectly, more than five percent (5%) of any class of equity securities or similar interests of any corporation, association or other entity other than the subsidiaries listed in Exhibit 21 to the Registration Statement (each, a “Company Subsidiary” and, collectively, the “Company Subsidiaries”). The Company owns, directly or indirectly, all of its interests in each Company Subsidiary free and clear of any and all liens.

(j) *Deposit Insurance*. The deposit accounts of the Banks are insured by the Federal Deposit Insurance Corporation (“FDIC”) to the fullest extent permitted by the Federal Deposit Insurance Act, as amended, and the rules and regulations of the FDIC thereunder, and all premiums and assessments required to be paid in connection therewith have been paid when due (after giving effect to any applicable extensions), and no proceeding for the modification, termination or revocation of such insurance are pending or, to the knowledge of the Company, threatened.

(k) *Bank Charters*. The Banks are state banks chartered under the laws of the State of Illinois to transact business as state chartered banks and the charter of each Bank is in full force and effect; the Banks have been duly organized and are validly existing and each Bank holds authority to do a general banking business as provided under the laws of the state of Illinois and as permitted by its charter; and the Banks have the power and authority to own their respective properties and conduct their respective businesses as described in the Registration Statement, the Pricing Disclosure Package and the Prospectus. The Banks are not members of the Federal Reserve System and are members in good standing of the Federal Home Loan Bank System. The Company beneficially owns all of the outstanding equity securities of, and has sole ownership control of, the Banks.

(l) *Regulatory Capital*. Each of the Company and the Banks are “well-capitalized” as defined under applicable regulations and the Company has not been informed in writing by any Regulatory Authority (defined below) that its status as “well-capitalized” will change within one year, nor, to the Company’s knowledge, have the Banks been informed in writing by any Regulatory Authority that their status as “well-capitalized” will change within one year.

(m) *Regulatory*. (i) The Company and each of its subsidiaries are in compliance in all material respects with all applicable laws administered by, and all applicable rules, regulations, directives, orders and decrees of any federal, state, local or foreign regulatory, supervisory authority or enforcement, self-regulatory organization or governmental agency or body having jurisdiction over or rulemaking authority with respect to the Company or any of its subsidiaries (each, a “Regulatory Authority”) (including, without limitation, the Federal Reserve, the FDIC, the Illinois Department of Financial & Professional Regulation (“IDFPR”) and the Consumer Financial Protection Bureau) applicable to them, except where the failure to so comply would not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect. For the last five years, the Company, the Banks and, if required, each of their respective subsidiaries have filed all material reports, registrations and statements, together with any required amendments thereto, that they were required to file with the Federal Reserve, the IDFPR and the FDIC, and any other applicable Regulatory Authority. All such reports and statements filed with any such Regulatory Authority are collectively referred to herein as the "Company Reports." As of their respective dates, the Company Reports complied as to form and in all material respects with all the rules and regulations promulgated by the Federal Reserve, the IDFPR and the FDIC and all other applicable Regulatory Authorities, as the case may be.

(ii) Except as described in the Registration Statement, the Pricing Disclosure Package and the Prospectus, or as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, none of the Company, the Banks nor any of the Company's other subsidiaries is a party to or otherwise subject to any order, decree, agreement, memorandum of understanding, corrective or cease and desist order, order of prohibition or suspension, written agreement or other written statement as described under 12 U.S.C. 1818(u) or other regulatory enforcement action, proceeding or order with or by, or is a party to or recipient of a commitment letter, supervisory letter or similar undertaking to or from, or is subject to any directive by, any Regulatory Authority (whether or not such Regulatory Authority has determined that publication would be contrary to the public interest) or has adopted any board resolutions at the request of any of the Regulatory Authorities. Neither the Company nor any of its subsidiaries has been advised by any such entity that it is contemplating issuing or requesting (or is considering the appropriateness of issuing or requesting) any such order, decree, agreement, memorandum of understanding, corrective or cease and desist order, order of prohibition or suspension, commitment letter, supervisory letter or similar undertaking or other written agreement or statement; and there is no unresolved violation, criticism or exception by any Regulatory Authority with respect to any examination of the Company and its subsidiaries which, in the reasonable judgment of the Company, is expected to result in a Material Adverse Effect.

(n) *Community Reinvestment Act and Privacy Requirements*. The Banks have received overall Community Reinvestment Act ("CRA") ratings of at least "Satisfactory" and have not been informed in writing by any Regulatory Authority that they may receive less than "Satisfactory" ratings for CRA purposes within one year, nor, to the Company's knowledge, have the Banks been informed other than in writing by any Regulatory Authority that they may receive less than "Satisfactory" ratings for CRA purposes within one year. The Company is not aware of any facts or circumstances that exist that would cause the Banks to be, (i) not in satisfactory compliance in any material respect with the CRA, and the regulations promulgated thereunder, or to be assigned a CRA rating by federal or state bank regulators of lower than "Satisfactory," or (ii) not in satisfactory compliance in any material respect with the applicable privacy of customer information requirements contained in any federal and state privacy laws and regulations, including, without limitation, in Title V of the Gramm-Leach-Bliley Act of 1999 and regulations promulgated thereunder, as well as the provisions of the information security program adopted by the Banks, pursuant to 12 C.F.R. Part 364.

(o) *Capitalization.* The Company has an authorized capitalization as set forth in the Registration Statement, the Pricing Disclosure Package and the Prospectus under the heading "Capitalization"; all the outstanding shares of capital stock of the Company have been duly and validly authorized and issued and are fully paid and non-assessable and are not subject to any pre-emptive or similar rights; except as described in or expressly contemplated by the Registration Statement, the Pricing Disclosure Package and the Prospectus, there are no outstanding rights (including, without limitation, pre-emptive rights), warrants or options to acquire, or instruments convertible into or exchangeable for, any shares of capital stock or other equity interest in the Company or any of its subsidiaries, or any contract, commitment, agreement, understanding or arrangement of any kind relating to the issuance of any capital stock of the Company or any such subsidiary, any such convertible or exchangeable securities or any such rights, warrants or options; the capital stock of the Company conforms in all material respects to the description thereof contained in the Registration Statement, the Pricing Disclosure Package and the Prospectus; and all the outstanding shares of capital stock or other equity interests of each subsidiary owned, directly or indirectly, by the Company have been duly and validly authorized and issued, are fully paid and non-assessable and are owned directly or indirectly by the Company, free and clear of any lien, charge, encumbrance, security interest, restriction on voting or transfer or any other claim of any third party.

(p) [Reserved.]

(q) *Due Authorization.* The Company has full right, power and authority to execute and deliver this Agreement and to perform its obligations hereunder; and all action required to be taken for the due and proper authorization, execution and delivery by it of this Agreement and the consummation by it of the transactions contemplated hereby has been duly and validly taken.

(r) *Underwriting Agreement.* This Agreement has been duly authorized, executed and delivered by the Company.

(s) *The Shares.* The Shares to be issued and sold by the Company hereunder have been duly authorized by the Company and, when issued and delivered and paid for as provided herein, will be duly and validly issued, will be fully paid and nonassessable and will conform to the descriptions thereof in the Registration Statement, the Pricing Disclosure Package and the Prospectus; and the issuance of the Shares is not subject to any preemptive or similar rights.

(t) *Descriptions of the Underwriting Agreement.* This Agreement conforms in all material respects to the description thereof contained in the Registration Statement, the Pricing Disclosure Package and the Prospectus.

(u) *Regulatory Disclosure.* The statements set forth in the Registration Statement, the Pricing Disclosure Package and the Prospectus under the caption "Supervision and Regulation," insofar as such statements purport to describe laws and regulations specifically referred to therein, and subject to the qualifications, exceptions, assumptions and limitations described therein, are accurate, complete and fair in all material respects.

(v) *No Violation or Default.* Neither the Company nor any of its subsidiaries is (i) in violation of its charter or by-laws or similar organizational documents; (ii) in default, and no event has occurred that, with notice or lapse of time or both, would constitute such a default, in the due performance or observance of any term, covenant or condition contained in any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which the Company or any of its subsidiaries is a party or by which the Company or any of its subsidiaries is bound or to which any property or asset of the Company or any of its subsidiaries is subject; or (iii) in violation of any law or statute or any judgment, order, rule or regulation of any court or arbitrator or governmental or regulatory authority, except, in the case of clauses (ii) and (iii) above, for any such default or violation that would not, individually or in the aggregate, have a Material Adverse Effect.

(w) *No Conflicts.* The execution, delivery and performance by the Company of this Agreement, the issuance and sale of the Shares and the consummation of the transactions contemplated by this Agreement and the Pricing Disclosure Package and the Prospectus will not (i) conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, result in the termination, modification or acceleration of, or result in the creation or imposition of any lien, charge or encumbrance upon any property, right or asset of the Company or any of its subsidiaries pursuant to, any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which the Company or any of its subsidiaries is a party or by which the Company or any of its subsidiaries is bound or to which any property, right or asset of the Company or any of its subsidiaries is subject, (ii) result in any violation of the provisions of the charter or by-laws or similar organizational documents of the Company or any of its subsidiaries or (iii) result in the violation of any law or statute or any judgment, order, rule or regulation of any court or arbitrator or governmental or regulatory authority having authority over the Company, except, in the case of clauses (i) and (iii) above, for any such conflict, breach, violation, default, lien, charge or encumbrance that would not, individually or in the aggregate, have a Material Adverse Effect.

(x) *No Consents Required.* No consent, approval, authorization, order, registration or qualification of or with any court or arbitrator or governmental or regulatory authority is required for the execution, delivery and performance by the Company of this Agreement, the issuance and sale of the Shares and the consummation of the transactions contemplated by this Agreement, except for the registration of the Shares under the Securities Act and such consents, approvals, authorizations, orders and registrations or qualifications as may be required by the Financial Industry Regulatory Authority, Inc. ("FINRA") and under applicable state securities laws in connection with the purchase and distribution of the Shares by the Underwriters.

(y) *Legal Proceedings.* Except as described in the Registration Statement, the Pricing Disclosure Package and the Prospectus, there are no legal, governmental or regulatory investigations, actions, suits, arbitrations or proceedings ("Actions") pending to which the Company or any of its subsidiaries is or would reasonably be expected to become a party or to which any property of the Company or any of its subsidiaries is or would reasonably be expected to become the subject that, individually or in the aggregate, if determined adversely to the Company or any of its subsidiaries, would reasonably be expected to have a Material Adverse Effect; no such Actions are threatened or, to the knowledge of the Company, contemplated by any governmental or regulatory authority or threatened by others; and (i) there are no current or pending Actions that are required under the Securities Act to be described in the Registration Statement, the Pricing Disclosure Package or the Prospectus that are not so described in the Registration Statement, the Pricing Disclosure Package and the Prospectus and (ii) there are no statutes, regulations or contracts or other documents that are required under the Securities Act to be filed as exhibits to the Registration Statement or described in the Registration Statement, the Pricing Disclosure Package or the Prospectus that are not so filed as exhibits to the Registration Statement or described in the Registration Statement, the Pricing Disclosure Package and the Prospectus.

(z) *Independent Accountants*. RSM US LLP, who have certified certain financial statements of the Company and its subsidiaries, is an independent registered public accounting firm with respect to the Company and its subsidiaries within the applicable rules and regulations adopted by the Commission and the Public Company Accounting Oversight Board (United States) and as required by the Securities Act.

(aa) *Title to Real and Personal Property*. The Company and its subsidiaries have good and marketable title in fee simple to, or have valid rights to lease or otherwise use, all items of real and personal property that are material to the respective businesses of the Company and its subsidiaries, in each case free and clear of all liens, encumbrances, claims and defects and imperfections of title except those that (i) do not materially interfere with the use made and proposed to be made of such property by the Company and its subsidiaries or (ii) would not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect.

(bb) *Intellectual Property.* Except as would not reasonably be expected to have a Material Adverse Effect, (i) the Company and its subsidiaries own or have the right to use all patents, patent applications, trademarks, service marks, trade names, trademark registrations, service mark registrations, domain names and other source indicators, copyrights and copyrightable works, know-how, trade secrets, systems, procedures, proprietary or confidential information and similar proprietary rights (collectively, "Intellectual Property") used in the conduct of their respective businesses; (ii) the Company's and its subsidiaries' conduct of their respective businesses does not infringe, misappropriate or otherwise violate any Intellectual Property of any person; (iii) the Company and its subsidiaries have not received any written notice of any claim relating to Intellectual Property; and (iv) to the knowledge of the Company, the Intellectual Property of the Company and its subsidiaries is not being infringed, misappropriated or otherwise violated by any person.

(cc) *No Undisclosed Relationships*. No relationship, direct or indirect, exists between or among the Company or any of its subsidiaries, on the one hand, and the directors, officers, stockholders or other affiliates of the Company or any of its subsidiaries, on the other, that is required by the Securities Act to be described in each of the Registration Statement and the Prospectus and that is not so described in such documents and in the Pricing Disclosure Package.

(dd) *Investment Company Act*. The Company is not and, after giving effect to the offering and sale of the Shares and the application of the proceeds thereof as described in the Registration Statement, the Pricing Disclosure Package and the Prospectus, will not be required to register as an "investment company" or an entity "controlled" by an "investment company" within the meaning of the Investment Company Act of 1940, as amended, and the rules and regulations of the Commission thereunder (collectively, the "Investment Company Act").

(ee) *Taxes*. The Company and its subsidiaries have paid all federal, state, local and foreign taxes and filed all tax returns required to be paid or filed through the date hereof, expect as would not have, individually or in the aggregate, a Material Adverse Effect; and except as otherwise disclosed in each of the Registration Statement, the Pricing Disclosure Package and the Prospectus, there is no tax deficiency that has been, or would reasonably be expected to be, asserted against the Company or any of its subsidiaries or any of their respective properties or assets, except for tax deficiencies that would not have a Material Adverse Effect.

(ff) *S Corporation Status*. At all times during which the Company had an election in place to be treated as an S corporation under the provisions of Sections 1361 through 1379 of the Internal Revenue Code of 1986, as amended (the "Code"), it qualified to be and was properly treated as an S corporation for U.S. federal income tax purposes.

(gg) *Licenses and Permits*. The Company and its subsidiaries possess all licenses, sub-licenses, certificates, permits and other authorizations issued by, and have made all declarations and filings with, the appropriate federal, state, local or foreign governmental or regulatory authorities that are necessary for the ownership or lease of their respective properties or the conduct of their respective businesses as described in each of the Registration Statement, the Pricing Disclosure Package and the Prospectus, except where the failure to possess or make the same would not, individually or in the aggregate, have a Material Adverse Effect; and except as described in each of the Registration Statement, the Pricing Disclosure Package and the Prospectus, neither the Company nor any of its subsidiaries has received notice of any revocation or modification of any such license, sub-license, certificate, permit or authorization or has any reason to believe that any such license, sub-license, certificate, permit or authorization will not be renewed in the ordinary course except where such revocation, modification or failure to renew would not have a Material Adverse Effect.

(hh) *No Labor Disputes*. No labor disturbance by or dispute with employees of the Company or any of its subsidiaries exists or, to the knowledge of the Company, is contemplated or threatened, and the Company is not aware of any existing or imminent labor disturbance by, or dispute with, the employees of any of its or its subsidiaries' principal suppliers, contractors or customers, except as would not have a Material Adverse Effect.

(ii) *Certain Environmental Matters*. (i) The Company and its subsidiaries (x) are in compliance with all, and have not violated any, applicable federal, state, local and foreign laws (including common law), rules, regulations, requirements, decisions, judgments, decrees, orders and other legally enforceable requirements relating to pollution or the protection of human health or safety (regarding exposure to hazardous or toxic substances or wastes, pollutants or contaminants), the environment or natural resources or the release or disposal of hazardous or toxic substances or wastes, pollutants or contaminants (collectively, "Environmental Laws"); (y) have received and are in compliance with all, and have not violated any, permits, licenses, certificates or other authorizations or approvals required of them under applicable Environmental Laws to conduct their respective businesses; and (z) have not received notice of any actual or potential liability or obligation under or relating to, or any actual or potential violation of, any Environmental Laws, including for the investigation or remediation of any disposal or release of hazardous or toxic substances or wastes, pollutants or contaminants, and have no knowledge of any event or condition that would reasonably be expected to result in any such notice, and (ii) there are no costs or liabilities associated with Environmental Laws to which the Company or its subsidiaries are subject, except in the case of each of (i) and (ii) above, for any such matter as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect; and (iii) except as described in each of the Pricing Disclosure Package and the Prospectus, (x) there is no proceeding that is pending, or that is known to be contemplated, against the Company or any of its subsidiaries under any Environmental Laws in which a governmental entity is also a party, other than such proceeding regarding which it is reasonably believed no monetary sanctions of $100,000 or more will be imposed, (y) the Company and its subsidiaries have no knowledge of any facts or issues regarding compliance with Environmental Laws, or liabilities or other obligations under Environmental Laws or concerning hazardous or toxic substances or wastes, pollutants or contaminants, that would reasonably be expected to have a Material Adverse Effect, and (z) none of the Company or its subsidiaries reasonably anticipates capital expenditures relating to any Environmental Laws that would reasonably be expected to have a Material Adverse Effect.

(jj) *Compliance with ERISA*. (i) Each employee benefit plan, within the meaning of Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), for which the Company or any member of its "Controlled Group" (defined as any entity, whether or not incorporated, that is under common control with the Company within the meaning of Section 4001(a)(14) of ERISA or any entity that would be regarded as a single employer with the Company under Section 414(b),(c),(m) or (o) of the Code) would have any liability (each, a "Plan") has been maintained in compliance with its terms and the requirements of any applicable statutes, orders, rules and regulations, including but not limited to ERISA and the Code; (ii) no prohibited transaction, within the meaning of Section 406 of ERISA or Section 4975 of the Code, has occurred with respect to any Plan, excluding transactions effected pursuant to a statutory or administrative exemption; (iii) for each Plan that is subject to the funding rules of Section 412 of the Code or Section 302 of ERISA, no Plan has failed (whether or not waived), or is reasonably expected to fail, to satisfy the minimum funding standards (within the meaning of Section 302 of ERISA or Section 412 of the Code) applicable to such Plan; (iv) no Plan is, or is reasonably expected to be, in "at risk status" (within the meaning of Section 303(i) of ERISA) and no Plan that is a "multiemployer plan" within the meaning of Section 4001(a)(3) of ERISA is in "endangered status" or "critical status" (within the meaning of Sections 304 and 305 of ERISA) (v) no "reportable event" (within the meaning of Section 4043(c) of ERISA and the regulations promulgated thereunder for which reporting is not waived) has occurred or is reasonably expected to occur; (vi) each Plan that is intended to be qualified under Section 401(a) of the Code has received a favorable determination letter from the Internal Revenue Service or is in the form of a prototype plan that is the subject of a favorable opinion letter from the Internal Revenue Service , and nothing has occurred, whether by action or by failure to act, which would cause the loss of such qualification; (vii) neither the Company nor any member of the Controlled Group has incurred, nor reasonably expects to incur, any liability under Title IV of ERISA (other than contributions to the Plan or premiums to the Pension Benefit Guarantee Corporation, in the ordinary course and without default) in respect of a Plan (including a "multiemployer plan" within the meaning of Section 4001(a)(3) of ERISA); and (viii) none of the following events has occurred or is reasonably likely to occur: (A) a material increase in the aggregate amount of contributions required to be made to all funded Plans by the Company or its Controlled Group affiliates in the current fiscal year of the Company and its Controlled Group affiliates compared to the amount of such contributions made in the Company's and its Controlled Group affiliates' most recently completed fiscal year; or (B) a material increase in the Company and its subsidiaries' "accumulated post-retirement benefit obligations" (within the meaning of Accounting Standards Codification Topic 715-60) compared to the amount of such obligations in the Company and its subsidiaries' most recently completed fiscal year, except in each case with respect to the events or conditions set forth in (i) through (viii) hereof, as would not, individually or in the aggregate, have a Material Adverse Effect.

(kk) *Disclosure Controls*. The Company and its subsidiaries maintain an effective system of "disclosure controls and procedures" (as defined in Rule 13a-15(e) of the Exchange Act) that complies with the requirements of the Exchange Act and that has been designed to ensure that information required to be disclosed by the Company in reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Commission's rules and forms, including controls and procedures designed to ensure that such information is accumulated and communicated to the Company's management as appropriate to allow timely decisions regarding required disclosure.

(ll) *Accounting Controls*. The Company and its subsidiaries maintain systems of "internal control over financial reporting" (as defined in Rule 13a-15(f) of the Exchange Act) that comply with the requirements of the Exchange Act and have been designed by, or under the supervision of, their respective principal executive and principal financial officers, or persons performing similar functions, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP. The Company and its subsidiaries maintain internal accounting controls sufficient to provide reasonable assurance that (i) transactions are executed in accordance with management's general or specific authorizations; (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with GAAP and to maintain asset accountability; (iii) access to assets is permitted only in accordance with management's general or specific authorization; and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences. There are no material weaknesses in the Company's internal controls. The Company's auditors and the Audit Committee of the Board of Directors of the Company have been advised of: (i) all significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which have adversely affected or are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and (ii) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal controls over financial reporting.

(mm) *Insurance.* The Company and its subsidiaries have insurance covering their respective properties, operations, personnel and businesses, including business interruption insurance, which insurance is in amounts and insures against such losses and risks as the Company reasonably believes are adequate to protect the Company and its subsidiaries and their respective businesses; and neither the Company nor any of its subsidiaries has (i) received written notice from any insurer or agent of such insurer that capital improvements or other expenditures are required or necessary to be made in order to continue such insurance or (ii) any reason to believe that it will not be able to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage at reasonable cost from similar insurers as may be necessary to continue its business.

(nn) *Cybersecurity; Data Protection.* The Company and its subsidiaries' information technology assets and equipment, computers, systems, networks, hardware, software, websites, applications, and databases (collectively, "IT Systems") are adequate for, and operate and perform in all material respects as required in connection with the operation of the business of the Company and its subsidiaries as currently conducted, free and clear of all material bugs, errors, defects, Trojan horses, time bombs, malware and other corruptants. The Company and its subsidiaries have implemented and maintained commercially reasonable controls, policies, procedures, and safeguards to maintain and protect their material confidential information and the integrity, continuous operation, redundancy and security of all IT Systems and data (including all personal, personally identifiable, sensitive, confidential or regulated data ("Personal Data")) used in connection with their businesses, and there have been no breaches, violations, outages or unauthorized uses of or accesses to same, except for those that have been remedied without material cost or liability or the duty to notify any other person, nor any incidents under internal review or investigations relating to the same. The Company and its subsidiaries are presently in material compliance with all applicable laws or statutes and all judgments, orders, rules and regulations of any court or arbitrator or governmental or regulatory authority, internal policies and contractual obligations relating to the privacy and security of

IT Systems and Personal Data and to the protection of such IT Systems and Personal Data from unauthorized use, access, misappropriation or modification.

(oo) *No Unlawful Payments.* Neither the Company nor any of its subsidiaries nor any director, officer or employee of the Company or any of its subsidiaries nor, to the knowledge of the Company, any agent, affiliate or other person associated with or acting on behalf of the Company or any of its subsidiaries has (i) used any corporate funds for any unlawful contribution, gift, entertainment or other unlawful expense relating to political activity; (ii) made or taken an act in furtherance of an offer, promise or authorization of any direct or indirect unlawful payment or benefit to any foreign or domestic government official or employee, including of any government-owned or controlled entity or of a public international organization, or any person acting in an official capacity for or on behalf of any of the foregoing, or any political party or party official or candidate for political office; (iii) violated or is in violation of any provision of the Foreign Corrupt Practices Act of 1977, as amended, or any applicable law or regulation implementing the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, or committed an offence under the Bribery Act 2010 of the United Kingdom or any other applicable anti-bribery or anti-corruption law; or (iv) made, offered, agreed, requested or taken an act in furtherance of any unlawful bribe or other unlawful benefit, including, without limitation, any rebate, payoff, influence payment, kickback or other unlawful or improper payment or benefit. The Company and its subsidiaries have instituted, maintain and enforce, and will continue to maintain and enforce policies and procedures designed to promote and ensure compliance with all applicable anti-bribery and anti-corruption laws.

(pp) *Compliance with Anti-Money Laundering Laws*. The operations of the Company and its subsidiaries are and have been conducted at all times in compliance with applicable financial recordkeeping and reporting requirements, including those of the Currency and Foreign Transactions Reporting Act of 1970, as amended, the applicable money laundering statutes of all jurisdictions where the Company or any of its subsidiaries conducts business, the rules and regulations thereunder and any related or similar rules, regulations or guidelines issued, administered or enforced by any governmental agency (collectively, the “Anti-Money Laundering Laws”) and no action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving the Company or any of its subsidiaries with respect to the Anti-Money Laundering Laws is pending or, to the knowledge of the Company, threatened.

(qq) *No Conflicts with Sanctions Laws.* Neither the Company nor any of its subsidiaries, directors, officers, or employees, nor, to the knowledge of the Company, any agent, affiliate or other person associated with or acting on behalf of the Company or any of its subsidiaries is currently the subject or the target of any sanctions administered or enforced by the U.S. government, (including, without limitation, the Office of Foreign Assets Control of the U.S. Department of the Treasury or the U.S. Department of State and including, without limitation, the designation as a “specially designated national” or “blocked person”), the United Nations Security Council (“UNSC”), the European Union, Her Majesty’s Treasury (“HMT”) or other relevant sanctions authority (collectively, “Sanctions”), nor is the Company or any of its subsidiaries located, organized or resident in a country or territory that is the subject or target of Sanctions, including, without limitation, Crimea, Cuba, Iran, North Korea and Syria (each, a "Sanctioned Country"); and the Company will not directly or indirectly use the proceeds of the offering of the Shares hereunder, or lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or other person or entity (i) to fund or facilitate any activities of or business with any person that, at the time of such funding or facilitation, is the subject or target of Sanctions, (ii) to fund or facilitate any activities of or business in any Sanctioned Country or (iii) in any other manner that will result in a violation by any person (including any person participating in the transaction, whether as underwriter, advisor, investor or otherwise) of Sanctions. For the past five years, the Company and its subsidiaries have not knowingly engaged in and are not now knowingly engaged in any dealings or transactions with any person that at the time of the dealing or transaction is or was the subject or the target of Sanctions or with any Sanctioned Country.

(rr) *Restrictions on Bank Dividends*. Except as disclosed in the Registration Statement, the Pricing Disclosure Package and the Prospectus, the Banks are not prohibited, directly or indirectly, under any statute, law, rule, regulation, directive, order, agreement or other instrument to which they are parties or are subject from paying any dividends to the Company, from making any other distribution on such subsidiary's capital stock or similar ownership interest, from repaying to the Company any loans or advances to such subsidiary from the Company or from transferring any of such subsidiary's properties or assets to the Company.

(ss) *No Broker's Fees.* Neither the Company nor any of its subsidiaries is a party to any contract, agreement or understanding with any person (other than this Agreement) that would give rise to a valid claim against any of them or any Underwriter for a brokerage commission, finder's fee or like payment in connection with the offering and sale of the Shares.

(tt) *No Registration Rights*. Except as disclosed in the Registration Statement, the Pricing Disclosure Package and the Prospectus, no person has the right to require the Company or any of its subsidiaries to register any securities for sale under the Securities Act by reason of the filing of the Registration Statement with the Commission or the issuance and sale of the Shares.

(uu) *No Stabilization.* Neither the Company nor any of its subsidiaries has taken, directly or indirectly, any action designed to or that would reasonably be expected to cause or result in any stabilization or manipulation of the price of the Shares.

(vv) *Margin Rules*. Neither the issuance, sale and delivery of the Shares nor the application of the proceeds thereof by the Company as described in each of the Registration Statement, the Pricing Disclosure Package and the Prospectus will violate Regulation T, U or X of the Federal Reserve or any other regulation of the Federal Reserve.

(ww) *Forward-Looking Statements.* No forward-looking statement (within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act) included in any of the Registration Statement, the Pricing Disclosure Package or the Prospectus has been made or reaffirmed without a reasonable basis or has been disclosed other than in good faith.

(xx) *Statistical and Market Data.* Nothing has come to the attention of the Company that has caused the Company to believe that the statistical and market-related data included in each of the Registration Statement, the Pricing Disclosure Package and the Prospectus is not based on or derived from sources that are reliable and accurate in all material respects.

(yy) *Sarbanes-Oxley Act*. There is and has been no failure on the part of the Company or any of the Company's directors or officers, in their capacities as such, to comply with any provision of the Sarbanes-Oxley Act of 2002, as amended and the rules and regulations promulgated in connection therewith (the "Sarbanes-Oxley Act"), including Section 402 related to loans, to the extent applicable to the Company.

(zz) *Status under the Securities Act*. At the time of filing the Registration Statement and any post-effective amendment thereto, at the earliest time thereafter that the Company or any offering participant made a *bona fide* offer (within the meaning of Rule 164(h)(2) under the Securities Act) of the Shares and at the date hereof, the Company was not and is not an "ineligible issuer," as defined in Rule 405 under the Securities Act. The Company has paid the registration fee for this offering pursuant to Rule 456(b)(1) under the Securities Act or will pay such fee within the time period required by such rule (without giving effect to the proviso therein) and in any event prior to the Closing Date.

(aaa) *No Ratings*. There are (and prior to the Closing Date, will be) no debt securities, convertible securities or preferred stock issued or guaranteed by the Company or any of its subsidiaries that are rated by a "nationally recognized statistical rating organization", as such term is defined in Section 3(a)(62) under the Exchange Act.

(bbb) *Directed Share Program.* The Registration Statement, the Pricing Disclosure Package and the Prospectus, any Preliminary Prospectus and any Issuer Free Writing Prospectuses comply in all material respects, and any further amendments or supplements thereto will comply in all material respects, with any applicable laws or regulations of foreign jurisdictions in which the Pricing Disclosure Package, the Prospectus, any Preliminary Prospectus and any Issuer Free Writing Prospectus, as amended or supplemented, if applicable, are distributed in connection with the Directed Share Program. No authorization, approval, consent, license, order, registration or qualification of or with any government, governmental instrumentality or court, other than such as have been obtained, is necessary under the securities laws and regulations of foreign jurisdictions in which the Directed Shares are offered outside the United States. The Company has not offered, or caused the underwriters to offer, Shares to any person pursuant to the Directed Share Program with the specific intent to unlawfully influence (i) a customer or supplier of the Company to alter the customer or supplier's level or type of business with the Company, or (ii) a trade journalist or publication to write or publish favorable information about the Company or its products.

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4. Further Agreements of the Company. The Company covenants and agrees with each Underwriter that:

(a) *Required Filings.* The Company will file the final Prospectus with the Commission within the time periods specified by Rule 424(b) and Rule 430A, 430B or 430C under the Securities Act, will file any Issuer Free Writing Prospectus to the extent required by Rule 433 under the Securities Act; and the Company will furnish copies of the Prospectus and each Issuer Free Writing Prospectus (to the extent not previously delivered) to the Underwriters in New York City prior to 10:00 A.M., New York City time, on the business day next succeeding the date of this Agreement in such quantities as the Representatives may reasonably request.

(b) *Delivery of Copies.* The Company will deliver, without charge, (i) to the Representatives, three signed copies of the Registration Statement as originally filed and each amendment thereto, in each case including all exhibits and consents filed therewith; and (ii) to each Underwriter (A) a conformed copy of the Registration Statement as originally filed and each amendment thereto (without exhibits) and (B) during the Prospectus Delivery Period (as defined below), as many copies of the Prospectus (including all amendments and supplements thereto and each Issuer Free Writing Prospectus) as the Representatives may reasonably request. As used herein, the term "Prospectus Delivery Period" means such period of time after the first date of the public offering of the Shares as in the opinion of counsel for the Underwriters a prospectus relating to the Shares is required by law to be delivered (or required to be delivered but for Rule 172 under the Securities Act) in connection with sales of the Shares by any Underwriter or dealer.

(c) *Amendments or Supplements, Issuer Free Writing Prospectuses.* Before using, authorizing, approving, referring to or filing any Issuer Free Writing Prospectus, and before filing any amendment or supplement to the Registration Statement, the Pricing Disclosure Package or the Prospectus, the Company will furnish to the Representatives and counsel for the Underwriters a copy of the proposed Issuer Free Writing Prospectus, amendment or supplement for review and will not use, authorize, approve, refer to or file any such Issuer Free Writing Prospectus or file any such proposed amendment or supplement to which the Representatives reasonably object.

(d) *Notice to the Representatives.* The Company will advise the Representatives promptly, and confirm such advice in writing, (i) when the Registration Statement has become effective; (ii) when any amendment to the Registration Statement has been filed or becomes effective; (iii) when any supplement to the Pricing Disclosure Package, the Prospectus, any Issuer Free Writing Prospectus or any Written Testing-the-Waters Communication or any amendment to the Prospectus has been filed or distributed; (iv) of any request by the Commission for any amendment to the Registration Statement or any amendment or supplement to the Prospectus or the receipt of any comments from the Commission relating to the Registration Statement or any other request by the Commission for any additional information including, but not limited to, any request for information concerning any Testing-the-Waters Communication; (v) of the issuance by the Commission or any other governmental or regulatory authority of any order suspending the effectiveness of the Registration Statement or preventing or suspending the use of any Preliminary Prospectus, any of the Pricing Disclosure Package, the Prospectus or any Written Testing-the-Waters Communication or the initiation or threatening of any proceeding for that purpose or pursuant to Section 8A of the Securities Act; (vi) of the occurrence of any event or development within the Prospectus Delivery Period as a result of which the Prospectus, any of the Pricing Disclosure Package, any Issuer Free Writing Prospectus or any Written Testing-the-Waters Communication as then amended or supplemented would include any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing when the Prospectus, the Pricing Disclosure Package, any such Issuer Free Writing Prospectus or any Written Testing-the-Waters Communication is delivered to a purchaser, not misleading; and (vii) of the receipt by the Company of any notice with respect to any suspension of the qualification of the Shares for offer and sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose; and the Company will use its reasonable best efforts to prevent the issuance of any such order suspending the effectiveness of the Registration Statement, preventing or suspending the use of any Preliminary Prospectus, any of the Pricing Disclosure Package or the Prospectus or any Written Testing-the-Waters Communication or suspending any such qualification of the Shares and, if any such order is issued, will obtain as soon as possible the withdrawal thereof.

(e) *Ongoing Compliance.* (1) If during the Prospectus Delivery Period (i) any event or development shall occur or condition shall exist as a result of which the Prospectus as then amended or supplemented would include any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances existing when the Prospectus is delivered to a purchaser, not misleading or (ii) it is necessary to amend or supplement the Prospectus to comply with law, the Company will immediately notify the Underwriters thereof and forthwith prepare and, subject to paragraph (c) above, file with the Commission and furnish to the Underwriters and to such dealers as the Representatives may designate such amendments or supplements to the Prospectus as may be necessary so that the statements in the Prospectus as so amended or supplemented will not, in the light of the circumstances existing when the Prospectus is delivered to a purchaser, be misleading or so that the Prospectus will comply with law and (2) if at any time prior to the Closing Date (i) any event or development shall occur or condition shall exist as a result of which the Pricing Disclosure Package as then amended or supplemented would include any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances existing when the Pricing Disclosure Package is delivered to a purchaser, not misleading or (ii) it is necessary to amend or supplement the Pricing Disclosure Package to comply with law, the Company will immediately notify the Underwriters thereof and forthwith prepare and, subject to paragraph (c) above, file with the Commission (to the extent required) and furnish to the Underwriters and to such dealers as the Representatives may designate such amendments or supplements to the Pricing Disclosure Package as may be necessary so that the statements in the Pricing Disclosure Package as so amended or supplemented will not, in the light of the circumstances existing when the Pricing Disclosure Package is delivered to a purchaser, be misleading or so that the Pricing Disclosure Package will comply with law.

(f) *Blue Sky Compliance.* The Company will qualify the Shares for offer and sale under the securities or Blue Sky laws of such jurisdictions as the Representatives shall reasonably request and will continue such qualifications in effect so long as required for distribution of the Shares; provided that the Company shall not be required to (i) qualify as a foreign corporation or other entity or as a dealer in securities in any such jurisdiction where it would not otherwise be required to so qualify, (ii) file any general consent to service of process in any such jurisdiction or (iii) subject itself to taxation in any such jurisdiction if it is not otherwise so subject.

(g) *Earning Statement.* The Company will make generally available to its security holders and the Representatives as soon as practicable an earning statement that satisfies the provisions of Section 11(a) of the Securities Act and Rule 158 of the Commission promulgated thereunder covering a period of at least twelve months beginning with the first fiscal quarter of the Company occurring after the "effective date" (as defined in Rule 158) of the Registration Statement.

(h) *Clear Market.* For a period of 180 days after the date of the Prospectus, the Company will not (i) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of, directly or indirectly, or submit to, or file with the Commission a registration statement under the Securities Act (other than a registration statement on Form S-8) relating to, any shares of Stock or any securities convertible into or exercisable or exchangeable for Stock, or publicly disclose the intention to undertake any of the foregoing, or (ii) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of the Stock or any such other securities, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of Stock or such other securities, in cash or otherwise, without the prior written consent of Keefe, Bruyette & Woods, Inc. and J.P. Morgan Securities LLC, other than the Shares to be sold hereunder, the conversion of shares of nonvoting Series A stock into shares of Common Stock in connection with the consummation of the Public Offering as described in the Registration Statement, the Disclosure Package and the Prospectus, any issuance by the Company of Shares in connection with a merger, acquisition, joint venture or strategic participation entered into by the Company (provided that the aggregate number of Shares issued or issuable shall not exceed 10% of the total number of shares issued and outstanding as of the date of such merger, acquisition, joint venture or strategic participation, as the case may be) and grants of any options or other share-based awards issued under Company Stock Plans described in the Registration Statement, Pricing Disclosure Package and Prospectus and any shares of Stock of the Company issued upon the exercise of options or stock appreciation rights granted under Company Stock Plans.

If Keefe, Bruyette & Woods, Inc. and J.P. Morgan Securities LLC, in their sole discretion, agree to release or waive the restrictions set forth in a lock-up letter described in Section 6(k) hereof for an officer or director of the Company and provide the

Company with notice of the impending release or waiver substantially in the form of Exhibit B hereto at least three business days before the effective date of the release or waiver, the Company agrees to announce the impending release or waiver by a press release substantially in the form of Exhibit C hereto through a major news service at least two business days before the effective date of the release or waiver.

(i) *Use of Proceeds.* The Company will apply the net proceeds from the sale of the Shares as described in each of the Registration Statement, the Pricing Disclosure Package and the Prospectus under the heading "Use of Proceeds".

(j) *No Stabilization.* Neither the Company nor its subsidiaries will take, directly or indirectly, any action designed to or that would reasonably be expected to cause or result in any stabilization or manipulation of the price of the Stock.

(k) *Exchange Listing.* The Company will use its reasonable best efforts to list the Shares on the Nasdaq Stock Market (the "Nasdaq").

(l) *Reports.* The Company, during the Prospectus Delivery Period, will furnish to the Representatives, as soon as they are available, copies of all reports or other communications (financial or other) furnished to holders of the Shares, and copies of any reports and financial statements furnished to or filed with the Commission or any national securities exchange or automatic quotation system; provided the Company will be deemed to have furnished such reports and financial statements to the Representatives to the extent they are filed on the Commission's Electronic Data Gathering, Analysis, and Retrieval system.

(m) *Record Retention*. The Company will, pursuant to reasonable procedures developed in good faith, retain copies of each Issuer Free Writing Prospectus that is not filed with the Commission in accordance with Rule 433 under the Securities Act.

(n) *Filings.* The Company will file with the Commission such reports as may be required by Rule 463 under the Securities Act.

(o) *Directed Share Program.* The Company will comply with all applicable securities and other laws, rules and regulations in each jurisdiction in which the Directed Shares are offered in connection with the Directed Share Program.

(p) *Emerging Growth Company*. The Company will promptly notify the Representatives if the Company ceases to be an Emerging Growth Company at any time prior to the later of (i) completion of the distribution of Shares within the meaning of the Securities Act and (ii) completion of the 180-day restricted period referred to in Section 4(h) hereof.

5. Certain Agreements of the Underwriters. Each Underwriter hereby represents and agrees that:

(a) It has not and will not use, authorize use of, refer to or participate in the planning for use of, any "free writing prospectus", as defined in Rule 405 under the

Securities Act (which term includes use of any written information furnished to the Commission by the Company and not incorporated by reference into the Registration Statement and any press release issued by the Company) other than (i) a free writing prospectus that contains no "issuer information" (as defined in Rule 433(h)(2) under the Securities Act) that was not included (including through incorporation by reference) in the Preliminary Prospectus or a previously filed Issuer Free Writing Prospectus, (ii) any Issuer Free Writing Prospectus listed on Annex A or prepared pursuant to Section 3(c) or Section 4(c) above (including any electronic road show), or (iii) any free writing prospectus prepared by such underwriter and approved by the Company in advance in writing (each such free writing prospectus referred to in clauses (i) or (iii), an "Underwriter Free Writing Prospectus").

(b) It has not and will not, without the prior written consent of the Company, use any free writing prospectus that contains the final terms of the Shares unless such terms have previously been included in a free writing prospectus filed with the Commission; *provided* that Underwriters may use a term sheet substantially in the form of Annex C hereto without the consent of the Company; *provided further* that any Underwriter using such term sheet shall notify the Company, and provide a copy of such term sheet to the Company, prior to, or substantially concurrently with, the first use of such term sheet.

(c) It is not subject to any pending proceeding under Section 8A of the Securities Act with respect to the offering (and will promptly notify the Company if any such proceeding against it is initiated during the Prospectus Delivery Period).

6. Conditions of Underwriters' Obligations. The obligation of each Underwriter to purchase the Underwritten Shares on the Closing Date or the Option Shares on the Additional Closing Date, as the case may be, as provided herein is subject to the performance by the Company of its covenants and other obligations hereunder and to the following additional conditions:

(a) *Registration Compliance; No Stop Order.* No order suspending the effectiveness of the Registration Statement shall be in effect, and no proceeding for such purpose or pursuant to Section 8A under the Securities Act shall be pending before or threatened by the Commission; the Prospectus and each Issuer Free Writing Prospectus shall have been timely filed with the Commission under the Securities Act (in the case of an Issuer Free Writing Prospectus, to the extent required by Rule 433 under the Securities Act) and in accordance with Section 4(a) hereof; and all requests by the Commission for additional information shall have been complied with to the reasonable satisfaction of the Representatives.

(b) *Representations and Warranties.* The representations and warranties of the Company contained herein shall be true and correct on the date hereof and on and as of the Closing Date or the Additional Closing Date, as the case may be; and the statements of the Company and its officers made in any certificates delivered pursuant to this Agreement shall be true and correct on and as of the Closing Date or the Additional Closing Date, as the case may be.

(c) *No Material Adverse Change.* No event or condition of a type described in Section 3(i) hereof shall have occurred or shall exist, which event or condition is not described in the Pricing Disclosure Package (excluding any amendment or supplement thereto) and the Prospectus (excluding any amendment or supplement thereto) and the effect of which in the judgment of the Representatives makes it impracticable or inadvisable to proceed with the offering, sale or delivery of the Shares on the Closing Date or the Additional Closing Date, as the case may be, on the terms and in the manner contemplated by this Agreement, the Pricing Disclosure Package and the Prospectus.

(d) *Officer's Certificate.* The Representatives shall have received on and as of the Closing Date or the Additional Closing Date, as the case may be, a certificate of the chief financial officer or chief accounting officer of the Company and one additional senior executive officer of the Company who is reasonably satisfactory to the Representatives (i) confirming that such officers have carefully reviewed the Registration Statement, the Pricing Disclosure Package and the Prospectus and, to the knowledge of such officers, the representations set forth in Sections 3(b) and 3(d) hereof are true and correct, (ii) confirming that the other representations and warranties of the Company in this Agreement are true and correct and that the Company has complied with all agreements and satisfied all conditions on its part to be performed or satisfied hereunder at or prior to the Closing Date or the Additional Closing Date, as the case may be, and (iii) to the effect set forth in paragraphs (a) and (c) above.

(e) *Comfort Letters.* (i) On the date of this Agreement and on the Closing Date or the Additional Closing Date, as the case may be, RSM US LLP shall have furnished to the Representatives, at the request of the Company, letters, dated the respective dates of delivery thereof and addressed to the Underwriters, in form and substance reasonably satisfactory to the Representatives, containing statements and information of the type customarily included in accountants' "comfort letters" to underwriters with respect to the financial statements and certain financial information contained in each of the Registration Statement, the Pricing Disclosure Package and the Prospectus; provided that the letter delivered on the Closing Date shall use a "cut-off" date not earlier than the date hereof and that the letter delivered on the Additional Closing Date shall use a "cut-off" date no more than three business days prior to such Additional Closing Date.

(ii) On the date of this Agreement and on the Closing Date or the Additional Closing Date, as the case may be, the Company shall have furnished to the Representatives a certificate, dated the respective dates of delivery thereof and addressed to the Underwriters, of its chief financial officer with respect to certain financial data contained in the Pricing Disclosure Package and the Prospectus, providing "management comfort" with respect to such information, in form and substance reasonably satisfactory to the Representatives, to the effect set forth in Exhibit E hereto.

(f) *Opinion and 10b-5 Statement of Counsel for the Company.* Kirkland & Ellis LLP, counsel for the Company, shall have furnished to the Representatives, at the request of the Company, their written opinion and 10b-5 statement, dated the Closing

Date or the Additional Closing Date, as the case may be, and addressed to the Underwriters, in form and substance reasonably satisfactory to the Representatives.

(g) *Opinion and 10b-5 Statement of Counsel for the Underwriters.* The Representatives shall have received on and as of the Closing Date or the Additional Closing Date, as the case may be, an opinion and 10b-5 statement, addressed to the Underwriters, of Davis Polk & Wardwell LLP, counsel for the Underwriters, with respect to such matters as the Representatives may reasonably request, and such counsel shall have received such documents and information as they may reasonably request to enable them to pass upon such matters.

(h) *No Legal Impediment to Issuance and Sale.* No action shall have been taken and no statute, rule, regulation or order shall have been enacted, adopted or issued by any federal, state or foreign governmental or regulatory authority that would, as of the Closing Date or the Additional Closing Date, as the case may be, prevent the issuance or sale of the Shares; and no injunction or order of any federal, state or foreign court shall have been issued that would, as of the Closing Date or the Additional Closing Date, as the case may be, prevent the issuance or sale of the Shares.

(i) *Good Standing*. The Representatives shall have received on and as of the Closing Date or the Additional Closing Date, as the case may be, satisfactory evidence of the good standing of the Company and its subsidiaries in their respective jurisdictions of organization, in each case in writing or any standard form of telecommunication from the appropriate governmental authorities of such jurisdictions.

(j) *Exchange Listing.* The Shares to be delivered on the Closing Date or the Additional Closing Date, as the case may be, shall have been approved for listing on the Nasdaq, subject to official notice of issuance.

(k) *Lock-up Agreements*. The “lock-up” agreements, each substantially in the form of Exhibit D hereto, between you and certain stockholders, officers and directors of the Company relating to sales and certain other dispositions of shares of Stock or certain other securities, delivered to you on or before the date hereof, shall be full force and effect on the Closing Date or the Additional Closing Date, as the case may be.

(l) *Additional Documents.* On or prior to the Closing Date or the Additional Closing Date, as the case may be, the Company shall have furnished to the Representatives such further certificates and documents as the Representatives may reasonably request.

All opinions, letters, certificates and evidence mentioned above or elsewhere in this Agreement shall be deemed to be in compliance with the provisions hereof only if they are in form and substance reasonably satisfactory to counsel for the Underwriters.

7. Indemnification and Contribution.

(a) *Indemnification of the Underwriters.* The Company agrees to indemnify and hold harmless each Underwriter, its affiliates, directors and officers and each person, if any, who controls such Underwriter within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act, from and against any and all losses, claims, damages and liabilities (including, without limitation, reasonable legal fees and other expenses incurred in connection with any suit, action or proceeding or any claim asserted, as such fees and expenses are incurred), joint or several, that arise out of, or are based upon, (i) any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement or caused by any omission or alleged omission to state therein a material fact required to be stated therein or necessary in order to make the statements therein, not misleading, or (ii) any untrue statement or alleged untrue statement of a material fact contained in the Prospectus (or any amendment or supplement thereto), any Preliminary Prospectus, any Issuer Free Writing Prospectus, any "issuer information" filed or required to be filed pursuant to Rule 433(d) under the Securities Act, any Written Testing-the-Waters Communication, any road show as defined in Rule 433(h) under the Securities Act (a "road show") or any Pricing Disclosure Package (including any Pricing Disclosure Package that has subsequently been amended), or caused by any omission or alleged omission to state therein a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading, in each case except insofar as such losses, claims, damages or liabilities arise out of, or are based upon, any untrue statement or omission or alleged untrue statement or omission made in reliance upon and in conformity with any information relating to any Underwriter furnished to the Company by such Underwriter through the Representatives expressly for use therein, it being understood and agreed that the only such information furnished by any Underwriter consists of the information described as such in paragraph (b) below.

(b) *Indemnification of the Company.* Each Underwriter agrees, severally and not jointly, to indemnify and hold harmless the Company, its directors, its officers who signed the Registration Statement and each person, if any, who controls the Company within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act to the same extent as the indemnity set forth in paragraph (a) above, but only with respect to any losses, claims, damages or liabilities that arise out of, or are based upon, any untrue statement or omission or alleged untrue statement or omission made in reliance upon and in conformity with any information relating to such Underwriter furnished to the Company in writing by such Underwriter through the Representatives expressly for use in the Registration Statement, the Prospectus (or any amendment or supplement thereto), any Preliminary Prospectus, any Issuer Free Writing Prospectus, any Written Testing-the-Waters Communication, any road show or any Pricing Disclosure Package (including any Pricing Disclosure Package that has subsequently been amended), it being understood and agreed upon that the only such information furnished by any Underwriter consists of the following information in the Prospectus furnished on behalf of each Underwriter: the concession and reallowance figures appearing in the third paragraph under the caption "Underwriting" and the information contained in the thirteenth and fourteenth paragraphs under the caption "Underwriting."

(c) *Notice and Procedures.* If any suit, action, proceeding (including any governmental or regulatory investigation), claim or demand shall be brought or asserted against any person in respect of which indemnification may be sought pursuant to the preceding paragraphs of this Section 7, such person (the "Indemnified Person") shall promptly notify the person against whom such indemnification may be sought (the "Indemnifying Person") in writing; provided that the failure to notify the Indemnifying Person shall not relieve it from any liability that it may have under the preceding paragraphs of this Section 7 except to the extent that it has been materially prejudiced (through the forfeiture of substantive rights or defenses) by such failure; and provided, further, that the failure to notify the Indemnifying Person shall not relieve it from any liability that it may have to an Indemnified Person otherwise than under the preceding paragraphs of this Section 7. If any such proceeding shall be brought or asserted against an Indemnified Person and it shall have notified the Indemnifying Person thereof, the Indemnifying Person shall retain counsel reasonably satisfactory to the Indemnified Person (who shall not, without the consent of the Indemnified Person, be counsel to the Indemnifying Person) to represent the Indemnified Person and any others entitled to indemnification pursuant to this Section that the Indemnifying Person may designate in such proceeding and shall pay the reasonable fees and expenses in such proceeding and shall pay the fees and expenses of such counsel related to such proceeding, as incurred. In any such proceeding, any Indemnified Person shall have the right to retain its own counsel, but the fees and expenses of such counsel shall be at the expense of such Indemnified Person unless (i) the Indemnifying Person and the Indemnified Person shall have mutually agreed to the contrary; (ii) the Indemnifying Person has failed within a reasonable time after notification to retain counsel reasonably satisfactory to the Indemnified Person; (iii) the Indemnified Person shall have reasonably concluded that there may be legal defenses available to it that are different from or in addition to those available to the Indemnifying Person; or (iv) the named parties in any such proceeding (including any impleaded parties) include both the Indemnifying Person and the Indemnified Person and representation of both parties by the same counsel would be inappropriate due to actual or potential differing interests between them. It is understood and agreed that the Indemnifying Person shall not, in connection with any proceeding or related proceeding in the same jurisdiction, be liable for the fees and expenses of more than one separate firm (in addition to any local counsel) for all Indemnified Persons, and that all such fees and expenses shall be paid or reimbursed as they are incurred. Any such separate firm for any Underwriter, its affiliates, directors and officers and any control persons of such Underwriter shall be designated in writing by the Representatives and any such separate firm for the Company, its directors, its officers who signed the Registration Statement and any control persons of the Company shall be designated in writing by the Company. The Indemnifying Person shall not be liable for any settlement of any proceeding effected without its written consent, but if settled with such consent, the Indemnifying Person agrees to indemnify each Indemnified Person from and against any loss or liability by reason of such settlement. Notwithstanding the foregoing sentence, if at any time an Indemnified Person shall have requested that an Indemnifying Person reimburse the Indemnified Person for fees and expenses of counsel as contemplated by this paragraph, the Indemnifying Person shall be liable for any settlement of any proceeding effected without its written consent if (i) such settlement is entered into more than 45 days after receipt by the Indemnifying Person of such request, (ii) such Indemnified Person shall have delivered notice to the Indemnifying Person of the terms of such settlement at least 30 days prior to such settlement being entered into and (iii) the Indemnifying Person shall not have reimbursed the Indemnified Person in accordance with such request prior to the date of such settlement, unless such amounts are being contested in good faith. No Indemnifying Person shall, without the written consent of the Indemnified Person, effect any settlement of any pending or threatened proceeding in respect of which any Indemnified Person is or could have been a party and indemnification could have been sought hereunder by such Indemnified Person, unless such settlement (x) includes an unconditional release of such Indemnified Person, in form and substance reasonably satisfactory to such Indemnified Person, from all liability on claims that are the subject matter of such proceeding and (y) does not include any statement as to or any admission of fault, culpability or a failure to act by or on behalf of any Indemnified Person.

(d) *Contribution.* If the indemnification provided for in paragraphs (a) or (b) above is unavailable to an Indemnified Person or insufficient in respect of any losses, claims, damages or liabilities referred to therein, then each Indemnifying Person under such paragraph, in lieu of indemnifying such Indemnified Person thereunder, shall contribute to the amount paid or payable by such Indemnified Person as a result of such losses, claims, damages or liabilities (i) in such proportion as is appropriate to reflect the relative benefits received by the Company, on the one hand, and the Underwriters on the other, from the offering of the Shares or (ii) if the allocation provided by clause (i) is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) but also the relative fault of the Company, on the one hand, and the Underwriters on the other, in connection with the statements or omissions that resulted in such losses, claims, damages or liabilities, as well as any other relevant equitable considerations. The relative benefits received by the Company, on the one hand, and the Underwriters on the other, shall be deemed to be in the same respective proportions as the net proceeds (before deducting expenses) received by the Company from the sale of the Shares and the total underwriting discounts and commissions received by the Underwriters in connection therewith, in each case as set forth in the table on the cover of the Prospectus, bear to the aggregate offering price of the Shares. The relative fault of the Company, on the one hand, and the Underwriters on the other, shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company or by the Underwriters and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

(e) *Limitation on Liability.* The Company and the Underwriters agree that it would not be just and equitable if contribution pursuant to paragraph (d) above were determined by pro rata allocation (even if the Underwriters were treated as one entity for such purpose) or by any other method of allocation that does not take account of the equitable considerations referred to in paragraph (d) above. The amount paid or payable by an Indemnified Person as a result of the losses, claims, damages and liabilities referred to in paragraph (d) above shall be deemed to include, subject to the limitations set forth above, any legal or other expenses incurred by such Indemnified Person in connection with any such action or claim. Notwithstanding the provisions of paragraphs (d) and (e), in no event shall an Underwriter be required to contribute any amount in excess of the amount by which the total underwriting discounts and commissions received by such Underwriter with respect to the offering of the Shares exceeds the amount of any damages that such Underwriter has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The Underwriters' obligations to contribute pursuant to paragraphs (d) and (e) are several in proportion to their respective purchase obligations hereunder and not joint.

(f) *Non-Exclusive Remedies.* The remedies provided for in this Section 7 paragraphs (a) through (e) are not exclusive and shall not limit any rights or remedies which may otherwise be available to any Indemnified Person at law or in equity.

(g) *Directed Share Program Indemnification.* The Company agrees to indemnify and hold harmless the Directed Share Underwriter, its affiliates, directors and officers and each person, if any, who controls the Directed Share Underwriter within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act (each a "Directed Share Underwriter Entity") from and against any and all losses, claims, damages and liabilities (including, without limitation, any legal fees and other expenses incurred in connection with defending or investigating any suit, action or proceeding or any claim asserted, as such fees and expenses are incurred) (i) caused by any untrue statement or alleged untrue statement of a material fact contained in any material prepared by or with the consent of the Company for distribution to Participants in connection with the Directed Share Program or caused by any omission or alleged omission to state therein a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; (ii) caused by the failure of any Participant to pay for and accept delivery of Directed Shares that the Participant agreed to purchase; or (iii) related to, arising out of, or in connection with the Directed Share Program, other than losses, claims, damages or liabilities (or expenses relating thereto) that are finally judicially determined to have resulted from the bad faith or gross negligence of the Directed Share Underwriter Entities.

(h) In case any proceeding (including any governmental investigation) shall be instituted involving any Directed Share Underwriter Entity in respect of which indemnity may be sought pursuant to paragraph (g) above, the Directed Share Underwriter Entity seeking indemnity shall promptly notify the Company in writing and the Company, upon request of the Directed Share Underwriter Entity, shall retain counsel reasonably satisfactory to the Directed Share Underwriter Entity to represent the Directed Share Underwriter Entity and any others the Company may designate in such proceeding and shall pay the reasonable fees and disbursements of such counsel related to such proceeding. In any such proceeding, any Directed Share Underwriter Entity shall have the right to retain its own counsel, but the fees and expenses of such counsel shall be at the expense of such Directed Share Underwriter Entity unless (i) the Company and such Directed Share Underwriter Entity shall have mutually agreed to the retention of such counsel, (ii) the Company has failed within a reasonable time after notification to retain counsel reasonably satisfactory to such Directed Share Underwriter Entity, (iii) the Directed Share Underwriter Entity shall have reasonably concluded that there may be legal defenses available to it that are different from or in addition to those available to the Company or (iv) the named parties to any such proceeding (including any impleaded parties) include both the Company and the Directed Share Underwriter Entity and representation of both parties by the same counsel would be inappropriate due to actual or potential differing interests between them. The Company shall not, in respect of the legal expenses of the Directed Share Underwriter Entities in connection with any proceeding or related proceedings in the same jurisdiction, be liable for the fees and expenses of more than one separate firm (in addition to any local counsel) for all Directed Share Underwriter Entities. The Company shall not be liable for any settlement of any proceeding effected without its written consent, but if settled with such consent, the Company agrees to indemnify the Directed Share Underwriter Entities from and against any loss or liability by reason of such settlement, unless such amounts are being contested in good faith.

Notwithstanding the foregoing sentence, if at any time any Directed Share Underwriter Entity shall have requested the Company to reimburse such Directed Share Underwriter Entity for fees and expenses of counsel as contemplated by the second and third sentences of this paragraph, the Company agrees that it shall be liable for any settlement of any proceeding effected without its written consent if (i) such settlement is entered into more than 45 days after receipt by the Company of the aforesaid request, (ii) the Directed Share Underwriter shall have delivered notice to the Company of the terms of such settlement at least 30 days prior to such settlement being entered into and (iii) the Company shall not have reimbursed such Directed Share Underwriter Entity in accordance with such request prior to the date of such settlement. The Company shall not, without the prior written consent of the Directed Share Underwriter, effect any settlement of any pending or threatened proceeding in respect of which any Directed Share Underwriter Entity is or could have been a party and indemnity could have been sought hereunder by such Directed Share Underwriter Entity, unless (x) such settlement includes an unconditional release of the Directed Share Underwriter Entities from all liability on claims that are the subject matter of such proceeding and (y) does not include any statement as to or any admission of fault, culpability or a failure to act by or on behalf of the Directed Share Underwriter Entity.

(i) To the extent the indemnification provided for in paragraph (g) above is unavailable to a Directed Share Underwriter Entity or insufficient in respect of any losses, claims, damages or liabilities referred to therein, then the Company in lieu of indemnifying the Directed Share Underwriter Entity thereunder, shall contribute to the amount paid or payable by the Directed Share Underwriter Entity as a result of such losses, claims, damages or liabilities (1) in such proportion as is appropriate to reflect the relative benefits received by the Company on the one hand and the Directed Share Underwriter Entities on the other hand from the offering of the Directed Shares or (2) if the allocation provided by clause 7(i)(1) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause 7(i)(1) above but also the relative fault of the Company on the one hand and of the Directed Share Underwriter Entities on the other hand in connection with any statements or omissions that resulted in such losses, claims, damages or liabilities, as well as any other relevant equitable considerations. The relative benefits received by the Company on the one hand and the Directed Share Underwriter Entities on the other hand in connection with the offering of the Directed Shares shall be deemed to be in the same respective proportions as the net proceeds from the offering of the Directed Shares (before deducting expenses) and the total underwriting discounts and commissions received by the Directed Share Underwriter Entities for the Directed Shares, bear to the aggregate public offering price of the Directed Shares. If the loss, claim, damage or liability is caused by an untrue or alleged untrue statement of material fact or the omission or alleged omission to state a material fact, the relative fault of the Company on the one hand and the Directed Share Underwriter Entities on the other hand shall be determined by reference to, among other things, whether the untrue or alleged untrue statement or the omission or alleged omission relates to information supplied by the Company or by the Directed Share Underwriter Entities and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

(j) The Company and the Directed Share Underwriter Entities agree that it would be not just or equitable if contribution pursuant to paragraph (i) above were determined by pro rata allocation (even if the Directed Share Underwriter Entities were treated as one entity for such purpose) or by any other method of allocation that does not take account of the equitable considerations referred to in paragraph (i) above. The amount paid or payable by the Directed Share Underwriter Entities as a result of the losses, claims, damages and liabilities referred to in the immediately preceding paragraph shall be deemed to include, subject to the limitations set forth above, any legal or other expenses reasonably incurred by the Directed Share Underwriter Entities in connection with investigating or defending such any action or claim. Notwithstanding the provisions of paragraph (i) above, no Directed Share Underwriter Entity shall be required to contribute any amount in excess of the amount by which the total price at which the Directed Shares distributed to the public were offered to the public exceeds the amount of any damages that such Directed Share Underwriter Entity has otherwise been required to pay. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The remedies provided for in paragraphs (g) through (j) are not exclusive and shall not limit any rights or remedies which may otherwise be available to any indemnified party at law or in equity.

(k) The indemnity and contribution provisions contained in paragraphs (g) through (j) shall remain operative and in full force and effect regardless of (i) any termination of this Agreement, (ii) any investigation made by or on behalf of any Directed Share Underwriter Entity or the Company, its officers or directors or any person controlling the Company and (iii) acceptance of and payment for any of the Directed Shares.

8. Effectiveness of Agreement. This Agreement shall become effective as of the date first written above.

9. Termination. This Agreement may be terminated in the absolute discretion of the Representatives, by notice to the Company, if after the execution and delivery of this Agreement and on or prior to the Closing Date or, in the case of the Option Shares, prior to the Additional Closing Date (i) trading generally shall have been suspended or materially limited on or by any of the New York Stock Exchange or The Nasdaq Stock Market; (ii) trading of any securities issued or guaranteed by the Company shall have been suspended on any exchange or in any over-the-counter market; (iii) a general moratorium on commercial banking activities shall have been declared by federal or New York State authorities; or (iv) there shall have occurred any outbreak or escalation of hostilities or any change in financial markets or any calamity or crisis, either within or outside the United States, that, in the judgment of the Representatives, is material and adverse and makes it impracticable or inadvisable to proceed with the offering, sale or delivery of the Shares on the Closing Date or the Additional Closing Date, as the case may be, on the terms and in the manner contemplated by this Agreement, the Pricing Disclosure Package and the Prospectus.

10. Defaulting Underwriter.

(a) If, on the Closing Date or the Additional Closing Date, as the case may be, any Underwriter defaults on its obligation to purchase the Shares that it has agreed to purchase hereunder on such date, the non-defaulting Underwriters may in their discretion arrange for the purchase of such Shares by other persons satisfactory to the Company on the terms contained in this Agreement. If, within 36 hours after any such default by any Underwriter, the non-defaulting Underwriters do not arrange for the purchase of such Shares, then the Company shall be entitled to a further period of 36 hours within which to procure other persons satisfactory to the non-defaulting Underwriters to purchase such Shares on such terms. If other persons become obligated or agree to purchase the Shares of a defaulting Underwriter, either the non-defaulting Underwriters or the Company may postpone the Closing Date or the Additional Closing Date, as the case may be, for up to five full business days in order to effect any changes that in the opinion of counsel for the Company or counsel for the Underwriters may be necessary in the Registration Statement and the Prospectus or in any other document or arrangement, and the Company agrees to promptly prepare any amendment or supplement to the Registration Statement and the Prospectus that effects any such changes. As used in this Agreement, the term "Underwriter" includes, for all purposes of this Agreement unless the context otherwise requires, any person not listed in Schedule 1 hereto that, pursuant to this Section 10, purchases Shares that a defaulting Underwriter agreed but failed to purchase.

(b) If, after giving effect to any arrangements for the purchase of the Shares of a defaulting Underwriter or Underwriters by the non-defaulting Underwriters and the Company as provided in paragraph (a) above, the aggregate number of Shares that remain unpurchased on the Closing Date or the Additional Closing Date, as the case may be, does not exceed one-eleventh of the aggregate number of Shares to be purchased on such date, then the Company shall have the right to require each non-defaulting Underwriter to purchase the number of Shares that such Underwriter agreed to purchase hereunder on such date plus such Underwriter's pro rata share (based on the number of Shares that such Underwriter agreed to purchase on such date) of the Shares of such defaulting Underwriter or Underwriters for which such arrangements have not been made.

(c) If, after giving effect to any arrangements for the purchase of the Shares of a defaulting Underwriter or Underwriters by the non-defaulting Underwriters and the Company as provided in paragraph (a) above, the aggregate number of Shares that remain unpurchased on the Closing Date or the Additional Closing Date, as the case may be, exceeds one-eleventh of the aggregate amount of Shares to be purchased on such date, or if the Company shall not exercise the right described in paragraph (b) above, then this Agreement or, with respect to any Additional Closing Date, the obligation of the Underwriters to purchase Shares on the Additional Closing Date, as the case may be, shall terminate without liability on the part of the non-defaulting Underwriters. Any termination of this Agreement pursuant to this Section 10 shall be without liability on the part of the Company, except that the Company will continue to be liable for the payment of expenses as set forth in Section 11 hereof and except that the provisions of Section 7 hereof shall not terminate and shall remain in effect.

(d) Nothing contained herein shall relieve a defaulting Underwriter of any liability it may have to the Company or any non-defaulting Underwriter for damages caused by its default.

11. Payment of Expenses.

(a) Whether or not the transactions contemplated by this Agreement are consummated or this Agreement is terminated, the Company will pay or cause to be paid all costs and expenses incident to the performance of its obligations hereunder, including without limitation, (i) the costs incident to the authorization, issuance, sale, preparation and delivery of the Shares and any taxes payable in that connection; (ii) the costs incident to the preparation, printing and filing under the Securities Act of the Registration Statement, the Preliminary Prospectus, any Issuer Free Writing Prospectus, any Pricing Disclosure Package and the Prospectus (including all exhibits, amendments and supplements thereto) and the distribution thereof; (iii) the fees and expenses of the Company's counsel and independent accountants; (iv) the fees and expenses incurred in connection with the registration or qualification and determination of eligibility for investment of the Shares under the laws of such jurisdictions as the Representatives may designate and the preparation, printing and distribution of a Blue Sky Memorandum (including the related fees and expenses of counsel for the Underwriters not to exceed $[·]); (v) the cost of preparing stock certificates; (vi) the costs and charges of any transfer agent and any registrar; (vii) all expenses and application fees incurred in connection with any filing with, and clearance of the offering by, FINRA, including the fees and expenses of counsel to the Underwriters not to exceed $[·]; (viii) all expenses incurred by the Company in connection with any "road show" presentation to potential investors; provided that any expenses associated with any chartered aircraft used in connection with any "road show" presentation to potential investors will be paid 50% by the Company and 50% by the Underwriters; (ix) all expenses and application fees related to the listing of the Shares on the Nasdaq; and (x) all of the fees and disbursements of counsel incurred by the Underwriters in connection with the Directed Share Program and stamp duties, similar taxes or duties or other taxes, if any, incurred by the Underwriters in connection with the Directed Share Program.

(b) If (i) this Agreement is terminated pursuant to Section 9, (ii) the Company for any reason fails to tender the Shares for delivery to the Underwriters or (iii) the Underwriters decline to purchase the Shares for any reason permitted under this Agreement, the Company agrees to reimburse the Underwriters for all out-of-pocket costs and expenses (including the fees and expenses of their counsel) reasonably incurred by the Underwriters in connection with this Agreement and the offering contemplated hereby; *provided*, *however*, if the conditions in clauses (i) and (ii) of this section relate to the Option Shares only, then the obligation in this section shall relate only to the reimbursement of out of pocket costs and expenses reasonably incurred by the Underwriters in connection with the proposed purchase of the Option Shares.

12. Persons Entitled to Benefit of Agreement. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and the officers and directors and any controlling persons referred to herein, and the affiliates of each Underwriter referred to in Section 7 hereof. Nothing in this Agreement is intended or shall be construed to give any other person any legal or equitable right, remedy or claim under or in respect of this Agreement or any provision contained herein. No purchaser of Shares from any Underwriter shall be deemed to be a successor merely by reason of such purchase.

13. Survival. The respective indemnities, rights of contribution, representations, warranties and agreements of the Company and the Underwriters contained in this Agreement or made by or on behalf of the Company or the Underwriters pursuant to this Agreement or any certificate delivered pursuant hereto shall survive the delivery of and payment for the Shares and shall remain in full force and effect, regardless of any termination of this Agreement or any investigation made by or on behalf of the Company or the Underwriters or the directors, officers, controlling persons or affiliates referred to in Section 7 hereof.

14. Certain Defined Terms. For purposes of this Agreement, (a) except where otherwise expressly provided, the term “affiliate” has the meaning set forth in Rule 405 under the Securities Act; (b) the term “business day” means any day other than a day on which banks are permitted or required to be closed in New York City; and (c) the term “subsidiary” has the meaning set forth in Rule 405 under the Securities Act.

15. Compliance with USA Patriot Act. In accordance with the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)), the Underwriters are required to obtain, verify and record information that identifies their respective clients, including the Company, which information may include the name and address of their respective clients, as well as other information that will allow the Underwriters to properly identify their respective clients.

16. Miscellaneous.

(a) *Notices.* All notices and other communications hereunder shall be in writing and shall be deemed to have been duly given if mailed or transmitted and confirmed by any standard form of telecommunication. Notices to the Underwriters shall be given to the Representatives c/o Keefe, Bruyette & Woods, Inc., 787 Seventh Avenue, 5th Floor, New York, NY 10019, Attention: KBW Capital Markets; c/o J.P. Morgan Securities LLC, 383 Madison Avenue, New York, New York 10179 (fax: (212) 622-8358); Attention Equity Syndicate Desk. Notices to the Company shall be given to it at 401 North Hershey Road, Bloomington, IL 61704, Attention: Chief Compliance Officer.

(b) *Governing Law.* This Agreement and any claim, controversy or dispute arising under or related to this Agreement shall be governed by and construed in accordance with the laws of the State of New York.

(c) *Submission to Jurisdiction*. The Company hereby submits to the exclusive jurisdiction of the U.S. federal and New York state courts in the Borough of Manhattan in The City of New York in any suit or proceeding arising out of or relating to this Agreement or the transactions contemplated hereby. The Company waives any objection which it may now or hereafter have to the laying of venue of any such suit or proceeding in such courts. The Company agrees that final judgment in any such suit, action or proceeding brought in such court shall be conclusive and binding upon the Company and may be enforced in any court to the jurisdiction of which Company is subject by a suit upon such judgment.

(f) *Waiver of Jury Trial.* Each of the parties hereto hereby waives any right to trial by jury in any suit or proceeding arising out of or relating to this Agreement.

(g) *Recognition of the U.S. Special Resolution Regimes*.

(i) In the event that any Underwriter that is a Covered Entity becomes subject to a proceeding under a U.S. Special Resolution Regime, the transfer from such Underwriter of this Agreement, and any interest and obligation in or under this Agreement, will be effective to the same extent as the transfer would be effective under the U.S. Special Resolution Regime if this Agreement, and any such interest and obligation, were governed by the laws of the United States or a state of the United States.

(ii) In the event that any Underwriter that is a Covered Entity or a BHC Act Affiliate of such Underwriter becomes subject to a proceeding under a U.S. Special Resolution Regime, Default Rights under this Agreement that may be exercised against such Underwriter are permitted to be exercised to no greater extent than such Default Rights could be exercised under the U.S. Special Resolution Regime if this Agreement were governed by the laws of the United States or a state of the United States.

As used in this Section 16(g):

"BHC Act Affiliate" has the meaning assigned to the term "affiliate" in, and shall be interpreted in accordance with, 12 U.S.C. § 1841(k).

"Covered Entity" means any of the following:

(i) a "covered entity" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 252.82(b);

(ii) a "covered bank" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 47.3(b); or

(iii) a "covered FSI" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 382.2(b).

"Default Right" has the meaning assigned to that term in, and shall be interpreted in accordance with, 12 C.F.R. §§ 252.81, 47.2 or 382.1, as applicable.

"U.S. Special Resolution Regime" means each of (i) the Federal Deposit Insurance Act and the regulations promulgated thereunder and (ii) Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act and the regulations promulgated thereunder.

(h) *Counterparts.* This Agreement may be signed in counterparts (which may include counterparts delivered by any standard form of telecommunication), each of which shall be an original and all of which together shall constitute one and the same instrument.

(i) *Amendments or Waivers.* No amendment or waiver of any provision of this Agreement, nor any consent or approval to any departure therefrom, shall in any event be effective unless the same shall be in writing and signed by the parties hereto.

(j) *Headings.* The headings herein are included for convenience of reference only and are not intended to be part of, or to affect the meaning or interpretation of, this Agreement.

If the foregoing is in accordance with your understanding, please indicate your acceptance of this Agreement by signing in the space provided below.

Very truly yours,

HBT Financial, Inc.

By: ____________________________
Name:
Title:

Accepted: As of the date first written above

For themselves and on behalf of the several Underwriters listed in Schedule 1 hereto.

KEEFE, BRUYETTE & WOODS, INC.

By: ______________________________
Authorized Signatory

J.P. MORGAN SECURITIES LLC

By: ______________________________
Authorized Signatory

Schedule 1

Underwriter	Number of Shares
Keefe, Bruyette & Woods, Inc.	[·]
J.P. Morgan Securities LLC	[·]
Raymond James & Associates, Inc.	[·]
Sandler O’Neill & Partners, L.P.	[·]
D.A. Davidson & Co.	[·]
Total	[·]

Annex A

a. **Pricing Disclosure Package**

[None.]

b. **Pricing Information Provided Orally by Underwriters**

Price Per Share:	[·]
Number of Underwritten Shares:	[·]
Number of Option Shares:	[·]

Annex B

Written Testing-the-Waters Communications

Company Presentation, first used September 2, 2019

Annex C

[*Reserved*].

Exhibit A

EGC — Testing the Waters Authorization (to be delivered by the issuer to the Representatives in email or letter form)

In reliance on Section 5(d) of the Securities Act of 1933, as amended (the "Act"), Heartland Bancorp, Inc. (the "Issuer") hereby authorizes Keefe, Bruyette & Woods, Inc. ("KBW"), J.P. Morgan Securities LLC ("J.P. Morgan") and their affiliates and their respective employees, to engage on behalf of the Issuer in oral and written communications ("Testing-the-Waters Communications") with potential investors that are "qualified institutional buyers", as defined in Rule 144A under the Act, or institutions that are "accredited investors", as defined in Regulation D under the Act, to determine whether such investors might have an interest in the Issuer's contemplated initial public offering (the "Offering"). A "Written Testing-the Waters Communication" means any Testing-the-Waters Communication that is a written communication within the meaning of Rule 405 under the Act.

The Issuer represents that it is an "emerging growth company" as defined in Section 2(a)(19) of the Act ("Emerging Growth Company") and agrees to promptly notify KBW and J.P. Morgan in writing if the Issuer hereafter ceases to be an Emerging Growth Company while this authorization is in effect. If at any time following the distribution of any Written Testing-the-Waters Communication, there occurs an event or development as a result of which such Written Testing-the-Waters Communication included or would include an untrue statement of a material fact or omitted or would omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at that subsequent time, not misleading, the Issuer will promptly notify KBW and J.P. Morgan and will promptly amend or supplement, at its own expense, such Written Testing-the-Waters Communication to eliminate or correct such untrue statement or omission.

Nothing in this authorization is intended to limit or otherwise affect the ability of KBW, J.P. Morgan and their affiliates and their respective employees, to engage in communications in which they could otherwise lawfully engage in the absence of this authorization, including, without limitation, any written communication containing only one or more of the statements specified under Rule 134(a) under the Act. This authorization shall remain in effect until the Issuer has provided to KBW and J.P. Morgan a written notice revoking this authorization. All notices as described herein shall be sent by email to the attention of Andrew Fenwick at afenwick@kbw.com (for KBW) and Alaoui Zenere at alaoui.x.zenere@jpmorgan.com (for J.P. Morgan), with copies to Shane Tintle at shane.tintle@davispolk.com and Yoojin L. Kim at yoojin.kim@davispolk.com.

Exhibit B

[Form of Waiver of Lock-up]

KEEFE, BRUYETTE & WOODS, INC.
J.P. MORGAN SECURITIES LLC

HBT Financial, Inc.
Public Offering of Common Stock

[·], 2019

[Name and Address of
Officer or Director
Requesting Waiver]

Dear Mr./Ms. [Name]:

This letter is being delivered to you in connection with the offering by HBT Financial, Inc. (the "Company") of [·] shares of common stock, $[·] par value (the "Common Stock"), of the Company and the lock-up letter dated [·], 2019 (the "Lock-up Letter"), executed by you in connection with such offering, and your request for a [waiver] [release] dated [·], 2019, with respect to [ ] shares of Common Stock (the "Shares").

Keefe, Bruyette & Woods, Inc. and J.P. Morgan Securities LLC hereby agree to [waive] [release] the transfer restrictions set forth in the Lock-up Letter, but only with respect to the Shares, effective [·], 2019; provided, however, that such [waiver] [release] is conditioned on the Company announcing the impending [waiver] [release] by press release through a major news service at least two business days before effectiveness of such [waiver] [release]. This letter will serve as notice to the Company of the impending [waiver] [release].

Except as expressly [waived] [released] hereby, the Lock-up Letter shall remain in full force and effect.

Yours very truly,

KEEFE, BRUYETTE & WOODS, INC.

By: ______________________________
Name:
Title:

J.P. MORGAN SECURITIES LLC

By: ______________________________
Name:
Title:

cc: Company

Exhibit C

[Form of Press Release]

HBT Financial, Inc.
[Date]

HBT Financial, Inc. ("[Company]") announced today that Keefe, Bruyette & Woods, Inc. and J.P. Morgan Securities LLC, the lead book-running managers in the Company's recent public sale of   shares of common stock, is [waiving] [releasing] a lock-up restriction with respect to   shares of the Company's common stock held by [certain officers or directors] [an officer or director] of the Company. The [waiver] [release] will take effect on [·], 2019, and the shares may be sold on or after such date.

This press release is not an offer for sale of the securities in the United States or in any other jurisdiction where such offer is prohibited, and such securities may not be offered or sold in the United States absent registration or an exemption from registration under the United States Securities Act of 1933, as amended.

Exhibit D

[Form of Lock-Up Agreement]

[·], 2019

Keefe, Bruyette & Woods, Inc.
J.P. Morgan Securities LLC
As Representatives of the
several Underwriters listed
in Schedule 1 hereto

c/o Keefe, Bruyette & Woods, Inc.
787 Seventh Avenue
5th Floor
New York, NY 10019

c/o J.P. Morgan Securities LLC
383 Madison Avenue
New York, New York 10179

Re: HBT Financial, Inc. — Public Offering

Ladies and Gentlemen:

The undersigned understands that you, as Representatives of the several Underwriters, propose to enter into an underwriting agreement (the "Underwriting Agreement") with HBT Financial, Inc., a Delaware corporation (the "Company"), providing for the public offering (the "Public Offering") by the several Underwriters named in Schedule 1 to the Underwriting Agreement (the "Underwriters"), of common stock of the Company (the "Securities"). Capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Underwriting Agreement.

In consideration of the Underwriters' agreement to purchase and make the Public Offering of the Securities, and for other good and valuable consideration receipt of which is hereby acknowledged, the undersigned hereby agrees that, without the prior written consent of Keefe, Bruyette & Woods, Inc. and J.P. Morgan Securities LLC on behalf of the Underwriters, the undersigned will not, during the period beginning on the date of this letter agreement (this "Letter Agreement") and ending 180 days after the date of the prospectus relating to the Public Offering (the "Prospectus") (such period, the "Restricted Period"), (1) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of, directly or indirectly, any shares of common stock, $0.01 per share par value, of the Company (the "Common Stock") or any securities convertible into or exercisable or exchangeable for Common Stock (including without limitation, Common Stock or such other securities which may be deemed to be beneficially owned by the undersigned in accordance with the rules and regulations of the Securities and Exchange Commission and securities which may be issued upon exercise of a stock option or warrant), or publicly disclose the intention to undertake any of the foregoing, (2) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of the Common Stock or such other securities, whether any such transaction described in clause (1) or (2) above is to be settled by delivery of Common Stock or such other securities, in cash or otherwise or (3) make any demand for or exercise any right with respect to the registration of any shares of Common Stock or any security convertible into or exercisable or exchangeable for Common Stock. The undersigned acknowledges and agrees that the foregoing precludes the undersigned from engaging in any hedging or similar transactions designed or intended, or which could reasonably be expected to lead to or result in, a sale or disposition of any shares of Common Stock, or securities convertible into or exercisable or exchangeable for Common Stock, even if any such sale or disposition transaction or transactions would be made or executed by or on behalf of someone other than the undersigned. Notwithstanding the foregoing, the terms of this Letter Agreement shall not apply to or prohibit:

(A) the conversion of shares of nonvoting Series A stock held by the undersigned into shares of Common Stock in connection with the consummation of the Public Offering as described in the Registration Statement, the Disclosure Package and the Prospectus (provided that the Common Stock issued upon such conversion is subject to the restrictions set forth herein);

(B) the exercise or other disposition of Company stock appreciation rights outstanding on the date of this Letter Agreement (provided that such exercise or other disposition is settled solely in cash);

(C) transfers of shares of Common Stock as a bona fide gift or gifts;

(D) distributions of shares of Common Stock to members or stockholders of the undersigned;

(E) the establishment of a written trading plan pursuant to Rule 10b5-1 under the Exchange Act, for the transfer of shares of Common Stock, provided that such plan does not provide for the sale or transfer of shares of Common Stock during the Restricted Period;

(F) if the undersigned is an individual, transfers pursuant to the rules of intestate succession or by will upon the death of the undersigned;

(G) if the undersigned is an individual, transfers to any immediate family member or any trust, family limited liability company or like entity for the direct or indirect benefit of the undersigned or the undersigned's family, provided that any such transfer shall not involve a disposition for value;

(H) transfers of shares of Common Stock acquired in the open market after the closing of the Public Offering; and

(I) any transfer pursuant to a bona fide third party tender offer made to all holders of the Common Stock, merger, consolidation or other similar transaction involving a change of control (as defined below) of the Company, including voting in favor of any such transaction or taking any other action in connection with such transaction (provided that in the event that such tender offer, merger, consolidation or other such transaction is not completed, the undersigned shall remain subject to the restrictions contained in this Letter Agreement); for purposes of this clause (K), "change of control" shall mean the consummation of any bona fide third party tender offer, merger, purchase, consolidation or other similar transaction approved by the board of directors of the Company the result of which is that any "person" (as defined in Section 13(d)(3) of the Exchange Act), or group of persons, becomes the beneficial owner (as defined in Rules 13d-3 and 13d-5 of the Exchange Act) of a majority of total voting power of the voting stock of the Company;

provided that in the case of any transfer or distribution pursuant to clause (C), (D), (F) or (G) each donee, distributee or transferee shall execute and deliver to the Representatives a lock-up letter in the form of this paragraph; and provided, further, that in the case of any transfer or distribution pursuant to clause (C), (D), (E), (F), (G) or (H), no filing by any party (donor, donee, transferor or transferee) under the Exchange Act or other public announcement reporting a reduction in the beneficial ownership of Common Stock held by the undersigned shall be required or shall be made voluntarily in connection with such transfer or distribution (other than a filing on a Form 5 made after the expiration of the Restricted Period referred to above). If the undersigned is an officer or director of the Company, the undersigned further agrees that the foregoing provisions shall be equally applicable to any Company-directed Securities the undersigned may purchase in the Public Offering.

If the undersigned is an officer or director of the Company, (i) Keefe, Bruyette & Woods, Inc. and J.P. Morgan Securities LLC on behalf of the Underwriters agree that, at least three business days before the effective date of any release or waiver of the foregoing restrictions in connection with a transfer of shares of Common Stock, Keefe, Bruyette & Woods, Inc. and J.P. Morgan Securities LLC on behalf of the Underwriters will notify the Company of the impending release or waiver, and (ii) the Company has agreed in the Underwriting Agreement to announce the impending release or waiver by press release through a major news service at least two business days before the effective date of the release or waiver. Any release or waiver granted by Keefe, Bruyette & Woods, Inc. and J.P. Morgan Securities LLC on behalf of the Underwriters hereunder to any such officer or director shall only be effective two business days after the publication date of such press release. The provisions of this paragraph will not apply if (a) the release or waiver is effected solely to permit a transfer not for consideration and (b) the transferee has agreed in writing to be bound by the same terms described in this letter to the extent and for the duration that such terms remain in effect at the time of the transfer.

In furtherance of the foregoing, the Company, and any duly appointed transfer agent for the registration or transfer of the securities described herein, are hereby authorized to decline to make any transfer of securities if such transfer would constitute a violation or breach of this Letter Agreement.

The undersigned hereby represents and warrants that the undersigned has full power and authority to enter into this Letter Agreement. All authority herein conferred or agreed to be conferred and any obligations of the undersigned shall be binding upon the successors, assigns, heirs or personal representatives of the undersigned.

The undersigned understands that, if the Underwriting Agreement does not become effective by [·], 2019, or if the Underwriting Agreement (other than the provisions thereof which survive termination) shall terminate or be terminated prior to payment for and delivery of the Common Stock to be sold thereunder, or if the Company files an application to withdraw the registration statement related to the Public Offering, the undersigned shall be released from all obligations under this Letter Agreement. The undersigned understands that the Underwriters are entering into the Underwriting Agreement and proceeding with the Public Offering in reliance upon this Letter Agreement.

This Letter Agreement and any claim, controversy or dispute arising under or related to this Letter Agreement shall be governed by and construed in accordance with the laws of the State of New York.

Very truly yours,

[*NAME OF STOCKHOLDER*]

By: ____________________________

Name:

Title:

Exhibit E

FORM OF CHIEF FINANCIAL OFFICER CERTIFICATE

Exhibit 3.1

RESTATED CERTIFICATE OF INCORPORATION

OF

HBT FINANCIAL, INC.

HBT Financial, Inc., a Delaware corporation (the "Corporation"), hereby certifies as follows:

1. The Corporation was originally formed as Heartland Financial Bancshares, Inc. and filed its original certificate of incorporation with the Secretary of State on June 28, 1982.

2. The restated certificate of incorporation (as it may be amended, this "Certificate of Incorporation") amends, restates and integrates the provisions of the certificate of incorporation of said corporation and has been duly adopted in accordance with the provisions of Sections 242 and 245 of the General Corporation Law of the State of Delaware (the "DGCL") by written consent of the Board of Directors and by the holders of a majority of the outstanding stock entitled to vote thereon in accordance with the provisions of Section 228 of the General Corporation Law of the State of Delaware.

3. The text of the certificate of incorporation is hereby amended and restated to read in full as set forth on <u>Exhibit A</u> attached hereto and made a part hereof.

* * * * *

IN WITNESS WHEREOF, HBT Financial, Inc. has caused this certificate to be signed by , its , on the day of , 2019.

HBT FINANCIAL, INC.

Name: Fred L. Drake
Its: Chairman and Chief Executive Officer

RESTATED CERTIFICATE OF INCORPORATION

OF

HBT FINANCIAL, INC.

FIRST. The name of the Corporation is HBT Financial, Inc.

SECOND. The address of the Corporation's registered office in the State of Delaware is 251 Little Falls Drive in the City of Wilmington, County of New Castle, Zip Code 19808. The name of its registered agent at such address is The Prentice-Hall Corporation System, Inc.

THIRD. The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the DGCL.

FOURTH.

A. *Classes and Number of Shares.*

1. The total number of shares of all classes of stock which the Corporation shall have authority to issue is 150,000,000, of which 125,000,000 shares, par value of $0.01 per share, shall be designated as Common Stock and 25,000,000 shares, par value of $0.01 per share, shall be designated as Preferred Stock.

2. Upon the effectiveness of the filing of this Certificate of Incorporation (the "Effective Time"), each share of the Corporation's Series A Common Stock, par value $0.01 per share (the "Series A Common Stock"), issued and outstanding immediately prior to the Effective Time shall be reclassified as and converted into one share of Common Stock. Until surrendered, each certificate that prior to the Effective Time represented shares of Series A Common Stock shall, from and after the Effective Time, represent the number of shares of Common Stock into which the shares of Series A Common Stock represented by such stock certificate immediately prior to the Effective Time were reclassified and converted pursuant hereto.

B. *Powers and Rights of Common Stock.*

1. Except as otherwise provided by the DGCL or this Certificate of Incorporation and subject to the rights of holders of any series of Preferred Stock, all of the voting power of the stockholders of the Corporation shall be vested in the holders of the Common Stock. Each share of Common Stock shall entitle the holder thereof to one vote for each share held by such holder on all matters voted upon by the stockholders of the Corporation; *provided*, *however*, that, except as otherwise required by law, holders of Common Stock, as such, shall not be entitled to vote on any amendment to this Certificate of Incorporation (including any certificate of designation relating to any series of Preferred Stock) that relates solely to the terms of one or more outstanding series of Preferred Stock if the holders of such affected series are entitled, either separately or together with the holders of one or more other such series, to vote thereon pursuant to this Certificate of Incorporation (including any certificate of designation relating to any series of Preferred Stock) or pursuant to the DGCL.

2. Except as otherwise required by law or expressly provided in this Certificate of Incorporation, each share of Common Stock shall have the same powers, rights and privileges and shall rank equally, share ratably and be identical in all respects as to all matters.

3. Subject to the rights of the holders of Preferred Stock and to the other provisions of applicable law and this Certificate of Incorporation, holders of Common Stock shall be entitled to receive equally, on a per share basis, such dividends and other distributions in cash, securities or other property of the Corporation if, as and when declared thereon by the Board of Directors from time to time out of assets or funds of the Corporation legally available therefor.

4. In the event of any liquidation, dissolution or winding up of the affairs of the Corporation, whether voluntary or involuntary, after payment or provision for payment of the Corporation's debts and any other payments required by law and amounts payable upon shares of Preferred Stock ranking senior to the shares of Common Stock upon such dissolution, liquidation or winding up, if any, the remaining net assets of the Corporation shall be distributed to the holders of shares of Common Stock and the holders of shares of any other class or series ranking equally with the shares of Common Stock upon such dissolution, liquidation or winding up, equally on a per share basis. A merger or consolidation of the Corporation with or into any other corporation or other entity, or a sale or conveyance of all or any part of the assets of the Corporation (which shall not in fact result in the liquidation of the Corporation and the distribution of assets to its stockholders) shall not be deemed to be a voluntary or involuntary liquidation or dissolution or winding up of the Corporation within the meaning of this Paragraph B.4.

5. No holder of shares of Common Stock shall be entitled to preemptive or subscription rights.

C. *Powers and Rights of Preferred Stock.*

1. Shares of Preferred Stock may be issued in one or more series from time to time by the Board of Directors.

2. The Board of Directors is expressly authorized to fix by resolution or resolutions the designations and the powers, preferences and rights, and the qualifications, limitations and restrictions thereof, of the shares of each series of Preferred Stock, including, without limitation, the following:

a. the distinctive serial designation of such series which shall distinguish it from other series;

b. the number of shares included in such series;

c. the dividend rate (or method of determining such rate) payable to the holders of the shares of such series, any conditions upon which such dividends shall be paid and the date or dates upon which such dividends shall be payable;

d. whether dividends on the shares of such series shall be cumulative and, in the case of shares of any series having cumulative dividend rights, the date or dates or method of determining the date or dates from which dividends on the shares of such series shall be cumulative;

e. the amount or amounts which shall be payable out of the assets of the Corporation to the holders of the shares of such series upon voluntary or involuntary liquidation, dissolution or winding up of the Corporation, and the relative rights of priority, if any, of payment of the shares of such series;

f. the price or prices at which, the period or periods within which and the terms and conditions upon which the shares of such series may be redeemed, in whole or in part, at the option of the Corporation or at the option of the holder or holders thereof or upon the happening of a specified event or events;

g. the obligation, if any, of the Corporation to purchase or redeem shares of such series pursuant to a sinking fund or otherwise and the price or prices at which, the period or periods within which and the terms and conditions upon which the shares of such series shall be redeemed or purchased, in whole or in part, pursuant to such obligation;

h. whether or not the shares of such series shall be convertible or exchangeable, at any time or times at the option of the holder or holders thereof or at the option of the Corporation or upon the happening of a specified event or events, into shares of any other class or classes or any other series of the same or any other class or classes of stock of the Corporation, and the price or prices or rate or rates of exchange or conversion and any adjustments applicable thereto;

i. whether or not the holders of the shares of such series shall have voting rights, in addition to the voting rights provided by law, and if so, the terms of such voting rights; and

j. any other powers, preferences and rights and qualifications, limitations and restrictions not inconsistent with the DGCL.

3. For all purposes, this Certificate of Incorporation shall include each certificate of designations setting forth the terms of a series of Preferred Stock.

4. Unless otherwise provided in the resolution or resolutions of the Board of Directors or a duly authorized committee thereof establishing the terms of a series of Preferred Stock, no holder of any share of Preferred Stock shall be entitled as of right to vote on any amendment or alteration of the Certificate of Incorporation to authorize or create, or increase the authorized amount of, any other class or series of Preferred Stock or any alteration, amendment or repeal of any provision of any other series of Preferred Stock that does not adversely affect in any material respect the rights of the series of Preferred Stock held by such holder.

5. Except as otherwise required by the DGCL or provided in the resolution or resolutions of the Board of Directors or a duly authorized committee thereof establishing the terms of a series of Preferred Stock, no holder of Common Stock, as such, shall be entitled to vote on any amendment or alteration of the Certificate of Incorporation that alters, amends or changes the

powers, preferences, rights or other terms of one or more outstanding series of Preferred Stock if the holders of such affected series are entitled, either separately or together with the holders of one or more other series of Preferred Stock, to vote thereon pursuant to the Certificate of Incorporation or pursuant to the DGCL.

6. Subject to the rights of the holders of any series of Preferred Stock, the number of authorized shares of any class or series of Preferred Stock may be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of the holders of a majority of the outstanding shares of such class or series, voting together as a single class, irrespective of the provisions of Section 242(b)(2) of the DGCL or any corresponding provision hereafter enacted.

7. Unless otherwise provided in the resolution or resolutions of the Board of Directors or a duly authorized committee thereof establishing the terms of a series of Preferred Stock, no holder of any share of Preferred Stock shall, in such capacity, be entitled to bring a derivative action, suit or proceeding on behalf of the Corporation.

FIFTH. The Board of Directors of the Corporation is expressly authorized to adopt, amend or repeal Bylaws of the Corporation.

SIXTH.

A. The number of directors of the corporation shall be fixed from time to time pursuant to the Bylaws of the Corporation.

B. The directors shall be elected by a plurality of the votes cast; *provided that*, whenever the holders of any class or series of capital stock of the Corporation are entitled to elect one or more directors pursuant to the provisions of this Certificate of Incorporation (including, but not limited to, any duly authorized certificate of designation), such directors shall be elected by a plurality of the votes cast by such holders. Elections of directors need not be by written ballot except and to the extent provided in the Bylaws of the Corporation.

C. Subject to the rights of the holders of any series of Preferred Stock then outstanding, newly created directorships resulting from any increase in the authorized number of directors or any vacancies in the Board of Directors resulting from death, resignation, disqualification, removal from office or any other cause may be filled only by resolution of a majority of the directors then in office, although less than a quorum, or by a sole remaining director, and may not be filled in any other manner. A director elected or appointed to fill a vacancy shall serve for the unexpired term of his or her predecessor in office and until his or her successor is elected and qualified or until his or her earlier death, resignation or removal. A director elected or appointed to fill a position resulting from an increase in the number of directors shall hold office until the next election of the class for which such director shall have been elected or appointed and until his or her successor is elected and qualified, or until his or her earlier death, resignation or removal. No decrease in the authorized number of directors shall shorten the term of any incumbent director.

SEVENTH. Subject to the rights of the holders of any series of Preferred Stock then outstanding and to the requirements of applicable law, special meetings of stockholders of the Corporation may be called only by or at the direction of the Chairperson of the Board of Directors or by Board of Directors pursuant to a written resolution adopted by the affirmative vote of the majority of the total number of directors that the Corporation would have if there were no vacancies. Any business transacted at any special meeting of stockholders shall be limited to the purpose or purposes stated in the notice of the meeting.

EIGHTH. Prior to the first date on which the voting trust governed by the Voting Trust Agreement, dated as of May 4, 2016, among Fred L. Drake, the Corporation and the depositors party thereto, ceases to own of record more than thirty-five (35%) of the outstanding shares of Common Stock (the "Trigger Date"), any action required or permitted to be taken at a meeting of stockholders of the Corporation may be taken without a meeting, without prior notice and without a vote, if a consent in writing, setting forth the action so taken, shall be signed by the holders of outstanding Common Stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted. Prompt notice of the taking of corporate action without a meeting by less than unanimous written consent shall be given to those stockholders who have not consented in writing. From and after the Trigger Date, any action required or permitted to be taken by the Corporation's stockholders may be taken only at a duly called annual or special meeting of the Corporation's stockholders and the power of stockholders to consent in writing without a meeting is specifically denied; provided, however, that any action required or permitted to be taken by the holders of Preferred Stock, voting separately as a series or separately as a class with one or more other such series, may be taken without a meeting, without prior notice and without a vote, to the extent expressly so provided the resolutions creating such series of Preferred Stock.

NINTH.

A. To the fullest extent authorized by the DGCL, a director of the Corporation shall not be liable to the corporation or its stockholders for monetary damages for breach of such director's fiduciary duty as a director, except to the extent that such exemption from liability or limitation thereof is not permitted under the DGCL as currently in effect or as the same may hereafter be amended.

B. To the fullest extent permitted by the DGCL, the corporation is authorized to provide indemnification of (and advancement of expenses to) the Corporation's directors, officers, employees and agents (and any other persons to which the DGCL permits the corporation to provide indemnification) through the Corporation's by-laws, agreements with such persons, vote of stockholders or disinterested directors or otherwise, in excess of the indemnification and advancement otherwise permitted by Section 145 of the DGCL, subject only to limits created by applicable Delaware law (statutory or non-statutory), with respect to actions for breach of duty to the corporation, its stockholders and others, and by any applicable federal or state bank regulatory laws or regulations. Such right to indemnification and advancement of expenses shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

C. No amendment, modification or repeal of this Article NINTH shall adversely affect any right or protection of a director, officer, employee or agent or other person existing at the time of, or increase the liability of any person with respect to any acts or omissions of such person occurring prior to, such amendment, modification or repeal.

TENTH. The corporation expressly elects not to be governed by Section 203 of the DGCL.

AMENDED AND RESTATED BYLAWS

OF

HBT FINANCIAL, INC.

A Delaware corporation
(Adopted as of , 2019)

ARTICLE I

Stockholders

Section 1.1 Annual Meetings. An annual meeting of stockholders shall be held for the election of directors at such date, time and place either within or without the State of Delaware, or may not be held at any place, but may instead be held solely by means of remote communication, as may be designated by the Board of Directors of the Corporation (the "Board of Directors") from time to time. Any other proper business may be transacted at the annual meeting. The Corporation may postpone, reschedule or cancel any annual meeting of stockholders previously scheduled by the Board of Directors.

Section 1.2 Special Meetings. Special meetings of the stockholders may only be called in the manner provided in the restated certificate of incorporation (as it may be amended, the "Certificate of Incorporation"). Business transacted at any special meeting of stockholders shall be limited to the purposes stated in the notice of the meeting. The Corporation may postpone, reschedule or cancel any special meeting of stockholders previously scheduled by the Board of Directors.

Section 1.3 Notice of Meetings. Whenever stockholders are required or permitted to take any action at a meeting, a notice of the meeting shall be given which shall state the place, if any, date and hour of the meeting, the means of remote communications, if any, by which stockholders and proxyholders may be deemed to be present in person and vote at such meeting, the record date for determining the stockholders entitled to vote at the meeting, if such date is different from the record date for determining stockholders entitled to notice of the meeting, and, in the case of a special meeting, the purpose or purposes for which the meeting is called. Unless otherwise provided by law, the notice of any meeting shall be given not less than 10 nor more than 60 days before the date of the meeting to each stockholder entitled to vote at such meeting as of the record date for determining the stockholders entitled to notice of the meeting. If mailed, such notice shall be deemed to be given when deposited in the United States mail, postage prepaid, directed to the stockholder at such stockholder's address as it appears on the records of the Corporation. If delivered by courier service, such notice shall be directed to the stockholder at such stockholder's address as it appears on the records of the Corporation and deemed to be given upon the earlier of when notice is received or left at such stockholder's address. In addition, if given by electronic mail, such notice shall be given when directed to the stockholder at such stockholder's electronic mail address as it appears on the records of the Corporation unless (i) the stockholder has notified the Corporation in writing or by electronic transmission of an objection to receiving notice by electronic mail or (ii) the Corporation has been unable to deliver by such electronic mail address two consecutive notices given by the Corporation and such inability becomes known to the Secretary or an Assistant Secretary or to the transfer agent of the Corporation or other person responsible for the giving of notice; provided, that the inadvertent failure to discover such inability shall not invalidate any meeting or other action. If such notice is transmitted by a posting on an electronic network together with separate notice to the stockholder of such specific posting, such notice shall be deemed to be given upon the later of (i) such posting, and (ii) the giving of such separate notice. If such notice is transmitted by any other form of electronic transmission consented to by the stockholder, such notice shall be deemed to be given when directed to the stockholder. Notice shall be deemed to have been given to all stockholders of record who share an address if notice is given in accordance with the "householding" rules set forth in the rules of the Securities and Exchange Commission (the "SEC") under the Securities Exchange Act of 1934 (the "Exchange Act") and Section 233 of the Delaware General Corporation Law (the "DGCL"). For purposes of these amended and restated bylaws (these "Bylaws"), "electronic transmission" means any form of communication, not directly involving the physical transmission of paper, including the use of, or participation in, one or more electronic networks or databases (including one or more distributed electronic networks or databases), that creates a record that may be retained, retrieved and reviewed by a recipient thereof, and that may be directly reproduced in paper form through an automated process.

Section 1.4 Adjournments. Any meeting of stockholders, annual or special, may be adjourned from time to time, to reconvene at the same or some other place, and notice need not be given of any such adjourned meeting if the time, place, if any, thereof, and the means of remote communications, if any, thereof, are announced at the meeting at which the adjournment is taken. At the adjourned meeting, the Corporation may transact any business which might have been transacted at the original meeting. If the adjournment is for more than 30 days, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting. If after the adjournment a new record date for determination of stockholders entitled to vote is fixed for the adjourned meeting, the Board of Directors shall fix as the record date for determining stockholders entitled to notice of such adjourned meeting the same or an earlier date as that fixed for determination of stockholders entitled to vote at the adjourned meeting, and shall give notice of the adjourned meeting to each stockholder of record as of the record date so fixed for notice of such adjourned meeting.

Section 1.5 Quorum. At each meeting of stockholders, except where otherwise provided by law or the Certificate of Incorporation or these Bylaws, the holders of a majority in voting power of the outstanding shares of stock entitled to vote at the meeting, present in person or represented by proxy, shall constitute a quorum. Where a separate vote by class, classes or series is required for any matter, the holders of a majority in voting power of the outstanding shares of such class, classes or series, present in person or represented by proxy, shall constitute a quorum to take action with respect to that vote on that matter. In the absence of a quorum of the holders of any class, classes or series of stock entitled to vote on a matter, either (a) the holders of such class, classes or series so present or represented may, by majority vote, adjourn the meeting of such class, classes or series from time to time in the manner provided by Section 1.4 of these Bylaws until a quorum of such class, classes or series shall be so present or represented or (b), the Chairperson of the meeting may on his or her own motion adjourn the meeting from time to time in the manner provided by Section 1.4 of these Bylaws until a quorum of such class shall be so present and represented without the approval of the stockholders who are present in person or represented by proxy and entitled to vote, without notice other than announcement at the meeting unless such adjournment is for more than 30 days or a new record date for determination of stockholders entitled to vote is fixed for the adjourned meeting. Shares of its own capital stock belonging on the record date for determining stockholders entitled to vote at the meeting to the Corporation or to another corporation, if a majority of the shares entitled to vote in the election of directors of such other corporation is held, directly or indirectly, by the Corporation, shall neither be entitled to vote nor be counted for quorum purposes; *provided*, *however*, that the foregoing shall not limit the right of the Corporation to vote stock, including but not limited to its own stock, held by it in a fiduciary capacity.

Section 1.6 Organization.

(a) Meetings of stockholders shall be presided over by the Chairperson of the Board of Directors, or in the absence of the Chairperson of the Board by the Chief Executive Officer, or in the absence of the Chief Executive Officer by the President (if any), or in the absence of the President by an Executive Vice President, or in the absence of the foregoing persons by a chairperson designated by the Board of Directors, or in the absence of such designation by a chairperson chosen at the meeting. The Secretary, or in the absence of the Secretary, an Assistant Secretary, shall act as secretary of the meeting, but in the absence of the Secretary and any Assistant Secretary the chairperson of the meeting may appoint any person to act as secretary of the meeting.

(b) The Board of Directors may adopt by resolution such rules and regulations for the conduct of the meeting of stockholders as it shall deem appropriate. Except to the extent inconsistent with such rules and regulations as adopted by the Board of Directors, the chairperson of the meeting shall have the right and authority to convene and (for any or no reason) to recess and/or adjourn the meeting, to prescribe such rules, regulations and procedures and to do all such acts and things as are necessary or desirable for the proper conduct of the meeting Such rules, regulations or procedures, whether adopted by the Board of Directors or prescribed by the chairperson of the meeting, may include, without limitation, (i) the establishment of an agenda or order of business for the meeting. (ii) the establishment of procedures for the maintenance of order and safety, (iii) limitations on attendance at or participation in the meeting to stockholders entitled to vote at the meeting, their duly authorized and constituted proxies or such other persons as the presiding person of the meeting shall determine, (iv) limitations on the time allotted to questions or comments on the affairs of the Corporation, (v) restrictions on entry to such meeting after the time prescribed for the commencement thereof and (vi) the opening and closing of the voting polls, for each item on which a vote is to be taken. In addition to making any other determinations that may be appropriate to the conduct of the meeting, the chairperson of the meeting shall (or, in advance of any meeting, the Board of Directors may), if the facts warrant, determine and declare to the meeting that a matter or business was not properly brought before the meeting and if it shall be so determined, the chairperson of the meeting shall so declare to the meeting and any such matter or business not properly brought before the meeting shall not be transacted or considered. Unless and to the extent determined by the Board of Directors or the chairperson of the meeting, meetings of stockholders shall not be required to be held in accordance with the rules of parliamentary procedure.

Section 1.7 Inspectors.

(a) Prior to any meeting of stockholders, the Board of Directors or the Chief Executive Officer shall appoint one or more inspectors to act at such meeting and make a written report thereof and may designate one or more persons as alternate inspectors to replace any inspector who fails to act. If no inspector or alternate is able to act at the meeting of stockholders, the chairperson of the meeting shall appoint one or more inspectors to act at the meeting. Each inspector, before entering upon the discharge of his or her duties, shall take and sign an oath faithfully to execute the duties of inspector with strict impartiality and according to the best of his or her ability. The inspectors shall ascertain the number of shares outstanding and the voting power of each, determine the shares represented at the meeting and the validity of proxies and ballots, count all votes and ballots, determine and retain for a reasonable period a record of the disposition of any challenges made to any determination by the inspectors and certify their determination of the number of shares represented at the meeting and their count of all votes and ballots. The inspectors may appoint or retain other persons to assist them in the performance of their duties.

(b) The date and time of the opening and closing of the polls for each matter upon which the stockholders will vote at a meeting shall be announced at the meeting. No ballot, proxy or vote, nor any revocation thereof or change thereto, shall be accepted by the inspectors after the closing of the polls.

(c) In determining the validity and counting of proxies and ballots, the inspectors shall be limited to an examination of the proxies, any envelopes submitted therewith, any information provided by a stockholder who submits a proxy by electronic transmission from which it can be determined that the proxy was authorized by the stockholder, any written ballot or, if authorized by the Board of Directors, a ballot submitted by electronic transmission together with any information from which it can be determined that the electronic transmission was authorized by the stockholder, any information provided in a record of a vote if such vote was taken at the meeting by means of remote communication along with any information used to verify that any person deemed present and permitted to vote at the meeting by means of remote communication is a stockholder, ballots and the regular books and records of the Corporation, and they may also consider other reliable information for the limited purpose of reconciling proxies and ballots submitted by or on behalf of banks, brokers, their nominees or similar persons which represent more votes than the holder of a proxy is authorized by the record owner to cast or more votes than the stockholder holds of record. If the inspectors consider other reliable information for such purpose, they shall, at the time they make their certification, specify the precise information considered by them, including the person or persons from whom they obtained the information, when the information was obtained, the means by which the information was obtained and the basis for the inspectors' belief that such information is accurate and reliable.

Section 1.8 Voting.

(a) Unless otherwise provided in the Certificate of Incorporation, each stockholder entitled to vote at any meeting of stockholders shall be entitled to one vote for each share of stock held by such stockholder which has voting power upon the matter in question.

(b) Voting at meetings of stockholders need not be by written ballot.

(c) Directors shall be elected by a plurality of the votes of the shares present in person or represented by proxy at the meeting and entitled to vote on the election of directors; provided, that whenever the holders of any class or series of capital stock of the Corporation are entitled to elect one or more directors pursuant to the provisions of the Certificate of Incorporation (including, but not limited to, any duly authorized certificate of designation), such directors shall be elected by a plurality of the votes cast by such holders. In all other matters, unless a different or minimum vote is required by the Certificate of Incorporation, these Bylaws, the rules or regulations of any stock exchange applicable to the Corporation or any law or regulation applicable to the Corporation or its securities, in which case such minimum or different vote shall be the required vote on such matter, the affirmative vote of the holders of a majority in voting power of the shares present in person or represented by proxy at the meeting and entitled to vote on the subject matter shall be the act of the stockholders. Where a separate vote by one or more class, classes or series is required on any matter other than the election of directors, the affirmative vote of the holders of a majority in voting power of the shares of such class, classes or series present in person or represented by proxy at the meeting shall be the act of such class, classes or series, unless a different or minimum vote is required by the Certificate of Incorporation, these Bylaws, the rules or regulations of any stock exchange applicable to the Corporation or any law or regulation applicable to the Corporation or its securities, in which case such different or minimum vote shall be the required vote of such class, classes or series on such matter. For purposes of this Section 1.8, shares for which votes are cast “for” or “against” and for which there is an “abstention” with respect to such matter shall be counted as shares of stock of the Corporation entitled to vote on such matter, while “broker non-votes” (or other shares of stock of the Corporation similarly not entitled to vote) shall not be counted as shares entitled to vote on such matter.

Section 1.9 Proxies. Each stockholder entitled to vote at a meeting of stockholders or to express consent or dissent to corporate action in writing without a meeting may authorize another person or persons to act for such stockholder by proxy, but no such proxy shall be voted or acted upon after three years from its date, unless the proxy provides for a longer period. A duly executed proxy shall be irrevocable if it states that it is irrevocable and if, and only as long as, it is coupled with an interest sufficient in law to support an irrevocable power, regardless of whether the interest with which it is coupled is an interest in the stock itself or an interest in the Corporation generally. A stockholder may revoke any proxy which is not irrevocable by attending the meeting and voting in person or by filing an instrument in writing revoking the proxy or another duly executed proxy bearing a later date with the Secretary of the Corporation.

Section 1.10 Fixing Date for Determination of Stockholders of Record.

(a) In order that the Corporation may determine the stockholders entitled to notice of any meeting of stockholders or any adjournment thereof, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which record date shall not be more than 60 nor less than 10 days before the date of such meeting. If the Board of Directors so fixes a date, such date shall also be the record date for determining the stockholders entitled to vote at such meeting unless the Board of Directors determines, at the time it fixes such record date, that a later date on or before the date of the meeting shall be the date for making such determination. If no record date is fixed by the Board of Directors, the record date for determining stockholders entitled to notice of and to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; *provided*, *however*, that the Board of Directors may fix a new record date for determination of stockholders entitled to vote at the adjourned meeting, and in such case shall also fix the record date for stockholders entitled to notice of such adjourned meeting the same or an earlier date as that fixed for determination of stockholders entitled to vote in accordance with the foregoing provisions of this Section 1.10(a) at the adjourned meeting.

(b) In order that the Corporation may determine the stockholders entitled to receive payment of any dividend or other distribution or allotment of any rights or the stockholders entitled to exercise any rights in respect of any change, conversion or exchange of stock, or for the purpose of any other lawful action, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted, and which record date shall be not more than 60 days prior to such action. If no record date is fixed, the record date for determining stockholders for any such purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto.

Section 1.11 List of Stockholders Entitled to Vote. The Corporation shall prepare, at least ten days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting; provided, however, if the record date for determining the stockholders entitled to vote is less than 10 days before the meeting date, the list shall reflect the stockholders entitled to vote as of the 10^{th} day before the meeting date, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Nothing in this Section 1.11 shall require the Corporation to include electronic mail addresses or other electronic contact information on such list. Such list shall be open to the examination of any stockholder for any purpose germane to the meeting for a period of at least 10 days prior to the meeting (a) on a reasonably accessible electronic network, *provided* that the information required to gain access to such list is provided with the notice of the meeting, or (b) during ordinary business hours, at the principal place of business of the Corporation. In the event that the Corporation determines to make the list available on an electronic network, the Corporation may take reasonable steps to ensure that such information is available only to stockholders of the Corporation. If the meeting is to be held at a place, then a list of stockholders entitled to vote at the meeting shall be produced and kept at the time and place of the meeting during the whole time thereof and may be examined by any stockholder who is present. If the meeting is to be held solely by means of remote communication, then such list shall also be open to the examination of any stockholder during the whole time of the meeting on a reasonably accessible electronic network, and the information required to access such list shall be provided with the notice of the meeting.

Section 1.12 Advance Notice of Stockholder Nominees for Director and Other Stockholder Proposals.

(a) Business at Annual Meetings of Stockholders.

(i) Only such business (other than nominations of persons for election to the Board of Directors, which must be made in compliance with and are governed exclusively by Section 1.12(b) of this Article I) shall be conducted at an annual meeting of the stockholders as shall have been brought before the meeting (A) as specified in the Corporation’s notice of the annual meeting (or any supplement thereto), (B) by or at the direction of the Board of Directors or any duly authorized committee thereof, or (C) by any stockholder of the Corporation who (1) was a stockholder of record at the time of giving of notice provided for in Section 1.12(a)(iii) of this Article I and at the time of the meeting, (2) is entitled to vote at the annual meeting and (3) complies with the notice procedures and other requirements set forth in this Section 1.12(a) of Article I. For the avoidance of doubt, the foregoing clause (C) of this Section 1.12(a)(i) of Article I shall be the exclusive means for a stockholder to propose such business (other than business included in the Corporation’s proxy materials pursuant to Rule 14a-8 under the Securities Exchange Act of 1934, as amended (the “Exchange Act”) before an annual meeting of stockholders.

(ii) For any business (other than nominations of persons for election to the Board of Directors, which must be made in compliance with and are governed exclusively by Section 1.12(b) of this Article I) to be properly brought before an annual meeting by a stockholder, the stockholder must have given timely notice thereof in proper written form as described in Section 1.12(a)(iii) of this Article I to the Secretary; any such proposed business must be a proper matter for stockholder action and the stockholder and the Stockholder Associated Person (as defined in Section 1.12(e) of this Article I) must have acted in accordance with the representations set forth in the Solicitation Statement (as defined in Section 1.12(a)(iii) of this Article I) required by these Bylaws. A stockholder’s notice for such business must be delivered by hand and may not be delivered in any other manner, and to be timely must be received by the Secretary at the principal executive offices of the Corporation in proper written form not less than ninety (90) days and not more than one hundred twenty (120) days prior to the first anniversary of the preceding year’s annual meeting of stockholders (which date shall, for purposes of the Corporation’s first annual meeting of stockholders after its shares of Common Stock are first publicly traded, be deemed to have occurred on , 2019); provided, however, that if and only if the annual meeting is not scheduled to be held within a period that commences thirty (30) days before such anniversary date and ends seventy (70) days after such anniversary date, or if no annual meeting was held in the preceding year (other than for purposes of the Corporation’s first annual meeting of stockholders after its shares of Common Stock are first publicly traded), such stockholder's notice must be delivered by the later of (A) the tenth day following the day the Public Announcement (as defined in Section 1.12(e) of this Article I) of the date of the annual meeting is first made or (B) the date which is ninety (90) days prior to the date of the annual meeting. In no event shall any adjournment or postponement of an annual meeting or the announcement thereof commence a new time period (or extend any time period) for the giving of a stockholder's notice as described above. Notices delivered pursuant to Section 1.12(a) of this Article I will be deemed received on any given day only if received prior to the close of business on such day (and otherwise shall be deemed received on the next succeeding business day). The number of nominees a stockholder may nominate for election at the annual meeting (or in the case of a stockholder giving the notice on behalf of a beneficial owner, the number of nominees a stockholder may nominate for election at the annual meeting on behalf of such beneficial owner) shall not exceed the number of directors to be elected at such annual meeting.

(iii) To be in proper written form, a stockholder's notice to the Secretary must set forth as to each matter of business the stockholder proposes to bring before the annual meeting:

(A) a brief description of the business desired to be brought before the annual meeting (including the specific text of any resolutions or actions proposed for consideration and if such business includes a proposal to amend these Bylaws, the specific language of the proposed amendment) and the reasons for conducting such business at the annual meeting,

(B) the name and address of the stockholder proposing such business, as they appear on the Corporation's books, the name and address (if different from the Corporation's books) of such proposing stockholder, and the name and address of any Stockholder Associated Person,

(C) the class or series and number of shares of stock of the Corporation which are directly or indirectly held of record or beneficially owned by such stockholder or by any Stockholder Associated Person, a description of any Derivative Positions (as defined in Section 1.12(e) of this Article I) directly or indirectly held or beneficially held by the stockholder or any Stockholder Associated Person, and whether and to the extent to which a Hedging Transaction (as defined in Section 1.12(e) of this Article I) has been entered into by or on behalf of such stockholder or any Stockholder Associated Person,

(D) a description of all arrangements or understandings between or among such stockholder or any Stockholder Associated Person and any other person or entity (including their names) in connection with the proposal of such business by such stockholder and any material interest of such stockholder, any Stockholder Associated Person or such other person or entity in such business,

(E) a representation that such stockholder is a stockholder of record of the Corporation entitled to vote at such meeting and intends to appear in person or by proxy at the annual meeting to bring such business before the meeting,

(F) any other information related to such stockholder or any Stockholder Associated Person that would be required to be disclosed in a proxy statement or other filing required to be made in connection with the solicitation of proxies or consents (even if a solicitation is not involved) by such stockholder or Stockholder Associated Person in support of the business proposed to be brought before the meeting pursuant to Section 14 of the Exchange Act, and the rules, regulations and schedules promulgated thereunder, and

(G) a representation as to whether such stockholder or any Stockholder Associated Person intends or is part of a group which intends to deliver a proxy statement and/or form of proxy to the holders of at least the percentage of the Corporation's outstanding capital stock required to approve the proposal or otherwise to solicit proxies or votes from stockholders in support of the proposal (such representation, a "Solicitation Statement").

In addition, any stockholder who submits a notice pursuant to Section 1.12(a) of this Article I is required to update and supplement the information disclosed in such notice, if necessary, in accordance with Section 1.12(d) of this Article I.

(iv) Notwithstanding anything in these Bylaws to the contrary, no business (other than nominations of persons for election to the Board of Directors, which must be made in compliance with and are governed exclusively by Section 1.12(b) of this Article I) shall be conducted at an annual meeting except in accordance with the procedures set forth in Section 1.12(a) of this Article I.

(b) Nominations at Annual Meetings of Stockholders.

(i) Only persons who are nominated in accordance and compliance with the procedures set forth in this Section 1.12(b) of Article I shall be eligible for election to the Board of Directors at an annual meeting of stockholders.

(ii) Nominations of persons for election to the Board of Directors of the Corporation may be made at an annual meeting of stockholders only (A) by or at the direction of the Board of Directors or any duly authorized committee thereof or (B) by any stockholder of the Corporation who (1) was a stockholder of record at the time of giving of notice provided for in this Section 1.12(b) of Article I and at the time of the annual meeting, (2) is entitled to vote at the meeting and (3) complies with the notice procedures set forth in this Section 1.12(b) of Article I. For the avoidance of doubt, clause (B) of this Section 1.12(b)(ii) of Article I shall be the exclusive means for a stockholder to make nominations of persons for election to the Board of Directors at an annual meeting of stockholders. For nominations to be properly brought by a stockholder at an annual meeting of stockholders, the stockholder must have given timely notice thereof in proper written form as described in Section 1.12(b)(iii) of this Article I to the Secretary and the stockholder and the Stockholder Associated Person must have acted in accordance with the representations set forth in the Nomination Solicitation Statement required by these Bylaws. A stockholder's notice for the nomination of persons for election to the Board of Directors must be delivered by hand and may not be delivered in any other manner, and to be timeline must be delivered to the Secretary at the principal executive offices of the Corporation in proper written form not less than ninety (90) days and not more than one hundred twenty (120) days prior to the first anniversary of the preceding year's annual meeting of stockholders (which date shall, for purposes of the Corporation's first annual meeting of stockholders after its shares of Common Stock are first publicly traded, be deemed to have occurred on , 2019); provided, however, that if and only if the annual meeting is not scheduled to be held within a period that commences thirty (30) days before such anniversary date and ends seventy (70) days after such anniversary date, or if no annual meeting was held in the preceding year (other than for purposes of the Corporation's first annual meeting of stockholders after its shares of Common Stock are first publicly traded), such stockholder's notice must be delivered by the later of the tenth day following the day the Public Announcement of the date of the annual meeting is first made and the date which is ninety (90) days prior to the date of the annual meeting. In no event shall any adjournment or postponement of an annual meeting or the announcement thereof commence a new time period (or extend any time period) for the giving of a stockholder's notice as described above. Notices delivered pursuant to this Section 1.12(b) of Article I will be deemed received on any given day if received prior to the close of business on such day (and otherwise on the next succeeding day).

(iii) To be in proper written form, a stockholder's notice to the Secretary shall set forth:

(A) as to each person that the stockholder proposes to nominate for election or re-election as a director of the Corporation, (1) the name, age, business address and residence address of the person, (2) the principal occupation or employment of the person, (3) the class or series and number of shares of capital stock of the Corporation which are directly or indirectly owned beneficially or of record by the person, (4) the date such shares were acquired and the investment intent of such acquisition, (5) any other information relating to the person that would be required to be disclosed in a proxy statement or other filings required to be made in connection with the solicitation of proxies or consents for a contested election of directors (even if an election contest or proxy solicitation is not involved), or is otherwise required, pursuant to Section 14 of the Exchange Act, and the rules, regulations and schedules promulgated thereunder and (6) such person's written consent to being named in the proxy statement as a nominee of the stockholder and to serving as a director if elected,

(B) as to the stockholder giving the notice, the name and address of such stockholder, as they appear on the Corporation's books, the name and address (if different from the Corporation's books) of such proposing stockholder, and the name and address of any Stockholder Associated Person,

(C) the class or series and number of shares of stock of the Corporation which are directly or indirectly held of record or beneficially owned by such stockholder or by any Stockholder Associated Person with respect to the Corporation's securities, a description of any Derivative Positions directly or indirectly held or beneficially held by the stockholder or any Stockholder Associated Person, and whether and the extent to which a Hedging Transaction has been entered into by or on behalf of such stockholder or any Stockholder Associated Person,

(D) a description of all arrangements or understandings (including financial transactions and direct or indirect compensation) between or among such stockholder or any Stockholder Associated Person and each proposed nominee and any other person or entity (including their names) pursuant to which the nomination(s) are to be made by such stockholder,

(E) a representation that such stockholder is a holder of record of the Corporation entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to nominate the persons named in its notice,

(F) any other information relating to such stockholder or any Stockholder Associated Person that would be required to be disclosed in a proxy statement or other filings required to be made in connection with the solicitation of proxies or consents for a contested election of directors (even if an election contest or proxy solicitation is not involved), or otherwise required, pursuant to Section 14 of the Exchange Act, and the rules, regulations and schedules promulgated thereunder, and

(G) a representation as to whether such stockholder or any Stockholder Associated Person intends or is part of a group which intends to deliver a proxy statement and/or form of proxy to the holders of a sufficient number of the Corporation's outstanding shares reasonably believed by the stockholder or any Stockholder Associated Person, as the case may be, to elect each proposed nominee or otherwise to solicit proxies or votes from stockholders in support of the nomination (such representation, a "Nomination Solicitation Statement").

In addition, any stockholder who submits a notice pursuant to this Section 1.12(b) of Article I is required to update and supplement the information disclosed in such

notice, if necessary, in accordance with Section 1.12(d) of this Article I and shall comply with Section 1.12(f) of this Article I.

(iv) Notwithstanding anything in Section 1.12(b)(ii) of this Article I to the contrary, if the number of directors to be elected to the Board of Directors is increased effective after the time period for which nominations would otherwise be due under paragraph 1.12(b)(ii) of this Article I and there is no Public Announcement naming the nominees for additional directorships at least ten (10) days prior to the last day a stockholder may deliver a notice of nomination in accordance with Section 1.12(b)(ii), a stockholder's notice required by Section 1.12(b)(ii) of this Article I shall also be considered timely, but only with respect to nominees for the additional directorships, if it shall be received by the Secretary at the principal executive offices of the Corporation not later than the close of business on the tenth day following the day on which such Public Announcement is first made by the Corporation.

(c) Special Meetings of Stockholders. Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting pursuant to the notice of meeting. Only persons who are nominated in accordance and compliance with the procedures set forth in this Section 1.12(c) of Article I shall be eligible for election to the Board of Directors at a special meeting of stockholders at which directors are to be elected. Nominations of persons for election to the Board of Directors may be made at a special meeting of stockholders at which directors are to be elected pursuant to the notice of meeting only (i) by or at the direction of the Board of Directors or any duly authorized committee thereof or (ii) provided that the Board of Directors has determined that directors are to be elected at such special meeting, by any stockholder of the Corporation who (A) was a stockholder of record at the time of giving of notice provided for in this Section 1.12(c) of Article I and at the time of the special meeting, (B) is entitled to vote at the meeting and (C) complies with the notice procedures provided for in this Section 1.12(c) of Article I. For the avoidance of doubt, the foregoing clause (ii) of this Section 1.12(c) of Article I shall be the exclusive means for a stockholder to propose nominations of persons for election to the Board of Directors at a special meeting of stockholders at which directors are to be elected. For nominations to be properly brought by a stockholder at a special meeting of stockholders, the stockholder must have given timely notice thereof in proper written form as described in this Section 1.12(c) of Article I to the Secretary. A stockholder's notice for the nomination of persons for election to the Board of Directors must be delivered by hand and may not be delivered in any other manner, and to be timely must be received by the Secretary at the principal executive offices of the Corporation not earlier than the 120th day prior to such special meeting and not later than the close of business on the later of the 90th day prior to such special meeting or the tenth day following the day on which a Public Announcement is first made of the date of the special meeting at which directors are to be elected at such meeting. In no event shall any adjournment or postponement of a special meeting or the announcement thereof commence a new time period (or extend any time period) for the giving of a stockholder's notice as described above. Notices delivered pursuant to this Section 1.12(c) of Article I will be deemed received on any given day if received prior to the close of business on such day (and otherwise on the next succeeding day). The number of nominees a stockholder may nominate for election at the special meeting (or in the case of a stockholder giving the notice on behalf of a beneficial owner, the number of nominees a stockholder may nominate for election at the special meeting on behalf of such beneficial owner) shall not exceed the number of directors to be elected at such special meeting. To be in proper written form, such stockholder's notice shall set forth all of the information required by, and otherwise be in compliance with, Section 1.12(b)(iii) of this Article I. In addition, any stockholder who submits a notice pursuant to this Section 1.12(c) of Article I is required to update and supplement the information disclosed in such notice, if necessary, in accordance with Section 1.12(d) of this Article I and shall comply with Section 1.12(f) of this Article I.

(d) Update and Supplement of Stockholder's Notice. Any stockholder who submits a notice of proposal for business or nomination for election pursuant to this Section 1.12 of Article I is required to update and supplement the information disclosed in such notice, if necessary, so that the information provided or required to be provided in such notice shall be true and correct as of the record date for determining the stockholders entitled to notice of the meeting of stockholders and as of the date that is ten (10) business days prior to such meeting of the stockholders or any adjournment or postponement thereof, and such update and supplement shall be received by the Secretary at the principal executive offices of the Corporation not later than the close of business on the fifth business day after such record date for the meeting of stockholders (in the case of the update and supplement required to be made as of such record date), and not later than the close of business on the eighth business day prior to the date for the meeting of stockholders or any adjournment or postponement thereof (in the case of the update and supplement required to be made as of ten (10) business days prior to the meeting of stockholders or any adjournment or postponement thereof).

(e) Definitions. For purposes of this Section 1.12 of Article I, the term:

(i) "Derivative Positions" means, with respect to a stockholder or any Stockholder Associated Person, any derivative positions including, without limitation, any short position, profits interest, option, warrant, convertible security, stock appreciation right, or similar right with an exercise or conversion privilege or a settlement payment or mechanism at a price related to any class or series of shares of the Corporation or with a value derived in whole or in part from the value of any class or series of shares of the Corporation, whether or not such instrument or right shall be subject to settlement in the underlying class or series of capital stock of the Corporation or otherwise and any performance-related fees to which such stockholder or any Stockholder Associated Person is entitled based, directly or indirectly, on any increase or decrease in the value of shares of capital stock of the Corporation;

(ii) "Hedging Transaction" means, with respect to a stockholder or any Stockholder Associated Person, any hedging or other transaction (such as borrowed or loaned shares) or series of transactions, or any other agreement, arrangement or understanding, the effect or intent of which is to increase or decrease the voting power or economic or pecuniary interest of such stockholder or any Stockholder Associated Person with respect to the Corporation's securities;

(iii) "Public Announcement" means disclosure in a press release reported by the Dow Jones News Service, Associated Press, Business Wire, PR Newswire or comparable news service or in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to Sections 13, 14 or 15(d) of the Exchange Act; and

(iv) "Stockholder Associated Person" of any stockholder means (A) any person controlling, directly or indirectly, or acting in concert with, such stockholder, (B) any beneficial owner of shares of stock of the Corporation owned of record or beneficially by such stockholder or (C) any person directly or indirectly controlling, controlled by or under common control with such Stockholder Associated Person.

(f) Submission of Questionnaire, Representation and Agreement. To be qualified to be a nominee for election or re-election as a director of the Corporation, a person must deliver (in the case of a person nominated by a stockholder in accordance with Sections 1.12(b) or 1.12(c) of this Article I, in accordance with the time periods prescribed for delivery of notice under such sections) to the Secretary at the principal executive offices of the Corporation a written questionnaire with respect to the background and qualification of such person and the background of any other person or entity on whose behalf the nomination is being made (which questionnaire shall be provided by the Secretary upon written request) and a written representation and agreement (in the form provided by the Secretary upon written request) that such person (i) is not and will not become a party to (A) any agreement, arrangement or understanding with, and has not given any commitment or assurance to, any person or entity as to how such person, if elected as a director of the Corporation, will act or vote on any issue or question (a "Voting Commitment") that has not been disclosed to the Corporation or (B) any Voting Commitment that could limit or interfere with such person's ability to comply, if elected as a director of the Corporation, with such person's fiduciary duties under applicable law, (ii) is not and will not become a party to any agreement, arrangement or understanding with any person or entity other than the Corporation with respect to any direct or indirect compensation, reimbursement or indemnification in connection with service or action as a director that has not been disclosed therein and (iii) would be in compliance, and if elected as a director of the Corporation will comply, with all applicable publicly disclosed corporate governance, conflict of interest, confidentiality and stock ownership and trading policies and guidelines of the Corporation. The Corporation may also require any proposed nominee to furnish such other information as may reasonably be required by the Corporation to determine the eligibility of such proposed nominee to serve either as a director of the Corporation or as an independent director of the Corporation under applicable Securities and Exchange Commission and stock exchange rules and the Corporation's publicly disclosed corporate governance guidelines, or that could be material to a reasonable stockholder's understanding of the qualifications and/or independence, or lack thereof, of such nominee, as determined in the Board of Directors' sole discretion.

(g) Authority of Chairperson; General Provisions. Except as otherwise provided by applicable law, the Certificate of Incorporation or these Bylaws, the chairperson of the meeting (or in advance of any meeting, the Board of Directors) shall have the power and duty to determine whether any nomination or other business proposed to be brought before the meeting was made or brought in accordance with the procedures set forth in these Bylaws (including whether the stockholder or Stockholder Associated Person, if any, on whose behalf the nomination or proposal is made or solicited (or is part of a group which solicited) or did not so solicit, as the case may be, proxies or votes in support of such stockholder's nominee or proposal in compliance with such stockholder's representation as required by Section 1.12(a)(iii)(G) or Section 1.12(b)(iii)(G), as applicable, of these Bylaws) and, if any nomination or other business is not made or brought in compliance with these Bylaws, to declare that such nomination or proposal of other business be disregarded and not acted upon. Notwithstanding the foregoing provisions of this Section 1.12, unless otherwise required by law, if the stockholder (or a qualified representative of the stockholder) does not appear at the annual or special meeting of stockholders of the Corporation to present a nomination or proposed business, such nomination shall be disregarded and such proposed business shall not be transacted, notwithstanding that proxies in respect of such vote may have been received by the Corporation. For purposes of this Section 11, to be considered a qualified representative of the stockholder, a person must be a duly authorized officer, manager or partner of such stockholder or must be authorized by a writing executed by such stockholder or an electronic transmission delivered by such stockholder to act for such stockholder as proxy at the meeting of stockholders and such person must produce such writing or electronic transmission, or a reliable reproduction of the writing or electronic transmission, at the meeting of stockholders.

(h) Compliance with Exchange Act. Notwithstanding the foregoing provisions of these Bylaws, a stockholder shall also comply with all applicable requirements of the Exchange Act and the rules, regulations and schedules promulgated thereunder with respect to the matters set forth in these Bylaws; provided, however, that any references in these Bylaws to the Exchange Act or the rules, regulations and schedules promulgated thereunder are not intended to and shall not limit the requirements applicable to any nomination or other business to be considered pursuant to Section 1.12 of this Article I.

(i) Effect on Other Rights. Nothing in these Bylaws shall be deemed to (A) affect any rights of the stockholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act, (B) confer upon any stockholder a right to have a nominee or any proposed business included in the Corporation's proxy statement, except as set forth in the Certificate of Incorporation or these Bylaws or (C) affect any rights of the holders of any series of preferred stock to elect directors pursuant to any applicable provisions of the Certificate of Incorporation.

ARTICLE II

Board of Directors

Section 2.1 Powers; Number; Qualifications. The business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors, except as may be otherwise provided by law or in the Certificate of Incorporation. The Board shall consist of one or more members, each of whom shall be a natural person. Directors need not be stockholders. There shall initially be eight directors, and the number of directors may be designated from time to time by resolution of the Board of Directors.

Section 2.2 Election; Term of Office; Resignation; Removal; Vacancies. Each director shall hold office until his or her successor is elected and qualified or until his or her earlier resignation or removal. Any director may resign at any time upon notice given in writing or by electronic transmission to the Corporation. Such resignation shall take effect at the time it is delivered unless the resignation specifies a later effective date or an effective date determined upon the happening of an event or events. Unless otherwise specified therein no acceptance of such resignation shall be necessary to make it effective. Any director or the entire Board of Directors may be removed, with or without cause, by the holders of a majority in voting power of the shares then entitled to vote at an election of directors. Whenever the holders of any class or series of stock are entitled to elect one or more directors by the Certificate of Incorporation, the provisions of the preceding sentence shall apply, in respect to the removal without cause of a director or directors so elected, to the vote of the holders of the outstanding shares of that class or series and not to the vote of the outstanding shares as a whole. Unless otherwise provided in the Certificate of Incorporation or these Bylaws, vacancies and newly created directorships resulting from any increase in the authorized number of directors elected by all of the stockholders having the right to vote as a single class or from any other cause may only be filled by a majority of the directors then in office, although less than a quorum, or by the sole remaining director. Unless otherwise provided in the Certificate of Incorporation and subject to the rights of the holders of any series of Preferred Stock then outstanding, whenever the holders of any class or classes of stock or series thereof are entitled to elect one or more directors by the Certificate of Incorporation, vacancies and newly created directorships of such class or classes or series may only be filled by a majority of the directors elected by such class or classes or series thereof then in office, or by the sole remaining director so elected. Any director elected or appointed to fill a vacancy shall hold office until the next annual meeting of the stockholders held for the election of the class for which such director shall have been elected or appointed and until his or her successor is elected and qualified or until his or her earlier resignation or removal.

Section 2.3 Regular Meetings. Regular meetings of the Board of Directors may be held at such places within or without the State of Delaware and at such times as the Board of Directors may from time to time determine, and if so determined notice thereof need not be given.

Section 2.4 Special Meetings. Special meetings of the Board of Directors may be held at any time or place within or without the State of Delaware whenever called by the Chairperson of the Board of Directors, the Chief Executive Officer, the President (if any), an Executive Vice President or by any two directors. Reasonable notice thereof shall be given by the person or persons calling the meeting.

Section 2.5 Participation in Meetings by Conference Telephone Permitted. Unless otherwise restricted by the Certificate of Incorporation or these Bylaws, members of the Board of Directors, or any committee designated by the Board of Directors, may participate in a meeting of the Board of Directors or of such committee, as the case may be, by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to this bylaw shall constitute presence in person at such meeting.

Section 2.6 Quorum; Vote Required for Action. At all meetings of the Board of Directors, a majority of the entire Board of Directors shall constitute a quorum for the transaction of business. The vote of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors unless applicable law, the Certificate of Incorporation or these Bylaws shall require a vote of a greater or different number. In case at any meeting of the Board of Directors a quorum shall not be present, the members of the Board of Directors present may adjourn the meeting from time to time until a quorum shall be present.

Section 2.7 Organization. Meetings of the Board of Directors shall be presided over by the Chairperson of the Board of Directors, or in the absence of the Chairperson of the Board of Directors, by the Chief Executive Officer, or in the absence of the Chief Executive Officer, by the President (if any), or in the absence of the President by an Executive Vice President or in their absence by a chairperson chosen at the meeting. The Secretary, or in the absence of the Secretary an Assistant Secretary, shall act as secretary of the meeting, but in the absence of the Secretary and any Assistant Secretary the chairperson of the meeting may appoint any person to act as secretary of the meeting.

Section 2.8 Action by Directors Without a Meeting. Unless otherwise restricted by the Certificate of Incorporation or these Bylaws, any action required or permitted to be taken at any meeting of the Board of Directors, or of any committee thereof, may be taken without a meeting if all members of the Board of Directors or of such committee, as the case may be, consent thereto in writing or by electronic transmission. After an action is so taken, the writing or writings or electronic transmission or transmissions shall be filed with the minutes of proceedings of the Board of Directors or committee. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form.

Section 2.9 Compensation of Directors. Unless otherwise restricted by the Certificate of Incorporation or these Bylaws, the Board of Directors shall have the authority to fix the compensation of directors.

ARTICLE III

Committees

Section 3.1 Committees. The Board of Directors may designate one or more committees, each committee to consist of one or more of the directors of the Corporation. The Board of Directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not such member or members constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any such absent or disqualified member. Any such committee, to the extent provided in the resolution of the Board of Directors or in these Bylaws, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the Corporation, and may authorize the seal of the Corporation to be affixed to all papers which may require it; but no such committee shall have the power or authority in reference to the following matters: (a) approving or adopting, or recommending to the stockholders, any action or matter (other than the election or removal of directors) expressly required by law to be submitted to stockholders for approval or (b) adopting, amending or repealing these Bylaws.

Section 3.2 Committee Rules. Unless the Board of Directors otherwise provides, each committee designated by the Board may adopt, amend and repeal rules for the conduct of its business. In the absence of a provision by the Board of Directors or a provision in the rules of such committee to the contrary, a majority of the entire authorized number of members of such committee shall constitute a quorum for the transaction of business, the vote of a majority of the members present at a meeting at the time of such vote if a quorum is then present shall be the act of such committee, and in other respects each committee shall conduct its business in the same manner as the Board of Directors conducts its business pursuant to Article II of these Bylaws.

ARTICLE IV

Officers

Section 4.1 Officers; Election. The Board of Directors shall take such action as may be necessary from time to time to ensure that the Corporation has a Chief Executive Officer, a Chief Financial Officer and a Secretary. The Board of Directors may, if it so determines, elect a President, and from among its members, a Chairperson of the Board of Directors and a Vice Chairperson of the Board of Directors. The Board of Directors may also elect one or more Vice Presidents, one or more Assistant Vice Presidents, one or more Assistant Secretaries, a Treasurer and one or more Assistant Treasurers and such other officers as the Board of Directors may deem desirable or appropriate and may give any of them such further designations or alternate titles as it considers desirable. Any number of offices may be held by the same person unless the Certificate of Incorporation or these Bylaws otherwise provide.

Section 4.2 Term of Office; Resignation; Removal; Vacancies. Unless otherwise provided in the resolution of the Board of Directors electing any officer, each officer shall hold office until his or her successor is elected and qualified or until his or her earlier resignation or removal. Any officer may resign at any time upon written notice or electronic transmission to the Corporation. Such resignation shall take effect at the time it is delivered unless the resignation specifies a later effective date or an effective date determined upon the happening of an event or events. Unless otherwise specified therein no acceptance of such resignation shall be necessary to make it effective. The Board of Directors may remove any officer with or without cause at any time. Any such removal shall be without prejudice to the contractual rights of such officer, if any, with the Corporation, but the election of an officer shall not of itself create contractual rights. Any vacancy occurring in any office of the Corporation by death, resignation, removal or otherwise, may be filled by the Board of Directors at any regular or special meeting.

Section 4.3 Powers and Duties. The officers of the Corporation shall have such powers and duties in the management of the Corporation as shall be stated in these Bylaws or in a resolution of the Board of Directors which is not inconsistent with these Bylaws and, to the extent not so stated, as generally pertain to their respective offices, subject to the control of the Board of Directors. The Secretary shall have the duty to record the proceedings of the meetings of the stockholders, the Board of Directors and any committees in a book to be kept for that purpose. The Board of Directors may require any officer, agent or employee to give security for the faithful performance of his or her duties.

ARTICLE V

Stock

Section 5.1 Stock Certificates and Uncertificated Shares.

(a) The shares of stock in the Corporation may be either represented by certificates or, if provided by resolution of the Board of Directors, some or all of any or all classes or series of the Corporation’s stock may be uncertificated shares. Any such resolution shall not apply to shares represented by a certificate theretofore issued until such certificate is surrendered to the Corporation. Every holder of stock represented by certificates shall be entitled to have a certificate signed by or in the name of the Corporation by any two authorized officers of the Corporation (it being understood that each of the Chairperson of the Board of Directors, the Chief Executive Officer, the President (if any), any Executive Vice President, the Treasurer, any Assistant Treasurer, the Secretary or any Assistant Secretary shall be an authorized officer for such purpose), representing the number of shares of stock registered in certificate form owned by such holder. Any or all the signatures on the certificate may be a facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if such person were such officer, transfer agent or registrar at the date of issue. The Corporation may not issue stock certificates in bearer form.

(b) If the Corporation is authorized to issue more than one class of stock or more than one series of any class, the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights shall be set forth in full or summarized on the face or back of the certificate which the Corporation shall issue to represent such class or series of stock, *provided* that, except as otherwise provided by law, in lieu of the foregoing requirements, there may be set forth on the face or back of the certificate which the Corporation shall issue to represent such class or series of stock a statement that the Corporation will furnish without charge to each stockholder who so requests the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights. Within a reasonable time after the issuance or transfer of uncertificated shares, the Corporation shall send to the registered owner thereof a written notice containing the information required by law to be set forth or stated on certificates or a statement that the Corporation will furnish without charge to each stockholder who so requests the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights.

(c) Except as otherwise expressly provided by law, the rights and obligations of the holders of uncertificated shares and the rights and obligations of the holders of certificates representing stock of the same class and series shall be identical.

Section 5.2 Lost, Stolen or Destroyed Stock Certificates; Issuance of New Certificates. The Corporation may issue a new certificate of stock or uncertificated shares in the place of any certificate theretofore issued by it, alleged to have been lost, stolen or destroyed, and the Corporation may require the owner of the lost, stolen or destroyed certificate, or such owner's legal representative, to give the Corporation a bond sufficient to indemnify it against any claim that may be made against it on account of the alleged loss, theft or destruction of any such certificate or the issuance of such new certificate or uncertificated shares.

Section 5.3 Transfer of Shares. Transfer of shares of the Corporation shall be made only on the stock transfer books of the Corporation, which books may be maintained by a registered stock transfer agent.

ARTICLE VI

Indemnification

Section 6.1 Indemnification.

(a) Except as provided in this Article VI, the Corporation shall indemnify Indemnitees to the full extent permitted by Delaware law in connection with any civil, criminal, administrative or investigative action, suit or proceeding that such Indemnitee is made or threatened to be made a party or otherwise involved in by reason of the fact that such person or such person's testator or intestate is an Indemnitee. Notwithstanding the preceding sentence, except as otherwise provided in Section 6.1(h), the Corporation shall be required to indemnify an Indemnitee in connection with a proceeding (or part thereof) commenced by such Indemnitee only if the commencement of such proceeding (or part thereof) by the Indemnitee was authorized in the specific case by the Board of Directors. Expenses reasonably incurred by Indemnitee in defending any action, suit, or proceeding, as described in this bylaw, shall be paid or reimbursed by the Corporation promptly upon receipt by it of an undertaking of Indemnitee to repay such Expenses if it shall ultimately be determined that he or she is not entitled to be indemnified by the Corporation. Indemnitee's obligation to reimburse the Corporation shall be unsecured and no interest shall be charged thereon. The Corporation shall not indemnify Indemnitee or advance or reimburse Indemnitee's Expenses if the action, suit or proceeding alleges (1) claims under Section 16(b) of the Exchange Act, (2) violations of the Corporation's Code of Ethics or Insider Trading Policy or (3) violations of Federal or state insider trading laws, unless, in each case, Indemnitee has been successful on the merits, received the written consent to incurring the Expense or settled the case with the written consent of the Corporation, in

which case the Corporation shall indemnify and reimburse Indemnitee to the extent permitted by applicable law. In addition, the Corporation shall not indemnify Indemnitee or advance or reimburse Indemnitee's Expenses if such indemnification or payment would constitute a "prohibited indemnification payment" under the regulations of the Federal Deposit Insurance Corporation (or any successor provisions) or any other applicable laws, rules or regulations.

(b) No claim for indemnification shall be paid by the Corporation unless the Corporation has determined that Indemnitee acted in good faith and in a manner Indemnitee reasonably believed to be in or not opposed to the best interest of the Corporation and, with respect to any criminal action or proceeding, had no reasonable cause to believe that his or her conduct was unlawful. Unless ordered by a court, such determinations shall be made by (1) a majority vote of the directors who are not parties to the action, suit or proceeding for which indemnification is sought, even though less than a quorum, or (2) by a committee of such directors designated by a majority vote of directors, even though less than a quorum, or (3) if there are no such directors, or if such directors so direct, by independent legal counsel in a written opinion or (4) by stockholders.

(c) Indemnitee shall promptly notify the Corporation in writing upon the sooner of (i) becoming aware of an action, suit or proceeding where indemnification or the advance payment or reimbursement of Expenses may be sought or (ii) being served with any summons, citation, subpoena, complaint, indictment, information or other document relating to any matter which may be subject to indemnification or the advance payment or reimbursement of Expenses covered hereunder. Except as provided in this Article VI, the failure of Indemnitee to so notify the Corporation shall not relieve the Corporation of any obligation which it may have to Indemnitee pursuant to this bylaw.

(d) As a condition to indemnification or the advance payment or reimbursement of Expenses, any demand for payment by Indemnitee hereunder shall be in writing and shall provide reasonable accounting for the Expenses to be paid by the Corporation.

(e) For the purposes of this Article VI,

(i) the term "Indemnitee" shall mean any person made or threatened to be made a party, or otherwise involved in any civil, criminal, administrative or investigative action, suit or proceeding by reason of the fact that such person or such person's testator or intestate is or was a director or officer of the Corporation or, while a director or officer of the Corporation, is or was serving at the request of the Corporation as a director, officer, employee or agent of any other enterprise;

(ii) the term "Corporation" shall include any predecessor of the Corporation and any constituent corporation (including any constituent of a constituent) absorbed by the Corporation in a consolidation or merger; the term "other enterprise" shall include any corporation, limited liability company, public limited company, partnership, joint venture, trust, employee benefit plan, fund or other enterprise;

(iii) service “at the request of the Corporation” shall include service as a director or officer of the Corporation which imposes duties on, or involves services by, such director or officer with respect to an employee benefit plan, its participants or beneficiaries; and action by a person with respect to an employee benefit plan which such person reasonably believes to be in the interest of the participants and beneficiaries of such plan shall be deemed to be action not opposed to the best interests of the Corporation;

(iv) the term “Expenses” shall include all reasonable out-of-pocket fees, costs and expenses, including without limitation, attorney’s fees, retainers, court costs, transcript costs, fees of experts, witness fees, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees, ERISA excise taxes or penalties assessed on Indemnitee with respect to an employee benefit plan, Federal, state, local or foreign taxes imposed as a result of the actual or deemed receipt of any payments under this bylaw, penalties and all other disbursements or expenses of the types customarily incurred in connection with defending, preparing to defend, or investigating an actual or threatened action, suit or proceeding (including Indemnitee’s counterclaims that directly respond to and negate the affirmative claim made against Indemnitee (“Permitted Counterclaims”)) in such action, suit or proceeding, whether civil, criminal, administrative or investigative, but, except as otherwise provided in Section 6.01(h), shall exclude the costs of (x) any of Indemnitee’s counterclaims, other than Permitted Counterclaims and (y) the costs of acquiring and maintaining an appeal or supersedes as bond or similar instrument.

(f) In the event of any payment under this Article VI, the Corporation shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee (under any insurance policy or otherwise), who shall execute all papers required and shall do everything necessary to secure such rights, including the execution of such documents necessary to enable the Corporation to effectively bring suit to enforce such rights.

(g) Except as required by law or as otherwise becomes public, Indemnitee will keep confidential any information that arises in connection with this bylaw, including but not limited to, claims for indemnification or the advance payment or reimbursement of Expenses, amounts paid or payable under this Article VI and any communications between the parties.

(h) If a claim for indemnification under this Article VI (following the final disposition of such action, suit or proceeding) is not paid in full within sixty days after the Corporation has received a claim therefor by the Indemnitee, or if a claim for any advancement of expenses under this Article VI is not paid in full within thirty days after the Corporation has received a statement or statements requesting such amounts to be advanced, the Indemnitee shall thereupon (but not before) be entitled to file suit to recover the unpaid amount of such claim. If successful in whole or in part, the Indemnitee shall be entitled to be paid the expense of prosecuting such claim to the fullest extent permitted by law. In any such action, the Corporation shall have the burden of proving that the

Indemnitee is not entitled to the requested indemnification or advancement of expenses under applicable law.

(i) The indemnification and advancement of Expenses provided in this Article VI shall not be deemed exclusive of any other rights to which any person may be entitled under any bylaw, agreement, vote of stockholders or disinterested directors, statute, provision of the Certificate of Incorporation, or otherwise, both as to action in such person's official capacity and as to action in another capacity while holding such official capacity (including, without limitation, rights to indemnification or advancement of Expenses incurred in connection with an action, suit or proceeding commenced by such person to enforce a right to indemnification or advancement, to the extent such person is successful in such action, suit or proceeding).

(j) No amendment of the Certificate of Incorporation or this Article VI shall impair the rights of any Indemnitee arising at any time with respect to events occurring prior to such amendment.

ARTICLE VII

Miscellaneous

Section 7.1 Fiscal Year. The fiscal year of the Corporation shall be determined by the Board of Directors.

Section 7.2 Seal. The Corporation may have a corporate seal which shall have the name of the Corporation inscribed thereon and shall be in such form as may be approved from time to time by the Board of Directors. The corporate seal may be used by causing it or a facsimile thereof to be impressed or affixed or in any other manner reproduced.

Section 7.3 Waiver of Notice of Meetings of Stockholders, Directors and Committees. Whenever notice is required to be given by law or under any provision of the Certificate of Incorporation or these Bylaws, a written waiver thereof, signed by the person entitled to notice, or a waiver by electronic transmission by the person entitled to notice, whether before or after the time stated therein, shall be deemed equivalent to notice. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the stockholders, directors or members of a committee of directors need be specified in any written waiver of notice or any waiver by electronic transmission unless so required by the Certificate of Incorporation or these Bylaws.

Section 7.4 Interested Directors; Quorum. No contract or transaction between the Corporation and one or more of its directors or officers, or between the Corporation and any other corporation, partnership, association or other organization in which one or more of its directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the Board of Directors or committee thereof which authorizes the contract or transaction, or solely because such director's or officer's votes are counted for such purpose, if: (i) the material facts as to director's or officer's relationship or interest and as to the contract or transaction are disclosed or are known to the Board of Directors or the committee, and the Board of Directors or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors are less than a quorum; (ii) the material facts as to director's or officer's relationship or interest and as to the contract or transaction are disclosed or are known to the stockholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the stockholders or (iii) the contract or transaction is fair as to the Corporation as of the time it is authorized, approved or ratified, by the Board of Directors, a committee thereof or the stockholders. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors or of a committee which authorizes the contract or transaction.

Section 7.5 Exclusive Forum. Unless this Corporation consents in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware (or, if the Court of Chancery does not have jurisdiction, the United States District Court for the District of Delaware) shall, to the fullest extent permitted by law, be the sole and exclusive forum for (i) any derivative action or proceeding brought on behalf of the Corporation, (ii) any action asserting a claim of breach of a fiduciary duty owed by any director, officer, employee or stockholder of the Corporation to the Corporation or the Corporation's stockholders, (iii) any action asserting a claim arising pursuant to any provision of the DGCL or as to which the DGCL confers jurisdiction on the Court of Chancery of the State of Delaware, the Certificate of Incorporation or the Bylaws or (iv) any action asserting a claim governed by the internal affairs doctrine; provided that for the avoidance of doubt, this provision, including for any "derivative action," will not apply to suits to enforce a duty or liability created by the Securities Act, the Exchange Act or any other claim for which the federal courts have exclusive jurisdiction. Any Person purchasing or otherwise acquiring or holding any interest in shares of capital stock of the Corporation (including, without limitation, shares of Common Stock) shall be deemed to have notice of and to have consented to the provisions of this Section 7.5 of Article VII.

Section 7.6 Form of Records. Any records maintained by the Corporation in the regular course of its business, including its stock ledger, books of account and minute books, may be kept on, or by means of, or be in the form of, any information storage device, method or one or more electronic networks or databases (including one or more distributed electronic networks or databases), *provided* that the records so kept can be converted into clearly legible paper form within a reasonable time. The Corporation shall so convert any records so kept upon the request of any person entitled to inspect such records in accordance with law.

Section 7.7 Amendment of Bylaws. These Bylaws may be amended or repealed, and new bylaws adopted, (i) by the Board of Directors or (ii) by the stockholders entitled to vote thereon with the affirmative vote of the holders of a majority in voting power of the outstanding shares of capital stock of the Corporation entitled to vote thereon.

COMMON STOCK

PAR VALUE $0.01

COMMON STOCK

Certificate Number ZQ00000000

HBT Financial, Inc.

Shares
000000****************

HBT FINANCIAL, INC.

INCORPORATED UNDER THE LAWS OF THE STATE OF DELAWARE

SEE REVERSE FOR CERTAIN DEFINITIONS

CUSIP 404111 10 6

THIS CERTIFIES THAT MR. SAMPLE & MRS. SAMPLE & MR. SAMPLE & MRS. SAMPLE

is the owner of ***ZERO HUNDRED THOUSAND ZERO HUNDRED AND ZERO***

THIS CERTIFICATE IS TRANSFERABLE IN CITIES DESIGNATED BY THE TRANSFER AGENT, AVAILABLE ONLINE AT www.computershare.com

FULLY-PAID AND NON-ASSESSABLE SHARES OF COMMON STOCK OF

HBT Financial, Inc. (hereinafter called the "Company"), transferable on the books of the Company in person or by duly authorized attorney, upon surrender of this Certificate properly endorsed. This Certificate and the shares represented hereby, are issued and shall be held subject to all of the provisions of the Certificate of Incorporation, as amended, and the By-Laws, as amended, of the Company (copies of which are on file with the Company and with the Transfer Agent), to all of which each holder, by acceptance hereof, assents. This Certificate is not valid unless countersigned and registered by the Transfer Agent and Registrar.

Witness the facsimile seal of the Company and the facsimile signatures of its duly authorized officers.

Chairman and CEO

HBT FINANCIAL, INC. CORPORATE SEAL 7/15/1982 DELAWARE

Executive V.P. and Corporate Secretary

DATED

COUNTERSIGNED AND REGISTERED:
COMPUTERSHARE TRUST COMPANY, N.A.
TRANSFER AGENT AND REGISTRAR,

By ____________________
AUTHORIZED SIGNATURE

SECURITY INSTRUCTIONS ON REVERSE

HBT FINANCIAL, INC.

THE COMPANY WILL FURNISH WITHOUT CHARGE TO EACH SHAREHOLDER WHO SO REQUESTS, A SUMMARY OF THE POWERS, DESIGNATIONS, PREFERENCES AND RELATIVE, PARTICIPATING, OPTIONAL OR OTHER SPECIAL RIGHTS OF EACH CLASS OF STOCK OF THE COMPANY AND THE QUALIFICATIONS, LIMITATIONS OR RESTRICTIONS OF SUCH PREFERENCES AND RIGHTS, AND THE VARIATIONS IN RIGHTS, PREFERENCES AND LIMITATIONS DETERMINED FOR EACH SERIES, WHICH ARE FIXED BY THE CERTIFICATE OF INCORPORATION OF THE COMPANY, AS AMENDED, AND THE RESOLUTIONS OF THE BOARD OF DIRECTORS OF THE COMPANY, AND THE AUTHORITY OF THE BOARD OF DIRECTORS TO DETERMINE VARIATIONS FOR FUTURE SERIES. SUCH REQUEST MAY BE MADE TO THE OFFICE OF THE SECRETARY OF THE COMPANY OR TO THE TRANSFER AGENT. THE BOARD OF DIRECTORS MAY REQUIRE THE OWNER OF A LOST OR DESTROYED STOCK CERTIFICATE, OR HIS LEGAL REPRESENTATIVES, TO GIVE THE COMPANY A BOND TO INDEMNIFY IT AND ITS TRANSFER AGENTS AND REGISTRARS AGAINST ANY CLAIM THAT MAY BE MADE AGAINST THEM ON ACCOUNT OF THE ALLEGED LOSS OR DESTRUCTION OF ANY SUCH CERTIFICATE.

The following abbreviations, when used in the inscription on the face of this certificate, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM	- as tenants in common	UNIF GIFT MIN ACT	-............ Custodian .... (Cust) (Minor)
TEN ENT	- as tenants by the entireties		under Uniform Gifts to Minors Act............ (State)
JT TEN	- as joint tenants with right of survivorship and not as tenants in common	UNIF TRF MIN ACT	-............ Custodian (until age............) (Cust) .... under Uniform Transfers to Minors Act............ (Minor) (State)

Additional abbreviations may also be used though not in the above list.

PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

For value received, ______________________ hereby sell, assign and transfer unto

____

(PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS, INCLUDING POSTAL ZIP CODE, OF ASSIGNEE)

____

____

____ Shares

of the Common Stock represented by the within Certificate, and do hereby irrevocably constitute and appoint

____ Attorney

to transfer the said stock on the books of the within-named Company with full power of substitution in the premises.

Dated: ________________________________ 20______________

Signature:____

Signature:____

Notice: The signature to this assignment must correspond with the name as written upon the face of the certificate, in every particular, without alteration or enlargement, or any change whatever.

Signature(s) Guaranteed: Medallion Guarantee Stamp

THE SIGNATURE(S) SHOULD BE GUARANTEED BY AN ELIGIBLE GUARANTOR INSTITUTION (Banks, Stockbrokers, Savings and Loan Associations and Credit Unions) WITH MEMBERSHIP IN AN APPROVED SIGNATURE GUARANTEE MEDALLION PROGRAM, PURSUANT TO S.E.C. RULE 17Ad-15.

The IRS requires that the named transfer agent ("we") report the cost basis of certain shares or units acquired after January 1, 2011. If your shares or units are covered by the legislation, and you requested to sell or transfer the shares or units using a specific cost basis calculation method, then we have processed as you requested. If you did not specify a cost basis calculation method, then we have defaulted to the first in, first out (FIFO) method. Please consult your tax advisor if you need additional information about cost basis.

If you do not keep in contact with the issuer or do not have any activity in your account for the time period specified by state law, your property may become subject to state unclaimed property laws and transferred to the appropriate state.

1534267

Exhibit 5.1

KIRKLAND & ELLIS LLP

AND AFFILIATED PARTNERSHIPS

300 North LaSalle
Chicago, IL 60654
United States

+1 312 862 2000

www.kirkland.com

Facsimile:
+1 312 862 2200

October 1, 2019

HBT Financial, Inc.
401 North Hershey Road
Bloomington, Illinois 61704

Re: Registration Statement on Form S-1

Ladies and Gentlemen:

We are acting as special counsel to HBT Financial, Inc., a Delaware corporation (the "Company"), in connection with the proposed registration by the Company of 9,545,000 shares of its common stock, par value $0.01 per share (the "Common Stock"), including 1,245,000 shares of Common Stock, if any, to cover the exercise of an option to purchase additional shares, pursuant to a Registration Statement on Form S-1 (Reg. No. 333-233747), originally filed with the Securities and Exchange Commission (the "Commission") on September 13, 2019, under the Securities Act of 1933, as amended (the "Act") (such Registration Statement, as amended or supplemented, is hereinafter referred to as the "Registration Statement"). The shares of Common Stock to be registered by the Company pursuant to the Registration Statement are referred to herein as the "Shares".

In connection therewith, we have examined originals, or copies certified or otherwise identified to our satisfaction, of such documents, corporate records and other instruments as we have deemed necessary for the purposes of this opinion, including (i) the corporate and organizational documents of the Company, including the Restated Certificate of Incorporation of the Company to be filed with the Secretary of State of the State of Delaware prior to the sale of the Shares (the "Restated Certificate"), (ii) the minutes and records of the proceedings of the Company with respect to the issuance and sale of the Shares, (iii) the form of Underwriting Agreement in the form filed as Exhibit 1.1 to the Registration Statement (the "Underwriting Agreement") and (iv) the Registration Statement.

For purposes of this opinion, we have assumed the authenticity of all documents submitted to us as originals, the conformity to the originals of all documents submitted to us as copies and the authenticity of the originals of all documents submitted to us as copies. We have also assumed the legal capacity of all natural persons, the genuineness of the signatures of persons signing all documents in connection with which this opinion is rendered, the authority of such persons signing on behalf of the parties thereto other than the Company and the due authorization, execution and delivery of all documents by the parties thereto other than the Company. We have not independently established or verified any facts relevant to the opinions expressed herein, but have relied upon statements and representations of officers and other representatives of the Company and others.

Based upon and subject to the foregoing qualifications, assumptions and limitations and the further limitations set forth below, we are of the opinion that, upon the filing of the Restated Certificate with the Secretary of State of the State of Delaware, the Shares will be duly authorized, and, when the Registration Statement becomes effect under the Act, the final Underwriting Agreement is duly executed and delivered by the parties thereto and the Shares are registered by the Company's transfer agent and delivered against payment of the agreed consideration therefor, in all accordance with the final Underwriting Agreement, the Shares will be validly issued, fully paid and non-assessable.

Our opinion expressed above is subject to the qualification that we express no opinion as to the applicability of, compliance with, or effect of any laws except the General Corporation Law of the State of Delaware (including the statutory provisions, all applicable provisions of the Delaware constitution and reported judicial decisions interpreting the foregoing).

We hereby consent to the filing of this opinion with the Commission as Exhibit 5.1 to the Registration Statement. We also consent to the reference to our firm under the heading "Legal Matters" in the Registration Statement. In giving this consent, we do not thereby admit that we are in the category of persons whose consent is required under Section 7 of the Act or the rules and regulations of the Commission. This opinion and consent may be incorporated by reference in a subsequent registration statement on Form S-1 filed pursuant to Rule 462(b) under the Act with respect to the registration of additional securities for sale in the offering contemplated by the Registration Statement and shall cover such additional securities, if any, registered on such subsequent registration statement.

We do not find it necessary for the purposes of this opinion, and accordingly we do not purport to cover herein, the application of the securities or "Blue Sky" laws of the various states to the issuance and sale of the Shares.

This opinion is limited to the specific issues addressed herein, and no opinion may be inferred or implied beyond that expressly stated herein. This opinion speaks only as of the date that the Registration Statement becomes effective under the Act and we assume no obligation to revise or supplement this opinion after the date of effectiveness should the General Corporation Law of the State of Delaware be changed by legislative action, judicial decision or otherwise after the date hereof.

Sincerely,

/s/ Kirkland & Ellis LLP

KIRKLAND & ELLIS LLP

Exhibit 10.1

HBT FINANCIAL, INC.

AMENDED RESTATED STOCKHOLDER AGREEMENT

September 27, 2019

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AMENDED RESTATED STOCKHOLDER AGREEMENT

This **AMENDED RESTATED STOCKHOLDER AGREEMENT** (this "**Agreement**") is dated as of September 27, 2019 by and among HBT FINANCIAL, INC. (f/k/a Heartland Bancorp, Inc.), a Delaware corporation (the "**Company**"), and those persons who are listed as stockholder signatories to this Agreement or who otherwise became a party to this Agreement from time to time in the capacity as a stockholder of the Company (individually referred to herein as a "**Stockholder**" and collectively as the "**Stockholders**").

R E C I T A L S:

A. The Company and the Stockholders entered into the Restated Stockholder Agreement dated December 28, 2006 (the "**2006 Agreement**") pursuant to which the parties agreed to continue to cause the Company to maintain its election to be an S corporation (the "**S Election**") under Section 1362 of the Internal Revenue Code of 1986, as amended.

B. The 2006 Agreement also includes provisions that limit the ownership and transfer rights of all holders of the voting common stock, $1.00 par value per share, and the Series A common stock, $1.00 par value per share (collectively including any stock of the Company received as a result of any stock split, conversion or reclassification of such capital stock of the Company, the "**Common Stock**"), of the Company in accordance with the terms of the 2006 Agreement in order to assure the continued qualification of the Company to be treated as an "**S corporation**" and to promote and maintain corporate stability.

C. The Company currently intends to conduct an initial public offering registered under the Securities Act of 1933, as amended (the "**Public Offering**") and in connection with the consummation of the Public Offering, the Company intends to terminate its status as an S corporation.

D. In connection with the Public Offering, the Company and the Stockholders desire to set forth their agreement as reflected in this Agreement (i) that the Company shall bear the risk of any additional tax liability, as well as any related losses, costs and expenses, resulting from a final determination made by a competent tax authority to the taxable income the Company reported as an S Corporation and (ii) that in the event that a favorable tax adjustment with respect to one party corresponds to an unfavorable tax adjustment with respect to the other, the party enjoying the favorable tax adjustment agrees to indemnify the party suffering the unfavorable tax adjustment.

E. In accordance with Section 12 of the 2006 Agreement, the holders of at least two-thirds (2/3) of the outstanding shares of the voting common stock of the Company believe that is is desirable to amend, modify and supplement the 2006 Agreement as set forth herein. Accordingly, upon the effectiveness of this Agreement, the 2006 Agreement is hereby amended in its entirety as set forth and restated by this Agreement and this Agreement supersedes the 2006 Agreement in its entirety.

A G R E E M E N T:

NOW, THEREFORE, in consideration of the mutual covenants herein contained and for other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto agree as follows;

Section 1. **2006 Agreement**. The Company and the Stockholders hereby agree that this Agreement supersedes, replaces and restates the 2006 Agreement in its entirety.

Section 2. **Definitions**. As used in this Agreement, the following capitalized terms shall have the following meanings:

"**AAA**" shall have the meaning assigned to the term "accumulated adjustments account" by Section 1368(e)(1) of the Code.

"**Affiliate**" means, with respect to any specified Person, any other Person directly or indirectly controlling or controlled by or under common control with such specified Person. For the purposes of this definition, "control" when used with respect to any specified Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"**Allowable Number of Stockholders**" means five (5) fewer stockholders than the maximum number of Stockholders that an S Corporation is permitted to have pursuant to Section 1361(b)(1) of the Code, as determined under Section 1361(c) of the Code.

"**Allowable Number of Record Holders**" means three hundred (300) Stockholders, as determined pursuant to Rule 12g5-1 promulgated by the Securities and Exchange Commission.

"**Assumed Tax Rate**" means, with respect to any tax period, the maximum combined federal and state income tax rates applicable for such period, taking into account the deductibility of state income tax for federal income tax purposes, applicable to an individual resident in Illinois.

"**C Short Year**" shall have the meaning set forth in Section 1362(e)(1)(B) of the Code.

"**Code**" means the Internal Revenue Code of 1986, as amended, and any successor statutes thereto.

"**Equity Securities**" means all outstanding shares of Common Stock and all shares of the Common Stock issuable upon the exercise, exchange or conversion of any rights, options, warrants or other outstanding securities of the Company, if any.

"**Person**" means any individual, trust, estate, employee stock ownership plan, corporation, partnership, limited liability company, joint venture, association, joint-stock company, unincorporated organization, business entity organized under foreign law or government or agency or political subdivision thereof, including any "person" as defined in Section 13(d) (3) of the Securities Exchange Act of 1934, as amended.

"**Post-Termination Distribution**" shall mean a cash distribution during the Post-Termination Transition Period as set forth in Section 1371(e) of the Code to the extent it does not exceed the AAA.

"**Post-Termination Transition Period**" shall have the meaning set forth in Section 1377(b)(1) of the Code and shall begin on the day after the last day of the Company's S Short Year.

"**Public Offering**" shall have the meaning set forth in **Recital C** above.

"**Qualified Individual**" means an individual citizen or a resident alien of the United States of America.

"**Qualified Entity**" means an entity that is permitted to be an S Corporation stockholder under Section 1361 of the code.

"**S Corporation**" shall have the meaning set forth in Section 1361 of the Code.

"**S Corporation Taxable Income**" shall mean, for periods beginning on or after the date the Company became an S corporation and ending with the close of the last day of the S Short Year, the sum of (i) the Company's items of separately stated income and gain (within the meaning of Section 1366(a)(1)(A) of the Code) reduced, to the extent applicable, by the Company's separately stated items of deduction and loss (within the meaning of Section 1366(a)(1)(A) of the Code) and (ii) the Company's nonseparately computed net income (within the meaning of Section 1366(a)(l)(B) of the Code).

"**S Corporation Tax Year**" means any taxable period during which the Company had an S Election in effect, including the S Short Year.

"**S Election**" shall have the meaning set forth in **Recital A** above.

"**S Short Year**" shall have the meaning set forth in Section 1362(e)(1)(A) of the Code.

"**S Termination Year**" shall have the meaning set forth in Section 1362(e)(4) of the Code.

"**Stock Interest**" means, with respect to any specified Person, the shares of Common Stock, the interest therein owned by the Person and the right to acquire the Common Stock upon the exercise, exchange or conversion of any rights, options, warrants or other outstanding securities of the Company.

"**Tax Proceeding**" shall have the meaning set forth in **Section 6(b)** below.

"**Termination Date**" shall mean the date on which the Company's status as an S corporation is terminated by reason of the consummation of the Public Offering.

"**Treasury Regulations**" means the regulations promulgated by the United States Treasury Department under the Code.

Any reference herein to "outstanding shares" means issued and outstanding shares and does not include treasury shares. Any reference herein to any provisions of the Code or Treasury Regulations shall be deemed to include any amendments or successor provisions thereto as appropriate.

Section 3. Transfer Restrictions and Right of First Refusal.

(a) Transfer Restrictions. Until the Termination Date, except as provided below in **Section 3(b)**, **Section 3(c)** or **Section 3(d)**, or with the express prior written consent of the Company, which consent or approval may be withheld in the sole and absolute discretion of the Company, each of the Stockholders hereby agrees that he or she shall not, directly or indirectly, voluntarily or involuntarily, sell, assign, transfer, pledge, hypothecate, encumber or otherwise dispose of any of his or her Stock Interest (collectively described in this Agreement as "transfer"), and that any purported transfer made in violation of this Agreement shall be absolutely null and void, *ab initio*, and shall confer no rights whatsoever on the purported transferee as against the Company or the Stockholders.

(b) Right of First Refusal Prior to Transfer. Until the Termination Date, in the event that any Stockholder shall at any time desire to sell any of the Stock Interest owned by such Stockholder (the "**Selling Stockholder**") and shall have received a bona fide written offer for the purchase thereof from an independent third-party that is either a Qualified Individual or a Qualified Entity that does not own any shares of Common Stock (the "**Outside Investor**"), for a price payable in cash (not notes or property), such Stockholder shall not sell his or her shares without both (i) consent as set forth in **Section 3(a)** and (ii) first offering the Stock Interest for sale to the Company subject to the terms and conditions set forth pursuant to this **Section 3(b)**, which right of the Company to accept such shall be commonly known as a right of first refusal.

(i) Offer by Selling Stockholder. The offer by the Selling Stockholder shall be given by certified or registered mail to the Company, and shall consist of an offer to sell the Stock Interest owned by the Selling Stockholder, to which shall be attached a statement of the Selling Stockholder's bona fide intention to transfer such shares, and a true and correct copy of the Outside Investor's written offer. The statement shall specify all terms of the written offer from the Outside Investor including the name and address of the Outside Investor, the purchase price, the Stock Interest involved in the proposed transfer, the tax status of the Outside Investor for the purpose of continuing the Company's status as an S corporation under the Code, the time of the proposed purchase, the terms of payment and all other material details of the transaction.

(ii) Acceptance of Offer. Within thirty (30) days after the receipt of such offer, the Company may, at its option, purchase the Stock Interest being sold by the Selling Stockholder on the same terms as the offer made by the Outside Investor, *provided, however*, that unless all of the Stock Interest to be sold is bought by the Company, the Selling Stockholder shall, subject to the requirement of consent set forth in **Section 3(a)**, be free to sell said Stock Interest to the Outside Investor under the terms provided in subparagraph (iii) of this **Section 3(b)**. The Company shall exercise the option to purchase by giving written notice thereof, by certified or registered mail, to the Outside Investor and to the Selling Stockholder. The notice shall specify a date for the purchase (the "**Purchase**

Date") which shall be the date set forth in the bona fide offer by the Outside Investor or not more than thirty (30) days after the date of such notice, whichever occurs later, and said purchase shall be at the principal business office of the Company or shall be at such other place that is mutually agreeable to the parties. Notwithstanding anything contained herein to the contrary, the Company shall have the absolute right to assign to any Person its right to purchase such Stock Interest.

(iii) Allowance of Transfer. If the Selling Stockholder's offer to sell is not fully accepted by the Company or a purchase does not occur by the Purchase Date even though the Company accepted the offer to sell, then the Selling Stockholder may make the transfer to the Outside Investor; *provided, however*, that (A) such sale must receive prior consent of the Company as set forth in **Section 3(a)**, (B) such sale must be made in strict accordance with the terms and conditions stated in the Outside Investor's offer, (C) the Outside Investor must become a party to this Agreement, and (D) such sale must not result in the Company having more than the Allowable Number of Stockholders or the Allowable Number of Record Holders; and, *provided, further*, that if such Selling Stockholder shall fail to make such transfer within seventy-five (75) days of the date on which the Selling Stockholder gave notice to the Company or by the Purchase Date, whichever occurs earlier, such Stock Interest shall again become subject to all the restrictions of this Agreement.

(iv) Purchase Price and Terms. The purchase price and terms of payment for all Stock Interests purchased by the Company pursuant to the right of first refusal as described in this **Section 3** shall be equal to the purchase price offered by the Outside Investor and shall be payable in accordance with the terms of the offer made by the Outside Investor.

(c) Right of First Refusal Prior to Foreclosure. Until the Termination Date, subject to **Section 4(a)(ii)**, in the event that any Stockholder (the "**Pledging Stockholder**") shall at any time desire to assign, transfer, pledge, hypothecate or encumber any of its Stock Interest to a Qualified Individual or a Qualified Entity for the purpose of securing the obligation of the Pledging Stockholder or any other Person to repay a loan or to render any other performance (the "**Pledged Interest**"), the Pledging Stockholder shall not engage in such transaction without first entering into an agreement with the other parties to such transaction (collectively, the "**Pledgee**") that expressly prohibits the Pledgee from taking itself, or transferring to any person other than the Pledging Stockholder, title to the Stock Interest without first offering the Pledged Interest for sale to the Company in the same manner as set forth in **Section 3(b)** as if the Pledgee were a Selling Stockholder; except that the price at which the Pledgee shall offer the Pledged Interest to the Company shall be the lesser of: (i) the amount owed by the Pledging-Stockholder to the Pledgee for which the Stock Interest has been assigned, transferred, pledged, hypothecated or encumbered; or (ii) 80% of the book value of such Pledged Interest computed as of the last day of the most recently ended calendar quarter. If the Company fails to purchase all of the Pledged Interest, subject to Section 3, the Pledgee shall be free to dispose of the Pledged Interest in the manner provided by applicable law. Notwithstanding anything contained herein to the contrary, the Company shall have the absolute right to assign to any Person its right to purchase such Pledged Interest.

(d) Permitted Transfers. Until the Termination Date and subject to **Section 4(a)(ii)**, a Stockholder shall be permitted to transfer, without the consent of the Company, all or any portion of its Stock Interest to: (i) a Qualified Entity for the sole benefit of such Stockholder or (ii) any other Stockholder. Following the Termination Date, this Agreement shall not create any restrictions on the right of a Stockholder to transfer all or any portion of such Stockholder's Stock Interest.

Section 4. **Transfer Without Consent**.

(a) Prohibited Transfers. Until the Termination Date, no Stockholder or other Person (including a Pledgee) shall:

(i) Specific Prohibitions. Transfer any Stock Interest, regardless of whether done voluntarily or by operation of law or other involuntary method, except as may be specifically permitted by **Section 3**.

(ii) General Prohibitions. Take any action which would cause or result in the termination or revocation of the Company's status as an "S corporation" under the Code, including but not limited to a transfer to: (A) any Person(s) if, upon completion of such transfer, the Company would have more than the Allowable Number of Stockholders or the Allowable Number of Record Holders; or (B) any Person that is not a Qualified Individual or a Qualified Entity.

(b) Prohibited Transfers Void. Any voluntary or involuntary transfer (e.g., which involuntary transfer could occur by operation of law or other involuntary method) in violation of **Section 4(a)** shall be null and void, *ab initio*, and without legal effect.

(c) Option to Purchase. Any transfer in violation of **Section 4(a)**, whether voluntary or involuntary, shall result in the Company having an option ("**Option**") to purchase from the transferee Stockholder all, but not less than all, of the relevant Stock Interest. Exercise of the Option shall be by means of written notice of intent to purchase the stock, delivered to the transferee Stockholder within sixty (60) days from the date of discovery by the Company of the involuntary transfer. If the Company exercises the Option, the closing of the purchase shall occur on the fifth business day after delivery of such notice, and the purchase price shall be the least of the following that apply: (i) 80% of the book value of the Stock Interest; (ii) the fair market value of the Stock Interest transferred, (as such value is determined by multiplying the value of each equity security by the number of equity securities transferred); (iii) the price paid to the transferor Stockholder for the Stock Interest transferred; or (iv) in the case where a lender proposes to take ownership of the Stock Interest in satisfaction of debts owing to such lender by the transferor-Stockholder, the amount owed by such transferor-Stockholder to such lender for which the Stock Interest has been pledged. The purchase price will be payable 20% at closing and the balance payable in four annual installments, each consisting of 20% of the purchase price plus interest on the unpaid balance at the lowest rate allowable for Federal income tax purposes without the treatment under the Code of any unpaid interest as imputed income of the payee. Book value shall be determined as of the end of the month immediately preceding such transfer and calculated in accordance with generally accepted accounting principles with goodwill excluded from such calculation.

(d)   Adjustments for Transfers. In the event that any transfer by operation of law or other involuntary method causes or results in the inadvertent termination of the Company's "S corporation" status prior to the Termination Date, the Company's directors and Stockholders shall make any adjustments for the period of termination that are consistent with the treatment of the Company as an "S corporation" or that are proposed by the Internal Revenue Service, and shall take any and all other actions that are reasonably deemed by the Company or its counsel to be necessary or appropriate to continue (or reinstate) the Company's status as an "S Corporation."

(e)   Termination of Stock Interest. Until the Termination Date, in the event that a Stockholder terminates his or her entire interest in the Company during the taxable year of the Company, whether voluntarily or by operation of law or other involuntary method of transfer, the Company may elect under Section 1377(a)(2) of the Code to have the rules provided in Section 1377(a)(1) applied as if the taxable year consisted of two (2) taxable years with the first one ending on the date of the Stockholder's termination. If the Company so elects, it shall execute the necessary form for exercising such election, and each of the Company and the Stockholder shall execute the necessary Stockholder's consent notwithstanding that such Stockholder may have disposed of his or her Stock Interest prior to such termination, and shall authorize the filing of such election and such consents with the appropriate Internal Revenue Service Center or office. In addition, the Stockholder shall take such other action as may be deemed necessary or advisable by the Company or its counsel to exercise such election.

Section 5.   **Dividend Policy**. The following provisions set forth in this **Section 5** shall be effective until the Termination Date. Accordingly, for periods following the completion of the Public Offering the Company shall not be required to comply with any obligations imposed on the Company under **Section 5(a) through Section 5(f)** below.

(a)   Payment of Dividends. Except to the extent prohibited or limited by the Delaware Act or other applicable law, rule, regulation or order (including, but not limited to, any bank regulatory limitations or restrictions on the Company's ability to declare dividends), or by any credit, loan or other agreement, the Company will use its reasonable efforts to pay dividends on the Company's outstanding shares of Common Stock with respect to each taxable year in an amount no less than the sum of: (i) the Company's taxable income for federal income tax purposes for each such taxable year multiplied by a tax rate (the "**Federal Rate**") which will be the highest marginal federal income tax rate (without taking into account any phase-out of lower marginal rates and personal exemptions) applicable to ordinary income earned by individuals in the calendar year within which the Company's taxable income is computed; plus (ii) the Company's taxable income for state income tax purposes for each such taxable year of the Company multiplied by a tax rate (the "**State Rate**") which will be the state tax rate in the State of Illinois applicable to the Company's income that is taxable to the Stockholders with reference to such taxable year; less (iii) the federal income tax benefit (based on the Federal Rate) of a deduction in such calendar year for the state income taxes computed in (b) above whether or not such deduction is actually available. Such dividends are hereinafter referred to as "**Tax Payment Dividends**." Thereafter, to the extent the Company's board of directors, in its sole discretion, determines that there is additional cash available for distribution, additional dividends may be declared.

(b)   Uniform Treatment. The Company shall in all events be uniform with respect to each share of its Common Stock and each Stockholder acknowledges that the dividends received from the Company may be less than the Federal, state and other income taxes actually imposed on such Stockholder's share of the Company's taxable income or on dividends received from the Company. Each Stockholder also acknowledges that the Company is subject to various bank regulatory agencies which may impose limitations or restrictions on the ability of the Company to pay dividends and, also, that the Company may, in connection with obtaining financing or otherwise, enter into a credit, loan or other agreement containing restrictions on the Company's ability to pay dividends and that current principal and interest payments are expected to be paid to any such lender, before any dividends are declared. Nothing contained in this **Section 5** or otherwise in this Agreement shall limit or restrict the Company's ability to declare and pay additional dividends from time to time as the Company may determine under applicable law.

(c) Proportionality of Dividends. It is the goal of the Company that dividends will be declared with respect to each taxable year so that, insofar as is possible, each person who held Common Stock during such year shall receive a proportion of the total dividends paid with respect to such year which is at least equal to the proportion of the Company's income for such year which is includable in such person's income for federal income tax purposes. **Each Stockholder acknowledges that various factors, including the timing of a Stockholder's acquisition and disposition of Common Stock, principal and interest debt payments by the Company and the requirements of state law and/or federal income tax principles that all dividends must be uniform with respect to each share of the Company's Common Stock, may affect the ability of the Company to achieve this goal and each Stockholder acknowledges that the Company (and the Company's directors and officers) shall not be liable for any difference between dividends actually received and the dividends which would have been received had the goal been met**.

(d) Payment Dates. Unless prohibited by applicable law, rule, regulation or order, or by any credit, loan or other agreement binding on the Company, the Company will use its reasonable efforts to declare and pay dividends from time to time as the Company's board of directors may determine: (i) at least equal to the Company's best estimate of the amount of Tax Payment Dividends which will be required to be paid with respect to the relevant calendar year pursuant to **Section 5(a)**; or (ii) at the sole election of the Company, (b) at least equal to the actual amount which was payable on account of the preceding calendar year pursuant to **Section 5(a)**. If the total of the dividends paid with respect to any calendar year is less than the amount finally determined to be due under **Section 5(a)** with respect to such year, the Company will use its reasonable efforts to make a final dividend payment with respect to such year, in the amount of the shortfall, such dividend to be paid no later than April 10 of the following year.

(e) Audit Adjustments. In addition to the dividends and the final dividend referred to in **Section 5(d)**, the Company will, subject to the requirements of the Delaware Act and any other applicable law, rule, regulation or order, use its reasonable efforts to pay additional dividends if, as a result of audit adjustments or any other adjustment to the Company's taxable income for any year, the taxable income of the Company attributable to the Stockholders for any year is increased.

(f) Omitted Dividends; Other Adjustments. If any dividend payable under this **Section 5(f)** is not paid because of prohibitions imposed by any applicable law, rule, regulation or order, by any credit, loan or other agreement binding on the Company, the Company shall, when it becomes legally permissible to do so, use its reasonable efforts to pay dividends in an amount

equal to the omitted dividends. In the event the Company determines that it has distributed amounts in excess of or less than those called for under **Section 5(d)**, the Company may decrease or increase, as the case may be, subsequent dividends to effect the purposes of **Section 5(a)**, subject to the requirements of **Section 5(c)**.

Section 6. S Corporation Termination and Tax Sharing.

(a) Termination of S Corporation Status. The Company's status as an S corporation shall terminate pursuant to Section 1362(d)(2) of the Code on the Termination Date.

(b) Payments Related to Future Adjustments. In the event that any final determination of an adjustment (by reason of an amended return, claim for refund, audit, judicial decision or otherwise, which determination occurs after the Termination Date (each, a "**Tax Proceeding**")) results in an increase in the taxable income of the Company for any year during which the Company qualified as an S Corporation, including the S Short Year, the Company shall distribute to the Stockholders, on a pro-rata basis, within 30 days of such final determination, cash in an amount equal to (i) the product of (A) the amount of increase in taxable income resulting from the adjustment and (B) the Assumed Tax Rate plus (ii) any interest and penalties imposed thereon.

(c) Liability for Taxes Incurred During the S Short Year and for Tax Periods Ending Prior to the Termination Date. Each Stockholder covenants and agrees that: (i) such Stockholder has duly included (to the best of his knowledge), or will duly include, in his federal, state, and local income tax returns his respective allocable shares of all items of income, gain, loss, deduction, or credit attributable to the S Short Year of the Company, (ii) such returns shall, to the extent required by applicable law, include his allocable share of S Corporation Taxable Income of the Company from all sources through and including the close of business on the last day of the S Short Year of the Company, and (iii) such Stockholder shall, to the extent required by applicable law, pay any and all taxes he is required to pay, as a result of being a shareholder of the Company, for all taxable periods (or that portion of any period) during which the Company was an S Corporation.

(d) Stockholder Indemnification for Tax Liabilities. Each Stockholder, on a pro-rata basis, hereby indemnifies and holds the Company harmless from, against and in respect of any unpaid income tax liabilities of the Company (including interest and penalties imposed thereon) (i) which are attributable to the S Short Year and the primary liability of the Stockholder, or (ii) which are incurred by the Company as a result of a final determination of an adjustment (by reason of a Tax Proceeding) to the taxable income of such Stockholder for any period, including the S Short Year or thereafter, and which (in the case of this clause (ii)) are attributable to a decrease for any period in such Stockholder's taxable income and a corresponding increase for any period in the taxable income of the Company.

(e) Company Indemnification for Tax Liabilities. The Company hereby indemnifies and agrees to hold the Stockholders, on a pro-rata basis, harmless from, against and in respect of income tax liabilities (including interest and penalties imposed thereon), if any, incurred by a Stockholder as a result of a final determination of an adjustment (by reason of a Tax Proceeding) to the taxable income of the Company for any period ending after the Termination Date (including, without limitation, the C Short Year) which results in an increase for any period in the taxable income of such Stockholders. The Company shall distribute cash, on a pro-rata basis, in an amount equal to (i) the product of (A) the amount of such increase in the taxable income resulting from such final determination and (B) the Assumed Tax Rate, plus (ii) any interest and penalties imposed thereon.

(f) Payments. The Stockholders or the Company, as the case may be, shall make any payment required under **Section 6(d) or Section 6(f)** of this Agreement within 30 days after receipt of notice from the other party that a final determination of an adjustment (by reason of a Tax Proceeding) has occurred and a payment is due by such party to the appropriate taxing authority.

(g) Allocation of Income.

(i) Short Taxable Years. The parties acknowledge that the taxable year in which the S corporation status of the Company is terminated will be an "S Termination Year" for tax purposes, as defined in Section 1362(e)(4) of the Code. Pursuant to Section 1361(e)(1) of the Code, the S Termination Year of the Company shall be divided into two short taxable years: an "S Short Year" and a "C Short Year." As defined in Section 1362(e)(1)(A) of the Code, the S Short Year shall be that portion of the Company's S Termination Year ending on the day immediately preceding the Termination Date. Pursuant to Section 1362(e)(1)(B) of the Code, that portion of the S Termination Year beginning on the Termination Date and ending on the last day of the taxable year shall be the C Short Year of the Company.

(ii) Closing of the Books. The Company and the Stockholders understand that for tax purposes (including for purposes of determining the Company's S Corporation Taxable Income for its S Short Year) the Company will allocate its items of income, gain, loss, deduction and credit for its calendar year between the S Short Year and the C Short Year based on a "closing of the books."

(h) Other Tax Matters.

(i) Refunds. If the Company receives a refund of any income tax (including penalties and interest) for any period prior to the Termination Date, or as to which it has previously been indemnified by the Stockholders, the Company shall pay an amount equal to such refund, on a pro-rata basis, within 30 days after receipt thereof, to the Stockholders on the last day of any applicable period to which the refund relates. If a Stockholder receives a refund of any income tax (including penalties and interest) as to which it has previously been indemnified by the Company, such Stockholder shall, within 30 days after receipt thereon, remit an amount equal to such refund to the Company (for the avoidance of doubt, such refund shall be determined assuming the Stockholder's only items of income, loss or deduction arise from the Company during the S Short Year).

(ii) Notice and Tax Proceedings.

(A) Any time that a Stockholder believes he may be entitled to a payment under this Agreement as a result of a Tax Proceeding such Stockholder shall use reasonable efforts to promptly notify the Company of such Proceeding.

(B) The Company will have the option to represent itself in any Tax Proceeding, at its own expense and using advisors of the Company's choice.

(C) Each Stockholder shall cooperate fully with the Company in any Tax Proceeding and shall have the right, but not the obligation, to participate in such Proceeding at his own expense.

(D) Breach by any Stockholder of any of the provisions of this **Section 6(h)(ii)** will terminate the Company's obligation to make payments to such Stockholder under **Section 6(a) through Section 6(f)** to the extent any such breach materially prejudices the result of any Tax Proceeding.

(iii) Inconsistent Reporting. If a Stockholder hereafter reports an item on such Stockholder's income tax return in a manner materially inconsistent with the tax treatment reflected in the Schedule K-1 or other tax information provided to the Stockholder by the Company for a taxable period during which the Company had an S Election in effect, such Stockholder shall notify the Company of such treatment before filing such Stockholder's income tax return. If the Stockholder fails to notify the Company of such inconsistent reporting, such Stockholder shall be liable to the Company for any losses, costs or expenses (including reasonable attorneys' fees) arising from such inconsistent reporting, including an audit.

(iv) Post-Termination Distributions. To the extent practicable and to the extent consistent with applicable law, payments or other distributions made to a Stockholder pursuant to **Section 6(a) through Section 6(f)** will be treated as Post-Termination Distributions for U.S. federal income tax purposes and any correspondingly applicable state and/or local tax purposes.

(v) Other Distributions. To the extent that the Company's tax return preparers determine that such payments or distributions cannot be properly treated as Post-Termination Distributions, then the amount of any distribution made to the Stockholders pursuant to **Section 6(a) through Section 6(f)** shall be increased by the amount of the Stockholders' additional tax liability, if any, resulting from such payments or distributions, as reasonably determined by the Company's tax return preparers, plus an amount equal to any additional tax liability resulting from the payment pursuant to this **Section 6(h)(v)**, assuming that each Stockholder pays tax at the Assumed Tax Rate.

(vi) Confidentiality. Each of the parties agrees that any information furnished pursuant to this Agreement is confidential and, except as and to the extent required by law or otherwise during the course of an audit or contest or other administrative or legal proceeding, shall not be disclosed to any person or entity.

(vii) Successors and Access to Information. This Agreement shall be binding upon and inure to the benefit of any successor, heirs or personal representatives to any of the parties, by merger, acquisition of assets or stock in the Company or otherwise, to the same extent as if the successor, heir or personal representative had been an original party to this Agreement or a Stockholder for the taxable period in question, and in such event, all references herein to a party shall refer instead to the successor, heir or personal representative of such party; provided, however, that for purposes of calculating the tax liability to which any payments under this Agreement would relate, the original Stockholder's tax liability shall be taken into account, but any payments in connection therewith shall be made to the successor, heir or personal representative of the original Stockholder.

Section 7. **Necessary Actions**. Each Stockholder agrees to take all actions as may be necessary or desirable to give full force and effect to the terms of this Agreement, including any actions that may be required by the Delaware General Business Corporation Law, as amended (the "**Delaware Act**"), or the Code and including voting to approve and adopt any bylaw or charter amendments in furtherance of or to give effect to the provisions of this Agreement.

Section 8. **Execution of Documents; Limited Power of Attorney**.

(a) Execution of Documents. Each Stockholder shall execute and deliver such election forms, consents, agreements, instruments and other documents and perform such acts as the Company may reasonably deem to be necessary or appropriate to: (i) permit the Company to be an "S corporation" for federal and, where applicable, state and local income tax purposes pursuant to Subchapter S of the Code and comparable state and local income tax laws and regulations and (ii) fulfill the purpose and intent of this Agreement including as provided under **Section 6**.

(b) Limited Power of Attorney. Each Stockholder hereby irrevocably constitutes and appoints the executive officers of the Company, and each of them, as his or her true and lawful attorneys-in-fact and in his or her name, place and stead, to make, execute, acknowledge and file any of the documents referenced in or contemplated by **Section 8(a)** and any amendments thereto which are to be made in accordance with this Agreement. Each Stockholder expressly understands and intends that the grant of the foregoing power of attorney is coupled with an interest and shall survive any assignment or transfer of a Stock Interest.

Section 9. **Remedies; Indemnification Relating to Loss of S Corporation Status**. The parties hereto agree that, if a party or other Person bound by this Agreement fails to perform its obligations hereunder, the Person or Persons which may suffer harm or be damaged by such failure cannot adequately be compensated by monetary damages. Therefore, it is agreed that the rights and the performance of obligations under this Agreement shall be specifically enforceable in addition to such other or further remedy as a court may deem appropriate. Notwithstanding the foregoing, if any Stockholder, through gross negligence, bad faith, or reckless or willful disregard of his obligations or duties under **Section 4** or any other provision of this Agreement breaches any provision of this Agreement, and such breach results in the termination of the Company's status as an S corporation, such Stockholder (the "**Indemnitor**") shall indemnify each of the other Stockholders (each, an "**Indemnitee**") for the loss of federal and state income tax benefits reasonably expected to result from such termination. In addition, the Indemnitor shall indemnify each Indemnitee for all federal and state income taxes payable by such Indemnitee as a result of the receipt of any indemnification payment required by this **Section 9**. The Indemnitor shall make the indemnification payments required by this **Section 9** within thirty (30) days after the date notice of such breach is first given to the Indemnitor by the Company or any Indemnitee.

Section 10. **Binding Effect**. This Agreement shall inure to the benefit of and be binding on the parties hereto and their respective heirs, executors, administrators, personal and legal representatives, successors and assigns.

Section 11. **Governing Law**. This Agreement shall be governed by and construed and enforced in accordance with the internal laws of the State of Delaware, without regard to the conflicts of laws rules thereof.

Section 12. **Severability**. If any particular provision of this Agreement is adjudicated to be invalid or unenforceable, such provision shall be deemed deleted and the remainder of this Agreement, nevertheless, shall remain unaffected and fully enforceable. Further, to the extent any provision herewith is deemed unenforceable by virtue of its scope but may be made enforceable by limitation thereof, the parties hereto agree the same shall, nevertheless, be enforceable to the fullest extent permissible.

Section 13. **Assumption by Successors**. It is expressly agreed that any person, firm, association, trust or corporation which shall acquire all or any part of the Stock Interest in an arm's length transaction and for value or by reason of any transfer or successorship permitted under this Agreement (and including the transferee of a "bankrupt Stockholder" for the purposes hereof), shall succeed to all of the rights of (except as otherwise herein provided), and shall be bound by all of the obligations of and restrictions upon, a Stockholder under this Agreement. Contemporaneously with any such transfer or succession, the transferee or successor shall expressly assume, in writing, all of the obligations of a Stockholder under this Agreement and shall execute and deliver to the Company and the Stockholders a counterpart of this Agreement. Notwithstanding the foregoing, at any time after the Termination Date, the Company shall have the right, but not the obligation, to waive compliance with this Section 13 and permit any transfer by a Stockholder without requiring the applicable transferee to execute a counterpart to this Agreement or otherwise succeed to any rights or obligations under this agreement; provided, that the transferor shall remain liable for all obligations under this Agreement with respect to the Stock Interest transferred.

Section 14. **Amendment and Waiver**. This Agreement may be amended, modified or supplemented, and compliance with any provision hereof may be waived, only with the written consent of the holders of at least two-thirds (2/3) of the outstanding shares of the voting common stock of the Company held by Stockholders as of the date of this Agreement.

Section 15. **Interpretation**. The headings of the sections contained in this Agreement are solely for the purpose of reference, are not part of the agreement of the parties and shall not affect the meaning or interpretation of this Agreement.

Section 16. **Nature of Agreement**. Under this Agreement each Stockholder retains ownership and possession of the Stock Interest of the Company owned by each of them. This Agreement is not and shall not be construed as a voting trust agreement under the Delaware Act.

Section 17. **Notices**. All notices and other communications provided for or permitted hereunder shall be in writing and shall be deemed to have been duly given if delivered personally or sent by registered or certified mail (return receipt requested) postage prepaid, or by telecopier to the most current address of such Stockholder on the records of the Company.

Section 18. **Counterparts**. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which shall constitute one and the same instrument. Any facsimile or electronically transmitted copies hereof or signature hereon shall, for all purposes, be deemed originals.

Section 19. **Stock Certificate Legends**. Except as provided below, all certificates evidencing shares of Common Stock subject to this Agreement shall bear the following legends:

"THE SECURITIES EVIDENCED BY THIS CERTIFICATE ARE SUBJECT TO CERTAIN RIGHTS AND TO CERTAIN OBLIGATIONS AND RESTRICTIONS WITH RESPECT TO TRANSFER AND PURCHASE AS SET FORTH IN THAT CERTAIN AMENDED RESTATED STOCKHOLDER AGREEMENT DATED AS OF SEPTEMBER 27, 2019 (AS SUCH AGREEMENT MAY BE AMENDED, RESTATED OR OTHERWISE MODIFIED FROM TIME TO TIME), A COPY OF WHICH MAY BE OBTAINED FROM THE ISSUER WITHOUT CHARGE. THE STOCKHOLDER AGREEMENT ALSO PROVIDES THAT, UPON THE TRANSFER OF THE SECURITIES EVIDENCED BY THIS CERTIFICATE, CERTAIN OF THESE RIGHTS, OBLIGATIONS AND RESTRICTIONS MAY CONTINUE TO BE BINDING ON THE TRANSFEREE.

THE CORPORATION WILL FURNISH WITHOUT CHARGE TO EACH STOCKHOLDER WHO SO REQUESTS THE POWERS, DESIGNATIONS, PREFERENCES AND RELATIVE, PARTICIPATING, OPTIONAL OR OTHER SPECIAL RIGHTS OF EACH CLASS OF STOCK OR SERIES THEREOF AND THE QUALIFICATIONS, LIMITATIONS OR RESTRICTIONS OF SUCH PREFERENCES AND/OR RIGHTS. WITHOUT LIMITATION OF THE FOREGOING, THE TRANSFER AND OWNERSHIP OF COMMON STOCK AND SERIES A COMMON STOCK ARE SUBJECT TO NUMEROUS RESTRICTIONS AS SET FORTH IN THE CORPORATION'S CERTIFICATE OF INCORPORATION (AS AMENDED, RESTATED OR OTHERWISE MODIFIED FROM TIME TO TIME)."

At any time after the Termination Date, the Company shall have the right, but not the obligation, to remove the foregoing legend from certificates evidencing shares of Common Stock if the Company determines, in its sole discretion, that such legend is no longer necessary or advisable to ensure compliance with this Agreement.

Section 20. **Waiver of Jury Trial**. EACH PARTY HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY WITH RESPECT TO ANY DISPUTE ARISING OUT OF THIS AGREEMENT. EACH PARTY (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF

LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS **Section 20**.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY BLANK]

IN WITNESS WHEREOF, this Agreement has been duly executed and delivered as of the day and year first above written by the Company and the Stockholders.

HBT FINANCIAL, INC.

By: /s/ Fred L. Drake
Name: Fred L. Drake
Title: Chairman & CEO

SIGNATURE PAGES OF DIRECT AND BENEFICIAL STOCKHOLDERS

The undersigned agrees to all of the terms of the HBT Financial, Inc. (f/k/a Heartland Bancorp, Inc., the "Company") Amended Restated Stockholder Agreement and agrees to be bound by all the provisions thereof. The undersigned further constitutes and appoints the executive officers of the Company the true and lawful attorneys-in-fact of the undersigned to make, execute, acknowledge and file any documents as provided in **Section 8** of said Stockholder Agreement, which documents the undersigned hereby joins in and hereby authorizes these signature pages to be attached thereto if the executive officers or any of them, deem it necessary or advisable.

HEARTLAND BANCORP, INC. VOTING TRUST created pursuant to Voting Trust Agreement dated as of May 4, 2016

By: /s/ Fred L. Drake
Fred L. Drake, Trustee

/s/ George E. Drake
George E. Drake

/s/ Arthur M. Drake
Arthur M. Drake Trust dtd 7-21-2015

/s/ Fred L. Drake
Fred L. Drake 2017 Gift Trust dtd 7/7/17

/s/ Marcia Dudley
Marcia Dudley

/s/ Jamie L. Drake
Jamie L. Drake Rev Trust dtd 3/27/2014

/s/ Janet A. Drake
Janet A. Drake Trust dtd 7-21-2015

GEORGE E. DRAKE INTER-VIVOS FAMILY TRUST dated May 16, 1985

By: /s/ Allen C. Drake
Allen C. Drake, Trustee

/s/ Elinor J. Drake
Elinor J. Drake

/s/ Allen C. Drake
Allen C. Drake

/s/ Fred L. Drake
Fred L. Drake Revocable Trust dtd 3/27/14

/s/ Marcia J. Dudley
Marcia J. Dudley 2017 Gift Trust

/s/ Jamie L. Drake
Jamie L. Drake 2017 Gift Trust dtd 7/7/17

/s/ Arthur M. Drake
Arthur M. Drake

/s/ Janet A. Drake
Janet A. Drake

SIGNATURE PAGES OF DIRECT AND BENEFICIAL STOCKHOLDERS

The undersigned agrees to all of the terms of the HBT Financial, Inc. (f/k/a Heartland Bancorp, Inc., the "Company") Amended Restated Stockholder Agreement and agrees to be bound by all the provisions thereof. The undersigned further constitutes and appoints the executive officers of the Company the true and lawful attorneys-in-fact of the undersigned to make, execute, acknowledge and file any documents as provided in **Section 8** of said Stockholder Agreement, which documents the undersigned hereby joins in and hereby authorizes these signature pages to be attached thereto if the executive officers or any of them, deem it necessary or advisable.

ELINOR J. DRAKE GRANDCHILDREN IRREVOCABLE TRUST

/s/ Fred L. Drake
Elinor J. Drake Grandchildren's Trust for Matthew Drake, Fred L. Drake, Trustee

/s/ Fred L. Drake
Elinor J. Drake Grandchildren's Trust for John A. Drake, Fred L. Drake, Trustee

/s/ Fred L. Drake
Elinor J. Drake Grandchildren's Trust for Carl T. Drake, Fred L. Drake, Trustee

/s/ Fred L. Drake
Elinor J. Drake Grandchildren's Trust for James J. Drake, Fred L. Drake, Trustee

/s/ Fred L. Drake
Elinor J. Drake Grandchildren's Trust for Sarah Eisenmann, Fred L. Drake, Trustee

/s/ Allen C. Drake
Elinor J. Drake Grandchildren's Trust for Chris A. Drake, Allen C. Drake, Trustee

/s/ Allen C. Drake
Elinor J. Drake Grandchildren's Trust for Michael Drake, Allen C. Drake, Trustee

/s/ Allen C. Drake
Elinor J. Drake Grandchildren's Trust for Jenny Goemans, Allen C. Drake, Trustee

/s/ Allen C. Drake
Elinor J. Drake Grandchildren's Trust for Monica Drake, Allen C. Drake, Trustee

/s/ Allen C. Drake
Elinor J. Drake Grandchildren's Trust for Jeffrey Drake, Allen C. Drake, Trustee

/s/ Allen C. Drake
Elinor J. Drake Grandchildren's Trust for David Dudley, Allen C. Drake, Trustee

/s/ Allen C. Drake
Elinor J. Drake Grandchildren's Trust for Joel T. Dudley, Allen C. Drake, Trustee

/s/ Allen C. Drake
Elinor J. Drake Grandchildren's Trust for Andrea Dudley, Allen C. Drake, Trustee

/s/ Allen C. Drake
Elinor J. Drake Grandchildren's Trust for Craig Dudley, Allen C. Drake, Trustee

/s/ Allen C. Drake
Elinor J. Drake Grandchildren's Trust for Melissa Drake, Allen C. Drake, Trustee

Exhibit 10.3

REGISTRATION RIGHTS AGREEMENT

BY AND AMONG

HBT FINANCIAL, INC.

AND

THE STOCKHOLDERS PARTY HERETO

DATED AS OF , 2019

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REGISTRATION RIGHTS AGREEMENT

This REGISTRATION RIGHTS AGREEMENT (as the same may be amended, modified or supplemented from time to time, the "Agreement") is made as of 2019 (the "Effective Time"), by and among HBT Financial, Inc., a Delaware corporation (the "Company"), and each of the Persons listed on the signature pages hereto (collectively, the "Holders") and each other Person who becomes a party to this Agreement in accordance with Section 6.5 hereof.

RECITALS

WHEREAS, as of the Effective Time, each of the Holders owns shares of common stock, par value $0.01 per share (the "Common Stock"), of the Company;

WHEREAS, the Company is proposing to consummate an initial public offering of its Common Stock (the "Initial Public Offering"); and

WHEREAS, the parties hereto desire for the Company to provide the registration rights set forth in this Agreement, subject to the obligations of the Holders set forth herein. Unless otherwise noted herein, capitalized terms used herein shall have the meanings set forth in Section 5.

NOW, THEREFORE, the parties to this Agreement hereby agree as follows:

1. DEMAND REGISTRATIONS.

1.1 Requests for Registration. Subject to the other provisions of this Section 1, the Designated Holder may initiate, after the closing of the Initial Public Offering, an unlimited number of registrations of all or part of his Registrable Securities on Form S-1 or any similar or successor long-form registration ("Long-Form Registrations") and, if available, an unlimited number of registrations of all or part of his Registrable Securities on Form S-3 or any similar or successor short-form registration ("Short-Form Registrations"); provided that the aggregate proposed gross offering price of the Registrable Securities requested to be registered in any Demand Registration (including any Registrable Securities requested to be included by any other Holder in accordance with Section 1.3 hereof) must equal at least $[25,000,000] in the case of any Long Form Registration and at least $[5,000,000] or include all remaining Registrable Securities held by the Designated Holder in the case of any Short Form Registration. The Designated Holder may request that a Short-Form Registration be a Shelf Registration.

1.2 Demand Notice. All requests for Demand Registrations shall be made by giving written notice to the Company (a "Demand Notice"). Each Demand Notice shall specify the approximate number of Registrable Securities requested to be registered and, in the case of a Short-Form Registration, whether or not the registration will be a Shelf Registration.

1.3 Notice to Other Holders. Within [ten (10)] days after receipt of any Demand Notice, the Company will give written notice of the Demand Registration to all other Holders and, subject to the terms of Section 1.8 will include in such Demand Registration (and in all related registrations and qualifications under state blue sky laws and in any related underwriting) all Registrable Securities with respect to which the Company has received written requests for inclusion therein within ten (10) days after the delivery of the Company's notice; provided that, with the consent of the Designated Holder, the Company may instead provide notice of the Demand Registration to all other Holders within three (3) Business Days following the non-confidential filing of the registration statement with respect to the Demand Registration so long as such registration statement is not an Automatic Shelf Registration Statement.

1.4 Demand Registration Expenses. The Company will pay all Registration Expenses in connection with any registration initiated as a Demand Registration, whether or not it has become effective.

1.5 Short-Form Registrations. Demand Registrations will be Short-Form Registrations whenever the Company is permitted to use any applicable short-form, unless the Designated Holder otherwise specifies. After the Company has become subject to the reporting requirements of the Exchange Act, the Company will use its reasonable efforts to make Short-Form Registrations available for the sale of Registrable Securities.

1.6 Shelf Take-Downs. At any time that a Shelf Registration is effective, if the Designated Holder delivers a written notice to the Company (a "Take-Down Notice") stating that he intends to effect an offering of all or part of his Registrable Securities included on the Shelf Registration, whether such offering is underwritten or non-underwritten (provided that such underwritten offering is for more than $5,000,000) (a "Shelf Offering") and stating the number of the Registrable Securities to be included in the Shelf Offering, then, the Company shall amend or supplement the Shelf Registration as may be necessary in order to enable such Registrable Securities to be distributed pursuant to the Shelf Offering. As promptly as practicable, but in no event later than [two (2) Business Days] after receipt of a Shelf Offering Notice, the Company will give written notice of such Shelf Offering Notice to all Holders that have been identified as selling stockholders in such Shelf Registration Statement (or all Holders if the Company was permitted to omit the identified of selling stockholders pursuant to Rule 430B(b) under the Securities Act at the time such Shelf Registration Statement was initially filed) and, subject to the terms of Section 1.8 will include in such Shelf Offering (and in all related registrations and qualifications under state blue sky laws and in any related underwriting) all Registrable Securities with respect to which the Company has received written requests for inclusion therein within [three (3)] days after the delivery of the Company's notice. In connection with any Shelf Offering, in the event that the managing underwriter(s), if any, advises the Company in writing that in its opinion the number of Registrable Securities to be included in such Shelf Offering exceeds the number of Registrable Securities which can be sold therein without adversely affecting the marketability of the offering, such managing underwriter(s), if any, may limit the number of shares which would otherwise be included in such Shelf Offering in the same manner as is described in Section 1.8.

1.7 Block Trades. If the Designated Holder proposes to sell Registrable Securities by means of an Underwritten Block Trade (either by means of a Shelf Offering or, if the Company is eligible, by filing an Automatic Shelf Registration Statement (as such term is defined in Rule 405 under the Securities Act)), then notwithstanding the time periods set forth elsewhere in this Section 1, such Designated Holder may notify the Company of the Underwritten Block Trade not less than two (2) Business Days prior to the day such offering is first anticipated to commence. The Company will promptly notify other Holders of such Underwritten Block Trade and such notified Holders (each, a "Potential Participant") may elect whether or not to participate no later than the next Business Day (i.e. one (1) Business Day prior to the day such offering is to commence) (unless a longer period is agreed to by the Designated Holder), and the Company will as expeditiously as possible use its best efforts to facilitate such Underwritten Block Trade; provided further that, notwithstanding anything herein to the contrary, no Holder other than the Designated Holder will be permitted to participate in an Underwritten Block Trade without the consent of the Designated Holder. Any Potential Participant's request to participate in an Underwritten Block Trade shall be binding on the Potential Participant.

1.8 Priority on Demand Registrations. The Company shall not include in any Demand Registration any securities which are not Registrable Securities, other than securities of the Company to be offered by the Company (the "Company Offered Securities"), without the prior written consent of the Designated Holder. If a Demand Registration is an underwritten offering and the managing underwriter(s) advises the Company in writing that in its opinion the number of Registrable Securities and, if permitted hereunder, other securities requested to be included in such offering exceeds the number of Registrable Securities and other securities, if any, which can be sold therein without adversely affecting the marketability of the offering, then the Company shall include in such registration: (i) first, the number of Registrable Securities requested to be included which, in the opinion of such underwriters, can be sold, without any such adverse effect, pro rata among the respective Holders on the basis of the number of Registrable Securities owned by each such Holder; (ii) second, the number of Company Offered Securities which, in the opinion of such underwriters, can be sold, without any such adverse effect; (iii) third, other securities requested to be included in such registration.

1.9 Restrictions on Demand Registrations. The Company will not be obligated to commence a Public Offering upon a Demand Registration for (i) one hundred eighty (180) days after the closing of the Initial Public Offering and (ii) ninety (90) days after the closing of any other Public Offering, in each case, except to the extent that the managing underwriter(s) agrees to a shorter lock-up period. The Company may postpone for up to thirty (30) days (from the date of the request) the filing or the effectiveness of a registration statement for a Demand Registration if and so long as the Company determines that such Demand Registration would reasonably be expected to have an adverse effect on any proposal or plan by the Company or any of its subsidiaries to engage in any acquisition of assets (other than in the ordinary course of business) or any merger, consolidation, tender offer, registration or issuance of securities, financing or other material transaction; provided, that in such event, the Company will pay all Registration Expenses in connection with such registration. The Company may not postpone a Demand Registration more than [two (2)] times in any twelve (12)-month period.

1.10 Selection of Underwriters. The Designated Holder shall have the right to select the underwriter or underwriters to administer the offering for a Demand Registration.

1.11 Other Registration Rights. The Company represents and warrants that it is not a party to, or otherwise subject to, any other agreement granting registration rights to any other Person with respect to any securities of the Company, other than this Agreement. Except as provided in this Agreement, the Company shall not grant to any Persons the right to request the Company to register any equity securities of the Company, or any securities convertible or exchangeable into or exercisable for such securities, without the approval of the Designated Holder.

2. PIGGYBACK REGISTRATIONS.

2.1 Right to Piggyback. Whenever the Company proposes to register any of its equity securities under the Securities Act (other than in connection with registration pursuant to

Section 1.1 or registration on Form S-4 or Form S-8 or any successor or similar form) and the registration form to be used may be used for the registration of Registrable Securities (a "Piggyback Registration"), the Company will give prompt written notice to all Holders of its intention to effect such a registration and, subject to Sections 2.3 and 2.4 below, will include in such registration all Registrable Securities held by Holders with respect to which the Company has received written requests for inclusion therein within the following time periods: one (1) Business Day after the delivery of the Company's notice, in the case of an Underwritten Block Trade, three (3) days after the delivery of the Company's notice, in the case of a Piggyback Registration effected pursuant to a Shelf Registration (other than an Underwritten Block Trade), and ten (10) days after the delivery of the Company's notice, in all other cases. Each such Company notice shall specify the approximate number of Company equity securities to be registered and the anticipated per share price range for such offering.

2.2 Piggyback Expenses. The Registration Expenses of the Holders will be paid by the Company in all Piggyback Registrations, whether or not any such registration becomes effective.

2.3 Priority on Primary Registrations. If a Piggyback Registration is an underwritten primary registration on behalf of the Company and the managing underwriter(s) advises the Company in writing (with a copy to each applicable party hereto requesting registration of Registrable Securities) that in its opinion the number of securities requested to be included in such registration exceeds the number which can be sold in such offering without adversely affecting the marketability of such offering, the Company will include in such registration: (a) first, the securities the Company proposes to sell, (b) second, the Registrable Securities requested to be included in such registration by the Holders, pro rata among the Holders on the basis of the number of Registrable Securities owned by each such Holder, and (c) third, other securities requested to be included in such registration.

2.4 Priority on Secondary Registrations. If a Piggyback Registration is an underwritten secondary registration on behalf of holders of Company securities (other than a Holder), and the managing underwriter(s) advises the Company in writing that in its opinion the number of securities requested to be included in such registration exceeds the number which can be sold in such offering without adversely affecting the marketability of the offering, the Company will include in such registration: (a) first, the securities requested to be included therein by the applicable holders requesting registration and the Registrable Securities requested to be included in such registration, pro rata among the holders of such securities and Registrable Securities on the basis of the number of shares owned by each such holder, and (b) second, other such securities requested to be included in such registration.

3. REGISTRATION AND COORDINATION GENERALLY.

3.1 Registration Procedures. Whenever any registration or offering of Registrable Securities is effected pursuant to this Agreement, the Company will use its best efforts to effect the registration and/or sale of such Registrable Securities in accordance with the intended method of disposition thereof and pursuant thereto the Company will as expeditiously as reasonably practicable:

(a) prepare and (within sixty (60) days of receipt of any request for a Long-Form Registration and within thirty (30) days of receipt of any request for a Short-Form Registration) file with the Securities and Exchange Commission a registration statement with respect to such Registrable Securities and thereafter use its best efforts to cause such registration statement to become effective (provided that before filing a registration statement or prospectus or any amendments or supplements thereto, the Company will furnish to the counsel selected by the Designated Holder for any registration in which the Designated Holder participates copies of all such documents proposed to be filed, which documents will be subject to review by such counsel);

(b) prepare and file with the Securities and Exchange Commission such amendments and supplements to such registration statement and the prospectus used in connection therewith as may be necessary (i) to keep such registration statement effective (A) for at least ninety (90) days (subject to extension pursuant to Section 3.3(b)) or until the Holders have completed the distribution described in the registration statement relating to such distribution, whichever occurs first or, if such registration statement relates to an underwritten offering, such longer period as in the opinion of counsel for the underwriters a prospectus is required by law to be delivered in connection with sales of Registrable Securities by an underwriter or dealer, or (B) in the case of a Shelf Registration, until the earlier of (I) the date on which all Registrable Securities have been sold under the Shelf Registration or otherwise no longer qualify as Registrable Securities, (II) when all such Registrable Securities can be sold in any ninety (90)-day period under Securities Act Rule 144, and (III) the latest date allowed by applicable law, and (ii) to comply with the provisions of the Securities Act with respect to the disposition of all securities covered by such registration statement until such time as all of such securities have been disposed of in accordance with the intended methods of disposition by the Holders thereof set forth in such registration statement;

(c) furnish to the Holders such number of copies of such registration statement, each amendment and supplement thereto, the prospectus included in such registration statement (including each preliminary prospectus) and such other documents as such Holders may reasonably request in order to facilitate the disposition of the Registrable Securities owned by the Holders;

(d) use its best efforts to register or qualify such Registrable Securities under such other securities or blue sky laws of such jurisdictions as the Holders may reasonably request and do any and all other acts and things which may be reasonably necessary or advisable to enable the Holders to consummate the disposition in such jurisdictions of the Registrable Securities owned by such Holders (provided that the Company will not be required to (i) qualify generally to do business in any jurisdiction where it would not otherwise be required to qualify but for this subsection, (ii) subject itself to taxation in respect of doing business in any such jurisdiction or (iii) consent to general service of process in any such jurisdiction);

(e) promptly notify each Holder, at any time when a prospectus relating to the sale of Registrable Securities is required to be delivered under the Securities Act, upon discovery that, or upon the discovery of the happening of any event as a result of which, such prospectus contains an untrue statement of a material fact or omits any fact necessary to make the statements therein not misleading in the light of the circumstances under which they were made, and, at the request of the Holders, the Company will prepare and furnish to the Holders a reasonable number of copies of a supplement or amendment to such prospectus so that, as thereafter delivered to the prospective purchasers of such Registrable Securities, such prospectus will not contain an untrue statement of a material fact or omit to state any fact necessary to make the statements therein not misleading in the light of the circumstances under which they were made;

(f) cause all such Registrable Securities to be listed on each securities exchange on which similar securities issued by the Company are then listed;

(g) cooperate with its transfer agent and registrar to make Registrable Securities available for transfer and settlement in connection with any sales contemplated by this Agreement;

(h) enter into such customary agreements (including underwriting agreements in customary form) and perform the Company's obligations thereunder and take all such other actions as the Designated Holder or the underwriters, if any, reasonably request in order to expedite or facilitate the disposition of such Registrable Securities;

(i) make available for inspection by the Designated Holder, any underwriter participating in any disposition pursuant to such registration statement and any attorney, accountant or other agent retained by any Holder or underwriter, all financial and other records, pertinent corporate documents and properties of the Company, and cause the Company's officers, directors, employees and independent accountants to supply all information reasonably requested by such Holder, underwriter, attorney, accountant or agent in connection with such registration statement, and to cooperate and participate as reasonably requested by the Designated Holder in road show presentations, in the preparation of the registration statement, each amendment and supplement thereto, the prospectus included therein, and other activities as the Designated Holder may reasonably request in order to facilitate the disposition of the Registrable Securities owned by the Holders;

(j) otherwise use its best efforts to comply with all applicable rules and regulations of the Securities and Exchange Commission, and make available to its security holders, as soon as reasonably practicable, but not later than eighteen (18) months after the effective date of the registration statement, an earnings statement covering the period of at least twelve (12) months beginning with the first day of the Company's first full calendar quarter after the effective date of the registration statement, which earnings statement shall satisfy the provisions of Section 11(a) of the Securities Act and Rule 158 thereunder;

(k) in the event of the issuance of any stop order suspending the effectiveness of a registration statement, or of any order suspending or preventing the use of any related prospectus or suspending the qualification of any securities included in such registration statement for sale in any jurisdiction, use its reasonable best efforts promptly to obtain the withdrawal of such order;

(l) in the case of an underwritten offering, obtain one or more comfort letters, dated the date of the execution of the underwriting agreement and the date of the closing thereunder, signed by the Company's independent public accountants in the then-current customary form and covering such matters of the type customarily covered from time to time by comfort letters as the recipients may reasonably request;

(m) provide a legal opinion of the Company's outside counsel, dated the effective date of such registration statement (and, if such registration includes an underwritten Public Offering, dated the date of the execution of the underwriting agreement and the closing thereunder, addressed in each case to the underwriters), with respect to the registration statement, each amendment and supplement thereto, the prospectus included therein (including the preliminary prospectus) and such other documents relating thereto in the then-current customary form and covering such matters of the type customarily covered from time to time by legal opinions of such nature;

(n) cooperate with the Holders and the managing underwriter(s), if any, to facilitate the timely preparation and delivery of certificates or book entry positions (free of any restrictive legends) representing securities to be sold under the registration statement, and enable such securities to be in such denominations and registered in such names as the managing underwriter(s), if any, or the Holders may request;

(o) notify counsel for the Holders and the managing underwriter(s), immediately, and confirm the notice in writing (i) when the registration statement, or any post-effective amendment to the registration statement, shall have become effective, or any supplement to the prospectus or any amendment prospectus shall have been filed, (ii) of the receipt of any comments from the Securities and Exchange Commission, (iii) of any request of the Securities and Exchange Commission to amend the registration statement or amend or supplement the prospectus or for additional information, and (iv) of the issuance by the Securities and Exchange Commission of any stop order suspending the effectiveness of the registration statement or of any order preventing or suspending the use of any preliminary prospectus, or of the suspension of the qualification of the registration statement for offering or sale in any jurisdiction, or of the institution or threatening of any proceedings for any of such purposes;

(p) use reasonable efforts to prevent the issuance of any stop order suspending the effectiveness of the registration statement or of any order preventing or suspending the use of any preliminary prospectus;

(q) if requested by the managing underwriter(s) or the Designated Holder, promptly incorporate in a prospectus supplement or post-effective amendment such information as the managing underwriter(s) or the Designated Holder reasonably requests to be included therein, including, without limitation, with respect to the number of Registrable Securities being sold by the Holders to such underwriter or agent, the purchase price being paid therefor by such underwriter or agent and with respect to any other terms of the underwritten offering of the Registrable Securities to be sold in such offering; and make all required filings of such prospectus supplement or post-effective amendment as soon as practicable after being notified of the matters incorporated in such prospectus supplement or post-effective amendment; and

(r) cooperate with the Holders and each underwriter or agent participating in the disposition of such Registrable Securities and their respective counsel in connection with any filings required to be made with the Financial Industry Regulatory Authority, Inc.

The Company may require each of the Holders to furnish the Company such information relating to the sale or registration of such securities regarding the Holders and the distribution of the securities as the Company may from time to time reasonably request in writing.

3.2 Registration Expenses.

(a) All expenses incident to the Company's performance of or compliance with this Agreement, including, without limitation, all registration, qualification and filing fees, fees and expenses of compliance with securities or blue sky laws, printing expenses, messenger and delivery expenses, and fees and disbursements of counsel for the Company and all independent certified public accountants, underwriters (excluding discounts and commissions) and other Persons retained by the Company (all such expenses being herein called "Registration Expenses"), will be paid by the Company in respect of each Demand Registration and each Piggyback Registration, whether or not it has become effective, and any Shelf Takedown, including that the Company will pay its internal expenses (including, without limitation, all salaries and expenses of its officers and employees performing legal or accounting duties), the expense of any annual audit or quarterly review, the expense of any liability insurance and the expenses and fees for listing the securities to be registered on each securities exchange on which similar securities issued by the Company are then listed.

(b) In connection with each Demand Registration and each Piggyback Registration, whether or not it has become effective, the Company will pay, and reimburse the Holders for the payment of, the reasonable fees and disbursements of one counsel selected by the Designated Holder, and such expenses shall be considered Registration Expenses hereunder.

(c) For the avoidance of doubt, any underwriting discount or commission with respect to the sale of any Registrable Securities shall be borne by the Holders and shall not be considered Registration Expenses.

3.3 Participation in Underwritten Offerings.

(a) No Holder may participate in any registration or offering hereunder which is underwritten unless such Holder (i) agrees to sell such Holder's securities on the basis provided in any underwriting arrangements approved by the Designated Holder (including, without limitation, pursuant to the terms of any over-allotment or "green shoe" option requested by the managing underwriter(s), provided that no Holder will be required to sell more than the number of Registrable Securities that such Holder has requested the Company to include in any registration) and (ii) completes and executes all questionnaires, powers of attorney, indemnities, underwriting agreements and other documents reasonably required under the terms of such underwriting arrangements.

(b) Each Holder agrees that, upon receipt of any notice from the Company of the happening of any event of the kind described in Section 3.1(e) above, Holders will forthwith discontinue the disposition of Registrable Securities pursuant to the registration statement until receipt of the copies of a supplemented or amended prospectus as contemplated by such Section 3.1(e). In the event the Company shall give any such notice, the applicable time period mentioned in Section 3.1(b) during which a Registration Statement is to remain effective shall be extended by the number of days during the period from and including the date of the giving of such notice pursuant to this paragraph to and including the date when the Company shall have distributed the copies of the supplemented or amended prospectus contemplated by Section 3.1(e).

3.4 Company Holdback.

(a) The Company shall not effect any public sale or distribution of its equity securities, or any securities convertible into or exchangeable or exercisable for such securities, during any underwritten Demand Registration or any underwritten Piggyback Registration in which Registrable Securities are included at any time during the ninety (90)-day period following the earliest date on which any contract for the sale of Registrable Securities in connection with such offering is executed, except as part of such underwritten registration or pursuant to registrations on Form S-4 or Form S-8, or unless the managing underwriter(s) otherwise agrees.

(b) Each Holder agrees, if requested by the Company and the managing underwriter of Registrable Securities in connection with any underwritten Public Offering of the Company and if the Company's executive officers and directors so agree, not to directly or indirectly offer, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant for the sale of or otherwise dispose of or transfer any equity securities of the Company (or any other security the value of which is derived by reference to the equity securities of the Company) held by such Holder for ninety (90) days following the earliest date on which any contract for the sale of Registrable Securities in connection with any Public Offering is executed, as such underwriter shall specify reasonably and in good faith. Each Holder agrees, if requested by the Company and the managing underwriter, to execute a separate letter reflecting the agreement set forth in this Section 3.4(b).

3.5 Current Public Information. The Company will use its reasonable efforts to timely file all reports required to be filed by it under the Securities Act and the Exchange Act and the rules and regulations adopted by the Securities and Exchange Commission thereunder, and will take such further action as the Designated Holder may reasonably request, all to the extent required to enable the Holders to dispose of Registrable Securities pursuant to Securities Act Rule 144.

4. INDEMNIFICATION

4.1 Indemnification by the Company. The Company agrees to indemnify and hold harmless, to the fullest extent permitted by law, each Holder and, as applicable, its agents (including, but not limited to, its officers, directors, trustees, employees, stockholders, holders of beneficial interests, members, and general and limited partners (collectively, such Holder's "Indemnitees")) and each Person who controls any Holder (within the meaning of the Securities Act) against any and all losses, claims, damages, liabilities, joint or several, to which such Holder or any such Indemnitee may become subject under the Securities Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions or proceedings, whether commenced or threatened, in respect thereof) arise out of or are based upon (a) any untrue or alleged untrue statement of material fact contained in any registration statement, prospectus or preliminary prospectus or any amendment thereof or supplement thereto, together with any documents incorporated therein by reference or, (b) any omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances under which such statement was made, and the Company will reimburse such Holder and each of its Indemnitees for any legal or any other expenses, including any amounts paid in any settlement effected with the consent of the Company, which consent will not be unreasonably withheld or delayed, incurred by them in connection with investigating or defending any such loss, claim, liability, action or proceeding; provided, however, that the Company shall not be liable in any such case to the extent that any such loss, claim, damage, liability (or action or proceeding in respect thereof) or expense arises out of or is based upon an untrue statement or alleged untrue statement, or omission or alleged omission, made in such registration statement, any such prospectus or preliminary prospectus or any amendment or supplement thereto, or in any application, in reliance upon, and in conformity with, written information prepared and furnished to the Company by a Holder expressly for use therein. In connection with an underwritten offering, the Company will indemnify such underwriters, their officers and directors and each Person who controls such underwriters (within the meaning of the Securities Act) to the same extent as provided above with respect to the indemnification of the Holders.

4.2 Indemnification by Holders. In connection with any registration statement in which a Holder is participating, such Holder will furnish to the Company in writing such information and affidavits as the Company reasonably requests for use in connection with any such registration statement or prospectus and, to the extent permitted by law, will indemnify and hold harmless the Company and its Indemnitees against any losses, claims, damages, liabilities, joint or several, to which the Company or any such Indemnitee may become subject under the Securities Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions or proceedings, whether commenced or threatened, in respect thereof) arise out of or are based upon (a) any untrue or alleged untrue statement of material fact contained in the registration statement, prospectus or preliminary prospectus or any amendment thereof or supplement thereto or in any application, together with any documents incorporated therein by reference or (b) any omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances under which such statement was made, but only to the extent that such untrue statement (or alleged untrue statement) or omission (or alleged omission) is made in such registration statement, any such prospectus or preliminary prospectus or any amendment or supplement thereto, or in any application, in reliance upon and in conformity with written information prepared and furnished to the Company by such Holder expressly for use therein, and such Holder will reimburse the Company and each such Indemnitee for any legal or any other expenses including any amounts paid in any settlement effected with the consent of such Holder, which consent will not be unreasonably withheld or delayed, incurred by them in connection with investigating or defending any such loss, claim, liability, action or proceeding; provided, however, that the obligation to indemnify will be limited to the net amount of proceeds received by such Holder from the sale of Registrable Securities pursuant to such registration statement, less any other amounts paid by such Holder in respect of such untrue statement, alleged untrue statement, omission or alleged omission.

4.3 Procedure. Any Person entitled to indemnification hereunder will (a) give prompt written notice to the indemnifying party of any claim with respect to which it seeks indemnification (provided, however, that the failure of any indemnified party to give such notice shall not relieve the indemnifying party of its obligations hereunder, except to the extent that the indemnifying party is actually prejudiced by such failure to give such notice), and (b) unless in such indemnified party's reasonable judgment a conflict of interest between such indemnified and indemnifying parties may exist with respect to such claim, permit such indemnifying party to assume the defense of such claim with counsel reasonably satisfactory to the indemnified party. If such defense is assumed, the indemnifying party will not be subject to any liability for any settlement made by the indemnified party without its consent (but such consent will not be unreasonably withheld). An indemnifying party who is not entitled to, or elects not to, assume the defense of a claim will not be obligated to pay the fees and expenses of more than one counsel for all parties indemnified by such indemnifying party with respect to such claim, unless in the reasonable judgment of any indemnified party a conflict of interest may exist between such indemnified party and any other of such indemnified parties with respect to such claim.

4.4 Entry of Judgment; Settlement. The indemnifying party shall not, except with the approval of each indemnified party, consent to entry of any judgment or enter into any settlement which does not include as an unconditional term thereof the giving by the claimant or plaintiff to each indemnified party of a release from all liability in respect to such claim or litigation without any payment or consideration provided by such indemnified party.

4.5 Contribution. If the indemnification provided for in this Section 4 is, other than expressly pursuant to its terms, unavailable to or is insufficient to hold harmless an indemnified party under the provisions above in respect of any losses, claims, damages or liabilities referred to therein, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages or liabilities (a) in such proportion as is appropriate to reflect the relative benefits received by the Company on the one hand and the Holders and any other sellers participating in the registration statement on the other hand from the sale of Registrable Securities pursuant to the registered offering of securities as to which indemnity is sought or (b) if the allocation provided by clause (a) above is not permitted by applicable law, in such proportion as is appropriate to reflect the relative benefits referred to in clause (a) above but also the relative fault of the Company on the one hand and the Holders and any other sellers participating in the registration statement on the other hand in connection with the statement or omissions which resulted in such losses, claims, damages or liabilities, as well as any other relevant equitable considerations. The relative benefits received by the Company on the one hand and the Holders and any other sellers participating in the registration statement on the other hand shall be deemed to be in the same proportion as the total net proceeds from the offering (before deducting expenses) to the Company bear to the total net proceeds from the offering (before deducting expenses) to the Holders and any other sellers participating in the registration statement. The relative fault of the Company on the one hand and the Holders and any other sellers participating in the registration statement on the other hand shall be determined by reference to, among other things, whether the untrue or alleged statement or omission to state a material fact relates to information supplied by the Company or by a Holder or other sellers participating in the registration statement and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

The Company and the Holders agree that it would not be just and equitable if contribution pursuant to this Section 4 were determined by pro rata allocation or by any other method of allocation which does not take account of the equitable considerations referred to in the immediately preceding paragraph. The amount paid or payable by an indemnified party as a result of the losses, claims, damages and liabilities referred to in the immediately preceding paragraph shall be deemed to include, subject to the limitations set forth above, any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Section 4, no Holder shall be required to contribute any amount in excess of the net proceeds received by such Holder covered by the registration statement filed pursuant hereto, less any other amounts paid by such Holder in respect of such untrue statement, alleged untrue statement, omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

4.6 Other Rights. The indemnification and contribution by any such party provided for under this Agreement shall be in addition to any other rights to indemnification or contribution which any indemnified party may have pursuant to law or contract and will remain in full force and effect regardless of any investigation made or omitted by or on behalf of the indemnified party or any officer, director or controlling Person of such indemnified party and will survive the transfer of securities.

5. DEFINITIONS.

"Affiliate" shall mean, with respect to any Person, any other Person which directly or indirectly through one or more intermediaries controls, or is controlled by, or is under common control with, such specified Person.

"Board" shall mean the Board of Directors of the Company.

"Business Day" shall mean any day other than a day on which banks are permitted or required to be closed in New York City.

"Demand Registrations" shall mean Long-Form Registrations and Short-Form Registrations requested pursuant to Section 1.1.

"Designated Holder" shall mean Mr. Fred L. Drake, or his duly appointed designee, until such time as Mr. Drake or his duly appointed designee no longer holds any Registrable Securities, at which time Designated Holder shall mean one or more Holders who, in the aggregate, hold at least the majority of the Registrable Securities then outstanding.

"Discriminate" shall mean, with respect to a specified Person, to change the rights of such specified Person as compared to other applicable Persons in a manner that is, or is reasonably expected to be, materially and adversely different than the changes to the rights of the other applicable Persons.

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended from time to time, or any successor federal law then in force.

"Initial Public Offering" shall mean the initial underwritten Public Offering registered on Form S-1 (or any successor form under the Securities Act).

"Person" shall mean any individual, partnership, corporation, company, association, trust, joint venture, limited liability company, unincorporated organization, entity or division, or any government, governmental department or agency or political subdivision thereof.

"Public Offering" shall mean a public offering and sale of Common Stock for cash pursuant to an effective registration statement under the Securities Act.

"Registrable Securities" shall mean (a) any share of Common Stock owned by a Holder as of the Effective Time or thereafter acquired (other than through the exercise of options), (b) any share of common stock distributed by the Voting Trust, to the extent that the distributee, on the date of distribution, together with the spouse of the distributee if the distributee is an individual and is married, would be the owner of at least 4.0% of the outstanding common stock of the Company and has executed and delivered a joinder to this Agreement in the form of Exhibit A hereto, and (c) any common equity securities issued or issuable directly or indirectly with respect to any of the foregoing securities referred to in clauses (a) or (b) by way of stock dividend or stock split or in connection with a combination of shares, recapitalization, merger, consolidation or other reorganization. As to any particular shares constituting Registrable Securities, such shares will cease to be Registrable Securities when they have been (x) effectively registered under the Securities Act and disposed of in accordance with the registration statement covering them, or (y) sold to the public pursuant to Securities Act Rule 144 or sold in a block sale to a financial institution in the ordinary course of its trading business, in each case in compliance with this Agreement. As to any shares constituting Registrable Securities by virtue of clause (b) above, such shares will cease to be Registrable Securities when the Holder or Holders thereof cease to own at least 4.0% of the outstanding common stock of the Company. For purposes of this Agreement, a Person will be deemed to be a holder of Registrable Securities whenever such Person has the right to acquire directly or indirectly such Registrable Securities (upon conversion or exercise in connection with a transfer of securities or otherwise, but disregarding any restrictions or limitations upon the exercise of such right), whether or not such acquisition has actually been effected.

"Related Transfer" means any Transfer by a Holder to a Related Transferee of such Holder.

"Related Transferee" means with respect to any Holder, (a) a spouse, (b) any child or grandchild, (c) any parent or spouse of any child, grandchild or parent, (d) any trust created for the benefit of any of the foregoing or for the benefit of such Holder, (e) any court-appointed legal representative of the estate of such Holder or the estate of any Related Transferee of such Holder, including, but not limited to, an administrator, personal representative, or executor, as established by letters testamentary, letters of administration, or other similar instrument issued by a court of competent jurisdiction or (f) any entity created for the benefit of any Holder or any of the persons enumerated in clauses (a), (b) or (c) hereof or one or more members of such Person's family where all of the ownership interests of such entity are held directly or indirectly by or for the benefit of only such Person and such family members.

"Rule 144" shall mean Securities and Exchange Commission Rule 144 under the Securities Act, as Rule 144 may be amended from time to time, or any similar successor rule that may be issued by the Securities and Exchange Commission.

"Securities Act" shall mean the Securities Act of 1933 and the rules promulgated thereunder, in each case as amended from time to time.

"Securities and Exchange Commission" includes any governmental body or agency succeeding to the functions thereof.

"Shelf Registration" shall mean the filing of a Short-Form Registration with the Securities and Exchange Commission in accordance with and pursuant to Rule 415 under the Securities Act (or any successor rule then in effect).

"Transfer" shall mean any sale, pledge, assignment, encumbrance or other transfer or disposition of any Registrable Securities (or any voting or economic interest therein) to any other Person, whether directly, indirectly, voluntarily, involuntarily, by operation of law, pursuant to judicial process or otherwise.

"Underwritten Block Trade" shall mean any underwritten offering structured as a "block trade," "bought deal" or similar transaction with a financial institution.

"Voting Trust" shall mean the trust established pursuant to that certain Voting Trust Agreement, dated as of May 4, 2016, by and among the Company, Fred L. Drake, as trustee, and the depositors party thereto.

6. MISCELLANEOUS.

6.1 No Inconsistent Agreements. The Company will not hereafter enter into any agreement with respect to its securities which is inconsistent with or violates the rights granted to the Holders in this Agreement.

6.2 Adjustments Affecting Registrable Securities. The Company will not take any action, or permit any change to occur, with respect to its securities which would materially and adversely affect the ability of the Holders to include Registrable Securities in a registration undertaken pursuant to this Agreement.

6.3 Remedies. The parties hereto agree and acknowledge that money damages may not be an adequate remedy for any breach of the provisions of this Agreement and that, in addition to any other rights and remedies at law or in equity existing in its favor, any party shall be entitled to specific performance and/or other injunctive relief from any court of law or equity of competent jurisdiction (without posting any bond or other security) in order to enforce or prevent violation of the provisions of this Agreement.

6.4 Amendment and Waiver. This Agreement may be amended, modified, extended, terminated or waived (an "Amendment"), and the provisions hereof may be waived, only by an agreement in writing signed by the Company and the Holders of Registrable Securities constituting at least two-thirds of Registrable Securities then outstanding;

provided, that the admission of new parties pursuant to the terms of Section 6.5 shall not constitute an Amendment of this Agreement for purposes of this Section 6.4; provided further that no Amendment shall be made which Discriminates against any Holder or class of Holders without the written consent of such Holder or class of Holders. Each such Amendment shall be binding upon each party hereto. In addition, each party hereto may waive any right hereunder, as to itself, by an instrument in writing signed by such party. The failure of any party to enforce any provisions of this Agreement shall in no way be construed as a waiver of such provisions and shall not affect the right of such party thereafter to enforce each and every provision of this Agreement in accordance with its terms. To the extent the Amendment of any Section of this Agreement would require a specific consent pursuant to this Section 6.4, any Amendment to the definitions used in such Section as applied to such Section shall also require the same specified consent.

6.5 Successors and Assigns; Transferees. This Agreement shall be binding upon and inure to the benefit of and be enforceable by the parties hereto and their respective successors and assigns. Registrable Securities shall continue to be Registrable Securities after any Related Transfer (except if such securities were effectively registered under the Securities Act and disposed of in accordance with the registration statement covering them). Any Related Transferee receiving shares of Registrable Securities in a Related Transfer shall become a party to this Agreement and subject to the terms and conditions of, and be entitled to enforce, this Agreement to the same extent, and in the same capacity, as the Person that Transfers such shares to such transferee. Prior to the Related Transfer of any Registrable Securities to any Related Transferee, and as a condition thereto, the Person effecting such Related Transfer shall cause such Related Transferee to deliver to the Company an executed joinder in the form attached hereto as Exhibit A.

6.6 Severability. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision or the effectiveness or validity of any provision in any other jurisdiction, and this Agreement shall be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision had never been contained herein.

6.7 Counterparts. This Agreement may be executed in separate counterparts (including by means of facsimile or electronic transmission in portable document format (pdf)), each of which shall be an original and all of which taken together shall constitute one and the same Agreement.

6.8 Descriptive Headings. The descriptive headings of this Agreement are inserted for convenience only and do not constitute a part of this Agreement.

6.9 Notices. Any notices and other communications required or permitted in this Agreement shall be effective if in writing and (a) delivered personally, (b) sent by electronic mail or facsimile, or (c) sent by overnight courier, in each case, addressed as follows:

If to the Company, to:

HBT Financial, Inc.
401 North Hershey Road

Bloomington, IL 61704
Attention: Chief Operating Officer
Facsimile: [·]

with a copy (which shall not constitute notice) to:

Kirkland & Ellis LLP
300 North LaSalle
Chicago, IL 60654
Attention: Edwin S. del Hierro, P.C. and James S. Rowe
Facsimile: 312-862-2200

If to any Holder, to the address of such Holder appearing on the signature pages hereto or any joinder delivered in accordance with Section 6.5 of this Agreement.

Unless otherwise specified herein, such notices or other communications shall be deemed effective (x) on the date received, if personally delivered, (y) on the date received if delivered by facsimile or electronic mail on a Business Day, or if not delivered on a Business Day, on the first Business Day thereafter and (z) two (2) Business Days after being sent by overnight courier. Each of the parties hereto shall be entitled to specify a different address by giving notice as aforesaid to the Company (in the case of any Holder) or to the Holders (in the case of the Company).

6.10 Delivery by Facsimile or PDF. This Agreement and any signed agreement or instrument entered into in connection herewith or contemplated hereby, and any amendments hereto or thereto, to the extent signed and delivered by means of a facsimile machine or electronically in portable document format (PDF) or similar means, shall be treated in all manner and respects as an original agreement or instrument and shall be considered to have the same binding legal effect as if it were the original signed version thereof delivered in person. No party hereto or to any such agreement or instrument shall raise the use of facsimile or electronic means to deliver a signature or the fact that any signature or agreement or instrument was transmitted or communicated through such means as a defense to the formation of a contract and each such party forever waives any such defense.

6.11 Governing Law. This Agreement and all claims arising out of or based upon this Agreement or relating to the subject matter hereof shall be governed by and construed in accordance with the laws of the State of Delaware without giving effect to any choice or conflict of laws provision or rule that would cause the application of the domestic substantive laws of any other jurisdiction.

6.12 Exercise of Rights and Remedies. No delay of or omission in the exercise of any right, power or remedy accruing to any party as a result of any breach or default by any other party under this Agreement shall impair any such right, power or remedy, nor shall it be construed as a waiver of or acquiescence in any such breach or default, or of any similar breach or default occurring later; nor shall any such delay, omission nor waiver of any single breach or default be deemed a waiver of any other breach or default occurring before or after that waiver.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties have executed this Registration Rights Agreement on the day and year first above written.

HBT FINANCIAL, INC.

By: ____________________
Name: ____________________
Title: ____________________

Holders:

By: ____________________

Exhibit A

Joinder

The undersigned is executing and delivering this Joinder pursuant to the Registration Rights Agreement dated as of October , 2019 (as amended, modified and waived from time to time, the "Registration Agreement"), among HBT Financial, Inc., a Delaware corporation (the "Company"), and the other persons parties thereto (including pursuant to other Joinders). Capitalized terms used herein have the meaning set forth in the Registration Agreement.

By executing and delivering this Joinder to the Company, the undersigned hereby agrees to become a party to, to be bound by, and to comply with the provisions of, the Registration Agreement as a Holder in the same manner as if the undersigned were an original signatory to the Registration Agreement, and the undersigned will be deemed for all purposes to be a Holder thereunder and the undersigned's shares of Common Stock will be deemed for all purposes to be Registrable Securities under the Registration Agreement.

Accordingly, the undersigned has executed and delivered this Joinder as of the day of , 20 .

By: ____________________________
Name:
Title:

Address: ____________________________

Agreed and Accepted as of

, 20 :

HBT FINANCIAL, INC.

By: ____________________________

Its: ____________________________

EMPLOYMENT AGREEMENT

This Employment Agreement ("Agreement") is made and entered into as of the Effective Date (defined in Exhibit A) by and between HBT Financial, Inc., a Delaware corporation ("Heartland"), and Employee (defined in Exhibit A) ("you").

All references in this Agreement to Exhibit A are to Exhibit A hereto.

RECITALS

A. Heartland desires to continue to employ you in the Position (defined in Exhibit A) under the terms of this Agreement, and you desire to continue to be so employed.

B. Heartland and you have made commitments to each other on a variety of important issues concerning your employment, including the performance that will be expected of you, the compensation you will be paid, how long and under what circumstances you will remain employed and the financial details relating to any decision that either Heartland or you may make to terminate this Agreement.

C. Heartland and you desire to terminate any existing employment, professional services, consulting, or other services agreements (each, a "Prior Agreement") between you and Heartland or any Affiliate.

AGREEMENTS

In consideration of the foregoing and the mutual promises and covenants of you and Heartland set forth in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, you and Heartland, intending to be legally bound, hereby expressly covenant and agree as follows:

1. Prior Agreements. Any and all Prior Agreements are terminated in their entirety as of the Effective Date.

2. Employment Period. Heartland will employ you, and you will be employed, during the Employment Period in accordance with the terms of this Agreement. The "Employment Period" will be the period beginning on the Effective Date and ending on the Initial Expiration Date (defined in Exhibit A), unless terminated earlier under Section 5 below, provided that the Employment Period will automatically be extended for 1 additional year beginning on the Initial Expiration Date and on each December 31st thereafter unless either party hereto notifies the other, by written notice delivered no later than 60 days before such December 31st, that the Employment Period will not be extended for an additional year.

3. Duties. During the Employment Period, you will devote your full business time, energies, and talents to serving in the Position, at the direction of the Reporting Person (defined in Exhibit A). You will have such duties and responsibilities as may be assigned to you from time to time by the Reporting Person, which duties and responsibilities will be commensurate with your Position. You will perform all duties assigned to you faithfully and efficiently, subject to the direction of the Reporting Person. You will have such authorities and powers as are inherent to the undertakings applicable to your Position and necessary to carry out the responsibilities and duties required of you under this Agreement. You will perform the duties required by this Agreement at Location of Employment (defined in Exhibit A), or such other location agreed to by you and Heartland, unless the nature of such duties requires otherwise. Notwithstanding the foregoing terms of this Section 3, during the Employment Period, you may devote reasonable time to activities other than those required under this Agreement, including activities of a charitable, educational, religious, or similar nature (including professional associations) to the extent such activities do not, in the judgment of the Reporting Person, inhibit, prohibit, interfere with, or conflict with your duties under this Agreement or conflict in any material way with the business of Heartland or any Affiliate; provided, however, that you will not serve on the board of directors of

any business (other than Heartland or an Affiliate) or hold any other position with any business without receiving the prior written consent of the Reporting Person.

4. Compensation and Benefits. Subject to the terms of this Agreement, during the Employment Period, Heartland will compensate you for your services as follows:

   a. Base Salary. You will be entitled to receive a salary at an annual rate of the Base Salary (defined in Exhibit A), which will be payable in accordance with the normal payroll practices of Heartland then in effect. Beginning on the first January 1st after the Effective Date and on each January 1st thereafter during the Employment Period, your Base Salary will be reviewed by Heartland's Board of Directors (the "Board") or its designee.

   b. Annual Bonuses. You will be eligible to receive performance-based annual incentive bonuses (each, an "Incentive Bonus") for each fiscal year ending during the Employment Period. Any such Incentive Bonus will be paid to you within 30 days of the completion of the respective fiscal year audit by Heartland's auditor, but in no event later than 74 days after the close of each such fiscal year. During the Employment Period, your target Incentive Bonus opportunity will be as determined by the Board or its designee from time to time, subject at all times to the discretion of the Board or its designee; provided, however, that as of the Effective Date, your target Incentive Bonus opportunity will be the Target Bonus (defined in Exhibit A). The Board or its designee will establish reasonable performance goals necessary for you to receive an Incentive Bonus (the "Performance Goals"), and your actual Incentive Bonus will scale above and below the Target Bonus in proportion to your achievement of the Performance Goals. For the avoidance of doubt, your actual Incentive Bonus payable for any year may be $0.

   c. Employee Benefits. You will be eligible to participate, subject to the terms thereof, in all incentive plans and programs of Heartland as may be in effect from time to time with respect to similarly situated and performing senior executives of Heartland, on as favorable a basis as other similarly situated and performing senior executives of Heartland. During the Employment Period, you and your dependents (where applicable) will be eligible to participate, subject to the terms thereof, in all retirement plans and all medical, dental, vision, disability, group and executive life, accidental death and travel accident insurance, and other similar welfare benefit plans and programs of Heartland as may be in effect from time to time with respect to similarly situated and performing senior executives of Heartland, on as favorable a basis as other similarly situated and performing senior executives of Heartland.

   d. Paid Time Off. You will be entitled to accrue paid time off ("PTO") at a rate of Annual PTO Days (defined in Exhibit A) per calendar year, subject to Heartland's PTO programs and policies, including with respect to forfeiture of unused PTO days, as may be in effect during the Employment Period.

   e. Reimbursements. You will be eligible for reimbursement of all reasonable business expenses that you actually incur in the course of performing your duties and responsibilities under this Agreement, subject to Heartland's reimbursement programs and policies as may be in effective during the Employment Period.

5. Termination and Rights upon Termination. Your right to compensation, if any, upon Termination will be determined in accordance with this Section 5. Section 5.f below contains certain definitions applicable under this Section 5 and this Agreement overall.

   a. Minimum Benefits. Upon your Termination for any reason, you will be entitled to the Minimum Benefits from Heartland, in addition to any other compensation to which you may be entitled under this Section 5, under the express terms of any Heartland or Affiliate employee benefit plan, or under applicable law.

b. Termination for Cause, Disability, Death, Resignation, Non-Extension. Upon your Termination for any reason other than Involuntary Termination—including your Termination (i) for Cause, (ii) due to your Disability, (iii) due to your death, (iv) initiated by you without Good Reason, or (v) due to non-extension of the Employment Period by you in accordance with Section 2 above—then, other than the Minimum Benefits, you will have no right to compensation under this Agreement (and Heartland will have no obligation to provide any such compensation) for periods after your Termination.

c. Involuntary Termination. If you incur an Involuntary Termination, then, in addition to the Minimum Benefits, Heartland will provide you the following compensation (the "Severance Benefits"), subject to Section 5.c.iii below:

i. Outside a Covered Period. If your Involuntary Termination occurs outside of a Covered Period, you will be entitled to continued payment of your Base Salary for Outside Covered Period Severance Months (defined in Exhibit A), in accordance with Heartland's normal payroll practices, commencing on the 60th day following your Involuntary Termination;

ii. Inside a Covered Period. If your Involuntary Termination occurs inside a Covered Period, you will be entitled to the following Severance Benefits:

A. a lump sum payment equal to Covered Period Severance Amount (defined in Exhibit A), payable upon your Involuntary Termination; and

B. a lump sum payment equal to the cost of COBRA Months (defined in Exhibit A) of COBRA premiums as of your Involuntary Termination, payable upon your Involuntary Termination.

iii. Release. Notwithstanding anything in this Agreement to the contrary, no Severance Benefits will be owed to you unless you execute and deliver to Heartland a general release and waiver of claims against Heartland and each Affiliate within 45 days after your Termination, and any applicable revocation period has expired before 60 days after your Termination.

d. Other Benefits. Your rights after a Termination with respect to any benefits, incentives, or awards provided to you under any plan, program, or arrangement sponsored or maintained by Heartland or an Affiliate, whether tax-qualified or not, which are not specifically addressed in this Agreement, will be subject to the terms of such plan, program, or arrangement, and this Agreement will have no effect upon such terms except as specifically provided herein.

e. Removal from any Boards and Positions. Upon Termination, you will be deemed to resign (i) if a member, from any board to which you have been appointed or nominated by or on behalf of Heartland or an Affiliate, (ii) from each position with Heartland and each Affiliate, including as an officer of Heartland and each Affiliate, and (iii) as a fiduciary of any employee benefit plan of Heartland or an Affiliate.

f. Definitions.

"Affiliate" means: (a) any corporation, trade, or business that is directly or indirectly controlled 50% or more (whether by ownership of stock, assets, or an equivalent ownership interest or voting interest) by Heartland; (b) any trade or business that directly or indirectly controls 50% or more (whether by ownership of stock, assets, or an equivalent ownership interest or voting interest) of Heartland; and (c) any other entity in which Heartland has a material equity interest.

"Cause" means any of the following acts or omissions committed by you:

i. material breach of any written agreement entered into with Heartland or an Affiliate, including this Agreement;
ii. material failure to adhere to, or material breach of, any written Heartland or Affiliate policy, code of conduct, rule, or procedure;
iii. misconduct, dishonesty, fraud, negligence, malfeasance, intentional misrepresentation, moral turpitude, illegality, harassment, or insubordination, which subjects, or if generally known would subject, Heartland or an Affiliate, or any customer or client or former customer or client of Heartland or an Affiliate (collectively, the "Heartland Parties") to financial or reputational harm or public ridicule or embarrassment;
iv. breach of a fiduciary duty owed to a Heartland Party;
v. commission of a criminal act, whether or not performed in the workplace, that subjects, or if generally known would subject, a Heartland Party to financial or reputational harm or public ridicule or embarrassment; or
vi. improper or intentional conduct causing material financial or reputational harm to a Heartland Party.

A Termination for Cause will be deemed to include a determination by Heartland after your Termination that circumstances existing before your Termination would have entitled Heartland or an Affiliate to have terminated your service for Cause.

"Change in Control" means:

i. any "person," as that term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") (other than Heartland, any trustee or other fiduciary holding securities under any employee benefit plan of Heartland, or any company owned, directly or indirectly, by the Heartland stockholders in substantially the same proportions as their ownership of Heartland common stock), becomes the beneficial owner (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of Heartland representing 50% or more of the combined voting power of Heartland's then outstanding securities;
ii. during any period of 24 consecutive calendar months, individuals who were directors serving on the Board on the first day of such period (the "Incumbent Directors") cease for any reason to constitute a majority of the Board; provided, however, that any individual becoming a director subsequent to the first day of such period whose election, or nomination for election, by the Heartland stockholders was approved by a vote of at least 2/3 of the Incumbent Directors will be considered as though such individual were an Incumbent Director, but excluding, for purposes of this proviso, any such individual whose initial assumption of office occurs as a result of an actual or threatened proxy contest with respect to election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a "person" (as used in Section 13(d) of the Exchange Act), in each case other than the Board;
iii. consummation of a reorganization, merger, consolidation, or other business combination (any of the foregoing, a "Business Combination") of Heartland or any direct or indirect subsidiary of Heartland with any other corporation, in any case with respect to which Heartland voting securities outstanding immediately prior to such Business Combination do not, immediately following such Business Combination, continue to represent (either by remaining outstanding or being converted into voting securities of Heartland or any ultimate parent thereof) more than 50% of the then outstanding voting securities entitled to vote generally in the election of directors of Heartland (or its successor) or any ultimate parent thereof after the Business Combination; or
iv. a complete liquidation or dissolution of Heartland or the consummation of a sale or disposition by Heartland of all or substantially all of Heartland's assets other than the sale or disposition of all or substantially all of the assets of Heartland to a person or entity who beneficially own, directly or indirectly, 50% or more of the combined voting power of the outstanding voting securities of Heartland at the time of the sale.

Notwithstanding the foregoing terms of this definition, with respect to any amount that is characterized as "nonqualified deferred compensation" within the meaning of Section 409A, an event will not be considered to be a Change in Control under this Agreement for purposes of payment of such amount unless such event is also a "change in control event" within the meaning of Section 409A. Further notwithstanding the foregoing terms of this definition, the occurrence of the date on which Heartland consummates the sale of its common stock in a bona fide, firm commitment underwriting pursuant to a registration statement under the Securities Act (the "Registration Date"), or any change in the composition of the Board within 1 year after the Registration Date, will not be considered a Change in Control.

"Covered Period" means the period beginning upon a Change in Control and ending 12 months after the Change in Control.

"Disability" means that (i) you are unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, or (ii) you are, by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, receiving income replacement benefits for a period of not less than 3 months under an accident or health plan covering employees of Heartland.

"Good Reason" means the occurrence of any one of the following events, unless you agree in writing that such event will not constitute Good Reason:

i. a material and adverse change in the nature, scope, or status of your position, authorities, or duties;
ii. a reduction of 10% or more in your Base Salary or Target Bonus opportunity;
iii. relocation of your primary place of employment by more than 25 miles;
iv. a material breach by Heartland of this Agreement.

Notwithstanding anything in this definition to the contrary, before your Termination for Good Reason, you must give Heartland written notice of the existence of any condition set forth in clause i. — iv. immediately above within 30 days of the date you become (or reasonably should have become) aware of its existence and Heartland will have 30 days from the date of such notice in which to cure the condition giving rise to Good Reason. If, during such 30-day period, Heartland cures the condition giving rise to Good Reason, the condition will not constitute Good Reason.

"Involuntary Termination" means your Termination either initiated:

i. by Heartland without Cause, including non-extension of the Employment Period by Heartland without Cause in accordance with Section 2 above (but not including your Termination due to death or Disability); or
ii. by you for Good Reason (but not including non-extension of the Employment Period by you in accordance with Section 2 above).

"Minimum Benefits" means, as applicable, the following:

i. your earned but unpaid Base Salary for the period ending on your Termination;
ii. your earned but unpaid Incentive Bonus, if any, for any completed fiscal year preceding your Termination, payable within 30 days of your Termination; provided, however, that you will not, in any event, be entitled to any Incentive Bonus if your Termination is for Cause; and
iii. your accrued but unpaid PTO for the period ending on your Termination.

"Termination" means termination of your employment with Heartland and all Affiliates, after the Effective Date and before the end of the Employment Period.

6. Restrictive Covenants. You acknowledge that you have been and will continue to be provided intimate knowledge of the business practices, trade secrets, and other confidential and proprietary information of Heartland and the Affiliates, which, if exploited by you, would seriously, adversely, and irreparably affect the interests of Heartland and the Affiliates and the ability of each to continue its business; you therefore will be bound by the restrictions contained in this Section 6 (the "Restrictive Covenants").

   a. Confidential Information.

      i. You acknowledge that, during the course of your employment with Heartland, you may produce and have access to confidential or proprietary, non-public information concerning the Heartland Parties, including marketing materials, financial and other information concerning customers and prospective customers, customer lists, records, data, trade secrets, proprietary business information, pricing and profitability information and policies, strategic planning, commitments, plans, procedures, litigation, pending litigation and other information not generally available to the public (collectively, "Confidential Information"). You will not, at any time, directly or indirectly use, disclose, copy, or make lists of Confidential Information for the benefit of anyone other than Heartland, except to the extent such disclosure is authorized in writing by the Reporting Person, required by law or any competent administrative agency or judicial authority, or otherwise as necessary or appropriate in connection with the performance of your duties under this Agreement. If you receive a subpoena or other court order or are otherwise required by law to provide information to a governmental authority or other person concerning the activities of Heartland or an Affiliate, or your activities in connection with the business of Heartland or an Affiliate, you will immediately notify the Reporting Person of such subpoena, court order, or other requirement and deliver forthwith a copy thereof and any attachments and non-privileged correspondence related thereto. You will take reasonable precautions to protect against the inadvertent disclosure of Confidential Information. You will abide by Heartland's policies respecting avoidance of interests conflicting with those of Heartland or an Affiliate.

      ii. You will not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that (A) is made (1) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney, and (2) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Accordingly, you have the right to disclose in confidence trade secrets to federal, state, and local government officials, or to an attorney, for the sole purpose of reporting or investigating a suspected violation of law. You also have the right to disclose trade secrets in a document filed in a lawsuit or other proceeding, but only if the filing is made under seal and protected from public disclosure. Nothing in this Agreement is intended to conflict with 18 U.S.C. § 1833(b) or create liability for disclosures of trade secrets that are expressly allowed by 18 U.S.C. § 1833(b). Nothing in this Agreement will be construed to authorize, or limit liability for, an act that is otherwise prohibited by law, such as the unlawful access of material by unauthorized means.

      iii. Nothing contained in this Agreement, including this Section 6.a, will limit your ability to file a charge or complaint with any governmental, administrative, or judicial agency (each, an "Agency") under any applicable whistleblower statute or program (each, a "Whistleblower Program"). You acknowledge that nothing in this Agreement or this Section 6.a limits (A) your ability to communicate in connection with a charge or complaint under any Whistleblower Program with any Agency or otherwise participate in any investigation or proceeding that may be conducted by such Agency, including providing documents or other information, without notice to Heartland or any Affiliate, or (ii) your right to receive an award for information provided to such Agency under any Whistleblower Program.

b. Documents and Property.

i. All records, files, documents, and other materials or copies thereof relating to the business of Heartland or an Affiliate that you prepare, receive, or use will be and remain the sole property of Heartland and, other than in connection with the performance of your duties under this Agreement, may not be removed from the premises of Heartland or an Affiliate without Heartland's prior written consent, and will be promptly returned to Heartland upon your Termination, together with all copies (including copies or recordings in electronic form), abstracts, notes, or reproductions of any kind made from or about the records, files, documents, or other materials.

ii. You acknowledge that your access to and permission to use Heartland's and the Affiliates' computer systems, networks, and equipment, and all Heartland and Affiliate information contained therein, is restricted to legitimate business purposes on behalf of Heartland. Any other access to or use of such systems, network, equipment, and information is without authorization and is prohibited except you may use a Heartland-provided computer for reasonable personal use in accordance with Heartland's technology use policy as in effect from time to time. The restrictions contained in this Section 6.b extend to any of your personal computers or other electronic devices that are used for business purposes relating to Heartland or an Affiliate. You may not transfer any Heartland or Affiliate information to any personal computer or other electronic device that is not otherwise used for any business purpose relating to Heartland. Upon your Termination, your authorization to access and permission to use Heartland's and the Affiliates' computer systems, networks, and equipment, and any Heartland and Affiliate information contained therein, will cease.

c. Non-Competition and Non-Solicitation. You and Heartland have agreed that the primary service area of Heartland's operations, including its lending and deposit taking functions, in which you will actively participate extends to an area that encompasses a 25-mile radius from each banking or other office location of Heartland and each Affiliate where you have provided services to Heartland or an Affiliate during the 6-month period immediately before your Termination (the "Restricted Area"). Therefore, as an essential ingredient of and in consideration of this Agreement and your employment with Heartland, you, during your employment with Heartland and during the Restricted Period (as defined in Exhibit A), whether your employment termination occurs during the Employment Period or thereafter, will not directly or indirectly do any of the following:

i. Engage or invest in, own, manage, operate, finance, control, participate in the ownership, management, operation or control of, be employed by, associated with or in any manner connected with, serve as a director, officer or consultant to, lend your name or any similar name to, lend your credit to or render services or advice to, in each case in the capacity that you provided services to Heartland or an Affiliate, any person, firm, partnership, corporation, or trust that owns, operates, or is in the process of forming a bank, savings bank, savings and loan association, credit union, or similar financial institution (each, a "Financial Institution") with an office located, or to be located at an address identified in a filing with any regulatory authority, within the Restricted Area; provided, however, that your ownership of shares of capital stock of any Financial Institution, which shares are listed on a securities exchange or quoted on the National Association of Securities Dealers Automated Quotation System and which do not represent more than 5% of the institution's outstanding capital stock, will not violate any terms of this Agreement;

ii. Either on your own behalf or on behalf of any Financial Institution: (A) induce or attempt to induce any employee of Heartland or any Affiliate with whom you had significant contact to leave the employ of

Heartland or any Affiliate; (B) in any way interfere with the relationship between Heartland or any Affiliate and any employee of Heartland or any Affiliate with whom you had significant contact; or (C) induce or attempt to induce any customer, supplier, licensee, or business relation of Heartland or any Affiliate with whom you had significant contact to cease doing business with Heartland or any Affiliate or in any way interfere with the relationship between Heartland or any Affiliate and their respective customers, suppliers, licensees, or business relations with whom you had significant contact;

iii. Either on your own behalf or on behalf of any Financial Institution, solicit the business of any person or entity known to you to be a customer of Heartland or any Affiliate, where you had significant contact with such person or entity, with respect to products, activities, or services that compete in whole or in part with the products, activities, or services of Heartland or any Affiliate; or

iv. Serve as the agent, broker, or representative of, or otherwise assist, any person or entity in obtaining services or products from any Financial Institution within the Restricted Area, with respect to products, activities, or services that you devoted time to on behalf of Heartland or any Affiliate and that compete in whole or in part with the products, activities, or services of Heartland or any Affiliate.

d. Works Made for Hire Provisions. You and Heartland acknowledge that all work performed by you for Heartland or any Affiliate will be deemed a "work made for hire." Heartland will at all times own and have exclusive right, title, and interest in and to all Confidential Information and Inventions, and Heartland will retain the exclusive right to license, sell, transfer, and otherwise use and dispose of the same. Any and all enhancements of the technology of Heartland or any Affiliate that are developed by you will be the exclusive property of Heartland. You hereby assign to Heartland any right, title, and interest in and to all Inventions that you may have, by law or equity, without additional consideration of any kind whatsoever from Heartland or any Affiliate. You will execute and deliver any instruments or documents and do all other things (including the giving of testimony) requested by Heartland (both during and after your Termination) in order to vest more fully in Heartland all ownership rights in the Inventions (including obtaining patent, copyright, or trademark protection therefor in the United States or foreign countries). "Inventions" means all systems, procedures, techniques, manuals, databases, plans, lists, inventions, trade secrets, copyrights, patents, trademarks, discoveries, innovations, concepts, ideas, and software conceived, compiled, or developed by you in the course of your employment with Heartland or any Affiliate or comprised, in whole or part, of Confidential Information. Notwithstanding the foregoing sentence, Inventions will not include: (i) any inventions independently developed by you and not derived, in whole or part, from any Confidential Information or (ii) any invention made by you before your exposure to any Confidential Information.

e. Remedies for Breach of Restrictive Covenant. You have reviewed this Agreement with legal counsel, or have been given adequate opportunity to seek such counsel, and you acknowledge that Restrictive Covenants are reasonable with respect to their duration, geographical area, and scope. You further acknowledge that the Restrictive Covenants are reasonable and necessary for the protection of the legitimate business interests of Heartland, that they create no undue hardships, that any violation of the Restrictive Covenants would cause substantial injury to Heartland and such interests, and that such Restrictive Covenants were a material inducement to Heartland to enter into this Agreement. In the event of any violation or threatened violation of any Restrictive Covenants, Heartland, in addition to and not in limitation of, any other rights, remedies, or damages available to it under this Agreement or otherwise at law or in equity, will be entitled to preliminary and permanent injunctive relief to prevent or restrain any such violation by you and any and all persons directly or indirectly acting for or with you.

f. Other Agreements. In the event of the existence of any other agreement between you and Heartland or an Affiliate that (i) is in effect during the Restricted Period, and (ii) contains restrictive covenants that conflict with any of the terms of this Section 6, then the more restrictive of such terms from such agreements will control for the period during which such agreements would otherwise be in effect.

g. Tolling. If you violate any of the terms of the Restrictive Covenants, the obligation at issue will run from the first date on which you cease to be in violation of such obligation.

7. Notices. Notices and all other communications under this Agreement will be in writing and will be deemed given when mailed by United States registered or certified mail, return receipt requested, postage prepaid, addressed as follows: if to Heartland, to Heartland's principal headquarters to the attention of the Reporting Person; and if to you, to your most recent address on file with Heartland, or, in either case, to such other address as either party hereto may furnish to the other in writing, except that notices of changes of address will be effective only upon receipt.

8. Applicable Law. All questions concerning the construction, validity, and interpretation of this Agreement and the performance of the obligations imposed by this Agreement will be governed by the internal laws of the State of Illinois applicable to agreements made and wholly to be performed in such state without regard to conflicts of law provisions of any jurisdiction.

9. Mandatory Arbitration. Except as provided in Section 6 above, if any dispute or controversy arises under or in connection with this Agreement, and such dispute or controversy cannot be settled through negotiation, you and Heartland will first try in good faith to settle the dispute or controversy by mediation administered by the American Arbitration Association under its Commercial Mediation Procedures. If such mediation is not successful, the dispute or controversy will be settled exclusively by arbitration in accordance with the Employment Arbitration Rules of the American Arbitration Association then in effect. Judgment may be entered on the arbitrator's award in any court having jurisdiction. Notwithstanding the foregoing, Heartland may resort to the Circuit Court of McLean County, Illinois for injunctive and such other relief as may be available if you engage in conduct, after termination of your employment with Heartland and its Affiliates, that amounts to a violation of the Illinois Trade Secrets Act, amounts to unlawful interference with the business expectations of Heartland or any Affiliate, or violates the Restrictive Covenants. The FDIC may appear at any arbitration hearing but any decision made thereunder will not be binding on the FDIC.

10. Entire Agreement. This Agreement constitutes the entire agreement between you and Heartland concerning the subject matter hereof, and supersedes all prior negotiations, undertakings, agreements, and arrangements with respect thereto, whether written or oral, including the Prior Agreement. If a court of competent jurisdiction determines that any term of this Agreement is invalid or unenforceable, then the invalidity or unenforceability of that term will not affect the validity or enforceability of any other term of this Agreement and all other terms will remain in full force and effect. The various terms of this Agreement are intended to be severable and to constitute independent and distinct binding obligations. Without limiting the generality of the foregoing, if the scope of any term contained in this Agreement is too broad to permit enforcement to its full extent, such term will be enforced to the maximum extent permitted by law, and such scope may be judicially modified accordingly.

11. Withholding of Taxes. Heartland may withhold from any amounts payable under this Agreement all taxes as may be required by law.

12. No Assignment. Your rights to receive benefits under this Agreement will not be assignable or transferable whether by pledge, creation of a security interest, or otherwise, other than a transfer by will or by the laws of descent or distribution. In the event of any attempted assignment or transfer contrary to this Section 12, Heartland will have no liability to pay any amount so attempted to be assigned or transferred. This Agreement will inure to the benefit of and be enforceable by your personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees.

13. Successors. This Agreement will be binding upon and inure to the benefit of Heartland and its successors and assigns.

14. Amendment. This Agreement may not be amended or modified except by written agreement signed by you and Heartland.

15. Section 409A. This Agreement is intended to comply with Section 409A ("Section 409A") of the Internal Revenue Code of 1986, as amended, or an exemption thereunder and will be construed and administered in accordance with Section 409A. Notwithstanding any other provision of this Agreement, payments provided under this Agreement may only be made upon an event and in a manner that complies with Section 409A or an applicable exemption. Any payments under this Agreement that may be excluded from Section 409A either as separation pay due to an involuntary separation from service or as a short-term deferral will be excluded from Section 409A to the maximum extent possible. For purposes of Section 409A, each installment payment provided under this Agreement will be treated as a separate payment. Any payments to be made under this Agreement upon a termination of employment will only be made upon a "separation from service" under Section 409A. To the extent any reimbursements or in-kind benefit payments under this Agreement are subject to Section 409A, such reimbursements and in-kind benefit payments will be made in accordance with Treasury Regulation Section 1.409A-3(i)(1)(iv). Notwithstanding anything in this Agreement to the contrary, if any payment or benefit provided to you in connection with your termination of employment is determined to constitute "nonqualified deferred compensation" within the meaning of Section 409A and you are determined to be a "specified employee" under Section 409A, then such payment or benefit will not be paid until the first payroll date to occur following the 6-month anniversary of your termination of employment or, if earlier, upon your death (the "Specified Employee Payment Date"). The aggregate of any payments that would otherwise have been paid before the Specified Employee Payment Date will be paid to you, without interest, in a lump sum on the Specified Employee Payment Date and thereafter, any remaining payments will be paid without delay in accordance with their original schedule. Notwithstanding the foregoing, Heartland makes no representations that the payments and benefits provided under this Agreement comply with Section 409A, and in no event will Heartland be liable for all or any portion of any taxes, penalties, interest, or other expenses that may be incurred by you on account of non-compliance with Section 409A.

16. Survival. The terms of Sections 5 through Section 15 above and this Section 16 will survive the termination of this Agreement.

IN WITNESS WHEREOF, you and Heartland have executed this Agreement as of the Effective Date.

EXECUTIVE		HBT FINANCIAL, INC.	
Sign name:	______________________	Sign name:	______________________
Print name:	______________________	Print name:	______________________
		Title:	______________________

Exhibit A

"Employee": [·]

"Effective Date": [·]

"Position": [·]

"Initial Expiration Date": [·]

"Reporting Person": [·]

"Location of Employment": [·]

"Base Salary": $[·]

"Target Bonus": [·]

"Annual PTO Days": [·]

"Outside Covered Period Severance Months": [·]

"Covered Period Severance Amount": [·]

"COBRA Months": [·]

"Restricted Period": [·]

EMPLOYMENT AGREEMENT

This Employment Agreement ("Agreement") is made and entered into as of the Effective Date (defined in Exhibit A) by and among HBT Financial, Inc., a Delaware corporation ("HBT"), Heartland Bank and Trust Company, an Illinois state chartered bank (the "Bank," and together with HBT, "Heartland"), and Employee (defined in Exhibit A) ("you").

All references in this Agreement to Exhibit A are to Exhibit A hereto.

RECITALS

A. Heartland desires to continue to employ you in the Position (defined in Exhibit A) under the terms of this Agreement, and you desire to continue to be so employed.

B. Heartland and you have made commitments to each other on a variety of important issues concerning your employment, including the performance that will be expected of you, the compensation you will be paid, how long and under what circumstances you will remain employed and the financial details relating to any decision that either Heartland or you may make to terminate this Agreement.

C. Heartland and you desire to terminate any existing employment, professional services, consulting, or other services agreements (each, a "Prior Agreement") between you and HBT, the Bank, or any Affiliate.

AGREEMENTS

In consideration of the foregoing and the mutual promises and covenants of you and Heartland set forth in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, you and Heartland, intending to be legally bound, hereby expressly covenant and agree as follows:

1. Prior Agreements. Any and all Prior Agreements are terminated in their entirety as of the Effective Date.

2. Employment Period. Heartland will employ you, and you will be employed, during the Employment Period in accordance with the terms of this Agreement. The "Employment Period" will be the period beginning on the Effective Date and ending on the Initial Expiration Date (defined in Exhibit A), unless terminated earlier under Section 5 below, provided that the Employment Period will automatically be extended for 1 additional year beginning on the Initial Expiration Date and on each December 31st thereafter unless either party hereto notifies the other, by written notice delivered no later than 60 days before such December 31st, that the Employment Period will not be extended for an additional year.

3. Duties. During the Employment Period, you will devote your full business time, energies, and talents to serving in the Position, at the direction of HBT's Board of Directors (the "Board"), the Bank's Board of Directors, and the Reporting Person (defined in Exhibit A). You will have such duties and responsibilities as may be assigned to you from time to time by the Reporting Person, which duties and responsibilities will be commensurate with your Position. You will perform all duties assigned to you faithfully and efficiently, subject to the direction of the Reporting Person. You will have such authorities and powers as are inherent to the undertakings applicable to your Position and necessary to carry out the responsibilities and duties required of you under this Agreement. You will perform the duties required by this Agreement at Location of Employment (defined in Exhibit A), or such other location agreed to by you and Heartland, unless the nature of such duties requires otherwise. Notwithstanding the foregoing terms of this Section 3, during the Employment Period, you may devote reasonable time to activities other than those required under this Agreement, including activities of a charitable, educational, religious, or similar nature (including professional associations) to the extent such activities do not, in the judgment of the Reporting Person, inhibit, prohibit, interfere with, or conflict with your duties under this

Agreement or conflict in any material way with the business of Heartland or any Affiliate; provided, however, that you will not serve on the board of directors of any business (other than Heartland or an Affiliate) or hold any other position with any business without receiving the prior written consent of the Reporting Person.

4. Compensation and Benefits. Subject to the terms of this Agreement, during the Employment Period, Heartland will compensate you for your services as follows:

   a. Base Salary. You will be entitled to receive a salary at an annual rate of the Base Salary (defined in Exhibit A), which will be payable in accordance with the normal payroll practices of Heartland then in effect. Beginning on the first January 1st after the Effective Date and on each January 1st thereafter during the Employment Period, your Base Salary will be reviewed by the Board or its designee.

   b. Annual Bonuses. You will be eligible to receive performance-based annual incentive bonuses (each, an "Incentive Bonus") for each fiscal year ending during the Employment Period. Any such Incentive Bonus will be paid to you within 30 days of the completion of the respective fiscal year audit by Heartland's auditor, but in no event later than 74 days after the close of each such fiscal year. During the Employment Period, your target Incentive Bonus opportunity will be as determined by the Board or its designee from time to time, subject at all times to the discretion of the Board or its designee; provided, however, that as of the Effective Date, your target Incentive Bonus opportunity will be the Target Bonus (defined in Exhibit A). The Board or its designee will establish reasonable performance goals necessary for you to receive an Incentive Bonus (the "Performance Goals"), and your actual Incentive Bonus will scale above and below the Target Bonus in proportion to your achievement of the Performance Goals. For the avoidance of doubt, your actual Incentive Bonus payable for any year may be $0.

   c. Employee Benefits. You will be eligible to participate, subject to the terms thereof, in all incentive plans and programs of Heartland as may be in effect from time to time with respect to similarly situated and performing senior executives of Heartland, on as favorable a basis as other similarly situated and performing senior executives of Heartland. During the Employment Period, you and your dependents (where applicable) will be eligible to participate, subject to the terms thereof, in all retirement plans and all medical, dental, vision, disability, group and executive life, accidental death and travel accident insurance, and other similar welfare benefit plans and programs of Heartland as may be in effect from time to time with respect to similarly situated and performing senior executives of Heartland, on as favorable a basis as other similarly situated and performing senior executives of Heartland.

   d. Paid Time Off. You will be entitled to accrue paid time off ("PTO") at a rate of Annual PTO Days (defined in Exhibit A) per calendar year, subject to Heartland's PTO programs and policies, including with respect to forfeiture of unused PTO days, as may be in effect during the Employment Period.

   e. Reimbursements. You will be eligible for reimbursement of all reasonable business expenses that you actually incur in the course of performing your duties and responsibilities under this Agreement, subject to Heartland's reimbursement programs and policies as may be in effective during the Employment Period.

5. Termination and Rights upon Termination. Your right to compensation, if any, upon Termination will be determined in accordance with this Section 5. Section 5.f below contains certain definitions applicable under this Section 5 and this Agreement overall.

   a. Minimum Benefits. Upon your Termination for any reason, you will be entitled to the Minimum Benefits from Heartland, in addition to any other compensation to which you may be entitled under this Section 5, under the express terms of any Heartland or Affiliate employee benefit plan, or under applicable law.

b. Termination for Cause, Disability, Death, Resignation, Non-Extension. Upon your Termination for any reason other than Involuntary Termination—including your Termination (i) for Cause, (ii) due to your Disability, (iii) due to your death, (iv) initiated by you without Good Reason, or (v) due to non-extension of the Employment Period by you in accordance with Section 2 above—then, other than the Minimum Benefits, you will have no right to compensation under this Agreement (and Heartland will have no obligation to provide any such compensation) for periods after your Termination.

c. Involuntary Termination. If you incur an Involuntary Termination, then, in addition to the Minimum Benefits, Heartland will provide you the following compensation (the "Severance Benefits"), subject to Section 5.c.iii below:

i. Outside a Covered Period. If your Involuntary Termination occurs outside of a Covered Period, you will be entitled to continued payment of your Base Salary for Outside Covered Period Severance Months (defined in Exhibit A), in accordance with Heartland's normal payroll practices, commencing on the 60th day following your Involuntary Termination;

ii. Inside a Covered Period. If your Involuntary Termination occurs inside a Covered Period, you will be entitled to the following Severance Benefits:

A. a lump sum payment equal to Covered Period Severance Amount (defined in Exhibit A), payable upon your Involuntary Termination; and

B. a lump sum payment equal to the cost of COBRA Months (defined in Exhibit A) of COBRA premiums as of your Involuntary Termination, payable upon your Involuntary Termination.

iii. Release. Notwithstanding anything in this Agreement to the contrary, no Severance Benefits will be owed to you unless you execute and deliver to Heartland a general release and waiver of claims against Heartland and each Affiliate within 45 days after your Termination, and any applicable revocation period has expired before 60 days after your Termination.

d. Other Benefits. Your rights after a Termination with respect to any benefits, incentives, or awards provided to you under any plan, program, or arrangement sponsored or maintained by Heartland or an Affiliate, whether tax-qualified or not, which are not specifically addressed in this Agreement, will be subject to the terms of such plan, program, or arrangement, and this Agreement will have no effect upon such terms except as specifically provided herein.

e. Removal from any Boards and Positions. Upon Termination, you will be deemed to resign (i) if a member, from any board to which you have been appointed or nominated by or on behalf of Heartland or an Affiliate, (ii) from each position with Heartland and each Affiliate, including as an officer of Heartland and each Affiliate, and (iii) as a fiduciary of any employee benefit plan of Heartland or an Affiliate.

f. Definitions.

"Affiliate" means: (a) any corporation, trade, or business that is directly or indirectly controlled 50% or more (whether by ownership of stock, assets, or an equivalent ownership interest or voting interest) by HBT or the Bank; (b) any trade or business that directly or indirectly controls 50% or more (whether by ownership of stock, assets, or an equivalent ownership interest or voting interest) of HBT or the Bank; and (c) any other entity in which HBT or the Bank has a material equity interest.

"Cause" means any of the following acts or omissions committed by you:

i. material breach of any written agreement entered into with Heartland or an Affiliate, including this Agreement;
ii. material failure to adhere to, or material breach of, any written Heartland or Affiliate policy, code of conduct, rule, or procedure;
iii. misconduct, dishonesty, fraud, negligence, malfeasance, intentional misrepresentation, moral turpitude, illegality, harassment, or insubordination, which subjects, or if generally known would subject, Heartland or an Affiliate, or any customer or client or former customer or client of Heartland or an Affiliate (collectively, the "Heartland Parties") to financial or reputational harm or public ridicule or embarrassment;
iv. breach of a fiduciary duty owed to a Heartland Party;
v. commission of a criminal act, whether or not performed in the workplace, that subjects, or if generally known would subject, a Heartland Party to financial or reputational harm or public ridicule or embarrassment; or
vi. improper or intentional conduct causing material financial or reputational harm to a Heartland Party.

A Termination for Cause will be deemed to include a determination by Heartland after your Termination that circumstances existing before your Termination would have entitled Heartland or an Affiliate to have terminated your service for Cause.

"Change in Control" means:

i. any "person," as that term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") (other than HBT, any trustee or other fiduciary holding securities under any employee benefit plan of HBT, or any company owned, directly or indirectly, by the HBT stockholders in substantially the same proportions as their ownership of HBT common stock), becomes the beneficial owner (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of HBT representing 50% or more of the combined voting power of HBT's then outstanding securities;
ii. during any period of 24 consecutive calendar months, individuals who were directors serving on the Board on the first day of such period (the "Incumbent Directors") cease for any reason to constitute a majority of the Board; provided, however, that any individual becoming a director subsequent to the first day of such period whose election, or nomination for election, by the HBT stockholders was approved by a vote of at least 2/3 of the Incumbent Directors will be considered as though such individual were an Incumbent Director, but excluding, for purposes of this proviso, any such individual whose initial assumption of office occurs as a result of an actual or threatened proxy contest with respect to election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a "person" (as used in Section 13(d) of the Exchange Act), in each case other than the Board;
iii. consummation of a reorganization, merger, consolidation, or other business combination (any of the foregoing, a "Business Combination") of HBT or any direct or indirect subsidiary of HBT with any other corporation, in any case with respect to which HBT voting securities outstanding immediately prior to such Business Combination do not, immediately following such Business Combination, continue to represent (either by remaining outstanding or being converted into voting securities of HBT or any ultimate parent thereof) more than 50% of the then outstanding voting securities entitled to vote generally in the election of directors of HBT (or its successor) or any ultimate parent thereof after the Business Combination; or
iv. a complete liquidation or dissolution of HBT or the consummation of a sale or disposition by HBT of all or substantially all of HBT's assets other than the sale or disposition of all or substantially all of the assets of HBT to a person or entity who beneficially own, directly or indirectly, 50% or more of the combined voting power of the outstanding voting securities of HBT at the time of the sale.

Notwithstanding the foregoing terms of this definition, with respect to any amount that is characterized as "nonqualified deferred compensation" within the meaning of Section 409A, an event will not be considered to be a Change in Control under this Agreement for purposes of payment of such amount unless such event is also a "change in control event" within the meaning of Section 409A. Further notwithstanding the foregoing terms of this definition, the occurrence of the date on which HBT consummates the sale of its common stock in a bona fide, firm commitment underwriting pursuant to a registration statement under the Securities Act (the "Registration Date"), or any change in the composition of the Board within 1 year after the Registration Date, will not be considered a Change in Control.

"Covered Period" means the period beginning upon a Change in Control and ending 12 months after the Change in Control.

"Disability" means that (i) you are unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, or (ii) you are, by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, receiving income replacement benefits for a period of not less than 3 months under an accident or health plan covering employees of Heartland.

"Good Reason" means the occurrence of any one of the following events, unless you agree in writing that such event will not constitute Good Reason:

i. a material and adverse change in the nature, scope, or status of your position, authorities, or duties;
ii. a reduction of 10% or more in your Base Salary or Target Bonus opportunity;
iii. relocation of your primary place of employment by more than 25 miles;
iv. a material breach by Heartland of this Agreement.

Notwithstanding anything in this definition to the contrary, before your Termination for Good Reason, you must give Heartland written notice of the existence of any condition set forth in clause i. – iv. immediately above within 30 days of the date you become (or reasonably should have become) aware of its existence and Heartland will have 30 days from the date of such notice in which to cure the condition giving rise to Good Reason. If, during such 30-day period, Heartland cures the condition giving rise to Good Reason, the condition will not constitute Good Reason.

"Involuntary Termination" means your Termination either initiated:

i. by Heartland without Cause, including non-extension of the Employment Period by Heartland without Cause in accordance with Section 2 above (but not including your Termination due to death or Disability); or
ii. by you for Good Reason (but not including non-extension of the Employment Period by you in accordance with Section 2 above).

"Minimum Benefits" means, as applicable, the following:

i. your earned but unpaid Base Salary for the period ending on your Termination;
ii. your earned but unpaid Incentive Bonus, if any, for any completed fiscal year preceding your Termination, payable within 30 days of your Termination; provided, however, that you will not, in any event, be entitled to any Incentive Bonus if your Termination is for Cause; and
iii. your accrued but unpaid PTO for the period ending on your Termination.

"Termination" means termination of your employment with Heartland and all Affiliates, after the Effective Date and before the end of the Employment Period.

6. Restrictive Covenants. You acknowledge that you have been and will continue to be provided intimate knowledge of the business practices, trade secrets, and other confidential and proprietary information of Heartland and the Affiliates, which, if exploited by you, would seriously, adversely, and irreparably affect the interests of Heartland and the Affiliates and the ability of each to continue its business; you therefore will be bound by the restrictions contained in this Section 6 (the "Restrictive Covenants").

a. Confidential Information.

i. You acknowledge that, during the course of your employment with Heartland, you may produce and have access to confidential or proprietary, non-public information concerning the Heartland Parties, including marketing materials, financial and other information concerning customers and prospective customers, customer lists, records, data, trade secrets, proprietary business information, pricing and profitability information and policies, strategic planning, commitments, plans, procedures, litigation, pending litigation and other information not generally available to the public (collectively, "Confidential Information"). You will not, at any time, directly or indirectly use, disclose, copy, or make lists of Confidential Information for the benefit of anyone other than Heartland, except to the extent such disclosure is authorized in writing by the Reporting Person, required by law or any competent administrative agency or judicial authority, or otherwise as necessary or appropriate in connection with the performance of your duties under this Agreement. If you receive a subpoena or other court order or are otherwise required by law to provide information to a governmental authority or other person concerning the activities of Heartland or an Affiliate, or your activities in connection with the business of Heartland or an Affiliate, you will immediately notify the Reporting Person of such subpoena, court order, or other requirement and deliver forthwith a copy thereof and any attachments and non-privileged correspondence related thereto. You will take reasonable precautions to protect against the inadvertent disclosure of Confidential Information. You will abide by Heartland's policies respecting avoidance of interests conflicting with those of Heartland or an Affiliate.

ii. You will not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that (A) is made (1) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney, and (2) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Accordingly, you have the right to disclose in confidence trade secrets to federal, state, and local government officials, or to an attorney, for the sole purpose of reporting or investigating a suspected violation of law. You also have the right to disclose trade secrets in a document filed in a lawsuit or other proceeding, but only if the filing is made under seal and protected from public disclosure. Nothing in this Agreement is intended to conflict with 18 U.S.C. § 1833(b) or create liability for disclosures of trade secrets that are expressly allowed by 18 U.S.C. § 1833(b). Nothing in this Agreement will be construed to authorize, or limit liability for, an act that is otherwise prohibited by law, such as the unlawful access of material by unauthorized means.

iii. Nothing contained in this Agreement, including this Section 6.a, will limit your ability to file a charge or complaint with any governmental, administrative, or judicial agency (each, an "Agency") under any applicable whistleblower statute or program (each, a "Whistleblower Program"). You acknowledge that nothing in this Agreement or this Section 6.a limits (A) your ability to communicate in connection with a charge or complaint under any Whistleblower Program with any Agency or otherwise participate in any investigation or proceeding that may be conducted by such Agency, including providing documents or other information, without notice to Heartland or any Affiliate, or (ii) your right to receive an award for information provided to such Agency under any Whistleblower Program.

b. Documents and Property.

i. All records, files, documents, and other materials or copies thereof relating to the business of Heartland or an Affiliate that you prepare, receive, or use will be and remain the sole property of Heartland and, other than in connection with the performance of your duties under this Agreement, may not be removed from the premises of Heartland or an Affiliate without Heartland's prior written consent, and will be promptly returned to Heartland upon your Termination, together with all copies (including copies or recordings in electronic form), abstracts, notes, or reproductions of any kind made from or about the records, files, documents, or other materials.

ii. You acknowledge that your access to and permission to use Heartland's and the Affiliates' computer systems, networks, and equipment, and all Heartland and Affiliate information contained therein, is restricted to legitimate business purposes on behalf of Heartland. Any other access to or use of such systems, network, equipment, and information is without authorization and is prohibited except you may use a Heartland-provided computer for reasonable personal use in accordance with Heartland's technology use policy as in effect from time to time. The restrictions contained in this Section 6.b extend to any of your personal computers or other electronic devices that are used for business purposes relating to Heartland or an Affiliate. You may not transfer any Heartland or Affiliate information to any personal computer or other electronic device that is not otherwise used for any business purpose relating to Heartland. Upon your Termination, your authorization to access and permission to use Heartland's and the Affiliates' computer systems, networks, and equipment, and any Heartland and Affiliate information contained therein, will cease.

c. Non-Competition and Non-Solicitation. You and Heartland have agreed that the primary service area of Heartland's operations, including its lending and deposit taking functions, in which you will actively participate extends to an area that encompasses a 25-mile radius from each banking or other office location of Heartland and each Affiliate where you have provided services to Heartland or an Affiliate during the 6-month period immediately before your Termination (the "Restricted Area"). Therefore, as an essential ingredient of and in consideration of this Agreement and your employment with Heartland, you, during your employment with Heartland and during the Restricted Period (as defined in Exhibit A), whether your employment termination occurs during the Employment Period or thereafter, will not directly or indirectly do any of the following:

i. Engage or invest in, own, manage, operate, finance, control, participate in the ownership, management, operation or control of, be employed by, associated with or in any manner connected with, serve as a director, officer or consultant to, lend your name or any similar name to, lend your credit to or render services or advice to, in each case in the capacity that you provided services to Heartland or an Affiliate, any person, firm, partnership, corporation, or trust that owns, operates, or is in the process of forming a bank, savings bank, savings and loan association, credit union, or similar financial institution (each, a "Financial Institution") with an office located, or to be located at an address identified in a filing with any regulatory authority, within the Restricted Area; provided, however, that your ownership of shares of capital stock of any Financial Institution, which shares are listed on a securities exchange or quoted on the National Association of Securities Dealers Automated Quotation System and which do not represent more than 5% of the institution's outstanding capital stock, will not violate any terms of this Agreement;

ii. Either on your own behalf or on behalf of any Financial Institution: (A) induce or attempt to induce any employee of Heartland or any Affiliate with whom you had significant contact to leave the employ of

Heartland or any Affiliate; (B) in any way interfere with the relationship between Heartland or any Affiliate and any employee of Heartland or any Affiliate with whom you had significant contact; or (C) induce or attempt to induce any customer, supplier, licensee, or business relation of Heartland or any Affiliate with whom you had significant contact to cease doing business with Heartland or any Affiliate or in any way interfere with the relationship between Heartland or any Affiliate and their respective customers, suppliers, licensees, or business relations with whom you had significant contact;

iii. Either on your own behalf or on behalf of any Financial Institution, solicit the business of any person or entity known to you to be a customer of Heartland or any Affiliate, where you had significant contact with such person or entity, with respect to products, activities, or services that compete in whole or in part with the products, activities, or services of Heartland or any Affiliate; or

iv. Serve as the agent, broker, or representative of, or otherwise assist, any person or entity in obtaining services or products from any Financial Institution within the Restricted Area, with respect to products, activities, or services that you devoted time to on behalf of Heartland or any Affiliate and that compete in whole or in part with the products, activities, or services of Heartland or any Affiliate.

d. Works Made for Hire Provisions. You and Heartland acknowledge that all work performed by you for Heartland or any Affiliate will be deemed a "work made for hire." Heartland will at all times own and have exclusive right, title, and interest in and to all Confidential Information and Inventions, and Heartland will retain the exclusive right to license, sell, transfer, and otherwise use and dispose of the same. Any and all enhancements of the technology of Heartland or any Affiliate that are developed by you will be the exclusive property of Heartland. You hereby assign to Heartland any right, title, and interest in and to all Inventions that you may have, by law or equity, without additional consideration of any kind whatsoever from Heartland or any Affiliate. You will execute and deliver any instruments or documents and do all other things (including the giving of testimony) requested by Heartland (both during and after your Termination) in order to vest more fully in Heartland all ownership rights in the Inventions (including obtaining patent, copyright, or trademark protection therefor in the United States or foreign countries). "Inventions" means all systems, procedures, techniques, manuals, databases, plans, lists, inventions, trade secrets, copyrights, patents, trademarks, discoveries, innovations, concepts, ideas, and software conceived, compiled, or developed by you in the course of your employment with Heartland or any Affiliate or comprised, in whole or part, of Confidential Information. Notwithstanding the foregoing sentence, Inventions will not include: (i) any inventions independently developed by you and not derived, in whole or part, from any Confidential Information or (ii) any invention made by you before your exposure to any Confidential Information.

e. Remedies for Breach of Restrictive Covenant. You have reviewed this Agreement with legal counsel, or have been given adequate opportunity to seek such counsel, and you acknowledge that Restrictive Covenants are reasonable with respect to their duration, geographical area, and scope. You further acknowledge that the Restrictive Covenants are reasonable and necessary for the protection of the legitimate business interests of Heartland, that they create no undue hardships, that any violation of the Restrictive Covenants would cause substantial injury to Heartland and such interests, and that such Restrictive Covenants were a material inducement to Heartland to enter into this Agreement. In the event of any violation or threatened violation of any Restrictive Covenants, Heartland, in addition to and not in limitation of, any other rights, remedies, or damages available to it under this Agreement or otherwise at law or in equity, will be entitled to preliminary and permanent injunctive relief to prevent or restrain any such violation by you and any and all persons directly or indirectly acting for or with you.

f. Other Agreements. In the event of the existence of any other agreement between you and Heartland or an Affiliate that (i) is in effect during the Restricted Period, and (ii) contains restrictive covenants that conflict with any of the terms of this Section 6, then the more restrictive of such terms from such agreements will control for the period during which such agreements would otherwise be in effect.

g. Tolling. If you violate any of the terms of the Restrictive Covenants, the obligation at issue will run from the first date on which you cease to be in violation of such obligation.

7. Notices. Notices and all other communications under this Agreement will be in writing and will be deemed given when mailed by United States registered or certified mail, return receipt requested, postage prepaid, addressed as follows: if to Heartland, to Heartland's principal headquarters to the attention of the Reporting Person; and if to you, to your most recent address on file with Heartland, or, in either case, to such other address as either party hereto may furnish to the other in writing, except that notices of changes of address will be effective only upon receipt.

8. Applicable Law. All questions concerning the construction, validity, and interpretation of this Agreement and the performance of the obligations imposed by this Agreement will be governed by the internal laws of the State of Illinois applicable to agreements made and wholly to be performed in such state without regard to conflicts of law provisions of any jurisdiction.

9. Mandatory Arbitration. Except as provided in Section 6 above, if any dispute or controversy arises under or in connection with this Agreement, and such dispute or controversy cannot be settled through negotiation, you and Heartland will first try in good faith to settle the dispute or controversy by mediation administered by the American Arbitration Association under its Commercial Mediation Procedures. If such mediation is not successful, the dispute or controversy will be settled exclusively by arbitration in accordance with the Employment Arbitration Rules of the American Arbitration Association then in effect. Judgment may be entered on the arbitrator's award in any court having jurisdiction. Notwithstanding the foregoing, Heartland may resort to the Circuit Court of McLean County, Illinois for injunctive and such other relief as may be available if you engage in conduct, after termination of your employment with Heartland and its Affiliates, that amounts to a violation of the Illinois Trade Secrets Act, amounts to unlawful interference with the business expectations of Heartland or any Affiliate, or violates the Restrictive Covenants. The FDIC may appear at any arbitration hearing but any decision made thereunder will not be binding on the FDIC.

10. Entire Agreement. This Agreement constitutes the entire agreement between you and Heartland concerning the subject matter hereof, and supersedes all prior negotiations, undertakings, agreements, and arrangements with respect thereto, whether written or oral, including the Prior Agreement. If a court of competent jurisdiction determines that any term of this Agreement is invalid or unenforceable, then the invalidity or unenforceability of that term will not affect the validity or enforceability of any other term of this Agreement and all other terms will remain in full force and effect. The various terms of this Agreement are intended to be severable and to constitute independent and distinct binding obligations. Without limiting the generality of the foregoing, if the scope of any term contained in this Agreement is too broad to permit enforcement to its full extent, such term will be enforced to the maximum extent permitted by law, and such scope may be judicially modified accordingly.

11. Withholding of Taxes. Heartland may withhold from any amounts payable under this Agreement all taxes as may be required by law.

12. No Assignment. Your rights to receive benefits under this Agreement will not be assignable or transferable whether by pledge, creation of a security interest, or otherwise, other than a transfer by will or by the laws of descent or distribution. In the event of any attempted assignment or transfer contrary to this Section 12, Heartland will have no liability to pay any amount so attempted to be assigned or transferred. This Agreement will inure to the benefit of and be enforceable by your personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees.

13. Successors. This Agreement will be binding upon and inure to the benefit of HBT, the Bank, and their successors and assigns.

14. Amendment. This Agreement may not be amended or modified except by written agreement signed by you and Heartland.

15. Section 409A. This Agreement is intended to comply with Section 409A ("Section 409A") of the Internal Revenue Code of 1986, as amended, or an exemption thereunder and will be construed and administered in accordance with Section 409A. Notwithstanding any other provision of this Agreement, payments provided under this Agreement may only be made upon an event and in a manner that complies with Section 409A or an applicable exemption. Any payments under this Agreement that may be excluded from Section 409A either as separation pay due to an involuntary separation from service or as a short-term deferral will be excluded from Section 409A to the maximum extent possible. For purposes of Section 409A, each installment payment provided under this Agreement will be treated as a separate payment. Any payments to be made under this Agreement upon a termination of employment will only be made upon a "separation from service" under Section 409A. To the extent any reimbursements or in-kind benefit payments under this Agreement are subject to Section 409A, such reimbursements and in-kind benefit payments will be made in accordance with Treasury Regulation Section 1.409A-3(i)(1)(iv). Notwithstanding anything in this Agreement to the contrary, if any payment or benefit provided to you in connection with your termination of employment is determined to constitute "nonqualified deferred compensation" within the meaning of Section 409A and you are determined to be a "specified employee" under Section 409A, then such payment or benefit will not be paid until the first payroll date to occur following the 6-month anniversary of your termination of employment or, if earlier, upon your death (the "Specified Employee Payment Date"). The aggregate of any payments that would otherwise have been paid before the Specified Employee Payment Date will be paid to you, without interest, in a lump sum on the Specified Employee Payment Date and thereafter, any remaining payments will be paid without delay in accordance with their original schedule. Notwithstanding the foregoing, Heartland makes no representations that the payments and benefits provided under this Agreement comply with Section 409A, and in no event will Heartland be liable for all or any portion of any taxes, penalties, interest, or other expenses that may be incurred by you on account of non-compliance with Section 409A.

16. Survival. The terms of Sections 5 through Section 15 above and this Section 16 will survive the termination of this Agreement.

IN WITNESS WHEREOF, you, HBT, and the Bank have executed this Agreement as of the Effective Date.

EXECUTIVE

Sign name: ______________________________

Print name: ______________________________

HBT FINANCIAL, INC.

Sign name: ______________________________

Print name: ______________________________

Title: ______________________________

HEARTLAND BANK AND TRUST COMPANY

Sign name: ______________________________

Print name: ______________________________

Title: ______________________________

Exhibit A

"Employee": [·]

"Effective Date": [·]

"Position": [·]

"Initial Expiration Date": [·]

"Reporting Person": [·]

"Location of Employment": [·]

"Base Salary": $[·]

"Target Bonus": [·]

"Annual PTO Days": [·]

"Outside Covered Period Severance Months": [·]

"Covered Period Severance Amount": [·]

"COBRA Months": [·]

"Restricted Period": [·]

OPTION AWARD AGREEMENT
HBT FINANCIAL, INC. OMNIBUS INCENTIVE PLAN

HBT Financial, Inc. (the "**Company**") grants to the Participant named below ("**you**") [an Incentive/a Nonstatutory] Stock Option to purchase the number of Shares set forth below (the "**Option**"), under this Option Award Agreement ("**Agreement**").

Governing Plan:	HBT Financial, Inc. Omnibus Incentive Plan
Defined Terms:	As set forth in the Plan, unless otherwise defined in this Agreement
Participant:	[Name]
Type of Option:	[Incentive/Nonstatutory] Stock Option
Grant Date:	[Date]
Number of Shares Purchasable:	[·]
Purchase Price per Share:	$[·], which is the Fair Market Value as of the Grant Date
Original Expiration Date:	[·] years from the Grant Date (or earlier if your Separation from Service occurs before this Expiration Date; see *Exercise after Separation from Service* below)
Exercisability:	The Option will become exercisable as follows, as long as you do not have a Separation from Service before the applicable [date/event]:

[Date/Event]	% of Option Exercisable
[ ]	[·]%

Exercise after Separation from Service:

Separation from Service for any reason other than Disability, death, or Cause: any unexercisable portion of the Option expires immediately and any exercisable portion remains exercisable for [·] after your Separation from Service for any reason other than Disability, death, or Cause.

Separation from Service due to Disability or death: any unexercisable portion of the Option expires immediately and any exercisable portion remains exercisable for [·] after your Separation from Service due to your Disability or death.

Separation from Service for Cause: the entire Option, including any exercisable and unexercisable portion, expires immediately upon your Separation from Service for Cause.
Notwithstanding anything else in this Agreement, the option may **not** be exercised after the latest Original Expiration Date set forth above.

OPTION TERMS

1. Grant of Option.

(a) The Option is subject to the terms of the Plan. The terms of the Plan are incorporated into this Agreement by this reference.

(b) You must accept the terms of this Agreement by returning a signed copy to the Company within 30 days after the Agreement is presented to you for review. You may not exercise any portion of the Option before you have accepted the terms of this Agreement. The Committee may unilaterally cancel and forfeit the Option in its entirety if you do not accept the terms of this Agreement.

(c) If designated above as an Incentive Stock Option, the Option is intended to qualify as an Incentive Stock Option. To the extent the Option fails to meet the requirements of an Incentive Stock Option or is not designated as an Incentive Stock Option, the Option will be a Nonstatutory Stock Option.

2. Exercise of Option.

(a) Right to Exercise. The Option will be exercisable in accordance with the terms provided in the table above, and all the rest of the terms of this Agreement. The Option, to the extent exercisable, may be exercised in whole or in part. The Option may not be exercised after it expires. No Shares will be issued upon the exercise of the Option unless the issuance and exercise comply with all applicable laws. For income tax purposes, Shares will be considered transferred to you on the date you properly exercise the Option. Until you have duly exercised the Option and Shares have been delivered, you will not have any rights as a Stockholder for those Shares.

(b) Method of Exercise and Payment. You may exercise the Option by delivering an exercise notice in a form approved by the Company (the "**Exercise Notice**"). The Exercise Notice must state your election to exercise the Option, the number of Option Shares that are being purchased, and any other representations and agreements that may be required by the Company. Together with the Exercise Notice, you must tender payment of the aggregate Purchase Price for all Shares exercised and all applicable withholding and other taxes. The Option will be deemed to be exercised upon receipt by the Company of a fully executed Exercise Notice and payment of the aggregate Purchase Price and all applicable withholding and other taxes.

3. Method of Payment. If you elect to exercise the Option, you must pay the aggregate Purchase Price, as well as any applicable withholding or other taxes, in accordance with any of the payment methods set forth in Section 6.4(d) of the Plan (or any successor sections).

4. Restrictions on Exercise.

(a) You may not exercise the Option (i) if it is an Incentive Stock Option and the Plan has not been approved by the Stockholders or (ii) if the issuance of Shares upon exercise or the method of payment for those Shares would constitute a violation of any applicable law, regulation, or Company policy.

(b) Any issuance of Shares under the Option may be effected on a non-certificated basis, to the extent not prohibited by applicable law or the applicable rules of any securities exchange or similar entity.

(c) If a certificate for Shares is delivered to you under the Option, the certificate may bear the following or a similar legend as determined by the Company:

The ownership and transferability of this certificate and the shares of stock represented hereby are subject to the terms (including forfeiture) of the HBT Financial, Inc. Omnibus Incentive Plan and an option award agreement entered into between the registered owner and HBT Financial, Inc. Copies of such plan and agreement are on file in the executive offices of HBT Financial, Inc.

In addition, any stock certificates for Shares will be subject to any stop-transfer orders and other restrictions as the Company may deem advisable under the rules, regulations, and other requirements of the SEC, any securities exchange or similar entity upon which the Shares are then listed, and any applicable federal or state securities law, and the Company may cause a legend or legends to be placed on any certificates to make appropriate reference to these restrictions.

5. Transferability.

(a) The Option may not be transferred in any manner other than by will or by the laws of descent or distribution and may be exercised during your lifetime only by you.

6. Term of Option. The Option may not be exercised after it expires and may only be exercised in accordance with this Agreement.

7. Taxes.

(a) Regardless of any action the Company may take that is related to any or all income tax, payroll tax, or other tax-related withholding ("**Tax-Related Items**"), the ultimate liability for all Tax-Related Items owed by you is and will remain your responsibility. The Company (i) makes no representations or undertakings regarding the treatment of any Tax-Related Items under the Option and (ii) does not commit to structure the terms of the Option to reduce or eliminate your liability for Tax-Related Items.

(b) You will be required to meet any applicable tax withholding obligation in accordance with the tax withholding terms of Section 14.5 of the Plan (and any successor terms).

(c) If you make any disposition of Shares delivered under an Incentive Stock Option under the circumstances described in Code Section 421(b) (relating to certain disqualifying dispositions), you must notify the Company of that disposition within 10 days.

8. Adjustment. Upon any event described in Section 4.2 of the Plan (or any successor sections) occurring after the Grant Date, the adjustment terms of that section will apply to the Option.

9. Bound by Plan and Committee Decisions. By accepting the Option, you acknowledge that you have received a copy of the Plan, have had an opportunity to review the Plan, and agree to be bound by all of the terms of the Plan. If there is any conflict between this Agreement and the Plan, the Plan will control. The authority to manage and control the operation and administration of this Agreement and the Plan is vested in the Committee. The Committee has all powers under this Agreement that it has under the Plan. Any interpretation of this Agreement or the Plan by the Committee and any decision made by the Committee related to the Agreement or the Plan will be final and binding on all Persons.

10. Regulatory and Other Limitations. Notwithstanding anything else in this Agreement, the Committee may impose conditions, restrictions, and limitations on the issuance of Shares under the Option unless and until the Committee determines that the issuance complies with (a) all registration requirements

under the Securities Act, (b) all listing requirements of any securities exchange or similar entity on which the Shares are listed, (c) all Company policies and administrative rules, and (d) all applicable laws.

11. Miscellaneous.

(a) Notices. Any notice that may be required or permitted under this Agreement must be in writing and may be delivered personally, by intraoffice mail, or by electronic mail or via a postal service (postage prepaid) to the electronic mail or postal address and directed to the person as the receiving party may designate in writing.

(b) Waiver. The waiver by any party to this Agreement of a breach of any term of the Agreement will not operate or be construed as a waiver of any other or subsequent breach.

(c) Entire Agreement. This Agreement and the Plan constitute the entire agreement between you and the Company related to the Option. Any prior agreements, commitments, or negotiations concerning the Option are superseded.

(d) Binding Effect; Successors. The obligations and rights of the Company under this Agreement will be binding upon and inure to the benefit of the Company and any successor corporation or organization resulting from the merger, consolidation, sale, or other reorganization of the Company, or upon any successor corporation or organization succeeding to substantially all of the assets and business of the Company. Your obligations and rights under this Agreement will be binding upon and inure to your benefit and the benefit of your beneficiaries, executors, administrators, heirs, and successors.

(e) Governing Law; Jurisdiction; Waiver of Jury Trial. You acknowledge and expressly agree to the governing law terms of Section 14.9 of the Plan (and any successor terms) and the jurisdiction and waiver of jury trial terms of Section 14.10 of the Plan (and any successor terms).

(f) Amendment. This Agreement may be amended at any time by the Committee, except that no amendment may, without your consent, materially impair your rights under the Option.

(g) Severability. The invalidity or unenforceability of any term of the Plan or this Agreement will not affect the validity or enforceability of any other term of the Plan or this Agreement, and each other term of the Plan and this Agreement will be severable and enforceable to the extent permitted by law.

(h) No Rights to Service; No Impact on Other Benefits. Nothing in this Agreement will be construed as giving you any right to be retained in any position with the Company or its Affiliates. Nothing in this Agreement will interfere with or restrict the rights of the Company or its Affiliates—which are expressly reserved—to remove, terminate, or discharge you at any time for any reason whatsoever or for no reason, subject to the Company's certificate of incorporation, bylaws, and other similar governing documents and applicable law. Any value under the Option is not part of your normal or expected compensation for purposes of calculating any severance, retirement, welfare, insurance, or similar employee benefit. The grant of the Option does not create any right to receive any future awards.

(i) Section 409A. It is intended that the Option will be exempt from (or in the alternative will comply with) Section 409A, and this Agreement will be administered and interpreted accordingly. This paragraph is not a guarantee of any particular tax effect for your benefits under this Agreement and the

Company does not guarantee that these benefits will satisfy Section 409A or any other provision of the Code.

(j) Further Assurances. You must, upon request of the Company or the Committee, do all acts and execute, deliver, and perform all additional documents, instruments, and agreements that may be reasonably required by the Company or the Committee to implement this Agreement.

(k) Clawback. All awards, amounts, or benefits received or outstanding under the Plan will be subject to clawback, cancellation, recoupment, rescission, payback, reduction, or other similar action in accordance with the terms of any Company clawback or similar policy or any applicable law related to such actions, as may be in effect from time to time. You acknowledge and consent to the Company's application, implementation, and enforcement of any applicable Company clawback or similar policy that may apply to you, whether adopted before or after the Grant Date (including the forfeiture, clawback, and detrimental conduct terms contained in Section 14.22 of the Plan as of the Grant Date (and any successor terms)), and any term of applicable law relating to clawback, cancellation, recoupment, rescission, payback, or reduction of compensation, and the Company may take such actions as may be necessary to effectuate any such policy or applicable law, without further consideration or action.

(l) Electronic Delivery and Acceptance. The Company may deliver any documents related to current or future participation in the Plan by electronic means. You consent to receive those documents by electronic delivery and to participate in the Plan through any on-line or electronic system established and maintained by the Company or a third party designated by the Company.

12. Your Representations. You represent to the Company that you have read and fully understand this Agreement and the Plan and that your decision to participate in the Plan is completely voluntary. You also acknowledge that you are relying solely on your own advisors regarding the tax consequences of the Option.

By signing below, you agree that the Option is granted under and governed by the terms of the Plan and this Option Award Agreement—and you agree to all such terms—as of the Grant Date.

PARTICIPANT		**HBT FINANCIAL, INC.**	
Sign name:	____________________	Sign name:	____________________
Print name:	____________________	Print name:	____________________
		Title:	____________________

RESTRICTED SHARES AWARD AGREEMENT
HBT FINANCIAL, INC. OMNIBUS INCENTIVE PLAN

HBT Financial, Inc. (the "**Company**") grants to the Participant named below ("**you**") the number of Restricted Shares set forth below (the "**Award**"), under this Restricted Shares Award Agreement ("**Agreement**").

Governing Plan:	HBT Financial, Inc. Omnibus Incentive Plan
Defined Terms:	As set forth in the Plan, unless otherwise defined in this Agreement
Participant:	[Name]
Grant Date:	[Date]
Number of Restricted Shares:	[·]
Vesting:	The Restricted Shares will become vested as follows, as long as you do not have a Separation from Service before the applicable [date/event]:

[Date/Event]	% or # of Restricted Shares Vested
[ ]	[·]

RESTRICTED SHARES TERMS

1. Grant of Restricted Shares.

(a) The Award is subject to the terms of the Plan. The terms of the Plan are incorporated into this Agreement by this reference.

(b) You must accept the terms of this Agreement by returning a signed copy to the Company within 30 days after the Agreement is presented to you for review. The Committee may unilaterally cancel and forfeit the Award in its entirety if you do not accept the terms of this Agreement.

(c) As soon as practicable after the Grant Date, the Company will direct that a stock certificate or certificates representing the Restricted Shares be registered in your name. Such certificate(s) will be held in the custody of the Company or its designee until the expiration of the Restricted Period. Upon the request of the Company, you will be required to deliver to the Company one or more stock powers endorsed in blank relating to the Restricted Shares.

(d) If a certificate for the Restricted Shares is delivered to you under the Award, the certificate may bear the following or a similar legend as determined by the Company:

The ownership and transferability of this certificate and the shares of stock represented hereby are subject to the terms (including forfeiture) of the HBT Financial, Inc. Omnibus Incentive Plan and a restricted shares award agreement entered into between the registered owner and HBT Financial, Inc. Copies of such plan and agreement are on file in the executive offices of HBT Financial, Inc.

In addition, any stock certificates for the Restricted Shares will be subject to any stop-transfer orders and other restrictions as the Company may deem advisable under the rules, regulations, and other requirements of the SEC, any securities exchange or similar entity upon which the Shares are then listed, and any applicable federal or state securities law, and the Company may cause a legend or legends to be placed on any certificates to make appropriate reference to these restrictions.

(e) Any issuance of Shares under the Award may be effected on a non-certificated basis, to the extent not prohibited by applicable law or the applicable rules of any securities exchange or similar entity.

2. Restrictions.

(a) You will have all rights and privileges of a Stockholder as to the Restricted Shares, including the right to vote and receive dividends, except that the following restrictions will apply:

(i) you will not be entitled to delivery of any Share certificates for the Restricted Shares until the expiration of the Restricted Period (if at all), and upon the satisfaction of all other terms;

(ii) you may not sell, transfer (other than by will or the laws of descent and distribution), assign, pledge, or otherwise encumber or dispose of the Restricted Shares or any rights under the Restricted Shares during the Restricted Period; and

(iii) you will forfeit all of the Restricted Shares and all of your rights under the Restricted Shares will terminate in their entirety on the terms set forth in Section 4 below and Section 9(j) below.

(b) Any attempt to dispose of the Restricted Shares or any interest in the Restricted Shares in a manner contrary to the terms of this Agreement will be void and of no effect.

3. Restricted Period and Vesting. The "**Restricted Period**" is the period beginning on the Grant Date and ending on the date the Restricted Shares, or such applicable portion of the Restricted Shares, are deemed vested under the terms set forth in table at the beginning of this Agreement.

4. Forfeiture. If, during the Restricted Period, (a) you incur a Separation from Service (for the avoidance of doubt, which does not otherwise result in the vesting of the Restricted Shares), (b) you materially breach this Agreement, or (c) you fail to meet the tax withholding obligations described in Section 5 below, all of your rights to any Restricted Shares will terminate immediately and be forfeited in their entirety.

5. Taxes. Regardless of any action the Company may take that is related to any or all income tax, payroll tax, or other tax-related withholding ("**Tax-Related Items**"), the ultimate liability for all Tax-Related Items owed by you is and will remain your responsibility. The Company (i) makes no representations or undertakings regarding the treatment of any Tax-Related Items under the Award and

(ii) does not commit to structure the terms of the Award to reduce or eliminate your liability for Tax-Related Items. You will be required to meet any applicable tax withholding obligation in accordance with the tax withholding terms of Section 14.5 of the Plan (and any successor terms). The Award is intended to be exempt from Section 409A, and this Agreement will be administered and interpreted consistently with that intent and with the terms of Section 14.16 of the Plan (and any successor terms).

6. Adjustment. Upon any event described in Section 4.2 of the Plan (and any successor sections) occurring after the Grant Date, the adjustment terms of that section will apply to the Award.

7. Bound by Plan and Committee Decisions. By accepting the Award, you acknowledge that you have received a copy of the Plan, have had an opportunity to review the Plan, and agree to be bound by all of the terms of the Plan. If there is any conflict between this Agreement and the Plan, the Plan will control. The authority to manage and control the operation and administration of this Agreement and the Plan is vested in the Committee. The Committee has all powers under this Agreement that it has under the Plan. Any interpretation of this Agreement or the Plan by the Committee and any decision made by the Committee related to the Agreement or the Plan will be final and binding on all Persons.

8. Regulatory and Other Limitations. Notwithstanding anything else in this Agreement, the Committee may impose conditions, restrictions, and limitations on the issuance of Shares under the Award unless and until the Committee determines that the issuance complies with (a) all registration requirements under the Securities Act, (b) all listing requirements of any securities exchange or similar entity on which the Shares are listed, (c) all Company policies and administrative rules, and (d) all applicable laws.

9. Miscellaneous.

(a) Notices. Any notice that may be required or permitted under this Agreement must be in writing and may be delivered personally, by intraoffice mail, or by electronic mail or via a postal service (postage prepaid) to the electronic mail or postal address and directed to the person as the receiving party may designate in writing from time to time.

(b) Waiver. The waiver by any party to this Agreement of a breach of any term of the Agreement will not operate or be construed as a waiver of any other or subsequent breach.

(c) Entire Agreement. This Agreement and the Plan constitute the entire agreement between you and the Company related to the Award. Any prior agreements, commitments, or negotiations concerning the Award are superseded.

(d) Binding Effect; Successors. The obligations and rights of the Company under this Agreement will be binding upon and inure to the benefit of the Company and any successor corporation or organization resulting from the merger, consolidation, sale, or other reorganization of the Company, or upon any successor corporation or organization succeeding to substantially all of the assets and business of the Company. Your obligations and rights under this Agreement will be binding upon and inure to your benefit and the benefit of your beneficiaries, executors, administrators, heirs, and successors.

(e) Governing Law; Jurisdiction; Waiver of Jury Trial. You acknowledge and expressly agree to the governing law terms of Section 14.9 of the Plan (and any successor terms) and the jurisdiction and waiver of jury trial terms of Section 14.10 of the Plan (and any successor terms).

(f) Amendment. This Agreement may be amended at any time by the Committee, except that no amendment may, without your consent, materially impair your rights under the Award.

(g) Severability. The invalidity or unenforceability of any term of the Plan or this Agreement will not affect the validity or enforceability of any other term of the Plan or this Agreement, and each other term of the Plan and this Agreement will be severable and enforceable to the extent permitted by law.

(h) No Rights to Service; No Impact on Other Benefits. Nothing in this Agreement will be construed as giving you any right to be retained in any position with the Company or its Affiliates. Nothing in this Agreement will interfere with or restrict the rights of the Company or its Affiliates—which are expressly reserved—to remove, terminate, or discharge you at any time for any reason whatsoever or for no reason, subject to the Company's certificate of incorporation, bylaws, and other similar governing documents and applicable law. The Restricted Shares are not part of your normal or expected compensation for purposes of calculating any severance, retirement, welfare, insurance, or similar employee benefit. The grant of the Restricted Shares does not create any right to receive any future awards.

(i) Further Assurances. You must, upon request of the Company or the Committee, do all acts and execute, deliver, and perform all additional documents, instruments, and agreements that may be reasonably required by the Company or the Committee to implement this Agreement.

(j) Clawback. All awards, amounts, or benefits received or outstanding under the Plan will be subject to clawback, cancellation, recoupment, rescission, payback, reduction, or other similar action in accordance with the terms of any Company clawback or similar policy or any applicable law related to such actions, as may be in effect from time to time. You acknowledge and consent to the Company's application, implementation, and enforcement of any applicable Company clawback or similar policy that may apply to you, whether adopted before or after the Grant Date (including the forfeiture, clawback, and detrimental conduct terms contained in Section 14.22 of the Plan as of the Grant Date (and any successor terms)), and any term of applicable law relating to clawback, cancellation, recoupment, rescission, payback, or reduction of compensation, and the Company may take such actions as may be necessary to effectuate any such policy or applicable law, without further consideration or action.

(k) Electronic Delivery and Acceptance. The Company may deliver any documents related to current or future participation in the Plan by electronic means. You consent to receive those documents by electronic delivery and to participate in the Plan through any on-line or electronic system established and maintained by the Company or a third party designated by the Company.

10. Your Representations. You represent to the Company that you have read and fully understand this Agreement and the Plan and that your decision to participate in the Plan is completely voluntary. You also acknowledge that you are relying solely on your own advisors regarding the tax consequences of the Award.

By signing below, you agree that the Award is granted under and governed by the terms of the Plan and this Restricted Shares Award Agreement—and you agree to all such terms—as of the Grant Date.

PARTICIPANT		**HBT FINANCIAL, INC.**	
Sign name:	______________________	Sign name:	______________________
Print name:	______________________	Print name:	______________________
		Title:	______________________

RSU AWARD AGREEMENT
HBT FINANCIAL, INC. OMNIBUS INCENTIVE PLAN

HBT Financial, Inc. (the "**Company**") grants to the Participant named below ("**you**") the number of restricted stock units ("**RSUs**") set forth below (the "**Award**"), under this RSU Award Agreement ("**Agreement**").

Governing Plan:	HBT Financial, Inc. Omnibus Incentive Plan
Defined Terms:	As set forth in the Plan, unless otherwise defined in this Agreement
Participant:	[Name]
Grant Date:	[Date]
Number of RSUs:	[·]
Definition of RSU:	Each RSU entitles you to receive one Share in the future subject to the terms of this Agreement
Earning and Payment:	The RSUs will become earned and payable as follows, as long as you do not have a Separation from Service before the applicable [date/event]:

[Date/Event]	RSUs Earned and Payable
[ ]	[·]

RSU TERMS

1. Grant of RSUs.

(a) The Award is subject to the terms of the Plan. The terms of the Plan are incorporated into this Agreement by this reference.

(b) You must accept the terms of this Agreement by returning a signed copy to the Company within 30 days after the Agreement is presented to you for review. The Committee may unilaterally cancel and forfeit the Award in its entirety if you do not accept the terms of this Agreement.

2. Restrictions.

(a) You will have no rights or privileges of a Stockholder as to the Shares underlying the RSUs before settlement under Section 5 below ("**Settlement**"), including no right to vote or receive dividends or other distributions; in addition, the following terms will apply:

(i) you will not be entitled to delivery of any Share certificates for the RSUs until Settlement (if at all), and upon the satisfaction of all other terms;

(ii) you may not sell, transfer (other than by will or the laws of descent and distribution), assign, pledge, or otherwise encumber or dispose of the RSUs or any rights under the RSUs before Settlement; and

(iii) you will forfeit all of the RSUs and all of your rights under the RSUs will terminate in their entirety on the terms set forth in Section 4 and Section 10(j) below.

(b) Any attempt to dispose of the RSUs or any interest in the RSUs in a manner contrary to the terms of this Agreement will be void and of no effect.

3. Restricted Period and Payment. The "**Restricted Period**" is the period beginning on the Grant Date and ending on the date the RSUs, or such applicable portion of the RSUs, are deemed earned and payable under the terms set forth in the table at the beginning of this Agreement.

4. Forfeiture. If, during the Restricted Period, (a) you incur a Separation from Service (for the avoidance of doubt, which does not otherwise result in the immediate or continued earning and payment of the RSUs), (b) you materially breach this Agreement, or (c) you fail to meet the tax withholding obligations described in Section 6 below, all of your rights to the RSUs will terminate immediately and be forfeited in their entirety.

5. Settlement of RSUs. Delivery of Shares or other amounts under this Agreement will be subject to the following:

(a) The Company will deliver to you one Share for each RSU that has become earned and payable within 30 days after the end of the applicable Restricted Period.

(b) Any issuance of Shares under the Award may be effected on a non-certificated basis, to the extent not prohibited by applicable law or the applicable rules of any securities exchange or similar entity.

(c) If a certificate for Shares is delivered to you under the Award, the certificate may bear the following or a similar legend as determined by the Company:

The ownership and transferability of this certificate and the shares of stock represented hereby are subject to the terms (including forfeiture) of the HBT Financial, Inc. Omnibus Incentive Plan and an RSU award agreement entered into between the registered owner and HBT Financial, Inc. Copies of such plan and agreement are on file in the executive offices of HBT Financial, Inc.

In addition, any stock certificates for Shares will be subject to any stop-transfer orders and other restrictions as the Company may deem advisable under the rules, regulations, and other requirements of the SEC, any securities exchange or similar entity upon which the Shares are then listed, and any applicable federal or state securities law, and the Company may cause a legend or legends to be placed on any certificates to make appropriate reference to these restrictions.

6. Withholding.

(a) Regardless of any action the Company may take that is related to any or all income tax, payroll tax, or other tax-related withholding ("**Tax-Related Items**"), the ultimate liability for all Tax-

Related Items owed by you is and will remain your responsibility. The Company (i) makes no representations or undertakings regarding the treatment of any Tax-Related Items under the Award and (ii) does not commit to structure the terms of the Award to reduce or eliminate your liability for Tax-Related Items.

(b) You will be required to meet any applicable tax withholding obligation in accordance with the tax withholding terms of Section 14.5 of the Plan (and any successor terms). The RSUs are intended to be exempt from Section 409A, and this Agreement will be administered and interpreted consistently with that intent and with the terms of Section 14.16 of the Plan (and any successor terms).

7. Adjustment. Upon any event described in Section 4.2 of the Plan (and any successor sections) occurring after the Grant Date, the adjustment terms of that section will apply to the Award.

8. Bound by Plan and Committee Decisions. By accepting the Award, you acknowledge that you have received a copy of the Plan, have had an opportunity to review the Plan, and agree to be bound by all of the terms of the Plan. If there is any conflict between this Agreement and the Plan, the Plan will control. The authority to manage and control the operation and administration of this Agreement and the Plan is vested in the Committee. The Committee has all powers under this Agreement that it has under the Plan. Any interpretation of this Agreement or the Plan by the Committee and any decision made by the Committee related to the Agreement or the Plan will be final and binding on all Persons.

9. Regulatory and Other Limitations. Notwithstanding anything else in this Agreement, the Committee may impose conditions, restrictions, and limitations on the issuance of Shares under the Award unless and until the Committee determines that the issuance complies with (a) all registration requirements under the Securities Act, (b) all listing requirements of any securities exchange or similar entity on which the Shares are listed, (c) all Company policies and administrative rules, and (d) all applicable laws.

10. Miscellaneous.

(a) Notices. Any notice that may be required or permitted under this Agreement must be in writing and may be delivered personally, by intraoffice mail, or by electronic mail or via a postal service (postage prepaid) to the electronic mail or postal address and directed to the person as the receiving party may designate in writing from time to time.

(b) Waiver. The waiver by any party to this Agreement of a breach of any term of the Agreement will not operate or be construed as a waiver of any other or subsequent breach.

(c) Entire Agreement. This Agreement and the Plan constitute the entire agreement between you and the Company related to the Award. Any prior agreements, commitments, or negotiations concerning the Award are superseded.

(d) Binding Effect; Successors. The obligations and rights of the Company under this Agreement will be binding upon and inure to the benefit of the Company and any successor corporation or organization resulting from the merger, consolidation, sale, or other reorganization of the Company, or upon any successor corporation or organization succeeding to substantially all of the assets and business of the Company. Your obligations and rights under this Agreement will be binding upon and inure to your benefit and the benefit of your beneficiaries, executors, administrators, heirs, and successors.

(e) Governing Law; Jurisdiction; Waiver of Jury Trial. You acknowledge and expressly agree to the governing law terms of Section 14.9 of the Plan (and any successor terms) and the jurisdiction and waiver of jury trial terms of Section 14.10 of the Plan (and any successor terms).

(f) Amendment. This Agreement may be amended at any time by the Committee, except that no amendment may, without your consent, materially impair your rights under the Award.

(g) Severability. The invalidity or unenforceability of any term of the Plan or this Agreement will not affect the validity or enforceability of any other term of the Plan or this Agreement, and each other term of the Plan and this Agreement will be severable and enforceable to the extent permitted by law.

(h) No Rights to Service; No Impact on Other Benefits. Nothing in this Agreement will be construed as giving you any right to be retained in any position with the Company or its Affiliates. Nothing in this Agreement will interfere with or restrict the rights of the Company or its Affiliates—which are expressly reserved—to remove, terminate, or discharge you at any time for any reason whatsoever or for no reason, subject to the Company's certificate of incorporation, bylaws, and other similar governing documents and applicable law. The value of the RSUs is not part of your normal or expected compensation for purposes of calculating any severance, retirement, welfare, insurance, or similar employee benefit. The grant of the RSUs does not create any right to receive any future awards.

(i) Further Assurances. You must, upon request of the Company or the Committee, do all acts and execute, deliver, and perform all additional documents, instruments, and agreements that may be reasonably required by the Company or the Committee to implement this Agreement.

(j) Clawback. All awards, amounts, or benefits received or outstanding under the Plan will be subject to clawback, cancellation, recoupment, rescission, payback, reduction, or other similar action in accordance with the terms of any Company clawback or similar policy or any applicable law related to such actions, as may be in effect from time to time. You acknowledge and consent to the Company's application, implementation, and enforcement of any applicable Company clawback or similar policy that may apply to you, whether adopted before or after the Grant Date (including the forfeiture, clawback, and detrimental conduct terms contained in Section 14.22 of the Plan as of the Grant Date (and any successor terms)), and any term of applicable law relating to clawback, cancellation, recoupment, rescission, payback, or reduction of compensation, and the Company may take such actions as may be necessary to effectuate any such policy or applicable law, without further consideration or action.

(k) Electronic Delivery and Acceptance. The Company may deliver any documents related to current or future participation in the Plan by electronic means. You consent to receive those documents by electronic delivery and to participate in the Plan through any on-line or electronic system established and maintained by the Company or a third party designated by the Company.

11. Your Representations. You represent to the Company that you have read and fully understand this Agreement and the Plan and that your decision to participate in the Plan is completely voluntary. You also acknowledge that you are relying solely on your own advisors regarding the tax consequences of the Award.

By signing below, you agree that the Award is granted under and governed by the terms of the Plan and this RSU Award Agreement—and you agree to all such terms—as of the Grant Date.

PARTICIPANT		**HBT FINANCIAL, INC.**	
Sign name:	______________________	Sign name:	______________________
Print name:	______________________	Print name:	______________________
		Title:	______________________

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the use in this Amendment No. 1 to the Registration Statement (No. 333-233747) on Form S-1 of HBT Financial, Inc. (formerly known as Heartland Bancorp, Inc.) of our report dated March 25, 2019, except for the stock split described in Note 1, as to which the date is September 13, 2019, relating to the consolidated financial statements of HBT Financial, Inc. (formerly known as Heartland Bancorp, Inc.), appearing in the Prospectus, which is part of this Registration Statement.

We also consent to the reference to our firm under the heading “Experts” in such Prospectus.

/s/ RSM US LLP

Chicago, Illinois
October 1, 2019