

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549**

**FORM 8-K  
CURRENT REPORT PURSUANT TO  
SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934**

Date of report (Date of earliest event reported): September 3, 2020

**HBT FINANCIAL, INC.**

(Exact name of registrant as specified in its charter)

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

**001-39085**  
(Commission File Number)

**37-1117216**  
(IRS Employer  
Identification Number)

**401 North Hershey Road**  
**Bloomington, Illinois**  
(Address of principal executive  
offices)

**61704**  
(Zip Code)

**(888) 897-2276**  
(Registrant's telephone number, including area code)

**N/A**  
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

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

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

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

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**Item 1.01 Entry into a Material Definitive Agreement.**

On September 3, 2020, HBT Financial, Inc. (the “Company”) entered into a Subordinated Note Purchase Agreement (the “Purchase Agreement”) with certain institutional accredited investors and qualified institutional buyers (collectively, the “Purchasers”) pursuant to which the Company issued and sold \$40.0 million in aggregate principal amount of its 4.50% fixed-to-floating rate subordinated notes due 2030 (the “Notes”). The Notes were issued by the Company to the Purchasers at a price equal to 100% of their face amount. The Company intends to use the net proceeds it received from the sale of the Notes for general corporate purposes. The Purchase Agreement contains certain customary representations, warranties and covenants made by the Company, on the one hand, and the Purchasers, severally and not jointly, on the other hand.

The Notes are not subject to any sinking fund and are not convertible into or exchangeable for any other securities or assets of the Company or any of its subsidiaries.

The Notes have a stated maturity of September 15, 2030. Prior to September 15, 2025, the Company may redeem the Notes, in whole but not in part, only under certain limited circumstances set forth in the Notes. On or after September 15, 2025, the Company may redeem the Notes, in whole or in part, at its option, on any interest payment date. Any redemption by the Company would be at a redemption price equal to 100% of the principal amount of the Notes being redeemed, together with any accrued and unpaid interest on the Notes being redeemed to but excluding the date of redemption. The Notes are not subject to redemption at the option of the holder.

The Notes will bear interest at a fixed rate of 4.50% per year, from and including September 3, 2020 to, but excluding, September 15, 2025. From and including September 15, 2025 to, but excluding the maturity date or early redemption date, the interest rate will reset quarterly at a variable rate equal to the then current three-month term SOFR (as defined in the Notes) plus 437 basis points. As provided in the Notes, the interest rate on the Notes during the applicable floating rate period may be determined based on a rate other than three-month term SOFR.

Principal and interest on the Notes are subject to acceleration only in limited circumstances. The Notes are unsecured, subordinated obligations of the Company, and are not obligations of, and are not guaranteed by, any subsidiary of the Company. The Notes are intended to qualify as Tier 2 capital of the Company for regulatory capital purposes.

The Notes were offered and sold by the Company in a private placement transaction in reliance on exemptions from the registration requirements of the Securities Act of 1933, as amended (the “Securities Act”), pursuant to Section 4(a)(2) of the Securities Act and Rule 506(b) of Regulation D promulgated thereunder (the “Private Placement”).

The form of the Note and the Purchase Agreement are attached as Exhibits 4.1 and 10.1, respectively, to this Current Report on Form 8-K (the “Report”) and are incorporated herein by reference. The foregoing descriptions of the Notes and the Purchase Agreement are summaries and are qualified in their entirety by reference to the full text of such documents.

**Item 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.**

The information set forth under Item 1.01 above is incorporated by reference into this Item 2.03.

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**Item 7.01 Regulation FD Disclosure.**

On September 3, 2020, the Company issued a press release announcing the completion of the Private Placement. A copy of the press release is furnished as Exhibit 99.1 to this Report.

In connection with the Private Placement, the Company delivered an investor presentation to potential investors on a confidential basis (the "Presentation"). A copy of select pages of the Presentation is furnished as Exhibit 99.2 to this Report.

The information contained in Item 7.01, including Exhibits 99.1 and 99.2 furnished herewith, shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities under that section, nor shall it be deemed incorporated by reference into any registration statement or other documents pursuant to the Securities Act of 1933, as amended, or into any filing or other document pursuant to the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

**Item 9.01 Financial Statements and Exhibits.**

<b>Exhibit Number</b>	<b>Description of Exhibit</b>
4.1	<a href="#"><u>Form of 4.50% Fixed-to-Floating Rate Subordinated Note due 2030.</u></a>
10.1	<a href="#"><u>Subordinated Note Purchase Agreement, dated September 3, 2020, by and among HBT Financial, Inc. and the Purchasers.</u></a>
99.1	<a href="#"><u>Press Release dated September 3, 2020.</u></a>
99.2	<a href="#"><u>Select pages of HBT Financial, Inc. Investor Presentation.</u></a>

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**SIGNATURES**

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

**HBT FINANCIAL, INC.**

By: /s/ Matthew J. Doherty

Name: Matthew J. Doherty

Title: Chief Financial Officer

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Date: September 3, 2020

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## HBT FINANCIAL, INC.

**4.50% FIXED TO FLOATING RATE SUBORDINATED NOTE DUE 2030**

THE INDEBTEDNESS EVIDENCED BY THIS SUBORDINATED NOTE IS NOT A DEPOSIT AND IS NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION OR ANY OTHER GOVERNMENT AGENCY OR FUND.

THE INDEBTEDNESS EVIDENCED BY THIS SUBORDINATED NOTE IS SUBORDINATED AND JUNIOR IN RIGHT OF PAYMENT TO SENIOR INDEBTEDNESS (AS DEFINED IN SECTION 3 (SUBORDINATION) OF THIS SUBORDINATED NOTE) OF HBT FINANCIAL, INC. (THE "COMPANY"), INCLUDING OBLIGATIONS OF THE COMPANY TO ITS GENERAL AND SECURED CREDITORS AND IS UNSECURED. IT IS INELIGIBLE AS COLLATERAL FOR ANY EXTENSION OF CREDIT BY THE COMPANY OR ANY OF ITS SUBSIDIARIES.

THIS SUBORDINATED NOTE IS A GLOBAL SUBORDINATED NOTE WITHIN THE MEANING OF SECTION 5 OF THIS SUBORDINATED NOTE AND IS REGISTERED IN THE NAME OF CEDE & CO. AS NOMINEE OF THE DEPOSITORY TRUST COMPANY ("DTC") OR A NOMINEE OF DTC. THIS SUBORDINATED NOTE IS EXCHANGEABLE FOR SUBORDINATED NOTES REGISTERED IN THE NAME OF A PERSON OTHER THAN DTC OR ITS NOMINEE ONLY IN THE LIMITED CIRCUMSTANCES DESCRIBED IN SECTION 5 OF THIS SUBORDINATED NOTE, AND NO TRANSFER OF THIS SUBORDINATED NOTE (OTHER THAN A TRANSFER OF THIS SUBORDINATED NOTE AS A WHOLE BY DTC TO A NOMINEE OF DTC OR BY A NOMINEE OF DTC TO DTC OR ANOTHER NOMINEE OF DTC) MAY BE REGISTERED EXCEPT IN LIMITED CIRCUMSTANCES SPECIFIED IN THIS SUBORDINATED NOTE.

UNLESS THIS SUBORDINATED NOTE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF DTC TO THE COMPANY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY SUBORDINATED NOTE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO., OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT HEREON IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

TRANSFERS OF THIS SUBORDINATED NOTE WILL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, TO NOMINEES OF DTC OR A SUCCESSOR THEREOF OR SUCH SUCCESSOR'S NOMINEE AND TRANSFERS OF PORTIONS OF THIS SUBORDINATED NOTE WILL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN SECTION 5 OF THIS SUBORDINATED NOTE.

THIS SUBORDINATED NOTE WILL BE ISSUED AND MAY BE TRANSFERRED ONLY IN MINIMUM DENOMINATIONS OF \$1,000 AND MULTIPLES OF \$1,000 IN EXCESS THEREOF. ANY ATTEMPTED TRANSFER OF THIS SUBORDINATED NOTE IN A DENOMINATION OF LESS THAN \$1,000 SHALL BE DEEMED TO BE VOID AND OF NO LEGAL EFFECT WHATSOEVER. ANY SUCH PURPORTED TRANSFEREE SHALL BE DEEMED NOT TO BE THE HOLDER OF THIS SUBORDINATED NOTE FOR ANY PURPOSE, INCLUDING, BUT NOT LIMITED TO, THE RECEIPT OF PAYMENTS ON THIS SUBORDINATED NOTE, AND SUCH PURPORTED TRANSFEREE SHALL BE DEEMED TO HAVE NO INTEREST WHATSOEVER IN THIS SUBORDINATED NOTE.

THIS SUBORDINATED NOTE MAY BE SOLD ONLY IN COMPLIANCE WITH APPLICABLE FEDERAL AND STATE SECURITIES LAWS. THIS SUBORDINATED NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY APPLICABLE STATE SECURITIES LAWS, OR ANY OTHER APPLICABLE SECURITIES LAWS. NEITHER THIS SUBORDINATED NOTE NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

**CERTAIN ERISA CONSIDERATIONS:**

THE HOLDER OF THIS SUBORDINATED NOTE, OR ANY INTEREST HEREIN, BY ITS ACCEPTANCE HEREOF OR THEREOF AGREES, REPRESENTS AND WARRANTS THAT IT IS NOT AN EMPLOYEE BENEFIT PLAN, INDIVIDUAL RETIREMENT ACCOUNT OR OTHER PLAN OR ARRANGEMENT SUBJECT TO TITLE I OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA"), OR SECTION 4975 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE") (EACH, A "PLAN"), OR AN ENTITY WHOSE UNDERLYING ASSETS INCLUDE "PLAN ASSETS" BY REASON OF ANY PLAN'S INVESTMENT IN THE ENTITY, AND NO PERSON INVESTING "PLAN ASSETS" OF ANY PLAN MAY ACQUIRE OR HOLD THIS SUBORDINATED NOTE OR ANY INTEREST HEREIN, UNLESS SUCH PURCHASER OR HOLDER IS ELIGIBLE FOR THE EXEMPTIVE RELIEF AVAILABLE UNDER U.S. DEPARTMENT OF LABOR PROHIBITED TRANSACTION CLASS EXEMPTION 96-23, 95-60, 91-38, 90-1 OR 84-14 OR ANOTHER APPLICABLE EXEMPTION OR ITS PURCHASE AND HOLDING OF THIS SUBORDINATED NOTE, OR ANY INTEREST HEREIN, ARE NOT PROHIBITED BY SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE WITH RESPECT TO SUCH PURCHASE AND HOLDING. ANY PURCHASER OR HOLDER OF THIS SUBORDINATED NOTE OR ANY INTEREST HEREIN WILL BE DEEMED TO HAVE REPRESENTED BY ITS PURCHASE AND HOLDING THEREOF THAT EITHER: (I) IT IS NOT AN EMPLOYEE BENEFIT PLAN OR OTHER PLAN TO WHICH TITLE I OF ERISA OR SECTION 4975 OF THE CODE IS APPLICABLE, A TRUSTEE OR OTHER PERSON ACTING ON BEHALF OF ANY SUCH EMPLOYEE BENEFIT PLAN OR OTHER PLAN, OR ANY OTHER PERSON OR ENTITY USING THE "PLAN ASSETS" OF ANY SUCH PLAN OR OTHER PLAN TO FINANCE SUCH PURCHASE OR (II) SUCH PURCHASE OR HOLDING WILL NOT RESULT IN A

PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE FOR WHICH FULL EXEMPTIVE RELIEF IS NOT AVAILABLE UNDER APPLICABLE STATUTORY OR ADMINISTRATIVE EXEMPTION.

**ANY FIDUCIARY OF ANY PLAN WHO IS CONSIDERING THE ACQUISITION OF THIS SUBORDINATED NOTE OR ANY INTEREST HEREIN SHOULD CONSULT WITH HIS OR HER LEGAL COUNSEL PRIOR TO ACQUIRING THIS SUBORDINATED NOTE OR ANY INTEREST HEREIN.**

## HBT FINANCIAL, INC.

## 4.50% FIXED TO FLOATING RATE SUBORDINATED NOTE DUE 2030

1. **Subordinated Notes.** This Subordinated note is one of an issue of notes of HBT Financial, Inc., a Delaware corporation (the "Company"), designated as the "4.50% Fixed to Floating Rate Subordinated Notes due 2030" (the "Subordinated Notes") issued pursuant to that Subordinated Note Purchase Agreement dated as of the date upon which this Subordinated Note was originally issued (the "Issue Date") between the Company and the several purchasers of the Subordinated Notes identified in the signature pages thereto (the "Purchase Agreement").

2. **Payment.** The Company, for value received, promises to pay to Cede & Co., as nominee of The Depository Trust Company, or its registered assigns, the principal sum of FORTY MILLION DOLLARS (U.S.) (\$40,000,000), plus accrued but unpaid interest on September 15, 2030 (the "Maturity Date") and to pay interest thereon (i) from and including the original issue date of the Subordinated Notes to but excluding September 15, 2025 or the earlier redemption date contemplated by Section 4 (Redemption) of this Subordinated Note (the "Fixed Rate Period"), at the rate of 4.50% per annum, computed on the basis of a 360-day year consisting of twelve 30-day months and payable semi-annually in arrears on March 15 and September 15 of each year (each payment date, a "Fixed Interest Payment Date"), beginning March 15, 2021, and (ii) from and including September 15, 2025 to but excluding the Maturity Date or the earlier redemption date contemplated by Section 4 (Redemption) of this Subordinated Note (the "Floating Rate Period"), at the rate per annum, reset quarterly, equal to the Floating Interest Rate (as defined below) determined on the Floating Interest Determination Date (as defined below) of the applicable interest period plus 437 basis points, computed on the basis of a 360-day year and the actual number of days elapsed and payable quarterly in arrears (each quarterly period a "Floating Interest Period") on March 15, June 15, September 15 and December 15 of each year (each payment date, a "Floating Interest Payment Date"). Dollar amounts resulting from this calculation shall be rounded to the nearest cent, with one-half cent being rounded up. Notwithstanding anything to the contrary, (i) in the event the Three-Month Term SOFR (as defined below) is less than zero, the Three-Month Term SOFR shall be deemed to be zero, and (ii) if a Benchmark Transition Event (as defined below) and its related Benchmark Replacement Date (as defined below) have occurred and the Benchmark Replacement (as defined below) is less than zero, then the Benchmark Replacement shall be deemed to be zero. The term "Floating Interest Determination Date" means the date upon which the Floating Interest Rate is determined by the Calculation Agent pursuant to the Three-Month Term SOFR Conventions.

(a) An "Interest Payment Date" is either a Fixed Interest Payment Date or a Floating Interest Payment Date, as applicable.

(b) The "Floating Interest Rate" means:

(i) initially Three-Month Term SOFR (as defined below).



(ii) Notwithstanding the foregoing clause (i) of this Section 2(b):

(1) If the Calculation Agent, determines prior to the relevant Floating Interest Determination Date that a Benchmark Transition Event and its related Benchmark Replacement Date (each of such terms as defined below) have occurred with respect to Three-Month Term SOFR, then the Company shall promptly provide notice of such determination to the Noteholders and Section 2(c) (Effect of Benchmark Transition Event) will thereafter apply to all determinations, calculations and quotations made or obtained for the purposes of calculating the Floating Interest Rate payable on the Subordinated Notes during a relevant Floating Interest Period.

(2) However, if the Calculation Agent, determines that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to Three-Month Term SOFR, but for any reason the Benchmark Replacement has not been determined as of the relevant Floating Interest Determination Date, the Floating Interest Rate for the applicable Floating Interest Period will be equal to the Floating Interest Rate on the last Floating Interest Determination Date for the Subordinated Notes, as determined by the Calculation Agent (as defined below).

(iii) If the then-current Benchmark is Three-Month Term SOFR and any of the foregoing provisions concerning the calculation of the interest rate and the payment of interest during the Floating Rate Period are inconsistent with any of the Three-Month Term SOFR Conventions (as defined below) determined by the Company, then the relevant Three-Month Term SOFR Conventions will apply.

(c) Effect of Benchmark Transition Event.

(i) If the Calculation Agent determines that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred prior to the Reference Time (as defined below) in respect of any determination of the Benchmark (as defined below) on any date, the Benchmark Replacement will replace the then-current Benchmark for all purposes relating to the Subordinated Notes during the relevant Floating Interest Period in respect of such determination on such date and all determinations on all subsequent dates.

(ii) In connection with the implementation of a Benchmark Replacement, the Company will have the right to make Benchmark Replacement Conforming Changes from time to time, and such changes shall become effective without consent from the relevant Noteholders (as defined below) or any other party.

(iii) Any determination, decision or election that may be made by the Company or by the Calculation Agent pursuant to the benchmark transition provisions set forth herein, including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date, and any decision to take or refrain from taking any action or any selection:

(1) will be conclusive and binding absent manifest error;

(2) if made by the Company, will be made in the Company's sole discretion;

(3) if made by the Calculation Agent, will be made after consultation with the Company, and the Calculation Agent will not make any such determination, decision or election to which the Company reasonably objects; and

(4) notwithstanding anything to the contrary in this Subordinated Note, shall become effective without consent from the holders of the relevant Subordinated Notes or any other party.

(iv) For the avoidance of doubt, after a Benchmark Transition Event and its related Benchmark Replacement Date have occurred, interest payable on this Subordinated Note for the Floating Rate Period will be an annual rate equal to the sum of the applicable Benchmark Replacement and the spread specified on the face hereof.

(v) As used in this Subordinated Note:

(1) "Benchmark" means, initially, Three-Month Term SOFR; provided that if a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to Three-Month Term SOFR or the then-current Benchmark, then "Benchmark" means the applicable Benchmark Replacement.

(2) "Benchmark Replacement" means the Interpolated Benchmark with respect to the then-current Benchmark; provided that if (a) the Calculation Agent cannot determine the Interpolated Benchmark as of the Benchmark Replacement Date or (b) the then-current Benchmark is Three-Month Term SOFR and a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to Three-Month Term SOFR (in which event no Interpolated Benchmark with respect to Three-Month Term SOFR shall be determined), then "Benchmark Replacement" means the first alternative set forth in the order below that can be determined by the Calculation Agent, as of the Benchmark Replacement Date:

a. The sum of (i) Compounded SOFR and (ii) the Benchmark Replacement Adjustment;

b. the sum of: (i) the alternate rate of interest that has been selected or recommended by the Relevant Governmental Body as the replacement for the then-current Benchmark for the applicable Corresponding Tenor and (ii) the Benchmark Replacement Adjustment;

c. the sum of: (i) the ISDA Fallback Rate and (ii) the Benchmark Replacement Adjustment;

d. the sum of: (i) the alternate rate of interest that has been selected by the Company as the replacement for the then-current Benchmark for the applicable Corresponding Tenor giving due consideration to any industry-accepted rate of interest as a replacement for the then-current Benchmark for U.S. dollar denominated floating rate notes at such time and (ii) the Benchmark Replacement Adjustment.

(3) “Benchmark Replacement Adjustment” means the first alternative set forth in the order below that can be determined by the Calculation Agent, as of the Benchmark Replacement Date:

a. the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected or recommended by the Relevant Governmental Body for the applicable Unadjusted Benchmark Replacement;

b. if the applicable Unadjusted Benchmark Replacement is equivalent to the ISDA Fallback Rate, then the ISDA Fallback Adjustment;

c. the spread adjustment (which may be a positive or negative value or zero) that has been selected by the Company giving due consideration to any industry-accepted spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of the then-current Benchmark with the applicable Unadjusted Benchmark Replacement for U.S. dollar denominated floating rate notes at such time.

(4) “Benchmark Replacement Conforming Changes” means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the definition of “Floating Interest Period,” timing and frequency of determining rates with respect to each Floating Interest Period and making payments of interest, rounding of amounts or tenors and other administrative matters) that the Company decides may be appropriate to reflect the adoption of such Benchmark Replacement in a manner substantially consistent with market practice (or, if the Company decides that adoption of any portion of such market practice is not administratively feasible or if the Company determines that no market practice for use of the Benchmark Replacement exists, in such other manner as the Company determines is reasonably necessary).

(5) “Benchmark Replacement Date” means the earliest to occur of the following events with respect to the then-current Benchmark:

a. in the case of clause (a) of the definition of “Benchmark Transition Event,” the relevant Reference Time in respect of any determination;

b. in the case of clause (b) or (c) of the definition of “Benchmark Transition Event,” the later of (i) the date of the public statement or publication of information referenced therein and (ii) the date on which the administrator of the Benchmark permanently or indefinitely ceases to provide the Benchmark; or

c. in the case of clause (d) of the definition of “Benchmark Transition Event,” the date of such public statement or publication of information referenced therein.

For the avoidance of doubt, if the event giving rise to the Benchmark Replacement Date occurs on the same day as, but earlier than, the Reference Time in respect of any determination, the Benchmark Replacement Date will be deemed to have occurred prior to the Reference Time for purposes of such determination.

(6) “Benchmark Transition Event” means the occurrence of one or more of the following events with respect to the then-current Benchmark:

a. if the Benchmark is Three-Month Term SOFR, (i) the Relevant Governmental Body has not selected or recommended a forward-looking term rate for a tenor of three months based on SOFR, (ii) the development of a forward-looking term rate for a tenor of three months based on SOFR that has been recommended or selected by the Relevant Governmental Body is not complete or (iii) the Company determines that the use of a forward-looking rate for a tenor of three months based on SOFR is not administratively feasible;

b. a public statement or publication of information by or on behalf of the administrator of the Benchmark announcing that such administrator has ceased or will cease to provide the Benchmark, permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark;

c. a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark, the central bank for the currency of the Benchmark, an insolvency official with jurisdiction over the administrator for the Benchmark, a resolution authority with jurisdiction over the administrator for the Benchmark or a court or an entity with similar insolvency or resolution authority over the administrator for the Benchmark, which states that the administrator of the Benchmark has ceased or will cease to provide the Benchmark permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark; or

d. a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark announcing that the Benchmark is no longer representative.

(7) “Calculation Agent” means such bank or other entity (which may be the Company or an affiliate of the Company) as may be appointed by the Company to act as Calculation Agent for the Subordinated Notes during the Floating Rate Period.

(8) “Compounded SOFR” means the compounded average of SOFRs for the applicable Corresponding Tenor, with the rate, or methodology for this rate, and conventions for this rate being established by the Company or its designee in accordance with:

a. the rate, or methodology for this rate, and conventions for this rate selected or recommended by the Relevant Governmental Body for determining compounded SOFR; *provided that*:

b. if, and to the extent that, the Company or its designee determines that Compounded SOFR cannot be determined in accordance with clause (a) above, then the rate, or methodology for this rate, and conventions for this rate that have been selected by the Company or its designee giving due consideration to any industry-accepted market practice for U.S. dollar denominated floating rate notes at such time.

For the avoidance of doubt, the calculation of Compounded SOFR will exclude the Benchmark Replacement Adjustment.

(9) “Corresponding Tenor” with respect to a Benchmark Replacement means a tenor (including overnight) having approximately the same length (disregarding Business Day adjustment) as the applicable tenor for the then-current Benchmark.

(10) “FRBNY” means the Federal Reserve Bank of New York.

(11) “FRBNY’s Website” means the website of the FRBNY at <http://www.newyorkfed.org>, or any successor source.

(12) “Interpolated Benchmark” with respect to the Benchmark means the rate determined for the Corresponding Tenor by interpolating on a linear basis between: (1) the Benchmark for the longest period (for which the Benchmark is available) that is shorter than the Corresponding Tenor and (2) the Benchmark for the shortest period (for which the Benchmark is available) that is longer than the Corresponding Tenor.

(13) “ISDA” means the International Swaps and Derivatives Association, Inc. or any successor thereto.

(14) “ISDA Definitions” means the 2006 ISDA Definitions published by the ISDA or any successor thereto, as amended or supplemented from time to time, or any successor definitional booklet for interest rate derivatives published from time to time.

(15) “ISDA Fallback Adjustment” means the spread adjustment (which may be a positive or negative value or zero) that would apply for derivatives transactions referencing the ISDA Definitions to be determined upon the occurrence of an index cessation event with respect to the Benchmark for the applicable tenor.

(16) “ISDA Fallback Rate” means the rate that would apply for derivatives transactions referencing the ISDA Definitions to be effective upon the occurrence of an index cessation date with respect to the Benchmark for the applicable tenor excluding the applicable ISDA Fallback Adjustment.

(17) “Reference Time” with respect to any determination of a Benchmark means (1) if the Benchmark is Three-Month Term SOFR, the time determined by the Calculation Agent after giving effect to the Three-Month Term SOFR Conventions, and (2) if the Benchmark is not Three-Month Term SOFR, the time determined by the Calculation Agent after giving effect to the Benchmark Replacement Conforming Changes.

(18) “Relevant Governmental Body” means the Board of Governors of the Federal Reserve System (the “Federal Reserve”) and/or the FRBNY, or a committee officially endorsed or convened by the Federal Reserve and/or the FRBNY or any successor thereto.

(19) “SOFR” means the daily Secured Overnight Financing Rate provided by the FRBNY, as the administrator of the benchmark (or a successor administrator), on the FRBNY’s Website.

(20) “Term SOFR” means the forward-looking term rate for the Corresponding Tenor based on SOFR that has been selected or recommended by the Relevant Governmental Body.

(21) “Term SOFR Administrator” means any entity designated by the Relevant Governmental Body as the administrator of Term SOFR (or a successor administrator).

(22) “Three-Month Term SOFR” means the rate for Term SOFR for a tenor of three months that is published by the Term SOFR Administrator at the Reference Time for any Floating Interest Period, as determined by the Calculation Agent after giving effect to the Three-Month Term SOFR Conventions.

(23) “Three-Month Term SOFR Conventions” means any determination, decision or election with respect to any technical, administrative or operational matter (including with respect to the manner and timing of the publication of Three-Month Term SOFR, or changes to the definition of “Floating Interest Period”, timing and frequency of determining Three-Month Term SOFR with respect to each Floating Interest Period and making payments of interest, rounding of amounts or tenors, and other administrative matters) that the Company decides may be appropriate to reflect the use of Three-Month Term SOFR as the Benchmark in a manner substantially consistent with market practice (or, if the Company decides that adoption of any portion of such market practice is not administratively feasible or if the Company determines that no market practice for the use of Three-Month Term SOFR exists, in such other manner as the Company determines is reasonably necessary).

(24) “Unadjusted Benchmark Replacement” means the Benchmark Replacement excluding the Benchmark Replacement Adjustment.

(d) In the event that any Fixed Interest Payment Date during the Fixed Rate Period falls on a day that is not a Business Day (as defined below), the interest payment due on that date shall be postponed to the next day that is a Business Day and no additional interest shall accrue as a result of that postponement. In the event that any Floating Interest Payment Date during the Floating Rate Period falls on a day that is not a Business Day (as defined below), the interest payment due on that date shall be postponed to the next day that is a Business Day without any change in any computation of interest with respect to such payment (or any succeeding payment). The term “Business Day” means any day other than a Saturday or Sunday or any other day on which banking institutions in the State of Illinois are generally authorized or required by law or executive order to be closed.

### **3. Subordination.**

(a) The indebtedness of the Company evidenced by this Subordinated Note, including the principal and interest on this Subordinated Note, shall be subordinate and junior in right of payment to the prior payment in full of all existing claims of creditors of the Company whether

now outstanding or subsequently created, assumed, guaranteed or incurred (collectively, “Senior Indebtedness”), which shall consist of principal of (and premium, if any) and interest, if any, on: (i) all indebtedness and obligations of, or guaranteed or assumed by, the Company for money borrowed, whether or not evidenced by bonds, debentures, securities, notes or other similar instruments, and including, but not limited to all obligations to the Company’s general and secured creditors; (ii) any deferred obligations of the Company for the payment of the purchase price of property or assets acquired other than in the ordinary course of business; (iii) all obligations, contingent or otherwise, of the Company in respect of any letters of credit, bankers’ acceptances, security purchase facilities and similar direct credit substitutes; (iv) any capital lease obligations of the Company; (v) all obligations of the Company in respect of interest rate swap, cap or other agreements, interest rate future or option contracts, currency swap agreements, currency future or option contracts, commodity contracts and other similar arrangements or derivative products; (vi) all obligations that are similar to those in clauses (i) through (v) of other persons for the payment of which the Company is responsible or liable as obligor, guarantor or otherwise arising from an off-balance sheet guarantee; (vii) all obligations of the types referred to in clauses (i) through (vi) of other persons secured by a lien on any property or asset of the Company; and (viii) in the case of (i) through (vii) above, all amendments, renewals, extensions, modifications and refundings of such indebtedness and obligations; except “Senior Indebtedness” does not include (A) the Subordinated Notes, (B) any obligation that by its terms expressly is junior to, or ranks equally in right of payment with, the Subordinated Notes, or (C) any indebtedness between the Company and any of its subsidiaries or Affiliates. This Subordinated Note is not secured by any assets of the Company or any of its subsidiaries or Affiliates. The term “Affiliate(s)” means, with respect to any individual, a corporation (whether or not for profit), partnership, limited liability company, joint venture, an association, trust, unincorporated organization, government or any department or agency thereof (including a Governmental Agency (as defined below)) or any other entity or organization (a “Person”), such Person’s immediate family members, partners, members or parent and subsidiary corporations, and any other Person directly or indirectly controlling, controlled by, or under common control with said Person and their respective Affiliates.

(b) In the event of a liquidation of the Company, holders of Senior Indebtedness of the Company shall be entitled to be paid in full with such interest as may be provided by law before any payment shall be made on account of principal of or interest on this Subordinated Note. Additionally, in the event of any insolvency, dissolution, assignment for the benefit of creditors or any liquidation or winding up of or relating to the Company, whether voluntary or involuntary, holders of Senior Indebtedness shall be entitled to be paid in full before any payment shall be made on account of the principal of or interest on the Subordinated Notes, including this Subordinated Note. In the event of any such proceeding, after payment in full of all sums owing with respect to the Senior Indebtedness, the registered holders of the Subordinated Notes from time to time (each a “Noteholder” and, collectively, the “Noteholders”), together with the holders of any obligations of the Company ranking on parity with the Subordinated Notes, shall be entitled to be paid from the remaining assets of the Company the unpaid principal thereof, and the unpaid interest thereon before any payment or other distribution, whether in cash, property or otherwise, shall be made (i) with respect to any obligation that by its terms expressly is junior to in the right of payment to the Subordinated Notes, (ii) with respect to the existing junior subordinated debentures of the Company (underlying the outstanding trust preferred securities) as of the date of the issuance of this Subordinated Note to which this Subordinated Note shall be senior, (iii) with respect to any

indebtedness between the Company and any of its subsidiaries or Affiliates or (iv) on account of any capital stock.

(c) If there shall have occurred and be continuing (i) a default in any payment with respect to any Senior Indebtedness or (ii) an event of default with respect to any Senior Indebtedness as a result of which the maturity thereof is accelerated, unless and until such payment default or event of default shall have been cured or waived or shall have ceased to exist, no payments shall be made by the Company with respect to the Subordinated Notes. The provisions of this paragraph shall not apply to any payment with respect to which the immediately preceding paragraph of this Section 3 (Subordination) would be applicable.

(d) Nothing herein shall act to prohibit, limit or impede the Company from issuing additional debt of the Company having the same rank as the Subordinated Notes or which may be junior or senior in rank to the Subordinated Notes. Each Noteholder, by its acceptance hereof, further acknowledges and agrees that the foregoing subordination provisions are, and are intended to be, an inducement and a consideration for each holder of any Senior Indebtedness, whether such Senior Indebtedness was created or acquired before or after the issuance of the Subordinated Notes, to acquire and continue to hold, or to continue to hold, such Senior Indebtedness, and such holder of Senior Indebtedness shall be deemed conclusively to have relied on such subordination provisions in acquiring and continuing to hold or in continuing to hold such Senior Indebtedness.

#### **4. Redemption.**

(a) Redemption Prior to Fifth Anniversary. This Subordinated Note shall not be redeemable by the Company in whole or in part prior to September 15, 2025 except in the event of a: (i) Tier 2 Capital Event (as defined below); (ii) Tax Event (as defined below); or (iii) Investment Company Event (as defined below). Upon the occurrence of a Tier 2 Capital Event, a Tax Event or an Investment Company Event, the Company may redeem this Subordinated Note, subject to Section 4(f) (Regulatory Approvals) hereof, in whole or in part at any time, upon giving not less than 10 days' notice to the holder of this Subordinated Note at an amount equal to 100% of the outstanding principal amount being redeemed plus accrued but unpaid interest, to but excluding the redemption date. "Tier 2 Capital Event" means the receipt by the Company of an opinion of bank regulatory counsel to the Company to the effect that, as a result of (1) any amendment to, or change in, the laws, rules or regulations of the United States (including, for the avoidance of doubt, any agency or instrumentality of the United States, including the Federal Reserve and other federal bank regulatory agencies) or any political subdivision of or in the United States that is enacted or becomes effective after the issue date of this Subordinated Note, (2) any proposed change in those laws, rules or regulations that is announced or becomes effective after the issue date of this Subordinated Note, or (3) any official administrative decision or judicial decision or administrative action or other official pronouncement interpreting or applying those laws, rules, regulations, policies or guidelines with respect thereto that is announced after the issue date of this Subordinated Note, there is a material risk that the Company will not be entitled to treat the Subordinated Notes then outstanding as Tier 2 capital (or its equivalent) for purposes of capital adequacy guidelines of the Federal Reserve Board, as then in effect and applicable to the Company ("Tier 2 Capital"), for so long as any Subordinated Notes are outstanding. "Tax Event" means the receipt by the Company of an opinion of independent tax counsel experienced in such matters to the effect that as a result of (1) an amendment to or change (including any announced



prospective amendment or change) in any law or treaty, or any regulation thereunder, of the United States or any of its political subdivisions or taxing authorities; (2) a judicial decision, administrative action, official administrative pronouncement, ruling, regulatory procedure, regulation, notice or announcement, including any notice or announcement of intent to adopt or promulgate any ruling, regulatory procedure or regulation (any of the foregoing, an “Administrative or Judicial Action”); or (3) an amendment to or change in any official position with respect to, or any interpretation of, an Administrative or Judicial Action or a law or regulation of the United States that differs from the previously generally accepted position or interpretation, in each case, which change or amendment or challenge becomes effective or which pronouncement, decision or challenge is announced on or after the issue date of this Subordinated Note, there is more than a material risk that interest payable by the Company on the Subordinated Notes is not, or within 90 days after the receipt of such opinion, will not be, deductible by the Company, in whole or in part, for United States federal income tax purposes. “Investment Company Event” means receipt by the Company of an opinion of independent counsel experienced in such matters to the effect that there is more than a material risk that the Company is or, within 90 days of the date of such legal opinion will be, considered an “investment company” that is required to be registered under the Investment Company Act of 1940, as amended.

(b) Redemption on or after Fifth Anniversary. On or after September 15, 2025, subject to the provisions of Section 4(f) (Regulatory Approvals) hereof, this Subordinated Note shall be redeemable at the option of and by the Company, in whole or in part from time to time upon any Interest Payment Date, at an amount equal to 100% of the outstanding principal amount being redeemed plus accrued but unpaid interest, to but excluding the redemption date, but in all cases in a principal amount with integral multiples of \$1,000. In addition, the Company may redeem all or a portion of the Subordinated Notes, at any time upon the occurrence of a Tier 2 Capital Event, Tax Event or an Investment Company Event. The redemption referenced in this Section 4(b) (Redemption on or after Fifth Anniversary) shall be subject to the receipt of any required regulatory approval.

(c) Partial Redemption. If less than the then outstanding principal amount of this Subordinated Note is redeemed, (i) a new Subordinated Note shall be issued representing the unredeemed portion without charge to the holder thereof and (ii) such redemption shall be effected on a pro rata basis as to the Noteholders. For purposes of clarity, upon a partial redemption, a like percentage of the principal amount of every Subordinated Note held by every Noteholder shall be redeemed.

(d) No Redemption at Option of Noteholder. This Subordinated Note is not subject to redemption at the option of the holder of this Subordinated Note.

(e) Effectiveness of Redemption. If notice of redemption has been duly given and notwithstanding that this Subordinated Note has been called for redemption but has not yet been surrendered for cancellation, on and after the date fixed for redemption interest shall cease to accrue on the portion of this Subordinated Note called for redemption, this Subordinated Note shall no longer be deemed outstanding with respect to the portion called for redemption and all rights with respect to the portion of this Subordinated Note called for redemption shall forthwith on such date fixed for redemption cease and terminate unless the Company shall default in the payment of the redemption price, except only the right of the holder hereof to receive the amount

payable on such redemption, without interest. For purposes of clarity, any redemption made pursuant to the terms of this Subordinated Note shall be made on a pro rata basis, and, for purposes of a redemption processed through DTC, on a “Pro Rata Pass-Through Distribution of Principal” basis, among all of the Subordinated Notes outstanding at the time thereof.

(f) Regulatory Approvals. Any such redemption shall be subject to receipt of any and all required federal and state regulatory approvals or non-objections, including, but not limited to, the consent of the Federal Reserve. In the case of any redemption of this Subordinated Note pursuant to paragraph (b) of this Section 4 (Redemption), the Company will give the holder hereof notice of redemption, which notice shall indicate the aggregate principal amount of Subordinated Notes to be redeemed, not less than thirty (30) nor more than forty-five (45) calendar days prior to the redemption date.

(g) Purchase and Resale of the Subordinated Notes. Subject to any required federal and state regulatory approvals and the provisions of this Subordinated Note, the Company shall have the right to purchase any of the Subordinated Notes at any time in the open market, private transactions or otherwise. If the Company purchases any Subordinated Notes, it may, in its discretion, hold, resell or cancel any of the purchased Subordinated Notes.

## **5. Global Subordinated Notes**

(a) Provided that applicable depository eligibility requirements are met, the Subordinated Notes owned by Noteholders that are Qualified Institutional Buyers and/or institutional “accredited investors” shall be issued in the form of one or more Global Subordinated Notes (each a “Global Subordinated Note”) registered in the name of DTC or another organization registered as a clearing agency under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and designated as Depository by the Company or any successor thereto (the “Depository”) or a nominee thereof and delivered to such Depository or a nominee thereof.

(b) Notwithstanding any other provision herein, no Global Subordinated Note may be exchanged in whole or in part for Subordinated Notes registered, and no transfer of a Global Subordinated Note in whole or in part may be registered, in the name of any person other than the Depository for such Global Subordinated Note or a nominee thereof unless (i) such Depository advises the Company in writing that such Depository is no longer willing or able to properly discharge its responsibilities as Depository with respect to such Global Subordinated Note, and no qualified successor is appointed by the Company within ninety (90) days of receipt by the Company of such notice, (ii) such Depository ceases to be a clearing agency registered under the Exchange Act and no successor is appointed by the Company within ninety (90) days after obtaining knowledge of such event, (iii) the Company elects to terminate the book-entry system through the Depository or (iv) an Event of Default (as defined in Section 6 (Events of Default; Acceleration)) shall have occurred and be continuing. Upon the occurrence of any event specified in clause (i), (ii), (iii) or (iv) of this Section 5(b), the Company or its agent shall notify the Depository and instruct the Depository to notify all owners of beneficial interests in such Global Subordinated Note of the occurrence of such event and of the availability of Subordinated Notes to such owners of beneficial interests requesting the same.

(c) If any Global Subordinated Note is to be exchanged for other Subordinated Notes or canceled in part, or if another Subordinated Note is to be exchanged in whole or in part for a beneficial interest in any Global Subordinated Note, then either (i) such Global Subordinated Note shall be so surrendered for exchange or cancellation as provided in this Section 5 or (ii) the principal amount thereof shall be reduced or increased by an amount equal to the portion thereof to be so exchanged or canceled, or equal to the principal amount of such other Subordinated Note to be so exchanged for a beneficial interest therein, as the case may be, by means of an appropriate adjustment made on the records of the Company or, if applicable, the Company's registrar and transfer agent ("Registrar"), whereupon the Company or, if applicable, the Registrar, in accordance with the applicable rules and procedures of the Depository ("Applicable Depository Procedures"), shall instruct the Depository or its authorized representative to make a corresponding adjustment to its records. Upon any such surrender or adjustment of a Global Subordinated Note by the Depository, accompanied by registration instructions, the Company shall execute and deliver any Subordinated Notes issuable in exchange for such Global Subordinated Note (or any portion thereof) in accordance with the instructions of the Depository.

(d) Every Subordinated Note executed and delivered upon registration of transfer of, or in exchange for or in lieu of, a Global Subordinated Note or any portion thereof shall be executed and delivered in the form of, and shall be, a Global Subordinated Note, unless such Subordinated Note is registered in the name of a person other than the Depository for such Global Subordinated Note or a nominee thereof.

(e) The Depository or its nominee, as the registered owner of a Global Subordinated Note, shall be the holder of such Global Subordinated Note for all purposes under this Subordinated Note, and owners of beneficial interests in a Global Subordinated Note shall hold such interests pursuant to Applicable Depository Procedures. Accordingly, any such owner's beneficial interest in a Global Subordinated Note shall be shown only on, and the transfer of such interest shall be effected only through, records maintained by the Depository or its nominee or its Depository participants. If applicable, the Registrar shall be entitled to deal with the Depository for all purposes relating to a Global Subordinated Note (including the payment of principal and interest thereon and the giving of instructions or directions by owners of beneficial interests therein and the giving of notices) as the sole holder of the Subordinated Note and shall have no obligations to the owners of beneficial interests therein. The Registrar shall have no liability in respect of any transfers undertaken by the Depository.

(f) The rights of owners of beneficial interests in a Global Subordinated Note shall be exercised only through the Depository and shall be limited to those established by law and agreements between such owners and the Depository and/or its participants.

(g) No holder of any beneficial interest in any Global Subordinated Note held on its behalf by a Depository shall have any rights with respect to such Global Subordinated Note, and such Depository may be treated by the Company and any agent of the Company as the owner of such Global Subordinated Note for all purposes whatsoever. Neither the Company nor any agent of the Company will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests of a Global Subordinated Note or maintaining, supervising or reviewing any records relating to such beneficial ownership interests. Notwithstanding the foregoing, nothing herein shall prevent the Company or any agent

of the Company from giving effect to any written certification, proxy or other authorization furnished by a Depository or impair, as between a Depository and such holders of beneficial interests, the operation of customary practices governing the exercise of the rights of the Depository (or its nominee) as holder of any Subordinated Note.

(h) The Company, within thirty (30) calendar days after the receipt of written notice from the Noteholder or any other holder of the Subordinated Notes of the occurrence of an Event of Default with respect to this Subordinated Note, shall mail to all the Noteholders, at their addresses shown on the Security Register (as defined in Section 14 (Registration of Transfer, Security Register) below), such written notice of Event of Default, unless such Event of Default shall have been cured or waived before the giving of such notice as certified by Company in writing.

**6. Events of Default; Acceleration.**

Each of the following events shall constitute an “Event of Default”:

(a) the entry of a decree or order for relief in respect of the Company by a court having jurisdiction in the premises in an involuntary case or proceeding under any applicable bankruptcy, insolvency, or reorganization law, now or hereafter in effect of the United States or any political subdivision thereof, and such decree or order will have continued unstayed and in effect for a period of sixty (60) consecutive days;

(b) the commencement by the Company of a voluntary case under any applicable bankruptcy, insolvency or reorganization law, now or hereafter in effect of the United States or any political subdivision thereof, or the consent by the Company to the entry of a decree or order for relief in an involuntary case or proceeding under any such law;

(c) the Company (i) becomes insolvent or is unable to pay its debts as they mature, (ii) makes an assignment for the benefit of creditors, (iii) admits in writing its inability to pay its debts as they mature or (iv) ceases to be a bank holding company or financial holding company under the Bank Holding Company Act of 1956, as amended;

(d) the failure of the Company to pay any installment of interest on any of the Subordinated Notes as and when the same will become due and payable, and the continuation of such failure for a period of fifteen (15) days;

(e) the failure of the Company to pay all or any part of the principal of any of the Subordinated Notes as and when the same will become due and payable;

(f) the liquidation of the Company (for avoidance of doubt, “liquidation” does not include any merger, consolidation, sale of equity or assets or reorganization (exclusive of a reorganization in bankruptcy) of the Company or any of its subsidiaries);

(g) the failure of the Company to perform any other covenant or agreement on the part of the Company contained in the Subordinated Notes, and the continuation of such failure for a period of thirty (30) days after the date on which notice specifying such failure, stating that such notice is a “Notice of Default” hereunder and demanding that the Company remedy the same,

will have been given, in the manner set forth in Section 22 (Notices), to the Company by a Noteholder; or

(h) the default by the Company under any bond, debenture, note or other evidence of indebtedness for money borrowed by the Company having an aggregate principal amount outstanding of at least \$15,000,000, whether such indebtedness now exists or is created or incurred in the future, which default (i) constitutes a failure to pay any portion of the principal of such indebtedness when due and payable after the expiration of any applicable grace period or (ii) results in such indebtedness becoming due or being declared due and payable prior to the date on which it otherwise would have become due and payable without, in the case of clause (i), such indebtedness having been discharged or, in the case of clause (ii), without such indebtedness having been discharged or such acceleration having been rescinded or annulled.

Unless the principal amount of this Subordinated Note already shall have become due and payable, if an Event of Default set forth in Section 6(a) or Section 6(b) above shall have occurred and be continuing, the Noteholders holding not less than twenty-five percent (25%) in aggregate principal amount of the Subordinated Notes at the time outstanding, by notice in writing to the Company, may declare the principal amount of all outstanding Subordinated Notes to be due and payable immediately and, upon any such declaration, the same shall become and shall be immediately due and payable, and the Company waives demand, presentment for payment, notice of nonpayment, notice of protest, and all other notices.

Notwithstanding the foregoing, because the Company will treat the Subordinated Notes as Tier 2 Capital, upon the occurrence of an Event of Default other than an Event of Default described in Section 6(a) or Section 6(b), no Noteholder may accelerate the Stated Maturity of the Subordinated Notes and make the principal of, and any accrued and unpaid interest on, the Subordinated Notes, immediately due and payable. The Company, within forty-five (45) calendar days after the receipt of written notice from any Noteholder of the occurrence of an Event of Default with respect to this Subordinated Note, shall mail to all Noteholders, at their addresses shown on the Security Register (as defined in Section 14 (Registration of Transfer, Security Register) below), such written notice of Event of Default, unless such Event of Default shall have been cured or waived before the giving of such notice as certified by the Company in writing.

7. **Failure to Make Payments.** In the event of an Event of Default under Section 6(c), Section 6(d) or Section 6(e) above, the Company will, upon demand of the Noteholders, pay to the Noteholders the amount then due and payable on this Subordinated Note for principal and interest (without acceleration of the Subordinated Note in any manner), with interest on the overdue principal and interest at the per annum rate borne by this Subordinated Note, to the extent permitted by applicable law. If the Company fails to pay such amount upon such demand, the Noteholders may, among other things, institute a judicial proceeding for the collection of the sums so due and unpaid and such amount as shall be sufficient to cover the reasonable costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of such Noteholder, its agents and counsel, may prosecute such proceeding to judgment or final decree and may enforce the same against the Company and collect the amounts adjudged or decreed to be payable in the manner provided by law out of the property of the Company.

Upon the occurrence of a failure by the Company to make any required payment of principal or interest on the Subordinated Notes or an Event of Default, until such Event of Default is cured by the Company or waived by the Noteholders in accordance with Section 18 (Waiver and Consent) hereof, except as may be required by any federal or state bank regulatory agency, the Company shall not: (a) declare or pay any dividends or distributions on, or redeem, purchase, acquire, or make a liquidation payment with respect to, any of the Company's capital stock; (b) make any payment of principal or interest or premium, if any, on or repay, repurchase or redeem any indebtedness of the Company that ranks equal with or junior to the Subordinated Notes; or (c) make any payments under any guarantee that ranks equal with or junior to the Subordinated Notes, other than: (i) any dividends or distributions in shares of, or options, warrants or rights to subscribe for or purchase shares of, any class of the Company's common stock; (ii) any declaration of a non-cash dividend in connection with the implementation of a shareholders' rights plan, or the issuance of stock under any such plan in the future, or the redemption or repurchase of any such rights pursuant thereto; (iii) as a result of a reclassification of the Company's capital stock or the exchange or conversion of one class or series of the Company's capital stock for another class or series of the Company's capital stock; (iv) the purchase of fractional interests in shares of the Company's capital stock pursuant to the conversion or exchange provisions of such capital stock or the security being converted or exchanged; or (v) purchases of any class of the Company's common stock related to the issuance of common stock or rights under any benefit plans for the Company's directors, officers or employees or any of the Company's dividend reinvestment plans (the foregoing clauses (i) through (v) are collectively referred to as the "Permitted Dividends").

8. **Affirmative Covenants of the Company.**

(a) Notice of Certain Events. If at any time the Company shall cease to be subject to reporting requirements under Sections 13 or 15(d) of the Exchange Act, to the extent permitted by applicable statute, rule or regulation, the Company shall provide written notice to the Noteholder of the occurrence of any of the following events as soon as practicable, but in no event later than fifteen (15) Business Days following the Company becoming aware of the occurrence of such event:

(i) The Company or any of its banking subsidiaries become less than "well-capitalized" as defined under the then applicable regulatory capital standards;

(ii) The Company, or any of the Company's subsidiaries, or any officer of the Company (in such capacity), becomes subject to any formal, written regulatory enforcement action (as defined by the applicable state or federal bank regulatory authority);

(iii) The dollar amount of any nonperforming assets of the Company on a consolidated basis as of the end of a given fiscal quarter as a percentage of the Company's total loan portfolio exceeds three percent (3%); or

(iv) The appointment, resignation, removal or termination of the chief executive officer, president, chief operating officer, chief financial officer, chief credit officer or chief lending officer of the Company.

(b) Payment of Principal and Interest. The Company covenants and agrees for the benefit of the Noteholder that it will duly and punctually pay the principal of, and interest on, this Subordinated Note, in accordance with the terms hereof.

(c) Maintenance of Office. The Company will maintain an office or agency in Bloomington, Illinois where Subordinated Notes may be surrendered for registration of transfer or for exchange and where notices and demands to or upon the Company in respect of the Subordinated Notes may be served.

The Company may also from time to time designate one or more other offices or agencies where the Subordinated Notes may be presented or surrendered for any or all such purposes and may from time to time rescind such designations; provided that no such designation or rescission will in any manner relieve the Company of its obligation to maintain an office or agency in the State of Illinois. The Company will give prompt written notice to the Noteholders of any such designation or rescission and of any change in the location of any such other office or agency.

(d) Corporate Existence. The Company will do or cause to be done all things necessary to preserve and keep in full force and effect: (i) the corporate existence of the Company; (ii) the existence (corporate or other) of each subsidiary; and (iii) the rights (constituent governing documents and statutory), licenses and franchises of the Company and each of its subsidiaries; *provided, however*, that the Company will not be required to preserve the existence (corporate or other) of any of its subsidiaries or any such right, license or franchise of the Company or any of its subsidiaries if the Board of Directors of the Company determines that the preservation thereof is no longer desirable in the conduct of the business of the Company and its subsidiaries taken as a whole and that the loss thereof will not be disadvantageous in any material respect to the Noteholders.

(e) Maintenance of Properties. The Company will, and will cause each subsidiary to, cause all its properties used or useful in the conduct of its business to be maintained and kept in good condition, repair and working order and supplied with all necessary equipment and will cause to be made all necessary repairs, renewals, replacements, betterments and improvements thereof, all as in the judgment of the Company may be necessary so that the business carried on in connection therewith may be properly and advantageously conducted at all times; provided, however, that nothing in this Section 8(e) will prevent the Company or any subsidiary from discontinuing the operation and maintenance of any of their respective properties if such discontinuance is, in the reasonable judgment of the Board of Directors of the Company or of any subsidiary, as the case may be, desirable in the conduct of its business.

(f) Transfer of Voting Stock. The Company will not, nor will it permit the Banks (as defined below) to, directly or indirectly, sell, assign, transfer or otherwise dispose of any shares of, securities convertible into, or options, warrants or rights to subscribe for or purchase shares of, Voting Stock (as defined below) of the Banks or any successor thereof or any subsidiary of the Company that is a depository institution and that has consolidated assets equal to 30% or more of the Company's consolidated assets ("Material Subsidiary"), nor will the Company permit the Material Subsidiary to issue any shares of, or securities convertible into, or options, warrants or rights to subscribe for or purchase shares of, Voting Stock of the Material Subsidiary if, in each case, after giving effect to any such transaction and to the issuance of the maximum number of

shares of Voting Stock of the Material Subsidiary issuable upon the exercise of all such convertible securities, options, warrants or rights, the Company would cease to own, directly or indirectly, at least 80% of the issued and outstanding Voting Stock of the Material Subsidiary. “Voting Stock” means outstanding shares of capital stock having voting power for the election of directors, whether at all times or only so long as no senior class of stock has such voting power because of default in dividends or other default.

(g) Waiver of Certain Covenants. The Company may omit in any particular instance to comply with any term, provision or condition set forth in Section 8(c) (Maintenance of Office), Section 8(d) (Corporate Existence), Section 8(e) (Maintenance of Properties), or Section 8(f) (Transfer of Voting Stock) above, with respect to this Subordinated Note if before the time for such compliance the Noteholders of at least a majority in aggregate principal amount of the outstanding Subordinated Notes, by act of such Noteholders, either will waive such compliance in such instance or generally will have waived compliance with such term, provision or condition, but no such waiver will extend to or affect such term, provision or condition except to the extent so expressly waived, and, until such waiver will become effective, the obligations of the Company in respect of any such term, provision or condition will remain in full force and effect.

(h) Tier 2 Capital. Whether or not the Company is subject to consolidated capital requirements under applicable regulations of the Federal Reserve, if all or any portion of the Subordinated Notes ceases to be deemed to be Tier 2 Capital, other than due to the limitation imposed on the capital treatment of subordinated debt during the five (5) years immediately preceding the Stated Maturity of the Subordinated Notes, the Company will promptly notify the Noteholders and thereafter, the Company and the Noteholders will work together in good faith to execute and deliver all agreements as reasonably necessary in order to restructure the applicable portions of the obligations evidenced by the Subordinated Notes to qualify as Tier 2 Capital; *provided, however*, that nothing contained in this Section 8(h) (Tier 2 Capital) shall limit the Company’s right to redeem the Subordinated Notes upon the occurrence of a Tier 2 Capital Event pursuant to Section 4(a) (Redemption Prior to Fifth Anniversary) or Section 4(b) (Redemption on or after Fifth Anniversary).

(i) Compliance with Laws. The Company shall comply with the requirements of all laws, regulations, orders and decrees applicable to it or its properties, except for such noncompliance that would not reasonably be expected to have a Material Adverse Effect on the Company and its subsidiaries taken as a whole. As used in this Subordinated Note:

(i) “Material Adverse Effect” means, with respect to any Person, any change or effect that (i) is or would be reasonably likely to be material and adverse to the financial condition, results of operations or business of such Person and its subsidiaries taken as a whole, or (ii) would materially impair the ability of such Person to perform its respective obligations under this Subordinated Note, or otherwise materially impede the consummation of the transactions contemplated hereby; *provided, however*, that “Material Adverse Effect” shall not be deemed to include the impact of (1) changes in banking and similar laws, rules or regulations of general applicability or interpretations thereof by Governmental Agencies which do not disproportionately affect the operations or business of the Company or the Banks in comparison to other banking institutions with similar operations, (2) changes in (x) generally accepted accounting principles in effect from time to time in the United States of America or (y) regulatory accounting requirements



applicable to financial institutions and their holding companies generally, (3) changes after the date of this Subordinated Note in general economic or capital market conditions affecting financial institutions or their market prices generally and not specifically related to the Company or the Banks, (4) direct effects of compliance with this Agreement on the operating performance of the Company or the Banks, including expenses incurred by the Company or the Banks in consummating the transactions contemplated by this Subordinated Note, and (5) the effects of any action or omission taken by the Company with the prior written consent of the Noteholders, and vice versa, or as otherwise contemplated by this Subordinated Note.

(ii) the “Banks” shall mean each of Heartland Bank and Trust Company and State Bank of Lincoln.

(iii) “Governmental Agency(ies)” means, individually or collectively, any federal, state, county or local governmental department, commission, board, regulatory authority or agency with jurisdiction over the Company, the Banks or any other subsidiary.

(j) Taxes and Assessments. The Company shall punctually pay and discharge all material taxes, assessments, and other governmental charges or levies imposed upon it or upon its income or upon any of its properties; provided, that no such taxes, assessments or other governmental charges need be paid if they are being contested in good faith by the Company.

(k) Financial Statements.

(i) Not later than forty-five (45) days following the end of each semi-annual or quarterly period, as applicable, for which the Company has not submitted a Consolidated Financial Statements for Holding Companies Reporting Form FR Y-9C to the Federal Reserve, upon request, the Company shall provide the Noteholder with a copy of the Company’s unaudited parent company only balance sheet and statement of income (loss) for and as of the end of such immediately preceding fiscal quarter, prepared in accordance with past practice. Quarterly financial statements, if required herein, shall be unaudited and need not comply with GAAP. Notwithstanding the foregoing, the Company shall be deemed to have satisfied its obligations under this Section 8(k)(i) at any time when the Company is subject to the reporting requirements of Sections 13 or 15(d) of the Exchange Act.

(ii) Not later than ninety (90) days from the end of each fiscal year, upon request the Company shall provide the Noteholder with copies of the Company’s audited financial statements consisting of the consolidated balance sheet of the Company as of the fiscal year end and the related statements of income (loss) and retained earnings, stockholders’ equity and cash flows for the fiscal year then ended. Such financial statements shall be prepared in accordance with GAAP applied on a consistent basis throughout the period involved. Notwithstanding the foregoing, the Company shall be deemed to have satisfied its obligations under this Section 8(k)(ii) at any time when the Company is subject to the reporting requirements of Sections 13 or 15(d) of the Exchange Act.

(l) Company Statement as to Compliance. The Company will deliver to the Noteholders, within one hundred twenty (120) days after the end of each fiscal year, an Officer’s Certificate covering the preceding fiscal year stating whether or not, to the best of his or her

knowledge, the Company is in default in the performance and observance of any of the terms, provisions and conditions of this Subordinated Note (without regard to notice requirements or periods of grace) and if the Company will be in default, specifying all such defaults and the nature and status thereof of which he or she may have knowledge.

9. **Negative Covenants of the Company.**

(a) **Limitation on Dividends.** The Company shall not declare or pay any dividend or make any distribution on capital stock or other equity securities of any kind of the Company if the Company is not “adequately capitalized” for regulatory purposes immediately prior to the declaration of such dividend or distribution, except for Permitted Dividends.

(b) **Merger or Sale of Assets.** The Company shall not merge into another entity, effect a Change in Bank Control (as defined below) or convey, transfer or lease substantially all of its properties and assets to any person, unless:

(i) the continuing entity into which the Company is merged or the person which acquires by conveyance or transfer or which leases substantially all of the properties and assets of the Company shall be a corporation, association or other legal entity organized and existing under the laws of the United States of America, any State thereof or the District of Columbia and expressly assumes the due and punctual payment of the principal of and any premium and interest on the Subordinated Notes according to their terms, and the due and punctual performance of all covenants and conditions hereof on the part of the Company to be performed or observed; and

(ii) immediately after giving effect to such transaction, no Event of Default (as defined above), and no event which, after notice or lapse of time or both, would become an Event of Default, shall have occurred and be continuing.

“**Change in Bank Control**” means the sale, transfer, lease or conveyance by the Company, or an issuance of equity securities by any Bank other than to the Company, in either case resulting in ownership by the Company of less than 50% of any Bank.

10. **Denominations.** The Subordinated Notes are issuable only in registered form without interest coupons in minimum denominations of \$1,000 and integral multiples of \$1,000 in excess thereof.

11. **Charges and Transfer Taxes.** No service charge will be made for any registration of transfer or exchange of this Subordinated Note, or any redemption or repayment of this Subordinated Note, or any conversion or exchange of this Subordinated Note for other types of securities or property, but the Company may require payment of a sum sufficient to pay all taxes, assessments or other governmental charges that may be imposed in connection with the transfer or exchange of this Subordinated Note from the Noteholder requesting such transfer or exchange.

12. **Payment Procedures.** Payment of the principal and interest payable on the Maturity Date will be made by check, by wire transfer or by Automated Clearing House (ACH) transfer in immediately available funds to a bank account in the United States designated by the registered Noteholder if such Noteholder shall have previously provided wire instructions to the

Company, upon presentation and surrender of this Subordinated Note at the Payment Office (as defined in Section 22 (Notices) below) or at such other place or places as the Company shall designate by notice to the registered Noteholders as the Payment Office, provided that this Subordinated Note is presented to the Company in time for the Company to make such payments in such funds in accordance with its normal procedures. Payments of interest (other than interest payable on the Maturity Date) shall be made on each Interest Payment Date by wire transfer in immediately available funds or check mailed to the registered Noteholder, as such person's address appears on the Security Register. Interest payable on any Interest Payment Date shall be payable to the Noteholder in whose name this Subordinated Note is registered at the close of business on the fifteenth (15<sup>th</sup>) calendar day prior to the applicable Interest Payment Date, without regard to whether such date is a Business Day, except that interest not paid on the Interest Payment Date, if any, will be paid to the holder in whose name this Subordinated Note is registered at the close of business on a special record date fixed by the Company (a "Special Record Date"), notice of which shall be given to the Noteholder not less than ten (10) calendar days prior to such Special Record Date. To the extent permitted by applicable law, interest shall accrue, at the rate at which interest accrues on the principal of this Subordinated Note, on any amount of principal or interest on this Subordinated Note not paid when due. All payments on this Subordinated Note shall be applied first against costs and expenses of the Noteholder, if any, for which the Company is liable under this Subordinated Note; then against interest due hereunder; and then against principal due hereunder. The Noteholder acknowledges and agrees that the payment of all or any portion of the outstanding principal amount of this Subordinated Note and all interest hereon shall be *pari passu* in right of payment and in all other respects to the other Subordinated Notes. In the event that the Noteholder receives payments in excess of its pro rata share of the Company's payments to the holders of all of the Subordinated Notes, then the Noteholder shall hold in trust all such excess payments for the benefit of the other Noteholders and shall pay such amounts held in trust to such other holders upon demand by such holders.

**13. Form of Payment.** Payments of principal of and interest on this Subordinated Note shall be made in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts.

**14. Registration of Transfer, Security Register.** Except as otherwise provided herein, this Subordinated Note is transferable in whole or in part, and may be exchanged for a like aggregate principal amount of Subordinated Notes of other authorized denominations, by the Noteholder in person, or by its attorney duly authorized in writing, at the Payment Office or the offices of the Registrar. The Company or the Registrar shall maintain a register providing for the registration of the Subordinated Notes and any exchange or transfer thereof (the "Security Register"). Upon surrender or presentation of this Subordinated Note for exchange or registration of transfer, the Company or the Registrar shall execute and deliver in exchange therefor a Subordinated Note or Subordinated Notes of like aggregate principal amount, each in a minimum denomination of \$1,000 or any amount in excess thereof which is an integral multiple of \$1,000 (and, in the absence of an opinion of counsel satisfactory to the Company to the contrary, bearing the restrictive legend(s) set forth hereinabove) and that is or are registered in such name or names requested by the Noteholder. Any Subordinated Note presented or surrendered for registration of transfer or for exchange shall be duly endorsed and accompanied by a written instrument of transfer in such form as is attached hereto and incorporated herein, duly executed by the Noteholder or its attorney duly authorized in writing, with such tax identification number or other

information for each person in whose name a Subordinated Note is to be issued, and accompanied by evidence of compliance with any restrictive legend(s) appearing on such Subordinated Note or Subordinated Notes as the Company may reasonably request to comply with applicable law. No exchange or registration of transfer of this Subordinated Note shall be made on or after (i) the fifteenth (15<sup>th</sup>) day immediately preceding the Maturity Date or (ii) the due delivery of notice of redemption.

**15. Successors and Assigns.** This Subordinated Note shall be binding upon the Company and inure to the benefit of the Noteholder and its respective successors and permitted assigns. The Noteholder may assign all, or any part of, or any interest in, the Noteholder's rights and benefits hereunder only to the extent and in the manner permitted by the terms of this Note. To the extent of any such assignment, such assignee shall have the same rights and benefits against the Company and shall agree to be bound by and to comply with the terms and conditions hereof as it would have had if it were the Noteholder hereunder.

**16. Priority.** The Subordinated Notes rank *pari passu* among themselves and *pari passu*, in the event of any insolvency proceeding, dissolution, assignment for the benefit of creditors, reorganization, restructuring of debt, marshaling of assets and liabilities or similar proceeding or any liquidation or winding up of the Company, with all other present or future unsecured subordinated debt obligations of the Company, except any unsecured subordinated debt that, pursuant to its express terms or Section 3 hereof, is senior or subordinate in right of payment to the Subordinated Notes.

**17. Ownership.** Prior to due presentment of this Subordinated Note for registration of transfer, the Company may treat the holder in whose name this Subordinated Note is registered in the Security Register as the absolute owner of this Subordinated Note for receiving payments of principal and interest on this Subordinated Note and for all other purposes whatsoever, whether or not this Subordinated Note be overdue, and the Company shall not be affected by any notice to the contrary.

**18. Waiver and Consent.**

(a) This Subordinated Note may be amended or waived pursuant to, and in accordance with, the provisions set forth herein. Any such consent or waiver given by the Noteholder shall be conclusive and binding upon such Noteholder and upon all subsequent holders of this Subordinated Note and of any Subordinated Note issued upon the registration of transfer hereof or in exchange therefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this Subordinated Note. No delay or omission of the Noteholder to exercise any right or remedy accruing upon any Event of Default shall impair such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Any insured depository institution which shall be a Noteholder or which otherwise shall have any beneficial ownership interest in this Subordinated Note shall, by its acceptance of such Subordinated Note (or beneficial interest therein), be deemed to have waived any right of offset with respect to the indebtedness evidenced thereby.

(b) No waiver or amendment of any term, provision, condition, covenant or agreement in the Subordinated Notes shall be effective except with the consent of the Noteholders

holding not less than more than fifty percent (50%) in aggregate principal amount (excluding any Subordinated Notes held by the Company or any of its Affiliates) of the Subordinated Notes at the time outstanding (including any further issues in accordance with Section 23 hereof); *provided, however*, that without the consent of each Noteholder of an affected Subordinated Note, no such amendment or waiver may: (i) reduce the principal amount of any Subordinated Note; (ii) reduce the rate of or change the time for payment of interest on any Subordinated Note; (iii) extend the maturity of any Subordinated Note; (iv) change the currency in which payment of the obligations of the Company under the Subordinated Notes are to be made; (v) lower the percentage of aggregate principal amount of outstanding Subordinated Notes required to approve any amendment of the Subordinated Notes; (vi) make any changes to Section 4(c) (Partial Redemption), Section 6 (Events of Default; Acceleration), Section 7 (Failure to Make Payments), Section 16 (Priority), or Section 18 (Waiver and Consent) of the Subordinated Notes that adversely affects the rights of any Noteholder; or (vii) disproportionately affect the rights of any of the holders of the then outstanding Subordinated Notes. Notwithstanding the foregoing, the Company may amend or supplement the Subordinated Notes without the consent of the Noteholders to cure any ambiguity, defect or inconsistency or to provide for uncertificated Subordinated Notes in addition to or in place of certificated Subordinated Notes, or to make any change that does not adversely affect the rights of any Noteholder of any of the Subordinated Notes. No failure to exercise or delay in exercising, by any Noteholder of the Subordinated Notes, of any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege preclude any other or further exercise thereof, or the exercise of any other right or remedy provided by law, except as restricted hereby. The rights and remedies provided in this Subordinated Note are cumulative and not exclusive of any right or remedy provided by law or equity. No notice or demand on the Company in any case shall, in itself, entitle the Company to any other or further notice or demand in similar or other circumstances or constitute a waiver of the rights of the Noteholders to any other or further action in any circumstances without notice or demand. No consent or waiver, expressed or implied, by the Noteholders to or of any breach or default by the Company in the performance of its obligations hereunder shall be deemed or construed to be a consent or waiver to or of any other breach or default in the performance of the same or any other obligations of the Company hereunder. Failure on the part of the Noteholders to complain of any acts or failure to act or to declare an Event of Default, irrespective of how long such failure continues, shall not constitute a waiver by the Noteholders of their rights hereunder or impair any rights, powers or remedies on account of any breach or default by the Company.

**19. Absolute and Unconditional Obligation of the Company.**

(a) No provisions of this Subordinated Note shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal and interest on this Subordinated Note at the times, places and rate, and in the coin or currency, herein prescribed.

(b) No delay or omission of the Noteholder to exercise any right or remedy accruing upon any Event of Default shall impair such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein.

(c) Any insured depository institution which shall be a Noteholder or which otherwise shall have any beneficial ownership interest in this Subordinated Note shall, by its

acceptance of such Note (or beneficial interest therein), be deemed to have waived any right of offset with respect to the indebtedness evidenced thereby.

**20. No Sinking Fund; Convertibility.** This Subordinated Note is not entitled to the benefit of any sinking fund. This Subordinated Note is not convertible into or exchangeable for any of the equity securities, other securities or assets of the Company or any subsidiary of the Company.

**21. No Recourse Against Others.** No recourse under or upon any obligation, covenant or agreement contained in this Subordinated Note, or for any claim based thereon or otherwise in respect thereof, will be had against any past, present or future shareholder, employee, officer, or director, as such, of the Company or of any predecessor or successor, either directly or through the Company or any predecessor or successor, under any rule of law, statute or constitutional provision or by the enforcement of any assessment or by any legal or equitable proceeding or otherwise, all such liability being expressly waived and released by the acceptance of this Subordinated Note by the Noteholder and as part of the consideration for the issuance of this Subordinated Note.

**22. Notices.** All notices to the Company under this Subordinated Note shall be in writing and addressed to the Company at HBT Financial Inc., 401 N. Hershey Road, Bloomington, Illinois 61704, Attention: Matthew J. Doherty, or to such other address as the Company may notify to the Noteholder (the "Payment Office"). All notices to the Noteholders shall be in writing and sent by first-class mail to each Noteholder at his or its address as set forth in the Security Register.

**23. Further Issues.** The Company may, without the consent of the Noteholders, create and issue additional notes having the same terms and conditions of the Subordinated Notes (except for the Issue Date and issue price) and such further notes shall be consolidated and form a single series with this Subordinated Note and all other Subordinated Notes then outstanding.

**24. Governing Law; Interpretation.** THIS SUBORDINATED NOTE WILL BE DEEMED TO BE A CONTRACT MADE UNDER THE LAWS OF THE STATE OF NEW YORK AND WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO CONFLICT OF LAW PRINCIPLES THEREOF. THIS SUBORDINATED NOTE IS INTENDED TO MEET THE CRITERIA FOR QUALIFICATION OF THE OUTSTANDING PRINCIPAL AS TIER 2 CAPITAL UNDER THE REGULATORY GUIDELINES OF THE FEDERAL RESERVE, AND THE TERMS HEREOF SHALL BE INTERPRETED IN A MANNER TO SATISFY SUCH INTENT.

*[Signature Page Follows]*

IN WITNESS WHEREOF, the undersigned has caused this Subordinated Note to be duly executed and attested.

**HBT FINANCIAL, INC.**

By: \_\_\_\_\_  
Name: [●]  
Title: [●]

Authenticated for and on behalf of UMB Bank  
N.A., as paying agent:

\_\_\_\_\_  
Name:  
Title:

*[Signature Page to Subordinated Note]*

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**ASSIGNMENT FORM**

To assign this Subordinated Note, fill in the form below: (I) or (we) assign and transfer this Subordinated Note to:

\_\_\_\_\_  
(Print or type assignee's name, address and zip code)

\_\_\_\_\_  
(Insert assignee's social security or tax I.D. No.)

and irrevocably appoint \_\_\_\_\_ agent to transfer this Subordinated Note on the books of the Company. The agent may substitute another to act for him.

Date: \_\_\_\_\_ Your signature: \_\_\_\_\_

(Sign exactly as your name appears on the face of this Subordinated Note)

Tax Identification No: \_\_\_\_\_

Signature Guarantee: \_\_\_\_\_

*(Signatures must 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 Rule 17Ad-15 promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act")).*

The undersigned certifies that it [is / is not] an Affiliate of the Company and that, to its knowledge, the proposed transferee [is / is not] an Affiliate of the Company.

In connection with any transfer or exchange of this Subordinated Note occurring prior to the date that is one year after the later of the date of original issuance of this Subordinated Note and the last date, if any, on which this Subordinated Note was owned by the Company or any Affiliate of the Company, the undersigned confirms that this Subordinated Note is being:

CHECK ONE BOX BELOW:

- (1) acquired for the undersigned's own account, without transfer;
- (2) transferred to the Company;
- (3) transferred in accordance and in compliance with Rule 144A under the Securities Act of 1933, as amended (the "Securities Act");
- (4) transferred under an effective registration statement under the Securities Act;

\_\_\_\_\_



- (5) transferred in accordance with and in compliance with Regulation S under the Securities Act;
- (6) transferred to an institutional “accredited investor” (as defined in Rule 501(a)(1), (2), (3) or (7) under the Securities Act);
- (7) transferred to an “accredited investor” (as defined in Rule 501(a)(4) under the Securities Act), not referred to in item (6) that has been provided with the information designated under Section 4(d) of the Securities Act; or
- (8) transferred in accordance with another available exemption from the registration requirements of the Securities Act.

Unless one of the boxes is checked, the Company will refuse to register this Subordinated Note in the name of any person other than the registered holder thereof; provided, however, that if box (5), (6), (7) or (8) is checked, the Company may require, prior to registering any such transfer of this Subordinated Note, in its sole discretion, such legal opinions, certifications and other information as the Company may reasonably request to confirm that such transfer is being made pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act such as the exemption provided by Rule 144 under such Act.

Signature: \_\_\_\_\_

Signature Guarantee: \_\_\_\_\_

*(Signatures must 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 Exchange Act Rule 17Ad-15).*

TO BE COMPLETED BY PURCHASER IF BOX (1) OR (3) ABOVE IS CHECKED.

The undersigned represents and warrants that it is purchasing this Subordinated Note for its own account or an account with respect to which it exercises sole investment discretion and that it and any such account is a “qualified institutional buyer” within the meaning of Rule 144A under the Securities Act and is aware that the sale to it is being made in reliance on Rule 144A and acknowledges that it has received such information regarding the Company as the undersigned has requested pursuant to Rule 144A or has determined not to request such information and that it is aware that the transferor is relying upon the undersigned’s foregoing representations in order to claim the exemption from registration provided by Rule 144A.

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**SUBORDINATED NOTE PURCHASE AGREEMENT**

This SUBORDINATED NOTE PURCHASE AGREEMENT (this "Agreement") is dated as of September 3, 2020, and is made by and among HBT Financial, Inc., a Delaware corporation (the "Company"), and the several purchasers of the Subordinated Notes (as defined herein) identified on the signature pages hereto (each a "Purchaser" and collectively, the "Purchasers").

**RECITALS**

**WHEREAS**, the Company has requested that the Purchasers purchase from the Company up to \$40,000,000 in aggregate principal amount of Subordinated Notes, which aggregate amount is intended to qualify as Tier 2 Capital (as defined herein).

**WHEREAS**, the Company has engaged Piper Sandler & Co., as its exclusive placement agent ("Placement Agent") for the offering of the Subordinated Notes.

**WHEREAS**, each of the Purchasers is an institutional "accredited investor" as such term is defined in Rule 501 of Regulation D ("Regulation D") promulgated under the Securities Act of 1933, as amended (the "Securities Act"), or a "qualified institutional buyer" as such term is defined in Rule 144A under the Securities Act (a "QIB").

**WHEREAS**, the offer and sale of the Subordinated Notes by the Company is being made in reliance upon the exemptions from registration available under Section 4(a)(2) of the Securities Act and Rule 506(b) of Regulation D promulgated under the Securities Act.

**WHEREAS**, each Purchaser is willing to purchase from the Company a Subordinated Note in the principal amount set forth on such Purchaser's respective signature page hereto (the "Subordinated Note Amount") in accordance with the terms, subject to the conditions and in reliance on, the recitals, representations, warranties, covenants and agreements set forth herein and in the Subordinated Notes.

**NOW, THEREFORE**, in consideration of the mutual covenants, conditions and agreements herein contained and other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

**AGREEMENT****1. DEFINITIONS.**

**1.1 Defined Terms.** The following capitalized terms used in this Agreement, the Paying Agent Agreement (as defined herein) and the Subordinated Notes have the meanings defined or referenced below. Certain other capitalized terms used only in specific sections of this Agreement may be defined in such sections.

"Affiliate(s)" means, with respect to any Person, such Person's immediate family members, partners, members or parent and subsidiary corporations, and any other Person directly or indirectly controlling, controlled by, or under common control with said Person and their respective Affiliates.

"Agreement" has the meaning set forth in the preamble hereto.

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“Applicable Procedures” means, with respect to any creation, transfer or exchange of or for beneficial interests in any Subordinated Note represented by a global certificate, the rules and procedures of DTC that apply to such transfer or exchange.

“Banks” means collectively, Heartland Bank and Trust Company and State Bank of Lincoln, both Illinois state chartered banks and wholly owned subsidiaries of the Company.

“Business Day” means any day other than a Saturday, Sunday or any other day on which banking institutions in the State of Illinois are permitted or required by any applicable law or executive order to close.

“Bylaws” means the Bylaws of the Company, as amended and as in effect on the Closing Date.

“Charter” means the Certificate of Incorporation of the Company, as in effect on the Closing Date.

“Closing” has the meaning set forth in Section 2.5.

“Closing Date” means September 3, 2020.

“Company” has the meaning set forth in the preamble hereto and shall include any successors to the Company.

“Company Covered Person” has the meaning set forth in Section 4.2.4.

“Company’s Reports” means (i) the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2019, as filed with the SEC, including the audited financial statements contained therein; (ii) the Company’s Quarterly Report on Form 10-Q for the quarters ended March 31, 2020 and June 30, 2020, as filed with the SEC, including the unaudited financial statements contained therein; and (iii) the Company’s public reports for the year ended December 31, 2019, and the period ended June 30, 2020, as filed with the FRB as required by regulations of the FRB.

“Disbursement” has the meaning set forth in Section 3.1.

“Disqualification Event” has the meaning set forth in Section 4.2.4.

“DTC” means The Depository Trust Company.

“Equity Interest” means any and all shares, interests, participations or other equivalents (however designated) of capital stock of a corporation, any and all equivalent ownership interests in a Person which is not a corporation, and any and all warrants, options or other rights to purchase any of the foregoing.

“Event of Default” has the meaning set forth in the Subordinated Notes.

“Exchange Act” means the Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC promulgated thereunder.

“FDIC” means the Federal Deposit Insurance Corporation.

“FRB” means the Board of Governors of the Federal Reserve System.

“GAAP” means generally accepted accounting principles in effect from time to time in the United States of America.

“Global Note” has the meaning set forth in Section 3.1.

“Governmental Agency(ies)” means, individually or collectively, any arbitrator, court, federal, state, county or local governmental department, commission, board, regulatory authority or administrative agency (including, without limitation, each applicable Regulatory Agency) with jurisdiction over the Company or a Subsidiary or any of their respective properties, assets or operations.

“Governmental Licenses” has the meaning set forth in Section 4.3.

“Hazardous Materials” means flammable explosives, asbestos, urea formaldehyde insulation, polychlorinated biphenyls, radioactive materials, hazardous wastes, toxic or contaminated substances or similar materials, including, without limitation, any substances which are “hazardous substances,” “hazardous wastes,” “hazardous materials” or “toxic substances” under the Hazardous Materials Laws and/or other applicable environmental laws, ordinances or regulations.

“Hazardous Materials Laws” mean any laws, regulations, permits, licenses or requirements pertaining to the protection, preservation, conservation or regulation of the environment which relates to real property, including: the Clean Air Act, as amended, 42 U.S.C. Section 7401 et seq.; the Federal Water Pollution Control Act, as amended, 33 U.S.C. Section 1251 et seq.; the Resource Conservation and Recovery Act of 1976, as amended, 42 U.S.C. Section 6901 et seq.; the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (including the Superfund Amendments and Reauthorization Act of 1986), 42 U.S.C. Section 9601 et seq.; the Toxic Substances Control Act, as amended, 15 U.S.C. Section 2601 et seq.; the Occupational Safety and Health Act, as amended, 29 U.S.C. Section 651, the Emergency Planning and Community Right-to-Know Act of 1986, 42 U.S.C. Section 11001 et seq.; the Mine Safety and Health Act of 1977, as amended, 30 U.S.C. Section 801 et seq.; the Safe Drinking Water Act, 42 U.S.C. Section 300f et seq.; and all comparable state and local laws, laws of other jurisdictions or orders and regulations.

“Indebtedness” means: (i) all items arising from the borrowing of money that, according to GAAP, would be included in determining total liabilities as shown on the consolidated balance sheet of the Company; and (ii) all obligations secured by any lien in property owned by the Company or any Subsidiary whether or not such obligations shall have been assumed; *provided, however*, Indebtedness shall not include deposits or other Indebtedness created, incurred or maintained in the ordinary course of the Company’s or the Banks’ business (including, without limitation, federal funds purchased, advances from any Federal Home Loan Bank, secured deposits of municipalities, letters of credit issued by the Company or the Banks or any other Subsidiary and repurchase arrangements) and consistent with customary banking practices and applicable laws and regulations.

“Leases” means all leases, licenses or other documents providing for the use or occupancy of any portion of any Property, including all amendments, extensions, renewals, supplements, modifications, sublets and assignments thereof and all separate letters or separate agreements relating thereto.

“Material Adverse Effect” means, with respect to any Person, any change or effect that (i) is or would be reasonably likely to be material and adverse to the financial condition, results of operations or business of such Person and its Subsidiaries taken as a whole, or (ii) would materially impair the ability of such Person to perform its respective obligations under any of the Transaction Documents, or otherwise materially impede the consummation of the transactions contemplated hereby; *provided, however*, that “Material Adverse Effect” shall not be deemed to include the impact of (1) changes in banking and similar laws, rules or regulations of general applicability or interpretations thereof by Governmental Agencies which do not disproportionately affect the operations or business of the Company or the Banks in comparison to other banking institutions with similar operations, (2) changes in GAAP or regulatory accounting

requirements applicable to financial institutions and their holding companies generally, (3) changes after the date of this Agreement in general economic or capital market conditions affecting financial institutions or their market prices generally and not specifically related to the Company, the Banks or the Purchasers, (4) direct effects of compliance with this Agreement on the operating performance of the Company, the Banks or the Purchasers, including expenses incurred by the Company, the Banks or the Purchasers in consummating the transactions contemplated by this Agreement, and (5) the effects of any action or omission taken by the Company with the prior written consent of the Purchasers, and vice versa, or as otherwise contemplated by this Agreement and the Subordinated Notes.

“Maturity Date” means September 15, 2030.

“Paying Agent” means UMB Bank N.A., as paying agent under the Paying Agent Agreement.

“Paying Agent Agreement” means the paying agent agreement, dated as of September 3, 2020, by and between the Company and UMB Bank N.A., as paying agent.

“Person” means an individual, a corporation (whether or not for profit), a partnership, a limited liability company, a joint venture, an association, a trust, an unincorporated organization, a government or any department or agency thereof (including a Governmental Agency) or any other entity or organization.

“Placement Agent” has the meaning set forth in the Recitals.

“Property” means any real property owned or leased by the Company or any Affiliate or Subsidiary of the Company.

“Purchaser” or “Purchasers” has the meaning set forth in the preamble hereto.

“QIB” has the meaning set forth in the Recitals.

“Regulation D” has the meaning set forth in the Recitals.

“Regulatory Agency” means any federal or state agency charged with the supervision or regulation of depository institutions or holding companies of depository institutions, or engaged in the insurance of depository institution deposits, or any court, administrative agency or commission or other authority, body or agency having supervisory or regulatory authority with respect to the Company, the Banks or any of their Subsidiaries.

“SEC” means the Securities and Exchange Commission.

“Secondary Market Transaction” has the meaning set forth in Section 5.5.

“Securities Act” has the meaning set forth in the Recitals.

“Subordinated Note” means the Subordinated Note (or collectively, the “Subordinated Notes”) in the form attached as Exhibit A hereto, as amended, restated, supplemented or modified from time to time, and each Subordinated Note delivered in substitution or exchange for such Subordinated Note.

“Subordinated Note Amount” has the meaning set forth in the Recitals.

“Subsidiary” means with respect to any Person, any corporation or entity in which a majority of the outstanding Equity Interest is directly or indirectly owned by such Person.

“Tier 2 Capital” has the meaning given to the term “Tier 2 capital” in 12 C.F.R. Part 217, as amended, modified and supplemented and in effect from time to time or any replacement thereof.

“Transaction Documents” has the meaning set forth in Section 3.2.1.1.

“Trust Indenture Act” means the Trust Indenture Act of 1939, as amended, and the rules and regulations of the SEC thereunder.

**1.2 Interpretations.** The foregoing definitions are equally applicable to both the singular and plural forms of the terms defined. The words “hereof”, “herein” and “hereunder” and words of like import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement. The word “including” when used in this Agreement without the phrase “without limitation,” shall mean “including, without limitation.” All references to time of day herein are references to Eastern Time unless otherwise specifically provided.

All references to this Agreement and Subordinated Notes shall be deemed to be to such documents as amended, modified or restated from time to time. With respect to any reference in this Agreement to any defined term, (i) if such defined term refers to a Person, then it shall also mean all heirs, legal representatives and permitted successors and assigns of such Person, and (ii) if such defined term refers to a document, instrument or agreement, then it shall also include any amendment, replacement, extension or other modification thereof.

**1.3 Exhibits Incorporated.** All Exhibits attached hereto are hereby incorporated into this Agreement.

## **2. SUBORDINATED DEBT.**

**2.1 Certain Terms.** Subject to the terms and conditions herein contained, the Company proposes to issue and sell to the Purchasers, severally and not jointly, Subordinated Notes in an aggregate principal amount equal to the aggregate of the Subordinated Note Amounts. The Purchasers, severally and not jointly, each agree to purchase the Subordinated Notes in an amount equal to such Purchaser’s Subordinated Note Amount from the Company on the Closing Date in accordance with the terms of, and subject to the conditions and provisions set forth in, this Agreement and the Subordinated Notes. Each Purchaser’s respective Subordinated Note Amounts shall be disbursed in accordance with Section 3.1. The Subordinated Notes shall bear interest per annum as set forth in the Subordinated Notes. The unpaid principal balance of the Subordinated Notes plus all accrued but unpaid interest thereon shall be due and payable on the Maturity Date, or such earlier date on which such amount shall become due and payable on account of (i) acceleration by the Purchasers in accordance with the terms of the Subordinated Notes and this Agreement or (ii) the Company’s delivery of a notice of redemption or repayment in accordance with the terms of the Subordinated Notes. The Subordinated Notes shall be subject to the terms and provisions of the Paying Agent Agreement.

**2.2 Subordination.** The Subordinated Notes shall be subordinated in accordance with the subordination provisions set forth therein.

**2.3 Maturity Date.** On the Maturity Date, all sums due and owing under this Agreement and the Subordinated Notes shall be repaid in full unless such sums were payable and paid on an earlier date. The Company acknowledges and agrees that the Purchasers have not made any commitments, either express or implied, to extend the terms of the Subordinated Notes past their Maturity Date, and shall not extend such terms beyond the Maturity Date unless the Company and the Purchasers hereafter specifically otherwise agree in writing.

**2.4 Unsecured Obligations.** The obligations of the Company to the Purchasers under the Subordinated Notes shall be unsecured.

**2.5 The Closing.** The closing of the sale and purchase of the Subordinated Notes (the "Closing") shall occur remotely via the electronic or other exchange of documents and signature pages at 10:00 a.m. (local time) on the Closing Date, or at such other place or time or on such other date as the parties hereto may agree.

**2.6 Payments.** The Company agrees that matters concerning payments and application of payments shall be as set forth in this Agreement and in the Subordinated Notes.

**2.7 No Right of Offset.** Each Purchaser hereby expressly waives any right of offset it may have against the Company or any of its Subsidiaries.

**2.8 Use of Proceeds.** The Company shall use the net proceeds from the sale of Subordinated Notes for general corporate purposes.

### **3. DISBURSEMENT.**

**3.1 Disbursement.** On the Closing Date, assuming all of the terms and conditions set forth in Section 3.2 have been satisfied by the Company and the Company has executed and delivered to each of the Purchasers this Agreement and any other related documents required by Section 3.2 in form and substance reasonably satisfactory to the Purchasers, each Purchaser shall disburse to the Company in immediately available funds the Subordinated Note Amount set forth on each Purchaser's respective signature page hereto (the "Disbursement") in exchange for an electronic securities entitlement to be credited to Purchaser's account (or the account of Purchaser's securities intermediary) through the facilities of DTC in accordance with the Applicable Procedures in a principal amount equal to each such Purchaser's Subordinated Note Amount. The Company will deliver to the Paying Agent, as custodian for DTC, a global certificate representing the Subordinated Notes (the "Global Note") registered in the name of Cede & Co., or such other nominee as DTC may specify in accordance with the Applicable Procedures.

#### **3.2 Conditions Precedent to Disbursement.**

**3.2.1 Conditions to the Purchasers' Obligation.** The obligation of each Purchaser to consummate the purchase of the Subordinated Notes to be purchased by them at Closing and to effect the Disbursement is subject to delivery by or at the direction of the Company to such Purchaser each of the following (or written waiver by such Purchaser prior to the Closing of such delivery):

3.2.1.1 **Transaction Documents.** This Agreement and the Global Note (collectively, the "Transaction Documents"), each duly authorized and executed by the Company and, in the case of the Global Note, duly authenticated by the Paying Agent.

3.2.1.2 **Authority Documents.**

(a) A copy, certified by the Secretary or Assistant Secretary of the Company,  
of the Charter of the Company;

(b) A certificate of existence of the Company issued by the Secretary of State  
of the State of Delaware;

the Company;

(c) A copy, certified by the Secretary or Assistant Secretary, of the Bylaws of

(d) A copy, certified by the Secretary or Assistant Secretary of the Company, of the resolutions of the board of directors of the Company, and any committee thereof, authorizing the issuance of the Subordinated Notes and the execution, delivery and performance of the Transaction Documents;

(e) An incumbency certificate of the Secretary or Assistant Secretary of the Company certifying the names of the officer or officers of the Company authorized to sign the Transaction Documents and the other documents provided for in this Agreement; and

(f) The opinion of Kirkland & Ellis LLP, counsel to the Company, dated as of the Closing Date, substantially in the form set forth at Exhibit B attached hereto addressed to the Purchasers and Placement Agent.

3.2.1.3 **Other Documents.** Such other certificates, affidavits, schedules, resolutions, notes and/or other documents which are provided for hereunder or as a Purchaser may reasonably request.

3.2.2 **Conditions to the Company's Obligation.** With respect to a given Purchaser, the obligation of the Company to consummate the sale of the Subordinated Notes and to effect the Closing is subject to delivery of this Agreement to the Company by or at the direction of such Purchaser, duly authorized and executed by such Purchaser.

#### 4. **REPRESENTATIONS AND WARRANTIES OF THE COMPANY.**

The Company hereby represents and warrants to each Purchaser as follows:

##### 4.1 **Organization and Authority.**

###### 4.1.1 **Organization Matters of the Company and Its Subsidiaries.**

4.1.1.1 The Company is a duly organized corporation, is validly existing and in good standing under the laws of the State of Delaware and has all requisite corporate power and authority to conduct its business and activities as presently conducted, to own its properties, and to perform its obligations under the Transaction Documents. The Company is duly qualified as a foreign corporation to transact business and is in good standing in each other jurisdiction in which such qualification is required, whether by reason of the ownership or leasing of property or the conduct of business, except where the failure so to qualify or to be in good standing would not result in a Material Adverse Effect. The Company is duly registered as a bank holding company under the Bank Holding Company Act of 1956, as amended.

4.1.1.2 Set forth on Schedule 4.1.1.2 are the direct or indirect Subsidiaries of the Company. Each Subsidiary of the Company other than the Banks either has been duly organized and is validly existing as a corporation or limited liability company, or, in the case of the Banks, has been duly chartered and is validly existing as an Illinois state chartered bank, in each case in good standing under the laws of the jurisdiction of its incorporation or organization, has corporate or limited liability company power and authority, as applicable, to own, lease and operate its properties and to conduct its business and is duly qualified as a foreign corporation or limited liability company to transact business and is in good standing in each jurisdiction in which such qualification is required, whether by reason of the ownership or leasing of property or the conduct of business, except where the failure so to qualify or to be in good



standing would not reasonably be expected to result in a Material Adverse Effect. All of the issued and outstanding shares of capital stock or other Equity Interest in each Subsidiary of the Company have been duly authorized and validly issued, are fully paid and non-assessable and are owned by the Company, directly or through Subsidiaries of the Company, free and clear of any security interest, mortgage, pledge, lien, encumbrance or claim; none of the outstanding shares of capital stock of, or other Equity Interests in, any Subsidiary of the Company were issued in violation of the preemptive or similar rights of any security holder of such Subsidiary of the Company or any other entity.

4.1.1.3 The deposit accounts of the Banks are insured by the FDIC up to applicable limits. None of the Banks has received any notice or other information indicating that the Bank is not an “insured depository institution” as defined in 12 U.S.C. Section 1813, nor has any event occurred which could reasonably be expected to adversely affect the status of the Banks as FDIC-insured institutions.

**4.1.2 Capital Stock and Related Matters.** The Charter of the Company authorizes the Company to issue 125,000,000 shares of common stock and 25,000,000 shares of preferred stock. As of the date of this Agreement, there are 27,457,306 shares of the Company’s common stock issued and outstanding and no shares of the Company’s preferred stock issued and outstanding. All of the outstanding capital stock of the Company has been duly authorized and validly issued and is fully paid and non-assessable. There are, as of the date hereof, no outstanding options, rights, warrants or other agreements or instruments obligating the Company to issue, deliver or sell, or cause to be issued, delivered or sold, additional shares of the capital stock of the Company or obligating the Company to grant, extend or enter into any such agreement or commitment to any Person other than the Company except pursuant to the Company’s equity incentive plans duly adopted by the Company’s board of directors.

**4.2 No Impediment to Transactions.**

**4.2.1 Transaction is Legal and Authorized.** The issuance of the Subordinated Notes, the borrowing of the aggregate of the Subordinated Note Amounts, the execution of the Transaction Documents and compliance by the Company with all of the provisions of the Transaction Documents are within the corporate and other powers of the Company.

**4.2.2 Agreement.** This Agreement has been duly authorized, executed and delivered by the Company, and, assuming due authorization, execution and delivery by the other parties hereto, constitutes the legal, valid and binding obligations of the Company, enforceable against the Company in accordance with its terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws relating to or affecting creditors’ rights generally or by general equitable principles.

**4.2.3 Subordinated Notes.** The Subordinated Notes have been duly authorized by the Company and when executed by the Company and issued, delivered to and paid for by the Purchasers in accordance with the terms of the Agreement, will have been duly executed, authenticated, issued and delivered, and will constitute legal, valid and binding obligations of the Company, enforceable against the Company in accordance with their terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws relating to or affecting creditors’ rights generally or by general equitable principles.

**4.2.4 Exemption from Registration.** Neither the Company, nor any of its Subsidiaries or Affiliates, nor any Person acting on its or their behalf, has engaged in any form of general solicitation or general advertising (within the meaning of Regulation D) in connection with the offer or sale of the Subordinated Notes. Assuming the accuracy of the representations and warranties of each Purchaser set forth in this Agreement, the Subordinated Notes will be issued in a transaction exempt from the

registration requirements of the Securities Act. No “bad actor” disqualifying event described in Rule 506(d)(1)(i)-(viii) of the Securities Act (a “Disqualification Event”) is applicable to the Company or, to the Company’s knowledge, any Person described in Rule 506(d)(1) (each, a “Company Covered Person”). The Company has exercised reasonable care to determine whether any Company Covered Person is subject to a Disqualification Event. The Company has complied, to the extent applicable, with its disclosure obligations under Rule 506(e).

**4.2.5 No Defaults or Restrictions.** Neither the execution and delivery of the Transaction Documents by the Company nor compliance by the Company with their respective terms and conditions will (whether with or without the giving of notice or lapse of time or both) (i) violate, conflict with or result in a breach of, or constitute a default under: (1) the Charter or Bylaws of the Company; (2) any of the terms, obligations, covenants, conditions or provisions of any corporate restriction or of any contract, agreement, indenture, note, mortgage, deed of trust, pledge, bank loan or credit agreement, or any other agreement or instrument to which the Company or any of the Banks, as applicable, is now a party or by which it or any of its properties may be bound or affected; (3) any judgment, order, writ, injunction, decree or demand of any court, arbitrator, grand jury, or Governmental Agency applicable to the Company or any of the Banks; or (4) any statute, rule or regulation applicable to the Company, except, in the case of items (2), (3) or (4), for such violations, conflicts, breaches and default that would not reasonably be expected to have, singularly or in the aggregate, a Material Adverse Effect on the Company and its Subsidiaries taken as a whole, or (ii) result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any property or asset of the Company. Neither the Company nor the Banks are in default in the performance, observance or fulfillment of any of the terms, obligations, covenants, conditions or provisions contained in any indenture, note or other agreement or instrument creating, evidencing or securing Indebtedness of any kind or pursuant to which any such Indebtedness is issued, or any other agreement or instrument to which the Company or any of the Banks, as applicable, is a party or by which the Company or any of the Banks, as applicable, or any of its properties may be bound or affected, except, in each case, only such defaults that would not reasonably be expected to have, singularly or in the aggregate, a Material Adverse Effect on the Company.

**4.2.6 Governmental Consent.** No governmental orders, permissions, consents, approvals or authorizations are required to be obtained by the Company that have not been obtained, and no registrations or declarations are required to be filed by the Company that have not been filed in connection with, or, in contemplation of, the execution and delivery of, and performance under, the Transaction Documents, except for applicable requirements, if any, of the Securities Act, the Exchange Act or state securities laws or “blue sky” laws of the various states and any applicable federal or state banking laws and regulations.

**4.3 Possession of Licenses and Permits.** The Company and its Subsidiaries possess such permits, licenses, approvals, consents and other authorizations (collectively, “Governmental Licenses”) issued by the appropriate Governmental Agencies necessary to conduct the business now operated by them except where the failure to possess such Governmental Licenses would not, singularly or in the aggregate, have a Material Adverse Effect on the Company or such applicable Subsidiary; the Company and each Subsidiary of the Company is in compliance with the terms and conditions of all such Governmental Licenses, except where the failure so to comply would not, individually or in the aggregate, have a Material Adverse Effect on the Company or such applicable Subsidiary of the Company; all of the Governmental Licenses are valid and in full force and effect, except where the invalidity of such Governmental Licenses or the failure of such Governmental Licenses to be in full force and effect would not have a Material Adverse Effect on the Company or such applicable Subsidiary of the Company; and neither the Company nor any Subsidiary of the Company has received any notice of proceedings relating to the revocation or modification of any such Governmental Licenses.

#### **4.4 Financial Condition.**

**4.4.1 Company Financial Statements.** The financial statements of the Company included in the Company's Reports (including the related notes, where applicable), which have been provided to the Purchasers (i) have been prepared from, and are in accordance with, the books and records of the Company; (ii) fairly present in all material respects the results of operations, cash flows, changes in stockholders' equity and financial position of the Company and its consolidated Subsidiaries, for the respective fiscal periods or as of the respective dates therein set forth (subject in the case of unaudited statements to recurring year-end audit adjustments normal in nature and amount), as applicable; (iii) complied as to form, as of their respective dates of filing in all material respects with applicable accounting and banking requirements as applicable, with respect thereto; and (iv) have been prepared in accordance with GAAP consistently applied during the periods involved, except, in each case, (x) as indicated in such statements or in the notes thereto, and (y) for any statement therein or omission therefrom that was corrected, amended, or supplemented or otherwise disclosed or updated in a subsequent Company's Report. The books and records of the Company have been, and are being, maintained in all material respects in accordance with GAAP and any other applicable legal and accounting requirements. The Company does not have any material liability of any nature whatsoever (whether absolute, accrued, contingent or otherwise and whether due or to become due), except for those liabilities that are reflected or reserved against on the consolidated balance sheet of the Company contained in the Company's Reports for the Company's most recently completed quarterly or annual fiscal period, as applicable, and for liabilities incurred in the ordinary course of business consistent with past practice or in connection with this Agreement and the transactions contemplated hereby.

**4.4.2 Absence of Default.** Since the end of the Company's last fiscal year ended December 31, 2019, no event has occurred which either of itself or with the lapse of time or the giving of notice or both, would give any creditor of the Company the right to accelerate the maturity of any material Indebtedness of the Company. The Company is not in default under any Lease, agreement or instrument, or any law, rule, regulation, order, writ, injunction, decree, determination or award, except where non-compliance could not reasonably be expected to result in a Material Adverse Effect on the Company.

**4.4.3 Solvency.** After giving effect to the consummation of the transactions contemplated by this Agreement, the Company has capital sufficient to carry on its business and transactions and is solvent and able to pay its debts as they mature. No transfer of property is being made and no Indebtedness is being incurred in connection with the transactions contemplated by this Agreement with the intent to hinder, delay or defraud either present or future creditors of the Company or any Subsidiary of the Company.

**4.4.4 Ownership of Property.** The Company and each of its Subsidiaries has good and marketable title as to all real property owned by it and good title to all assets and properties owned by the Company and such Subsidiary in the conduct of its businesses, whether such assets and properties are real or personal, tangible or intangible, including assets and property reflected in the most recent balance sheet contained in the Company's Reports or acquired subsequent thereto (except to the extent that such assets and properties have been disposed of in the ordinary course of business, since the date of such balance sheet), subject to no encumbrances, liens, mortgages, security interests or pledges, except (i) those items which secure liabilities for public or statutory obligations or any discount with, borrowing from or other obligations to the Federal Home Loan Bank, inter-bank credit facilities, reverse repurchase agreements or any transaction by any of the Banks acting in a fiduciary capacity, (ii) statutory liens for amounts not yet delinquent or which are being contested in good faith and (iii) such as do not, individually or in the aggregate, materially and adversely affect the value of such property and do not materially interfere with the use made and proposed to be made of such property by the Company or any of its Subsidiaries. The Company and each of its Subsidiaries, as lessee, has the right under valid and existing Leases of real and

personal properties that are material to the Company or such Subsidiary, as applicable, in the conduct of its business to occupy or use all such properties as presently occupied and used by it. Such existing Leases and commitments to Lease constitute or will constitute operating Leases for both tax and financial accounting purposes except as otherwise disclosed in the Company's Reports and the Lease expense and minimum rental commitments with respect to such Leases and Lease commitments are as disclosed in all material respects in the Company's Reports.

**4.5 No Material Adverse Change** Since the end of the Company's last fiscal year ended December 31, 2019, there has been no development or event which has had or could reasonably be expected to have a Material Adverse Effect on the Company or any of its Subsidiaries.

**4.6 Legal Matters.**

**4.6.1 Compliance with Law.** Except as previously disclosed in the Company Reports, the Company and each of its Subsidiaries (i) has complied with and (ii) is not under investigation with respect to, and, to the Company's knowledge, has not been threatened to be charged with or given any notice of any material violation of any applicable statutes, rules, regulations, orders and restrictions of any domestic or foreign government, or any instrumentality or agency thereof, having jurisdiction over the conduct of its business or the ownership of its properties, except where any such failure to comply or violation would not reasonably be expected to have a Material Adverse Effect on the Company and its Subsidiaries taken as a whole. Except as previously disclosed in the Company Reports, the Company and each of its Subsidiaries is in compliance with, and at all times prior to the date hereof has been in compliance with, (x) all statutes, rules, regulations, orders and restrictions of any domestic or foreign government, or any Governmental Agency, applicable to it, and (y) its own privacy policies and written commitments to customers, consumers and employees, concerning data protection, the privacy and security of personal data, and the nonpublic personal information of its customers, consumers and employees, in each case except where any such failure to comply, would not result, individually or in the aggregate, in a Material Adverse Effect. Except as previously disclosed in the Company Reports, at no time during the two years prior to the date hereof has the Company or any of its Subsidiaries received any written notice asserting any violations of any of the foregoing.

**4.6.2 Regulatory Enforcement Actions.** Except as previously disclosed in the Company Reports, the Company, the Banks and its other Subsidiaries are in compliance in all material respects with all laws administered by and regulations of any Governmental Agency applicable to it or to them, the failure to comply with which would have a Material Adverse Effect. None of the Company, the Banks, the Company's or the Banks' Subsidiaries nor any of their officers or directors is now operating under any restrictions, agreements, memoranda, commitment letter, supervisory letter or similar regulatory correspondence, or other commitments (other than restrictions of general application) imposed by any Governmental Agency, nor are, to the Company's knowledge and except as previously disclosed in the Company Reports, (i) any such restrictions threatened, (ii) any agreements, memoranda or commitments being sought by any Governmental Agency, or (iii) any legal or regulatory violations previously identified by, or penalties or other remedial action previously imposed by, any Governmental Agency remains unresolved.

**4.6.3 Pending Litigation.** There are no actions, suits, proceedings or written agreements pending, or, to the Company's knowledge, threatened or proposed, against the Company or any of its Subsidiaries at law or in equity or before or by any federal, state, municipal, or other governmental department, commission, board, or other administrative agency, domestic or foreign, that, either separately or in the aggregate, would reasonably be expected to have a Material Adverse Effect on the Company and any of its Subsidiaries, taken as a whole, or materially and adversely affect issuance or payment of the Subordinated Notes; and neither the Company nor any of its Subsidiaries is a party to or named as subject

to the provisions of any order, writ, injunction, or decree of, or any written agreement with, any Governmental Agency, that, either separately or in the aggregate, will have a Material Adverse Effect on the Company and any of its Subsidiaries, taken as a whole.

**4.6.4 Environmental.** No Property is or, to the Company's knowledge, has been a site for the use, generation, manufacture, storage, treatment, release, threatened release, discharge, disposal, transportation or presence of any Hazardous Materials and neither the Company nor any of its Subsidiaries has engaged in such activities. There are no claims or actions pending or, to the Company's knowledge, threatened against the Company or any of its Subsidiaries by any Governmental Agency or by any other Person relating to any Hazardous Materials or pursuant to any Hazardous Materials Law.

**4.6.5 Brokerage Commissions.** Except for commissions paid to the Placement Agent, neither the Company nor any Affiliate of the Company is obligated to pay any brokerage commission or finder's fee to any Person in connection with the transactions contemplated by this Agreement.

**4.6.6 Investment Company Act.** Neither the Company nor any of its Subsidiaries is an "investment company" or a company "controlled" by an "investment company," within the meaning of the Investment Company Act of 1940, as amended.

**4.7 No Misstatement.** None of the representations or warranties made by the Company in this Agreement, or in any certificate, or any statements made in any other document delivered to the Purchasers in connection with this Agreement (including the Investor Presentation, dated as of August 2020, but excluding any other materials furnished solely for due diligence purposes, including any materials furnished in any "virtual data room"), when viewed together as a whole, contains any untrue statement of a material fact, or omits to state a material fact necessary to make the statements contained therein not misleading in light of the circumstances when made or furnished to Purchasers and as of the date of this Agreement.

**4.8 Internal Accounting Controls.** The Company, the Banks and each other Subsidiary has established and maintains a system of internal control over financial reporting that pertains to the maintenance of records that accurately and fairly reflect the transactions and dispositions of the Company's assets (on a consolidated basis), provides reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that the Company's and the Banks' receipts and expenditures and receipts and expenditures of each of the Company's other Subsidiaries are being made only in accordance with authorizations of the Company management and board of directors, and provides reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of assets of the Company on a consolidated basis that could have a Material Adverse Effect. Such internal control over financial reporting is effective to provide reasonable assurance regarding the reliability of the Company's financial reporting and the preparation of the Company's financial statements for external purposes in accordance with GAAP. Since the conclusion of the Company's last completed fiscal year there has not been and there currently is not (i) any significant deficiency or material weakness in the design or operation of its internal control over financial reporting which is reasonably likely to adversely affect its ability to record, process, summarize and report financial information, or (ii) any fraud, whether or not material, that involves management or other employees who have a role in the Company's or the Banks' internal control over financial reporting. The Company (A) has implemented and maintains disclosure controls and procedures reasonably designed and maintained to ensure that material information relating to the Company is made known to the chief executive officer and the chief financial officer of the Company by others within the Company and (B) has disclosed, based on its most recent evaluation prior to the date hereof, to the Company's outside auditors and the audit committee of the Company's board of directors any significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the

Company's internal controls over financial reporting. Such disclosure controls and procedures are effective for the purposes for which they were established.

**4.9 Tax Matters.** The Company, the Banks and each Subsidiary of the Company have (i) filed all material foreign, U.S. federal, state and local tax returns, information returns and similar reports that are required to be filed, and all such tax returns are true, correct and complete in all material respects, and (ii) paid all material taxes required to be paid by it and any other material assessment, fine or penalty levied against it other than taxes (x) currently payable without penalty or interest, or (y) being contested in good faith by appropriate proceedings.

**4.10 Exempt Offering.** Assuming the accuracy of the Purchasers' representations and warranties set forth in this Agreement, no registration under the Securities Act or qualification under the Trust Indenture Act is required for the offer and sale of the Subordinated Notes by the Company to the Purchasers.

**4.11 Margin Rules.** Neither the issuance, sale and delivery of the Subordinated Notes nor the application of the proceeds thereof by the Company as described in Section 2.8 of this Agreement will violate Regulation T, U or X of the FRB.

**4.12 Representations and Warranties Generally.** The representations and warranties of the Company set forth in this Agreement or in any other document delivered to the Purchasers by or on behalf of the Company pursuant to or in connection with this Agreement are true and correct as of the date hereof and as otherwise specifically provided herein or therein.

## **5. GENERAL COVENANTS, CONDITIONS AND AGREEMENTS.**

The Company hereby further covenants and agrees with each Purchaser as follows:

**5.1 Compliance with Transaction Documents.** The Company shall comply with, observe and timely perform each and every one of the covenants, agreements and obligations under the Transaction Documents.

**5.2 Affiliate Transactions.** The Company shall not itself, nor shall it cause, permit or allow any of its Subsidiaries to enter into any material transaction, including the purchase, sale or exchange of property or the rendering of any service, with any Affiliate of the Company except in the ordinary course of business and pursuant to the reasonable requirements of the Company's or such Affiliate's business and upon terms consistent with applicable laws and regulations and reasonably found by the appropriate board(s) of directors to be fair and reasonable and no less favorable to the Company or such Affiliate than would be obtained in a comparable arm's length transaction with a Person not an Affiliate.

### **5.3 Compliance with Laws; Other Agreements.**

**5.3.1 Generally.** The Company shall comply and cause the Banks and each of its other Subsidiaries to comply in all material respects with all applicable statutes, rules, regulations, orders and restrictions in respect of the conduct of its business and the ownership of its properties, except, in each case, where such noncompliance would not reasonably be expected to have a Material Adverse Effect on the Company.

**5.3.2 Regulated Activities.** The Company shall not itself, nor shall it cause, permit or allow the Banks or any other of its Subsidiaries to (i) engage in any business or activity not permitted by all applicable laws and regulations, except where such business or activity would not reasonably be

expected to have a Material Adverse Effect on the Company, the Banks and/or such of its Subsidiaries or (ii) make any loan or advance secured by the capital stock of another bank or depository institution, or acquire the capital stock, assets or obligations of or any interest in another bank or depository institution, in each case other than in accordance with applicable laws and regulations and safe and sound banking practices.

**5.3.3 Taxes.** The Company shall and shall cause the Banks and any other of its Subsidiaries to promptly pay and discharge all taxes, assessments and other governmental charges imposed upon the Company, the Banks or any other of its Subsidiaries or upon the income, profits, or property of the Company or any Subsidiary and all claims for labor, material or supplies which, if unpaid, might by law become a lien or charge upon the property of the Company, the Banks or any other of its Subsidiaries. Notwithstanding the foregoing, none of the Company, the Banks or any other of its Subsidiaries shall be required to pay any such tax, assessment, charge or claim, so long as the validity thereof shall be contested in good faith by appropriate proceedings, and appropriate reserves therefor shall be maintained on the books of the Company, the Banks and such other Subsidiary.

**5.3.4 Corporate Existence.** The Company shall do or cause to be done all things reasonably necessary to maintain, preserve and renew its corporate existence and the corporate or limited liability company existence of the Banks and the other Subsidiaries and its and their rights and franchises, and comply in all material respects with all related laws applicable to the Company, the Banks or the other Subsidiaries; provided, however, that the Company may consummate the transactions described in Section 9(b) of the Subordinated Notes in accordance with the provisions of that section.

**5.3.5 Dividends, Payments, and Guarantees During Event of Default.** Upon the occurrence of an Event of Default (as defined under the Subordinated Notes), until such Event of Default is cured by the Company or waived by the Noteholders (as defined under the Subordinated Notes) in accordance with Section 18 (Waiver and Consent) of the Subordinated Notes and except as required by any federal or state Governmental Agency, the Company shall not (i) declare or pay any dividends or distributions on, or redeem, purchase, acquire or make a liquidation payment with respect to, any of its capital stock; (ii) make any payment of principal of, or interest or premium, if any, on, or repay, repurchase or redeem any of the Company's Indebtedness that ranks equal with or junior to the Subordinated Notes; or (iii) make any payments under any guarantee that ranks equal with or junior to the Subordinated Notes, other than (A) any dividends or distributions in shares of, or options, warrants or rights to subscribe for or purchase shares of, any class of the Company's common stock; (B) any declaration of a non-cash dividend in connection with the implementation of a shareholders' rights plan, or the issuance of stock under any such plan in the future, or the redemption or repurchase of any such rights pursuant thereto; (C) as a result of a reclassification of the Company's capital stock or the exchange or conversion of one class or series of the Company's capital stock for another class or series of the Company's capital stock; (D) the purchase of fractional interests in shares of the Company's capital stock pursuant to the conversion or exchange provisions of such capital stock or the security being converted or exchanged; or (E) purchases of any class of the Company's common stock related to the issuance of common stock or rights under any benefit plans for the Company's directors, officers or employees or any of the Company's dividend reinvestment plans. In addition, the Company shall comply with the limitations on dividends set forth in Section 9(a) of the Subordinated Notes.

**5.3.6 Tier 2 Capital.** If all or any portion of the Subordinated Notes ceases to be deemed to be Tier 2 Capital, other than due to the limitation imposed on the capital treatment of subordinated debt during the five (5) years immediately preceding the Maturity Date of the Subordinated Notes, the Company will immediately notify the Noteholder (as defined in the Subordinated Note), and

thereafter the Company and the Noteholder (as defined in the Subordinated Note) will work together in good faith to execute and deliver all agreements as reasonably necessary in order to restructure the applicable portions of the obligations evidenced by the Subordinated Notes to qualify as Tier 2 Capital; provided, however, that nothing contained in this Agreement shall limit the Company's right to redeem the Subordinated Notes upon the occurrence of a Tier 2 Capital Event as described in the Subordinated Notes.

**5.4 Absence of Control.** It is the intent of the parties to this Agreement that in no event shall the Purchasers, by reason of any of the Transaction Documents, be deemed to control, directly or indirectly, the Company, and the Purchasers shall not exercise, or be deemed to exercise, directly or indirectly, a controlling influence over the management or policies of the Company.

**5.5 Secondary Market Transactions.** Each Purchaser shall have the right at any time and from time to time to securitize its Subordinated Notes or any portion thereof in a single asset securitization or a pooled loan securitization of rated single or multi-class securities secured by or evidencing ownership interests in the Subordinated Notes (each such securitization is referred to herein as a "Secondary Market Transaction"). In connection with any such Secondary Market Transaction, the Company shall, at the Company's expense, cooperate with the Purchasers and otherwise reasonably assist the Purchasers in satisfying the market standards to which Purchasers customarily adhere or which may be reasonably required in the marketplace or by applicable rating agencies in connection with any such Secondary Market Transaction. Subject to any written confidentiality obligation, all information regarding the Company may be furnished, without liability except in the case of gross negligence or willful misconduct, to any the Purchaser and to any Person reasonably deemed necessary by Purchaser in connection with participation in such Secondary Market Transaction. All documents, financial statements, appraisals and other data relevant to the Company or the Subordinated Notes may be retained by any such Person, subject to the terms of any applicable confidentiality agreements.

**5.6 Bloomberg.** The Company shall use commercially reasonable efforts to cause the Subordinated Notes to be quoted on Bloomberg.

**5.7 Rule 144A Information.** While any Subordinated Notes remain "restricted securities" within the meaning of the Securities Act, the Company will make available, upon request, to any seller of such Subordinated Notes the information specified in Rule 144A(d)(4) under the Securities Act, unless the Company is then subject to Section 13 or 15(d) of the Exchange Act.

**5.8 NRSRO Rating.** The Company will use commercially reasonable efforts to maintain a rating by a nationally recognized statistical rating organization ("NRSRO") while any Subordinated Notes remain outstanding.

## **6. REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE PURCHASERS.**

Each Purchaser hereby represents and warrants to the Company, and covenants with the Company, severally and not jointly, as follows:

**6.1 Legal Power and Authority.** It has all necessary power and authority to execute, deliver and perform its obligations under this Agreement and to consummate the transactions contemplated hereby. It is an entity duly organized, validly existing and in good standing under the laws of its jurisdiction of organization.

**6.2 Authorization and Execution.** The execution, delivery and performance of this Agreement has been duly authorized by all necessary action on the part of such Purchaser, and, assuming due authorization, execution and delivery by the other parties hereto, this Agreement is a legal, valid and



binding obligation of such Purchaser, enforceable against such Purchaser in accordance with its terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws relating to or affecting creditors' rights generally or by general equitable principles.

**6.3 No Conflicts.** Neither the execution, delivery or performance of the Transaction Documents nor the consummation of any of the transactions contemplated thereby will conflict with, violate, constitute a breach of or a default (whether with or without the giving of notice or lapse of time or both) under (i) its organizational documents, (ii) any agreement to which it is party, (iii) any law applicable to it or (iv) any order, writ, judgment, injunction, decree, determination or award binding upon or affecting it.

**6.4 Purchase for Investment.** It is purchasing the Subordinated Note for its own account and not with a view to distribution and with no present intention of reselling, distributing or otherwise disposing of the same. It has no present or contemplated agreement, undertaking, arrangement, obligation, Indebtedness or commitment providing for, or which is likely to compel, a disposition of the Subordinated Notes in any manner.

**6.5 Institutional Accredited Investor.** It is and will be on the Closing Date (i) an institutional "accredited investor" as such term is defined in Rule 501(a) of Regulation D and as contemplated by subsections (1), (2), (3) and (7) of Rule 501(a) of Regulation D, and has no less than \$5,000,000 in total assets, or (ii) a QIB.

**6.6 Financial and Business Sophistication.** It has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of the prospective investment in the Subordinated Notes. It has relied solely upon its own knowledge of, and/or the advice of its own legal, financial or other advisors with regard to, the legal, financial, tax and other considerations involved in deciding to invest in the Subordinated Notes.

**6.7 Ability to Bear Economic Risk of Investment.** It recognizes that an investment in the Subordinated Notes involves substantial risk. It has the ability to bear the economic risk of the prospective investment in the Subordinated Notes, including the ability to hold the Subordinated Notes indefinitely, and further including the ability to bear a complete loss of all of its investment in the Company.

**6.8 Information.** It acknowledges that (i) it is not being provided with the disclosures that would be required if the offer and sale of the Subordinated Notes were registered under the Securities Act, nor is it being provided with any offering circular or prospectus prepared in connection with the offer and sale of the Subordinated Notes; (ii) it has conducted its own examination of the Company and the terms of the Subordinated Notes to the extent it deems necessary to make its decision to invest in the Subordinated Notes; and (iii) it has availed itself of publicly available financial and other information concerning the Company to the extent it deems necessary to make its decision to purchase the Subordinated Notes. It has reviewed the information set forth in the Company's Reports, the exhibits hereto and the information contained in the data room established by the Company in connection with the transactions contemplated by this Agreement.

**6.9 Access to Information.** It acknowledges that it and its advisors have been furnished with all materials relating to the business, finances and operations of the Company that have been requested by it or its advisors and have been given the opportunity to ask questions of, and to receive answers from, persons acting on behalf of the Company concerning terms and conditions of the transactions contemplated by this Agreement in order to make an informed and voluntary decision to enter into this Agreement.

**6.10 Investment Decision.** It has made its own investment decision based upon its own judgment, due diligence and advice from such advisors as it has deemed necessary and not upon any view expressed by any other Person or entity, including the Placement Agent. Neither such inquiries nor any other due diligence investigations conducted by it or its advisors or representatives, if any, shall modify, amend or affect its right to rely on the Company's representations and warranties contained herein. It is not relying upon, and has not relied upon, any advice, statement, representation or warranty made by any Person by or on behalf of the Company, including, without limitation, the Placement Agent, except for the express statements, representations and warranties of the Company made or contained in this Agreement. Furthermore, it acknowledges that (i) the Placement Agent has not performed any due diligence review on behalf of it and (ii) nothing in this Agreement or any other materials presented by or on behalf of the Company to it in connection with the purchase of the Subordinated Notes constitutes legal, tax or investment advice.

**6.11 Private Placement; No Registration; Restricted Legends.** It understands and acknowledges that the Subordinated Notes are being sold by the Company without registration under the Securities Act in reliance on the exemption from federal and state registration set forth in, respectively, Rule 506(b) of Regulation D promulgated under Section 4(a)(2) of the Securities Act and Section 18 of the Securities Act, or any state securities laws, and accordingly, may be resold, pledged or otherwise transferred only in compliance with the registration requirements of federal and state securities laws or if exemptions from the Securities Act and applicable state securities laws are available to it. It is not subscribing for the Subordinated Notes as a result of or subsequent to any advertisement, article, notice or other communication published in any newspaper, magazine or similar media or broadcast over television or radio, or presented at any seminar or meeting. It further acknowledges and agrees that all certificates or other instruments representing the Subordinated Notes will bear the restrictive legend set forth in the form of Subordinated Note. It further acknowledges its primary responsibilities under the Securities Act and, accordingly, will not sell or otherwise transfer the Subordinated Notes or any interest therein without complying with the requirements of the Securities Act and the rules and regulations promulgated thereunder and the requirements set forth in this Agreement.

**6.12 Placement Agent.** It will purchase the Subordinated Note(s) directly from the Company and not from the Placement Agent and understands that neither the Placement Agent nor any other broker or dealer has any obligation to make a market in the Subordinated Notes.

**6.13 Tier 2 Capital.** If the Company provides notice as contemplated in Section 4(a) of the Subordinated Notes, thereafter the Company and the Purchasers will work together in good faith to execute and deliver all agreements as reasonably necessary in order to restructure the applicable portions of the obligations evidenced by the Subordinated Notes to qualify as Tier 2 Capital; provided, however, that nothing contained in this Agreement shall limit the Company's right to redeem the Subordinated Notes upon the occurrence of a Tier 2 Capital Event as described in the Subordinated Notes.

**6.14 Accuracy of Representations.** It understands that each of the Placement Agent and the Company are relying upon the truth and accuracy of the foregoing representations, acknowledgements and agreements in connection with the transactions contemplated by this Agreement.

**6.15 Representations and Warranties Generally.** The representations and warranties of the Purchaser set forth in this Agreement are true and correct as of the date hereof and will be true and correct as of the Closing Date and except as otherwise specifically provided herein. Any certificate signed by a duly authorized representative of the Purchaser and delivered to the Company or to counsel for the Company shall be deemed to be a representation and warranty by the Purchaser to the Company as to the matters set forth therein.

7. **MISCELLANEOUS.**

**7.1 Prohibition on Assignment by the Company.** Except as described in Section 9(b) (Merger or Sale of Assets) of the Subordinated Notes, the Company may not assign, transfer or delegate any of its rights or obligations under this Agreement or the Subordinated Notes without the prior written consent of all the Noteholders (as defined in the Subordinated Note). In addition, in accordance with the terms of the Subordinated Notes, any transfer of such Subordinated Notes by the Noteholders (as defined in the Subordinated Note) must be made in accordance with the Assignment Form attached thereto and the requirements and restrictions thereof.

**7.2 Time of the Essence.** Time is of the essence for this Agreement.

**7.3 Waiver or Amendment.** Except as may apply to any particular waiving or consenting Purchaser, no waiver or amendment of any term, provision, condition, covenant or agreement herein shall be effective except with the consent of Purchasers (or their successors and assigns) holding at least fifty percent (50%) of the aggregate principal amount (excluding any Subordinated Notes held by the Company or any of its Affiliates) of the Subordinated Notes issued hereunder; *provided, however*, that without the consent of each Purchaser of an affected Subordinated Note, no such amendment or waiver may: (i) reduce the principal amount of the Subordinated Note; (ii) reduce the rate of or change the time for payment of interest on any Subordinated Note; (iii) extend the maturity of any Subordinated Note; (iv) change the currency in which payment of the obligations of the Company under this Agreement and the Subordinated Notes are to be made; (v) lower the percentage of aggregate principal amount of outstanding Subordinated Notes required to approve any amendment of this Agreement or the Subordinated Notes; (vi) make any changes to Section 4(c) (Partial Redemption), Section 6 (Events of Default; Acceleration), Section 7 (Failure to Make Payments), Section 16 (Priority), or Section 18 (Waiver and Consent) of the Subordinated Notes that adversely affects the rights of any holder of a Subordinated Note; (vii) make any changes to this Section 7.3 (Waiver or Amendment) that adversely affects the rights of any Purchaser; or (viii) disproportionately affect the rights of any of the holders of the then outstanding Subordinated Notes. Notwithstanding the foregoing, the Company may amend or supplement this Agreement without the consent of any Purchasers to cure any ambiguity, defect or inconsistency or to provide for uncertificated Subordinated Notes in addition to or in place of certificated Subordinated Notes, or to make any change that does not adversely affect the rights of any Purchaser. No failure to exercise or delay in exercising, by a Purchaser or any holder of the Subordinated Notes, of any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege preclude any other or further exercise thereof, or the exercise of any other right or remedy provided by law. The rights and remedies provided in this Agreement are cumulative and not exclusive of any right or remedy provided by law or equity. No notice or demand on the Company in any case shall, in itself, entitle the Company to any other or further notice or demand in similar or other circumstances or constitute a waiver of the rights of the Purchasers to any other or further action in any circumstances without notice or demand. No consent or waiver, expressed or implied, by the Purchasers to or of any breach or default by the Company in the performance of its obligations hereunder shall be deemed or construed to be a consent or waiver to or of any other breach or default in the performance of the same or any other obligations of the Company hereunder. Failure on the part of the Purchasers to complain of any acts or failure to act or to declare an Event of Default, irrespective of how long such failure continues, shall not constitute a waiver by the Purchasers of their rights hereunder or impair any rights, powers or remedies on account of any breach or default by the Company.

**7.4 Severability.** Any provision of this Agreement which is unenforceable or invalid or contrary to law, or the inclusion of which would adversely affect the validity, legality or enforcement of this Agreement, shall be of no effect and, in such case, all the remaining terms and provisions of this Agreement shall subsist and be fully effective according to the tenor of this Agreement the same as though

any such invalid portion had never been included herein. Notwithstanding any of the foregoing to the contrary, if any provisions of this Agreement or the application thereof are held invalid or unenforceable only as to particular persons or situations, the remainder of this Agreement, and the application of such provision to persons or situations other than those to which it shall have been held invalid or unenforceable, shall not be affected thereby, but shall continue valid and enforceable to the fullest extent permitted by law.

**7.5 Notices.** Any notice which any party hereto may be required or may desire to give hereunder shall be deemed to have been given if in writing and if delivered personally, or if mailed, postage prepaid, by United States registered or certified mail, return receipt requested, or if delivered by a responsible overnight commercial courier promising next business day delivery, addressed:

if to the Company: HBT Financial, Inc.  
401 North Hershey Road  
Bloomington, Illinois 61704  
Attention: Matthew J. Doherty

with a copy to: Kirkland & Ellis LLP  
300 North LaSalle Street  
Chicago, Illinois 60654  
Attention: Edwin S. del Hierro, P.C.

if to the Purchasers: To the address indicated on such Purchaser's signature page.

or to such other address or addresses as the party to be given notice may have furnished in writing to the party seeking or desiring to give notice, as a place for the giving of notice; provided that no change in address shall be effective until five (5) Business Days after being given to the other party in the manner provided for above. Any notice given in accordance with the foregoing shall be deemed given when delivered personally or, if mailed, three (3) Business Days after it shall have been deposited in the United States mails as aforesaid or, if sent by overnight courier, the Business Day following the date of delivery to such courier (provided next business day delivery was requested).

**7.6 Successors and Assigns.** This Agreement shall inure to the benefit of the parties and their respective heirs, legal representatives, successors and assigns; except that, unless a Purchaser consents in writing, no assignment made by the Company in violation of this Agreement shall be effective or confer any rights on any purported assignee of the Company. The term "successors and assigns" will not include a purchaser of any of the Subordinated Notes or a beneficial interest therein from any Purchaser merely because of such purchase.

**7.7 No Joint Venture.** Nothing contained herein or in any document executed pursuant hereto and no action or inaction whatsoever on the part of a Purchaser, shall be deemed to make a Purchaser a partner or joint venturer with the Company.

**7.8 Documentation.** All documents and other matters required by any of the provisions of this Agreement to be submitted or furnished to a Purchaser shall be in form and substance satisfactory to such Purchaser.

**7.9 Entire Agreement.** This Agreement and the Subordinated Notes, along with any exhibits thereto, constitute the entire agreement between the parties hereto with respect to the subject matter hereof and may not be modified or amended in any manner other than by supplemental written agreement executed by the parties hereto. No party, in entering into this Agreement, has relied upon any representation,

warranty, covenant, condition or other term that is not set forth in this Agreement or in the Subordinated Notes.

**7.10 Choice of Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of New York without giving effect to its laws or principles of conflict of laws. Nothing herein shall be deemed to limit any rights, powers or privileges which a Purchaser may have pursuant to any law of the United States of America or any rule, regulation or order of any department or agency thereof and nothing herein shall be deemed to make unlawful any transaction or conduct by a Purchaser which is lawful pursuant to, or which is permitted by, any of the foregoing.

**7.11 No Third Party Beneficiary.** This Agreement is made for the sole benefit of the Company and the Purchasers, and no other Person shall be deemed to have any privity of contract hereunder nor any right to rely hereon to any extent or for any purpose whatsoever, nor shall any other Person have any right of action of any kind hereon or be deemed to be a third party beneficiary hereunder; *provided*, that the Placement Agent may rely on the representations and warranties contained herein to the same extent as if it were a party to this Agreement.

**7.12 Legal Tender of United States.** All payments hereunder shall be made in coin or currency which at the time of payment is legal tender in the United States of America for public and private debts.

**7.13 Captions; Counterparts.** Captions contained in this Agreement in no way define, limit or extend the scope or intent of their respective provisions. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which taken together shall constitute but one and the same instrument. In the event that any signature on this Agreement in favor of the Purchasers and all other documents delivered hereunder (other than the Subordinated Notes) is delivered by facsimile transmission, or by e-mail delivery of a “.pdf” format data file, such signature shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) with the same force and effect as if such facsimile signature page were an original thereof.

**7.14 Knowledge; Discretion.** All references herein to the Company’s knowledge shall be deemed to mean the knowledge of such party based on the actual knowledge of such party’s President, chief executive officer and chief financial officer or such other persons holding equivalent offices. All references herein to Purchaser’s knowledge shall be deemed to mean the knowledge of such Purchaser based on the actual knowledge of Purchaser’s chief executive officer and chief financial officer or such other persons holding equivalent offices. Unless specified to the contrary herein, all references herein to an exercise of discretion or judgment by a Purchaser, to the making of a determination or designation by a Purchaser, to the application of a Purchaser’s discretion or opinion, to the granting or withholding of a Purchaser’s consent or approval, to the consideration of whether a matter or thing is satisfactory or acceptable to a Purchaser, or otherwise involving the decision making of a Purchaser, shall be deemed to mean that such Purchaser shall decide using the reasonable discretion or judgment of a prudent lender.

**7.15 Waiver Of Right To Jury Trial.** TO THE EXTENT PERMITTED UNDER APPLICABLE LAW, THE PARTIES HERETO HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE ANY RIGHT THAT THEY MAY HAVE TO A TRIAL BY JURY IN ANY LITIGATION ARISING IN ANY WAY IN CONNECTION WITH ANY OF THE TRANSACTION DOCUMENTS, OR ANY OTHER STATEMENTS OR ACTIONS OF THE COMPANY OR THE PURCHASERS. THE PARTIES ACKNOWLEDGE THAT THEY HAVE BEEN REPRESENTED IN THE SIGNING OF THIS AGREEMENT AND IN THE MAKING OF THIS WAIVER BY INDEPENDENT LEGAL COUNSEL SELECTED OF THEIR OWN FREE WILL. THE PARTIES FURTHER ACKNOWLEDGE THAT (I) THEY HAVE READ AND UNDERSTAND THE MEANING

AND RAMIFICATIONS OF THIS WAIVER, (II) THIS WAIVER HAS BEEN REVIEWED BY THE PARTIES AND THEIR COUNSEL AND IS A MATERIAL INDUCEMENT FOR ENTRY INTO THIS AGREEMENT AND (III) THIS WAIVER SHALL BE EFFECTIVE AS TO EACH OF SUCH TRANSACTION DOCUMENTS AS IF FULLY INCORPORATED THEREIN.

**7.16 Expenses.** Except as otherwise provided in this Agreement, each of the parties will bear and pay all other costs and expenses incurred by it or on its behalf in connection with the transactions contemplated pursuant to this Agreement.

**7.17 Survival.** Each of the representations and warranties set forth in this Agreement shall survive the consummation of the transactions contemplated hereby for a period of one year after the date hereof. Except as otherwise provided herein, all covenants and agreements contained herein shall survive until, by their respective terms, they are no longer operative.

*[Signature Pages Follow]*

**IN WITNESS WHEREOF**, the Company has caused this Subordinated Note Purchase Agreement to be executed by its duly authorized representative as of the date first above written.

**COMPANY:**

**HBT FINANCIAL, INC.**

By: /s/ Matthew J. Doherty  
Name: Matthew J. Doherty  
Title: Executive Vice President & Chief Financial Officer

*[Company Signature Page to Subordinated Note Purchase Agreement]*

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IN WITNESS WHEREOF, the Purchaser has caused this Subordinated Note Purchase Agreement to be executed by its duly authorized representative as of the date first above written.

**PURCHASER:**

[INSERT PURCHASER'S NAME]

By: \_\_\_\_\_  
Name: [●]  
Title: [●]

Address of Purchaser:

[●]

Principal Amount of Purchased Subordinated Note:

[\$[●]]

*[Purchaser Signature Page to Subordinated Note Purchase Agreement]*

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**SCHEDULE 4.1.1.2**

**Subsidiaries**

<b>Subsidiary</b>	<b>State or Other Jurisdiction Of Incorporation</b>
Heartland Bank and Trust Company	Illinois
State Bank of Lincoln	Illinois
Heartland Real Estate Holdings, LLC	Illinois
Lakewood & Barrington LLC	Illinois

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**FORM OF SUBORDINATED NOTE**

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**EXHIBIT B**

**OPINION OF COUNSEL**

1. Based solely on our review of the Company Good Standing Certificate, the Company validly exists as a corporation and is in good standing under the General Corporation Law of the State of Delaware. Further, the Company has all requisite corporate power to carry on its business as currently conducted.

2. Based solely on our review of the IDFPR Letters, the Banks are validly existing as commercial banks organized under the laws of the State of Illinois.

3. Based solely on our review of the BHC Information, the Company is duly registered as a bank holding company under the Bank Holding Company Act.

4. The Company has all requisite corporate power and authority to execute, deliver and perform its obligations under the Transaction Documents to which it is a party and to consummate the transactions contemplated by the Transaction Documents.

5. The Purchase Agreement has been duly authorized, executed and delivered by the Company.

6. The Notes have been duly authorized, executed and delivered by the Company, and when paid for by the Purchasers in accordance with the terms of the Purchase Agreement, will be valid and binding obligations of the Company, enforceable against the Company in accordance with their terms.

7. The execution and delivery of the Transaction Documents by the Company, the performance by the Company of its obligations thereunder, and the issuance and sale of the Notes in accordance with the terms of the Purchase Agreement do not and will not (i) conflict with or violate any of the terms or provisions of the Company Organizational Documents, (ii) to our knowledge, violate or conflict with any judgment, decree or order identified to us by the Company (we note that none were identified) of any court or any judicial, regulatory or other legal or governmental agency or body having jurisdiction over the Company, or (iii) to our knowledge, violate any applicable provisions of the General Corporation Law of the State of Delaware, except in each of the cases of clauses (i) and (ii), for any such conflict, breach, violation or default which has been waived by the party or parties with power to waive such conflict, breach, violation or default.

8. No registration under the Securities Act of 1933, as amended (the "Securities Act"), of the Notes is required in connection with the sale of the Notes by the Company to the Purchasers in the manner contemplated by the Purchase Agreement, assuming (i) the accuracy and completeness of the Purchasers' representations set forth in Section 6 of the Purchase Agreement, and those of the Company set forth in the Purchase Agreement regarding, among other things, the absence of a general solicitation in connection with the sale of such Securities to the Purchasers, and (ii) the compliance with the procedures set forth in the Purchase Agreement by each party thereto.

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**HBT FINANCIAL, INC. ANNOUNCES  
ISSUANCE OF \$40 MILLION IN SUBORDINATED NOTES**

**Bloomington, IL, September 3, 2020** – HBT Financial, Inc. (NASDAQ: HBT) (the “Company” or “HBT Financial”), the holding company for Heartland Bank and Trust Company and State Bank of Lincoln, announced today the sale and issuance of \$40 million in aggregate principal amount of fixed-to-floating rate subordinated notes due 2030 (the “Notes”) to certain qualified institutional buyers and institutional accredited investors in a private placement transaction. The Company intends to use the net proceeds from the offering for general corporate purposes.

The Notes will bear interest at an initial fixed rate of 4.50% for five years and will reset quarterly thereafter to the then current three-month SOFR plus 437 basis points. The Company may redeem the Notes, in whole or in part, at its option, on or after September 15, 2025, or prior to such date under certain limited circumstances. The Notes are intended to qualify as Tier 2 capital of the Company for regulatory purposes.

Piper Sandler & Co. acted as sole placement agent. Barack Ferrazzano Kirschbaum & Nagelberg LLP served as legal counsel to the placement agent and Kirkland & Ellis LLP served as legal counsel to the Company.

**About HBT Financial, Inc.**

HBT Financial, Inc. is headquartered in Bloomington, Illinois and is the holding company for Heartland Bank and Trust Company and State Bank of Lincoln. The banks provide a comprehensive suite of business, commercial, wealth management, and retail banking products and services to individuals, businesses and municipal entities throughout Central and Northeastern Illinois through 63 branches. As of June 30, 2020, HBT had total assets of \$3.5 billion, total loans of \$2.3 billion, and total deposits of \$3.0 billion. HBT is a longstanding Central Illinois company, with banking roots that can be traced back 100 years.

**CONTACT:**

Matthew Keating  
HBTIR@hbtbank.com  
(310) 622-8230

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# HBT Financial, Inc.

August 2020

## Investor Presentation

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## Forward-Looking Statements

Certain statements contained in this presentation are forward-looking statements. Forward-looking statements may include statements relating to our future plans, strategies and expectations, as well as the economic impact of COVID-19 and the related impacts on our future financial results and statements about our near-term outlook, including near-term loan growth, net interest margin, provision for loan losses, service charges on deposit accounts, mortgage banking profits, wealth management fees, expenses, asset quality, capital levels and continued earnings. Forward looking statements are generally identifiable by use of the words "believe," "may," "will," "should," "could," "expect," "estimate," "intend," "anticipate," "project," "plan" or similar expressions. Forward looking statements are frequently based on assumptions that may or may not materialize and are subject to numerous uncertainties that could cause actual results to differ materially from those anticipated in the forward-looking statements. Factors that could cause actual results to differ materially from the results anticipated or projected and which could materially and adversely affect our operating results, financial condition or prospects include, but are not limited to: the severity, magnitude and duration of the COVID-19 pandemic; the direct and indirect impacts of the COVID-19 pandemic and governmental responses to the pandemic on our operations and our customers' businesses; the disruption of global, national, state and local economies associated with the COVID-19 pandemic, which could affect our capital levels and earnings, impair the ability of our borrowers to repay outstanding loans, impair collateral values and further increase our allowance for credit losses; 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 modelling estimates relating to interest rate changes; our access to sources of liquidity and capital to address our liquidity needs; our inability to receive dividends from the chartered banks we own (the "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 Corporation" under the applicable provisions of the Internal Revenue Code of 1986, as amended; 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 or elsewhere in this presentation. These risks and uncertainties should be considered in evaluating forward-looking statements and undue reliance should not be placed on such statements. Forward-looking statements speak only as of the date they are made. We do not undertake any obligation to update any forward-looking statement in the future, or to reflect circumstances and events that occur after the date on which the forward-looking statement was made.

## Non-GAAP Financial Measures

This presentation includes certain non-GAAP financial measures. While HBT Financial, Inc. ("HBT" or the "Company") believes these are useful measures for investors, they are not presented in accordance with GAAP. You should not consider non-GAAP measures in isolation or as a substitute for the most directly comparable or other financial measures calculated in accordance with GAAP. Because not all companies use identical calculations, the presentation herein of non-GAAP financial measures may not be comparable to other similarly titled measures of other companies. Tax equivalent adjustments assume a federal tax rate of 21% and state income tax rate of 9.50% during the three and six months ended June 30, 2020, three months ended March 31, 2020, and years ended December 31, 2019 and 2018, a federal tax rate of 35% and state income tax rate of 8.63% for the year ended December 31, 2017, and a federal tax rate of 35% and state income tax rate of 7.75% for the year ended December 31, 2016. For a reconciliation of the non-GAAP measures we use to the most comparable GAAP measures, see the Appendix to this presentation.

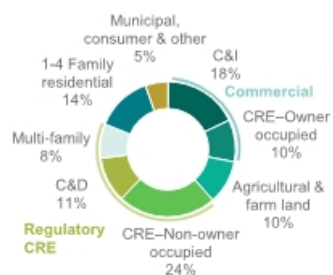


# Company snapshot

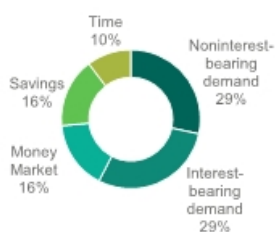
## Overview

- ✓ Company incorporated in 1982 from base of family-owned banks and completed its IPO in October 2019
- ✓ Headquartered in Bloomington, IL, with operations in Central Illinois and the Chicago MSA
- ✓ Leading market position in majority of core mid-sized markets in Central Illinois
- ✓ Strong deposit franchise with 14bps cost of deposits, 99% core deposits<sup>2</sup>
- ✓ Conservative credit culture, with 2bps NCOs on originated loans during the six months ended June 30, 2020<sup>3</sup>
- ✓ High profitability sustained through cycles

### Loan composition



### Deposit composition



## Financial highlights (\$mm)

As of or for the period ended		2017	2018	2019	1H20
<b>Balance sheet</b>	Total assets	\$3,313	\$3,250	\$3,245	\$3,501
	Total gross loans, HFI <sup>1</sup>	2,116	2,144	2,164	2,276
	Total deposits	2,856	2,796	2,777	3,015
	% Core deposits <sup>2</sup>	98.5%	98.7%	98.4%	99.2%
<b>Key performance indicators</b>	Loans-to-deposits	74.1%	76.7%	77.9%	75.5%
	Adjusted ROAA <sup>4</sup>	1.20%	1.55%	1.78%	1.00%
	Adjusted ROATCE <sup>4</sup>	13.0%	16.7%	18.3%	10.5%
	Cost of deposits	0.17%	0.21%	0.29%	0.19%
	NIM <sup>5</sup>	4.01%	4.25%	4.38%	3.79%
	Yield on loans	5.09%	5.35%	5.51%	4.86%
<b>Credit &amp; capital</b>	Efficiency ratio <sup>5</sup>	57.7%	54.3%	53.1%	62.6%
	NCOs / loans	0.15%	0.23%	0.07%	0.05%
	Originated NCOs / loans <sup>3</sup>	0.14%	0.17%	0.04%	0.02%
	NPLs / gross loans	1.04%	0.74%	0.88%	0.61%
	Originated NPLs / loans <sup>3</sup>	0.85%	0.54%	0.54%	0.43%
	NPAs / Loans + OREO	1.81%	1.18%	1.11%	0.81%
	Originated NPAs / Loans + OREO	1.17%	0.61%	0.59%	0.48%
CET1 (%)	12.1%	12.7%	12.2%	12.4%	

Note: Financial data as of and for the three months ended June 30, 2020 unless otherwise indicated; <sup>1</sup> Gross loans includes loans before allowance for loan losses; excludes loans held for sale; <sup>2</sup> Core deposits defined as all deposits excluding time deposits of \$250,000 or more and brokered deposits; for reconciliation with GAAP metric, see "Non-GAAP reconciliations"; <sup>3</sup> Originated loans represent loans initially originated by the Company and acquired loans that were refinanced using the Company's underwriting criteria; metrics derived from originated loan data are non-GAAP metrics; for a reconciliation with GAAP metrics, see "Non-GAAP reconciliations"; <sup>4</sup> Metric based on adjusted net income, which is a non-GAAP metric; for reconciliation with GAAP metric, see "Non-GAAP reconciliations"; net income presented on C-Corporation equivalent basis; <sup>5</sup> Tax-equivalent basis metric; for reconciliation with GAAP metric, see "Non-GAAP reconciliations"



## Experienced executive management team with deep community ties

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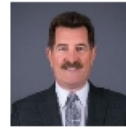
**Fred L. Drake**  
Chairman and CEO  
37 years with Company  
40 years in industry



**J. Lance Carter**  
President and  
Chief Operating Officer  
18 years with Company  
26 years in industry



**Matthew J. Doherty**  
Chief Financial Officer  
10 years with Company  
28 years in industry



**Patrick F. Busch**  
Chief Lending Officer,  
President of Heartland Bank  
25 years with Company  
42 years in industry



**Lawrence J. Horvath**  
Senior Regional Lender,  
Heartland Bank  
10 years with Company  
34 years in industry



**Larry J. Kallembach**  
Chief Information Officer  
4 years with Company  
42 years in industry



**Diane H. Lanier**  
Chief Retail Officer  
23 years with Company  
35 years in industry



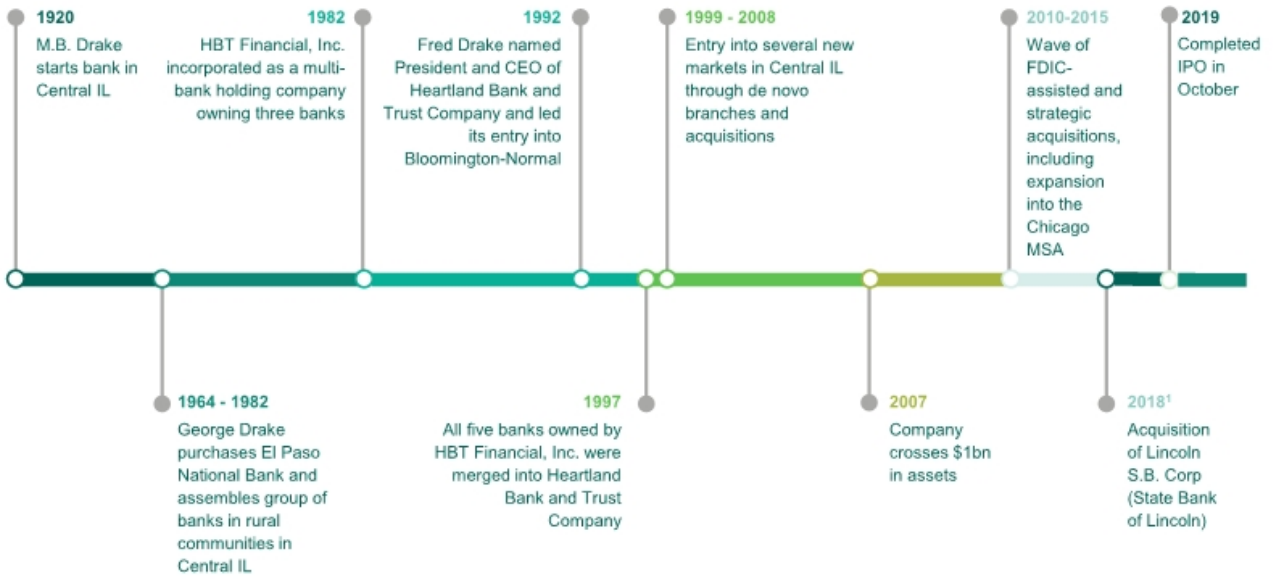
**Mark W. Scheirer**  
Chief Credit Officer  
9 years with Company  
28 years in industry



**Andrea E. Zurkamer**  
Chief Risk Officer  
7 years with Company  
20 years in industry



# Our history

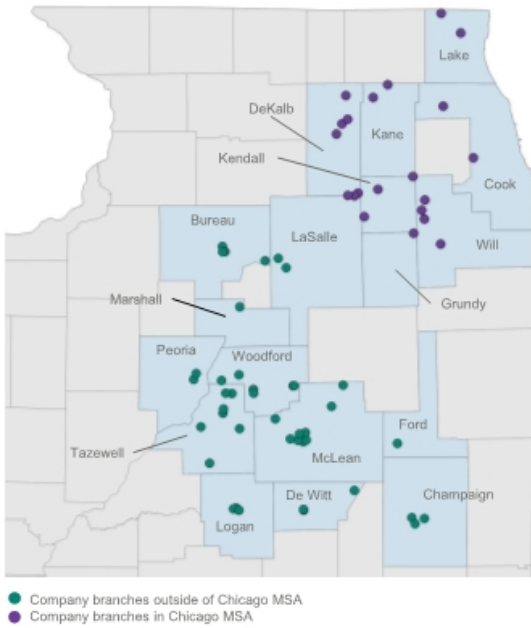


<sup>1</sup> Although the Lincoln Acquisition is identified as an acquisition above, the transaction was accounted for as a change of reporting entity due to its common control with the Company



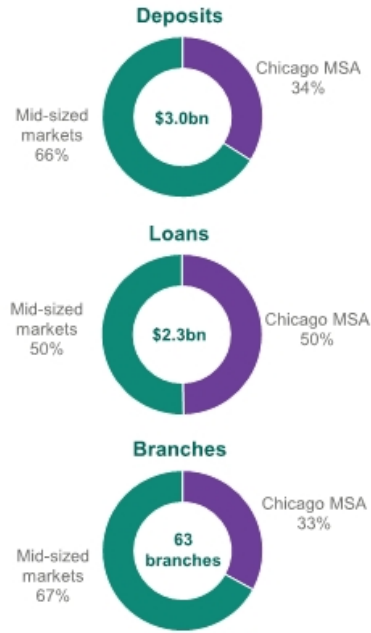
# Our markets

## Branch locations



Note: Financial data as of June 30, 2020

## Exposure to mid-sized markets and the Chicago MSA



## Our core operating principles

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### Prioritize safety and soundness

- Preserve asset quality through prudent underwriting standards
- Robust compliance management framework emphasizing sound governance practices
- Protect stable core deposit base through excellent customer service

### Maintain strong profitability

- Consistently generate strong earnings throughout various economic cycles, supported by:
  - Leading deposit share in our core markets
  - Underwriting attractively priced loans
  - Robust credit risk management framework
  - Diversified sources of fee income

### Continue disciplined growth

- Grow conservatively in our core mid-sized markets and in the Chicago MSA via organic channels and through M&A
- Pursue strategically compelling and financially attractive growth opportunities that are consistent with our culture

### Uphold our Midwestern values

- Long-time family-owned bank that demonstrates our values through hard work, perseverance, and doing the right thing
- Committed to all stakeholders, including our customers, employees, communities, and shareholders



# Business strategy

Small enough to know you, big enough to serve you

## Preserve strong ties to our communities

- Drake family involved in Central IL banking since 1920
- Management lives and works in our communities
- Community banking and relationship-based approach stems from adherence to our Midwestern values
- Committed to providing products and services to support the unique needs of our customer base
- Nearly all loans originated to borrowers domiciled within 60 miles of a branch

## Deploy excess deposit funding into loan growth opportunities

- Highly defensible market position (Top 3 deposit market share rank in 6 of 7 largest core mid-sized markets in Central Illinois) that contributes to our strong core deposit base and funding advantage
- Continue to deploy our excess deposit funding (75% loan-to-deposit ratio) into attractive loan opportunities in larger, more diversified markets
- Efficient decision-making process provides a competitive advantage over the larger and more bureaucratic money center and super regional financial institutions that compete in our markets

## Maintain a prudent approach to credit underwriting

- Robust underwriting standards will continue to be a hallmark of the Company
- Maintained sound credit quality and minimal originated problem asset levels during the Great Recession
- Diversified loan portfolio primarily within footprint
- Underwriting continues to be a strength as evidenced by only 4bps NCOs on loans originated by the Company in 2019<sup>1</sup>

## Pursue strategic acquisitions and sustain strong profitability

- Positioned to be the acquirer of choice for many potential partners in and adjacent to our existing markets
- Successful integration of 8 community bank acquisitions in the last 13 years
- Chicago MSA, in particular, has ~100 banking institutions with less than \$1bn in assets
- 1.78 ROAA%<sup>2</sup> and 4.38% NIM<sup>3</sup> in 2019, well above peer medians
- Highly profitable through the Great Recession

<sup>1</sup> Originated loans represent loans initially originated by the Company and acquired loans that were refinanced using the Company's underwriting criteria; metrics derived from originated loan data are non-GAAP metrics; for a reconciliation with GAAP metrics, see "Non-GAAP reconciliations"; <sup>2</sup> Metrics based on adjusted net income, which is a non-GAAP metric; for reconciliation with GAAP metrics, see "Non-GAAP reconciliations"; net income presented on C-Corporation equivalent basis; <sup>3</sup> Metrics presented on tax equivalent basis; peer metrics shown FTE where available; for reconciliation with GAAP metric, see "Non-GAAP reconciliations"

## Q2 2020 highlights

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### Maintained strong profitability

- Net income of \$7.4 million, or \$0.27 per diluted share; return on average assets (ROAA) of 0.86%; and return on average tangible common equity (ROATCE)<sup>(1)</sup> of 9.29%
- Adjusted net income<sup>(1)</sup> of \$8.2 million; or \$0.30 per diluted share, adjusted ROAA<sup>(1)</sup> of 0.95%; and adjusted ROATCE<sup>(1)</sup> of 10.29%

### Prioritized safety and soundness

- Nonperforming loans totaled \$14.0 million, or 0.61% of total loans, compared with \$15.4 million, or 0.72% of total loans, at 1Q20, and \$25.1 million, or 1.14% of total loans, at 2Q19
- Recorded net recoveries of \$63 thousand, delinquencies declined, nonperforming assets declined, a relatively small number of borrowers required a second deferral, and over 60% of loans modified due to a COVID-19 financial hardship have returned to regular payments

### Continued disciplined growth

- Total assets increased \$288 million, or 9%, from the linked quarter, driven by strong deposit growth and the addition of \$178 million of PPP loans
- Total deposits increased by \$284 million, or 10%, from the linked quarter, as cost of total deposits declined by 9 basis points to just 0.14%
- Loan-to-deposits ratio decreased to 75% from 78% in 1Q20

### Upheld Midwestern values

- Supported clients through waiving or refunding certain deposit fees, loan deferrals and PPP loans
- Placed the health of customers and employees first by implementing enhanced cleaning protocols and other safety measures at all locations

<sup>1</sup> See "Reconciliation of Non-GAAP Financial Measures" below for reconciliation of non-GAAP financial measures to their most comparable GAAP financial measures.

## Near-Term Outlook

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- Active participant in the Paycheck Protection Program (PPP); through June 30, 2020:
  - Approved and funded \$184 million of PPP loans to 2,245 businesses representing approximately 24,000 employees
  - Average loan size of \$82,000 and median loan size of \$25,000
  - Fees of \$7.5 million collected or expected on loans funded
  
- Loan pipelines are lower year-over-year and near-term loan growth (excluding the impact of PPP loans) is expected to be flat to a slight decline
  
- NIM pressure (excluding the impact of PPP loans and excess liquidity) is expected to moderate in Q3 2020
  
- Unless economic conditions and outlook worsen, we expect a smaller provision for loan losses in the second half of 2020 compared to the first half of 2020
  
- Service charges on deposit accounts are expected to improve in the second half of 2020, but still be below 2019 levels
  
- Mortgage banking profits are expected to remain strong in Q3 2020 based on current pipelines and premiums
  
- Noninterest expenses are expected to decline modestly from Q2 2020 levels in Q3 2020
  
- Conservative underwriting philosophy helps to mitigate near-term asset quality pressure and current credit metrics remain solid
  
- As an emerging growth company relying on the extended transition period for new or revised accounting standards, the Current Expected Credit Loss (CECL) standard will be effective for the company in 2023
  
- We believe our strong capital levels and continued earnings should allow the company to continue supporting clients and its current cash dividend



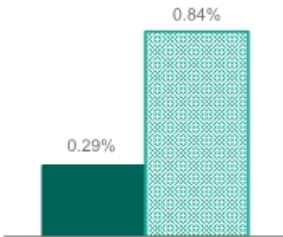
- 1  **Consistent performance through cycles**
- 2  **Leading market position in core mid-sized markets, with growth opportunity in the Chicago MSA**
- 3  **Stable, low-cost deposit base**
- 4  **Track record of successfully integrating acquisitions**
- 5  **Prudent risk management**

# 1 Company's performance compares favorably to peers . . .

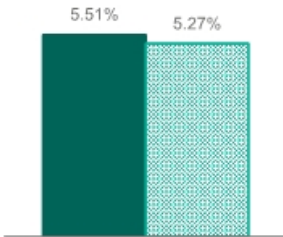
■ Company   ■ High-performing peers<sup>1</sup>

## 2019 Performance

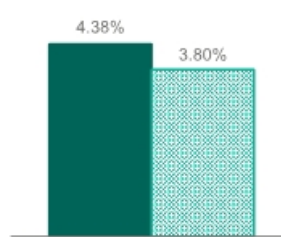
**Cost of deposits**



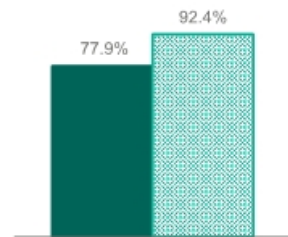
**Yield on loans**



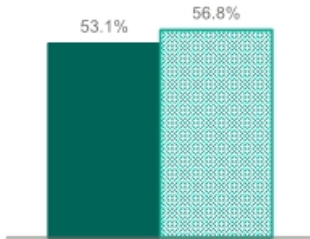
**Net interest margin (tax equivalent basis)<sup>2</sup>**



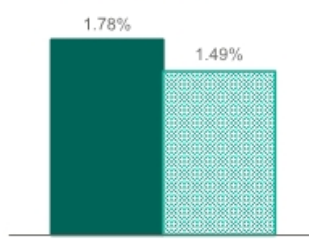
**Loans-to-deposits**



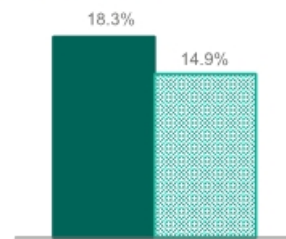
**Efficiency ratio (tax equivalent basis)<sup>2</sup>**



**Adjusted ROAA<sup>3</sup>**



**Adjusted ROATCE<sup>3</sup>**



Source: S&P Global Market Intelligence

Note: Financial data as of and for the twelve months ended December 31, 2019; Peer data as of and for the twelve months ended December 31, 2019 (as available as of May 15, 2020)

<sup>1</sup> Represents 30 high performing major exchange-traded banks headquartered in the Midwest with \$1.5-10bn in assets, core return on average assets greater than 1.10% and non-performing assets-to-assets less than 2.00% for the year ended December 31, 2019; <sup>2</sup> Metrics presented on tax equivalent basis; peer metrics shown FTE where available; for reconciliation with GAAP metric, see "Non-GAAP reconciliations"; <sup>3</sup> Metrics based on adjusted net income, which is a non-GAAP metric; for reconciliation with GAAP metric, see "Non-GAAP reconciliations"; net income presented on C-Corporation equivalent basis





# 1 . . . and has been sustained through cycles . . .

## Drivers of profitability

- 1 Strong, low-cost deposits supported by our leading market share in core mid-sized markets
- 2 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
- 4 Diversified sources of fee income, including in wealth management

## Pre-tax return on average assets (%)

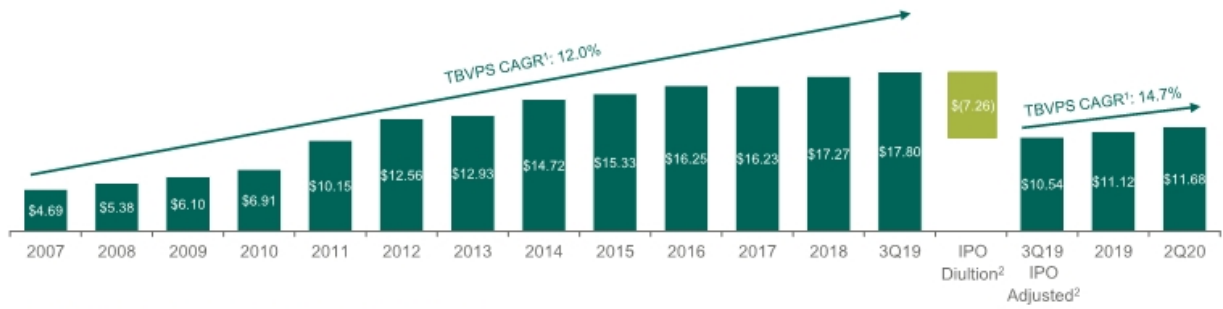


**Consistent outperformance, even during periods of broad economic stress**

Source: S&P Global Market Intelligence; For January 1, 2006 through June 30, 2012, the Company's pre-tax ROAA does not include Lincoln S.B. Corp. and its subsidiaries; <sup>1</sup> This non-GAAP presentation adjusts HBT's pre-tax ROAA to exclude the following significant non-recurring items in the following years: 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; 2013: \$9.1 million net realized loss on securities and \$6.9 million net loss related to the sale of branches; <sup>2</sup> Represents 30 high performing major exchange-traded banks headquartered in the Midwest with \$1.5-10bn in assets, core return on average assets greater than 1.10% and non-performing assets-to-assets less than 2.00% for the year ended December 31, 2019

# 1 . . . driving compelling tangible book value growth

Tangible book value per share over time (\$ per share)<sup>1</sup>



Cumulative effect of dividends paid (\$ per share)<sup>3</sup>



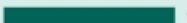



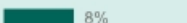

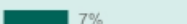


<sup>1</sup> For reconciliation with GAAP metric, see "Non-GAAP reconciliations"; <sup>2</sup> In 2019, HBT Financial issued and sold 9,429,794 shares of common stock at a price of \$16 per share. Total proceeds received by the Company, net of offering costs, were \$138.5 million and were used to fund a \$170 million special dividend to stockholders of record prior to the initial public offering. Amount reflects dilution per share attributable to newly issued shares in initial public offering (IPO) and special dividend payment. For reconciliation with GAAP metric, see "Non-GAAP reconciliations" <sup>3</sup> Excludes dividends paid to S Corp shareholders for estimated tax liability prior to conversion to C Corp status on October 11, 2019. Excludes \$170 million special dividend funded primarily from IPO proceeds. For reconciliation with GAAP metric, see "Non-GAAP reconciliations"

## 2 Leading market position in core mid-sized markets . . .

Top 3 deposit share rank in 6 of 7 largest core mid-sized markets in Central Illinois

### Company market share by county

Shaded counties denote Company's top mid-sized markets by deposit share

County	Company				Market		
	% of Company deposits	Deposits (\$mm)	Branches	Market share	Rank	Population (000)	Money Center share <sup>1</sup>
McLean	 18%	\$508	9	16.6%	2	172	13.0%
DeKalb	 12%	334	7	14.2%	4	105	–
Tazewell	 8%	228	7	8.2%	2	133	–
Logan	 8%	226	4	38.6%	1	29	–
Woodford	 8%	209	7	28.5%	2	39	–
Cook	 7%	198	2	0.1%	57	5,197	38.5%
Bureau	 7%	192	4	20.7%	1	33	–
De Witt	 6%	157	3	37.9%	2	16	–
Other Counties	 26%	721	21				

Note: Data as of June 30, 2019

Source: S&P Global Market Intelligence; Note: Analysis excludes deposits from non-retail branches; McLean County excludes State Farm Bank given its lack of retail banking locations

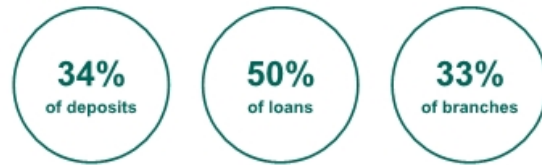
<sup>1</sup> Money Center banks include Chase, Bank of America, Wells Fargo, and Citibank

## 2 . . . with growth opportunity in the Chicago MSA

### Overview

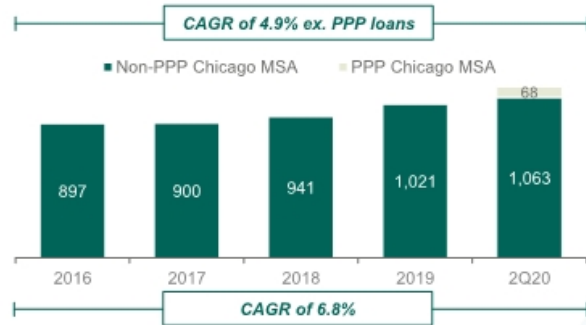
- Entered market in 2011 with acquisition of Western Springs National Bank
- Chicago MSA is home to >9.5mm residents, with an annual GDP >\$675bn
- Second largest MSA in the country for middle market businesses<sup>1</sup>
- In-market disruption from recent bank M&A in Chicago MSA has provided attractive source of local talent
- Scale and diversity of Chicago MSA provides continued growth opportunities, both in lending and deposits
- Match-funded loan growth as evidenced by 110% loan-to-deposit ratio within the Chicago MSA
- Loan growth in Chicago MSA spread across a variety of commercial asset classes, including multifamily, mixed use, industrial, retail, and office

Chicago MSA comprises a major component of our business . . .



. . . and continues to grow

Loans within the Chicago MSA (\$mm)

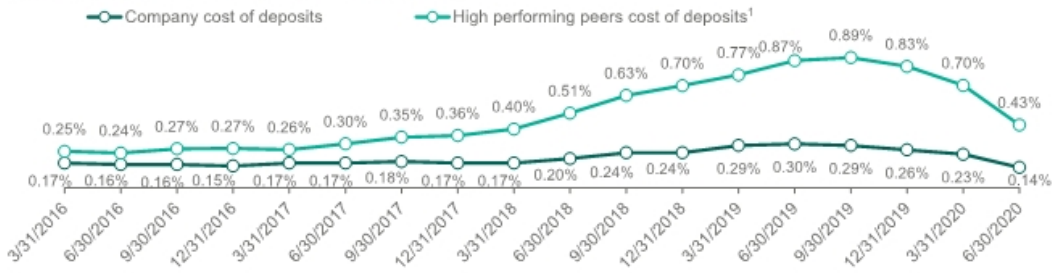


Note: Financial data as of June 30, 2020 unless otherwise indicated

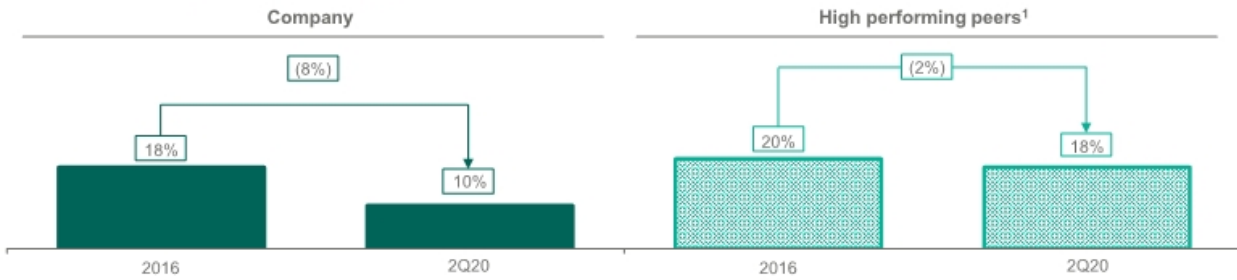
<sup>1</sup> Middle market firms are defined as businesses with revenues between \$10mm and \$1bn

### 3 Stable, low-cost deposit base . . .

#### Cost of deposits remains considerably below peers



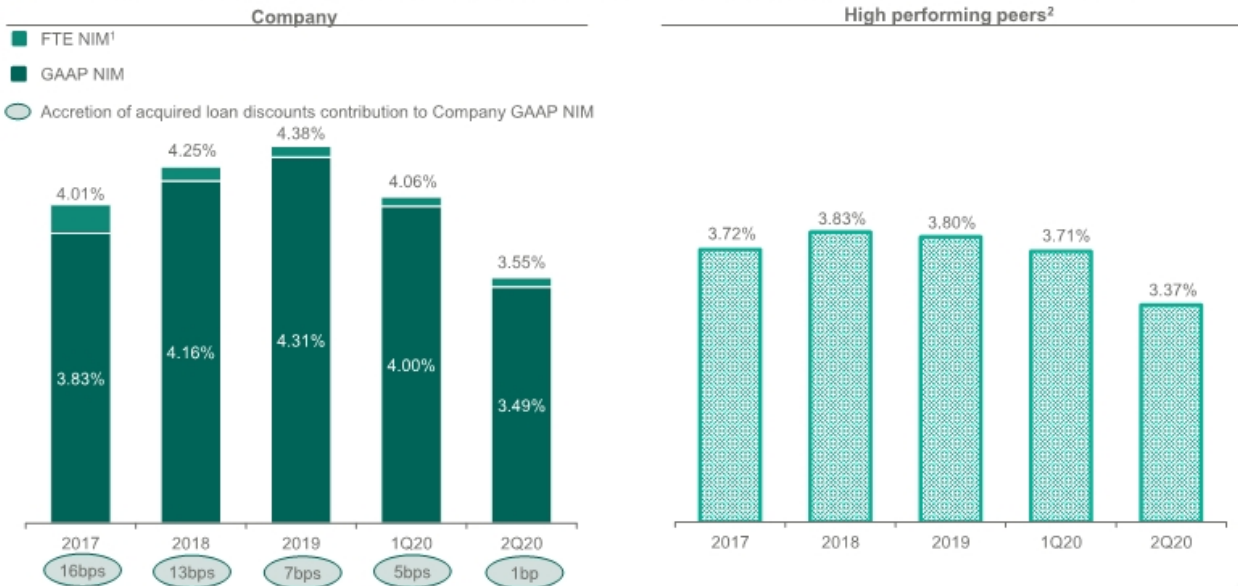
#### Historical time deposit composition (%)



Source: S&P Global Market Intelligence  
 Note: Financial data as of and for the three months ended June 30, 2020 unless otherwise indicated; Peer data as of and for the three months ended June 30, 2020 (as available as of August 17, 2020); <sup>1</sup> Represents 30 high performing major exchange-traded banks headquartered in the Midwest with \$1.5-10bn in assets, core return on average assets greater than 1.10% and non-performing assets-to-assets less than 2.00% for the year ended December 31, 2019

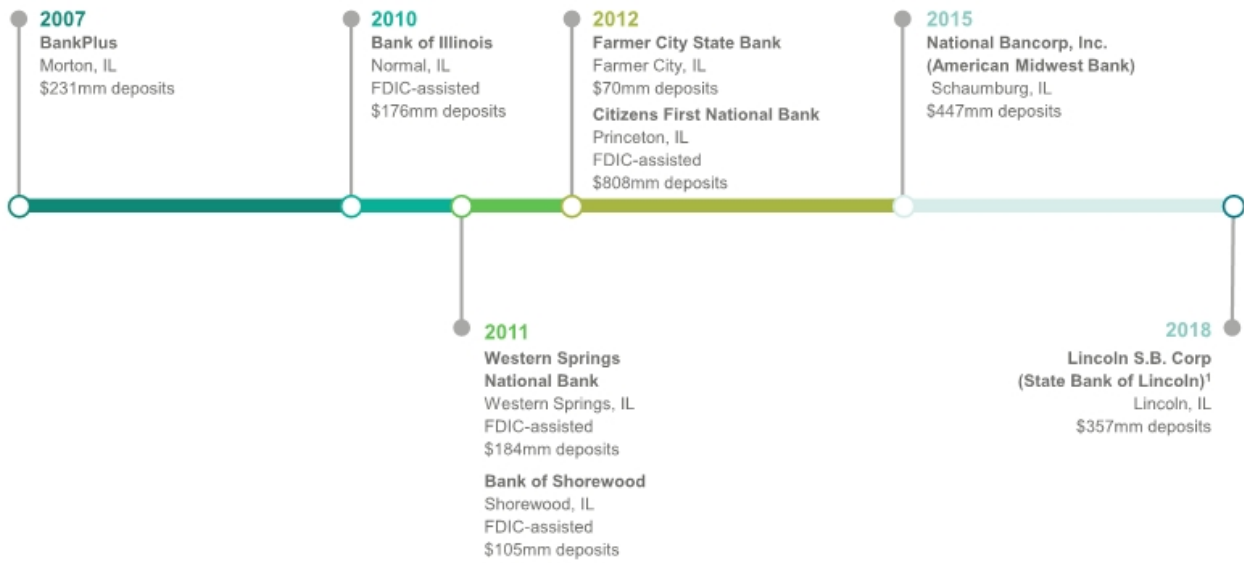
### 3 . . . has supported NIM trends

- The 150 basis point reduction in the target federal funds rate in March 2020 pressured the net interest margin in 2Q20
- Approximately 15 basis points of the decline in NIM during 2Q20 was due to excess liquidity that was used to fund the PPP loans and held in overnight funds at the Federal Reserve
- 45% of the loan portfolio matures or reprices within the next 12 months
- Loan mix is 62% fixed rate and 38% variable rate; 50% of variable rate loans have floors and 79% of those loans have hit their floors



Source: S&P Global Market Intelligence; Note: Peer group NIMs shown on FTE basis when available; (data for peers as available through August 17, 2020); <sup>1</sup> Tax-equivalent basis metric; for reconciliation with GAAP metric, see "Non-GAAP reconciliations"; <sup>2</sup> Represents 30 high performing major exchange-traded banks headquartered in the Midwest with \$1.5-10bn in assets, core return on average assets greater than 1.10% and non-performing assets-to-assets less than 2.00% for the year ended December 31, 2019

## 4 Track record of successfully integrating acquisitions



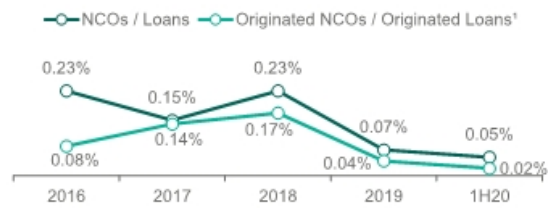
<sup>1</sup> Although the Lincoln Acquisition is identified as an acquisition in the above table, the transaction was accounted for as a change of reporting entity due to its common control with Company

## 5 Prudent risk management

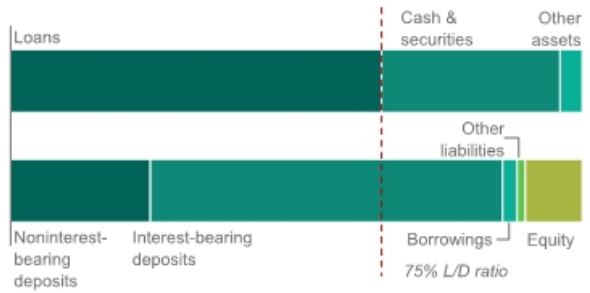
### Framework and key policies

- Risk management culture instilled by management
- Well-diversified loan portfolio across commercial, regulatory CRE, and residential
- Primarily originated across in-footprint borrowers with 93% of portfolio originated by HBT team (vs. acquired)
- Centralized credit underwriting group that evaluates all exposures over \$500,000 to ensure uniform application of policies and procedures
- Conservative credit culture, strong underwriting criteria, and regular loan portfolio monitoring

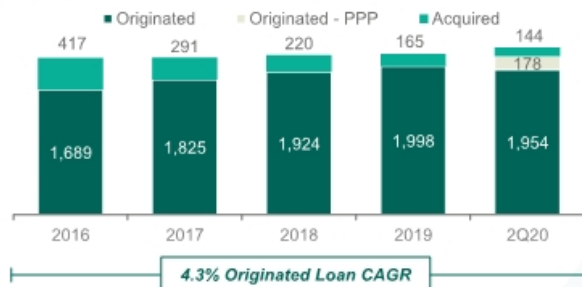
### Historical net charge-offs (%)



### Balance sheet composition as of June 30, 2020



### Originated and acquired loans<sup>1</sup> (\$mm)



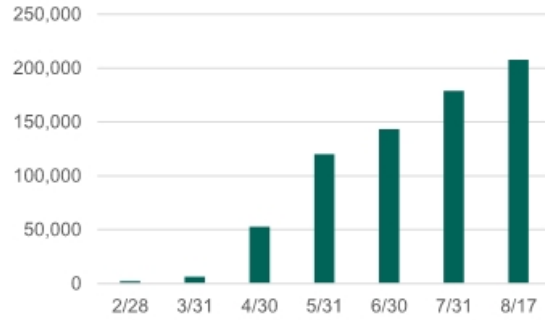
<sup>1</sup> Originated loans represent loans initially originated by the Company and acquired loans that were refinanced using the Company's underwriting criteria; Acquired loans represent loans originated under the underwriting criteria used by a bank that was acquired by Heartland Bank or Lincoln Bank; originated loan CAGR excludes PPP loans



# Impact of COVID-19 in Illinois

- Illinois is averaging approximately 1,700 new COVID-19 cases each day thus far in August. That's about 550 more new infections per day compared to July, when an average of 1,150 new cases were being confirmed daily but still down from peak levels in May
- With COVID-19 metrics headed in the right direction, Illinois entered Phase 4 of its reopening plan on June 26<sup>th</sup>
  - Allows restaurants and bars to open for indoor dining at fractional capacity and gatherings of up to 50 people
  - Gyms, movie theaters, casinos, and video game establishments are also allowed to operate
- Illinois has declined from the state with the third highest number of cumulative COVID-19 cases in May to number six after CA, FL, TX, NY and GA
- 56% of Illinois' cumulative COVID-19 cases are in Cook County
- The impact of COVID-19 is more moderate in markets outside Cook County and adjacent counties
- Illinois is only likely to transition to Phase 5 of its reopening plan, a full reopening, when a vaccine or highly effective COVID-19 treatment is available
  - All sectors reopen in Phase 5 with businesses, schools, and recreation resuming normal operations and festivals and large events permitted to take place
- Illinois may return to Phase 3 if there is a resurgence in COVID-19 cases
  - Manufacturing, offices, retail, barbershops and salons would be open to the public, but with capacity restrictions and gatherings limited to 10 people or fewer. Bars and restaurants would be allowed to remain open for delivery, carry-out, and drive through service only.

**Cumulative COVID-19 Cases in Illinois**



**COVID-19 Cases in the last 7 Days in Select U.S. States**



Source: U.S. CDC, Johns Hopkins Coronavirus Resource Center, the Illinois Department of Public Health (IDPH), and Illinois.gov; COVID-19 case data is as of or through August 17, 2020

# COVID-19: Customer, Community, and Employee Support Efforts

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## Initial Response

- Business Continuity Plan (BCP) activated
- Executive leaders began meeting daily to discuss COVID-19 considerations
- Enhanced disinfecting and cleaning protocols implemented at all facilities

## Customer and Community Initiatives

- Keeping customers updated via our COVID-19 Response web page and email communications
- Offering loan payment deferrals to customers experiencing financial hardship due to COVID-19
- Participating in the SBA's Paycheck Protection Program (PPP)
- Selectively waiving or refunding overdraft and ATM fees, as well as time deposit early withdrawal penalties, to customers experiencing financial hardship due to COVID-19
- Maintaining regular business hours at branches and the call center to serve customers
- Reopened branch lobby service in all but one location by July 13, 2020
- Providing faster turnaround for increased online deposit account opening demand
- Providing access to 20+ digital courses for students in grades K-12 on critical topics including financial education, mental wellness, compassion, digital wellness, and more

## Employee Programs

- Executive leaders and HR department communicating frequently with employees around COVID-19 risks, including the addition of an employee reference page on Company intranet
- Enabling work from home for many employees and adjusting branch services to ensure a safe environment
- Social distancing employees who need to report to the office, postponing nonessential travel and group training events, and mandating meetings be held by conference call
- Providing employees and their families access to a free confidential counseling service
- No layoffs or furloughs

## Paycheck Protection Program (PPP) Details

- Originated \$184 million of PPP loans during the three months ended June 30, 2020
- PPP loan balances, net of deferred origination fees, totaled \$178 million (8% of total loans) as of June 30, 2020
  - Net deferred origination fees on PPP loans totaled \$6.2 million as of June 30, 2020
- Fee income of \$7.5 million amortized over life of loan; accelerated upon forgiveness or repayment
  - Direct origination costs of \$0.5 million reduced primarily salaries and benefits expenses during the three months ended June 30, 2020
  - Net deferred origination fees on PPP loans of \$0.9 million were recognized as loan interest income during the three months ended June 30, 2020
- PPP loans support an estimated 24,000 jobs

### PPP Loans by Portfolio as of June 30, 2020

Portfolio	Balance (\$000)
Commercial and industrial	\$166,868
Agricultural and farmland	4,027
Municipal, consumer, and other	7,063
<b>Total PPP Loans</b>	<b>\$177,958</b>

### PPP Loan Originations during the Three Months Ended June 30, 2020

By Loan Size	Count	Loan Amount (\$000)	Fee Percentage	Origination Fee (\$000)
Less than \$350,000	2,149	\$107,833	5.0%	\$5,392
Over \$350,000, but less than \$2,000,000	94	69,254	3.0%	2,077
Over \$2,000,000	2	7,085	1.0%	71
<b>Total</b>	<b>2,245</b>	<b>\$184,172</b>		<b>\$7,540</b>

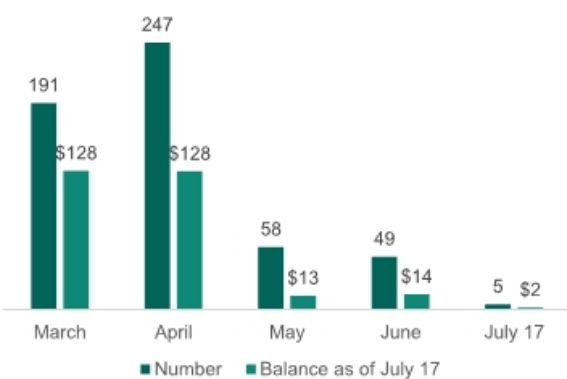
# COVID-19 Related Loan Modifications

## Loan Modifications as of July 17, 2020 (\$mm)

Portfolio	Number of Loans Modified	Balance with Modification	June 30, 2020 Portfolio Balance	Percentage Modified
Commercial Real Estate <sup>1</sup>	161	\$175.5	\$969.4	18.1%
Commercial <sup>2</sup>	183	85.0	636.8	13.3%
Agriculture and Farmland	7	4.2	239.1	1.7%
1-4 Family Residential	168	19.6	308.1	6.4%
Municipal, Consumer, & Other	31	0.6	122.4	0.5%
<b>Total</b>	<b>550</b>	<b>\$284.9</b>	<b>\$2,275.8</b>	<b>12.5%</b>

- Substantially all loan modifications were for a three-month interest-only period or a one-month payment deferral
- 66% of the balances modified were granted interest-only payments and 34% of the balances modified were granted a full payment deferral

## Monthly Loan Modification Trends<sup>3</sup> (\$mm)



<sup>1</sup> Includes non-owner occupied CRE, construction and land development, and multi-family  
<sup>2</sup> Includes commercial and industrial and owner-occupied CRE  
<sup>3</sup> Original month modified

## Current Status of Modified Loans as of July 17, 2020 (\$mm)

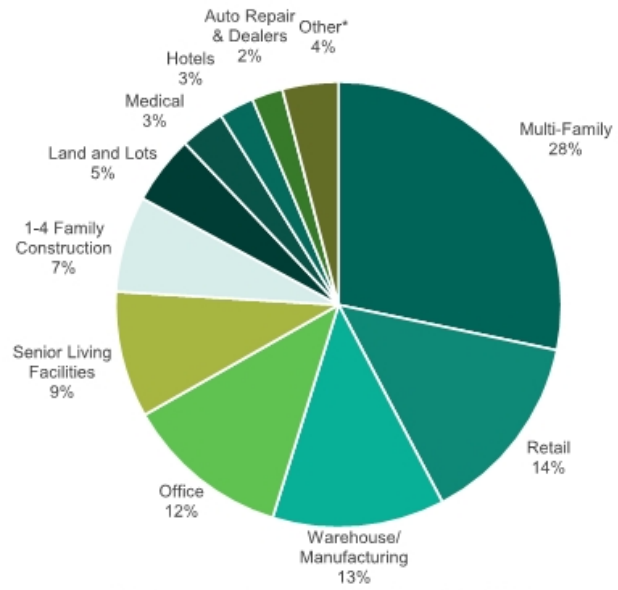
	Number	Balance	Percentage
Returned to Regular Payments	317	\$172.7	60.6%
Received Additional Modification	31	29.2	10.3%
Still in Original Modification	202	83.0	29.1%
<b>Total</b>	<b>550</b>	<b>\$284.9</b>	

- Majority of loans still in original modification are expected to return to regular payments during Q3 2020

# Loan Portfolio Overview: Commercial Real Estate

- \$969 million portfolio as of June 30, 2020
  - \$535 million in non-owner occupied CRE primarily supported by rental cash flow of the underlying properties
  - \$248 million in construction and land development loans primarily to developers to sell upon completion or for long-term investment
  - \$186 million in multi-family loans secured by 5+ unit apartment buildings
- Vast majority of loans originated to experienced real estate developers within our markets
- Guarantees required on majority of originated loans

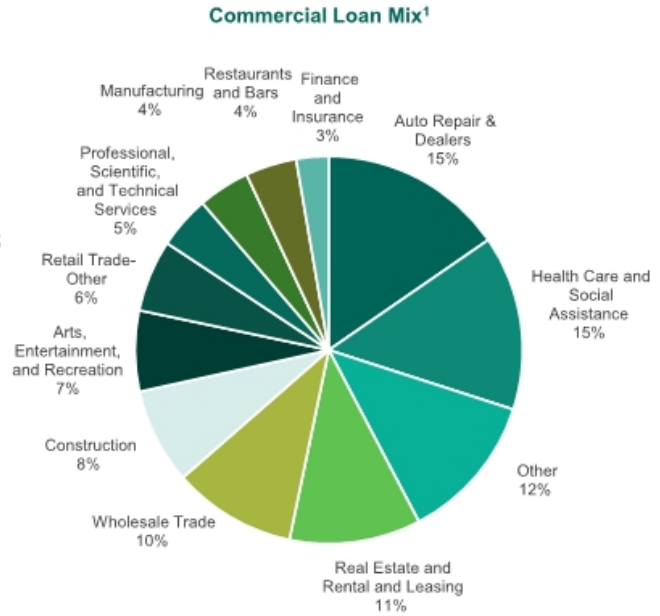
Commercial Real Estate Loan Mix



\* Includes restaurant/bar exposure of \$11.0 million or 1.1% of CRE loans

## Loan Portfolio Overview: Commercial

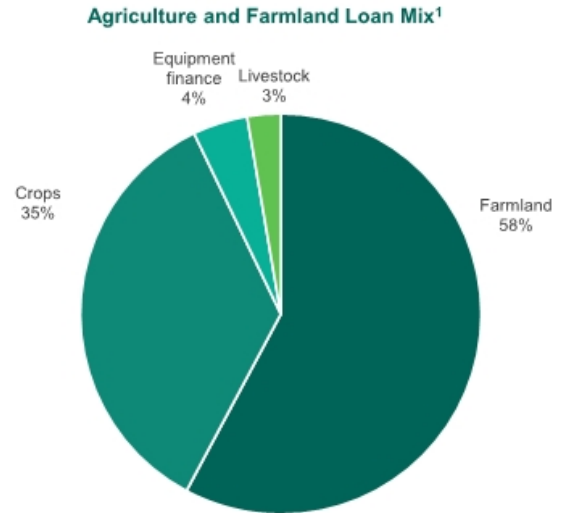
- \$408 million C&I loans outstanding as of June 30, 2020
  - For working capital, asset acquisition, and other business purposes
  - Underwritten primarily based on borrower's cash flow and majority further supported by collateral and personal guarantees; loans based primarily in-market
- \$229 million owner-occupied CRE outstanding as of June 30, 2020
  - Primarily underwritten based on cash flow of business occupying properties and supported by personal guarantees; loans based primarily in-market
- Balances on existing lines of credit were \$58.4 million lower at June 30, 2020 compared to March 31, 2020 and \$45.8 million lower compared to June 30, 2019



<sup>1</sup> Commercial loan mix excludes \$167 million in PPP loans

# Loan Portfolio Overview: Agriculture and Farmland

- \$239 million portfolio as of June 30, 2020
  - 57% real estate loans secured by farmland
  - 41% production, of which most is corn and soybeans
  - 2% PPP loans
- Federal crop insurance programs mitigate production risks
- No customer accounts for more than 4% of ag portfolio
- Over 70% of agricultural borrowers have been with the Company for at least 10 years, and nearly half for more than 20 years



<sup>1</sup> Agriculture and Farmland loan mix excludes \$4 million in PPP loans

# Loan Portfolio Overview: 1-4 Family Residential Mortgage

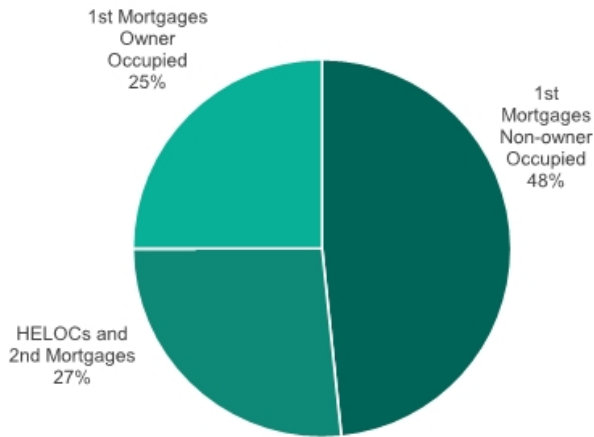
## In-house 1-4 Family Residential Mortgage Portfolio

- \$308 million in-house portfolio as of June 30, 2020

## Secondary Market 1-4 Family Residential Mortgage Portfolio

- \$1.09 billion sold to the secondary market with servicing retained as of June 30, 2020
- Loan modifications related to COVID-19 offered in the form of forbearance
  - As of July 17, 2020, made 182 loan modifications for \$22 million which represents 2% of the June 30, 2020 secondary market residential portfolio
- Q3 2020 residential mortgage origination volume is expected to remain elevated with increased gain on sale due to strong refinance activity

### 1-4 Family Residential Loan Mix



### Residential Mortgage Loan Origination Volume (\$mm)





# Loan Portfolio Overview: Asset Quality and Reserves

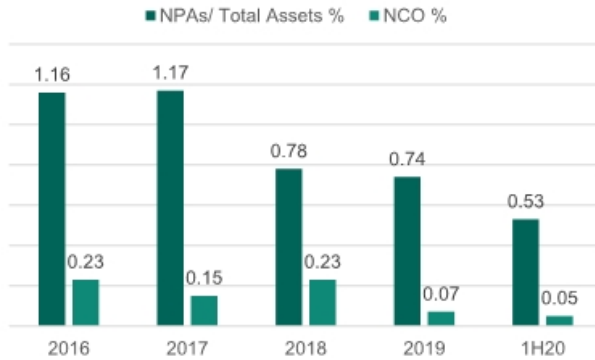
## Asset quality impact from COVID-19 is modest so far

- At June 30, 2020, non-performing assets were \$18.4 million, or 0.53% of total assets compared to \$24.1 million, or 0.74% of total assets at December 31, 2019
- Net charge-offs were \$0.5 million, or 0.05% on an annualized basis for the six months ended June 30, 2020
- Substandard loans increased \$24.5 million to \$92.8 million and Watch loans increased \$26.2 million to \$150.1 million as of June 30, 2020 when compared to March 31, 2020

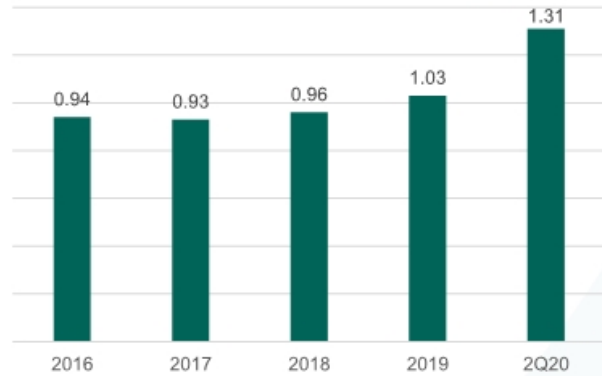
## Augmenting allowance for loan losses

- Allowance for loan losses totaled \$29.7 million, or 1.31% of loans before allowance, at June 30, 2020 compared to \$22.3 million, or 1.03% at December 31, 2019
  - Excluding \$178 million of PPP loans, the ALLL ratio is 1.42%
- Allocation for the quarter ended June 30, 2020 included \$3.7 million of reserve build related to changes in certain qualitative factors for loan portfolios that we believe could be impacted by COVID-19, which brought our total COVID-19 reserve build to \$7.0 million
- In addition to our allowance for loan losses, we had \$3.0 million in credit-related discounts on acquired loans at June 30, 2020 which is unchanged from March 31, 2020

## Non-performing assets/ Total assets % and Net charge-off %

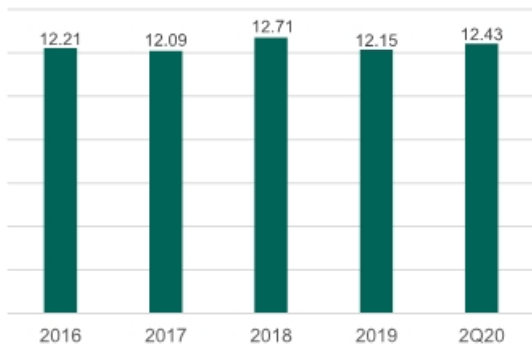


## Allowance for loan losses to total loans (%)

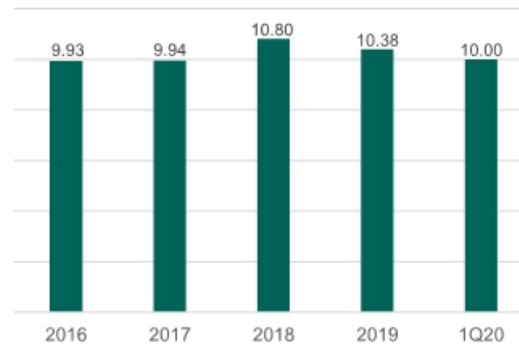


# Capital and Liquidity Overview

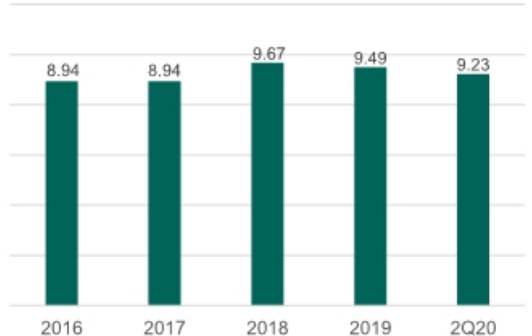
**CET 1 Risk-based Capital Ratio (%)**



**Leverage Ratio (%)**



**Tangible Common Equity to Tangible Assets (%)<sup>1</sup>**



**Liquidity Sources (\$000)**

Liquidity Source	As of 6/30/20
Balance of Cash and Cash Equivalents	\$314,365
Market Value of Unpledged Securities	434,327
Available FHLB Advance Capacity	335,687
Available Fed Fund Lines of Credit	90,000
<b>Total Estimated Liquidity</b>	<b>\$1,174,379</b>

<sup>1</sup> For reconciliation with GAAP metric, see "Non-GAAP reconciliations"



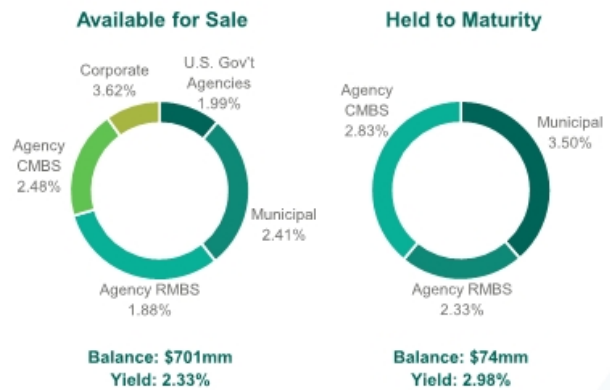
# Securities Portfolio Overview

## Overview

- Company owns debt securities with a total carrying value of \$775mm, consisting primarily of the following types of fixed income instruments:
  - Agency MBS: MBS pass-throughs, CMOs, and Agency CMBS
  - Municipal Bonds: weighted average NRSRO credit rating of AA/Aa2
  - Corporate Bonds: AAA covered bonds, Supra Sovereign Debt, and Investment Grade Corporate and Bank Subordinate Debt
  - Government Agency Debentures and SBA-backed Full Faith and Credit Debt
- Investment strategy focused on increasing returns on excess liquidity while minimizing volatility of GAAP equity from mark-to-market changes in Accumulated Other Comprehensive Income
- Company emphasizes predictable cash flows that limit faster prepayments when rates decline or extended durations when rates rise
- Current portfolio performance outperforms peers with higher average book yield, greater unrealized gains, lower duration (market value sensitivity) and superior convexity

## Key investment portfolio metrics

(\$000)	AFS	HTM	Total
Amortized Cost	\$679,264	\$73,823	\$753,087
Fair Value	701,353	78,317	779,670
Unrealized Gain/(Loss)	22,089	4,494	26,583
Book Yield	2.33%	2.98%	2.39%
Effective Duration	3.42	3.61	3.44

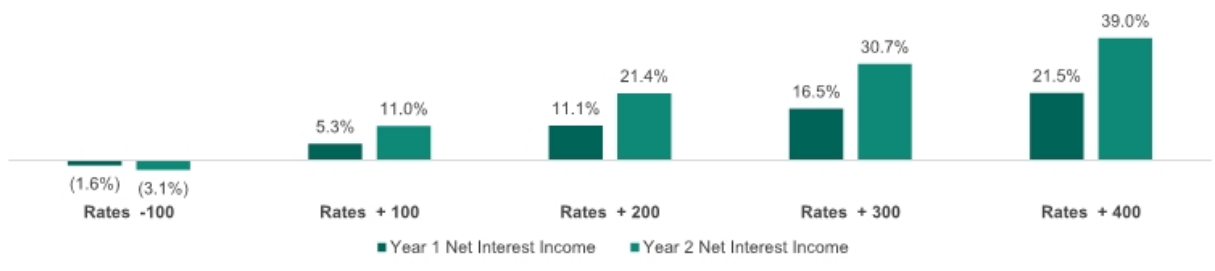


Financial data as of June 30, 2020



# Interest Rate Sensitivity

## Impact of Parallel Rate Shocks to Net Interest Income



## Impact of Parallel Rate Shocks to Economic Value of Equity



Financial data as of June 30, 2020



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## Appendix

## Non-GAAP reconciliations

### Adjusted net income and adjusted ROAA

(\$000)	2017	2018	2019	2Q20	1H20
Net income	\$56,103	\$63,799	\$66,865	\$7,419	\$13,640
C-Corp equivalent adjustment <sup>2</sup>	(18,809)	(15,502)	(13,493)	--	--
C-Corp equivalent net income <sup>2</sup>	\$37,294	\$48,297	\$53,372	\$7,419	\$13,640
Adjustments:					
Net earnings (losses) from closed or sold operations, including gains on sale <sup>1</sup>	1,712	(822)	524	--	--
Charges related to termination of certain employee benefit plans	--	--	(3,796)	(609)	(1,457)
Impairment losses related to closure of branches	(1,936)	--	--	--	--
Nonrecurring charge related to an employee benefits policy change	(1,336)	--	--	--	--
Expenses related to FDIC indemnification assets and liabilities	(999)	--	--	--	--
Realized gain (loss) on sales of securities	(1,275)	(2,541)	--	--	--
Mortgage servicing rights fair value adjustment	(315)	629	(2,400)	(508)	(2,679)
Total adjustments	(4,149)	(2,734)	(5,672)	(1,117)	(4,136)
Tax effect of adjustments	1,685	779	1,617	318	1,179
Less adjustments after tax effect	(2,464)	(1,955)	(4,055)	(799)	(2,957)
<b>Adjusted net income</b>	<b>\$39,758</b>	<b>\$50,252</b>	<b>\$57,427</b>	<b>\$8,218</b>	<b>\$16,597</b>
Average assets	\$3,320,239	\$3,247,598	\$3,233,386	\$3,453,149	\$3,320,946
Return on average assets	1.69%	1.96%	2.07%	0.86%*	0.82%*
C Corp equivalent return on average assets	1.12%	1.49%	1.65%	N/A	N/A
<b>Adjusted return on average assets</b>	<b>1.20%</b>	<b>1.55%</b>	<b>1.78%</b>	<b>0.95%*</b>	<b>1.00%*</b>

\* Annualized measure; <sup>1</sup> Closed or sold operations include HB Credit Company, HBT Insurance, and First Community Title Services, Inc.; <sup>2</sup> Reflects adjustment to our historical net income for each period to give effect to the C Corp equivalent provision for income tax for such year. No such adjustment is necessary for periods subsequent to 2019.



## Non-GAAP reconciliations (cont'd)

### Average tangible common equity and adjusted ROATCE

(\$000)	2017	2018	2019	2Q20	1H20
Total stockholders' equity	\$338,317	\$330,214	\$341,544	\$346,540	\$344,030
Less: goodwill	(23,620)	(23,620)	(23,620)	(23,620)	(23,620)
Less: core deposit intangible assets	(7,943)	(6,256)	(4,748)	(3,589)	(3,743)
<b>Average tangible common equity</b>	<b>\$306,754</b>	<b>\$300,338</b>	<b>\$313,176</b>	<b>\$319,331</b>	<b>\$316,667</b>
Net income	\$56,103	\$63,799	\$66,865	\$7,419	\$13,640
C Corp equivalent net income <sup>1</sup>	37,294	48,297	53,372	N/A	N/A
Adjusted net income	39,758	50,252	57,427	8,218	16,597
Return on average stockholders' equity	16.58%	19.32%	19.58%	8.56%*	7.93%*
C Corp equivalent return on average stockholders' equity <sup>1</sup>	11.02%	14.63%	15.63%	N/A	N/A
Adjusted return on average stockholders' equity	11.75%	15.22%	16.81%	9.49%*	9.65%*
Return on average tangible common equity	18.29%	21.24%	21.35%	9.29%*	8.61%*
C Corp equivalent return on average tangible common equity <sup>1</sup>	12.16%	16.08%	17.04%	N/A	N/A
<b>Adjusted return on average tangible common equity</b>	<b>12.96%</b>	<b>16.73%</b>	<b>18.34%</b>	<b>10.29%*</b>	<b>10.48%*</b>

\* Annualized measure; <sup>1</sup> Reflects adjustment to our historical net income for each period to give effect to the C Corp equivalent provision for income tax for such year. No such adjustment is necessary for periods subsequent to 2019.



## Non-GAAP reconciliations (cont'd)

### Net interest income (tax-equivalent basis)

(\$000)	2016	2017	2018	2019	2Q20	1H20
Net interest income	\$121,101	\$120,998	\$129,442	\$133,800	\$28,908	\$59,570
Tax equivalent adjustment	5,468	5,527	2,661	2,309	483	946
<b>Net interest income (tax-equivalent basis)</b>	<b>\$126,569</b>	<b>\$126,525</b>	<b>\$132,103</b>	<b>\$136,109</b>	<b>\$29,391</b>	<b>\$60,516</b>
Average interest-earnings assets	\$3,131,763	\$3,157,195	\$3,109,289	\$3,105,863	\$3,315,561	\$3,189,323

### Net interest margin (tax-equivalent basis)

(%)	2016	2017	2018	2019	2Q20	1H20
Net interest margin	3.87%	3.83%	4.16%	4.31%	3.49%*	3.74%*
Tax equivalent adjustment	0.17%	0.18%	0.09%	0.07%	0.06%*	0.05%*
<b>Net interest margin (tax-equivalent basis)</b>	<b>4.04%</b>	<b>4.01%</b>	<b>4.25%</b>	<b>4.38%</b>	<b>3.55%*</b>	<b>3.79%*</b>

\* Annualized measure.





## Non-GAAP reconciliations (cont'd)

### Efficiency ratio (tax-equivalent basis)

(\$000)	2017	2018	2019	2Q20	1H20
Total noninterest expense	\$94,057	\$90,317	\$91,026	\$23,499	\$46,806
Less: amortization of intangible assets	(1,916)	(1,559)	(1,423)	(305)	(622)
<b>Adjusted noninterest expense</b>	<b>\$92,141</b>	<b>\$88,758</b>	<b>\$89,603</b>	<b>\$23,194</b>	<b>\$46,184</b>
Net interest income	\$120,998	\$129,442	\$133,800	\$28,908	\$59,570
Total noninterest income	33,171	31,240	32,751	8,060	13,312
<b>Operating revenue</b>	<b>154,169</b>	<b>160,862</b>	<b>166,551</b>	<b>36,968</b>	<b>72,882</b>
Tax-equivalent adjustment	5,527	2,661	2,309	483	946
<b>Operating revenue (tax-equivalent basis)</b>	<b>\$159,696</b>	<b>\$163,343</b>	<b>\$168,860</b>	<b>\$37,451</b>	<b>\$73,828</b>
Efficiency ratio	59.77%	55.24%	53.80%	62.74%	63.37%
<b>Efficiency ratio (tax-equivalent basis)</b>	<b>57.70%</b>	<b>54.34%</b>	<b>53.06%</b>	<b>61.93%</b>	<b>62.56%</b>

## Non-GAAP reconciliations (cont'd)

### Originated and acquired NCOs / loans

(\$000)	2016	2017	2018	2019	1H20
Net charge-offs	\$4,974	\$3,082	\$4,953	\$1,614	\$504
Net charge-offs (originated) <sup>1</sup>	1,245	2,500	3,137	732	175
Net charge-offs (acquired) <sup>1</sup>	3,729	582	1,816	882	329
Average loans, before allowance for loan losses	\$2,132,405	\$2,091,863	\$2,131,512	\$2,178,897	\$2,203,031
Average loans, before allowance for loan losses (originated) <sup>1</sup>	1,611,846	1,748,418	1,873,623	1,981,658	2,050,377
Average loans, before allowance for loan losses (acquired) <sup>1</sup>	520,559	343,445	257,889	197,239	152,654
Net charge-offs percentage	0.23%	0.15%	0.23%	0.07%	0.05%*
Net charge-offs percentage (originated) <sup>1</sup>	0.08%	0.14%	0.17%	0.04%	0.02%*
Net charge-offs percentage (acquired) <sup>1</sup>	0.72%	0.17%	0.70%	0.45%	0.43%*

\* Annualized measure; <sup>1</sup> 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 and Trust Company or State Bank of Lincoln.



## Non-GAAP reconciliations (cont'd)

### Credit quality ratios

(\$000)	2017	2018	2019	2Q20
Non-performing loans <sup>2</sup>	\$22,102	\$15,913	\$19,049	\$13,952
Foreclosed assets	16,545	9,559	5,099	4,450
<b>Non-performing assets <sup>2</sup></b>	<b>\$38,647</b>	<b>\$25,472</b>	<b>\$24,148</b>	<b>\$18,402</b>
Loans, before allowance for loan losses	\$2,115,946	\$2,144,257	\$2,163,826	\$2,275,795
Nonperforming loans to loans, before allowance for loan losses	1.04%	0.74%	0.88%	0.61%
Nonperforming assets to loans, before allowance for loan losses and foreclosed assets	1.81%	1.18%	1.11%	0.81%

### Credit quality ratios (originated) <sup>1</sup>

(\$000)	2017	2018	2019	2Q20
Non-performing loans	\$15,533	\$10,366	\$10,841	\$9,066
Foreclosed assets	5,950	1,395	1,022	1,092
<b>Non-performing assets</b>	<b>\$21,483</b>	<b>\$11,761</b>	<b>\$11,863</b>	<b>\$10,158</b>
Loans, before allowance for loan losses	\$1,825,129	\$1,923,859	\$1,998,496	\$2,132,189
Nonperforming loans to loans, before allowance for loan losses	0.85%	0.54%	0.54%	0.43%
Nonperforming assets to loans, before allowance for loan losses and foreclosed assets	1.17%	0.61%	0.59%	0.48%

### Credit quality ratios (acquired) <sup>1</sup>

(\$000)	2017	2018	2019	2Q20
Non-performing loans <sup>2</sup>	\$6,569	\$5,547	\$8,208	\$4,886
Foreclosed assets	10,595	8,164	4,077	3,358
<b>Non-performing assets <sup>2</sup></b>	<b>\$17,164</b>	<b>\$13,711</b>	<b>\$12,285</b>	<b>\$8,244</b>
Loans, before allowance for loan losses	\$290,817	\$220,398	\$165,330	\$143,606
Nonperforming loans to loans, before allowance for loan losses	2.26%	2.52%	4.96%	3.40%
Nonperforming assets to loans, before allowance for loan losses and foreclosed assets	5.69%	6.00%	7.25%	5.61%

<sup>1</sup> 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 and Trust Company or State Bank of Lincoln; <sup>2</sup> Excludes loans acquired with deteriorated credit quality that are past due 90 or more days, still accruing totaling \$0.3 million as of December 31, 2017, \$2.7 million as of December 31, 2018, \$0.1 million as of December 31, 2019, and \$0.1 million as of June 30, 2020.

## Non-GAAP reconciliations (cont'd)

### Tangible book value per share and cumulative effect of dividends (2007 to 3Q19)

(\$mm)	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	3Q19
<b>Tangible book value per share</b>													
Total equity	\$109	\$120	\$130	\$143	\$197	\$262	\$257	\$287	\$311	\$326	\$324	\$340	\$349
Less goodwill	(23)	(23)	(23)	(23)	(23)	(23)	(12)	(12)	(24)	(24)	(24)	(24)	(24)
Less core deposit intangible	(9)	(9)	(7)	(7)	(7)	(15)	(11)	(9)	(11)	(9)	(7)	(5)	(4)
<b>Tangible common equity</b>	<b>\$77</b>	<b>\$88</b>	<b>\$99</b>	<b>\$113</b>	<b>\$167</b>	<b>\$224</b>	<b>\$233</b>	<b>\$265</b>	<b>\$276</b>	<b>\$294</b>	<b>\$293</b>	<b>\$311</b>	<b>\$321</b>
Shares outstanding (mm)	16.47	16.28	16.30	16.33	16.45	17.84	18.03	18.03	18.02	18.07	18.07	18.03	18.03
Book value per share	\$6.65	\$7.36	\$7.95	\$8.73	\$12.00	\$14.68	\$14.23	\$15.92	\$17.26	\$18.05	\$17.92	\$18.88	\$19.36
<b>Tangible book value per share</b>	<b>\$4.69</b>	<b>\$5.38</b>	<b>\$6.10</b>	<b>\$6.91</b>	<b>\$10.15</b>	<b>\$12.56</b>	<b>\$12.93</b>	<b>\$14.72</b>	<b>\$15.33</b>	<b>\$16.25</b>	<b>\$16.23</b>	<b>\$17.27</b>	<b>\$17.80</b>
<b>TBVS CAGR (%)</b>													<b>12.0%</b>
<b>Cumulative effect of dividends per share</b>													
Cumulative regular dividends	\$--	\$3	\$7	\$10	\$13	\$17	\$22	\$26	\$33	\$38	\$46	\$54	\$62
Cumulative special dividends	--	--	--	--	--	10	10	10	10	20	45	52	79
<b>Cumulative effect of dividends</b>	<b>\$--</b>	<b>\$3</b>	<b>\$7</b>	<b>\$10</b>	<b>\$13</b>	<b>\$27</b>	<b>\$32</b>	<b>\$36</b>	<b>\$43</b>	<b>\$58</b>	<b>\$91</b>	<b>\$106</b>	<b>\$141</b>
Shares outstanding (mm)	16.47	16.28	16.30	16.33	16.45	17.84	18.03	18.03	18.02	18.07	18.07	18.03	18.03
<b>Cumulative effect of dividends per share</b>	<b>\$--</b>	<b>\$0.20</b>	<b>\$0.40</b>	<b>\$0.60</b>	<b>\$0.79</b>	<b>\$1.53</b>	<b>\$1.77</b>	<b>\$2.02</b>	<b>\$2.36</b>	<b>\$3.21</b>	<b>\$5.01</b>	<b>\$5.88</b>	<b>\$7.83</b>

## Non-GAAP reconciliations (cont'd)

<b>IPO adjusted tangible book value per share</b>			
<b>(\$000)</b>	<b>3Q19</b>		
<b>Tangible common equity</b>			
Total equity			\$348,936
Less goodwill			(23,620)
Less core deposit intangible			(4,366)
<b>Tangible common equity</b>			<b>320,950</b>
Net proceeds from initial public offering			138,493
Use of proceeds from initial public offering (special dividend)			(169,999)
<b>IPO adjusted tangible common equity</b>			<b>\$289,444</b>
Shares outstanding			18,027,512
New shares issued during initial public offering			9,429,794
Shares outstanding, following the initial public offering			27,457,306
Tangible book value per share			\$17.80
Dilution per share attributable to new investors and special dividend payment			(7.26)
<b>IPO adjusted tangible book value per share</b>			<b>\$10.54</b>
<b>Tangible book value per share (IPO adjusted 3Q19 to 2Q20)</b>			
<b>(\$mm)</b>	<b>IPO Adjusted 3Q19</b>	<b>2019</b>	<b>2Q20</b>
<b>Tangible book value per share</b>			
Total equity		\$333	\$347
Less goodwill		(24)	(24)
Less core deposit intangible		(4)	(3)
<b>Tangible common equity</b>		<b>\$305</b>	<b>\$321</b>
Shares outstanding (mm)		27.46	27.46
Book value per share		\$12.12	\$12.67
<b>Tangible book value per share</b>	<b>\$10.54</b>	<b>\$11.12</b>	<b>\$11.68</b>
<b>TBVPS CAGR (%)</b>			<b>14.7%</b>

## Non-GAAP reconciliations (cont'd)

### Tangible common equity to tangible assets

(\$000)	2016	2017	2018	2019	2Q20
<b>Tangible common equity</b>					
Total equity	\$326,246	\$323,916	\$340,396	\$332,918	\$347,840
Less goodwill	(23,620)	(23,620)	(23,620)	(23,620)	(23,620)
Less core deposit intangible	(8,928)	(7,012)	(5,453)	(4,030)	(3,408)
<b>Tangible common equity</b>	<b>\$293,698</b>	<b>\$293,284</b>	<b>\$311,323</b>	<b>\$305,268</b>	<b>\$320,812</b>
<b>Tangible assets</b>					
Total assets	\$3,317,124	\$3,312,875	\$3,249,569	\$3,245,103	\$3,501,412
Less goodwill	(23,620)	(23,620)	(23,620)	(23,620)	(23,620)
Less core deposit intangible	(8,928)	(7,012)	(5,453)	(4,030)	(3,408)
<b>Tangible assets</b>	<b>\$3,284,576</b>	<b>\$3,282,243</b>	<b>\$3,220,496</b>	<b>\$3,217,453</b>	<b>\$3,474,384</b>
Total stockholders' equity to total assets	9.84%	9.78%	10.48%	10.26%	9.93%
Tangible common equity to tangible assets	8.94%	8.94%	9.67%	9.49%	9.23%

## Non-GAAP reconciliations (cont'd)

### Core deposits

(\$000)	2017	2018	2019	2Q20
Total deposits	\$2,855,685	\$2,795,970	\$2,776,855	\$3,015,113
Less time deposits of \$250,000 or more	(42,830)	(36,875)	(44,754)	(24,602)
Less brokered deposits	--	--	--	--
<b>Core deposits</b>	<b>\$2,812,855</b>	<b>\$2,759,095</b>	<b>\$2,732,101</b>	<b>\$2,990,511</b>
Core deposits to total deposits	98.50%	98.68%	98.39%	99.18%

**HBT Financial, Inc.**