

# HBT Financial, Inc.

January 24, 2024

## Q4 2023 Results Presentation



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## **Forward-Looking Statements**

Readers should note that in addition to the historical information contained herein, this presentation contains, and future oral and written statements of HBT Financial, Inc. (the "Company" or "HBT") and its management may contain, "forward-looking statements" within the meanings of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements generally can be identified by the use of forward-looking terminology such as "will," "propose," "may," "plan," "seek," "expect," "intend," "estimate," "anticipate," "believe," "continue," or "should," or similar terminology. Any forward-looking statements presented herein are made only as of the date of this presentation, and the Company does not undertake any obligation to update or revise any forward-looking statements to reflect changes in assumptions, the occurrence of unanticipated events, or otherwise.

Factors that could cause actual results to differ materially from these forward-looking statements include, but are not limited to: (i) the strength of the local, state, national and international economies (including effects of inflationary pressures and supply chain constraints); (ii) the economic impact of any future terrorist threats and attacks, widespread disease or pandemics (including the COVID-19 pandemic in the United States), acts of war or other threats thereof (including the Israeli-Palestinian conflict and the Russian invasion of Ukraine), or other adverse external events that could cause economic deterioration or instability in credit markets, and the response of the local, state and national governments to any such adverse external events; (iii) changes in accounting policies and practices, as may be adopted by state and federal regulatory agencies, the FASB or the PCAOB (including the Company's adoption of the current expected credit losses ("CECL") methodology); (iv) changes in state and federal laws, regulations and governmental policies concerning the Company's general business and any changes in response to the recent failures of other banks; (v) changes in interest rates and prepayment rates of the Company's assets (including the impact of LIBOR phase-out and the recent and potential additional rate increases by the Federal Reserve); (vi) increased competition in the financial services sector, including from non-bank competitors such as credit unions and "fintech" companies, and the inability to attract new customers; (vii) changes in technology and the ability to develop and maintain secure and reliable electronic systems; (viii) unexpected results of acquisitions, which may include failure to realize the anticipated benefits of acquisitions and the possibility that transaction costs may be greater than anticipated; (ix) the loss of key executives or employees; (x) changes in consumer spending; (xi) unexpected outcomes of existing or new litigation involving the Company; (xii) the economic impact of exceptional weather occurrences such as tornadoes, floods and blizzards; (xiii) fluctuations in the value of securities held in our securities portfolio; (xiv) concentrations within our loan portfolio, large loans to certain borrowers, and large deposits from certain clients; (xv) the concentration of large deposits from certain clients who have balances above current FDIC insurance limits and may withdraw deposits to diversify their exposure; (xvi) the level of non-performing assets on our balance sheets; (xvii) interruptions involving our information technology and communications systems or third-party servicers; (xviii) breaches or failures of our information security controls or cybersecurity-related incidents, and (xix) the ability of the Company to manage the risks associated with the foregoing as well as anticipated. Readers should note that the forward-looking statements included in this presentation are not a guarantee of future events, and that actual events may differ materially from those made in or suggested by the forward-looking statements. Additional information concerning the Company and its business, including additional factors that could materially affect the Company's financial results, is included in the Company's filings with the Securities and Exchange Commission.

## **Non-GAAP Financial Measures**

This presentation includes certain non-GAAP financial measures. While 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 tax rate of 9.5%. For a reconciliation of the non-GAAP measures we use to the most closely comparable GAAP measures, see the Appendix to this presentation.

# Q4 2023 Highlights

## Strong profitability

- Net income of \$18.4 million, or \$0.58 per diluted share; return on average assets (ROAA) of 1.46% and return on average tangible common equity (ROATCE)<sup>1</sup> of 18.96%
- Adjusted net income<sup>1</sup> of \$19.3 million, or \$0.60 per diluted share; adjusted ROAA<sup>1</sup> of 1.53% and adjusted ROATCE<sup>1</sup> of 19.81%
- Disciplined management of noninterest expenses, which decreased by 0.9% compared to Q3 2023

## Diversified deposit base

- Deposits increased \$203.4 million, compared to September 30, 2023, primarily attributable to the addition of \$144.0 million of wealth management customer money market accounts previously held by a third-party institution which were brought on balance sheet and used to pay down wholesale borrowings
- Maintained a strong net interest margin of 3.93% and a net interest margin (tax-equivalent basis)<sup>1</sup> of 3.99%, both down 14 basis points compared to Q3 2023
- Cost of funds increased 30 basis points, to 1.26%, and total cost of deposits increased 36 basis points, to 1.05%, while yield on average earning assets increased by 16 basis points, to 5.13%

## Continued loan growth and excellent asset quality

- Strong loan production during Q4 2023 mainly from existing loan relationships, while maintaining consistently conservative underwriting standards, with loans increasing \$61.6 million, or 1.8%, compared to September 30, 2023
- Maintained excellent asset quality with the ratio of nonperforming assets to total assets of 0.17% and net charge-offs to average loans of 0.06%

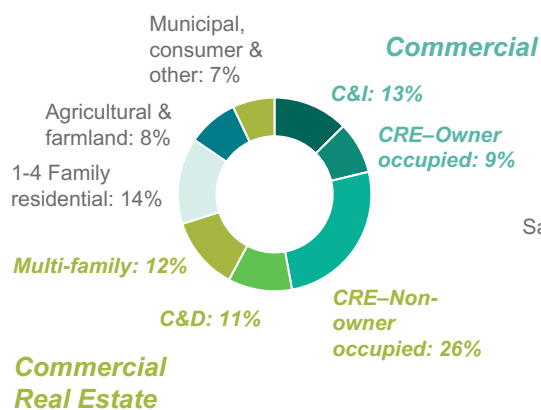
<sup>1</sup> See "Non-GAAP reconciliations" in the Appendix for reconciliation of non-GAAP financial measures to their most closely comparable GAAP financial measures

# Company Snapshot

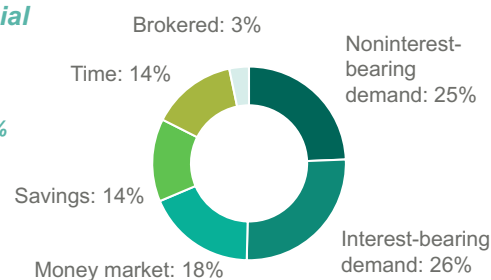
## Overview

- ✓ Company incorporated in 1982 from base of family-owned banks and completed its IPO in October 2019
- ✓ Headquartered in Bloomington, Illinois, with operations throughout Illinois and Eastern Iowa
- ✓ Strong, granular, and low-cost deposit franchise with 1.05% cost of deposits, 93.8% core deposits<sup>1</sup>
- ✓ Conservative credit culture, with net recoveries to average loans of 8bps for the year ended December 31, 2022 and net charge-offs to average loans of 1bp for the year ended December 31, 2023
- ✓ High profitability sustained through cycles

## Loan Composition



## Deposit Composition



## Financial Highlights (\$mm)

As of or for the year ended		2020	2021	2022	2023
<b>Balance Sheet</b>	Total assets	\$3,667	\$4,314	\$4,287	\$5,073
	Total loans	2,247	2,500	2,620	3,404
	Total deposits	3,131	3,738	3,587	4,401
	Core deposits (%) <sup>1</sup>	99.1 %	98.3 %	99.2 %	93.8 %
	Loans-to-deposits	71.8 %	66.9 %	73.0 %	77.3 %
	CET1 (%)	13.1 %	13.4 %	13.1 %	12.1 %
	TCE / TA <sup>1</sup>	9.3 %	8.9 %	8.1 %	8.2 %
<b>Key Performance Indicators</b>	Adjusted ROAA* <sup>1</sup>	1.15 %	1.43 %	1.31 %	1.59 %
	Adjusted ROATCE* <sup>1</sup>	12.3 %	16.1 %	15.8 %	20.9 %
	NIM (FTE)* <sup>1</sup>	3.60 %	3.23 %	3.60 %	4.15 %
	Yield on loans*	4.69 %	4.68 %	4.91 %	6.04 %
	Cost of deposits*	0.14 %	0.07 %	0.07 %	0.60 %
	Cost of funds*	0.21 %	0.16 %	0.19 %	0.86 %
	Efficiency ratio (FTE) <sup>1</sup>	58.9 %	55.8 %	56.9 %	55.8 %
<b>Credit</b>	NCOs / loans*	0.04 %	(0.01)%	(0.08)%	0.01 %
	ACL / loans	1.42 %	0.96 %	0.97 %	1.18 %
	NPLs / loans	0.44 %	0.11 %	0.08 %	0.23 %
	NPAs / assets	0.39 %	0.14 %	0.12 %	0.17 %

Note: Financial data as of and for the three months ended December 31, 2023 unless otherwise indicated; \* Annualized measure; <sup>1</sup> Non-GAAP financial measure. See "Non-GAAP Reconciliations" in the Appendix for reconciliation of non-GAAP financial measures to their most closely comparable GAAP financial measures.

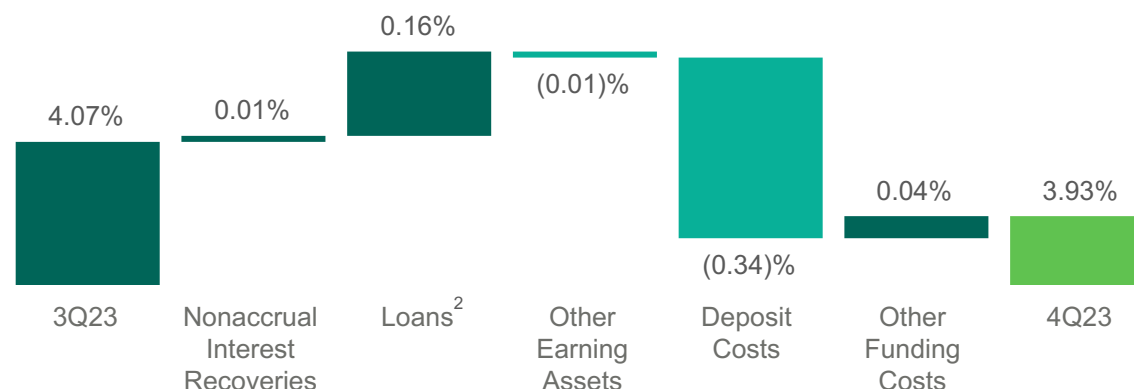
# Earnings Overview

(\$000)	Prior Quarter			Current Quarter		
	3Q23	Non-GAAP Adj. <sup>1</sup>	Adjusted 3Q23 <sup>1</sup>	4Q23	Non-GAAP Adj. <sup>1</sup>	Adjusted 4Q23 <sup>1</sup>
Interest and dividend income	\$59,041	\$—	\$59,041	\$61,411	\$—	\$61,411
Interest expense	10,762	—	10,762	14,327	—	14,327
Net interest income	48,279	—	48,279	47,084	—	47,084
Provision for credit losses	480	—	480	1,113	—	1,113
Net interest income after provision for credit losses	47,799	—	47,799	45,971	—	45,971
Noninterest income	9,490	790	10,280	9,205	1,155	10,360
Noninterest expense	30,671	—	30,671	30,387	—	30,387
Income before income tax expense	26,618	790	27,408	24,789	1,155	25,944
Income tax expense	6,903	226	7,129	6,343	329	6,672
<b>Net income</b>	<b>\$19,715</b>	<b>\$564</b>	<b>\$20,279</b>	<b>\$18,446</b>	<b>\$826</b>	<b>\$19,272</b>

## Highlights Relative to Previous Quarter

- Net interest income decreased slightly from the third quarter of 2023 with increased funding costs partially offset by higher yields on loans and a more favorable interest-earning asset mix
- Net interest margin decreased 14 basis points to 3.93%
- Increased reserve requirements driven by loan growth and changes in economic forecast and qualitative factors
- Adjusted noninterest income increased \$0.1 million with a \$0.5 million increase in wealth management fees which was mostly offset by a \$0.5 million decrease in gains on foreclosed assets
- Noninterest expense decreased by \$0.3 million reflecting our continued expense management discipline with a \$0.5 million decrease in marketing expense largely offset by a \$0.4 million increase in other noninterest expense.

## 4Q23 NIM Analysis\*



\* Annualized measures; <sup>1</sup> Non-GAAP financial measure. See "Non-GAAP Reconciliations" in the Appendix for reconciliation of non-GAAP financial measures to their most closely comparable GAAP financial measures; <sup>2</sup> Reflects contribution of loan interest income to net interest margin, excluding loan discount accretion and nonaccrual interest recoveries.

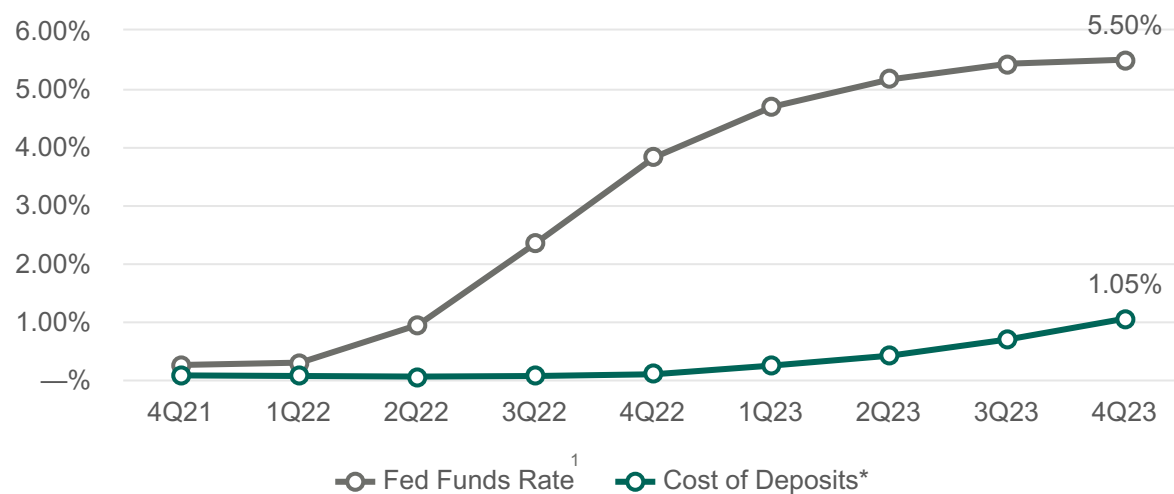
# Deposit Overview

## Deposit Base Highlights

- Highly granular deposit base with cost increases in line with expectations during the fourth quarter of 2023
- Top 100 depositors, by balance, make up 13% of our deposit base, and the top 200 depositors make up 16%
- Excluding brokered deposits, account balances consist of 71% retail, 21% business, and 8% public funds as of December 31, 2023
- Uninsured and uncollateralized deposits estimated to be \$601 million, or 14% of total deposits, as of December 31, 2023
- During the fourth quarter of 2023, \$144 million of wealth management customer deposits were brought on balance sheet

	Interest Costs* 4Q23	Spot Interest Rates <sup>2</sup> As of 12/31/23
Interest-bearing demand	0.43 %	0.44 %
Money market	1.67 %	2.36 %
Savings	0.27 %	0.30 %
Time	3.16 %	3.43 %
Brokered	5.42 %	5.42 %
<b>Total interest-bearing deposits</b>	<b>1.40 %</b>	<b>1.65 %</b>
<b>Total deposits</b>	<b>1.05 %</b>	<b>1.25 %</b>

## Deposit Beta (4Q21 to 4Q23): 18.7%



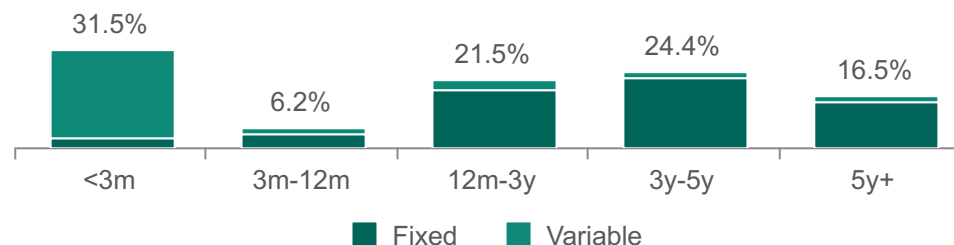
Source: St. Louis FRED

\* Annualized measure; <sup>1</sup> Represents quarterly average of federal funds target rate upper limit; <sup>2</sup> Weighted average spot interest rates do not include impact of purchase accounting adjustment amortization

# Net Interest Margin

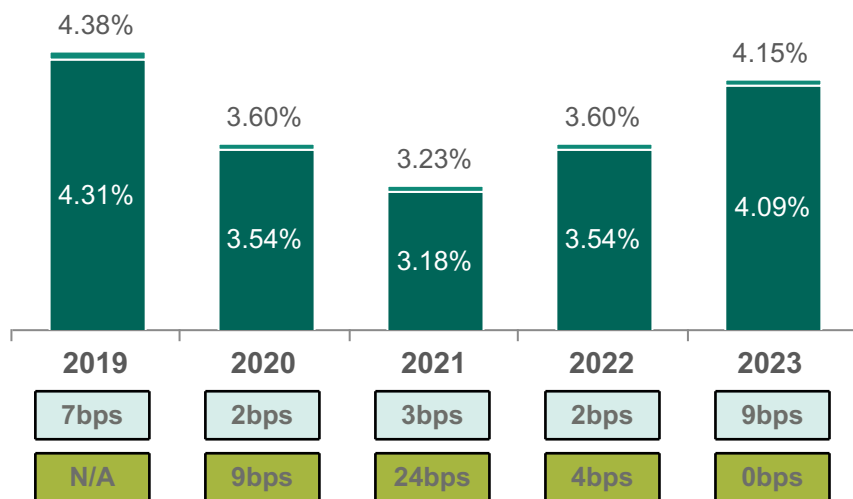
- Fourth quarter 2023 net interest margin decreased 14 basis points from the prior quarter, primarily attributable to higher funding costs which outpaced an increase in asset yields
- 38% of the loan portfolio matures or reprices within the next 12 months
- Loan mix is 64% fixed rate and 36% variable rate, and 71% of variable rate loans have floors

## Percentage of Loans Maturing or Repricing



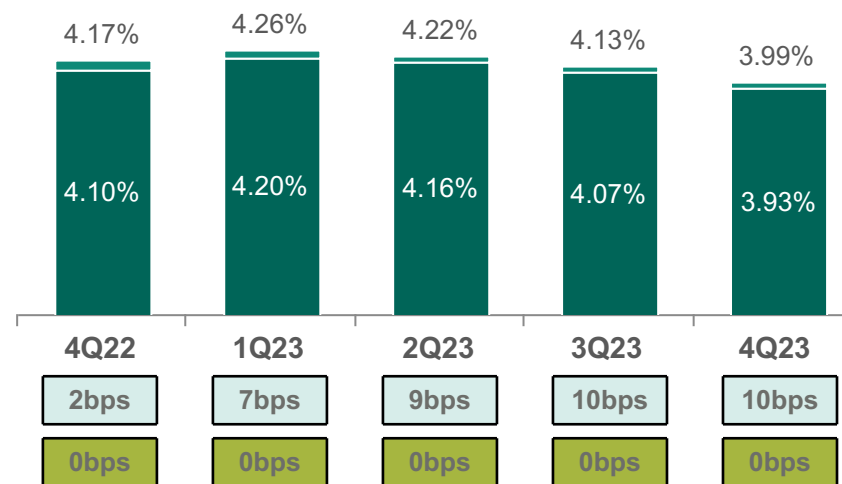
## Annual

- FTE NIM<sup>1</sup>
- GAAP NIM
- Accretion of acquired loan discounts contribution to NIM
- PPP loan fees contribution to NIM



## Quarterly

- FTE NIM\*<sup>1</sup>
- GAAP NIM\*
- Accretion of acquired loan discounts contribution to NIM\*
- PPP loan fees contribution to NIM\*

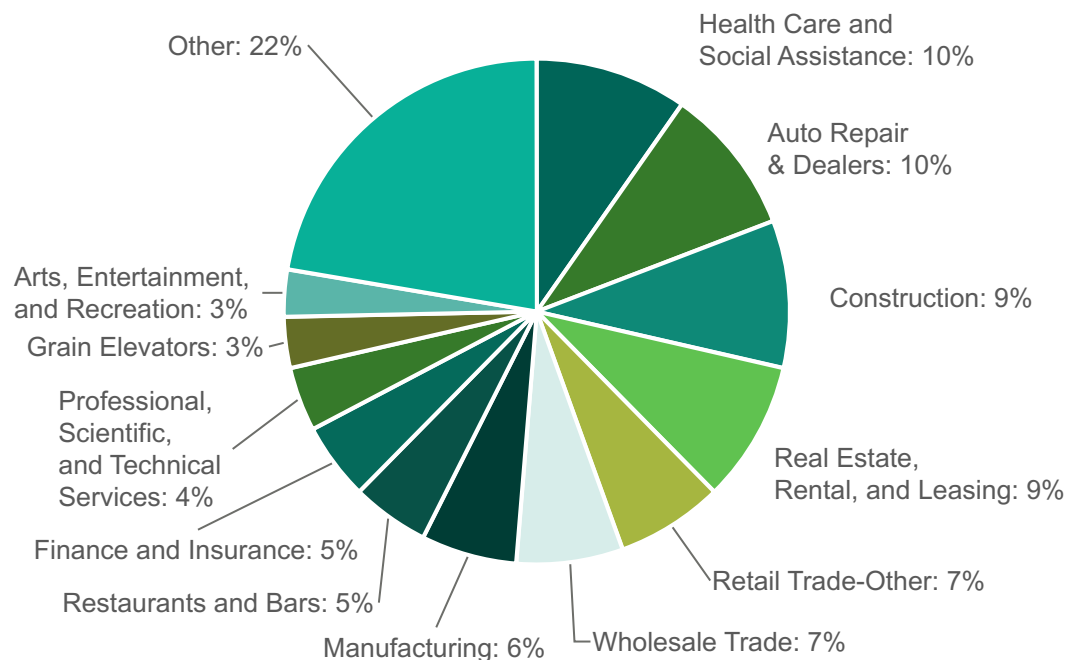


\* Annualized measure; <sup>1</sup> Tax-equivalent basis metric; see "Non-GAAP reconciliations" in the Appendix for reconciliation of non-GAAP financial measures to their most closely comparable GAAP financial measures

# Loan Portfolio Overview: Commercial and Commercial Real Estate

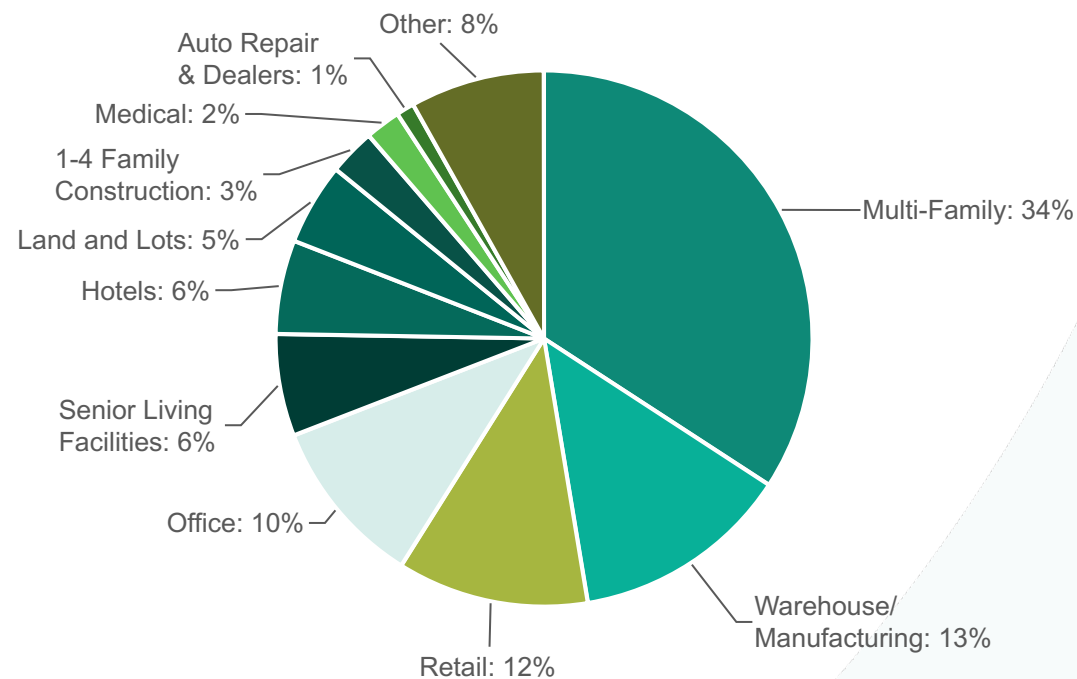
## Commercial Loan Portfolio

- \$428 million C&I loans outstanding as of December 31, 2023
  - 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<sup>1</sup>
- \$296 million owner-occupied CRE outstanding as of December 31, 2023
  - Primarily underwritten based on cash flow of the business occupying the property and supported by personal guarantees; loans based primarily in-market



## Commercial Real Estate Portfolio

- \$1.66 billion portfolio as of December 31, 2023
  - \$881 million in non-owner occupied CRE primarily supported by rental cash flow of the underlying properties
  - \$364 million in construction and land development loans primarily to developers to sell upon completion or for long-term investment
  - \$418 million in multi-family loans secured by 5+ unit apartment buildings
- Office CRE exposure characterized by solid credit metrics as of December 31, 2023 with only 2.0% rated pass-watch, less than 0.1% rated substandard, and less than 0.1% past due 30 days or more



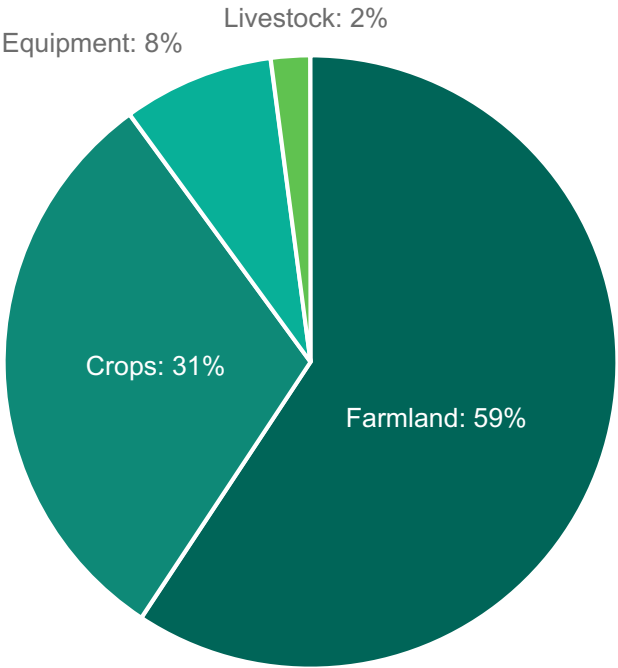
<sup>1</sup> Market area defined as within 60 miles of a branch



# Loan Portfolio Overview: Selected Portfolios

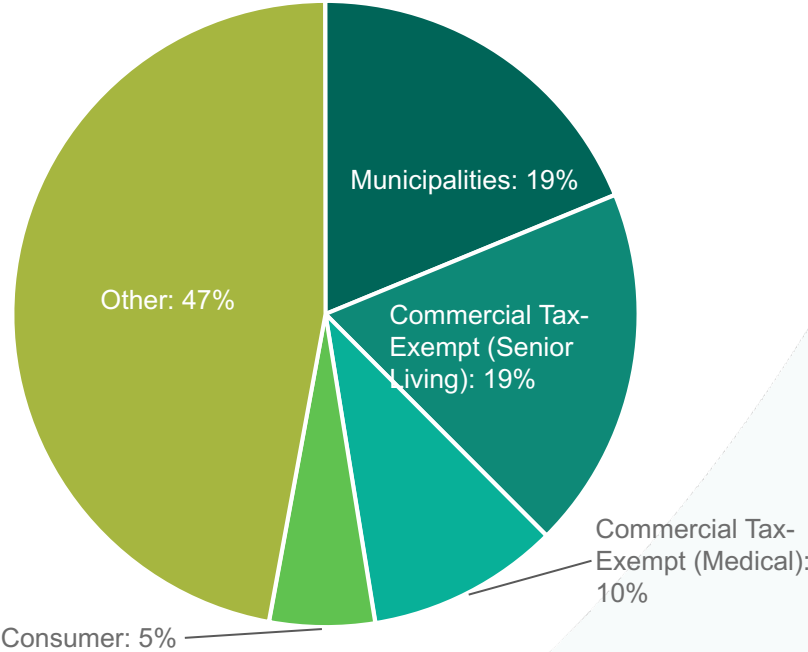
## Agriculture and Farmland

- \$287 million portfolio as of December 31, 2023
- Borrower operations focus primarily on corn and soybean production
- Federal crop insurance programs mitigate production risks
- No customer accounts for more than 3% of the agriculture portfolio
- Weighted average LTV on Farmland loans is 57.2%
- 1.2% is rated substandard as of December 31, 2023
- Over 70% of agricultural borrowers have been with the Company for at least 10 years, and over half for more than 20 years



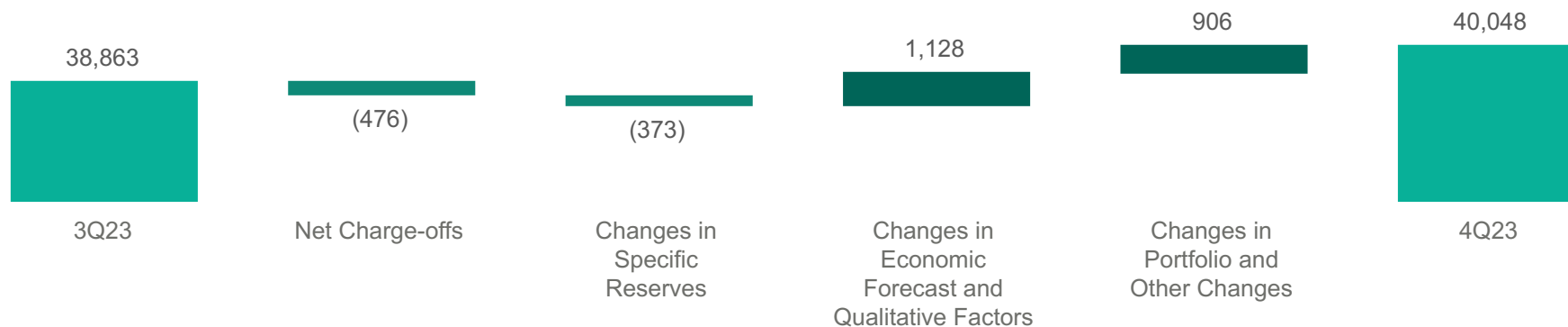
## Municipal, Consumer and Other

- \$239 million portfolio as of December 31, 2023
  - Loans to municipalities are primarily federally tax-exempt
  - Consumer loans include loans to individuals for consumer purposes and typically consist of small balance loans
  - Other loans primarily include loans to nondepository financial institutions
- Commercial Tax-Exempt - Senior Living
  - \$44.8 million portfolio with \$4.5 million average loan size
  - Weighted average LTV of 76.7%
  - 33.4% is rated substandard
- Commercial Tax-Exempt – Medical
  - \$23.8 million portfolio with \$2.2 million average loan size
  - Weighted average LTV of 34.9%
  - No loans are rated substandard



# Loan Portfolio Overview: ACL and Asset Quality

## 4Q23 ACL on Loans Activity (\$000)



## CECL Methodology and Oversight

- Discounted cash flow method utilized for majority of loan segments, except weighted average remaining maturity method used for consumer loans
- Credit loss drivers determined by regression analysis includes Company and peer loss data and macroeconomic variables, including unemployment and GDP
- ACL / Loans of 1.18% as of December 31, 2023
- ACL Committee provides model governance and oversight

## ACL on Unfunded Commitments

- ACL on unfunded lending-related commitments decreased by \$0.5 million to \$3.8 million during the fourth quarter of 2023

Watch List and Nonaccrual Loans (\$000)	As of 9/30/23	Change	As of 12/31/23
Pass-Watch	\$ 90,359	\$ 7,847	\$ 98,206
Substandard	68,262	(3,940)	64,322
Nonaccrual <sup>1</sup>	6,678	1,142	7,820

<sup>1</sup> Includes \$2.6 million of loans that are wholly or partially guaranteed by the U.S. Government as of December 31, 2023.

# Wealth Management Overview

## Comprehensive Wealth Management Services

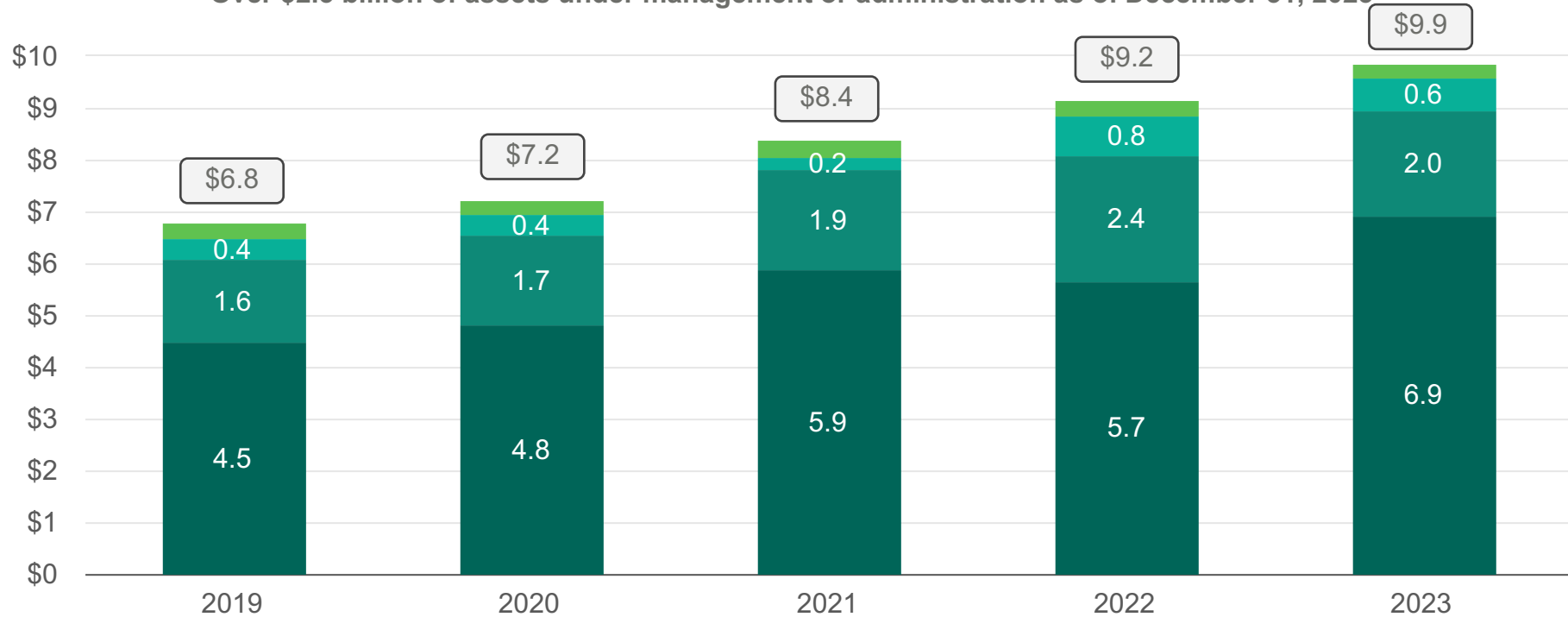
- Proprietary investment management solutions
- Financial planning
- Trust and estate administration

## Agricultural Services

- Farm management services: Over 76,000 acres managed as of December 31, 2023
- Real estate brokerage including auction services
- Farmland appraisals

## Wealth Management Revenue Trends (\$mm)

Over \$2.3 billion of assets under management or administration as of December 31, 2023



- Asset Management and Trust Services
- Agricultural Services - Real Estate Brokerage
- Agricultural Services - Farm Management
- Investment Brokerage
- Total

# Securities Portfolio Overview

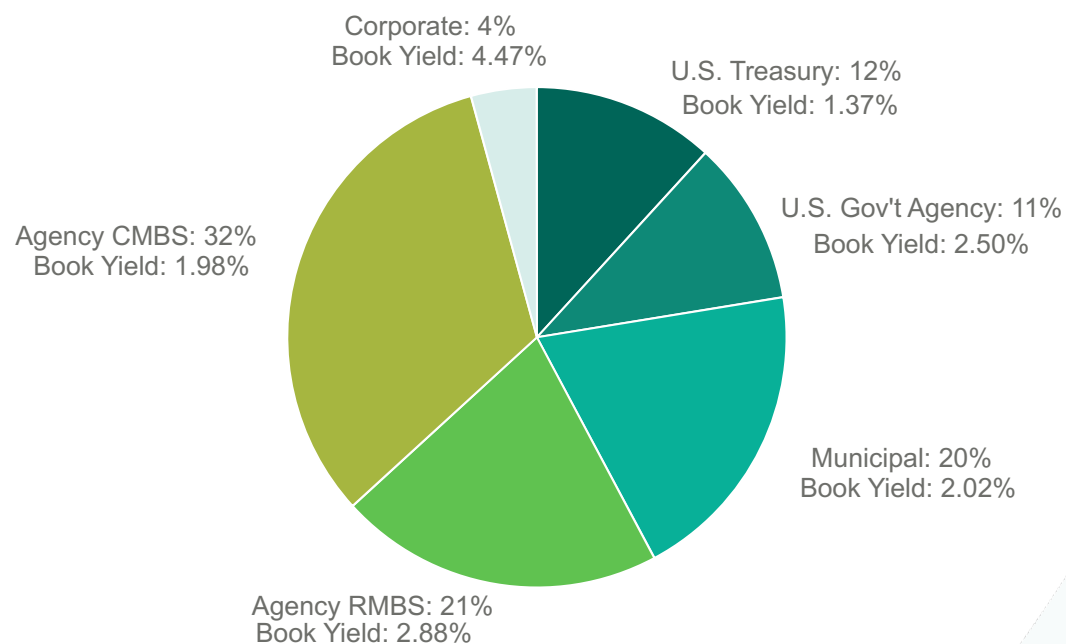
## Securities Overview

- Company's debt securities consist primarily of the following types of fixed income instruments:
  - Agency guaranteed MBS: MBS pass-throughs, CMOs, and CMBS
  - Municipal Bonds: weighted average NRSRO credit rating of Aa2/AA
  - Treasury, Government Agency Debentures, and SBA-backed Full Faith and Credit Debt
  - Corporate Bonds: Investment Grade Corporate and Bank Subordinated Debt
- Investment strategy focused on maximizing returns and managing the Company's asset sensitivity with high credit quality intermediate duration investments
- Company emphasizes predictable cash flows that limit faster prepayments when rates decline or extended durations when rates rise
- Net loss of \$3.4 million on sale of \$66.8 million of municipal securities in January 2024 with proceeds used to reduce wholesale funding. The book yield of the securities sold was 1.87% and the average life was 6.7 years.

## Key Investment Portfolio Metrics

(\$000)	AFS	HTM	Total
Amortized Cost	\$ 831,624	\$ 521,439	\$1,353,063
Unrealized Gain/(Loss)	(72,163)	(54,943)	(127,106)
Allowance for Credit Losses	—	—	—
Fair Value	759,461	466,496	1,225,957
Book Yield	2.16 %	2.43 %	2.26 %
Effective Duration (Years)	3.26	4.93	3.90

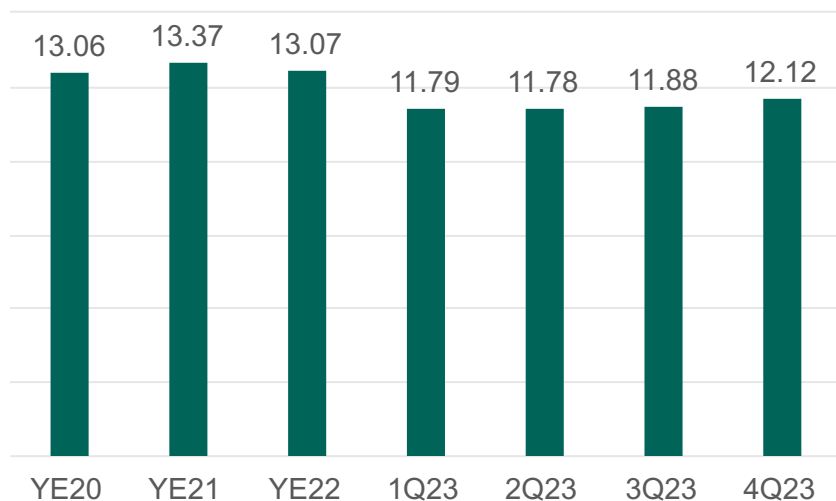
## Portfolio Composition



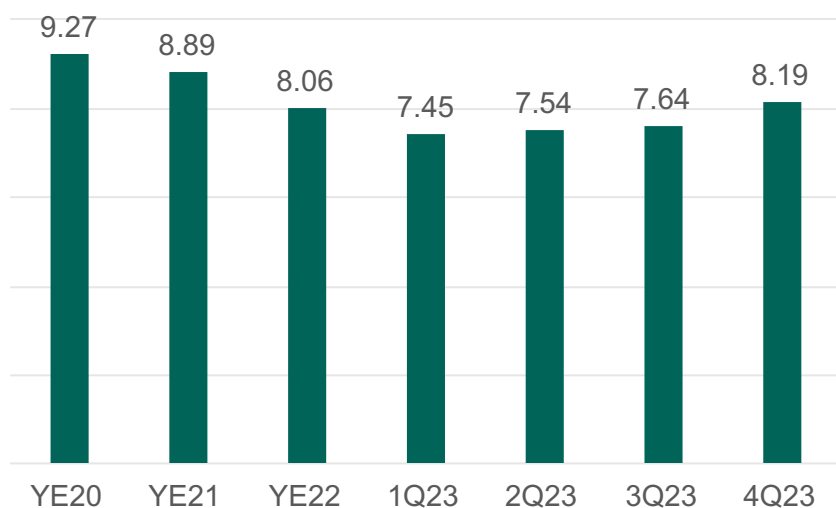
**Amortized Cost: \$1,353mm**  
**Book Yield: 2.26%**

# Capital and Liquidity Overview

### CET 1 Risk-Based Capital Ratio (%)



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



### Capital and Liquidity Highlights

- Overall capital levels remain strong, all capital measures increased during 4Q23, and remain well above regulatory requirements
- Decreases in capital measures from YE22 to 1Q23 were primarily a result of the Town and Country acquisition
- If all unrealized losses on debt securities, regardless of accounting classification, were included in tangible equity, tangible common equity to tangible assets would be 7.46%
- Recent drop in interest rates drove a \$21.3 million increase in our accumulated other comprehensive income (loss), which when coupled with strong earnings retention, resulted in tangible common equity to tangible assets increasing to 8.19% as of December 31, 2023
- With the loan to deposit ratio at 77%, there is more than sufficient on-balance sheet liquidity that is also supplemented by multiple untapped liquidity sources

### Liquidity Sources (\$000)

	As of 12/31/23
Balance of Cash and Cash Equivalents	\$141,252
Fair Value of Unpledged Securities	827,760
Available FHLB Advance Capacity <sup>2</sup>	687,235
Available Fed Fund Lines of Credit	80,000
<b>Total Estimated Sources of Liquidity</b>	<b>\$1,736,247</b>

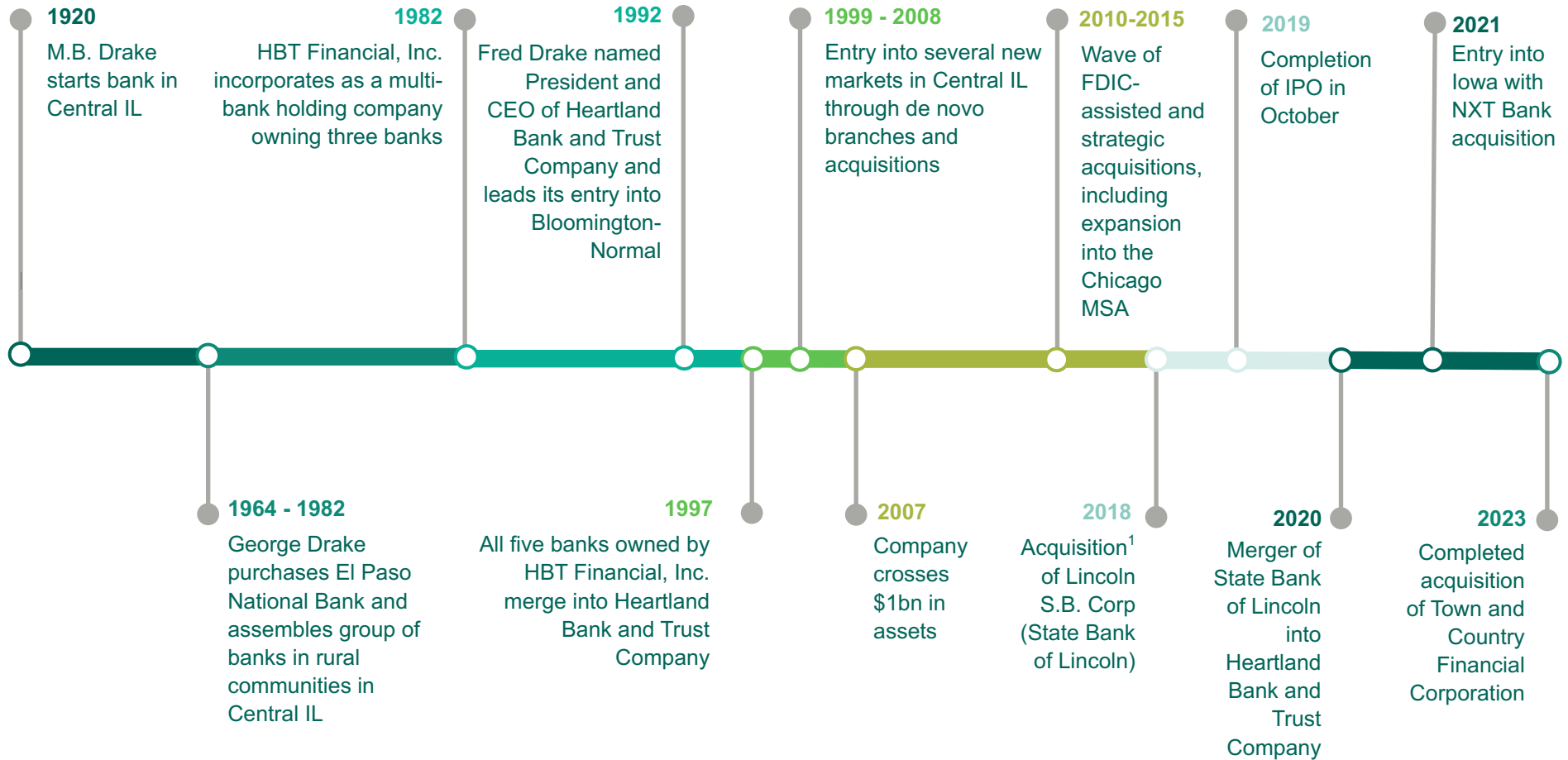
<sup>1</sup> Non-GAAP financial measure. See "Non-GAAP Reconciliations" in the Appendix for reconciliation of non-GAAP financial measures to their most closely comparable GAAP financial measures.; <sup>2</sup> Represents FHLB advance capacity based on loans currently pledged. Additional capacity of approximately \$381 million would be available by pledging additional eligible loans.

## Near-Term Outlook

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- Total loans are expected to be flat to down slightly in 1Q24, but we expect loans to grow by low to mid-single digits year-over-year during 2024
- Deposit outflows have largely subsided, but movement into higher cost products is expected to continue
- Investment portfolio is expected to average approximately \$33 million of principal cash flows a quarter during 2024 with proceeds used to fund loan growth, decrease wholesale funding, or be reinvested into the securities portfolio
- NIM is expected to continue to decline modestly during 1Q24, and flatten in 2Q24 to 3Q24 based on the current interest rate outlook and liquidity position
- Noninterest income during 2024 is expected to grow in low single digits from 4Q23
- Noninterest expense should remain between \$31 million and \$32 million per quarter for 2024
- Asset quality expected to remain solid, although increasing unemployment and a declining economy, if any were to occur, could cause increased provisions
- Stock repurchase program will continue to be used opportunistically with \$15 million available under the current plan through January 1, 2025
- Current capital levels and stock valuation compared to peers support M&A if an opportunity arises

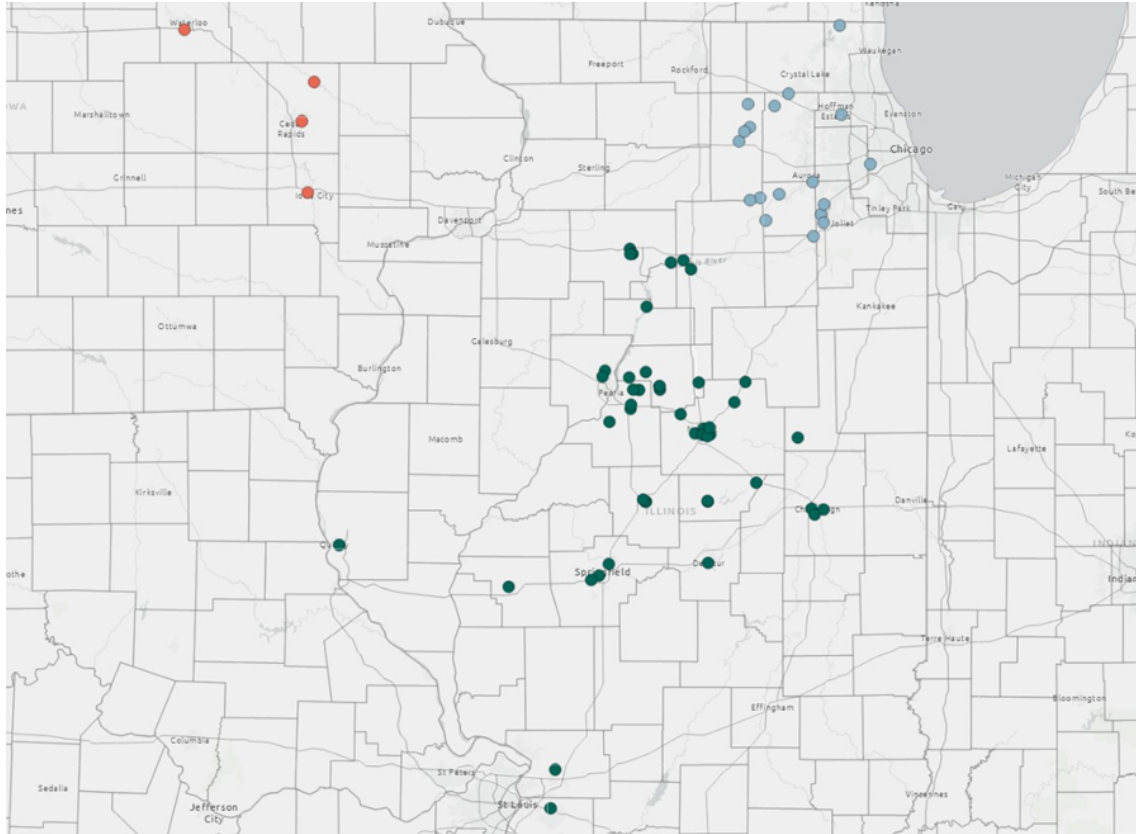
# Our History – Long track record of organic and acquisitive growth



<sup>1</sup> Although the Lincoln S.B. Corp transaction 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

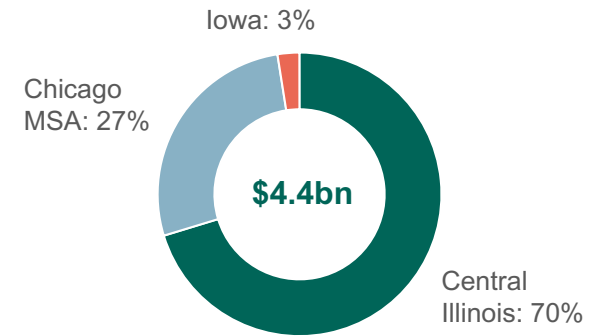
## Full-Service Branch Locations



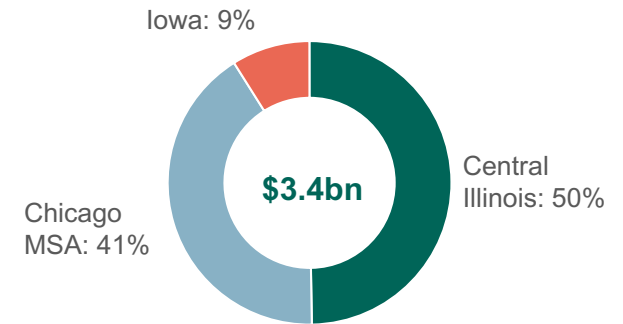
- Central Illinois branches
- Chicago MSA branches
- Iowa branches

Source: S&P Capital IQ; Financial data as of December 31, 2023

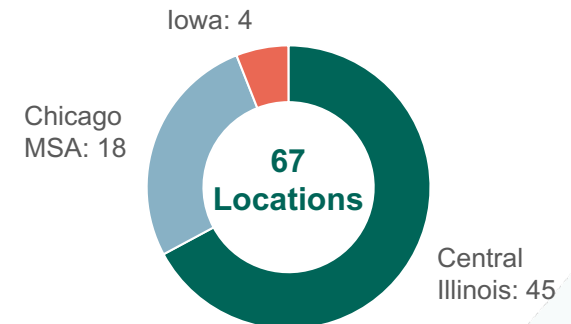
## Deposits



## Loans



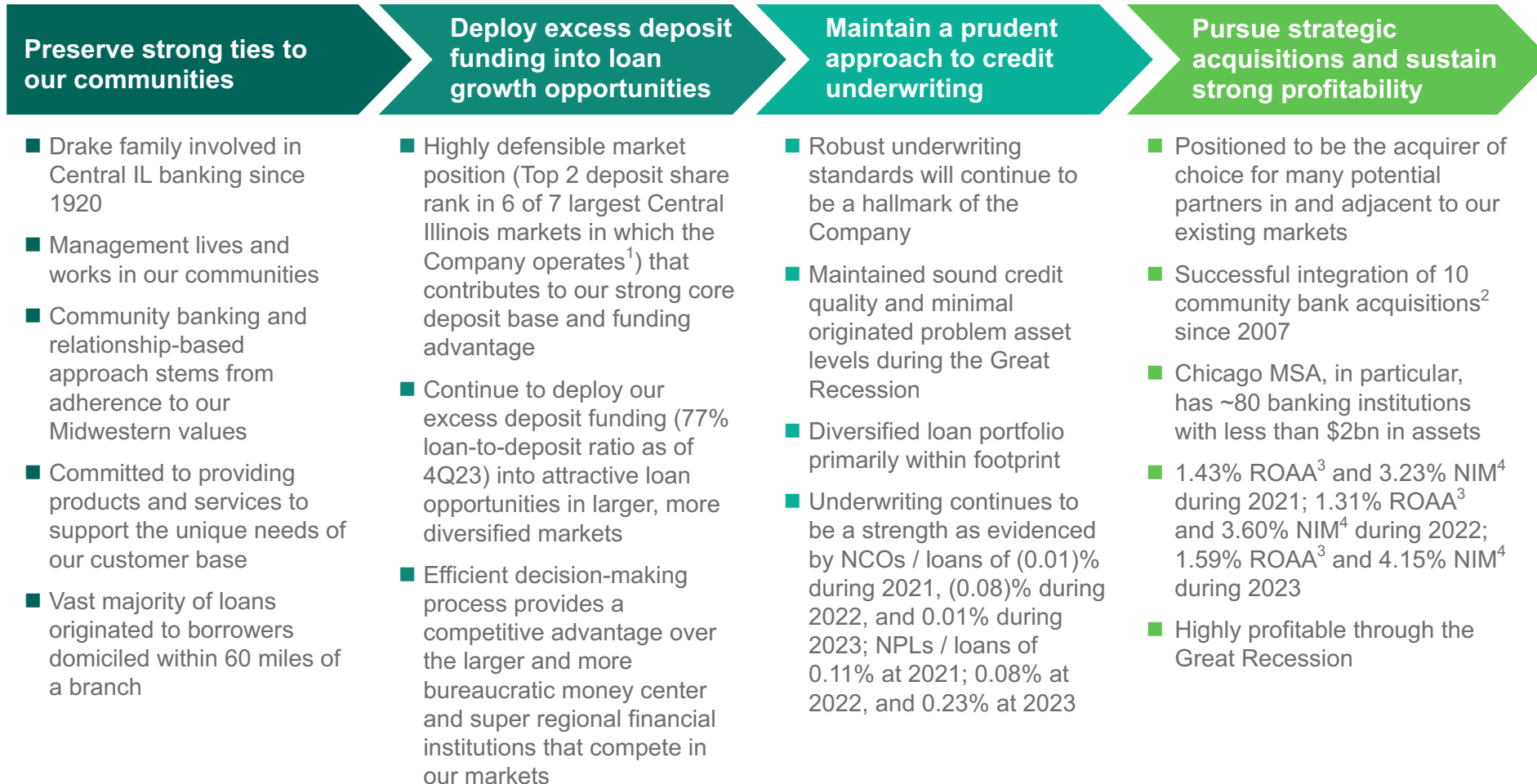
## Full-Service Branches





# Business Strategy

*Small enough to know you, big enough to serve you*



<sup>1</sup> Source: S&P Capital IQ, data as of June 30, 2023; <sup>2</sup> Includes merger with Lincoln S.B. Corp in 2018, although the transaction was accounted for as a change of reporting entity due to its common control with Company; <sup>3</sup> Metrics based on adjusted net income, which is a non-GAAP metric; for reconciliation with GAAP metrics, see "Non-GAAP reconciliations" in Appendix; <sup>4</sup> Metrics presented on tax-equivalent basis; for reconciliation with GAAP metric, see "Non-GAAP reconciliations" in Appendix.

# Experienced executive management team with deep community ties

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**Fred L. Drake**  
**Executive Chairman**  
40 years with Company  
43 years in industry



**J. Lance Carter**  
**President and  
Chief Executive Officer**  
22 years with Company  
30 years in industry



**Peter Chapman**  
**Chief Financial Officer**  
Joined HBT in Oct. 2022  
30 years in industry



**Lawrence J. Horvath**  
**Chief Lending Officer**  
13 years with Company  
38 years in industry



**Diane H. Lanier**  
**Chief Retail Officer**  
26 years with Company  
38 years in industry



**Mark W. Scheirer**  
**Chief Credit Officer**  
12 years with Company  
31 years in industry



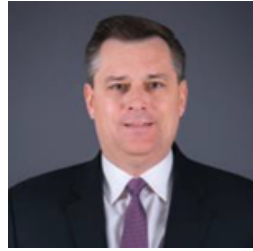
**Andrea E. Zurkamer**  
**Chief Risk Officer**  
10 years with Company  
23 years in industry

# Talented Board of Directors with deep financial services industry experience



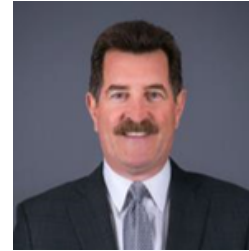
**Fred L. Drake**  
**Executive Chairman**

- Director since 1984
- **40** years with Company
- **43** years in industry



**J. Lance Carter**  
**Director**

- Director since 2011
- President and CEO of HBT Financial and Heartland Bank
- **22** years with Company
- **30** years in industry



**Patrick F. Busch**  
**Director**

- Director since 1998
- Vice Chairman of Heartland Bank
- **28** years with Company
- **45** years in industry



**Roger A. Baker**  
**Director**

- Director since 2022
- Former Chairman and President of NXT Bancorporation
- Owner, Sinclair Elevator, Inc.
- **15** years in industry



**Dr. C. Alvin Bowman**  
**Director**

- Director since 2019
- Former President of Illinois State University
- **36** years in higher education



**Eric E. Burwell**  
**Director**

- Director since 2005
- Owner, Burwell Management Company
- Invests in a variety of real estate, private equity, venture capital and liquid investments



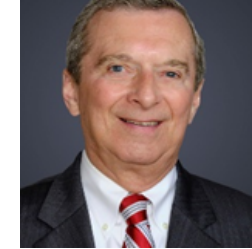
**Allen C. Drake**  
**Director**

- Director since 1981
- Retired EVP with **27** years of experience at Company
- Formerly responsible for Company's lending, administration, technology, personnel, accounting, trust and strategic planning



**Linda J. Koch**  
**Director**

- Director since 2020
- Former President and CEO of the Illinois Bankers Association
- **36** years in industry



**Gerald E. Pfeiffer**  
**Director**

- Director since 2019
- Former Partner at CliftonLarsonAllen LLP with **46** years of industry experience
- Former CFO of Bridgeview Bancorp

# Investment Highlights



1



Consistent performance through cycles drives long-term tangible book value growth

2



Strong, granular, low-cost deposit base provides funding for loan growth opportunities

3



Track record of successfully integrating acquisitions

4



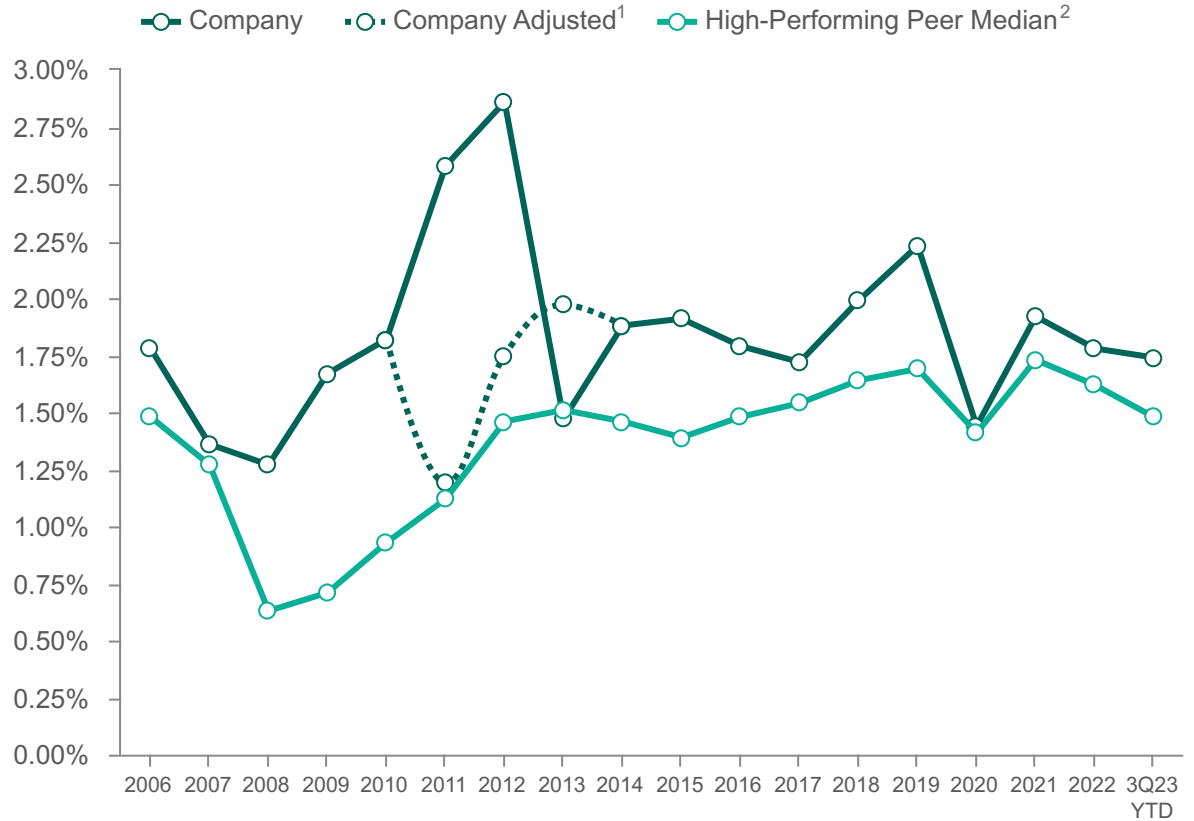
Prudent risk management

# 1 Consistent performance through cycles. . .

## Drivers of Profitability

- 1 Strong, granular, low-cost deposits supported by our leading market share in our Central Illinois 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 (%)

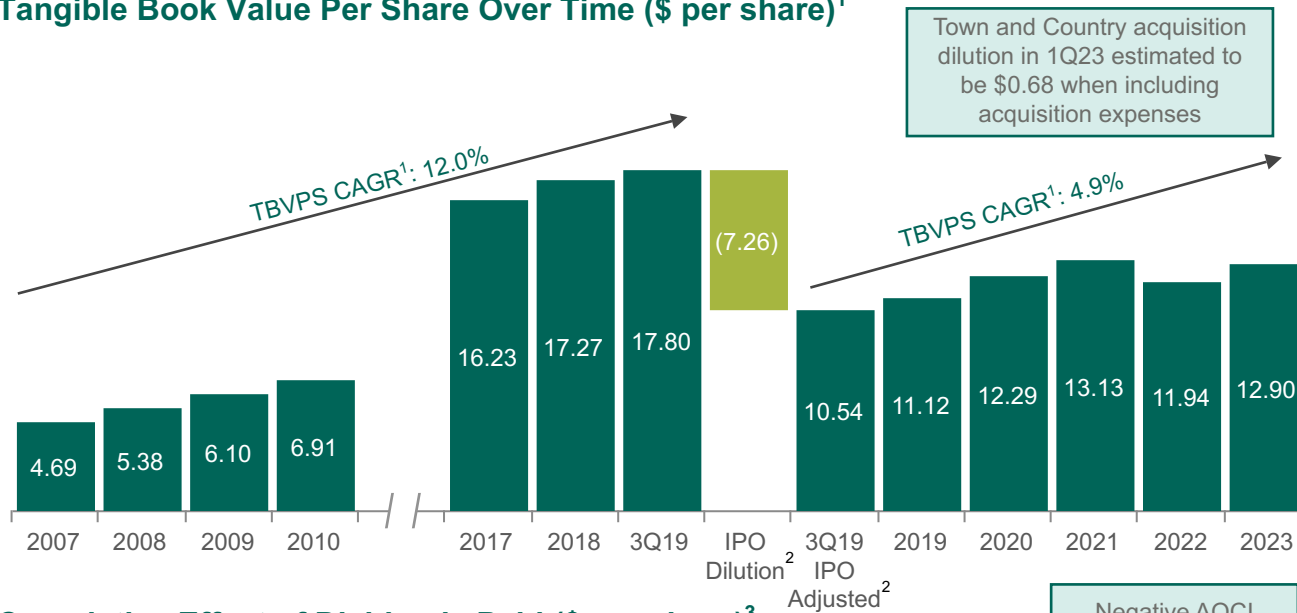


**Consistent outperformance, even during periods of broad economic stress**

Source: S&P Capital IQ as available on January 11, 2024; For 2006 through June 30, 2012, the Company's pre-tax ROAA does not include Lincoln S.B. Corp. and its subsidiaries; <sup>1</sup> Non-GAAP financial measure; HBT pre-tax ROAA adjusted 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 35 high performing major exchange-traded banks headquartered in the Midwest with \$2-10bn in assets and a 2022 core return on average assets above 1.0%

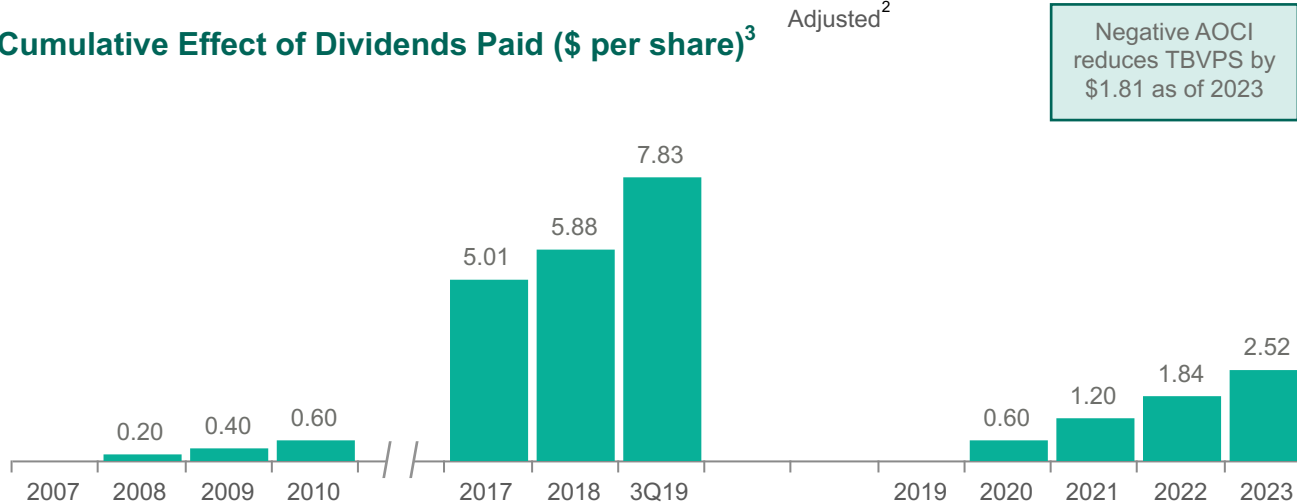
# 1 . . . drives long-term tangible book value growth

**Tangible Book Value Per Share Over Time (\$ per share)<sup>1</sup>**



- From 2007 to IPO, HBT generated 12.0% annual compound growth of TBVPS
- Since our IPO in October 2019, TBVPS growth has been more muted, primarily due to unrealized losses on AFS securities and the Town and Country acquisition in 1Q23
- TBVPS increased by \$1.10, or 9.3%, in the fourth quarter of 2023 to \$12.90 as of December 31, 2023 as a result of the recent drop in interest rates which drove a \$21.3 million increase in our accumulated other comprehensive income (loss) which was coupled with strong earnings retention
- Through calendar year 2024, assuming published 2024 EPS consensus estimates, current dividend levels, and the estimated reversal of unrealized losses on AFS securities based on interest rates as of December 31, 2023, our goal is to grow TBVPS at a rate in-line with, or more than, its growth from 2007 to our IPO

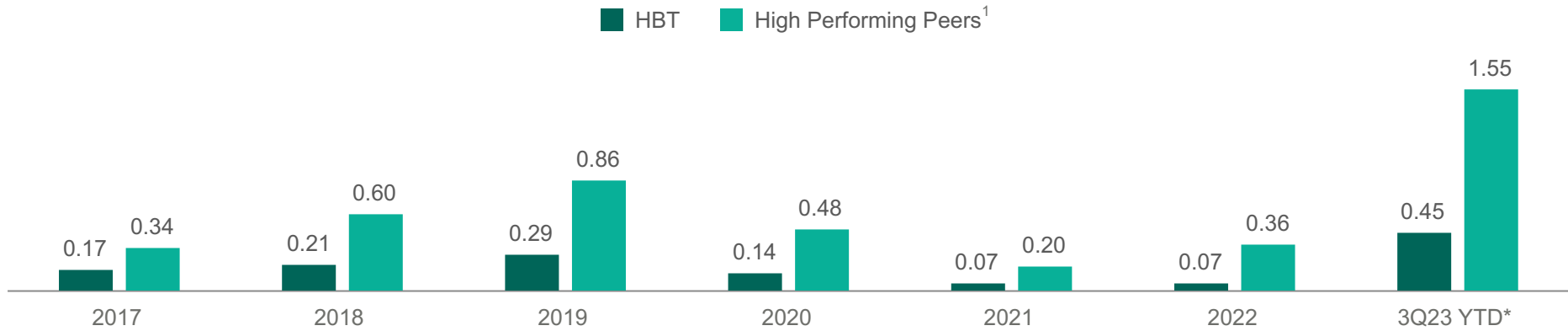
**Cumulative Effect of Dividends Paid (\$ per share)<sup>3</sup>**



<sup>1</sup> For reconciliation with GAAP metric, see "Non-GAAP reconciliations" in Appendix; <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 substantially 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 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" in Appendix.

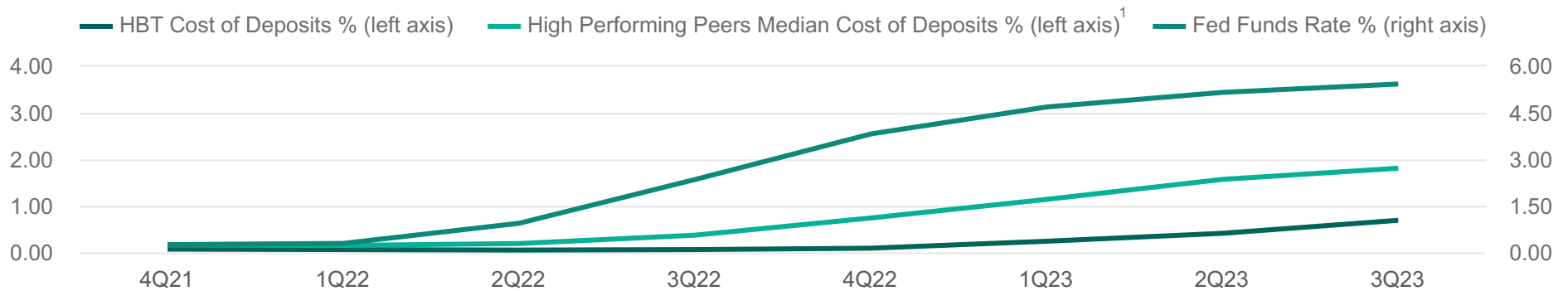
## 2 Strong, granular, low-cost deposit base. . .

### Cost of Deposits (%) Remains Consistently Below Peers



### With a Lower Deposit Beta than Peers Since Beginning of Current Interest Rate Tightening Cycle

Deposit Beta (4Q21 – 3Q23): HBT = 12.0%; High Performing Peers<sup>1</sup> = 31.9%



Source: S&P Capital IQ as available on January 11, 2024; <sup>1</sup> Represents median of 35 high performing major exchange-traded banks headquartered in the Midwest with \$2-10bn in assets and a 2022 core return on average assets above 1.0%; \* Annualized Measure

## 2 . . . provides funding for loan growth opportunities

### Leading Deposit Market Position

- Top 2 deposit share rank in 6 of 7 largest Central Illinois markets in which the Company operates<sup>1</sup>
- Deposit base is long tenured and granular across a variety of product types dispersed across our geography
- Proactive campaign to reach out to top 250 largest deposit customers has been run to solidify these relationships
- Detailed deposit pricing guidance is available to all consumer and commercial staff to assist in pricing discussions with customers

### Deposit Base Characteristics<sup>2</sup>

As of 12/31/23	Number of Accounts (000)	Average Balance (\$000)	Weighted Average Age (Years)
Noninterest-bearing	72	\$15	15.6
Interest-bearing demand	60	19	18.8
Money market	6	140	10.6
Savings	46	13	16.8
Time	17	38	3.4
<b>Total deposits</b>	<b>200</b>	<b>\$22</b>	<b>13.7</b>

### Loan Growth Opportunities

#### Chicago MSA

- Entered market in 2011 with acquisition of Western Springs National Bank
- 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
- Loan growth in Chicago MSA spread across a variety of commercial asset classes, including multifamily, mixed use, industrial, retail, and office

#### Central Illinois

- Deep-rooted market presence expanded through several acquisitions since 2007
- Central Illinois markets have been resilient during previous economic downturns
- Town and Country merger should enhance loan growth through access to new markets and opportunities to expand customer relationships with HBT's greater ability to meet larger borrowing needs

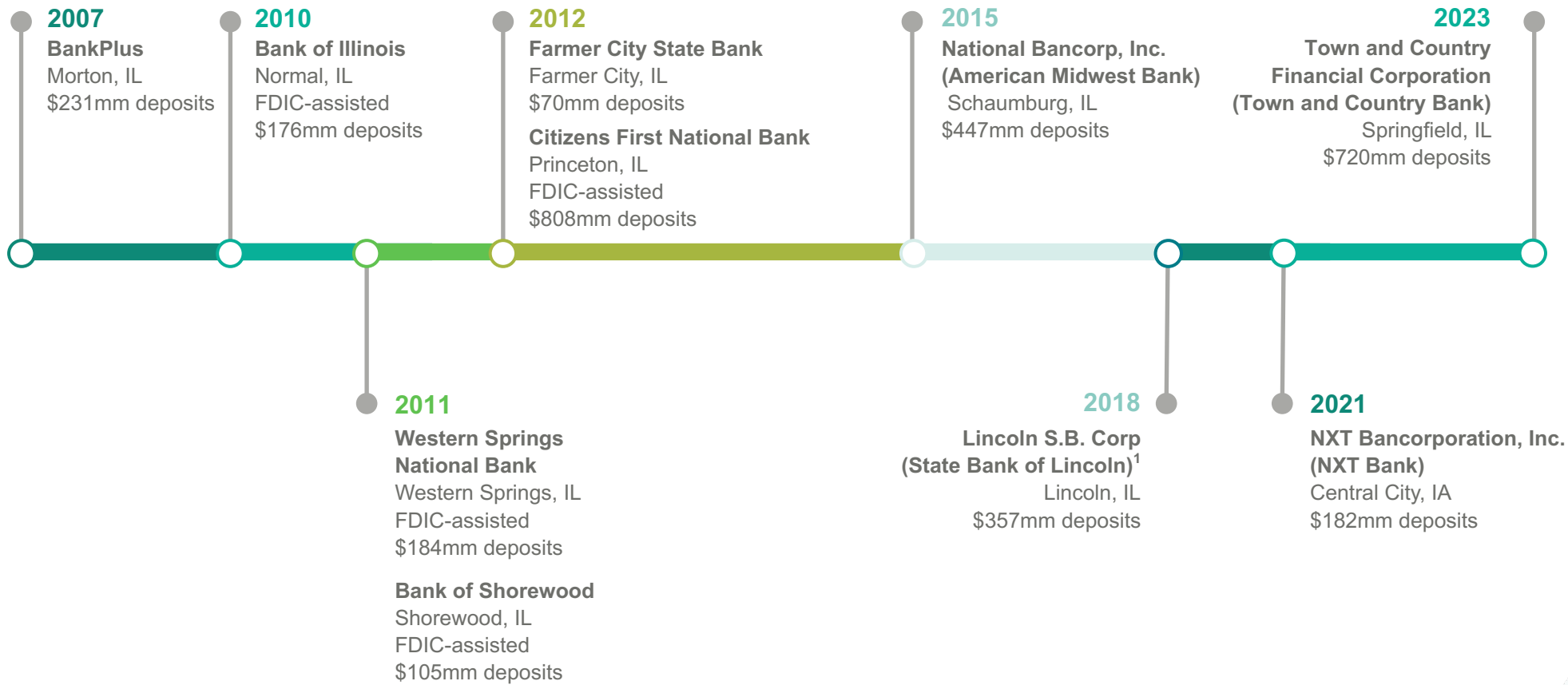
#### Iowa

- Entered market in 2021 with acquisition of NXT Bancorporation, Inc.
- Continued opportunity to accelerate loan growth in Iowa thanks to HBT's larger lending limit and ability to add to talented banking team

<sup>1</sup> Source: S&P Capital IQ, data as of June 30, 2023; leading deposit share defined as top 3 deposit share rank; <sup>2</sup> Excludes overdrawn deposit accounts



### 3 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

# 4 Prudent risk management

## Comprehensive Enterprise Risk Management

### Strategy and Risk Management

- Majority of directors are independent, with varied experiences and backgrounds
- Board of directors has an established Audit Committee, Compensation Committee, Nominating and Corporate Governance Committee, and an Enterprise Risk Management (ERM) Committee
- ERM program embodies the “three lines of defense” model and promotes business line risk ownership
- Independent and robust internal audit structure, reporting directly to our Audit Committee
- Strong compliance culture and compliance management system
- Code of Ethics and other governance documents are available at [ir.hbtfinancial.com](http://ir.hbtfinancial.com)

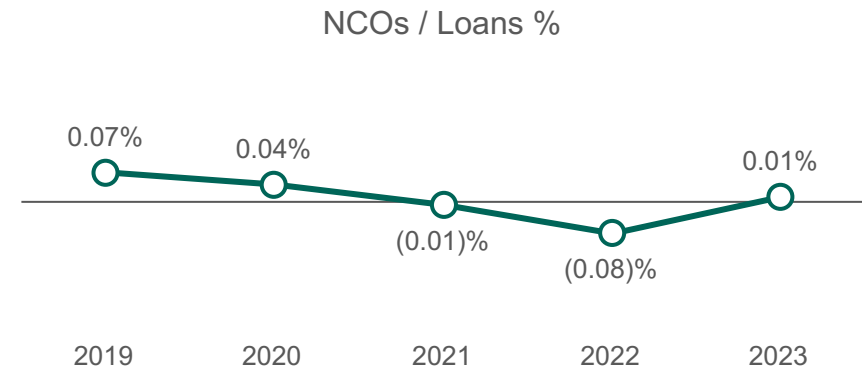
### Data Security & Privacy

- Robust data security program, and under our privacy policy, we do not sell or share customer information with non-affiliated entities
- Formal company-wide business continuity plan covering all departments, as well as a cybersecurity program that includes internal and outsourced, independent testing of our systems and employees

## Disciplined Credit Risk Management

- Risk management culture instilled by management
- Well-diversified loan portfolio across commercial, regulatory CRE, and residential
- Primarily originated across in-footprint borrowers
- Centralized credit underwriting group that evaluates all exposures over \$750,000 to ensure uniform application of policies and procedures
- Conservative credit culture, strong underwriting criteria, and regular loan portfolio monitoring
- Robust internal loan review process annually reviews more than 40% of loan commitments.

## Historical Net Charge-Offs (%)



# Appendix

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# Non-GAAP Reconciliations

## Adjusted Net Income and Adjusted ROAA

(\$000)	2020	2021	2022	2023	3Q23	4Q23
Net income	\$ 36,845	\$ 56,271	\$ 56,456	\$ 65,842	\$ 19,715	\$ 18,446
Adjustments:						
Acquisition expenses <sup>1</sup>	—	(1,416)	(1,092)	(13,691)	—	—
Branch closure expenses	—	(748)	—	—	—	—
Charges related to termination of certain employee benefit plans	(1,457)	—	—	—	—	—
Gains (losses) on sale of closed branch premises	—	—	141	75	—	—
Realized losses on sale of securities	—	—	—	(1,820)	(813)	—
Mortgage servicing rights fair value adjustment	(2,584)	1,690	2,153	(1,615)	23	(1,155)
Total adjustments	(4,041)	(474)	1,202	(17,051)	(790)	(1,155)
Tax effect of adjustments	1,152	(95)	(551)	4,711	226	329
Total adjustments after tax effect	(2,889)	(569)	651	(12,340)	(564)	(826)
<b>Adjusted net income</b>	<b>\$ 39,734</b>	<b>\$ 56,840</b>	<b>\$ 55,805</b>	<b>\$ 78,182</b>	<b>\$ 20,279</b>	<b>\$ 19,272</b>
Average assets	\$ 3,447,500	\$ 3,980,538	\$ 4,269,873	\$ 4,927,904	\$ 4,964,832	\$ 5,002,449
Return on average assets	1.07 %	1.41 %	1.32 %	1.34 %	1.58 %*	1.46 %*
<b>Adjusted return on average assets</b>	<b>1.15 %</b>	<b>1.43 %</b>	<b>1.31 %</b>	<b>1.59 %</b>	<b>1.62 %*</b>	<b>1.53 %*</b>

\* Annualized measure; <sup>1</sup> Includes recognition of an allowance for credit losses on non-PCD loans of \$5.2 million and an allowance for credit losses on unfunded commitments of \$0.7 million subsequent to the Town and Country merger during first quarter of 2023.

## Non-GAAP Reconciliations (cont'd)

### ROATCE, Adjusted ROAE, and Adjusted ROATCE

(\$000)	2020	2021	2022	2023
Total stockholders' equity	\$ 350,703	\$ 380,080	\$ 383,306	\$ 450,928
Less: goodwill	(23,620)	(25,057)	(29,322)	(57,266)
Less: core deposit intangible assets	(3,436)	(2,333)	(1,480)	(20,272)
<b>Average tangible common equity</b>	<b>\$ 323,647</b>	<b>\$ 352,690</b>	<b>\$ 352,504</b>	<b>\$ 373,390</b>
Net income	\$ 36,845	\$ 56,271	\$ 56,456	\$ 65,842
Adjusted net income	39,734	56,840	55,805	78,182
Return on average stockholders' equity	10.51 %	14.81 %	14.73 %	14.60 %
Return on average tangible common equity	11.38 %	15.95 %	16.02 %	17.63 %
Adjusted return on average stockholders' equity	11.33 %	14.95 %	14.56 %	17.34 %
Adjusted return on average tangible common equity	12.28 %	16.12 %	15.83 %	20.94 %

\* Annualized measure

## Non-GAAP Reconciliations (cont'd)

### Net Interest Income (tax-equivalent basis)

(\$000)	2019	2020	2021	2022	2023
Net interest income	\$ 133,800	\$ 117,605	\$ 122,403	\$ 145,874	\$ 191,072
Tax-equivalent adjustment	2,309	1,943	2,028	2,499	2,758
<b>Net interest income (tax-equivalent basis)</b>	<b>\$ 136,109</b>	<b>\$ 119,548</b>	<b>\$ 124,431</b>	<b>\$ 148,373</b>	<b>\$ 193,830</b>
Average interest-earnings assets	\$ 3,105,863	\$ 3,318,764	\$ 3,846,473	\$ 4,118,124	\$ 4,675,025

### Net Interest Margin (tax-equivalent basis)

(%)	2019	2020	2021	2022	2023
Net interest margin	4.31 %	3.54 %	3.18 %	3.54 %	4.09 %
Tax-equivalent adjustment	0.07 %	0.06 %	0.05 %	0.06 %	0.06 %
<b>Net interest margin (tax-equivalent basis)</b>	<b>4.38 %</b>	<b>3.60 %</b>	<b>3.23 %</b>	<b>3.60 %</b>	<b>4.15 %</b>

### Net Interest Income (tax-equivalent basis)

(\$000)	4Q22	1Q23	2Q23	3Q23	4Q23
Net interest income	\$ 42,183	\$ 46,837	\$ 48,872	\$ 48,279	\$ 47,084
Tax-equivalent adjustment	698	702	715	675	666
<b>Net interest income (tax-equivalent basis)</b>	<b>\$ 42,881</b>	<b>\$ 47,539</b>	<b>\$ 49,587</b>	<b>\$ 48,954</b>	<b>\$ 47,750</b>
Average interest-earnings assets	\$ 4,079,261	\$ 4,523,721	\$ 4,715,897	\$ 4,708,331	\$ 4,748,750

### Net Interest Margin (tax-equivalent basis)

(%)	4Q22	1Q23	2Q23	3Q23	4Q23
Net interest margin	4.10 %*	4.20 %*	4.16 %*	4.07 %*	3.93 %*
Tax-equivalent adjustment	0.07 %*	0.06 %*	0.06 %*	0.06 %*	0.06 %*
<b>Net interest margin (tax-equivalent basis)</b>	<b>4.17 %*</b>	<b>4.26 %*</b>	<b>4.22 %*</b>	<b>4.13 %*</b>	<b>3.99 %*</b>

\* Annualized measure.

## Non-GAAP Reconciliations (cont'd)

### Efficiency Ratio (tax-equivalent basis)

(\$000)	2020	2021	2022	2023
Total noninterest expense	\$ 91,956	\$ 91,246	\$ 105,107	\$ 130,964
Less: amortization of intangible assets	(1,232)	(1,054)	(873)	(2,670)
<b>Noninterest expense excluding amortization of intangible assets</b>	<b>\$ 90,724</b>	<b>\$ 90,192</b>	<b>\$ 104,234</b>	<b>\$ 128,294</b>
Net interest income	\$ 117,605	\$ 122,403	\$ 145,874	\$ 191,072
Total noninterest income	34,456	37,328	34,717	36,046
<b>Operating revenue</b>	<b>152,061</b>	<b>159,731</b>	<b>180,591</b>	<b>227,118</b>
Tax-equivalent adjustment	1,943	2,028	2,499	2,758
<b>Operating revenue (tax-equivalent basis)</b>	<b>\$ 154,004</b>	<b>\$ 161,759</b>	<b>\$ 183,090</b>	<b>\$ 229,876</b>
<b>Efficiency ratio</b>	59.66 %	56.46 %	57.72 %	56.49 %
<b>Efficiency ratio (tax-equivalent basis)</b>	58.91 %	55.76 %	56.93 %	55.81 %

## 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>TBVPS 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)

### IPO Adjusted Tangible Book Value Per Share

(\$000)	3Q19
<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	<u>27,457,306</u>
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>

### Tangible Book Value Per Share (IPO adjusted 3Q19 to 4Q23)

(\$mm)	IPO Adjusted 3Q19	2019	2020	2021	2022	2023
<b>Tangible book value per share</b>						
Total equity		\$333	\$364	\$412	\$374	\$489
Less: goodwill		(24)	(24)	(29)	(29)	(60)
Less: core deposit intangible		(4)	(3)	(2)	(1)	(21)
<b>Tangible common equity</b>		<b>\$305</b>	<b>\$337</b>	<b>\$381</b>	<b>\$343</b>	<b>\$409</b>
Shares outstanding (mm)		27.46	27.46	28.99	28.75	31.70
Book value per share		\$12.12	\$13.25	\$14.21	\$12.99	\$15.44
<b>Tangible book value per share</b>	<b>\$10.54</b>	<b>\$11.12</b>	<b>\$12.29</b>	<b>\$13.13</b>	<b>\$11.94</b>	<b>\$12.90</b>
<b>Tangible book value per share CAGR (%)</b>						<b>4.9 %</b>

## Non-GAAP Reconciliations (cont'd)

### Tangible Common Equity to Tangible Assets

(\$000)	2020	2021	2022	1Q23	2Q23	3Q23	4Q23
<b>Tangible common equity</b>							
Total equity	\$ 363,917	\$ 411,881	\$ 373,632	\$ 450,098	\$ 450,852	\$ 456,251	\$ 489,496
Less: goodwill	(23,620)	(29,322)	(29,322)	(59,876)	(59,876)	(59,820)	(59,820)
Less: core deposit intangible	(2,798)	(1,943)	(1,070)	(22,842)	(22,122)	(21,402)	(20,682)
<b>Tangible common equity</b>	<b>\$ 337,499</b>	<b>\$ 380,616</b>	<b>\$ 343,240</b>	<b>\$ 367,380</b>	<b>\$ 368,854</b>	<b>\$ 375,029</b>	<b>\$ 408,994</b>
<b>Tangible assets</b>							
Total assets	\$ 3,666,567	\$ 4,314,254	\$ 4,286,734	\$ 5,013,821	\$ 4,975,810	\$ 4,991,768	\$ 5,073,170
Less: goodwill	(23,620)	(29,322)	(29,322)	(59,876)	(59,876)	(59,820)	(59,820)
Less: core deposit intangible	(2,798)	(1,943)	(1,070)	(22,842)	(22,122)	(21,402)	(20,682)
<b>Tangible assets</b>	<b>\$ 3,640,149</b>	<b>\$ 4,282,989</b>	<b>\$ 4,256,342</b>	<b>\$ 4,931,103</b>	<b>\$ 4,893,812</b>	<b>\$ 4,910,546</b>	<b>\$ 4,992,668</b>
Total stockholders' equity to total assets	9.93 %	9.55 %	8.72 %	8.98 %	9.06 %	9.14 %	9.65 %
Tangible common equity to tangible assets	9.27 %	8.89 %	8.06 %	7.45 %	7.54 %	7.64 %	8.19 %

## Non-GAAP Reconciliations (cont'd)

### Core Deposits

(\$000)	2020	2021	2022	2023
Total deposits	\$ 3,130,534	\$ 3,738,185	\$ 3,587,024	\$ 4,401,437
Less: time deposits of \$250,000 or more	(26,687)	(59,512)	(27,158)	(130,183)
Less: brokered deposits	—	(4,238)	—	(144,880)
<b>Core deposits</b>	<b>\$ 3,103,847</b>	<b>\$ 3,674,435</b>	<b>\$ 3,559,866</b>	<b>\$ 4,126,374</b>
Core deposits to total deposits	99.15 %	98.29 %	99.24 %	93.75 %

**HBT Financial, Inc.**