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FOR IMMEDIATE RELEASE

Horizon Bancorp, Inc. Reports Second Quarter 2023 Results

Michigan City, Indiana, July 26, 2023 (GLOBE NEWSWIRE) – (NASDAQ GS: HBNC) – Horizon Bancorp, Inc. (“Horizon” or the “Company”), the parent company of Horizon Bank (the “Bank”), announced its unaudited financial results for the three and six months ended June 30, 2023.

“Horizon's favorable second quarter earnings reflect the strength of our diversified business model across our retail, commercial and wealth platforms,” President and Chief Executive Officer Thomas M. Prame said. “Our seasoned and granular deposit base performed well, maintaining a measured approach to funding costs while navigating a highly competitive market and shifting client demand to interest bearing products. These efforts paired well with our strategy of focusing loan production on higher yielding categories, resulting in improved yields and spread income. In the second quarter, we also posted strong non-interest income growth, with the active engagement of our clients in card spending and mortgage banking services. The positive results of our core revenue drivers were complimented by our consistent credit quality strength and our long standing expense management discipline.”

Second Quarter 2023 Highlights

- Increased net income to \$18.8 million or \$0.43 per diluted share, from \$18.2 million or \$0.42 in the first quarter of 2023.
- Net interest income of \$46.2 million increased from \$45.2 million in the linked quarter. Second quarter 2023 net interest income benefited from average total loan and earning asset growth over the linked quarter, as well as a swap termination fee of \$1.5 million that contributed approximately \$0.02 to diluted earnings per share.
- Non-interest income expanded to \$11.0 million from \$9.6 million in the linked quarter.
- Continued to manage non-interest expense as a percentage of average assets to less than 1.90% on an annualized basis, totaling \$36.3 million, or 1.86%, compared to \$34.5 million, or 1.79% in the linked quarter.
- Deposits remained resilient during the quarter, totaling \$5.71 billion at period end, compared to \$5.70 billion on March 31, 2023.
- Loans grew to \$4.27 billion at period end, increasing by 2.2% annualized during the quarter and 5.3% annualized since December 31, 2022.
- Maintained consistent and sound asset quality with 30 to 89 days delinquent loans representing 0.26% of total loans and non-performing loans representing 0.52% of total loans at period end, as well as net charge-offs representing 0.01% of average loans during the quarter.

Horizon Bancorp, Inc. Reports Second Quarter 2023 Results

- Tangible common equity continued to improve to 6.91% of tangible assets on June 30, 2023, an improvement of 4 basis points during the quarter and 35 basis points since December 31, 2022.
- The Bank's capital position was strong with leverage and risk based capital ratios of 8.72% and 13.03%, respectively.
- Horizon's annualized dividend yield was robust at 6.15% as of June 30, 2023, with cash maintained at the holding company level representing approximately eight quarters of dividend payments and fixed costs.

Summary

| | For the Three Months Ended | | |
|--|----------------------------|-----------|-----------|
| | June 30, | March 31, | June 30, |
| | 2023 | 2023 | 2022 |
| Net Interest Income and Net Interest Margin | | | |
| Net interest income | \$ 46,160 | \$ 45,237 | \$ 52,044 |
| Net interest margin | 2.69 % | 2.67 % | 3.13 % |
| Adjusted net interest margin | 2.57 % | 2.65 % | 3.06 % |
| Asset Yields and Funding Costs | | | |
| Interest earning assets | 4.39 % | 4.17 % | 3.39 % |
| Interest bearing liabilities | 2.10 % | 1.85 % | 0.34 % |
| Non-interest Income and Mortgage Banking Income | | | |
| Total non-interest income | \$ 10,997 | \$ 9,620 | \$ 12,434 |
| Gain on sale of mortgage loans | 1,005 | 785 | 2,501 |
| Mortgage servicing income net of impairment | 640 | 713 | 319 |
| Non-interest Expense | | | |
| Total non-interest expense | \$ 36,262 | \$ 34,524 | \$ 35,404 |
| Annualized non-interest expense to average assets | 1.86 % | 1.79 % | 1.90 % |
| Credit Quality | | | |
| Allowance for credit losses to total loans | 1.17 % | 1.17 % | 1.32 % |
| Non-performing loans to total loans | 0.52 % | 0.47 % | 0.51 % |
| Percent of net charge-offs to average loans outstanding for the period | 0.01 % | 0.01 % | 0.01 % |

Horizon Bancorp, Inc. Reports Second Quarter 2023 Results

| Allowance for Credit Losses | June 30, | Net Reserve | | December 31, |
|-------------------------------------|------------------|---------------|-----------------|------------------|
| | 2023 | 2Q23 | 1Q23 | 2022 |
| Commercial | \$ 30,354 | \$ (802) | \$ (1,289) | \$ 32,445 |
| Retail Mortgage | 3,648 | (799) | (1,130) | 5,577 |
| Warehouse | 893 | 95 | (222) | 1,020 |
| Consumer | 15,081 | 1,956 | 1,703 | 11,422 |
| Allowance for Credit Losses ("ACL") | <u>\$ 49,976</u> | <u>\$ 450</u> | <u>\$ (938)</u> | <u>\$ 50,464</u> |
| ACL / Total Loans | 1.17 % | | | 1.21 % |
| Acquired Loan Discount ("ALD") | \$ 5,519 | \$ (639) | \$ (121) | \$ 6,279 |

"Horizon's unwavering focus on lending to well qualified commercial and consumer borrowers in our dynamic local markets was reflected in our strong asset quality metrics," Mr. Prame said. "Our consistent and conservative underwriting practices are expected to outperform relative to the industry, and we believe we are well positioned to navigate potential shifts in the economic outlook."

Income Statement Highlights

Net income for the second quarter of 2023 was \$18.8 million, or \$0.43 diluted earnings per share, compared to \$18.2 million, or \$0.42, for the linked quarter and \$24.9 million, or \$0.57, for the prior year period. The change in net income for the second quarter of 2023 when compared to the linked quarter, reflects growth in non-interest income of \$1.4 million, improved net interest income of \$923,000 and lower income tax expense of \$411,000, offset by an increase in non-interest expense of \$1.7 million and a modest increase in credit loss expense of \$438,000.

Net interest income was \$46.2 million in the second quarter of 2023, compared to \$45.2 million in the linked quarter, benefiting from growth in average loans receivable and average interest earning assets, as well as a swap termination fee of \$1.5 million.

Total non-interest income was \$1.4 million higher in the second quarter of 2023 when compared to the first quarter of 2023, primarily due to a \$717,000 increase in interchange fees, a \$520,000 increase in gain on sale of investment securities and a \$220,000 increase in gain on sale of mortgage loans, offset by a decrease of \$73,000 in mortgage servicing income net of impairment and a decrease of \$28,000 in fiduciary activities.

Total non-interest expense was \$1.7 million higher in the second quarter of 2023 when compared to the first quarter of 2023, primarily due to a \$1.4 million increase in salaries and employee benefits resulting from merit increases, commission expense and higher variable health care costs, a \$300,000 increase in FDIC insurance expense and an increase in loan expenses, offset by a decrease in net occupancy expense and outside services expense from the linked quarter.

Horizon's effective tax rate was 7.2% for the second quarter of 2023, with income tax expense of \$1.5 million decreasing \$411,000 when compared to the first quarter of 2023.

Net Interest Margin

Horizon's net interest margin was 2.69% for the second quarter of 2023 compared to 2.67% for the first quarter of 2023. The increase in net interest margin reflects an increase in the yield on interest earning assets of 22 basis points, offset by an increase in the cost of interest bearing liabilities of 25 basis points.

Net interest margin, excluding the aforementioned swap termination fee and acquisition-related purchase accounting adjustments ("adjusted net interest margin"), was 2.57% for the second quarter of 2023, compared to 2.65% for the linked quarter. (See the "Non-GAAP Reconciliation of Net Interest Margin" table below).

Horizon Bancorp, Inc. Reports Second Quarter 2023 Results

Lending Activity

Total loan balances and loans held for sale increased to \$4.27 billion on June 30, 2023 compared to \$4.25 billion on March 31, 2023. During the three months ended June 30, 2023, mortgage warehouse loans increased \$29.4 million, residential mortgage loans increased \$12.3 million, loans held for sale increased \$4.5 million and commercial loans increased \$820,000, offset by measured payoffs and pay downs of lower yielding indirect auto loans that were the primary driver of a \$23.2 million decrease in consumer loans.

The lending activities for the quarter were well balanced, with mortgage activities increasing with client demand and consumer lending displaying the strategic shift of the organization to focus on higher yielding assets. Commercial lending activity for the quarter was strong but impacted by accelerated large pay downs during the last week of the quarter.

Loan Growth by Type

(Dollars in Thousands, Unaudited)

| | June 30, 2023 | March 31, 2023 | QTD \$ Change | QTD % Change | Annualized % Change |
|-------------------------------------|---------------------|---------------------|------------------|-----------------|------------------------|
| Commercial | \$ 2,506,279 | \$ 2,505,459 | \$ 820 | 0.0% | 0.1% |
| Residential mortgage | 674,751 | 662,459 | 12,292 | 1.9% | 7.4% |
| Consumer | 1,002,885 | 1,026,076 | (23,191) | (2.3)% | (9.1)% |
| Subtotal | 4,183,915 | 4,193,994 | (10,079) | (0.2)% | (1.0)% |
| Loans held for sale | 6,933 | 2,409 | 4,524 | 187.8% | 753.2% |
| Mortgage warehouse | 82,345 | 52,957 | 29,388 | 55.5% | 222.6% |
| Total loans and loans held for sale | <u>\$ 4,273,193</u> | <u>\$ 4,249,360</u> | <u>\$ 23,833</u> | 0.6% | 2.2% |

Deposit Activity

Total deposit balances of \$5.71 billion on June 30, 2023 increased 0.13% compared to \$5.70 billion on March 31, 2023.

The deposit mix at the end of the second quarter of 2023 represented the demand for clients to earn more interest on their excess funds and consumers spending excess liquidity. Horizon successfully held deposits in the quarter while continuing to prudently manage funding costs as the Bank's long-tenured and granular core deposit relationships remained with the Bank, reflecting the stability of the Bank's in-market deposit portfolio.

Deposit Growth by Type

(Dollars in Thousands, Unaudited)

| | June 30, 2023 | March 31, 2023 | QTD \$ Change | QTD % Change | Annualized % Change |
|----------------------|---------------------|---------------------|------------------|-----------------|------------------------|
| Non-interest bearing | \$ 1,170,055 | \$ 1,231,845 | \$ (61,790) | (5.0)% | (20.3)% |
| Interest bearing | 3,289,474 | 3,402,525 | (113,051) | (3.3)% | (13.5)% |
| Time deposits | 1,249,803 | 1,067,575 | 182,228 | 17.1% | 69.2% |
| Total deposits | <u>\$ 5,709,332</u> | <u>\$ 5,701,945</u> | <u>\$ 7,387</u> | 0.1% | 0.5% |

Horizon Bancorp, Inc. Reports Second Quarter 2023 Results

Capital

The capital resources of the Company and the Bank continued to exceed regulatory capital ratios for “well capitalized” banks at June 30, 2023. Stockholders’ equity totaled \$709.2 million at June 30, 2023 and the ratio of average stockholders’ equity to average assets was 8.97% for the six months ended June 30, 2023.

Tangible book value, which excludes intangible assets from total equity, per common share (“TBVPS”) grew to \$12.34, increasing \$0.17 during the second quarter of 2023 and \$0.75 during the first six months of the year.

The following table presents the actual regulatory capital dollar amounts and ratios of the Company and the Bank as of June 30, 2023.

| | Actual | | Required for Capital Adequacy Purposes | | Required for Capital Adequacy Purposes with Capital Buffer | | Well Capitalized Under Prompt Corrective Action Provisions | |
|---|------------|---------|--|--------|--|---------|--|---------|
| | \$ | Ratio | \$ | Ratio | \$ | Ratio | \$ | Ratio |
| Total capital (to risk-weighted assets) | | | | | | | | |
| Consolidated | \$ 806,546 | 14.35 % | \$ 449,624 | 8.00 % | \$ 590,131 | 10.50 % | N/A | N/A |
| Bank | 732,236 | 13.03 % | 449,727 | 8.00 % | 590,267 | 10.50 % | \$ 562,159 | 10.00 % |
| Tier 1 capital (to risk-weighted assets) | | | | | | | | |
| Consolidated | 755,581 | 13.44 % | 337,218 | 6.00 % | 477,725 | 8.50 % | N/A | N/A |
| Bank | 681,271 | 12.12 % | 337,295 | 6.00 % | 477,835 | 8.50 % | 449,727 | 8.00 % |
| Common equity tier 1 capital (to risk-weighted assets) | | | | | | | | |
| Consolidated | 635,090 | 11.30 % | 252,913 | 4.50 % | 393,421 | 7.00 % | N/A | N/A |
| Bank | 681,271 | 12.12 % | 252,971 | 4.50 % | 393,511 | 7.00 % | 365,403 | 6.50 % |
| Tier 1 capital (to average assets) | | | | | | | | |
| Consolidated | 755,581 | 9.72 % | 311,026 | 4.00 % | 311,026 | 4.00 % | N/A | N/A |
| Bank | 681,271 | 8.72 % | 312,663 | 4.00 % | 312,663 | 4.00 % | 390,829 | 5.00 % |

Liquidity

The Bank maintains a stable base of core deposits provided by long-standing and new relationships with individuals and local businesses. These deposits are the principal source of liquidity for Horizon. Other sources of liquidity for Horizon include earnings, loan repayments, investment security cash flows, proceeds from the sale of residential mortgage loans, unpledged investment securities and borrowing relationships with correspondent banks, including the Federal Home Loan Bank of Indianapolis (the “FHLB”). On June 30, 2023, in addition to liquidity available from the normal operating, funding, and investing activities of Horizon, the Bank had approximately \$1.71 billion in unused credit lines with various money center banks, including the FHLB and the Federal Reserve Bank. The Bank had approximately \$650.7 million of unpledged investment securities on June 30, 2023.

Horizon Bancorp, Inc. Reports Second Quarter 2023 Results

Forward Looking Statements

This press release may contain forward-looking statements regarding the financial performance, business prospects, growth and operating strategies of Horizon Bancorp, Inc. and its affiliates (collectively, "Horizon"). For these statements, Horizon claims the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. Statements in this press release should be considered in conjunction with the other information available about Horizon, including the information in the filings we make with the Securities and Exchange Commission (the "SEC"). Forward-looking statements provide current expectations or forecasts of future events and are not guarantees of future performance. The forward-looking statements are based on management's expectations and are subject to a number of risks and uncertainties. We have tried, wherever possible, to identify such statements by using words such as "anticipate," "estimate," "project," "intend," "plan," "believe," "will" and similar expressions in connection with any discussion of future operating or financial performance.

Although management believes that the expectations reflected in such forward-looking statements are reasonable, actual results may differ materially from those expressed or implied in such statements. Risks and uncertainties that could cause actual results to differ materially include: current financial conditions within the banking industry, including the effects of recent failures of other financial institutions, liquidity levels, and responses by the Federal Reserve, Department of the Treasury, and the Federal Deposit Insurance Corporation to address these issues; changes in the level and volatility of interest rates, changes in spreads on earning assets and changes in interest bearing liabilities; increased interest rate sensitivity; the ability of Horizon to remediate its material weaknesses in its internal control over financial reporting; continuing increases in inflation; loss of key Horizon personnel; increases in disintermediation; potential loss of fee income, including interchange fees, as new and emerging alternative payment platforms take a greater market share of the payment systems; estimates of fair value of certain of Horizon's assets and liabilities; changes in prepayment speeds, loan originations, credit losses, market values, collateral securing loans and other assets; changes in sources of liquidity; economic conditions and their impact on Horizon and its customers, including local and global economic recovery from the pandemic; legislative and regulatory actions and reforms; changes in accounting policies or procedures as may be adopted and required by regulatory agencies; litigation, regulatory enforcement, and legal compliance risk and costs; rapid technological developments and changes; cyber terrorism and data security breaches; the rising costs of cybersecurity; the ability of the U.S. federal government to manage federal debt limits; climate change and social justice initiatives; material changes outside the U.S. or in overseas relations, including changes in U.S. trade relations related to imposition of tariffs, Brexit, and the phase out of the London Interbank Offered Rate ("LIBOR"); the inability to realize cost savings or revenues or to effectively implement integration plans and other consequences associated with mergers, acquisitions, and divestitures; acts of terrorism, war and global conflicts, such as the Russia and Ukraine conflict; and supply chain disruptions and delays. These and additional factors that could cause actual results to differ materially from those expressed in the forward-looking statements are discussed in Horizon's reports (such as the Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, and Current Reports on Form 8-K) filed with the SEC and available at the SEC's website (www.sec.gov). Undue reliance should not be placed on the forward-looking statements, which speak only as of the date hereof. Horizon does not undertake, and specifically disclaims any obligation, to publicly release the result of any revisions that may be made to update any forward-looking statement to reflect the events or circumstances after the date on which the forward-looking statement is made, or reflect the occurrence of unanticipated events, except to the extent required by law.

Horizon Bancorp, Inc. Reports Second Quarter 2023 Results

Financial Highlights

(Dollars in Thousands, Unaudited)

| | June 30, | March 31, | December 31, | September 30, | June 30, |
|---|-----------------|------------------|---------------------|----------------------|-----------------|
| | 2023 | 2023 | 2022 | 2022 | 2022 |
| Balance sheet: | | | | | |
| Total assets | \$ 7,963,353 | \$ 7,897,995 | \$ 7,872,518 | \$ 7,718,695 | \$ 7,640,936 |
| Interest earning deposits & federal funds sold | 119,637 | 30,221 | 12,233 | 7,302 | 5,646 |
| Interest earning time deposits | 2,452 | 3,098 | 2,812 | 2,814 | 3,799 |
| Investment securities | 2,889,309 | 2,958,978 | 3,020,306 | 3,017,191 | 3,093,792 |
| Commercial loans | 2,506,279 | 2,505,459 | 2,467,422 | 2,403,743 | 2,363,991 |
| Mortgage warehouse loans | 82,345 | 52,957 | 69,529 | 73,690 | 116,488 |
| Residential mortgage loans | 674,751 | 662,459 | 653,292 | 634,901 | 608,582 |
| Consumer loans | 1,002,885 | 1,026,076 | 967,755 | 919,198 | 866,819 |
| Total loans | 4,266,260 | 4,246,951 | 4,157,998 | 4,031,532 | 3,955,880 |
| Earning assets | 7,319,100 | 7,273,921 | 7,225,833 | 7,087,368 | 7,088,737 |
| Non-interest bearing deposit accounts | 1,170,055 | 1,231,845 | 1,277,768 | 1,315,155 | 1,328,213 |
| Interest bearing transaction accounts | 3,289,474 | 3,402,525 | 3,582,891 | 3,736,798 | 3,760,890 |
| Time deposits | 1,249,803 | 1,067,575 | 997,115 | 778,885 | 756,482 |
| Total deposits | 5,709,332 | 5,701,945 | 5,857,774 | 5,830,838 | 5,845,585 |
| Borrowings | 1,352,039 | 1,311,927 | 1,142,949 | 1,048,091 | 959,222 |
| Subordinated notes | 58,970 | 58,933 | 58,896 | 58,860 | 58,823 |
| Junior subordinated debentures issued to capital trusts | 57,143 | 57,087 | 57,027 | 56,966 | 56,907 |
| Total stockholders' equity | 709,243 | 702,559 | 677,375 | 644,993 | 657,865 |

Horizon Bancorp, Inc. Reports Second Quarter 2023 Results

Financial Highlights

(Dollars in Thousands Except Share and Per Share Data and Ratios, Unaudited)

Three Months Ended

| | June 30, 2023 | March 31, 2023 | December 31, 2022 | September 30, 2022 | June 30, 2022 |
|---|------------------|-------------------|----------------------|-----------------------|------------------|
| Income statement: | | | | | |
| Net interest income | \$ 46,160 | \$ 45,237 | \$ 48,782 | \$ 53,395 | \$ 53,008 |
| Credit loss expense (recovery) | 680 | 242 | (69) | (601) | 240 |
| Non-interest income | 10,997 | 9,620 | 10,674 | 10,188 | 12,434 |
| Non-interest expense | 36,262 | 34,524 | 35,711 | 38,350 | 36,368 |
| Income tax expense | 1,452 | 1,863 | 2,649 | 2,013 | 3,975 |
| Net income | <u>\$ 18,763</u> | <u>\$ 18,228</u> | <u>\$ 21,165</u> | <u>\$ 23,821</u> | <u>\$ 24,859</u> |
| Per share data: | | | | | |
| Basic earnings per share | \$ 0.43 | \$ 0.42 | \$ 0.49 | \$ 0.55 | \$ 0.57 |
| Diluted earnings per share | 0.43 | 0.42 | 0.48 | 0.55 | 0.57 |
| Cash dividends declared per common share | 0.16 | 0.16 | 0.16 | 0.16 | 0.16 |
| Book value per common share | 16.25 | 16.11 | 15.55 | 14.80 | 15.10 |
| Tangible book value per common share | 12.34 | 12.17 | 11.59 | 10.82 | 11.11 |
| Market value – high | 11.10 | 16.32 | 20.00 | 20.59 | 19.21 |
| Market value – low | \$ 7.75 | \$ 10.31 | \$ 14.51 | \$ 16.74 | \$ 16.72 |
| Weighted average shares outstanding – Basis | 43,639,987 | 43,583,554 | 43,574,151 | 43,573,370 | 43,572,796 |
| Weighted average shares outstanding – Diluted | 43,742,588 | 43,744,721 | 43,667,953 | 43,703,793 | 43,684,691 |
| Key ratios: | | | | | |
| Return on average assets | 0.96 % | 0.94 % | 1.09 % | 1.24 % | 1.33 % |
| Return on average common stockholders' equity | 10.59 | 10.66 | 12.72 | 13.89 | 14.72 |
| Net interest margin | 2.69 | 2.67 | 2.85 | 3.04 | 3.13 |
| Allowance for credit losses to total loans | 1.17 | 1.17 | 1.21 | 1.27 | 1.32 |
| Average equity to average assets | 9.07 | 8.86 | 8.55 | 8.91 | 9.06 |
| Efficiency ratio | 63.44 | 62.93 | 60.06 | 59.33 | 54.91 |
| Annualized non-interest expense to average assets | 1.86 | 1.79 | 1.84 | 1.91 | 1.90 |
| Bank only capital ratios: | | | | | |
| Tier 1 capital to average assets | 8.72 | 8.86 | 8.89 | 8.84 | 8.85 |
| Tier 1 capital to risk weighted assets | 12.12 | 12.65 | 12.72 | 12.74 | 12.87 |
| Total capital to risk weighted assets | 13.03 | 13.56 | 13.59 | 13.65 | 13.83 |

Horizon Bancorp, Inc. Reports Second Quarter 2023 Results

Financial Highlights

(Dollars in Thousands Except Share and Per Share Data and Ratios, Unaudited)

| | Six Months Ended | |
|---|--------------------------|--------------------------|
| | June 30, 2023 | June 30, 2022 |
| Income statement: | | |
| Net interest income | \$ 91,397 | \$ 98,875 |
| Credit loss expense (recovery) | 922 | (1,146) |
| Non-interest income | 20,617 | 26,589 |
| Non-interest expense | 70,786 | 70,674 |
| Income tax expense | 3,315 | 7,514 |
| Net income | <u>\$ 36,991</u> | <u>\$ 48,422</u> |
| Per share data: | | |
| Basic earnings per share | \$ 0.85 | \$ 1.11 |
| Diluted earnings per share | 0.85 | 1.11 |
| Cash dividends declared per common share | 0.32 | 0.31 |
| Book value per common share | 16.25 | 15.10 |
| Tangible book value per common share | 12.34 | 11.11 |
| Market value – high | 16.32 | 23.45 |
| Market value – low | \$ 7.75 | \$ 16.72 |
| Weighted average shares outstanding – Basis | 43,611,926 | 43,563,804 |
| Weighted average shares outstanding – Diluted | 43,757,321 | 43,711,822 |
| Key ratios: | | |
| Return on average assets | 0.95 % | 1.32 % |
| Return on average common stockholders' equity | 10.62 | 14.01 |
| Net interest margin | 2.68 | 3.02 |
| Allowance for credit losses to total loans | 1.17 | 1.32 |
| Average equity to average assets | 8.97 | 9.43 |
| Efficiency ratio | 63.19 | 56.33 |
| Annualized non-interest expense to average assets | 1.82 | 1.93 |
| Bank only capital ratios: | | |
| Tier 1 capital to average assets | 8.72 | 8.85 |
| Tier 1 capital to risk weighted assets | 12.12 | 12.87 |
| Total capital to risk weighted assets | 13.03 | 13.83 |

Horizon Bancorp, Inc. Reports Second Quarter 2023 Results

Financial Highlights

(Dollars in Thousands Except Ratios, Unaudited)

| | June 30, 2023 | March 31, 2023 | December 31, 2022 | September 30, 2022 | June 30, 2022 |
|--|------------------|-------------------|----------------------|-----------------------|------------------|
| Loan data: | | | | | |
| Substandard loans | \$ 41,484 | \$ 49,804 | \$ 56,194 | \$ 57,932 | \$ 59,377 |
| 30 to 89 days delinquent | 10,913 | 13,971 | 10,709 | 6,970 | 6,739 |
| Non-performing loans: | | | | | |
| 90 days and greater delinquent – accruing interest | 1,313 | 137 | 92 | 193 | 210 |
| Trouble debt restructures – accruing interest | — | — | 2,570 | 2,529 | 2,535 |
| Trouble debt restructures – non-accrual | — | — | 1,548 | 1,665 | 1,345 |
| Non-accrual loans | 20,796 | 19,660 | 17,630 | 14,771 | 16,116 |
| Total non-performing loans | <u>\$ 22,109</u> | <u>\$ 19,797</u> | <u>\$ 21,840</u> | <u>\$ 19,158</u> | <u>\$ 20,206</u> |
| Non-performing loans to total loans | 0.52 % | 0.47 % | 0.52 % | 0.47 % | 0.51 % |

Allocation of the Allowance for Credit Losses

(Dollars in Thousands, Unaudited)

| | June 30, 2023 | March 31, 2023 | December 31, 2022 | September 30, 2022 | June 30, 2022 |
|----------------------|------------------|-------------------|----------------------|-----------------------|------------------|
| Commercial | \$ 30,354 | \$ 31,156 | \$ 32,445 | \$ 33,806 | \$ 34,802 |
| Residential mortgage | 3,648 | 4,447 | 5,577 | 5,137 | 4,422 |
| Mortgage warehouse | 893 | 798 | 1,020 | 1,024 | 1,067 |
| Consumer | 15,081 | 13,125 | 11,422 | 11,402 | 12,059 |
| Total | <u>\$ 49,976</u> | <u>\$ 49,526</u> | <u>\$ 50,464</u> | <u>\$ 51,369</u> | <u>\$ 52,350</u> |

Net Charge-offs (Recoveries)

(Dollars in Thousands Except Ratios, Unaudited)

| | June 30, 2023 | March 31, 2023 | December 31, 2022 | September 30, 2022 | June 30, 2022 |
|---|------------------|-------------------|----------------------|-----------------------|------------------|
| Commercial | \$ 101 | \$ 104 | \$ (94) | \$ 51 | \$ (75) |
| Residential mortgage | (10) | (6) | (8) | (75) | 40 |
| Mortgage warehouse | — | — | — | — | — |
| Consumer | 183 | 281 | 387 | 162 | 319 |
| Total | <u>\$ 274</u> | <u>\$ 379</u> | <u>\$ 285</u> | <u>\$ 138</u> | <u>\$ 284</u> |
| Percent of net charge-offs (recoveries) to average loans outstanding for the period | 0.01 % | 0.01 % | 0.01 % | 0.00 % | 0.01 % |

Horizon Bancorp, Inc. Reports Second Quarter 2023 Results

Total Non-performing Loans

(Dollars in Thousands Except Ratios, Unaudited)

| | June 30, 2023 | March 31, 2023 | December 31, 2022 | September 30, 2022 | June 30, 2022 |
|-------------------------------------|------------------|-------------------|----------------------|-----------------------|------------------|
| Commercial | \$ 8,275 | \$ 8,523 | \$ 9,330 | \$ 7,199 | \$ 8,008 |
| Residential mortgage | 8,168 | 6,926 | 8,123 | 8,047 | 8,469 |
| Mortgage warehouse | — | — | — | — | — |
| Consumer | 5,666 | 4,348 | 4,387 | 3,912 | 3,729 |
| Total | <u>\$ 22,109</u> | <u>\$ 19,797</u> | <u>\$ 21,840</u> | <u>\$ 19,158</u> | <u>\$ 20,206</u> |
| Non-performing loans to total loans | 0.52 % | 0.47 % | 0.52 % | 0.47 % | 0.51 % |

Other Real Estate Owned and Repossessed Assets

(Dollars in Thousands, Unaudited)

| | June 30, 2023 | March 31, 2023 | December 31, 2022 | September 30, 2022 | June 30, 2022 |
|----------------------|------------------|-------------------|----------------------|-----------------------|------------------|
| Commercial | \$ 1,567 | \$ 1,567 | \$ 1,881 | \$ 3,206 | \$ 1,414 |
| Residential mortgage | 107 | 203 | 107 | 22 | — |
| Mortgage warehouse | — | — | — | — | — |
| Consumer | 7 | 78 | 152 | 14 | 58 |
| Total | <u>\$ 1,681</u> | <u>\$ 1,848</u> | <u>\$ 2,140</u> | <u>\$ 3,242</u> | <u>\$ 1,472</u> |

Horizon Bancorp, Inc. Reports Second Quarter 2023 Results

Average Balance Sheets

(Dollars in Thousands, Unaudited)

Three Months Ended

Three Months Ended

June 30, 2023

June 30, 2022

| | Average Balance | Interest | Average Rate | Average Balance | Interest | Average Rate |
|--|---------------------|------------------|-----------------|---------------------|------------------|-----------------|
| Assets | | | | | | |
| Interest earning assets | | | | | | |
| Federal funds sold | \$ 30,926 | \$ 376 | 4.88 % | \$ 7,083 | \$ 17 | 0.96 % |
| Interest earning deposits | 9,002 | 99 | 4.41 % | 15,661 | 26 | 0.67 % |
| Investment securities – taxable | 1,706,761 | 8,740 | 2.05 % | 1,770,816 | 8,673 | 1.96 % |
| Investment securities – non–taxable ⁽¹⁾ | 1,240,931 | 7,059 | 2.89 % | 1,374,032 | 7,307 | 2.70 % |
| Loans receivable ^{(2) (3)} | 4,225,020 | 60,594 | 5.78 % | 3,776,041 | 40,585 | 4.33 % |
| Total interest earning assets | 7,212,640 | 76,868 | 4.39 % | 6,943,633 | 56,608 | 3.39 % |
| Non–interest earning assets | | | | | | |
| Cash and due from banks | 102,935 | | | 98,040 | | |
| Allowance for credit losses | (49,481) | | | (52,525) | | |
| Other assets | 573,932 | | | 487,090 | | |
| Total average assets | <u>\$ 7,840,026</u> | | | <u>\$ 7,476,238</u> | | |
| Liabilities and Stockholders' Equity | | | | | | |
| Interest bearing liabilities | | | | | | |
| Interest bearing deposits | \$ 4,445,074 | \$ 18,958 | 1.71 % | \$ 4,540,959 | \$ 1,677 | 0.15 % |
| Borrowings | 1,176,702 | 9,035 | 3.08 % | 613,282 | 1,409 | 0.92 % |
| Repurchase agreements | 140,606 | 683 | 1.95 % | 141,470 | 41 | 0.12 % |
| Subordinated notes | 58,946 | 881 | 5.99 % | 58,800 | 881 | 6.01 % |
| Junior subordinated debentures issued to capital trusts | 57,110 | 1,151 | 8.08 % | 56,870 | 556 | 3.92 % |
| Total interest bearing liabilities | 5,878,438 | 30,708 | 2.10 % | 5,411,381 | 4,564 | 0.34 % |
| Non–interest bearing liabilities | | | | | | |
| Demand deposits | 1,186,520 | | | 1,335,779 | | |
| Accrued interest payable and other liabilities | 64,115 | | | 51,779 | | |
| Stockholders' equity | 710,953 | | | 677,299 | | |
| Total average liabilities and stockholders' equity | <u>\$ 7,840,026</u> | | | <u>\$ 7,476,238</u> | | |
| Net interest income / spread | | <u>\$ 46,160</u> | 2.29 % | | <u>\$ 52,044</u> | 3.05 % |
| Net interest income as a percent of average interest earning assets ⁽¹⁾ | | | 2.69 % | | | 3.13 % |

⁽¹⁾ Securities balances represent daily average balances for the fair value of securities. The average rate is calculated based on the daily average balance for the amortized cost of securities. The average rate is presented on a tax equivalent basis.

⁽²⁾ Includes fees on loans. The inclusion of loan fees does not have a material effect on the average interest rate.

⁽³⁾ Non–accruing loans for the purpose of the computation above are included in the daily average loan amounts outstanding. Loan totals are shown net of unearned income and deferred loan fees. The average rate is presented on a tax equivalent basis.

Horizon Bancorp, Inc. Reports Second Quarter 2023 Results

Average Balance Sheets

(Dollars in Thousands, Unaudited)

| | Six Months Ended | | | Six Months Ended | | |
|--|---------------------|------------------|--------------|---------------------|------------------|--------------|
| | June 30, 2023 | | | June 30, 2022 | | |
| | Average Balance | Interest | Average Rate | Average Balance | Interest | Average Rate |
| Assets | | | | | | |
| Interest earning assets | | | | | | |
| Federal funds sold | \$ 19,411 | \$ 459 | 4.77 % | \$ 121,707 | \$ 108 | 0.18 % |
| Interest earning deposits | 8,891 | 169 | 3.83 % | 18,154 | 50 | 0.56 % |
| Investment securities – taxable | 1,717,008 | 17,465 | 2.05 % | 1,709,014 | 16,064 | 1.90 % |
| Investment securities – non–taxable ⁽¹⁾ | 1,277,328 | 14,615 | 2.92 % | 1,326,819 | 14,004 | 2.69 % |
| Loans receivable ^{(2) (3)} | 4,184,347 | 115,958 | 5.61 % | 3,703,857 | 77,124 | 4.22 % |
| Total interest earning assets | 7,206,985 | 148,666 | 4.28 % | 6,879,551 | 107,350 | 3.27 % |
| Non–interest earning assets | | | | | | |
| Cash and due from banks | 103,247 | | | 101,340 | | |
| Allowance for credit losses | (49,907) | | | (53,411) | | |
| Other assets | 574,707 | | | 463,868 | | |
| Total average assets | <u>\$ 7,835,032</u> | | | <u>\$ 7,391,348</u> | | |
| Liabilities and Stockholders' Equity | | | | | | |
| Interest bearing liabilities | | | | | | |
| Interest bearing deposits | \$ 4,472,519 | \$ 33,777 | 1.52 % | \$ 4,509,962 | \$ 3,173 | 0.14 % |
| Borrowings | 1,115,350 | 18,303 | 3.31 % | 558,867 | 2,453 | 0.89 % |
| Repurchase agreements | 139,683 | 1,186 | 1.71 % | 140,610 | 77 | 0.11 % |
| Subordinated notes | 58,928 | 1,761 | 6.03 % | 58,782 | 1,761 | 6.04 % |
| Junior subordinated debentures issued to capital trusts | 57,079 | 2,242 | 7.92 % | 56,839 | 1,011 | 3.59 % |
| Total interest bearing liabilities | 5,843,559 | 57,269 | 1.98 % | 5,325,060 | 8,475 | 0.32 % |
| Non–interest bearing liabilities | | | | | | |
| Demand deposits | 1,220,917 | | | 1,329,316 | | |
| Accrued interest payable and other liabilities | 67,893 | | | 39,968 | | |
| Stockholders' equity | 702,663 | | | 697,004 | | |
| Total average liabilities and stockholders' equity | <u>\$ 7,835,032</u> | | | <u>\$ 7,391,348</u> | | |
| Net interest income / spread | | <u>\$ 91,397</u> | 2.30 % | | <u>\$ 98,875</u> | 2.95 % |
| Net interest income as a percent of average interest earning assets ⁽¹⁾ | | | 2.68 % | | | 3.02 % |

⁽¹⁾ Securities balances represent daily average balances for the fair value of securities. The average rate is calculated based on the daily average balance for the amortized cost of securities. The average rate is presented on a tax equivalent basis.

⁽²⁾ Includes fees on loans. The inclusion of loan fees does not have a material effect on the average interest rate.

⁽³⁾ Non–accruing loans for the purpose of the computation above are included in the daily average loan amounts outstanding. Loan totals are shown net of unearned income and deferred loan fees. The average rate is presented on a tax equivalent basis.

Horizon Bancorp, Inc. Reports Second Quarter 2023 Results

Condensed Consolidated Balance Sheets

(Dollars in Thousands)

| | June 30, 2023 | December 31, 2022 |
|---|---------------------|----------------------|
| | <u>(Unaudited)</u> | |
| Assets | | |
| Cash and due from banks | \$ 228,986 | \$ 123,505 |
| Interest earning time deposits | 2,452 | 2,812 |
| Investment securities, available for sale | 905,813 | 997,558 |
| Investment securities, held to maturity (fair value \$1,668,229 and \$1,681,309) | 1,983,496 | 2,022,748 |
| Loans held for sale | 6,933 | 5,807 |
| Loans, net of allowance for credit losses of \$49,976 and \$50,464 | 4,216,284 | 4,107,534 |
| Premises and equipment, net | 95,053 | 92,677 |
| Federal Home Loan Bank stock | 34,509 | 26,677 |
| Goodwill | 155,211 | 155,211 |
| Other intangible assets | 15,433 | 17,239 |
| Interest receivable | 37,536 | 35,294 |
| Cash value of life insurance | 148,171 | 146,175 |
| Other assets | 133,476 | 139,281 |
| Total assets | <u>\$ 7,963,353</u> | <u>\$ 7,872,518</u> |
| Liabilities | | |
| Deposits | | |
| Non-interest bearing | \$ 1,170,055 | \$ 1,277,768 |
| Interest bearing | 4,539,277 | 4,580,006 |
| Total deposits | 5,709,332 | 5,857,774 |
| Borrowings | 1,352,039 | 1,142,949 |
| Subordinated notes | 58,970 | 58,896 |
| Junior subordinated debentures issued to capital trusts | 57,143 | 57,027 |
| Interest payable | 12,739 | 5,380 |
| Other liabilities | 63,887 | 73,117 |
| Total liabilities | <u>7,254,110</u> | <u>7,195,143</u> |
| Commitments and contingent liabilities | | |
| Stockholders' equity | | |
| Preferred stock, Authorized, 1,000,000 shares, Issued 0 shares | — | — |
| Common stock, no par value, Authorized 99,000,000 shares Issued and outstanding 44,112,816 and 43,937,889 shares | — | — |
| Additional paid-in capital | 354,953 | 354,188 |
| Retained earnings | 452,209 | 429,385 |
| Accumulated other comprehensive income (loss) | (97,919) | (106,198) |
| Total stockholders' equity | <u>709,243</u> | <u>677,375</u> |
| Total liabilities and stockholders' equity | <u>\$ 7,963,353</u> | <u>\$ 7,872,518</u> |

Horizon Bancorp, Inc. Reports Second Quarter 2023 Results

Condensed Consolidated Statements of Income

(Dollars in Thousands Except Per Share Data, Unaudited)

| | Three Months Ended | | | | |
|--|--------------------|-------------------|----------------------|-----------------------|------------------|
| | June 30, 2023 | March 31, 2023 | December 31, 2022 | September 30, 2022 | June 30, 2022 |
| Interest income | | | | | |
| Loans receivable | \$ 60,594 | \$ 55,364 | \$ 50,859 | \$ 45,517 | \$ 40,585 |
| Investment securities – taxable | 8,740 | 8,725 | 8,702 | 8,436 | 8,673 |
| Investment securities – non-taxable | 7,059 | 7,556 | 7,543 | 7,478 | 7,307 |
| Other | 475 | 153 | 83 | 65 | 43 |
| Total interest income | 76,868 | 71,798 | 67,187 | 61,496 | 56,608 |
| Interest expense | | | | | |
| Deposits | 18,958 | 14,819 | 10,520 | 4,116 | 1,677 |
| Borrowed funds | 9,718 | 9,771 | 6,040 | 3,895 | 1,450 |
| Subordinated notes | 881 | 880 | 881 | 880 | 881 |
| Junior subordinated debentures issued capital trusts | 1,151 | 1,091 | 964 | 744 | 556 |
| Total interest expense | 30,708 | 26,561 | 18,405 | 9,635 | 4,564 |
| Net interest income | 46,160 | 45,237 | 48,782 | 51,861 | 52,044 |
| Credit loss expense (recovery) | 680 | 242 | (69) | (601) | 240 |
| Net interest income after credit loss expense | 45,480 | 44,995 | 48,851 | 52,462 | 51,804 |
| Non-interest Income | | | | | |
| Service charges on deposit accounts | 3,021 | 3,028 | 2,947 | 3,023 | 2,833 |
| Wire transfer fees | 116 | 109 | 118 | 148 | 170 |
| Interchange fees | 3,584 | 2,867 | 2,951 | 3,089 | 3,582 |
| Fiduciary activities | 1,247 | 1,275 | 1,270 | 1,203 | 1,405 |
| Gain (loss) on sale of investment securities | 20 | (500) | — | — | — |
| Gain on sale of mortgage loans | 1,005 | 785 | 1,196 | 1,441 | 2,501 |
| Mortgage servicing income net of impairment | 640 | 713 | 637 | 355 | 319 |
| Increase in cash value of bank owned life insurance | 1,015 | 981 | 751 | 814 | 519 |
| Death benefit on bank owned life insurance | — | — | — | — | 644 |
| Other income | 349 | 362 | 804 | 115 | 461 |
| Total non-interest income | 10,997 | 9,620 | 10,674 | 10,188 | 12,434 |
| Non-interest expense | | | | | |
| Salaries and employee benefits | 20,162 | 18,712 | 19,978 | 20,613 | 19,957 |
| Net occupancy expenses | 3,249 | 3,563 | 3,279 | 3,293 | 3,190 |
| Data processing | 3,016 | 2,669 | 2,884 | 2,539 | 2,607 |
| Professional fees | 633 | 533 | 694 | 552 | 283 |
| Outside services and consultants | 2,515 | 2,717 | 2,985 | 2,855 | 2,485 |
| Loan expense | 1,397 | 1,118 | 1,281 | 1,392 | 1,533 |
| FDIC insurance expense | 840 | 540 | 388 | 670 | 775 |
| Core deposit intangible amortization | 903 | 903 | 925 | 926 | 925 |
| Other losses | 134 | 221 | 118 | 398 | 362 |
| Other expenses | 3,413 | 3,548 | 3,179 | 3,578 | 3,287 |
| Total non-interest expense | 36,262 | 34,524 | 35,711 | 36,816 | 35,404 |
| Income before income taxes | 20,215 | 20,091 | 23,814 | 25,834 | 28,834 |
| Income tax expense | 1,452 | 1,863 | 2,649 | 2,013 | 3,975 |
| Net income | \$ 18,763 | \$ 18,228 | \$ 21,165 | \$ 23,821 | \$ 24,859 |
| Basic earnings per share | \$ 0.43 | \$ 0.42 | \$ 0.49 | \$ 0.55 | \$ 0.57 |
| Diluted earnings per share | 0.43 | 0.42 | 0.48 | 0.55 | 0.57 |

Horizon Bancorp, Inc. Reports Second Quarter 2023 Results

Condensed Consolidated Statements of Income (Dollars in Thousands Except Per Share Data, Unaudited)

| | Six Months Ended | |
|--|--------------------------|--------------------------|
| | June 30, 2023 | June 30, 2022 |
| Interest income | | |
| Loans receivable | \$ 115,958 | \$ 77,124 |
| Investment securities – taxable | 17,465 | 16,064 |
| Investment securities – non–taxable | 14,615 | 14,004 |
| Other | 628 | 158 |
| Total interest income | <u>148,666</u> | <u>107,350</u> |
| Interest expense | | |
| Deposits | 33,777 | 3,173 |
| Borrowed funds | 19,489 | 2,530 |
| Subordinated notes | 1,761 | 1,761 |
| Junior subordinated debentures issued capital trusts | 2,242 | 1,011 |
| Total interest expense | <u>57,269</u> | <u>8,475</u> |
| Net interest income | 91,397 | 98,875 |
| Credit loss expense (recovery) | 922 | (1,146) |
| Net interest income after credit loss expense | <u>90,475</u> | <u>100,021</u> |
| Non–interest income | | |
| Service charges on deposit accounts | 6,049 | 5,628 |
| Wire transfer fees | 225 | 329 |
| Interchange fees | 6,451 | 6,362 |
| Fiduciary activities | 2,522 | 2,908 |
| Gain (loss) on sale of investment securities | (480) | — |
| Gain on sale of mortgage loans | 1,790 | 4,528 |
| Mortgage servicing income net of impairment | 1,353 | 3,808 |
| Increase in cash value of bank owned life insurance | 1,996 | 1,029 |
| Death benefit on bank owned life insurance | — | 644 |
| Other income | 711 | 1,353 |
| Total non–interest income | <u>20,617</u> | <u>26,589</u> |
| Non–interest expense | | |
| Salaries and employee benefits | 38,874 | 39,692 |
| Net occupancy expenses | 6,812 | 6,751 |
| Data processing | 5,685 | 5,144 |
| Professional fees | 1,166 | 597 |
| Outside services and consultants | 5,232 | 5,010 |
| Loan expense | 2,515 | 2,738 |
| FDIC insurance expense | 1,380 | 1,500 |
| Core deposit intangible amortization | 1,806 | 1,851 |
| Other losses | 355 | 530 |
| Other expenses | 6,961 | 6,861 |
| Total non–interest expense | <u>70,786</u> | <u>70,674</u> |
| Income before income taxes | 40,306 | 55,936 |
| Income tax expense | 3,315 | 7,514 |
| Net income | <u>\$ 36,991</u> | <u>\$ 48,422</u> |
| Basic earnings per share | \$ 0.85 | \$ 1.11 |
| Diluted earnings per share | 0.85 | 1.11 |

Horizon Bancorp, Inc. Reports Second Quarter 2023 Results

Use of Non-GAAP Financial Measures

Certain information set forth in this press release refers to financial measures determined by methods other than in accordance with GAAP. Specifically, we have included non-GAAP financial measures relating to net income, diluted earnings per share, pre-tax, pre-provision net income, net interest margin, tangible stockholders' equity and tangible book value per share, efficiency ratio, the return on average assets, the return on average common equity, and return on average tangible equity. In each case, we have identified special circumstances that we consider to be non-recurring and have excluded them. We believe that this shows the impact of such events as acquisition-related purchase accounting adjustments and swap termination fees, among others we have identified in our reconciliations. Horizon believes these non-GAAP financial measures are helpful to investors and provide a greater understanding of our business and financial results without giving effect to the purchase accounting impacts and one-time costs of acquisitions and non-recurring items. These measures are not necessarily comparable to similar measures that may be presented by other companies and should not be considered in isolation or as a substitute for the related GAAP measure. See the tables and other information below and contained elsewhere in this press release for reconciliations of the non-GAAP information identified herein and its most comparable GAAP measures.

Non-GAAP Reconciliation of Net Income

(Dollars in Thousands, Unaudited)

| | Three Months Ended | | | | | Six Months Ended | |
|---|--------------------|-------------------|----------------------|-----------------------|------------------|------------------|------------------|
| | June 30, 2023 | March 31, 2023 | December 31, 2022 | September 30, 2022 | June 30, 2022 | June 30, 2023 | June 30, 2022 |
| Net income as reported | \$ 18,763 | \$ 18,228 | \$ 21,165 | \$ 23,821 | \$ 24,859 | \$ 36,991 | \$ 48,422 |
| Swap termination fee | (1,453) | — | — | — | — | (1,453) | — |
| Tax effect | 305 | — | — | — | — | 305 | — |
| Net income excluding swap termination fee | 17,615 | 18,228 | 21,165 | 23,821 | 24,859 | 35,843 | 48,422 |
| (Gain) / loss on sale of investment securities | (20) | 500 | — | — | — | 480 | — |
| Tax effect | 4 | (105) | — | — | — | (101) | — |
| Net income excluding (gain) / loss on sale of investment securities | 17,599 | 18,623 | 21,165 | 23,821 | 24,859 | 36,222 | 48,422 |
| Death benefit on bank owned life insurance ("BOLI") | — | — | — | — | (644) | — | (644) |
| Net income excluding death benefit on BOLI | 17,599 | 18,623 | 21,165 | 23,821 | 24,215 | 36,222 | 47,778 |
| Adjusted net income | \$ 17,599 | \$ 18,623 | \$ 21,165 | \$ 23,821 | \$ 24,215 | \$ 36,222 | \$ 47,778 |

Horizon Bancorp, Inc. Reports Second Quarter 2023 Results

Non-GAAP Reconciliation of Diluted Earnings per Share

(Dollars in Thousands, Unaudited)

| | Three Months Ended | | | | | Six Months Ended | |
|--|--------------------|-------------------|----------------------|-----------------------|------------------|------------------|------------------|
| | June 30, 2023 | March 31, 2023 | December 31, 2022 | September 30, 2022 | June 30, 2022 | June 30, 2023 | June 30, 2022 |
| Diluted earnings per share ("EPS") as reported | \$ 0.43 | \$ 0.42 | \$ 0.48 | \$ 0.55 | \$ 0.57 | \$ 0.85 | \$ 1.11 |
| Swap termination fee | (0.03) | — | — | — | — | (0.03) | — |
| Tax effect | 0.01 | — | — | — | — | 0.01 | — |
| Diluted EPS excluding swap termination fee | 0.41 | 0.42 | 0.48 | 0.55 | 0.57 | 0.83 | 1.11 |
| (Gain) / loss on sale of investment securities | — | 0.01 | — | — | — | 0.01 | — |
| Tax effect | — | — | — | — | — | — | — |
| Diluted EPS excluding (gain) / loss on sale of investment securities | 0.41 | 0.43 | 0.48 | 0.55 | 0.57 | 0.84 | 1.11 |
| Death benefit on bank owned life insurance ("BOLI") | — | — | — | — | (0.01) | — | (0.01) |
| Diluted EPS excluding death benefit on BOLI | 0.41 | 0.43 | 0.48 | 0.55 | 0.56 | 0.84 | 1.10 |
| Adjusted diluted EPS | \$ 0.41 | \$ 0.43 | \$ 0.48 | \$ 0.55 | \$ 0.56 | \$ 0.84 | \$ 1.10 |

Non-GAAP Reconciliation of Pre-Tax, Pre-Provision Net Income

(Dollars in Thousands, Unaudited)

| | Three Months Ended | | | | | Six Months Ended | |
|--|--------------------|-------------------|----------------------|-----------------------|------------------|------------------|------------------|
| | June 30, 2023 | March 31, 2023 | December 31, 2022 | September 30, 2022 | June 30, 2022 | June 30, 2023 | June 30, 2022 |
| Pre-tax income | \$ 20,215 | \$ 20,091 | \$ 23,814 | \$ 25,834 | \$ 28,834 | \$ 40,306 | \$ 55,936 |
| Credit loss expense (recovery) | 680 | 242 | (69) | (601) | 240 | 922 | (1,146) |
| Pre-tax, pre-provision net income | \$ 20,895 | \$ 20,333 | \$ 23,745 | \$ 25,233 | \$ 29,074 | \$ 41,228 | \$ 54,790 |
| Pre-tax, pre-provision net income | \$ 20,895 | \$ 20,333 | \$ 23,745 | \$ 25,233 | \$ 29,074 | \$ 41,228 | \$ 54,790 |
| Swap termination fee | (1,453) | — | — | — | — | (1,453) | — |
| (Gain) / loss on sale of investment securities | (20) | 500 | — | — | — | 480 | — |
| Death benefit on BOLI | — | — | — | — | (644) | — | (644) |
| Adjusted pre-tax, pre-provision net income | \$ 19,422 | \$ 20,833 | \$ 23,745 | \$ 25,233 | \$ 28,430 | \$ 40,255 | \$ 54,146 |

Horizon Bancorp, Inc. Reports Second Quarter 2023 Results

Non-GAAP Reconciliation of Net Interest Margin

(Dollars in Thousands, Unaudited)

| | Three Months Ended | | | | | Six Months Ended | |
|--|--------------------|-------------------|----------------------|-----------------------|------------------|------------------|------------------|
| | June 30, 2023 | March 31, 2023 | December 31, 2022 | September 30, 2022 | June 30, 2022 | June 30, 2023 | June 30, 2022 |
| Net interest income as reported | \$ 46,160 | \$ 45,237 | \$ 48,782 | \$ 51,861 | \$ 52,044 | \$ 91,397 | \$ 98,875 |
| Average interest earning assets | 7,212,640 | 7,201,266 | 7,091,980 | 7,056,208 | 6,943,633 | 7,206,985 | 6,879,551 |
| Net interest income as a percentage of average interest earning assets ("Net Interest Margin") | 2.69 % | 2.67 % | 2.85 % | 3.04 % | 3.13 % | 2.68 % | 3.02 % |
| Net interest income as reported | \$ 46,160 | \$ 45,237 | \$ 48,782 | \$ 51,861 | \$ 52,044 | \$ 91,397 | \$ 98,875 |
| Acquisition-related purchase accounting adjustments ("PAUs") | (651) | (367) | (431) | (906) | (1,223) | (1,018) | (2,139) |
| Swap termination fee | (1,453) | — | — | — | — | (1,453) | — |
| Adjusted net interest | \$ 44,056 | \$ 44,870 | \$ 48,351 | \$ 50,955 | \$ 50,821 | \$ 88,926 | \$ 96,736 |
| Adjusted net interest | 2.57 % | 2.65 % | 2.83 % | 2.99 % | 3.06 % | 2.61 % | 2.96 % |

Non-GAAP Reconciliation of Tangible Stockholders' Equity and Tangible Book Value per Share

(Dollars in Thousands, Unaudited)

| | June 30, 2023 | March 31, 2023 | December 31, 2022 | September 30, 2022 | June 30, 2022 |
|--------------------------------------|------------------|-------------------|----------------------|-----------------------|------------------|
| Total stockholders' equity | \$ 709,243 | \$ 702,559 | \$ 677,375 | \$ 644,993 | \$ 657,865 |
| Less: Intangible assets | 170,644 | 171,547 | 172,450 | 173,375 | 173,662 |
| Total tangible stockholders' equity | \$ 538,599 | \$ 531,012 | \$ 504,925 | \$ 471,618 | \$ 484,203 |
| Common shares outstanding | 43,645,216 | 43,621,422 | 43,574,151 | 43,574,151 | 43,572,796 |
| Book value per common share | \$ 16.25 | \$ 16.11 | \$ 15.55 | \$ 14.80 | \$ 15.10 |
| Tangible book value per common share | \$ 12.34 | \$ 12.17 | \$ 11.59 | \$ 10.82 | \$ 11.11 |

Horizon Bancorp, Inc. Reports Second Quarter 2023 Results

Non-GAAP Calculation and Reconciliation of Efficiency Ratio and Adjusted Efficiency Ratio

(Dollars in Thousands, Unaudited)

| | Three Months Ended | | | | | Six Months Ended | |
|--|--------------------|-------------------|----------------------|-----------------------|------------------|------------------|------------------|
| | June 30, 2023 | March 31, 2023 | December 31, 2022 | September 30, 2022 | June 30, 2022 | June 30, 2023 | June 30, 2022 |
| Non-interest expense as reported | \$ 36,262 | \$ 34,524 | \$ 35,711 | \$ 36,816 | \$ 35,404 | \$ 70,786 | \$ 70,674 |
| Net interest income as reported | 46,160 | 45,237 | 48,782 | 51,861 | 52,044 | 91,397 | 98,875 |
| Non-interest income as reported | \$ 10,997 | \$ 9,620 | \$ 10,674 | \$ 10,188 | \$ 12,434 | \$ 20,617 | \$ 26,589 |
| Non-interest expense / (Net interest income + Non-interest income) ("Efficiency Ratio") | <u>63.44 %</u> | <u>62.93 %</u> | <u>60.06 %</u> | <u>59.33 %</u> | <u>54.91 %</u> | <u>63.19 %</u> | <u>56.33 %</u> |
| Non-interest expense as reported | \$ 36,262 | \$ 34,524 | \$ 35,711 | \$ 36,816 | \$ 35,404 | \$ 70,786 | \$ 70,674 |
| Net interest income as reported | 46,160 | 45,237 | 48,782 | 51,861 | 52,044 | 91,397 | 98,875 |
| Swap termination fee | (1,453) | — | — | — | — | (1,453) | — |
| Net interest income excluding swap termination fee | <u>44,707</u> | <u>45,237</u> | <u>48,782</u> | <u>51,861</u> | <u>52,044</u> | <u>89,944</u> | <u>98,875</u> |
| Non-interest income as reported | 10,997 | 9,620 | 10,674 | 10,188 | 12,434 | 20,617 | 26,589 |
| (Gain) / loss on sale of investment securities | (20) | 500 | — | — | — | 480 | — |
| Death benefit on BOLI | — | — | — | — | (644) | — | (644) |
| Non-interest income excluding (gain) / loss on sale of investment securities and death benefit on BOLI | <u>\$ 10,977</u> | <u>\$ 10,120</u> | <u>\$ 10,674</u> | <u>\$ 10,188</u> | <u>\$ 11,790</u> | <u>\$ 21,097</u> | <u>\$ 25,945</u> |
| Adjusted efficiency ratio | <u>65.12 %</u> | <u>62.37 %</u> | <u>60.06 %</u> | <u>59.33 %</u> | <u>55.46 %</u> | <u>63.75 %</u> | <u>56.62 %</u> |

Horizon Bancorp, Inc. Reports Second Quarter 2023 Results

Non-GAAP Reconciliation of Return on Average Assets

(Dollars in Thousands, Unaudited)

| | Three Months Ended | | | | | Six Months Ended | |
|---|--------------------|-------------------|----------------------|-----------------------|------------------|------------------|------------------|
| | June 30, 2023 | March 31, 2023 | December 31, 2022 | September 30, 2022 | June 30, 2022 | June 30, 2023 | June 30, 2022 |
| Average assets | \$7,840,026 | \$7,831,106 | \$ 7,718,366 | \$ 7,635,102 | \$7,476,238 | \$7,835,032 | \$7,391,348 |
| Return on average assets ("ROAA") as reported | 0.96 % | 0.94 % | 1.09 % | 1.24 % | 1.33 % | 0.95 % | 1.32 % |
| Swap termination fee | (0.07) | — | — | — | — | (0.04) | — |
| Tax effect | 0.02 | — | — | — | — | 0.01 | — |
| ROAA excluding swap termination fee | 0.91 | 0.94 | 1.09 | 1.24 | 1.33 | 0.92 | 1.32 |
| (Gain) / loss on sale of investment securities | — | 0.03 | — | — | — | 0.01 | — |
| Tax effect | — | (0.01) | — | — | — | — | — |
| ROAA excluding (gain) / loss on sale of investment securities | 0.91 | 0.96 | 1.09 | 1.24 | 1.33 | 0.93 | 1.32 |
| Death benefit on BOLI | — | — | — | — | (0.03) | — | (0.02) |
| ROAA excluding death benefit on BOLI | 0.91 | 0.96 | 1.09 | 1.24 | 1.30 | 0.93 | 1.30 |
| Adjusted ROAA | 0.91 % | 0.96 % | 1.09 % | 1.24 % | 1.30 % | 0.93 % | 1.30 % |

Non-GAAP Reconciliation of Return on Average Common Equity

(Dollars in Thousands, Unaudited)

| | Three Months Ended | | | | | Six Months Ended | |
|--|--------------------|-------------------|----------------------|-----------------------|------------------|------------------|------------------|
| | June 30, 2023 | March 31, 2023 | December 31, 2022 | September 30, 2022 | June 30, 2022 | June 30, 2023 | June 30, 2022 |
| Average common equity | \$ 710,953 | \$ 693,472 | \$ 660,188 | \$ 680,376 | \$ 677,299 | \$ 702,663 | \$ 697,004 |
| Return on average common equity ("ROACE") as reported | 10.59 % | 10.66 % | 12.72 % | 13.89 % | 14.72 % | 10.62 % | 14.01 % |
| Swap termination fee | (0.82) | — | — | — | — | (0.41) | — |
| Tax effect | 0.17 | — | — | — | — | 0.09 | — |
| ROACE excluding swap termination fee | 9.94 | 10.66 | 12.72 | 13.89 | 14.72 | 10.30 | 14.01 |
| (Gain) / loss on sale of investment securities | (0.01) | 0.29 | — | — | — | 0.14 | — |
| Tax effect | — | (0.06) | — | — | — | (0.03) | — |
| ROACE excluding (gain) / loss on sale of investment securities | 9.93 | 10.89 | 12.72 | 13.89 | 14.72 | 10.41 | 14.01 |
| Death benefit on BOLI | — | — | — | — | (0.38) | — | (0.19) |
| ROACE excluding death benefit on BOLI | 9.93 | 10.89 | 12.72 | 13.89 | 14.34 | 10.41 | 13.82 |
| Adjusted ROACE | 9.93 % | 10.89 % | 12.72 % | 13.89 % | 14.34 % | 10.41 % | 13.82 % |

Horizon Bancorp, Inc. Reports Second Quarter 2023 Results

Non-GAAP Reconciliation of Return on Average Tangible Equity

(Dollars in Thousands, Unaudited)

| | Three Months Ended | | | | | Six Months Ended | |
|--|--------------------|-------------------|----------------------|-----------------------|-------------------|-------------------|-------------------|
| | June 30, 2023 | March 31, 2023 | December 31, 2022 | September 30, 2022 | June 30, 2022 | June 30, 2023 | June 30, 2022 |
| Average common equity | \$ 710,953 | \$ 693,472 | \$ 660,188 | \$ 680,376 | \$ 677,299 | \$ 702,663 | \$ 697,004 |
| Less: Average intangible assets | 171,177 | 172,139 | 173,050 | 173,546 | 175,321 | 171,655 | 175,836 |
| Average tangible equity | <u>\$ 539,776</u> | <u>\$ 521,333</u> | <u>\$ 487,138</u> | <u>\$ 506,830</u> | <u>\$ 501,978</u> | <u>\$ 531,008</u> | <u>\$ 521,168</u> |
| Return on average tangible equity ("ROATE") as reported | 13.94 % | 14.18 % | 17.24 % | 18.65 % | 19.86 % | 14.05 % | 18.74 % |
| Swap termination fee | (1.08) | — | — | — | — | (0.55) | — |
| Tax effect | 0.23 | — | — | — | — | 0.12 | — |
| ROATE excluding swap termination fee | 13.09 | 14.18 | 17.24 | 18.65 | 19.86 | 13.62 | 18.74 |
| (Gain) / loss on sale of investment securities | (0.01) | 0.39 | — | — | — | 0.18 | — |
| Tax effect | — | (0.08) | — | — | — | (0.04) | — |
| ROATE excluding (gain) / loss on sale of investment securities | 13.08 | 14.49 | 17.24 | 18.65 | 19.86 | 13.76 | 18.74 |
| Death benefit on BOLI | — | — | — | — | (0.51) | — | (0.25) |
| ROATE excluding death benefit on BOLI | 13.08 | 14.49 | 17.24 | 18.65 | 19.35 | 13.76 | 18.49 |
| Adjusted ROATE | <u>13.08 %</u> | <u>14.49 %</u> | <u>17.24 %</u> | <u>18.65 %</u> | <u>19.35 %</u> | <u>13.76 %</u> | <u>18.49 %</u> |

Earnings Conference Call

As previously announced, Horizon will host a conference call to review its second quarter financial results and operating performance.

Participants may access the live conference call on July 27, 2023 at 7:30 a.m. CT (8:30 a.m. ET) by dialing 833-974-2379 from the United States, 866-450-4696 from Canada or 1-412-317-5772 from international locations and requesting the "Horizon Bancorp Call." Participants are asked to dial in approximately 10 minutes prior to the call.

A telephone replay of the call will be available approximately one hour after the end of the conference through August 3, 2023. The replay may be accessed by dialing 877-344-7529 from the United States, 855-669-9658 from Canada or 1-412-317-0088 from other international locations, and entering the access code 8537822.

About Horizon Bancorp, Inc.

Celebrating 150 years, Horizon Bancorp, Inc. (NASDAQ GS: HBNC) is the \$8.0 billion-asset commercial bank holding company for Horizon Bank, which serve customers across diverse and economically attractive Midwestern markets through convenient digital and virtual tools, as well as its Indiana and Michigan branches. Horizon Bank's retail offerings include prime residential, indirect auto, and other secured consumer lending to in-market customers, as well as a range of personal banking and wealth management solutions. Horizon also provides a comprehensive array of in-market business banking and treasury management services, with commercial lending representing over half of total loans. More information on Horizon, headquartered in Northwest Indiana's Michigan City, is available at horizonbank.com and investor.horizonbank.com.