

# HORIZON BANCORP

## Financial Highlights

### Non-GAAP Reconciliation of Net Income and Diluted Earnings per Share

(Dollar Amounts in Thousands Except per Share Data)

	Three Months Ended December 31		Twelve Months Ended December 31	
	2014	2013	2014	2013
	(Unaudited)		(Unaudited)	
<b><u>Non-GAAP Reconciliation of Net Income</u></b>				
Net income as reported	\$ 4,948	\$ 4,115	\$ 18,101	\$ 19,876
Summit expenses	-	-	1,335	-
Tax effect	-	-	(467)	-
Net income excluding Summit expenses	<u>\$ 4,948</u>	<u>\$ 4,115</u>	<u>\$ 18,969</u>	<u>\$ 19,876</u>
Acquisition related purchase accounting adjustments ("PAUs")	(719)	(850)	(2,745)	(6,294)
Tax effect	252	298	961	2,203
Net income excluding Summit expenses and PAUs	<u>\$ 4,481</u>	<u>\$ 3,563</u>	<u>\$ 17,185</u>	<u>\$ 15,785</u>
Gain on sale of investment securities	-	-	(988)	(374)
Tax effect	-	-	346	131
Net income excluding gain on sale of investment securities	<u>\$ 4,481</u>	<u>\$ 3,563</u>	<u>\$ 16,543</u>	<u>\$ 15,542</u>
<b><u>Non-GAAP Reconciliation of Diluted Earnings per Share</u></b>				
Diluted earnings per share as reported	\$ 0.51	\$ 0.45	\$ 1.90	\$ 2.17
Summit expenses	-	-	0.14	-
Tax effect	-	-	(0.05)	-
Diluted earnings per share excluding Summit expenses	<u>\$ 0.51</u>	<u>\$ 0.45</u>	<u>\$ 1.99</u>	<u>\$ 2.17</u>
Acquisition related PAUs	(0.07)	(0.09)	(0.29)	(0.70)
Tax effect	0.03	0.03	0.10	0.24
Diluted earnings per share excluding Summit expenses and PAUs	<u>\$ 0.46</u>	<u>\$ 0.39</u>	<u>\$ 1.80</u>	<u>\$ 1.71</u>
Gain on sale of investment securities	-	-	(0.10)	(0.04)
Tax effect	-	-	0.04	0.01
Net income excluding gain on sale of investment securities	<u>\$ 0.46</u>	<u>\$ 0.39</u>	<u>\$ 1.74</u>	<u>\$ 1.69</u>

**Loan Growth by Type**  
**Three Months Ended December 31, 2014**

(Dollars in Thousands)

	December 31	September 30	Amount	Percent	Annualized
	2014	2014	Change	Change	Percent
	(Unaudited)	(Unaudited)			Change
Commercial loans	\$ 674,314	\$ 677,349	\$ (3,035)	-0.4%	-1.8%
Residential mortgage loans	254,625	251,739	2,886	1.1%	4.5%
Consumer loans	320,459	308,800	11,659	3.8%	15.0%
Held for sale loans	6,143	4,167	1,976	47.4%	188.1%
Subtotal	1,255,541	1,242,055	13,486	1.1%	4.3%
Mortgage warehouse loans	129,156	105,133	24,023	22.9%	90.7%
Total loans	\$ 1,384,697	\$ 1,347,188	\$ 37,509	2.8%	11.0%

**Loan Growth by Type**  
**Twelve Months Ended December 31, 2014**

(Dollars in Thousands)

	December 31	December 31	Amount	Percent	Annualized
	2014	2013	Change	Change	Percent
	(Unaudited)	(Unaudited)			Change
Commercial loans	\$ 674,314	\$ 505,189	\$ 169,125	33.5%	33.5%
Residential mortgage loans	254,625	185,958	68,667	36.9%	36.9%
Consumer loans	320,459	279,525	40,934	14.6%	14.6%
Held for sale loans	6,143	3,281	2,862	87.2%	87.2%
Subtotal	1,255,541	973,953	281,588	28.9%	28.9%
Mortgage warehouse loans	129,156	98,156	31,000	31.6%	31.6%
Total loans	\$ 1,384,697	\$ 1,072,109	\$ 312,588	29.2%	29.2%

**Non-GAAP Reconciliation of Net Interest Margin**

(Dollar Amounts in Thousands)

	Three Months Ended			Twelve Months Ended	
	December 31	September 30	December 31	December 31	
	2014	2014	2013	2014	2013
	(Unaudited)	(Unaudited)		(Unaudited)	
<b><u>Net Interest Margin As Reported</u></b>					
Net interest income	\$ 16,523	\$ 16,400	\$ 14,129	\$ 62,983	\$ 61,383
Average interest-earning assets	1,865,750	1,877,066	1,616,461	1,794,263	1,617,028
Net interest income as a percent of average interest-earning assets	3.64%	3.59%	3.60%	3.62%	3.96%
<b><u>Impact of Acquisitions</u></b>					
Interest income from acquisition-related purchase accounting adjustments	\$ (719)	\$ (438)	\$ (850)	\$ (2,745)	\$ (6,294)
<b><u>Net Interest Margin Excluding Impact of Acquisitions</u></b>					
Net interest income	\$ 15,804	\$ 15,962	\$ 13,279	\$ 60,238	\$ 55,089
Average interest-earning assets	1,865,750	1,877,066	1,616,461	1,794,263	1,617,028
Net interest income as a percent of average interest-earning assets	3.49%	3.50%	3.39%	3.47%	3.57%

**Allowance for Loan and Lease Loss Detail**  
**As of December 31, 2014**  
(Dollars in Thousands, Unaudited)

	<b>Horizon</b>			<b>Total</b>
	<b>Legacy</b>	<b>Heartland</b>	<b>Summit</b>	
Pre-discount loan balance	\$ 1,249,443	\$ 36,489	\$ 100,000	\$ 1,385,932
Allowance for loan losses (ALLL)	16,177	289	35	16,501
Loan discount	N/A	2,734	4,644	7,378
Total ALLL+loan discount	16,177	3,023	4,679	23,879
Loans, net	<u>\$ 1,233,266</u>	<u>\$ 33,466</u>	<u>\$ 95,321</u>	<u>\$ 1,362,053</u>
ALLL/ pre-discount loan balance	1.29%	0.79%	0.04%	1.19%
Loan discount/ pre-discount loan balance	N/A	7.49%	4.64%	0.53%
Total ALLL+loan discount/ pre-discount loan balance	1.29%	8.28%	4.68%	1.72%