HORIZON BANCORP, INC.

A NASDAQ Traded Company - Symbol HBNC

INVESTOR PRESENTATION | OCTOBER 26, 2022

Important Information

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: 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; 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; continuing risks and uncertainties relating to the COVID–19 pandemic and government responses thereto; 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 Internet 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.

Non-GAAP Measures

Certain non-GAAP financial measures are presented herein. Horizon believes they are useful to investors and provide a greater understanding of Horizon's business without giving effect to non-recurring costs and non-core items. For each non-GAAP financial measure, we have presented comparable GAAP measures and reconciliations of the non-GAAP measures to those GAAP measures in the Appendix to this presentation. Please see slides 39-57.

Corporate Overview

3Q22 Highlights

Meeting or Exceeding Our 2022 Goals	Goals	3Q22 Change % vs.	
		Linked Quarter	Year-to-date
Total Loan Growth, Annualized[1]		7.8%	14.5%
Commercial Loan Growth, Annualized[1]	10-14%	1.80%	13.80%
Consumer Loan Growth, Annualized[1]	10-14%	6.00%	31.70%
Non-interest Expense/Average Assets, Annualized	<2.00%	1.99%	1.99%
ROAA	>1.30%	1.24%	1.29%
ROAE	>12.50%	13.89%	13.97%

[1] Excludes PPP loans and sold commercial participation loans

Why Horizon?

A High-Performing Operator in Growth Markets

Disciplined operating culture

1.29% ROAA, 18.73% ROATE & 1.99% operating expenses/avg. assets YTD

Closed 7 branches in 2022. Annual impact will be realized in 2023

Compelling value supported by commitment to dividend

166% P/TBV and 8.4x P/E (TTM) with a 3.6% dividend yield

30-year record of quarterly cash dividends to shareholders. 2022 annual dividend of 64¢/share (28.8% payout ratio)

Well-established long-term growth goals

17% average asset growth 2017-2021

14% annualized loan growth YTD (excluding PPP and sold commercial participation loans)

Stable core deposit base funded primarily by a granular portfolio of consumer and business clients

Very attractive Midwest markets

30 minutes from downtown Chicago benefiting from Illinois exodus

Attractive Midwest Markets with favorable infrastructure investment, rising household income and growing manufacturing, healthcare, and educational industries

Diversified mix of businesses delivers very strong operational performance

>50% of loan portfolio is commercial with growth of $51 million or 7% annualized in Q3. Portfolio well balanced across multiple segments and markets

Consumer loan growth of $51 million or 24% annualized with strong growth in both indirect and consumer lending

Mortgage loans increased $25 million or 17% annualized. Organic growth of high quality borrowers within local markets

(1) Footnote Index included in Appendix (see slides 39-57 for non-GAAP reconciliation)

Seasoned Management Team

Craig M. Dwight
Chairman & CEO
- 43 Years of Banking Experience
- 23 Years as President or CEO of Bank

Thomas M. Prame
President
- 28 Years of Banking Experience
- 20 Years in Executive Leadership Roles

Mark E. Secor
EVP & Chief Financial Officer
- 33 Years of Banking and Public Accounting Experience
- 13 Years with Horizon as CFO and EVP of Horizon

Kathie A. DeRuiter
EVP & Senior Operations Officer
- 32 Years of Banking and Operational Experience
- 21 Years as Senior Bank Operations Officer

Lynn M. Kerber
EVP & Chief Commercial Banking Officer
- 31 Years of Banking Experience
- 4 Years with Horizon as Senior Commercial Credit Officer

Todd A. Etzler
EVP & Corporate Secretary & General Counsel
- 30 Years of Corporate Legal Experience and 11 years of General Counsel Experience
- 4 Years as SVP and General Counsel

Noe S. Najera
EVP, Senior Retail & Mortgage Lending Officer
- 20 Years of Banking Experience
- 6 Years with Horizon, 3 Years as SVP Retail Lending

* As of April 1, 2022

HORIZON BANK

A History of Profitable Growth

Positioned Well for Future Organic Growth

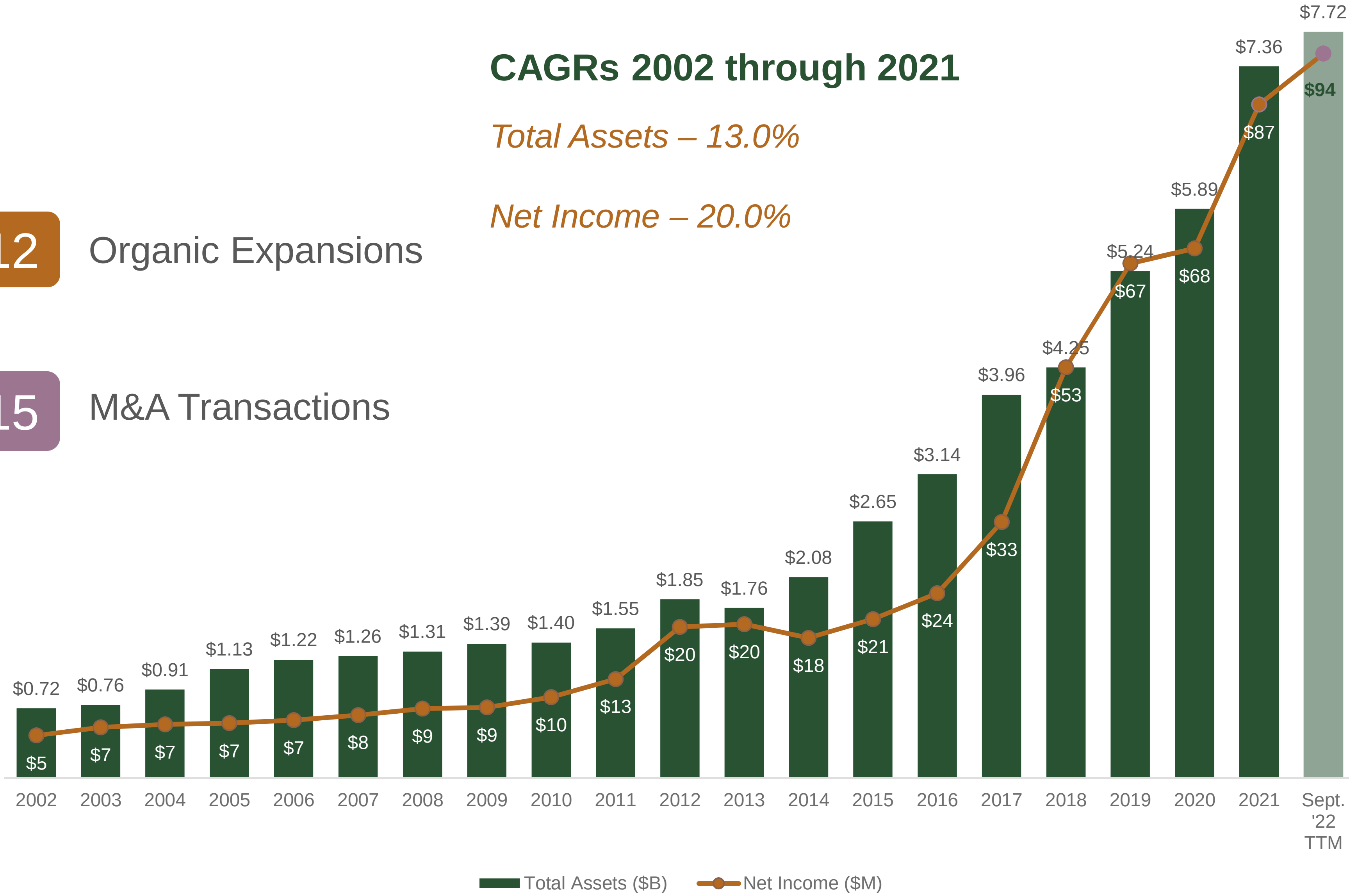
12 Organic Expansions

15 M&A Transactions

CAGRs 2002 through 2021

Total Assets – 13.0%

Net Income – 20.0%



Built to Outpace GDP & Industry Over Long-Term

Assets Grew 29% ex. PPP During 2021

Well-Established Long-Term Goals

Meaningfully outpace GDP and industry

~50/50 growth organic/acquired

Organic growth of ≥3x GDP growth

2012 - 2021

20% average asset growth

4.7x GDP

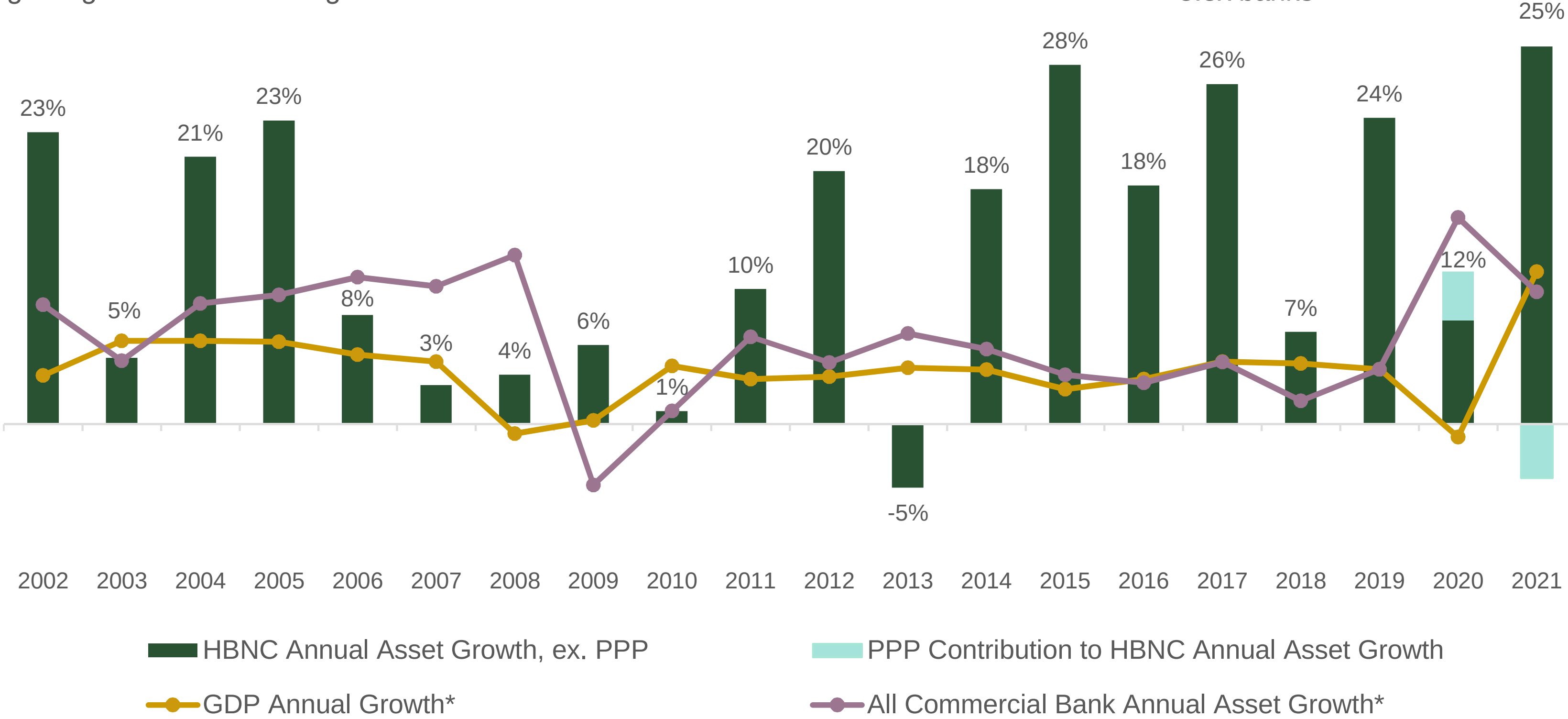
3.3x banks

2017 - 2021

24% average asset growth

4.9x GDP

3.3x banks



* U.S. Bureau of Economic Analysis, retrieved from FRED, Federal Reserve Bank of St. Louis, fred.stlouisfed.org, April 18, 2022.

Diversified & Attractive Footprint

Serving the Right Side of Chicago

Headquartered in Michigan City, IN, with 73 locations in attractive markets in Indiana and Michigan

Double commuter track addition to the South Shore train lines supports growth in Northwest Indiana, which offers proximity to Chicago, with lower taxes and cost of living

Major colleges and universities throughout footprint, including Notre Dame University, Purdue University, University of Michigan and Michigan State University

INDIANA	MICHIGAN
9/30/22 Loans: $2.2B	9/30/22 Loans: $1.7B
56% of Loans	44% of Loans

Multiple Revenue Streams Diversifies Risk

Retail Banking | Mortgage Banking

Business Banking | Wealth Management

Complementary Revenue Streams that are Counter-Cyclical to Varying Economic Cycles

Note: Total loan figures for Indiana and Michigan are as of 9/30/22 and do not include Mortgage Warehouse.

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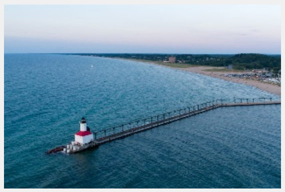
Attractive & Stable Midwest Markets

Top 5 Markets by Deposits

Michigan City, IN / La Porte, IN (Legacy)



$1.2B Deposits

8 Branches

- Significant manufacturing, healthcare, and education industries
- Over $1.5B in public and private investments since 2012
- Double commuter track addition to the South Shore train lines

Indianapolis, IN (Growth)

$791M Deposits

8 Branches

- Greater Indianapolis area exhibits strong growth

Northwest Indiana (Growth)

$709M Deposits

10 Branches

- Double commuter track addition to the South Shore train lines
- High cost of living in Chicago
- Population density of Chicago

Southwest Michigan* (Growth)

$561M Deposits

8 Branches

- Similar culture and economic base to legacy markets in Northern Indiana
- Grand Rapids one of the most attractive markets in the Midwest

Lafayette, IN (Growth)

$344M Deposits

5 Branches

- Purdue University collaborates with contiguous cities of Lafayette and West Lafayette
- Subaru expanding facilities

	Michigan City, IN La Porte, IN	Indianapolis, IN	Northwest Indiana	Southwest Michigan*	Lafayette, IN
Median HHI	$53,255	$65,306	$74,285	$58,856	$59,404
’20 – ’25 HHI Growth	6.8%	11.2%	11.5%	11.8%	10.9%
’20 – ’25 Pop. Growth	0.12%	3.81%	0.08%	1.02%	3.86%

Source: S&P Global Market Intelligence. Note: Core market demographics reflect MSA data. Deposit data as of 6/30/22.

*Southwest Michigan defined as the MSAs of Niles, Grand Rapids-Kentwood and Kalamazoo-Portage. Demographic data weighted by HBNC deposits.

Digital Banking Excellence

Sophisticated Internal Capabilities Supported by Best-in-Class Third Parties

Growing customer base digitally and efficiently

- 19% of accounts opened online on average YTD'22, up from 9% in 4Q20
- 73% of transactions performed online YTD'22

In-house CRM platform allows Horizon to remain nimble

- Data warehouse combined with transaction analysis from Core allows us to better anticipate customers' needs and develop targeted marketing

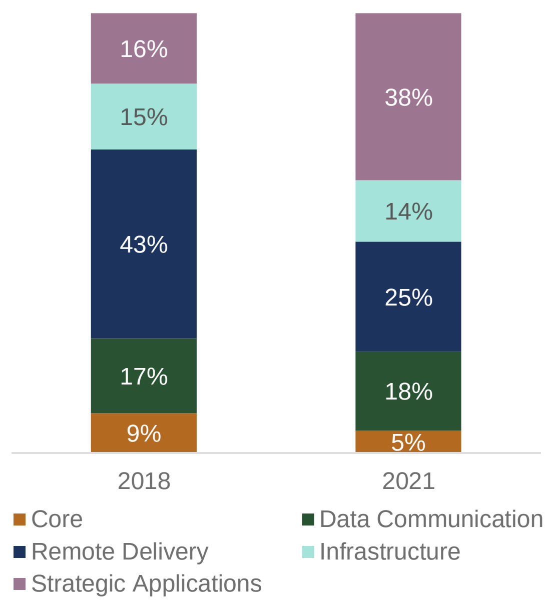
In-house core and prior tech investments are true competitive advantages

- Prior investments to build out internal capabilities ensures that Horizon's technology budget is focused on enhancing the customer experience and efficiency of its team of Advisors in cost effective manner

Leveraging third party relationship to surround cost effective in-house Core

- Third parties like Nintex, Fox Trot and Nautilus automate workflows for historically manual tasks, reducing cost and waste while sending direct updates to our systems
- Automation provides Horizon's Advisors targeted, current information and more time with customers

Shifting Tech Spend to Strategic Customer & Employee Facing Applications



NEW IN 2022

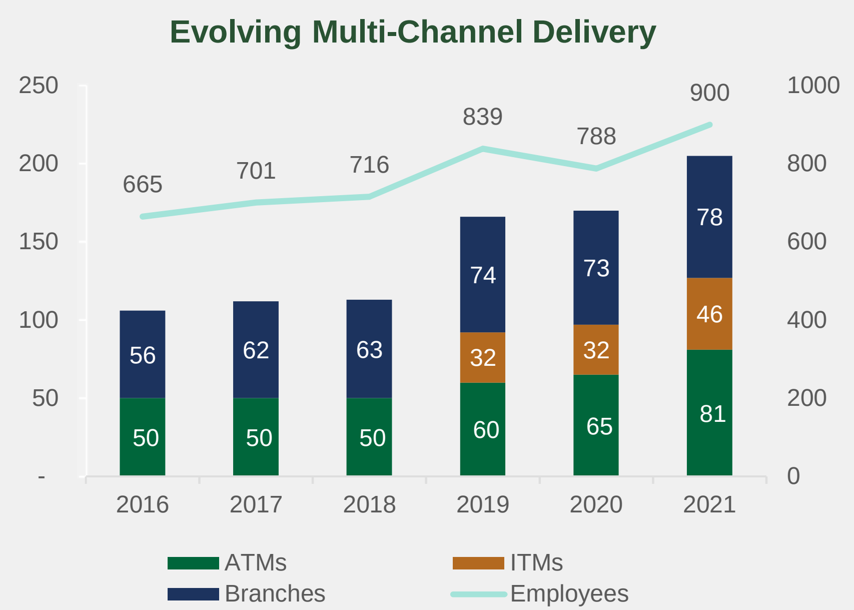
- Online deposit accounting opening platform to include time deposit, IRA and HSA accounts
- Develop real-time API automations through data and system enhancements to anticipate customer needs and expand relationships
- Enhance capabilities within the mobile banking app to include account opening, in-branch appointments and more
- Use data to expand customer segmentation and profitability models

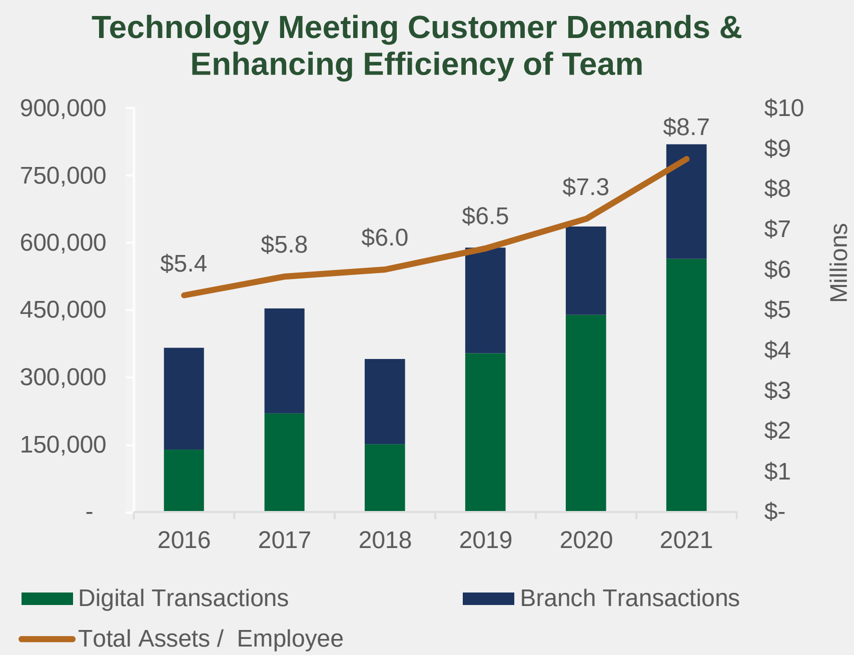
Community Banking at Scale

Efficient Utilization of Talent, Technology & Branch Network

Technology enhances Advisors' ability to serve customers and enhance bottom-line

- Video banking team serves multiple markets through robust network of 46 interactive teller machines (ITMs)
  - ITMs proved to be valuable and scalable amid the pandemic, with 14 new ITMs rolled out ahead of 2021 branch acquisition
- 84% of online chats answered by bots, freeing Advisors to provide more value-added services to customers
- Three bank owned and operated Communication Centers supported by branch staff as needed
- Investments in technology improve efficiency as measured by growth in assets per employee from $5.4 million in 2016 to $8.7 million in 2021





Productive Use of Capital

Deploying capital through productive acquisitions and to drive organic growth

- Completed acquisition of 14 Michigan branches and associated deposits and loans in 3Q21, adding mass and scale to Horizon's Midland market and extending its footprint into attractive markets in the northern and central regions of Michigan's lower peninsula
- Investing in commercial lenders and consumer platforms to leverage capital through organic loan growth

Longstanding dividend

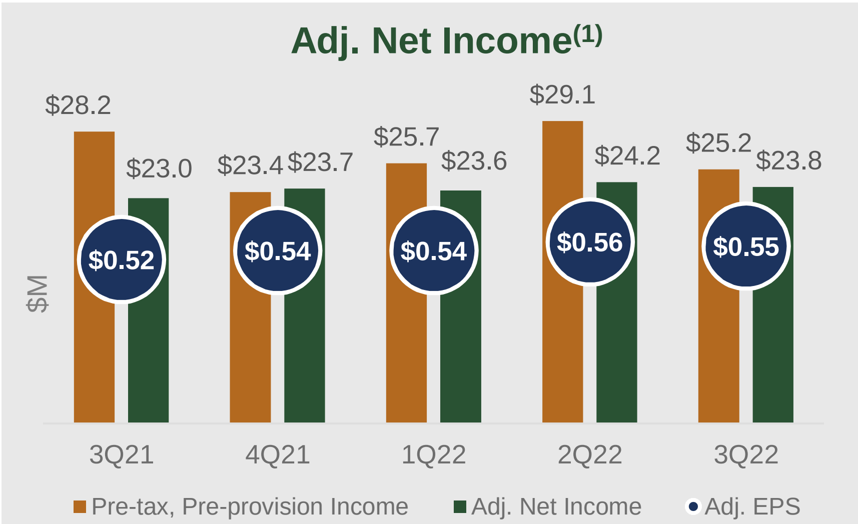
- 30+ years of uninterrupted quarterly cash dividend
- Horizon increased its quarterly dividend during the second quarter of 2022 by 6.3% to $0.16 per share, resulting in tenth dividend increase in the last 11 years
- Current implied annualized dividend yield of 3.6% as of September 30, 2022
- Strong cash position at the holding company represents approximately 6 quarters of the current dividend plus fixed costs

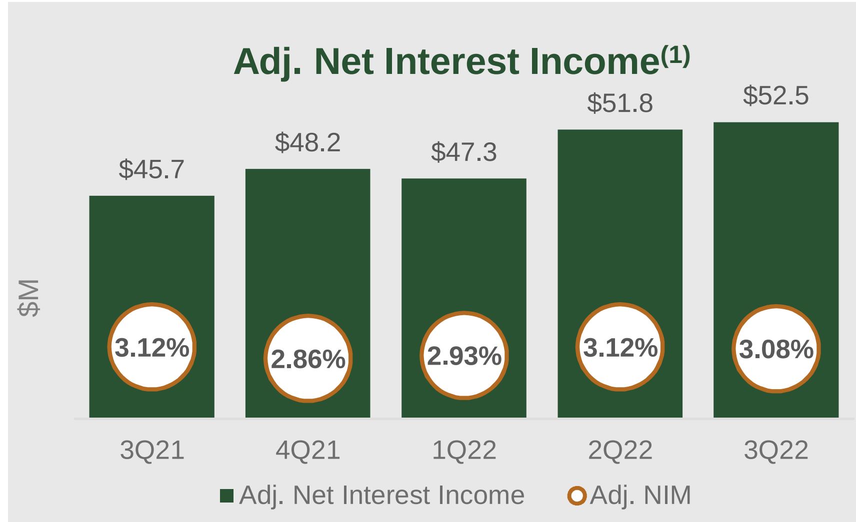
FUTURE OUTLOOK

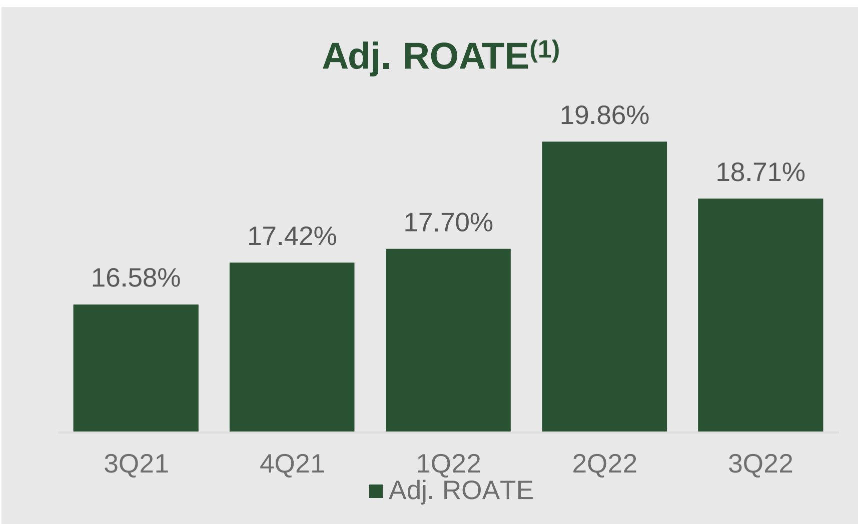
Current focus is on Organic Growth	Targeted dividend payout ratio of 25-35%	Opportunistic acquisitions with focus on lease models

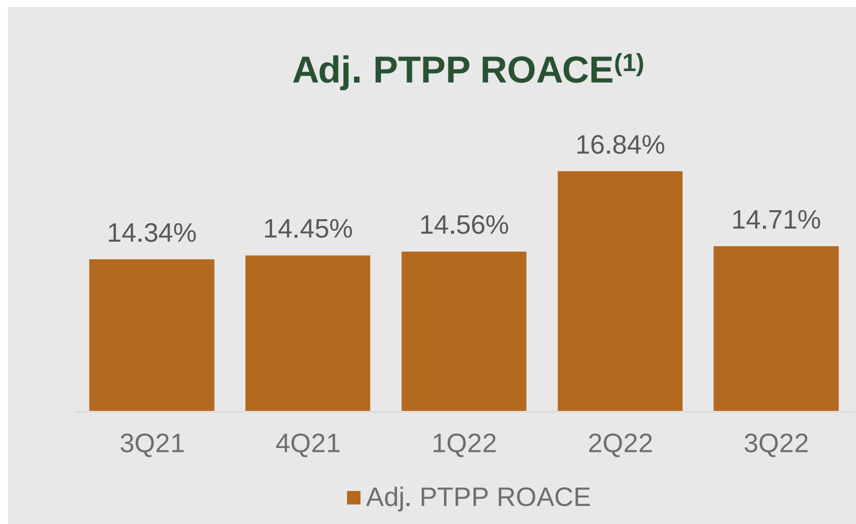
Financial Highlights

Strong Core Earnings









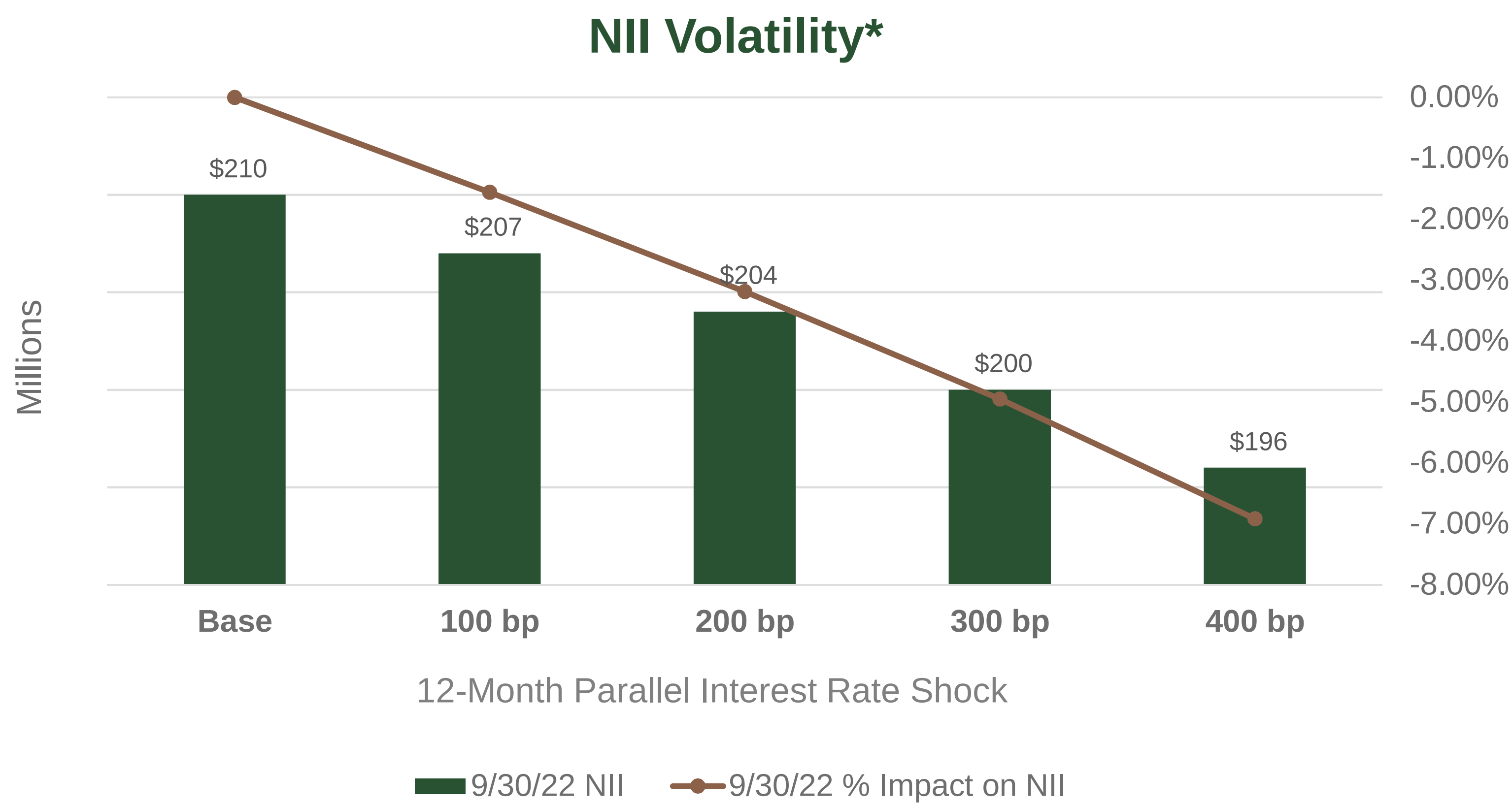
(1) Footnote Index included in Appendix (see slides 39-57 for non-GAAP reconciliation)

HORIZON BANK

Balance Sheet Management

As Deposit Betas are Increasing

- Of the $2.0 billion of adjustable rate loans, $1.2 billion adjust with a rate change to their index
- Deposit betas range from 5.0% for consumer deposits to 60.0% on money market accounts and public funds
- Higher deposit betas for rate increases changed interest rate risk sensitivity in a parallel rate shock



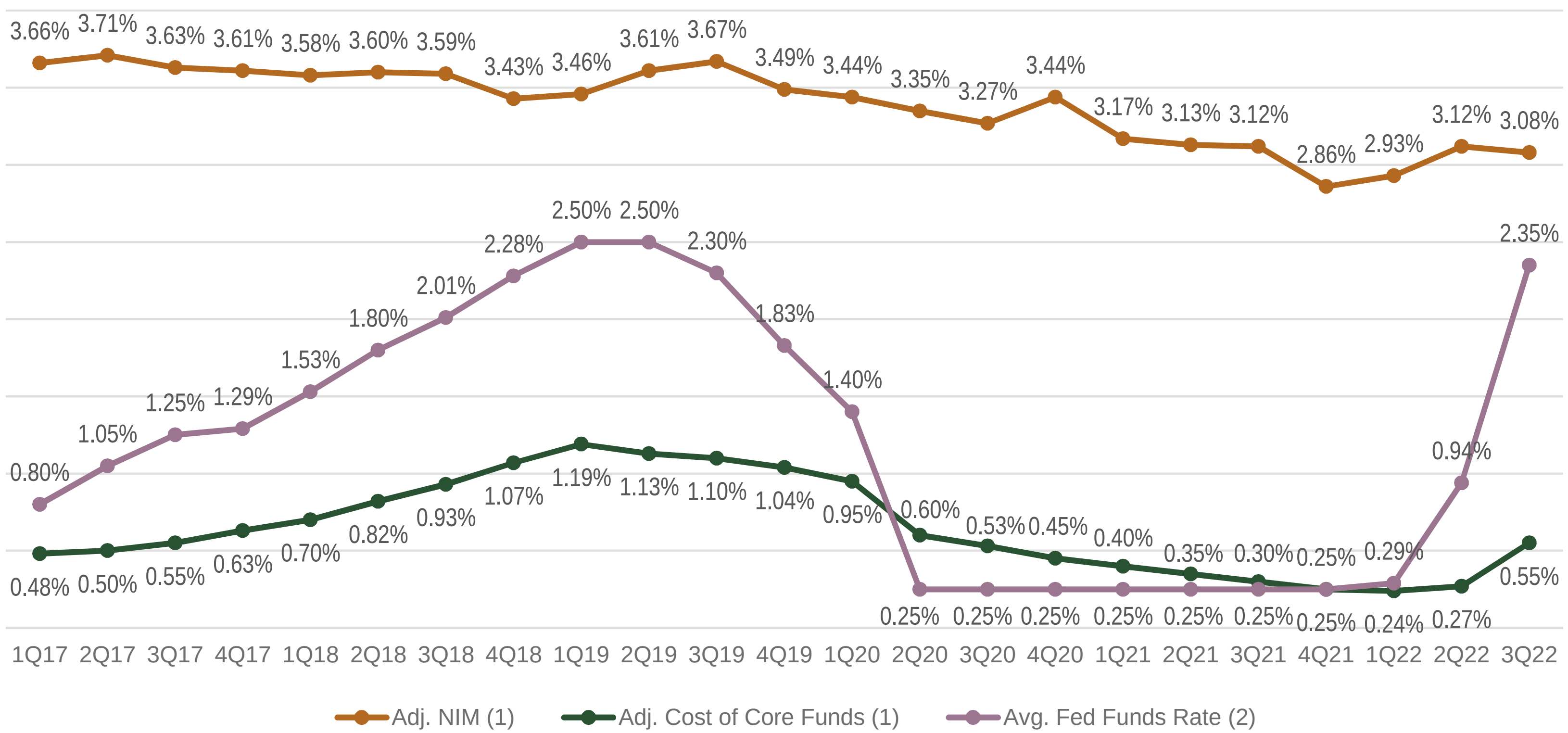
* Based on 12-month parallel rate shock as of September 30, 2022.

Focus on Increasing Net Interest Income

- Loan growth, cash deployed to higher yielding assets and increasing interest rates to increase net interest income

- Cost of core funds increased 28 basis points during the quarter, the average Fed Funds rate increased 141 basis points

Net Interest Margin

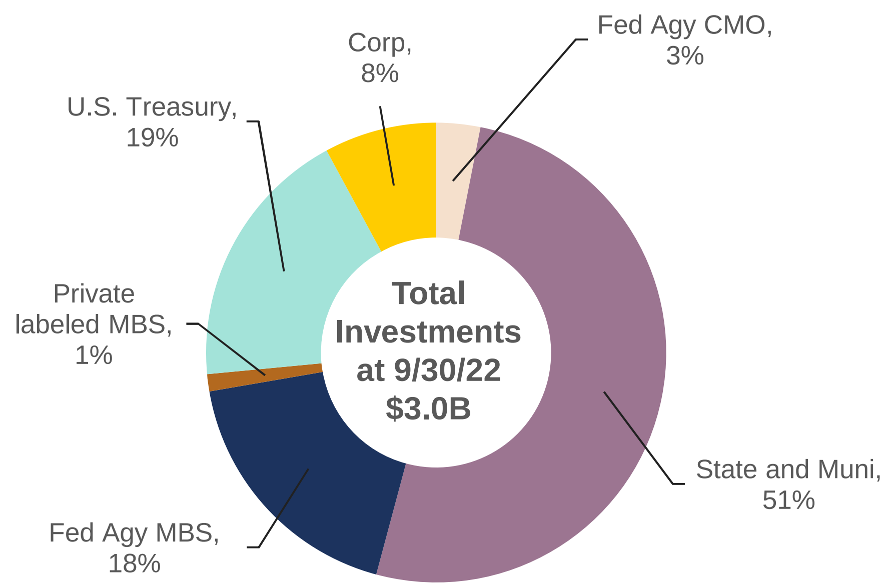


(1) Footnote Index included in Appendix (see slides 39-57 for non-GAAP reconciliation)
(2) Source: S&P Global Market Intelligence.

Investment Portfolio

Significant Contribution to Interest Income

- **Investment portfolio cash flows are helping to fund higher yielding loans**
  - Book yield of 2.28%, effective duration of 6.95 years
  - $48 million of cash flows expected over the next quarter and $227 million expected in 2023
  - At September 30, 2022, the Company had approximately $640 million in unused lines of credit and $2.1 billion of unpledged securities



Securities Portfolio Detail

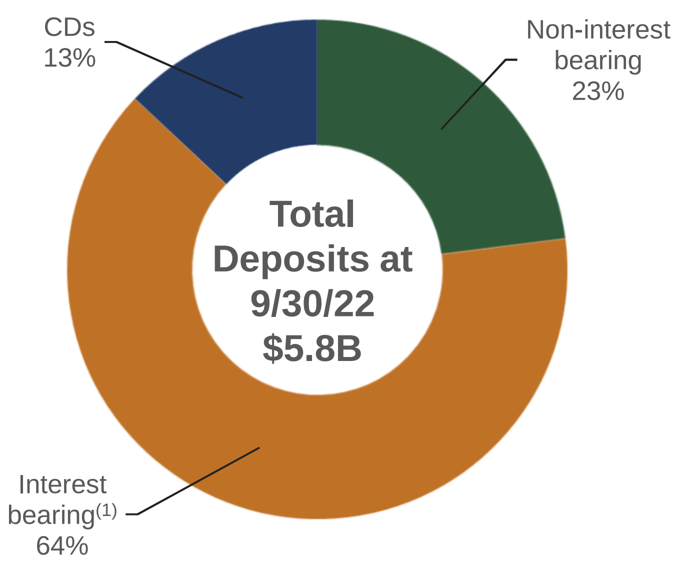
Security Type ($000s)	3Q 2022 Amortized Cost	2Q 2022 Amortized Cost	QoQ Change	3Q 2022 Duration (yrs)
U.S. Treasury and federal agencies	$589	$590	$(1)	5.05
Mortgage-backed	707	735	(28)	5.29
Corporate securities	249	248	1	5.03
State and municipal	1,634	1,643	(9)	8.73
Total Securities	**$3,179**	**$3,216**	**$(37)**	**6.95**

Other Comprehensive Income

- Accumulated Other Comprehensive Income (“AOCI”) loss reduced Tangible Common Equity (“TCE”) to 6.25%, or by 3.55%, in the third quarter
  - We have the intent and ability to hold the investments to maturity and no plans to sell
  - Cash flows can be used to fund future high single digit loan growth
  - Retained earnings and investments moving down the curve would earnback capital loss
  - No impact to regulatory capital ratios
- With an additional 200bp parallel shock to the AFS investments over the next quarter, TCE is estimated to be 5.22%, or another 103bp decline from the third quarter
- Bank capital ratios exceed regulatory capital ratios for “well capitalized” banks with leverage and risk based capital ratios of 8.84% and 13.65%, respectively
- AOCI only considers AFS investments and derivatives, the economic value of equity (“EVE”) increased when comparing September 30, 2022 to September 30, 2021, when deposits are included in the valuations

Stable Low Cost Core Deposits

- In-market relationships and strategic pricing, contributed to total deposit cost of 0.28%
- Deposit beta's have lagged short term rate increases as we are disciplined in holding total deposit costs down, only increased 20bps since the first quarter
- Account and deposit retention data very strong to date

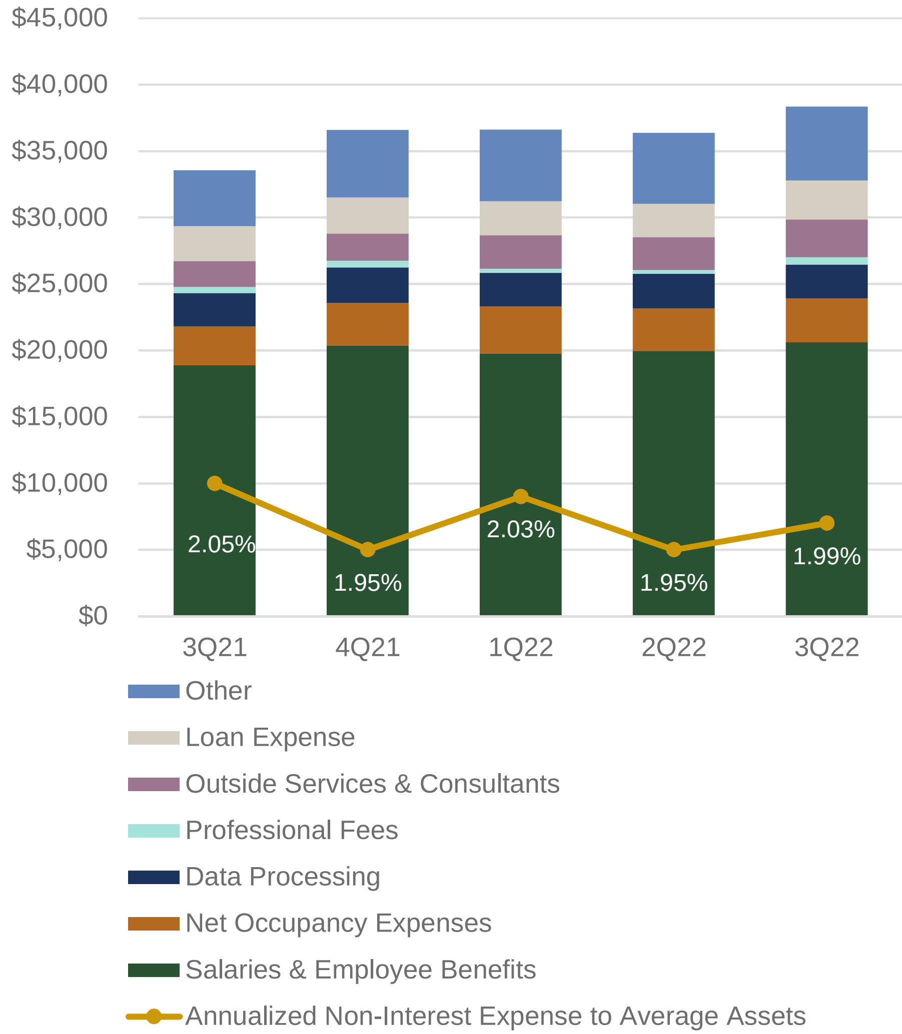


Average Deposits ($000s)	3Q 2022 Average Balances	2Q 2022 Average Balances	Average Cost[1] 3Q 2022 (QTD)	Average Cost[1] 2Q 2022 (QTD)
Non-interest bearing	$1,351,857	$1,335,779	0.00%	0.00%
Interest bearing (excluding CDs)	$3,708,419	$3,796,619	0.29%	0.09%
Time Deposits (CDs)	$770,322	$744,340	0.72%	0.47%
Total Deposits	**$5,830,598**	**$5,876,738**	**0.28%**	**0.11%**

(1) Footnote Index included in Appendix (see slides 39-57 for non-GAAP reconciliation)

Good Expense Control

Non-interest Expense Breakout ($M)(1)



3Q '22 Highlights

- Annualized non-interest expense was 1.99% of average assets, supporting full year 2022 target of less than 2%
- Planned 2022 branch rationalization payback in approximately six months after one time charges of ~ $380,000 recorded during 2Q '22
- Planned cost saves in 2023 in cyclical business models with continued branch rationalization review

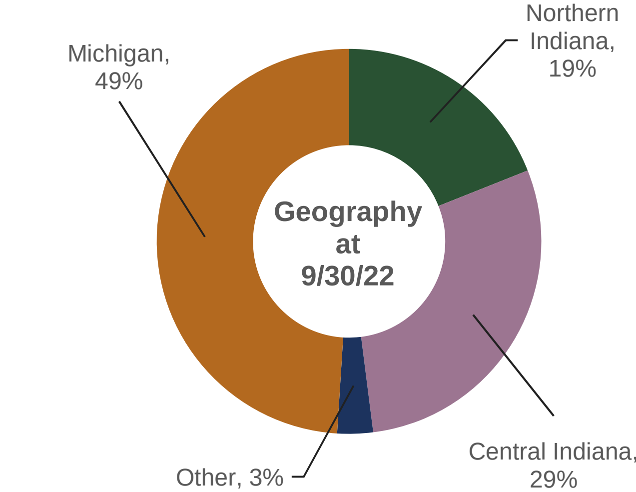
(1) Footnote Index included in Appendix (see slides 39-57 for non-GAAP reconciliation)

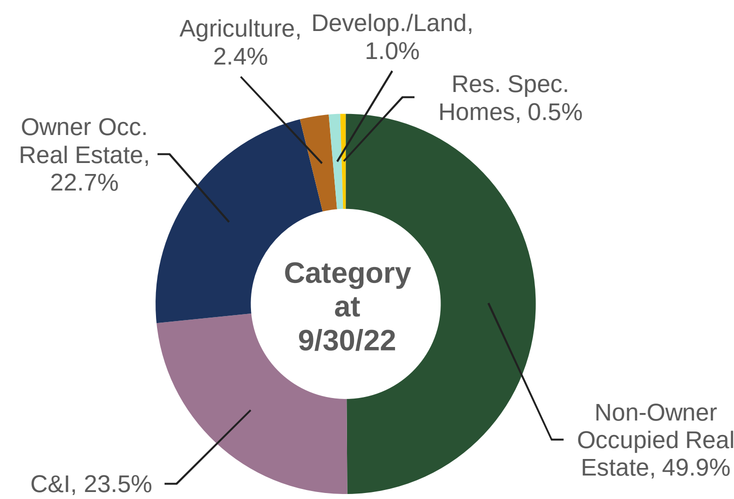
Loan Portfolio Review

Robust Commercial Loan Growth

- Commercial loan portfolio, excluding PPP and sold participation loans, increased approximately $41.8 million, or 7.2% annualized, during Q3 2022.
- Continued positive trends with net funding of commercial loans of $117 million for Q3 compared to $142 million for Q2. New originations included construction projects which will benefit future quarters.
- Q3 loan growth approximately 23% owner occupied real estate, 23% C&I, 17% retail and/or mixed use and 10% lessors 1-4 family.
- Commercial pipeline positioned at $126 million entering Q4 compared to a pipeline of $160 million at the start of Q3.

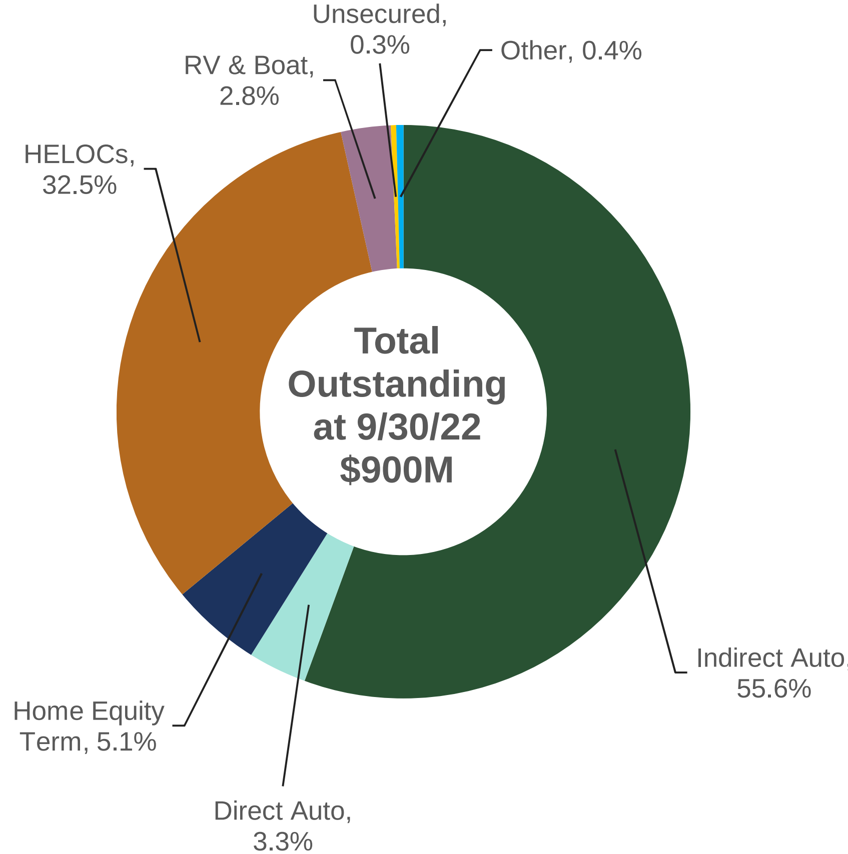
$2.4 billion
in Total Commercial Loans





Excellent Consumer Loan Growth

- **Excellent Production in 2021, Q1 2022, Q2 2022 & Q3 2022**
  - Strong production of $149M
  - Portfolio gained $51 million, representing 6.0% quarterly growth, or 23.9% annualized
  - Continued high quality originations YTD with 87% Loan to Value, 771 avg. credit score & 27% Debt to Income
  - Balanced lending growth in Q3. Indirect (+$33 million), Consumer (+$18 million).
- **Holding Asset Quality to Historical Norms**
  - 99.7% secured consumer loans
  - 87.8% prime, with credit scores ≥700
  - HELOC combined LTV limited to 89.9%
  - Low, single digit exception rate on approvals
  - Low delinquency at 0.56% and YTD net charge-offs of 0.07%

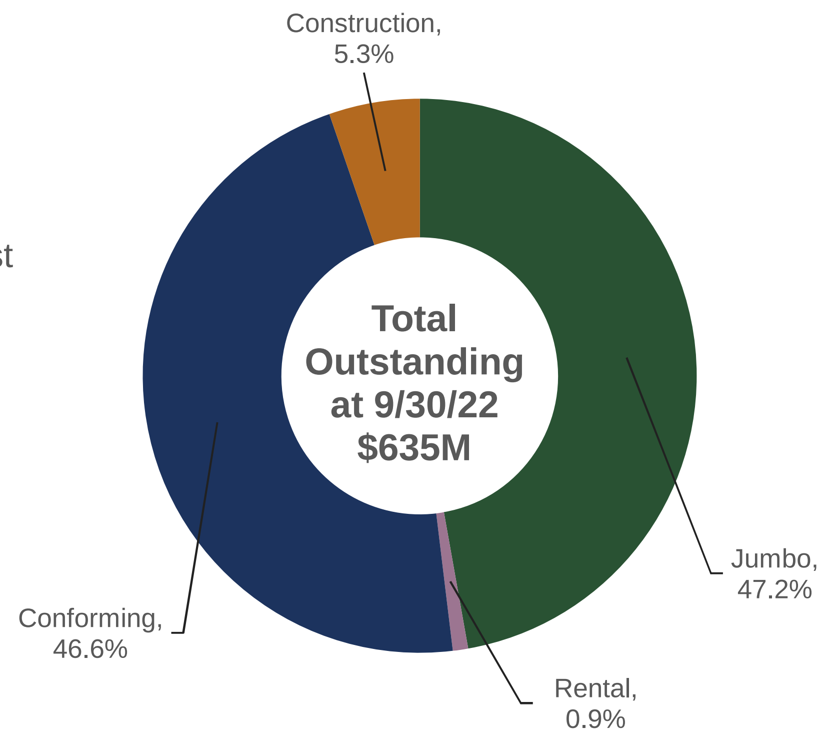


Prime Mortgage Loan Portfolio

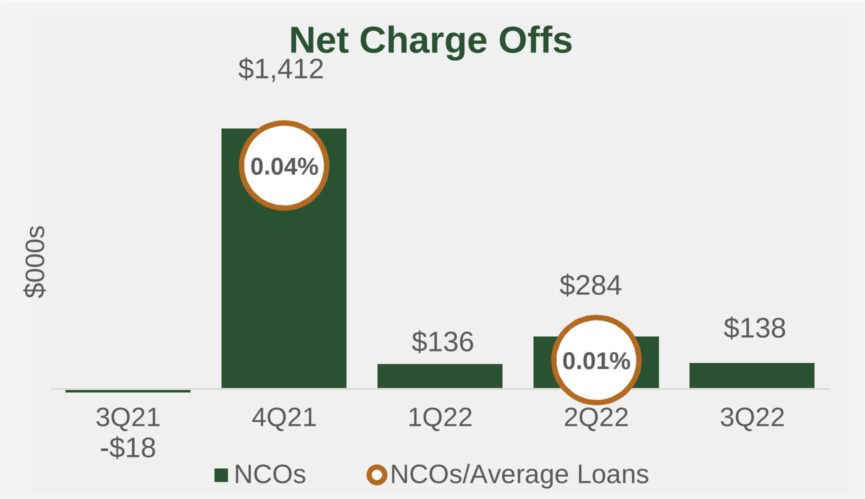
- **Gain on sale of mortgage loans ("GOS") and mortgage warehousing income constituted only 3.8% of total 3Q22 revenue**
  - GOS income totaled $1.4 million during 3Q22, down from $2.5 million during 2Q22, reflective of industry origination trends

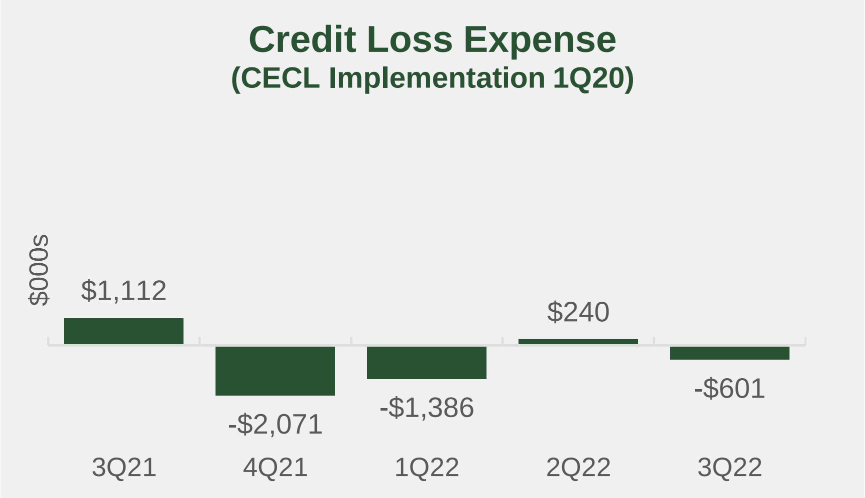
- **Positioned well for current marketplace opportunities**
  - Strong construction loan program to take advantage of fast growing new construction segment of market
  - Installed best in class construction desk software, creating a better client/builder experience with increased draw oversight and risk management practices
  - Adjusting cost structure to new volume norms

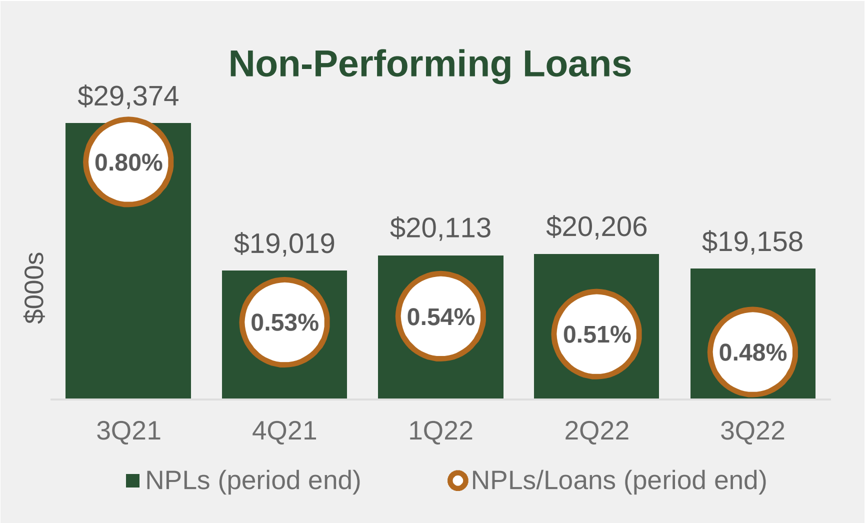
- **High Quality Portfolio**
  - Underwriting to Fannie Mae guidelines
  - Full documentation of employment, income and asset verification
  - 43.2% of mortgages held in portfolio are ARMs
  - Average credit score 740

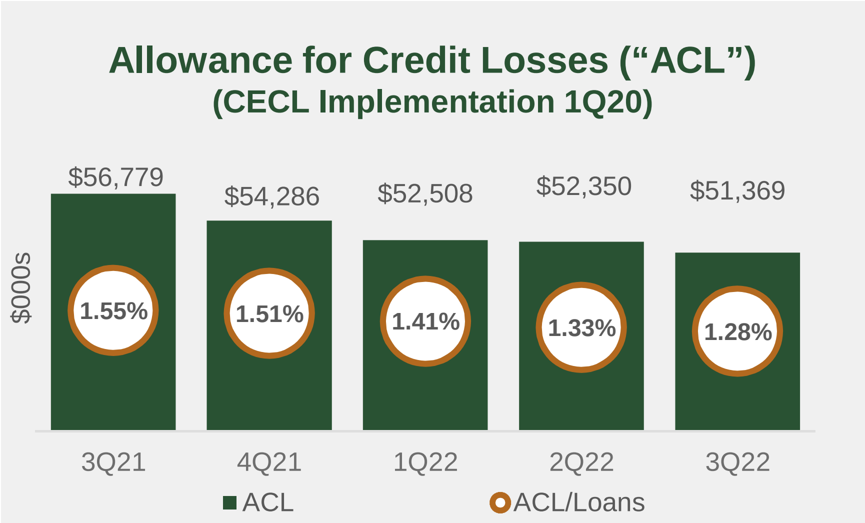


Strong Asset Quality Metrics









3Q22 ACL/Loans excluding PPP Loans = 1.28%

3Q22 ACL/Loans excluding PPP & Warehouse Loans = 1.30%

Key Franchise Highlights

Positioned well for growth in 2022 and 2023, expansion of consumer dealer network, 20% increase in CLOs, 14 offices acquired and closed 10 offices in 2021 and closing 7 more offices in 2022

Granular low cost core deposits

Growth oriented Midwest markets with balanced industrial bases and population inflows

Low Credit Risk Profile – High quality balance sheet with strong liquidity – approximately $3.1 billion of cash and securities as of 9/30/22

Robust capital position 14.1% Tier 1 and 15.1% Total RBC as of 9/30/22

Building for loan growth, with complementary counter-cyclical revenue streams

Historical run rate demonstrates strong core operating earnings

30-year unbroken quarterly cash dividend record, with strong cash position at the holding company and ability to dividend a significant amount of cash from the bank

Exceeding Announced 2022 Goals

	Initial Goal 4Q21	Update Goal 1Q22	Actual 3Q22 YTD
Annual Commercial Loan Growth	10%	↑ 10-14%	↑ **13.8%**
Reduction in Mortgage Originations	15-18%	15-18%	↓ **27.07%**
Annual Consumer Loan Growth	5-9%	↑ 10-14%	↑ **31.70%**
Annual Expenses to Average Assets	<2.00%	<2.00%	**1.99%**
ROAA	>1.20%	↑ >1.30%	**1.29%**
ROAE	>12.5%	>12.5%	↑ **13.97%**

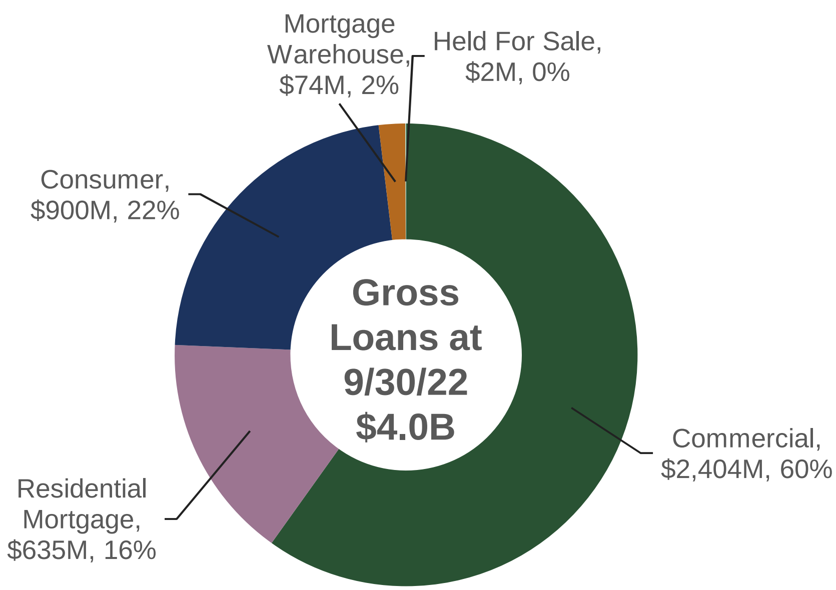
Appendix

Stable Credit Loss Reserves

($000s, unaudited)		9/30/22		Net Reserve[1] 3Q22		Net Reserve[1] 2Q22		Net Reserve[1] 1Q22		12/31/21
Commercial	$	33,806	$	(996)	$	(2,987)	$	(2,986)	$	40,775
Retail Mortgage		5,137		715		71		495		3,856
Warehousing		1,024		(43)		12		(4)		1,059
Consumer		11,402		(657)		2,746		717		8,596
Allowance for Credit Losses	**$**	**51,369**	**$**	**(981)**	**$**	**(158)**	**$**	**(1,778)**	**$**	**54,286**
ACL/Total Loans		**1.28%**								**1.51%**
Acquired Loan Discount	$	6,587	$	(619)	$	(1,122)	$	(769)	$	9,097

(1) Net Reserve Build is equal to the provision for credit losses net of net charge-offs/recoveries.

Diversified & Granular Loan Portfolio



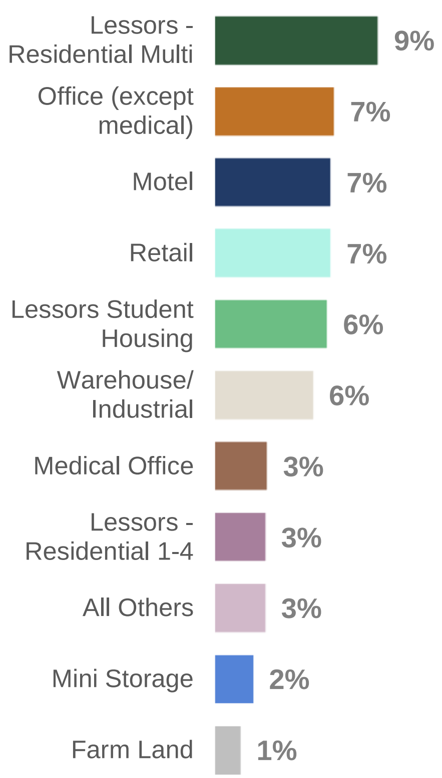
Commercial Loans by Industry ($M)	9/30/22 Balance	% of Commercial Portfolio	% of Total Loan Portfolio
Lessors – Residential Multi Family	$220	9.1%	5.5%
Health Care, Educational & Social	180	7.5%	4.5%
Office (except medical)	162	6.7%	4.0%
Hotel	157	6.5%	3.9%
Retail	156	6.5%	3.9%
Individual and Other Services	155	6.4%	3.9%
Lessors – Student Housing	151	6.3%	3.8%
Real Estate Rental & Leasing	132	5.5%	3.3%
Warehouse/Industrial	132	5.5%	3.3%
Manufacturing	105	4.4%	2.6%
Finance & Insurance	98	4.1%	2.4%
Construction	89	3.7%	2.2%
Retail Trade	74	3.1%	1.8%
Medical Office	71	2.9%	1.8%
Lessors – Residential 1–4 Family	67	2.8%	1.7%
Restaurants	64	2.7%	1.6%
Mini Storage	52	2.2%	1.3%
Leisure and Hospitality	51	2.1%	1.3%
Professional & Technical Services	45	1.9%	1.1%
Government	38	1.6%	0.9%
Transportation & Warehousing	35	1.5%	0.9%
Farm Land	34	1.4%	0.8%
Wholesale Trade	32	1.3%	0.8%
Agriculture	24	1.0%	0.6%
Other	80	3.3%	2.0%
Total	$2,404	100.0%	59.9%

Low Levels of Concentrated Exposure

Commercial Portfolio By Industry Type

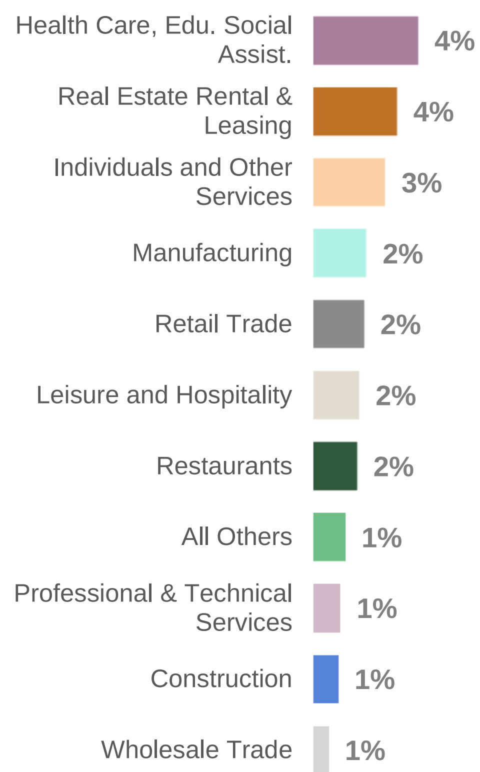
Non-Owner Occupied CRE – % of Total Commercial Loans

53% of Total Commercial Loans
$1.3 billion



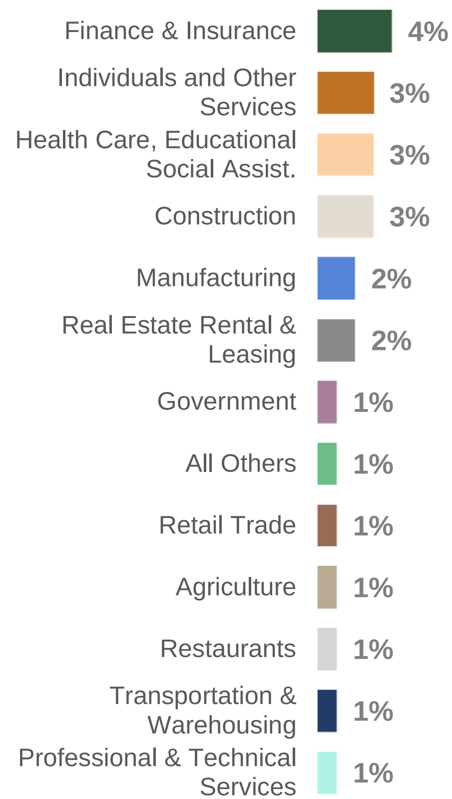
Owner Occupied CRE – % of Total Commercial Loans

23% of Total Commercial Loans
$0.5 billion



C&I Loans – % of Total Commercial Loans

24% of Total Commercial Loans
$0.6 billion



Note: Data as of 9/30/22

Stable Loan Yields

Commercial loans:

- 64% fixed / 36% variable
- 24% of variable rate commercial loans have floors, 16% of which are at their floor

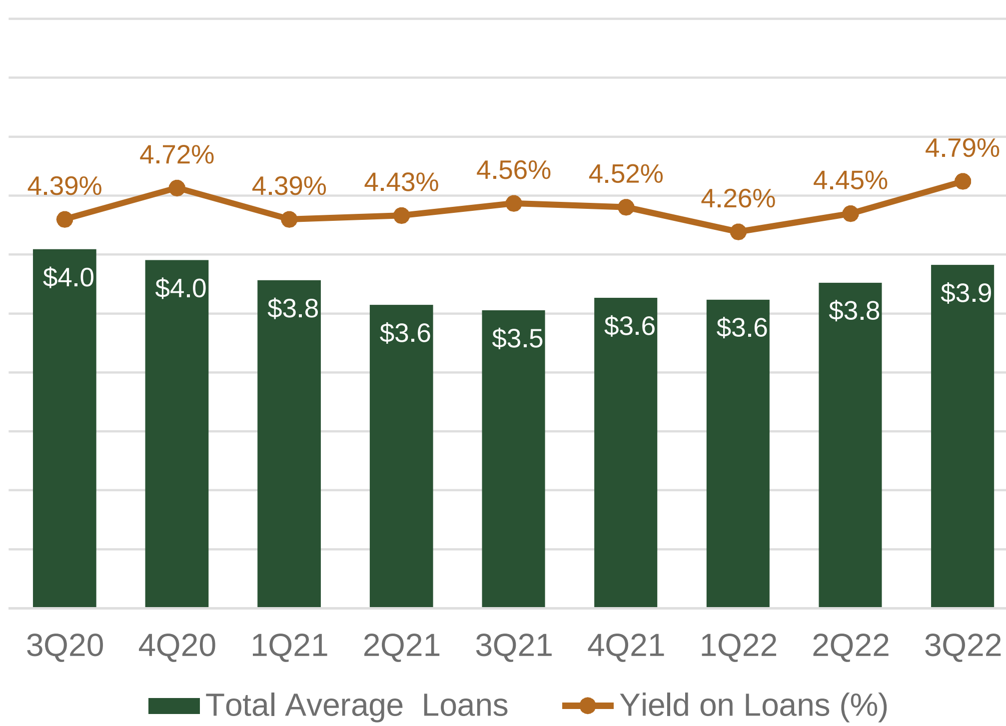
Retained mortgage loans:

- 57% fixed / 43% variable
- 94% of variable rate mortgage loans have floors, 11% of which are at their floor

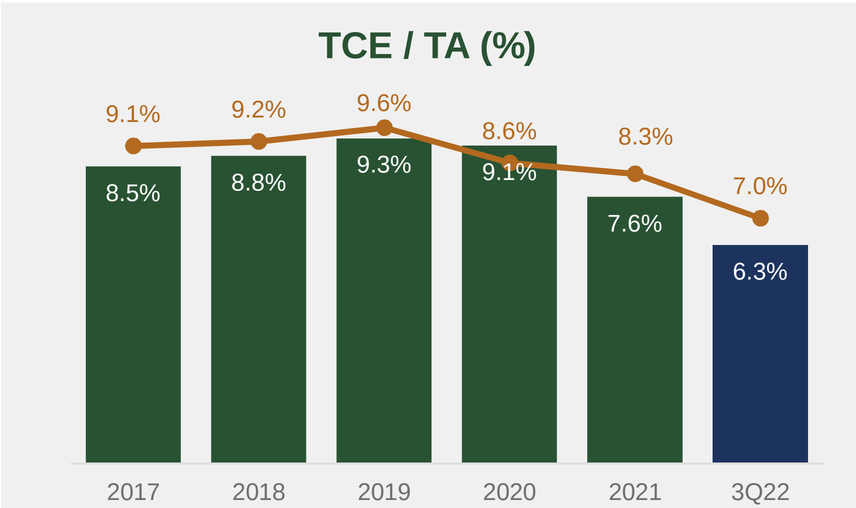
Consumer loans:

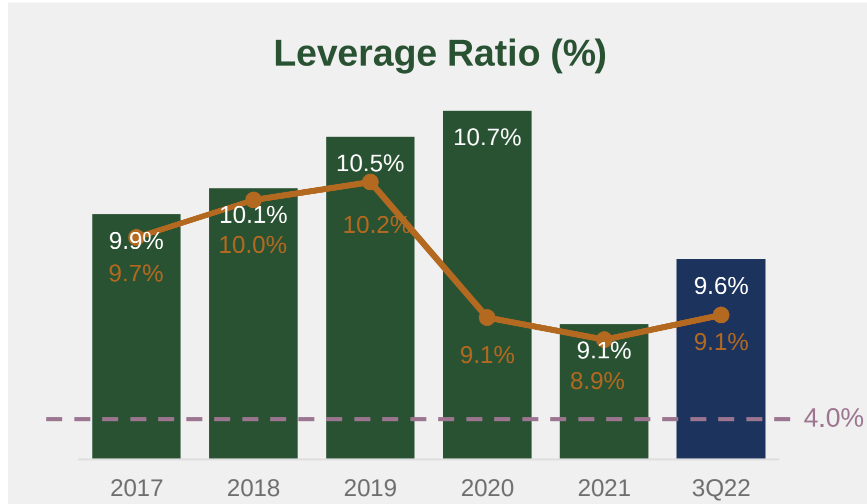
- 67% fixed / 33% variable
- 72% of variable rate consumer loans have floors, 11% of which are at their floor

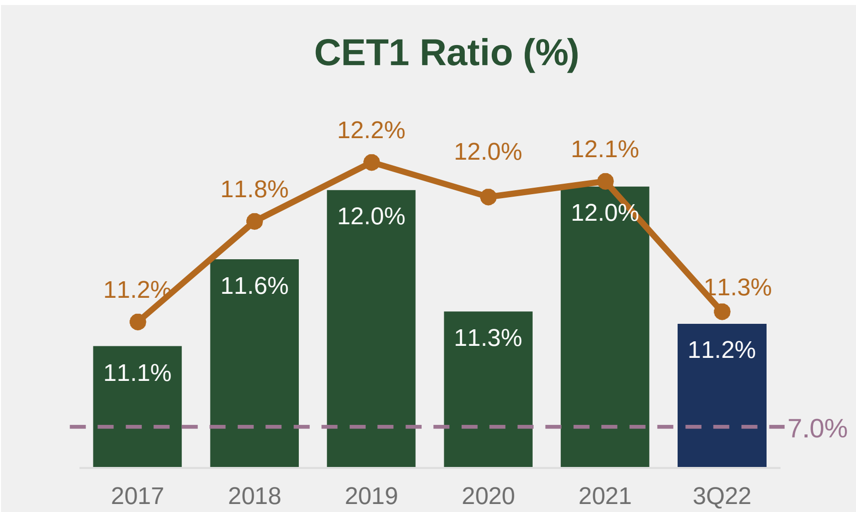
Yield on Loans (%) / Total Average Loans ($B)

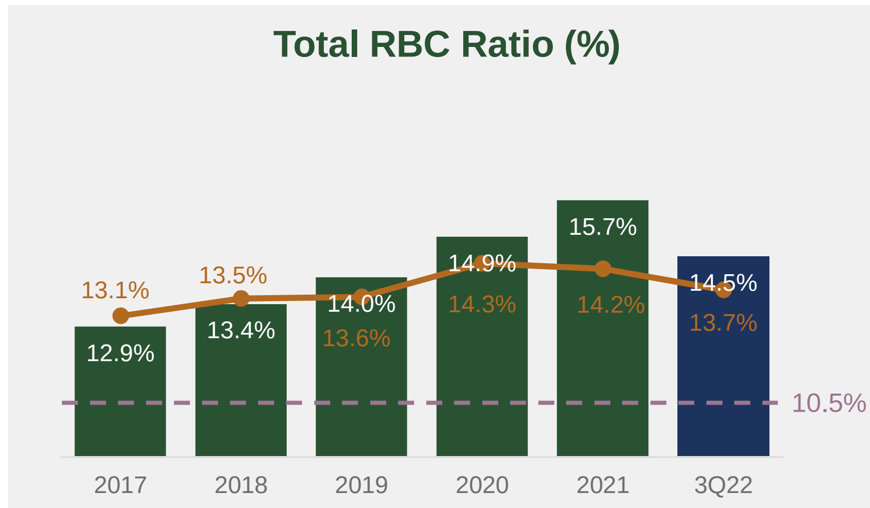


Robust Capital Foundation









HBNC Ratio — KBW Regional Bank Index Median - MRQ — Adequate + Buffer

Source: S&P Global Market Intelligence.
Note: Company closed the acquisition of Salin Bancshares, Inc. in March 2019.

Historical Financials

($M except per share data)	Year Ended December 31,						Quarter Ended,				
	2016	2017	2018	2019	2020	2021	9/30/21	12/31/21	3/31/22	6/30/22	9/30/22
Balance Sheet:											
Total Assets	$3,141	$3,964	$4,247	$5,247	$5,887	$7,375	$7,534	$7,375	$7,420	$7,641	$7,719
Gross Loans	$2,144	$2,838	$3,014	$3,641	$3,881	$3,657	$3,665	$3,657	$3,715	$3,941	$4,014
Deposits	$2,471	$2,881	$3,139	$3,931	$4,531	$5,803	$5,980	$5,803	$5,851	$5,846	$5,831
Tangible Common Equity	$255	$325	$362	$478	$517	$548	$525	$548	$503	$484	$472
Profitability:											
Net Income	$23.9	$33.1	$53.1	$66.5	$68.5	$87.1	$23.1	$21.4	$23.6	$24.9	$23.8
Return on Average Assets	0.81%	0.97%	1.31%	1.35%	1.22%	1.34%	1.41%	1.14%	1.31%	1.33%	1.24%
Return on Average Equity	7.9%	8.7%	11.2%	11.0%	10.3%	12.2%	12.6%	11.8%	13.3%	14.7%	13.9%
Net Interest Margin	3.29%	3.75%	3.71%	3.69%	3.44%	3.13%	3.17%	2.97%	2.99%	3.19%	3.13%
Efficiency Ratio[1]	71.5%	65.3%	60.7%	59.9%	57.0%	58.1%	54.9%	62.7%	58.7%	55.6%	60.3%
Asset Quality[2]:											
NPAs & 90+ PD / Assets	0.44%	0.44%	0.41%	0.47%	0.49%	0.00%	0.43%	0.31%	0.30%	0.28%	0.29%
NPAs & 90+ PD / Loans + OREO	0.65%	0.61%	0.57%	0.68%	0.74%	0.00%	0.88%	0.62%	0.61%	0.55%	0.56%
Reserves / Total Loans	0.69%	0.58%	0.59%	0.49%	1.47%	1.51%	1.55%	1.51%	1.41%	1.33%	1.28%
NCOs / Avg. Loans	0.08%	0.04%	0.05%	0.06%	0.05%	0.05%	0.00%	0.04%	0.00%	0.01%	0.00%
Bancorp Capital Ratios:											
TCE Ratio	8.3%	8.5%	8.8%	9.4%	9.1%	7.6%	7.1%	7.6%	6.9%	6.5%	6.3%
Leverage Ratio	10.4%	9.9%	10.1%	10.5%	10.7%	9.2%	10.0%	9.2%	9.7%	9.6%	9.6%
Tier 1 Capital Ratio	13.2%	12.4%	12.8%	13.5%	14.0%	14.1%	14.3%	14.1%	14.1%	13.7%	13.6%
Total Capital Ratio	13.9%	12.9%	13.4%	14.0%	14.9%	15.4%	15.3%	15.4%	15.2%	14.6%	14.5%

(1) Footnote Index included in Appendix (see slide 54 for non-GAAP reconciliation)
(2) As calculated by S&P Global Market Intelligence.

Leader In Our Core Markets

MSA	HBNC Rank	HBNC Branches	HBNC Market Share	Deposits in Market ($M)
Michigan City-La Porte, IN	1	8	55.3%	$1,184
Indianapolis-Carmel-Anderson, IN	16	8	1.0%	791
Chicago-Naperville-Elgin, IL-IN-WI	47	10	0.1%	709
Lafayette-West Lafayette, IN	4	5	7.1%	344
Lansing-East Lansing, MI	12	4	2.4%	278
Niles, MI	4	5	12.0%	275
Detroit-Warren-Dearborn, MI	22	1	0.1%	224
Midland, MI	2	2	19.0%	219
Cadillac, MI	2	3	29.0%	219
Grand Rapids-Kentwood, MI	18	2	0.6%	192
Logansport, IN	3	1	17.5%	163
Columbus, IN	6	1	6.4%	118
Fort Wayne, IN	13	3	1.2%	114
Auburn, IN	3	2	11.9%	114
Warsaw, IN	5	2	5.1%	101
Kalamazoo-Portage, MI	9	1	2.0%	94
Big Rapids, MI	4	1	11.5%	80
Marion, IN	6	1	7.0%	68
Sturgis, MI	5	1	5.9%	62
Kokomo, IN	7	1	3.0%	47
Elkhart-Goshen, IN	10	1	0.9%	44
Kendallville, IN	5	1	4.8%	39
Saginaw, MI	12	1	0.8%	21
South Bend-Mishawaka, IN-MI	15	1	0.3%	17
Total Franchise		**76**		**$5,900**

Source: S&P Global Market Intelligence. Deposit data as of 6/30/22, estimated pro forma for recent or pending transactions per S&P Global Market Intelligence

Footnote Index

Slide 5

- Return on average tangible equity excludes average intangible assets from average equity. (See further in the Appendix for a reconciliation of these non-GAAP amounts to their GAAP counterparts.)

Slide 15

- Adjusted net income and adjusted diluted EPS excludes one-time acquisition expenses, credit loss expense on acquired loans, gain on sale of ESOP trustee accounts, Department of Labor (“DOL”) ESOP settlement expenses, (gain)/loss on sale of securities, prepayment penalties on borrowings, net of tax and death benefit on bank owned life insurance. (See further in the Appendix for a reconciliation of these non-GAAP amounts to their GAAP counterparts.)
- Pre-tax, pre-provision income excludes income tax expense and credit loss expense. (See further in the Appendix for a reconciliation of these non-GAAP amounts to their GAAP counterparts.)
- Adjusted net interest income and adjusted net interest margin exclude acquisition-related purchase accounting adjustments and prepayment penalties on borrowings. (See further in the Appendix for a reconciliation of these non-GAAP amounts to their GAAP counterparts.)
- Adjusted ROATE and Adjusted pre-tax, pre-provision ROACE exclude one-time acquisition expenses, credit loss expense on acquired loans, gain on sale of ESOP trustee accounts, DOL ESOP settlement expenses, (gain)/loss on sale of securities, prepayment penalties on borrowings, net of tax and death benefit on bank owned life insurance. (See further in the Appendix for a reconciliation of these non-GAAP amounts to their GAAP counterparts.)

Slide 17

- Adjusted net interest income and adjusted net interest margin excludes prepayment penalties on borrowings and acquisition-related purchase accounting adjustments. Adjusted cost of core funds includes average balances of non-interest bearing deposits and excludes prepayment penalties on borrowings. (See further in the Appendix for a reconciliation of these non-GAAP amounts to their GAAP counterparts.)

Slide 20

- Average cost of average total deposits includes average balances of non-interest bearing deposits. (See further in the Appendix for a reconciliation of these non-GAAP amounts to their GAAP counterparts.)

Slide 21

- Adjusted non-interest expense excludes one-time acquisition expenses and DOL ESOP settlement expenses. Adjusted efficiency ratio excludes one-time acquisition expenses, gain on sale of ESOP trustee accounts, DOL ESOP settlement expense, (gain)/loss on sale of securities and death benefit on bank owned life insurance. (See further in the Appendix for a reconciliation of these non-GAAP amounts to their GAAP counterparts.)

Footnote Index

Slides 39-57

Use of Non-GAAP Financial Measures

- Certain information set forth in the presentation materials refers to financial measures determined by methods other than in accordance with GAAP. Horizon believes these non-GAAP financial measures are helpful to investors and provide a greater understanding of our business without giving effect to purchase accounting impacts, one-time acquisition and other non-recurring costs and non-core 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.

Footnote Index

Non-GAAP Reconciliation of Net Income
(Dollars in Thousands, Unaudited)

	Three Months Ended				
	September 30, 2022	June 30, 2022	March 31, 2022	December 31, 2021	September 30, 2021
Net income as reported	$ 23,821	$ 24,859	$ 23,563	$ 21,425	$ 23,071
Acquisition expenses	-	-	-	884	799
Tax effect	-	-	-	(184)	(166)
Net income excluding acquisition expenses	23,821	24,859	23,563	22,125	23,704
Credit loss expense acquired loans	-	-	-	-	2,034
Tax effect	-	-	-	-	(427)
Net income excluding credit loss expense acquired loans	23,821	24,859	23,563	22,125	25,311
Gain on sale of ESOP trustee accounts	-	-	-	-	(2,329)
Tax effect	-	-	-	-	489
Net income excluding gain on sale of ESOP business line	23,821	24,859	23,563	22,125	23,471
ESOP settlement expense	-	-	-	1,900	-
Tax effect	-	-	-	(315)	-
Net income excluding ESOP settlement expense	23,821	24,859	23,563	23,710	23,471
(Gain)/loss on sale of investment securities	-	-	-	-	-
Tax effect	-	-	-	-	-
Net income excluding (gain)/loss on sale of investment securities	23,821	24,859	23,563	23,710	23,471
Death benefit on bank owned life insurance ("BOLI")	-	(644)	-	-	(517)
Net income excluding death benefit on BOLI	23,821	24,215	23,563	23,710	22,954
Prepayment penalties on borrowings	-	-	-	-	-
Tax effect	-	-	-	-	-
Net income excluding prepayment penalties on borrowings	23,821	24,215	23,563	23,710	22,954
Adjusted net income	$ 23,821	$ 24,215	$ 23,563	$ 23,710	$ 22,954

Footnote Index

Non-GAAP Reconciliation of Diluted Earnings per Share
(Dollars in Thousands, Unaudited)

	Three Months Ended				
	September 30, 2022	**June 30, 2022**	**March 31, 2022**	**December 31, 2021**	**September 30, 2021**
Diluted EPS as reported	$ 0.55	$ 0.57	$ 0.54	$ 0.49	$ 0.52
Acquisition expenses	-	-	-	0.02	0.02
Tax effect	-	-	-	-	-
Diluted EPS excluding acquisition expenses	0.55	0.57	0.54	0.51	0.54
Credit loss expense acquired loans	-	-	-	-	0.05
Tax effect	-	-	-	-	(0.01)
Diluted EPS excluding credit loss expense acquired loans	0.55	0.57	0.54	0.51	0.58
Gain on sale of ESOP trustee accounts	-	-	-	-	(0.05)
Tax effect	-	-	-	-	0.01
Diluted EPS excluding gain on sale of ESOP business line	0.55	0.57	0.54	0.51	0.54
ESOP settlement expense	-	-	-	0.04	-
Tax effect	-	-	-	(0.01)	-
Diluted EPS excluding ESOP settlement expense	0.55	0.57	0.54	0.54	0.54
(Gain)/loss on sale of investment securities	-	-	-	-	-
Tax effect	-	-	-	-	-
Diluted EPS excluding (gain)/loss on sale of investment securities	0.55	0.57	0.54	0.54	0.54
Death benefit on bank owned life insurance ("BOLI")	-	(0.01)	-	-	(0.02)
Diluted EPS excluding death benefit on BOLI	0.55	0.56	0.54	0.54	0.52
Prepayment penalties on borrowings	-	-	-	-	-
Tax effect	-	-	-	-	-
Diluted EPS excluding prepayment penalties on borrowings	0.55	0.56	0.54	0.54	0.52
Adjusted diluted EPS	$ 0.55	$ 0.56	$ 0.54	$ 0.54	$ 0.52

HORIZON BANK

Footnote Index

Non-GAAP Reconciliation of Return on Average Assets
(Dollars in Thousands, Unaudited)

	Three Months Ended				
	September 30, 2022	June 30, 2022	March 31, 2022	December 31, 2021	September 30, 2021
Average assets	$ 7,635,102	$ 7,476,238	$ 7,319,675	$ 7,461,343	$ 6,507,673
Return on average assets ("ROAA") as reported	1.24%	1.33%	1.31%	1.14%	1.41%
Acquisition expenses	-	-	-	0.05	0.05
Tax effect	-	-	-	(0.01)	(0.01)
ROAA excluding acquisition expenses	1.24	1.33	1.31	1.18	1.45
Credit loss expense acquired loans	-	-	-	-	0.12
Tax effect	-	-	-	-	(0.03)
ROAA excluding credit loss expense acquired loans	1.24	1.33	1.31	1.18	1.54
Gain on sale of ESOP trustee accounts	-	-	-	-	(0.14)
Tax effect	-	-	-	-	0.03
ROAA excluding gain on sale of ESOP business line	1.24	1.33	1.31	1.18	1.43
ESOP settlement expense	-	-	-	0.10	-
Tax effect	-	-	-	(0.02)	-
ROAA excluding ESOP settlement expense	1.24	1.33	1.31	1.26	1.43
(Gain)/loss on sale of investment securities	-	-	-	-	-
Tax effect	-	-	-	-	-
ROAA excluding (gain)/loss on sale of investment securities	1.24	1.33	1.31	1.26	1.43
Death benefit on bank owned life insurance ("BOLI")	-	(0.03)	-	-	(0.03)
ROAA excluding death benefit on BOLI	1.24	1.30	1.31	1.26	1.40
Prepayment penalty on borrowings	-	-	-	-	-
Tax effect	-	-	-	-	-
ROAA excluding prepayment penalties on borrowings	1.24	1.30	1.31	1.26	1.40
Adjusted ROAA	1.24%	1.30%	1.31%	1.26%	1.40%

HORIZON BANK

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Non-GAAP Reconciliation of Return on Average Common Equity
(Dollars in Thousands, Unaudited)

	Three Months Ended				
	September 30, 2022	**June 30, 2022**	**March 31, 2022**	**December 31, 2021**	**September 30, 2021**
Average common equity	$ 680,376	$ 677,299	$ 716,341	$ 719,643	$ 724,412
Return on average common equity ("ROACE") as reported	13.89%	14.72%	13.34%	11.81%	12.64%
Acquisition expenses	-	-	-	0.49	0.44
Tax effect	-	-	-	(0.10)	(0.09)
ROACE excluding acquisition expenses	13.89	14.72	13.34	12.20	12.99
Credit loss expense acquired loans	-	-	-	-	1.11
Tax effect	-	-	-	-	(0.23)
ROACE excluding credit loss expense acquired loans	13.89	14.72	13.34	12.20	13.87
Gain on sale of ESOP trustee accounts	-	-	-	-	(1.28)
Tax effect	-	-	-	-	0.27
ROACE excluding gain on sale of ESOP business line	13.89	14.72	13.34	12.20	12.86
ESOP settlement expense	-	-	-	1.05	-
Tax effect	-	-	-	(0.17)	-
ROACE excluding ESOP settlement expense	13.89	14.72	13.34	13.08	12.86
(Gain)/loss on sale of investment securities	-	-	-	-	-
Tax effect	-	-	-	-	-
ROACE excluding (gain)/loss on sale of investment securities	13.89	14.72	13.34	13.08	12.86
Death benefit on bank owned life insurance ("BOLI")	-	(0.38)	-	-	(0.28)
ROACE excluding death benefit on BOLI	13.89	14.34	13.34	13.08	12.58
Prepayment penalty on borrowings	-	-	-	-	-
Tax effect	-	-	-	-	-
ROACE excluding prepayment penalties on borrowings	13.89	14.34	13.34	13.08	12.58
Adjusted ROACE	13.89%	14.34%	13.34%	13.08%	12.58%

Footnote Index

Non-GAAP Reconciliation of Return on Average Tangible Equity
(Dollars in Thousands, Unaudited)

	Three Months Ended				
	September 30, 2022	June 30, 2022	March 31, 2022	December 31, 2021	September 30, 2021
Average common equity	$ 680,376	$ 677,299	$ 716,341	$ 719,643	$ 724,412
Less: Average intangible assets	173,546	175,321	176,356	179,594	174,920
Average tangible equity	$ 506,830	$ 501,978	$ 539,985	$ 540,049	$ 549,492
Return on average tangible equity ("ROATE") as reported	18.65%	19.86%	17.70%	15.74%	16.66%
Acquisition expenses	-	-	-	0.65	0.58
Tax effect	-	-	-	(0.14)	(0.12)
ROATE excluding acquisition expenses	18.65	19.86	17.70	16.25	17.12
Credit loss expense acquired loans	-	-	-	-	1.47
Tax effect	-	-	-	-	(0.31)
ROATE excluding credit loss expense acquired loans	18.65	19.86	17.70	16.25	18.28
Gain on sale of ESOP trustee accounts	-	-	-	-	(1.68)
Tax effect	-	-	-	-	0.35
ROATE excluding gain on sale of ESOP business line	18.65	19.86	17.70	16.25	16.95
ESOP settlement expense	-	-	-	1.40	-
Tax effect	-	-	-	(0.23)	-
ROATE excluding ESOP settlement expense	18.65	19.86	17.70	17.42	16.95
(Gain)/loss on sale of investment securities	-	-	-	-	-
Tax effect	-	-	-	-	-
ROATE excluding (gain)/loss on sale of investment securities	18.65	19.86	17.70	17.42	16.95
Death benefit on bank owned life insurance ("BOLI")	-	(0.51)	-	-	(0.37)
ROATE excluding death benefit on BOLI	18.65	19.35	17.70	17.42	16.58
Prepayment penalty on borrowings	-	-	-	-	-
Tax effect	-	-	-	-	-
ROATE excluding prepayment penalties on borrowings	18.65	19.35	17.70	17.42	16.58
Adjusted ROATE	18.65%	19.35%	17.70%	17.42%	16.58%

Horizon Bank

Footnote Index

Non-GAAP Reconciliation of Pre-Tax, Pre-Provision Net Income
(Dollars in Thousands, Unaudited)

	Three Months Ended				
	September 30, 2022	June 30, 2022	March 31, 2022	December 31, 2021	September 30, 2021
Pre-tax income	$ 25,834	$ 28,834	$ 27,102	$ 25,505	$ 27,127
Provision for credit losses	(601)	240	(1,386)	(2,071)	1,112
Pre-tax, pre-provision net income	$ 25,233	$ 29,074	$ 25,716	$ 23,434	$ 28,239
Pre-tax, pre-provision net income	$ 25,233	$ 29,074	$ 25,716	$ 23,434	$ 28,239
Acquisition expenses	-	-	-	884	799
Gain on sale of ESOP trustee accounts	-	-	-	-	(2,329)
ESOP one-time expense	-	-	-	1,900	-
(Gain)/loss on sale of investment securities	-	-	-	-	-
Death benefit on bank owned life insurance	-	(644)	-	-	(517)
Prepayment penalties on borrowings	-	-	-	-	-
Adjusted pre-tax, pre-provision net income	$ 25,233	$ 28,430	$ 25,716	$ 26,218	$ 26,192
Average common equity	$ 680,376	$ 677,299	$ 716,341	$ 719,643	$ 724,412
Unadjusted pre-tax, pre-provision ROACE	14.71%	17.22%	14.56%	12.92%	15.47%
Adjusted pre-tax, pre-provision ROACE	14.71%	16.84%	14.56%	14.45%	14.34%

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Non-GAAP Reconciliation of Net Interest Margin
(Dollars in Thousands, Unaudited)

	Three Months Ended						
	September 30, 2022	**June 30, 2022**	**March 31, 2022**	**December 31, 2021**	**September 30, 2021**	**June 30, 2021**	**March 31, 2021**
Net interest income as reported	$ 53,395	$ 53,008	$ 48,171	$ 49,976	$ 46,544	$ 42,632	$ 42,538
Average interest earning assets	7,037,530	6,927,310	6,800,549	6,938,258	6,033,088	5,659,384	5,439,634
Net interest income as a percentage of average interest earning assets ("Net Interest Margin")	3.13%	3.19%	2.99%	2.97%	3.17%	3.14%	3.29%
Net interest income as reported	$ 53,395	$ 53,008	$ 48,171	$ 49,976	$ 46,544	$ 42,632	$ 42,538
Prepayment penalties on borrowings	-	-	-	-	-	125	-
Acquisition-related purchase accounting adjustments ("PAU")	(906)	(1,223)	(916)	(1,819)	(875)	(230)	(1,579)
Adjusted net interest income	$ 52,489	$ 51,785	$ 47,255	$ 48,157	$ 45,669	$ 42,527	$ 40,959
Adjusted net interest margin	3.08%	3.12%	2.93%	2.86%	3.12%	3.13%	3.17%

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Non-GAAP Reconciliation of Net Interest Margin
(Dollars in Thousands, Unaudited)

	Three Months Ended							
	December 31, 2020	**September 30, 2020**	**June 30, 2020**	**March 31, 2020**	**December 31, 2019**	**September 30, 2019**	**June 30, 2019**	**March 31, 2019**
Net interest income as reported	$ 43,622	$ 43,397	$ 42,996	$ 40,925	$ 41,519	$ 43,463	$ 41,529	$ 34,280
Average interest earning assets	5,365,888	5,251,611	5,112,636	4,746,202	4,748,217	4,623,985	4,566,674	3,929,296
Net interest income as a percentage of average interest earning assets ("Net Interest Margin")	3.34%	3.39%	3.47%	3.56%	3.58%	3.82%	3.73%	3.62%
Net interest income as reported	$ 43,622	$ 43,397	$ 42,996	$ 40,925	$ 41,519	$ 43,463	$ 41,529	$ 34,280
Prepayment penalties on borrowings	3,804	-	-	-	-	-	-	-
Acquisition-related purchase accounting adjustments ("PAU")	(2,461)	(1,488)	(1,553)	(1,434)	(1,042)	(1,739)	(1,299)	(1,510)
Adjusted net interest income	$ 44,965	$ 41,909	$ 41,443	$ 39,491	$ 40,477	$ 41,724	$ 40,230	$ 32,770
Adjusted net interest margin	3.44%	3.27%	3.35%	3.44%	3.49%	3.67%	3.61%	3.46%

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Non-GAAP Reconciliation of Net Interest Margin
(Dollars in Thousands, Unaudited)

	Three Months Ended							
	December 31, 2018	**September 30, 2018**	**June 30, 2018**	**March 31, 2018**	**December 31, 2017**	**September 30, 2017**	**June 30, 2017**	**March 31, 2017**
Net interest income as reported	$ 33,836	$ 33,772	$ 33,550	$ 33,411	$ 31,455	$ 27,879	$ 27,198	$ 25,568
Average interest earning assets	3,808,822	3,717,139	3,638,801	3,580,143	3,471,169	3,078,611	2,943,627	2,797,429
Net interest income as a percentage of average interest earning assets ("Net Interest Margin")	3.60%	3.67%	3.78%	3.81%	3.71%	3.71%	3.84%	3.80%
Net interest income as reported	$ 33,836	$ 33,772	$ 33,550	$ 33,411	$ 31,455	$ 27,879	$ 27,198	$ 25,568
Prepayment penalties on borrowings	-	-	-	-	-	-	-	-
Acquisition-related purchase accounting adjustments ("PAU")	(1,629)	(789)	(1,634)	(2,037)	(868)	(661)	(939)	(1,016)
Adjusted net interest income	$ 32,207	$ 32,983	$ 31,916	$ 31,374	$ 30,587	$ 27,218	$ 26,259	$ 24,552
Adjusted net interest margin	3.43%	3.59%	3.60%	3.58%	3.61%	3.63%	3.71%	3.66%

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Non-GAAP Reconciliation of Net Interest Margin
(Dollars in Thousands, Unaudited)

	Three Months Ended			
	December 31, 2016	**September 30, 2016**	**June 30, 2016**	**March 31, 2016**
Net interest income as reported	$ 20,939	$ 24,410	$ 20,869	$ 19,774
Average interest earning assets	2,932,145	2,957,944	2,471,354	2,367,250
Net interest income as a percentage of average interest earning assets ("Net Interest Margin")	2.92%	3.37%	3.48%	3.45%
Net interest income as reported	$ 20,939	$ 24,410	$ 20,869	$ 19,774
Prepayment penalties on borrowings	4,839	-	-	-
Acquisition-related purchase accounting adjustments ("PAU")	(900)	(459)	(397)	(547)
Adjusted net interest income	$ 24,878	$ 23,951	$ 20,472	$ 19,227
Adjusted net interest margin	3.45%	3.31%	3.42%	3.36%

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Non-GAAP Reconciliation of Cost of Interest Bearing Liabilities
(Dollars in Thousands, Unaudited)

	Three Months Ended						
	September 30, 2022	June 30, 2022	March 31, 2022	December 31, 2021	September 30, 2021	June 30, 2021	March 31, 2021
Total interest expense as reported	$ 9,635	$ 4,564	$ 3,911	$ 4,142	$ 4,324	$ 4,788	$ 5,051
Average interest bearing liabilities	5,549,661	5,411,381	5,237,779	5,322,968	4,545,332	4,249,932	4,116,568
Annualized total interest expense as a percentage of average interest bearing liabilities ("Cost of Interest Bearing Liabilities")	0.69%	0.34%	0.30%	0.31%	0.38%	0.45%	0.50%
Total interest expense as reported	$ 9,635	$ 4,564	$ 3,911	$ 4,142	$ 4,324	$ 4,788	$ 5,051
Prepayment penalties on borrowings	-	-	-	-	-	(125)	-
Adjusted interest expense	$ 9,635	$ 4,564	$ 3,911	$ 4,142	$ 4,324	$ 4,663	$ 5,051
Average interest bearing liablities	5,549,661	5,411,381	5,237,779	5,322,968	4,545,332	4,249,932	4,116,568
Average non-interest bearing deposits	1,351,857	1,335,779	1,322,781	1,366,621	1,180,890	1,139,068	1,063,268
Average core funding	$ 6,901,518	$ 6,747,160	$ 6,560,560	$ 6,689,589	$ 5,726,222	$ 5,389,000	$ 5,179,836
Annualzied adjusted interest expense as a percentage of average core funding ("Adjusted Cost of Core Funds")	0.55%	0.27%	0.24%	0.25%	0.30%	0.35%	0.40%

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Non-GAAP Reconciliation of Cost of Interest Bearing Liabilities
(Dollars in Thousands, Unaudited)

	Three Months Ended							
	December 31, 2020	**September 30, 2020**	**June 30, 2020**	**March 31, 2020**	**December 31, 2019**	**September 30, 2019**	**June 30, 2019**	**March 31, 2019**
Total interest expense as reported	$ 9,612	$ 6,749	$ 7,348	$ 10,729	$ 11,879	$ 12,248	$ 12,321	$ 11,093
Average interest bearing liabilities	4,077,223	4,027,057	3,975,297	3,814,785	3,794,943	3,601,144	3,570,713	3,131,276
Annualized total interest expense as a percentage of average interest bearing liabilities ("Cost of Interest Bearing Liabilities")	0.94%	0.67%	0.74%	1.13%	1.24%	1.35%	1.38%	1.44%
Total interest expense as reported	$ 9,612	$ 6,749	$ 7,348	$ 10,729	$ 11,879	$ 12,248	$ 12,321	$ 11,093
Prepayment penalties on borrowings	(3,804)	-	-	-	-	-	-	-
Adjusted interest expense	$ 5,808	$ 6,749	$ 7,348	$ 10,729	$ 11,879	$ 12,248	$ 12,321	$ 11,093
Average interest bearing liablities	4,077,223	4,027,057	3,975,297	3,814,785	3,794,943	3,601,144	3,570,713	3,131,276
Average non-interest bearing deposits	1,037,232	996,427	924,890	717,257	747,513	818,164	818,872	643,601
Average core funding	$ 5,114,455	$ 5,023,484	$ 4,900,187	$ 4,532,042	$ 4,542,456	$ 4,419,308	$ 4,389,585	$ 3,774,877
Annualzied adjusted interest expense as a percentage of average core funding ("Adjusted Cost of Core Funds")	0.45%	0.53%	0.60%	0.95%	1.04%	1.10%	1.13%	1.19%

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Non-GAAP Reconciliation of Cost of Interest Bearing Liabilities
(Dollars in Thousands, Unaudited)

	Three Months Ended							
	December 31, 2018	**September 30, 2018**	**June 30, 2018**	**March 31, 2018**	**December 31, 2017**	**September 30, 2017**	**June 30, 2017**	**March 31, 2017**
Total interest expense as reported	$ 9,894	$ 8,499	$ 7,191	$ 6,015	$ 5,319	$ 4,191	$ 3,607	$ 3,266
Average interest bearing liabilities	3,021,310	2,971,074	2,929,913	2,869,372	2,766,948	2,459,262	2,375,827	2,246,550
Annualized total interest expense as a percentage of average interest bearing liabilities ("Cost of Interest Bearing Liabilities")	1.30%	1.13%	0.98%	0.85%	0.76%	0.68%	0.61%	0.59%
Total interest expense as reported	$ 9,894	$ 8,499	$ 7,191	$ 6,015	$ 5,319	$ 4,191	$ 3,607	$ 3,266
Prepayment penalties on borrowings	-	-	-	-	-	-	-	-
Adjusted interest expense	$ 9,894	$ 8,499	$ 7,191	$ 6,015	$ 5,319	$ 4,191	$ 3,607	$ 3,266
Average interest bearing liablities	3,021,310	2,971,074	2,929,913	2,869,372	2,766,948	2,459,262	2,375,827	2,246,550
Average non-interest bearing deposits	656,114	640,983	605,188	595,644	603,733	540,109	499,446	491,154
Average core funding	$ 3,677,424	$ 3,612,057	$ 3,535,101	$ 3,465,016	$ 3,370,681	$ 2,999,371	$ 2,875,273	$ 2,737,704
Annualzied adjusted interest expense as a percentage of average core funding ("Adjusted Cost of Core Funds")	1.07%	0.93%	0.82%	0.70%	0.63%	0.55%	0.50%	0.48%

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Non-GAAP Reconciliation of Cost of Interest Bearing Liabilities
(Dollars in Thousands, Unaudited)

	Three Months Ended			
	December 31, 2016	**September 30, 2016**	**June 30, 2016**	**March 31, 2016**
Total interest expense as reported	$ 8,450	$ 4,552	$ 3,781	$ 3,754
Average interest bearing liabilities	2,369,810	2,443,986	2,058,463	1,974,325
Annualized total interest expense as a percentage of average interest bearing liabilities ("Cost of Interest Bearing Liabilities")	1.42%	0.74%	0.74%	0.76%
Total interest expense as reported	$ 8,450	$ 4,552	$ 3,781	$ 3,754
Prepayment penalties on borrowings	(4,839)	-	-	-
Adjusted interest expense	$ 3,611	$ 4,552	$ 3,781	$ 3,754
Average interest bearing liablities	2,369,810	2,443,986	2,058,463	1,974,325
Average non-interest bearing deposits	504,274	462,253	364,822	339,141
Average core funding	$ 2,874,084	$ 2,906,239	$ 2,423,285	$ 2,313,466
Annualzied adjusted interest expense as a percentage of average core funding ("Adjusted Cost of Core Funds")	0.50%	0.62%	0.63%	0.66%

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Non-GAAP Reconciliation of Cost of Deposits

(Dollars in Thousands, Unaudited)

	Three Months Ended June 30, 2022	Three Months Ended June 30, 2022
Total deposit interest expense as reported	$ 4,116	$ 1,677
Average interest bearing deposits	4,478,741	4,540,959
Annualized total deposit interest expense as a percentage of average interest bearing deposits ("Cost of Interest Bearing Deposits")	0.36%	0.15%
Average interest bearing deposits	4,478,741	4,540,959
Average non-interest bearing deposits	1,351,857	1,335,779
Average total deposits	$ 5,830,598	$ 5,876,738
Annualzied deposit interest expense as a percentage of average total deposits ("Cost of Total Deposits")	0.28%	0.11%

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Non-GAAP Calculation and Reconciliation of Efficiency Ratio and Adjusted Efficiency Ratio
(Dollars in Thousands, Unaudited)

	Three Months Ended				
	September 30, 2022	June 30, 2022	March 31, 2022	December 31, 2021	September 30, 2021
Non-GAAP Calculation of Efficiency Ratio					
Non-interest expense as reported	$ 38,350	$ 36,368	$ 36,610	$ 39,370	$ 34,349
Net interest income as reported	53,395	53,008	48,171	49,976	46,544
Non-interest income as reported	10,188	12,434	14,155	12,828	16,044
Non-interest expense/ (Net interest income + Non-interest income) ("Efficiency Ratio")	60.31%	55.57%	58.74%	62.69%	54.88%
Non-GAAP Reconciliation of Adjusted Efficiency Ratio					
Non-interest expense as reported	$ 38,350	$ 36,368	$ 36,610	$ 39,370	$ 34,349
Acquisition expenses	-	-	-	(884)	(799)
ESOP settlement expense	-	-	-	(1,900)	-
Non-interest expense excluding merger expenses	38,350	36,368	36,610	36,586	33,550
Net interest income as reported	53,395	53,008	48,171	49,976	46,544
Prepayment penalties on borrowings	-	-	-	-	-
Net interest income excluding prepayment penalties on borrowings	53,395	53,008	48,171	49,976	46,544
Non-interest income as reported	10,188	12,434	14,155	12,828	16,044
Gain on sale of ESOP trustee accounts	-	-	-	-	(2,329)
(Gain)/loss on sale of investment securities	-	-	-	-	-
Death benefit on bank owned life insurance ("BOLI")	-	(644)	-	-	(517)
Non-interest income excluding (gain)/loss on sale of investment securities and death benefit on BOLI	$ 10,188	$ 11,790	$ 14,155	$ 12,828	$ 13,198
Adjusted efficiency ratio	60.31%	56.13%	58.74%	58.25%	56.16%

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Non-GAAP Reconciliation of Non-Interest Expense
(Dollars in Thousands, Unaudited)

	Three Months Ended								
	September 30, 2022			June 30, 2022			March 31, 2022		
	Actual	Acquisition & Non-Recurring Expenses	Adjusted	Actual	Acquisition & Non-Recurring Expenses	Adjusted	Actual	Acquisition & Non-Recurring Expenses	Adjusted
Non-interest Expense									
Salaries and employee benefits	$ 20,613	$ -	$ 20,613	$ 19,957	$ -	$ 19,957	$ 19,735	$ -	$ 19,735
Net occupancy expenses	3,293	-	3,293	3,190	-	3,190	3,561	-	3,561
Data processing	2,539	-	2,539	2,607	-	2,607	2,537	-	2,537
Professional fees	552	-	552	283	-	283	314	-	314
Outside services and consultants	2,855	-	2,855	2,485	-	2,485	2,525	-	2,525
Loan expense	2,926	-	2,926	2,497	-	2,497	2,545	-	2,545
FDIC insurance expense	670	-	670	775	-	775	725	-	725
Other losses	398	-	398	362	-	362	168	-	168
Other expense	4,504	-	4,504	4,212	-	4,212	4,500	-	4,500
Total non-interest expense	$ 38,350	$ -	$ 38,350	$ 36,368	$ -	$ 36,368	$ 36,610	$ -	$ 36,610
Annualized non-interest expense to average assets	1.99%		1.99%	1.95%		1.95%	2.03%		2.03%

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Non-GAAP Reconciliation of Non-Interest Expense
(Dollars in Thousands, Unaudited)

	Three Months Ended					
	December 31, 2021			September 30, 2021		
	Actual	**Acquisition & Non-Recurring Expenses**	**Adjusted**	**Actual**	**Acquisition & Non-Recurring Expenses**	**Adjusted**
Non-interest Expense						
Salaries and employee benefits	$ 20,549	$ (202)	$ 20,347	$ 18,901	$ (25)	$ 18,876
Net occupancy expenses	3,204	-	3,204	2,935	(13)	2,922
Data processing	2,672	(1)	2,671	2,526	(17)	2,509
Professional fees	562	(45)	517	522	(53)	469
Outside services and consultants	2,197	(162)	2,035	2,330	(401)	1,929
Loan expense	2,803	(83)	2,720	2,645	-	2,645
FDIC insurance expense	798	(6)	792	279	-	279
Other losses	1,925	(1,904)	21	69	(1)	68
Other expense	4,660	(381)	4,279	4,142	(289)	3,853
Total non-interest expense	$ 39,370	$ (2,784)	$ 36,586	$ 34,349	$ (799)	$ 33,550
Annualized non-interest expense to average assets	2.09%		1.95%	2.09%		2.05%

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Non-GAAP Reconciliation of Non-Interest Expense
(Dollars in Thousands, Unaudited)

	Three Months Ended					
	June 30, 2021			March 31, 2021		
	Actual	Acquisition & Non-Recurring Expenses	Adjusted	Actual	Acquisition & Non-Recurring Expenses	Adjusted
Non-interest Expense						
Salaries and employee benefits	$ 17,730	$ -	$ 17,730	$ 16,871	$ -	$ 16,871
Net occupancy expenses	3,084	-	3,084	3,318	-	3,318
Data processing	2,388	-	2,388	2,376	-	2,376
Professional fees	588	(51)	537	544	-	544
Outside services and consultants	2,220	(187)	2,033	1,702	-	1,702
Loan expense	3,107	-	3,107	2,822	-	2,822
FDIC insurance expense	500	-	500	800	-	800
Other losses	6	-	6	283	-	283
Other expense	3,765	(4)	3,761	3,456	-	3,456
Total non-interest expense	$ 33,388	$ (242)	$ 33,146	$ 32,172	$ -	$ 32,172
Annualized non-interest expense to average assets	2.18%		2.16%	2.20%		2.20%