



**A NASDAQ Traded Company - Symbol HBNC**

INVESTOR PRESENTATION | APRIL 27, 2022

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This presentation 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 the presentation materials 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. 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.

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## 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 41-56.

# Corporate Overview

## Record Earnings

- Record diluted EPS of \$0.54, diluted
- ROATE of 17.70%\* and ROAA of 1.31%
- Pre-tax, pre-provision net income\* up 9.7% from the linked quarter and 6.1% from the prior year period

## Organic loan growth

- Total loans up 2.3% or 9.5% annualized, ex. PPP and sold participation loans
- Commercial loans up 2.9% or 12.0% annualized, ex PPP and sold participation loans
- Consumer loans up 3.7% or 14.9% annualized
- Residential mortgage down 0.2% or 0.7% annualized

## Disciplined expense management

- Non-interest expense/average assets was 2.03%
- Efficiency ratio 58.74%

## Sequential-quarter NIM expansion

- 2.99% reported NIM up 2 bps from linked quarter
- 2.93% adjusted NIM up 7 bps from linked quarter\*

(\$000s except per share data)	1Q22	Change % vs.	
		4Q21	1Q21
<b>Income Statement</b>			
Net interest income	\$48,171	(3.6)%	13.2%
Non-interest income	\$14,155	10.3%	2.0%
Pre-tax, pre-provision net income*	\$25,716	9.7%	6.1%
Reported net income	\$23,563	10.0%	15.4%
Diluted EPS	\$0.54	10.2%	17.4%
Efficiency ratio	58.74%	(3.95)%	1.71%
Return on Average Assets	1.31%	0.17%	(0.09)%
Return on Average Tangible Equity*	17.70%	1.96%	1.85%
<b>Balance Sheet</b>			
Total loans (ex PPP & sold participations)	\$3,658,739	2.3%	7.0%
Commercial loans (ex PPP & sold participations)	\$2,202,568	3.3%	14.4%
Consumer loans	\$753,900	3.7%	18.1%
Deposits	\$5,851,497	0.8%	23.9%
<b>Credit Quality</b>			
Allowance for credit losses to total loans	1.41%	(10) bps	(15) Bps
NPA ratio	0.54%	1 bps	(14) Bps
Net charge-offs to avg. loans for the period	0.00%	(4) bps	(1) bps

\* See Footnote Index and non-GAAP reconciliations in Appendix.

### Disciplined operating culture



**1.31% ROAA, 17.70% ROATE & 2.03% operating expenses/avg. assets YTD**

Superior return metrics include GAAP ROAA, ROAE and operating expenses/avg. assets

**Closed 10 branch in 2021 and plan an additional 7 branch closures in 2022**

Additional closings contributing to sustained tech/digital investments and consistently low expense/assets, efficiency and compensation/FTE ratios

### Compelling value supported by commitment to dividend



**162% P/TBV and 9.2x P/E (TTM) with 3.2% dividend yield**

Recent HBNC share price presents compelling value, while unbroken 30-year record of quarterly cash dividends to shareholders continues in 2022 with an annual dividend amount of 60¢/share, representing a 27.8% payout ratio

### Well-established long-term growth goals



**17% average asset growth 2017-2021**

In line with long-term goals of meaningfully outpacing GDP and industry, ~50/50 growth organic/acquired, and organic growth  $\geq 3x$  GDP

### Very attractive Midwest markets



**30 minutes from downtown Chicago and Attractive Midwest Markets**

Illinois exodus, Indiana's infrastructure and business-friendly climate, and Indiana and Michigan's major global employers, entrepreneurs and research universities all contribute to favorable economic trends in Horizon markets

### Deliberate mix of businesses delivers very strong operational performance



**>50% of total loans comprise commercial lending**

Commercial loan portfolio, excluding PPP loans, increased approximately \$65 million, or 12% annualized, during Q1 2022

(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



## **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

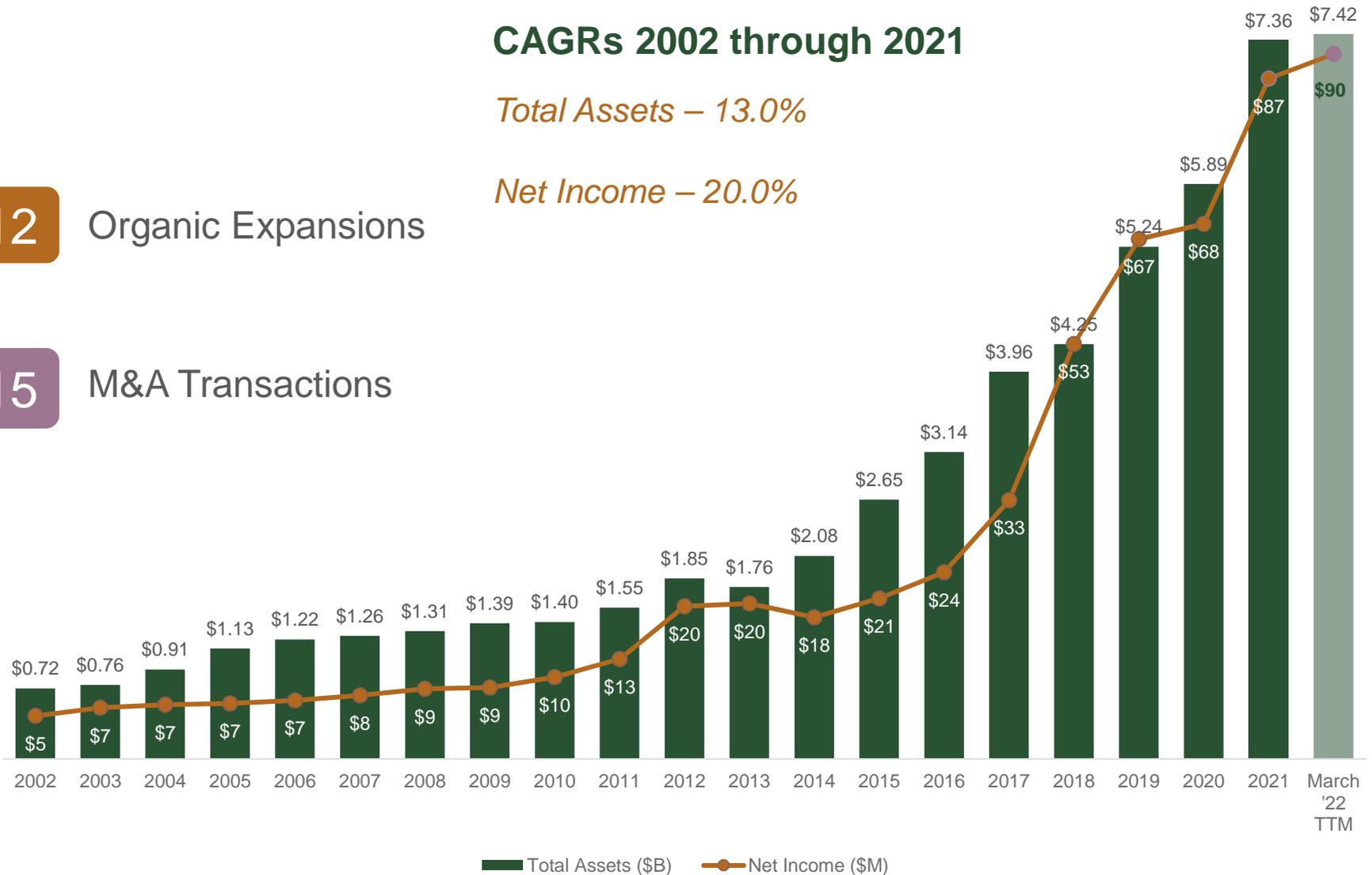
**12** Organic Expansions

**15** M&A Transactions

## CAGRs 2002 through 2021

Total Assets – 13.0%

Net Income – 20.0%



## Well-Established Long-Term Goals

Meaningfully outpace GDP and industry

~50/50 growth organic/acquired

Organic growth of  $\geq 3x$  GDP growth

### 2012 - 2021

20% average asset growth

4.7x GDP

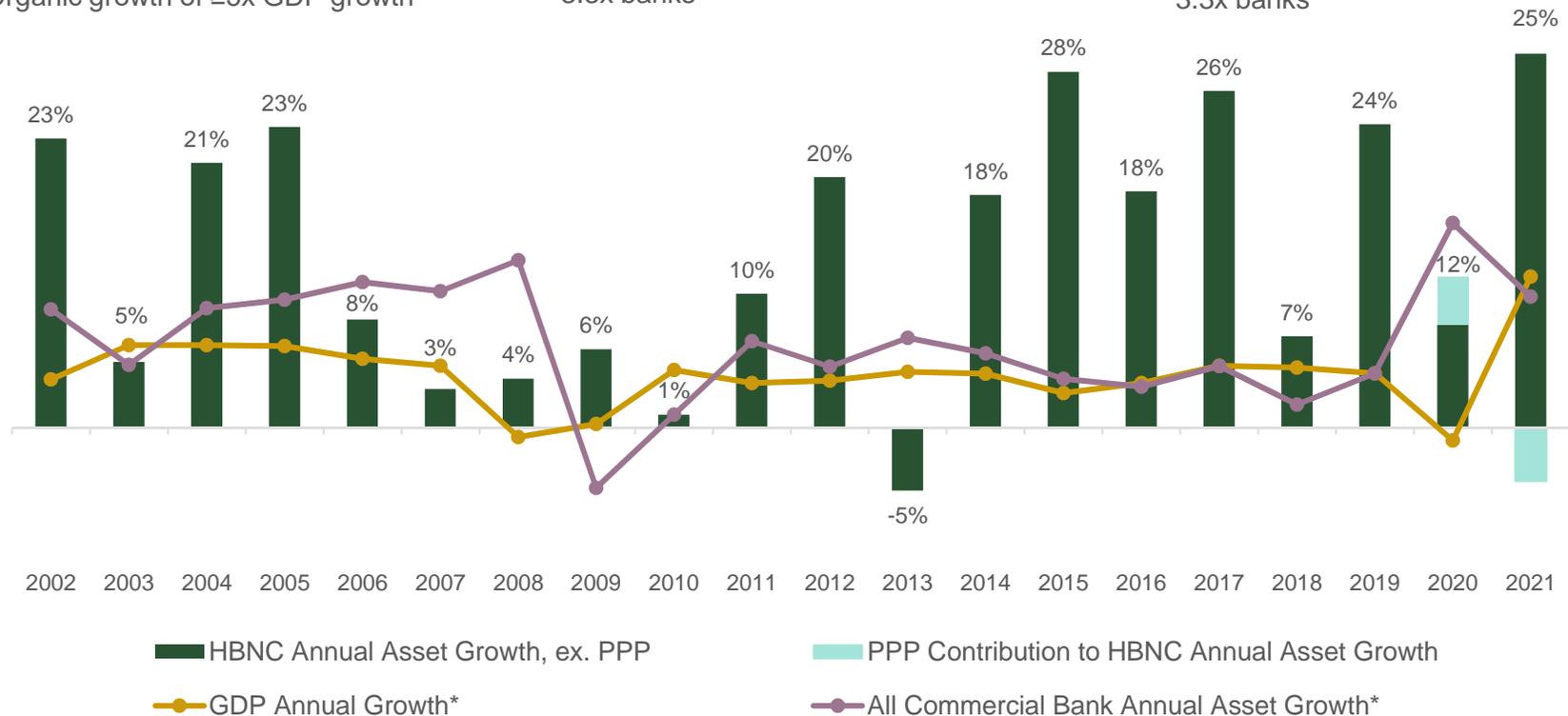
3.3x banks

### 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 78 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**  
3/31/22 Loans: \$2.0B  
56% of Loans

**MICHIGAN**  
3/31/22 Loans: \$1.6B  
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 3/31/22 and do not include Mortgage Warehouse.

# Attractive & Stable Midwest Markets

## Top 5 Markets by Deposits

<p><b>Michigan City, IN / La Porte, IN (Legacy)</b></p>  <p><b>\$1.3B Deposits</b> 8 Branches</p>	<p><b>Indianapolis, IN (Growth)</b></p>  <p><b>\$687M Deposits</b> 8 Branches</p>	<p><b>Northwest Indiana (Growth)</b></p>  <p><b>\$609M Deposits</b> 11 Branches</p>	<p><b>Southwest Michigan* (Growth)</b></p>  <p><b>\$501M Deposits</b> 8 Branches</p>	<p><b>Lafayette, IN (Growth)</b></p>  <p><b>\$330M Deposits</b> 6 Branches</p>
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- 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

- Greater Indianapolis area exhibits strong growth

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

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

- 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 6/30/21.

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

## 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

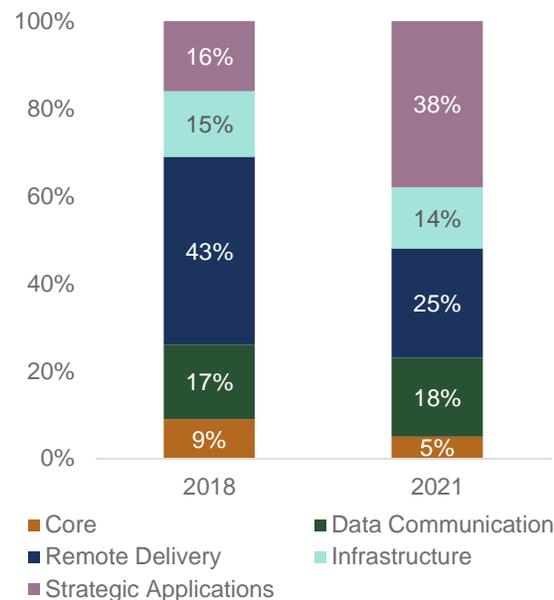
## Leveraging third party relationship to surround cost effective in-house Core

- 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

## Growing customer base digitally and efficiently

- 20% of accounts opened online in 1Q22, up from 9% in 4Q20

**Shifting Tech Spend to Strategic Customer & Employee Facing Applications**

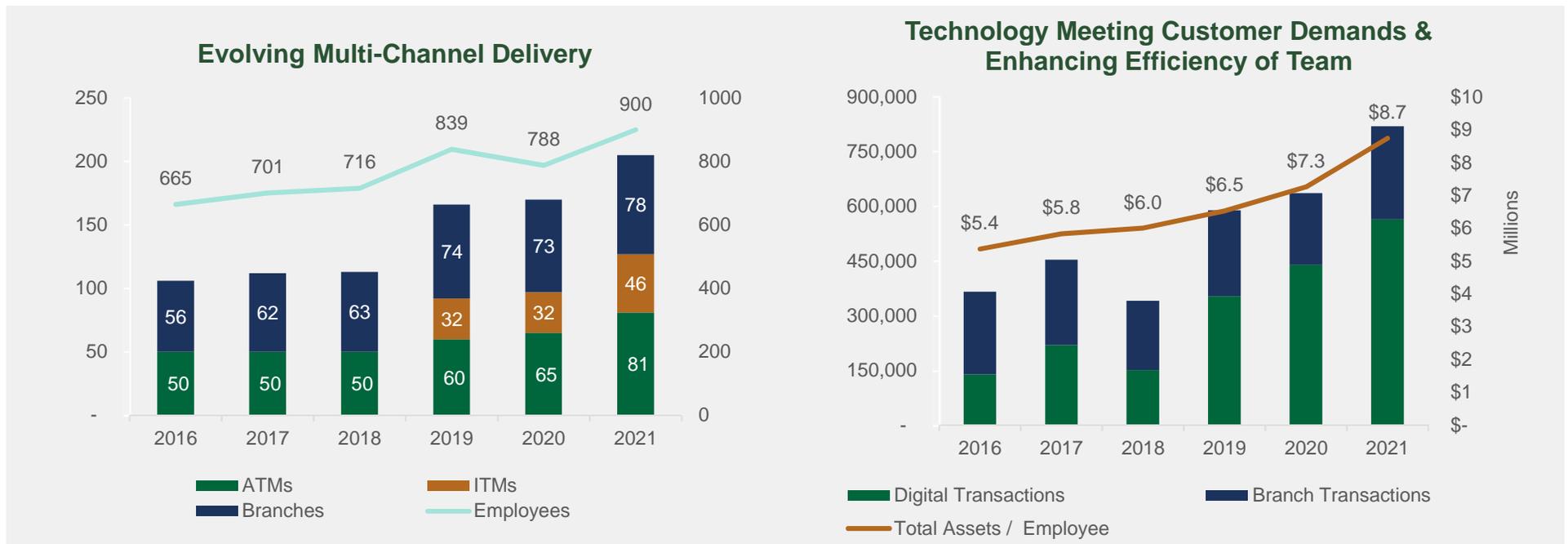


## NEW IN 2022

- Online deposit accounting opening platform to include time deposit, IRA and HSA accounts
- Encompass® digital mortgage initiative will expand residential mortgage lending to 23 states
- 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

## 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
- 86% 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



## 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 first quarter of 2021 by 8.3% to \$0.13 per share and by 15.4% to \$0.15 per share during the third quarter of 2021, resulting in ninth dividend increase in the last 10 years
- Current implied annualized dividend yield of 3.2% as of March 31, 2022
- Strong cash position at the holding company represents approximately 6 quarters of the current dividend plus fixed costs

## Strong share repurchase authority

- 1.45 million shares available for repurchase under current buyback program authorization

### FUTURE OUTLOOK

**50/50 mix of  
organic and  
acquired growth**

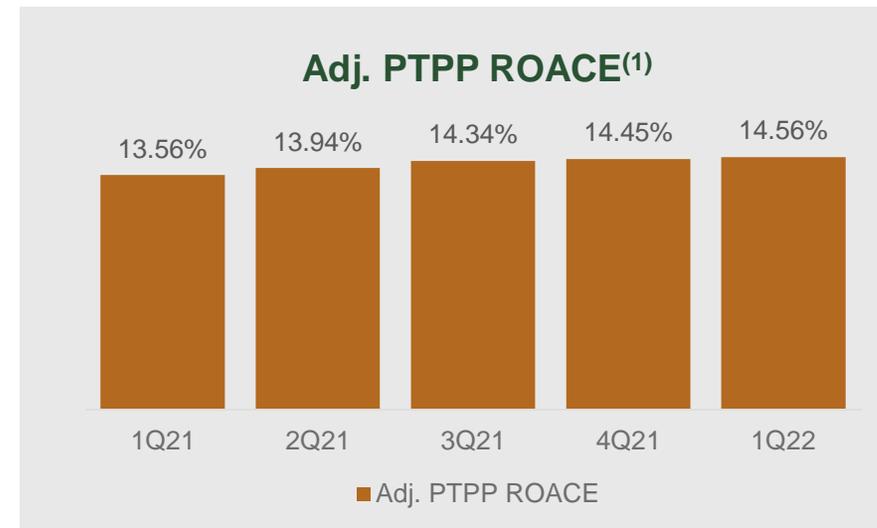
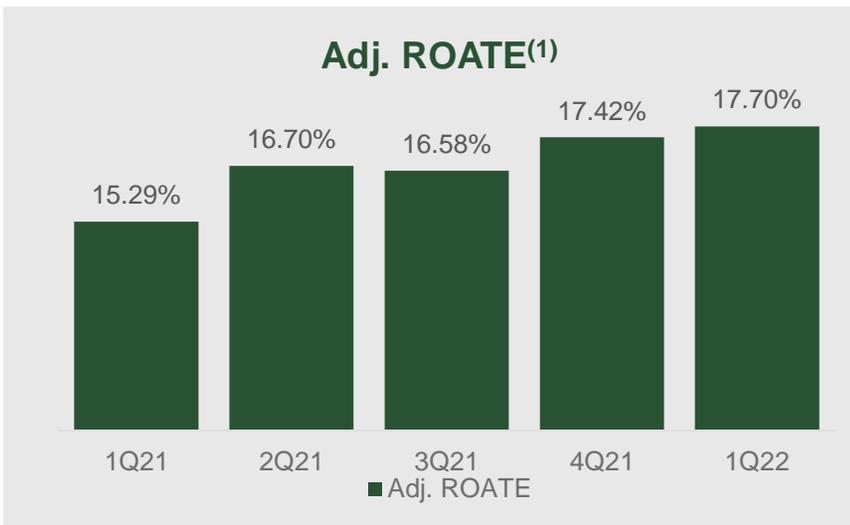
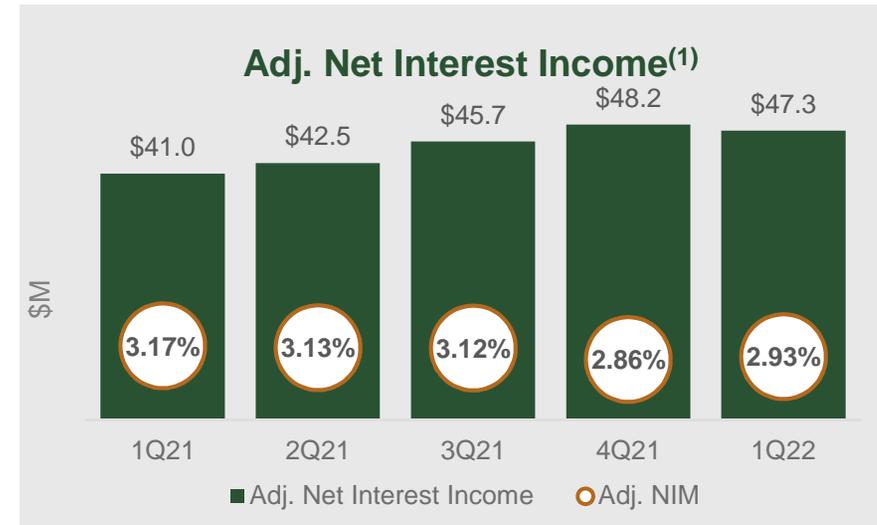
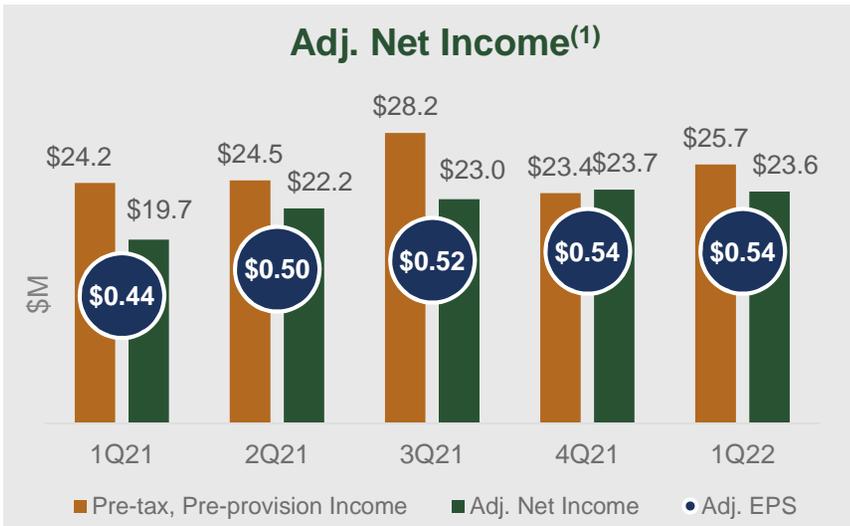
**Targeted dividend  
payout ratio of  
25-35%**

**Continue stock  
repurchases**

**Continue to seek  
opportunities to  
leverage capital**

# Financial Highlights

# Strong Core Earnings



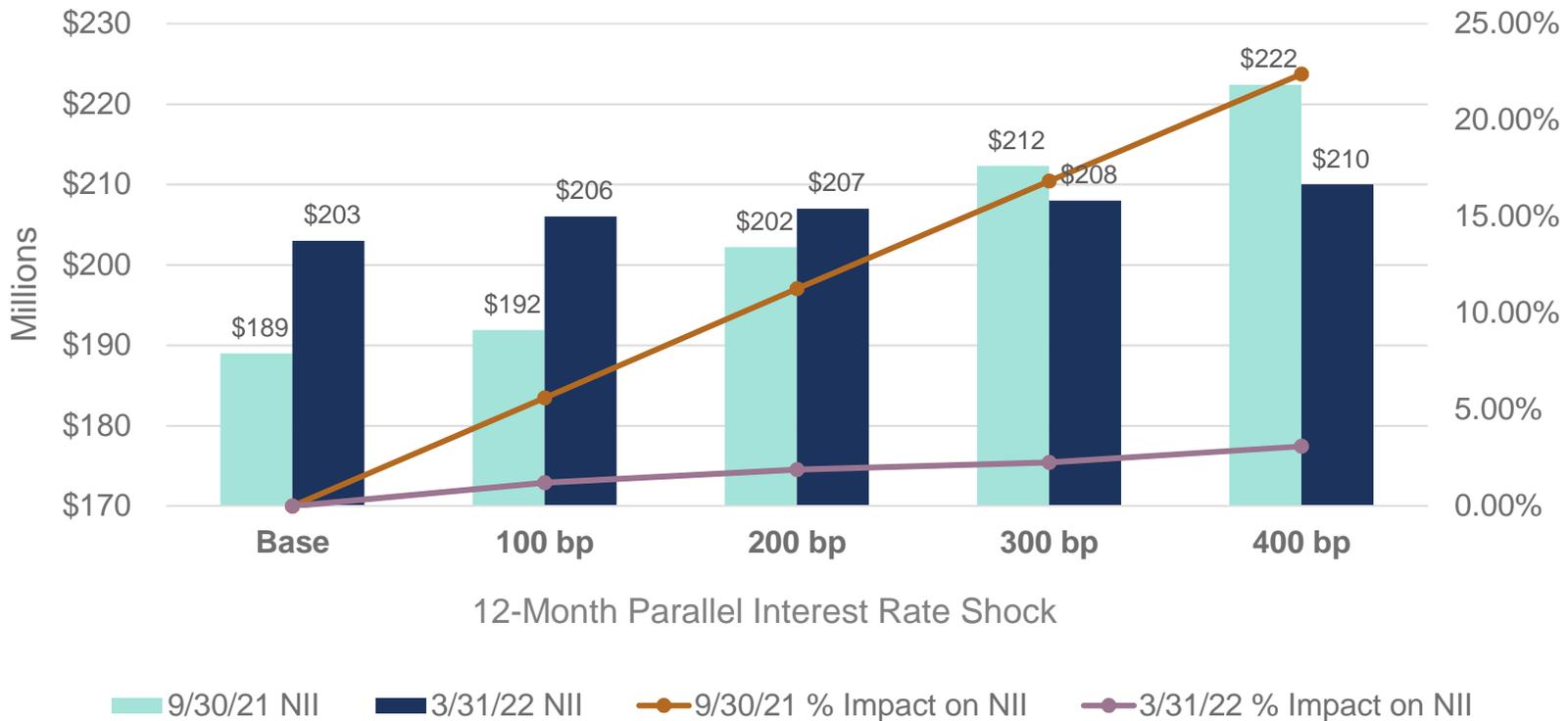
(1) Footnote Index included in Appendix (see slides 39-57 for non-GAAP reconciliation)

# Asset Sensitive Balance Sheet

*Liquidity Moved to Earning Assets*

- Of the \$1.9 billion of adjustable rate loans, \$1.1 billion adjust with a rate change to their index
- Deposit BETA's range from 4.0% for consumer deposits to 45.0% on money market accounts and public funds
- Base increased as asset sensitivity decreased when low yielding cash moved to investments and loans

## NII Volatility\*

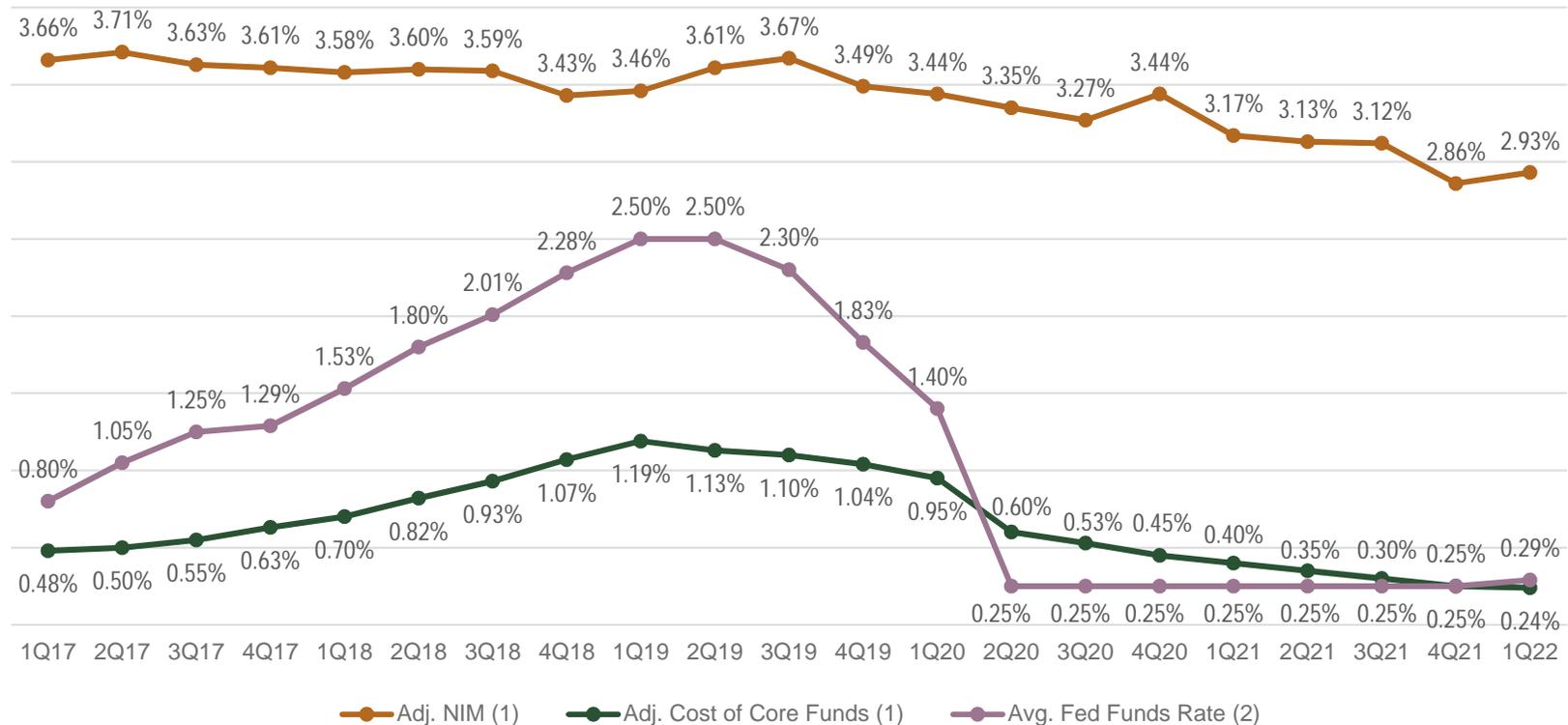


\* Based on 12-month parallel rate shock as of September 30, 2021 and March 31, 2022.

# Considerable Upside to Net Interest Margin

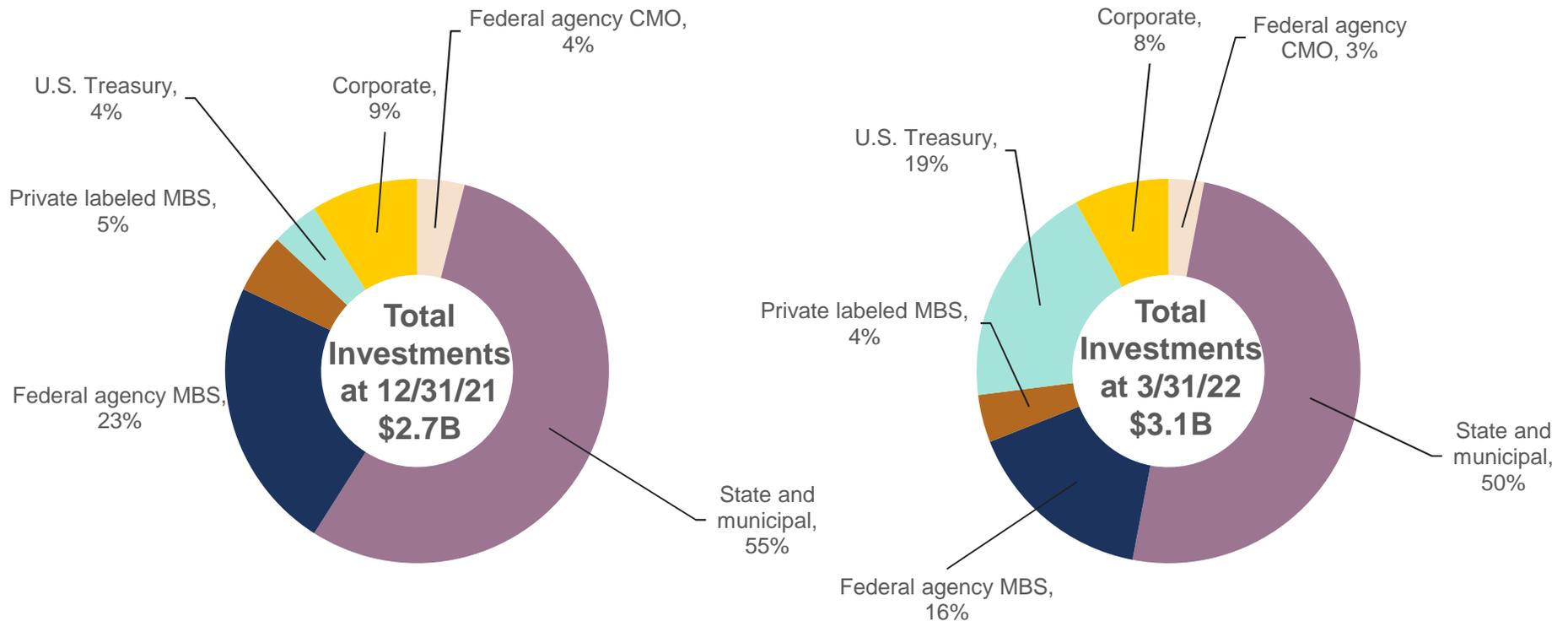
- Excess liquidity carried on the balance sheet compressed the first quarter margin ~ 11bps
- Loan growth, cash deployed to higher yielding assets and increasing interest rates moving net interest margin higher

### Net Interest Margin



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

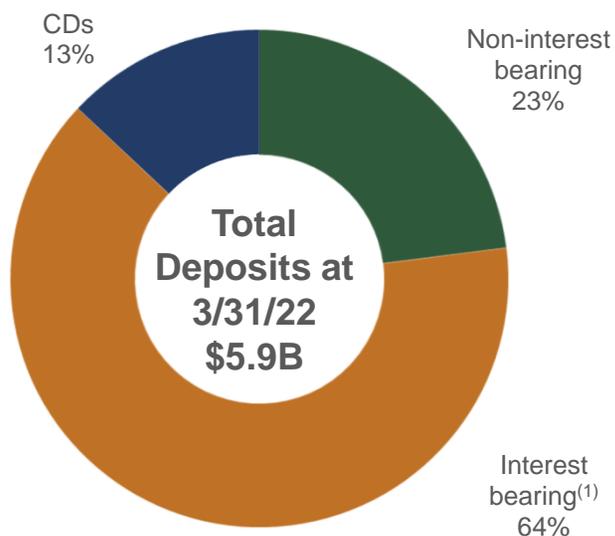
- **\$3 billion** investment portfolio is expected to be maintained during 2022
  - Book yield of 2.23%, effective duration of 6.8 years
  - \$400 million of cash flows over the next two years with book yields rolling off lower than the portfolio yield
- **\$3.12 billion** beginning 2<sup>nd</sup> quarter balance, average balance during the fourth quarter was \$2.93 billion, increasing higher yielding earning assets



- Other Comprehensive Income (“OCI”) loss reduced Tangible Common Equity (“TCE”) by 67bps in the first quarter
  - We have the intent and ability to hold the investments to maturity and no plans to sell
  - Cashflows can be used to fund future loan growth as needed
  - Retained earnings and investments moving down the curve would earnback capital loss in approximately three quarters
  - No impact to regulatory capital ratios
- The jump in longer term interest rates resulted in an unrealized loss on available for sale (“AFS”) investments that was in line with a rate move of over 100bps
- With an additional 100bp shock to the AFS investments over the next quarter, TCE is estimated to be 6.54%, or another 40bp decline from the first quarter
- In the fourth quarter, we moved selected AFS investments to held to maturity (“HTM”) investments, at March 31, 2022, 64% of investments were HTM
- Bank capital is strong and sufficient to fund growth and will not restrict the ability for merger or share repurchase activities
- OCI only considers AFS investments and derivatives, the economic value of equity (“EVE”) increased over the fourth quarter when deposits are included in the valuations

# Strong Low Cost Core Deposits

- In-market relationships, strategic pricing and runoff of higher-priced time deposits, contributed to continued reduction in total deposit cost to 0.10%
- Account and deposit retention data very strong to date

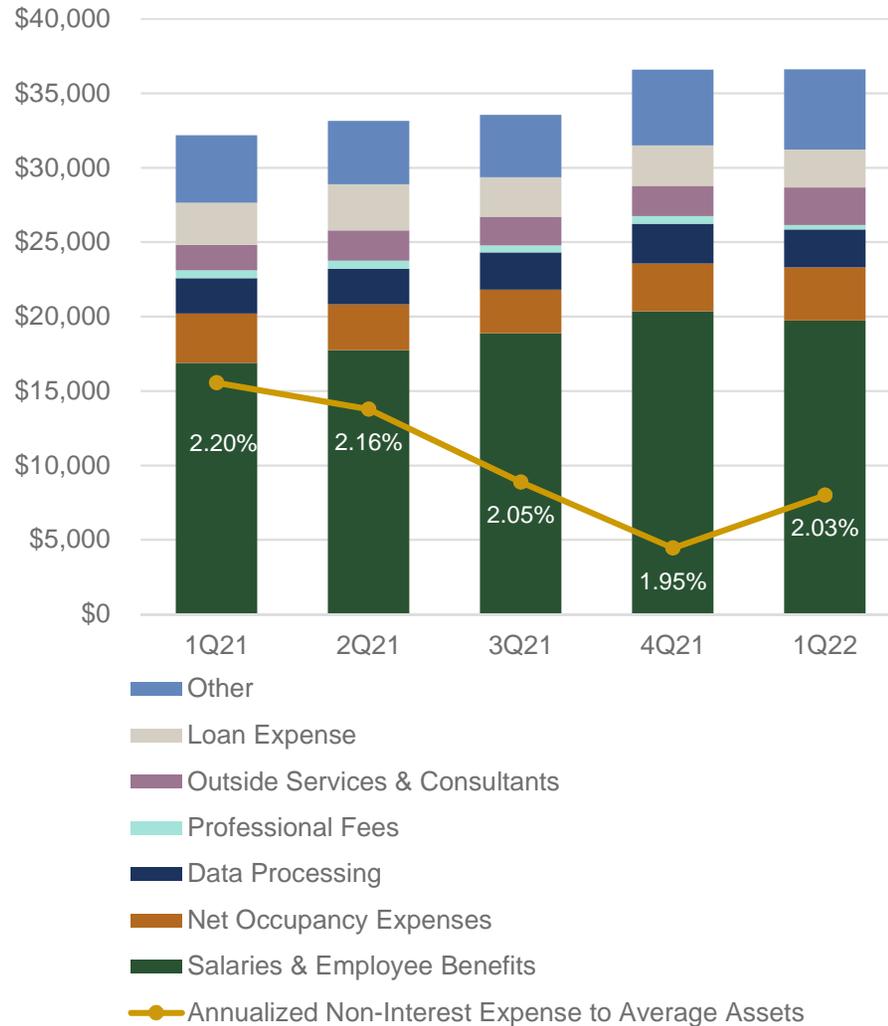


Average Deposits (\$000s)	Average Cost <sup>(1)</sup>			
	1Q 2022 Average Balances	4Q 2021 Average Balances	1Q 2022 (QTD)	4Q 2021 (QTD)
Non-interest bearing	\$1,322,781	\$1,366,621	0.00%	0.00%
Interest bearing (excluding CDs)	\$3,745,244	\$3,793,949	0.07%	0.08%
Time Deposits (CDs)	\$733,377	\$750,040	0.47%	0.49%
<b>Total Deposits</b>	<b>\$5,801,402</b>	<b>\$5,910,610</b>	<b>0.10%</b>	<b>0.11%</b>

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

# Focus on Expense Control

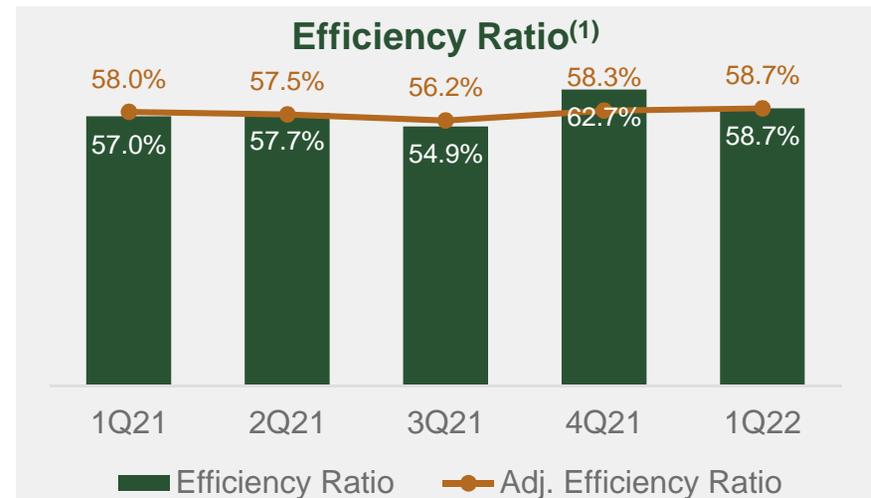
### Non-interest Expense Breakout (\$M)<sup>(1)</sup>



### 1Q '22 Highlights

- Annualized non-interest expense was 2.03% of average assets, supporting full year 2022 target of less than 2%
- Adjusted efficiency ratio steady at 58.74%<sup>(1)</sup>
- Planned 2022 branch rationalization payback in approximately six months after estimated one time charges of approximately \$432,000

### Efficiency Ratio<sup>(1)</sup>



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

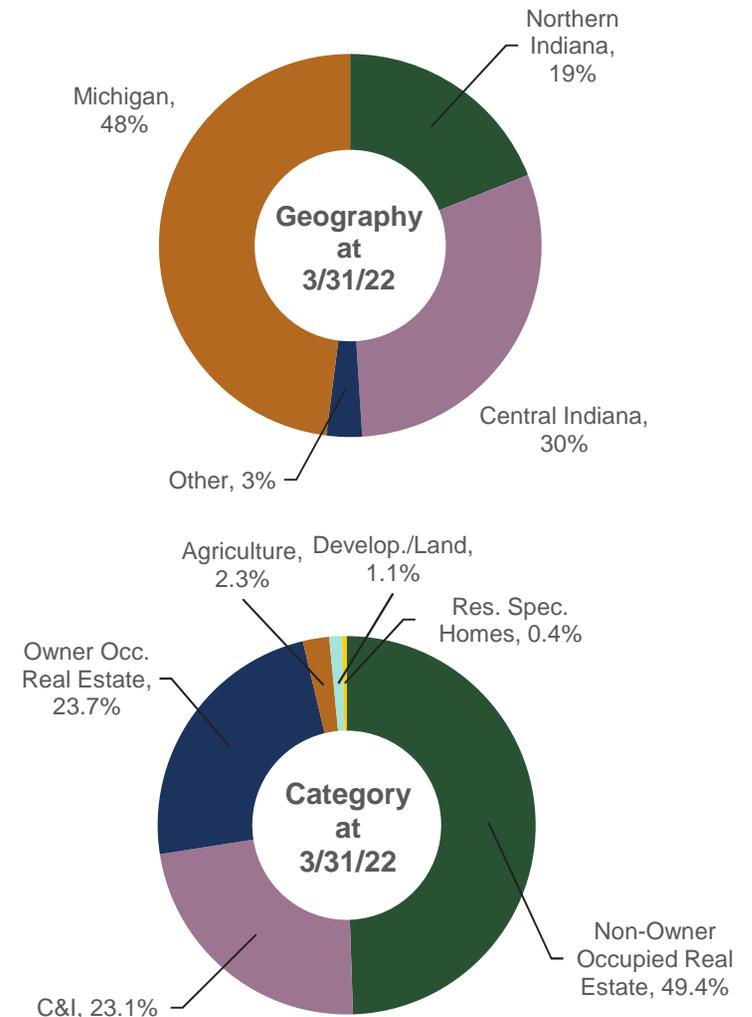
# Loan Portfolio Review

# Accelerating Commercial Loan Growth

13.5% Annualized Growth in 1Q22

- Commercial loan portfolio, excluding PPP and sold participation loans, increased approximately \$70.9 million, or 13.5% annualized, during Q1 2022.
- Net funded new commercial loan growth was \$132 million for Q1 2022 an increase from \$127 million for Q4 2021, continuing recent quarterly growth trends.
- Addition of 8 commercial lenders in the last 12 months in growth markets in Southwest and Southeast Michigan and Northwest Indiana.
- Commercial pipeline of approximately \$156 million entering Q2 2022. Q1 2022 pipeline of \$120 million grew to \$193 million in new loans closed with \$132 million funded.

**\$2.3 billion**  
in Total Commercial Loans

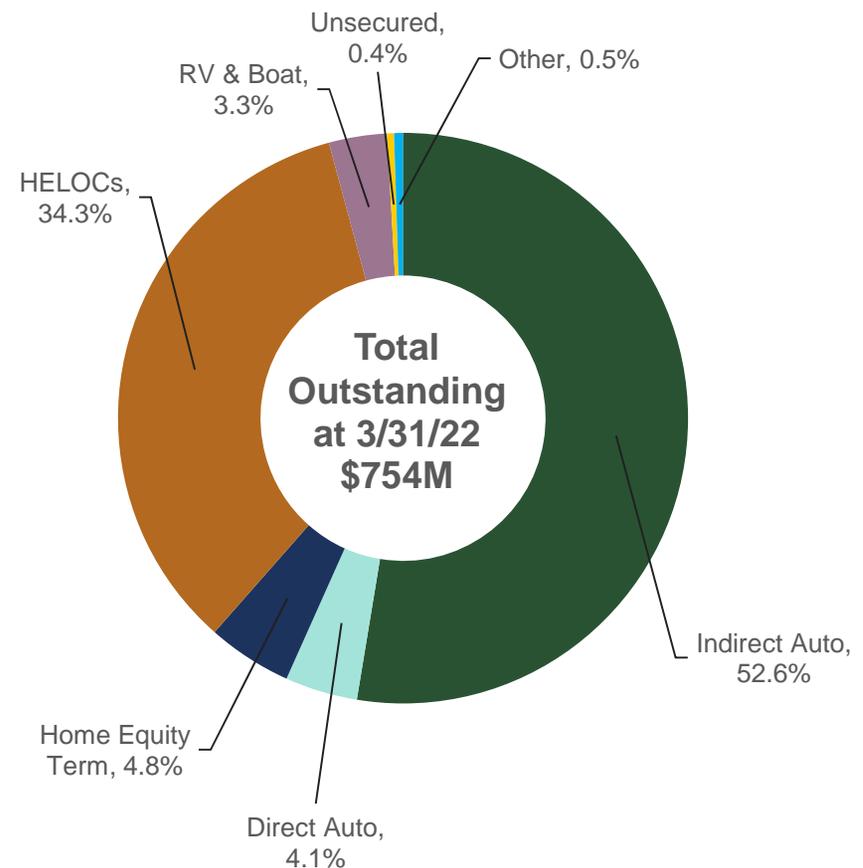


- Excellent Production in 2021 and Q1 2022**

- Production – 2021 \$397M, Q1 2022 \$147M
- Consumer loans increased 3.7%, or 14.9% annualized, during Q1 2022
- Leverage 34 new Indirect Dealerships in the Northern Michigan market
- Expanded Mortgage Broker program
- Increased marketing spend for HELOC loans increase usage of line, balance transfers, etc.

- Holding Asset Quality to Historical Norms**

- 99.6% secured consumer loans
- 96.4% prime, with credit scores  $\geq 700$  for 86.7% of portfolio and  $< 640$  for 3.6%
- HELOC combined LTV limited to 89.9%
- Low delinquency at 0.45% and YTD net charge-offs less than 1 basis point



# Prime Mortgage Loan Portfolio Outperforms MBA 2022 Outlook

- **68% of production sold YTD**

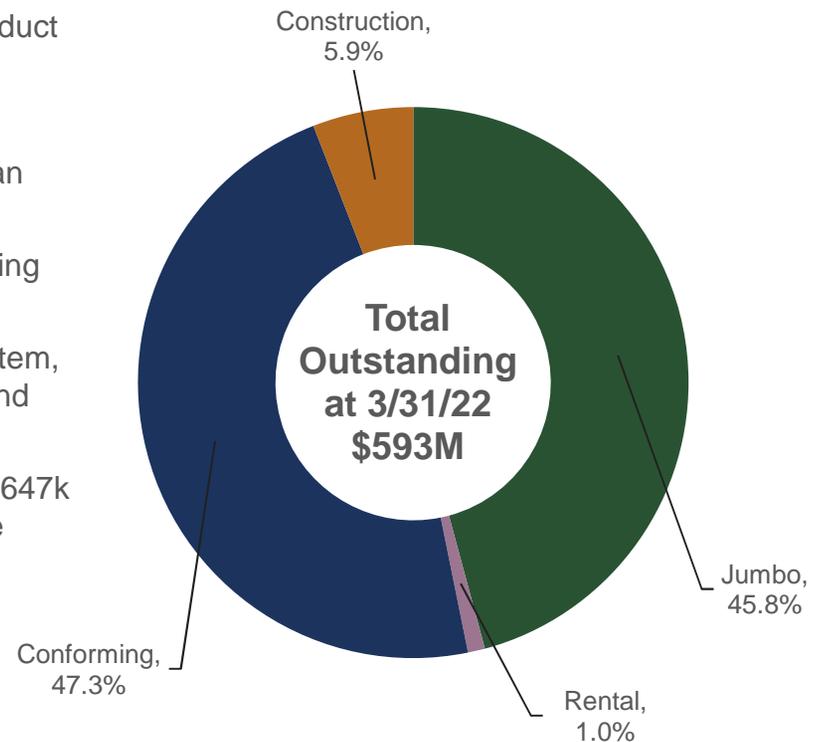
- Gain on sale of mortgage loans (“GOS”) and mortgage warehousing income constituted 4.7% of total 1Q22 revenue, with GOS income of \$2.0 million

- **Re-positioned for current marketplace opportunities**

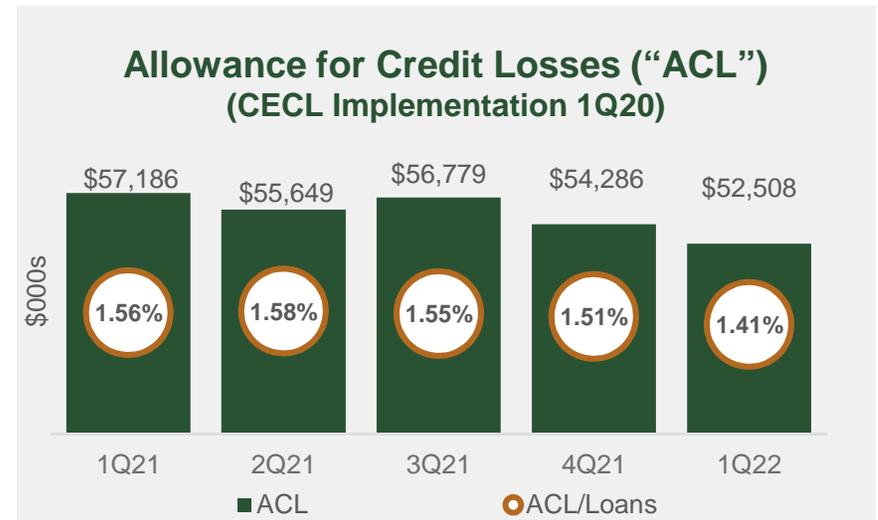
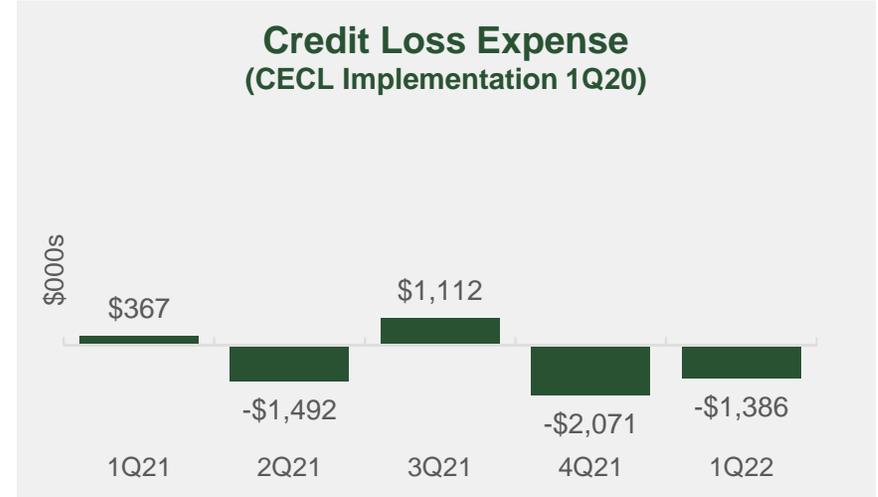
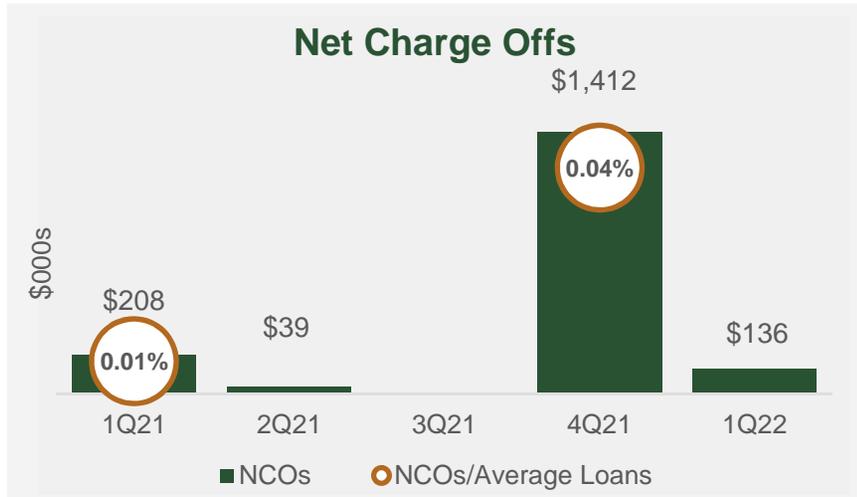
- Expanded geographic footprint to over 20 states for saleable product
- Beating MBA 41% and FNMA 39% projected YOY production decreases at only 24%
- Hired two experienced originators to cover new Northern Michigan markets
- Strong construction loan program to take advantage of fast growing new construction segment of market
- Recently installed state of the art end-to-end loan origination system, creating internal efficiencies and providing user friendly mobile and on-line capabilities
- Federal Housing Agency increased the conforming loan limit to \$647k as of 1/1/2022, providing target market opportunities to refinance Jumbo ARM's

- **Portfolio mortgages**

- Underwriting to Fannie Mae guidelines
- Full documentation of employment, income and asset verification
- 47.1% of mortgages held in portfolio are ARMs
- 91.8% prime with credit score ≥670



# Strong Asset Quality Metrics



1Q22 ACL/Loans excluding PPP Loans = 1.42%

1Q22 ACL/Loans excluding PPP & Warehouse Loans = 1.46%

# 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 plan to close 7 in 2022



Excess liquidity allows for lower deposit betas, and provides competitive edge on loan pricing.



Growth oriented Midwest markets with balanced industrial bases and population inflows



Low Risk Profile – High quality balance sheet with strong liquidity – approximately \$3.2 billion of cash and securities as of 3/31/22



Robust capital position 14.1% Tier 1 and 15.2% Total RBC as of 3/31/22



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

**10-14%**

**ANNUAL  
COMMERCIAL  
LOAN GROWTH**  
Excluding PPP loans

**15-18%**

**MODEST  
REDUCTION IN  
MORTGAGE  
ORIGINATIONS**  
Exceeding industry  
expectations

**10-14%**

**ANNUAL  
CONSUMER  
LOAN GROWTH**

**<2.00%**

**ANNUAL  
EXPENSES TO  
AVERAGE  
ASSETS RATIO**

**>1.30%**

**ROAA**

**>12.5%**

**ROAE**

**NET INTEREST  
INCOME**

**\$**

**GROWTH**

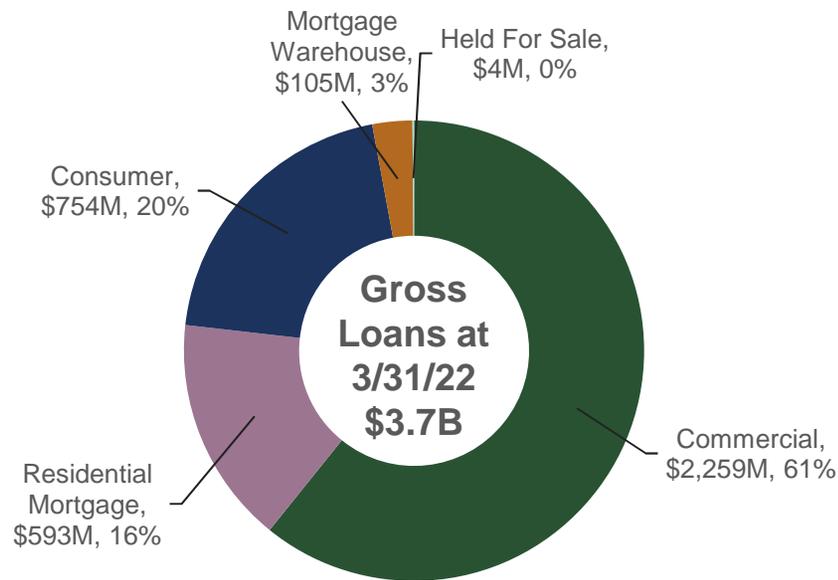
# Appendix

## Stable Credit Loss Reserves

(\$000s, unaudited)	12/31/21		Net Reserve Build <sup>(1)</sup> 1Q22		3/31/22	
Commercial	\$	40,775	\$	(2,986)	\$	37,789
Retail Mortgage		3,856		495		4,351
Warehousing		1,059		(4)		1,055
Consumer		8,596		717		9,313
<b>Allowance for Credit Losses</b>	<b>\$</b>	<b>54,286</b>	<b>\$</b>	<b>(1,778)</b>	<b>\$</b>	<b>52,508</b>
<b>ACL/Total Loans</b>		<b>1.51%</b>				<b>1.41%</b>
Acquired Loan Discount	\$	9,097	\$	(769)	\$	8,328

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

# Diversified & Granular Loan Portfolio



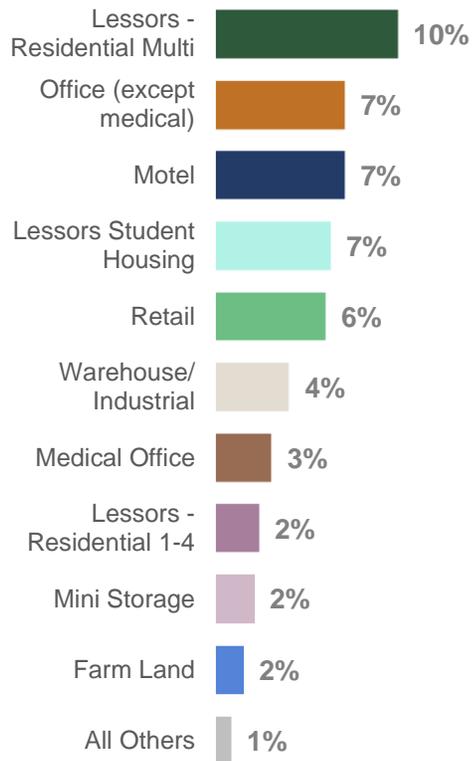
Commercial Loans by Industry (\$M)	3/31/22 Balance	% of Commercial Portfolio	% of Total Loan Portfolio
Lessors – Residential Multi Family	\$227	10.0%	6.1%
Office (except medical)	162	7.2%	4.4%
Hotel	161	7.1%	4.3%
Individual and Other Services	153	6.8%	4.1%
Health Care, Educational & Social	150	6.6%	4.0%
Lessors – Student Housing	145	6.4%	3.9%
Real Estate Rental & Leasing	138	6.1%	3.7%
Retail	137	6.1%	3.7%
Manufacturing	100	4.4%	2.7%
Warehouse/Industrial	90	4.0%	2.4%
Finance & Insurance	88	3.9%	2.4%
Construction	87	3.9%	2.3%
Retail Trade	75	3.3%	2.0%
Medical Office	69	3.1%	1.9%
Restaurants	67	3.0%	1.8%
Lessors – Residential 1–4 Family	53	2.3%	1.4%
Leisure and Hospitality	49	2.2%	1.3%
Mini Storage	46	2.0%	1.2%
Professional & Technical Services	46	2.0%	1.2%
Government	33	1.5%	0.9%
Transportation & Warehousing	33	1.5%	0.9%
Farm Land	32	1.4%	0.9%
Wholesale Trade	25	1.1%	0.7%
Agriculture	19	0.8%	0.5%
Other	74	3.3%	2.0%
<b>Total</b>	<b>\$2,259</b>	<b>100.0%</b>	<b>60.7%</b>

# Low Levels of Concentrated Exposure

## Commercial Portfolio By Industry Type

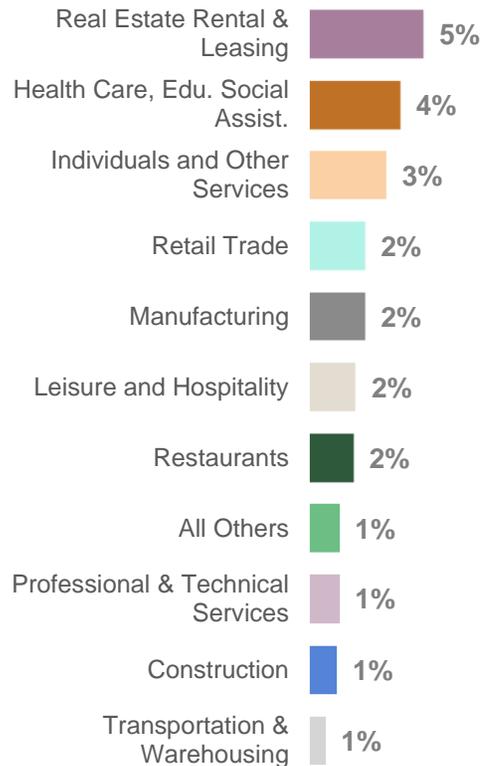
### Non-Owner Occupied CRE – % of Total Commercial Loans

52% of Total Commercial Loans  
\$1.1 billion



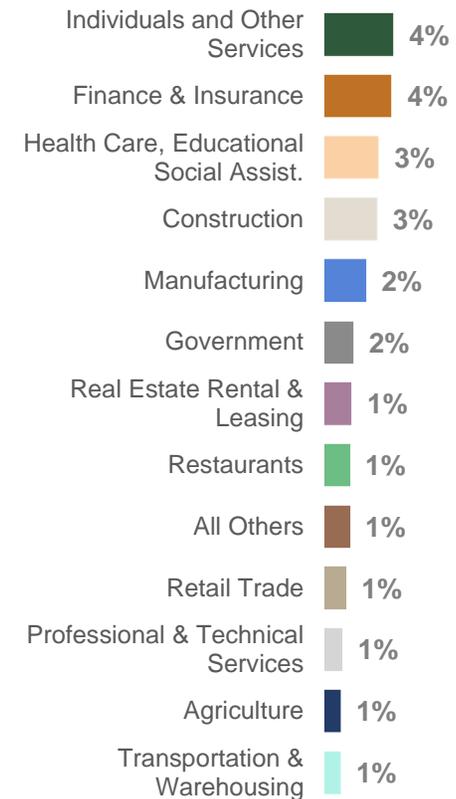
### Owner Occupied CRE – % of Total Commercial Loans

24% of Total Commercial Loans  
\$0.5 billion



### C&I Loans – % of Total Commercial Loans

24% of Total Commercial Loans  
\$0.5 billion



Note: Data as of 3/31/22

## Commercial loans:

- 63% fixed / 37% variable
- 24% of variable rate commercial loans have floors, 55% of which are at their floor
- PPP loans increased Q1 2022 loan yield ~ 2bps
- PPP loans increased Q4 2021 loan yield ~ 16bps

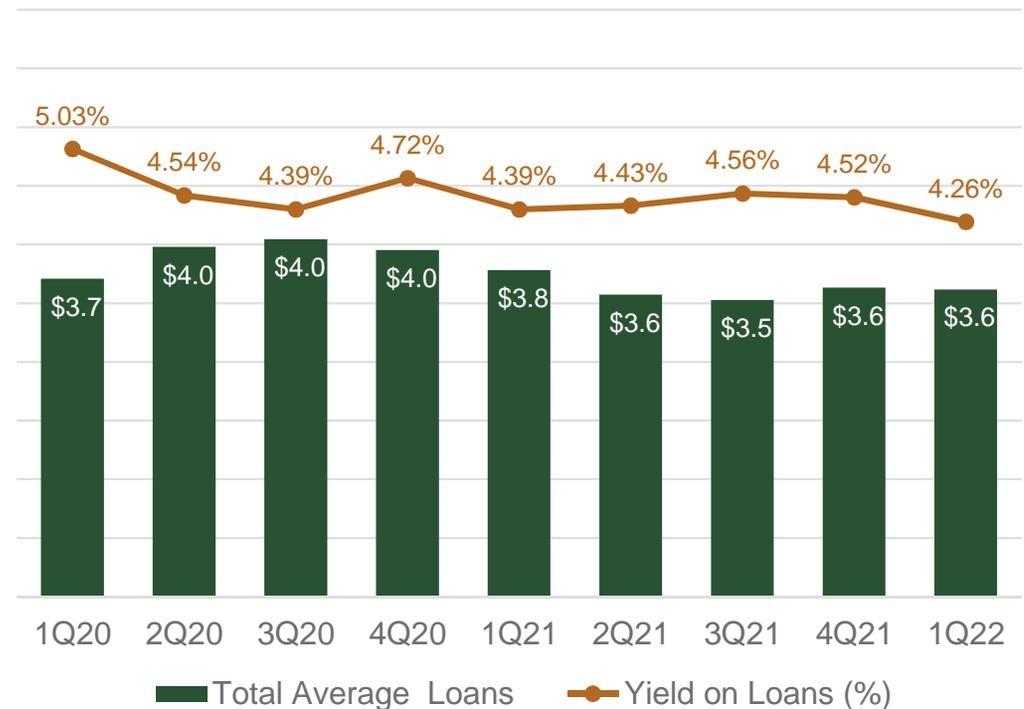
## Retained mortgage loans:

- 53% fixed / 47% variable
- 93% of variable rate mortgage loans have floors, 15% of which are at their floor

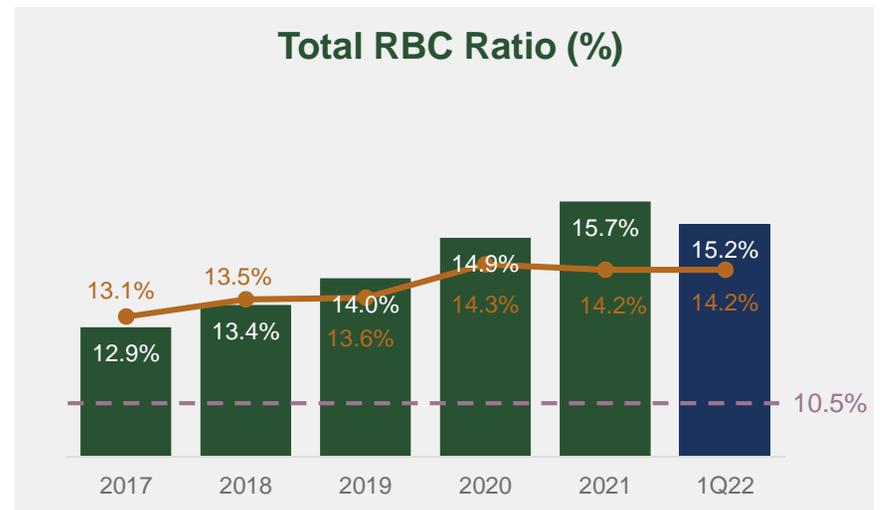
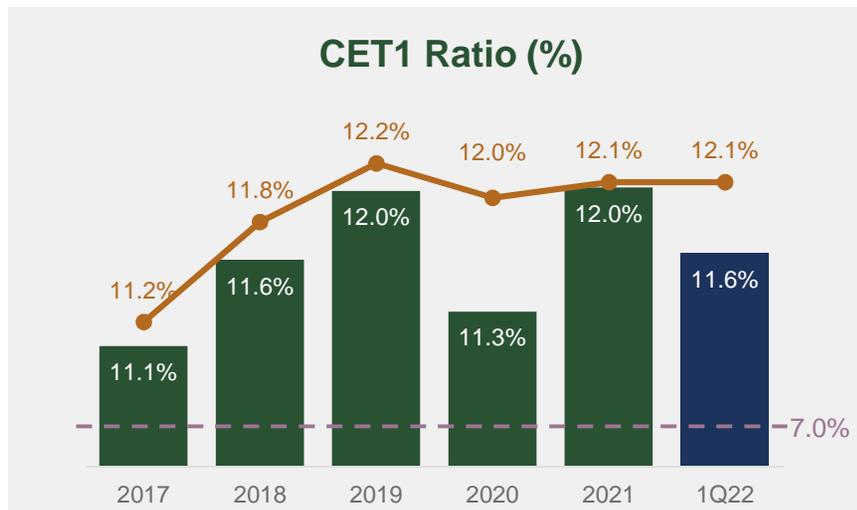
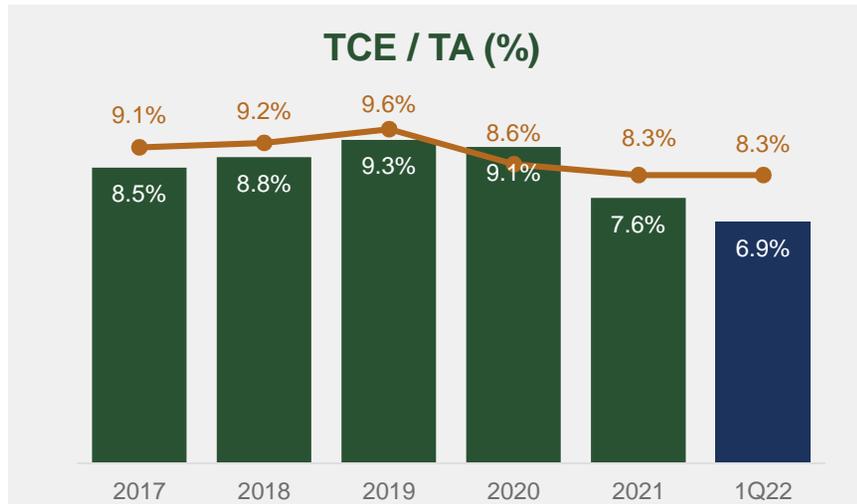
## Consumer loans:

- 65% fixed / 35% variable
- 65% of variable rate consumer loans have floors, 58% 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.

(\$M except per share data)	Year Ended December 31,						Quarter Ended,				
	2016	2017	2018	2019	2020	2021	3/31/21	6/30/21	9/30/21	12/31/21	3/31/22
<b>Balance Sheet:</b>											
Total Assets	\$3,141	\$3,964	\$4,247	\$5,247	\$5,887	\$7,375	\$6,056	\$6,109	\$7,534	\$7,375	\$7,420
Gross Loans	\$2,144	\$2,838	\$3,014	\$3,641	\$3,881	\$3,657	\$3,672	\$3,527	\$3,665	\$3,657	\$3,715
Deposits	\$2,471	\$2,881	\$3,139	\$3,931	\$4,531	\$5,803	\$4,722	\$4,782	\$5,980	\$5,803	\$5,851
Tangible Common Equity	\$255	\$325	\$362	\$478	\$517	\$548	\$516	\$538	\$525	\$548	\$503
<b>Profitability:</b>											
Net Income	\$23.9	\$33.1	\$53.1	\$66.5	\$68.5	\$87.1	\$20.4	\$22.2	\$23.1	\$21.4	\$23.6
Return on Average Assets	0.81%	0.97%	1.31%	1.35%	1.22%	1.34%	1.40%	1.45%	1.41%	1.14%	1.31%
Return on Average Equity	7.9%	8.7%	11.2%	11.0%	10.3%	12.2%	11.9%	12.6%	12.6%	11.8%	13.3%
Net Interest Margin	3.29%	3.75%	3.71%	3.69%	3.44%	3.13%	3.29%	3.14%	3.17%	2.97%	2.99%
Efficiency Ratio <sup>(1)</sup>	71.5%	65.3%	60.7%	59.9%	57.0%	58.1%	57.0%	57.7%	54.9%	62.7%	58.7%
<b>Asset Quality<sup>(2)</sup>:</b>											
NPAs & 90+ PD / Assets	0.44%	0.44%	0.41%	0.47%	0.49%	0.00%	0.44%	0.39%	0.43%	0.31%	0.30%
NPAs & 90+ PD / Loans + OREO	0.65%	0.61%	0.57%	0.68%	0.74%	0.00%	0.47%	0.67%	0.88%	0.62%	0.61%
Reserves / Total Loans	0.69%	0.58%	0.59%	0.49%	1.47%	1.51%	1.56%	1.58%	1.55%	1.51%	1.41%
NCOs / Avg. Loans	0.08%	0.04%	0.05%	0.06%	0.05%	0.05%	0.02%	0.00%	0.00%	0.04%	0.00%
<b>Bancorp Capital Ratios:</b>											
TCE Ratio	8.3%	8.5%	8.8%	9.4%	9.1%	7.6%	8.8%	9.1%	7.1%	7.6%	6.9%
Leverage Ratio	10.4%	9.9%	10.1%	10.5%	10.7%	9.2%	10.8%	10.8%	10.0%	9.2%	9.7%
Tier 1 Capital Ratio	13.2%	12.4%	12.8%	13.5%	14.0%	14.1%	15.6%	15.4%	14.3%	14.1%	14.1%
Total Capital Ratio	13.9%	12.9%	13.4%	14.0%	14.9%	15.4%	16.9%	16.7%	15.3%	15.4%	15.2%

(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	9	60.0%	\$1,341
Indianapolis-Carmel-Anderson, IN	17	8	0.9%	687
Chicago-Naperville-Elgin, IL-IN-WI	52	10	0.1%	609
Lafayette-West Lafayette, IN	4	6	7.4%	330
Lansing-East Lansing, MI	12	4	2.9%	288
Niles, MI	4	5	13.1%	272
Midland, MI	2	2	19.1%	246
Cadillac, MI	2	3	31.3%	225
Detroit-Warren-Dearborn, MI	28	1	0.1%	177
Logansport, IN	3	1	18.2%	161
Grand Rapids-Kentwood, MI	20	2	0.5%	135
Auburn, IN	3	2	15.1%	129
Columbus, IN	5	2	6.1%	110
Warsaw, IN	5	3	5.3%	100
Big Rapids, MI	4	1	15.0%	96
Kalamazoo-Portage, MI	9	1	2.1%	93
Fort Wayne, IN	15	3	1.0%	91
Marion, IN	6	1	6.8%	64
Sturgis, MI	5	1	6.4%	63
Kokomo, IN	7	1	3.2%	50
Kendallville, IN	5	1	5.7%	44
South Bend-Mishawaka, IN-MI	13	1	0.7%	38
Saginaw, MI	12	1	0.8%	21
Elkhart-Goshen, IN	14	1	0.3%	15
<b>Total Franchise</b>		<b>80</b>		<b>\$5,838</b>

Source: S&P Global Market Intelligence. Deposit data as of 6/30/21, estimated pro forma for recent or pending transactions per S&P Global Market Intelligence

## Slide 4

- 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.)
- 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.)
- 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 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, 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, 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 ESOP settlement expenses. Adjusted efficiency ratio excludes one-time acquisition expenses, gain on sale of ESOP trustee accounts, 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.)

## 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.

## Non-GAAP Reconciliation of Net Income

(Dollars in Thousands, Unaudited)

	Three Months Ended				
	March 31, 2022	December 31, 2021	September 30, 2021	June 30, 2021	March 31, 2021
Net income as reported	\$ 23,563	\$ 21,425	\$ 23,071	\$ 22,173	\$ 20,422
Acquisition expenses	-	884	799	242	-
Tax effect	-	(184)	(166)	(51)	-
Net income excluding acquisition expenses	23,563	22,125	23,704	22,364	20,422
Credit loss expense acquired loans	-	-	2,034	-	-
Tax effect	-	-	(427)	-	-
Net income excluding credit loss expense acquired loans	23,563	22,125	25,311	22,364	20,422
Gain on sale of ESOP trustee accounts	-	-	(2,329)	-	-
Tax effect	-	-	489	-	-
Net income excluding gain on sale of ESOP business line	23,563	22,125	23,471	22,364	20,422
ESOP settlement expense	-	1,900	-	-	-
Tax effect	-	(315)	-	-	-
Net income excluding ESOP settlement expense	23,563	23,710	23,471	22,364	20,422
(Gain)/loss on sale of investment securities	-	-	-	-	(914)
Tax effect	-	-	-	-	192
Net income excluding (gain)/loss on sale of investment securities	23,563	23,710	23,471	22,364	19,700
Death benefit on bank owned life insurance ("BOLI")	-	-	(517)	(266)	-
Net income excluding death benefit on BOLI	23,563	23,710	22,954	22,098	19,700
Prepayment penalties on borrowings	-	-	-	125	-
Tax effect	-	-	-	(26)	-
Net income excluding prepayment penalties on borrowings	23,563	23,710	22,954	22,197	19,700
Adjusted net income	\$ 23,563	\$ 23,710	\$ 22,954	\$ 22,197	\$ 19,700

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

	Three Months Ended				
	March 31, 2022	December 31, 2021	September 30, 2021	June 30, 2021	March 31, 2021
Diluted EPS as reported	\$ 0.54	\$ 0.49	\$ 0.52	\$ 0.50	\$ 0.46
Acquisition expenses	-	0.02	0.02	0.01	-
Tax effect	-	-	-	-	-
Diluted EPS excluding acquisition expenses	0.54	0.51	0.54	0.51	0.46
Credit loss expense acquired loans	-	-	0.05	-	-
Tax effect	-	-	(0.01)	-	-
Diluted EPS excluding credit loss expense acquired loans	0.54	0.51	0.58	0.51	0.46
Gain on sale of ESOP trustee accounts	-	-	(0.05)	-	-
Tax effect	-	-	0.01	-	-
Diluted EPS excluding gain on sale of ESOP business line	0.54	0.51	0.54	0.51	0.46
ESOP settlement expense	-	0.04	-	-	-
Tax effect	-	(0.01)	-	-	-
Diluted EPS excluding ESOP settlement expense	0.54	0.54	0.54	0.51	0.46
(Gain)/loss on sale of investment securities	-	-	-	-	(0.02)
Tax effect	-	-	-	-	-
Diluted EPS excluding (gain)/loss on sale of investment securities	0.54	0.54	0.54	0.51	0.44
Death benefit on bank owned life insurance ("BOLI")	-	-	(0.02)	(0.01)	-
Diluted EPS excluding death benefit on BOLI	0.54	0.54	0.52	0.50	0.44
Prepayment penalties on borrowings	-	-	-	-	-
Tax effect	-	-	-	-	-
Diluted EPS excluding prepayment penalties on borrowings	0.54	0.54	0.52	0.50	0.44
Adjusted diluted EPS	<u>\$ 0.54</u>	<u>\$ 0.54</u>	<u>\$ 0.52</u>	<u>\$ 0.50</u>	<u>\$ 0.44</u>

## Non-GAAP Reconciliation of Return on Average Assets

(Dollars in Thousands, Unaudited)

	Three Months Ended				
	March 31, 2022	December 31, 2021	September 30, 2021	June 30, 2021	March 31, 2021
Average assets	\$ 7,319,675	\$ 7,461,343	\$ 6,507,673	\$ 6,142,507	\$ 5,936,149
Return on average assets ("ROAA") as reported	1.31%	1.14%	1.41%	1.45%	1.40%
Acquisition expenses	-	0.05	0.05	0.02	-
Tax effect	-	(0.01)	(0.01)	-	-
ROAA excluding acquisition expenses	1.31	1.18	1.45	1.47	1.40
Credit loss expense acquired loans	-	-	0.12	-	-
Tax effect	-	-	(0.03)	-	-
ROAA excluding credit loss expense acquired loans	1.31	1.18	1.54	1.47	1.40
Gain on sale of ESOP trustee accounts	-	-	(0.14)	-	-
Tax effect	-	-	0.03	-	-
ROAA excluding gain on sale of ESOP business line	1.31	1.18	1.43	1.47	1.40
ESOP settlement expense	-	0.10	-	-	-
Tax effect	-	(0.02)	-	-	-
ROAA excluding ESOP settlement expense	1.31	1.26	1.43	1.47	1.40
(Gain)/loss on sale of investment securities	-	-	-	-	(0.06)
Tax effect	-	-	-	-	0.01
ROAA excluding (gain)/loss on sale of investment securities	1.31	1.26	1.43	1.47	1.35
Death benefit on bank owned life insurance ("BOLI")	-	-	(0.03)	(0.02)	-
ROAA excluding death benefit on BOLI	1.31	1.26	1.40	1.45	1.35
Prepayment penalty on borrowings	-	-	-	0.01	-
Tax effect	-	-	-	-	-
ROAA excluding prepayment penalties on borrowings	1.31	1.26	1.40	1.46	1.35
Adjusted ROAA	1.31%	1.26%	1.40%	1.46%	1.35%

## Non-GAAP Reconciliation of Return on Average Common Equity

(Dollars in Thousands, Unaudited)

	Three Months Ended				
	March 31, 2022	December 31, 2021	September 30, 2021	June 30, 2021	March 31, 2021
Average common equity	\$ 716,341	\$ 719,643	\$ 724,412	\$ 706,652	\$ 697,401
Return on average common equity ("ROACE") as reported	13.34%	11.81%	12.64%	12.59%	11.88%
Acquisition expenses	-	0.49	0.44	0.14	-
Tax effect	-	(0.10)	(0.09)	(0.03)	-
ROACE excluding acquisition expenses	13.34	12.20	12.99	12.70	11.88
Credit loss expense acquired loans	-	-	1.11	-	-
Tax effect	-	-	(0.23)	-	-
ROACE excluding credit loss expense acquired loans	13.34	12.20	13.87	12.70	11.88
Gain on sale of ESOP trustee accounts	-	-	(1.28)	-	-
Tax effect	-	-	0.27	-	-
ROACE excluding gain on sale of ESOP business line	13.34	12.20	12.86	12.70	11.88
ESOP settlement expense	-	1.05	-	-	-
Tax effect	-	(0.17)	-	-	-
ROACE excluding ESOP settlement expense	13.34	13.08	12.86	12.70	11.88
(Gain)/loss on sale of investment securities	-	-	-	-	(0.53)
Tax effect	-	-	-	-	0.11
ROACE excluding (gain)/loss on sale of investment securities	13.34	13.08	12.86	12.70	11.46
Death benefit on bank owned life insurance ("BOLI")	-	-	(0.28)	(0.15)	-
ROACE excluding death benefit on BOLI	13.34	13.08	12.58	12.55	11.46
Prepayment penalty on borrowings	-	-	-	0.07	-
Tax effect	-	-	-	(0.01)	-
ROACE excluding prepayment penalties on borrowings	13.34	13.08	12.58	12.61	11.46
Adjusted ROACE	13.34%	13.08%	12.58%	12.61%	11.46%

## Non-GAAP Reconciliation of Return on Average Tangible Equity

(Dollars in Thousands, Unaudited)

	Three Months Ended				
	March 31, 2022	December 31, 2021	September 30, 2021	June 30, 2021	March 31, 2021
Average common equity	\$ 716,341	\$ 719,643	\$ 724,412	\$ 706,652	\$ 697,401
Less: Average intangible assets	176,356	179,594	174,920	173,905	174,785
Average tangible equity	<u>\$ 539,985</u>	<u>\$ 540,049</u>	<u>\$ 549,492</u>	<u>\$ 532,747</u>	<u>\$ 522,616</u>
Return on average tangible equity ("ROATE") as reported	17.70%	15.74%	16.66%	16.69%	15.85%
Acquisition expenses	-	0.65	0.58	0.18	-
Tax effect	-	(0.14)	(0.12)	(0.04)	-
ROATE excluding acquisition expenses	17.70	16.25	17.12	16.83	15.85
Credit loss expense acquired loans	-	-	1.47	-	-
Tax effect	-	-	(0.31)	-	-
ROATE excluding credit loss expense acquired loans	17.70	16.25	18.28	16.83	15.85
Gain on sale of ESOP trustee accounts	-	-	(1.68)	-	-
Tax effect	-	-	0.35	-	-
ROATE excluding gain on sale of ESOP business line	17.70	16.25	16.95	16.83	15.85
ESOP settlement expense	-	1.40	-	-	-
Tax effect	-	(0.23)	-	-	-
ROATE excluding ESOP settlement expense	17.70	17.42	16.95	16.83	15.85
(Gain)/loss on sale of investment securities	-	-	-	-	(0.71)
Tax effect	-	-	-	-	0.15
ROATE excluding (gain)/loss on sale of investment securities	17.70	17.42	16.95	16.83	15.29
Death benefit on bank owned life insurance ("BOLI")	-	-	(0.37)	(0.20)	-
ROATE excluding death benefit on BOLI	17.70	17.42	16.58	16.63	15.29
Prepayment penalty on borrowings	-	-	-	0.09	-
Tax effect	-	-	-	(0.02)	-
ROATE excluding prepayment penalties on borrowings	17.70	17.42	16.58	16.70	15.29
Adjusted ROATE	<u>17.70%</u>	<u>17.42%</u>	<u>16.58%</u>	<u>16.70%</u>	<u>15.29%</u>

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

	<b>Three Months Ended</b>				
	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>September 30, 2021</b>	<b>June 30, 2021</b>	<b>March 31, 2021</b>
Pre-tax income	\$ 27,102	\$ 25,505	\$ 27,127	\$ 25,943	\$ 23,872
Provision for credit losses	(1,386)	(2,071)	1,112	(1,492)	367
Pre-tax, pre-provision net income	<u>\$ 25,716</u>	<u>\$ 23,434</u>	<u>\$ 28,239</u>	<u>\$ 24,451</u>	<u>\$ 24,239</u>
Pre-tax, pre-provision net income	\$ 25,716	\$ 23,434	\$ 28,239	\$ 24,451	\$ 24,239
Acquisition expenses	-	884	799	242	-
Gain on sale of ESOP trustee accounts	-	-	(2,329)	-	-
ESOP one-time expense	-	1,900	-	-	-
(Gain)/loss on sale of investment securities	-	-	-	-	(914)
Death benefit on bank owned life insurance	-	-	(517)	(266)	-
Prepayment penalties on borrowings	-	-	-	125	-
Adjusted pre-tax, pre-provision net income	<u>\$ 25,716</u>	<u>\$ 26,218</u>	<u>\$ 26,192</u>	<u>\$ 24,552</u>	<u>\$ 23,325</u>
Average common equity	\$ 716,341	\$ 719,643	\$ 724,412	\$ 706,652	\$ 697,401
Unadjusted pre-tax, pre-provision ROACE	14.56%	12.92%	15.47%	13.88%	14.10%
Adjusted pre-tax, pre-provision ROACE	14.56%	14.45%	14.34%	13.94%	13.56%

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

	<b>Three Months Ended</b>				
	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>September 30, 2021</b>	<b>June 30, 2021</b>	<b>March 31, 2021</b>
Net interest income as reported	\$ 48,171	\$ 49,976	\$ 46,544	\$ 42,632	\$ 42,538
Average interest earning assets	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")	2.99%	2.97%	3.17%	3.14%	3.29%
Net interest income as reported	\$ 48,171	\$ 49,976	\$ 46,544	\$ 42,632	\$ 42,538
Prepayment penalties on borrowings	-	-	-	125	-
Acquisition-related purchase accounting adjustments ("PAU")	(916)	(1,819)	(875)	(230)	(1,579)
Adjusted net interest income	<u>\$ 47,255</u>	<u>\$ 48,157</u>	<u>\$ 45,669</u>	<u>\$ 42,527</u>	<u>\$ 40,959</u>
Adjusted net interest margin	2.93%	2.86%	3.12%	3.13%	3.17%

**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	<u>\$ 44,965</u>	<u>\$ 41,909</u>	<u>\$ 41,443</u>	<u>\$ 39,491</u>	<u>\$ 40,477</u>	<u>\$ 41,724</u>	<u>\$ 40,230</u>	<u>\$ 32,770</u>
Adjusted net interest margin	3.44%	3.27%	3.35%	3.44%	3.49%	3.67%	3.61%	3.46%

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

	Three Months Ended				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	<u>\$ 32,207</u>	<u>\$ 32,983</u>	<u>\$ 31,916</u>	<u>\$ 31,374</u>	<u>\$ 30,587</u>	<u>\$ 27,218</u>	<u>\$ 26,259</u>	<u>\$ 24,552</u>
Adjusted net interest margin	3.43%	3.59%	3.60%	3.58%	3.61%	3.63%	3.71%	3.66%

### 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	<u>\$ 24,878</u>	<u>\$ 23,951</u>	<u>\$ 20,472</u>	<u>\$ 19,227</u>
Adjusted net interest margin	3.45%	3.31%	3.42%	3.36%

### Non-GAAP Reconciliation of Cost of Interest Bearing Liabilities

(Dollars in Thousands, Unaudited)

	Three Months Ended				
	March 31, 2022	December 31, 2021	September 30, 2021	June 30, 2021	March 31, 2021
Total interest expense as reported	\$ 3,911	\$ 4,142	\$ 4,324	\$ 4,788	\$ 5,051
Average interest bearing liabilities	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")	0.30%	0.31%	0.38%	0.45%	0.50%
Total interest expense as reported	\$ 3,911	\$ 4,142	\$ 4,324	\$ 4,788	\$ 5,051
Prepayment penalties on borrowings	-	-	-	(125)	-
Adjusted interest expense	<u>\$ 3,911</u>	<u>\$ 4,142</u>	<u>\$ 4,324</u>	<u>\$ 4,663</u>	<u>\$ 5,051</u>
Average interest bearing liabilities	5,237,779	5,322,968	4,545,332	4,249,932	4,116,568
Average non-interest bearing deposits	1,322,781	1,366,621	1,180,890	1,139,068	1,063,268
Average core funding	<u>\$ 6,560,560</u>	<u>\$ 6,689,589</u>	<u>\$ 5,726,222</u>	<u>\$ 5,389,000</u>	<u>\$ 5,179,836</u>
Annualized adjusted interest expense as a percentage of average core funding ("Adjusted Cost of Core Funds")	0.24%	0.25%	0.30%	0.35%	0.40%

### 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	<u>\$ 5,808</u>	<u>\$ 6,749</u>	<u>\$ 7,348</u>	<u>\$ 10,729</u>	<u>\$ 11,879</u>	<u>\$ 12,248</u>	<u>\$ 12,321</u>	<u>\$ 11,093</u>
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
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	<u>\$ 5,114,455</u>	<u>\$ 5,023,484</u>	<u>\$ 4,900,187</u>	<u>\$ 4,532,042</u>	<u>\$ 4,542,456</u>	<u>\$ 4,419,308</u>	<u>\$ 4,389,585</u>	<u>\$ 3,774,877</u>
Annualized 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%

### Non-GAAP Reconciliation of Cost of Interest Bearing Liabilities

(Dollars in Thousands, Unaudited)

	Three Months Ended				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	<u>\$ 9,894</u>	<u>\$ 8,499</u>	<u>\$ 7,191</u>	<u>\$ 6,015</u>	<u>\$ 5,319</u>	<u>\$ 4,191</u>	<u>\$ 3,607</u>	<u>\$ 3,266</u>
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
Average non-interest bearing deposits	656,114	640,983	605,188	595,644	603,733	540,109	499,446	491,154
Average core funding	<u>\$ 3,677,424</u>	<u>\$ 3,612,057</u>	<u>\$ 3,535,101</u>	<u>\$ 3,465,016</u>	<u>\$ 3,370,681</u>	<u>\$ 2,999,371</u>	<u>\$ 2,875,273</u>	<u>\$ 2,737,704</u>
Annualized 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%

### 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	<u>\$ 3,611</u>	<u>\$ 4,552</u>	<u>\$ 3,781</u>	<u>\$ 3,754</u>
Average interest bearing liabilities	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	<u>\$ 2,874,084</u>	<u>\$ 2,906,239</u>	<u>\$ 2,423,285</u>	<u>\$ 2,313,466</u>
Annualized adjusted interest expense as a percentage of average core funding ("Adjusted Cost of Core Funds")	0.50%	0.62%	0.63%	0.66%

**Non-GAAP Reconciliation of Cost of Deposits**  
(Dollars in Thousands, Unaudited)

	<b>Three Months Ended</b>	
	<b>March 31, 2022</b>	<b>December 31, 2021</b>
Total deposit interest expense as reported	\$ 1,496	\$ 1,663
Average interest bearing deposits	4,478,621	4,543,989
Annualized total deposit interest expense as a percentage of average interest bearing deposits ("Cost of Interest Bearing Deposits")	0.14%	0.15%
Average interest bearing deposits	4,478,621	4,543,989
Average non-interest bearing deposits	1,322,781	1,366,621
Average total deposits	<u>\$ 5,801,402</u>	<u>\$ 5,910,610</u>
Annualized deposit interest expense as a percentage of average total deposits ("Cost of Total Deposits")	0.10%	0.11%

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

(Dollars in Thousands, Unaudited)

	Three Months Ended				
	March 31, 2022	December 31, 2021	September 30, 2021	June 30, 2021	March 31, 2021
<b><u>Non-GAAP Calculation of Efficiency Ratio</u></b>					
Non-interest expense as reported	\$ 36,610	\$ 39,370	\$ 34,349	\$ 33,388	\$ 32,172
Net interest income as reported	48,171	49,976	46,544	42,632	42,538
Non-interest income as reported	14,155	12,828	16,044	15,207	13,873
Non-interest expense/ (Net interest income + Non-interest income) ("Efficiency Ratio")	<u>58.74%</u>	<u>62.69%</u>	<u>54.88%</u>	<u>57.73%</u>	<u>57.03%</u>
<b><u>Non-GAAP Reconciliation of Adjusted Efficiency Ratio</u></b>					
Non-interest expense as reported	\$ 36,610	\$ 39,370	\$ 34,349	\$ 33,388	\$ 32,172
Acquisition expenses	-	(884)	(799)	(242)	-
ESOP settlement expense	-	(1,900)	-	-	-
Non-interest expense excluding merger expenses	<u>36,610</u>	<u>36,586</u>	<u>33,550</u>	<u>33,146</u>	<u>32,172</u>
Net interest income as reported	48,171	49,976	46,544	42,632	42,538
Prepayment penalties on borrowings	-	-	-	125	-
Net interest income excluding prepayment penalties on borrowings	<u>48,171</u>	<u>49,976</u>	<u>46,544</u>	<u>42,757</u>	<u>42,538</u>
Non-interest income as reported	14,155	12,828	16,044	15,207	13,873
Gain on sale of ESOP trustee accounts	-	-	(2,329)	-	-
(Gain)/loss on sale of investment securities	-	-	-	-	(914)
Death benefit on bank owned life insurance ("BOLI")	-	-	(517)	(266)	-
Non-interest income excluding (gain)/loss on sale of investment securities and death benefit on BOLI	<u>\$ 14,155</u>	<u>\$ 12,828</u>	<u>\$ 13,198</u>	<u>\$ 14,941</u>	<u>\$ 12,959</u>
Adjusted efficiency ratio	<u>58.74%</u>	<u>58.25%</u>	<u>56.16%</u>	<u>57.45%</u>	<u>57.97%</u>

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

	<b>Three Months Ended</b>		
	<b>March 31, 2022</b>		
	<b>Actual</b>	<b>Acquisition &amp; Non- Recurring Expenses</b>	<b>Adjusted</b>
Non-interest Expense			
Salaries and employee benefits	\$ 19,735	\$ -	\$ 19,735
Net occupancy expenses	3,561	-	3,561
Data processing	2,537	-	2,537
Professional fees	314	-	314
Outside services and consultants	2,525	-	2,525
Loan expense	2,545	-	2,545
FDIC insurance expense	725	-	725
Other losses	168	-	168
Other expense	4,500	-	4,500
Total non-interest expense	<u>\$ 36,610</u>	<u>\$ -</u>	<u>\$ 36,610</u>
Annualized non-interest expense to average assets	2.03%		2.03%

**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
<b>Total non-interest expense</b>	<b>\$ 39,370</b>	<b>\$ (2,784)</b>	<b>\$ 36,586</b>	<b>\$ 34,349</b>	<b>\$ (799)</b>	<b>\$ 33,550</b>
Annualized non-interest expense to average assets	2.09%		1.95%	2.09%		2.05%

**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	<u>\$ 33,388</u>	<u>\$ (242)</u>	<u>\$ 33,146</u>	<u>\$ 32,172</u>	<u>\$ -</u>	<u>\$ 32,172</u>
Annualized non-interest expense to average assets	2.18%		2.16%	2.20%		2.20%