

For Immediate Release

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Horizon Bancorp, Inc. releases 2nd Quarter 2021 financial highlights, including net earnings of \$1,383,000 or \$0.33 per share, net loan growth (excluding PPP) of \$16,652,000, and improving asset quality metrics.

**Lake Havasu City, AZ- July 23, 2021-**Horizon Bancorp, Inc. (OTC Pink: HRRB), the holding company for Horizon Community Bank, announced net income for the quarter ended June 30, 2021 of \$1,383,000 or \$0.33 per share, up 3.21% over first quarter 2021 earnings, and 50.82% over earnings for the quarter ended June 30, 2020. Earnings are influenced by the bank's participation in the PPP program and the robust allowance for loan and lease loss has not required any significant additional loan loss provision. Earnings were also influenced by a further reduction in cost of funds, net commercial loan growth, and the performance of the government guaranteed loan division.

June 30, 2021 highlights include:

- Second quarter 2021 net earnings improvement of 50.82% over same quarter last year
- Book value per share of \$8.61, a 6.82% increase over prior quarter and 12.84% over prior year
- Conventional loan growth (excluding PPP) of \$16,652,000 for the quarter
- Average quarterly cost of funds reduced to 0.19%
- Non-interest demand deposit representing nearly 40% of total deposits

Ralph Tapscott, President and CEO stated "Overall we are very pleased with the quarterly performance. Our primary focus has been on commercial loan production, further reducing the bank's cost of funds, and enhancing non-interest income. For the first time in most of our careers we were attempting to limit deposits. This is caused by the need to effectively deploy the funds and simultaneously manage our capital position. We have also repaid all but \$2 million in Federal Home Loan Bank advances. The economy seems reasonably sound, other than a general shortage of workers in many industry sectors. The resulting asset quality metrics are encouraging. We are vigilant in our continual assessment of economic conditions, the condition and performance of our portfolios, and lingering health concerns with staff and clients."

The bank utilizes peer group metrics from the Uniform Bank Performance Report ("UBPR") to measure progress in a number of key areas. Strategic initiatives are in place to enhance rankings in return on average assets, loan yield, cost of funds, past due loan percentages, non-accrual loans, efficiency ratio, and assets per employee. Peer data is not yet available for June 30, 2021, but first quarter results were favorable or moving in a favorable direction relative to all these metrics.

The Paycheck Protection Program (PPP) officially ended on June 30, 2021. The bank's production in rounds 1.a. and 1.b. of 2020 was 695 loans for \$68 million. The 2021 round 2 production resulted in an additional 252 loans for \$24.8 million. Thus far, PPP forgiveness has been granted on 88% of round 1.a. and 1.b. borrowers. "Most bank portfolios are experiencing PPP loan forgiveness at the same time we attempt to ramp up business commercial lending. Total loans are up \$5,558,000 for second quarter 2021, and \$16,652,000 was net non-PPP production, with the remainder being nominal PPP fundings and aggressive PPP forgiveness. What is truly encouraging is the monthly increase in net production, coupled with a current loan pipeline of \$74,000,000," stated Tapscott.

Credit quality metrics are shown in the following table and reflect improvements quarter over quarter and year over year in nonaccrual loans and nonperforming assets. The bank maintains an ample allowance for loan and lease loss at 1.48% of total outstanding loans, and this is inclusive of PPP.

	<u>06/30/21</u>	<u>03/31/2021</u>	<u>06/30/2020</u>
30+ Days Delinquent / Loans	0.13%	0.15%	0.81%
Non-Accrual Loans / Loans	0.21%	0.31%	0.33%
Other Real Estate Owned	\$465,946	\$904,657	\$1,370,267
Net Charge Offs/Loans	0.002%	-0.01%	0.055%
ALLL/Loans	1.48%(1)	1.51%	1.20%

(1) ALLL/Loans excluding PPP loans outstanding is 1.66%

The Bank remains well capitalized under regulatory guidelines. The Bank's regulatory capital ratios are further addressed in the following table –

	<u>06/30/2021</u>	<u>03/31/21</u>	<u>06/30/2020</u>
Tier 1 Leverage Ratio	7.78%	8.15%	7.45%
Tier 1 Common Equity Ratio	14.31%	14.39%	12.09%
Tier 1 Capital Ratio	14.31%	14.39%	12.09%
Total Capital Ratio	15.56%	15.64%	13.34%

“In addition to monitoring the environment, our focus is on our core business, slowing deposit growth, enhancing loan and fee production, further developing our treasury platform, and using technology to further enhance efficiencies,” stated Tapscott.

### **About the Company**

Horizon Bancorp, Inc. (OTC: HRRB), the holding company for Horizon Community Bank has \$532 million in total assets as of June 30, 2021 and is headquartered in Lake Havasu City, Arizona. It owns, as its sole subsidiary, Horizon Community Bank, a locally owned and operated bank with branches in Fort Mohave, Kingman, Lake Havasu City, Phoenix Metro, Parker and Quartzsite, Arizona, plus loan offices in Goodyear and Phoenix, Arizona. The Bank has 89 employees that provide high-touch, customized financial services to largely small business and commercial clients. The Bank operates a mortgage operation and is a leader in government guaranteed lending. Consumer services are also offered in the communities the bank serves. FDIC insured. Learn more at <http://www.horizoncommunitybank.com>.

### *Forward Looking Statements*

*This press release may include forward-looking statements about Horizon Bancorp, Inc. and Horizon Community Bank. These statements involve certain risks and uncertainties that could cause actual results to differ materially from those in the forward-looking statements. Such risks and uncertainties include, but are not limited to, the following factors: Annualized, proforma and projected or estimated numbers in this release are illustrative only, are not forecasts and may not reflect actual results. All forward-looking statements are based on information available at the time of this release, and Horizon Bancorp, Inc. and Horizon Community Bank assume no obligation to update any forward-looking statements.*

Unaudited Financial Information follows.

**Horizon Bancorp, Inc.**  
**Financial Information - Unaudited**  
**In thousands - except per share data**

	For the Three Months ended June 30		For the Six Months ended June 30		Year-End
	<u>6/30/21</u>	<u>6/30/20</u>	<u>6/30/21</u>	<u>6/30/20</u>	<u>12/31/20</u>
<b>Summary Income Data:</b>					
Interest Income	\$ 4,200	\$ 4,285	\$ 8,763	\$ 8,479	17,641
Interest Expense	<u>248</u>	<u>545</u>	<u>549</u>	<u>1,289</u>	<u>2,072</u>
Net Interest Income	3,952	3,740	8,214	7,190	15,569
Provision for loans losses	0	295	75	430	930
Non-interest Income	1,560	953	2,467	1,887	4,030
Non-interest expense	<u>3,679</u>	<u>3,194</u>	<u>6,998</u>	<u>6,640</u>	<u>13,904</u>
Income (loss) before income taxes	1,834	1,204	3,608	2,007	4,766
Provision(benefit) for income taxes	<u>451</u>	<u>287</u>	<u>885</u>	<u>470</u>	<u>995</u>
Net Income	\$ 1,383	\$ 917	\$ 2,723	\$ 1,537	3,770
<b>Per Share Data:</b>					
Shares outstanding end-of-period	4,132	4,131	4,132	4,131	4131
Earnings per common share	\$ 0.33	\$ 0.22	\$ 0.66	\$ 0.37	0.91
Total shareholder's equity	\$ 35,588	\$ 31,533	\$ 35,588	\$ 31,533	33,760
Book Value per share	\$ 8.61	\$ 7.63	\$ 8.61	\$ 7.63	8.17
<b>Selected Balance Sheet Data:</b>					
Total assets	\$ 532,518	\$ 462,385	\$ 532,518	\$ 462,385	475,720
Securities available-for-sale	131,152	33,907	131,152	33,907	103,558
Loans	288,395	308,613	288,395	308,613	293,220
Allowance for loan losses	4,260	3,702	4,260	3,702	4,179
Deposits	469,660	398,632	469,660	398,632	413,888
Other borrowings	14,428	26,613	14,428	26,613	15,615
Shareholder's Equity	35,588	31,533	35,588	31,533	33,760
<b>Performance Ratios:</b>					
Return on average assets (annualized) (%)	1.03%	0.86%	1.05%	0.77%	0.88%
Return on average shareholder's equity (annualized) (%)	16.16%	11.88%	15.91%	10.16%	12.03%
Shareholder's equity to assets (%)	6.68%	6.82%	6.68%	6.82%	7.10%
Net interest margin (%)	3.07%	3.74%	3.31%	3.96%	3.86%
Cost of funds	0.19%	0.55%	0.22%	0.71%	0.51%
Average assets	\$ 538,714	\$ 425,451	\$ 520,050	\$ 397,951	427,840
Efficiency ratio (%)	66.74%	68.06%	65.52%	73.15%	70.94%

**Asset Quality Data:**

Nonaccrual loans	\$	616 \$	1,020 \$	616 \$	1,020 \$	1,130
Troubled debt restructurings	\$	1,553 \$	1,648 \$	1,553 \$	1,648 \$	1,593
Other real estate	\$	466 \$	1,370 \$	466 \$	1,370 \$	1,226
Nonperforming assets	\$	1,082 \$	2,390 \$	1,082 \$	2,390 \$	2,356
Nonperforming assets to total assets (%)		0.20%	0.52%	0.20%	0.52%	0.50%
Nonperforming loans to total loans (%)		0.21%	0.33%	0.21%	0.33%	0.39%
Reserve for loan losses to total loans (%)		1.48%	1.20%	1.48%	1.20%	1.43%
Reserve for loan losses to nonperforming loans (%)		691.48%	362.94%	691.48%	362.94%	369.82%
Reserve for loan losses to nonperforming assets (%)		393.67%	154.90%	393.67%	154.90%	177.38%
Net charge-offs for period		5	161	(6)	196	220
Average Loans	\$	286,385 \$	295,408 \$	286,986 \$	273,172 \$	290,674
Ratio of net charge-offs to average loans (%)		0.002%	0.055%	-0.002%	0.072%	0.080%
CARES Act - Temporary loan payment relief (#)		0	134	0	134	0
CARES Act - Temporary loan payment relief (\$)	\$	0	60,188 \$	0 \$	60,188 \$	0

**Regulatory Capital Ratios****Horizon Community Bank:**

Tier 1 leverage ratio (%)		7.78%	7.45%	7.78%	7.45%	8.38%
Common Equity Tier 1 ratio (%)		14.31%	12.09%	14.31%	12.09%	13.74%
Tier 1 risk-based capital ratio (%)		14.31%	12.09%	14.31%	12.09%	13.74%
Total risk-based capital ratio (%)		15.56%	13.34%	15.56%	13.34%	14.99%