

For Immediate Release

Contact: Ralph Tapscott, President/CEO, ralph@horizoncommunitybank.com
Ross Johnson, EVP/CFO, rossj@horizoncommunitybank.com



Horizon Bancorp, Inc. releases 4th Quarter 2021 financial highlights, including net earnings of \$5,665,499 and earnings per share of \$1.36 over the past 12 months.

Lake Havasu City, AZ- January 25, 2022 – Horizon Bancorp, Inc. (OTC Pink: HRRB), the holding company for Horizon Community Bank, announced net income for the quarter ended December 31, 2021 of \$1,341,000 or \$0.32 per share, down 15.66% from third quarter 2021 earnings, and up 17.73% over earnings for the quarter ended December 31, 2020. Net income for the 12 months ended December 31, 2021 totaled \$5,665,499 compared to net income for the 12 months ended December 31, 2020 of \$3,770,366, an increase of 50.26%. Earnings per share for the 12 months ended December 31, 2021 were \$1.36, as compared to \$0.91 the prior year, an increase of 49.45%.

December 31, 2021 highlights include:

- 12-month net income growth of 50.26%
- Book value per share of \$9.06, a 10.89% increase over prior year-end
- Loan portfolio contraction of 11.4% year-over-year inclusive of Paycheck Protection Program (PPP) loans, and contraction of 0.12% without PPP activity influence
- Improved asset quality with non-performing assets ratio reduction to 0.10%
- Average quarterly cost of funds reduced to 0.08% at the bank level
- Non-interest demand deposit representing 35% of total deposits

Ralph Tapscott, President and CEO stated “Overall we are pleased with the quarterly and annual earnings performance. Earnings are strong, asset quality is favorable and trending in the right direction, and our cost of funds is well managed. The challenge we faced over the last six months has been net loan production and the ability to grow our loan portfolio. Despite annual loan production of \$175.3 million, the overall portfolio experienced contraction. Some of the identified components of the contraction are - \$32.9 million related to forgiven and paid PPP loans, approximately \$27.5 million in unfunded construction commitments, and prepayments of loans were approximately \$75.0 million. An additional factor was related to loan participations sold, for both overline situations and the SBA secondary market. We have also implemented a strategic initiative to slow deposit growth until these liabilities can be effectively deployed in our loan portfolio.”

Tapscott added “We are pleased with our generation of non-interest income, and this is largely generated through service charges, treasury management, our SBA department, and our mortgage department. Looking into 2022, we are in-process of renegotiating several major contracts, that we believe will meaningfully reduce non-interest expense. The Arizona economies have performed well throughout the pandemic, but we are now seeing supply chain and personnel related issues. Our allowance for loan and lease loss is more than ample, given our analysis, and this has not required any significant funding this past year.”

The bank’s strong PPP production performance, of \$92.8 million through the various phases, assisted 947 clients and assisted in the retention of nearly 13,000 jobs. We have also been aggressive in supporting the associated forgiveness process and \$8,225,949 in outstanding PPP loans remained on our balance sheet as of year-end.

Credit quality metrics are shown in the following table and reflect improvement year over year and are favorable relative to our peers. Other real estate has been dramatically reduced through both sales and write downs. The bank maintains an ample allowance for loan and lease loss at 1.60% of total outstanding loans, and this is inclusive of PPP.

	12/31/2021	09/30/2021	12/31/2020
30+ Days Delinquent / Loans	0.22%	0.19%	0.15%
Non-Accrual Loans / Loans	0.20%	0.21%	0.39%
Other Real Estate Owned	\$30,984	\$300,809	\$1,226,312
Net Charge Offs/Loans	.03%	-0.002%	-0.01%
ALLL/Loans	1.60%(1)	1.59%	1.43%

(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 –

	12/31/2021	09/30/21	12/31/2020
Tier 1 Leverage Ratio	8.14%	8.02%	8.38%
Tier 1 Common Equity Ratio	15.49%	15.08%	13.74%
Tier 1 Capital Ratio	15.49%	15.08%	13.74%
Total Capital Ratio	16.74%	16.34%	14.99%

"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 \$539 million in total assets as of December 31, 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 88 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
Dollars in thousands - except per share data

	<u>For the Quarter Ended</u>		<u>Year to Date</u>	
	<u>12/31/2021</u>	<u>12/31/2020</u>	<u>12/31/2021</u>	<u>12/31/2020</u>
Summary Income Data:				
Interest Income	\$ 4,209	\$ 4,762	\$ 17,601	\$ 17,641
Interest Expense	175	342	917	2,072
Net Interest Income	4,034	4,420	16,684	15,569
Provision for loans losses	0	275	75	930
Non-interest Income	1,092	1,046	5,098	4,030
Non-interest expense	3,591	3,744	14,451	13,904
Income (loss) before income taxes	1,535	1,447	7,256	4,766
Provision(benefit) for income taxes	193	308	1,600	995
Net Income	\$ 1,341	\$ 1,139	\$ 5,655	\$ 3,770

Per Share Data:

Shares outstanding end-of-period	4,145	4,131	4,145	4,131
Earnings per common share	\$ 0.32	\$ 0.28	\$ 1.36	\$ 0.91
Cash dividend declared	\$ -	\$ -	\$ -	\$ -
Total shareholder's equity	\$ 37,539	\$ 33,760	\$ 37,539	\$ 33,760
Book Value per share	\$ 9.06	\$ 8.17	\$ 9.06	\$ 8.17

Selected Balance Sheet Data:

Total assets	\$ 539,484	\$ 475,720	\$ 539,484	\$ 475,720
Securities available-for-sale	174,141	103,558	174,141	103,558
Loans	259,902	293,220	259,902	293,220
Allowance for loan losses	4,168	4,179	4,168	4,179
Deposits	471,069	413,888	471,069	413,888
Other borrowings	13,228	15,615	13,228	15,615
Shareholder's Equity	37,539	33,760	37,539	33,760

Performance Ratios:

Return on average shareholder's equity (annualized) (%)	14.69%	14.30%	16.01%	12.03%
Net interest margin (%)	3.08%	3.93%	3.28%	3.86%
Cost of funds	0.13%	0.30%	0.18%	0.51%
Average assets	\$ 546,714	\$ 461,911	\$ 532,005	\$ 427,840
Return on average assets (annualized) (%)	0.98%	0.99%	1.06%	0.88%
Shareholder's equity to assets (%)	6.96%	7.10%	6.96%	7.10%
Efficiency ratio (%)	70.06%	68.50%	66.34%	70.94%

Asset Quality Data:

Nonaccrual loans	\$	527	\$ 1130	\$ 527	1130
Troubled debt restructurings	\$	453	\$ 1593	\$ 453	1593
Other real estate	\$	31	\$ 1276	\$ 31	1276
Nonperforming assets	\$	558	\$ 2,406	\$ 558	2,406
Nonperforming assets to total assets (%)		0.10%	0.51%	0.10%	0.51%
Nonperforming loans to total loans (%)		0.20%	0.39%	0.20%	0.39%
Reserve for loan losses to total loans (%)		1.60%	1.43%	1.60%	1.43%
Reserve for loan losses to nonperforming loans (%)		790.89%	369.82%	790.89%	369.82%
Reserve for loan losses to nonperforming assets (%)		746.95%	173.69%	746.95%	173.69%
Net charge-offs for period		96	(15)	86	220
Average Loans	\$	263,099	\$ 309,123	\$ 280,232	290,674
Ratio of net charge-offs to average loans (%)		0.036%	-0.005%	0.031%	0.076%
CARES Act - Temporary loan payment relief (#)		-	-	-	-
CARES Act - Temporary loan payment relief (\$)	\$	-	- \$	-	-

Regulatory Capital Ratios**Horizon Community Bank:**

Tier 1 leverage ratio (%)	8.14%	8.38%	8.14%	8.38%
Common Equity Tier 1 ratio (%)	15.49%	13.74%	15.49%	13.74%
Tier 1 risk-based capital ratio (%)	15.49%	13.74%	15.49%	13.74%
Total risk-based capital ratio (%)	16.74%	14.99%	16.74%	14.99%