UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2025

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from________to

Commission file number 0-10792

HORIZON BANCORP, INC.
(Exact name of registrant as specified in its charter)

Indiana	**35-1562417**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

515 Franklin Street, Michigan City, Indiana 46360
(Address of principal executive offices)(Zip Code)
Registrant's telephone number, including area code: (219) 879-0211
Former name, former address and former fiscal year, if changed since last report: N/A

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, no par value	**HBNC**	**The NASDAQ Stock Market, LLC**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer	☐	Accelerated Filer	☒
Non-accelerated Filer	☐	Smaller Reporting Company	☐
Emerging growth company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13 (a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 44,097,291 shares of Common Stock, no par value, at May 7, 2025.

HORIZON BANCORP, INC.
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PART I – FINANCIAL INFORMATION

ITEM 1 – FINANCIAL STATEMENTS

HORIZON BANCORP, INC. AND SUBSIDIARIES
Condensed Consolidated Balance Sheets
(Dollar Amounts in Thousands)

	March 31, 2025	December 31, 2024
Assets		
Cash and due from banks	$ 89,643	$ 92,300
Interest-bearing deposits in banks	80,023	201,131
Total cash and cash equivalents	169,666	293,431
Interest earning time deposits	—	735
Investment securities, available for sale	231,431	233,677
Investment securities, held to maturity (fair value of $1,550,127 and $1,566,268)	1,843,851	1,867,690
Loans held for sale	3,253	67,597
Loans, net of allowance for credit losses of $52,654 and $51,980	4,857,161	4,795,060
Premises and equipment, net	93,499	93,864
Federal Home Loan Bank stock	45,412	53,826
Goodwill	155,211	155,211
Other intangible assets	9,407	10,223
Interest receivable	38,663	39,747
Cash value of life insurance	37,409	37,450
Other assets	143,675	152,635
Total assets	$ 7,628,638	$ 7,801,146
Liabilities		
Deposits		
Non-interest bearing	$ 1,127,324	$ 1,064,818
Interest bearing	4,638,459	4,535,834
Total deposits	5,765,783	5,600,652
Short and long term borrowings	900,069	1,232,252
Subordinated notes	55,772	55,738
Junior subordinated debentures issued to capital trusts	57,531	57,477
Interest payable	11,441	11,137
Other liabilities	61,981	80,308
Total liabilities	6,852,577	7,037,564
Commitments and contingent liabilities		
Stockholders' Equity		
Preferred stock, Authorized, 1,000,000 shares, Issued 0 shares	—	—
Common stock, no par value, Authorized 99,000,000 shares	—	—
44,097,291 and 44,226,819 shares issued at March 31, 2025 and December 31, 2024, respectively		
Additional paid-in capital	360,522	363,761
Retained earnings	452,945	436,122
Accumulated other comprehensive income (loss)	(37,406)	(36,301)
Total stockholders' equity	776,061	763,582
Total liabilities and stockholders' equity	$ 7,628,638	$ 7,801,146

See notes to condensed consolidated financial statements

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HORIZON BANCORP, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Income
(Unaudited)
(Dollar Amounts in Thousands, Except Per Share Data)

	Three Months Ended	
	March 31, 2025	March 31, 2024
Interest Income		
Interest and fees on loans	$ 74,457	$ 66,954
Investment securities - taxable	6,039	7,362
Investment securities - tax exempt	6,192	6,451
Other	2,487	4,497
Total interest income	89,175	85,264
Interest Expense		
Deposits	25,601	27,990
Short and long term borrowings	9,188	11,930
Subordinated notes	829	831
Junior subordinated debentures issued to capital trusts	1,290	1,225
Total interest expense	36,908	41,976
Net Interest Income	52,267	43,288
Credit loss expense	1,376	805
Net Interest Income after Provision for Loan Losses	50,891	42,483
Non-interest Income		
Service charges on deposit accounts	3,208	3,214
Wire transfer fees	71	101
Interchange fees	3,241	3,109
Fiduciary activities	1,326	1,315
Loss on sale of investment securities	(407)	—
Gain on sale of mortgage loans	1,076	626
Mortgage servicing income net of impairment	385	439
Increase in cash value of bank owned life insurance	335	298
Other income	7,264	827
Total non-interest income	16,499	9,929
Non-interest Expense		
Salaries and employee benefits	22,414	20,268
Net occupancy expenses	3,702	3,546
Data processing	2,872	2,464
Professional fees	826	607
Outside services and consultants	3,265	3,359
Loan expense	689	719
FDIC insurance expense	1,288	1,320
Core deposit intangible amortization	816	872
Merger related expense	305	—
Other losses	228	16
Other expense	2,901	3,936
Total non-interest expense	39,306	37,107
Income Before Income Taxes	28,084	15,305
Income tax expense	4,141	1,314
Net Income Available to Common Shareholders	$ 23,943	$ 13,991
Basic Earnings Per Share	$ 0.55	$ 0.32
Diluted Earnings Per Share	$ 0.54	$ 0.32

See notes to condensed consolidated financial statements

HORIZON BANCORP, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Comprehensive Income (Loss)
(Unaudited)
(Dollar Amounts in Thousands)

	Three Month Ended March 31	
	2025	**2024**
Net Income	**$ 23,943**	**$ 13,991**
Other Comprehensive Income (Loss)		
Change in securities:		
Unrealized gain (loss) for the period on AFS securities	(1,640)	(5,748)
Amortization from transfer of securities from available for sale to held to maturity securities	(166)	(160)
Reclassification adjustment for securities (gains) losses realized in income	407	—
Income tax effect	294	1,241
Unrealized gains (losses) on securities	(1,105)	(4,667)
Other Comprehensive Income (Loss), Net of Tax	(1,105)	(4,667)
Comprehensive Income	**$ 22,838**	**$ 9,324**

See notes to condensed consolidated financial statements

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HORIZON BANCORP, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Stockholders' Equity
(Unaudited)
(Dollar Amounts in Thousands, Except Per Share Data)

	Three Months Ended					
	Three Months Ended					
	Preferred Stock	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
Balances, January 1, 2024	**$ —**	**$ —**	**$ 356,400**	**$ 429,021**	**$ (66,609)**	**$ 718,812**
Net income	—	—	—	13,991	—	13,991
Other comprehensive loss, net of tax	—	—	—	—	(4,667)	(4,667)
Amortization of unearned compensation	—	—	907	—	—	907
Net settlement of share awards	—	—	(708)	—	—	(708)
Cash dividends on common stock ($0.16 per share)	—	—	—	(7,085)	—	(7,085)
Balances, March 31, 2024	**$ —**	**$ —**	**$ 356,599**	**$ 435,927**	**$ (71,276)**	**$ 721,250**
Balances, January 1, 2025	**—**	**—**	**363,761**	**436,122**	**(36,301)**	**763,582**
Net income	—	—	—	23,943	—	23,943
Other comprehensive loss, net of tax	—	—	—	—	(1,105)	(1,105)
Amortization of unearned compensation	—	—	459	—	—	459
Net settlement of share awards	—	—	(3,698)	—	—	(3,698)
Cash dividends on common stock ($0.16 per share)	—	—	—	(7,120)	—	(7,120)
Balances, March 31, 2025	**$ —**	**$ —**	**$ 360,522**	**$ 452,945**	**$ (37,406)**	**$ 776,061**

See notes to condensed consolidated financial statements

HORIZON BANCORP, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Cash Flows
(Unaudited)
(Dollar Amounts in Thousands)

	Three Months Ended	
	March 31, 2025	March 31, 2024
Operating Activities		
Net income	$ 23,943	$ 13,991
Items not requiring (providing) cash		
Provision for credit losses	1,376	805
Depreciation and amortization	2,475	2,649
Share based compensation	459	907
Amortization of mortgage servicing rights	507	476
Net amortization of premiums and discounts on securities	1,885	2,182
Loss on sale of investment securities	407	—
Gain on sale of mortgage loans	(1,076)	(626)
Gain on sale of portfolio loans	(7,000)	—
Proceeds from sales of loans	26,073	21,432
Loans originated for sale	(26,407)	(20,517)
Gain on cash value life insurance	(335)	(298)
Gain on other real estate owned	(13)	(64)
Net change in:		
Interest receivable	1,084	(1,298)
Interest payable	304	(14,396)
Other assets	9,741	(4,548)
Other liabilities	(18,178)	5,849
Net cash provided by operating activities	$ 15,244	$ 6,544
Investing Activities		
Proceeds from sales of securities available for sale	4,132	—
Proceeds from maturities, calls and principal repayments of securities available for sale	597	4,369
Proceeds from maturities of securities held to maturity	17,683	18,233
Net change in interest-earning time deposits	735	490
Purchase of FHLB stock	—	(19,317)
Redemption of FHLB stock	8,414	—
Purchase of loans	—	(153,743)
Proceeds from sale of portfolio loans	54,990	—
Net change in loans	(47,159)	(47,365)
Proceeds on the sale of OREO and repossessed assets	221	369
Premises and equipment expenditures	(1,129)	(1,178)
Proceeds from bank owned life insurance	376	22,917
Net cash provided by (used in) investing activities	$ 38,860	$ (175,225)
Financing Activities		
Net change in deposits	165,131	(85,023)
Proceeds from borrowings	200,000	403,026
Repayment of borrowings	(530,123)	(400,235)
Net change in repurchase agreements	(2,060)	3,280
Net settlement of share awards	(3,698)	(708)
Dividends paid on common stock	(7,120)	(7,086)
Net cash used in financing activities	$ (177,870)	$ (86,746)
Net Change in Cash and Cash Equivalents	$ (123,765)	$ (255,427)
Cash and Cash Equivalents, Beginning of Period	$ 293,431	$ 526,515
Cash and Cash Equivalents, End of Period	$ 169,666	$ 271,088
Additional Supplemental Information		
Interest paid	$ 36,605	$ 56,372
Income taxes paid	360	—
Transfer of loans to other real estate and repossessed assets	1,034	253
Transfer of held to maturity securities to available for sale	4,539	—
Cash dividends declared, not paid	7,088	7,156

See notes to condensed consolidated financial statements

Note 1 - Accounting Policies

Nature of Business and Basis of Reporting

The accompanying unaudited condensed consolidated financial statements include the accounts of Horizon Bancorp, Inc. ("Horizon" or the "Company") and its wholly-owned subsidiaries, including Horizon Bank ("Horizon Bank" or the "Bank"), which is an Indiana commercial bank. All inter–company balances and transactions have been eliminated. The results of operations for the periods ended March 31, 2025 and March 31, 2024 are not necessarily indicative of the operating results for the full year of 2025 or 2024. The accompanying unaudited condensed consolidated financial statements reflect all adjustments that are, in the opinion of Horizon's management, necessary to fairly present the financial position, results of operations and cash flows of Horizon for the periods presented. Those adjustments consist only of normal recurring adjustments.

Certain information and note disclosures normally included in Horizon's annual financial statements prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") have been condensed or omitted. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in Horizon's Annual Report on Form 10–K for the fiscal year ended December 31, 2024 filed with the Securities and Exchange Commission on March 14, 2025 (the "2024 Annual Report on Form 10–K").. The condensed consolidated balance sheet of Horizon as of December 31, 2024 has been derived from the audited balance sheet as of that date.

Horizon Bancorp has one reportable segment. Business activities are managed on a consolidated basis and revenues are derived primarily through commercial banking, offering retail banking and private wealth management from North America. Horizon Bancorp's chief operating decision maker ("CODM") is the Chief Executive Officer. The CODM assesses performance and allocates resources based on consolidated net income, as reported on the *Consolidated Statement of Income*, and the same accounting policies are applied as described in the Note 1 - Nature of Operations and Su*mmary of Significant Accounting Policies* included in Horizon's 2024 Annual Report on Form 10–K.

The CODM uses net income to evaluate income generated from segment assets in deciding whether to reinvest profits into the business or distribute dividends to shareholders. The CODM also uses net income in competitive analysis by benchmarking against Horizon Bancorp's competitors. The competitive analysis, along with the monitoring of budgeted versus actual results, is used in assessing performance of the segment and in establishing management's compensation

On July 16, 2019, the Board of Directors of the Company authorized a stock repurchase program for up to 2,250,000 shares of Horizon's issued and outstanding common stock, no par value. As of March 31, 2025, Horizon had repurchased a total of 803,349 shares at an average price per share of $16.89.

Basic earnings per share is computed by dividing net income available to common shareholders (net income less dividend requirements for preferred stock and accretion of preferred stock discount) by the weighted–average number of common shares outstanding. Diluted earnings per share reflect the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock.

HORIZON BANCORP, INC. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
(Unaudited)
(Table Dollar Amounts in Thousands, Except Per Share Data)

The following table shows computation of basic and diluted earnings per share.

	Three Months Ended	
(dollar amounts in thousands, except per share)	**March 31, 2025**	**March 31, 2024**
Basic earnings per share		
Net income	$ 23,943	$ 13,991
Weighted average common shares outstanding	43,777,109	43,663,610
Basic earnings per share	$ 0.55	$ 0.32
Diluted earnings per share		
Net income available to common shareholders	23,943	13,991
Weighted average common shares outstanding	43,777,109	43,663,610
Effect of dilutive securities:		
Restricted stock	176,245	205,054
Stock options	810	5,372
Weighted average common shares outstanding	43,954,164	43,874,036
Diluted Earnings per Share	$ 0.54	$ 0.32

There were 202,139 shares for the three months ended March 31, 2025 which were not included in the computation of diluted earnings per share because they were non–dilutive. There were 86,353 shares for the three months ended March 31, 2024 which were not included in the computation of diluted earnings per share because they were non–dilutive.

(Table Dollar Amounts in Thousands, Except Per Share Data)

Note 2 – Securities

The fair value of securities is as follows:

	March 31, 2025			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available for sale				
U.S. Treasury, federal agencies, and government sponsored agencies	$ 2,258	$ —	$ (408)	$ 1,850
State and municipal	243,099	—	(43,670)	199,429
U.S. government agency mortgage-backed securities	17,394	—	(2,932)	14,462
Corporate notes	18,258	—	(2,568)	15,690
Total available for sale investment securities	$ 281,009	$ —	$ (49,578)	$ 231,431

	March 31, 2025			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Held to maturity				
U.S. Treasury, federal agencies, and government sponsored agencies	$ 275,854	$ —	$ (34,442)	$ 241,412
State and municipal	1,039,749	880	(191,006)	849,623
U.S. government agency mortgage-backed securities	343,057	—	(47,415)	295,642
Private labeled mortgage–backed pools	28,558	—	(3,489)	25,069
Corporate notes	156,773	—	(18,392)	138,381
Total held to maturity investment securities	$ 1,843,991	$ 880	$ (294,744)	$ 1,550,127
Less: Allowance for credit losses	(140)			
Held to maturity securities, net of allowance for credit losses	$ 1,843,851			

	December 31, 2024			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available for sale				
U.S. Treasury, federal agencies, and government sponsored agencies	$ 2,258	$ —	$ (457)	$ 1,801
State and municipal	243,521	—	(41,687)	201,834
U.S. government agency mortgage-backed securities	17,984	—	(3,441)	14,543
Corporate notes	18,259	—	(2,760)	15,499
Total available for sale investment securities	$ 282,022	$ —	$ (48,345)	$ 233,677

HORIZON BANCORP, INC. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
(Unaudited)
(Table Dollar Amounts in Thousands, Except Per Share Data)

	December 31, 2024			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Held to maturity				
U.S. Treasury, federal agencies, and government sponsored agencies	$ 278,383	$ —	$ (39,253)	$ 239,130
State and municipal	1,048,862	958	(183,114)	866,706
U.S. government agency mortgage-backed securities	349,726	—	(54,904)	294,822
Private labeled mortgage–backed pools	29,278	—	(3,958)	25,320
Corporate notes	161,599	—	(21,309)	140,290
Total held to maturity investment securities	$ 1,867,848	$ 958	$ (302,538)	$ 1,566,268
Less: Allowance for credit losses	(158)			
Held to maturity securities, net of allowance for credit losses	$ 1,867,690			

The amortized cost and fair value of securities available for sale and held to maturity at March 31, 2025 and December 31, 2024, by contractual maturity, are shown below. Expected maturities will differ from contractual maturities because issuers may have the right to call or prepay obligations with or without call or prepayment penalties.

	March 31, 2025		December 31, 2024	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Available for sale				
Within one year	$ —	$ —	$ —	$ —
One to five years	190	164	—	—
Five to ten years	183,815	149,725	173,533	141,915
After ten years	79,610	67,080	90,505	77,219
	263,615	216,969	264,038	219,134
U.S. government agency mortgage-backed securities	17,394	14,462	17,984	14,543
Total available for sale investment securities	$ 281,009	$ 231,431	$ 282,022	$ 233,677
Held to maturity				
Within one year	$ 53,179	$ 52,656	$ 59,129	$ 58,304
One to five years	290,483	274,198	298,362	278,007
Five to ten years	369,687	316,976	366,493	312,748
After ten years	759,027	585,586	764,860	597,067
	1,472,376	1,229,416	1,488,844	1,246,126
U.S. government agency mortgage-backed securities	343,057	295,642	349,726	294,822
Private labeled mortgage-backed pools	28,558	25,069	29,278	25,320
Total held to maturity investment securities	$ 1,843,991	$ 1,550,127	$ 1,867,848	$ 1,566,268

(Table Dollar Amounts in Thousands, Except Per Share Data)

The following tables show the gross unrealized losses and the fair value of the Company's available for sale investments, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position.

	March 31, 2025					
	Less than 12 Months		12 Months or More		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Available for Sale Investment Securities						
U.S. Treasury, federal agencies, and government sponsored agencies	$ —	$ —	$ 1,850	$ (408)	$ 1,850	$ (408)
State and municipal	—	—	199,429	(43,670)	199,429	(43,670)
U.S. government agency mortgage-backed securities	—	—	14,462	(2,932)	14,462	(2,932)
Corporate notes	—	—	15,690	(2,568)	15,690	(2,568)
Total available for sale investment securities	$ —	$ —	$ 231,431	$ (49,578)	$ 231,431	$ (49,578)

	December 31, 2024					
	Less than 12 Months		12 Months or More		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Available for Sale Investment Securities						
U.S. Treasury, federal agencies, and government sponsored agencies	$ —	$ —	$ 1,801	$ (457)	$ 1,801	$ (457)
State and municipal	—	—	201,834	(41,687)	201,834	(41,687)
U.S. government agency mortgage-backed securities	—	—	14,543	(3,441)	14,543	(3,441)
Corporate notes	—	—	15,499	(2,760)	15,499	(2,760)
Total available for sale investment securities	$ —	$ —	$ 233,677	$ (48,345)	$ 233,677	$ (48,345)

Certain investments in debt securities are reported in the consolidated financial statements at an amount less than their historical cost. As of March 31, 2025 and December 31, 2024, the Company had 2,082 and 2,115 securities, respectively, with market values below their cost basis. The total fair value of these investments at March 31, 2025 and December 31, 2024 remained consistent at $1.8 billion, which is approximately 86.0% of the Company's available for sale and held to maturity securities portfolio.

No allowance for credit losses for available for sale debt securities was recorded at March 31, 2025 or December 31, 2024.

The allowance for credit losses for held to maturity securities is a contra asset valuation account that is deducted from the carrying amount of held to maturity securities to present the net amount expected to be collected. Held to maturity securities are charged off against the allowance for credit loss when deemed uncollectible. Adjustments to the allowance for credit loss are reported in our Condensed Consolidated Statements of Income in credit loss expense. We measure expected credit losses on held to maturity securities on a collective basis by major security type with each type sharing similar risk characteristics, and considers historical credit loss information that is adjusted for current conditions and reasonable and supportable forecasts. With regard to U.S. Government-sponsored treasuries, agency and mortgage-backed securities, all these securities are issued by a U.S. government-sponsored entity and have an implicit or explicit government guarantee; therefore, no allowance for credit losses has been recorded for these securities. With regard to obligations of states and municipal, private label mortgage-backed and corporate note held to maturity securities, we consider (1) issuer bond ratings, (2) historical loss rates for given bond ratings, (3) the financial condition of the issuer, and (4) whether issuers continue to make timely principal and interest payments under the contractual terms of the securities. Historical loss rates associated with securities having similar grades as those in our portfolio have been insignificant. As of March 31, 2025 and December 31, 2024, there were no past due principal and interest payments associated with these securities. An allowance for credit loss of $140 thousand and $158 thousand was recorded on these securities based on applying the long-term historical rating agency credit loss rate for similarly rated securities at March 31, 2025 and December 31, 2024, respectively.

(Table Dollar Amounts in Thousands, Except Per Share Data)

On a quarterly basis, the Company refreshes the credit quality indicator of each held-to-maturity security. The Company applies ratings derived from Nationally Recognized Statistical Rating Organizations ("NRSRO"), specifically Moody's and Standard & Poor's. For state and municipal securities where no rating is available from the NRSROs, a consistent internally-assigned rating methodology is applied. The amortized cost of these securities in the following tables subject to this methodology totaled $119.1 million as of March 31, 2025, and $125.0 million as of December 31, 2024.

The following table summarizes credit ratings of our held-to-maturity securities at amortized cost for the periods indicated:

March 31, 2025	**AAA**	**AA**	**A**	**BBB**	**BB**	**Not Rated**	**Total**
U.S. Treasury, federal agencies, and government sponsored agencies	$ —	$ 275,854	$ —	$ —	$ —	$ —	$ 275,854
State and municipal	271,635	694,742	68,297	3,204	—	1,871	1,039,749
U.S. government agency mortgage-backed securities	343,057	—	—	—	—	—	343,057
Private labeled mortgage-backed pools	28,558	—	—	—	—	—	28,558
Corporate notes	—	6,167	11,478	75,439	—	63,689	156,773
Total	$ 643,250	$ 976,763	$ 79,775	$ 78,643	$ —	$ 65,560	$ 1,843,991

December 31, 2024	**AAA**	**AA**	**A**	**BBB**	**BB**	**Not Rated**	**Total**
U.S. Treasury, federal agencies, and government sponsored agencies	$ —	$ 278,383	$ —	$ —	$ —	$ —	$ 278,383
State and municipal	273,629	698,428	66,079	10,726	—	—	1,048,862
U.S. government agency mortgage-backed securities	349,726	—	—	—	—	—	349,726
Private labeled mortgage-backed pools	29,278	—	—	—	—	—	29,278
Corporate notes	—	6,176	11,549	75,603	4,543	63,728	161,599
Total	$ 652,633	$ 982,987	$ 77,628	$ 86,329	$ 4,543	$ 63,728	$ 1,867,848

(Table Dollar Amounts in Thousands, Except Per Share Data)

The following table details activity in the allowance for credit losses on held-to-maturity securities during the three months ended March 31, 2025 and 2024.

	March 31, 2025	March 31, 2024
Beginning balance	$ 158	$ 157
Credit loss expense (benefit)	(18)	1
Ending balance	$ 140	$ 158

Accrued interest receivable on available for sale debt securities and held to maturity securities totaled $12.4 million at March 31, 2025 and $12.7 million at December 31, 2024 and is excluded from the estimate of credit losses.

The U.S. government sponsored entities and agencies and mortgage–backed securities are either explicitly or implicitly guaranteed by the U.S. government, are highly rated by major credit rating agencies, and have a long history of no credit losses. Therefore, for those securities, we do not record expected credit losses.

Based on an evaluation of available evidence, management believes the unrealized losses on available for sale state and municipal securities, private labeled mortgage–backed pools and corporate notes were due to changes in interest rates. Due to the contractual terms, the issuers of state and municipal securities are not allowed to settle for less than the amortized cost of the security. In addition, the Company does not intend to sell these securities prior to the recovery of the amortized cost, which may not occur until maturity. No allowance for credit losses was recognized for available for sale debt securities at March 31, 2025 and December 31, 2024.

During the three months ended March 31, 2025, the Company transferred and sold one corporate debt security classified as held-to-maturity as a result of a significant downgrade in the published credit rating in February 2025. The net carrying amount and fair value of the transferred and sold security at the time of transfer was $4.6 million and $4.1 million, respectively, and resulted in a realized loss of $0.4 million upon sale that was recorded in losses on sale of investment securities within the condensed consolidated statement of income for the three months ended March 31, 2025.

Information regarding security proceeds, gross gains and gross losses are presented below.

	March 31, 2025	March 31, 2024
Sales of securities available for sale		
Proceeds	$ 4,132	$ —
Gross gains	—	—
Gross losses	(407)	—

The tax benefit of the proceeds from the sale of securities available for sale was $0.1 million and zero for the three months ended March 31, 2025 and 2024.

The Company pledges securities related to borrowings capacity at the Federal Reserve and Federal Home Loan Bank. The following table represents the fair value and amortized costs of these pledged securities.

	March 31, 2025		December 31, 2024	
	Fair Value	Amortized Cost	Fair Value	Amortized Cost
Pledge securities for borrowing availability at the Federal Reserve	$ 832,429	$ 1,026,315	$ 851,384	$ 1,032,916
Pledge securities for FHLB borrowings	$ 280,180	$ 327,837	$ 279,136	$ 333,613

(Table Dollar Amounts in Thousands, Except Per Share Data)

Note 3 – Loans

The table below identifies the Company's loan portfolio segments and classes.

Portfolio Segment	Class of Financing Receivable
Commercial	Owner occupied real estate
	Non-owner occupied real estate
	Residential spec homes
	Development & spec land
	Commercial and industrial
Residential real estate	Residential mortgage
	Residential construction
Consumer	Installment
	Indirect auto
	Home equity

Portfolio segment is defined as a level at which an entity develops and documents a systematic methodology to determine its allowance for credit losses. Class of financing receivable is defined as a group of financing receivables determined on the basis of both of the following, 1) risk characteristics of the financing receivable, and 2) an entity's method for monitoring and assessing credit risk. Generally, the Bank does not move loans from a revolving loan to a term loan other than construction loans. Construction loans are reviewed and rewritten prior to being originated as a term loan.

The following table presents outstanding loans held for investment by portfolio class, as of March 31, 2025 and December 31, 2024:

	March 31, 2025	December 31, 2024
Commercial		
Owner occupied real estate	$ 686,043	$ 667,165
Non–owner occupied real estate	1,541,293	1,501,456
Residential spec homes	16,961	15,611
Development & spec land	18,613	18,627
Commercial and industrial	918,541	875,297
Total commercial	3,181,451	3,078,156
Real estate		
Residential mortgage	781,507	783,961
Residential construction	20,219	18,948
Total real estate	801,726	802,909
Consumer		
Direct installment	92,323	97,190
Indirect installment	267,718	303,901
Home equity	566,597	564,884
Total consumer	926,638	965,975
Total loans	4,909,815	4,847,040
Allowance for credit losses	(52,654)	(51,980)
Net loans	$ 4,857,161	$ 4,795,060

Total loans include net unearned discounts and deferred loan costs of $13.5 million at March 31, 2025 and $14.9 million at December 31, 2024, respectively.

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Non–performing Loans

The following table presents non–accrual loans and loans past due over 90 days still on accrual by class of loans at March 31, 2025:

	March 31, 2025		
	Total Non-accrual	Loans Past Due Over 90 Days Still Accruing	Non-accruing Loans with no Allowance for Credit Losses
Commercial			
Owner occupied real estate	$ 4,541	$ 239	$ 1,475
Non–owner occupied real estate	433	—	433
Residential spec homes	—	—	—
Development & spec land	537	—	537
Commercial and industrial	2,661	95	1,635
Total commercial	8,172	334	4,080
Real estate			
Residential mortgage	12,763	—	—
Residential construction	—	—	—
Total real estate	12,763	—	—
Consumer			
Direct installment	264	327	—
Indirect installment	1,586	130	—
Home equity	6,025	791	—
Total consumer	7,875	1,248	—
Total	$ 28,810	$ 1,582	$ 4,080

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The following table presents non–accrual loans and loans past due over 90 days still on accrual by class of loan at December 31, 2024:

	December 31, 2024		
	Total Non-accrual	Loans Past Due Over 90 Days Still Accruing	Non-accruing Loans with no Allowance for Credit Losses
Commercial			
Owner occupied real estate	$ 2,448	$ —	$ 1,419
Non–owner occupied real estate	444	—	444
Residential spec homes	—	—	—
Development & spec land	534	—	534
Commercial and industrial	2,232	—	1,239
Total commercial	5,658	—	3,636
Real estate			
Residential mortgage	11,215	—	—
Residential construction	—	—	—
Total real estate	11,215	—	—
Consumer			
Direct installment	338	128	—
Indirect installment	1,542	358	—
Home equity	7,039	680	—
Total consumer	8,919	1,166	—
Total	$ 25,792	$ 1,166	$ 3,636

There was no interest income recognized on non-accrual loans during the three months ended March 31, 2025 and 2024, respectively, while the loans were in non-accrual status.

The amount of accrued interest receivable written off by the Company by reversing interest income was not material for the during the three months ended March 31, 2025 and 2024, respectively.

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The following table presents the payment status by class of loan at March 31, 2025:

	March 31, 2025					
	Current	30-59 Days Past Due	60-89 Days Past Due	90 Days or Greater Past Due	Total Past Due	Total Loans
Commercial						
Owner occupied real estate	$ 680,066	$ 1,085	$ 389	$ 4,503	$ 5,977	$ 686,043
Non–owner occupied real estate	1,540,379	914	—	—	914	1,541,293
Residential spec homes	16,961	—	—	—	—	16,961
Development & spec land	18,613	—	—	—	—	18,613
Commercial and industrial	913,898	1,040	1,505	2,098	4,643	918,541
Total commercial	3,169,917	3,039	1,894	6,601	11,534	3,181,451
Real estate						
Residential mortgage	773,142	3,105	688	4,572	8,365	781,507
Residential construction	20,219	—	—	—	—	20,219
Total real estate	793,361	3,105	688	4,572	8,365	801,726
Consumer						
Direct installment	90,649	938	334	402	1,674	92,323
Indirect installment	263,194	3,369	394	761	4,524	267,718
Home equity	554,203	7,061	1,104	4,229	12,394	566,597
Total consumer	908,046	11,368	1,832	5,392	18,592	926,638
Total	$ 4,871,324	$ 17,512	$ 4,414	$ 16,565	$ 38,491	$ 4,909,815

(Table Dollar Amounts in Thousands, Except Per Share Data)

The following table presents the payment status by class of loan at December 31, 2024:

	December 31, 2024					
	Current	30-59 Days Past Due	60-89 Days Past Due	90 Days or Greater Past Due	Total Past Due	Total Loans
Commercial						
Owner occupied real estate	$ 665,875	$ 1,195	$ —	$ 95	$ 1,290	$ 667,165
Non–owner occupied real estate	1,500,229	931	—	296	1,227	1,501,456
Residential spec homes	15,611	—	—	—	—	15,611
Development & spec land	18,627	—	—	—	—	18,627
Commercial and industrial	872,893	2,155	70	179	2,404	875,297
Total commercial	3,073,235	4,281	70	570	4,921	3,078,156
Real estate						
Residential mortgage	773,214	—	4,163	6,584	10,747	783,961
Residential construction	18,948	—	—	—	—	18,948
Total real estate	792,162	—	4,163	6,584	10,747	802,909
Consumer						
Direct installment	95,337	1,325	181	347	1,853	97,190
Indirect installment	298,048	4,179	806	868	5,853	303,901
Home equity	551,483	7,143	1,537	4,721	13,401	564,884
Total consumer	944,868	12,647	2,524	5,936	21,107	965,975
Total	$ 4,810,265	$ 16,928	$ 6,757	$ 13,090	$ 36,775	$ 4,847,040

The entire balance of a loan is considered delinquent if the minimum payment contractually required to be made is not received by the specified due date.

Modified Loans

The following tables detail the amortized cost at March 31, 2025 of loans that were modified to borrowers experiencing financial difficulty during the three months ended March 31, 2025 and the amortized cost at March 31, 2024, of loans that were modified to borrowers experiencing financial difficulty during the three ended March 31, 2024:

	Three Months Ended March 31, 2025					
	Term Extension	Interest Rate Reduction	Other-Than-Insignificant Payment Delay	Term Extension and Interest Rate Reduction	Total	% of Loans Held for Investment
Commercial						
Owner occupied real estate	$ —	$ —	$ 653	$ —	$ 653	0.10 %
Non-owner occupied real estate	433	—	—	—	433	0.03 %
Development spec & land	537	—	—	—	537	2.89 %
Commercial and industrial	363	—	752	—	1,115	0.12 %
Total	$ 1,333	$ —	$ 1,405	$ —	$ 2,738	0.06 %

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	Three Months Ended March 31, 2024					
	Term Extension	Interest Rate Reduction	Other-Than-Insignificant Payment Delay	Term Extension and Interest Rate Reduction	Total	% of Loans Held for Investment
Commercial						
Owner occupied real estate	$ 1,948	$ —	$ —	$ —	$ 1,948	0.30 %
Non-owner occupied real estate	—	—	—	—	—	— %
Development spec & land	863	—	—	—	863	2.60 %
Commercial and industrial	479	—	25	40	544	0.07 %
Total	$ 3,290	$ —	$ 25	$ 40	$ 3,355	0.07 %

The following tables summarize the financial impacts of loan modifications and payment deferrals, as applicable, during the three months ended March 31, 2025 and 2024:

	Three Months Ended March 31, 2025			
	Weighted Average Term Extension (In Months)	Weighted average interest rate reduction (In Percentage Terms)	Weighted Average Payment Delay (In Months)	Term Extension (In Months) & Rate Reduction (In Percentage Terms)
Commercial				
Owner occupied real estate	—	—	6	—
Non-owner occupied real estate	14	—	—	—
Development spec & land	18	—	—	—
Commercial and industrial	11	—	6	—

	Three Months Ended March 31, 2024			
	Weighted Average Term Extension (In Months)	Weighted average interest rate reduction (In Percentage Terms)	Weighted Average Payment Delay (In Months)	Term Extension (In Months) & Rate Reduction (In Percentage Terms)
Commercial				
Owner occupied real estate	9	—	—	—
Non-owner occupied real estate	—	—	—	—
Development spec & land	3	—	—	—
Commercial and industrial	6	—	3	Weighted average term extension of 99 months & Weighted average interest rate reduction of 4.85%

The financial impacts of the modifications did not significantly impact our determination of the allowance for credit losses during the periods presented above.

(Table Dollar Amounts in Thousands, Except Per Share Data)

The following table presents the amortized cost basis at March 31, 2025 of loans to borrowers experiencing financial difficulty that had been modified within the previous 12 months:

	March 31, 2025			
	Current	30-89 Days Past Due	90 Days Past Due	Total
Commercial				
Owner occupied real estate	$ 3,070	$ 651	$ 2,038	$ 5,759
Non-owner occupied real estate	927	—	—	927
Development spec & land	537	—	—	537
Commercial and industrial	3,959	136	—	4,095
Total	$ 8,493	$ 787	$ 2,038	$ 11,318

The following table presents the amortized cost basis at March 31, 2024 of loans to borrowers experiencing financial difficulty that had been modified within the previous 12 months:

	March 31, 2024			
	Current	30-89 Days Past Due	90 Days Past Due	Total
Commercial				
Owner occupied real estate	$ 748	$ —	$ —	$ 748
Non-owner occupied real estate	2,090	—	966	3,056
Development spec & land	17	—	—	17
Commercial and industrial	3,690	287	—	3,977
Total	$ 6,545	$ 287	$ 966	$ 7,798

The following table provides the $2.8 million amortized cost basis of financing receivables that were modified in the form of term extension and other than significant payment delay in the last twelve months and were in payment default at March 31, 2025.

	March 31, 2025		
	Other-than-Insignificant Payment Delay	Term Extension	Total
Commercial and Industrial	$ —	$ 136	$ 136
Owner Occupied	651	2,038	2,689
Total	$ 651	$ 2,174	$ 2,825

The following table provides the $1.3 million amortized cost basis of financing receivables that were modified in the form of term extension and term extension & rate reduction in the last twelve months and were in payment default at March 31, 2024.

	March 31, 2024		
	Term Extension	Term Extension & Rate Reduction	Total
Commercial and Industrial	$ 219	$ 69	$ 287
Owner Occupied	966	—	966
Total	$ 1,184	$ 69	$ 1,253

For purposes of this disclosure, the Company considers “default” to mean 30 days or more past due of contractual interest or principal.

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Collateral Dependent Financial Assets

A collateral dependent financial loan relies solely on the operation or sale of the collateral for repayment. In evaluating the overall risk associated with the loan, the Company considers character, overall financial condition and resources, and payment record of the borrower; the prospects for support from any financially responsible guarantors; and the nature and degree of protection provided by the cash flow and value of any underlying collateral. However, as other sources of repayment become inadequate over time, the significance of the collateral's value increases and the loan may become collateral dependent.

The tables below present the amortized cost basis and allowance for credit losses ("ACL") allocated for collateral dependent loans in accordance with ASC 326, which are individually evaluated to determine expected credit losses, at March 31, 2025 and December 31, 2024.

	March 31, 2025				
	Real Estate	Accounts Receivable/ Equipment	Other	Total	ACL Allocation
Commercial					
Owner occupied real estate	$ 4,541	$ —	$ —	$ 4,541	$ 320
Non–owner occupied real estate	433	—	—	433	—
Development & spec land	537	—	—	537	—
Commercial and industrial	1,611	1,049	—	2,660	661
Total commercial	7,122	1,049	—	8,171	981
Total collateral dependent loans	$ 7,122	$ 1,049	$ —	$ 8,171	$ 981

(1) Collateral dependent loans had a collateral fair value of $5.6 million at March 31, 2025

	December 31, 2024				
	Real Estate	Accounts Receivable/ Equipment	Other	Total	ACL Allocation
Commercial					
Owner occupied real estate	$ 2,448	$ —	$ —	$ 2,448	$ 224
Non–owner occupied real estate	444	—	—	444	—
Development & spec land	534	—	—	534	—
Commercial and industrial	1,756	476	—	2,232	731
Total commercial	5,182	476	—	5,658	955
Total collateral dependent loans	$ 5,182	$ 476	$ —	$ 5,658	$ 955

(1) Collateral dependent loans had a collateral fair value of $6.3 million at December 31, 2024

As of March 31, 2025, the Company had a carrying value of $1.0 million of repossessed assets. As of March 31, 2025, the Company had a recorded net investment of $0.9 million of consumer mortgage loans in which foreclosure proceedings have commenced. Repossessed assets are a component of other assets within the condensed consolidated balance sheet.

Credit Quality Indicators

Horizon Bank's processes for determining credit quality differ slightly depending on whether a new loan or a renewed loan is being underwritten, or whether an existing loan is being re–evaluated for credit quality. The latter usually occurs upon receipt of current financial information or other pertinent data that would trigger a change in the credit quality grade.

- For new and renewed commercial loans, the Bank's Credit Department, which acts independently of the loan officer, assigns the credit quality grade to the loan. Loan grades for loans with an aggregate credit exposure that exceeds the authorities in the respective regions (ranging from $3,000,000 to $6,000,000) are validated by the Loan Committee, which is chaired by the Chief Commercial Banking Officer ("CCBO").

- Commercial loan officers are responsible for reviewing their loan portfolios and promptly assessing any adverse change in credit quality and revising the risk rating appropriately. When circumstances warrant a change in the credit quality grade, loan officers are required to notify the Credit Department of the change in the credit quality grade. Downgrades are accepted immediately, however, lenders must present their factual information to the Credit Department when recommending an upgrade. Downgrades to impaired status require the concurrence of the CCBO and the Senior Workout Loan Manager.
- The CCBO, or a designee, meets periodically with loan officers to discuss the status of past due loans and classified loans. These meetings are also designed to give the loan officers an opportunity to identify an existing loan that should be downgraded to a classified grade.
- Monthly, senior management meets as members of the Watch Committee, which reviews all of the past due, classified, and impaired loans and the relative trends of these assets. This committee also reviews the actions taken by management regarding foreclosure mitigation, loan extensions, loan modifications, other real estate owned and personal property repossessions. The information reviewed in this meeting acts as a precursor for developing management's analysis of the adequacy of the Allowance for Credit Losses on Loans and Leases.

For residential real estate and consumer loans, Horizon uses a grading system based on delinquency. Loans that are 90 days or more past due, on non–accrual, or are classified as modified loans are graded "Substandard." After being 90 to 120 days delinquent a loan is charged off unless it is well secured and in the process of collection. If the latter case exists, the loan is placed on non–accrual. Occasionally a mortgage loan may be graded as "Special Mention." When this situation arises, it is because the characteristics of the loan and the borrower fit the definition of a Risk Grade 5 described below, which is normally used for grading commercial loans. Loans not graded Substandard are considered Pass.

Horizon Bank employs a nine–grade rating system to determine the credit quality of commercial loans. The first five grades represent acceptable quality, and the last four grades mirror the criticized and classified grades used by the bank regulatory agencies (special mention, substandard, doubtful, and loss). The loan grade definitions are detailed below.

Risk Grade 1: Excellent (Pass)

Loans secured by liquid collateral, such as certificates of deposit, reputable bank letters of credit, or other cash equivalents or loans to any publicly held company with a current long–term debt rating of A or better and meeting defined key financial metric ranges.

Risk Grade 2: Good (Pass)

Loans to businesses that have strong financial statements containing an unqualified opinion from a CPA firm and at least three years consecutive years of profits; loans supported by unaudited financial statements containing strong balance sheets, five consecutive years of profits, a five year satisfactory relationship with the Bank, and key balance sheet and income statement trends that are either stable or positive; loans secured by publicly traded marketable securities with required margins where there is no impediment to liquidation; loans to individuals backed by liquid personal assets and unblemished credit histories; or loans to publicly held companies with current long–term debt ratings of Baa or better and meeting defined key financial metric ranges.

Risk Grade 3: Satisfactory (Pass)

Loans supported by financial statements (audited or unaudited) that indicate average or slightly below average risk and having some deficiency or vulnerability to changing economic conditions; loans with some weakness but offsetting features of other support are readily available; loans that are meeting the terms of repayment, but which may be susceptible to deterioration if adverse factors are encountered and meeting defined key financial metric ranges. Loans may be graded Satisfactory when there is no recent information on which to base a current risk evaluation and the following conditions apply:

- At inception, the loan was properly underwritten, did not possess an unwarranted level of credit risk, and the loan met the above criteria for a risk grade of Excellent, Good, or Satisfactory;

- At inception, the loan was secured with collateral possessing a loan value adequate to protect the Bank from loss.
- The loan has exhibited two or more years of satisfactory repayment with a reasonable reduction of the principal balance.
- During the period that the loan has been outstanding, there has been no evidence of any credit weakness. Some examples of weakness include slow payment, lack of cooperation by the borrower, breach of loan covenants, or the borrower is in an industry known to be experiencing problems. If any of these credit weaknesses is observed, a lower risk grade may be warranted.

Risk Grade 4: Satisfactory/Monitored

Loans in this category are considered to be of acceptable credit quality, but contain greater credit risk than Satisfactory rated loans and meet defined key financial metric ranges. Borrower displays acceptable liquidity, leverage, and earnings performance within the Bank's minimum underwriting guidelines. The level of risk is acceptable but conditioned on the proper level of loan officer supervision. Loans that normally fall into this grade include acquisition, construction and development loans and income producing properties that have not reached stabilization.

Risk Grade 4W: Management Watch

Loans in this category are considered to be of acceptable quality and meet defined key financial metric ranges, but with above normal risk. Borrower displays potential indicators of weakness in the primary source of repayment resulting in a higher reliance on secondary sources of repayment. Balance sheet may exhibit weak liquidity and/or high leverage. There is inconsistent earnings performance without the ability to sustain adverse economic conditions. Borrower may be operating in a declining industry or the property type, as for a commercial real estate loan, may be high risk or in decline. These loans require an increased level of loan officer supervision and monitoring to assure that any deterioration is addressed in a timely fashion. Commercial construction loans are graded as 4W Management Watch until the projects are completed and stabilized.

Risk Grade 5: Special Mention

Loans which possess some temporary (normally less than one year) credit deficiency or potential weakness which deserves close attention. Such loans pose an unwarranted financial risk that, if not corrected, could weaken the loan by adversely impacting the future repayment ability of the borrower. The key distinctions of a Special Mention classification are that (1) it is indicative of an unwarranted level of risk and (2) weaknesses are considered "potential," not "defined," impairments to the primary source of repayment. These loans may be to borrowers with adverse trends in financial performance, collateral value and/or marketability, or balance sheet strength and must meet defined key financial metric ranges.

Risk Grade 6: Substandard

One or more of the following characteristics may be exhibited in loans classified Substandard:

- Loans which possess a defined credit weakness. The likelihood that a loan will be paid from the primary source of repayment is uncertain. Financial deterioration is under way and very close attention is warranted to ensure that the loan is collected without loss.
- Loans are inadequately protected by the current net worth and paying capacity of the obligor.
- The primary source of repayment is gone, and the Bank is forced to rely on a secondary source of repayment, such as collateral liquidation or guarantees.
- Loans have a distinct possibility that the Bank will sustain some loss if deficiencies are not corrected.
- Unusual courses of action are needed to maintain a high probability of repayment.
- The borrower is not generating enough cash flow to repay loan principal; however, it continues to make interest payments.
- The lender is forced into a subordinated or unsecured position due to flaws in documentation.
- Loans have been restructured so that payment schedules, terms, and collateral represent concessions to the borrower when compared to the normal loan terms.

- The lender is seriously contemplating foreclosure or legal action due to the apparent deterioration in the loan.
- There is a significant deterioration in market conditions to which the borrower is highly vulnerable.
- The borrower meets defined key financial metric ranges.

Risk Grade 7: Doubtful

One or more of the following characteristics may be present in loans classified Doubtful:

- Loans have all of the weaknesses of those classified as Substandard. However, based on existing conditions, these weaknesses make full collection of principal highly improbable.
- The primary source of repayment is gone, and there is considerable doubt as to the quality of the secondary source of repayment.
- The possibility of loss is high but because of certain important pending factors which may strengthen the loan, loss classification is deferred until the exact status of repayment is known.
- The borrower meets defined key financial metric ranges.

Risk Grade 8: Loss

Loans are considered uncollectible and of such little value that continuing to carry them as assets is not feasible. Loans will be classified Loss when it is neither practical nor desirable to defer writing off or reserving all or a portion of a basically worthless asset, even though partial recovery may be possible at some time in the future.

(Table Dollar Amounts in Thousands, Except Per Share Data)

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The following tables present loans by credit grades and origination year at March 31, 2025.

March 31, 2025	2025	2024	2023	2022	2021	Prior	Revolving Term Loans	Revolving Loans	Total
Commercial									
Owner occupied real estate									
Pass	$ 25,795	$ 74,871	$ 75,303	$ 86,940	$ 67,176	$ 212,165	$ 95,697	$ 18,180	$ 656,127
Special Mention	—	358	—	—	1,746	4,341	2,581	100	9,126
Substandard	—	2,969	8,737	3,677	—	4,907	—	500	20,790
Doubtful	—	—	—	—	—	—	—	—	—
Total owner occupied real estate	**$ 25,795**	**$ 78,198**	**$ 84,040**	**$ 90,617**	**$ 68,922**	**$ 221,413**	**$ 98,278**	**$ 18,780**	**$ 686,043**
Gross charge-offs during period	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**
Non–owner occupied real estate									
Pass	$ 47,872	$ 187,693	$ 112,711	$ 240,275	$ 126,788	$ 432,610	$ 322,229	$ 11,852	$ 1,482,030
Special Mention	—	—	5,091	16,410	1,227	31,129	—	—	53,857
Substandard	—	83	—	—	—	5,323	—	—	5,406
Doubtful	—	—	—	—	—	—	—	—	—
Total non–owner occupied real estate	**$ 47,872**	**$ 187,776**	**$ 117,802**	**$ 256,685**	**$ 128,015**	**$ 469,062**	**$ 322,229**	**$ 11,852**	**$ 1,541,293**
Gross charge-offs during period	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**
Residential spec homes									
Pass	$ —	$ 360	$ —	$ —	$ 420	$ —	$ 12,041	$ 4,140	$ 16,961
Special Mention	—	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—	—
Total residential spec homes	**$ —**	**$ 360**	**$ —**	**$ —**	**$ 420**	**$ —**	**$ 12,041**	**$ 4,140**	**$ 16,961**
Gross charge-offs during period	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**
Development & spec land									
Pass	$ 672	$ 818	$ 4,094	$ 777	$ 1,012	$ 2,312	$ 7,677	$ 404	$ 17,766
Special Mention	—	—	—	—	—	310	—	—	310
Substandard	—	—	—	—	—	—	537	—	537
Doubtful	—	—	—	—	—	—	—	—	—
Total development & spec land	**$ 672**	**$ 818**	**$ 4,094**	**$ 777**	**$ 1,012**	**$ 2,622**	**$ 8,214**	**$ 404**	**$ 18,613**
Gross charge-offs during period	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**
Commercial and industrial									
Pass	$ 145,152	$ 163,615	$ 94,714	$ 132,654	$ 66,821	$ 57,939	$ 43,633	$ 166,859	$ 871,387
Special Mention	1,467	892	596	659	28	984	11,636	12,797	29,059
Substandard	—	1,505	7,675	854	95	2,806	1,144	4,016	18,095
Doubtful	—	—	—	—	—	—	—	—	—
Total commercial and industrial	**$ 146,619**	**$ 166,012**	**$ 102,985**	**$ 134,167**	**$ 66,944**	**$ 61,729**	**$ 56,413**	**$ 183,672**	**$ 918,541**
Gross charge-offs during period	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ 2**	**$ 5**	**$ —**	**$ 7**
Total commercial	**$ 220,958**	**$ 433,164**	**$ 308,921**	**$ 482,246**	**$ 265,313**	**$ 754,826**	**$ 497,175**	**$ 218,848**	**$ 3,181,451**

(Table Dollar Amounts in Thousands, Except Per Share Data)

March 31, 2025	2025	2024	2023	2022	2021	Prior	Revolving Term Loans	Revolving Loans	Total
Real estate									
Residential mortgage									
Performing	$ 20,825	$ 68,770	$ 133,286	$ 158,514	$ 137,623	$ 249,726	$ —	$ —	$ 768,744
Non–performing	—	329	3,437	1,938	1,451	5,608	—	—	12,763
Total residential mortgage	**$ 20,825**	**$ 69,099**	**$ 136,723**	**$ 160,452**	**$ 139,074**	**$ 255,334**	**$ —**	**$ —**	**$ 781,507**
Gross charge-offs during period	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ 2**	**$ —**	**$ —**	**$ 2**
Residential construction									
Performing	$ —	$ —	$ —	$ —	$ —	$ —	$ 20,219	$ —	$ 20,219
Non–performing	—	—	—	—	—	—	—	—	—
Total residential construction	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ 20,219**	**$ —**	**$ 20,219**
Gross charge-offs during period	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**
Total real estate	**$ 20,825**	**$ 69,099**	**$ 136,723**	**$ 160,452**	**$ 139,074**	**$ 255,334**	**$ 20,219**	**$ —**	**$ 801,726**

March 31, 2025	2025	2024	2023	2022	2021	Prior	Revolving Term Loans	Revolving Loans	Total
Consumer									
Direct installment									
Performing	$ 3,333	$ 9,187	$ 56,629	$ 8,678	$ 4,705	$ 7,337	$ 34	$ 1,830	$ 91,732
Non–performing	—	1	465	43	50	32	—	—	591
Total direct installment	**$ 3,333**	**$ 9,188**	**$ 57,094**	**$ 8,721**	**$ 4,755**	**$ 7,369**	**$ 34**	**$ 1,830**	**$ 92,323**
Gross charge-offs during period	**$ —**	**$ 27**	**$ 15**	**$ 26**	**$ 6**	**$ —**	**$ 4**	**$ —**	**$ 78**
Indirect installment									
Performing	$ —	$ 24,257	$ 63,841	$ 115,978	$ 42,833	$ 19,093	$ —	$ —	$ 266,002
Non–performing	—	45	302	772	302	295	—	—	1,716
Total indirect installment	**$ —**	**$ 24,302**	**$ 64,143**	**$ 116,750**	**$ 43,135**	**$ 19,388**	**$ —**	**$ —**	**$ 267,718**
Gross charge-offs during period	**$ —**	**$ 135**	**$ 174**	**$ 297**	**$ 58**	**$ 82**	**$ —**	**$ —**	**$ 746**
Home equity									
Performing	$ 3,287	$ 13,105	$ 20,460	$ 15,387	$ 4,972	$ 10,160	$ 25,997	$ 466,413	$ 559,781
Non–performing	—	48	481	460	—	296	5,531	—	6,816
Total home equity	**$ 3,287**	**$ 13,153**	**$ 20,941**	**$ 15,847**	**$ 4,972**	**$ 10,456**	**$ 31,528**	**$ 466,413**	**$ 566,597**
Gross charge-offs during period	**$ —**	**$ —**	**$ —**	**$ 7**	**$ —**	**$ 4**	**$ 618**	**$ —**	**$ 629**
Total consumer	**$ 6,620**	**$ 46,643**	**$ 142,178**	**$ 141,318**	**$ 52,862**	**$ 37,213**	**$ 31,562**	**$ 468,243**	**$ 926,638**

HORIZON BANCORP, INC. AND SUBSIDIARIES
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The following tables present loans by credit grades and origination year at December 31, 2024.

December 31, 2024	2024	2023	2022	2021	2020	Prior	Revolving Term Loans	Revolving Loans	Total
Commercial									
Owner occupied real estate									
Pass	$ 75,649	$ 74,305	$ 90,872	$ 68,978	$ 36,778	$ 178,936	$ 92,227	$ 12,365	$ 630,110
Special Mention	129	—	1,724	1,769	142	8,759	—	100	12,623
Substandard	2,970	8,761	1,051	6,307	—	4,843	—	500	24,432
Doubtful	—	—	—	—	—	—	—	—	—
Total owner occupied real estate	**$ 78,748**	**$ 83,066**	**$ 93,647**	**$ 77,054**	**$ 36,920**	**$ 192,538**	**$ 92,227**	**$ 12,965**	**$ 667,165**
Gross charge-offs during period	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ 1**	**$ —**	**$ —**	**$ 1**
Non–owner occupied real estate									
Pass	$ 194,167	$ 115,378	$ 244,266	$ 133,689	$ 100,688	$ 344,558	$ 298,288	$ 11,726	$ 1,442,760
Special Mention	—	4,211	16,409	1,249	—	31,083	—	—	52,952
Substandard	83	297	—	—	—	5,364	—	—	5,744
Doubtful	—	—	—	—	—	—	—	—	—
Total non–owner occupied real estate	**$ 194,250**	**$ 119,886**	**$ 260,675**	**$ 134,938**	**$ 100,688**	**$ 381,005**	**$ 298,288**	**$ 11,726**	**$ 1,501,456**
Gross charge-offs during period	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**
Residential spec homes									
Pass	$ 362	$ —	$ —	$ 420	$ —	$ —	$ 10,986	$ 3,843	$ 15,611
Special Mention	—	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—	—
Total residential spec homes	**$ 362**	**$ —**	**$ —**	**$ 420**	**$ —**	**$ —**	**$ 10,986**	**$ 3,843**	**$ 15,611**
Gross charge-offs during period	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**
Development & spec land									
Pass	$ 819	$ 4,139	$ 788	$ 1,133	$ 328	$ 2,039	$ 7,931	$ 599	$ 17,776
Special Mention	—	—	—	—	—	317	—	—	317
Substandard	—	—	—	—	—	—	534	—	534
Doubtful	—	—	—	—	—	—	—	—	—
Total development & spec land	**$ 819**	**$ 4,139**	**$ 788**	**$ 1,133**	**$ 328**	**$ 2,356**	**$ 8,465**	**$ 599**	**$ 18,627**
Gross charge-offs during period	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**
Commercial and industrial									
Pass	$ 242,562	$ 105,877	$ 128,707	$ 73,008	$ 6,954	$ 54,764	$ 48,313	$ 179,370	$ 839,555
Special Mention	1,246	324	1,245	28	1	1,573	9,519	9,281	23,217
Substandard	843	2,599	318	217	266	3,170	1,003	4,109	12,525
Doubtful	—	—	—	—	—	—	—	—	—
Total commercial and industrial	**$ 244,651**	**$ 108,800**	**$ 130,270**	**$ 73,253**	**$ 7,221**	**$ 59,507**	**$ 58,835**	**$ 192,760**	**$ 875,297**
Gross charge-offs during period	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ 45**	**$ 108**	**$ —**	**$ 153**
Total commercial	**$ 518,830**	**$ 315,891**	**$ 485,380**	**$ 286,798**	**$ 145,157**	**$ 635,406**	**$ 468,801**	**$ 221,893**	**$ 3,078,156**

HORIZON BANCORP, INC. AND SUBSIDIARIES
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(Unaudited)
(Table Dollar Amounts in Thousands, Except Per Share Data)

December 31, 2024	2024	2023	2022	2021	2020	Prior	Revolving Term Loans	Revolving Loans	Total
Real estate									
Residential mortgage									
Performing	$ 69,264	$ 145,927	$ 160,780	$ 140,310	$ 78,563	$ 177,902	$ —	$ —	$ 772,746
Non–performing	201	1,619	2,125	1,472	706	5,092	—	—	11,215
Total residential mortgage	**$ 69,465**	**$ 147,546**	**$ 162,905**	**$ 141,782**	**$ 79,269**	**$ 182,994**	**$ —**	**$ —**	**$ 783,961**
Gross charge-offs during period	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ 5**	**$ —**	**$ —**	**$ 5**
Residential construction									
Performing	$ —	$ —	$ —	$ —	$ —	$ —	$ 18,948	$ —	$ 18,948
Non–performing	—	—	—	—	—	—	—	—	—
Total residential construction	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ 18,948**	**$ —**	**$ 18,948**
Gross charge-offs during period	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**
Mortgage warehouse									
Performing	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Non–performing	—	—	—	—	—	—	—	—	—
Total mortgage warehouse	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**
Gross charge-offs during period	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**
Total real estate	**$ 69,465**	**$ 147,546**	**$ 162,905**	**$ 141,782**	**$ 79,269**	**$ 182,994**	**$ 18,948**	**$ —**	**$ 802,909**

December 31, 2024	2024	2023	2022	2021	2020	Prior	Revolving Term Loans	Revolving Loans	Total
Consumer									
Direct installment									
Performing	$ 11,306	$ 59,850	$ 9,510	$ 5,398	$ 2,679	$ 6,003	$ 60	$ 1,918	$ 96,724
Non–performing	1	374	46	19	—	26	—	—	466
Total direct installment	**$ 11,307**	**$ 60,224**	**$ 9,556**	**$ 5,417**	**$ 2,679**	**$ 6,029**	**$ 60**	**$ 1,918**	**$ 97,190**
Gross charge-offs during period	**$ 72**	**$ 93**	**$ 169**	**$ 1**	**$ 35**	**$ 78**	**$ 9**	**$ —**	**$ 457**
Indirect installment									
Performing	$ 26,839	$ 70,143	$ 130,610	$ 49,458	$ 17,647	$ 7,304	$ —	$ —	$ 302,001
Non–performing	—	425	800	304	242	129	—	—	1,900
Total indirect installment	**$ 26,839**	**$ 70,568**	**$ 131,410**	**$ 49,762**	**$ 17,889**	**$ 7,433**	**$ —**	**$ —**	**$ 303,901**
Gross charge-offs during period	**$ 161**	**$ 449**	**$ 1,345**	**$ 527**	**$ 188**	**$ 99**	**$ —**	**$ —**	**$ 2,769**
Home equity									
Performing	$ 13,552	$ 21,845	$ 16,136	$ 5,110	$ 1,902	$ 9,210	$ 18,657	$ 470,753	$ 557,165
Non–performing	—	421	426	—	30	296	6,465	81	7,719
Total home equity	**$ 13,552**	**$ 22,266**	**$ 16,562**	**$ 5,110**	**$ 1,932**	**$ 9,506**	**$ 25,122**	**$ 470,834**	**$ 564,884**
Gross charge-offs during period	**$ —**	**$ 23**	**$ 52**	**$ 88**	**$ —**	**$ 39**	**$ 110**	**$ 11**	**$ 323**
Total consumer	**$ 51,698**	**$ 153,058**	**$ 157,528**	**$ 60,289**	**$ 22,500**	**$ 22,968**	**$ 25,182**	**$ 472,752**	**$ 965,975**

(Table Dollar Amounts in Thousands, Except Per Share Data)

Note 4 – Allowance for Credit and Loan Losses

The following tables represent, by loan portfolio segment, a summary of changes in the ACL on loans for the three months ended March 31, 2025 and 2024:

	Three Months Ended March 31, 2025				
	Commercial	Real Estate	Mortgage Warehouse	Consumer	Total
Balance, beginning of period	$ 30,953	$ 2,715	$ —	$ 18,312	$ 51,980
Credit loss expense (recovery)	1,640	405	—	(502)	1,543
Charge-offs	(7)	(2)	—	(1,453)	(1,462)
Recoveries	54	49	—	490	593
Balance, end of period	$ 32,640	$ 3,167	$ —	$ 16,847	$ 52,654

	Three Months Ended March 31, 2024				
	Commercial	Real Estate	Mortgage Warehouse	Consumer	Total
Balance, beginning of period	$ 29,736	$ 2,503	$ 481	$ 17,309	$ 50,029
Credit loss expense (recovery)	606	147	178	(262)	669
Charge-offs	114	(1)	—	(823)	(710)
Recoveries	58	6	—	335	399
Balance, end of period	$ 30,514	$ 2,655	$ 659	$ 16,559	$ 50,387

The accrued interest receivable on our loan receivables is excluded from the allowance for credit loss estimate and is included in interest receivable on our consolidated balance sheets. As of March 31, 2025 and December 31, 2024, the accrued interest on our loan portfolio was $25.1 million and 25.6 million, respectively.

The Company utilized the Cumulative Loss Rate method in determining expected future credit losses. The loss rate method measures the amount of loan charge–offs, net of recoveries, ("loan losses") recognized over the life of a closed pool and compares those loan losses to the outstanding loan balance of that pool as of a specific point in time ("pool date").

To estimate a CECL loss rate for the pool, management first identifies the loan losses recognized between the pool date and the reporting date for the pool and determines which loan losses were related to loans outstanding at the pool date. The loss rate method then divides the loan losses recognized on loans outstanding as of the pool date by the outstanding loan balance as of the pool date.

The Company's expected loss estimate is anchored in historical credit loss experience, with an emphasis on all available portfolio data. The Company's historical look–back period includes January 2009 through the current period, on a monthly basis. When historical credit loss experience is not sufficient for a specific portfolio, the Company may supplement its own portfolio data with external models or data. The Company supplemented data for 2009 and 2010 with the use of adjusted Uniform Bank Performance Report peer group data.

Qualitative reserves reflect management's overall estimate of the extent to which current expected credit losses on collectively evaluated loans will differ from historical loss experience. The analysis takes into consideration other analytics performed within the organization, such as enterprise and concentration management, along with other credit–related analytics as deemed appropriate. Management attempts to quantify qualitative reserves whenever possible.

The Company's CECL estimate applies to a forecast that incorporates macroeconomic trends and other environmental factors. Management utilized Moody's economic forecast scenarios including both National and Regional econometrics, as well as management judgment, as the basis for the forecast period. The historical loss rate was utilized as the base rate, and qualitative adjustments were utilized to reflect the forecast and other relevant factors.

(Table Dollar Amounts in Thousands, Except Per Share Data)

The Company segments the loan portfolio into pools based on the following risk characteristics: financial asset type, loan purpose, collateral type, loan characteristics, credit characteristics, outstanding loan balances, contractual terms and prepayment assumptions, industry of the borrower and concentrations, and historical or expected credit loss patterns.

Liability for Commitments to Extend Credit and Standby Letters of Credit

The following tables represent, by loan portfolio segment, a summary of changes in the activity in the liability for commitments to extend credit and standby letters of credit (please see note 14):

	Three Month Ended					
	March 31, 2025			45382 March 31, 2024		
	Balance, beginning of period	Credit loss expense (reversal)	Ending balance	Balance, beginning of period	Credit loss expense (reversal)	Ending balance
Commercial	$ 1,385	$ (253)	$ 1,132	$ —	$ —	$ —
Real Estate	61	11	72	64	(18)	46
Mortgage Warehouse	—	—	—	—	—	—
Consumer	703	93	796	551	153	704
Total	$ 2,149	$ (149)	$ 2,000	$ 615	$ 135	$ 750

Note 5 – Loan Servicing

Loans serviced for others are not included in the accompanying condensed consolidated balance sheets. The unpaid principal balances of loans serviced for others totaled approximately $1.42 billion and $1.44 billion at March 31, 2025 and December 31, 2024.

Activity for mortgage servicing rights and the related impairment allowance were as follows:

	Three Month Ended	
	March 31, 2025	March 31, 2024
Mortgage servicing rights		
Balances, January 1	$ 18,195	$ 18,807
Servicing rights capitalized	245	207
Amortization of servicing rights	(507)	(476)
Ending balance	17,933	18,538
Impairment allowance		
Beginning balance	—	—
Additions	—	—
Reductions	—	—
Ending balance	—	—
Mortgage servicing rights, net	$ 17,933	$ 18,538
Fair value, beginning of period	$ 19,766	$ 19,891
Fair value, end of period	18,811	19,149

Fair value at March 31, 2025 was determined using a discounted cash flow analysis with the discount rates ranging from 9.0% to 11.5% and prepayment speeds ranging from 5.9% to 13.5%, depending on the stratification of the specific type. Fair value at March 31, 2024 was determined using a discounted cash flow analysis with a discount rate of 11.0% and prepayment speeds ranging from 6.0% to 12.0%, depending on the stratification of the specific type.

(Table Dollar Amounts in Thousands, Except Per Share Data)

Note 6 – Goodwill

The carrying amount of goodwill was $155.2 million as of March 31, 2025 and December 31, 2024, respectively. There were no changes in the carrying amount of goodwill for the three months ended March 31, 2025 and 2024. Goodwill is assessed for impairment annually, or more frequently if events occur or circumstances change that indicate an impairment may exist. When assessing goodwill for impairment, first, a qualitative assessment can be made to determine whether it is more likely than not that the estimated fair value of a reporting unit is less than its estimated carrying value. If the results of the qualitative assessment are not conclusive, a quantitative goodwill test is performed. Alternatively, a quantitative goodwill test can be performed without performing a qualitative assessment.

No goodwill impairment charges were recorded for the three months ended March 31, 2025 and 2024.

Note 7 – Repurchase Agreements

The Company transfers various securities to customers in exchange for cash at the end of each business day and agrees to acquire the securities at the end of the next business day for the cash exchanged plus interest. The process is repeated at the end of each business day until the agreement is terminated. The securities underlying the agreement remained under the Company's control.

The following tables show repurchase agreements accounted for as secured borrowings and the related securities, at fair value, pledged for repurchase agreements:

	March 31, 2025				
	Remaining Contractual Maturity of the Agreements				
	Overnight and Continuous	Up to 30 Days	30-90 Days	Greater Than 90 Days	Total
Repurchase Agreements and repurchase-to-maturity transactions					
U.S. Treasury federal agencies	$ 34,751	$ —	$ —	$ —	$ 34,751
U.S. government agency mortgage-backed securities	53,101	—	—	—	53,101
Private labeled mortgage-backed pools	—	—	—	—	—
Total Repurchase Agreements	$ 87,852	$ —	$ —	$ —	$ 87,852
Repurchase Agreements subject to offsetting arrangements					—

	December 31, 2024				
	Remaining Contractual Maturity of the Agreements				
	Overnight and Continuous	Up to 30 Days	30-90 Days	Greater Than 90 Days	Total
Repurchase Agreements and repurchase-to-maturity transactions					
U.S. Treasury federal agencies	$ 34,191	$ —	$ —	$ —	$ 34,191
U.S. government agency mortgage-backed securities	55,721	—	—	—	55,721
Private labeled mortgage-backed pools	$ —	$ —	$ —	$ —	$ —
Total Repurchase Agreements	$ 89,912	$ —	$ —	$ —	$ 89,912
Repurchase Agreements subject to offsetting arrangements					—

Securities sold under agreements to repurchase are secured by securities with a carrying amount of $97.9 million and $96.8 million at March 31, 2025 and December 31, 2024, respectively.

Note 8 – Subordinated Notes

On June 24, 2020, Horizon issued $60.0 million in aggregate principal amount of 5.625% fixed–to–floating rate subordinated notes (the “Notes”). The Notes were offered in denominations of $1,000 and integral multiples of $1,000 in excess thereof. The Notes mature on July 1, 2030 (the “Maturity Date”). From and including the date of original issuance to, but excluding, July 1, 2025 or the date of earlier redemption (the “fixed rate period”), the Notes bear interest at an initial rate of 5.625% per annum, payable semi–annually in arrears on January 1 and July 1 of each year, commencing on January 1, 2021. The last interest payment date for the fixed rate period will be July 1, 2025. From and including July 1, 2025 to, but excluding, the Maturity Date or the date of earlier redemption (the “floating rate period”), the Notes bear interest at a floating rate per annum equal to the benchmark rate, which is expected to be Three–Month Term SOFR (the “Benchmark Rate”), plus 549 basis points, payable quarterly in arrears on January 1, April 1, July 1, and October 1 of each year, commencing on October 1, 2025. Notwithstanding the foregoing, in the event that the Benchmark Rate is less than zero, the Benchmark Rate shall be deemed to be zero.

Horizon may, at its option, beginning with the interest payment date of July 1, 2025 and on any interest payment date thereafter, redeem the Notes, in whole or in part. The Notes will not otherwise be redeemable by Horizon prior to maturity, unless certain events occur. The redemption price for any redemption is 100% of the principal amount of the Notes, plus accrued and unpaid interest thereon to, but excluding, the date of redemption. Any early redemption of the Notes will be subject to the receipt of the approval of the Board of Governors of the Federal Reserve System to the extent then required under applicable laws or regulations, including capital regulations.

The Notes are unsecured subordinated obligations, and rank pari passu, or equally, with all of Horizon's future unsecured subordinated debt and are junior to all existing and future senior debt. The Notes are structurally subordinated to all existing and future liabilities of Horizon's subsidiaries, including the deposit liabilities and claims of other creditors of Horizon Bank, and are effectively subordinated to Horizon’s existing and future secured indebtedness. There is no sinking fund for the Notes. The Notes are obligations of Horizon only and are not obligations of, and are not guaranteed by, any of Horizon’s subsidiaries.

On December 8, 2023, Horizon cancelled $3.5 million of the $60.0 million in Notes at a price of 89.5 recording a gain of $368,000. The balance net of unamortized issuance costs of the Notes was $55.8 million and $55.7 million at March 31, 2025 and December 31, 2024, respectively. Unamortized debt issuance costs were $0.7 million and $0.8 million million at March 31, 2025 and December 31, 2024, respectively.

Note 9 – Derivative Financial Instruments

Our hedging policy allows the use of interest rate derivative instruments to manage our exposure to interest rate risk or hedge specified assets and liabilities. All derivative instruments are carried on the balance sheet at their estimated fair value and are recorded in other assets or other liabilities, as appropriate, and in the net change in each of these financial statement line items in the accompanying consolidated statement of cash flows.

Fair Value Hedges

Fair value hedges are intended to reduce the interest rate risk associated with the underlying hedged item. The Company enters into fixed rate loan agreements as part of its lending policy. To mitigate the risk of changes in fair value based on fluctuations in interest rates, the Company previously entered into interest rate swap agreements on individual loans, converting the fixed rate loans to a variable rate. The Company also previously entered into interest rate swap agreements on individual investment securities, converting the fixed rate security to a variable rate. During the year ended December 31, 2024, the Company terminated the fair value hedges on loans and securities, recording a deferred gain of $2.3 million on the loan termination that will be accreted into interest income over the remaining life of the underlying loans, and a mark-to-market adjustment of $0.3 million that was recorded in non-interest income on the termination of the fair value hedges against investment securities.

The change in fair value of both the hedge instruments and the underlying loan and security agreements are recorded as gains or losses in non–interest income. The fair value hedges are considered to be highly effective.

(Table Dollar Amounts in Thousands, Except Per Share Data)

Other Derivative Instruments

From time to time, we may enter into certain interest rate swaps that are not designated as hedging instruments. These interest rate derivative contracts relate to transactions in which we enter into an interest rate swap with a customer while concurrently entering into an offsetting interest rate swap with a third-party financial institution. We agree to pay interest to the customer on a notional amount at a variable rate and receive interest from the customer on a similar notional amount at a fixed interest rate. At the same time, we agree to pay a third-party financial institution the same fixed interest rate on the same notional amount and receive the same variable interest rate on the same notional amount. These interest rate derivative contracts allow our customers to effectively convert a variable rate loan to a fixed rate loan.

The Company enters into non–hedging derivatives in the form of mortgage loan forward sale commitments with investors and commitments to originate mortgage loans as part of its mortgage banking business. At March 31, 2025, the Company's fair value of these derivatives were recorded and over the next 12 months are not expected to have a significant impact on the Company's net income.

The change in fair value of both the forward sale commitments and commitments to originate mortgage loans were recorded and the net gains or losses included in the Company's gain on sale of loans.

The following tables summarize the fair value of our derivative financial instruments utilized by Horizon on a gross basis for the periods indicated.

	Asset Derivatives March 31, 2025		Liability Derivatives March 31, 2025	
	Notional Amount	**Fair Value**	**Notional Amount**	**Fair Value**
Derivatives not designated as hedging instruments				
Interest rate contracts -customer accommodation	$ 514,001	$ 21,153	$ 514,001	$ 21,153
Mortgage loan contracts	—	—	15,988	46
Commitments to originate mortgage loans	15,123	509	—	—
Total derivatives not designated as hedging instruments	529,124	21,662	529,989	21,199
Total derivatives subject to enforceable master netting arrangements, gross	$ 529,124	$ 21,662	$ 529,989	$ 21,199
Less: Gross amounts offset	—	—	—	—
Total derivatives subject to enforceable master netting arrangements, net	$ 529,124	$ 21,662	$ 529,989	$ 21,199

(Table Dollar Amounts in Thousands, Except Per Share Data)

	Asset Derivatives December 31, 2024		Liability Derivatives December 31, 2024	
	Notional Amount	Fair Value	Notional Amount	Fair Value
Derivatives not designated as hedging instruments				
Interest rate contracts - customer accommodation	$ 521,520	$ 28,817	$ 521,520	$ 28,817
Mortgage loan contracts	6,155	27	—	—
Commitments to originate mortgage loans	6,856	202	—	—
Total derivatives not designated as hedging instruments	534,531	29,046	521,520	28,817
Total derivatives subject to enforceable master netting arrangements, gross	$ 534,531	$ 29,046	$ 521,520	$ 28,817
Less: Gross amounts offset	—	—	—	—
Total derivatives subject to enforceable master netting arrangements, net	$ 534,531	$ 29,046	$ 521,520	$ 28,817

While the Company is party to master netting arrangements with most of its swap derivative counterparties, the Company has elected to not offset derivative assets and liabilities under these agreements on its consolidated balance sheets. Collateral exchanged between the Company and dealer bank counterparties is generally subject to thresholds and transfer minimums, and usually consists of marketable securities. At March 31, 2025, the Company pledged marketable securities as collateral with a carrying value of $5.8 million.

The effect of the derivative and the hedged item in fair value hedging relationships on the condensed consolidated statements of income for three month periods ended March 31, 2025 and March 31, 2024 is as follows:

	Location of gain (loss) recognized on derivative and Hedge item	Amount of Gain (Loss) Recognized on Derivative and Hedged Item Three Month Ended	
		March 31, 2025	March 31, 2024
Derivatives designated as hedging instruments			
Interest rate contracts - fair value hedge	Interest income - loans receivable	$ —	$ 335
Hedged item		—	(335)
Interest rate contracts - fair value hedge	Interest income - investment securities	—	(71)
Hedged item		—	71
Total		$ —	$ —

The effect of derivatives not designated as hedging instruments on the condensed consolidated statements of income for the three month periods ended March 31, 2025 and March 31, 2024 is as follows:

(Table Dollar Amounts in Thousands, Except Per Share Data)

	Location of gain (loss) recognized on derivative	Amount of Gain (Loss) Recognized on Derivative — Three Month Ended March 31, 2025	Amount of Gain (Loss) Recognized on Derivative — Three Month Ended March 31, 2024
Derivative not designated as hedging relationship			
Mortgage loan contracts	Non-interest income-Gain on sale of loans	509	(24)
Commitments to originate mortgage loans	Non-interest income-Gain on sale of loans	(46)	(38)
Total		$ 463	$ (62)

Note 10 – Disclosures about Fair Value of Assets and Liabilities

The Fair Value Measurements topic of the FASB ASC defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. There are three levels of inputs that may be used to measure fair value:

Level 1 – Quoted prices in active markets for identical assets or liabilities

Level 2 – Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities

Following is a description of the valuation methodologies used for instruments measured at fair value on a recurring basis and recognized in the accompanying condensed consolidated financial statements, as well as the general classification of such instruments pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the period ended March 31, 2025. For assets classified within Level 3 of the fair value hierarchy, the process used to develop the reported fair value is described below.

Available for sale securities

When quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics or discounted cash flows. Level 2 securities include U.S. Treasury and federal agency securities, state and municipal securities, U.S. government agency mortgage-backed securities, corporate notes. Level 2 securities are valued by a third party pricing service commonly used in the banking industry utilizing observable inputs. Observable inputs include dealer quotes, market spreads, cash flow analysis, the U.S. Treasury yield curve, trade execution data, market consensus prepayment spreads and available credit information and the bond’s terms and conditions. The pricing provider utilizes evaluated pricing models that vary based on asset class. These models incorporate available market information including quoted prices of securities with similar characteristics and, because many fixed–income securities do not trade on a daily basis, apply available information through processes such as benchmark curves, benchmarking of like securities, sector grouping, and matrix pricing. In addition, model processes, such as an option adjusted spread model, is used to develop prepayment and interest rate scenarios for securities with prepayment features.

Equity securities

The fair value of the Company's equity investments is estimated by a third party utilizing readily determinable fair values quoted on an active market.

Interest rate swap agreements

The fair value of the Company’s interest rate swap agreements is estimated by a third party using inputs that are primarily unobservable including a yield curve, adjusted for liquidity and credit risk, contracted terms and discounted cash flow analysis, and therefore, are classified within Level 2 of the valuation hierarchy.

Commitments to originate mortgage loans and mortgage loan contract assets/liabilities

The Company’s forward commitments are valued based on quoted prices for similar assets in an active market with inputs that are observable.

(Table Dollar Amounts in Thousands, Except Per Share Data)

The following table presents the fair value measurements of assets and liabilities recognized in the accompanying condensed consolidated financial statements measured at fair value on a recurring basis and the level within the FASB ASC fair value hierarchy in which the fair value measurements fall at the following:

	March 31, 2025			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Available for sale securities				
U.S. Treasury and federal agencies	$ 1,850	$ —	$ 1,850	$ —
State and municipal	199,429	—	199,429	—
U.S. government agency mortgage-backed securities	14,462	—	14,462	—
Corporate notes	15,690	—	15,690	—
Total available for sale securities	231,431	—	231,431	—
Equity securities	572	572	—	—
Interest rate swap agreements asset	21,153	—	21,153	—
Commitments to originate mortgage loans	509	—	509	—
Liabilities:				
Mortgage loans contracts	(46)	—	(46)	—
Interest rate swap agreements liability	(21,153)	—	(21,153)	—

	December 31, 2024			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Available for sale securities				
U.S. Treasury and federal agencies	$ 1,801	$ —	$ 1,801	$ —
State and municipal	201,834	—	201,834	—
U.S. government agency mortgage-backed securities	14,543	—	14,543	—
Corporate notes	15,499	—	15,499	—
Total available for sale securities	233,677	—	233,677	—
Equity securities	595	595	—	—
Interest rate swap agreements asset	28,817	—	28,817	—
Commitments to originate mortgage loans	202	—	202	—
Mortgage loan contracts	27	—	27	—
Liabilities:				
Interest rate swap agreements liability	(28,817)	—	(28,817)	—

(Table Dollar Amounts in Thousands, Except Per Share Data)

Certain other assets are measured at fair value on a non-recurring basis in the ordinary course of business and are subject to fair value adjustments in certain circumstances (for example, when there is evidence of impairment):

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
March 31, 2025				
Collateral dependent loans	$ 6,532	$ —	$ —	$ 6,532
December 31, 2024				
Collateral dependent loans	$ 3,797	$ —	$ —	$ 3,797

Collateral Dependent Loans: For loans identified as collateral dependent, the fair value method of measuring the amount of impairment is utilized. This method requires obtaining a current independent appraisal of the collateral and applying a discount factor to the value.

Loans Transferred to Held for Sale: Once a decision has been made to sell loans not previously classified as held for sale, these loans are transferred into the held for sale category and carried at the lower of cost or fair value, less estimated costs to sell. At the time of transfer into held for sale classification, any amount by which cost exceeds fair value is accounted for as a valuation allowance. This activity generally pertains to loans with observable inputs, and

therefore, are classified within Level 2 of the fair value hierarchy. However, should these loans include adjustments for changes in loan characteristics based on unobservable inputs, the loans would then be classified within Level 3 of the fair value hierarchy. As of March 31, 2025 and December 31, 2024, there were zero and $64.8 million loans transferred to held for sale on the accompanying Consolidated Balance Sheets, respectively.

The following table presents qualitative information about unobservable inputs used in recurring and nonrecurring Level 3 fair value measurements,.

	March 31, 2025			
	Fair Value	Valuation Technique	Unobservable Inputs	Range (Weighted Average)
Collateral dependent loans	$ 6,532	Collateral based measurement	Discount to reflect current market conditions and ultimate collectability	16.1%-86.0% (39.4%)

	December 31, 2024			
	Fair Value	Valuation Technique	Unobservable Inputs	Range (Weighted Average)
Collateral dependent loans	$ 3,797	Collateral based measurement	Discount to reflect current market conditions and ultimate collectability	16.1%-40.1%(36.6%)

Note 11 – Fair Value of Financial Instruments

The estimated fair value amounts of the Company’s financial instruments were determined using available market information, current pricing information applicable to Horizon and various valuation methodologies. Where market quotations were not available, considerable management judgment was involved in the determination of estimated fair values. Therefore, the estimated fair value of financial instruments shown below may not be representative of the amounts at which they could be exchanged in a current or future transaction. Due to the inherent uncertainties of expected cash flows of financial instruments, the use of alternate valuation assumptions and methods could have a significant effect on the estimated fair value amounts.

The following table does not include certain financial instruments that are recorded at fair value on a recurring basis, including some non-recurring financial instruments. See Note 10 for more details.

The estimated fair values of financial instruments, as shown below, are not intended to reflect the estimated liquidation or market value of Horizon taken as a whole. The disclosed fair value estimates are limited to Horizon's significant financial instruments at March 31, 2025 and December 31, 2024. These include financial instruments recognized as assets and liabilities on the condensed consolidated balance sheets as well as certain off–balance sheet financial instruments. The estimated fair values shown below do not include any valuation of assets and liabilities, which are not financial instruments as defined by the FASB ASC fair value hierarchy.

The following methods and assumptions were used to estimate the fair value of each class of financial instrument:

Cash and Cash Equivalents – Cash and cash equivalents are composed of: cash and due from banks, interest bearing deposits in banks, and federal funds sold. The carrying amounts approximate fair value.

Interest-Earning Time Deposits – The carrying amounts approximate fair value.

Held–to–Maturity Securities – For debt securities held to maturity, fair values are based on quoted market prices or dealer quotes. For those securities where a quoted market price is not available, carrying amount is a reasonable estimate of fair value based upon comparison with similar securities.

Loans Held for Sale – For mortgage loans, the fair value is derived from third party pricing models, based on active quotes. For non-mortgage loans, the assets are carried at the lower of cost or fair value.

Net Loans – The fair value of net loans are estimated on an exit price basis incorporating discounts for credit, liquidity and marketability factors.

FHLB Stock – Fair value of FHLB stock is based on the price at which it may be resold to the FHLB.

Interest Payable – The carrying amounts approximate fair value.

Deposits – The fair value of demand deposits, savings accounts, interest bearing checking accounts and money market deposits is the amount payable on demand at the reporting date and are classified within Level 1. The fair value of fixed maturity certificates of deposit is estimated by discounting the future cash flows using rates currently offered for deposits of similar remaining maturity and are classified within Level 2.

Borrowings – Rates currently available to Horizon for debt with similar terms and remaining maturities are used to estimate fair values of existing borrowings.

Subordinated Notes – The fair value of subordinated notes is based on discounted cash flows based on current borrowing rates for similar types of instruments.

Junior Subordinated Debentures to Capital Trusts – Rates currently available for debentures with similar terms and remaining maturities are used to estimate fair values of existing debentures.

(Table Dollar Amounts in Thousands, Except Per Share Data)

The following tables present estimated fair values of the Company's financial instruments and the level within the fair value hierarchy in which the fair value measurements fall.

	March 31, 2025			
	Carrying Amount	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Cash and due from banks	$ 89,643	$ 89,643	$ —	$ —
Interest- bearing deposits in banks	80,023	80,023	—	—
Cash and cash equivalents	169,666	169,666	—	—
Investment securities, held to maturity	1,843,851	—	1,550,127	—
Loans held for sale	3,253	—	—	3,253
Loans, net	4,857,161	—	—	4,687,773
Stock in FHLB	45,412	—	45,412	—
Liabilities				
Non-interest bearing deposits	$ 1,127,324	$ 1,127,324	$ —	$ —
Interest bearing deposits	4,638,459	3,393,371	1,241,557	—
Borrowings	900,069	—	900,292	—
Subordinated notes	55,772	—	56,316	—
Junior subordinated debentures issued to capital trusts	57,531	—	49,487	—
Interest payable	11,441	—	11,441	—

(Table Dollar Amounts in Thousands, Except Per Share Data)

	December 31, 2024			
	Carrying Amount	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Cash and due from banks	$ 92,300	$ 92,300	$ —	$ —
Interest-earning deposits	201,131	201,131	—	—
Federal funds sold	—	—	—	—
Cash and cash equivalents	293,431	293,431	—	—
Interest earnings time deposits	735	—	735	—
Investment securities, held to maturity	1,867,690	—	1,566,268	—
Loans held for sale	67,597	—	64,824	2,773
Loans (excluding loan level hedges), net	4,795,060	—	—	4,611,702
Stock in FHLB	53,826	—	53,826	—
Liabilities				
Non-interest bearing deposits	$ 1,064,818	$ 1,064,818	$ —	$ —
Interest bearing deposits	4,535,834	3,446,680	1,084,986	—
Borrowings	1,232,252	—	1,230,860	—
Subordinated notes	55,738	—	55,284	—
Junior subordinated debentures issued to capital trusts	57,477	—	48,559	—
Interest payable	11,137	—	11,137	—

Note 12 – Stockholders' Equity

The components of accumulated other comprehensive loss, net of tax included in capital are as follows:

Accumulated Other Comprehensive Income (Loss)

	March 31, 2025	December 31, 2024
Unrealized gain (loss) on securities available for sale	$ (39,167)	$ (38,193)
Unamortized gain (loss) on securities held to maturity, previously transferred from AFS	1,761	1,892
Total accumulated other comprehensive income (loss)	$ (37,406)	$ (36,301)

Note 13 – Regulatory Capital

Horizon and the Bank are subject to various regulatory capital requirements administered by the federal banking agencies. These capital requirements implement changes arising from the Dodd–Frank Wall Street Reform and Consumer Protection Act and the U.S. Basel Committee on Banking Supervision’s capital framework (known as “Basel III”). Failure to meet the minimum regulatory capital requirements can initiate certain mandatory and possible additional discretionary actions by regulators, which if undertaken, could have a direct material effect on the Company’s financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective actions, the Company and Bank must meet specific capital guidelines involving quantitative measures of the Bank’s assets, liabilities, and certain off–balance–sheet items as calculated under regulatory accounting practices. The Company’s and Bank’s capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings and other factors.

The Company and Bank are subject to minimum regulatory capital requirements as defined and calculated in accordance with the Basel III–based regulations. As allowed under Basel III rules, the Company made the decision to opt–out of including accumulated other comprehensive income in regulatory capital. The minimum regulatory capital requirements are set forth in the table below.

In addition, to be categorized as well capitalized, the Company and Bank must maintain Total risk–based, Tier I risk–based, common equity Tier I risk–based and Tier I leverage ratios as set forth in the table below. As of March 31, 2025 and December 31, 2024, the Company and Bank met all capital adequacy requirements to be considered well capitalized. There have been no conditions or events since the end of the first quarter of 2025 that management believes have changed the Bank's classification as well capitalized. There is no threshold for well capitalized status for bank holding companies.

(Table Dollar Amounts in Thousands, Except Per Share Data)

The following table presents Horizon and the Bank’s actual and required capital ratios as of March 31, 2025 and December 31, 2024, as well as the revisions to Horizon's regulatory capital ratios to reflect the correction of the capital computations for the foregoing periods:

	Actual		Required for Capital Adequacy Purposes[(1)]		Required For Capital Adequacy Purposes with Capital Buffer[(1)]		Well Capitalized Under Prompt Corrective Action Provisions[(1)]	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
March 31, 2025								
Total capital (to risk-weighted assets) [1]								
Consolidated	$ 815,504	14.26 %	$ 457,564	8.00 %	$ 600,553	10.50 %	N/A	N/A
Bank	737,823	12.93	456,510	8.00	599,169	10.50	$570,637	10.00%
Tier 1 capital1(to risk-weighted assets)								
Consolidated	704,937	12.33	343,173	6.00	486,162	8.50	N/A	N/A
Bank	683,028	11.97	342,382	6.00	485,042	8.50	456,510	8.00
Common equity tier 1 capital1(to risk-weighted assets)								
Consolidated	647,406	11.32	257,380	4.50	400,369	7.00	N/A	N/A
Bank	683,028	11.97	256,787	4.50	399,446	7.00	370,914	6.50
Tier 1 capital (to average assets) [1]								
Consolidated	704,937	9.25	304,754	4.00	304,754	4.00	N/A	N/A
Bank	683,028	8.98	304,288	4.00	304,288	4.00	380,360	5.00

	Actual		Required for Capital Adequacy Purposes[(1)]		Required For Capital Adequacy Purposes with Capital Buffer[(1)]		Well Capitalized Under Prompt Corrective Action Provisions[(1)]	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
December 31, 2024								
Total capital (to risk-weighted assets) [(1)]								
Consolidated	$ 800,209	13.91 %	$ 460,266	8.00 %	$ 604,099	10.50 %	N/A	N/A
Bank	725,383	12.64 %	459,039	8.00 %	602,489	10.50 %	573,799	10.00%
Tier 1 capital(1)(to risk-weighted assets)								
Consolidated	690,183	12.00 %	345,199	6.00 %	489,033	8.50 %	N/A	N/A
Bank	671,095	11.70 %	344,279	6.00 %	487,729	8.50 %	459,039	8.00%
Common equity tier 1 capital(1)(to risk-weighted assets)								
Consolidated	632,760	11.11 %	258,900	4.50 %	402,733	7.00 %	N/A	N/A
Bank	671,095	11.70 %	258,209	4.50 %	401,659	7.00 %	372,969	6.50%
Tier 1 capital(to average assets) [(1)]								
Consolidated	690,183	8.88 %	310,825	4.00 %	310,825	4.00 %	N/A	N/A
Bank	671,095	8.64 %	310,539	4.00 %	310,539	4.00 %	388,174	5.00%

[(1)] As defined by regulatory agencies

(Table Dollar Amounts in Thousands, Except Per Share Data)

Note 14 – Off-Balance Sheet Arrangements, Commitments, and Contingencies

In the normal course of business, the Company is a party to financial instruments with off-balance sheet risk to meet the financing needs of its clients. These financial instruments include commitments to extend credit and standby letters of credit. These instruments involve, to varying degrees, elements of credit and interest rate risk in excess of amounts recorded in the consolidated balance sheets.

Commitments to extend credit are legally binding agreements to lend to a client, so long as there is no violation of any condition established in the commitment contract. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements.

Standby letters of credit are conditional commitments issued by the Company to guarantee the performance of a client to a third party. The credit risk involved in issuing letters of credit is essentially the same as the credit risk involved in extending loan facilities to clients. The Company's policy for obtaining collateral, and determining the nature of such collateral, is essentially the same as in the Company's policies for making commitments to extend credit. The methodology for estimating the liability for unfunded loan commitments is consistent with the allowance for credit losses on loans.

The following table represents the commitments to extend credit and standby letters of credit as of March 31, 2025 and December 31, 2024, respectively:

	March 31, 2025	December 31, 2024
Commitments to extend credit	$ 1,046,675	$ 1,018,302
Standby letters of credit	26,096	23,457
Total	**$ 1,072,771**	**$ 1,041,759**

Note 15 - Subsequent Events

The Company does not have any reportable subsequent events from March 31, 2025 to the reporting date.

ITEM 2 – MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Forward–Looking Statements

This report contains certain forward–looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, with respect to Horizon Bancorp, Inc. ("Horizon" or the "Company") and Horizon Bank (the "Bank"). Horizon intends such forward–looking statements to be covered by the safe harbor provisions for forward–looking statements contained in the Private Securities Reform Act of 1995, and is including this statement for the purposes of these safe harbor provisions. Statements in this report should be considered in conjunction with the other information available about Horizon, including the information in the other filings we make with the Securities and Exchange Commission. 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," "expect," "estimate," "project," "intend," "plan," "believe," "could," "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.

Actual results may differ materially, adversely or positively, from the expectations of the Company that are expressed or implied by any forward–looking statement. Risks, uncertainties, and factors that could cause the Company's actual results to vary materially from those expressed or implied by any forward–looking statement include but are not limited to:

- effects on Horizon's business resulting from new U.S. domestic or foreign governmental trade measures, including but not limited to tariffs, import and export controls, foreign exchange intervention accomplished to offset the effects of trade policy or in response to currency volatility, and other restrictions on free trade;
- uncertain conditions within the domestic and international macroeconomic environment, including trade policy, monetary and fiscal policy, and conditions in the investment, credit, interest rate, and derivatives markets, and their impact on Horizon and its customers;
- current financial conditions within the banking industry;
- changes in the level and volatility of interest rates, spreads on earning assets and interest bearing liabilities, and interest rate sensitivity;
- the aggregate effects of elevated inflation levels in recent years;
- loss of key Horizon personnel;
- macroeconomic conditions and their impact on Horizon and its customers;
- the increasing use of Bitcoin and other crypto currencies and/or stable coin and the possible impact these alternative currencies may have on deposit disintermediation and income derived from payment systems;
- the effect of interest rates on net interest rate margin and their impact on mortgage loan volumes and the outflow of deposits;
- increases in disintermediation, as new technologies allow consumers to complete financial transactions without the assistance of banks;
- potential loss of fee income, including interchange fees, as new and emerging alternative payment platforms (e.g., Apple Pay or Bitcoin) take a greater market share of the payment systems;
- estimates of fair value of certain of Horizon's assets and liabilities;
- volatility and disruption in financial markets;
- changes in prepayment speeds, loan originations, credit losses and market values, collateral securing loans and other assets;

- changes in sources of liquidity;
- potential risk of environmental liability related to lending and acquisition activities;
- changes in the competitive environment in Horizon's market areas and among other financial service providers;
- legislation and/or regulation affecting the financial services industry as a whole, and Horizon and its subsidiaries in particular;
- changes in regulatory supervision and oversight, including monetary policy and capital requirements;
- changes in accounting policies or procedures as may be adopted and required by regulatory agencies;
- litigation, regulatory enforcement, tax, and legal compliance risk and costs, as applicable generally and specifically to the financial and fiduciary (generally and as an ESOP fiduciary) environment, especially if materially different from the amount we expect to incur or have accrued for, and any disruptions caused by the same;
- the effects and costs of governmental investigations or related actions by third parties;
- rapid technological developments and changes;
- the risks presented by cyber terrorism and data security breaches;
- the rising costs of effective cybersecurity;
- containing costs and expenses;
- the ability of the U.S. federal government to manage federal debt limits;
- the potential influence on the U.S. financial markets and economy from the effects of climate change and social justice initiatives;
- the risks of expansion through mergers and acquisitions, including unexpected credit quality problems with acquired loans, difficulty integrating acquired operations and material differences in the actual financial results of such transactions compared with Horizon's initial expectations, including the full realization of anticipated cost savings; and
- acts of terrorism, war and global conflicts, such as the Russia-Ukraine and Israel-Hamas conflicts, and the potential impact they may have on supply chains, the availability of commodities, commodity prices, inflationary pressure and the overall U.S. and global financial markets.

The foregoing list of important factors is not exclusive, and you are cautioned not to place undue reliance on these forward–looking statements, which speak only as of the date of this document or, in the case of documents incorporated by reference, the dates of those documents. We do not undertake to update any forward–looking statements, whether written or oral, that may be made from time to time by us or on our behalf. For a detailed discussion of the risks and uncertainties that may cause our actual results or performance to differ materially from the results or performance expressed or implied by forward–looking statements, see "Risk Factors" in Item 1A of Part I of our 2024 Annual Report on Form 10–K, in Item 1A of Part II of this Quarterly Report on Form 10–Q, and in the subsequent reports we file with the SEC.

Critical Accounting Estimates

The notes to the consolidated financial statements included in Item 8 of the Company's 2024 Annual Report on Form 10–K contain a summary of the Company's significant accounting policies. Certain of these policies are important to the portrayal of the Company's financial condition, since they require management to make difficult, complex or subjective judgments, some of which may relate to matters that are inherently uncertain. The Company considers these policies to be its critical accounting estimates. Management has identified as critical accounting policies the allowance for credit losses, goodwill and intangible assets, mortgage servicing rights, hedge accounting and valuation measurements.

For additional information regarding critical accounting estimates, see Note 1 – Nature of Operations and Summary of Significant Accounting Policies included in Item 8 of the Company's Annual Report on Form 10-K for the year ended December 31, 2024. There have been no material changes in the Company's application of critical accounting estimates since December 31, 2024.

Results of Operations

Net Income

Net income increased $9.9 million to $23.9 million, or $0.54 per diluted share, during the three months ended March 31, 2025 when compared to $14.0 million, or $0.32 per diluted share, for the same period in 2024. The increase in net income from the prior year period reflects an increase in interest income of $3.9 million, a decrease of in interest expense of $5.1 million and an increase in non-interest income of $6.6 million. The increase was partially offset by an increase in non-interest expense of $2.2 million and an increase in tax expense of $2.8 million.

Net Interest Income

Net interest income increased $9.0 million, or 20.7% during the three months ended March 31, 2025, to $52.3 million, when compared to the same period in 2024. While average earning assets decreased, the reported net FTE interest margin[1] increased by 54 basis points, to 3.04% for the three months ended March 31, 2025 compared to the year ago period, attributable to the favorable mix shift in both average interest earning assets toward higher-yielding loans and the funding mix toward lower cost deposit liabilities. Interest accretion from the fair value of acquired loans did not contribute significantly to the first quarter net interest income, or net FTE interest margin[1].

[1]Non-GAAP financial metric. See non-GAAP reconciliation included herein for the most directly comparable GAAP measure.

HORIZON BANCORP, INC. AND SUBSIDIARIES
Management's Discussion and Analysis of Financial Condition
And Results of Operations
For the three months ended March 31, 2025 and 2024

Following are the average balance sheets for the three months ended (dollars in thousands):

	Average Balance Sheet (Dollars in Thousands, Unaudited) Three Months Ended					
	March 31, 2025			March 31, 2024		
	Average Balance [7]	Interest	Average Rate	Average Balance [7]	Interest	Average Rate
Assets						
Interest earning assets						
Interest earning deposits (incl. Fed Funds Sold)	$ 223,148	$ 2,487	4.52 %	$ 331,083	$ 4,497	5.46 %
Federal Home Loan Bank stock[1]	51,769	1,012	7.93 %	37,949	784	8.31 %
Investment securities - taxable [2]	974,109	5,027	2.09 %	1,326,246	6,578	1.99 %
Investment securities - non-taxable [2]	1,120,249	7,838	2.84 %	1,149,957	8,166	2.86 %
Total investment securities	2,094,358	12,865	2.49 %	2,476,203	14,744	2.39 %
Loans receivable [3] [4]	4,865,449	74,840	6.24 %	4,448,324	67,307	6.09 %
Total interest earning assets	$ 7,234,724	91,204	5.11 %	$ 7,293,559	87,332	4.82 %
Non-interest earning assets						
Cash and due from banks	88,624			105,795		
Allowance for credit losses	(51,863)			(49,960)		
Other assets	483,765			486,652		
Total average assets	$ 7,755,250			$ 7,836,046		
Liabilities and Stockholders' Equity						
Interest bearing liabilities						
Interest bearing demand deposits	$ 1,750,446	$ 6,491	1.50 %	$ 1,658,709	$ 6,516	1.58 %
Saving and money market deposits	1,674,590	8,263	2.00 %	1,664,518	9,373	2.26 %
Time deposits	1,212,386	10,847	3.63 %	1,176,921	12,101	4.14 %
Total Deposits	4,637,422	25,601	2.24 %	4,500,148	27,990	2.50 %
Borrowings	971,496	8,772	3.66 %	1,200,728	10,904	3.65 %
Repurchase agreements	88,469	416	1.91 %	138,052	1,026	2.99 %
Subordinated notes	55,750	829	6.03 %	55,558	831	6.02 %
Junior subordinated debentures issued to capital trusts	57,497	1,290	9.10 %	57,279	1,225	8.60 %
Total interest bearing liabilities	5,810,634	36,908	2.58 %	5,951,765	41,976	2.84 %
Non-interest bearing liabilities						
Demand deposits	1,085,826			1,077,183		
Accrued interest payable and other liabilities	78,521			82,015		
Stockholders' equity	780,269			725,083		
Total average liabilities and stockholders' equity	$ 7,755,250			$ 7,836,046		
Net FTE interest income (non-GAAP) [5] [6]		$ 54,296			$ 45,356	
Less FTE adjustments [5]		2,029			2,068	
Net Interest Income		$ 52,267			$ 43,288	
Net FTE interest margin (Non-GAAP) [5] [6]			3.04 %			2.50 %

[1] Includes dividend income on FHLB stock.
[2] Securities balances represent daily average balances for the fair value of securities. The average rate is calculated based on the daily average balance for the amortized cost of securities.
[3] Includes fees on loans held for sale and held for investment. The inclusion of loan fees does not have a material effect on the average interest rate.
[4] Non-accruing loans for the purpose of the computation above are included in the daily average loan amounts outstanding. Loan totals are shown net of unearned income and deferred loan fees.
[5] Management believes fully taxable equivalent, or FTE, interest income is useful to investors in evaluating the Company's performance as a comparison of the returns between a tax-free investment and a taxable alternative. The Company adjusts interest income and average rates for tax-exempt loans and securities to an FTE basis utilizing a 21% tax rate
[5] Non-GAAP financial metric. See non-GAAP reconciliation included herein for the most directly comparable GAAP measure.
[6] Includes dividend income on FHLB stock.
[7] Average balances are calculated on a daily average basis

HORIZON BANCORP, INC. AND SUBSIDIARIES
Management's Discussion and Analysis of Financial Condition
And Results of Operations
For the three months ended March 31, 2025 and 2024

The following table illustrates the impact of changes in the volume of interest earning assets and interest bearing liabilities and interest rates on net interest income for the periods indicated.

	Three Months Ended March 31, 2025 vs. Three Months Ended March 31, 2024		
	Total Change	Change Due To Volume	Change Due To Rate
Interest Income			
Interest-bearing deposits in banks	$ (2,010)	$ (1,289)	$ (721)
Federal Home Loan Bank stock	228	272	(44)
Investment securities - taxable	(1,551)	(1,802)	251
Investment securities - non-taxable	(328)	(208)	(120)
Loans receivable	7,533	6,383	1,150
Total interest income	3,872	3,356	516
Interest Expense			
Interest-bearing demand deposits	(25)	350	(375)
Savings and money market savings deposits	(1,110)	57	(1,167)
Time deposits	(1,254)	353	(1,607)
Borrowings	(2,132)	(2,069)	(63)
Repurchase agreements	(610)	(299)	(311)
Subordinated notes	(2)	3	(5)
Junior subordinated debentures issued to capital trusts	65	5	60
Total interest expense	(5,068)	(1,600)	(3,468)
Net FTE interest income (Non-GAAP)	8,940	4,956	3,984
Less change in FTE adjustments	(39)		
Net Interest Income	$ 8,979		

Non-Interest Income

	Three Months Ended			
(Dollars in Thousands)	March 31, 2025	March 31, 2024	$ Change	% Change
Non-interest Income				
Service charges on deposit accounts	$ 3,208	$ 3,214	$ (6)	— %
Wire transfer fees	71	101	(30)	(30)%
Interchange fees	3,241	3,109	132	4 %
Fiduciary activities	1,326	1,315	11	1 %
Loss on sale of investment securities	(407)	—	(407)	— %
Gain on sale of mortgage loans	1,076	626	450	72 %
Mortgage servicing income net of impairment	385	439	(54)	(12)%
Increase in cash value of bank owned life insurance	335	298	37	12 %
Other income	7,264	827	6,437	778 %
Total non-interest income	$ 16,499	$ 9,929	$ 6,570	66 %

Total non-interest income increased $6.6 million for the three months ended March 31, 2025 compared to the same period in 2024. The primary components of the change were as follows:

Gain on sale of mortgage loans increased by $0.4 million, or 71.9%, for the three months ended March 31, 2025 compared to the same period in 2024, primarily driven by higher volumes of sold loans.

Other income, which includes various miscellaneous income items as well as fair market value adjustments to certain other assets, increased by $6.4 million during the three months ended March 31, 2025 primarily due to the gain on sale of the Company's mortgage warehouse business to an unrelated third party, which resulted in a pre-tax gain of $7.0 million.

Non-Interest Expense

(Dollars in Thousands)	Three Months Ended March 31, 2025	Three Months Ended March 31, 2024	$ Change	% Change
Non-interest Expense				
Salaries and employee benefits	$ 22,414	$ 20,268	$ 2,146	11 %
Net occupancy expenses	3,702	3,546	156	4 %
Data processing	2,872	2,464	408	17 %
Professional fees	826	607	219	36 %
Outside services and consultants	3,265	3,359	(94)	(3)%
Loan expense	689	719	(30)	(4)%
FDIC insurance expense	1,288	1,320	(32)	(2)%
Core deposit intangible amortization	816	872	(56)	(6)%
Merger related expense	305	—	305	— %
Other losses	228	16	212	1325 %
Other expense	2,901	3,936	(1,035)	(26)%
Total non-interest expense	$ 39,306	$ 37,107	$ 2,199	6 %

Non-interest expense increased $2.2 million for the three months ended March 31, 2025 compared to the same period in 2024. The primary components of the change were as follows:

Salaries and employee benefits expense increased by $2.1 million for the three months ended March 31, 2025 when compared to the same period a year ago. The increase is partially attributable to growth in salary expense related to ongoing hiring efforts in revenue generating roles in commercial lending, equipment finance and treasury management. Additionally, the prior comparable period benefited from from a favorable expense adjustment on a legacy compensation program that was terminated in the fourth quarter of 2024.

Other expenses, which includes corporate and other service expenses, decreased by $1.0 million for the three months ended March 31, 2025 when compared to the same period in 2024 partially due to decreases in marketing and advertising expenses.

Provision and Allowance for Credit Losses on Loans and Liability for Unfunded Lending Commitments

	Three Months Ended	
	March 31, 2025	March 31, 2024
Allowance for Credit Losses on Loans		
Balance at beginning of period	$ 51,980	$ 50,029
Provision for credit losses on loans	1,543	669
Net loan (charge-offs) recoveries:		
Commercial	$ 47	$ 172
Residential Real estate	47	5
Mortgage warehouse	—	—
Consumer	(963)	(488)
Total net loan charge-offs	$ (869)	$ (311)
Balance at end of period	$ 52,654	$ 50,387
Liability for Unfunded Lending Commitments		
Balance at beginning of period	$ 2,149	$ 615
Provision (reversal) for credit losses on unfunded lending commitments	(149)	135
Balance at end of period	$ 2,000	$ 750
Allowance for Credit Losses on Loans and Liability for Unfunded Lending Commitments	$ 54,654	$ 51,137

Horizon assesses the adequacy of its Allowance for Credit Losses ("ACL") by regularly reviewing the performance of its loan portfolio against various economic backdrops, which periodically change. During the three months ended March 31, 2025, the Company recorded a provision for credit losses on loans of $1.5 million. This compares to a provision for credit losses on loans of $0.7 million compared to the same period in 2024. The increase in the provision for credit losses when compared to the year ago period was primarily attributable to loan growth experienced during the quarter.

For the three months ended March 31, 2025, net loan charge-offs increased by $0.6 million to $0.9 million, compared to $0.3 million to the same period in 2024. The increase in charge-offs was primarily due to increases in the consumer portfolio as a result of the run-off of the indirect auto portfolio.

The Company's allowance for credit losses as a percentage of period-end loans HFI was 1.07% at March 31, 2025, compared to 1.09% at March 31, 2024.

As of March 31, 2025, the liability for unfunded lending commitments was $2.0 million compared to $0.8 million as of March 31, 2024. The increase in liability for unfunded lending commitments was due to increases in unfunded lending commitments outstanding when compared to the prior period.

Income Taxes

The Company's income tax expense for the three months ended March 31, 2025 was $4.1 million compared to $1.3 million for the same period in 2024, resulting in effective tax rates of 14.7% and 8.6%, respectively. The increase in the effective tax rate for the for the three months ended March 31, 2025 was primarily due to expectations of higher pre-tax income in first quarter of 2025 as compared to 2024, causing tax preferential items to have a less favorable impact.

The effective income tax rates differed from the U.S. statutory federal income tax rates of 21% during the comparable periods primarily due to the effect of tax exempt income from securities, loans, and life insurance policies, and net tax benefits from tax credit investments.

Financial Condition

Total assets decreased by $172.5 million, or 2.2%, as of March 31, 2025, from $7.8 billion as of December 31, 2024. The decrease in total assets is primarily due to decreases in cash and cash equivalents of $123.8 million, or 42.2%, to $169.7 million as of March 31, 2025, and a decrease in loans held for sale of $64.3 million, to $3.3 million as a result of the Company's sale of its mortgage warehouse business. The decrease was partially offset by increase in loans HFI of $62.1 million or 1.3% to $4.9 billion.

Total investment securities decreased $26.1 million, or 1.2%, to $2.1 billion as of March 31, 2025 when compared to balances as of December 31, 2024. The decrease is primarily a result of amortization and maturities, as well as the sale of one corporate debt security. There were no purchases of investment securities during the three months ended March 31, 2025.

Total loans HFI increased to $4.9 billion as of March 31, 2025 compared to $4.8 billion as of December 31, 2024, led by organic commercial loan growth of $103.3 million. The company continues to maintain a balanced growth profile across various geographies, products and industries, and holds a diverse lending portfolio consisting primarily of commercial real estate, consumer, residential and commercial and industrial portfolios.

Total deposit balances increased by $165.1 million, or 2.9%, to $5.8 billion on March 31, 2025 when compared to balances as of December 31, 2024. The Company maintains a granular and tenured deposit base, with a continued focus on core commercial and consumer deposit gathering.

Total borrowings decreased by $332.2 million, or 27.0%, to $900.1 million as of March 31, 2025 when compared to balances as of December 31, 2024, primarily related to repayment of a portion of Federal Home Loan Bank advances.

Investment securities are comprised of the following as of (dollars in thousands):

	March 31, 2025		December 31, 2024	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Available for sale				
U.S. Treasury, federal agencies, and government sponsored agencies	$ 2,258	$ 1,850	$ 2,258	$ 1,801
State and municipal	243,099	199,429	243,521	201,834
U.S. government agency mortgage-backed securities	17,394	14,462	17,984	14,543
Private labeled mortgage-backed pools	—	—	—	—
Corporate notes	18,258	15,690	18,259	15,499
Total available for sale investment securities	$ 281,009	$ 231,431	$ 282,022	$ 233,677
Held to maturity				
U.S. Treasury, federal agencies, and government sponsored agencies	$ 275,854	$ 241,412	$ 278,383	$ 239,130
State and municipal	1,039,749	849,623	1,048,862	866,706
U.S. government agency mortgage-backed securities	343,057	295,642	349,726	294,822
Private labeled mortgage–backed pools	28,558	25,069	29,278	25,320
Corporate notes	156,773	138,381	161,599	140,290
Total held to maturity investment securities	$ 1,843,991	$ 1,550,127	$ 1,867,848	$ 1,566,268

Investment securities available for sale decreased $2.2 million since December 31, 2024 to $231.4 million and securities held to maturity decreased $23.8 million since December 31, 2024 to $1.8 billion as of March 31, 2025. The decrease in total investments was due to sale of certain corporate debt securities and maturities on investment securities. There were no purchases of investment securities through the three months ended March 31, 2025.

Credit Quality

The ACL balance at March 31, 2025 was $52.7 million, or 1.07% of period-end loans HFI compared to an ACL balance of $52.0 million at December 31, 2024 or 1.07% of loans HFI. The increase in the ACL was primarily due to the growth in commercial loans.

As of March 31, 2025, total non-accrual loans increased by $3.0 million, or 11.7%, from December 31, 2024, to 0.59% of total loans HFI. Total non-performing assets increased $4.0 million, or 14.8%, from December 31, 2024, to 0.41% of total assets.

During the three months ended March 31, 2025, net charge-offs were $0.9 million, or 7 basis points annualized of average loans in the period, an increase from $0.3 million, or 4 basis point annualized of average loans in the year ago comparable period.

	Credit Quality (Dollars in Thousands Except Ratios, Unaudited) Quarter Ended	
	March 31, 2025	**December 31, 2024**
Non-accrual loans		
Commercial	$ 8,172	$ 5,658
Residential Real estate	12,763	11,215
Consumer	7,875	8,919
Total non-accrual loans	$ 28,810	$ 25,792
90 days and greater delinquent - accruing interest	$ 1,582	$ 1,166
Total non-performing loans	$ 30,392	$ 26,958
Other real estate owned		
Commercial	$ 360	$ 407
Residential Real estate	641	—
Consumer	34	17
Total other real estate owned	$ 1,035	$ 424
Total non-performing assets	$ 31,427	$ 27,382
Net charge-offs (recoveries)		
Commercial	$ (47)	$ (32)
Residential Real estate	(47)	(10)
Consumer	963	668
Total net charge-offs	$ 869	$ 626
Allowance for credit losses		
Commercial	$ 32,640	$ 30,953
Residential Real estate	3,167	2,715
Consumer	16,847	18,312
Total allowance for credit losses	$ 52,654	$ 51,980
Credit quality ratios		
Non-accrual loans to HFI loans	0.59 %	0.53 %
Non-performing assets to total assets	0.41 %	0.35 %
Annualized net charge-offs of average total loans	0.07 %	0.05 %
Allowance for credit losses to HFI loans	1.07 %	1.07 %
Allowance for credit losses to nonaccrual loans	173.25 %	192.82 %

Liquidity

The Bank maintains a stable base of core deposits provided by long–standing relationships with individuals and local businesses. These deposits are the principal source of liquidity for Horizon. Other sources of liquidity for Horizon include earnings, loan repayment, investment security sales and maturities, proceeds from the sale of residential mortgage loans, unpledged investment securities and borrowing relationships with correspondent banks, including the FHLB. At March 31, 2025, in addition to liquidity available from the normal operating, funding, and investing activities of Horizon, the Bank had approximately $1.78 billion in unused credit lines with various money center banks, including the FHLB and the FRB Discount Window compared to $1.70 billion at December 31, 2024.

The cash flows from the operating, investing and financing activities of the Company resulted in a net decrease in cash, cash equivalents and restricted cash of $123.8 million during the three months ended March 31, 2025, as reported in the consolidated statements of cash flows in this report. Operating activities, consisting mainly of net income adjusted for certain non-cash items, provided cash flow of $15.2 million and have historically been a stable source of funds. Investing activities, which occur mainly in the loan and investment securities portfolios, provided cash of $38.9 million mainly due to growth in the loan portfolio, which used cash of $47.2 million. Financing activities used cash of $177.9 million, largely resulting from the repayment of long-term borrowings of $530.1 million and $7.1 million in dividends paid on common stock during the first nine months of 2024.

Capital Resources

The capital resources of Horizon and the Bank exceeded regulatory capital ratios for "well capitalized" banks at March 31, 2025. Stockholders' equity totaled $776.1 million as of March 31, 2025, compared to $763.6 million as of December 31, 2024. For the three months ended March 31, 2025, the ratio of average stockholders' equity to average assets was 10.06% compared to 9.25% for same period in 2024. The increase in stockholders' equity during the period was due to changes in accumulated other comprehensive loss related to unrealized gains on available-for-sale securities and retention of earnings, which is primarily offset by cash dividend payments on outstanding common stock.

As of March 31, 2025, the ratio of total stockholders' equity to total assets is 10.17%. Book value per common share was $17.72, increasing $0.26 compared to December 31, 2024.

Tangible common equity[1] totaled $611.4 million at March 31, 2025, and the ratio of tangible common equity to tangible assets[1] was 8.19% at March 31, 2025. Tangible book value, which excludes intangible assets from total equity, per common share[1] was $13.96, increasing $0.28 compared to December 31, 2024.

Horizon declared common stock dividends in the amount of $0.16 per share during the three months ended March 31, 2025 and $0.16 per share for the same period in 2024. The dividend payout ratio (dividends as a percent of basic earnings per share) was 29.09% and 50.00% for the three months ended March 31, 2025 and 2024, respectively. For additional information regarding dividends, see Horizon's 2024 Annual Report on Form 10–K.

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[1] Non-GAAP financial metric. See non-GAAP reconciliation included herein for the most directly comparable GAAP measure.

Use of Non-GAAP Financial Measures

In addition to financial measures presented in accordance with GAAP, this document refers to non-GAAP financial measures, which Horizon believes are helpful to investors and provide a greater understanding of our business and financial results without the impact of items or events that may obscure trends in the Company’s underlying performance. 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. See the tables and other information below and contained elsewhere in this document for reconciliations of the non-GAAP information identified herein and its most comparable GAAP measures.

Non–GAAP Reconciliation of Net Fully-Taxable Equivalent ("FTE") Interest Margin

(Dollars in Thousands, Unaudited)

		Three Months Ended	
		March 31, 2025	March 31, 2024
Interest income (GAAP)	(A)	$ 89,175	$ 85,264
Taxable-equivalent adjustment:			
Investment securities - tax exempt (1)		$ 1,646	$ 1,715
Loan receivable (2)		383	353
Total taxable-equivalent adjustment (3)		$ 2,029	$ 2,068
Interest income (non-GAAP)	(B)	$ 91,204	$ 87,332
Interest expense (GAAP)	(C)	$ 36,908	$ 41,976
Net interest income (GAAP)	(D) =(A) - (C)	$ 52,267	$ 43,288
Net FTE interest income (non-GAAP)	(E) = (B) - (C)	$ 54,296	$ 45,356
Average interest earning assets	(F)	$ 7,234,724	$ 7,293,559
Net FTE interest margin (non-GAAP)	(G) = (E*) / (F)	3.04 %	2.50 %

(1) The following represents municipal securities interest income for investment securities classified as available-for-sale and held-to-maturity

(2) The following represents municipal loan interest income for loan receivables classified as held for sale and held for investment

(3) Management believes fully taxable equivalent, or FTE, interest income is useful to investors in evaluating the Company's performance as a comparison of the returns between a tax-free investment and a taxable alternative. The Company adjusts interest income for tax-exempt loans and securities to an FTE basis utilizing a 21% tax rate

*Annualized

Non–GAAP Reconciliation of Tangible Common Equity to Tangible Assets
(Dollars in Thousands, Unaudited)

		Three Months Ended	
		March 31, 2025	December 31, 2024
Total stockholders' equity (GAAP)	(A)	$ 776,061	$ 763,582
Intangible assets (end of period)	(B)	164,618	165,434
Total tangible common equity (non-GAAP)	(C) = (A) - (B)	$ 611,443	$ 598,148
Total assets (GAAP)	(D)	7,628,636	7,801,146
Intangible assets (end of period)	(B)	164,618	165,434
Total tangible assets (non-GAAP)	(E) = (D) - (B)	$ 7,464,018	$ 7,635,712
Tangible common equity to tangible assets (Non-GAAP)	(G) = (C) / (E)	**8.19 %**	**7.83 %**

Non–GAAP Reconciliation of Tangible Book Value Per Share
(Dollars in Thousands, Unaudited)

		Three Months Ended	
		March 31, 2025	December 31, 2024
Total stockholders' equity (GAAP)	(A)	$ 776,061	$ 763,582
Intangible assets (end of period)	(B)	164,618	165,434
Total tangible common equity (non-GAAP)	(C) = (A) - (B)	$ 611,443	$ 598,148
Common shares outstanding	(D)	43,785,932	43,722,086
Tangible book value per common share (non-GAAP)	(E) = (C) / (D)	$ 13.96	$ 13.68

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest rate risk management focuses on monitoring and maintaining variances in the Company's net interest income profile due to changes in interests rates to within Board-approved policy limits. The Company primarily uses earnings simulation models to expose net interest income to 12- and 24- month sensitivities to various movements in rates. Simulations are modeled quarterly to include scenarios where market rates change instantaneously up or down in a parallel or non-parallel manner, which account for the periodic changes in the balance sheet composition. For further discussion of the Company’s market risk, see the Interest Rate Sensitivity section of Management’s Discussion and Analysis of Financial Condition and Results of Operations included in the Company’s 2024 Annual Report on Form 10-K.

The table below shows the modelled effects of an immediate and parallel shift in interest rates on the Company's net interest income profile over a one-year horizon versus the base case net interest income in a flat rate scenario. The simulation model assumes a static balance sheet over that twelve month period, and utilizes various non-maturity interest bearing deposit beta assumptions, based on the underlying products, ranging from 12% to 80% in the disclosed model outputs below. Deposit beta is an estimate for how quickly interest-bearing deposit pricing will change for a given change in interest rates. Because of limitations inherent in any approach used to measure interest rate risk, simulation results are not intended as a forecast of the actual effect of a change in market interest rates on our results, but rather to provide insight into our current interest rate exposure and to assist in the execution of appropriate asset/liability management strategies. As shown below, the model output would indicate that as of March 31, 2025, the Company's interest-bearing liabilities are projected to reprice at a faster pace than interest-earning assets for the next 100 basis points of declining interest rates.

	March 31, 2025	
(Dollars in millions)	**$ Change in Net Interest Income**	**% Change in Net Interest Income**
200 basis points rising	$ (17.5)	(7.7)%
100 basis points rising	(8.2)	(3.6)%
100 basis points falling	$ 3.6	1.6 %
200 basis points falling	(1.1)	(0.5)%

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Based on an evaluation of disclosure controls and procedures as of March 31, 2025, Horizon’s Chief Executive Officer and Chief Financial Officer have evaluated the effectiveness of Horizon’s disclosure controls (as defined in Exchange Act Rule 13a–15(e) of the Securities Exchange Act of 1934 (the “Exchange Act”)). Based on such evaluation, such officers have concluded that, as of the evaluation date, Horizon's disclosure controls and procedures are effective to ensure that the information required to be disclosed by Horizon in the reports it files under the Exchange Act is recorded, processed, summarized and reported within the time specified in Securities and Exchange Commission's rules and forms and are designed to ensure that information required to be disclosed in those reports is accumulated and communicated to management as appropriate to allow timely decisions regarding disclosures.

Changes in Internal Control Over Financial Reporting

Horizon’s management, including its Chief Executive Officer and Chief Financial Officer, also have concluded that during the fiscal quarter ended March 31, 2025, there have been no changes in Horizon’s internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, Horizon’s internal control over financial reporting.

HORIZON BANCORP, INC. AND SUBSIDIARIES
Part II – Other Information

ITEM 1. LEGAL PROCEEDINGS

The Company is involved in various claims, legal actions, and complaints which arise in the ordinary course of business. In the Company's opinion, all such matters are adequately covered by insurance, are without merit, or are of such kind, or involve such amounts, that unfavorable disposition would not have a material adverse effect on the financial condition or results of operations of the Company.

ITEM 1A. RISK FACTORS

There have been no material changes from the factors previously disclosed under Item 1A of Horizon's Annual Report on Form 10–K for the fiscal year ended December 31, 2024.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

(a) Unregistered Sales of Equity Securities: Not Applicable

(b) Use of Proceeds: Not Applicable

(c) Repurchase of Our Equity Securities: Not Applicable

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not Applicable

ITEM 4. MINE SAFETY DISCLOSURES

Not Applicable

ITEM 5. OTHER INFORMATION

During the fiscal quarter ended March 31, 2025, none of our directors or officers informed us of the adoption or termination of a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as those terms are defined in Item 408 of Regulation S-K.

ITEM 6. EXHIBITS

(a) Exhibits

HORIZON BANCORP, INC. AND SUBSIDIARIES
Part II – Other Information

Exhibit No.	Description	Location
10.1	Amended Form of Restricted Stock Award Agreement (performance-based) under 2021 Omnibus Equity Incentive Plan.	Incorporated by reference to Exhibit 10.1 to Registrant's Form 8-K filed on April 16, 2025
10.2	Amended Form of Restricted Stock Award Agreement (time-based) under 2021 Omnibus Equity Incentive Plan.	Incorporated by reference to Exhibit 10.2 to Registrant's Form 8-K filed on April 16, 2025
31.1	Certification of Thomas M. Prame	Attached
31.2	Certification of John R. Stewart	Attached
32	Certification of Chief Executive and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Attached
101	Inline Interactive Data Files	Attached
104	The cover page from the Company's Quarterly Report on Form 10–Q for the quarter ended March 31, 2025, has been formatted in Inline XBRL	Within the Inline XBRL document

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

	HORIZON BANCORP, INC.
May 8, 2025	/s/ Thomas M. Prame
Date	Thomas M. Prame Chief Executive Officer
May 8, 2025	/s/ John R. Stewart
Date	John R. Stewart Chief Financial Officer

EXHIBIT 31.1

CERTIFICATION OF THOMAS M. PRAME

I, Thomas M. Prame, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Horizon Bancorp, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrants's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

May 8, 2025	/s/ Thomas M. Prame
Date	Thomas M. Prame Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION OF John R. Stewart

I, John R. Stewart, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Horizon Bancorp, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrants's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

May 8, 2025	/s/ John R. Stewart
Date	John R. Stewart Chief Financial Officer

EXHIBIT 32

HORIZON BANCORP, INC.
Certification of Periodic Financial Report

Pursuant to 18 U.S.C. Section 1350

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, each of the undersigned officers of Horizon Bancorp, Inc. (the “Company”) certifies that the Quarterly Report on Form 10-Q of the Company for the quarter ended March 31, 2025 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in that Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

May 8, 2025	/s/ Thomas M. Prame
Date	Thomas M. Prame Chief Executive Officer
May 8, 2025	/s/ John R. Stewart
Date	John R. Stewart Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to Horizon Bancorp, Inc. and will be retained by Horizon Bancorp, Inc. and furnished to the Securities Exchange Commission or its staff upon request.