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 June 30, 2026

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: 51,344,519 shares of Common Stock, no par value, at August 5, 2026.

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)

	June 30, 2026	December 31, 2025
	(Unaudited)	
Assets		
Cash and due from banks	$ 72,378	$ 66,813
Interest-bearing deposits in banks	145,571	72,646
Total cash and cash equivalents	217,949	139,459
Investment securities, held for trading	3,885	3,883
Investment securities, available for sale	897,764	875,414
Loans held for sale	5,147	9,778
Loans, net of allowance for credit losses of $51,921 and $51,299	4,907,199	4,825,243
Premises and equipment, net	90,939	92,805
Federal Home Loan Bank stock	7,418	45,713
Goodwill	155,211	155,211
Other intangible assets	5,829	7,180
Interest receivable	30,377	29,733
Cash value of life insurance	37,410	36,732
Other assets	215,032	215,460
Total assets	$ 6,574,160	$ 6,436,611
Liabilities		
Deposits		
Non-interest bearing	$ 1,100,355	$ 1,078,708
Interest bearing	4,299,869	4,196,709
Total deposits	5,400,224	5,275,417
Short and long term borrowings	222,985	248,586
Subordinated notes, net	98,318	98,215
Junior subordinated debentures issued to capital trusts	57,789	57,688
Interest payable	10,862	12,892
Other liabilities	57,793	55,562
Total liabilities	5,847,971	5,748,360
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	—	—
51,337,019 and 51,217,433 shares issued at June 30, 2026 and December 31, 2025, respectively		
Additional paid-in capital	460,610	459,243
Retained earnings	289,594	255,004
Accumulated other comprehensive loss	(24,015)	(25,996)
Total stockholders' equity	726,189	688,251
Total liabilities and stockholders' equity	$ 6,574,160	$ 6,436,611

See accompanying 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		Six Months Ended	
	June 30, 2026	**June 30, 2025**	**June 30, 2026**	**June 30, 2025**
Interest Income				
Interest and fees on loans	**$ 77,740**	$ 78,618	**152,844**	153,075
Investment securities - taxable	**7,248**	5,941	**14,742**	11,980
Investment securities - tax exempt	**2,583**	6,088	**5,127**	12,280
Other	**937**	830	**2,445**	3,317
Total interest income	**88,508**	91,477	**175,158**	180,652
Interest Expense				
Deposits	**20,479**	26,052	**40,424**	51,653
Short and long term borrowings	**1,655**	8,171	**3,308**	17,359
Subordinated notes	**1,904**	829	**3,734**	1,658
Junior subordinated debentures issued to capital trusts	**980**	1,070	**1,962**	2,360
Total interest expense	**25,018**	36,122	**49,428**	73,030
Net Interest Income	**63,490**	55,355	**125,730**	107,622
Credit loss expense	**916**	2,462	**1,307**	3,838
Net Interest Income after Provision for Credit Losses	**62,574**	52,893	**124,423**	103,784
Non-interest Income				
Service charges on deposit accounts	**3,376**	3,208	**6,901**	6,416
Wire transfer fees	**67**	69	**130**	140
Interchange fees	**3,595**	3,403	**6,968**	6,644
Fiduciary activities	**1,501**	1,251	**3,057**	2,577
Loss on sale of investment securities	**—**	—	**—**	(407)
Gain on sale of mortgage loans	**1,576**	1,219	**2,666**	2,295
Mortgage servicing income net of impairment	**350**	375	**687**	760
Increase in cash value of bank owned life insurance	**345**	346	**678**	681
Other income	**1,204**	1,049	**2,171**	8,313
Total non-interest income	**12,014**	10,920	**23,258**	27,419
Non-interest Expense				
Salaries and employee benefits	**24,194**	22,731	**47,381**	45,145
Net occupancy expenses	**3,698**	3,127	**7,895**	6,829
Data processing	**3,631**	2,951	**6,984**	5,823
Professional fees	**(64)**	735	**866**	1,561
Outside services and consultants	**2,537**	3,278	**5,301**	6,543
Loan expense	**1,417**	1,231	**2,636**	1,920
FDIC insurance expense	**1,003**	1,216	**2,026**	2,504
Core deposit intangible amortization	**675**	816	**1,350**	1,632
Merger related expense	**—**	—	**—**	305
Other losses	**114**	245	**306**	473
Other expense	**6,639**	3,087	**9,847**	5,988
Total non-interest expense	**43,844**	39,417	**84,592**	78,723
Income Before Income Taxes	**30,744**	24,396	**63,089**	52,480
Income tax expense	**5,836**	3,752	**12,013**	7,893
Net Income Available to Common Shareholders	**$ 24,908**	$ 20,644	**$ 51,076**	$ 44,587
Basic Earnings Per Share	**$ 0.49**	$ 0.47	**$ 1.00**	$ 1.02
Diluted Earnings Per Share	**$ 0.49**	$ 0.47	**$ 1.00**	$ 1.01

See accompanying Notes to Condensed Consolidated Financial Statement

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Net Income	**$ 24,908**	$ 20,644	**$ 51,076**	$ 44,587
Other Comprehensive Income (Loss)				
Change in securities:				
Unrealized gain (loss) for the period on AFS securities	11,947	1,678	2,034	37
Amortization from transfer of securities from available for sale to held to maturity securities	—	(408)	—	(573)
Reclassification adjustment for securities (gains) losses realized in income	—	—	—	407
Income tax effect	(2,249)	(267)	(53)	27
Unrealized gains (losses) on securities	9,698	1,003	1,981	(102)
Other Comprehensive Income (Loss), Net of Tax	9,698	1,003	1,981	(102)
Comprehensive Income	**$ 34,606**	$ 21,647	**$ 53,057**	$ 44,485

See accompanying Notes to Condensed Consolidated Financial Statements

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

	Three Months Ended					
	Preferred Stock	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
Balances, April 1, 2025	**$ —**	**$ —**	**$ 360,522**	**$ 452,945**	**$ (37,406)**	**$ 776,061**
Net income	—	—	—	20,644	—	20,644
Other comprehensive income (loss), net of tax	—	—	—	—	1,003	1,003
Amortization of unearned compensation	—	—	387	—	—	387
Net settlement of share awards	—	—	(151)	—	—	(151)
Cash dividends on common stock ($0.16 per share)	—	—	—	(7,092)	—	(7,092)
Balances, June 30, 2025	**$ —**	**$ —**	**$ 360,758**	**$ 466,497**	**$ (36,403)**	**$ 790,852**
Balances, April 1, 2026	**$ —**	**$ —**	**$ 459,799**	**$ 272,941**	**$ (33,713)**	**$ 699,027**
Net income	—	—	—	24,908	—	24,908
Other comprehensive income (loss), net of tax	—	—	—	—	9,698	9,698
Amortization of unearned compensation	—	—	528	—	—	528
Exercise of stock options	—	—	283	—	—	283
Net settlement of share awards	—	—	—	—	—	—
Cash dividends on common stock ($0.16 per share)	—	—	—	(8,255)	—	(8,255)
Balances, June 30, 2026	**$ —**	**$ —**	**$ 460,610**	**$ 289,594**	**$ (24,015)**	**$ 726,189**

See accompanying Notes to Condensed Consolidated Financial Statements

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

	Six Months Ended					
	Preferred Stock	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
Balances, January 1, 2025	**$ —**	**$ —**	**$ 363,761**	**$ 436,122**	**$ (36,301)**	**$ 763,582**
Net income	—	—	—	44,587	—	44,587
Other comprehensive income (loss), net of tax	—	—	—	—	(102)	(102)
Amortization of unearned compensation	—	—	846	—	—	846
Net settlement of share awards	—	—	(3,849)	—	—	(3,849)
Cash dividends on common stock ($0.32 per share)	—	—	—	(14,212)	—	(14,212)
Balances, June 30, 2025	**$ —**	**$ —**	**$ 360,758**	**$ 466,497**	**$ (36,403)**	**$ 790,852**
Balances, January 1, 2026	**$ —**	**$ —**	**$ 459,243**	**$ 255,004**	**$ (25,996)**	**$ 688,251**
Net income	—	—	—	51,076	—	51,076
Other comprehensive income (loss), net of tax	—	—	—	—	1,981	1,981
Amortization of unearned compensation	—	—	1,084	—	—	1,084
Exercise of stock options	—	—	283	—	—	283
Cash dividends on common stock ($0.32 per share)	—	—	—	(16,486)	—	(16,486)
Balances, June 30, 2026	**$ —**	**$ —**	**$ 460,610**	**$ 289,594**	**$ (24,015)**	**$ 726,189**

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

	Six Months Ended			
		June 30, 2026		June 30, 2025
Operating Activities				
Net income	$	51,076	$	44,587
Items not requiring (providing) cash				
Provision for credit losses		1,307		3,838
Depreciation and amortization		5,376		4,894
Share based compensation		1,084		846
Amortization of mortgage servicing rights		1,104		1,025
Net (accretion of discounts) or amortization of premiums on securities		(1,568)		3,691
Purchases of securities held for trading		(9,633)		—
Proceeds from maturities, calls and principal repayments of securities, held for trading		9,702		—
Loss on sale of investment securities		—		407
Gain on sale of mortgage loans		(2,666)		(2,295)
Net gain on sale of portfolio loans		—		(7,000)
Proceeds from sales of loans		88,122		61,462
Loans originated for sale		(92,508)		(61,796)
Gain on cash value life insurance		(678)		(681)
Gain on other real estate owned		(95)		(69)
Net change in:				
Interest receivable		(644)		17
Interest payable		(2,030)		2,870
Other assets		3,230		4,799
Other liabilities		2,751		(21,850)
Net cash provided by operating activities	$	53,930	$	34,745
Investing Activities				
Purchases of securities available for sale		(60,937)		—
Proceeds from sales of securities available for sale		—		4,132
Proceeds from maturities, calls and principal repayments of securities available for sale		42,119		1,140
Proceeds from maturities of securities held to maturity		—		40,647
Net change in interest-earning time deposits		—		735
Redemption of FHLB stock		38,295		8,414
Proceeds from sale of portfolio loans		—		54,990
Net change in loans		(84,072)		(122,916)
Proceeds on the sale of OREO and repossessed assets		1,771		510
Premises and equipment expenditures		(1,889)		(2,504)
Proceeds from bank owned life insurance		—		376
Net cash used in investing activities	$	(64,713)	$	(14,476)
Financing Activities				
Net change in deposits		124,807		99,105
Proceeds from borrowings		156,242		370,000
Repayment of borrowings		(156,411)		(632,005)
Net change in repurchase agreements		(19,189)		5,178
Net settlement of share awards		—		(3,849)
Exercise of stock options		283		—
Dividends paid on common stock		(16,459)		(14,212)
Net cash provided by (used in) financing activities	$	89,273	$	(175,783)
Net Change in Cash and Cash Equivalents	$	78,490	$	(155,514)
Cash and Cash Equivalents, Beginning of Period	$	139,459	$	293,431
Cash and Cash Equivalents, End of Period	$	217,949	$	137,917
Additional Supplemental Information				
Interest paid	$	51,458	$	70,160
Income taxes paid		254		12,300
Transfer of loans to other real estate and repossessed assets		4,918		1,912
Transfer of held to maturity securities to available for sale		—		4,539
Cash dividends declared, not paid		8,255		7,090

See accompanying 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 June 30, 2026 and June 30, 2025 are not necessarily indicative of the operating results for the full year of 2026 or 2025. 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, 2025 filed with the Securities and Exchange Commission on March 13, 2026 (the "2025 Annual Report on Form 10–K"). The condensed consolidated balance sheet of Horizon as of December 31, 2025 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 *Summary of Significant Accounting Policies* included in Horizon's 2025 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 June 30, 2026, 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.

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

	Three Months Ended		Six Months Ended	
(dollar amounts in thousands, except per share)	June 30, 2026	June 30, 2025	June 30, 2026	June 30, 2025
Basic earnings per share				
Net income	$ 24,908	$ 20,644	$ 51,076	$ 44,587
Weighted average common shares outstanding	51,082,827	43,794,490	51,036,447	43,785,847
Basic earnings per share	$ 0.49	$ 0.47	$ 1.00	$ 1.02
Diluted earnings per share				
Net income available to common shareholders	24,908	20,644	51,076	44,587
Weighted average common shares outstanding	51,082,827	43,794,490	51,036,447	43,785,847
Effect of dilutive securities:				
Restricted stock	218,035	239,518	225,080	207,882
Stock options	4,100	655	3,059	732
Weighted average common shares outstanding	51,304,962	44,034,663	51,264,586	43,994,461
Diluted Earnings per Share	$ 0.49	$ 0.47	$ 1.00	$ 1.01

There were 20,699 and 22,219 shares for the three and six months ended June 30, 2026 which were not included in the computation of diluted earnings per share because they were non–dilutive. There were 190,772 and 89,728 shares for the three and six months ended June 30, 2025 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 available-for-sale securities is as follows.

	June 30, 2026					
	Amortized Cost	Allowance for Credit Losses	Net Carrying Amount	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available for sale						
U.S. Treasury, federal agencies, and government sponsored agencies	$ 15,695	$ —	$ 15,695	$ 19	—	$ 15,714
State and municipal	355,584	—	355,584	4,016	(31,874)	327,726
U.S. government agency mortgage-backed securities	516,897	—	516,897	441	(2,682)	514,656
Corporate notes	42,750	(120)	42,630	—	(2,962)	39,668
Total available for sale investment securities	$ 930,926	$ (120)	$ 930,806	$ 4,476	$ (37,518)	$ 897,764

The fair value of trading securities is as follows:

	June 30, 2026	December 31, 2025
Held for Trading		
U.S. Treasury, federal agencies, and government sponsored agencies	$ 3,885	$ 3,883
State and municipal	—	—
U.S. government agency mortgage-backed securities	—	—
Corporate notes	—	—
Total trading securities	$ 3,885	$ 3,883

For the three and six-months ending June 30, 2026, the net gains (losses) on trading securities were determined to be immaterial to the consolidated financial statements.

	December 31, 2025					
	Amortized Cost	Allowance for Credit Losses	Net Carrying Amount	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available for sale						
U.S. Treasury, federal agencies, and government sponsored agencies	$ 16,837	$ —	$ 16,837	$ 70	$ (2)	$ 16,905
State and municipal	353,559	—	353,559	2,109	(36,003)	319,665
U.S. government agency mortgage-backed securities	489,683	—	489,683	4,725	(234)	494,174
Corporate notes	48,750	(120)	48,630	—	(3,960)	44,670
Total available for sale investment securities	$ 908,829	$ (120)	$ 908,709	$ 6,904	$ (40,199)	$ 875,414

The amortized cost and fair value of securities available for sale and at June 30, 2026, 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.

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

	June 30, 2026	
	Amortized Cost	Fair Value
Available for sale		
Within one year	$ 15,303	$ 15,302
One to five years	47,899	46,782
Five to ten years	64,572	61,241
After ten years	286,255	259,783
	414,029	383,108
U.S. government agency mortgage-backed securities	516,897	514,656
Total available for sale investment securities	$ 930,926	$ 897,764

The following tables show the gross unrealized losses and the fair value of the Company's available for sale investments in which an allowance for credit losses were not recorded, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position.

	June 30, 2026					
	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	$ —	$ —	$ —	$ —	$ —	$ —
State and municipal	17,421	(625)	182,251	(31,249)	199,672	(31,874)
U.S. government agency mortgage-backed securities	337,008	(2,668)	181	(14)	337,189	(2,682)
Corporate notes	—	—	35,694	(2,056)	35,694	(2,056)
Total available for sale investment securities	$ 354,429	$ (3,293)	$ 218,126	$ (33,319)	$ 572,555	$ (36,612)

	December 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	$ —	$ —	$ 748	$ (2)	$ 748	$ (2)
State and municipal	26,804	(725)	200,978	(35,278)	227,782	(36,003)
U.S. government agency mortgage-backed securities	40,547	(221)	200	(13)	40,747	(234)
Corporate notes	—	—	40,799	(2,951)	40,799	(2,951)
Total available for sale investment securities	$ 67,351	$ (946)	$ 242,725	$ (38,244)	$ 310,076	$ (39,190)

Certain investments in debt securities are reported in the consolidated financial statements at an amount less than their historical cost. As of June 30, 2026 and December 31, 2025, the Company had 595 and 836 securities, respectively, with market values below their cost basis. The total fair value of these investments without an allowance at June 30, 2026 and

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

December 31, 2025 was $572.6 million and $310.1 million, which is approximately 64% and 35%, respectively, of the Company's available for sale securities portfolio.

The Company determines credit losses on available-for-sale investment securities by a discounted cash flow approach using the security's prepayment-adjusted effective interest rate. The allowance for credit losses is measured as the amount by which an investment security's amortized cost exceeds the net present value of expected future cash flows. However, the amount of credit losses for available-for-sale investment securities is limited to the amount of a security's unrealized loss.

The following table details activity in the allowance for credit losses on available for sale debt securities during the three and six months ended June 30, 2026 and 2025.

	Three Months Ended		Six Months Ended	
	June 30, 2026	June 30, 2025	June 30, 2026	June 30, 2025
Beginning balance	$ 120	$ —	$ 120	$ —
Credit loss expense (benefit)	—	150	—	150
Ending balance	$ 120	$ 150	$ 120	$ 150

Due to a specific issuer's deferral of principal and interest payments, the Company had placed a corporate debt security with a fair value of $4.1 million on non-accrual status in June 2025 and has recorded a $120 thousand allowance for credit loss.

Based on an evaluation of available evidence, management believes the unrealized losses on available for sale state and municipal securities, U.S. agency mortgage–backed securities and corporate notes, excluding certain securities disclosed above, 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 August 2025, the Company reclassified its held-to-maturity investment portfolio, with a carrying value of $1.8 billion and unrealized loss of $282.6 million, to the available-for-sale portfolio as part of the Company's balance sheet repositioning. Following the reclassification, the Company sold securities with a fair value of $1.4 billion, recognizing a pre-tax loss of $299.5 million upon sale. Following the transfer and sale, the Company released the allowance for credit losses related to the held-to-maturity investment portfolio.

The following table details activity in the allowance for credit losses on held-to-maturity securities during the three and six months ended June 30, 2026 and 2025.

	Three Months Ended		Six Months Ended	
	June 30, 2026	June 30, 2025	June 30, 2026	June 30, 2025
Beginning balance	$ —	$ 140	$ —	$ 158
Credit loss expense (benefit)	—	2	—	(16)
Ending balance	$ —	$ 142	$ —	$ 142

Accrued interest receivable on available for sale debt securities totaled $5.6 million at June 30, 2026 and $5.3 million at December 31, 2025 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.

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

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Information regarding securities proceeds, gross gains, and gross losses are presented below:

	Three Months Ended		Six Months Ended	
	June 30, 2026	June 30, 2025	June 30, 2026	June 30, 2025
Sales of available for sale securities				
Proceeds	$ —	$ —	$ —	$ 4,132
Gross gains	—	—	—	—
Gross losses	—	—	—	(407)

The tax benefit associated with proceeds from the sale of available-for-sale securities was zero for each of the three month periods ended June 30, 2026 and 2025. For the six month periods ended June 30, 2026 and 2025, the tax benefit was zero and $0.1 million, respectively.

The following table represents the fair value and amortized costs of pledged securities, excluding overnight repurchase agreements.

	June 30, 2026		December 31, 2025	
	Fair Value	Amortized Cost	Fair Value	Amortized Cost
Pledged securities for borrowing availability at the Federal Reserve	$ 115,106	$ 139,797	$ 114,727	$ 140,512

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	Direct installment
	Indirect installment
	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.

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

The following table presents outstanding loans held for investment by portfolio class, as of June 30, 2026 and December 31, 2025:

	June 30, 2026	December 31, 2025
Commercial		
Owner occupied real estate	$ 739,571	$ 699,327
Non–owner occupied real estate	1,643,084	1,669,260
Residential spec homes	15,508	17,741
Development & spec land	47,009	35,535
Commercial and industrial	1,085,009	1,010,545
Total commercial	3,530,181	3,432,408
Real estate		
Residential mortgage	727,335	741,477
Residential construction	28,372	30,950
Total real estate	755,707	772,427
Consumer		
Direct installment	68,445	77,174
Indirect installment	14,312	19,672
Home equity	590,475	574,861
Total consumer	673,232	671,707
Total loans	4,959,120	4,876,542
Allowance for credit losses	(51,921)	(51,299)
Net loans	$ 4,907,199	$ 4,825,243

Total loans include net unearned discounts and deferred loan costs of $6.2 million at June 30, 2026 and $6.8 million at December 31, 2025, respectively.

The risk characteristics of each loan portfolio segment are as follows:

Commercial

Commercial loans are primarily based on the identified cash flows of the borrower and secondarily on the underlying collateral provided by the borrower. The cash flows of borrowers, however, may not be as expected, and the collateral securing these loans may fluctuate in value. Most commercial loans are secured by the assets being financed or other business assets such as accounts receivable or inventory and may incorporate a personal guarantee; however, some short-term loans may be made on an unsecured basis. In the case of loans secured by accounts receivable, the availability of funds for the repayment of these loans may be substantially dependent on the ability of the borrower to collect amounts due from its customers.

Commercial real estate loans are viewed primarily as cash flow loans and secondarily as loans secured by real estate. Commercial real estate lending typically involves larger loan principal amounts and the repayment of these loans is generally dependent on the successful operation of the property securing the loan or the business conducted on the property securing the loan. Commercial real estate loans may be more adversely affected by conditions in the real estate markets, the general economy or fluctuations in interest rates. The properties securing the Company’s commercial real estate portfolio are diverse in terms of property type, and are monitored for concentrations of credit. Management monitors and evaluates commercial real estate loans based on collateral, cash flow and risk grade criteria. As a general rule, the Company avoids financing single purpose projects unless other underwriting factors are present to help mitigate risk. In addition, management tracks the level of owner occupied commercial real estate loans versus non-owner occupied loans.

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

Real Estate and Consumer

With respect to residential loans that are secured by 1-4 family residences and are generally owner occupied, the Company generally establishes a maximum loan-to-value ratio and requires private mortgage insurance if that ratio is exceeded. Home equity loans are typically secured by a subordinate interest in 1-4 family residences, and consumer loans are secured by consumer assets such as automobiles or recreational vehicles. Some consumer loans are unsecured such as small installment loans and certain lines of credit. Repayment of these loans is primarily dependent on the personal income of the borrowers, which can be impacted by economic conditions in their market areas such as unemployment levels. Repayment can also be impacted by changes in property values on residential properties. Risk is mitigated by the fact that the loans are of smaller individual amounts and spread over a large number of borrowers.

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 June 30, 2026:

	June 30, 2026		
	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	$ 5,774	$ —	$ 3,546
Non–owner occupied real estate	3,091	—	1,159
Residential spec homes	—	—	—
Development & spec land	—	—	519
Commercial and industrial	8,978	368	7,253
Total commercial	17,843	368	12,477
Real estate			
Residential mortgage	8,454	—	1,485
Residential construction	—	—	—
Total real estate	8,454	—	1,485
Consumer			
Direct installment	104	363	—
Indirect installment	590	89	—
Home equity	5,310	1,812	520
Total consumer	6,004	2,264	520
Total	$ 32,301	$ 2,632	$ 14,482

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

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

	December 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	$ 5,396	$ —	$ 1,599
Non–owner occupied real estate	3,026	—	1,074
Residential spec homes	—	—	—
Development & spec land	496	—	496
Commercial and industrial	5,631	—	3,951
Total commercial	14,549	—	7,120
Real estate			
Residential mortgage	10,087	90	929
Residential construction	—	—	—
Total real estate	10,087	90	929
Consumer			
Direct installment	342	373	—
Indirect installment	1,058	170	—
Home equity	6,421	1,856	—
Total consumer	7,821	2,399	—
Total	$ 32,457	$ 2,489	$ 8,049

There was no interest income recognized on non-accrual loans during the three and six months periods ended June 30, 2026 and 2025, 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 during the three and six months periods ended June 30, 2026 and 2025, respectively.

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

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The following table presents the payment status by class of loan at June 30, 2026:

	June 30, 2026					
	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	$ 733,306	$ 1,541	$ 2,179	$ 2,545	$ 6,265	$ 739,571
Non–owner occupied real estate	1,639,905	88	—	3,091	3,179	1,643,084
Residential spec homes	15,508	—	—	—	—	15,508
Development & spec land	46,929	80	—	—	80	47,009
Commercial and industrial	1,071,184	3,121	2,952	7,752	13,825	1,085,009
Total commercial	3,506,832	4,830	5,131	13,388	23,349	3,530,181
Real estate						
Residential mortgage	717,135	—	6,275	3,925	10,200	727,335
Residential construction	28,372	—	—	—	—	28,372
Total real estate	745,507	—	6,275	3,925	10,200	755,707
Consumer						
Direct installment	66,894	813	306	432	1,551	68,445
Indirect installment	12,272	1,422	300	318	2,040	14,312
Home equity	578,100	5,139	2,679	4,557	12,375	590,475
Total consumer	657,266	7,374	3,285	5,307	15,966	673,232
Total	$ 4,909,605	$ 12,204	$ 14,691	$ 22,620	$ 49,515	$ 4,959,120

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

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

	December 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	$ 694,040	$ 2,671	$ 384	$ 2,232	$ 5,287	$ 699,327
Non–owner occupied real estate	1,668,372	490	398	—	888	1,669,260
Residential spec homes	17,741	—	—	—	—	17,741
Development & spec land	35,039	—	496	—	496	35,535
Commercial and industrial	1,002,074	4,606	1,310	2,555	8,471	1,010,545
Total commercial	3,417,266	7,767	2,588	4,787	15,142	3,432,408
Real estate						
Residential mortgage	730,784	4	3,221	7,468	10,693	741,477
Residential construction	28,916	—	2,034	—	2,034	30,950
Total real estate	759,700	4	5,255	7,468	12,727	772,427
Consumer						
Direct installment	73,671	2,638	343	522	3,503	77,174
Indirect installment	16,390	2,203	478	601	3,282	19,672
Home equity	560,895	5,991	2,321	5,654	13,966	574,861
Total consumer	650,956	10,832	3,142	6,777	20,751	671,707
Total	$ 4,827,922	$ 18,603	$ 10,985	$ 19,032	$ 48,620	$ 4,876,542

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 June 30, 2026 of loans that were modified to borrowers experiencing financial difficulty during the three and six months ended June 30, 2026 and the amortized cost at June 30, 2025, of loans that were modified to borrowers experiencing financial difficulty during the three and six months periods ended June 30, 2025:

	Three Months Ended June 30, 2026					
	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	$ 9	$ —	$ —	$ —	$ 9	— %
Non-owner occupied real estate	—	—	—	—	—	— %
Development spec & land	—	—	—	—	—	— %
Commercial and industrial	486	—	—	—	486	0.01 %
Total	$ 495	$ —	$ —	$ —	$ 495	0.01 %

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

	Six Months Ended June 30, 2026					
	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	$ 9	$ —	$ 4,596	$ —	$ 4,605	0.09 %
Non-owner occupied real estate	399	—	—	—	399	0.01 %
Development spec & land	519	—	—	—	519	0.01 %
Commercial and industrial	1,129	—	—	—	1,129	0.02 %
Total	$ 2,056	$ —	$ 4,596	$ —	$ 6,652	0.13 %

	Three Months Ended June 30, 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	$ 500	$ —	$ —	$ —	$ 500	0.07 %
Non-owner occupied real estate	—	—	—	—	—	— %
Development spec & land	—	—	—	—	—	— %
Commercial and industrial	877	—	—	1,545	2,422	0.25 %
Total	$ 1,377	$ —	$ —	$ 1,545	$ 2,922	0.06 %

	Six Months Ended June 30, 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	$ 500	$ —	$ 425	$ —	$ 925	0.13 %
Non-owner occupied real estate	421	—	—	—	421	0.03 %
Development spec & land	523	—	—	—	523	2.41 %
Commercial and industrial	1,253	—	416	1,545	3,214	0.33 %
Total	$ 2,697	$ —	$ 841	$ 1,545	$ 5,083	0.10 %

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

The following tables summarize the financial impacts of loan modifications and payment deferrals, as applicable, during the three and six months periods ended June 30, 2026 and 2025:

	Three Months Ended June 30, 2026			
	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	12	— %	0	— %
Non-owner occupied real estate	0	— %	0	— %
Development spec & land	0	— %	0	— %
Commercial and industrial	14	— %	0	— %

	Six Months Ended June 30, 2026			
	Weighted Average Term Extension (In Months)	Weighted average interest rate reduction (Int Percentage Terms)	Weighted Average Payment Delay (In Months)	Term Extension (In Months) & Rate Reduction (In Percentage Terms)
Commercial				
Owner occupied real estate	12	— %	20	— %
Non-owner occupied real estate	6	— %	0	— %
Development spec & land	6	— %	0	— %
Commercial and industrial	12	— %	0	— %

	Three Months Ended June 30, 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	— %	0	— %
Non-owner occupied real estate	0	— %	0	— %
Development spec & land	0	— %	0	— %
Commercial and industrial	10	— %	0	Weighted average term extension of 36 months & weighted average interest rate reduction of 1.73%

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

	Six Months Ended June 30, 2025			
	Weighted Average Term Extension (In Months)	Weighted average interest rate reduction (Int Percentage Terms)	Weighted Average Payment Delay (In Months)	Term Extension (In Months) & Rate Reduction (In Percentage Terms)
Commercial				
Owner occupied real estate	6	— %	6	— %
Non-owner occupied real estate	14	— %	0	— %
Development spec & land	18	— %	0	— %
Commercial and industrial	10	— %	6	Weighted average term extension of 36 months & weighted average interest rate reduction of 1.73%

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

The following table presents the amortized cost basis at June 30, 2026 of loans to borrowers experiencing financial difficulty that had been modified within the previous 12 months:

	June 30, 2026			
	Current	30-89 Days Past Due	90 Days Past Due	Total
Commercial				
Owner occupied real estate	$ 3,256	$ —	$ 1,825	$ 5,081
Non-owner occupied real estate	399	—	—	399
Development spec & land	519	—	—	519
Commercial and industrial	2,908	—	—	2,908
Total	$ 7,082	$ —	$ 1,825	$ 8,907

The following table presents the amortized cost basis at June 30, 2025 of loans to borrowers experiencing financial difficulty that had been modified within the previous 12 months:

	June 30, 2025			
	Current	30-89 Days Past Due	90 Days Past Due	Total
Commercial				
Owner occupied real estate	$ 5,302	$ —	$ —	$ 5,302
Non-owner occupied real estate	421	—	—	421
Development spec & land	523	—	—	523
Commercial and industrial	4,864	—	—	4,864
Total	$ 11,110	$ —	$ —	$ 11,110

On an ongoing basis, we monitor the performance of all modified loans according to their modified terms. The amortized cost of modified loans that had a payment default during the three months ended June 30, 2026 and June 30, 2025 and that were modified within the previous 12 months was zero . For the six months ended June 30, 2026 and June 30, 2025, the previously reported $1.8 million and $2.8 million in defaulted receivables, respectively, were made current during the second quarter. For purposes of this disclosure, the Company defines “default” as being 30 days or more past due of contractual interest or principal.

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

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 June 30, 2026 and December 31, 2025.

	June 30, 2026				
	Real Estate	Accounts Receivable/ Equipment	Other	Total	ACL Allocation
Commercial					
Owner occupied real estate	$ 5,141	$ 633	$ —	$ 5,774	$ 139
Non–owner occupied real estate	2,423	490	178	3,091	12
Development & spec land	519	—	—	519	—
Commercial and industrial	1,490	7,208	280	8,978	955
Total commercial	9,573	8,331	458	18,362	1,106
Real estate					
Residential mortgage	1,485	—	—	1,485	—
Total real estate	1,485	—	—	1,485	—
Consumer					
Home equity	925	—	—	925	215
Total consumer	925	—	—	925	215
Total collateral dependent loans	$ 11,983	$ 8,331	$ 458	$ 20,772	$ 1,321

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

	December 31, 2025				
	Real Estate	Accounts Receivable/ Equipment	Other	Total	ACL Allocation
Commercial					
Owner occupied real estate	$ 5,395	$ —	$ —	$ 5,395	$ 114
Non–owner occupied real estate	3,026	—	—	3,026	20
Development & spec land	496	—	—	496	—
Commercial and industrial	1,690	3,269	673	5,632	882
Total commercial	10,607	3,269	673	14,549	1,016
Real estate					
Residential mortgage	929	—	—	929	—
Total real estate	929	—	—	929	—
Consumer					
Home equity	923	—	—	923	313
Total consumer	923	—	—	923	313
Total collateral dependent loans	$ 12,459	$ 3,269	$ 673	$ 16,401	$ 1,329

As of June 30, 2026, the Company had a carrying value of $4.7 million of repossessed assets. As of June 30, 2026, the Company had a recorded net investment of $2.0 million of residential mortgage and home equity 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.

The Company defines term loans as those having a fixed duration, repayment schedule and defined interest rate. Revolving loans include loans with revolving privileges and certain complex lending arrangements involving commitments made by the Company under predefined terms or loans with interchangeable interest rate and repayment options that extend beyond the time of origination. Revolving term loans include loans with revolving privileges and certain complex lending arrangements involving commitments made by the Company under predefined terms, including loans with both revolving and non-revolving components and loans with delayed draw down features.

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

The following tables present loans by credit grades and origination year at June 30, 2026.

	Term Loans by Origination Year								
June 30, 2026	2026	2025	2024	2023	2022	Prior	Revolving Term Loans	Revolving Loans	Total
Commercial									
Owner occupied real estate									
Pass	$ 44,562	$ 110,682	$ 93,120	$ 80,182	$ 71,726	$ 211,998	$ 78,015	$ 17,284	$ 707,569
Special Mention	—	—	523	—	—	9,063	2,314	—	11,900
Substandard	573	—	6,233	9,170	1,649	2,028	399	50	20,102
Doubtful	—	—	—	—	—	—	—	—	—
Total owner occupied real estate	**$ 45,135**	**$ 110,682**	**$ 99,876**	**$ 89,352**	**$ 73,375**	**$ 223,089**	**$ 80,728**	**$ 17,334**	**$ 739,571**
Gross charge-offs during period	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**
Non–owner occupied real estate									
Pass	$ 64,149	$ 207,593	$ 193,774	$ 171,619	$ 224,775	$ 490,454	$ 233,650	$ 16,166	$1,602,180
Special Mention	—	—	—	826	28,048	4,659	—	—	33,533
Substandard	—	490	2,067	3,667	585	495	67	—	7,371
Doubtful	—	—	—	—	—	—	—	—	—
Total non–owner occupied real estate	**$ 64,149**	**$ 208,083**	**$ 195,841**	**$ 176,112**	**$ 253,408**	**$ 495,608**	**$ 233,717**	**$ 16,166**	**$1,643,084**
Gross charge-offs during period	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**
Residential spec homes									
Pass	$ —	$ 2,708	$ 236	$ —	$ —	$ —	$ 7,139	$ 5,425	$ 15,508
Special Mention	—	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—	—
Total residential spec homes	**$ —**	**$ 2,708**	**$ 236**	**$ —**	**$ —**	**$ —**	**$ 7,139**	**$ 5,425**	**$ 15,508**
Gross charge-offs during period	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**
Development & spec land									
Pass	$ 9,888	$ 3,814	$ 766	$ 649	$ 1,056	$ 2,480	$ 26,485	$ 1,352	$ 46,490
Special Mention	—	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	519	—	519
Doubtful	—	—	—	—	—	—	—	—	—
Total development & spec land	**$ 9,888**	**$ 3,814**	**$ 766**	**$ 649**	**$ 1,056**	**$ 2,480**	**$ 27,004**	**$ 1,352**	**$ 47,009**
Gross charge-offs during period	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**
Commercial and industrial									
Pass	$ 135,093	$ 238,098	$ 161,443	$ 61,723	$ 94,663	$ 93,653	$ 48,549	$ 213,513	$1,046,735
Special Mention	—	854	1,227	533	34	—	9,890	7,675	20,213
Substandard	—	5,701	2,703	5,187	171	1,967	1,195	1,137	18,061
Doubtful	—	—	—	—	—	—	—	—	—
Total commercial and industrial	**$ 135,093**	**$ 244,653**	**$ 165,373**	**$ 67,443**	**$ 94,868**	**$ 95,620**	**$ 59,634**	**$ 222,325**	**$1,085,009**
Gross charge-offs during period	**$ 4**	**$ 110**	**$ 963**	**$ 262**	**$ —**	**$ 11**	**$ 9**	**$ —**	**$ 1,359**
Total commercial	**$ 254,265**	**$ 569,940**	**$ 462,092**	**$ 333,556**	**$ 422,707**	**$ 816,797**	**$ 408,222**	**$ 262,602**	**$3,530,181**

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

	Term Loans by Origination Year								
June 30, 2026	**2026**	**2025**	**2024**	**2023**	**2022**	**Prior**	**Revolving Term Loans**	**Revolving Loans**	**Total**
Real estate									
Residential mortgage									
Performing	$ 45,194	$ 61,923	$ 64,158	$ 83,239	$ 134,449	$ 329,918	$ —	$ —	$ 718,881
Non–performing	—	—	682	1,744	2,520	3,508	—	—	8,454
Total residential mortgage	**$ 45,194**	**$ 61,923**	**$ 64,840**	**$ 84,983**	**$ 136,969**	**$ 333,426**	**$ —**	**$ —**	**$ 727,335**
Gross charge-offs during period	**$ —**	**$ —**	**$ 119**	**$ 543**	**$ 137**	**$ 321**	**$ —**	**$ —**	**$ 1,121**
Residential construction									
Performing	$ —	$ —	$ —	$ —	$ —	$ —	$ 28,372	$ —	$ 28,372
Non–performing	—	—	—	—	—	—	—	—	—
Total residential construction	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ 28,372**	**$ —**	**$ 28,372**
Gross charge-offs during period	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**
Total real estate	**$ 45,194**	**$ 61,923**	**$ 64,840**	**$ 84,983**	**$ 136,969**	**$ 333,426**	**$ 28,372**	**$ —**	**$ 755,707**

	Term Loans by Origination Year								
June 30, 2026	**2026**	**2025**	**2024**	**2023**	**2022**	**Prior**	**Revolving Term Loans**	**Revolving Loans**	**Total**
Consumer									
Direct installment									
Performing	$ 3,082	$ 6,304	$ 4,824	$ 41,583	$ 4,255	$ 6,574	$ 7	$ 1,349	$ 67,978
Non–performing	—	1	14	409	12	31	—	—	467
Total direct installment	**$ 3,082**	**$ 6,305**	**$ 4,838**	**$ 41,992**	**$ 4,267**	**$ 6,605**	**$ 7**	**$ 1,349**	**$ 68,445**
Gross charge-offs during period	**$ 2**	**$ 45**	**$ 51**	**$ 56**	**$ 8**	**$ 32**	**$ 11**	**$ 6**	**$ 211**
Indirect installment									
Performing	$ —	$ —	$ 193	$ 2,813	$ 7,258	$ 3,369	$ —	$ —	$ 13,633
Non–performing	—	—	2	126	353	198	—	—	679
Total indirect installment	**$ —**	**$ —**	**$ 195**	**$ 2,939**	**$ 7,611**	**$ 3,567**	**$ —**	**$ —**	**$ 14,312**
Gross charge-offs during period	**$ —**	**$ —**	**$ 24**	**$ 264**	**$ 411**	**$ 252**	**$ —**	**$ —**	**$ 951**
Home equity									
Performing	$ 16,394	$ 11,406	$ 8,863	$ 14,046	$ 10,507	$ 8,633	$ 35,917	$ 477,587	$ 583,353
Non–performing	—	253	288	705	526	141	5,209	—	7,122
Total home equity	**$ 16,394**	**$ 11,659**	**$ 9,151**	**$ 14,751**	**$ 11,033**	**$ 8,774**	**$ 41,126**	**$ 477,587**	**$ 590,475**
Gross charge-offs during period	**$ —**	**$ —**	**$ —**	**$ 4**	**$ 33**	**$ 17**	**$ 332**	**$ 60**	**$ 446**
Total consumer	**$ 19,476**	**$ 17,964**	**$ 14,184**	**$ 59,682**	**$ 22,911**	**$ 18,946**	**$ 41,133**	**$ 478,936**	**$ 673,232**

(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 December 31, 2025.

	Term Loans by Origination Year								
December 31, 2025	**2025**	**2024**	**2023**	**2022**	**2021**	**Prior**	**Revolving Term Loans**	**Revolving Loans**	**Total**
Commercial									
Owner occupied real estate									
Pass	$ 103,721	$ 90,288	$ 83,508	$ 75,503	$ 61,816	$ 167,595	$ 69,454	$ 14,592	$ 666,477
Special Mention	900	5,013	—	—	1,375	6,258	2,343	—	15,889
Substandard	—	3,706	9,421	1,674	—	2,110	—	50	16,961
Doubtful	—	—	—	—	—	—	—	—	—
Total owner occupied real estate	**$ 104,621**	**$ 99,007**	**$ 92,929**	**$ 77,177**	**$ 63,191**	**$ 175,963**	**$ 71,797**	**$ 14,642**	**$ 699,327**
Gross charge-offs during period	**$ 316**	**$ 502**	**$ —**	**$ 50**	**$ —**	**$ 49**	**$ 36**	**$ —**	**$ 953**
Non–owner occupied real estate									
Pass	$ 195,568	$ 192,570	$ 152,602	$ 230,638	$ 133,516	$ 400,187	$ 306,632	$ 14,609	$ 1,626,322
Special Mention	490	—	1,304	28,267	—	5,771	—	—	35,832
Substandard	—	2,163	3,686	609	—	580	68	—	7,106
Doubtful	—	—	—	—	—	—	—	—	—
Total non–owner occupied real estate	**$ 196,058**	**$ 194,733**	**$ 157,592**	**$ 259,514**	**$ 133,516**	**$ 406,538**	**$ 306,700**	**$ 14,609**	**$ 1,669,260**
Gross charge-offs during period	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**
Residential spec homes									
Pass	$ 4,896	$ 294	$ —	$ —	$ —	$ —	$ 5,329	$ 7,222	$ 17,741
Special Mention	—	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—	—
Total residential spec homes	**$ 4,896**	**$ 294**	**$ —**	**$ —**	**$ —**	**$ —**	**$ 5,329**	**$ 7,222**	**$ 17,741**
Gross charge-offs during period	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**
Development & spec land									
Pass	$ 3,892	$ 816	$ 3,096	$ 746	$ 1,021	$ 1,813	$ 22,669	$ 986	$ 35,039
Special Mention	—	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	496	—	496
Doubtful	—	—	—	—	—	—	—	—	—
Total development & spec land	**$ 3,892**	**$ 816**	**$ 3,096**	**$ 746**	**$ 1,021**	**$ 1,813**	**$ 23,165**	**$ 986**	**$ 35,535**
Gross charge-offs during period	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**
Commercial and industrial									
Pass	$ 273,848	$ 193,508	$ 74,420	$ 102,213	$ 53,264	$ 52,660	$ 48,648	$ 172,692	$ 971,253
Special Mention	1,229	690	781	547	33	300	10,386	10,921	24,887
Substandard	2,027	2,073	6,490	82	32	1,578	1,001	1,122	14,405
Doubtful	—	—	—	—	—	—	—	—	—
Total commercial and industrial	**$ 277,104**	**$ 196,271**	**$ 81,691**	**$ 102,842**	**$ 53,329**	**$ 54,538**	**$ 60,035**	**$ 184,735**	**$ 1,010,545**
Gross charge-offs during period	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**
Total commercial	**$ 586,571**	**$ 491,121**	**$ 335,308**	**$ 440,279**	**$ 251,057**	**$ 638,852**	**$ 467,026**	**$ 222,194**	**$ 3,432,408**

HORIZON BANCORP, INC. AND SUBSIDIARIES
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	Term Loans by Origination Year								
December 31, 2025	**2025**	**2024**	**2023**	**2022**	**2021**	**Prior**	**Revolving Term Loans**	**Revolving Loans**	**Total**
Real estate									
Residential mortgage									
Performing	$ 58,110	$ 76,445	$ 104,783	$ 143,616	$ 126,636	$ 221,710	$ —	$ —	$ 731,300
Non–performing	—	505	2,428	2,236	453	4,555	—	—	10,177
Total residential mortgage	**$ 58,110**	**$ 76,950**	**$ 107,211**	**$ 145,852**	**$ 127,089**	**$ 226,265**	**$ —**	**$ —**	**$ 741,477**
Gross charge-offs during period	**$ —**	**$ 135**	**$ 223**	**$ 188**	**$ 355**	**$ 161**	**$ —**	**$ —**	**$ 1,062**
Residential construction									
Performing	$ —	$ 2,034	$ —	$ —	$ —	$ —	$ 28,916	$ —	$ 30,950
Non–performing	—	—	—	—	—	—	—	—	—
Total residential construction	**$ —**	**$ 2,034**	**$ —**	**$ —**	**$ —**	**$ —**	**$ 28,916**	**$ —**	**$ 30,950**
Gross charge-offs during period	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**
Total real estate	**$ 58,110**	**$ 78,984**	**$ 107,211**	**$ 145,852**	**$ 127,089**	**$ 226,265**	**$ 28,916**	**$ —**	**$ 772,427**

	Term Loans by Origination Year								
December 31, 2025	**2025**	**2024**	**2023**	**2022**	**2021**	**Prior**	**Revolving Term Loans**	**Revolving Loans**	**Total**
Consumer									
Direct installment									
Performing	$ 8,330	$ 6,354	$ 47,094	$ 5,160	$ 3,160	$ 4,942	$ 84	$ 1,335	$ 76,459
Non–performing	—	—	578	69	40	28	—	—	715
Total direct installment	**$ 8,330**	**$ 6,354**	**$ 47,672**	**$ 5,229**	**$ 3,200**	**$ 4,970**	**$ 84**	**$ 1,335**	**$ 77,174**
Gross charge-offs during period	**$ 11**	**$ 141**	**$ 85**	**$ 73**	**$ 84**	**$ 5**	**$ 8**	**$ —**	**$ 407**
Indirect installment									
Performing	$ —	$ 220	$ 3,584	$ 9,469	$ 3,269	$ 1,902	$ —	$ —	$ 18,444
Non–performing	—	29	275	570	232	122	—	—	1,228
Total indirect installment	**$ —**	**$ 249**	**$ 3,859**	**$ 10,039**	**$ 3,501**	**$ 2,024**	**$ —**	**$ —**	**$ 19,672**
Gross charge-offs during period	**$ —**	**$ 245**	**$ 885**	**$ 1,414**	**$ 477**	**$ 237**	**$ —**	**$ —**	**$ 3,258**
Home equity									
Performing	$ 12,301	$ 10,393	$ 16,623	$ 12,032	$ 4,444	$ 7,546	$ 32,721	$ 470,524	$ 566,584
Non–performing	—	236	614	653	53	173	6,548	—	8,277
Total home equity	**$ 12,301**	**$ 10,629**	**$ 17,237**	**$ 12,685**	**$ 4,497**	**$ 7,719**	**$ 39,269**	**$ 470,524**	**$ 574,861**
Gross charge-offs during period	**$ —**	**$ —**	**$ 20**	**$ 7**	**$ —**	**$ 57**	**$ 843**	**$ —**	**$ 927**
Total consumer	**$ 20,631**	**$ 17,232**	**$ 68,768**	**$ 27,953**	**$ 11,198**	**$ 14,713**	**$ 39,353**	**$ 471,859**	**$ 671,707**

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 and six months ended June 30, 2026 and 2025:

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	Three Months Ended June 30, 2026			
	Commercial	**Real Estate**	**Consumer**	**Total**
Balance, beginning of period	$ 34,997	$ 3,183	$ 13,117	$ 51,297
Credit loss expense (recovery)	1,420	(180)	(11)	1,229
Charge-offs	(658)	(594)	(686)	(1,938)
Recoveries	363	549	421	1,333
Balance, end of period	$ 36,122	$ 2,958	$ 12,841	$ 51,921

	Six Months Ended June 30, 2026			
	Commercial	**Real Estate**	**Consumer**	**Total**
Balance, beginning of period	$ 35,473	$ 3,183	$ 12,643	$ 51,299
Credit loss expense (reversal)	1,283	(178)	748	1,853
Charge–offs	(1,359)	(1,121)	(1,608)	(4,088)
Recoveries	725	1,074	1,058	2,857
Balance, end of period	$ 36,122	$ 2,958	$ 12,841	$ 51,921

	Three Months Ended June 30, 2025			
	Commercial	**Real Estate**	**Consumer**	**Total**
Balance, beginning of period	$ 32,640	$ 3,167	$ 16,847	$ 52,654
Credit loss expense (recovery)	1,857	114	28	1,999
Charge-offs	(144)	(425)	(879)	(1,448)
Recoveries	60	373	761	1,194
Balance, end of period	$ 34,413	$ 3,229	$ 16,757	$ 54,399

	Six Months Ended June 30, 2025			
	Commercial	**Real Estate**	**Consumer**	**Total**
Balance, beginning of period	$ 30,953	$ 2,715	$ 18,312	$ 51,980
Credit loss expense (reversal)	3,497	519	(474)	3,542
Charge–offs	(152)	(427)	(2,332)	(2,911)
Recoveries	115	422	1,251	1,788
Balance, end of period	$ 34,413	$ 3,229	$ 16,757	$ 54,399

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 June 30, 2026 and December 31, 2025, the accrued interest on our loan portfolio was $24.4 million and $23.7 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.

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

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.

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 Months Ended					
	June 30, 2026			June 30, 2025		
	Balance, beginning of period	Credit loss expense (reversal)	Ending balance	Balance, beginning of period	Credit loss expense (reversal)	Ending balance
Commercial	$ 915	$ (175)	$ 740	$ 1,132	$ 411	$ 1,543
Real Estate	78	(8)	70	72	27	99
Consumer	614	(130)	484	796	(127)	669
Total	$ 1,607	$ (313)	$ 1,294	$ 2,000	$ 311	$ 2,311

	Six Months Ended					
	June 30, 2026			June 30, 2025		
	Balance, beginning of period	Credit loss expense (reversal)	Ending balance	Balance, beginning of period	Credit loss expense (reversal)	Ending balance
Commercial	$ 1,068	$ (328)	$ 740	$ 1,385	$ 158	$ 1,543
Real Estate	92	(22)	70	61	38	99
Consumer	680	(196)	484	703	(34)	669
Total	$ 1,840	$ (546)	$ 1,294	$ 2,149	$ 162	$ 2,311

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 $1.39 billion and $1.41 billion at June 30, 2026 and December 31, 2025.

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

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

	Three Months Ended		Six Months Ended	
	June 30, 2026	June 30, 2025	June 30, 2026	June 30, 2025
Mortgage servicing rights				
Balances, beginning of period	$ 17,271	$ 17,933	$ 17,534	$ 18,195
Servicing rights capitalized	469	337	785	582
Amortization of servicing rights	(525)	(518)	(1,104)	(1,025)
Ending balance	17,215	17,752	17,215	17,752
Impairment allowance				
Beginning balance	—	—	—	—
Additions	—	—	—	—
Reductions	—	—	—	—
Ending balance	—	—	—	—
Mortgage servicing rights, net	$ 17,215	$ 17,752	$ 17,215	$ 17,752
Fair value, beginning of period	$ 18,025	18,811	$ 17,547	$ 19,766
Fair value, end of period	18,206	18,251	18,206	18,251

Fair value at June 30, 2026 was determined using a discounted cash flow analysis with the discount rates ranging from 8.5% to 11.0% and prepayment speeds ranging from 6.0% to 13.2%, depending on the stratification of the specific type. Fair value at June 30, 2025 was determined using a discounted cash flow analysis with discount rates ranging from 9.0% to 11.5% and prepayment speeds ranging from 5.8% to 12.5%, depending on the stratification of the specific type.

Note 6 – Goodwill

The carrying amount of goodwill was $155.2 million as of June 30, 2026 and December 31, 2025, respectively. There were no changes in the carrying amount of goodwill for the six months ended June 30, 2026 and 2025. 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 six months ended June 30, 2026 and 2025.

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:

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

	June 30, 2026				
	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. government agency mortgage-backed securities	69,278	—	—	—	69,278
Total Repurchase Agreements	$ 69,278	$ —	$ —	$ —	$ 69,278
Repurchase Agreements subject to offsetting arrangements					—

	December 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. government agency mortgage-backed securities	88,468	—	—	—	88,468
Total Repurchase Agreements	$ 88,468	$ —	$ —	$ —	$ 88,468
Repurchase Agreements subject to offsetting arrangements					—

Securities sold under agreements to repurchase are secured by securities with a carrying amount of $75.8 million and $90.7 million at June 30, 2026 and December 31, 2025, respectively.

Note 8 – Subordinated Notes

On August 29, 2025, Horizon completed the offering and sale of $100.0 million in aggregate principal amount of its 7.000% Fixed-to-Floating Rate Subordinated Notes due 2035 (the “2035 Notes”). The 2035 Notes were issued by Horizon at a price equal to 100% of their face amount. Horizon used the net proceeds from the offering for general corporate purposes, including in support of the repositioning of its balance sheet, and to redeem approximately $56.5 million in aggregate principal amount of its 5.625% fixed-to-floating rate subordinated notes due 2030, which was completed on October 1, 2025. The 2035 Notes will bear interest at a fixed interest rate of 7.000% per annum until September 15, 2030, after which time the interest rate will reset quarterly to a floating rate equal to a benchmark rate, which is expected to be the then current three-month term Secured Overnight Financing Rate (SOFR) plus 360 basis points until the 2035 Notes' maturity on September 15, 2035. The 2035 Notes are redeemable by Horizon, in whole or in part, on any interest payment date on or after September 15, 2030, and at any time upon the occurrence of certain events, 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 2035 Notes are intended to qualify as Tier 2 capital of the Company for regulatory capital purposes.

The total balance, net of unamortized issuance costs, of the 2035 Notes was $98.3 million and $98.2 million at June 30, 2026 and December 31, 2025, respectively. Total unamortized debt issuance costs were $1.7 million and $1.8 million at June 30, 2026 and December 31, 2025, 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 manage interest rate risk associated with the underlying hedged items. The Company utilizes fair value hedges and applies the portfolio layer method to hedge stated amounts within a closed portfolio of certain available-for-sale mortgage-backed debt securities.

To mitigate the impact of interest rate fluctuations on fair value, 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 utilized fair value hedges to hedge investment securities, converting the fixed rate security to a variable rate. Changes in fair value of both the hedge instruments and the underlying loan and security agreements are recorded as gains or losses in interest income. 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 remaining accretion on the loans was $1.4 million at June 30, 2026.

During the year ended December 31, 2025, the Company entered into interest rate swap agreements designated as fair value hedges of interest rate risk associated with certain fixed-rate investment securities. The swaps are intended to hedge changes in fair value attributable to fluctuations in that benchmark rate. Changes to fair value hedges on mortgage-backed securities are recorded as gains or losses in interest income. The hedged items consist of mortgage-backed securities which are located in the 'Investment securities, available for sale' line item on the consolidated balance sheet. The hedge relationship fair value is recorded in the "other assets" line item on the condensed consolidated balance sheet. The hedge relationships had stated maturities ranging from March 27, 2040 to March 27, 2042.

The company assesses hedge effectiveness on a monthly basis using regression analysis, the fair value hedges are considered highly effective.

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 June 30, 2026, 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.

Changes 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 the Company on a gross basis for the periods indicated.

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

	Asset Derivatives June 30, 2026		Liability Derivatives June 30, 2026	
	Notional Amount	Fair Value	Notional Amount	Fair Value
Derivatives designated as hedging instruments				
Interest rate contracts – fair value hedges	$ 115,894	$ 2,087	$ —	$ —
Total derivatives designated as hedging instruments	115,894	2,087	—	—
Derivatives not designated as hedging instruments				
Interest rate contracts - customer accommodation	$ 437,133	$ 13,895	$ 437,133	$ 13,895
Mortgage loan contracts	—	—	22,428	54
Commitments to originate mortgage loans	5,931	77	—	—
Total derivatives not designated as hedging instruments	443,064	13,972	459,561	13,949
Total derivatives subject to enforceable master netting arrangements, gross	$ 558,958	$ 16,059	$ 459,561	$ 13,949
Less: Gross amounts offset	—	—	—	—
Total derivatives subject to enforceable master netting arrangements, net	$ 558,958	$ 16,059	$ 459,561	$ 13,949

	Asset Derivatives December 31, 2025		Liability Derivatives December 31, 2025	
	Notional Amount	Fair Value	Notional Amount	Fair Value
Derivatives designated as hedging instruments				
Interest rate contracts - fair value hedges	$ 121,542	$ 307	$ —	$ —
Total derivatives designated as hedging instruments	121,542	307	—	—
Derivatives not designated as hedging instruments				
Interest rate contracts - customer accommodation	$ 460,276	$ 13,658	$ 460,276	$ 13,658
Mortgage loan contracts	—	—	11,254	14
Commitments to originate mortgage loans	3,644	94	—	—
Total derivatives not designated as hedging instruments	463,920	13,752	471,530	13,672
Total derivatives subject to enforceable master netting arrangements, gross	$ 585,462	$ 14,059	$ 471,530	$ 13,672
Less: Gross amounts offset	—	—	—	—
Total derivatives subject to enforceable master netting arrangements, net	$ 585,462	$ 14,059	$ 471,530	$ 13,672

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 June 30, 2026, the Company did not pledge any marketable securities as collateral.

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

The effect of the derivative and the hedged item in fair value hedging relationships on the condensed consolidated statements of income for three and six month periods ended June 30, 2026 and June 30, 2025 is as follows:

	Location of gain (loss) recognized on derivative and Hedge item	Amount of Gain (Loss) Recognized on Derivative and Hedged Item			
		Three Months Ended		Six Months Ended	
		June 30, 2026	June 30, 2025	June 30, 2026	June 30, 2025
Derivatives designated as hedging instruments					
Interest rate contracts - fair value hedge	Interest income - investment securities	1,236	—	2,089	—
Hedged item		(1,236)	—	(2,087)	—
Total		$ —	$ —	$ 2	$ —

The effect of derivatives not designated as hedging instruments on the condensed consolidated statements of income for the three and six month periods ended June 30, 2026 and June 30, 2025 is as follows:

	Location of gain (loss) recognized on derivative	Amount of Gain (Loss) Recognized on Derivative			
		Three Months Ended		Six Months Ended	
		June 30, 2026	June 30, 2025	June 30, 2026	June 30, 2025
Derivative not designated as hedging relationship					
Mortgage loan contracts	Non-interest income-gain (loss) on sale of loans	$ 49	$ (66)	$ (17)	$ 443
Commitments to originate mortgage loans	Non-interest income-gain (loss) on sale of loans	(59)	(101)	(40)	(146)
Total		$ (10)	$ (167)	$ (57)	$ 297

The following tables summarize the carrying amount and associated cumulative basis adjustment related to the application of hedge accounting that is included in the carrying amount of hedged assets and liabilities in fair value hedging relationships.

	Amortized Cost of Hedged Items		Cumulative Hedge Accounting Basis Adjustments	
	June 30, 2026	December 31, 2025	June 30, 2026	December 31, 2025
Available-for-Sale Debt Securities	$ 118,434	$ 122,442	$ (2,087)	$ (307)

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 June 30, 2026. 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. Level 3 securities use the discounted cash flow model or other market indicators to calculate the fair values.

Equity investments in other assets

The fair value of the Company's equity investments in other assets is estimated by a third party utilizing readily determinable fair values quoted on an active market. These investments include the Company's non-qualified deferred compensation plan (see Note 14 - Non-Qualified Deferred Compensation Plan in the Company’s Annual Report on Form 10-K for the year ended December 31, 2025). The Company informally funded its obligation to plan participants in a rabbi trust, which is consolidated by the Company, and is comprised of investment options similar to those selected by the Participants. The assets held in the rabbi trust were reported at their estimated fair value and were included in cash and other assets in the Company's consolidated balance sheets. The related accrued benefit cost (representing the Company's benefit obligation to participants) is recorded as an offsetting liability in other liabilities in the Company's consolidated balance sheets. These assets are classified within Level 1 of the valuation hierarchy.

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.

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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:

	June 30, 2026			
	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	$ 15,714	$ —	$ 15,714	$ —
State and municipal	327,726	—	327,726	—
U.S. government agency mortgage-backed securities	514,656	—	514,656	—
Corporate notes	39,668	—	35,694	3,974
Total available for sale securities	897,764	—	893,790	3,974
Equity securities in other assets	9,004	9,004	—	—
Held for trading securities	3,885	3,885	—	—
Interest rate swap agreements asset	15,982	—	15,982	—
Commitments to originate mortgage loans	77	—	77	—
Liabilities:				
Interest rate swap agreements liability	(13,895)	—	(13,895)	—

	December 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	$ 16,905	$ —	$ 16,905	$ —
State and municipal	319,665	—	319,665	—
U.S. government agency mortgage-backed securities	494,174	—	494,174	—
Corporate notes	44,670	—	40,799	3,871
Total available for sale securities	875,414	—	871,543	3,871
Equity securities in other assets	7,871	7,871	—	—
Held for trading securities	3,883	—	3,883	—
Interest rate swap agreements asset	13,965	—	13,965	—
Commitments to originate mortgage loans	94	—	94	—
Liabilities:				
Mortgage loan contracts	(14)	—	(14)	—
Interest rate swap agreements liability	(13,658)	—	(13,658)	—

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

Level 3 recurring fair value measurements:

As of June 30, 2026, the Company has one Level 3 fair value measurement, an available-for-sale corporate debt security, which was transferred from Level 2 to Level 3 in 2025 due to increased reliance on significant unobservable inputs used in the discounted cash flow model. These valuation inputs primarily relate to expected cash flow timing, credit assumptions, and the discount rate applied to those cash flows. At the time of transfer, the security had an amortized cost of $5 million and the Company recognized an initial allowance for credit losses $150 thousand and an initial write down of $2.1 million; the fair value at the transfer date is reflected within "Transfers into Level 3". The following table presents the changes in fair value for assets classified within Level 3 of the fair value hierarchy as of June 30, 2026 and December 31, 2025:

Level 3 instruments at fair value	**June 30, 2026**	**December 31, 2025**
Fair value beginning of year	$ 3,871	$ —
Transfers into Level 3 (at fair value on transfer date)	—	2,787
Total gains/(losses) included in earnings (subsequent ACL change - AFS securities)	—	30
Total gains/(losses) included in OCI	103	1,054
Ending balance – June 30, 2026	$ 3,974	$ 3,871

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)
June 30, 2026				
Collateral dependent loans	$ 464	$ —	$ —	$ 464
December 31, 2025				
Collateral dependent loans	$ 7,429	$ —	$ —	$ 7,429

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.

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

	June 30, 2026			
	Fair Value	**Valuation Technique**	**Unobservable Inputs**	**Range (Weighted Average)**
Collateral dependent loans	$ 464	Collateral based measurement	Discount to reflect current market conditions and ultimate collectability	20.5%-42.9% (39.4%)

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

	December 31, 2025			
	Fair Value	Valuation Technique	Unobservable Inputs	Range (Weighted Average)
Collateral dependent loans	$ 7,429	Collateral based measurement	Discount to reflect current market conditions and ultimate collectability	34.2%-67.4%(30.6%)

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 June 30, 2026 and December 31, 2025. 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.

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 Receivable/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.

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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.

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.

	June 30, 2026			
	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	$ 72,378	$ 72,378	$ —	$ —
Interest- bearing deposits in banks	145,571	145,571	—	—
Cash and cash equivalents	217,949	217,949	—	—
Loans held for sale	5,147	—	5,147	—
Loans, net	4,907,199	—	—	4,792,136
Stock in FHLB	7,418	—	7,418	—
Interest receivable	30,377	—	30,377	—
Liabilities				
Non-interest bearing deposits	$ 1,100,355	$ 1,100,355	$ —	$ —
Interest bearing deposits	4,299,869	3,195,553	1,100,694	—
Borrowings	222,985	—	223,026	—
Subordinated notes	98,318	—	101,398	—
Junior subordinated debentures issued to capital trusts	57,789	—	53,501	—
Interest payable	10,862	—	10,862	—

	December 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	$ 66,813	$ 66,813	$ —	$ —
Interest- bearing deposits in banks	72,646	72,646	—	—
Cash and cash equivalents	139,459	139,459	—	—
Loans held for sale	9,778	—	9,778	—
Loans, net	4,825,243	—	—	4,695,231
Stock in FHLB	45,713	—	45,713	—
Interest receivable	29,733	—	29,733	—
Liabilities				
Non-interest bearing deposits	$ 1,078,708	$ 1,078,708	$ —	$ —
Interest bearing deposits	4,196,709	3,094,231	1,100,237	—
Borrowings	248,586	—	248,580	—
Subordinated notes	98,215	—	98,835	—
Junior subordinated debentures issued to capital trusts	57,688	—	51,468	—
Interest payable	12,892	—	12,892	—

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

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)

	June 30, 2026	December 31, 2025
Unrealized gain (loss) on securities available for sale	$ (24,015)	$ (25,996)
Total accumulated other comprehensive income (loss)	$ (24,015)	$ (25,996)

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 June 30, 2026 and December 31, 2025, 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 second quarter of 2026 that management believes have changed the Bank’s classification as well capitalized. There is no threshold for well capitalized status for bank holding companies.

On March 19, 2026, the federal banking regulators issued three proposals to modernize the regulatory capital framework for banks of all sizes. The federal banking agencies stated the proposals would streamline capital requirements and better align regulatory capital with risk while maintaining the safety and soundness of the banking system. The proposals are intended to be the final phase of the Basel capital reforms. Comments on the proposals were due by June 18, 2026. The Company's management continues to evaluate the impact of these proposals on the Company, the Bank, and its business, financial condition, and results of operations.

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The following table presents Horizon and the Bank's actual and required capital ratios as of June 30, 2026 and December 31, 2025:

	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
June 30, 2026								
Total capital (to risk-weighted assets)[(1)]								
Consolidated	$ 799,214	15.02 %	$ 425,716	8.00 %	$ 558,752	10.50 %	N/A	N/A
Bank	720,864	13.60 %	423,902	8.00 %	556,371	10.50 %	$529,877	10.00%
Tier 1 capital [(1)] (to risk-weighted assets)								
Consolidated	647,685	12.17 %	319,287	6.00 %	452,323	8.50 %	N/A	N/A
Bank	667,651	12.60 %	317,926	6.00 %	450,396	8.50 %	423,902	8.00%
Common equity tier 1 capital [(1)] (to risk-weighted assets)								
Consolidated	589,896	11.09 %	239,465	4.50 %	372,502	7.00 %	N/A	N/A
Bank	667,651	12.60 %	238,445	4.50 %	370,914	7.00 %	344,420	6.50%
Tier 1 capital (to average assets)[(1)]								
Consolidated	647,685	10.17 %	254,648	4.00 %	254,648	4.00 %	N/A	N/A
Bank	667,651	10.52 %	253,752	4.00 %	253,752	4.00 %	317,190	5.00%

[(1)] As defined by regulatory agencies

	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, 2025								
Total capital (to risk-weighted assets)[(1)]								
Consolidated	$ 762,541	14.36 %	$ 424,791	8.00 %	$ 557,538	10.50 %	N/A	N/A
Bank	687,316	12.99 %	423,209	8.00 %	555,461	10.50 %	529,011	10.00%
Tier 1 capital [(1)] (to risk-weighted assets)								
Consolidated	611,186	11.51 %	318,593	6.00 %	451,340	8.50 %	N/A	N/A
Bank	634,176	11.99 %	317,407	6.00 %	449,659	8.50 %	423,209	8.00%
Common equity tier 1 capital [(1)] (to risk-weighted assets)								
Consolidated	553,498	10.42 %	238,945	4.50 %	371,692	7.00 %	N/A	N/A
Bank	634,176	11.99 %	238,055	4.50 %	370,308	7.00 %	343,857	6.50%
Tier 1 capital (to average assets)[(1)]								
Consolidated	611,186	9.55 %	256,006	4.00 %	256,006	4.00 %	N/A	N/A
Bank	634,176	9.94 %	255,282	4.00 %	255,282	4.00 %	319,103	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 June 30, 2026 and December 31, 2025, respectively:

	June 30, 2026	December 31, 2025
Commitments to extend credit	$ 1,058,286	$ 1,124,850
Standby letters of credit	18,762	22,274
Total	**$ 1,077,048**	**$ 1,147,124**

Litigation Accrual Contingent Liability

On June 24, 2026, a jury returned a civil verdict against the Company's subsidiary, Horizon Bank (the "Bank"), in a lawsuit stemming related to the repossession and credit reporting of a single vehicle financed through the Company's former indirect automobile lending business. The jury awarded total damages approaching $3.0 million, including punitive damages.

During the second quarter of 2026, the Company recorded a pre-tax litigation expense and corresponding litigation accrual of $3.1 million related to this matter. The Company strongly disagrees with the verdict and intends to challenge the decision via an appeal process. The accrual will be maintained pending the resolution of the appeal process. The Company does not anticipate any broader exposure related to this matter.

The Company discontinued originating indirect auto finance loans in 2023 and exited a significant majority of its remaining credit exposure in 2024. The Company does not view this event as a disruption to its core community bank model.

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, and continued inflation levels remaining above the Federal Reserve's 2% target;
- 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;
- risks related to the development and use of artificial intelligence (AI);
- 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 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 conflict and continued unrest in the Middle East, and the potential impact they may have on supply chains, the availability of commodities, commodity prices, 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 2025 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 2025 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 estimates as the allowance for credit losses, income taxes, 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, 2025. There have been no material changes in the Company's application of critical accounting estimates since December 31, 2025.

Results of Operations

Net Income

Net Income increased $4.3 million, to $24.9 million, or $0.49 per diluted share, during the three months ended June 30, 2026 when compared to net income of $20.6 million, or $0.47 per diluted share, for the same period in 2025. The increase in net income when compared with the prior year period is the primary driven by an increase in net interest income of $8.1 million, a decrease in provision expense of $1.5 million and an increase in non-interest income of $1.1 million. The increase was partially offset by an increase in non-interest expense of $4.4 million, driven primarily by the $3.1 million legal charge in the current period, and an increase in tax expense of $2.1 million.

Net income increased $6.5 million to $51.1 million, or $1.00 per diluted share, during the six months ended June 30, 2026 when compared to $44.6 million, or $1.01 per share, for the same period in 2025. The increase from the year ago period was primarily a result of an increase in net interest income of $18.1 million and a decrease in provision expense of $2.5 million. The increase was partially offset by an increase in non-interest expense of $5.9 million, a decrease in non-interest income of $4.2 million and an increase in tax expense of $4.1 million.

Net Interest Income

Net interest income increased $8.1 million, or 14.7% during the three months ended June 30, 2026, to $63.5 million, when compared to the same period in 2025. While average earning assets decreased, owed to the balance sheet repositioning and deleveraging efforts in the third quarter of 2025, the reported net FTE interest margin[1] increased by 114 basis points, to 4.37% for the three months ended June 30, 2026 compared to the prior year period, driven by the favorable mix shift toward higher-yielding average interest earning assets, and the funding mix toward lower cost deposit liabilities. Additionally, securities yields have expanded while deposit costs have declined when compared with the comparable year ago period.

Net interest income increased $18.1 million during the six months ended June 30, 2026, to $125.7 million when compared to the same period in 2025. While average earning asset balances decreased, owed to the balance sheet repositioning and deleveraging efforts in the third quarter of 2025, the reported net FTE interest margin[1] increased by 119 basis points, to 4.33% for the six months ended June 30, 2026 when compared to the prior year period. The primary driver of the increase in net interest income compared with the prior year period is attributable to the favorable mix shift in both higher-yielding average interest earning assets, and the funding mix toward lower cost deposit liabilities. Additionally, loan and security yields have expanded while deposit costs have declined when compared with the comparable year ago period.

[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 and Six months ended June 30, 2026 and 2025

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

Average Balance Sheet
(Dollars in Thousands, Unaudited)
Three Months Ended

	June 30, 2026			June 30, 2025		
	Average Balance [6]	Interest[5]	Average Rate	Average Balance [6]	Interest[5]	Average Rate
Assets						
Interest earning assets						
Interest earning deposits (incl. Fed Funds Sold)	$ 101,650	$ 936	3.69 %	$ 72,993	$ 830	4.56 %
Federal Home Loan Bank stock[1]	15,834	259	6.56 %	45,412	1,075	9.49 %
Investment securities - taxable [2]	584,471	6,990	4.80 %	959,238	4,866	2.03 %
Investment securities - non-taxable [2]	314,064	3,270	4.18 %	1,100,731	7,707	2.81 %
Total investment securities	898,535	10,260	4.58 %	2,059,969	12,573	2.45 %
Loans receivable [3] [4]	4,916,799	78,140	6.37 %	4,947,093	79,000	6.41 %
Total interest earning assets	$ 5,932,818	89,595	6.06 %	$ 7,125,467	93,478	5.26 %
Non-interest earning assets						
Cash and due from banks	71,692			86,316		
Allowance for credit losses	(51,106)			(52,560)		
Other assets	535,339			472,175		
Total average assets	$ 6,488,743			$ 7,631,398		
Liabilities and Stockholders' Equity						
Interest bearing liabilities						
Interest bearing demand deposits	$ 1,627,013	$ 5,011	1.24 %	$ 1,727,713	$ 6,803	1.58 %
Saving and money market deposits	1,484,771	5,981	1.62 %	1,651,866	8,200	1.99 %
Time deposits	1,116,139	9,488	3.41 %	1,233,582	11,049	3.59 %
Total Deposits	4,227,923	20,480	1.94 %	4,613,161	26,052	2.27 %
Borrowings	150,118	1,435	3.83 %	847,862	7,777	3.68 %
Repurchase agreements	67,494	219	1.30 %	88,058	394	1.79 %
Subordinated notes	98,279	1,904	7.77 %	55,785	829	5.96 %
Junior subordinated debentures issued to capital trusts	57,758	980	6.81 %	57,550	1,070	7.46 %
Total interest bearing liabilities	4,601,572	25,018	2.18 %	5,662,416	36,122	2.56 %
Non-interest bearing liabilities						
Demand deposits	1,117,113			1,114,982		
Accrued interest payable and other liabilities	55,032			64,465		
Stockholders' equity	715,026			789,535		
Total average liabilities and stockholders' equity	$ 6,488,743			$ 7,631,398		
Net FTE interest income (Non-GAAP) [5]		$ 64,577			$ 57,356	
Less FTE adjustments [5]		1,087			2,001	
Net Interest Income		$ 63,490			$ 55,355	
Net FTE interest margin (Non-GAAP) [5]			4.37 %			3.23 %

[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] Average balances are calculated on a daily average basis

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

Average Balance Sheet
(Dollars in Thousands, Unaudited)
Six Months Ended

	June 30, 2026			June 30, 2025		
	Average Balance [6]	Interest[5]	Average Rate	Average Balance [6]	Interest[5]	Average Rate
Assets						
Interest earning assets						
Interest earning deposits (incl. Fed Funds Sold)	133,192	2,445	3.70 %	147,656	3,317	4.53 %
Federal Home Loan Bank stock[1]	30,691	809	5.32 %	48,573	2,086	8.66 %
Investment securities - taxable [2]	582,817	13,933	4.82 %	966,632	9,894	2.06 %
Investment securities - non-taxable [2]	316,656	6,490	4.13 %	1,110,436	15,544	2.82 %
Total investment securities	899,473	20,423	4.58 %	2,077,068	25,438	2.47 %
Loans receivable [3] [4]	4,895,395	153,627	6.33 %	4,906,496	153,840	6.32 %
Total interest earning assets	5,958,751	177,304	6.00 %	7,179,793	184,681	5.19 %
Non-interest earning assets						
Cash and due from banks	69,859			87,460		
Allowance for credit losses	(51,161)			(52,214)		
Other assets	534,556			477,949		
Total average assets	$ 6,512,005			$ 7,692,988		
Liabilities and Stockholders' Equity						
Interest bearing liabilities						
Interest bearing demand deposits	1,632,580	9,598	1.19 %	1,739,017	13,295	1.54 %
Saving and money market deposits	1,480,133	11,599	1.58 %	1,663,165	16,463	2.00 %
Time deposits	1,134,708	19,227	3.42 %	1,223,043	21,895	3.61 %
Total Deposits	4,247,421	40,424	1.92 %	4,625,225	51,653	2.25 %
Borrowings	150,174	2,855	3.83 %	909,338	16,550	3.67 %
Repurchase agreements	72,407	453	1.26 %	88,262	809	1.85 %
Subordinated notes	98,255	3,734	7.66 %	55,768	1,658	6.00 %
Junior subordinated debentures issued to capital trusts	57,732	1,962	6.85 %	57,524	2,360	8.27 %
Total interest bearing liabilities	4,625,989	49,428	2.15 %	5,736,117	73,030	2.57 %
Non-interest bearing liabilities						
Demand deposits	1,117,520			1,100,485		
Accrued interest payable and other liabilities	57,181			71,463		
Stockholders' equity	711,315			784,923		
Total average liabilities and stockholders' equity	$ 6,512,005			$ 7,692,988		
Net FTE interest income (Non-GAAP) [5]		127,876			111,651	
Less FTE adjustments [5]		2,146			4,029	
Net Interest Income		$ 125,730			$ 107,622	
Net FTE interest margin (Non-GAAP) [5]			4.33 %			3.14 %

[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] Average balances are calculated on a daily average basis

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 June 30, 2026 vs. Three Months Ended June 30, 2025			Six Months Ended June 30, 2026 vs. Six Months Ended June 30, 2025		
	Total Change	Change Due To Volume	Change Due To Rate	Total Change	Change Due To Volume	Change Due To Rate
Interest Income						
Interest-bearing deposits in banks	$ 106	$ 284	$ (178)	$ (872)	$ (304)	$ (568)
Federal Home Loan Bank stock	(816)	(553)	(263)	(1,277)	(623)	(654)
Investment securities - taxable	2,124	(2,473)	4,597	4,039	(5,121)	9,160
Investment securities - non-taxable	(4,437)	(7,106)	2,669	(9,054)	(14,226)	5,172
Loans receivable	(860)	(483)	(377)	(213)	(348)	135
Total interest income	(3,883)	(10,330)	6,447	(7,377)	(20,622)	13,245
Interest Expense						
Interest-bearing demand deposits	(1,792)	(378)	(1,414)	(3,697)	(774)	(2,923)
Savings and money market savings deposits	(2,219)	(774)	(1,445)	(4,863)	(1,684)	(3,179)
Time deposits	(1,561)	(1,017)	(544)	(2,668)	(1,533)	(1,135)
Borrowings	(6,342)	(6,657)	315	(13,695)	(14,389)	694
Repurchase agreements	(175)	(80)	(95)	(356)	(129)	(227)
Subordinated notes	1,075	769	306	2,076	1,521	555
Junior subordinated debentures issued to capital trusts	(90)	4	(94)	(398)	9	(407)
Total interest expense	(11,104)	(8,134)	(2,970)	(23,601)	(16,979)	(6,622)
Net FTE interest income (Non-GAAP)	7,221	(2,196)	9,417	16,224	(3,643)	19,867
Less change in FTE adjustments	(914)			(1,884)		
Net Interest Income	$ 8,135			$ 18,108		

Non-Interest Income

	Three Months Ended				Six Months Ended			
(Dollars in Thousands)	June 30, 2026	June 30, 2025	$ Change	% Change	June 30, 2026	June 30, 2025	$ Change	% Change
Non-interest Income								
Service charges on deposit accounts	$ 3,376	$ 3,208	$ 168	5.2 %	$ 6,901	$ 6,416	$ 485	7.6 %
Wire transfer fees	67	69	(2)	(2.9)%	130	140	(10)	(7.1)%
Interchange fees	3,595	3,403	192	5.6 %	6,968	6,644	324	4.9 %
Fiduciary activities	1,501	1,251	250	20.0 %	3,057	2,577	480	18.6 %
Loss on sale of investment securities	—	—	—	— %	—	(407)	407	(100.0)%
Gain on sale of mortgage loans	1,576	1,219	357	29.3 %	2,666	2,295	371	16.2 %
Mortgage servicing income net of impairment	350	375	(25)	(6.7)%	687	760	(73)	(9.6)%
Increase in cash value of bank owned life insurance	345	346	(1)	(0.3)%	678	681	(3)	(0.4)%
Other income	1,204	1,049	155	14.8 %	2,171	8,313	(6,142)	(73.9)%
Total non-interest income	$ 12,014	$ 10,920	$ 1,094	10.0 %	$ 23,258	$ 27,419	$ (4,161)	(15.2)%

Total non-interest income increased $1.1 million, to net income of $12.0 million for the three months ended June 30, 2026 compared to the same period in 2025, and decreased $4.2 million for the six months ended June 30, 2026 compared to the same period in 2025. The primary components of the change were as follows:

Service charges on deposit accounts increased by $0.2 million for the three months ended June 30, 2026 compared to the same period in 2025, and increased $0.5 million for the six months ended June 30, 2026 compared to the same period in 2025. The increase is primarily related to higher transaction-based fee activity in the current period.

Interchange fees increased $0.2 million for the three months ended June 30, 2026 compared to the same period in 2025, and increased by $0.3 million for the six months ended June 30, 2026, as compared to the same periods in 2025. The increase was primarily driven by increases in merchant and debit card fees.

Fiduciary activities increased $0.2 million for the three months ended June 30, 2026 compared to the same period in 2025, and increased $0.5 million for the six months ended June 30, 2026 compared to the same period in 2025. The increase is primarily related to an increase in trust fees in the current period related to increased volume in estate planning and annuity sales.

Gain on sale of mortgage loans increased $0.4 million for the three months ended June 30, 2026 compared to the same period in 2025, and increased $0.4 million for the six months ended June 30, 2026 compared to the same period in 2025. The increase is primarily driven by the increased volume of sold loans.

Other income, which includes various miscellaneous income items as well as fair market value adjustments to certain other assets, increased by $0.2 million for the three months ended June 30, 2026 compared to the same period in 2025 and decreased by $6.1 million for the six months ended June 30, 2026. The decrease was primarily related to the pre-tax gain of $7.0 million on the sale of the Company's mortgage warehouse business in the first quarter of 2025, which did not recur.

The remaining changes were nominal amongst the remaining individual non-interest income accounts.

Non-Interest Expense

	Three Months Ended				Six Months Ended			
	June 30,	June 30,			June 30,	June 30,		
(Dollars in Thousands)	2026	2025	$ Change	% Change	2026	2025	$ Change	% Change
Non-interest Expense								
Salaries and employee benefits	$ 24,194	$ 22,731	$ 1,463	6.4 %	$ 47,381	$ 45,145	$ 2,236	5.0 %
Net occupancy expenses	3,698	3,127	571	18.3 %	7,895	6,829	1,066	15.6 %
Data processing	3,631	2,951	680	23.0 %	6,984	5,823	1,161	19.9 %
Professional fees	(64)	735	(799)	(108.7)%	866	1,561	(695)	(44.5)%
Outside services and consultants	2,537	3,278	(741)	(22.6)%	5,301	6,543	(1,242)	(19.0)%
Loan expense	1,417	1,231	186	15.1 %	2,636	1,920	716	37.3 %
FDIC insurance expense	1,003	1,216	(213)	(17.5)%	2,026	2,504	(478)	(19.1)%
Core deposit intangible amortization	675	816	(141)	(17.3)%	1,350	1,632	(282)	(17.3)%
Merger related expense	—	—	—	— %	—	305	(305)	(100.0)%
Other losses	114	245	(131)	(53.5)%	306	473	(167)	(35.3)%
Other expense	6,639	3,087	3,552	115.1 %	9,847	5,988	3,859	64.4 %
Total non-interest expense	$ 43,844	$ 39,417	$ 4,427	11.2 %	$ 84,592	$ 78,723	$ 5,869	7.5 %

Non-interest expense increased $4.4 million for the three months ended June 30, 2026 compared to the same period in 2025, and increased $5.9 million for the six months ended June 30, 2026 compared to the same period in 2025. The primary components of the change were as follows:

Salaries and employee benefits expense increased by $1.5 million for the three months ended June 30, 2026 compared to the same period in 2025, and increased $2.2 million for the six months ended June 30, 2026 compared to the same period in 2025. The increase is partially attributable to increased salary expense related to strategic hiring and annual merit increases, partially offset by a lower level of benefit expense compared with the year ago period.

Net occupancy expenses increased by $0.6 million for the three months ended June 30, 2026 compared to the same period in 2025, and increased by $1.1 million for the six months ended June 30, 2026 compared to the same period in 2025. The increase is primarily driven by increases in building maintenance expenses in the current period.

Data processing expense increased by $0.7 million for the three months ended June 30, 2026 compared to the same period in 2025, and increased by $1.2 million for the six months ended June 30, 2026 compared to the same period in 2025. The increase is primarily driven by increases in debit card processing activity and software maintenance.

Loan expense increased by $0.2 million for the three months ended June 30, 2026 compared to the same period in 2025, and increased by $0.7 million for the six months ended June 30, 2026 compared to the same period in 2025. The increase is primarily related to a higher amount of production related expense in the current period and a higher amount of reimbursements in the year ago period.

Professional fees decreased by $0.8 million for the three months ended June 30, 2026 compared to the same period in 2025, and decreased by $0.7 million for the six months ended June 30, 2026 compared to the same period in 2025. The decrease is primarily related to a reimbursement of previously incurred legal fees and an overall reduction in gross expenses in the current period.

Outside services and consultants expense decreased by $0.7 million for the three months ended June 30, 2026 compared to the same period in 2025, and decreased $1.2 million for the six months ended June 30, 2026 compared to the same period in 2025. The decrease reflects management's ongoing efforts to reduce the reliance on third party services.

Other expenses, which includes corporate and other service expenses, increased by $3.6 million for the three months ended June 30, 2026 compared to the same period in 2025, and increased by $3.9 million for the six months ended June 30, 2026 compared to the same period in 2025. During the second quarter of 2026, the Company recorded a pre-tax expense accrual of $3.1 million related to a lawsuit stemming from 2018 related to a unique circumstance involving the repossession and credit reporting of a single vehicle financed through our legacy indirect auto business, as previously announced. The accrual will remain in place until the Company has finalized the appeal process.

The remaining changes were nominal amongst the remaining individual non-interest expense accounts.

Provision and Allowance for Credit Losses

	Three Months Ended		Six Months Ended	
	June 30, 2026	June 30, 2025	June 30, 2026	June 30, 2025
Allowance for Credit Losses on Loans				
Balance at beginning of period	$ 51,297	$ 52,654	$ 51,299	$ 51,980
Provision for credit losses on loans	1,229	1,999	1,853	3,542
Net loan (charge-offs) recoveries:				
Commercial	$ (295)	$ (84)	$ (634)	$ (37)
Residential Real estate	(45)	(52)	(47)	(5)
Consumer	(265)	(118)	(550)	(1,081)
Total net loan (charge-offs) recoveries	$ (605)	$ (254)	$ (1,231)	$ (1,123)
Balance at end of period	$ 51,921	$ 54,399	$ 51,921	$ 54,399
Liability for Unfunded Lending Commitments				
Balance at beginning of period	$ 1,607	$ 2,000	$ 1,840	$ 2,149
Provision (benefit) for credit losses on unfunded lending commitments	(313)	311	(546)	162
Balance at end of period	$ 1,294	$ 2,311	$ 1,294	$ 2,311
Allowance for Credit Losses on Loans and Liability for Unfunded Lending Commitments	$ 53,215	$ 56,710	$ 53,215	$ 56,710

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 June 30, 2026, the Company recorded a provision for credit losses on loans of $1.2 million. This compares to a provision for credit losses on loans of $2.0 million compared to the same period in 2025. The decrease in the provision for credit losses on loans compared to the prior-year period was primarily driven by a reduction in forecasted credit losses related to changes in economic assumptions, partially offset by increases in specific reserves on certain loans. The total provision for credit losses, including the reduction in reserve for unfunded lending commitments of $0.3 million in the current period, was $0.9 million for three months ended June 30, 2026, compared to a provision for credit losses of $2.5 million for the same period in 2025.

For the three months ended June 30, 2026, net loan charge-offs increased by $0.4 million to $0.6 million, compared to $0.3 million during the same period in 2025. The increase in charge-offs is due to modest increases in charge-offs in the commercial and consumer portfolios during the current period.

The Company’s allowance for credit losses as a percentage of period-end loans HFI was 1.05% at June 30, 2026, compared to 1.09% at June 30, 2025.

As of June 30, 2026, the liability for unfunded lending commitments was $1.3 million compared to $2.3 million as of June 30, 2025.

Income Taxes

The Company’s income tax expense for the three months ended June 30, 2026 was $5.8 million compared to $3.8 million for the same period in 2025, resulting in effective tax rates of 19.0% and 15.4% for those periods, respectively. The Company’s income tax expense for the six months ended June 30, 2026 was $12.0 million compared to $7.9 million for the same period in 2025, resulting in effective tax rates of 19.0% and 15.0%, respectively. The increase in the effective tax rate for three months ended June 30, 2026 was primarily due to expectations of higher pre-tax income in 2026 as compared to 2025, and less exposure to tax preferential assets in the investment portfolio.

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 increased by $137.5 million, or 2.14%, as of June 30, 2026, from $6.4 billion as of December 31, 2025. The increase in total assets is primarily due to an increase in total cash and cash equivalents of $78.5 million, or 56.28%, and an increase in investment securities available-for-sale of $22.4 million, or 2.55%. The increase was partially offset by a decrease in FHLB stock of $38.3 million, or 83.77%, and a decrease in loans held for sale of $4.6 million, or 47.36%,

Total loans HFI, net of ACL, increased $82.0 million, to $4.9 billion, as of June 30, 2026 compared to balances as of December 31, 2025, due to growth in commercial loans that was partially offset by runoff within the consumer loan portfolio. 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 investment securities increased $22.4 million, or 2.55%, to $897.8 million as of June 30, 2026 when compared to balances as of December 31, 2025. During the first six months of 2026, the Company purchased approximately $60.9 million of available for sale securities, which was offset by amortization and maturities within the portfolio and changes in market value.

Total deposit balances increased by $124.8 million, or 2.37%, to $5.4 billion as of June 30, 2026 when compared to balances as of December 31, 2025. The increase was driven by a $76.8 million increase in savings and money market deposits, reflecting continued success in core deposit gathering efforts, a $24.5 million increase in interest bearing deposits and a $21.6 million increase in non-interest bearing deposits. The Company maintains a granular and tenured deposit base, with a continued focus on core commercial and consumer deposit gathering.

Total borrowings decreased by $25.6 million, or 10.30%, to $223.0 million as of June 30, 2026 when compared to balances as of December 31, 2025, related to a decrease in repurchase agreements.

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

	June 30, 2026		December 31, 2025	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Available for sale				
U.S. Treasury, federal agencies, and government sponsored agencies	$ 15,695	$ 15,714	$ 16,837	$ 16,905
State and municipal	355,584	327,726	353,559	319,665
U.S. government agency mortgage-backed securities	516,897	514,656	489,683	494,174
Corporate notes	42,750	39,668	48,750	44,670
Total available for sale investment securities	$ 930,926	$ 897,764	$ 908,829	$ 875,414

Credit Quality

The ACL balance at June 30, 2026 was $51.9 million, or 1.05% of period-end loans HFI, compared to an ACL balance of $51.3 million at December 31, 2025, or 1.05% of loans HFI. The increase in the ACL is primarily due to net loan growth and an increase in specific reserves on select commercial loans.

As of June 30, 2026, total non-accrual loans decreased by $0.2 million, or 0.48%, from December 31, 2025, to 0.65% of total loans HFI. Total non-performing assets increased $3.1 million, or 7.54%, from December 31, 2025, to 0.66% of total assets.

During the six months ended June 30, 2026, net charge-offs were $1.2 million, or 5 basis points annualized of average loans in the period, a change from $1.1 million, or 5 basis point annualized of average loans in the year ago comparable period.

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Credit Quality
(Dollars in Thousands Except Ratios, Unaudited)

	Quarter Ended	
	June 30, 2026	December 31, 2025
Non-accrual loans		
Commercial	$ 17,843	$ 14,549
Residential Real estate	8,454	10,087
Consumer	6,004	7,821
Total non-accrual loans	$ 32,301	$ 32,457
90 days and greater delinquent - accruing interest	$ 2,632	$ 2,489
Total non-performing loans	$ 34,933	$ 34,946
Other real estate owned		
Commercial	$ 463	$ 539
Residential Real estate	570	672
Consumer	3,633	480
Total other real estate owned	$ 4,666	$ 1,691
Other non-performing assets (1)	$ 4,094	$ 3,991
Total non-performing assets	$ 43,693	$ 40,628
Net charge-offs (recoveries)		
Commercial	$ 295	$ 436
Residential Real estate	45	(25)
Consumer	265	559
Total net charge-offs	$ 605	$ 970
Allowance for credit losses		
Commercial	$ 36,122	$ 35,473
Residential Real estate	2,958	3,183
Consumer	12,841	12,643
Total allowance for credit losses	$ 51,921	$ 51,299
Credit quality ratios		
Non-accrual loans to HFI loans	0.65 %	0.67 %
Non-performing assets to total assets	0.66 %	0.63 %
Annualized net charge-offs of average total loans	0.05 %	0.08 %
Allowance for credit losses to HFI loans	1.05 %	1.05 %
Allowance for credit losses to non-performing loans	148.63 %	146.80 %

(1) Other non-performing assets consist of a single available for sale security placed on non-accrual status in the third quarter of 2025.

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 June 30, 2026, in addition to liquidity available from the normal operating, funding, and investing activities of Horizon, the Bank had approximately $1.72 billion in unused credit lines with various money center banks, including the FHLB and the FRB Discount Window compared to $1.68 billion at December 31, 2025.

The cash flows from the operating, investing and financing activities of the Company resulted in a net increase in cash, cash equivalents and restricted cash of $78.5 million during the six months ended June 30, 2026, as reported in the consolidated statements of cash flows. Operating activities, consisting mainly of net income adjusted for certain non-cash items, provided cash flow of $53.9 million and have historically been a stable source of funds. Investing activities, which occur mainly in the loan and investment securities portfolios, used cash of $64.7 million mainly due to a net change in loans of $84.1 million and purchases of AFS securities of $60.9 million, which was partially offset by proceeds from maturities, calls and principal repayments of securities available for sale of $42.1 million and the redemption of FHLB stock of $38.3 million. Financing activities provided cash of $89.3 million, largely resulting from the proceeds from proceeds from borrowing of $156.2 million and the net change in deposits of $124.8 million, which was partially offset by the repayment of borrowings of $156.4 million, cash used in the net change in repurchase agreements of $19.2 million and $16.5 million in dividends paid on common stock, during the six months ended June 30, 2026.

Capital Resources

The capital resources of Horizon and the Bank exceeded regulatory capital ratios for "well capitalized" banks at June 30, 2026. Stockholders' equity totaled $726.2 million as of June 30, 2026, compared to $688.3 million as of December 31, 2025. The increase in stockholders' equity during the period was due to an increase in retained earnings of $37.9 million for the six months ended June 30, 2026, and a decrease in accumulated other comprehensive loss of $2.0 million.

As of June 30, 2026, the ratio of total stockholders' equity to total assets is 11.05%. Book value per common share was $14.21, increasing $0.71 compared to December 31, 2025.

Tangible common equity[1] totaled $565.1 million at June 30, 2026, and the ratio of tangible common equity to tangible assets[1] was 8.81% at June 30, 2026. Tangible book value, which excludes intangible assets from total equity, per common share[1] was $11.06, increasing $0.74 compared to December 31, 2025.

Horizon declared common stock dividends in the amount of $0.16 per share during the three months ended June 30, 2026 and $0.16 per share for the same period in 2025. The dividend payout ratio (dividends as a percent of basic earnings per share) was 32% and 31% for the six months ended June 30, 2026 and 2025, respectively. For additional information regarding dividends, see Horizon's 2025 Annual Report on Form 10–K.

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

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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		Six Months Ended	
		June 30, 2026	June 30, 2025	June 30, 2026	June 30, 2025
Interest income (GAAP)	(A)	$ 88,508	$ 91,477	$ 175,158	$ 180,652
Taxable-equivalent adjustment:					
Investment securities - tax exempt [1]		$ 685	$ 1,619	$ 1,363	$ 3,264
Loan receivable [2]		402	382	783	765
Total taxable-equivalent adjustment [3]		$ 1,087	$ 2,001	$ 2,146	$ 4,029
Interest income (non-GAAP)	(B)	$ 89,595	$ 93,478	$ 177,304	$ 184,681
Interest expense (GAAP)	(C)	$ 25,018	$ 36,122	$ 49,428	$ 73,030
Net interest income (GAAP)	(D) =(A) - (C)	$ 63,490	$ 55,355	$ 125,730	$ 107,622
Net FTE interest income (non-GAAP)	(E) = (B) - (C)	$ 64,577	$ 57,356	$ 127,875	$ 111,651
Average interest earning assets	(F)	$ 5,932,818	$ 7,125,467	$ 5,958,751	$ 7,179,793
Net FTE interest margin (non-GAAP)	(G) = (E*) / (F)	4.37 %	3.23 %	4.33 %	3.14 %

(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	
		June 30, 2026	June 30, 2025
Total stockholders' equity (GAAP)	(A)	$ 726,189	$ 790,852
Intangible assets (end of period)	(B)	161,040	163,803
Total tangible common equity (non-GAAP)	(C) = (A) - (B)	$ 565,149	$ 627,049
Total assets (GAAP)	(D)	6,574,160	7,652,051
Intangible assets (end of period)	(B)	161,040	163,803
Total tangible assets (non-GAAP)	(E) = (D) - (B)	$ 6,413,120	$ 7,488,248
Tangible common equity to tangible assets (Non-GAAP)	(G) = (C) / (E)	8.81 %	8.37 %

Non–GAAP Reconciliation of Tangible Book Value Per Share

(Dollars in Thousands, Unaudited)

		Three Months Ended	
		June 30, 2026	June 30, 2025
Total stockholders' equity (GAAP)	(A)	$ 726,189	$ 790,852
Intangible assets (end of period)	(B)	161,040	163,803
Total tangible common equity (non-GAAP)	(C) = (A) - (B)	$ 565,149	$ 627,049
Common shares outstanding	(D)	51,093,048	43,801,507
Tangible book value per common share (non-GAAP)	(E) = (C) / (D)	$ 11.06	$ 14.32

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 interest 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 2025 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 June 30, 2026, the Company's interest-earning assets are projected to reprice at a slightly faster pace than interest-bearing liabilities for the next 100 basis points change in interest rates.

	June 30, 2026	
(Dollars in thousands)	**$ Change in Net Interest Income**	**% Change in Net Interest Income**
200 basis points rising	$ 8,474.0	3.2 %
100 basis points rising	6,777.0	2.6 %
100 basis points falling	$ (156.0)	(0.1)%
200 basis points falling	(2,311.0)	(0.9)%

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Based on an evaluation of disclosure controls and procedures as of June 30, 2026, 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 June 30, 2026, 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.

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, 2025.

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 June 30, 2026, 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
31.1	Certification of Thomas M. Prame pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Attached
31.2	Certification of John R. Stewart pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Attached
32.1	Certification of Thomas M. Prame pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Attached
32.2	Certification of John R. Stewart 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 June 30, 2026, 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.

August 7, 2026	/s/ Thomas M. Prame
Date	Thomas M. Prame
	Chief Executive Officer
August 7, 2026	/s/ John R. Stewart
Date	John R. Stewart
	Chief Financial Officer