



A NASDAQ Traded Company - Symbol HBNC

VIRTUAL INVESTOR DAY | DECEMBER 2, 2021

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Forward-Looking Statements

This presentation and any prerecorded commentary may contain forward-looking statements regarding the financial performance, business prospects, growth and operating strategies of Horizon Bancorp, Inc. and its affiliates (collectively, "Horizon"). For these statements, Horizon claims the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. Statements in the presentation materials should be considered in conjunction with the other information available about Horizon, including the information in the filings we make with the Securities and Exchange Commission. Forward-looking statements provide current expectations or forecasts of future events and are not guarantees of future performance. The forward-looking statements are based on management's expectations and are subject to a number of risks and uncertainties. We have tried, wherever possible, to identify such statements by using words such as "anticipate," "estimate," "project," "intend," "plan," "believe," "will" and similar expressions in connection with any discussion of future operating or financial performance.

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. Risks and uncertainties that could cause actual results to differ materially include risk factors relating to the banking industry and the other factors detailed from time to time in Horizon's reports filed with the Securities and Exchange Commission (the "SEC"), including those described in Horizon's Annual Report on Form 10-K for the year ended December 31, 2020 and other subsequent filings with the SEC. Further, statements about the effects of the COVID-19 pandemic on our business, operations, financial performance, and prospects may constitute forward-looking statements and are subject to the risk that the actual impacts may differ, possibly materially, from what is reflected in those forward-looking statements due to factors and future developments that are uncertain, unpredictable, and in many cases beyond our control, including the scope and duration of the pandemic, actions taken by governmental authorities in response to the pandemic, and the direct and indirect impact of the pandemic on our customers, third parties, and us. Undue reliance should not be placed on the forward-looking statements, which speak only as of the date hereof. Horizon does not undertake, and specifically disclaims any obligation, to publicly release the result of any revisions that may be made to update any forward-looking statement to reflect the events or circumstances after the date on which the forward-looking statement is made, or reflect the occurrence of unanticipated events, except to the extent required by law.

Non-GAAP Measures


Certain non-GAAP financial measures are presented herein. Horizon believes they are useful to investors and provide a greater understanding of Horizon's business without giving effect to non-recurring costs and non-core items. For each non-GAAP financial measure, we have presented comparable GAAP measures and reconciliations of the non-GAAP measures to those GAAP measures in the Appendix to this presentation. Please see slides 35-44.



Submit your
questions at
any time
during
presentations
and
Q&A sessions




*Trouble with this form?
Send your questions to
HBNC@lambert.com.*



Virtual Investor Day

December 2, 2021



Q&A Instructions
Today's Investor Day will feature two live Q&A sessions. Please submit your questions to management through the following form.

HAVE A QUESTION?

Thank you for your participation. Required fields are marked *

Name *

Question

ASK

Agenda

Welcome
Craig Dwight

The Retail Franchise
Mark Secor and Kathie DeRuiter

Q&A Session

Loan Growth
Dennis Kuhn & Lynn Kerber on Horizon's Commercial business and outlook, followed by Jim Neff & Noe Najera on Mortgage and Consumer

Q&A Session

Closing Remarks



Craig M. Dwight
Chairman & CEO

Diversified & Attractive Footprint



Serving the Right Side of Chicago

Headquartered in Michigan City, IN, with 78 locations in attractive markets in Indiana and Michigan

Double commuter track addition to the South Shore train lines supports growth in Northwest Indiana, which offers proximity to Chicago, with lower taxes and cost of living

Major colleges and universities throughout footprint, including Notre Dame University, Purdue University, University of Michigan and Michigan State University

INDIANA

9/30/21 Loans: \$1.9B
55% of Loans

MICHIGAN

9/30/21 Loans: \$1.5B
45% of Loans

Multiple Revenue Streams Diversifies Risk

Retail Banking Mortgage Banking
Business Banking Wealth Management

Complementary Revenue Streams that are Counter-Cyclical to Varying Economic Cycles

Note: Total loan figures for Indiana and Michigan are as of 9/30/21 and do not include Mortgage Warehouse.

10%

ANNUAL
COMMERCIAL
LOAN GROWTH
Excluding PPP loans

15-18%

MODEST
REDUCTION IN
MORTGAGE
ORIGINATIONS
Well below industry
expectations

5-9%

ANNUAL
CONSUMER
LOAN GROWTH

<2.00%

ANNUAL
EXPENSES TO
AVERAGE
ASSETS RATIO

>1.20%

ROAA

>12.5%

ROAE

NET INTEREST
INCOME

\$

GROWTH

Welcome

Craig M. Dwight, Chairman & Chief Executive Officer

The Retail Franchise

Mark E. Secor, Executive Vice President & Chief Financial Officer

Kathie A. DeRuiter, Executive Vice President & Senior Operations Officer

Live Q&A Session Featuring Craig, Mark & Kathie

Commercial Opportunity in 2022 and Beyond

Dennis J. Kuhn, Executive Vice President & Chief Commercial Banking Officer

Lynn Kerber, Executive Vice President & Senior Commercial Credit Officer

Consumer Opportunity in 2022 and Beyond

James D. Neff, President

Noe Najera, Senior Vice President, Retail Lending

Live Q&A Session Featuring Craig, Dennis, Lynn, Jim & Noe

Closing Remarks

Craig M. Dwight, Chairman & Chief Executive Officer



Mark E. Secor
EVP & CFO

Enhancing Branch Network Efficiency

14

Acquired 14 Michigan branches on September 17, 2021 through financially and strategically attractive transaction

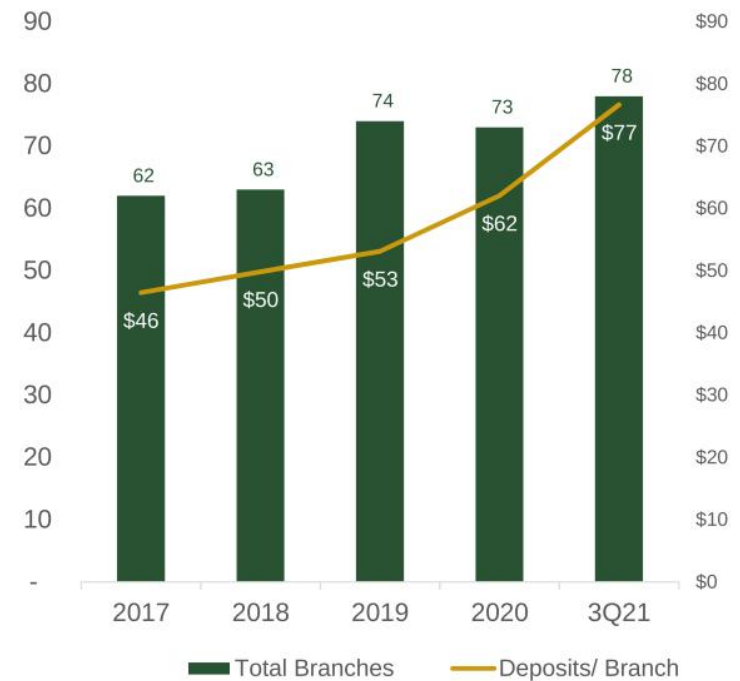
10

Permanent consolidation of 9 Indiana branches and 1 in Michigan on August 27, 2021 as part of annual branch optimization process

1

New Gary, IN branch in 2021, as part of commitment to improving access to financial services to minorities in cities that have been underserved

Efficient Branch Network
(\$ millions)



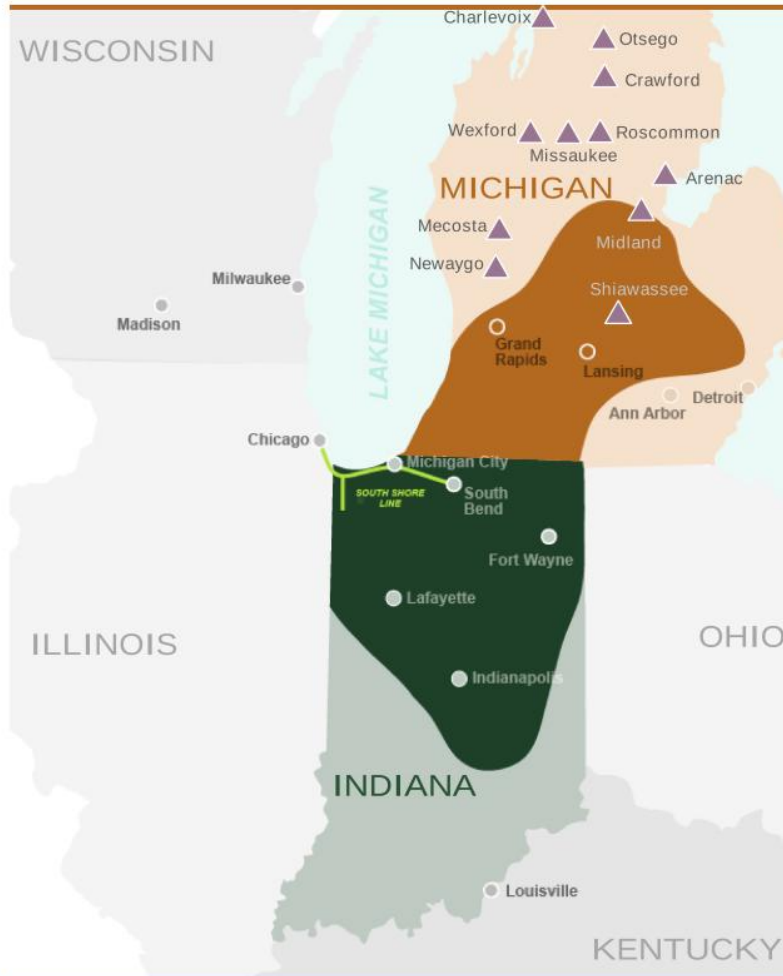


Branch Acquisition Summary

14 branches, \$846M of deposits and \$215M of loans

Attractive Pricing	1.75% premium on deposits with 14 TCF National Bank branches in Michigan
Low-Cost Core Deposits	~0.05% average cost of deposits
Low-Cost Operations	Low operating cost of 14 branches should reduce HBNC's already low annualized OpEx-to-average-assets ratio of 2.09%
Performing Loans	Acquiring mortgage, consumer and small business loans at a 3.5% discount
Highly Accretive	Expected to exceed 17% accretion to 2022 EPS
Modest TBV Dilution	TBV dilution of 1.6% with an earnback of <1 year
Strong IRR	Exceeds HBNC hurdle rates including approximately 29% internal rate of return
Deploying Capital	Very productive deployment of excess holding-company capital and \$20 million of cash down-streamed to the bank, with no external capital raise required for this transaction
Complementary Markets	Adds mass and scale in Midland and provides entry to other attractive markets in the northern and central regions of Michigan's lower peninsula
Proven Integrator	Michigan branch transaction will be HBNC's 15 th acquisition since '02 and 5 th since '17, and the company continues to evaluate additional M&A opportunities
Key Assumption	Deposit runoff of 10%, plus another 10% for surge deposits from federal stimulus programs for consumers and businesses

Logical Market Extension



▲ 14 Branches in 11 Counties

Logical extension of Horizon's low-cost core deposit franchise in Michigan to further enhance already low-cost funding capability to support overall growth

Arenac County	Newaygo County
Charlevoix County	Otsego County
Crawford County	Roscommon County
Mecosta County	Shiawassee County
Midland County	Wexford County
Missaukee County	

Branches Acquired

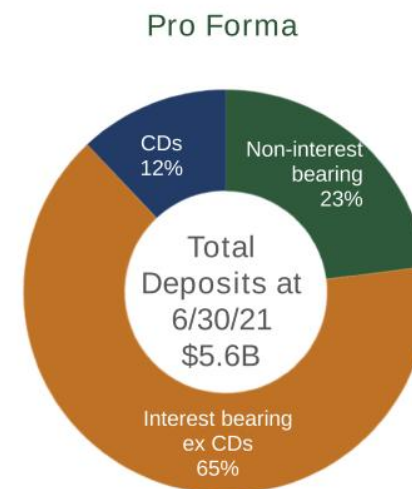
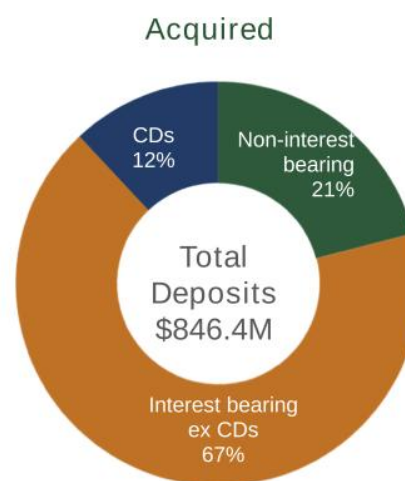
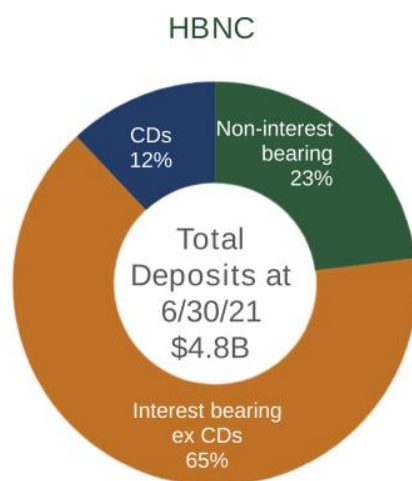
0.05%	>10 years
Av. Deposit Cost	Av. Deposit Account Tenure

Familiar and respected local competitor with culture of commitment to longstanding community banking relationships with their neighbors

Low-Cost Core Deposit Franchise

Enhanced with New Branches

2Q21 Average Deposit Cost*	HBNC	Acquired	Pro Forma
Non-interest bearing	0.00%	0.00%	0.00%
Interest bearing (excluding CDs)	0.10%	0.01%	0.09%
Time Deposits (CDs)	0.87%	0.26%	0.78%
Total Deposits	0.17%	0.05%	0.15%



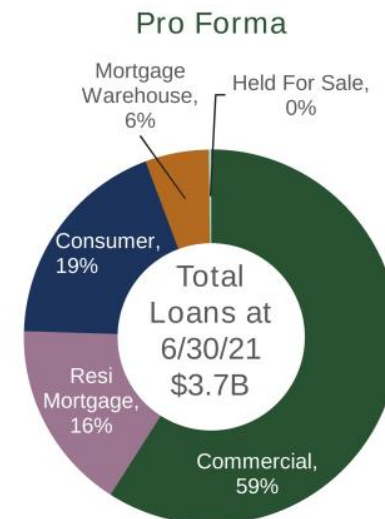
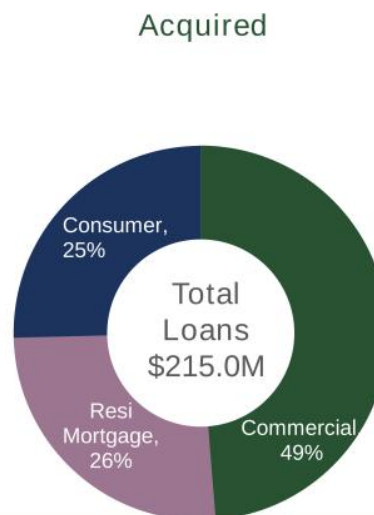
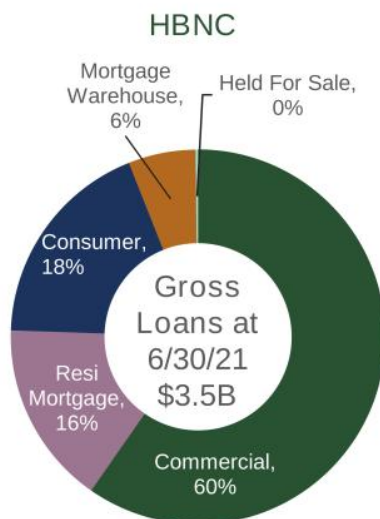
*Average cost of total deposits includes average balances of non-interest bearing deposits.



Mortgage, Consumer & Small Biz Loans

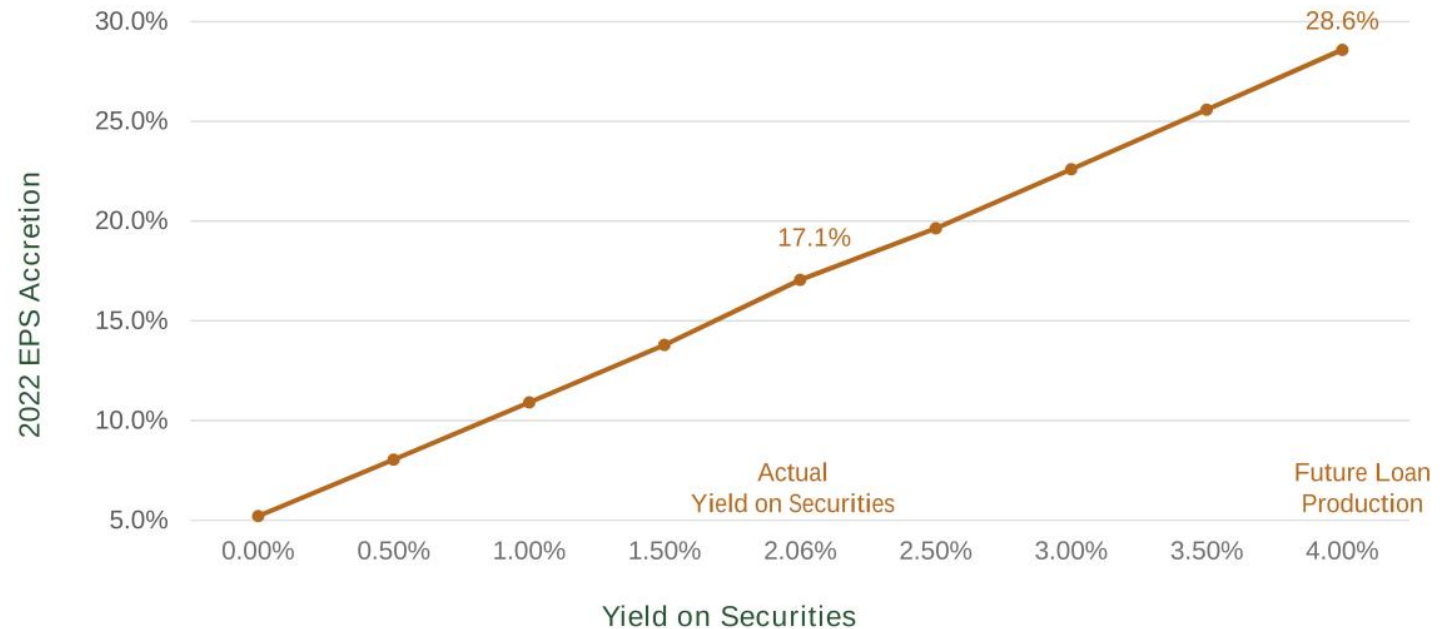
Completed extensive due diligence on performing portfolio

2Q21 Average Yield	HBNC	Acquired	Pro Forma
Total Loans	4.43%	4.19%	4.42%



Accretion Upside of Liquidity Deployment

- Expected to be 17.1% accretive to EPS in 2022, the first full year after closing, with conservative assumptions including ~5.0% loan growth and ~18% deposit runoff/ attrition from close until year end 2022
- Excess liquidity deployed into securities with an average yield of 2.06%
- Additional EPS upside potential as securities are redeployed into loans (illustrated below)



Note: Chart is for illustrative purposes only. Actual accretion will be dependent upon timing of liquidity deployment, loan mix and yields.



Kathie A. DeRuiter
EVP & Senior Operations Officer

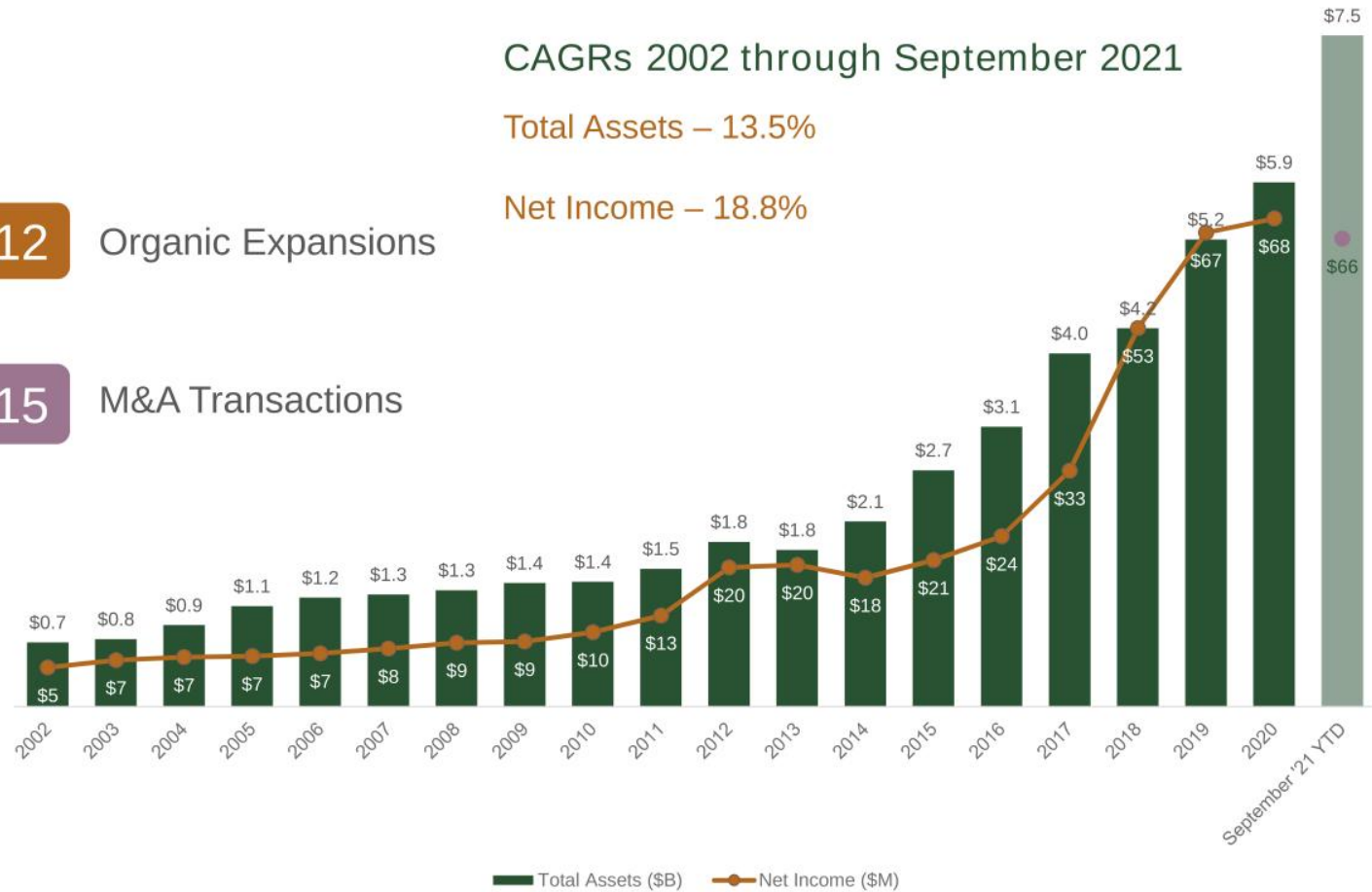
12 Organic Expansions

15 M&A Transactions

CAGRs 2002 through September 2021

Total Assets – 13.5%

Net Income – 18.8%



Multi-channel delivery to meet customers needs

- Serving customers through convenient digital and virtual tools, as well as traditional branches
- Efficient utilization of talent and technology to provide customer support
 - Robust network of 46 interactive teller machines (ITMs)
 - Three bank owned and operated Communication Centers supported by branch staff as needed
 - 89% of online chats answered by bots

Ongoing branch rationalization as customers expand use of technology

- Annual branch optimization process that focuses resources on most-profitable locations and those in underserved communities
- 35 branch consolidations over last six years

2021 PROGRESS & IMPACT

- 10 branches consolidated with cost saves to be reinvested in digital initiatives
- Introduced ITMs to newly acquired Michigan branches
- Leveraging upgraded online and mobile deposit account opening capability launched in 2020. 19% of new accounts opened in 2021 via the digital platform
- Online chats increased 300% since inception in September 2020

FUTURE INITIATIVES & OUTLOOK

- 2022 branch optimization process begins in Q2
- Opportunity to introduce new Northern Michigan customers to digital offerings including e-statements and online bill pay



Q&A Session

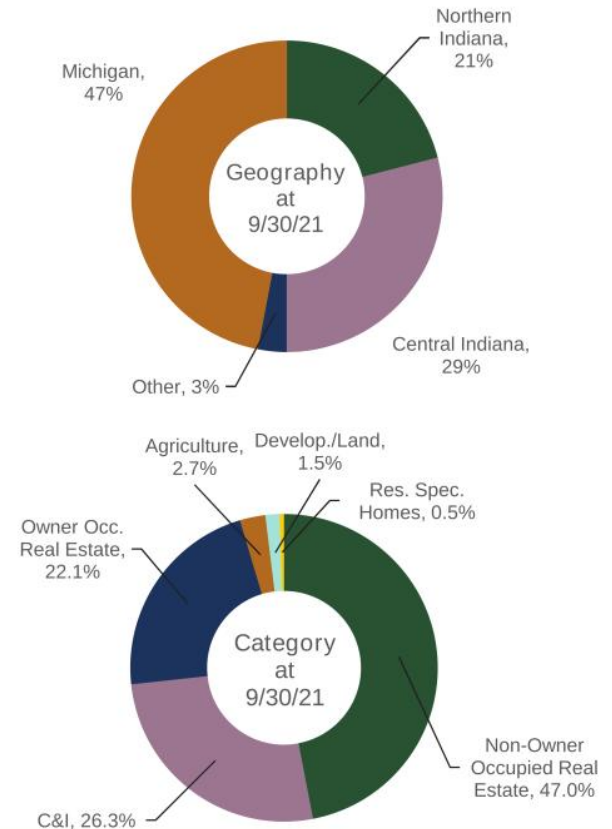


Dennis J. Kuhn
EVP &
Chief Commercial Banking Officer

Accelerating Commercial Loan Growth

- Commercial loan portfolio, excluding PPP and acquired loans, increased approximately \$45 million, or 9% annualized.
- Net funded new commercial loans increased 25% from the 2nd quarter.
- Net increase in revolving LOC's for the first time since Q1 2020, pre-COVID, up \$4.6 million. Net revolving LOC balances approximately \$70 million less than Q1 2020.
- Addition of 8 commercial lenders in the last 12 months in growth markets in Southwest and Southeast Michigan and Northwest Indiana.
- Commercial pipeline of approximately \$133 million, highest level entering a quarter in 2021.

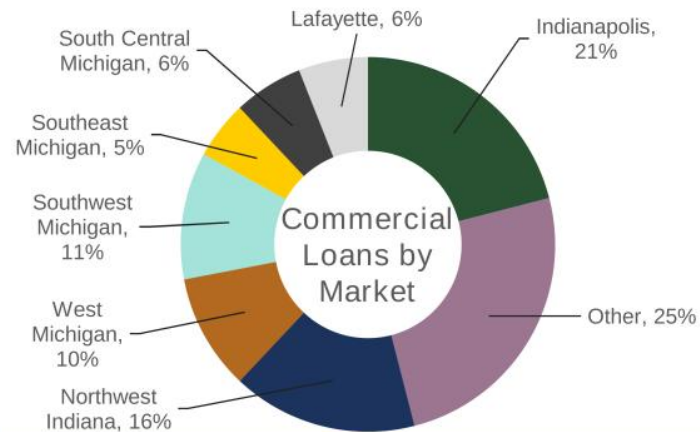
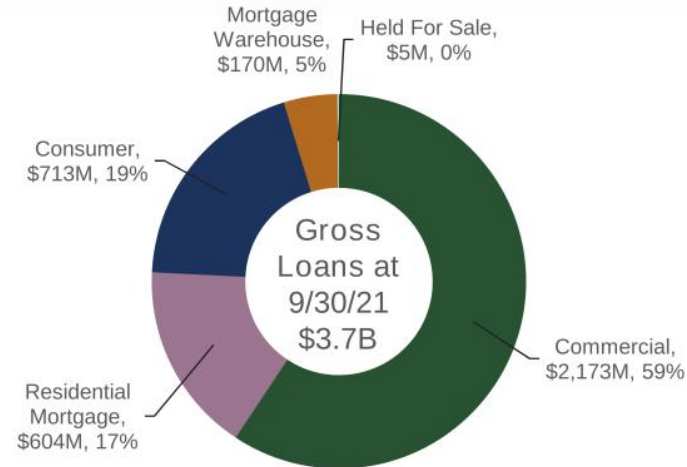
\$2.2 billion
in Total Commercial Loans





Lynn Kerber
EVP &
Senior Commercial Credit Officer

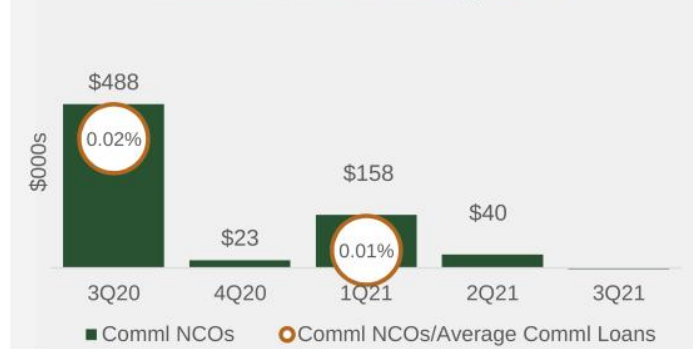
Diversified & Granular Loan Portfolio



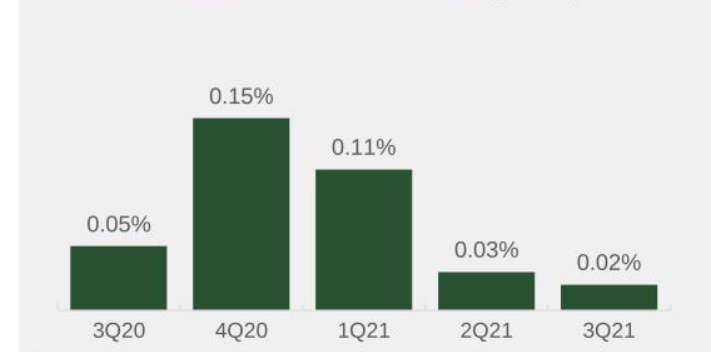
Commercial Loans by Industry (\$M)	9/30/21 Balance	% of Commercial Portfolio	% of Total Loan Portfolio
Lessors – Residential Multi Family	\$206	9.5%	5.6%
Office (except medical)	162	7.4%	4.4%
Health Care, Educational & Social	145	6.7%	4.0%
Hotel	143	6.6%	3.9%
Retail	140	6.4%	3.8%
Individual and Other Services	132	6.1%	3.6%
Real Estate Rental & Leasing	122	5.6%	3.3%
Construction	110	5.1%	3.0%
Manufacturing	104	4.8%	2.8%
Lessors – Student Housing	103	4.7%	2.8%
Warehouse/Industrial	91	4.2%	2.5%
Restaurants	75	3.4%	2.0%
Professional & Technical Services	75	3.4%	2.0%
Medical Office	71	3.3%	1.9%
Finance & Insurance	71	3.3%	1.9%
Retail Trade	68	3.1%	1.9%
Mini Storage	50	2.3%	1.4%
Leisure and Hospitality	42	1.9%	1.1%
Government	36	1.7%	1.0%
Lessors – Residential 1–4 Family	35	1.6%	1.0%
Farm Land	35	1.6%	1.0%
Transportation & Warehousing	32	1.5%	0.9%
Development Loans	26	1.2%	0.7%
Wholesale Trade	24	1.1%	0.7%
Other	79	3.5%	2.2%
Total	\$2,177	100.0%	59.4%

Commercial Asset Quality Strength

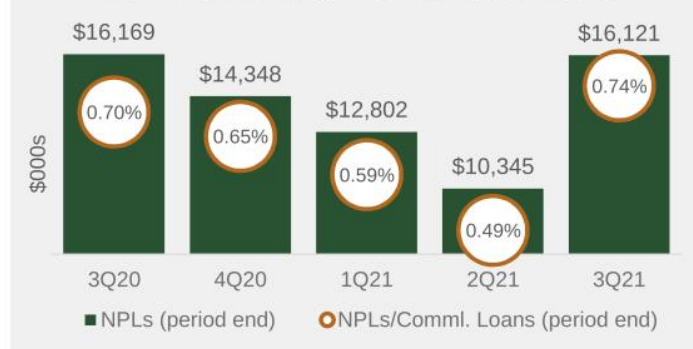
Commercial Net Charge Offs



Commercial Loan Delinquency



Non-Performing Commercial Loans



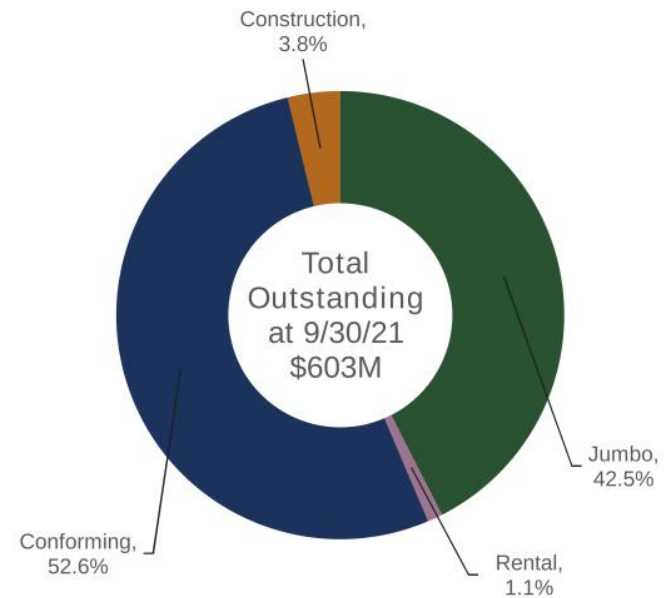
Commercial Allowance for Credit Losses ("ACL")





James D. Neff
President

- 73% of production sold YTD
- Predominantly in-market lender
- Portfolio mortgages
 - Underwriting to Fannie Mae guidelines
 - Full documentation of employment, income and asset verification
 - 92.4% prime with credit score ≥ 670
- Positioned for Growth
 - Expanded geographic footprint to over 20 states for saleable product
 - Hired two experienced originators to cover new Northern Michigan markets
 - Strong construction loan program to take advantage of fast growing new construction segment of market
 - Recently installed state of the art end-to-end loan origination system, creating internal efficiencies and providing user friendly mobile and on-line capabilities
 - Federal Housing Agency is expected to increase conforming loan limit to \$625k as of 1/1/2022, providing target market opportunities to refinance Jumbo ARM's

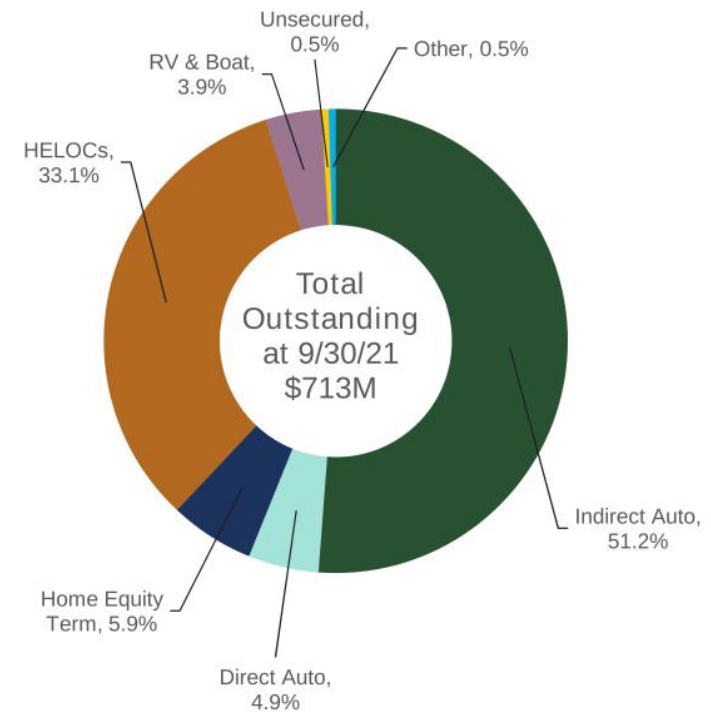




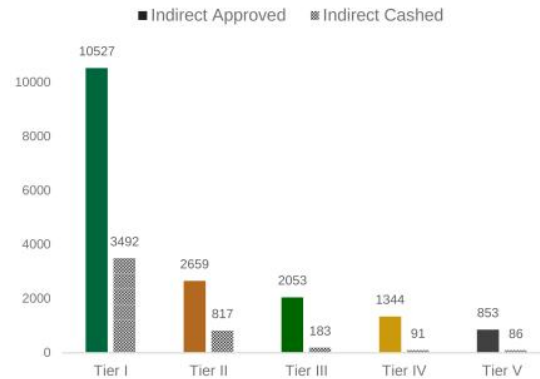
Noe Najera

SVP, Retail Lending

- **99.5% secured consumer loans**
 - 95.6% prime, with credit scores ≥ 700 for 85.6% of portfolio and < 640 for 4.4%
 - Rescored annually
 - HELOC combined LTV limited to 89.9%
 - Low delinquency at 0.38% and YTD net charge-offs at 4 basis points
- **Positioned for Growth**
 - Leverage 34 new Indirect Dealerships in the Northern Michigan market
 - Hire an experienced Indirect Lending Representative for Northern Michigan market
 - Introduced Mortgage Broker program to all markets (HELOC offerings)
 - Increased marketing campaign for HELOC loans increase usage of line, balance transfers, etc.



Year-to-date Loans



Tier I:
730+

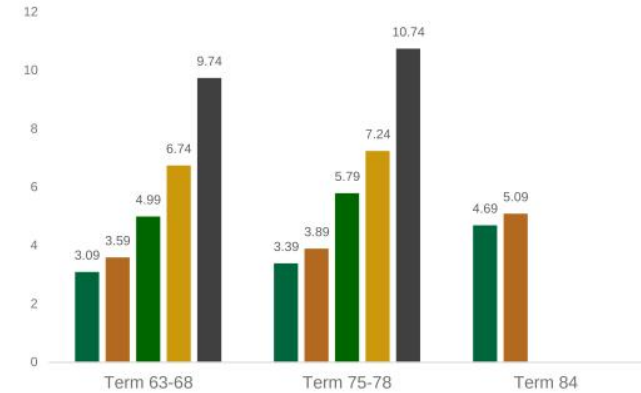
Tier II:
729-700

Tier III:
699-670

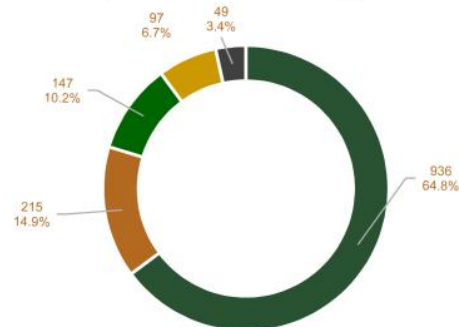
Tier IV:
669-640

Tier V:
639-below

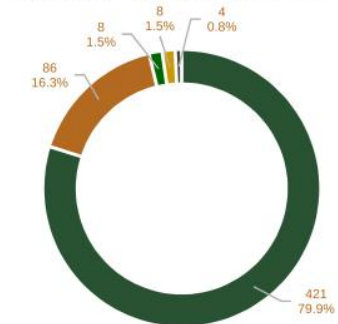
Indirect Lending Rates



September 2021 Indirect Approved



September 2021 Indirect Cashed





Q&A Session

Disciplined operating culture



1.41% ROAA, 12.64% ROAE & 2.09% operating expenses/avg. assets in MRQ
Superior return metrics include GAAP ROAA and ROAE, as well as adjusted 1.40% and 12.58%, respectively
35 branch consolidations over last six years and 10 in 2021
Contributing to sustained tech/digital investments and consistently low expense/assets, efficiency and compensation/ FTE ratios

Compelling value supported by commitment to dividend



151% P/TBV and 9.2x P/E (TTM) with 3.3% dividend yield
Recent HBNC share price presents compelling value, while unbroken 30-year record of quarterly cash dividends to shareholders continued in 2021 with two separate increases bringing the annual dividend amount to 60c/share, representing a 30.0% payout ratio

Well-established long-term growth goals



18% average asset growth 2016-2020
In line with long-term goals of meaningfully outpacing GDP and industry, ~50/50 growth organic/acquired, and organic growth $\geq 3\times$ GDP

Very attractive Midwest markets



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

Deliberate mix of businesses delivers very strong operational performance



>50% of total loans comprise commercial lending
In-market focus for all lending also includes 92% prime mortgage portfolio and 96% prime consumer portfolio



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Appendix

(\$M except per share data)	Year Ended December 31,						Quarter Ended,				
	2015	2016	2017	2018	2019	2020	9/30/20	12/31/20	3/31/21	6/30/21	9/30/21
Balance Sheet:											
Total Assets	\$2,652	\$3,141	\$3,964	\$4,247	\$5,247	\$5,887	\$5,790	\$5,887	\$6,056	\$6,109	\$7,534
Gross Loans	\$1,757	\$2,144	\$2,838	\$3,014	\$3,641	\$3,881	\$4,043	\$3,881	\$3,672	\$3,527	\$3,665
Deposits	\$1,880	\$2,471	\$2,881	\$3,139	\$3,931	\$4,531	\$4,336	\$4,531	\$4,722	\$4,782	\$5,980
Tangible Common Equity	\$197	\$255	\$325	\$362	\$478	\$517	\$495	\$518	\$516	\$538	\$525
Profitability:											
Net Income	\$20.5	\$23.9	\$33.1	\$53.1	\$66.5	\$68.5	\$20.3	\$21.9	\$20.4	\$22.2	\$23.1
Return on Average Assets	0.87%	0.81%	0.97%	1.31%	1.35%	1.22%	1.40%	1.49%	1.40%	1.45%	1.41%
Return on Average Equity	9.9%	7.9%	8.7%	11.2%	11.0%	10.3%	12.1%	12.8%	11.9%	12.6%	12.6%
Net Interest Margin	3.56%	3.29%	3.75%	3.71%	3.69%	3.44%	3.29%	3.34%	3.29%	3.14%	3.17%
Efficiency Ratio	70.0%	71.5%	65.3%	60.7%	59.9%	57.0%	55.6%	57.5%	57.0%	57.7%	54.9%
Asset Quality⁽¹⁾:											
NPAs & 90+ PD / Assets	0.75%	0.44%	0.44%	0.41%	0.47%	0.49%	0.55%	0.49%	0.44%	0.39%	0.43%
NPAs & 90+ PD / Loans + OREO	1.13%	0.65%	0.61%	0.57%	0.68%	0.74%	0.78%	0.74%	0.47%	0.67%	0.88%
Reserves / Total Loans	0.83%	0.69%	0.58%	0.59%	0.49%	1.47%	1.39%	1.47%	1.56%	1.58%	1.55%
NCOs / Avg. Loans	0.32%	0.08%	0.04%	0.05%	0.06%	0.05%	0.08%	0.02%	0.02%	0.00%	0.00%
Bancorp Capital Ratios:											
TCE Ratio	7.6%	8.3%	8.5%	8.8%	9.4%	9.1%	8.8%	9.1%	8.8%	9.1%	7.1%
Leverage Ratio	9.8%	10.4%	9.9%	10.1%	10.5%	10.7%	10.6%	10.7%	10.8%	10.8%	10.0%
Tier 1 Capital Ratio	13.2%	13.2%	12.4%	12.8%	13.5%	14.0%	13.2%	14.0%	15.6%	15.4%	14.3%
Total Capital Ratio	14.0%	13.9%	12.9%	13.4%	14.0%	14.9%	14.2%	14.9%	16.9%	16.7%	15.3%

(1) As calculated by S&P Global Market Intelligence.

Slide 12

- Average cost of average total deposits includes average balances of non-interest bearing deposits. (See further in the Appendix for a reconciliation of these non-GAAP amounts to their GAAP counterparts.)

Slides 35-44

Use of Non-GAAP Financial Measures

- Certain information set forth in the presentation materials refers to financial measures determined by methods other than in accordance with GAAP. Horizon believes these non-GAAP financial measures are helpful to investors and provide a greater understanding of our business without giving effect to purchase accounting impacts, one-time acquisition and other non-recurring costs and non-core items. These measures are not necessarily comparable to similar measures that may be presented by other companies and should not be considered in isolation or as a substitute for the related GAAP measure.

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

	Three Months Ended				
	September 30, 2021	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020
Pre-tax income	\$ 27,127	\$ 25,943	\$ 23,872	\$ 23,860	\$ 24,638
Provision for credit losses	1,112	(1,492)	367	3,042	2,052
Pre-tax, pre-provision net income	<u>\$ 28,239</u>	<u>\$ 24,451</u>	<u>\$ 24,239</u>	<u>\$ 26,902</u>	<u>\$ 26,690</u>
Pre-tax, pre-provision net income	\$ 28,239	\$ 24,451	\$ 24,239	\$ 26,902	\$ 26,690
Acquisition expenses	799	242	-	-	-
Gain on sale of ESOP trustee accounts	(2,329)	-	-	-	-
(Gain)/loss on sale of investment securities	-	-	(914)	(2,622)	(1,088)
Death benefit on bank owned life insurance	(517)	(266)	-	-	(31)
Prepayment penalties on borrowings	-	125	-	3,804	-
Adjusted pre-tax, pre-provision net income	<u>\$ 26,192</u>	<u>\$ 24,552</u>	<u>\$ 23,325</u>	<u>\$ 28,084</u>	<u>\$ 25,571</u>
Average Assets	\$ 6,507,673	\$ 6,142,507	\$ 5,936,149	\$ 5,864,086	\$ 5,768,691
Unadjusted pre-tax, pre-provision ROAA	1.72%	1.60%	1.66%	1.83%	1.84%
Adjusted pre-tax, pre-provision ROAA	1.60%	1.60%	1.59%	1.91%	1.76%

Non-GAAP Reconciliation of Net Income
(Dollars in Thousands, Unaudited)

	Three Months Ended				
	September 30, 2021	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020
Net income as reported	\$ 23,071	\$ 22,173	\$ 20,422	\$ 21,893	\$ 20,312
Acquisition expenses	799	242	-	-	-
Tax effect	(166)	(51)	-	-	-
Net income excluding acquisition expenses	23,704	22,364	20,422	21,893	20,312
Credit loss expense acquired loans	2,034	-	-	-	-
Tax effect	(427)	-	-	-	-
Net income excluding credit loss expense acquired loans	25,311	22,364	20,422	21,893	20,312
Gain on sale of ESOP trustee accounts	(2,329)	-	-	-	-
Tax effect	489	-	-	-	-
Net income excluding gain on sale of ESOP business line	23,471	22,364	20,422	21,893	20,312
(Gain)/loss on sale of investment securities	-	-	(914)	(2,622)	(1,088)
Tax effect	-	-	192	551	228
Net income excluding (gain)/loss on sale of investment securities	23,471	22,364	19,700	19,822	19,452
Death benefit on bank owned life insurance ("BOLI")	(517)	(266)	-	-	(31)
Net income excluding death benefit on BOLI	22,954	22,098	19,700	19,822	19,421
Prepayment penalties on borrowings	-	125	-	3,804	-
Tax effect	-	(26)	-	(799)	-
Net income excluding prepayment penalties on borrowings	22,954	22,197	19,700	22,827	19,421
Adjusted net income	\$ 22,954	\$ 22,197	\$ 19,700	\$ 22,827	\$ 19,421

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

	Three Months Ended				
	September 30, 2021	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020
Diluted EPS as reported	\$ 0.52	\$ 0.50	\$ 0.46	\$ 0.50	\$ 0.46
Acquisition expenses	0.02	0.01	-	-	-
Tax effect	-	-	-	-	-
Diluted EPS excluding acquisition expenses	0.54	0.51	0.46	0.50	0.46
Credit loss expense acquired loans	0.05	-	-	-	-
Tax effect	(0.01)	-	-	-	-
Diluted EPS excluding credit loss expense acquired loans	0.58	0.51	0.46	0.50	0.46
Gain on sale of ESOP trustee accounts	(0.05)	-	-	-	-
Tax effect	0.01	-	-	-	-
Diluted EPS excluding gain on sale of ESOP business line	0.54	0.51	0.46	0.50	0.46
(Gain)/loss on sale of investment securities	-	-	(0.02)	(0.06)	(0.02)
Tax effect	-	-	-	0.01	0.01
Diluted EPS excluding (gain)/loss on sale of investment securities	0.54	0.51	0.44	0.45	0.45
Death benefit on bank owned life insurance ("BOLI")	(0.02)	(0.01)	-	-	-
Diluted EPS excluding death benefit on BOLI	0.52	0.50	0.44	0.45	0.45
Prepayment penalties on borrowings	-	-	-	0.09	-
Tax effect	-	-	-	(0.02)	-
Diluted EPS excluding prepayment penalties on borrowings	0.52	0.50	0.44	0.52	0.45
Adjusted diluted EPS	\$ 0.52	\$ 0.50	\$ 0.44	\$ 0.52	\$ 0.45

Non-GAAP Reconciliation of Return on Average Assets
(Dollars in Thousands, Unaudited)

	Three Months Ended				
	September 30, 2021	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020
Average assets	\$ 6,507,673	\$ 6,142,507	\$ 5,936,149	\$ 5,864,086	\$ 5,768,691
Return on average assets ("ROAA") as reported	1.41%	1.45%	1.40%	1.49%	1.40%
Acquisition expenses	0.05	0.02	-	-	-
Tax effect	(0.01)	-	-	-	-
ROAA excluding acquisition expenses	1.45	1.47	1.40	1.49	1.40
Credit loss expense acquired loans	0.12	-	-	-	-
Tax effect	(0.03)	-	-	-	-
ROAA excluding credit loss expense acquired loans	1.54	1.47	1.40	1.49	1.40
Gain on sale of ESOP trustee accounts	(0.14)	-	-	-	-
Tax effect	0.03	-	-	-	-
ROAA excluding gain on sale of ESOP business line	1.43	1.47	1.40	1.49	1.40
(Gain)/loss on sale of investment securities	-	-	(0.06)	(0.18)	(0.08)
Tax effect	-	-	0.01	0.04	0.02
ROAA excluding (gain)/loss on sale of investment securities	1.43	1.47	1.35	1.35	1.34
Death benefit on bank owned life insurance ("BOLI")	(0.03)	(0.02)	-	-	-
ROAA excluding death benefit on BOLI	1.40	1.45	1.35	1.35	1.34
Prepayment penalty on borrowings	-	0.01	-	0.26	-
Tax effect	-	-	-	(0.05)	-
ROAA excluding prepayment penalties on borrowings	1.40	1.46	1.35	1.56	1.34
Adjusted ROAA	1.40%	1.46%	1.35%	1.56%	1.34%

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

	Three Months Ended						
	September 30, 2021	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020	June 30, 2020	March 31, 2020
Net interest income as reported	\$ 46,544	\$ 42,632	\$ 42,538	\$ 43,622	\$ 43,397	\$ 42,996	\$ 40,925
Average interest earning assets	6,033,088	5,659,384	5,439,634	5,365,888	5,251,611	5,112,636	4,746,202
Net interest income as a percentage of average interest earning assets ("Net Interest Margin")	3.17%	3.14%	3.29%	3.34%	3.39%	3.47%	3.56%
Net interest income as reported	\$ 46,544	\$ 42,632	\$ 42,538	\$ 43,622	\$ 43,397	\$ 42,996	\$ 40,925
Prepayment penalties on borrowings	-	125	-	3,804	-	-	-
Acquisition-related purchase accounting adjustments ("PAU")	(875)	(230)	(1,579)	(2,461)	(1,488)	(1,553)	(1,434)
Adjusted net interest income	<u>\$ 45,669</u>	<u>\$ 42,527</u>	<u>\$ 40,959</u>	<u>\$ 44,965</u>	<u>\$ 41,909</u>	<u>\$ 41,443</u>	<u>\$ 39,491</u>
Adjusted net interest margin	3.12%	3.13%	3.17%	3.44%	3.27%	3.35%	3.44%

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

	Three Months Ended				Three Months Ended			
	December 31, 2019	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018	September 30, 2018	June 30, 2018	March 31, 2018
Net interest income as reported	\$ 41,519	\$ 43,463	\$ 41,529	\$ 34,280	\$ 33,836	\$ 33,772	\$ 33,550	\$ 33,411
Average interest earning assets	4,748,217	4,623,985	4,566,674	3,929,296	3,808,822	3,717,139	3,638,801	3,580,143
Net interest income as a percentage of average interest earning assets ("Net Interest Margin")	3.58%	3.82%	3.73%	3.62%	3.60%	3.67%	3.78%	3.81%
Net interest income as reported	\$ 41,519	\$ 43,463	\$ 41,529	\$ 34,280	\$ 33,836	\$ 33,772	\$ 33,550	\$ 33,411
Prepayment penalties on borrowings	-	-	-	-	-	-	-	-
Acquisition-related purchase accounting adjustments ("PAU")	(1,042)	(1,739)	(1,299)	(1,510)	(1,629)	(789)	(1,634)	(2,037)
Adjusted net interest income	<u>\$ 40,477</u>	<u>\$ 41,724</u>	<u>\$ 40,230</u>	<u>\$ 32,770</u>	<u>\$ 32,207</u>	<u>\$ 32,983</u>	<u>\$ 31,916</u>	<u>\$ 31,374</u>
Adjusted net interest margin	3.49%	3.67%	3.61%	3.46%	3.43%	3.59%	3.60%	3.58%

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

	Three Months Ended				Three Months Ended			
	December 31, 2017	September 30, 2017	June 30, 2017	March 31, 2017	December 31, 2016	September 30, 2016	June 30, 2016	March 31, 2016
Net interest income as reported	\$ 31,455	\$ 27,879	\$ 27,198	\$ 25,568	\$ 20,939	\$ 24,410	\$ 20,869	\$ 19,774
Average interest earning assets	3,471,169	3,078,611	2,943,627	2,797,429	2,932,145	2,957,944	2,471,354	2,367,250
Net interest income as a percentage of average interest earning assets ("Net Interest Margin")	3.71%	3.71%	3.84%	3.80%	2.92%	3.37%	3.48%	3.45%
Net interest income as reported	\$ 31,455	\$ 27,879	\$ 27,198	\$ 25,568	\$ 20,939	\$ 24,410	\$ 20,869	\$ 19,774
Prepayment penalties on borrowings	-	-	-	-	4,839	-	-	-
Acquisition-related purchase accounting adjustments ("PAU")	(868)	(661)	(939)	(1,016)	(900)	(459)	(397)	(547)
Adjusted net interest income	<u>\$ 30,587</u>	<u>\$ 27,218</u>	<u>\$ 26,259</u>	<u>\$ 24,552</u>	<u>\$ 24,878</u>	<u>\$ 23,951</u>	<u>\$ 20,472</u>	<u>\$ 19,227</u>
Adjusted net interest margin	3.61%	3.63%	3.71%	3.66%	3.45%	3.31%	3.42%	3.36%

Non-GAAP Reconciliation of Cost of Interest Bearing Liabilities
(Dollars in Thousands, Unaudited)

	Three Months Ended						
	September 30, 2021	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020	June 30, 2020	March 31, 2020
Total interest expense as reported	\$ 4,324	\$ 4,788	\$ 5,051	\$ 9,612	\$ 6,749	\$ 7,348	\$ 10,729
Average interest bearing liabilities	4,545,332	4,249,932	4,116,568	4,077,223	4,027,057	3,975,297	3,814,785
Annualized total interest expense as a percentage of average interest bearing liabilities ("Cost of Interest Bearing Liabilities")	0.38%	0.45%	0.50%	0.94%	0.67%	0.74%	1.13%
Total interest expense as reported	\$ 4,324	\$ 4,788	\$ 5,051	\$ 9,612	\$ 6,749	\$ 7,348	\$ 10,729
Prepayment penalties on borrowings	-	(125)	-	(3,804)	-	-	-
Adjusted interest expense	<u>\$ 4,324</u>	<u>\$ 4,663</u>	<u>\$ 5,051</u>	<u>\$ 5,808</u>	<u>\$ 6,749</u>	<u>\$ 7,348</u>	<u>\$ 10,729</u>
Average interest bearing liabilities	4,545,332	4,249,932	4,116,568	4,077,223	4,027,057	3,975,297	3,814,785
Average non-interest bearing deposits	1,180,890	1,139,068	1,063,268	1,037,232	996,427	924,890	717,257
Average core funding	<u>\$ 5,726,222</u>	<u>\$ 5,389,000</u>	<u>\$ 5,179,836</u>	<u>\$ 5,114,455</u>	<u>\$ 5,023,484</u>	<u>\$ 4,900,187</u>	<u>\$ 4,532,042</u>
Annualized adjusted interest expense as a percentage of average core funding ("Adjusted Cost of Core Funds")	0.30%	0.35%	0.40%	0.45%	0.53%	0.60%	0.95%

Non-GAAP Reconciliation of Cost of Interest Bearing Liabilities
(Dollars in Thousands, Unaudited)

	Three Months Ended				Three Months Ended			
	December 31, 2019	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018	September 30, 2018	June 30, 2018	March 31, 2018
Total interest expense as reported	\$ 11,879	\$ 12,248	\$ 12,321	\$ 11,093	\$ 9,894	\$ 8,499	\$ 7,191	\$ 6,015
Average interest bearing liabilities	3,794,943	3,601,144	3,570,713	3,131,276	3,021,310	2,971,074	2,929,913	2,869,372
Annualized total interest expense as a percentage of average interest bearing liabilities ("Cost of Interest Bearing Liabilities")	1.24%	1.35%	1.38%	1.44%	1.30%	1.13%	0.98%	0.85%
Total interest expense as reported	\$ 11,879	\$ 12,248	\$ 12,321	\$ 11,093	\$ 9,894	\$ 8,499	\$ 7,191	\$ 6,015
Prepayment penalties on borrowings	-	-	-	-	-	-	-	-
Adjusted interest expense	<u>\$ 11,879</u>	<u>\$ 12,248</u>	<u>\$ 12,321</u>	<u>\$ 11,093</u>	<u>\$ 9,894</u>	<u>\$ 8,499</u>	<u>\$ 7,191</u>	<u>\$ 6,015</u>
Average interest bearing liabilities	3,794,943	3,601,144	3,570,713	3,131,276	3,021,310	2,971,074	2,929,913	2,869,372
Average non-interest bearing deposits	747,513	818,164	818,872	643,601	656,114	640,983	605,188	595,644
Average core funding	<u>\$ 4,542,456</u>	<u>\$ 4,419,308</u>	<u>\$ 4,389,585</u>	<u>\$ 3,774,877</u>	<u>\$ 3,677,424</u>	<u>\$ 3,612,057</u>	<u>\$ 3,535,101</u>	<u>\$ 3,465,016</u>
Annualized adjusted interest expense as a percentage of average core funding ("Adjusted Cost of Core Funds")	1.04%	1.10%	1.13%	1.19%	1.07%	0.93%	0.82%	0.70%

Non-GAAP Reconciliation of Cost of Interest Bearing Liabilities
(Dollars in Thousands, Unaudited)

	Three Months Ended				Three Months Ended			
	December 31, 2017	September 30, 2017	June 30, 2017	March 31, 2017	December 31, 2016	September 30, 2016	June 30, 2016	March 31, 2016
Total interest expense as reported	\$ 5,319	\$ 4,191	\$ 3,607	\$ 3,266	\$ 8,450	\$ 4,552	\$ 3,781	\$ 3,754
Average interest bearing liabilities	2,766,948	2,459,262	2,375,827	2,246,550	2,369,810	2,443,986	2,058,463	1,974,325
Annualized total interest expense as a percentage of average interest bearing liabilities ("Cost of Interest Bearing Liabilities")	0.76%	0.68%	0.61%	0.59%	1.42%	0.74%	0.74%	0.76%
Total interest expense as reported	\$ 5,319	\$ 4,191	\$ 3,607	\$ 3,266	\$ 8,450	\$ 4,552	\$ 3,781	\$ 3,754
Prepayment penalties on borrowings	-	-	-	-	(4,839)	-	-	-
Adjusted interest expense	<u>\$ 5,319</u>	<u>\$ 4,191</u>	<u>\$ 3,607</u>	<u>\$ 3,266</u>	<u>\$ 3,611</u>	<u>\$ 4,552</u>	<u>\$ 3,781</u>	<u>\$ 3,754</u>
Average interest bearing liabilities	2,766,948	2,459,262	2,375,827	2,246,550	2,369,810	2,443,986	2,058,463	1,974,325
Average non-interest bearing deposits	603,733	540,109	499,446	491,154	504,274	462,253	364,822	339,141
Average core funding	<u>\$ 3,370,681</u>	<u>\$ 2,999,371</u>	<u>\$ 2,875,273</u>	<u>\$ 2,737,704</u>	<u>\$ 2,874,084</u>	<u>\$ 2,906,239</u>	<u>\$ 2,423,285</u>	<u>\$ 2,313,466</u>
Annualized adjusted interest expense as a percentage of average core funding ("Adjusted Cost of Core Funds")	0.63%	0.55%	0.50%	0.48%	0.50%	0.62%	0.63%	0.66%