

# HORIZON BANCORP

## Financial Highlights

(Unaudited – dollars in thousands except share and per share data and ratios)

	Three months ended		
	March 31, 2009	December 31, 2008	March 31, 2008
<b>End of period balances:</b>			
Total assets	\$ 1,442,851	\$ 1,306,857	\$ 1,249,676
Short term investments	6,444	2,679	3,230
Investment securities	327,289	303,268	238,993
Commercial loans	313,840	310,842	305,490
Mortgage warehouse loans	186,058	123,287	88,483
Real estate loans	160,478	167,766	172,427
Installment loans	273,728	280,072	282,025
Earning assets	1,288,214	1,206,493	1,110,918
Non-interest bearing deposit accounts	81,000	83,642	74,757
Interest bearing transaction accounts	489,699	428,931	403,784
Time deposits	406,790	328,596	404,189
Borrowings	320,956	324,383	255,974
Long-term borrowings	27,837	27,837	27,837
Common stockholders' equity	82,236	78,945	74,671
Total stockholders' equity	106,427	103,350	74,671
<b>Average balances :</b>			
Total assets	\$ 1,347,879	\$ 1,196,513	\$ 1,258,716
Short term investments	4,550	6,687	14,885
Investment securities	322,017	240,390	236,544
Commercial loans	313,611	309,465	307,506
Mortgage warehouse loans	156,154	74,175	71,756
Real estate loans	171,138	167,049	198,137
Installment loans	276,663	281,708	284,150
Earning assets	1,267,734	1,107,360	1,179,310
Non-interest bearing deposit accounts	79,785	79,567	73,214
Interest bearing transaction accounts	411,310	354,478	388,492
Time deposits	373,481	339,769	429,253
Borrowings	339,417	294,574	260,300
Long-term borrowings	27,837	27,837	27,837
Common stockholders' equity	82,891	78,738	73,596
Total stockholders' equity	107,058	79,605	73,596
<b>Per share data:</b>			
Basic earnings per share	\$ 0.71	\$ 0.64	\$ 0.79
Diluted earnings per share	0.70	0.64	0.78
Cash dividends declared per common share	0.17	0.17	0.15
Book value per common share	25.62	24.60	23.28
Market value - high	13.21	24.52	24.50
Market value - low	10.50	12.00	20.86
Basic common shares outstanding	3,209,482	3,209,482	3,207,232
Diluted common shares outstanding	3,250,424	3,246,664	3,242,471
<b>Key ratios:</b>			
Return on average assets	0.79%	0.71%	0.81%
Return on average common stockholders' equity	11.18	10.49	13.82
Net interest margin	3.78	3.57	3.10
Loan loss reserve to loans	1.23	1.29	1.13
Non-performing loans to loans	1.11	0.89	0.36
Average equity to average assets	7.94	6.65	5.85
Bank only capital ratios:			
Tier 1 capital to average assets	8.52	9.44	6.94
Tier 1 capital to risk weighted assets	11.46	11.89	9.76
Total capital to risk weighted assets	12.62	13.11	10.84

**HORIZON BANCORP**  
**Allocation of the Allowance for Loan and Lease Losses**  
(Dollars in Thousands)

	March 31, 2009 (Unaudited)	December 31, 2008
Commercial	\$ 2,441	\$ 3,202
Real estate	1,038	973
Mortgage warehousing	1,428	1,354
Installment	6,682	5,881
Unallocated	-	-
<b>Total</b>	<b>\$ 11,589</b>	<b>\$ 11,410</b>

**Net Charge-offs**  
(Dollars in Thousands)

	Three months ended March 31, 2009 (Unaudited)	Three months ended December 31, 2008 (Unaudited)	Three months ended March 31, 2008 (Unaudited)
Commercial	\$ 1,076	\$ (5)	\$ 41
Real estate	50	26	100
Mortgage warehousing	-	-	-
Installment	1,892	1,257	747
<b>Total</b>	<b>\$ 3,018</b>	<b>\$ 1,278</b>	<b>\$ 888</b>

**Total Non-performing Loans**  
(Dollars in Thousands)

	March 31, 2009 (Unaudited)	December 31, 2008
Commercial	\$ 6,474	\$ 5,167
Real estate	2,446	1,904
Mortgage warehousing	-	-
Installment	1,549	792
<b>Total</b>	<b>\$ 10,469</b>	<b>\$ 7,863</b>

**Other Real Estate Owned and Repossessed Assets**  
(Dollars in Thousands)

	March 31, 2009 (Unaudited)	December 31, 2008
Commercial	\$ -	\$ -
Real estate	2,492	2,874
Mortgage warehousing	-	-
Installment	204	207
<b>Total</b>	<b>\$ 2,692</b>	<b>\$ 3,081</b>

**HORIZON BANCORP AND SUBSIDIARIES**  
**Condensed Consolidated Balance Sheets**  
(Dollar Amounts in Thousands)

	March 31, 2009 (Unaudited)	December 31, 2008
<b>Assets</b>		
Cash and due from banks	\$ 13,311	\$ 36,001
Federal Reserve and fed funds sold	75,568	-
Cash and cash equivalents	88,879	36,001
Interest-bearing deposits	6,444	2,679
Investment securities, available for sale	325,219	301,638
Investment securities, held to maturity	2,070	1,630
Loans held for sale	7,752	5,955
Loans, net of allowance for loan losses of \$ 11,589 and \$ 11,410	922,515	870,557
Premises and equipment	29,548	28,280
Federal Reserve and Federal Home Loan Bank stock	12,625	12,625
Goodwill	5,787	5,787
Other intangible assets	1,674	1,751
Interest receivable	6,038	5,708
Cash value life insurance	22,607	22,451
Deferred tax asset	1,727	2,580
Other assets	9,966	9,215
Total assets	<u>\$ 1,442,851</u>	<u>\$ 1,306,857</u>
<b>Liabilities</b>		
Deposits		
Non-interest bearing	\$ 81,000	\$ 83,642
Interest bearing	896,489	757,527
Total deposits	977,489	841,169
Borrowings	320,956	324,383
Subordinated debentures	27,837	27,837
Interest payable	1,849	1,910
Other liabilities	8,293	8,208
Total liabilities	<u>1,336,424</u>	<u>1,203,507</u>
<b>Commitments and Contingent Liabilities</b>		
<b>Stockholders' Equity</b>		
Preferred stock, no par value		
Authorized, 1,000,000 shares		
Issued 25,000 shares	24,191	24,154
Common stock, \$.2222 stated value		
Authorized, 22,500,000 shares		
Issued, 5,013,906 shares	1,114	1,114
Additional paid-in capital	26,869	26,802
Retained earnings	69,654	67,804
Accumulated other comprehensive income	1,751	628
Less treasury stock, at cost, 1,759,424 shares	(17,152)	(17,152)
Total stockholders' equity	<u>106,427</u>	<u>103,350</u>
Total liabilities and stockholders' equity	<u>\$ 1,442,851</u>	<u>\$ 1,306,857</u>

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

	<b>Three Months Ended March 31</b>	
	<b>2009</b>	<b>2008</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Interest Income</b>		
Loans receivable	\$ 14,905	\$ 15,367
Investment securities:		
Taxable	2,849	2,548
Tax exempt	920	837
Total interest income	<u>18,674</u>	<u>18,752</u>
<b>Interest Expense</b>		
Deposits	3,996	6,594
Borrowed funds	2,892	2,828
Subordinated debentures	370	407
Total interest expense	<u>7,258</u>	<u>9,829</u>
<b>Net Interest Income</b>	<u>11,416</u>	<u>8,923</u>
Provision for loan losses	<u>3,197</u>	<u>778</u>
<b>Net Interest Income after Provision for Loan Losses</b>	<u>8,219</u>	<u>8,145</u>
<b>Other Income</b>		
Service charges on deposit accounts	934	921
Wire transfer fees	247	105
Interchange fees	388	188
Fiduciary activities	917	885
Gain on sale of loans	1,913	804
Mortgage servicing net of impairment	(134)	(24)
Increase in cash surrender value of bank owned life insurance	156	228
Other income	73	106
Total other income	<u>4,494</u>	<u>3,213</u>
<b>Other Expenses</b>		
Salaries and employee benefits	4,831	4,275
Net occupancy expenses	1,032	972
Data processing	379	332
Professional fees	395	249
Outside services and consultants	326	304
Loan expense	566	458
FDIC deposit insurance	292	116
Other losses	385	101
Other expenses	1,191	1,220
Total other expenses	<u>9,397</u>	<u>8,027</u>
<b>Income Before Income Tax</b>	<u>3,316</u>	<u>3,331</u>
Income tax expense	<u>681</u>	<u>803</u>
<b>Net Income</b>	<u>2,635</u>	<u>2,528</u>
Preferred stock dividends and discount accretion	<u>(350)</u>	<u>(45)</u>
<b>Net Income Available to Common Shareholders</b>	<u>\$ 2,285</u>	<u>\$ 2,483</u>
<b>Basic Earnings Per Share</b>	<u>\$ .71</u>	<u>\$ .79</u>
<b>Diluted Earnings Per Share</b>	<u>\$ .70</u>	<u>\$ .78</u>