

HORIZON BANCORP
Financial Highlights
(Unaudited – dollars in thousands except share and per share data and ratios)

| | September 30 2009 | June 30 2009 | March 31 2009 | December 31 2008 | September 30 2008 |
|---|---------------------------|-----------------|------------------|---------------------|----------------------|
| Balance sheet: | | | | | |
| Total assets | \$ 1,321,224 | \$ 1,343,296 | \$ 1,442,851 | \$ 1,306,857 | \$ 1,188,631 |
| Short term investments | 4,464 | 10,418 | 6,444 | 2,679 | 1,186 |
| Investment securities | 333,031 | 331,941 | 327,289 | 303,268 | 230,837 |
| Commercial loans | 312,573 | 313,857 | 313,840 | 310,842 | 304,997 |
| Mortgage warehouse loans | 145,270 | 163,083 | 186,058 | 123,287 | 101,992 |
| Real estate loans | 142,568 | 146,096 | 160,478 | 167,766 | 168,058 |
| Installment loans | 275,299 | 272,394 | 273,728 | 280,072 | 282,900 |
| Earning assets | 1,232,548 | 1,260,807 | 1,288,214 | 1,206,494 | 1,107,429 |
| Non-interest bearing deposit accounts | 87,725 | 83,940 | 81,000 | 83,642 | 86,093 |
| Interest bearing transaction accounts | 375,548 | 388,954 | 489,699 | 428,931 | 334,121 |
| Time deposits | 394,724 | 375,256 | 406,790 | 328,596 | 329,208 |
| Borrowings | 311,884 | 349,499 | 320,956 | 324,383 | 328,442 |
| Long-term borrowings | 27,837 | 27,837 | 27,837 | 27,837 | 27,837 |
| Common stockholders' equity | 89,566 | 82,965 | 82,236 | 79,196 | 75,072 |
| Total stockholders' equity | 113,833 | 107,194 | 106,427 | 103,350 | 75,072 |
| Income statement: | | | | | |
| | Three months ended | | | | |
| Net interest income | \$ 10,719 | \$ 11,263 | \$ 11,416 | \$ 9,689 | \$ 9,403 |
| Provision for loan losses | 3,416 | 3,290 | 3,197 | 2,163 | 3,137 |
| Other income | 4,542 | 4,516 | 4,494 | 3,369 | 3,351 |
| Other expenses | 8,929 | 9,928 | 9,397 | 8,230 | 8,283 |
| Income tax expense | 559 | 497 | 681 | 543 | 2 |
| Net income | 2,357 | 2,064 | 2,635 | 2,122 | 1,332 |
| Preferred stock dividend | (351) | (350) | (350) | - | - |
| Net income available to shareholders | 2,006 | 1,714 | 2,285 | 2,122 | 1,332 |
| Per share data: | | | | | |
| Basic earnings per share | \$ 0.62 | \$ 0.53 | \$ 0.71 | \$ 0.64 | \$ 0.42 |
| Diluted earnings per share | 0.61 | 0.52 | 0.70 | 0.64 | 0.41 |
| Cash dividends declared per common share | 0.17 | 0.17 | 0.17 | 0.17 | 0.17 |
| Book value per common share | 27.46 | 25.85 | 25.62 | 24.68 | 23.39 |
| Market value - high | \$ 17.50 | \$ 19.45 | \$ 13.21 | \$ 24.52 | \$ 25.73 |
| Market value - low | \$ 15.00 | \$ 11.00 | \$ 10.50 | \$ 12.29 | \$ 16.36 |
| Basic common shares outstanding | 3,245,505 | 3,209,482 | 3,209,482 | 3,209,482 | 3,209,482 |
| Diluted common shares outstanding | 3,273,742 | 3,270,178 | 3,250,424 | 3,246,664 | 3,255,409 |
| Key ratios: | | | | | |
| Return on average assets | 0.72% | 0.59% | 0.79% | 0.71% | 0.45% |
| Return on average common stockholders' equity | 9.12 | 8.01 | 11.18 | 10.49 | 6.97 |
| Net interest margin | 3.64 | 3.51 | 3.78 | 3.57 | 3.45 |
| Loan loss reserve to loans | 1.58 | 1.40 | 1.23 | 1.29 | 1.22 |
| Non-performing loans to loans | 1.87 | 1.49 | 1.11 | 0.89 | 0.77 |
| Average equity to average assets | 8.53 | 7.80 | 7.94 | 6.65 | 6.45 |
| Bank only capital ratios: | | | | | |
| Tier 1 capital to average assets | 8.82 | 8.15 | 8.51 | 9.44 | 7.64 |
| Tier 1 capital to risk weighted assets | 12.10 | 11.88 | 11.45 | 11.89 | 10.04 |
| Total capital to risk weighted assets | 13.35 | 13.13 | 12.61 | 13.11 | 11.22 |

HORIZON BANCORP

Financial Highlights

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

| | September 30 | September 30 | |
|---|--------------------------|---------------------|--|
| | 2009 | 2008 | |
| Balance sheet: | | | |
| Total assets | \$ 1,321,224 | \$ 1,188,631 | |
| Short term investments | 4,464 | 1,186 | |
| Investment securities | 333,031 | 230,837 | |
| Commercial loans | 312,573 | 304,997 | |
| Mortgage warehouse loans | 145,270 | 101,992 | |
| Real estate loans | 142,568 | 168,058 | |
| Installment loans | 275,299 | 282,900 | |
| Earning assets | 1,232,548 | 1,107,429 | |
| Non-interest bearing deposit accounts | 87,725 | 86,093 | |
| Interest bearing transaction accounts | 375,548 | 334,121 | |
| Time deposits | 394,724 | 329,208 | |
| Borrowings | 311,884 | 328,442 | |
| Long-term borrowings | 27,837 | 27,837 | |
| Common stockholders' equity | 89,566 | 75,072 | |
| Total stockholders' equity | 113,833 | 75,072 | |
| Income statement: | | | |
| | Nine months ended | | |
| Net interest income | \$ 33,398 | \$ 27,661 | |
| Provision for loan losses | 9,903 | 5,405 | |
| Other income | 13,552 | 10,462 | |
| Other expenses | 28,254 | 24,549 | |
| Income tax expense | 1,737 | 1,319 | |
| Net income | 7,056 | 6,850 | |
| Preferred stock dividend | (1,051) | - | |
| Net income available to shareholders | 6,005 | 6,850 | |
| Per share data: | | | |
| Basic earnings per share | \$ 1.86 | \$ 2.14 | |
| Diluted earnings per share | 1.84 | 2.11 | |
| Cash dividends declared per common share | 0.51 | 0.49 | |
| Book value per common share | 27.46 | 23.39 | |
| Market value - high | \$ 19.45 | \$ 25.73 | |
| Market value - low | \$ 10.50 | \$ 16.36 | |
| Basic common shares outstanding | 3,221,622 | 3,208,362 | |
| Diluted common shares outstanding | 3,270,154 | 3,246,208 | |
| Key ratios: | | | |
| Return on average assets | 0.70% | 0.75% | |
| Return on average common stockholders' equity | 9.41 | 12.18 | |
| Net interest margin | 3.64 | 3.31 | |
| Loan loss reserve to loans | 1.58 | 1.22 | |
| Non-performing loans to loans | 1.87 | 0.77 | |
| Average equity to average assets | 8.08 | 6.13 | |
| Bank only capital ratios: | | | |
| Tier 1 capital to average assets | 8.82 | 7.64 | |
| Tier 1 capital to risk weighted assets | 12.10 | 10.04 | |
| Total capital to risk weighted assets | 13.35 | 11.22 | |

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

| | September 30 2009 (Unaudited) | June 30 2009 (Unaudited) | March 31 2009 (Unaudited) | December 31 2008 (Unaudited) | September 30 2008 (Unaudited) |
|----------------------|-------------------------------------|--------------------------------|---------------------------------|------------------------------------|-------------------------------------|
| Commercial | \$ 4,699 | \$ 3,076 | \$ 2,441 | \$ 3,202 | \$ 2,659 |
| Real estate | 1,599 | 1,511 | 1,038 | 973 | 1,115 |
| Mortgage warehousing | 1,480 | 1,453 | 1,428 | 1,354 | 1,341 |
| Installment | 6,146 | 6,609 | 6,682 | 5,881 | 5,410 |
| Unallocated | - | - | - | - | - |
| Total | \$ 13,924 | \$ 12,649 | \$ 11,589 | \$ 11,410 | \$ 10,525 |

Net Charge-offs
(Dollars in Thousands)

| | Three months ended (Unaudited) | | | | |
|----------------------|-----------------------------------|-----------------|------------------|---------------------|----------------------|
| | September 30 2009 | June 30 2009 | March 31 2009 | December 31 2008 | September 30 2008 |
| Commercial | \$ 530 | \$ 262 | \$ 1,076 | \$ (5) | \$ 1,276 |
| Real estate | 22 | 214 | 50 | 26 | (50) |
| Mortgage warehousing | - | - | - | - | - |
| Installment | 1,589 | 1,754 | 1,892 | 1,257 | 1,198 |
| Total | \$ 2,141 | \$ 2,230 | \$ 3,018 | \$ 1,278 | \$ 2,424 |

Total Non-performing Loans
(Dollars in Thousands)

| | September 30 2009 (Unaudited) | June 30 2009 (Unaudited) | March 31 2009 (Unaudited) | December 31 2008 (Unaudited) | September 30 2008 (Unaudited) |
|----------------------|-------------------------------------|--------------------------------|---------------------------------|------------------------------------|-------------------------------------|
| Commercial | \$ 9,235 | \$ 7,959 | \$ 6,474 | \$ 5,167 | \$ 4,658 |
| Real estate | 4,926 | 3,764 | 2,446 | 1,904 | 1,362 |
| Mortgage warehousing | - | - | - | - | - |
| Installment | 2,312 | 1,754 | 1,549 | 792 | 614 |
| Total | \$ 16,473 | \$ 13,477 | \$ 10,469 | \$ 7,863 | \$ 6,634 |

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

| | September 30 2009 (Unaudited) | June 30 2009 (Unaudited) | March 31 2009 (Unaudited) | December 31 2008 (Unaudited) | September 30 2008 (Unaudited) |
|----------------------|-------------------------------------|--------------------------------|---------------------------------|------------------------------------|-------------------------------------|
| Commercial | \$ - | \$ - | \$ - | \$ - | \$ - |
| Real estate | 1,671 | 2,212 | 2,492 | 2,874 | 1,357 |
| Mortgage warehousing | - | - | - | - | - |
| Installment | 142 | 115 | 204 | 207 | 246 |
| Total | \$ 1,813 | \$ 2,327 | \$ 2,696 | \$ 3,081 | \$ 1,603 |

HORIZON BANCORP AND SUBSIDIARIES

Average Balance Sheets

(Dollar Amounts in Thousands)

| | Three Months Ended September 30, 2009 | | | Three Months Ended September 30, 2008 | | |
|--|--|------------------|-----------------|--|-----------------|-----------------|
| | Average Balance | Interest | Average Rate | Average Balance | Interest | Average Rate |
| ASSETS | | | | | | |
| Interest-earning assets | | | | | | |
| Federal funds sold | \$ 10,711 | \$ 7 | 0.26% | \$ 2,773 | \$ 9 | 1.29% |
| Interest-earning deposits | 7,783 | - | 0.00% | 1,691 | 8 | 1.88% |
| Investment securities - taxable | 248,165 | 2,666 | 4.26% | 173,217 | 2,155 | 4.95% |
| Investment securities - non-taxable (1) | 102,286 | 1,015 | 5.97% | 78,712 | 791 | 4.70% |
| Loans receivable (2) | 857,801 | 13,797 | 6.39% | 845,391 | 14,202 | 6.69% |
| Total interest-earning assets (1) | <u>1,226,746</u> | <u>17,485</u> | 5.83% | <u>1,101,784</u> | <u>17,165</u> | 6.25% |
| Noninterest-earning assets | | | | | | |
| Cash and due from banks | 15,277 | | | 17,483 | | |
| Allowance for loan losses | (12,513) | | | (9,788) | | |
| Other assets | <u>77,734</u> | | | <u>70,996</u> | | |
| | <u>\$ 1,307,244</u> | | | <u>\$ 1,180,475</u> | | |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | | | | |
| Interest-bearing liabilities | | | | | | |
| Interest-bearing deposits | \$ 756,567 | \$ 3,528 | 1.85% | \$ 691,900 | \$ 4,261 | 2.45% |
| Borrowings | 317,224 | 2,897 | 3.62% | 296,844 | 3,108 | 4.17% |
| Subordinated debentures | 27,837 | 341 | 4.86% | 27,837 | 393 | 5.62% |
| Total interest-bearing liabilities | <u>1,101,628</u> | <u>6,766</u> | 2.44% | <u>1,016,581</u> | <u>7,762</u> | 3.04% |
| Noninterest-bearing liabilities | | | | | | |
| Demand deposits | 84,897 | | | 80,762 | | |
| Accrued interest payable and other liabilities | 9,238 | | | 7,105 | | |
| Shareholders' equity | <u>111,481</u> | | | <u>76,027</u> | | |
| | <u>\$ 1,307,244</u> | | | <u>\$ 1,180,475</u> | | |
| Net interest income/spread | | <u>\$ 10,719</u> | 3.39% | | <u>\$ 9,403</u> | 3.21% |
| Net interest income as a percent of average interest earning assets (1) | | | 3.64% | | | 3.45% |

- (1) 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. Interest income is presented on a tax equivalent basis.
- (2) Includes fees on loans. The inclusion of loan fees does not have a material effect on the average interest rate.

HORIZON BANCORP AND SUBSIDIARIES

Average Balance Sheets

(Dollar Amounts in Thousands)

| | Nine Months Ended September 30, 2009 | | | Nine Months Ended September 30, 2008 | | |
|--|---|-----------|-----------------|---|-----------|-----------------|
| | Average Balance | Interest | Average Rate | Average Balance | Interest | Average Rate |
| ASSETS | | | | | | |
| Interest-earning assets | | | | | | |
| Federal funds sold | \$ 27,647 | \$ 9 | 0.04% | \$ 20,207 | \$ 434 | 2.87% |
| Interest-earning deposits | 6,979 | 54 | 1.03% | 6,816 | 140 | 2.74% |
| Investment securities - taxable | 247,168 | 8,270 | 4.47% | 174,293 | 6,360 | 4.87% |
| Investment securities - non-taxable (1) | 94,473 | 2,882 | 5.91% | 80,811 | 2,490 | 4.84% |
| Loans receivable (2) | 898,876 | 43,793 | 6.52% | 851,673 | 43,763 | 6.87% |
| Total interest-earning assets (1) | 1,275,143 | 55,008 | 5.91% | 1,133,800 | 53,187 | 6.32% |
| Noninterest-earning assets | | | | | | |
| Cash and due from banks | 15,370 | | | 17,365 | | |
| Allowance for loan losses | (11,742) | | | (9,712) | | |
| Other assets | 76,613 | | | 69,000 | | |
| | \$ 1,355,384 | | | \$ 1,210,453 | | |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | | | | |
| Interest-bearing liabilities | | | | | | |
| Interest-bearing deposits | \$ 797,523 | \$ 11,517 | 1.93% | \$ 747,171 | \$ 15,552 | 2.78% |
| Borrowings | 328,763 | 9,011 | 3.66% | 275,848 | 8,782 | 4.25% |
| Subordinated debentures | 27,837 | 1,082 | 5.20% | 27,837 | 1,192 | 5.72% |
| Total interest-bearing liabilities | 1,154,123 | 21,610 | 2.50% | 1,050,856 | 25,526 | 3.24% |
| Noninterest-bearing liabilities | | | | | | |
| Demand deposits | 82,548 | | | 76,940 | | |
| Accrued interest payable and other liabilities | 9,180 | | | 7,211 | | |
| Shareholders' equity | 109,533 | | | 75,446 | | |
| | \$ 1,355,384 | | | \$ 1,210,453 | | |
| Net interest income/spread | | \$ 33,398 | 3.41% | | \$ 27,661 | 3.08% |
| Net interest income as a percent of average interest earning assets (1) | | | 3.64% | | | 3.31% |

- (1) 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. Interest income is presented on a tax equivalent basis.
- (2) Includes fees on loans. The inclusion of loan fees does not have a material effect on the average interest rate.

HORIZON BANCORP AND SUBSIDIARIES

Condensed Consolidated Balance Sheets

(Dollar Amounts in Thousands)

| | September 30 2009 (Unaudited) | December 31 2008 |
|--|-------------------------------------|---------------------|
| Assets | | |
| Cash and due from banks | \$ 10,848 | \$ 36,001 |
| Cash and cash equivalents | 10,848 | 36,001 |
| Interest-bearing deposits | 4,464 | 2,679 |
| Investment securities, available for sale | 333,031 | 301,638 |
| Investment securities, held to maturity | 15,661 | 1,630 |
| Loans held for sale | 6,119 | 5,955 |
| Loans, net of allowance for loan losses of \$13,924 and \$11,410 | 861,785 | 870,557 |
| Premises and equipment | 29,972 | 28,280 |
| Federal Reserve and Federal Home Loan Bank stock | 13,225 | 12,625 |
| Goodwill | 5,787 | 5,787 |
| Other intangible assets | 1,521 | 1,751 |
| Interest receivable | 6,222 | 5,708 |
| Cash value life insurance | 22,966 | 22,451 |
| Deferred tax asset | 146 | 2,580 |
| Other assets | 9,477 | 9,215 |
| Total assets | \$ 1,321,224 | \$ 1,306,857 |
| Liabilities | | |
| Deposits | | |
| Non-interest bearing | \$ 87,725 | \$ 83,642 |
| Interest bearing | 770,272 | 757,527 |
| Total deposits | 857,997 | 841,169 |
| Borrowings | 311,884 | 324,383 |
| Subordinated debentures | 27,837 | 27,837 |
| Interest payable | 1,304 | 1,910 |
| Other liabilities | 8,369 | 8,208 |
| Total liabilities | 1,207,391 | 1,203,507 |
| Commitments and contingent liabilities | | |
| Stockholders' Equity | | |
| Preferred stock, no par value, \$1,000 liquidation value | | |
| Authorized, 1,000,000 shares | | |
| Issued 25,000 shares | | |
| Common stock, \$.2222 stated value | 24,267 | 24,154 |
| Authorized, 22,500,000 shares | | |
| Issued, 3,271,631 and 3,254,482 shares | 1,118 | 1,114 |
| Additional paid-in capital | 9,974 | 9,650 |
| Retained earnings | 72,255 | 67,804 |
| Accumulated other comprehensive income | 6,219 | 628 |
| Total stockholders' equity | 113,833 | 103,350 |
| Total liabilities and stockholders' equity | \$ 1,321,224 | \$ 1,306,857 |

HORIZON BANCORP AND SUBSIDIARIES

Condensed Consolidated Statements of Income

(Dollar Amounts in Thousands, Except Per Share Data)

| | Three Months Ended | | Nine Months Ended | |
|---|--------------------|-----------------|-------------------|-----------------|
| | September 30 | | September 30 | |
| | 2009 | 2008 | 2009 | 2008 |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) |
| Interest Income | | | | |
| Loans receivable | \$ 13,797 | \$ 14,202 | \$ 43,793 | \$ 43,763 |
| Investment securities | | | | |
| Taxable | 2,673 | 2,172 | 8,333 | 6,934 |
| Tax exempt | 1,015 | 791 | 2,882 | 2,490 |
| Total interest income | <u>17,485</u> | <u>17,165</u> | <u>55,008</u> | <u>53,187</u> |
| Interest Expense | | | | |
| Deposits | 3,528 | 4,261 | 11,517 | 15,552 |
| Borrowed funds | 2,897 | 3,108 | 9,011 | 8,782 |
| Subordinated debentures | 341 | 393 | 1,082 | 1,192 |
| Total interest expense | <u>6,766</u> | <u>7,762</u> | <u>21,610</u> | <u>25,526</u> |
| Net Interest Income | <u>10,719</u> | <u>9,403</u> | <u>33,398</u> | <u>27,661</u> |
| Provision for loan losses | 3,416 | 3,137 | 9,903 | 5,405 |
| Net Interest Income after Provision for Loan Losses | <u>7,303</u> | <u>6,266</u> | <u>23,495</u> | <u>22,256</u> |
| Other Income | | | | |
| Service charges on deposit accounts | 972 | 1,065 | 2,880 | 2,975 |
| Wire transfer fees | 201 | 155 | 709 | 382 |
| Interchange fees | 514 | 216 | 1,358 | 618 |
| Fiduciary activities | 745 | 911 | 2,486 | 2,817 |
| Gain (loss) on sale of securities | 422 | - | 422 | (15) |
| Gain on sale of loans | 1,277 | 657 | 4,861 | 2,122 |
| Mortgage servicing net of impairment | 35 | 3 | (131) | 8 |
| Increase in cash surrender value of bank owned life insurance | 206 | 252 | 547 | 701 |
| Death benefit on officer life insurance | - | - | - | 538 |
| Other income | 170 | 92 | 420 | 316 |
| Total other income | <u>4,542</u> | <u>3,351</u> | <u>13,552</u> | <u>10,462</u> |
| Other Expenses | | | | |
| Salaries and employee benefits | 4,539 | 4,203 | 14,264 | 12,698 |
| Net occupancy expenses | 941 | 944 | 2,872 | 2,834 |
| Data processing | 419 | 391 | 1,194 | 1,073 |
| Professional fees | 316 | 263 | 1,021 | 803 |
| Outside services and consultants | 366 | 328 | 1,043 | 940 |
| Loan expense | 631 | 593 | 1,841 | 1,603 |
| FDIC deposit expense | 400 | 146 | 1,751 | 404 |
| Other losses | (25) | 25 | 442 | 267 |
| Other Expenses | 1,342 | 1,390 | 3,826 | 3,927 |
| Total other expenses | <u>8,929</u> | <u>8,283</u> | <u>28,254</u> | <u>24,549</u> |
| Income Before Income Tax | <u>2,916</u> | <u>1,334</u> | <u>8,793</u> | <u>8,169</u> |
| Income tax expense | 559 | 2 | 1,737 | 1,319 |
| Net Income | <u>2,357</u> | <u>1,332</u> | <u>7,056</u> | <u>6,850</u> |
| Preferred stock dividend and discount accretion | (351) | - | (1,051) | - |
| Net Income Available to Common Shareholders | <u>\$ 2,006</u> | <u>\$ 1,332</u> | <u>\$ 6,005</u> | <u>\$ 6,850</u> |
| Basic Earnings Per Share | <u>\$ 0.62</u> | <u>\$ 0.42</u> | <u>\$ 1.86</u> | <u>\$ 2.14</u> |