



ANNUAL USE OF CAPITAL SURVEY - 2009

NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Horizon Bancorp

Person to be contacted regarding this report:	Mark E. Secor, CFO
UST Sequence Number:	176
CPP Funds Received:	25,000,000
CPP Funds Repaid to Date:	0
Date Funded (first funding):	Dec 19, 2008
Date Repaid ¹ :	N/A

RSSD: (For Bank Holding Companies)	130541
Holding Company Docket Number: (For Thrift Holding Companies)	n/a
FDIC Certificate Number: (For Depository Institutions)	4360
City:	Michigan City
State:	Indiana

¹If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP). To answer that question, Treasury is seeking responses that describe generally how the CPP investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP investment was deployed or how many CPP dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

What specific ways did your institution utilize CPP capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP funds were outstanding).

<input checked="" type="checkbox"/>	Increase lending or reduce lending less than otherwise would have occurred.	The additional CPP capital helped to allow an increase in mortgage lending activity during 2009 reflected by the average balance of the Company's mortgage loans approximately \$45 million higher during 2009 compared to 2008.
<input checked="" type="checkbox"/>	To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).	The additional CPP capital helped to allow the Company's mortgage warehouse and residential mortgage lending to increase originations from mortgage refinancing during 2009 to approximately \$3.8 billion compared approximately \$2.1 billion in 2008.
<input checked="" type="checkbox"/>	Increase securities purchased (ABS, MBS, etc.).	To leverage the CPP capital additional securities were purchased. During 2009 securities increased approximately \$42 million, approximately \$10 million in federal agencies and mortgage backed securities and approximately \$32 million in state and municipal investments.

<input type="checkbox"/>	Make other investments	
<input checked="" type="checkbox"/>	Increase reserves for non-performing assets	The increase in earnings from the ability to leverage the CPP capital provided additional income to help fund some of the required provision for loan loss increase in 2009 compared to 2008 of approximately \$6 million due to the increase in non-performing loans.
<input type="checkbox"/>	Reduce borrowings	
<input checked="" type="checkbox"/>	Increase charge-offs	The increase in earnings from the ability to leverage the CPP capital provided additional income to help fund some of the required provision for loan loss needed for the \$3 million increase in net charge-offs during 2009 compared to 2008.
<input checked="" type="checkbox"/>	Purchase another financial institution or purchase assets from another financial institution	The CPP provided a capital cushion, above Horizon's already well capitalized status, in a pending purchase and assumption transaction with American Trust and Savings Bank, Whiting, Indiana. This transaction is scheduled to close in the 2nd quarter of 2010, pending regulatory approval.
<input type="checkbox"/>	Held as non-leveraged increase to total capital	

What actions were you able to avoid because of the capital infusion of CPP funds?

The Company exceeded the current regulatory well capitalized requirements prior to the capital infusion of CPP funds and would have maintained that level during 2009 without the infusion of CPP funds.

What actions were you able to take that you may not have taken without the capital infusion of CPP funds?

The additional CPP funds allowed the Company to leverage the capital by increasing the securities portfolio which provided additional interest income during 2009, the ability to increase the activity in mortgage lending by providing the capital to allow the outstanding balances to increase at times to meet the refinancing demands, and the opportunity to enter into a purchase and assumption agreement of a troubled institution in our market.

Please describe any other actions that you were able to undertake with the capital infusion of CPP funds.

None.

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 1505-0222. The time required to complete this information collection is estimated to average 80 hours per response.