



PUBLIC DISCLOSURE

June 08, 2015

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Horizon Bank, National Association
Charter 2747

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Office of the Comptroller of the Currency

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NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, and should not be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

Table of Contents

OVERALL CRA RATING	2
DEFINITIONS AND COMMON ABBREVIATIONS.....	3
DESCRIPTION OF INSTITUTION.....	7
SCOPE OF THE EVALUATION.....	8
FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW	9
STATE RATING	10
STATE OF INDIANA.....	10
STATE OF MICHIGAN.....	22
APPENDIX A: SCOPE OF EXAMINATION.....	A-1
APPENDIX B: SUMMARY OF MULTISTATE METROPOLITAN AREA AND STATE RATINGS.....	B-1
APPENDIX C: MARKET PROFILES FOR FULL-SCOPE AREAS	C-1
APPENDIX D: TABLES OF PERFORMANCE DATA	D-5

Overall CRA Rating

Institution's CRA Rating: This institution is rated **Satisfactory**.

The following table indicates the performance level of Horizon Bank, National Association with respect to the lending, investment, and service tests:

Performance Levels	Horizon Bank Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	x		x
Low Satisfactory			
Needs to Improve		x	
Substantial Noncompliance			

* The lending test is weighted more heavily than the investment and service tests when arriving at an overall rating.

The major factors that support this rating include:

- Horizon achieved excellent lending test performance in Indiana and low satisfactory performance in Michigan.
- The level of qualified investments is poor. Horizon's current period investments were limited.
- Delivery systems are accessible to essentially all portions of the bank's assessment areas (AAs).

Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

Affiliate: Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

Aggregate Lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area (MA)/AA.

Census Tract (CT): A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Community Development (CD): Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency (OCC), and the Federal Deposit Insurance Corporation (FDIC) have adopted the following additional language as part of the revitalize or stabilize definition of CD.

Activities that revitalize or stabilize-

- (i) Low-or moderate-income geographies;
- (ii) Designated disaster areas; or
- (iii) Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, FDIC, and OCC, based on-
 - a. Rates of poverty, unemployment, and population loss; or
 - b. Population size, density, and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.

Community Reinvestment Act (CRA): The statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

Consumer Loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into ‘male householder’ (a family with a male householder and no wife present) or ‘female householder’ (a family with a female householder and no husband present).

Full Review: Performance under the lending, investment, and service tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

Geography: A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area (MSA) to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants, the amount of loan requested, and the disposition of the application (e.g., approved, denied, and withdrawn). Beginning in 2004, the reports also include data on loan pricing, the lien status of the collateral, any requests for preapproval and loans for manufactured housing.

Home Mortgage Loans: Such loans include home purchase, home improvement and refinancings, as defined in the HMDA regulation. These include loans for multifamily (five or more families) dwellings, manufactured housing and one-to-four family dwellings other than manufactured housing.

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Limited Review: Performance under the lending, investment, and service tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

Low-Income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

Market Share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/AA.

Median Family Income (MFI): The median income determined by the U.S. Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by Federal Financial Institutions Examination Council (FFIEC) annually that is used to

determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

Metropolitan Area (MA): Any metropolitan statistical area or metropolitan division, as defined by the Office of Management and Budget, and any other area designated as such by the appropriate federal financial supervisory agency.

Metropolitan Division: As defined by Office of Management and Budget, a county or group of counties within a metropolitan statistical area that contains a population of at least 2.5 million. A Metropolitan Division consists of one or more counties that represent an employment center or centers, plus adjacent counties associated with the main county or counties through commuting ties.

Metropolitan Statistical Area (MSA): An area, defined by the Office of Management and Budget, as having at least one urbanized area that has a population of at least 50,000. The MSA comprises the central county or counties, plus adjacent outlying counties having a high degree of social and economic integration with the central county as measured through commuting.

Middle-Income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a MFI that is at least 80 percent and less than 120 percent, in the case of a geography.

Moderate-Income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a MFI that is at least 50 percent and less than 80 percent, in the case of a geography.

Multifamily: Refers to a residential structure that contains five or more units.

Other Products: Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

Owner-Occupied Units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Qualified Investment: A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose CD.

Rated Area: A rated area is a state or multi-state MA. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multi-state MA, the institution will receive a rating for the multi-state MA.

Small Loan(s) to Business(es): A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (call report) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans.

Small Loan(s) to Farm(s): A loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Report of Condition and Income (call report). These loans have original

amounts of \$500,000 or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

Tier 1 Capital: The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

Upper-Income: Individual income that is at least 120 percent of the area median income, or a median family income that is at least 120 percent, in the case of a geography.

Description of Institution

Horizon Bank, National Association (Horizon), is a \$2.1 billion interstate financial institution headquartered in Michigan City, Indiana. Horizon currently operates 33 full-service banking offices throughout eight AAs in Northwestern and Central Indiana, and Southwestern and Central Michigan. Horizon also operates 30 automated teller machines (ATMs) in the state of Indiana, and 12 ATMs in the state of Michigan. Horizon's AAs consist of five AAs in the state of Indiana (Michigan City-LaPorte MSA, Gary MD, South Bend MSA, Elkhart-Goshen MSA, and Indianapolis MSA) and three in the state of Michigan (Niles-Benton Harbor, Kalamazoo-Portage, and Lansing-East Lansing MSAs).

Horizon is a wholly-owned subsidiary of Horizon Bancorp, a one-bank holding company, also located in Michigan City, Indiana. As of December 31, 2014, excluding the bank, the holding company had \$233.9 million in total assets. Horizon has four wholly-owned subsidiaries: Horizon Investments, Inc., which manages the bank's investment portfolio; Horizon Grantor Trust, which holds title to bank owned life insurance policies; Horizon Insurance Services, Inc., which is used by the company's wealth management to sell certain insurance products; and Horizon Properties, which manages the Real Estate Investment Trust. The bank's subsidiary activities have no impact on Horizon's capacity to meet community credit needs and are not considered in this CRA evaluation.

Horizon is a full-service large community bank that offers traditional commercial and retail banking services, and corporate and individual trust and agency services. As of March 31, 2015, the bank has total loans of \$1.45 billion, total deposits of \$1.48 billion, and tier 1 capital of \$178.8 million. Net loans to total assets are 66 percent. Over 67 percent (\$980.9 million) of the bank's loan portfolio consists of real estate loans. Horizon's loan portfolio also includes \$132.2 million in commercial loans, \$168.4 million are loans to individuals, and \$183.7 million are other loans. Horizon is not active in agriculture lending, with less than 1 percent (\$2.4 million) of its loan portfolio comprised of these types of loans. Horizon's strategy is to grow the loan portfolio and continue their emphasis on higher yielding commercial products. Horizon's strategy is also to continue expanding their geographical network of bank offices through acquisitions and/or mergers with other community banks.

On July 17, 2012, Horizon acquired Heartland Community Bank located in Franklin, Indiana, which gave the bank a strong foothold in Central Indiana with four offices south of Indianapolis. These offices are located in Bargersville, Greenwood and Franklin, and the largest deposit market share in Johnson County, Indiana. On April 3, 2014, Horizon also acquired Summit Community Bank with offices in East Lansing and Okemos, Michigan, expanding the footprint in the southern Michigan market area.

Since the last performance evaluation period, the bank opened five new branch offices in the cities of Valparaiso, Carmel, Greenwood, Indianapolis, and Portage. Horizon also acquired and closed one office in Whiteland, Indiana.

There are no legal, financial, or other factors impeding the bank's ability to help meet the credit needs of the bank's AAs. Horizon received a "Satisfactory" rating on its last CRA evaluation dated June 4, 2012.

Scope of the Evaluation

Evaluation Period/Products Evaluated

The evaluation period for the lending test, excluding CD loans, is January 1, 2012, through December 31, 2014. Due to a change in the composition of the Indianapolis-Carmel MSA in 2014, we used separate tables for 2012, 2013 and 2014 in the appendices of this evaluation for our Indiana review. The change involved an addition of a county in the MSA that is not included in the bank's Indianapolis-Carmel MSA AA and has minimal effect on the bank's overall performance. Products reviewed in the lending test include home mortgage and small business loans. We used the 2013 peer lending data and the most recent data available for home mortgage and small business loans to compare Horizon's lending performance to other reporting lenders in the AAs. We also used 2010 Census data in our evaluation. Our analysis does not include small farm or multifamily home mortgage originations. The number of reported loans for these product types is insufficient for a meaningful analysis in all AAs. The bank opted not to include consumer loans for this evaluation.

The evaluation period for the investment and service tests and CD loans is June 5, 2012, through June 8, 2015. The investment test included a review of investments, grants, and donations made in the bank's AAs. The service test evaluation was based on branch distribution, hours of operation, branch openings and closings, alternative delivery systems, retail and commercial loans, deposit products and services, and CD services provided in the bank's AAs. We also evaluated Horizon's CD lending, CD services, and retail services.

We used deposit information, reported to the FDIC annually, to determine the bank's deposit market share and market presence within its AAs. The most recent deposit information available is as of June 30, 2014.

Data Integrity

The CRA and HMDA require that banks, other than small banks, collect and maintain certain data regarding originations and purchases of small business, small farm, and HMDA loans.

Prior to the commencement of this evaluation, we performed data integrity reviews of the bank's 2012, 2013, and 2014 HMDA data by comparing the data in the loan application registers to actual loan files. We found this data is reliable.

We verified CD loans, investments, and services submitted by Horizon's management to ensure that they met the regulatory definition for CD. Only those activities that qualified are presented and considered in this evaluation.

Selection of Areas for Full-Scope Review

In each state and multistate MA where the bank has an office, a sample of AAs within that state/multistate MA was selected for full-scope reviews. Refer to the "Scope" section under each State and Multistate Metropolitan Area Rating section (as applicable) for details regarding how the areas were selected.

Ratings

The bank's overall rating is a blend of the state ratings. Since the majority of the bank's loans are within the AAs (80 percent) and deposits (80 percent) are attributed to the state of Indiana, we weighted the bank's performance in Indiana more heavily than its performance in Michigan in arriving at our conclusions.

The state ratings are based primarily on those areas that received full-scope reviews. Refer to the "Scope" section under each state rating section for details regarding how the areas were weighted in arriving at the overall state ratings.

Inside/Outside Ratio

For the geographic distribution analysis in the lending test, we performed an inside/outside ratio analysis at the bank level. A substantial majority of the bank's loans by number, 75 percent, are inside its AAs. By product type, 74 percent of home mortgage loans and 83 percent of small business loans were originated to borrowers inside the bank's AAs. We viewed this as a positive characteristic in our analysis of lending performance.

Fair Lending or Other Illegal Credit Practices Review

Pursuant to 12 CFR 25.28(c), or 12 CFR 195.28(c), in determining a national bank's (bank) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any AA by an affiliate whose loans have been considered as part of the bank's lending performance.

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.

State Rating

State of Indiana

CRA Rating for Indiana: Satisfactory

The lending test is rated: Outstanding

The investment test is rated: Needs to Improve

The service test is rated: High Satisfactory

The major factors that support this rating include:

- Geographic and borrower distribution of lending reflect excellent penetration to low- and moderate-income geographies and borrowers.
- The level of qualified community development (CD) investments is poor. The bank has made limited qualified current period CD investments.
- Delivery systems are accessible to essentially all portions of the bank's AAs.

Description of Institution's Operations in Indiana

Horizon operates 25 branch offices and 30 ATMs within five AAs in the state of Indiana. The Indiana AAs include all or parts of five MAs: Michigan City–LaPorte MSA, Gary MD, Indianapolis-Carmel MSA, Elkhart-Goshen MSA, and South Bend MSA. Eighty percent of the bank's total deposits and 71 percent of loan originations (by number) are attributed to the state of Indiana. Home mortgage loans are the primary credit product, representing 83 percent by number of all loan originations in the state. Therefore, home mortgage loans will be weighed heavier when arriving at overall conclusions for the state. The bank expanded its footprint in Indiana during the review period with the acquisition of Heartland Community bank in Franklin Indiana.

According to the FDIC deposit market share data as of June 30, 2014, Horizon ranks 10th in deposit market share among 54 financial institutions operating in its Indiana AAs. Deposits in the state total \$1.2 billion and represent 2.61 percent of the market.

Refer to the market profiles for the state of Indiana in appendix C for detailed demographics and other performance context information for AAs that received full-scope reviews.

Scope of Evaluation in Indiana

The Michigan City-LaPorte MSA AA, Gary MD AA, and the Indianapolis-Carmel AAs received full-scope reviews because a majority of the bank's loans and deposits are attributed to these AAs in Indiana. The Michigan City-LaPorte MSA and the Gary MD AAs received more weight than the Indianapolis-Carmel MSA AA because the bank has had a physical presence in the Indianapolis MSA since 2012. The Michigan City-LaPorte MSA AA accounts for 30 percent of the HMDA reportable and small business loans and 46 percent of deposits in Indiana. The

Gary MD AA accounts for 35 percent of the loans in Indiana and 32 percent of the deposits. The Indianapolis-Carmel MSA AA accounts for 17 percent of the loans in the state and 21 percent of the deposits. We conducted limited scope reviews of the South Bend MSA AA and the Elkhart-Goshen MSA AA since these AAs account for only 17 percent of lending and 1 percent of deposits within the state.

We conducted one community contact interview with a local housing authority in the Michigan City area during this evaluation. Our contact stated that support services are needed for the unemployed and financial education is needed to prepare the local community for homeownership. The representative also stated that her organization has partnered with Horizon in ascertaining and meeting community credit needs. We also reviewed community contact information from community organizations serving the Indianapolis-Carmel MSA AA and the Gary MD AA. The contact in the Gary MD AA noted that community credit needs in that AA include CD and low-income financing programs. The contact in the Indianapolis-Carmel MSA AA noted that improved banking services to the Hispanic community and improved maintenance on vacant residential properties is needed in the AA.

LENDING TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the lending test in Indiana is rated Outstanding. Based on full-scope reviews, the bank's performance in the Michigan City- LaPorte MSA is excellent. The bank's performance is adequate in the Gary MD and Indianapolis-Carmel MSA.

Lending Activity

Overall, lending levels reflect excellent responsiveness to the bank's AAs credit needs. The bank is the top HMDA lender in the Michigan City-LaPorte MSA AA where the bank's main office is located. Refer to Table 1 Lending Volume section of appendix D for the facts and data used to evaluate the bank's lending activity.

Michigan City-LaPorte MSA

Lending levels in the Michigan City-LaPorte MSA reflect excellent responsiveness to the AA credit needs. During the three year period ended December 31, 2014, the bank originated 1,788 reportable loans in this AA. Approximately 81 percent were home mortgage loans, 18 percent were small loans to businesses, and 1 percent was small loans to farms.

Horizon is dominant in this AA, ranking first among nine institutions with a deposit market share of 35 percent. Based on 2013 aggregate HMDA lending data, Horizon ranks first among 201 HMDA reporters in the AA with a 13.1 percent market share for all HMDA reportable loans. With such a large number of home mortgage lenders in the AA, meeting community credit needs may be more competitive. The 2013 aggregate small business loan data shows Horizon has approximately 10 percent of the market share, ranking it third among 45 reporting lenders.

Gary MD

Lending levels in the Gary MD reflect adequate responsiveness to the AA credit needs. Approximately 84 percent of the loans attributed to this area are home mortgage loans and 16 percent are small loans to businesses. The bank originated only five small loans to farms in this AA during the review period.

Horizon ranks tenth among 25 institutions with a deposit market share of 3.60 percent in this AA. Based on 2013 HMDA aggregate data, Horizon ranks ninth among 392 HMDA reporting lenders in the AA with a 2.51 percent market share. With such a large number of home mortgage lenders in the AA, meeting community credit needs may be more competitive. The 2013 aggregate small business loan data shows Horizon has approximately 2 percent market share, ranking it 16th among 76 reporting lenders.

Indianapolis-Carmel MSA

Lending levels in the Indianapolis-Carmel MSA reflect adequate responsiveness to the credit needs of the AA. The volume of lending is less than that of the other two AAs in the state. The bank ranks 68th among 508 lenders with a market share of 0.25 percent. This ranking is satisfactory given the competition in this area. The bank is also relatively new to this AA with office openings beginning in 2012. The bank originated 369 small loans to businesses during the review period. The bank ranks 28th of 100 lenders in this category in 2013 with a market share of 0.56 percent.

Distribution of Loans by Income Level of the Geography***Home Mortgage Loans***

Overall, the geographic distribution of mortgage loans reflects excellent penetration throughout the AAs in Indiana, with more weight given to the Michigan City- LaPorte MSA AA. This evaluation focused on the bank's loan penetration in low- and moderate-income geographies with its AAs in Indiana. Refer to Tables 2, 3, 4, and 5 in appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations/purchases.

Michigan City-LaPorte MSA AA

During the review period, the bank originated 1,442 home mortgage loans in this AA. Home purchase loans account for 41 percent of home mortgage loans, home improvement loans account for 15 percent, and home refinance loans account for 44 percent. We did not perform a geographic distribution analysis relative to low-income geographies because there are no low-income census tracts in this AA.

The geographic distribution of home mortgage loans reflects excellent penetration in the moderate-income geographies of this AA. Horizon ranks second in home purchase loan originations in the moderate-income census tracts with a 10.13 percent market share, which is less than the bank's overall market share percentage of 15.5 percent. For 2012 and 2013, the percentage of home purchase loans in moderate-income geographies was less than the percentage of owner occupied units in these geographies.

In 2014, the percentage of home purchase loans exceeded the percentage of owner occupied units in these geographies.

The bank ranks first in home improvement loan originations in the moderate-income census tracts with a 43.48 percent market share. This market share exceeds the bank's overall home improvement lending market share of 32.78 percent. For 2012 and 2013, the percentage of home improvement loans in moderate-income geographies was greater than the percentage of owner occupied units in these geographies. In 2014, the percentage of home improvement loans was less than the percentage of owner occupied units in these geographies.

While the bank ranks first in home refinance loan originations in this AA with a 9.34 percent market share, Horizon ranks fifth in home refinance loan originations in the moderate-income census tracts with a 5.59 percent market share. The bank's percentage of home refinance loans is less than area demographics.

We did not conduct a geographical analysis of multifamily loans since the bank originated a minimal amount of such loans and a geographical analysis is not meaningful.

Gary MD AA

The geographic distribution of home mortgage lending reflects adequate penetration in this AA. In the Gary MD AA, home refinance loans and home purchase loans received the most weight in our analyses. These loans respectively represent 47 percent and 46 percent of the bank's home mortgage lending (by number) in this AA during the review period.

The geographic distribution of all three types of home mortgage loans in the low-income geographies of this AA reflects poor penetration as Horizon originated only three loans (one home purchase, one home improvement, and one home mortgage refinance) in these census tracts during the three year review period. However, the overall lending opportunities in this segment of the AA are limited. According to the 2013 aggregate HMDA data, there were only 43 home loan originations, 27 home improvement loan originations, and 94 refinance loan originations in the low-income geographies of this AA.

The geographic distribution of all three types of home mortgage loans in the moderate-income geographies of this AA reflects adequate penetration. The percentage of loans across all three loan types is significantly lower than area demographics. The bank's market share in moderate-income geographies for all three types of home mortgage loans is somewhat lower than its overall market share.

Overall, Horizon ranked 14th of 145 lenders in home mortgage lending in the moderate-income geographies of this AA with a 1.91 percent market share, according to 2013 peer lending data. Horizon ranks 16th (of 117 lenders) in refinance loan originations in the moderate-income geographies of this AA with 1.35 percent market share. The bank ranks 20th (of 84 lenders) in home purchase loan originations with a 1.16 percent market share. For home improvement loan originations, Horizon ranks 12th (of 136 lenders) with a 2.26 percent market share in this AA.

Indianapolis-Carmel MSA AA

The geographic distribution of mortgage loans reflects adequate penetration throughout this AA given the short time that the bank has had a presence in this area.

In the Indianapolis-Carmel MSA AA, home refinance loans and home purchase loans received the most weight in our analyses. These loans respectively represent 43 percent and 48 percent of the bank's home mortgage lending (by number) in this AA during the review period. The bank originated only 57 home improvement loans during the three year review period, therefore a geographic distribution analysis of this product would be meaningless.

The bank's lending penetration in the low-income geographies of this AA is adequate. The bank originated one home refinance loan in low-income geographies during the review period. The bank's market share of home purchase loans in low-income census tracts exceed its overall market share and the bank's percentage of loans is somewhat less than the percentage of owner occupied units in the low-income geographies of this AA.

The bank's lending penetration in the moderate-income geographies of this AA is good. The percentage of loans across both loan types is lower than the percentage of owner occupied units in these geographies. The bank's market share in moderate-income geographies for home purchase and home refinance loans is higher than its overall market share for these products. The bank ranks 61 out of 276 lenders in home mortgage lending in low- and moderate-income geographies with a 0.24 percent market share, which is slightly lower than its overall market share percentage.

Small Loans to Businesses

Overall, the geographic distribution of small loans to businesses reflects excellent penetration throughout the AAs in Indiana. Refer to Table 6 in the state of Indiana section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to businesses.

Michigan City-LaPorte MSA AA

Performance in the moderate-income geographies exceeds area demographics and reflects excellent penetration. The bank ranks third (of 44 lenders) in overall market share for small loans to businesses in this AA. Its market share in moderate-income geographies is higher than its overall market share. There are no low-income geographies in this AA.

Gary MD AA

The geographic distribution of small loans to businesses in this AA reflects good penetration. Horizon's performance in the low-income geographies is lower than area demographics, and its performance in the moderate-income geographies exceeds area demographics. Horizon's market share in low-income geographies is less than its overall market share. However, Horizon's market share in moderate-income geographies is higher than its overall market share. Overall, Horizon's performance reflects good penetration throughout this AA.

Indianapolis-Carmel MSA AA

The geographic distribution of small loans to businesses in this AA reflects adequate penetration given the short period of time that the bank has had a physical presence in this AA. Horizon's performance in the low-income geographies is poor. The bank did not originate any small loans to businesses in these geographies. Performance in the moderate-income geographies exceeds area demographics, and the bank's market share in these geographies exceeds its overall market share.

Lending Gap Analysis

Maps and reports detailing Horizon's lending activity over the evaluation period for home mortgage loans and small loans to businesses were reviewed to identify gaps in the geographic distribution of those loans. We did not identify any unexplained conspicuous gaps.

Inside/Outside Ratio

We performed an analysis of the inside/outside ratio at the bank level. A substantial majority of the bank's loans were secured by properties inside its AAs. Refer to the Scope of the Evaluation section for additional details.

Distribution of Loans by Income Level of the Borrower

Home Mortgage Loans

The overall borrower distribution of home mortgage loans reflects excellent penetration throughout the AAs in Indiana with more weight given to the Michigan City-LaPorte MSA AA. Refer to Tables 8, 9, and 10 in the state of Indiana section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

Michigan City-LaPorte MSA AA

The distribution of home mortgage loans to borrowers of different income levels reflects excellent penetration in this AA. In assessing performance to low-income families, we considered AA unemployment rates of 9.8 percent in 2012, 9.4 percent in 2013, and 7.7 percent in 2014. These rates are above the state unemployment rates of 8.3 percent, 7.7 percent, and 6.0 percent for 2012, 2013, and 2014 respectively. We also considered that 12.10 percent of the households in this AA have income below the poverty level.

The borrower distribution among low-income borrowers reflects excellent penetration for all three loan types (home purchase, home improvement, and refinance lending). While the bank's percentage of loans to low-income borrowers is lower than demographics for all three loan types, the bank's market share to low-income borrowers is higher relative to its overall market share for home improvement and home mortgage refinances and slightly lower for improvement lending. The bank ranks first in lending market share to low-income borrowers for home improvement, refinance lending, and second in home purchase lending in this AA.

The bank's distribution among moderate-income borrowers is also excellent in this AA. For home purchase and home improvement loans, Horizon's percentage of loans exceeds AA demographics while the bank's percentage of home refinance loans is near moderate-income borrower demographics. The bank ranks first in home purchase and home improvement lending to moderate-income borrowers in this AA and ranks third in home refinance lending to moderate-income borrowers.

Gary MD AA

The distribution of home mortgage loans to borrowers of different income levels reflects good penetration throughout this AA. In assessing performance to low-income families, we considered that 13.2 percent of households live below the poverty level. The annual unemployment rate for Lake County was 9.2 percent for 2012 and 2013, and 8.1 percent for 2014. These unemployment rates exceed those of the state. Opportunities are very limited due to the high unemployment rate and high poverty level in this AA. The annual unemployment rates for Porter County were slightly above those of the state.

The distribution of all three loan types to low-income borrowers is adequate in this AA given the poverty and unemployment rates of this AA. The percentage of the bank's loan originations were less than borrower demographics for all three loan types. Horizon's market share percentage to this segment of the AA was also less than its overall market share for these products.

The borrower distribution among moderate-income borrowers reflects good penetration in this AA. The percentage of the bank's loans to this segment of the AA is near to or exceeds area demographics for all three mortgage loan types. The bank's market share for all three loan types is lower than its overall market share.

Indianapolis-Carmel MSA AA

The distribution of home mortgage loans to borrowers of different income levels reflects good penetration in this AA.

The percentage of loans for all three types of home mortgage products to low-income families is less than the demographic comparator (percentage of low-income families). The bank's market share of all three loan types are less than its overall market share for these products. This distribution is adequate since low-income families may have a difficult time qualifying for conventional home mortgage products.

The distribution of loans for all three loan types to moderate-income families in this AA is excellent. The percentage of loans for all three loan types exceeds the demographic comparator, and the market share to this segment of the AA exceeds the bank's overall market share.

Small Loans to Businesses

The overall borrower distribution of small loans to businesses reflects good penetration throughout the AAs. Refer to Table 11 in the state of Indiana section of appendix D for the

facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses.

Michigan City-LaPorte MSA AA

The distribution of small loans to businesses reflects good penetration throughout the AA. The percentage of loans to small businesses with gross annual revenues of \$1 million or less is somewhat lower than area demographics. The majority of originations for small loans to businesses were in amounts of \$100,000 or less. The bank ranks third in this AA in overall market share, with 10.77 percent of the market, and also ranks third in lending to businesses with revenues of less than \$1 million, with a 14.49 percent market share.

Gary MD AA

The distribution of small loans to businesses reflects good penetration throughout the AA. The percentage of loans to small businesses with gross annual revenues of \$1 million or less is near to area demographics, and a majority of the loans originated were in amounts of \$100,000 or less. Horizon ranks 16th (of 75 lenders) in overall market share with 1.98 percent of the market. The bank ranks 10th in lending to businesses with revenue of \$1 million or less with a 2.53 percent market share in this AA.

Indianapolis-Carmel MSA AA

The distribution of small loans to businesses reflects good penetration throughout the AA. The percentage of loans to small businesses with gross annual revenues of \$1 million or less is near to area demographics, and a majority of the loans originated were in amounts of \$100,000 or less. Horizon ranks 28th (of 100 lenders) in overall market share with 0.56 percent of the market. The bank ranks 24th in lending to businesses with revenue of \$1 million or less with a 0.64 percent market share in this AA.

Community Development Lending

The bank's level of CD lending has a neutral impact on its overall lending test. Horizon originated two CD loans in Indiana during our review period. A \$700,000 loan was for the construction of a 62 unit affordable senior housing development in Indianapolis, where the maximum income for tenants is 60 percent of area median income. The second CD loan was a \$100,000 loan to the developer of a mixed use project that will provide apartments for low-income residence in downtown Michigan City.

Refer to Table 1 Lending Volume in the state of Indiana section of appendix D for the facts and data used to evaluate the bank's level of CD lending. This table includes all CD loans, including multifamily loans that also qualify as CD loans. In addition, Table 5 includes geographic lending data on all multifamily loans, including those that also qualify as CD loans. Table 5 does not separately list CD loans.

Product Innovation and Flexibility

Horizon makes limited use of innovative and flexible lending practices to serve the credit needs of the AAs. The following programs are available in all AAs throughout the state of Indiana:

Fresh Start Loan Program, Homeowners Improvement Program, Homeowner Ready Cash Program, and Section 8 Homeownership Program. These programs provide reduced interest rates and relaxed qualification requirements. The bank also offers Veterans Affairs (VA) and Federal Housing Administration (FHA) financing options.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the lending test in the South Bend MSA and the Elkhart-Goshen MSA is not inconsistent with the bank's overall ("lending test rating") performance under the lending test in Indiana. Refer to the Tables 1 through 11 in the state of Indiana section of appendix D for the facts and data that support these conclusions.

INVESTMENT TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the investment test in Indiana is rated Needs to Improve. Based on full-scope reviews, the bank's performance in the Michigan City-LaPorte MSA AA, Gary MD AA, and the Indianapolis-Carmel MSA AA is poor.

Refer to Table 14 in the state of Indiana section of appendix D for the facts and data used to evaluate the bank's level of qualified investments.

The bank's responsiveness to the CD needs in Indiana is poor. For our review, we focused on the volume and types of investments and grants made by the bank relative to CD opportunities in the AAs. When drawing conclusions, we considered the bank's capacity, dollar amount of investments, CD opportunities, and identified community needs. During our review period, the bank's only current period investments consisted of donations. For the state of Indiana, qualified investments (including qualified grants and donations) totaled \$2.5 million or 1.40 percent of tier 1 capital.

Qualified Investments

Michigan City-LaPorte MSA AA/Gary MD AA

Horizon has a poor level of qualified CD investments in these AAs. The bank continues to hold seven prior period investments totaling \$1.8 million. These investments include two pools of mortgage backed securities representing home mortgage loans to low- and moderate-income borrowers in the Michigan City – LaPorte MSA AA with a current book value of \$155,220, four Federal Home Loan Bank (FHLB) Affordable Housing Grants totaling \$1.64 million in which the bank has an outstanding guarantee, and a \$50,000 investment in a Community Development partnership for future development project in LaPorte, IN.

During the review period, the bank made \$332,467 in grants and donations to various qualified organizations. In addition, the bank has \$600,000 in unfunded commitments for a mixed use redevelopment project in downtown Michigan City that includes apartments for low-income residents. The \$600,000 in commitments consists of \$500,000 for the FHLB of Indianapolis Affordable Housing Grant and \$100,000 is a grant to the developer of the property.

Indianapolis-Carmel MSA AA

Horizon has a poor level of qualified CD investments in this AA. The bank made \$33,884 in grants and donations to various qualified organizations during the review period.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the investment test in the Elkhart-Goshen MSA AA and the South Bend MSA AA is consistent with the bank's overall poor performance under the investment test in Indiana. The bank has two prior period investments totaling \$300,000 in FHLB grants in its Elkhart – Goshen MSA AA.

SERVICE TEST**Conclusions for Areas Receiving Full-Scope Reviews**

The bank's performance under the service test in Indiana is rated High Satisfactory. Based on full-scope reviews, the bank's performance is excellent in the Michigan City-LaPorte MSA AA, good in the Gary MD AA, and adequate in the Indianapolis-Carmel MSA AA.

Retail Banking Services

There are no material differences in services offered at branch locations. Banking hours do not vary in a way that inconveniences portions of the AA, particularly low- and moderate-income geographies and/or individuals.

Refer to Table 15 in the state of Indiana section of appendix D for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

Michigan City-LaPorte MSA AA

Horizon's delivery systems are readily accessible to all geographies and individuals of different income levels in the MSA. The bank operates five branches in the AA. Two branches (40 percent) are located in moderate-income geographies and three branches (60 percent) are in middle-income geographies. There are no low-income geographies in this AA. The percentage of branches in the moderate-income geographies exceeds the population percentage that resides in those geographies. ATM distribution further supplements the availability of services throughout the MSA. There were no branch openings or closing in this AA during the review period.

Gary MD AA

Horizon's delivery systems are accessible to essentially all geographies and individuals of different income levels in the MSA. The bank operates ten branch offices in this AA. There are no branches in the low-income geographies; one branch (10 percent) is located in a moderate-income geography; seven branches (70 percent) are located in middle-income geographies, and two branches (20 percent) are located in upper-income geographies. ATM distribution

further supplements the availability of services in the Gary MD AA. During the review period, there was one branch opening and no branch closings located in the moderate-income geography of this AA. The bank's branch opening has improved the accessibility of its delivery systems to a moderate-income geography.

Indianapolis-Carmel MSA AA

Horizon's delivery systems are reasonably accessible to essentially all portions of this AA. The bank operates seven branch offices in this AA. There are no low- or moderate-income geographies within the AA. ATM distribution further supplements the availability of services in the Indianapolis-Carmel MSA AA. This is a new AA for the bank for this review period. Through the bank's acquisition and merger of Heartland Community Bank in June 2012, the bank acquired five branches and closed one in August of 2012 that was located in a middle-income geography. To the extent changes have been made, the institution's opening and closing of branches has generally not adversely affected the accessibility of its delivery systems, particularly in low-and moderate-income geographies and/or to low- and moderate-income individuals.

Community Development Services

Michigan City-LaPorte MSA AA

Horizon has an outstanding record and is a leader in providing CD services in this AA.

The bank operates a limited service branch office inside a local high school where the majority of students are considered low- and moderate-income. The limited service facility was opened in 2014 and operates as an educational and service opportunity for high school students.

Horizon is also a member of a homeownership initiative program that assists through grant monies, low-and moderate-income first time homebuyers in the AA. Horizon facilitated the grant process for the AA to receive monies to assist in neighborhood stabilization in 2012. A bank officer conducts home ownership counseling for a local affordable housing organization. A bank officer is on the loan committee of a regional economic development company. An officer also provides financial counseling at a small business development company and some employees provide budgeting classes at a women's homeless shelter. Bank officers and employees serve on boards or committees that provide financial expertise to 11 different organizations that provide CD services to low- and moderate-income individuals. Organizations include those that provide housing and counseling to the homeless, battered women and children, and under privileged youth groups. The organizations also provide economic development and revitalization targeted for redevelopment and stabilization by the local government.

Gary MD AA

Horizon provides an adequate level of CD services in this AA. Officers and employees provide technical assistance to seven organizations that provide CD services targeted to low- and moderate-income individuals in various capacities such as chairing committees, treasurer, and board member. The organizations provide assistance to small businesses, under privileged youth, and economic development targeted by the local government.

Indianapolis–Carmel MSA AA

Horizon provides an adequate level of CD services in this AA. Horizon is a member of a homeownership initiative program that assists through grant monies, low-and moderate-income first time homebuyers in the AA. An employee is involved in providing financial literacy to an organization that assists low- and moderate-income individuals. Another employee provided technical expertise to an organization that provides low-income individuals with the necessary skills to succeed in a career and life.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the service test in the Elkhart MSA AA and the South Bend AA is consistent with the bank's overall High Satisfactory performance in the service test in Indiana. Refer to Table 15 in the state of Indiana section of appendix D for the facts and data that support these conclusions.

State Rating

State of Michigan

CRA Rating for State of Michigan: Satisfactory

The lending test is rated: Low Satisfactory

The investment test is rated: Needs to Improve

The service test is rated: High Satisfactory

The major factors that support this rating include:

- The geographic distribution of mortgage loans reflects adequate penetration, and the lending distribution of mortgage loans reflects good penetration.
- The level of qualified investments is poor.
- Delivery systems are accessible to essentially all portions of the bank's AA.

Description of Institution's Operations in Michigan

Horizon operates eight branch offices and 12 ATMs within the AAs in the state of Michigan. The bank opened three branch offices with an ATM since the prior examination; two in East Lansing and one in Okemos in April 2014. One branch office in Portage, Michigan opened in March 2012; this branch opening was mentioned in the prior report and was not included in the evaluation since its opening was outside of the review period. There were no other branch openings or closings in Michigan. The bank has been operating in Michigan since 2003.

The bank has three AAs in Michigan. The Niles-Benton Harbor MSA AA is comprised of 25 of the 48 geographies in the Niles-Benton Harbor MSA, the Kalamazoo-Portage MSA AA consists of 17 of the 72 geographies in the Kalamazoo-Portage MSA, and the Lansing-East Lansing MSA AA consists of 88 out of 131 geographies in the Lansing-East Lansing MSA. Nineteen percent of the bank's total deposits and 23 percent of loan originations by number are attributed to the state of Michigan. Home mortgage loans are the primary credit product, representing 74 percent by number and 74 percent by dollar volume, of all loan originations in the state during the three year period ended December 31, 2014.

Horizon ranks fourth in deposit market share among all financial institutions operating in the Niles-Benton Harbor MSA. Horizon also ranks 13th in deposit market share among all financial institutions operating in the Kalamazoo-Portage MSA and in the Lansing-East Lansing MSA. Deposits in the state total \$300 million and represent 7.34 percent of the market. Refer to the market profiles for the state of Michigan in appendix C for detailed demographics and other performance context information for AAs that received full-scope reviews.

Scope of Evaluation in Michigan

A full-scope review was conducted for the Niles-Benton Harbor MSA AA since this AA accounts for 49 percent of the bank's deposits in Michigan and 71 percent of its HMDA

reportable and small business lending in the state. Limited scope reviews were conducted for the Kalamazoo – Portage MSA AA and the Lansing – East Lansing MSA AA. Refer to the table in appendix A for more information.

This performance evaluation assessed the bank's performance under the lending, investment, and service tests. In evaluating the bank's lending performance, we reviewed Horizon's residential mortgage loans subject to filing under the HMDA and small loans to businesses for the period beginning January 1, 2012, through December 31, 2014. Loans to small farms and consumer loans were not evaluated because these loans represent a very small percentage of the bank's total originated and purchased loans.

Small loans to businesses as well as residential mortgage loans originated during the review period were compared to demographic data based on 2010 Census data and to 2013 peer data (the most recent available).

The investment test included a review of investments, grants, and donations made in the bank's AAs that meet the CD criteria. The service test evaluation was based on branch distribution, hours of operation, branch openings and closings, alternative delivery systems, retail and commercial loans, deposit products and services, and CD services provided in the bank's AAs. We evaluated Horizon's CD services, retail services, investments, and CD lending for the period beginning June 5, 2012, through June 8, 2015.

An interview with a representative of a non-profit housing organization in Lansing, Michigan was conducted as part of this evaluation. The representative noted that credit needs included CD activities and financial literacy programs for low- and moderate-income individuals.

LENDING TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the lending test in Michigan is rated "Low Satisfactory." Based on full-scope reviews, the bank's performance in the Niles-Benton Harbor MSA AA is adequate.

Lending Activity

Horizon's lending activity in the Niles-Benton Harbor MSA AA reflects excellent responsiveness to AA credit needs. Refer to Table 1 Lending Volume in the state of Michigan section of appendix D for the facts and data used to evaluate the bank's lending activity.

Niles-Benton Harbor MSA AA

During the review period, the bank originated 801 home mortgage loans of which 52 percent were for home purchase, 44 percent were for home refinance, and 4 percent were for home improvement. Because of the minimal amount of home improvement lending (34 loans in the three year review period), we did not conduct an analysis of this product since it would not be meaningful. For our analysis, equal weight was given for home purchase and home refinance lending. Per 2013 aggregate data, the bank ranks second (of 199 lenders) in overall home

mortgage lending in this AA with an 8.23 percent market share. The bank originated 280 small loans to businesses in the review period. The bank ranks seventh (of 43 lenders) in small business lending in this AA with a 6.36 percent market share.

Distribution of Loans by Income Level of the Geography

Home Mortgage Loans

The overall geographic distribution of home mortgage loans reflects an adequate penetration throughout the AA. Refer to Tables 2, 3, and 4 in the state of Michigan section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations.

Niles-Benton Harbor MSA AA

During the review period, the bank originated only three small farm loans and two multifamily loans in this AA. Of the 25 geographies in the Niles-Benton Harbor MSA AA, six are designated low-income and contain 8.44 percent of the owner occupied housing units (OOHUs) in the AA, and two are designated moderate-income and contain 8.04 percent of the OOHUs in the AA.

The geographic distribution of home purchase loans is adequate. The percentage of home purchase loans in low-income geographies (3.14 percent) is less than the percentage of OOHU's (8.44 percent). According to 2013 aggregate data for the AA, the bank ranked fourth (out of 10 lenders) with a 12.0 percent market share, which is slightly lower than the bank's 14.16 percent overall market share. The percentage of home purchase loans in the moderate-income census tracts (1.69 percent) is significantly lower than that of the OOHUs in these geographies (8.04 percent). No market share data was available since the bank did not originate any loans in the moderate-income geographies in 2013.

The geographic distribution of home mortgage refinance loans is adequate. The percentage of home mortgage refinance loans in low-income geographies (2.28 percent) is less than the percentage of OOHU's (8.44 percent). According to 2013 aggregate data for the AA, the bank ranked 13th out of 20 lenders with a 2.94 percent market share, which is lower than the bank's 5.7 percent overall market share. In 2013, there were only 34 loans originated in low-income census tracts and 39 loans in moderate-income geographies. The percentage of home mortgage refinance loans in the moderate-income census tracts (0.57 percent) is significantly lower than that of the OOHUs in these geographies (8.04 percent). The bank's 2.56 percent market share for home mortgage refinance loans (ranking it 14th of 20 lenders) in the moderate-income geographies is also less than its overall market share.

Small Loans to Businesses

The bank's geographic distribution of small loans to businesses in the MSA AA is excellent, especially in the low-income geographies of the AA. Refer to Table 6 in the state of Michigan section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to businesses.

Niles-Benton Harbor MSA AA

The percentage of the bank's small loans to businesses in low-income geographies (20.71 percent) is above the percentage of businesses (18.28 percent) in those geographies. The percentage of the bank's small loans to businesses in the moderate-income geographies (2.86 percent) is less than the percentage of businesses (4.92 percent) in those geographies. The bank's market share (10.67 percent) for small loans to businesses in the low-income geographies exceeds its overall market share of 6.36 percent. The bank's market share in the moderate-income geographies (4.73 percent) is less than its overall market share (6.36 percent) for small loans to businesses.

Lending Gap Analysis

We did not identify any unexplained conspicuous gaps in the bank's lending. Low levels of loan originations in the low- and moderate-income geographies are attributed to the lack of opportunities in these areas. Per 2013 aggregate data, there were a total of 25 home purchase loans and 34 home mortgage refinance loans originated in the low-income geographies of this AA. In the moderate-income geographies, there were a total of 33 home purchase and 39 home mortgage refinance loans originated in this AA.

Inside/Outside Ratio

We performed an analysis of the inside/outside ratio at the bank level. A substantial majority of the bank's loans were secured by properties inside its AAs. Refer to the Scope of the Evaluation section for additional details.

Distribution of Loans by Income Level of the Borrower***Home Mortgage Loans***

The overall distribution of borrowers reflects good penetration among retail customers of different income levels and business customers of different sizes. Refer to Tables 8, 9 and 10 in the state of Michigan section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

Niles-Benton Harbor MSA AA

The borrower distribution of home purchase loans is good. Home purchase loans made to low-income borrowers (4.59 percent) is much lower than the percentage of low-income families (22.60 percent) in the MSA AA. Home purchase loans made to moderate-income borrowers (13.04 percent) is slightly less than the percentage of moderate-income families (16.79 percent). The bank's market share percentages for home purchase lending to low- and moderate-income borrowers, 6.00 percent (ranking sixth of 50 lenders) and 10.43 percent (ranking second of 35 lenders) respectively, are less than its overall 16.03 percent market share for this product.

The borrower distribution of home mortgage refinance loans is good. Home mortgage refinance loans made to low-income borrowers (5.81 percent) are much lower than the percentage of low-income families (22.60 percent) in the MSA AA. Home mortgage refinance

loans made to moderate-income borrowers (9.59 percent) are also less than the percentage of moderate-income families (16.79 percent). The bank's market share percentage for home mortgage refinance lending to low-income borrowers (5.32 percent) is slightly less than the bank's overall market share percentage (6.45 percent) for this product. The bank's market share percentage for home mortgage refinance lending to moderate-income borrowers (6.88 percent) exceeds the overall market share percentage for this product.

Small Loans to Businesses

Horizon's distribution of small loans to businesses with revenues of \$1 million or less is adequate based on economic conditions and the competitive market in which the bank operates. Refer to Table 11 in the state of Michigan section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses.

Niles-Benton Harbor MSA AA

Over 68 percent of the bank's small loans to businesses were to businesses with revenues of less than \$1 million, and 57 percent of the loans were for amounts of \$100,000 or less. The bank's percentage of small loans to businesses with less than \$1 million in gross annual revenues (68.57 percent) was comparable to the percentage of small businesses within the AA (73.19 percent). The bank ranks fourth among 43 lenders with a market share of 9.60 percent in lending to businesses with annual revenues of \$1 million or less.

Community Development Lending

Horizon did not originate any CD loans in this AA during the evaluation period. The absence of CD lending had a neutral impact on our assessment.

Product Innovation and Flexibility

Horizon makes limited use of innovative and flexible lending practices to serve AA needs. The bank's flexible products available in the state of Indiana are also available in the state of Michigan.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the lending test in the Kalamazoo-Portage MSA AA and the Lansing-East Lansing MSA AA is not inconsistent with the bank's overall ("lending test rating") performance under the lending test in Michigan. Refer to Tables 1 through 11 in the state of Michigan section of appendix D for the facts and data that support these conclusions.

INVESTMENT TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the investment test in Michigan is rated Needs to Improve. Based on full-scope reviews, the bank's performance in the Niles-Benton Harbor MSA AA is poor.

Refer to Table 14 in the state of Michigan section of appendix D for the facts and data used to evaluate the bank's level of qualified investments.

Horizon's responsiveness to the CD needs in Michigan is poor. For our review, we focused on the volume and types of investments and grants made by the bank relative to CD opportunities in the AAs. When drawing conclusions, we considered the bank's capacity, dollar amount of investments, CD opportunities, and identified community needs. For the state of Michigan, qualified investments (including qualified grants and donations) totaled \$984,000 or 0.50 percent of tier 1 capital.

Niles-Benton Harbor MSA AA

Horizon has a poor level of qualified CD investments and grants in this AA. During the review period, the bank made \$67,550 in grants and donations to various qualified organizations in this AA (this amount also includes grants and donations in the Elkhart-Goshen AA, Lansing/E Lansing AA and the South Bend AA). In addition, the bank held three prior period investments consisting of FHLB Affordable Housing Grants totaling \$655,000 in which the bank has outstanding guarantees.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the investment test in the Lansing-East Lansing AA and Kalamazoo-Portage MSA AA is consistent with the bank's overall "Needs to Improve" performance under the investment test in Michigan. Horizon made qualified donations of \$13,524 in its Kalamazoo – Portage MI MSA AA.

The bank retained an investment in a fund to finance the construction of affordable housing in its Lansing-East Lansing AA. The prior period investment totaled \$240,000, Horizon's current period investment totaled \$7,000 and an unfunded commitment on this project totals \$10,000. The bank retained this investment from Summit Community Bank. Refer to Table 14 in the state of Michigan section of appendix D for the facts and data that support these conclusions.

SERVICE TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the service test in Michigan is rated High Satisfactory. Based on a full-scope review, the bank's performance in the Niles-Benton Harbor MSA AA is good.

Retail Banking Services

There are no material differences in services offered at branch locations. Banking hours do not vary in a way that inconveniences portions of the AA, particularly low- and moderate-income geographies and/or individuals.

Refer to Table 15 in the state of Michigan section of appendix D for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

Niles-Benton Harbor MSA AA

Horizon's delivery systems are accessible to essentially all portions of the bank's Nile-Benton Harbor MSA AA. The bank operates five branch offices in this AA. There is one branch (20 percent) in a low-income geography; no branches in moderate-income geographies; two (40 percent) in middle-income geographies; and two (40 percent) in upper-income geographies. ATM distribution further supplements the availability of services throughout the AA. There were no branch openings or closing in this AA during the review period.

Community Development Services

Niles-Benton Harbor MSA AA

Horizon provides an adequate level of CD services in this AA. Horizon is a member of a homeownership initiative program that assists through grant monies, low-and moderate-income first time homebuyers in the AA. The bank's advisor has also performed a presentation on government and local loan programs that are available to low-and moderate-income individuals. Horizon bank officers and employees have also provided financial expertise to a local women's entrepreneur organization and an economic development organization that aids low-income individuals living in distressed neighborhoods. An employee has also conducted several seminars on financial awareness to educate individuals.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the service test in the Kalamazoo-Portage MSA AA and the Lansing-East Lansing MSA AA is consistent with the bank's overall High Satisfactory performance under the service test in Michigan. Refer to Table 15 in the state of Michigan section of appendix D for the facts and data that support these conclusions.

Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and nonmetropolitan areas that received comprehensive examination review (designated by the term “full-scope”) and those that received a less comprehensive review (designated by the term “limited-scope”).

Time Period Reviewed	Lending Test (excludes CD loans): (01/01/2012 to 12/31/2014) Investment and Service Tests and CD Loans: (06/05/2012 to 06/08/2015)	
Financial Institution	Products Reviewed	
Horizon Bank, National Association Michigan City, IN	Home Mortgage; Small Business and Community Development Loans; Qualified Investments; Retail and Community Development Services	
Affiliate(s)	Affiliate Relationship	Products Reviewed
<i>None</i>		
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
State of Indiana Michigan City-LaPorte #33140 Gary #23844 Indianapolis #26900 Elkhart-Goshen #21140 South Bend #43780 State of Michigan Niles-Benton Harbor #35660 Kalamazoo-Portage #28020 Lansing – East Lansing #29620	Full Scope Full Scope Full Scope Limited Scope Limited Scope Full Scope Limited Scope Limited Scope	

Appendix B: Summary of Multistate Metropolitan Area and State Ratings

RATINGS Horizon Bank				
Overall Bank:	Lending Test Rating*	Investment Test Rating	Service Test Rating	Overall Bank/State/Multistate Rating
Horizon Bank, NA	High Satisfactory	Needs to Improve	High Satisfactory	Satisfactory
State:				
Indiana	Outstanding	Needs to Improve	High Satisfactory	Satisfactory
Michigan	Low Satisfactory	Needs to Improve	High Satisfactory	Satisfactory

(*) The lending test is weighted more heavily than the investment and service tests in the overall rating.

Appendix C: Market Profiles for Full-Scope Areas

Michigan City LaPorte IN MSA AA

Demographic Information for Full Scope Area: Michigan City LaPorte IN MSA AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	27	0.00	29.63	51.85	18.52	0.00
Population by Geography	106,077	0.00	26.07	56.82	17.11	0.00
Owner-Occupied Housing by Geography	29,795	0.00	21.66	56.99	21.35	0.00
Business by Geography	7,130	0.00	29.38	54.28	16.34	0.00
Farms by Geography	440	0.00	7.73	74.09	18.18	0.00
Family Distribution by Income Level	26,996	21.07	18.65	21.03	39.25	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	10,722	0.00	35.93	51.33	12.74	0.00
Median Family Income		56,679	Median Housing Value		129,891	
FFIEC Adjusted Median Family Income for 2015		55,100	Unemployment Rate 2012		9.8%	
FFIEC Adjusted Median Family Income for 2014		68,200	Unemployment Rate 2013		9.4%	
FFIEC Adjusted Median Family Income for 2013		59,500	Unemployment Rate 2014		7.7%	
FFIEC Adjusted Median Family Income for 2012		60,400				
Households Below Poverty Level		12%				

(*) The NA category consists of geographies that have not been assigned an income classification.

Source: 2010 US Census and 2012, 2013, 2014 and 2015 FFIEC updated MFI

The Michigan City-LaPorte MSA consists of 27 census tracts in LaPorte County. There are no low- income geographies in this AA. Moderate-income geographies represent 29.63 percent of this AA. The AA meets the requirements of the regulation and does not arbitrarily exclude any low- or moderate-income geographies.

The employment base and primary industries are service oriented followed by retail trade and construction. A significant majority of businesses in the area are considered small businesses employing one to four employees.

As of February 2015, the LaPorte County unemployment rate is 8.6 percent, higher than the state of Indiana at 6.1 percent. Primary employers in the AA include Blue Chip Casino, Indiana State Prison, LaPorte Hospital, and St. Anthony's Memorial Hospital.

Performance context information, including community contacts, identified affordable housing and rehabilitation and/or demolition of abandoned buildings as primary needs for this area.

Gary IN MD AA

Demographic Information for Full Scope Area: Gary MD AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	145	15.17	24.14	38.62	20.69	1.38
Population by Geography	640,389	7.92	20.20	43.24	28.64	0.00
Owner-Occupied Housing by Geography	171,153	4.81	17.18	44.78	33.23	0.00
Business by Geography	44,310	6.56	15.07	45.79	32.47	0.11
Farms by Geography	938	2.67	7.36	53.41	36.57	0.00
Family Distribution by Income Level	160,859	21.61	17.37	21.61	39.41	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	62,704	15.59	28.73	39.93	15.75	0.00
Median Family Income		62,512	Median Housing Value		138,448	
FFIEC Adjusted Median Family Income for 2012		66,100	Unemployment Rate 2012		9.2%	
FFIEC Adjusted Median Family Income for 2013		62,400	Unemployment Rate 2013		9.2%	
FFIEC Adjusted Median Family Income for 2014		63,700	Unemployment Rate 2014		8.1%	
FFIEC Adjusted Median Family Income for 2015		66,400				
Households Below Poverty Level		13%				

(*) The NA category consists of geographies that have not been assigned an income classification.

Source: 2010 US Census and 2012, 2013, 2014, and 2015 FFIEC updated MFI

Horizon's Gary MD AA consists of 145 census tracts in Lake and Porter Counties. This AA contains 22 low-income geographies and 35 moderate-income geographies. The Gary MD AA does not include the far southern portions of the MD. The exclusions include all of Jasper and Newton Counties (the bank does not have any branch offices in these counties) and the far southern portion of Porter County. These exclusions were made because the bank is not able to reasonably serve these areas given the bank's branch network and resources. This AA meets the requirements of the CRA regulation and does not arbitrarily exclude any low- or moderate-income geographies.

The northern sections of Lake County, which includes the cities of Gary, Hammond, and East Chicago, have experienced significant population declines and economic hardship. This area was dependent on the steel industry exclusively. The southern and western portions of the AA, including Porter County, are faring much better.

Primary employers in the area include Arcelor Mittal, USS-USX Corporation/Gary Works, Methodist Hospital, Community Hospital, and St. Margaret Mercy Healthcare.

Based on demographics of the MSA and the identified needs of affordable housing and small business financing, opportunities exist to meet credit and CD needs in the MSA. The demolition of vacant homes and businesses remain a major need in the northern sections of this AA.

Indianapolis – Carmel MSA AA

Demographic Information for Full Scope Area: Indianapolis - Carmel MSA AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	338	13.91	26.92	34.02	25.15	0.00
Population by Geography	1,645,352	8.49	22.77	35.33	33.41	0.00
Owner-Occupied Housing by Geography	419,703	5.30	17.45	38.37	38.88	0.00
Business by Geography	138,311	5.74	18.75	38.05	37.46	0.00
Farms by Geography	3,855	2.78	11.54	48.64	37.04	0.00
Family Distribution by Income Level	409,554	21.09	16.76	20.22	41.93	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	155,014	16.15	33.26	33.50	17.09	0.00
Median Family Income		64,663	Median Housing Value		149,936	
FFIEC Adjusted Median Family Income for 2012		66,900	Unemployment Rate (Marion Cty) 2012		9.1%	
FFIEC Adjusted Median Family Income for 2013		65,100	Unemployment Rate 2013		8.4%	
FFIEC Adjusted Median Family Income for 2014		67,900	Unemployment Rate 2014		6.5%	
FFIEC Adjusted Median Family Income for 2015		68,900				
Households Below Poverty Level		12%				

(*) The NA category consists of geographies that have not been assigned an income classification.

Source: 2010 US Census and 2012, 2013, 2014, and 2015 FFIEC updated MFI

The Indianapolis-Carmel MSA AA consists of 338 census tracts in the following Central Indiana Counties:

- Boone (3)
- Brown (3)
- Hamilton (39)
- Hancock (8)
- Hendricks (19)
- Johnson (22)
- Marion (224)
- Morgan (11)
- Shelby (9)

There are 49 low-income geographies and 91 moderate- income geographies in this AA. The AA meets the requirements of the regulation and does not arbitrarily exclude any low- or moderate-income geographies.

The employment base and primary industries are service oriented followed by retail trade and finance, insurance and real estate. The majority of businesses in the area are considered small businesses with revenues of less than \$1 million. As of February 2015, the Marion unemployment rate is 6.3 percent, slightly higher than the state of Indiana at 6.1 percent. Primary employers in the AA include Anthem Inc., Conseco Inc., and Ely Lilly. Performance context information identified CD and increased lending in urban neighborhoods as primary needs for this area.

Niles - Benton Harbor MSA AA

Demographic Information for Full Scope Area: Niles - Benton Harbor MSA AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	25	24.00	8.00	28.00	40.00	0.00
Population by Geography	75,116	17.92	9.60	25.57	46.91	0.00
Owner-Occupied Housing by Geography	22,175	8.44	8.04	31.22	52.30	0.00
Business by Geography	5,913	18.28	4.92	27.77	49.03	0.00
Farms by Geography	263	5.32	2.28	59.32	33.08	0.00
Family Distribution by Income Level	19,537	22.60	16.79	18.97	41.64	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	7,695	32.84	12.32	26.65	28.19	0.00
Median Family Income		54,751	Median Housing Value		161,007	
FFIEC Adjusted Median Family Income for 2012		58,200	Unemployment Rate			
FFIEC Adjusted Median Family Income for 2013		54,500	(Berrien County) 2012		9.1%	
FFIEC Adjusted Median Family Income for 2014		54,900	Unemployment Rate 2013		8.8%	
FFIEC Adjusted Median Family Income for 2015		56,300	Unemployment Rate 2014		6.7%	
Households Below Poverty Level		16%				

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 2010 US Census and 2012, 2013, 2014, and 2015 FFIEC updated MFI

The Niles-Benton Harbor MSA AA consists of 25 census tracts in Berrien County. The area includes six low-income and two moderate-income geographies. This AA does not coincide with the Niles-Benton Harbor MSA because the entire MSA is too large for the bank to reasonably serve. The AA does not include the far northern section and the eastern portion of the MSA since Horizon does not have any branch offices in these areas. The AA meets the CRA requirements and does not arbitrarily exclude any low- or moderate-income geographies.

The northern portion of the AA is reliant on manufacturing and has been adversely affected by the recent economic downturn. The southern portion of the AA is more reliant on the tourism industry with a number of communities located on Lake Michigan. The unemployment rate as of February 2015 is 5.6 percent, which is slightly below the state rate of 5.8 percent. The area's top employers are Whirlpool Corporation, Lakeland Regional Health Systems, Andrews University, and Four Winds Casino.

Opportunities exist to address identified community credit and development needs of affordable housing, small business financing, and foreclosure relief, especially in the town of Benton Harbor.

Appendix D: Tables of Performance Data

Content of Standardized Tables

A separate set of tables is provided for each state. All multistate MAs are presented in one set of tables. References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the lending test tables, the following are applicable: (1) purchased loans are treated as originations/purchases and market share is the number of loans originated and purchased by the bank as a percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MA/AA; (2) Partially geocoded loans (loans where no census tract is provided) cannot be broken down by income geographies and, therefore, are only reflected in the Total Loans in Core Tables 2 through 7 and part of Table 13; and (3) Partially geocoded loans are included in the Total Loans and % Bank Loans Column in Core Tables 8 through 12 and part of Table 13. Deposit data are compiled by the FDIC and are available as of June 30th of each year. Tables without data are not included in this PE. [Note: Do not renumber the tables.]

The following is a listing and brief description of the tables included in each set:

- Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by MA/AA. CD loans to statewide or regional entities or made outside the bank’s AA may receive positive CRA consideration. See Interagency Q&As .12 (i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such loans.
- Table 1. Other Products** - Presents the number and dollar amount of any unreported category of loans originated and purchased by the bank, if applicable, over the evaluation period by MA/AA. Examples include consumer loans or other data that a bank may provide, at its option, concerning its lending performance. This is a two-page table that lists specific categories.
- Table 2. Geographic Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.
- Table 3. Geographic Distribution of Home Improvement Loans** - See Table 2.

- Table 4. Geographic Distribution of Home Mortgage Refinance Loans** - See Table 2.
- Table 5. Geographic Distribution of Multifamily Loans** - Compares the percentage distribution of the number of multifamily loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of multifamily housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.
- Table 6. Geographic Distribution of Small Loans to Businesses** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small business data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's AA.
- Table 7. Geographic Distribution of Small Loans to Farms** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's AA.
- Table 8. Borrower Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MA/AA. The table also presents market share information based on the most recent aggregate market data available.
- Table 9. Borrower Distribution of Home Improvement Loans** - See Table 8.
- Table 10. Borrower Distribution of Refinance Loans** - See Table 8.
- Table 11. Borrower Distribution of Small Loans to Businesses** - Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or

less to the percentage distribution of businesses with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. Market share information is presented based on the most recent aggregate market data available.

Table 12. Borrower Distribution of Small Loans to Farms - Compares the percentage distribution of the number of small loans (less than or equal to \$500,000) originated and purchased by the bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the farm. Market share information is presented based on the most recent aggregate market data available.

Table 13. Geographic and Borrower Distribution of Consumer Loans (OPTIONAL) - For geographic distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of households within each geography. For borrower distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage of households by income level in each MA/AA.

Table 14. Qualified Investments - Presents the number and dollar amount of qualified investments made by the bank in each MA/AA. The table separately presents investments made during prior evaluation periods that are still outstanding and investments made during the current evaluation period. Prior-period investments are reflected at their book value as of the end of the evaluation period. Current period investments are reflected at their original investment amount even if that amount is greater than the current book value of the investment. The table also presents the number and dollar amount of unfunded qualified investment commitments. In order to be included, an unfunded commitment must be legally binding and tracked and recorded by the bank's financial reporting system.

A bank may receive positive consideration for qualified investments in statewide/regional entities or made outside of the bank's AA. See Interagency Q&As .12 (i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such investments.

Table 15. Distribution of Branch Delivery System and Branch Openings/Closings - Compares the percentage distribution of the number of the bank's branches in low-, moderate-, middle-, and upper-income geographies to the percentage of the population within each geography in each MA/AA. The table also presents data on branch openings and closings in each MA/AA.

Tables of Performance Data

State of Indiana

Institution ID: Horizon Bank (Included)

Table 1. Lending Volume

LENDING VOLUME		Geography: INDIANA				Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2013						
Assessment Area (2014):	% of Rated Area Loans (#) in MA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MA/AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$(000's)	
Full Review:												
Gary MSA AA	35.68	1,234	212,132	199	42,363	2	22	0	0	1,435	254,517	31.90
Indianapolis - Carmel MSA AA	13.85	348	54,334	203	40,271	6	766	1	700	558	96,071	20.61
Michigan City LaPorte IN MSA AA	31.95	1,054	122,091	214	34,255	17	3,064	0	0	1,285	159,410	45.98
Limited Review:												
Elkhart-Goshen MSA AA	14.20	542	68,551	29	4,508	0	0	0	0	571	73,059	0.70
South Bend IN MSA AA	4.33	152	20,498	22	2,121	0	0	0	0	174	22,619	0.81

* Loan Data as of December 31, 2013. Rated area refers to either state or multi-state MA rating area.

** The evaluation period for Community Development Loans is from January 01, 2014 to December 31, 2014.

*** Deposit Data as of June 30, 2014. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Table 1. Lending Volume

LENDING VOLUME		Geography: INDIANA				Evaluation Period: JANUARY 1, 2014 TO DECEMBER 31, 2014						
Assessment Area (2014):	% of Rated Area Loans (#) in MA/AA	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MA/AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$(000's)	
Full Review:												
Gary MD AA	33.44	483	81,480	133	24,382	3	200	0	0	619	106,062	0.00
Indianapolis - Carmel MSA AA	25.28	297	53,864	166	28,509	5	546	0	0	468	82,919	0.00
Michigan City LaPorte IN MSA AA	27.17	388	37,237	103	15,280	12	2,582	1	100	504	55,199	0.00
Limited Review:												
Elkhart-Goshen MSA AA	10.97	191	23,872	12	1,814	0	0	0	0	203	25,686	0.00
South Bend IN MSA AA	3.13	39	3,733	19	3,202	0	0	0	0	58	6,935	0.00

* Loan Data as of December 31, 2014. Rated area refers to either state or multi-state MA rating area.

** The evaluation period for Community Development Loans is from January 01, 2014 to December 31, 2014.

*** Deposit Data as of June 30, 2014. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Institution ID: Horizon Bank (Included)

Table 2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE		Geography: INDIANA					Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2013					Market Share (%) by Geography				
Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Over all	Low	Mod	Mid	Upp	
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans						
Full Review:																
Gary MD AA	531	35.71	4.81	0.19	17.18	3.01	44.78	51.60	33.23	45.20	3.23	2.38	1.16	3.69	3.11	
Indianapolis - Carmel MSA AA	108	7.26	5.30	1.85	17.45	9.26	38.37	53.70	38.88	35.19	0.21	0.39	0.22	0.31	0.12	
Michigan City LaPorte IN MSA AA	411	27.64	0.00	0.00	21.66	13.63	56.99	61.31	21.35	25.06	15.00	0.00	10.13	16.46	17.23	
Limited Review:																
Elkhart-Goshen MSA AA	343	23.07	0.00	0.00	21.21	11.08	44.07	46.36	34.71	42.57	11.05	0.00	7.87	13.07	10.14	
South Bend IN MSA AA	94	6.32	5.50	2.13	38.70	18.09	19.73	17.02	36.08	62.77	3.23	3.57	2.46	2.88	3.83	

* Based on 2013 Peer Mortgage Data -- US and PR

** Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

*** Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2010 Census information.

**** Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE		Geography: INDIANA					Evaluation Period: JANUARY 1, 2014 TO DECEMBER 31, 2014					Market Share (%) by Geography				
Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Over all	Low	Mod	Mid	Upp	
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans						
Full Review:																
Gary MD AA	266	32.96	4.81	0.00	17.18	7.14	44.78	48.87	33.23	43.98	3.23	2.38	1.16	3.69	3.11	
Indianapolis - Carmel MSA AA	191	23.67	5.30	2.62	17.45	7.85	38.37	35.08	38.88	54.45	0.21	0.39	0.22	0.31	0.12	
Michigan City LaPorte IN MSA AA	175	21.69	0.00	0.00	21.66	24.00	56.99	50.29	21.35	25.71	15.50	0.00	10.13	16.46	17.23	
Limited Review:																
Elkhart-Goshen MSA AA	146	18.09	0.00	0.00	21.21	17.12	44.07	45.89	34.71	36.99	11.05	0.00	7.87	13.07	10.14	
South Bend IN MSA AA	29	3.59	5.50	0.00	38.70	24.14	19.73	31.03	36.08	44.83	3.23	3.57	2.46	2.88	3.83	

* Based on 2013 Peer Mortgage Data -- US and PR

** Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

*** Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2010 Census information.

**** Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 3. Geographic Distribution of Home Improvement Loans**Institution ID:** Horizon Bank (Included)

Geographic Distribution: HOME IMPROVEMENT			Geography: INDIANA				Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2013					Market Share (%) by Geography				
Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies							
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Overa ll	Low	Mod	Mid	Upp	
Full Review:																
Gary MD AA	52	23.42	4.81	0.00	17.18	7.69	44.78	50.00	33.23	42.31	2.55	0.00	2.26	2.68	2.64	
Indianapolis - Carmel MSA AA	28	12.61	5.30	0.00	17.45	3.57	38.37	67.86	38.88	28.57	0.82	0.00	0.00	1.67	0.23	
Michigan City LaPorte IN MSA AA	138	62.16	0.00	0.00	21.66	24.64	56.99	52.90	21.35	22.46	32.78	0.00	43.48	28.78	33.93	
Limited Review:																
Elkhart-Goshen MSA AA	3	1.35	0.00	0.00	21.21	33.33	44.07	33.33	34.71	33.33	0.80	0.00	0.00	0.00	1.75	
South Bend IN MSA AA	1	0.45	5.50	0.00	38.70	0.00	19.73	0.00	36.08	100.00	0.83	0.00	0.00	0.00	1.96	

* Based on 2013 Peer Mortgage Data -- US and PR

** Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

*** Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2010 Census information.

**** Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Institution ID: Horizon Bank (Included)

Table 3. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT			Geography: INDIANA				Evaluation Period: JANUARY 1, 2014 TO DECEMBER 31, 2014					Market Share (%) by Geography				
Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overa ll	Low	Mod	Mid	Upp	
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans						
Full Review:																
Gary MD AA	60	31.91	4.81	1.67	17.18	5.00	44.78	60.00	33.23	33.33	2.55	0.00	2.26	2.68	2.64	
Indianapolis - Carmel MSA AA	29	15.43	5.30	0.00	17.45	10.34	38.37	75.86	38.88	13.79	0.82	0.00	0.00	1.67	0.23	
Michigan City LaPorte IN MSA AA	86	45.74	0.00	0.00	21.66	15.12	56.99	62.79	21.35	22.09	32.78	0.00	43.48	28.78	33.93	
Limited Review:																
Elkhart-Goshen MSA AA	8	4.26	0.00	0.00	21.21	12.50	44.07	50.00	34.71	37.50	0.80	0.00	0.00	0.00	1.75	
South Bend IN MSA AA	5	2.66	5.50	0.00	38.70	20.00	19.73	0.00	36.08	80.00	0.83	0.00	0.00	0.00	1.96	

* Based on 2013 Peer Mortgage Data -- US and PR

** Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

*** Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2010 Census information.

**** Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Institution ID: Horizon Bank (Included)

Table 4. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE			Geography: INDIANA				Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2013					Market Share (%) by Geography				
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies							
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Overa ll	Low	Mod	Mid	Upp	
Full Review:																
Gary MD AA	649	40.59	4.81	0.15	17.18	4.47	44.78	43.91	33.23	51.46	1.97	0.00	1.35	1.92	2.18	
Indianapolis - Carmel MSA AA	193	12.07	5.30	0.52	17.45	11.40	38.37	60.62	38.88	27.46	0.25	0.00	0.31	0.43	0.08	
Michigan City LaPorte IN MSA AA	504	31.52	0.00	0.00	21.66	11.31	56.99	58.13	21.35	30.56	9.34	0.00	5.59	8.85	12.93	
Limited Review:																
Elkhart-Goshen MSA AA	196	12.26	0.00	0.00	21.21	10.20	44.07	36.73	34.71	53.06	4.27	0.00	2.49	3.71	5.37	
South Bend IN MSA AA	57	3.56	5.50	0.00	38.70	7.02	19.73	21.05	36.08	71.93	1.16	0.00	0.54	1.10	1.48	

* Based on 2013 Peer Mortgage Data -- US and PR

** Home refinance loans originated and purchased in the MA/AA as a percentage of all home refinance loans originated and purchased in the rated area.

*** Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2010 Census information.

**** Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Institution ID: Horizon Bank (Included)

Table 4. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE			Geography: INDIANA				Evaluation Period: JANUARY 1, 2014 TO DECEMBER 31, 2014					Market Share (%) by Geography				
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies							
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Overa ll	Low	Mod	Mid	Upp	
Full Review:																
Gary MD AA	156	39.20	4.81	0.00	17.18	7.69	44.78	44.23	33.23	48.08	1.97	0.00	1.35	1.92	2.18	
Indianapolis - Carmel MSA AA	74	18.59	5.30	0.00	17.45	13.51	38.37	55.41	38.88	31.08	0.25	0.00	0.31	0.43	0.08	
Michigan City LaPorte IN MSA AA	126	31.66	0.00	0.00	21.66	15.87	56.99	57.14	21.35	26.98	9.34	0.00	5.59	8.85	12.93	
Limited Review:																
Elkhart-Goshen MSA AA	37	9.30	0.00	0.00	21.21	5.41	44.07	45.95	34.71	48.65	4.27	0.00	2.49	3.71	5.37	
South Bend IN MSA AA	5	1.26	5.50	0.00	38.70	60.00	19.73	20.00	36.08	20.00	1.16	0.00	0.54	1.10	1.48	

* Based on 2013 Peer Mortgage Data -- US and PR

** Home refinance loans originated and purchased in the MA/AA as a percentage of all home refinance loans originated and purchased in the rated area.

*** Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2010 Census information.

**** Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 5. Geographic Distribution of Multifamily Loans

Geographic Distribution: MULTIFAMILY		Geography: INDIANA					Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2013					Market Share (%) by Geography				
Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% of MF Units***	% BANK Loans****	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans						
Full Review:																
Gary MD AA	2	9.09	19.14	0.00	18.62	50.00	46.78	50.00	15.46	0.00	3.17	0.00	6.25	3.57	0.00	
Indianapolis - Carmel MSA AA	19	86.36	12.92	42.11	40.91	31.58	29.91	21.05	16.25	5.26	2.40	0.00	0.00	3.85	4.00	
Michigan City LaPorte IN MSA AA	1	4.55	0.00	0.00	36.25	0.00	52.37	0.00	11.37	100.00	50.00	0.00	0.00	0.00	100.0	
Limited Review:																
Elkhart-Goshen MSA AA	0	0.00	0.00	0.00	33.37	0.00	60.90	0.00	5.73	0.00	0.00	0.00	0.00	0.00	0.00	
South Bend IN MSA AA	0	0.00	15.15	0.00	50.84	0.00	21.22	0.00	12.79	0.00	0.00	0.00	0.00	0.00	0.00	

* Based on 2013 Peer Mortgage Data -- US and PR

** Multi-family loans originated and purchased in the MA/AA as a percentage of all multi-family loans originated and purchased in the rated area.

*** Percentage of Multi Family Units is the number of multifamily units in a particular geography divided by the number of multifamily housing units in the area based on 2010 Census information.

**** Multifamily loan distribution includes Home Purchases, Home Improvement and Refinances.

Table 5. Geographic Distribution of Multifamily Loans

Geographic Distribution: MULTIFAMILY		Geography: INDIANA					Evaluation Period: JANUARY 1, 2014 TO DECEMBER 31, 2014					Market Share (%) by Geography				
Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overa ll	Low	Mod	Mid	Upp	
	#	% of Total**	% of MF Units***	% BANK Loans****	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans						
Full Review:																
Gary MD AA	1	20.00	19.14	0.00	18.62	0.00	46.78	100.00	15.46	0.00	3.17	0.00	6.25	3.57	0.00	
Indianapolis - Carmel MSA AA	3	60.00	12.92	0.00	40.91	0.00	29.91	66.67	16.25	33.33	2.40	0.00	0.00	3.85	4.00	
Michigan City LaPorte IN MSA AA	1	20.00	0.00	0.00	36.25	0.00	52.37	100.00	11.37	0.00	50.00	0.00	0.00	0.00	100.0	
Limited Review:																
Elkhart-Goshen MSA AA	0	0.00	0.00	0.00	33.37	0.00	60.90	0.00	5.73	0.00	0.00	0.00	0.00	0.00	0.00	
South Bend IN MSA AA	0	0.00	15.15	0.00	50.84	0.00	21.22	0.00	12.79	0.00	0.00	0.00	0.00	0.00	0.00	

* Based on 2013 Peer Mortgage Data -- US and PR

** Multi-family loans originated and purchased in the MA/AA as a percentage of all multi-family loans originated and purchased in the rated area.

*** Percentage of Multi Family Units is the number of multifamily units in a particular geography divided by the number of multifamily housing units in the area based on 2010 Census information.

**** Multifamily loan distribution includes Home Purchases, Home Improvement and Refinances.

Table 6. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES			Geography: INDIANA				Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2013					Market Share (%) by Geography				
Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% of Business***	% BANK Loans	% of Business***	% BANK Loans	% of Business***	% BANK Loans	% of Business***	% BANK Loans						
Full Review:																
Gary MD AA	199	29.84	6.56	1.51	15.07	16.08	45.79	58.29	32.47	24.12	1.98	0.35	2.49	2.50	1.42	
Indianapolis - Carmel MSA AA	203	30.43	5.74	2.46	18.75	24.14	38.05	50.74	37.46	22.66	0.56	0.24	0.76	0.81	0.25	
Michigan City LaPorte IN MSA AA	214	32.08	0.00	0.00	29.38	44.39	54.28	42.52	16.34	13.08	10.77	0.00	15.82	8.32	12.42	
Limited Review:																
Elkhart-Goshen MSA AA	29	4.35	0.00	0.00	27.52	6.90	44.50	65.52	27.97	27.59	0.66	0.00	0.57	0.85	0.40	
South Bend IN MSA AA	22	3.30	17.15	18.18	29.73	45.45	25.15	31.82	27.97	4.55	0.49	1.40	0.81	0.38	0.20	

* Based on 2013 Peer Small Business Data -- US and PR

** Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

*** Source Data - Dun and Bradstreet (2013).

Table 6. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES												Geography: INDIANA				Evaluation Period: JANUARY 1, 2014 TO DECEMBER 31, 2014				
Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography									
	#	% of Total**	% of Business***	% BANK Loans	% of Business***	% BANK Loans	% of Business***	% BANK Loans	% of Business***	% BANK Loans	Overall	Low	Mod	Mid	Upp					
Full Review:																				
Gary MD AA	133	30.72	6.56	0.75	15.07	15.79	45.79	60.90	32.47	22.56	1.98	0.35	2.49	2.50	1.42					
Indianapolis - Carmel MSA AA	166	38.34	5.74	2.41	18.75	25.90	38.05	45.18	37.46	26.51	0.56	0.24	0.76	0.81	0.25					
Michigan City LaPorte IN MSA AA	103	23.79	0.00	0.00	29.38	39.81	54.28	49.51	16.34	10.68	10.77	0.00	15.82	8.32	12.42					
Limited Review:																				
Elkhart-Goshen MSA AA	12	2.77	0.00	0.00	27.52	16.67	44.50	75.00	27.97	8.33	0.66	0.00	0.57	0.85	0.40					
South Bend IN MSA AA	19	4.39	17.15	15.79	29.73	26.32	25.15	31.58	27.97	26.32	0.49	1.40	0.81	0.38	0.20					

* Based on 2013 Peer Small Business Data -- US and PR

** Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

*** Source Data - Dun and Bradstreet (2013).

Table 8. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE		Geography: INDIANA						Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2013							
Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share				
	#	% of Total**	% Families***	% BANK Loans****	% Families ¹	% BANK Loans**	% Families***	% BANK Loans****	% Families**	% BANK Loans****	Overall	Low	Mod	Mid	Upp
Full Review:															
Gary MD AA	531	35.71	21.61	7.74	17.37	17.36	21.61	24.53	39.41	50.38	3.69	2.37	2.59	3.03	5.24
Indianapolis - Carmel MSA AA	108	7.26	21.09	10.38	16.76	28.30	20.22	26.42	41.93	34.91	0.25	0.18	0.27	0.27	0.24
Michigan City LaPorte IN MSA AA	411	27.64	21.07	14.11	18.65	24.57	21.03	22.38	39.25	38.93	18.74	15.07	18.90	16.25	21.84
Limited Review:															
Elkhart-Goshen MSA AA	343	23.07	19.87	11.37	19.61	32.65	21.80	25.95	38.71	30.03	13.03	13.99	12.31	13.27	13.30
South Bend IN MSA AA	94	6.32	25.55	15.96	19.07	23.40	18.75	24.47	36.63	36.17	3.72	3.91	2.26	3.15	4.80

* Based on 2013 Peer Mortgage Data -- US and PR

** Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

*** Percentage of Families is based on the 2010 Census information.

**** As a percentage of loans with borrower income information available. No information was available for 0.2% of loans originated and purchased by bank.

¹ Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 8. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE		Geography: INDIANA						Evaluation Period: JANUARY 1, 2014 TO DECEMBER 31, 2014							
Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share				
	#	% of Total**	% Families***	% BANK Loans****	% Families ²	% BANK Loans**	% Families***	% BANK Loans****	% Families**	% BANK Loans****	Overall	Low	Mod	Mid	Upp
Full Review:															
Gary MD AA	266	32.96	21.61	5.66	17.37	17.74	21.61	21.51	39.41	55.09	3.69	2.37	2.59	3.03	5.24
Indianapolis - Carmel MSA AA	191	23.67	21.09	8.38	16.76	19.90	20.22	27.75	41.93	43.98	0.25	0.18	0.27	0.27	0.24
Michigan City LaPorte IN MSA AA	175	21.69	21.07	20.69	18.65	30.46	21.03	25.29	39.25	23.56	18.74	15.07	18.90	16.25	21.84
Limited Review:															
Elkhart-Goshen MSA AA	146	18.09	19.87	15.75	19.61	28.08	21.80	29.45	38.71	26.71	13.03	13.99	12.31	13.27	13.30
South Bend IN MSA AA	29	3.59	25.55	17.24	19.07	34.48	18.75	3.45	36.63	44.83	3.72	3.91	2.26	3.15	4.80

* Based on 2013 Peer Mortgage Data -- US and PR

** Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

*** Percentage of Families is based on the 2010 Census information.

**** As a percentage of loans with borrower income information available. No information was available for 0.2% of loans originated and purchased by bank.

2 Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 9. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT		Geography: INDIANA						Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2013							
Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share				
	#	% of Total**	% Families***	% BANK Loans****	% Families ³	% BANK Loans****	% Families** *	% BANK Loans****	% Families** *	% BANK Loans****	Overall	Low	Mod	Mid	Upp
Full Review:															
Gary MD AA	52	23.42	21.61	2.00	17.37	18.00	21.61	24.00	39.41	56.00	2.65	0.00	1.95	3.41	3.13
Indianapolis - Carmel MSA AA	28	12.61	21.09	3.85	16.76	34.62	20.22	15.38	41.93	46.15	0.79	0.00	1.86	0.44	0.70
Michigan City LaPorte IN MSA AA	138	62.16	21.07	16.30	18.65	22.22	21.03	24.44	39.25	37.04	32.91	45.45	31.25	25.00	35.06
Limited Review:															
Elkhart-Goshen MSA AA	3	1.35	19.87	33.33	19.61	0.00	21.80	0.00	38.71	66.67	0.84	0.00	0.00	0.00	1.61
South Bend IN MSA AA	1	0.45	25.55	0.00	19.07	0.00	18.75	0.00	36.63	100.00	0.86	0.00	0.00	0.00	2.17

* Based on 2013 Peer Mortgage Data -- US and PR

** Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

*** Percentage of Families is based on the 2010 Census information.

**** As a percentage of loans with borrower income information available. No information was available for 3.2% of loans originated and purchased by bank.

³ Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 9. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT		Geography: INDIANA										Evaluation Period: JANUARY 1, 2014 TO DECEMBER 31, 2014				
Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share					
	#	% of Total**	% Families***	% BANK Loans****	% Families ⁴	% BANK Loans****	% Families**	% BANK Loans****	% Families**	% BANK Loans****	Overall	Low	Mod	Mid	Upp	
Full Review:																
Gary MD AA	60	31.91	21.61	10.00	17.37	25.00	21.61	23.33	39.41	41.67	2.65	0.00	1.95	3.41	3.13	
Indianapolis - Carmel MSA AA	29	15.43	21.09	6.90	16.76	34.48	20.22	24.14	41.93	34.48	0.79	0.00	1.86	0.44	0.70	
Michigan City LaPorte IN MSA AA	86	45.74	21.07	17.86	18.65	21.43	21.03	22.62	39.25	38.10	32.91	45.45	31.25	25.00	35.06	
Limited Review:																
Elkhart-Goshen MSA AA	8	4.26	19.87	0.00	19.61	25.00	21.80	37.50	38.71	37.50	0.84	0.00	0.00	0.00	1.61	
South Bend IN MSA AA	5	2.66	25.55	0.00	19.07	0.00	18.75	20.00	36.63	80.00	0.86	0.00	0.00	0.00	2.17	

* Based on 2013 Peer Mortgage Data -- US and PR

** Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

*** Percentage of Families is based on the 2010 Census information.

**** As a percentage of loans with borrower income information available. No information was available for 1.1% of loans originated and purchased by bank.

⁴ Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 10. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE			Geography: INDIANA				Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2013					Market Share				
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers							
	#	% of Total**	% Families***	% BANK Loans****	% Families ⁵	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans*** *	Overa ll	Low	Mod	Mid	Upp	
Full Review:																
Gary MD AA	649	40.59	21.61	5.12	17.37	16.15	21.61	23.60	39.41	55.12	2.34	1.71	2.14	2.19	2.60	
Indianapolis - Carmel MSA AA	193	12.07	21.09	7.37	16.76	21.05	20.22	25.26	41.93	46.32	0.30	0.20	0.34	0.32	0.29	
Michigan City LaPorte IN MSA AA	504	31.52	21.07	10.34	18.65	17.10	21.03	26.84	39.25	45.73	11.04	12.02	8.09	11.18	12.18	
Limited Review:																
Elkhart-Goshen MSA AA	196	12.26	19.87	5.64	19.61	16.41	21.80	25.13	38.71	52.82	4.89	5.34	3.56	4.03	5.94	
South Bend IN MSA AA	57	3.56	25.55	3.57	19.07	17.86	18.75	23.21	36.63	55.36	1.37	0.00	1.12	1.73	1.57	

* Based on 2013 Peer Mortgage Data -- US and PR

** Home refinance loans originated and purchased in the MA/AA as a percentage of all home refinance loans originated and purchased in the rated area.

*** Percentage of Families is based on the 2010 Census information.

**** As a percentage of loans with borrower income information available. No information was available for 0.7% of loans originated and purchased by bank.

⁵ Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 10. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE			Geography: INDIANA				Evaluation Period: JANUARY 1, 2014 TO DECEMBER 31, 2014					Market Share				
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers							
	#	% of Total**	% Families***	% BANK Loans****	% Families ⁶	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans*** *	Overa ll	Low	Mod	Mid	Upp	
Full Review:																
Gary MD AA	156	39.20	21.61	7.79	17.37	14.29	21.61	20.13	39.41	57.79	2.34	1.71	2.14	2.19	2.60	
Indianapolis - Carmel MSA AA	74	18.59	21.09	8.11	16.76	25.68	20.22	21.62	41.93	44.59	0.30	0.20	0.34	0.32	0.29	
Michigan City LaPorte IN MSA AA	126	31.66	21.07	15.20	18.65	28.80	21.03	22.40	39.25	33.60	11.04	12.02	8.09	11.18	12.18	
Limited Review:																
Elkhart-Goshen MSA AA	37	9.30	19.87	8.11	19.61	18.92	21.80	16.22	38.71	56.76	4.89	5.34	3.56	4.03	5.94	
South Bend IN MSA AA	5	1.26	25.55	0.00	19.07	40.00	18.75	40.00	36.63	20.00	1.37	0.00	1.12	1.73	1.57	

* Based on 2013 Peer Mortgage Data -- US and PR

** Home refinance loans originated and purchased in the MA/AA as a percentage of all home refinance loans originated and purchased in the rated area.

*** Percentage of Families is based on the 2010 Census information.

**** As a percentage of loans with borrower income information available. No information was available for 0.8% of loans originated and purchased by bank.

⁶ Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 11. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES					Geography: INDIANA			Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2013	
Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share	
	#	% of Total**	% of Businesses***	% BANK****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
Full Review:									
Gary MD AA	199	29.84	72.18	52.76	52.76	18.09	29.15	1.98	2.53
Indianapolis - Carmel MSA AA	203	30.43	70.58	52.22	56.16	20.20	23.65	0.56	0.64
Michigan City LaPorte IN MSA AA	214	32.08	70.20	56.07	55.61	26.17	18.22	10.77	14.49
Limited Review:									
Elkhart-Goshen MSA AA	29	4.35	69.26	44.83	68.97	13.79	17.24	0.66	0.82
South Bend IN MSA AA	22	3.30	69.42	72.73	72.73	13.64	13.64	0.49	0.88

* Based on 2013 Peer Small Business Data -- US and PR

** Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

*** Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2013).

**** Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 0.00% of small loans to businesses originated and purchased by the bank.

Table 11. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES			Geography: INDIANA		Evaluation Period: JANUARY 1, 2014 TO DECEMBER 31, 2014				
Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share	
	#	% of Total**	% of Businesses***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
Full Review:									
Gary MD AA	133	30.72	72.18	53.38	58.65	17.29	24.06	1.98	2.53
Indianapolis - Carmel MSA AA	166	38.34	70.58	51.81	63.86	17.47	18.67	0.56	0.64
Michigan City LaPorte IN MSA AA	103	23.79	70.20	54.37	56.31	28.16	15.53	10.77	14.49
Limited Review:									
Elkhart-Goshen MSA AA	12	2.77	69.26	33.33	66.67	25.00	8.33	0.66	0.82
South Bend IN MSA AA	19	4.39	69.42	68.42	52.63	36.84	10.53	0.49	0.88

* Based on 2013 Peer Small Business Data -- US and PR

** Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

*** Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2013).

**** Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 0.00% of small loans to businesses originated and purchased by the bank.

Table 14. Qualified Investments

QUALIFIED INVESTMENTS									
Geography: Horizon All Geographies									
Evaluation Period: June 5, 2012 TO June 8, 2015									
MA/Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
Full Review:									
Gary IN MD AA	1	279			1	279	8.08		
Michigan City AA	6	1,566	Various	332 ¹	Various	1,848	53.53	2	600
Indianapolis Carmel AA			Various	38	Various	38	1.10		
Niles Benton Harbor MI	3	655	Various	68 ²	Various	723	20.94		
Limited Review:									
Elkhart-Goshen MI AA	2	300			2	300	8.69		
Kalamazoo-Portage MI			Various	14	Various	14	0.41		
Lansing-E Lansing MI AA	1	240	1	7	1	247	7.16	1	10
South Bend			3	3	3	3	0.09		

* 'Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.

** 'Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

¹ Includes Gary IN MD AA donations

² Includes Elkhart-Goshen MI AA, Lansing-E Lansing MI AA, and South Bend AA donations.

Table 15. Distribution of Branch Delivery System and Branch Openings/Closings

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS Geography: All AAs Evaluation Period: January 1, 2012 TO December 31, 2013																	
MA/Assessment Area:	Deposits	Branches						Branch Openings/Closings						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Full Review:																	
Gary IN MD	25.52	10	34.48	0.00	10.00	70.0	20.00	1	0	0	1	0	0	7.92	20.20	43.24	28.64
Indianapolis – Carmel IN AA	16.51	5	17.24	0.00	0.00	80.0	20.0	6	1	0	0	4	1	8.93	22.71	37.89	30.47
Michigan City-LaPorte IN MSA	36.84	5	17.24	0.00	40.00	60.0	0.00	0	0	0	0	0	0	0.00	26.07	56.82	17.11
Niles-Benton Harbor MI MSA	9.84	5	17.24	20.0	0.00	40.0	40.00	0	0	0	0	0	0	17.92	9.6	25.57	46.91
Limited Review:																	
Elkhart-Goshen IN MSA	0.59	2	6.90	0.0	0.0	50.0	50.0	0	0	0	0	0	0	0.0	26.43	43.89	29.68
Kalamazoo-Portage MI MSA	1.85	1	3.45	0.0	0.0	100	0.0	1	0	0	0	1	0	0.0	10.72	37.42	51.85
Lansing-E Lansing MI MSA	8.20	0	0.0	0.0	0.0	0.0	0.0	0	0	0	0	0	0	8.01	26.14	32.01	28.23
South Bend IN MSA	0.65	1	3.45	0.0	0.0	100	0.0	0	0	0	0	0	0	9.41	39.93	23.59	27.07

Table 15. Distribution of Branch Delivery System and Branch Openings/Closings

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS Geography: All AAs Evaluation Period: January 1, 2014 TO December 31, 2014																	
MA/Assessment Area:	Deposits	Branches						Branch Openings/Closings						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Full Review:																	
Gary IN MD	25.52	10	30.30	0.00	10.00	70.0	20.00	0	0	0	0	0	0	7.92	20.20	43.24	28.64
Indianapolis – Carmel IN AA	16.51	7	21.21	0.00	0.00	71.0	29.0	2	0	0	0	1	1	8.49	22.77	35.33	33.41
Michigan City-LaPorte IN MSA	36.84	5	15.15	0.00	40.00	60.0	0.00	0	0	0	0	0	0	0.00	26.07	56.82	17.11
Niles-Benton Harbor MI MSA	9.84	5	15.15	20.0	0.00	40.0	40.00	0	0	0	0	0	0	17.92	9.6	25.57	46.91
Limited Review:																	
Elkhart-Goshen IN MSA	0.59	2	6.06	0.0	0.0	50.0	50.0	0	0	0	0	0	0	0.0	26.43	43.89	29.68
Kalamazoo-Portage MI MSA	1.85	1	3.03	0.0	0.0	100	0.0	0	0	0	0	1	0	0.0	10.72	37.42	51.85
Lansing-E Lansing MI MSA	8.20	2	6.06	0.0	0.0	0.0	100.0	2	0	0	0	0	2	8.01	26.14	32.01	28.23
South Bend IN MSA	0.65	1	3.03	0.0	0.0	100	0.0	0	0	0	0	0	0	9.41	39.93	23.59	27.07

State of Michigan

Table 1. Lending Volume

LENDING VOLUME		Geography: MICHIGAN				Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2014						
Assessment Area (2014):	% of Rated Area Loans (#) in MA/AA	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MA/AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$(000's)	
Full Review:												
Niles - Benton Harbor MSA AA	71.22	801	141,177	280	42,855	3	700	0	0	1,084	184,732	49.46
Limited Review:												
Kalamazoo - Portage MI MSA AA	17.48	216	37,015	48	12,881	2	660	0	0	266	50,556	9.31
Lansing East Lansing MI MSA AA	11.30	111	17,140	61	10,911	0	0	0	0	172	28,051	41.23

* Loan Data as of December 31, 2014. Rated area refers to either state or multi-state MA rating area.

** The evaluation period for Community Development Loans is from January 01, 2014 to December 31, 2014.

*** Deposit Data as of June 30, 2014. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Table 2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE			Geography: MICHIGAN				Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2014					Market Share (%) by Geography				
Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Over all	Low	Mod	Mid	Upp	
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans						
Full Review:																
Niles - Benton Harbor MSA AA	414	64.69	8.44	3.14	8.04	1.69	31.22	38.89	52.30	56.28	14.16	12.00	0.00	17.43	13.27	
Limited Review:																
Kalamazoo - Portage MI MSA AA	139	21.72	0.00	0.00	8.30	5.76	35.09	25.18	56.62	69.06	4.10	0.00	3.95	2.88	4.77	
Lansing East Lansing MI MSA AA	87	13.59	6.06	4.60	21.18	13.79	39.25	34.48	33.51	47.13	0.03	0.00	0.00	0.00	0.07	

* Based on 2013 Peer Mortgage Data -- US and PR

** Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

*** Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2010 Census information.

**** Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 3. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT			Geography: MICHIGAN				Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2014					Market Share (%) by Geography				
Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overa II	Low	Mod	Mid	Upp	
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans						
Full Review:																
Niles - Benton Harbor MSA AA	34	87.18	8.44	8.82	8.04	0.00	31.22	61.76	52.30	29.41	3.05	0.00	0.00	10.96	0.51	
Limited Review:																
Kalamazoo - Portage MI MSA AA	5	12.82	0.00	0.00	8.30	20.00	35.09	40.00	56.62	40.00	0.84	0.00	0.00	2.22	0.00	
Lansing East Lansing MI MSA AA	0	0.00	6.06	0.00	21.18	0.00	39.25	0.00	33.51	0.00	0.00	0.00	0.00	0.00	0.00	

* Based on 2013 Peer Mortgage Data -- US and PR

** Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

*** Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2010 Census information.

**** Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 4. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE				Geography: MICHIGAN				Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2014							
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography				
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Overa ll	Low	Mod	Mid	Upp
Full Review:															
Niles - Benton Harbor MSA AA	351	78.70	8.44	2.28	8.04	0.57	31.22	48.15	52.30	49.00	5.70	2.94	2.56	7.89	4.35
Limited Review:															
Kalamazoo - Portage MI MSA AA	71	15.92	0.00	0.00	8.30	4.23	35.09	15.49	56.62	80.28	0.72	0.00	0.00	0.60	0.86
Lansing East Lansing MI MSA AA	24	5.38	6.06	4.17	21.18	8.33	39.25	41.67	33.51	45.83	0.00	0.00	0.00	0.00	0.00

* Based on 2013 Peer Mortgage Data -- US and PR

** Home refinance loans originated and purchased in the MA/AA as a percentage of all home refinance loans originated and purchased in the rated area.

*** Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2010 Census information.

**** Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 6. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES			Geography: MICHIGAN						Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2014						
Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography				
	#	% of Total**	% of Business**	% BANK Loans	% of Business***	% BANK Loans	% of Business***	% BANK Loans	% of Business***	% BANK Loans	Overall	Low	Mod	Mid	Upp
Full Review:															
Niles - Benton Harbor MSA AA	280	71.98	18.28	20.71	4.92	2.86	27.77	37.86	49.03	38.57	6.36	10.67	4.73	6.76	5.71
Limited Review:															
Kalamazoo - Portage MI MSA AA	48	12.34	0.00	0.00	11.69	18.75	48.38	52.08	39.93	29.17	1.11	1.48	1.23	1.26	0.71
Lansing East Lansing MI MSA AA	61	15.68	5.62	21.31	30.50	31.15	29.29	22.95	31.56	24.59	0.00	0.00	0.00	0.00	0.00

* Based on 2013 Peer Small Business Data -- US and PR

** Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

*** Source Data - Dun and Bradstreet (2014).

Table 8. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE		Geography: MICHIGAN						Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2014							
Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share				
	#	% of Total**	% Families***	% BANK Loans****	% Families ⁷	% BANK Loans**	% Families***	% BANK Loans****	% Families**	% BANK Loans****	Overall	Low	Mod	Mid	Upp
Full Review:															
Niles - Benton Harbor MSA AA	414	64.69	22.60	4.59	16.79	13.04	18.97	17.39	41.64	64.98	16.03	6.00	10.43	20.00	16.93
Limited Review:															
Kalamazoo - Portage MI MSA AA	139	21.72	14.84	7.19	14.51	18.71	20.56	25.18	50.09	48.92	4.83	4.12	4.41	5.63	4.83
Lansing East Lansing MI MSA AA	87	13.59	23.58	13.79	17.26	25.29	20.65	25.29	38.51	35.63	0.03	0.00	0.11	0.00	0.00

* Based on 2013 Peer Mortgage Data -- US and PR

** Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

*** Percentage of Families is based on the 2010 Census information.

**** As a percentage of loans with borrower income information available. No information was available for 0.0% of loans originated and purchased by bank.

**** Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 9. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT		Geography: MICHIGAN						Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2014							
Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share				
	#	% of Total**	% Families***	% BANK Loans****	% Families ⁸	% BANK Loans****	% Families** *	% BANK Loans****	% Families** *	% BANK Loans****	Overall	Low	Mod	Mid	Upp
Full Review:															
Niles - Benton Harbor MSA AA	34	87.18	22.60	3.03	16.79	18.18	18.97	15.15	41.64	63.64	3.17	0.00	3.64	1.79	3.97
Limited Review:															
Kalamazoo - Portage MI MSA AA	5	12.82	14.84	0.00	14.51	20.00	20.56	40.00	50.09	40.00	0.88	0.00	0.00	0.00	1.52
Lansing East Lansing MI MSA AA	0	0.00	23.58	0.00	17.26	0.00	20.65	0.00	38.51	0.00	0.00	0.00	0.00	0.00	0.00

* Based on 2013 Peer Mortgage Data -- US and PR

** Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

*** Percentage of Families is based on the 2010 Census information.

**** As a percentage of loans with borrower income information available. No information was available for 2.6% of loans originated and purchased by bank.

***** Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 10. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE			Geography: MICHIGAN				Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2014					Market Share				
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers							
	#	% of Total**	% Families***	% BANK Loans****	% Families ⁹	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans*** *	Overall	Low	Mod	Mid	Upp	
Full Review:																
Niles - Benton Harbor MSA AA	351	78.70	22.60	5.81	16.79	9.59	18.97	15.41	41.64	69.19	6.45	5.32	6.88	7.17	6.31	
Limited Review:																
Kalamazoo - Portage MI MSA AA	71	15.92	14.84	4.23	14.51	12.68	20.56	15.49	50.09	67.61	0.86	0.67	0.73	0.43	1.10	
Lansing East Lansing MI MSA AA	24	5.38	23.58	0.00	17.26	4.76	20.65	23.81	38.51	71.43	0.00	0.00	0.00	0.00	0.00	

* Based on 2013 Peer Mortgage Data -- US and PR

** Home refinance loans originated and purchased in the MA/AA as a percentage of all home refinance loans originated and purchased in the rated area.

*** Percentage of Families is based on the 2010 Census information.

**** As a percentage of loans with borrower income information available. No information was available for 2.2% of loans originated and purchased by bank.

**** Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 11. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES		Geography: MICHIGAN			Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2014				
Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share	
	#	% of Total**	% of Businesses***	% BANK****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
Full Review:									
Niles - Benton Harbor MSA AA	280	71.98	73.19	68.57	56.79	27.86	15.36	6.36	9.60
Limited Review:									
Kalamazoo - Portage MI MSA AA	48	12.34	72.53	68.75	33.33	29.17	37.50	1.11	1.59
Lansing East Lansing MI MSA AA	61	15.68	70.27	45.90	47.54	27.87	24.59	0.00	0.00

* Based on 2013 Peer Small Business Data -- US and PR

** Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

*** Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2014).

**** Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 0.00% of small loans to businesses originated and purchased by the bank.