



LARGE BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

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COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Horizon Bank, National Association
Charter Number: 2747

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Michigan City, Indiana 46360

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.

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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, National Association Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X	X	X
Low Satisfactory			
Needs to Improve			
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 Bank achieved excellent lending test performance in the state of Indiana and adequate performance in the state of Michigan.
- Community development lending in the state of Indiana was positively considered in the Michigan City-LaPorte MSA. The bank’s overall responsiveness is excellent given its size, lending capacity, and opportunities.
- Horizon Bank provided a good level of qualified investments in the state of Indiana. In the Michigan City-LaPorte MSA, prior and current period investments address the identified need for affordable housing. Investment performance in the state of Michigan is adequate.
- Service delivery systems are readily accessible to low- and moderate-income geographies and individuals. Bank personnel provided their financial expertise through participation in community development services in each rated area.
- Evidence of substantive violations of the Equal Credit Opportunity Act negatively impacted the bank’s overall CRA rating and the lending test rating for the state of Indiana.

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 MA/assessment area.

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 statistical 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: 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, and the Federal Deposit Insurance Corporation have adopted the following additional language as part of the revitalize or stabilize definition of community development. 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, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency, 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 to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applications, the amount of loan requested, 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/assessment area.

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 the Department of Housing and Urban Development 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 (MD): 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 Metropolitan Statistical Area 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 median family income 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 median family income 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 community development.

Rated Area: A rated area is a state or multi-state metropolitan area. 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 metropolitan area, the institution will receive a rating for the multi-state metropolitan area.

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) and the Thrift Financial Reporting (TFR) 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 One 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 \$1.1 billion interstate financial institution headquartered in Michigan City, Indiana. Horizon is a wholly-owned subsidiary of Horizon Bancorp, a one-bank holding company. In addition to the bank, the holding company also operates two subsidiaries; one which offers insurance and the other offers trust services. Horizon operates three subsidiaries: Horizon Investment Corporation, which hold investments for tax benefits; Horizon Insurance Services, offering property, casualty, term life insurance and annuities; and Horizon Trust & Investment Management, an independent national bank with trust powers. Neither the bank's nor the holding company's subsidiary activities has an impact on Horizon's capacity to meet community credit needs and are not considered in this CRA evaluation.

Horizon is a full-service banking institution offering traditional commercial and retail banking services. As of March 31, 2007, the bank has total loans of \$816 million, total deposits of \$830 million, and tier one capital of \$81.5 million. Net loans to total assets are 71 percent. The loan portfolio is centered in real estate lending. Approximately 48 percent are residential mortgage loans, 29 percent are commercial and commercial real estate loans, 18 percent are loans to individuals, and five percent are construction and land development loans. Horizon is not active in agriculture lending, with less than one percent of its loan portfolio comprised of these types of loans. The bank also has an \$80 million mortgage warehousing operation.

Horizon operates sixteen banking offices throughout its five assessment areas in the states of Indiana and Michigan. The assessment areas consist of metropolitan statistical areas (MSAs) in Michigan City, Gary, Elkhart, and South Bend, Indiana and Benton Harbor, Michigan. Approximately 62 percent of total deposits and 51 percent of total loan originations are attributed to the Michigan City assessment area. In June 2005, Horizon acquired Alliance Bank of New Buffalo, Indiana, which increased the bank's presence in the state of Michigan. Since the last performance evaluation period, the bank opened six new branch offices in the cities of Elkhart, Merrillville, and South Bend, Indiana and Benton Harbor and St. Joseph, Michigan.

There are no legal, financial, or other factors impeding the bank's ability to help meet the credit needs of the bank's assessment areas. Horizon received a "Satisfactory" rating on its last CRA evaluation dated February 18, 2003.

Scope of the Evaluation

Evaluation Period/Products Evaluated

The evaluation period for the lending test, excluding community development loans, is January 1, 2004, through December 31, 2006. Products reviewed in the lending test include home mortgage and small business loans. We used the 2005 peer lending data, the most recent data available, for home mortgage and small business, to compare Horizon's lending performance to other reporting lenders in the assessment areas. Our analysis does not include small farm or multifamily home mortgage originations. The number of reported loans by these product types is insufficient for meaningful analysis in all assessment areas.

The evaluation period for the investment and service tests and community development loans is February 18, 2003, through June 4, 2007.

We used deposit information, reported to the Federal Deposit Insurance Corporation annually, to determine the bank's deposit market share and market presence within its assessment areas. The most recent deposit information available is as of June 30, 2006.

Data Integrity

As part of our evaluation, we performed a data integrity review of the bank reported home mortgage and small business lending data for calendar years 2004, 2005, and 2006. We found this data to be reliable.

We also reviewed 100 percent of the bank's community development loans, investments, and services. Only those activities that qualified are presented and considered in this evaluation.

Selection of Areas for Full-Scope Review

In each state where the bank has an office, a sample of assessment areas within that state was selected for full-scope reviews. Refer to the "Scope" section under each state rating for details regarding how the areas were selected and why they are representative.

Ratings

The bank's overall rating is a blend of the state ratings. We weighted the bank's performance in the state of Indiana more heavily in arriving at our conclusions because the majority of the bank loans, 75 percent, and deposits, 83 percent, are attributed to this state.

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

Inside/Outside Ratio

For the geographic distribution analysis under the Lending Test, we performed an inside/outside ratio analysis at the bank level. A substantial majority of the bank's loans by number, 71 percent, are inside its AAs. By product type, 65 percent of home mortgage loans and 86 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

Our fair lending review of Horizon Bank identified two substantive violations of the Equal Credit Opportunity Act. The bank was found to be in violation of 12 C.F.R. § 202.6(b)(8) due to the treatment of unmarried joint applicants and 12 C.F.R. 202.6(b)(5) for the treatment of protected income in the underwriting of consumer credit. The extent of the violations was limited to the bank's indirect automobile lending department and resulted from a lack of understanding of the regulation by two loan officers and their failure to use the bank's automated underwriting program as intended. Upon notification, management took prompt action to correct the underwriting practices in the department, instituted bank-wide training and a second review process of denied credit applications, and provided restitution to all parties harmed by these practices.

The violations identified in the fair lending review negatively impacted the overall CRA rating for Horizon Bank.

State Rating

State of Indiana

CRA Rating for Indiana: Satisfactory

The lending test is rated: High Satisfactory

The investment test is rated: High Satisfactory

The service test is rated: Outstanding

The major factors that support this rating include:

- In the state of Indiana, the geographic and borrower distribution of home mortgage loans is excellent and the distribution of small business loans is adequate.
- Community development lending had a positive effect on the overall conclusions for the lending test.
- Horizon has a good level of qualified investments in the state of Indiana.
- Branch distribution is readily accessible to geographies and individuals of different income levels. Bank personnel provide an excellent level of community development services throughout the assessment areas.
- Evidence of substantive violations of the Equal Credit Opportunity Act negatively impacted the lending test rating for the state of Indiana.

Description of Institution's Operations in Indiana

Horizon operates 10 branches and 17 ATMs within four assessment areas (AAs) in the state of Indiana. The Indiana AAs include four metropolitan areas: Michigan City-LaPorte, Gary, Elkhart, and South Bend. Eighty-three percent of the bank's total deposits and 75 percent of loan origination (by number) are attributed to the state of Indiana. Home mortgage loans are the primary credit product, representing 65 percent by number and 61 percent by dollar volume, of all loan originations in the state.

Horizon ranks eighth in deposit market share among all financial institutions operating in its Indiana AAs. Deposits in the state total \$699 million and represent 4.39 percent of the market. The top two institutions have deposit market shares of 15.49 percent and 12.67 percent, respectively.

Refer to the Market Profiles for the state of Indiana in appendix C for detailed demographics and other performance context information for assessment areas that received full-scope reviews.

Scope of Evaluation in Indiana

The Michigan City-LaPorte MSA (Michigan City) and the Gary Metropolitan Division (MD) received full-scope reviews because a majority of the bank's loans and deposits are attributed to these two AAs in this state. The Michigan City MSA received more weight over the Gary MD because this AA accounts for 68 percent of the loans and 75 percent of the deposits in this state. Among product types, home mortgage lending received greater weight in both AAs for this evaluation.

The Elkhart MSA and South Bend MSA received limited-scope reviews. The bank's ratings are based primarily on the results of those areas receiving a full-scope review. Refer to appendix A for additional information on the full-scope assessment areas.

We made one community contact with a local housing authority in Michigan City during this evaluation. Our contact identified affordable housing and loans to small businesses as the primary needs of the area. The contact indicated that Horizon is actively involved in the community. Horizon is a leader and partners with the housing authority to assist low- and moderate-income families obtain affordable housing.

LENDING TEST

Conclusions for Areas Receiving Full-Scope Reviews

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

Lending Activity

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 lending activity.

Michigan City-LaPorte MSA

The volume of lending in the Michigan City MSA is excellent. Approximately 63 percent of the loans attributed to this area are home mortgage loans, 33 percent are small loans to businesses, and four percent are small loans to farms. Of the total home mortgage loans, home refinance loans accounted for 47 percent, home purchase loans 42 percent, and home improvement 11 percent.

Horizon ranks first among 11 institutions with a deposit market share of 39 percent in this AA. Based on 2005 HMDA aggregate data, Horizon ranks second among 318 reporting lending in the AA with 8.25 percent of the market for all HMDA loan types. The 2005 CRA aggregate data reflects Horizon with approximately 11 percent of the market share, ranking sixth among 43 reporting lenders.

Gary MD

The volume of lending in the Gary MD is adequate. Approximately 70 percent of the loans attributed to this area are home mortgage loans and 30 percent are small loans to businesses. The bank did not originate any small loans to farms in this AA. Of the total home mortgage loans, home purchase account for 52 percent, home refinance loans are 39 percent, and home improvement are nine percent.

Horizon ranks 12th among 27 institutions with a deposit market share of 1.75 percent in this AA. Based on the 2005 HMDA aggregate data, Horizon ranks 11th among 378 reporting lenders in the AA with 2.11 percent of the market for all HMDA loan types. The 2005 CRA aggregate data reflects Horizon with 1.07 percent of the market share, ranking 15th among 92 reporting lenders.

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

Refer to Tables 2, 3, and 4 in the state of Indiana section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

The geographic distribution of reported home mortgage loans is excellent. There are no low- or moderate-income tracts in the bank's AA in the Gary MD, therefore a geographic distribution analysis is not meaningful. Additionally, Horizon did not originate a significant number of multifamily home loans during this evaluation period to warrant an evaluation of this loan type in either full-scope AA.

Michigan City MSA

In the Michigan City MSA, home refinance received the most weight in our analysis, followed by home purchase and home improvement loans. These loans respectively represent 47, 42, and 11 percent of the bank's home mortgage lending (by number) in this area.

The geographic distribution of home refinance loans and home improvement loans in moderate-income tracts is excellent and the distribution of home purchase loans is good. The percentage of loans across all three loan types exceeds or approximates the area demographics. Horizon ranks first in overall market share for home refinance and home improvement loans and second for home purchase loans. The bank's market share in moderate-income geographies for all loan types exceeds or equals its overall market share.

Small Loans to Businesses

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 originations and purchases of small loans to businesses.

Michigan City MSA

Performance in the moderate-income geographies is lower than area demographics but considered adequate. The bank ranks sixth in overall market share for small loans to businesses with 11 percent, and its market share in moderate-income tracts approximates its overall market share.

Lending Gap Analysis

Our geographic distribution analysis included a review for lending gaps, particularly in low- and moderate-income areas. We did not identify any unexplained conspicuous gaps in the Michigan City MSA or the Gary MSA.

Inside/Outside Ratio

We performed an analysis of the inside/outside ratio at the bank level. A substantial majority of the bank's loans originated to borrowers 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

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.

The overall borrower distribution of home mortgage loans is excellent.

Michigan City-LaPorte MSA

The distribution of home mortgage loans to borrowers of different income levels is excellent. In assessing performance to low-income families, we considered the AA family poverty rate of 6.29 percent.

The borrower distribution among moderate-income families is excellent. Across all loan products, the bank's performance greatly exceeds area demographics. The borrower distribution among low-income families is good. While the percent of loans to low-income borrowers is below demographics among all loan products, performance is considered good given the family poverty rate in the AA.

Horizon ranks second in overall market share among all home mortgage products with 9.73 percent of the market. However, the bank ranks first in overall market share for home refinance and home improvement loans and its market share to both low- and moderate-income families exceeds or matches its overall market share for these products. Horizon ranks second in overall market share for home purchase loans and in its market share to both low- and moderate-income families. Market share performance is especially noteworthy given the number of nationwide mortgage lenders who have penetrated this MSA.

Gary MD

The distribution of mortgage loans to borrowers of different income levels is excellent. In assessing performance to low-income families, we considered the AA family poverty rate of 8.06 percent.

The borrower distribution among moderate-income families is excellent. Performance is particularly strong in home purchase and home improvement loans and exceeds area demographics. Performance in home refinance loans is good and is near to area demographics. The distribution among low-income families is considered good for all loan products given the poverty rate for this area.

Horizon ranks eighth in overall market share among all home mortgage products with 3.21 percent of the market. Among the home mortgage loan types, the bank ranks tenth for home purchase, sixth for home improvement, and sixth for home refinance. Market share for low- and moderate-income families ranges from near, to somewhat higher than, the bank's overall market share for all home mortgage products.

Small Loans to Businesses

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 originations and purchases of small loans to businesses.

Michigan City-LaPorte MSA

The distribution of small loans to business is adequate. The percentage of loans to small business with gross annual revenues of \$1 million or less is lower than area demographics. However, the percent of small loans (\$100 thousand or less) is high at 73 percent. The bank ranks sixth in both overall market share, with 11 percent of the market, and in market share to businesses with revenues of less than \$1 million, with 7 percent of the market. Only two banks are in the top ten of all lenders in the market; the remaining lenders are comprised of nation wide credit card and finance companies.

Gary MD

The distribution of small loans to business is adequate. The percentage of loans to small businesses with gross annual revenues of \$1 million or less is slightly higher than area demographics and approximately 55 percent of the loans originated in amounts of \$100 thousand or less. Horizon ranks 15th in overall market share with one percent of the market.

Market share to businesses with revenue of \$1 million or less is somewhat higher than the bank's overall market share. Five nation wide credit card and finance company lenders dominate the market in this area.

Community Development Lending

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 community development lending. This table includes all community development loans, including multifamily loans that also qualify as community development loans. In addition, Table 5 includes geographic lending data on all multi-family loans, including those that also qualify as community development loans. Table 5 does not separately list community development loans, however.

Our analysis gave positive consideration to community development lending activities in the Michigan City MSA. The bank's responsiveness is excellent given its size, lending capacity, and area opportunities and the bank meets identified community needs. Horizon originated 11 community development loans totaling \$4.1 million over the evaluation period, including:

- A \$2 million line of credit to a non-profit organization that assists low- and moderate-income families obtain affordable homes or rental housing. Individuals must meet an income requirement of 80 percent or less of the median family income. First time homebuyer training is provided and approved individuals or families receive \$15 thousand toward the down payment on a new home. The deed has a 15 year restriction which requires the borrower to repay a pro-rata portion of the \$15 thousand should they sell the house anytime with the first 15 years of ownership.
- A \$1 million line of credit to the local housing authority of which \$750 thousand has been used to develop affordable housing for low- and moderate-income individuals and families.
- A \$125 thousand participation loan to a non-profit that provides affordable child care and free health care to uninsured and low-income families.

In addition to the community development loans noted above, Horizon originated \$23 million in loans to small businesses in enterprise zones throughout the Michigan City MSA. Although these loans have community development characteristics, they are reported as small business loans.

Product Innovation and Flexibility

Horizon makes good use of flexible loan products for low- and moderate-income individuals and families. The following programs are available in all assessment areas throughout the state of Indiana: My Community Loans, First Time Home Buyers Program, Section 8 Homeownership Program, Fresh Start Program, and Neighborhood Improvement Program. These programs provide reduced interest rates, down payment assistance, borrower financial education, and opportunities to obtain grants. The bank has originated or purchased \$9.4 million in flexible loans that benefit low- and moderate-income individuals and families.

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 is not inconsistent with the bank's overall rating of High Satisfactory under the lending test in Indiana. In the Elkhart MSA the bank's performance is weaker than the bank's overall performance in the state due to a lower loan volume and weaker geographic penetration among all product types. This performance did not detract from the bank's lending test rating. 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 High Satisfactory. Based on full-scope reviews, the bank's performance in the Michigan City MSA is excellent and, in the Gary MD, performance is adequate. 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.

Investments are primarily centered in donations, prior period investments in affordable housing and a significant amount in Federal Home Loan Bank grants. Investments address the identified needs of affordable housing and social services. When drawing conclusions we considered the bank's capacity, dollar amount of investment, community development opportunities, and identified community needs. In the state of Indiana, the bank made a total of \$1.5 million in qualified community development investments. Prior period investments total \$851 thousand. To provide perspective regarding the level of qualified investment, we allocated a portion of the bank's tier one capital to each assessment area on a pro-rata share.

Michigan City-LaPorte MSA

Horizon demonstrated an excellent level of responsiveness to community development needs in the MSA. The bank provided qualified investments through in-kind contributions, donations, and grants. Current period investments totaled \$1.1 million and prior period investments total \$851 thousand. Total investments represents approximately three percent of allocated tier one capital. Qualified investment activity includes:

- In-kind Contribution: Horizon donated five lots to the local housing authority and local Habitat for Humanity for use to construct affordable housing. The lots carried a market value of \$5 thousand each, for a total of \$25 thousand.
- Federal Home Loan Bank of Indianapolis Grant Program (FHLBI): The bank, through its investment in FHLBI, made \$795 thousand available to organizations that provide low- and moderate-income individuals and families with social services and affordable housing. The bank's investments in the three programs (Neighborhood Impact, Homeownership Opportunities, and Affordable Housing) provided assistance to a women's shelter housing abused women and children (\$500 thousand), an affordable housing organization that offers down payment assistance to low- and moderate-income families (\$160 thousand),

and a local housing authority to help provide affordable housing to low- and moderate-income families in the Michigan City area (\$135 thousand).

- Qualified Donations: Horizon donated \$201 thousand in cash contributions to 31 qualified organizations that provide services to low- and moderate-income individuals and families.
- Horizon continues to hold three prior period investments, totaling \$851 thousand, in pools of mortgage back securities comprised primarily of home mortgage loans to low- and moderate-income borrowers in the AA.

Gary MD

Horizon demonstrated an adequate level of responsiveness to community needs in this assessment area. The bank provided qualified investments through qualified donations and grants. Qualifying investments totaled \$119 thousand, which represents approximately one percent of allocated tier one capital.

- Qualified Donations: The bank donated approximately \$83 thousand to organizations that provide social services, affordable housing, and health care to low- and moderate-income families.
- Federal Home Loan Bank of Indianapolis Grant Programs (FHLBI): A \$35 thousand grant to help with down payment and closing cost assistance offered through the FHLBI Homeownership Opportunities program.

Conclusions for Area Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the investment test in the Elkhart MSA and South Bend MSA is not inconsistent with the bank's overall High Satisfactory performance under the investment test in Indiana. Refer to Table 14 in the state of Indiana 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 Indiana is rated Outstanding. Based on full-scope reviews, the bank's performance in the Michigan City MSA is excellent and, in the Gary MD, performance is adequate.

Retail Banking Services

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 MSA

Horizon's delivery systems are readily accessible to geographies and individuals of different income levels in the MSA. The bank operates four branches in this assessment area. Two branches (50 percent) are located in moderate-income geographies and two branches (50 percent) are in middle-income geographies. The percentage of branches in the moderate-income tracts exceeds the population that reside in those tracts. ATM distribution further supplements the availability of services throughout the MSA.

Gary MD

There are no low- or moderate-income geographies in this assessment area. Three branch offices are located in this assessment area; one in a middle-income tract and two in upper income tracts. All of the bank's branches in this assessment area are full-service and offer a complete array of products and services. The hours of branch operations do not negatively impact low- or moderate-income individuals.

There are no material differences in services offered at branch locations in either full-scope AA. Banking hours do not vary in a way that inconveniences its AA, particularly moderate-income geographies or low- and moderate-income individuals. Drive-up facilities offer extended hours on Friday and Saturday and ATMS offer 24-hour service.

Community Development Services

Michigan City MSA

Horizon provides an adequate level of community development services in the MSA. Bank officers and employees serve on boards and provide financial expertise to 13 different organizations that provide community development services to low- and moderate-income individuals. Organizations include housing and counseling to the homeless and to battered women and children, economic development targeted for redevelopment by the government, and organizations that provide assistance to small businesses.

Gary MD

Horizon provides a limited level of community development services in the assessment area. Officers provide technical assistance to three organizations that all provide community development services to small businesses and to community economic revitalization committees.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the service test in the South Bend MSA is not inconsistent with the bank's overall Outstanding performance under the service test in Indiana. In the Elkhart MSA, the bank's performance is weaker than the bank's overall performance in the state. Performance is weaker due to the branch distribution in this assessment area. This weaker performance does not detract from the bank's overall performance in the state of 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 Michigan: Satisfactory

The lending test is rated: Low Satisfactory

The investment test is rated: Low Satisfactory

The service test is rated: Low Satisfactory

The major factors that support this rating include:

- In the state of Michigan, the geographic and borrower distribution of home mortgage loans and loans to small businesses is adequate.
- The amount of qualified investments is adequate.
- Branch distribution is reasonably accessible to geographies and individuals of different income levels. Bank personnel provide an adequate level of community development services in the Benton Harbor MSA.

Description of Institution's Operations in Michigan

Horizon operates six branches and six ATMs within the AA in the state of Michigan. The bank opened its first branch in Michigan in May 2003 and its second branch in October 2004. In June 2005, Horizon purchased Alliance Bank of New Buffalo, Michigan, resulting in three additional branches. The bank opened its sixth branch in Benton Harbor in April 2007.

The Michigan AA is comprised of a portion of the Benton Harbor MSA. Seventeen percent of the bank's total deposits and 25 percent of loan origination (by number) are attributed to the state of Michigan. Home mortgage loans are the primary credit product, representing 68 percent by number and 71 percent by dollar volume, of all loan originations in the state. In evaluating the performance in this state, we considered the adjustments to the Michigan AA over the evaluation period.

Horizon ranks fourth in deposit market share among all financial institutions operating the Benton Harbor MSA. Deposits in the state total \$142 million and represent 7.38 percent of the market. The top three institutions are nationwide and regional banks with market shares of 15.95, 12.42, and 10.81 percent, respectively.

Refer to the Market Profiles for the state of Michigan in appendix C for detailed demographics and other performance context information for the assessment area that received full-scope reviews.

Scope of Evaluation in Michigan

We performed a full-scope review of the Benton Harbor MSA. Home mortgage lending received the most weight in the evaluation of the bank's performance in this state. We did not evaluate multifamily housing or small farm loans as these loan types do not represent a significant portion of the bank's lending activity in the state of Michigan.

We made two community contacts with an economic development organization and an affordable housing organization. Community contacts stated that affordable housing, small business loans, start up business loans, and job training programs are needed in this area. There are a number of opportunities within the assessment area to participate in community development activities.

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 a full-scope review, the bank's performance in the Benton Harbor MSA is adequate.

Lending Activity

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.

The volume of lending is adequate given the bank's presence in this market. Approximately 68 percent of the loans attributed to this area are home mortgage loans, 31 percent are small loans to businesses, and less than one percent are small loans to farms. Of the total home mortgage loans, home purchase loans account for 52 percent, home refinance is 45 percent, and home improvement is three percent.

Based on 2005 HMDA aggregate data, Horizon ranks third among 315 reporting lending in the MSA with 5.21 percent of the market for all HMDA loan types. The 2005 CRA aggregate data reflects Horizon with approximately 3.91 percent of the market share, ranking ninth among 49 reporting lenders.

Distribution of Loans by Income Level of the Geography

Home Mortgage Loans

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 and purchases.

The geographic distribution of home mortgage loans is adequate. While the percent of loans in low- and moderate-income geographies is below the demographic comparator, the performance tables distort the bank's actual performance due to expansion and changes to the AA during the evaluation period. The bank ranks second in overall market share for home

purchase loans and in loans to low-income geographies, which exceeds its overall market share. Market share to moderate-income geographies is lower than its overall market share. The bank ranks third in overall market share for home refinance and eighth for home improvement loans. Market share to low- and moderate-income geographies for these products types is lower than the overall market share.

Small Loans to Businesses

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 originations and purchases of small loans to businesses.

The geographic distribution of small loans to business is adequate. Performance in low-income tracts is below the demographic comparator and, to moderate-income geographies, performance is near to the demographic comparator. The bank ranks ninth in overall market share and market share to both low- and moderate-income tracts exceeds the overall market share.

Lending Gap Analysis

Our geographic distribution analysis included a review for lending gaps, particularly in low- and moderate-income areas. We did not identify any unexplained conspicuous gaps in the Benton Harbor MSA.

Inside/Outside Ratio

We performed an analysis of the inside/outside ratio at the bank level. A substantial majority of the loans were 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

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.

The overall borrower distribution of home mortgage loans is adequate. For all product types, the distribution of loans among low-income borrowers is below demographics. However, given the family poverty rate of nine percent for this AA, performance to low-income borrowers is considered adequate. Market share to low-income borrowers is below the bank's overall market share for all loan products.

The distribution of loans to moderate-income borrowers is good. For all product types, the distribution of loans among moderate-income borrowers exceeds area demographics. The bank ranks first in market share for home purchase loans to moderate-income borrowers and it exceeds the bank's overall market share for home purchase loans. Market share for home

refinance to moderate-income borrowers is somewhat lower than the bank's overall market share and, for home improvement, market share to moderate-income borrowers is lower than its overall market share.

Small Loans to Businesses

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.

The distribution of loans to businesses of different sizes is good. The percent of loans to small businesses (i.e. those with gross annual revenues of \$1 million or less) is very near to the demographic comparator. Approximately 64 percent of small loans originated in amounts of \$100 thousand or less. The bank ranks seventh in market share of loans to businesses of \$1 million or less and exceeds its overall market share.

Community Development Lending

The bank did not originate any community development loans in this assessment area during the evaluation period. The absence of community development lending had a neutral impact on our assessment.

Product Innovation and Flexibility

The bank's flexible products that are available in the state of Indiana are also available in the state of Michigan. The aggregate total of loans originated and purchased under these programs is listed in the Michigan City MSA information in the state of Indiana section of the Performance Evaluation.

INVESTMENT TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the investment test in Michigan is rated Low Satisfactory. Based on a full-scope review, the bank's performance in the Benton Harbor MSA is adequate. 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.

During the evaluation period, Horizon made charitable contributions totaling \$55 thousand to organizations that provide community development services to low- or moderate-income individuals and families. These qualified donations addressed social services and affordable housing needs. To provide perspective regarding the relative level of qualified investments, we allocated a portion of the bank's tier one capital to each assessment area on its pro-rata share of deposits. The amount of investments in this assessment area equals less than one-half of one percent of allocated tier one capital.

SERVICE TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Service Test in Michigan is rated Low Satisfactory. Based on a full-scope review, the bank's performance in the Benton Harbor MSA is adequate.

Retail Banking Services

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.

Horizon's delivery systems are reasonably accessible to geographies and individuals of different income levels in the MSA. The bank operates six branches in this assessment area. There are no branches in the low-income tracts; one branch (17 percent) is located in a moderate-income tract, four (67 percent) are located in a middle-income tract, and one (17 percent) in an upper-income tract. ATM distribution further supplements the availability of services throughout the MSA.

The acquisition of Alliance Bank in June 2005 resulted in three additional branch locations in this assessment area. In April 2006, the bank opened one new branch in a moderate-income tract.

There are no material difference in services offered at branch locations. Banking hours do not vary in a way that inconveniences its AA, particularly moderate-income geographies or low- and moderate-income individuals. Drive-up facilities offer extended hours on Friday and Saturday and ATMS offer 24-hour service.

Community Development Services

Horizon bank officers and employees serve on the boards and provide financial expertise to four different organizations that provide community services to low- and moderate-income individuals or support economic development and revitalization/stabilization efforts.

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): 01/01/2004 to 12/31/2006 Investment and Service Tests and CD Loans: 02/18/2003 to 06/04/2007	
Financial Institution		Products Reviewed
Horizon Bank, National Association Michigan City, Indiana		Home Mortgage; Small Business and Community Development Loans. Qualified Investment; Retail and Community Development Services
Affiliate(s)	Affiliate Relationship	Products Reviewed
None		
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
State of Indiana Michigan City – LaPorte #33140 Gary #23844 Elkhart #21140 South Bend #43780 State of Michigan Benton Harbor #35660	Full-Scope Full-Scope Limited-Scope Limited-Scope Full-Scope	

Appendix B: Summary of State Ratings

RATINGS: Horizon Bank, National Association				
Overall Bank:	Lending Test Rating*	Investment Test Rating	Service Test Rating	Overall Bank/State Rating
Horizon Bank, N.A.	High Satisfactory	High Satisfactory	High Satisfactory	Satisfactory
State:				
State of Indiana	High Satisfactory	High Satisfactory	Outstanding	Satisfactory
State of Michigan	Low Satisfactory	Low Satisfactory	Low 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

State of Indiana Full-Scope Areas

Michigan City – LaPorte MSA

Demographic Information for Full-Scope Area: Michigan City – LaPorte MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	29	NA	27.59	58.62	13.79	NA
Population by Geography	110,106	NA	19.42	66.44	14.14	NA
Owner-Occupied Housing by Geography	30,866	NA	13.50	69.17	17.33	NA
Businesses by Geography	6,238	NA	30.97	58.32	10.71	NA
Farms by Geography	404	NA	6.44	85.40	8.17	NA
Family Distribution by Income Level	28,831	17.79	19.40	25.27	37.55	NA
Distribution of Low- and Moderate-Income Families throughout AA Geographies	10,720	NA	25.71	64.56	9.73	NA
Median Family Income = \$49,860 HUD Adjusted Median Family Income for 2006 = \$58,300 Households Below the Poverty Level = 8.65%			Median Housing Value = \$97,383 Unemployment Rate = 5.8% (March 2007)			

(*) The NA category consists of geographies that have not been assigned an income classification.
 Source: 1990 U.S. Census, 2006, HUD updated MFI, and Bureau of Labor Statistics

The Michigan City-LaPorte MSA consists of 29 census tracts in LaPorte County. There are no low-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 construction. A significant majority of the businesses in the area are considered small businesses employing between 1-4 employees.

As of March 31, 2007, the LaPorte County unemployment rate is 5.8 percent, higher than the state of Indiana at 5.4 percent and the national rate of 4.4 percent. Primary employers in the AA include Blue Chip Casino, Indiana State Prison, and St. Anthony’s Memorial Hospital.

Performance context information, including community contacts, identified affordable housing and small business financing as primary needs for this area. Opportunities exist to meet community credit and development needs in the AA.

Appendix C: Market Profiles for Full-Scope Areas

State of Indiana Full-Scope Areas

Gary MD

Demographic Information for Full-Scope Area: Gary MD						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	25	NA	NA	56.00	44.00	NA
Population by Geography	149,314	NA	NA	57.42	42.58	NA
Owner-Occupied Housing by Geography	41,841	NA	NA	51.49	48.51	NA
Businesses by Geography	11,474	NA	NA	52.84	47.16	NA
Farms by Geography	246	NA	NA	26.42	73.58	NA
Family Distribution by Income Level	40,009	12.40	15.60	23.70	48.29	NA
Distribution of Low- and Moderate-Income Families throughout AA Geographies	11,204	NA	NA	65.77	43.23	NA
Median Family Income	= \$52,518					
HUD Adjusted Median Family Income for 2006	= \$61,300					
Households Below the Poverty Level	= 6.23%					
				Median Housing Value	= \$124,515	
				Unemployment Rate	= 5.5% (March 2007)	

(*) The NA category consists of geographies that have not been assigned an income classification.
 Source: 1990 U.S. Census, 2006 HUD updated MFI, AND Bureau of Labor Statistics

The Gary MD assessment area consists of 25 census tracts located in Porter and Lake Counties. There are no low- or moderate-income geographies in this assessment area. The bank's assessment area meets the requirements of the CRA regulations and does not arbitrarily exclude any low- or moderate-income areas.

The economy in the metropolitan area has stagnated, growing well below the national rate, and job creation is virtually non-existent since the third quarter of 2006. The area is more dependent on the steel manufacturing industry than other parts of the county and manufacturing continues to be a drag on the economy. Unemployment at 5.5 percent remains above state and national rates. Retail and tourism, in particular from casinos, have become vital to the economy in Gary.

Primary employers in the area include Ispat International NV, USS-USX Corporation/Gary Works, Bethlehem Steel Corporation, LTV Corporation, Methodist Hospital, and St. Margaret Mercy Healthcare Centers.

Based on the demographics of the MSA and the identified needs of affordable housing and small business financing, opportunities still exist to meet credit and community development needs in the MSA. A moderate-level of partnership opportunities exists to facilitate activities that address these needs.

Appendix C: Market Profiles for Full-Scope Areas

State of Michigan Full-Scope Areas

Benton Harbor MSA

Demographic Information for Full-Scope Area: Benton Harbor MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	25	16.00	12.00	40.00	32.00	NA
Population by Geography	79,656	12.16	12.52	40.59	34.72	NA
Owner-Occupied Housing by Geography	22,050	4.81	8.21	46.96	40.02	NA
Businesses by Geography	6,590	13.75	12.38	43.23	30.64	NA
Farms by Geography	245	5.31	4.49	62.45	27.76	NA
Family Distribution by Income Level	21,412	21.25	16.81	19.98	41.95	NA
Distribution of Low- and Moderate-Income Families throughout AA Geographies	8,150	22.17	20.37	35.83	21.63	NA
Median Family Income = \$46,595 HUD Adjusted Median Family Income for 2006 = \$54,200 Households Below the Poverty Level = 13%			Median Housing Value = \$99,948 Unemployment Rate = 7.2% (March 200)			

(*) The NA category consists of geographies that have not been assigned an income classification.
 Source: 1990 U.S. Census, 2006 HUD updated MFI, and Bureau of Labor Statistics

The Benton Harbor MSA assessment area consists of 25 census tracts in Berrien County. There are four low-income; three moderate-income; ten middle-income; and eight upper-income geographies in this assessment area. The assessment area meets the requirements of the CRA regulation and does not arbitrarily exclude any low- or moderate-income geographies.

The economy in Benton Harbor has been struggling since bottoming out in 2003. Unemployment is high, exceeding 7 percent for over a year. The current unemployment rate of 7.2 percent is similar to the state rate of 7 percent and higher than the national rate of 4.4 percent. Like the state of Michigan, Benton Harbor is reliant on manufacturing and has been affected by the downturn in the auto industry, increasing competition from emerging market cheap labor, and rising commodities prices. The area's future is heavily influenced by the Whirlpool Corporation, one of the area's largest employers. Other top employers include Lakeland Regional Health Systems, Michigan Pizza Hut, Inc., and Bosch Braking Systems.

Local strengths include below average cost of living, affordable housing, and low energy costs. Weaknesses include low per-capita income, dependence on the volatile auto industry, and poor demographic trends.

Opportunities exist to address the identified community credit and development needs of affordable housing, small business financing, including start-up financing, and job training.

Appendix D: Tables of Performance Data

Content of Standardized 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/assessment area; (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. 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:

- 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/assessment area. Community development loans to statewide or regional entities or made outside the bank’s assessment area 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 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 assessment area.

- 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 assessment area.
- 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/assessment area. 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/assessment area.

Table 14. Qualified Investments - Presents the number and dollar amount of qualified investments made by the bank in each MSA/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 assessment area. 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 MSA/AA. The table also presents data on branch openings and closings in each MSA/AA.

Table 1. Lending Volume

LENDING VOLUME Period: JANUARY 1, 2004 TO DECEMBER 31, 2006											Geography: INDIANA & MICHIGAN		Evaluation
MSA/MD/Assessment Area:	% of Rated Area Loans (#) in MSA/AA *	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans **		Total Reported Loans		% of Rated Area Deposits in MSA/AA ***	
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$(000's)		
State of Indiana													
Michigan City – LaPorte MSA (FS)	67.70	1,413	135,317	732	82,821	87	10,324	11	4,100	2,243	232,562	74.99	
Gary MD (FS)	27.83	649	89,945	273	44,654	0	0	0	0	922	134,599	21.76	
Elkhart MSA (LS)	2.69	61	7,305	28	6,941	0	0	0	0	89	14,246	1.40	
South Bend (LS)	1.78	39	3,521	20	4,209	0	0	0	0	59	7,730	1.85	
State of Michigan													
Benton Harbor MSA (FS)	100.00	736	110,723	337	43,977	4	367	0	0	1,077	155,067	100.00	

(FS = Full-Scope; LS = Limited Scope)

* Loan Data as of December 31, 2006. Rated area refers to either state or multi-state MA rating area.
 ** The evaluation period for Community Development Loans is from February 18, 2003 to June 4, 2007.
 *** Deposit Data as of June 30, 2006. Rated Area refers to the applicable state.

Table2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE Period: JANUARY 1, 2004 TO DECEMBER 31, 2006		Geography: INDIANA & MICHIGAN									Evaluation				
MSA/MD/Assessment Area:	Total Home Purchase 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	Overall	Low	Mod	Mid	Upp
State of Indiana															
Michigan City – LaPorte MSA (FS)	585	59.39	NA	NA	13.50	12.99	69.17	68.38	17.33	18.63	7.11	NA	7.23	6.47	10.65
Gary MD (FS)	336	34.11	NA	NA	NA	NA	51.49	38.69	48.51	61.31	2.11	NA	NA	1.63	2.69
Elkhart MSA (LS)	37	3.76	0.22	0.00	6.47	2.70	71.06	72.97	22.25	24.32	0.59	0.00	0.00	0.57	0.91
South Bend (LS)	27	2.74	5.05	0.00	57.40	40.74	29.76	40.74	7.79	18.52	0.20	0.00	0.06	0.49	0.74
State of Michigan															
Benton Harbor MSA (FS)	383	100.00	4.81	1.83	8.21	2.35	46.96	45.95	40.02	49.87	7.09	8.11	3.24	5.25	10.63

(FS = Full-Scope; LS = Limited Scope)

* Based on 2005 Peer Mortgage Data (Eastern)

** Home purchase loans originated and purchased in the MSA/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 2000 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 Period: JANUARY 1, 2004 TO DECEMBER 31, 2006												Geography: INDIANA & MICHIGAN					Evaluation				
MSA/MD/Assessment Area:	Total Home Improvement 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	Overall	Low	Mod	Mid	Upp						
State of Indiana																					
Michigan City – LaPorte MSA (FS)	160	70.80	NA	NA	13.50	14.37	69.17	65.00	17.33	20.63	15.61	NA	16.28	14.71	19.67						
Gary MD (FS)	60	26.55	NA	NA	NA	NA	51.49	31.67	48.51	68.33	3.20	NA	NA	1.84	4.48						
Elkhart MSA (LS)	4	1.77	0.22	0.00	6.47	50.00	71.06	50.00	22.25	0.00	0.00	0.00	0.00	0.00	0.00						
South Bend (LS)	2	0.88	5.05	0.00	57.40	100.00	29.76	0.00	7.79	0.00	0.96	0.00	1.63	0.00	0.00						
State of Michigan																					
Benton Harbor MSA (FS)	21	100.00	4.81	0.00	8.21	4.76	46.96	57.14	40.02	38.10	2.03	0.00	0.00	2.33	2.26						

(FS = Full-Scope; LS = Limited Scope)

* Based on 2005 Peer Mortgage Data (Eastern)

** Home improvement loans originated and purchased in the MSA/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 2000 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 Period: JANUARY 1, 2004 TO DECEMBER 31, 2006											Geography: INDIANA & MICHIGAN					Evaluation				
MSA/MD/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.***	% BANK Loans****	% Owner Occ. Units***	% BANK Loans	% Owner Occ. Units***	% BANK Loans	% Owner Occ. Units***	% BANK Loans	Overall	Low	Mod	Mid	Upp					
State of Indiana																				
Michigan City – LaPorte MSA (FS)	664	70.34	NA	NA	13.50	14.61	69.17	65.06	17.33	20.33	8.49	NA	9.37	7.44	11.60					
Gary MD (FS)	252	26.69	NA	NA	NA	NA	51.49	30.16	48.51	69.84	1.97	NA	NA	1.05	2.91					
Elkhart MSA (LS)	19	2.01	0.22	0.00	6.47	5.26	71.06	73.68	22.25	21.05	0.38	0.00	1.22	0.34	0.31					
South Bend (LS)	9	0.95	5.05	11.11	57.40	55.56	29.76	11.11	7.79	22.22	0.52	1.25	0.55	0.24	0.91					
State of Michigan																				
Benton Harbor MSA (FS)	327	100.00	4.81	0.92	8.21	3.67	46.96	54.43	40.02	40.98	4.93	1.54	1.37	4.81	6.57					

(FS = Full-Scope; LS = Limited Scope)

* Based on 2005 Peer Mortgage Data (Eastern)

** Home refinance loans originated and purchased in the MSA/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 2000 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 Period: JANUARY 1, 2004 TO DECEMBER 31, 2006		Geography: INDIANA & MICHIGAN									Evaluation				
MSA/MD/Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography				
	#	% of Total**	% of MF Units***	% BANK Loans****	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	Overall	Low	Mod	Mid	Upp
State of Indiana															
Michigan City – LaPorte MSA (FS)	4	57.14	NA	NA	43.62	25.00	48.85	75.00	7.54	0.00	20.00	NA	0.00	25.00	0.00
Gary MD (FS)	1	14.29	NA	NA	NA	NA	83.01	0.00	16.99	100.00	0.00	NA	NA	0.00	0.00
Elkhart MSA (LS)	1	14.29	6.35	0.00	10.46	0.00	73.69	100.00	9.50	0.00	0.00	0.00	0.00	0.00	0.00
South Bend (LS)	1	14.29	8.94	0.00	47.51	100.00	41.31	0.00	2.24	0.00	16.67	0.00	25.00	0.00	0.00
State of Michigan															
Benton Harbor MSA (FS)	5	100.00	25.00	0.00	9.27	0.00	35.11	80.00	30.62	20.00	0.00	0.00	0.00	0.00	0.00

(FS = Full-Scope; LS = Limited Scope)

* Based on 2005 Peer Mortgage Data (Eastern)

** Multi-family loans originated and purchased in the MSA/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 multi family units in a particular geography divided by the number of multifamily housing units in the area based on 2000 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 Period: JANUARY 1, 2004 TO DECEMBER 31, 2006												Geography: INDIANA & MICHIGAN					Evaluation				
MSA/MD/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 Businesses***	% BANK Loans	% of Businesses	% BANK Loans	% of Businesses	% BANK Loans	% of Businesses	% BANK Loans	Overall	Low	Mod	Mid	Upp						
State of Indiana																					
Michigan City – LaPorte MSA (FS)	732	69.52	NA	NA	30.97	22.81	58.32	68.44	10.71	8.74	10.93	NA	10.77	12.42	8.12						
Gary MD (FS)	273	25.93	NA	NA	NA	NA	52.84	45.42	47.16	54.58	1.07	NA	NA	1.09	1.28						
Elkhart MSA (LS)	28	2.66	12.43	0.00	8.44	0.00	66.71	100.00	12.41	0.00	0.19	0.00	0.00	0.22	0.00						
South Bend (LS)	20	1.90	6.39	20.00	71.04	70.00	19.23	10.00	3.34	0.00	0.65	2.70	0.76	0.53	0.71						
State of Michigan																					
Benton Harbor MSA (FS)	337	100.00	13.75	6.82	12.38	10.98	43.23	46.88	30.64	35.31	3.91	6.06	4.26	3.20	5.42						

(FS = Full-Scope; LS = Limited Scope)

* Based on 2005 Peer Small Business Data -- US and PR
 ** Small loans to businesses originated and purchased in the MSA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.
 *** Source Data - Dun and Bradstreet (2006).

Table 7. Geographic Distribution of Small Loans to Farms

Geographic Distribution: SMALL LOANS TO FARMS Period: JANUARY 1, 2004 TO DECEMBER 31, 2006		Geography: INDIANA & MICHIGAN									Evaluation				
MSA/MD/Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography				
	#	% of Total**	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	Overall	Low	Mod	Mid	Upp
State of Indiana															
Michigan City – LaPorte MSA (FS)	87	100.00	NA	NA	6.44	0.00	85.40	97.70	8.17	2.30	12.50	NA	0.00	12.62	16.67
Gary MD (FS)	0	0.00	NA	NA	0.00	0.00	26.42	0.00	73.58	0.00	0.00	NA	NA	0.00	0.00
Elkhart MSA (LS)	0	0.00	5.26	0.00	0.00	0.00	77.19	0.00	17.54	0.00	0.00	0.00	0.00	0.00	0.00
South Bend (LS)	0	0.00	2.44	0.00	68.29	0.00	24.39	0.00	4.88	0.00	0.54	0.00	0.00	0.60	0.00
State of Michigan															
Benton Harbor MSA (FS)	4	100.00	5.31	0.00	4.49	0.00	62.45	75.00	27.76	25.00	2.42	0.00	0.00	2.91	0.00

(FS = Full-Scope; LS = Limited Scope)

* Based on 2005 Peer Small Business Data -- US and PR

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

*** Source Data - Dun and Bradstreet (2006).

Table 8. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE Period: JANUARY 1, 2004 TO DECEMBER 31, 2006		Geography: INDIANA & MICHIGAN									Evaluation				
MSA/MD/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
State of Indiana															
Michigan City – LaPorte MSA (FS)	585	59.39	17.79	13.47	19.40	26.08	25.27	26.94	37.55	33.51	8.58	8.92	7.71	8.67	9.12
Gary MD (FS)	336	34.11	12.40	7.72	15.60	19.44	23.70	27.16	48.29	45.68	2.41	3.79	2.25	2.02	2.62
Elkhart MSA (LS)	37	3.76	20.30	25.00	19.94	22.22	24.60	25.00	35.16	27.78	0.74	1.26	0.00	0.60	1.44
South Bend (LS)	27	2.74	30.48	22.22	24.01	48.15	22.01	22.22	23.51	7.41	0.24	0.37	0.29	0.26	0.00
State of Michigan															
Benton Harbor MSA (FS)	383	100.00	21.25	3.98	16.81	16.18	19.98	26.53	41.95	53.32	8.61	3.88	12.29	12.40	6.43

(FS = Full-Scope; LS = Limited Scope)

* Based on 2005 Peer Mortgage Data (Eastern)

** As a percentage of loans with borrower income information available. No information was available for 1.9% of loans originated and purchased by bank.

*** Percentage of Families is based on the 2000 Census information.

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

¹ 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 Period: JANUARY 1, 2004 TO DECEMBER 31, 2006		Geography: INDIANA & MICHIGAN									Evaluation				
MSA/MD/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 ²	% BANK Loans	% Families	% BANK Loans	% Families	% BANK Loans	Overall	Low	Mod	Mid	Upp
State of Indiana															
Michigan City – LaPorte MSA (FS)	160	70.80	17.79	15.38	19.40	29.49	25.27	23.08	37.55	32.05	15.46	16.67	26.09	9.01	13.19
Gary MD (FS)	60	26.55	12.40	3.45	15.60	18.97	23.70	31.03	48.29	46.55	3.29	0.00	5.83	3.43	2.56
Elkhart MSA (LS)	4	1.77	20.30	50.00	19.94	25.00	24.60	0.00	35.16	25.00	0.00	0.00	0.00	0.00	0.00
South Bend (LS)	2	0.88	30.48	0.00	24.01	0.00	22.01	0.00	23.51	0.00	0.00	0.00	0.00	0.00	0.00
State of Michigan															
Benton Harbor MSA (FS)	21	100.00	21.25	0.00	16.81	23.81	19.98	23.81	41.95	52.38	2.09	0.00	1.10	0.94	3.87

(FS = Full-Scope; LS = Limited Scope)

* Based on 2005 Peer Mortgage Data (Eastern)

** As a percentage of loans with borrower income information available. No information was available for 3.5% of loans originated and purchased by bank.

*** Percentage of Families is based on the 2000 Census information.

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

² 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 Period: JANUARY 1, 2004 TO DECEMBER 31, 2006		Geography: INDIANA & MICHIGAN									Evaluation				
MSA/MD/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share				
	#	% of Total**	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Overall	Low	Mod	Mid	Upp
State of Indiana															
Michigan City – LaPorte MSA (FS)	664	70.34	17.79	13.73	19.40	25.00	25.27	25.31	37.55	35.96	10.23	11.07	10.12	8.97	11.02
Gary MD (FS)	252	26.69	12.40	7.38	15.60	15.16	23.70	28.69	48.29	48.77	2.34	4.12	1.28	1.43	3.14
Elkhart MSA (LS)	19	2.01	20.30	10.53	19.94	26.32	24.60	26.32	35.16	36.84	0.49	0.68	0.00	0.00	1.23
South Bend (LS)	9	0.95	30.48	0.00	24.01	40.00	22.01	40.00	23.51	20.00	0.28	0.00	0.00	0.81	0.50
State of Michigan															
Benton Harbor MSA (FS)	327	100.00	21.25	8.05	16.81	17.96	19.98	20.12	41.95	53.87	6.06	5.43	5.76	4.51	7.06

(FS = Full-Scope; LS = Limited Scope)

* Based on 2005 Peer Mortgage Data (Eastern)

** As a percentage of loans with borrower income information available. No information was available for 3.0% of loans originated and purchased by bank.

*** Percentage of Families is based on the 2000 Census information.

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

Table11. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES JANUARY 1, 2004 TO DECEMBER 31, 2006			Geography: INDIANA & MICHIGAN					Evaluation Period:	
MSA/MD/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
State of Indiana									
Michigan City – LaPorte MSA (FS)	732	69.52	65.53	46.72	72.54	12.84	14.62	10.93	7.16
Gary MD (FS)	273	25.93	63.25	64.47	55.31	24.54	20.15	1.07	1.55
Elkhart MSA (LS)	28	2.66	60.61	28.57	53.57	10.71	35.71	0.19	0.27
South Bend (LS)	20	1.90	65.55	80.00	35.00	50.00	15.00	0.65	0.92
State of Michigan									
Benton Harbor MSA (FS)	337	100.00	68.47	66.47	64.09	21.96	13.95	3.91	5.05

(FS = Full-Scope; LS = Limited Scope)

* Based on 2005 Peer Small Business Data -- US and PR

** Small loans to businesses originated and purchased in the MSA/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 - 2006).

**** 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 1.99% of small loans to businesses originated and purchased by the bank.

Table12. Borrower Distribution of Small Loans to Farms

Borrower Distribution: SMALL LOANS TO FARMS JANUARY 1, 2004 TO DECEMBER 31, 2006					Geography: INDIANA & MICHIGAN			Evaluation Period:	
MSA/MD/Assessment Area:	Total Small Loans to Farms		Farms With Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size			Market Share	
	#	% of Total**	% of Farms***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
State of Indiana									
Michigan City – LaPorte MSA (FS)	87	100.00	94.80	90.80	57.47	28.74	13.79	12.50	14.47
Gary MD (FS)	0	0.00	88.62	0.00	0.00	0.00	0.00	0.00	0.00
Elkhart MSA (LS)	0	0.00	96.49	0.00	0.00	0.00	0.00	0.00	0.00
South Bend (LS)	0	0.00	95.12	0.00	0.00	0.00	0.00	0.54	0.60
State of Michigan									
Benton Harbor MSA (FS)	4	100.00	95.10	100.00	75.00	25.00	0.00	2.42	0.00

(FS = Full-Scope; LS = Limited Scope)

* Based on 2005 Peer Small Business Data -- US and PR

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

*** Farms with revenues of \$1 million or less as a percentage of all farms (Source D&B - 2006).

**** Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms. Information was available for 100% of the small loans to farms originated and purchased by the bank.

Table 14. Qualified Investments

QUALIFIED INVESTMENTS		Geography: INDIANA & MICHIGAN						Evaluation	
Period: FEBRUARY 18, 2003 TO JUNE 4, 2007									
MSA/MD/Assessment Area:	Prior Period Investments		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
State of Indiana									
Michigan City – LaPorte MSA (FS)	3	851	39	1,100	42	1,951	82.18	0	0
Gary MD (FS)	0	0	5	119	5	119	5.01	0	0
Elkhart MSA (LS)	0	0	2	300	2	300	12.64	0	0
South Bend (LS)	0	0	5	4	5	4	0.17	0	0
State of Michigan									
Benton Harbor MSA (FS)	0	0	5	55	5	55	100.00	0	0

(FS = Full-Scope; LS = Limited Scope)

* 'Prior Period Investments' means investments made in a previous 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.

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

DISTRIBUTION OF BRANCH OPENINGS/CLOSINGS													Geography: INDIANA & MICHIGAN				Evaluation	
Period: FEBRUARY 18, 2003 TO JUNE 4, 2007																		
MSA/MD/Assessment Area:	Deposits	Branches						Branch Openings/Closings						Population				
	% of Rated Area Deposits in AA	# of 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	
State of Indiana																		
Michigan City-LaPorte MSA (FS)	74.99	4	42.00	NA	50.00	50.00	0.00	0	0	0	0	0	0	NA	19.42	66.44	14.14	
Gary MD (FS)	21.76	4	42.00	NA	NA	25.00	75.00	1	0	0	0	0	+1	NA	NA	57.42	42.58	
Elkhart MSA (LS)	1.40	1	8.00	0.00	0.00	0.00	100.00	1	0	0	0	0	+1	1.47	15.08	65.90	17.55	
South Bend (LS)	1.85	1	800	0.00	100.00	0.00	0.00	1	0	0	+1	0	0	6.42	62.35	25.46	5.77	
State of Michigan																		
Benton Harbor MSA (FS)	100.00	6	100.00	0.00	16.67	66.67	16.67	6*	0	0	+1	+3	+1	12.16	12.52	40.59	34.72	

(FS = Full-Scope; LS = Limited Scope)

* Includes three branches resulting from acquisition of Alliance Bank (June 2005), all middle-income.