



**A NASDAQ Traded Company - Symbol HBNC**

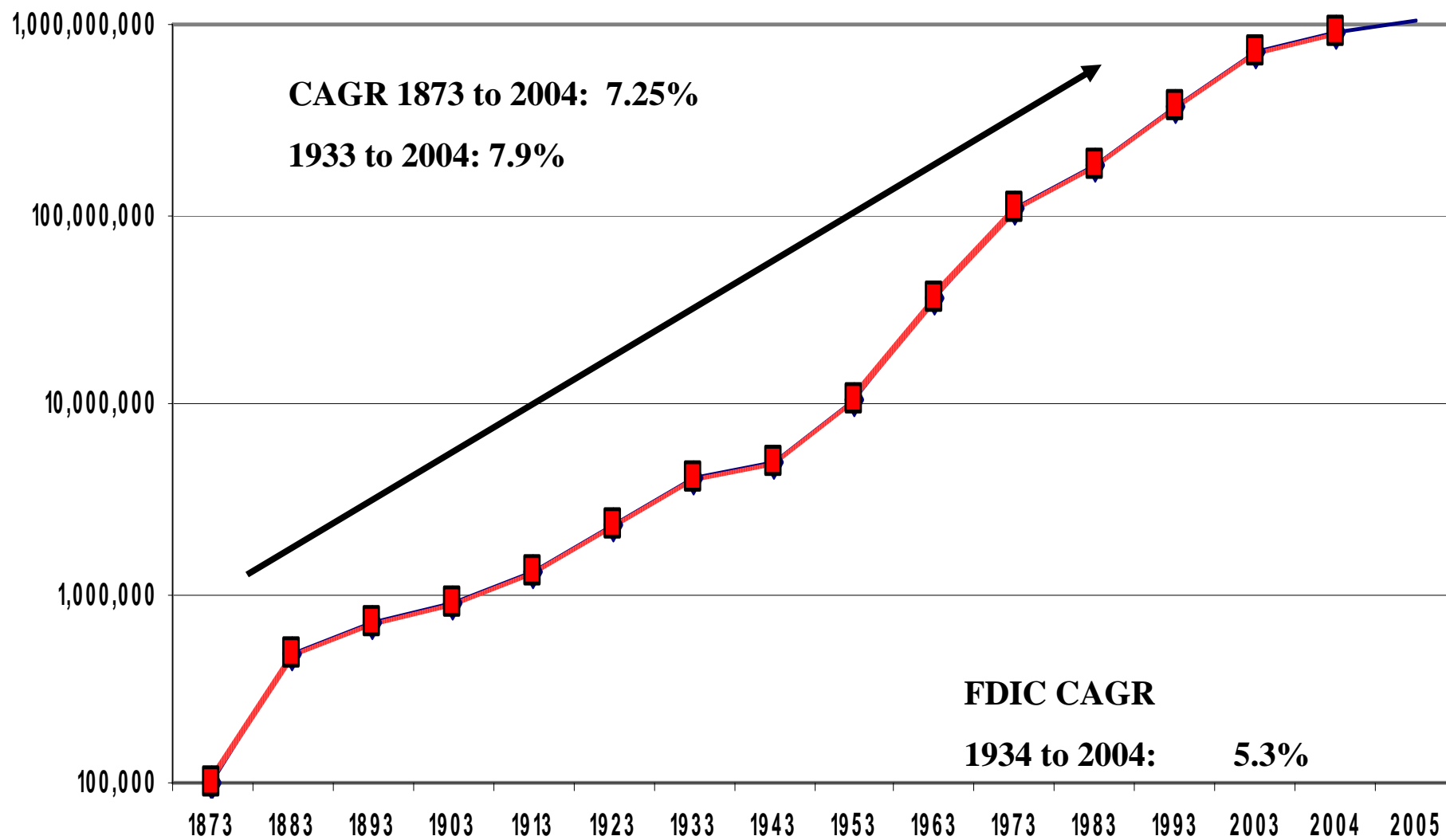
# Forward-Looking Statements

This presentation may contain forward-looking statements regarding financial performance, business prospects, growth and operating strategies. For these statements, Horizon claims the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995.

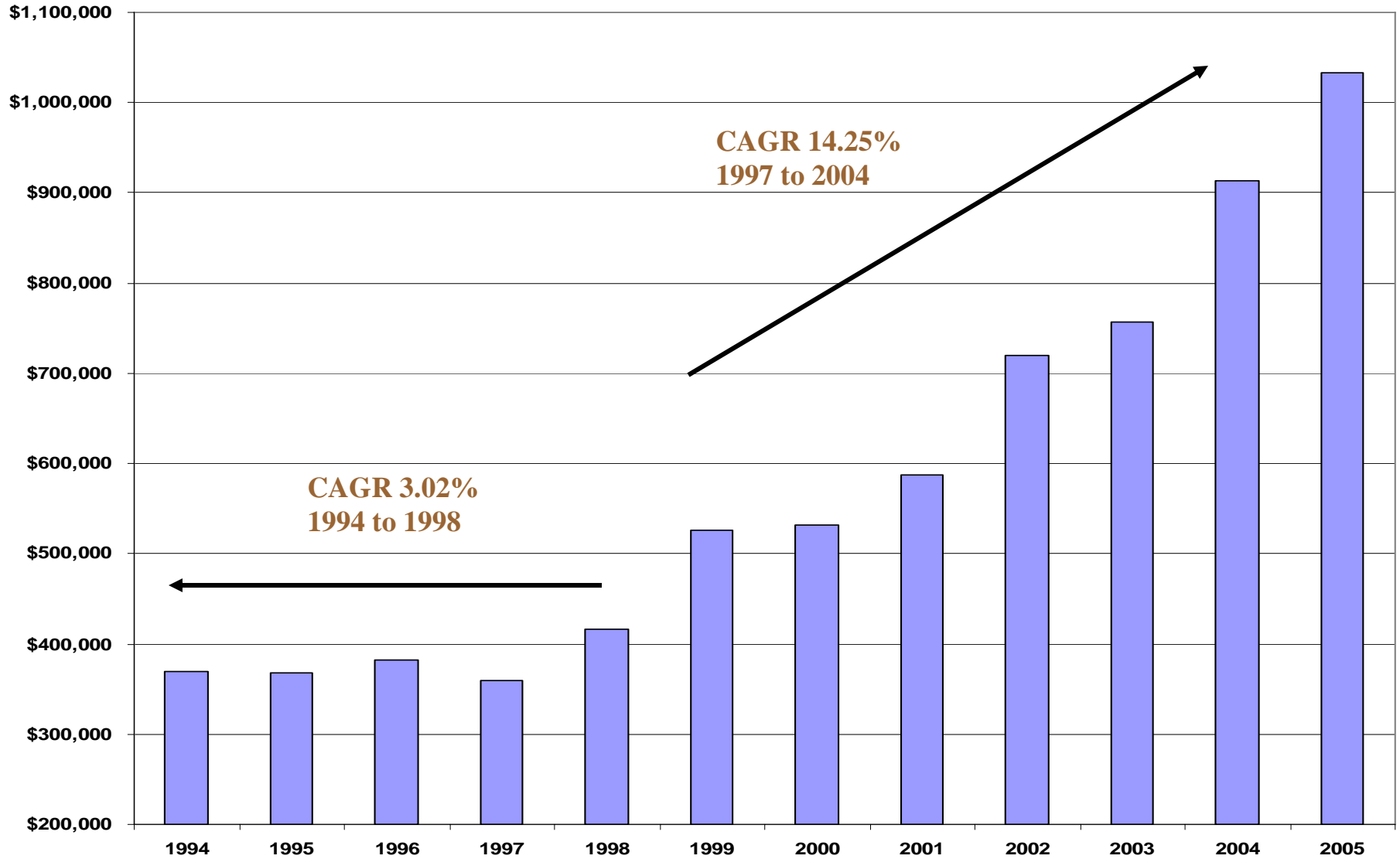
# History

- Founded in 1873
- Located in Northwest Indiana and Southwest Michigan
- Total Assets: \$900 million
- Publicly Held Company Since Early 1960's - Traded Over the Counter
- NASDAQ Small Cap in 2001
- Employees Own Approximately 18%
- Insiders Own Approximately 30%

■ Total Assets



# Total Assets



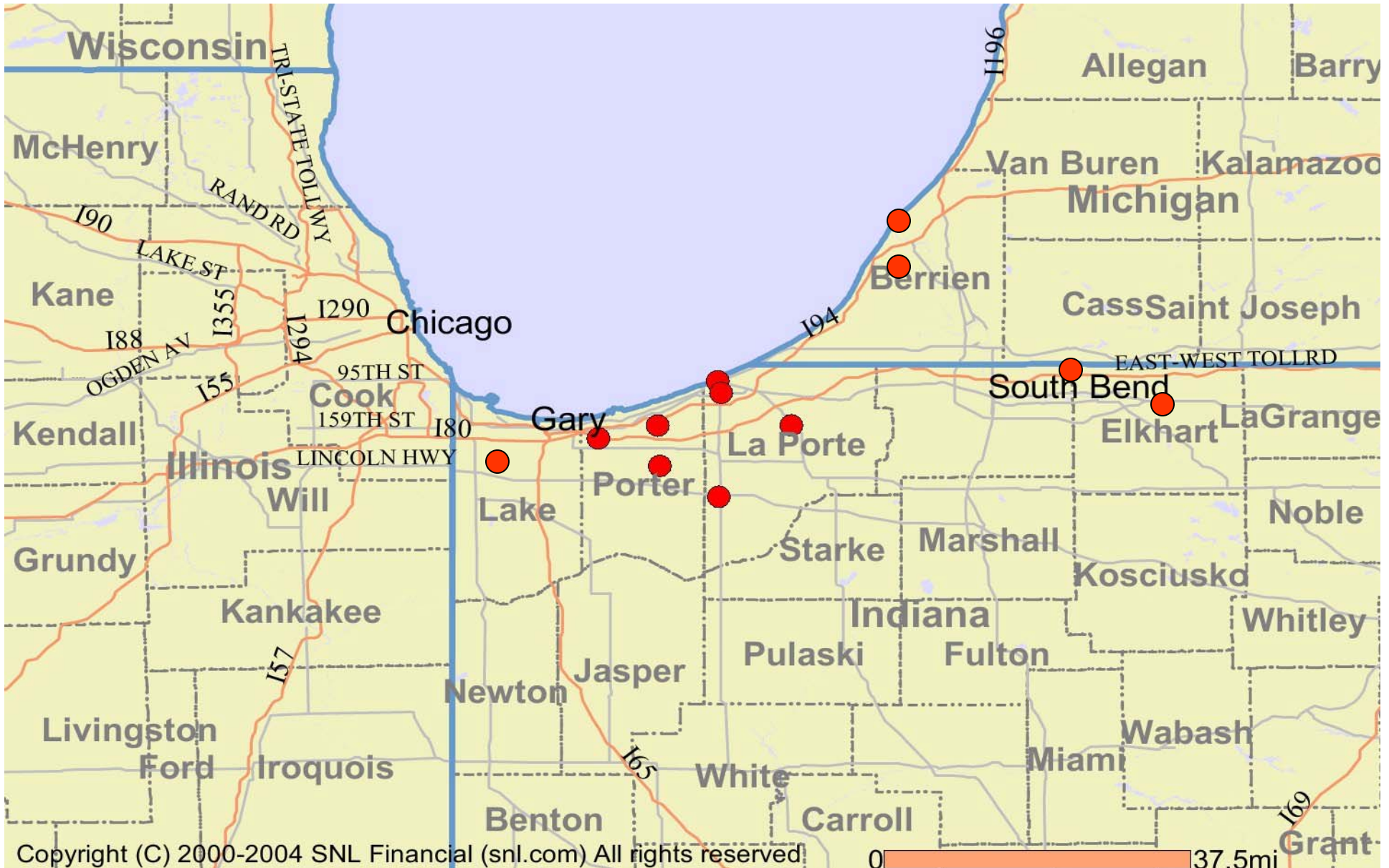
# Business Lines

- Retail Banking
- Commercial Banking
- Mortgage Lending
- Mortgage Warehousing
- Trust & Investment Management
- Goal is to Balance Revenue Streams

# Delivery Systems

	<u>1999</u>	<u>2004</u>	<u>Post Merger</u>
Full Service Branches	8	9	12
ATM's	34	17	24
Loan & Deposit Production Offices	0	2	3
Internet Banking	No	Yes	Yes

# Current Locations





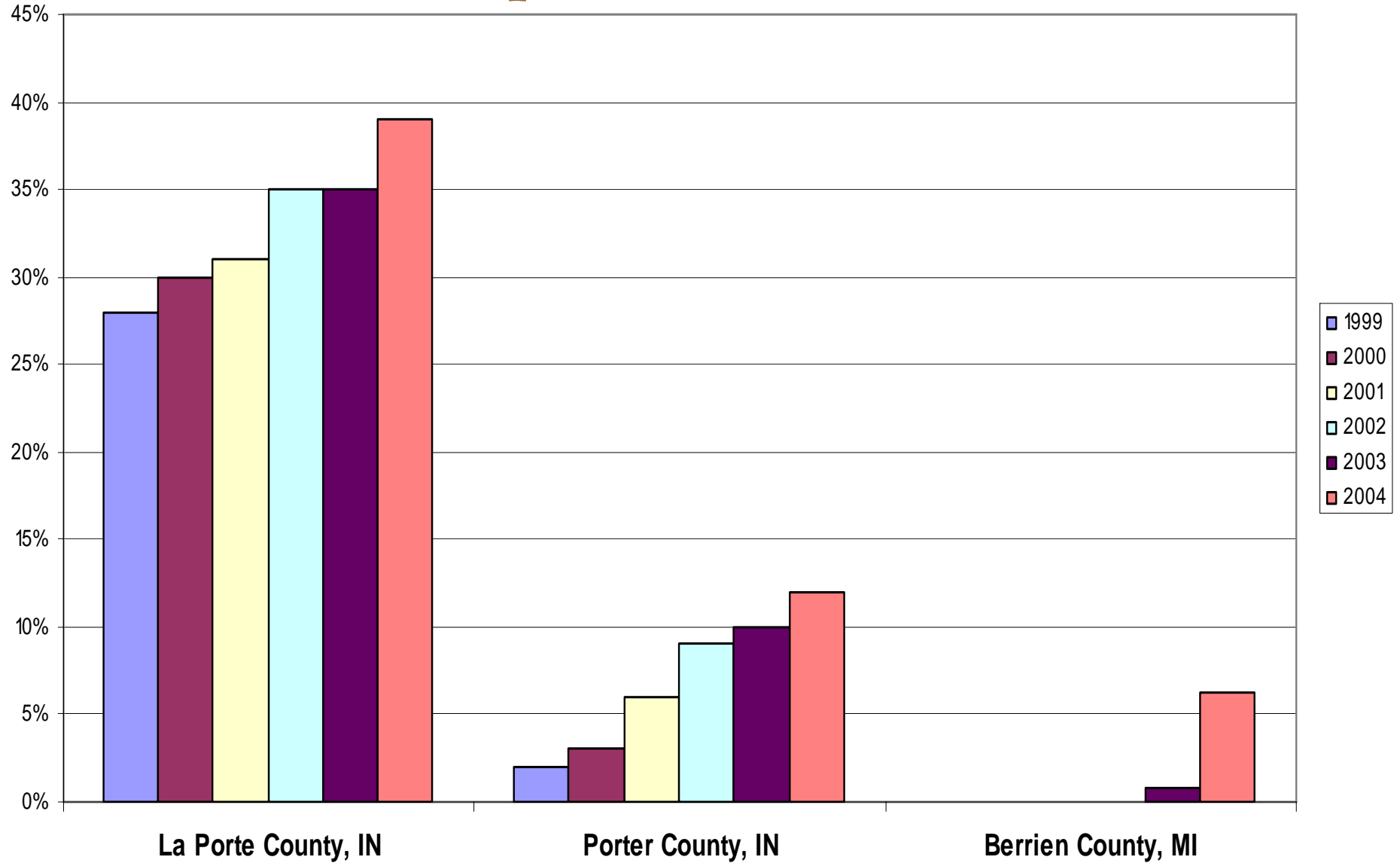
# Deposit Opportunities

	<b>Total Deposits MSA (millions)</b>	<b>Total Deposits Horizon (millions)</b>	<b>Horizon's Market Share</b>
<b>South Bend - Mishawaka, IN</b>	<b>\$3,214</b>	<b>0</b>	<b>0</b>
<b>Lake &amp; Porter Counties, IN</b>	<b>\$8,228</b>	<b>\$118</b>	<b>1.4%</b>
<b>Michigan City – La Porte, IN</b>	<b>\$1,260</b>	<b>\$440</b>	<b>34.9%</b>
<b>Niles – Benton Harbor, MI</b>	<b>\$1,918</b>	<b>\$35</b>	<b>1.8%</b>

Source: FDIC June 30, 2004



# Deposit Market Share - Percent



Source FDIC June 30, 2004



## Closely Held Beliefs

- We Affirm the Customer as Our Highest Focus
- We Accomplish Our Goals
- We Understand the Value of Profit
- We Value Measurement
- We Only Deploy Proven Technology
- People First, Location Second

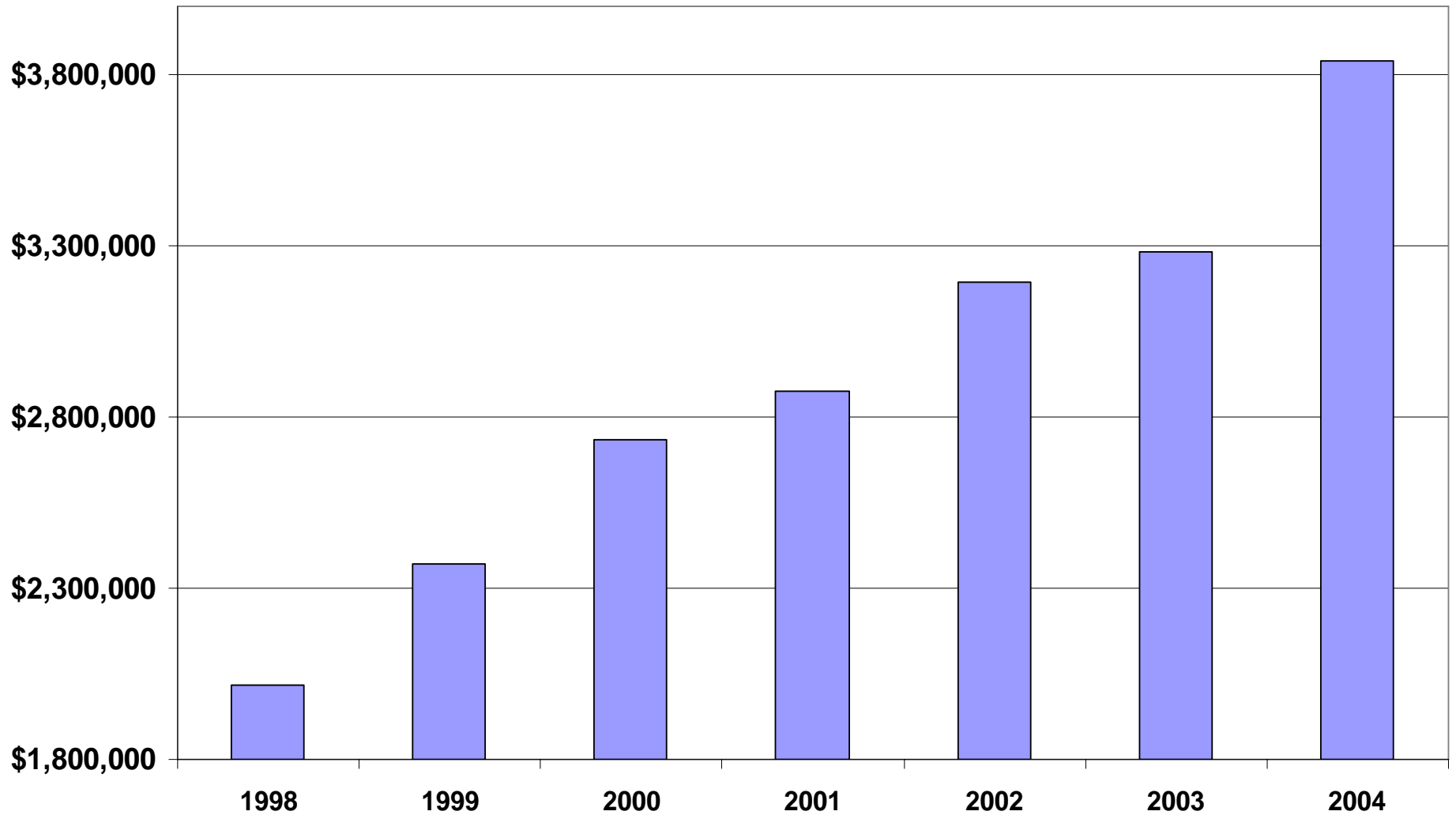
## Exceptional Service & Sensible Advice

- Retention
- Cross Sell
- Net Growth in Households

## Exceptional Service & Sensible Advice

	<u>2000</u>	<u>2004</u>	<u>Percent Change</u>
<b>Total Households</b>	19,617	24,425	24.51%
<b>Retention Rates</b>	96.1%	97.2%	
<b>Products &amp; Services Per House Hold</b>	3.31	3.25	

# Assets Per Employee



## Growth Plans

- Southern Lake Michigan and Highway's 80 & 94 Corridor
- Two New Offices Per Year
- Breakeven Point Per Office in 12 to 18 months
- Lead with People First
- Location Second
- Focus on Commercial and Mortgage Lending

# Target Growth Area





# Organizational Design by Market

- **Market Presidents**
  - Seasoned Bankers
  - Live in the Area they Work
  - Accountability & Responsibility
  - Voice and Ears of the Community
- **Presence**
  - To be Visible
  - To be Active
- **Recruitment and Retention**
  - 24/7 Recruitment
  - Incentive Compensation Programs
- **Centralized Operations, Controls & Staff Functions**
- **Proven Formula**

# Alliance Acquisition

## Acquisition Metrics

	<u>Alliance Acquisition</u>	<u>2004 Averages</u>
<b>Price to LTM Earnings</b>	<b>4,250x</b>	<b>23.9x</b>
<b>Price to Book</b>	<b>1.68x</b>	<b>2.34x</b>
<b>Price to Core Deposit</b>	<b>6.19%</b>	<b>12.9%</b>
<b>Price to Assets</b>	<b>9.90%</b>	<b>19.5%</b>

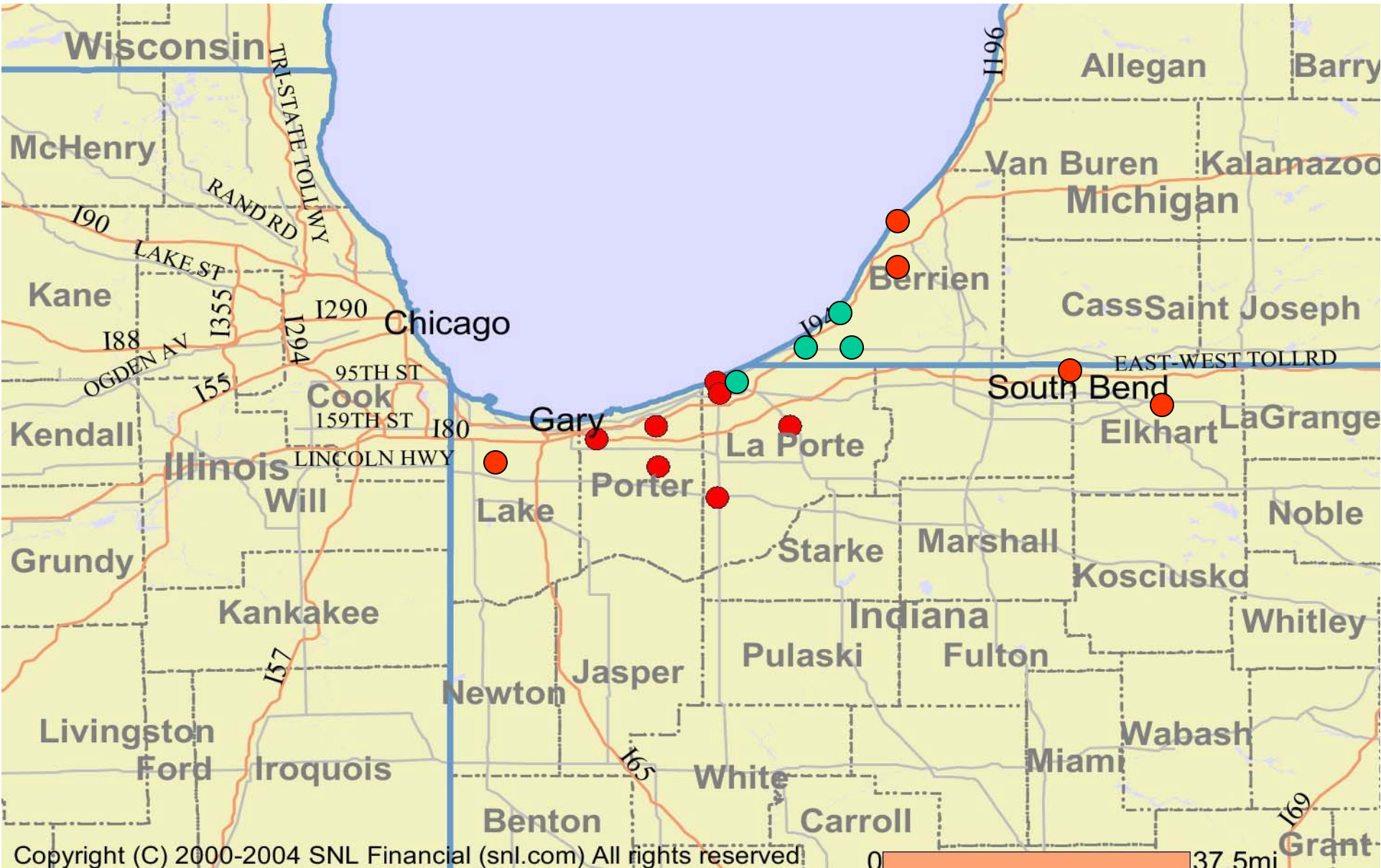
Source for Alliance Acquisition: McConnell, Budd & Romano, Inc. Investment Banker & Alliance's Year-end 2004 Audited Financial Statement

Source for Averages: SNL Merger & Acquisition Report 12-31-04

# Reasons to Acquire

- Fills Market Gap
- Cost Savings Greater Than 30%
  - Staffing
  - Occupancy
  - Operational
- Minimizes Risk of New Entrant into Market
- $IRR > 15\%$

# Locations Post Closing



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## Renegotiated Price

- Fiduciary Out/Duty Clause
- Chicago Area Bank
- Lock-Up Agreement
- Increase Break Up Fee
- Verizon Vs. Qwest Communications Battle to Acquire MCI

# Shareholder Value Plan

- Started in 2001
- Dividend Policy
- DRIP
- EPS
- ROAE

## Dividends

- 8.33% Increase in 2004 - 52 Cents
- 12.49% Increase in 2003 - 48 Cents
- 6.67% Increase in 2002 - 42.67 Cents
- We Review our Dividend Policy Annually
- Dividend Reinvestment Plan



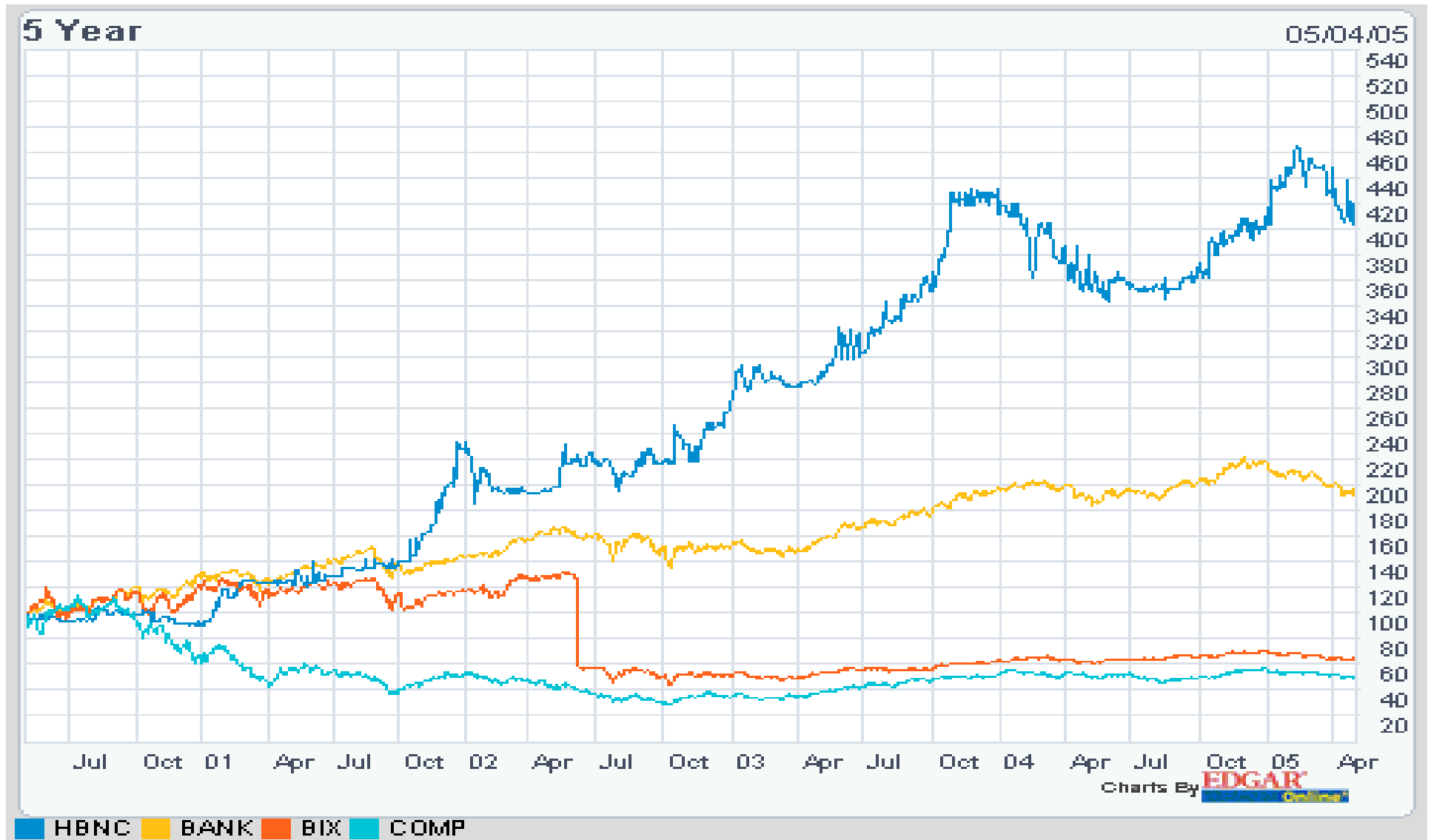
## Volume

- 3:1 Stock Split in 2001
  - 661,900 to 1,985,700
- 3:2 Stock Split in 2003
  - 1,987,500 to 2,981,164
- Trading Volume
  - NASDAQ Small Cap December 2001
  - 2002 annual volume 716,159 shares
  - 2003 annual volume 795,824 shares
  - 2004 annual volume 547,266 shares

# Why Attractive Investment

- Strategic Growth Plans
- Organic Growth & Market Share Opportunities
- Excellent Asset Quality
- Closely Held Beliefs
- Management Team has History of Getting Things Done

# Stock Price History - Five Years

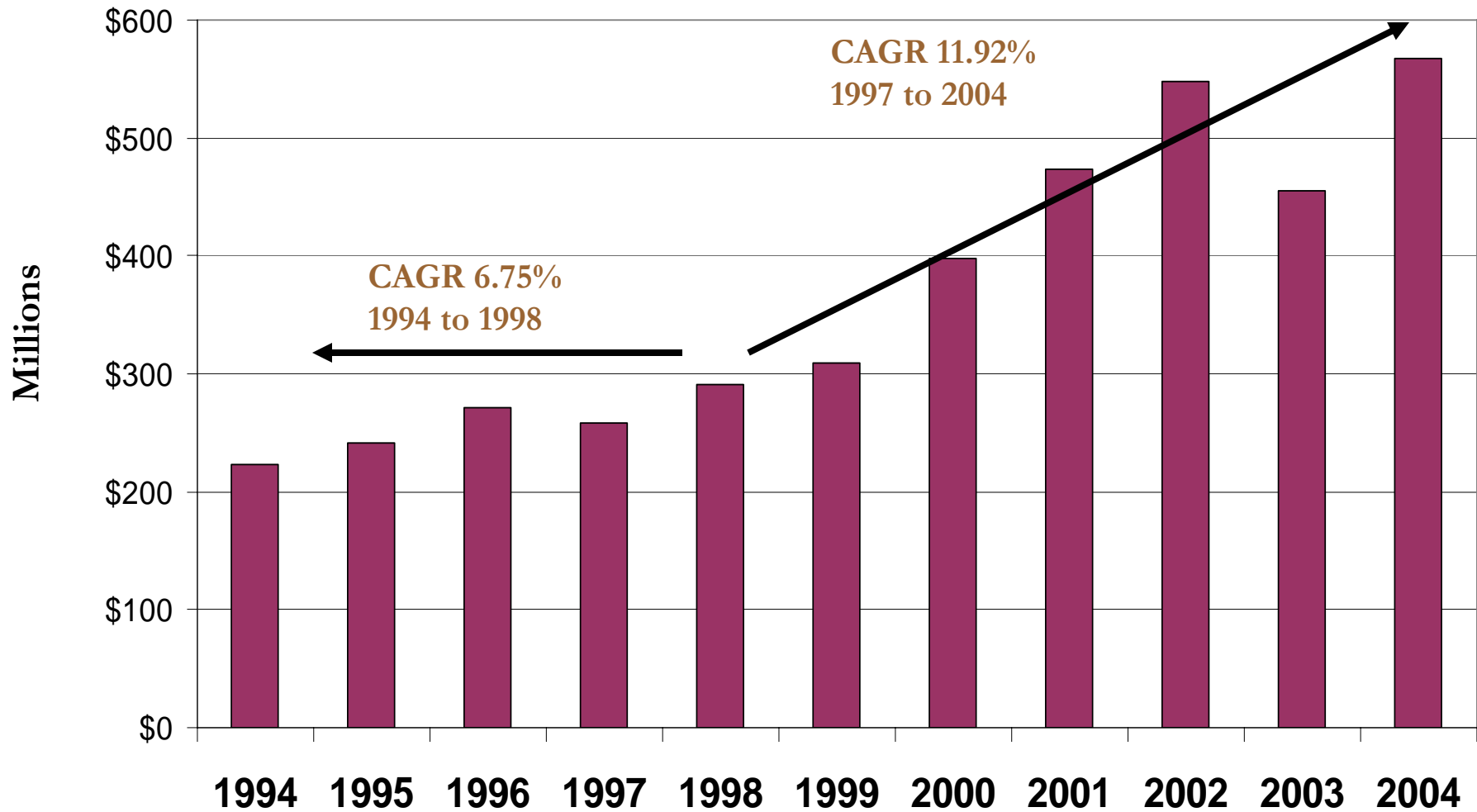


Source: NASDAQ Bank: Nasdaq Bank Index Bix: S&P Bank Index COMP: Nasdaq Composite



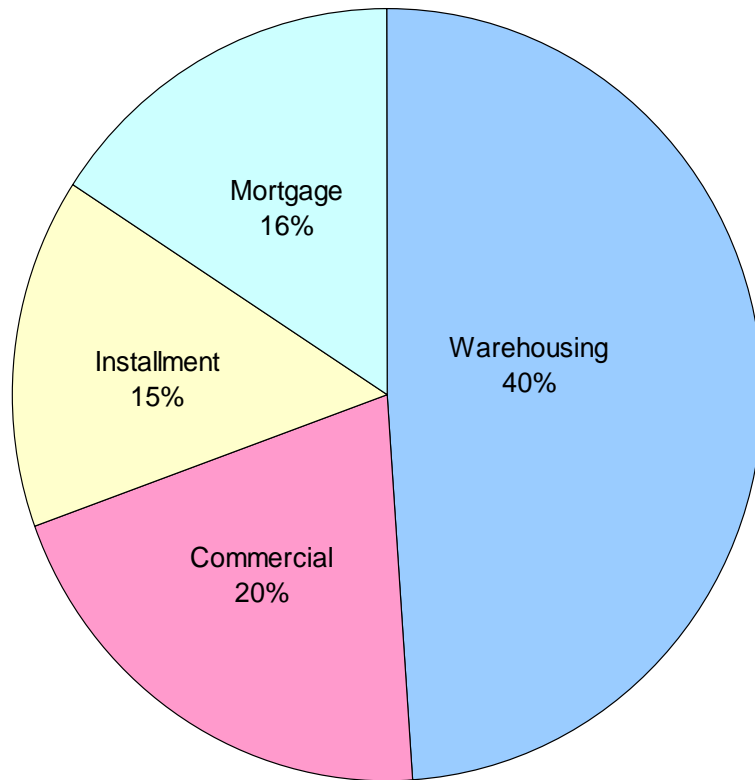
**Financial Presentation**  
**Thomas H. Edwards,**  
**President & Chief Operating Officer**

# Total Loans Year-End

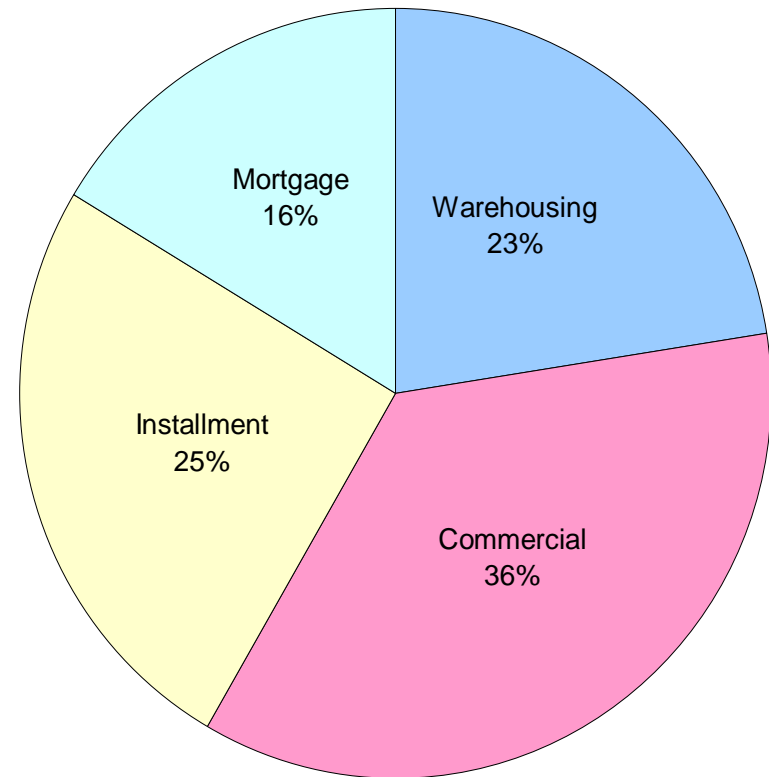


# Total Loans

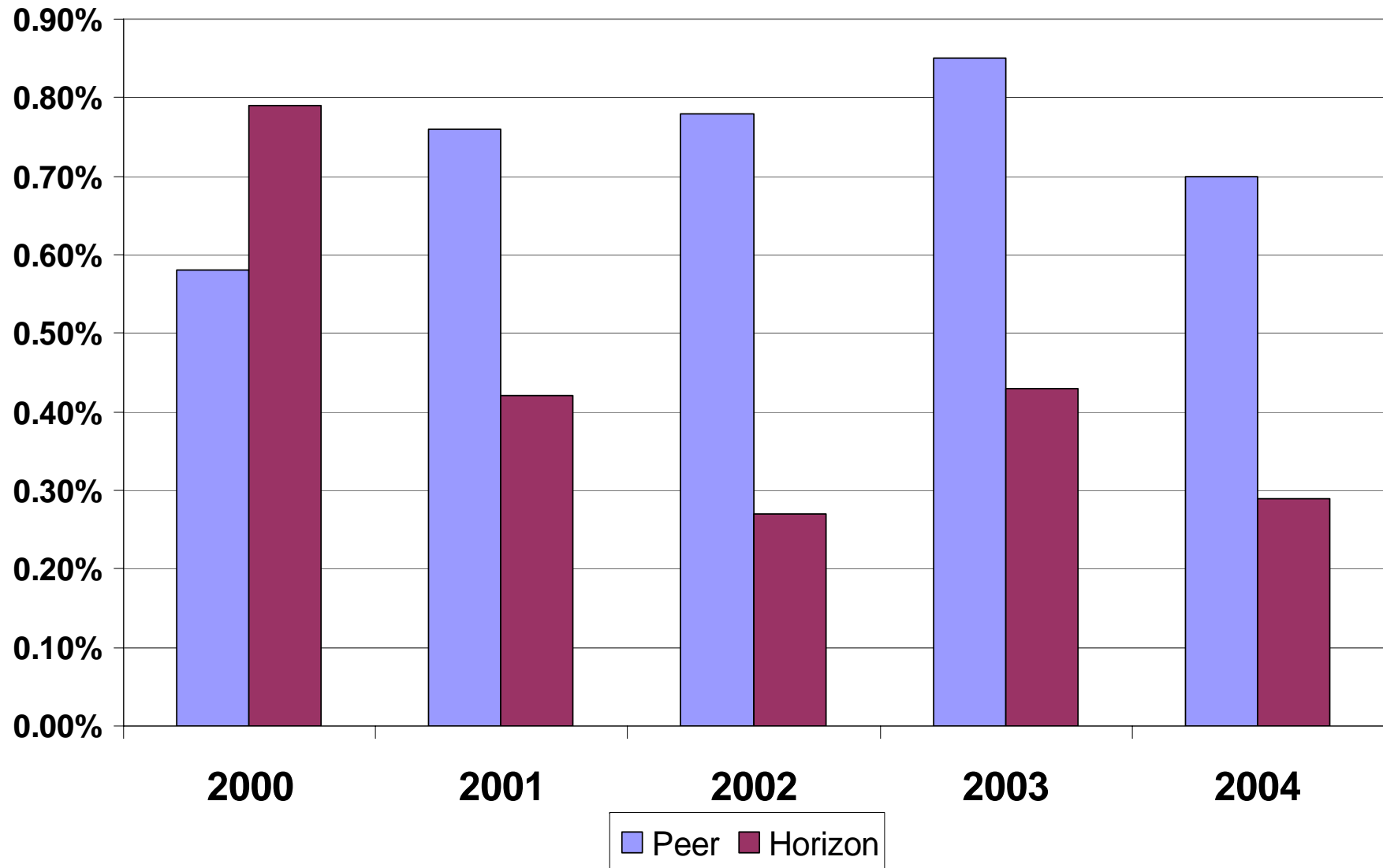
## 2002



## 2004



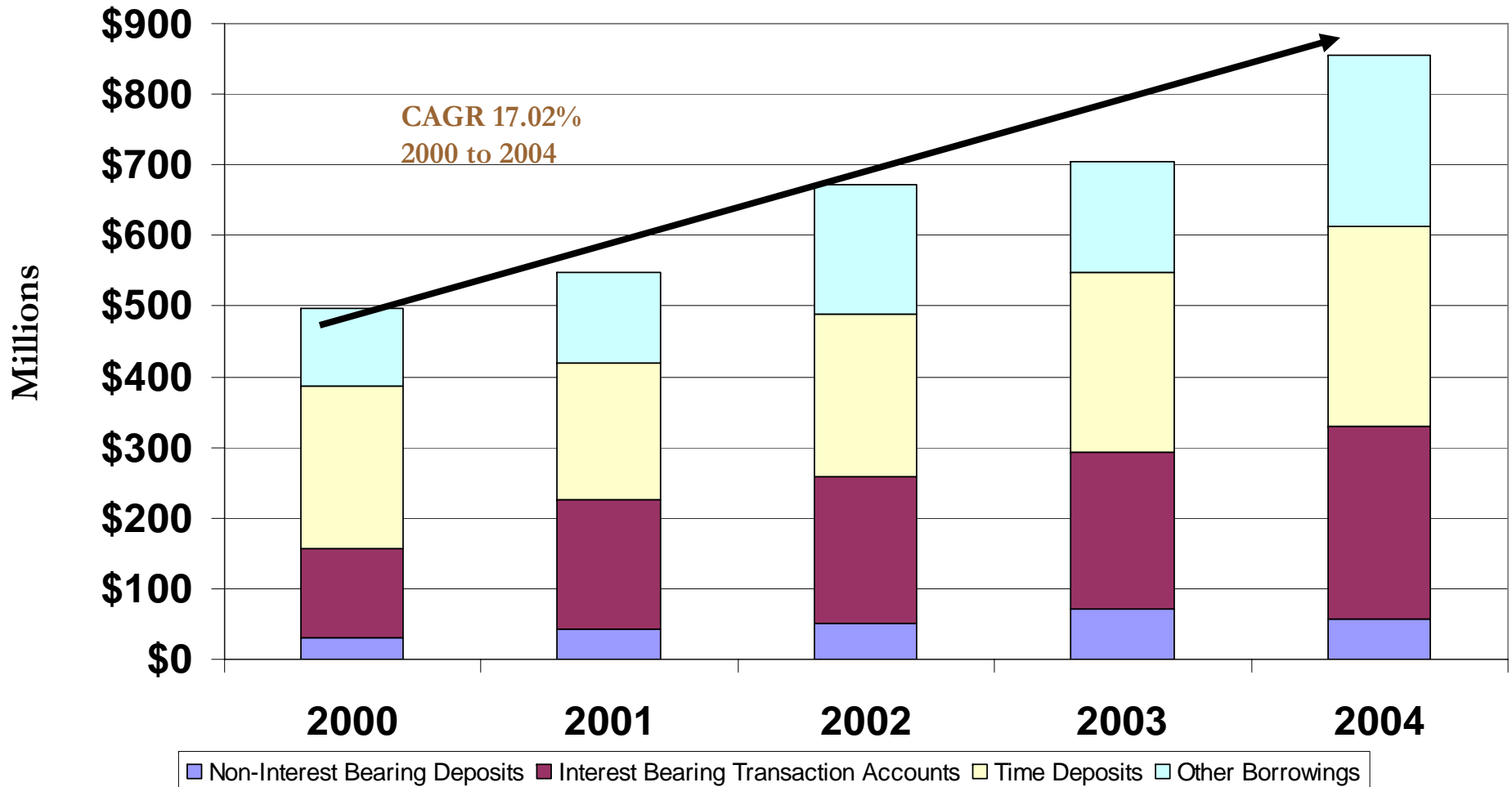
# Non-Performing Loans



Source: Uniform Bank Performance Report prepared by the FDIC

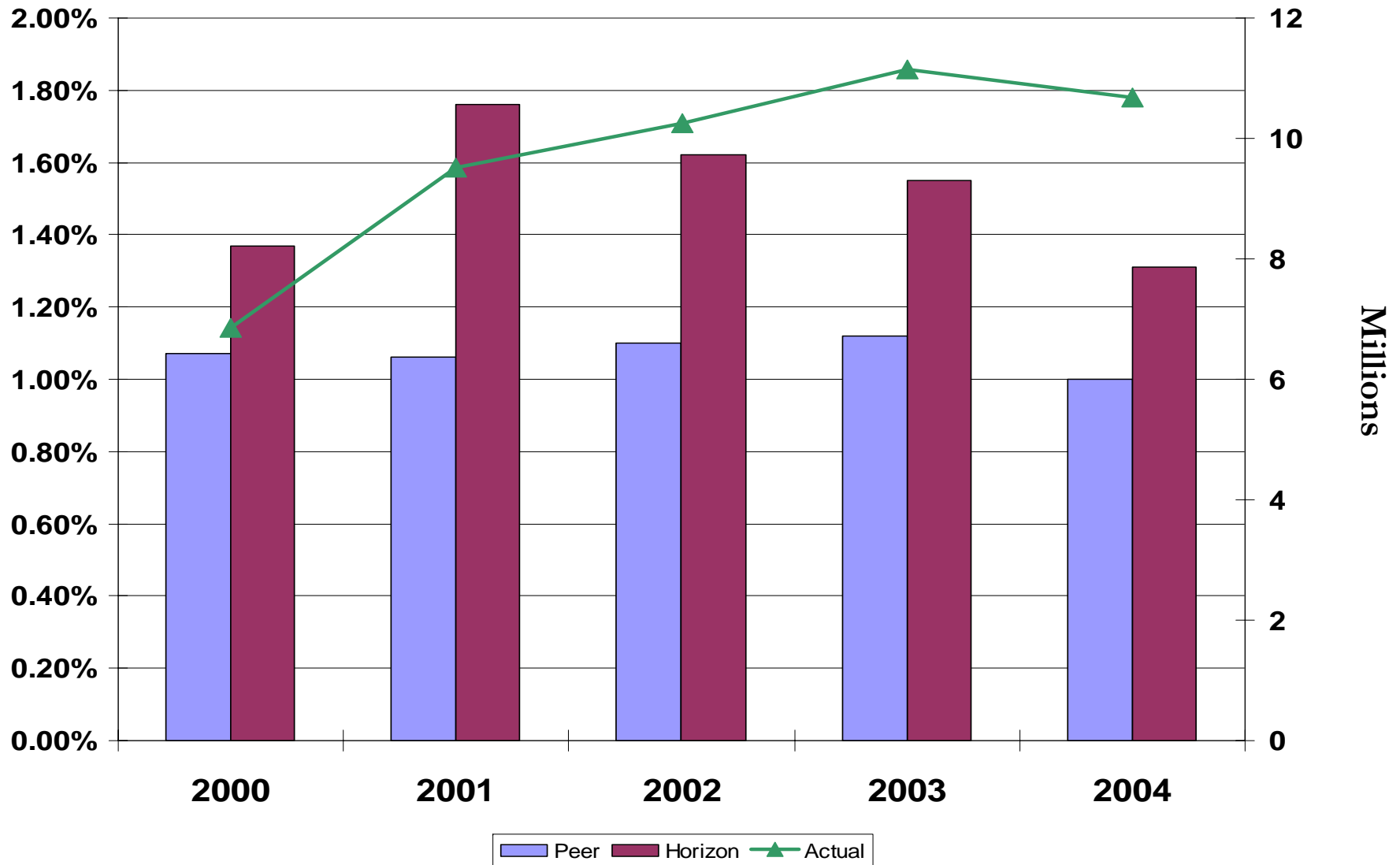


# Deposits Year-End





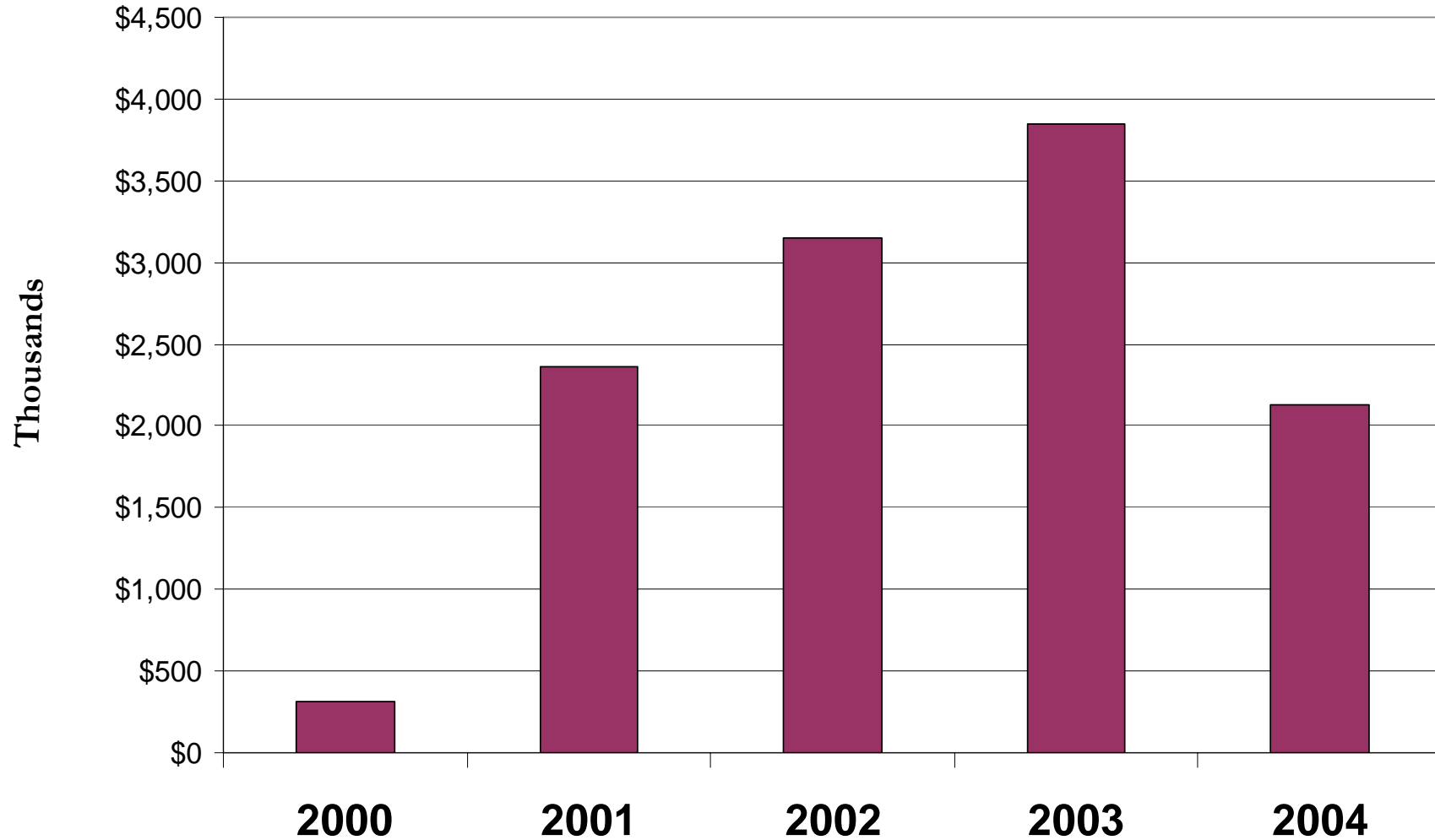
# Non-Interest Income



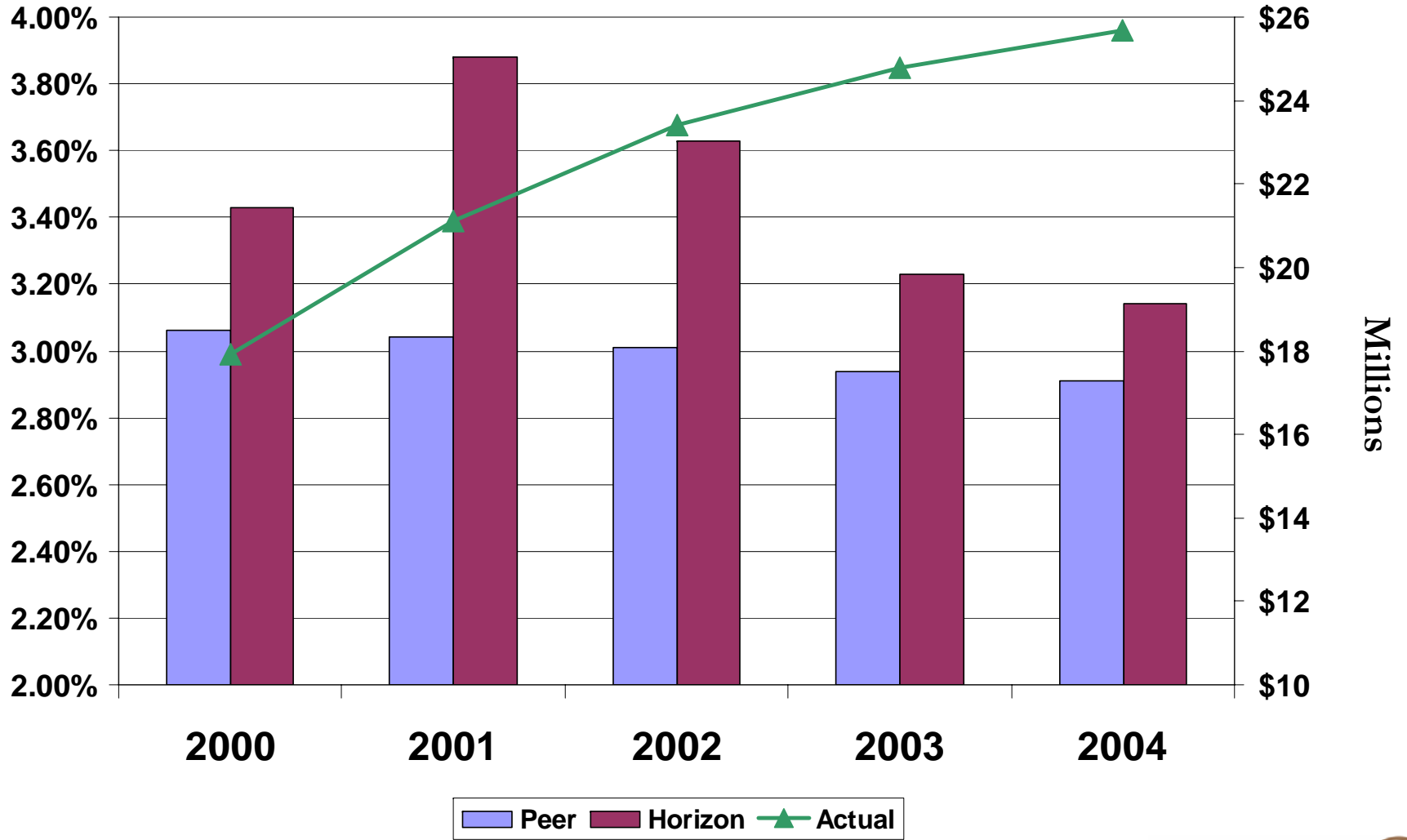
Source: Uniform Bank Performance Report prepared by the FDIC



# Gain on Sale of Loans



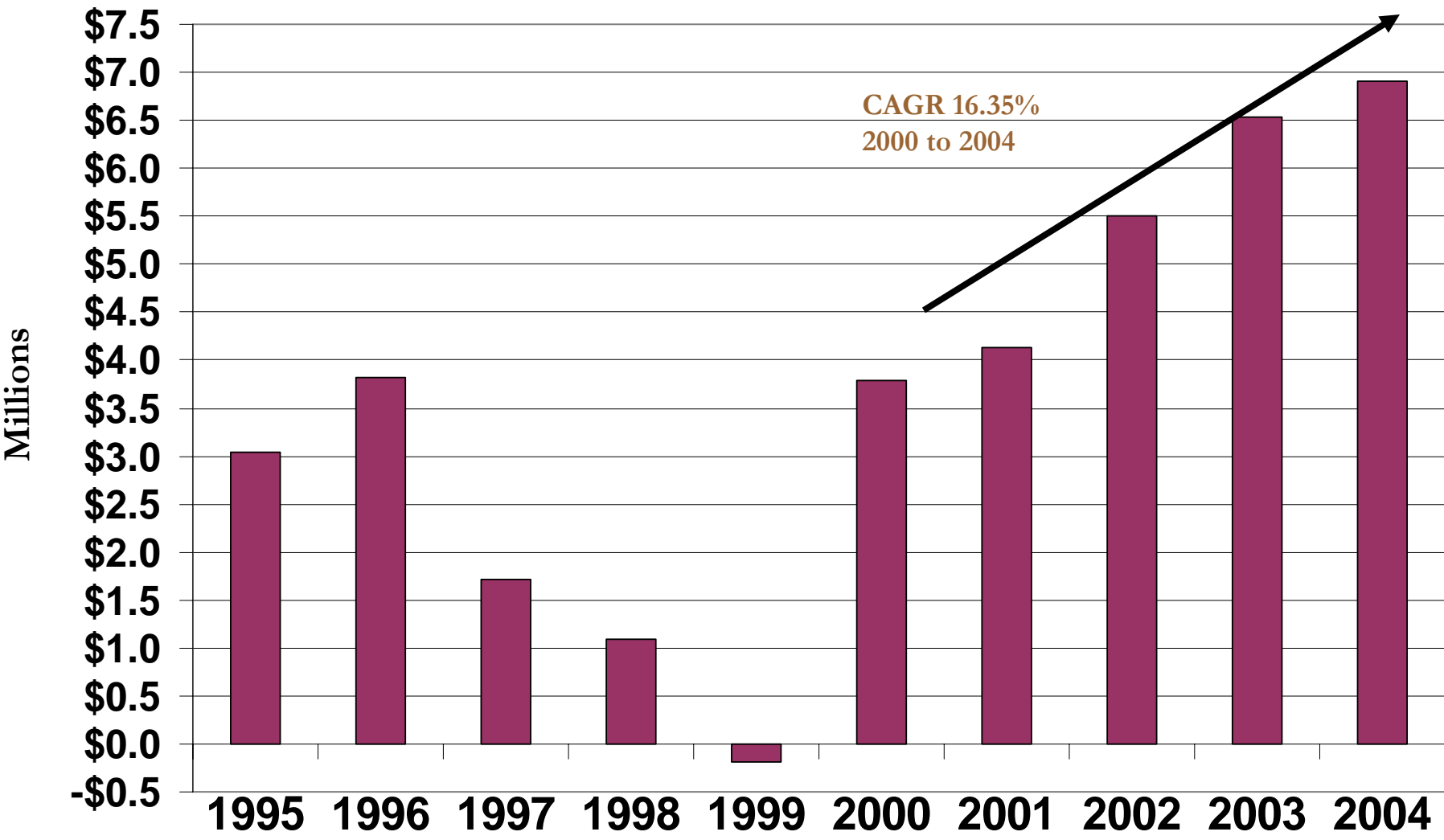
# Non-Interest Expense



Source: Uniform Bank Performance Report prepared by the FDIC



# Net Income



# First Quarter Net Income

