

2007
Annual Report

HORIZONSM
BANCORP

Filings Services
April 8, 2008
SNL Financial, LC
1-800-969-4121

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Message to the Shareholders

Dear Shareholders:

I am pleased to report record financial performance for the eighth consecutive year. Net income for the year 2007 was \$8,140 million or \$2.51 per fully diluted share, compared to net income in 2006 of \$7,484 million or \$2.33 fully diluted share. This is a year-over-year increase in earnings of 8.77%.

The year provided several challenges to the banking industry including: the real estate crisis, a general economic slow down, higher loan losses, a worldwide liquidity crunch, deterioration in the corporate bond market and a decline in short-term borrowing rates. These challenges created an outflow of investors from the banking sector and in turn a decline in the value of bank stocks. For the year the NASDAQ and S&P banking indices declined by approximately 22% and 32% respectively.

Regardless of the challenges confronting us, our team of dedicated employees takes pride in their ability to get the job done and achieve goals. Several factors contributing to our success include improvements in net interest margin, non-interest income and cost saving initiatives implemented throughout the year. Net interest margin improved through disciplined loan and deposit pricing and a shift in our balance sheet into higher yielding assets.

Non-interest income increased in the areas of trust and investment management services and deposit fees. Our trust company achieved record earnings in 2007 as a result of growth in assets under management, increased fees and good expense control. Deposit fees increased due to higher volume.

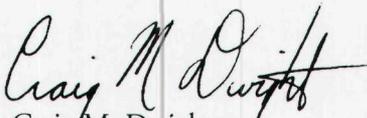
Our cost saving initiatives for the year included renting excess office space, a planned reduction in staff and closing down two higher risk business lines.

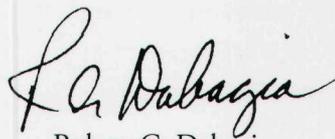
During the year Horizon experienced higher delinquency and charge-offs; as a result we increased our provision to the Allowance for Loan and Lease Loss Reserve. The majority of our loan charge-offs were in the indirect automobile and wholesale mortgage loan portfolios. Both of these loan portfolios have followed the regional trend in consumer loan delinquency, bankruptcy filings and foreclosure rates. In addition, the wholesale mortgage loan portfolio had an outstanding balance of approximately \$8 million consisting primarily of high loan-to-value second mortgage loans. We closed the wholesale loan business operation on June 1, 2007, in order to minimize exposure to loss. For the year our net charge-offs to total loans were at .24 of 1% of average loans, which is high by Horizon's standards.

We continued our de novo branch expansion with the opening of a new full service banking office in Benton Township Michigan in April. In January 2008 we opened our second location in Valparaiso, Indiana. Additional full service offices are planned for Northwest Indiana and Southwest Michigan in 2008 and 2009.

At year-end Gene Rice officially retired from the Bank's Board of Directors. Gene has been a member of the Horizon Bancorp family since 1978, having served as a board member of the Bank and of the Holding Company. We are grateful to Gene for his dedication, loyalty and many years of service.

On behalf of the entire Horizon Bancorp family, thank you for your continued support, confidence and investment in our Company.


Craig M. Dwight
President & Chief Executive Office


Robert C. Dabagia
Chairman

Summary of Selected Financial Data

(Dollar Amounts In Thousands Except Per Share Data and Ratios)

(All share and per share amounts have been adjusted for the 3-for-2 stock split declared on October 21, 2003.)

	2007	2006	2005	2004	2003
Earnings					
Net interest income	\$ 32,808	\$ 31,545	\$ 30,873	\$ 25,422	\$ 24,151
Provision for loan losses	3,068	905	1,521	990	1,350
Total noninterest income	12,271	10,137	9,813	10,669	11,140
Total noninterest expense	31,144	30,455	29,129	25,672	24,771
Provision for income taxes	2,727	2,838	2,945	2,494	2,636
Net income from continuing operations	\$ 8,140	\$ 7,484	\$ 7,091	\$ 6,935	\$ 6,534
Cash dividend declared	\$ 1,917	\$ 1,811	\$ 1,660	\$ 1,481	\$ 1,311
Per Share Data					
Net income basic	\$ 2.54	\$ 2.36	\$ 2.31	\$ 2.32	\$ 2.19
Net income diluted	2.51	2.33	2.24	2.22	2.10
Cash dividends declared	.59	.56	.53	.49	.44
Book value at period end	21.72	19.11	17.01	16.56	15.48
Weighted average shares outstanding					
Basic	3,200,440	3,177,272	3,067,632	2,993,696	2,978,161
Diluted	3,243,565	3,217,050	3,162,950	3,123,325	3,108,178
Period End Totals					
Loans, net of deferred loan fees and unearned income	\$888,852	\$843,834	\$732,734	\$564,042	\$447,718
Allowance for loan losses	9,791	8,738	8,368	7,193	6,909
Total assets	1,258,874	1,222,430	1,127,875	913,831	757,443
Total deposits	893,664	913,973	855,566	612,217	546,168
Total borrowings	286,689	240,002	211,470	244,668	158,585
Ratios					
Loan to deposit	99.46%	93.76%	85.64%	92.76%	81.97%
Loan to total funding	75.30	76.73	68.67	65.67	63.53
Return on average assets	.69	.67	.71	.85	.88
Average stockholders' equity to average total assets	5.61	5.14	5.19	5.90	6.01
Return on average stockholders' equity	12.29	13.03	13.67	14.38	14.65
Dividend payout ratio (dividends divided by net income)	23.51	24.20	21.21	21.36	20.06
Price to book value ratio	118.09	143.53	166.42	162.74	184.40
Price to earnings ratio	10.21	11.77	12.24	12.14	13.12

Shareholder Relations

Shareholder Relations

For additional copies of this report, current stock quotes, a list of market makers, and other investor inquiries, call (219) 874-9272 or visit our web site at www.accesshorizon.com.

Form 10-K

Copies of the Horizon Bancorp Annual Report to the Securities and Exchange Commission on Form 10-K can be found by visiting the investor relations section of our website at www.accesshorizon.com. Copies can be requested by mail upon written request to Mary McColl, Shareholder Relations, Horizon Bancorp, 515 Franklin Square, Michigan City, IN 46360.

Common Stock & Related Stockholders' Matters

Horizon common stock is traded on the NASDAQ Global Market under the symbol HBNC. The following table sets forth, for the periods indicated, the high and low prices per share. Also summarized are the cash dividends declared by quarter for 2007 and 2006.

There can be no assurance as to the amount of future dividends on Horizon common stock since future dividends are subject to the discretion of the Board of Directors, cash needs, general business conditions and dividends from the bank subsidiary.

The approximate number of holders of record of Horizon's outstanding common stock as of December 31, 2007, is 578.

Transfer Agent

Registrar and Transfer Company
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Cranford, New Jersey 07016-3572
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	2007		DIVIDENDS DECLARED PER SHARE
	COMMON STOCK PRICES		
	HIGH	LOW	
1st Qtr	\$ 28.10	\$ 26.60	\$.14
2nd Qtr	27.97	26.80	.15
3rd Qtr	27.52	25.75	.15
4th Qtr	26.40	24.40	.15

	2006		DIVIDENDS DECLARED PER SHARE
	COMMON STOCK PRICES		
	HIGH	LOW	
1st Qtr	\$ 32.23	\$ 26.30	\$.14
2nd Qtr	31.00	25.16	.14
3rd Qtr	26.93	25.50	.14
4th Qtr	27.89	25.92	.14

Board of Directors & Executive Officers

Board of Directors

Susan D. Aaron

*President &
Chief Executive Officer*
Vision Financial Services

Lawrence E. Burnell*

Chief Operating Officer
White Lodging Services Corp.

Robert C. Dabagia

Chairman
Horizon Bancorp

Craig M. Dwight

*President &
Chief Executive Officer*
Horizon Bancorp

James B. Dworkin

Chancellor
Purdue University North Central

Thomas H. Edwards*

Executive Vice President
Horizon Bancorp

Daniel F. Hopp

*Senior Vice President,
Corporate Affairs &
General Counsel*
Whirlpool Corporation

Charley E. Gillispie

Vice President
Administration & Finance
Valparaiso University

Robert E. McBride, M.D.

Pathologist
Pathology Consultants, Inc.

Larry N. Middleton

President
Century 21 Middleton
Company, Inc.

Peter L. Pairitz

Business Developer

Bruce E. Rampage

*President &
Chief Executive Officer*
Iron County Community
Hospital

Gene L. Rice*

Retired Farmer

Robert E. Swinehart

*Retired President &
Chief Operating Officer*
Emerson Power Transmission
Corp.

Spero W. Valavanis

President
Design Organization, Inc.

**Director of Horizon Bank only*

Director Emeritus

John A. Garrettson

Retired
*Past Chairman of Horizon
Bancorp*

Larry E. Reed

Retired
*Past Chairman of Horizon
Bancorp*

Burton B. Ruby

Chairman of Jaymar Ruby, Inc.

Horizon Bancorp

Robert C. Dabagia

Chairman

Craig M. Dwight

*President &
Chief Executive Officer*

Thomas H. Edwards

Executive Vice President

James H. Foglesong

Chief Financial Officer

James D. Neff

Secretary

Horizon Bank, N.A.

Craig M. Dwight

*Chairman &
Chief Executive Officer*

Thomas H. Edwards

*President &
Chief Operating Officer*

James H. Foglesong

Chief Financial Officer

James D. Neff

*Executive Vice President
& Secretary*

Horizon Insurance Services, Inc.

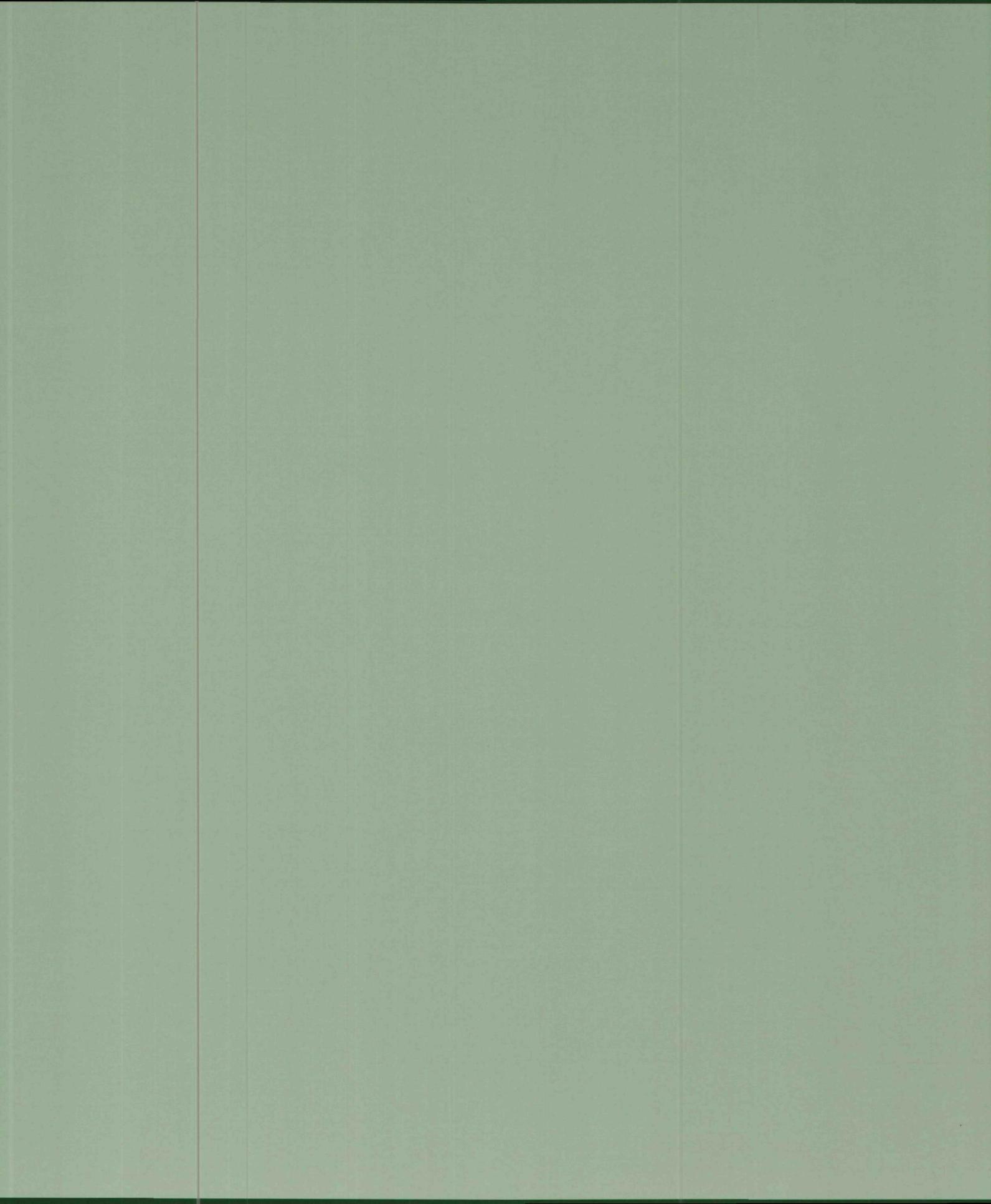
Thomas H. Edwards

President

Horizon Trust & Investment Management, N.A.

Rachel L. Saxon

President



The logo for Horizon Bancorp features the word "HORIZON" in a bold, sans-serif font with a small "SM" trademark symbol. A white swoosh underline is positioned beneath "HORIZON". Below the swoosh, the word "BANCORP" is written in a similar bold, sans-serif font.

HORIZONSM
BANCORP

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A NASDAQ Traded Company - Symbol HBNC