

PUBLIC DISCLOSURE

October 6, 2025

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Horizon Bank
Certificate Number: 4360

515 Franklin Street
Michigan City, Indiana 46360

Federal Deposit Insurance Corporation
Division of Depositor and Consumer Protection
Chicago Regional Office

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Chicago, Illinois 60606

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, nor should it 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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INSTITUTION RATING

INSTITUTION’S CRA RATING: This institution is rated **Satisfactory**.

An institution in this group has a satisfactory record of helping to meet the credit needs of its assessment areas, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

PERFORMANCE LEVELS	PERFORMANCE TESTS		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X		X
Low Satisfactory		X	
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 Lending Test is rated High Satisfactory.

- Lending levels reflect adequate responsiveness to assessment area credit needs.
- A high percentage of loans were made in the institution’s assessment areas.
- The geographic distribution of loans reflects adequate penetration throughout the assessment areas.
- The distribution of borrowers reflects adequate penetration among retail customers of different income levels and businesses of different sizes.
- The institution exhibits a good record of serving the credit needs of the most economically disadvantaged areas of its assessment areas, low-income individuals, or very small businesses, consistent with safe and sound banking practices.
- The institution makes extensive use of innovative and flexible lending practices in order to serve assessment area credit needs.
- The institution is a leader in making community development loans.

The Investment Test is rated Low Satisfactory.

- The institution has an adequate level of qualified community development investments and grants, although rarely in a leadership position, particularly those that are not routinely provided by private investors.

- The institution exhibits good responsiveness to credit and community development needs.
- The institution occasionally uses innovative or complex investments to support community development initiatives.

The Service Test is rated High Satisfactory.

- Delivery systems are reasonably accessible to essentially all portions of the institution’s assessment area.
- To the extent changes have been made, the institution’s opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and to low- and moderate-income individuals.
- Services and business hours do not vary in a way that inconveniences certain portions of the assessment areas, particularly low- and moderate-income geographies and individuals.
- The bank is a leader in providing community development services.

DESCRIPTION OF INSTITUTION

Horizon Bank (Horizon) is headquartered in Michigan City, Indiana, a few miles south of the Michigan border in northwestern Indiana. The bank is wholly owned by Horizon Bancorp, Inc., a single bank holding company also based in Michigan City. The holding company is traded on the NASDAQ under the ticker symbol HBNC. Horizon received a “Satisfactory” rating at its previous FDIC CRA Performance Evaluation dated September 22, 2022, based on Interagency Large Institution CRA Examination Procedures.

In total, Horizon operates 71 full-service banking locations in Indiana and Michigan. The bank offers traditional loan products, deposit products, and other banking services for retail and commercial customers. Loan product offerings include home mortgage, commercial, consumer, and agricultural loans, with the primary focus on home mortgage and commercial lending. Deposit products include checking, savings, money market accounts, and certificates of deposit. The bank also offers various wealth management services.

During the evaluation period, Horizon opened one location and closed three branches. The branch opening and closings had a minimal impact on areas selected for full- or limited-scope reviews. Refer to the Service Test portions of this evaluation for more information on these branch changes.

The bank has several subsidiaries and affiliates; however, none of these offer credit products or services, and none were included in the scope of this evaluation.

Horizon’s assets totaled \$7.6 billion as of June 30, 2025. This figure includes total loans of \$5.0 billion and total securities of \$2.1 billion. The bank’s total asset size remained stable, increasing approximately \$47.0 million, or 0.6 percent, since the previous evaluation. The loan portfolio increased by approximately \$1.1 billion, or 28.3 percent, with a corresponding \$806.0 million decrease in securities available-for-sale over the same timeframe. As of June 30, 2025, Horizon’s deposit base was \$5.8 billion.

Commercial lending, including commercial real estate and commercial and industrial loans, makes up the largest percentage of the bank’s loan portfolio at \$2.3 billion or roughly 45.5 percent. Home mortgage lending, excluding multifamily residential lending, makes up the second largest lending category at \$1.4 billion or roughly 28.3 percent. The following table provides the composition of the bank’s loan portfolio by category.

Loan Portfolio Distribution as of 06/30/2025		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	336,250	6.7
Secured by Farmland	28,391	0.6
Secured by 1-4 Family Residential Properties	1,413,106	28.3
Secured by Multifamily (5 or more) Residential Properties	359,735	7.2
Secured by Nonfarm Nonresidential Properties	1,528,679	30.6
Total Real Estate Loans	3,666,161	73.4
Commercial and Industrial Loans	741,707	14.9
Agricultural Production and Other Loans to Farmers	22,634	0.5
Consumer Loans	323,714	6.5
Obligations of State and Political Subdivisions in the U.S.	115,889	2.3
Other Loans	118,471	2.4
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	(0)	(0.0)
Total Loans	4,988,576	100.0
<i>Source: Reports of Condition and Income</i>		

Horizon’s loan portfolio increased by approximately \$1.1 billion since the previous evaluation. In particular, construction loans grew by \$112.1 million, one-to-four family residential loans by \$461.2 million, and commercial and industrial loans by \$213.0 million. Consumer loans decreased by \$205.0 million. The increase in one-to-four family residential lending represented an increase in the portfolio composition from 24.5 percent at the previous evaluation to 28.3 percent at the current evaluation. Similarly, the decrease in consumer loans represented a decrease in the portfolio composition from 13.6 percent at the previous evaluation to 6.5 percent at the current evaluation.

Horizon originates and sells a significant number of home mortgage loans on the secondary market, which is not reflected in the bank’s loan portfolio. According to data reported under the Home Mortgage Disclosure Act (HMDA), the bank sold 551 loans totaling \$149.1 million in 2024. This level represents approximately 42.2 percent of the bank’s total closed-end home mortgage originations by number in 2024, and approximately 33.6 percent by dollar volume.

Examiners did not identify any financial, legal, or other impediments that would limit the institution’s ability to meet assessment area credit needs.

DESCRIPTION OF ASSESSMENT AREAS

The CRA requires each financial institution to define one or more assessment areas within which its CRA performance is evaluated. Horizon delineated 17 assessment areas across two separate rated areas. All assessment areas within metropolitan statistical areas (MSAs) or metropolitan divisions (MDs) include only single or contiguous counties. The non-metropolitan Indiana (Indiana non-MSA) and nonmetropolitan Michigan (Michigan non-MSA) assessment areas include non-contiguous counties within each state. Examiners did not identify performance disparities across these non-contiguous areas. Each had similar credit and community development needs; therefore, this evaluation presents the Indiana non-MSA counties and the Michigan non-MSA counties as single assessment areas within their respective rated areas. All assessment areas contain whole counties and do not arbitrarily exclude low- or moderate-income census tracts, do not reflect illegal discrimination, and otherwise meet the requirements of the CRA regulations.

The following table outlines the rated areas and underlying assessment areas. The table lists rated areas and the assessment areas within each in the order of weight that each area carried in arriving at overall performance conclusions. No areas are new since the previous evaluation. Refer to the Scope of Evaluation section for more information on the weighting of assessment areas in the overall conclusions.

Rated Areas and Assessment Areas		
Rated Area	Assessment Area Full Name	Assessment Area Abbreviated Name
Indiana	Michigan City-La Porte, IN MSA	Michigan City MSA
	Indianapolis-Carmel-Greenwood, IN MSA	Indianapolis MSA
	Lake County-Porter County-Jasper County, IN MD	Gary MD
	Nonmetropolitan Indiana	Indiana non-MSA
	Lafayette-West Lafayette, IN MSA	Lafayette MSA
	Fort Wayne, IN MSA	Fort Wayne MSA
	Elkhart-Goshen, IN MSA	Elkhart MSA
	South Bend-Mishawaka, IN-MI MSA	South Bend MSA
	Columbus, IN MSA	Columbus MSA
Michigan	Kokomo, IN MSA	Kokomo MSA
	Nonmetropolitan Michigan	Michigan non-MSA
	Niles, MI MSA	Niles MSA
	Grand Rapids-Wyoming-Kentwood, MI MSA	Grand Rapids MSA
	Kalamazoo-Portage, MI MSA	Kalamazoo MSA
	Lansing-East Lansing, MI MSA	Lansing MSA
	Midland, MI MSA	Midland MSA
Warren-Troy-Farmington Hills, MI MD	Warren MD	

The following table provides additional information on each assessment area, including counties, number of census tracts, and number of Horizon branches. Refer to the separate assessment area sections of this evaluation for more information on each assessment area.

Description of Assessment Areas			
Assessment Area	Counties in Assessment Area	# of CTs	# of Offices
Michigan City MSA	La Porte	31	6
Indianapolis MSA	Hamilton, Johnson, and Marion	338	8
Gary MD	Lake and Porter	175	9
Indiana non-MSA	Cass, DeKalb, Fountain, Grant, Kosciusko, LaGrange, and Noble	81	9
Lafayette MSA	Carroll and Tippecanoe	50	5
Fort Wayne MSA	Allen and Whitley	104	3
South Bend MSA	St. Joseph	82	1
Elkhart MSA	Elkhart	45	1
Columbus MSA	Bartholomew	16	1
Kokomo MSA	Howard	21	1
Michigan non-MSA	Arenac, Charlevoix, Crawford, Mecosta, Missaukee, Newaygo, Otsego, Roscommon, Shiawassee, St. Joseph, and Wexford	118	14
Niles MSA	Berrien	54	4
Grand Rapids MSA	Kent and Ottawa	210	2
Kalamazoo MSA	Kalamazoo	68	2
Lansing MSA	Ingham	84	2
Midland MSA	Midland	21	2
Warren MD	Oakland	350	1
<i>Source: Bank Records</i>			

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated September 22, 2022, to the current evaluation dated October 6, 2025. Examiners used the Interagency Large Institution CRA Examination Procedures to evaluate Horizon’s CRA performance. These procedures include three tests: the Lending Test, Investment Test, and Service Test. The Appendices include a summary of the criteria used to assess each of these tests.

In arriving at overall performance conclusions, examiners weighed each rated area separately based on the proportion of the bank’s operations and lending activity in each area. Based on the bank’s operations, Indiana received greater weight than Michigan in the overall performance conclusions.

The following table details the distribution of bank offices, loans, and deposits among the 17 assessment areas in 2024. The table also shows which areas received full-scope reviews and which received limited-scope reviews.

Assessment Areas by Number of Offices, Loans, Deposits, and Type of Review						
Assessment Area	# of Offices	Loans*		Deposits		Type of Review
		\$(000s)	%	\$(000s)	%	
Michigan City MSA	6	213,610	10.7	1,404,649	24.6	Full-Scope
Indianapolis MSA	8	357,720	17.8	837,625	14.7	Full-Scope
Gary MD	9	293,891	14.7	599,607	10.5	Full-Scope
Indiana non-MSA	9	133,144	6.6	523,318	9.2	Full-Scope
Lafayette MSA	5	53,533	2.7	379,384	6.7	Full-Scope
Fort Wayne MSA	3	40,804	2.0	73,975	1.3	Full-Scope
Elkhart MSA	1	58,661	2.9	33,325	0.6	Limited-Scope
South Bend MSA	1	64,093	3.2	20,511	0.4	Limited-Scope
Columbus MSA	1	13,347	0.7	84,164	1.5	Limited-Scope
Kokomo MSA	1	8,230	0.4	64,556	1.1	Limited-Scope
Michigan non-MSA	14	189,725	9.5	770,746	13.5	Full-Scope
Niles MSA	4	116,767	5.8	272,720	4.8	Full-Scope
Grand Rapids MSA	2	194,250	9.7	145,661	2.6	Full-Scope
Kalamazoo MSA	2	137,655	6.9	80,492	1.4	Full-Scope
Lansing MSA	2	36,668	1.8	111,869	2.0	Limited-Scope
Midland MSA	2	40,310	2.0	216,647	3.8	Limited-Scope
Warren MD	1	53,060	2.6	82,633	1.4	Limited-Scope
Total	71	2,005,468	100.0	5,701,882	100.0	

*Source: Bank Records, FDIC Summary of Deposits (06/30/2024). *Loans include reported 2022 - 2024 home mortgage and small business loan originations.
Due to rounding, totals may not equal 100.0%*

Activities Reviewed

For the Lending Test, examiners reviewed Horizon’s 2022, 2023, and 2024 reported home mortgage, small business, and small farm loan data. Examiners determined that the bank’s major product lines are home mortgage and small business loans, based on its business strategy, the number and volume of loans originated during the evaluation period, and the composition of the loan portfolio. Examiners considered small farm lending for this evaluation; however, it was determined that small farm lending and consumer lending are not primary products for any assessment area of the bank and, therefore, will not be presented in the Lending Test portion of this evaluation.

Performance for all three years is presented in this evaluation. Home mortgage loans include all open- and closed-end loans reported under HMDA data collection requirements. Due to the significant volume of both open- and closed-end HMDA loans, examiners analyzed these products separately. Small business loans include all loans reported under CRA data collection requirements.

Open-end home mortgage lending carried the greatest weight when arriving at overall conclusions. Closed-end home mortgage lending carried the next greatest weight, followed by small business lending. The weighting considered the bank’s business focus and the number and dollar volume of annual originations.

The following table depicts the total origination volume for 2022, 2023, and 2024 for each of the three loan products presented in this evaluation.

Home Mortgage and Small Business Lending						
Year	Open-End Home Mortgage #	Open-End Home Mortgage \$(000)	Closed-End Home Mortgage #	Closed-End Home Mortgage \$(000)	Small Business #	Small Business \$(000)
2022	2,506	296,648	2,318	554,233	1,320	299,073
2023	2,518	355,374	1,503	318,977	1,131	256,391
2024	1,397	166,604	1,305	443,306	1,397	323,873

Sources: 2022, 2023, and 2024 HMDA and Small Business Loan Data

Examiners evaluated Horizon’s lending performance through comparisons to 2020 U.S. Census data, 2022 to 2024 D&B business demographic data, 2022 to 2023 HMDA aggregate lending data, and 2022 to 2023 CRA aggregate lending data. Examiners focused primarily on comparisons to HMDA and CRA aggregate data. Additionally, while this evaluation presents both the number and dollar volume of loan originations, examiners generally focused on performance by number of loans, as this is a better indicator of the number of individuals and businesses served.

Examiners reviewed the bank’s delivery systems for providing retail banking services, including physical branch locations and alternative delivery systems. Examiners evaluated the impact of branch openings and closings on the accessibility of bank delivery systems within each assessment area. Refer to the Service Test portions of this evaluation for more information on these areas. Additionally, examiners evaluated the bank’s retail banking products and services tailored to the needs of low- and moderate-income individuals. Refer to the Service Test portions of this evaluation, as well as the Innovative or Flexible Lending sections of the Lending Test, for more information on these products and services.

Finally, examiners considered all community development loans, qualified investments, and community development services since Horizon’s prior CRA evaluation dated September 22, 2022. This evaluation includes community development loans through September 30, 2025, as the bank collects and tracks community development loans on a quarterly basis. With respect to qualified investments, examiners generally considered any investments that remained outstanding as of the evaluation date. Depending on whether these investments were purchased within the review period for this evaluation, such investments are categorized as either current period or prior period investments. All prior period investments received credit for the outstanding balance as of this evaluation date. For community development services, examiners considered the number of services performed during the review period rather than the number of hours served.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

The Lending Test rating is High Satisfactory. Horizon’s excellent performance under the community development lending and innovative and flexible lending criteria help bolster the otherwise adequate performance in lending activity, geographic distribution, and borrower profile

criteria. The institution demonstrated consistent performance overall in both the Indiana and Michigan rated areas.

Lending Activity

Lending levels reflect adequate responsiveness to assessment area credit needs. Performance was adequate for both rated areas. Refer to the separate assessment area sections of this evaluation for additional information, including market share analysis.

Assessment Area Concentration

The bank made a high percentage of its loans within its assessment areas, by both number and dollar amount, as shown in the following table.

Lending Inside and Outside of the Assessment Area											
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)	
	Inside		Outside			Inside		Outside			
	#	%	#	%		\$	%	\$	%		
Open-End Home Mortgage											
2022	1,821	72.7	685	27.3	2,506	200,466	67.6	96,182	32.4	296,648	
2023	1,102	43.8	1,416	56.2	2,518	141,788	39.9	213,586	60.1	355,374	
2024	1,146	82.0	251	18.0	1,397	134,285	80.6	32,319	19.4	166,604	
Subtotal	4,069	63.4	2,352	36.6	6,421	476,539	58.2	342,087	41.8	818,626	
Closed-End Home Mortgage											
2022	1,948	84.0	370	16.0	2,318	451,778	81.5	102,455	18.5	554,233	
2023	1,256	83.6	247	16.4	1,503	255,584	80.1	63,393	19.9	318,977	
2024	951	72.9	354	27.1	1,305	254,601	57.4	188,705	42.6	443,306	
Subtotal	4,155	81.1	971	18.9	5,126	961,963	73.1	354,553	26.9	1,316,516	
Small Business											
2022	819	62.0	501	38.0	1,320	200,244	67.0	98,829	33.0	299,073	
2023	788	69.7	343	30.3	1,131	186,798	72.9	69,593	27.1	256,391	
2024	747	53.5	650	46.5	1,397	179,924	55.6	143,949	44.4	323,873	
Subtotal	2,354	61.2	1,494	38.8	3,848	566,966	64.5	312,371	35.5	879,337	
Total	10,578	68.7	4,817	31.3	15,395	2,005,468	66.5	1,009,001	33.5	3,014,479	
<i>Source: Bank Data Due to rounding, totals may not equal 100.0%</i>											

Geographic Distribution

The geographic distribution of loans reflects adequate penetration throughout the assessment areas. The bank’s geographic distribution was stronger in the Michigan City MSA assessment area than most

other assessment areas. While this assessment area is weighted the most in the evaluation, the overall conclusion is supported by the bank's adequate performance in both rated areas. Refer to the separate assessment area sections of this evaluation for more detailed information.

Borrower Profile

The distribution of borrowers reflects adequate penetration overall among retail customers of different income levels, and businesses of different sizes. Borrower profile performance was generally adequate throughout both rated areas, although performance was slightly stronger in Indiana than in Michigan. Refer to the separate assessment area sections of this evaluation for more detailed information.

Innovative and Flexible Lending Practices

Horizon makes extensive use of innovative and flexible lending practices to serve assessment area credit needs. The bank originated 979 innovative and flexible loans totaling more than \$177.7 million in its assessment areas since the previous evaluation. The bank's innovative and flexible loan product offerings include both bank-developed and government-sponsored loan programs that are designed to meet the needs of low- and moderate-income borrowers, small businesses, and small farms. Below are brief descriptions of each of these products offered during the evaluation period.

- HomePride (in-house) – HomePride is Horizon's in-house home mortgage lending program targeted to low- and moderate-income borrowers. The program offers flexible underwriting criteria, low down payments, and no requirement for private mortgage insurance.
- Neighborhood Improvement Program (in-house) – This in-house loan program allows low- and moderate-income borrowers to obtain home improvement loans despite often having limited home equity. Like HomePride, this program offers flexible underwriting standards, such as no minimum credit score or maximum loan-to-value requirements.
- HomeReady – This Federal National Mortgage Association (Fannie Mae) program benefits low-income home mortgage borrowers by offering low down payments and flexible underwriting standards.
- HomeStyle – This program is also offered through Fannie Mae and assists low- and moderate-income borrowers by providing home improvement financing with competitive rates and flexible underwriting requirements.
- Government-guaranteed home mortgage loans – The bank originates government-guaranteed home mortgage loans through the Federal Housing Administration (FHA), United States Department of Veterans Affairs (VA), and United States Department of Agriculture (USDA). These government-sponsored loan programs help low- and moderate-income borrowers achieve homeownership by offering flexible underwriting standards, competitive rates, and lower down payment requirements compared to conventional home mortgage loans.

- State housing finance agency loans – The bank originates home mortgage loans in conjunction with various state housing programs in Indiana and Michigan. These loan programs are administered by the Indiana Housing and Community Development Authority (IHCDA) and Michigan State Housing Development Authority (MSHDA). Similar to certain Fannie Mae and other programs, these state housing loan programs provide flexible and affordable home mortgage options and down payment assistance for low- and moderate-income borrowers.
- Federal Home Loan Bank (FHLB) Rate Advantage – The FHLB program provides reduced-rate home mortgage loans for low- and moderate-income borrowers. Horizon began originating loans through this new program in 2025.
- Small Business Administration (SBA) – The bank continues to originate SBA loans for small business borrowers. The bank originates loans through various SBA programs, including 7(a), 504, and SBA Express programs. Collectively, these programs provide various forms of financing to small businesses that meet certain size and eligibility requirements.
- Michigan Economic Development Corporation (MEDC) – The bank originates small business loans in conjunction with the MEDC, a state economic development agency. Under this program, borrowers pay a fee that is matched by MEDC, which allows Horizon to extend credit to small businesses that likely would not qualify for financing under conventional lending standards.
- USDA – The bank continues to originate a small number of agricultural and commercial-purpose loans through the USDA. Separate from USDA housing programs, these programs provide government-guaranteed financing to rural-based small businesses and small farms.
- Fresh Start (in-house) – Fresh Start is a bank-developed small-dollar loan program designed to help borrowers establish a positive credit history. Under this program, Horizon deposits loan proceeds, most commonly \$1,000 to \$3,000, into a certificate of deposit that serves as collateral for the loan. Borrowers then make regular monthly payments, and the bank reports these payments to the major credit bureaus. When the loan is paid in full, the bank releases the funds in the certificate of deposit to the borrower.

Innovative or Flexible Lending Programs											
Loan Type	Loan Program	2022		2023		2024		YTD 2025		Totals	
		#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Home Mortgage	HomePride	29	3,630	80	9,622	37	4,701	26	3,554	172	21,507
	Neighborhood Improvement Program	11	124	15	186	12	114	3	11	41	435
	HomeReady	10	1,694	54	7,870	55	8,440	59	9,348	178	27,352
	HomeStyle	1	574	1	360	0	0	0	0	2	934
	FHA	12	2,230	69	12,109	42	7,737	34	5,752	157	27,828
	VA	4	1,062	7	1,846	2	577	9	2,532	22	6,017
	USDA	0	0	14	2,393	4	643	1	172	19	3,208
	IHCDA	0	0	12	1,708	35	2,896	40	5,561	87	10,165
	MSHDA	0	0	9	1,516	4	564	7	1,177	20	3,257
	FHLB Rate Advantage	0	0	0	0	0	0	10	1,719	10	1,719
Small Business	SBA 504	0	0	5	3,870	3	829	12	8,751	20	13,450
	SBA 7(a)	2	4,748	16	8,227	40	18,835	24	17,112	82	48,922
	SBA Express	0	0	17	2,028	28	4,895	19	2,798	64	9,721
	MEDC	0	0	5	208	1	64	1	1,500	7	1,772
	USDA (non-housing)	0	0	1	1,280	0	0	0	0	1	1,280
Consumer	Fresh Start	7	9	50	60	16	22	24	33	97	124
Totals		76	14,071	355	53,283	279	50,317	269	60,020	979	177,691
<i>Source: Bank Data</i>											

In addition to the loan data illustrated in the previous table, Horizon also originated 159 innovative and flexible loans totaling \$43.0 million outside of its assessment areas. Nearly all these loans were in Indiana and Michigan counties immediately adjacent to the bank's assessment areas.

Finally, Horizon continues to offer secured credit cards. Although offered broadly to all customers, secured credit cards are particularly beneficial for low- and moderate-income consumers who might not otherwise qualify for a traditional unsecured credit card. Obtaining a secured credit card allows individuals to establish or repair credit histories. Horizon allows customers who successfully make

monthly payments to upgrade to a regular unsecured credit card after one year. Since the previous evaluation, the bank opened 574 new secured credit card accounts throughout the assessment areas.

Community Development Loans

Horizon is a leader in making community development loans. During the evaluation period, the bank originated 244 community development loans totaling \$601.1 million. This level of lending represents an increase from the previous evaluation period, during which the bank originated 166 community development loans totaling \$529.4 million.

As shown in the following table, approximately \$119.5 million of the bank’s total community development lending occurred in broader statewide or regional areas outside of the bank’s assessment areas. Given that the bank satisfactorily met the needs of its assessment areas, examiners considered these loans. These loans were generally located in neighboring counties that impacted the entire region, including the bank’s assessment area. The following table details the bank’s community development lending by assessment area and purpose.

Community Development Lending by Assessment Area										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Michigan City MSA	0	0	7	1,418	0	0	8	28,734	15	30,152
Indianapolis MSA	2	23,935	4	3,800	1	2,435	24	70,947	31	101,117
Gary MD	5	6,182	3	8,198	1	2,500	9	12,206	18	29,086
Indiana non-MSA	1	4,500	0	0	1	20	1	50	3	4,570
Lafayette MSA	0	0	0	0	0	0	0	0	0	0
Fort Wayne MSA	0	0	0	0	0	0	3	10,934	3	10,934
Elkhart MSA	0	0	0	0	0	0	1	3,031	1	3,031
South Bend MSA	1	1,188	0	0	0	0	0	0	1	1,188
Columbus MSA	3	899	0	0	0	0	1	722	4	1,621
Kokomo MSA	0	0	0	0	0	0	1	8,197	1	8,197
Michigan non-MSA	3	1,025	4	544	0	0	29	95,176	36	96,745
Niles MSA	0	0	6	7,964	1	1,575	8	20,554	15	30,093
Grand Rapids MSA	11	1,804	3	592	0	0	14	36,827	28	39,223
Kalamazoo MSA	1	500	7	3,925	0	0	10	12,350	18	16,775
Lansing MSA	0	0	4	5,423	0	0	4	14,849	8	20,272
Midland MSA	2	7,000	2	770	0	0	12	53,232	16	61,002
Warren MD	0	0	0	0	0	0	10	27,513	10	27,513
Statewide/Regional	1	1,695	2	1,300	1	1,076	32	115,460	36	119,531
Total	30	48,728	42	33,934	5	7,606	167	510,782	244	601,050
<i>Source: Bank Records</i>										

Examiners compared Horizon's community development lending performance to the performance of five similarly situated banks. Examiners selected these banks based on asset size, geographic footprint, and lending focus. Horizon's level of community development lending represented 13.3 percent of average net loans and 7.8 percent of average total assets throughout the evaluation period. These ratios are consistent with those of two similarly situated banks that also received outstanding assessments under this criterion. Excluding community development loans that were outside of the assessment areas, the bank's total lending represented 10.7 percent of average net loans and 6.2 percent of average total assets.

Horizon originated community development loans in each of its assessment areas except the Lafayette MSA assessment area, which received very little weight in arriving at overall conclusions. Community development lending performance was strongest in the Michigan non-MSA, Indianapolis MSA, Grand Rapids MSA, Gary MD, Michigan City MSA, and Niles MSA assessment areas. Furthermore, although the bank originated community development loans in each of the four community development categories, the vast majority of the bank's community development lending supported revitalization and stabilization efforts, specifically in low- and moderate-income census tracts.

Refer to the separate rated area and assessment area sections of this evaluation for more specific information on the bank's community development lending.

INVESTMENT TEST

The Investment Test rating is Low Satisfactory. An adequate overall level of qualified investment and grant activity coupled with good responsiveness and occasional complexity across the rated areas supports this rating.

Investment and Grant Activity

Horizon has an adequate overall level of qualified community development investment and grant activity. The bank's investments and donations during the evaluation period totaled nearly \$56.0 million, which represents a 16.0 percent decline from the prior evaluation of \$66.6 million. The number of investments declined from 201 to 164 between evaluations, with 73.2 percent by number and 63.4 percent by dollar volume comprising prior period investments that remain outstanding. The bank made 44 new investments during the evaluation period compared to 182 at the prior evaluation. Conversely, the number of grants and donations rose by 76.3 percent although the overall dollar volume declined very slightly.

Total investments represent 0.7 percent of average total assets and 2.3 percent of average total securities. By comparison, total investments represented 1.1 percent of average total assets and 4.0 percent of average total securities at the prior evaluation. Examiners compared current performance to five similarly situated institutions, whose qualified investments ranged from 0.6 percent to 1.5 percent of average total assets and from 3.2 percent to 12.8 percent of average total securities. Horizon's performance was similar to two institutions with an adequate level of community development investments and below three institutions whose performance was significant to excellent.

The bank’s investments and donations supported all four community development categories, with the largest number and dollar volume being in community service initiatives. Since the bank generally met the community development needs of the assessment area, examiners considered investments made outside the assessment area that impacted a broader regional area, specifically counties contiguous to the assessment areas. While these investments do not affect the institution’s rating, they demonstrate the bank’s commitment to community development efforts. The following table details the bank’s investments by year and purpose. Refer to the separate assessment area sections of this evaluation for more information.

Qualified Investments and Donations										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	9	2,889	18	12,536	3	165	51	11,276	81	26,866
2022 (Partial)	0	0	12	1,565	0	0	0	0	12	1,565
2023	0	0	2	7,000	19	570	0	0	21	7,570
2024	0	0	0	0	0	0	0	0	0	0
YTD (2025)	11	10,709	0	0	0	0	0	0	11	10,709
Subtotal	20	13,598	32	21,101	22	735	51	11,276	125	46,710
Qualified Grants & Donations	148	560	465	798	166	321	2	9	781	1,686
Total in Assessment Area	168	14,158	497	21,899	188	1,056	53	11,285	906	48,396
Regional Investments	2	726	0	0	0	0	37	6,842	39	7,568
Total	170	14,884	497	21,899	188	1,056	90	18,127	945	55,964

Source: Bank Records

Responsiveness to Credit and Community Development Needs

The institution exhibits good responsiveness to credit and community development needs. Horizon’s qualified investments addressed identified community development needs throughout the bank’s various assessment areas, with performance in both rated areas supporting this rating. Refer to the separate assessment area sections of this evaluation for more information.

Community Development Initiatives

The institution occasionally uses innovative or complex investments to support community development initiatives. Some of the bank’s investments exhibit complex characteristics, such as investments that support economic and community development and investments in tax credit funds that support affordable housing initiatives. Additionally, the bank has an innovative in-house

program that provides downpayment assistance grants to low- and moderate-income individuals seeking homeownership opportunities. During the evaluation period, Horizon provided 82 of these grants totaling just over \$425,000 throughout its assessment area. Refer to the separate assessment area sections of this evaluation for more information.

SERVICE TEST

The Service Test is rated High Satisfactory. Performance under each criterion supports this rating and is consistent with performance in both rated areas.

Accessibility of Delivery Systems

Delivery systems are reasonably accessible to essentially all portions of the institution’s assessment area. Branch distribution and alternative delivery systems are consistent across the assessment areas. Please refer to the individual assessment areas for further detail.

Changes in Branch Locations

To the extent changes have been made, the institution’s opening and closing of branches has not adversely affected the accessibility of its delivery systems particularly in low- and moderate-income geographies and to low- and moderate-income individuals. The following table details the branches opened and closed. Please refer to the individual assessment areas for further detail on the impact of the branch openings and closures for low- and moderate-income geographies and to low- and moderate-income individuals.

Net Distribution of Branch Openings/Closings			
Assessment Area	# of Branch Openings	# of Branch Closings	Income Level of Census Tract
Michigan City MSA	-	1	Moderate
Indiana non-MSA	-	1	Middle
Kalamazoo MSA	1	-	Upper
Total	1	2	-

Reasonableness of Business Hours and Services

Services and business hours do not vary in a way that inconveniences certain portions of the assessment area, particularly low- and moderate-income geographies and individuals. The bank offers all services, products, and programs at each branch location. Therefore, there is no variation in services across assessment areas and no discussion of variation in services will be included at the rated area or assessment area level. Business hours are generally consistent across all branch locations, and nearly all offices offer Saturday hours and drive-up services. Please refer to the individual assessment areas for further detail.

In addition, Horizon offers its Fresh Start Checking account, which is a Bank On-certified checking account. Bank On accounts feature low costs, high functionality, and other consumer protections. These accounts are particularly beneficial for low- and moderate-income customers that may have limited banking experience. The bank has 1,374 Fresh Start Checking accounts currently open. There have been 1,058 Fresh Start Checking accounts opened since the prior evaluation dated

October 22, 2022. This increases the accessibility of banking services to low- and moderate-income customers throughout the assessment areas.

Community Development Services

The bank is a leader in providing community development services. During the evaluation period, bank staff provided 1,019 instances of community development services and financial expertise. This represents a substantial increase from the prior evaluation where the bank provided 381 services. Examiners compared the bank’s community development services performance to five similarly situated banks. The bank outperformed three of the similarly situated banks and was comparable to the other two similarly situated banks.

Many of the bank’s community development services involve extensive employee involvement, such as serving as an officer or director of a community development organization. These types of services are counted as one service per calendar year but receive greater qualitative weight when arriving at overall performance conclusions.

Examiners considered 13 additional community development services which occurred outside the bank’s assessment areas given the bank met the needs of its assessment area. These services include participation as a board member for community development organizations and providing financial literacy to low- and moderate-income individuals. The following table illustrates community development services by year and purpose. Please refer to the individual assessment areas for further detail.

Community Development Services - Overall					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Total
	#	#	#	#	#
2022 (Partial)	16	42	24	1	83
2023	81	135	81	7	304
2024	80	172	92	7	351
2025 (YTD)	35	169	60	4	268
Total in Assessment Area	212	518	257	19	1,006
Regional Services	2	7	4	-	13
Total	214	525	261	19	1,019

Source: Bank Data

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Examiners did not identify any evidence of discriminatory or other illegal credit practices; therefore, this consideration did not affect the institution’s overall CRA rating.

INDIANA

CRA RATING FOR INDIANA: SATISFACTORY

The Lending Test is rated: High Satisfactory

The Investment Test is rated: Low Satisfactory

The Service Test is rated: High Satisfactory

DESCRIPTION OF INSTITUTION'S OPERATIONS IN INDIANA

The Indiana rated area contains the largest portion of bank operations between the two rated areas. Of the bank's 71 office locations, 44 are in Indiana. As detailed previously in the Scope of Evaluation section, this rated area also contains approximately two-thirds of the bank's total deposits and lending activity. Within Indiana, the bank delineated 10 separate assessment areas: Michigan City MSA, Indianapolis MSA, Gary MD, Indiana non-MSA, Lafayette MSA, Fort Wayne MSA, Elkhart MSA, South Bend MSA, Columbus MSA, and Kokomo MSA.

SCOPE OF EVALUATION – INDIANA

The scope of evaluation in the Indiana rated area is identical to the overall scope of evaluation for the institution. Examiners conducted full-scope reviews of the Michigan City MSA, Indianapolis MSA, Gary MD, Indiana non-MSA, Lafayette MSA, and Fort Wayne MSA assessment areas. Examiners conducted limited-scope reviews of the Elkhart MSA, South Bend MSA, Columbus MSA, and Kokomo MSA assessment areas. Within Indiana, the Michigan City MSA, Indianapolis MSA, and Gary MD contain significant portions of bank offices, lending activity, and deposit activity. As such, performance in these assessment areas carried the most weight in arriving at overall conclusions for the Indiana rated area.

CONCLUSIONS ON PERFORMANCE CRITERIA IN INDIANA

LENDING TEST

The Lending Test rating is High Satisfactory for the Indiana rated area. Excellent performance in community development lending and innovative and flexible lending helps bolster the otherwise adequate performance in lending activity, geographic distribution, and borrower profile. Horizon demonstrated generally consistent performance overall across all assessment areas in the Indiana rated area. Performance was strongest in the Michigan City MSA assessment area, which carries the greatest weight in determining conclusions within the state.

Lending Activity

Lending levels reflect adequate responsiveness to assessment area credit needs. The bank demonstrated adequate performance in three of the four most heavily weighted full-scope review areas in the Indiana rated area. Lending levels decreased from highs seen in 2020 and 2021 when lower

interest rates drove home mortgage demand and government-sponsored lending programs kept small businesses afloat during the COVID-19 pandemic. Refer to the separate assessment area sections of this evaluation for additional information, including market share analysis.

Geographic Distribution

The geographic distribution of loans reflects adequate penetration overall throughout the Indiana rated area. With respect to the full-scope assessment areas, the bank demonstrated good performance in the Michigan City MSA and Lafayette MSA assessment areas and adequate performance in the remaining four assessment areas. Collectively, the limited-scope areas were consistent with adequate performance. Refer to the separate assessment area sections of this evaluation for more detailed information.

Borrower Profile

The distribution of borrowers reflects adequate penetration overall among individuals of different income levels and businesses of different sizes. The bank demonstrated good performance in the Michigan City, Lafayette, and Fort Wayne MSA assessment areas and adequate performance in all other full-scope areas. Performance within the limited-scope assessment areas remained consistent with this conclusion. Refer to the separate assessment area sections of this evaluation for more detailed information.

Innovative and Flexible Lending Practices

Horizon makes extensive use of innovative and flexible lending practices to serve assessment area credit needs. Other than loans originated through Michigan state government programs, all innovative and flexible loan programs described previously are offered throughout the Indiana rated area. As shown in the following table, the bank originated 704 loans totaling \$112.7 million through innovative and flexible programs during the evaluation period. Refer to the separate assessment area sections of this evaluation for more detailed information.

Innovative and Flexible Lending Programs – Indiana Rated Area			
Loan Type	Loan Program	Totals	
		#	\$(000s)
Home Mortgage	HomePride	110	13,991
	Neighborhood Improvement Program	38	403
	HomeReady	163	24,795
	HomeStyle	2	934
	FHA	111	18,419
	VA	12	3,533
	USDA	15	2,587
	IHCDA	87	10,164
	MSHDA	0	0
	FHLB Rate Advantage	7	1,118
Small Business	SBA 504	12	8,303
	SBA 7(a)	37	24,362
	SBA Express	29	3,953
	MEDC	0	0
	USDA (non-housing)	0	0
Consumer	Fresh Start	81	103
Totals		704	112,665
<i>Source: Bank Records</i>			

Community Development Loans

The institution is a leader in making community development loans in this rated area. The bank originated 82 community development loans totaling \$200.4 million throughout Indiana, which represents approximately one-third of the bank's total community development lending. This figure also includes five loans totaling \$10.6 million that were originated within Indiana, but outside of the bank's assessment areas. The following table details the bank's community development loans by assessment area and purpose.

Community Development Lending by Assessment Area – Indiana Rated Area										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Michigan City MSA	0	0	7	1,418	0	0	8	28,734	15	30,152
Indianapolis MSA	2	23,935	4	3,800	1	2,435	24	70,947	31	101,117
Gary MD	5	6,182	3	8,198	1	2,500	9	12,206	18	29,086
Indiana non-MSA	1	4,500	0	0	1	20	1	50	3	4,570
Lafayette MSA	0	0	0	0	0	0	0	0	0	0
Elkhart MSA	0	0	0	0	0	0	1	3,031	1	3,031
South Bend MSA	1	1,188	0	0	0	0	0	0	1	1,188
Fort Wayne MSA	0	0	0	0	0	0	3	10,934	3	10,934
Columbus MSA	3	899	0	0	0	0	1	722	4	1,621
Kokomo MSA	0	0	0	0	0	0	1	8,197	1	8,197
Statewide/Regional	0	0	0	0	1	1,076	4	9,475	5	10,551
Total	12	36,704	14	13,416	4	6,031	52	144,296	82	200,447

Source: Bank Records

As an example of the community development loans originated outside the assessment areas, in 2023, the bank originated a \$4.6 million to the city of Elwood, which is adjacent to three of the bank’s delineated assessment areas. The project received incentives from the Elwood Redevelopment Commission as it stabilized a moderate-income tract and provided jobs to area residents.

Refer to the separate assessment area sections of this evaluation for more information.

INVESTMENT TEST

The Investment Test rating is Low Satisfactory for the Indiana rated area. The bank’s adequate level of qualified investments and good responsiveness to community development needs support this rating.

Investment and Grant Activity

The institution has an adequate level of qualified community development investments and grants. The bank made nearly \$42.2 million in qualified investments in the Indiana rated area, including new and prior period investments and qualified donations and grants. This level is below the significant amount (\$56.2 million) made at the prior evaluation. Performance was strongest in the Michigan City MSA and Gary MD assessment areas. The following table details the bank’s qualified investments and donations by assessment area and purpose. Refer to the separate assessment area sections of this evaluation for more information.

Qualified Investments and Donations by Assessment Area – Indiana Rated Area										
	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Michigan City MSA	2	861	3	13,041	0	0	37	8,241	42	22,143
Indianapolis MSA	4	1,538	0	0	0	0	0	0	4	1,538
Gary MD	3	3,415	11	5,695	0	0	0	0	14	9,110
Indiana non-MSA	0	0	2	570	21	672	0	0	23	1,242
Lafayette MSA	0	0	0	0	0	0	0	0	0	0
Fort Wayne MSA	2	3,530	0	0	0	0	0	0	2	3,530
Elkhart MSA	2	1,581	0	0	0	0	0	0	2	1,581
South Bend MSA	1	67	10	995	0	0	0	0	11	1,062
Columbus MSA	0	0	0	0	0	0	0	0	0	0
Kokomo MSA	3	859	0	0	0	0	0	0	3	859
Subtotal	17	11,851	26	20,301	21	672	37	8,241	101	41,065
Qualified Grants & Donations	83	343	311	571	97	195	2	9	493	1,118
Total	100	12,194	337	20,872	118	867	39	8,250	594	42,183

Source: Bank Data

In addition to investments within the assessment areas noted above, the bank retained one prior period investment totaling \$278,000 that supported affordable housing initiatives in a county contiguous to the assessment area.

Responsiveness to Credit and Community Development Needs

The institution exhibits good responsiveness to credit and community development needs. Horizon’s qualified investments generally addressed identified community development needs throughout the rated area, primarily focusing on affordable housing and community services. Refer to the separate assessment area sections of this evaluation for more information.

Community Development Initiatives

The institution occasionally uses innovative or complex investments to support community development initiatives. Some of the bank’s Indiana investments and grants exhibited innovative or complex characteristics. Refer to the separate assessment area sections of this evaluation for more information.

SERVICE TEST

The Service Test is rated High Satisfactory for this rated area. Performance was generally consistent across all assessment areas, and the bank’s performance under each Service Test criterion supports the overall rating.

Accessibility of Delivery Systems

Delivery systems are reasonably accessible to essentially all portions of the institution’s assessment area. Branch distribution and alternative delivery systems for the rated area are generally consistent with the overall institution. Please refer to the individual assessment areas for further detail.

Changes in Branch Locations

To the extent changes have been made, the institution’s opening and closing of branches has generally not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and to low- and moderate-income individuals. The bank closed two branches in this rated area and did not open any. Please refer to the individual assessment areas for further detail on the impact of the branch closures for low- and moderate-income geographies and to low- and moderate-income individuals.

Reasonableness of Business Hours and Services

Services and business hours do not vary in a way that inconveniences certain portions of the assessment area, particularly low- and moderate-income geographies and individuals. Business hours are generally consistent across all branch locations in the rated area, and nearly all offices offer Saturday hours and drive-up services. Performance in the rated area is consistent with the overall institution. Please refer to the individual assessment areas for further detail.

Community Development Services

The bank is a leader in providing community development services. During the evaluation period, bank staff provided 594 instances of community development services and financial expertise within the rated area. This represents a substantial increase from the prior evaluation where the bank provided 254 services in the assessment areas.

Community Development Services by Assessment Area – Indiana Rated Area					
Assessment Area	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Total
	#	#	#	#	#
Michigan City MSA	26	38	28	3	95
Indianapolis MSA	27	59	13	3	102
Gary MD	28	115	44	13	200
Indiana non-MSA	4	41	28	-	73
Lafayette MSA	3	24	13	-	40
Ft. Wayne MSA	2	20	4	-	26
Elkhart MSA	5	5	11	-	21
South Bend MSA	10	2	11	-	23
Columbus MSA	-	7	1	-	8
Kokomo MSA	-	1	5	-	6
Total	105	312	158	19	594

Source: Bank Data

MICHIGAN CITY METROPOLITAN STATISTICAL AREA – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE MICHIGAN CITY METROPOLITAN STATISTICAL AREA

The Michigan City MSA assessment area includes all of La Porte County, which encompasses the entire MSA. Horizon operates six offices, including its headquarters in this assessment area. Among the assessment areas in the Indiana rated area, the Michigan City MSA carried the most weight in arriving at overall conclusions based on the bank’s operations and lending activity.

Economic and Demographic Data

The assessment area contains all 31 tracts in La Porte County. According to 2020 Census data, these tracts reflect the following income designations:

- zero low-income tracts
- nine moderate-income tracts
- 13 middle-income tracts
- seven upper-income tracts
- two tracts with no income designation

The following table details select economic and demographic characteristics of the assessment area.

Demographic Information of the Assessment Area Horizon - Michigan City MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	N/A* % of #
Geographies (Census Tracts)	31	0.0	29.0	41.9	22.6	6.5
Population by Geography	112,417	0.0	26.4	48.9	21.9	2.8
Housing Units by Geography	49,231	0.0	25.4	50.7	23.9	0.1
Owner-Occupied Units by Geography	31,297	0.0	18.6	56.2	25.1	0.1
Occupied Rental Units by Geography	11,428	0.0	43.2	42.5	14.1	0.2
Vacant Units by Geography	6,506	0.0	26.6	38.4	34.8	0.3
Businesses by Geography	9,966	0.0	26.4	50.7	22.7	0.2
Farms by Geography	364	0.0	3.6	60.4	35.4	0.6
Family Distribution by Income Level	27,650	21.4	16.0	23.5	39.1	0.0
Household Distribution by Income Level	42,725	23.8	16.6	18.4	41.2	0.0
Median Family Income MSA - 33140 Michigan City-La Porte, IN MSA		\$70,726	Median Housing Value		\$ 151,129	
			Median Gross Rent		\$770	
			Families Below Poverty Level		11.1%	
<i>Source: 2020 Census And 2024 D&B Data (*) The NA category consists of geographies that have Not been assigned an income classification. Due to rounding, totals may not equal 100%.</i>						

As of August 2025, according to United States Bureau of Labor Statistics data, the unemployment rate in the Michigan City MSA was 3.9 percent, a decrease from 4.9 percent in August 2024.

According to Moody's Analytics, employment continues to grow, but at a rate below those of Indiana and the nation in the coming year. Manufacturing will struggle to support employment while tourism is under competitive pressure. Major employers in the Michigan City MSA include Blue Chip Casino Hotel and Spa, Franciscan Health Michigan City, and Northwest Health – La Porte.

The median family income level is used to analyze home mortgage loans under the Borrower Profile criterion. The table below presents the Michigan City MSA median family income levels for 2022, 2023, and 2024, as updated by the Federal Financial Institutions Examination Council (FFIEC).

Median Family Income Ranges – Michigan City MSA (33140)				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2022 (\$79,000)	<\$39,500	\$39,500 To <\$63,200	\$63,200 To <\$94,800	>=\$94,800
2023 (\$83,000)	<\$41,500	\$41,500 To <\$66,400	\$66,400 To <\$99,600	>=\$99,600
2024 (\$81,800)	<\$40,900	\$40,900 To <\$65,440	\$65,440 To <\$98,160	>=\$98,160
<i>Source: FFIEC</i>				

Competition

The assessment area is moderately competitive in the market for financial services. According to FDIC Deposit Market Share data as of June 30, 2024, eight banks operated 23 offices in the assessment area. Of these banks, Horizon ranked first, with a deposit market share of 58.3 percent.

According to 2023 HMDA aggregate lending data, Horizon ranked first with a market share of 14.1 percent by number of loans among institutions that reported home mortgage originations or purchases in the assessment area. According to 2023 CRA aggregate lending data, the bank ranked seventh with a market share of 4.5 percent for small business lending.

Community Contact

As part of the evaluation process, examiners contact third parties active in the assessment area to assist in identifying credit and community development needs. This information helps determine whether local financial institutions are responsive to these needs. It also indicates what credit and community development opportunities are available.

Examiners conducted one new community contact interview with a representative of an economic development-related organization in the assessment area. The contact stated that the local economy in La Porte County remains in a growth phase, with a significant amount of new residential development in recent years. The county remains largely reliant on manufacturing, and employment remains solid. A major economic development initiative in recent years has been the attraction of large-scale data centers, one of which is currently under construction in La Porte and is expected to create several hundred new jobs. The contact mentioned several new residential and other multiuse developments in La Porte and Michigan City. The contact noted favorable performance of local community and regional banks in meeting local credit needs and participating in community initiatives.

Credit and Community Development Needs and Opportunities

Given the increase in new residential developments in recent years, examiners determined that home mortgage loans represent a primary credit need. As housing costs increase, affordable housing specifically also remains a critical need. Revitalization and stabilization needs are present in the assessment area’s nine moderate-income tracts, most of which are concentrated in the downtown portions of Michigan City and La Porte. Finally, community services remain needed for the more than 37.0 percent of assessment area families that are low- or moderate-income.

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE MICHIGAN CITY METROPOLITAN STATISTICAL AREA

LENDING TEST

Horizon demonstrated excellent performance under the Lending Test in the Michigan City MSA assessment area. The institution's excellent lending activity, leadership position in community development lending, extensive use of innovative and flexible lending practices, and good performance under the geographic distribution and borrower profile criteria primarily support this conclusion.

Lending Activity

Lending levels reflect excellent responsiveness to assessment area credit needs. Home mortgage lending volumes have declined since the previous evaluation, reflecting industry trends driven by interest rate increases during the evaluation period. The bank's small business lending volumes have also declined since the previous evaluation.

Despite the general downturn in lending, Horizon maintained the highest market share among 225 home mortgage lenders during 2023 in the assessment area. The bank's 376 home mortgage loans are more than twice the second-place mortgage lender (157 total mortgage loans). The bank's top ranking for mortgage loans coincides with its number one ranking for deposits as of June 30, 2024.

Horizon continues to be a leader in small business lending within the assessment area. According to the 2023 CRA aggregate lending data, the bank is the seventh largest small business lender in the assessment area by loan volume. The top six lenders are all nationally recognized institutions, commanding nearly 72 percent of the total market share. The average loan amount for five of these six lenders is \$13,000 or less; indicating these loans are likely business-purpose credit cards. Horizon boasted an average loan amount of \$224,000, evidencing loans that are generally more impactful. Horizon's ability to compete with these lenders demonstrates continued commitment to small business lending needs and excellent responsiveness.

The following table details Horizon's 2022, 2023, and 2024 originations by loan type in the assessment area.

Lending Activity – Michigan City MSA						
Loan Product	2022 #	2022 \$(000)	2023 #	2023 \$(000)	2024 #	2024 \$(000)
Open-End Home Mortgage	282	26,203	142	12,646	163	15,913
Closed-End Home Mortgage	339	53,708	234	32,996	155	23,917
Subtotal: Home Mortgage	621	79,911	376	45,642	318	39,830
Small Business	90	17,891	75	17,215	72	13,571
TOTAL	711	97,802	451	62,857	390	53,401
<i>Source: Bank Data</i>						

Geographic Distribution

The geographic distribution of loans reflects good penetration throughout the assessment area. This conclusion is supported by a variety of performance levels within each category, including adequate performance with respect to open- and closed-end home mortgage lending, and excellent small business lending.

Open-End Home Mortgage Loans

The geographic distribution of open-end home mortgage loans reflects adequate penetration throughout the assessment area. In 2022, Horizon’s lending within moderate-income tracts slightly exceeded the aggregate performance. The bank’s 2023 and 2024 lending in moderate-income tracts was slightly less than, but consistent with aggregate performance. The following table details the geographic distribution of open-end home mortgage lending.

Geographic Distribution of Open-End Home Mortgage Loans Horizon - Michigan City MSA						
Tract Income Level	% of Owner Occupied Housing Units	HMDA Aggregate % of #	#	%	\$(000s)	%
Moderate						
2022	18.6	10.6	32	11.4	2,622	10.0
2023	18.6	9.6	11	7.8	781	6.2
2024	18.6	13.0	18	11.0	880	5.5
Middle						
2022	56.2	58.6	161	57.1	12,833	49.0
2023	56.2	61.7	89	62.7	7,636	60.4
2024	56.2	54.5	82	50.3	7,367	46.3
Upper						
2022	25.1	30.8	89	31.6	10,748	41.0
2023	25.1	28.5	42	29.6	4,229	33.4
2024	25.1	32.6	63	38.7	7,666	48.2
NA						
2022	0.1	--	0	0.0	0	0.0
2023	0.1	0.2	0	0.0	0	0.0
2024	0.1	--	0	0.0	0	0.0
Total						
2022	100.0	100.0	282	100.0	26,203	100.0
2023	100.0	100.0	142	100.0	12,646	100.0
2024	100.0	100.0	163	100.0	15,913	100.0
<i>Source: 2020 Census; Imported Bank Data; 2024, 2023, 2022 HMDA Aggregate Data; HMDA Filters: Open-end Line of Credit=Open-end LOC Due to rounding, totals may not equal 100.0%.</i>						

Closed-End Home Mortgage Loans

The geographic distribution of closed-end home mortgage loans reflects adequate penetration throughout the assessment area. In 2022 and 2023, Horizon’s lending within the moderate-income tracts was comparable to the aggregate performance. The institution’s 2024 lending exceeded the aggregate performance. The following table details the geographic distribution of closed-end home mortgage lending.

Geographic Distribution of Closed-End Home Mortgage Loans Horizon - Michigan City MSA						
Tract Income Level	% of Owner Occupied Housing Units	HMDA Aggregate % of #	#	%	\$(000s)	%
Moderate						
2022	18.6	17.2	60	17.7	12,177	22.7
2023	18.6	20.2	45	19.2	4,242	12.9
2024	18.6	20.8	39	25.2	4,646	19.4
Middle						
2022	56.2	56.2	188	55.5	24,535	45.7
2023	56.2	54.8	129	55.1	19,024	57.7
2024	56.2	54.5	76	49.0	12,975	54.3
Upper						
2022	25.1	26.6	91	26.8	16,996	31.7
2023	25.1	24.8	59	25.2	9,680	29.3
2024	25.1	24.6	40	25.8	6,296	26.3
NA						
2022	0.1	0.0	0	0.0	0	0.0
2023	0.1	0.1	1	0.4	50	0.2
2024	0.1	0.0	0	0.0	0	0.0
Total						
2022	100.0	100.0	339	100.0	53,708	100.0
2023	100.0	100.0	234	100.0	32,996	100.0
2024	100.0	100.0	155	100.0	23,917	100.0
<i>Source: 2020 Census; Imported Bank Data; 2024, 2023, 2022 HMDA Aggregate Data; HMDA Filters: Open-end Line of Credit=Not an Open-end LOC Due to rounding, totals may not equal 100.0%.</i>						

Small Business Loans

The geographic distribution of small business loans reflects excellent penetration throughout the assessment area. As shown in the following table, Horizon’s performance in the moderate-income tracts exceeded both the aggregate performance in 2022 and 2023 and the percentage of businesses. Performance in 2024 increased to its highest level while exceeding the percentage of businesses.

Geographic Distribution of Small Business Loans Horizon - Michigan City MSA						
Tract Income Level	% of Businesses	CRA Aggregate % of #	#	%	\$(000s)	%
Moderate						
2022	26.9	22.8	29	32.2	4,926	27.5
2023	27.2	26.8	21	28.0	4,210	24.5
2024	26.4	--	24	33.3	3,408	25.1
Middle						
2022	50.0	49.2	33	36.7	6,650	37.2
2023	50.0	47.0	31	41.3	5,730	33.3
2024	50.7	--	26	36.1	3,299	24.3
Upper						
2022	22.9	27.6	28	31.1	6,315	35.3
2023	22.6	25.8	22	29.3	6,797	39.5
2024	22.7	--	22	30.6	6,864	50.6
NA						
2022	0.3	0.4	0	0.0	0	0.0
2023	0.2	0.3	1	1.3	478	2.8
2024	0.2	--	0	0.0	0	0.0
Total						
2022	100.0	100.0	90	100.0	17,891	100.0
2023	100.0	100.0	75	100.0	17,215	100.0
2024	100.0	--	72	100.0	13,571	100.0
<i>Source: 2024, 2023, 2022 D&B Data; Bank Data; 2023, 2022 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%.</i>						

Borrower Profile

The distribution of borrowers reflects good penetration throughout the assessment area. Excellent performance with respect to closed-end home mortgage, good performance with respect to small business lending, and adequate performance with respect to open-end home mortgage lending primarily supports this conclusion.

Open-End Home Mortgage Loans

The distribution of open-end home mortgage loans reflects adequate penetration to retail customers of different income levels. As shown in the following table, Horizon's lending to low-income borrowers was consistent with the aggregate performance in 2024; lending performance in 2022 and 2023 significantly trailed the aggregate performance. Among moderate-income borrowers, the institution's performance was generally consistent with aggregate performance in 2022 and 2023. Performance in 2024 slightly trailed the aggregate performance.

Distribution of Open-End Home Mortgage Loans by Borrower Income Level Horizon - Michigan City MSA						
Borrower Income Level	% of Families	HMDA Aggregate % of #	#	%	\$(000s)	%
Low						
2022	21.4	12.3	20	7.1	829	3.2
2023	21.4	11.2	8	5.6	205	1.6
2024	21.4	7.8	11	6.8	440	2.8
Moderate						
2022	16.0	21.5	57	20.2	3,587	13.7
2023	16.0	22.6	29	20.4	1,615	12.8
2024	16.0	18.9	26	16.0	1,423	8.9
Middle						
2022	23.5	22.7	71	25.2	5,535	21.1
2023	23.5	27.9	50	35.2	4,080	32.3
2024	23.5	26.5	44	27.0	3,237	20.3
Upper						
2022	39.1	41.2	128	45.4	16,108	61.5
2023	39.1	34.7	53	37.3	6,604	52.2
2024	39.1	44.0	79	48.5	10,629	66.8
NA						
2022	0.0	2.4	6	2.1	144	0.6
2023	0.0	3.6	2	1.4	142	1.1
2024	0.0	2.9	3	1.8	184	1.2
Total						
2022	100.0	100.0	282	100.0	26,203	100.0
2023	100.0	100.0	142	100.0	12,646	100.0
2024	100.0	100.0	163	100.0	15,913	100.0
<i>Source: 2020 Census; Imported Bank Data; 2024, 2023, 2022 HMDA Aggregate Data; HMDA Filters: Open-end Line of Credit=Open-end LOC Due to rounding, totals may not equal 100.0%.</i>						

Closed-End Home Mortgage Loans

The distribution of closed-end home mortgage loans reflects excellent penetration to retail customers of different income levels. As shown in the following table, Horizon’s lending to low-income borrowers significantly exceeded the aggregate performance for each year reviewed. Lending to moderate-income borrowers was consistent with aggregate performance in 2022 and 2023. Lending performance in 2024 slightly exceeded aggregate performance.

Distribution of Closed-End Home Mortgage Loans by Borrower Income Level Horizon - Michigan City MSA						
Borrower Income Level	% of Families	HMDA Aggregate % of #	#	%	\$(000s)	%
Low						
2022	21.4	14.2	112	33.0	16,559	30.8
2023	21.4	11.1	58	24.8	7,192	21.8
2024	21.4	7.3	22	14.2	1,425	6.0
Moderate						
2022	16.0	22.7	73	21.5	7,515	14.0
2023	16.0	25.1	63	26.9	5,729	17.4
2024	16.0	20.9	40	25.8	4,307	18.0
Middle						
2022	23.5	21.2	62	18.3	6,563	12.2
2023	23.5	21.9	59	25.2	7,618	23.1
2024	23.5	21.9	34	21.9	4,571	19.1
Upper						
2022	39.1	25.3	78	23.0	15,670	29.2
2023	39.1	24.9	48	20.5	11,655	35.3
2024	39.1	27.7	46	29.7	10,309	43.1
NA						
2022	0.0	16.6	14	4.1	7,401	13.8
2023	0.0	17.1	6	2.6	802	2.4
2024	0.0	22.2	13	8.4	3,305	13.8
Total						
2022	100.0	100.0	339	100.0	53,708	100.0
2023	100.0	100.0	234	100.0	32,996	100.0
2024	100.0	100.0	155	100.0	23,917	100.0
<i>Source: 2020 Census; Imported Bank Data; 2024, 2023, 2022 HMDA Aggregate Data; HMDA Filters: Open-end Line of Credit=Not an Open-end LOC Due to rounding, totals may not equal 100.0%.</i>						

Small Business Loans

The distribution of small business loans reflects good penetration to businesses of different sizes. As shown in the following table, Horizon’s lending performance to businesses with gross annual revenues (GARs) equal to or less than \$1 million exceeded the aggregate performance in 2022 and significantly exceeded the aggregate performance in 2023. The institution’s performance in 2024 decreased from its 2023 performance.

Distribution of Small Business Loans by Gross Annual Revenue Category Horizon - Michigan City MSA						
Gross Revenue Level	% of Businesses	CRA Aggregate % of #	#	%	\$(000s)	%
≤ \$1,000,000						
2022	87.7	50.6	50	55.6	8,682	48.5
2023	87.7	47.4	47	62.7	7,386	42.9
2024	86.3	--	38	52.8	4,544	33.5
> \$1,000,000						
2022	3.4	--	38	42.2	9,104	50.9
2023	3.3	--	27	36.0	9,254	53.8
2024	3.3	--	32	44.4	8,435	62.2
Revenue Not Available						
2022	9.0	--	2	2.2	105	0.6
2023	9.0	--	1	1.3	575	3.3
2024	10.5	--	2	2.8	592	4.4
Total						
2022	100.0	100.0	90	100.0	17,891	100.0
2023	100.0	100.0	75	100.0	17,215	100.0
2024	100.0	--	72	100.0	13,571	100.0

*Source: 2024, 2023, 2022 D&B Data; Bank Data; 2023, 2022 CRA Aggregate Data; "--" data not available.
Due to rounding, totals may not equal 100.0%.*

Innovative and Flexible Lending Practices

The bank makes extensive use of innovative and flexible lending practices to serve assessment area credit needs. As shown in the following table, the bank originated 124 innovative and flexible loans totaling \$16.0 million during the evaluation period. These loans provided credit to individuals and businesses that may not have otherwise qualified for traditional bank financing.

Innovative or Flexible Lending Programs – Michigan City MSA										
Type of Program	2022		2023		2024		YTD 2025		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Home Mortgage	10	2,051	36	4,930	25	3,043	22	3,795	93	13,819
Small Business	0	0	5	1,693	2	263	2	180	9	2,136
Consumer	1	1	13	12	7	7	1	1	22	21
Totals	11	2,052	54	6,635	34	3,313	25	3,976	124	15,976

Source: Bank Records

Community Development Loans

The institution is a leader in making community development loans in this assessment area. The bank originated more than \$30.1 million in community development loans, which were primarily concentrated in revitalization or stabilization of low- and moderate-income areas. This represents an increase from the previous evaluation when the bank made six community development loans totaling \$22.1 million. The percentage of total community development lending in this assessment area is below the percentage of total bank deposits in the assessment area; however, this is reasonable given that this one-county assessment area is substantially less populated and contains fewer community development opportunities compared to larger assessment areas like the Indianapolis MSA or Gary MD.

The following table details the bank’s community development lending in this assessment area by year and purpose.

Community Development Lending – Michigan City MSA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2022 (Partial)	0	0	1	75	0	0	1	1,774	2	1,849
2023	0	0	1	25	0	0	4	24,115	5	24,140
2024	0	0	3	1,055	0	0	2	1,445	5	2,500
YTD 2025	0	0	2	263	0	0	1	1,400	3	1,663
Total	0	0	7	1,418	0	0	8	28,734	15	30,152
<i>Source: Bank Records</i>										

Examples of the bank’s community development loans in this assessment area are as follows:

- In 2023, the bank originated a \$19.3 million loan for the construction of a mixed-use building in a tax increment financing (TIF) district near downtown Michigan City. This loan supported stabilization in a moderate-income tract.
- In 2023, the bank originated a \$3.2 million loan for the purchase of a commercial building and adjacent vacant land. This loan supported new job creation in a moderate-income tract.
- In 2024, the bank originated a \$1.4 million loan that financed the construction of a center with shopping and medical storefronts. This loan supported stabilization in a moderate-income tract.
- In 2025, the bank originated a \$1.4 million loan for the purchase of a retail strip center in a mall that was closed in 2017. This loan supported revitalization in a moderate-income tract.

INVESTMENT TEST

Horizon demonstrated outstanding performance under the Investment Test in the Michigan City MSA assessment area. The bank’s excellent level of qualified investments and excellent responsiveness to community development needs support this conclusion.

Investment and Grant Activity

The institution made an excellent level of qualified community development investments. The bank made 42 investments and 82 donations and grants totaling \$22.4 million in this assessment area, representing 40.0 percent of the bank’s total qualified activity by dollar volume. Although this performance is lower than the previous evaluation of 168 investments and donations totaling \$38.3 million, the current level significantly exceeds the bank’s overall operations in the assessment area. As of June 30, 2024, the Michigan City MSA assessment included six of the bank’s 71 banking locations (8.5 percent), and 24.6 percent of total bank deposits.

The bank’s investments primarily reflect prior period commitments promoting affordable housing, community services, and revitalization or stabilization efforts. Two new investments totaling \$7.0 million supported community service initiatives in a local school district. Qualified donations and grants totaling approximately \$268,000 provided resources for affordable housing, community services, and economic development efforts.

The following table details the qualified investments and donations in this assessment area by year and purpose.

Qualified Investments – Michigan City MSA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	2	861	1	6,041	0	0	37	8,241	40	15,143
2022 (Partial)	0	0	0	0	0	0	0	0	0	0
2023	0	0	2	7,000	0	0	0	0	2	7,000
2024	0	0	0	0	0	0	0	0	0	0
2025 (YTD)	0	0	0	0	0	0	0	0	0	0
Subtotal	2	861	3	13,041	0	0	37	8,241	42	22,143
Qualified Grants & Donations	7	45	62	157	13	66	0	0	82	268
Total	9	906	65	13,198	13	66	37	8,241	124	22,411

Source: Bank Data

Examples of the bank’s qualified investments in this assessment area include:

- Ten prior period bonds totaling \$3.5 million provided funding to revitalize many low- and moderate-income census tracts. The project enhanced critical infrastructure, including a sewer system serving low- and moderate-income areas.
- Thirteen prior period bonds totaling \$3.1 million provided funding to revitalize many low- and moderate-income census tracts. The project paid for construction improvements to a city hall, a maintenance building, a salt dome, and various road and sidewalk improvements in low- and moderate-income areas.
- Two new bonds totaling \$7.0 million provided funding to a school district where a majority of students are eligible for free or reduced-price lunch.

Responsiveness to Credit and Community Development Needs

The institution exhibits excellent responsiveness to credit and community economic development needs. Affordable housing, community services, and revitalization and stabilization efforts were all noted as significant needs in the assessment area. Horizon’s qualified investments, donations, and grants supported these efforts.

Community Development Initiatives

Horizon occasionally uses innovative or complex investments to support community development initiatives. Some of the bank’s investments exhibited innovative or complex characteristics, such as investment funds and an in-house downpayment assistance grant program structured to achieve specific community development purposes. All other investments are of the varieties typically supported by similarly situated banks.

SERVICE TEST

Horizon demonstrated good performance under the Service Test in this assessment area. Performance under each Service Test criterion supports this conclusion.

Accessibility of Delivery Systems

Delivery systems are accessible to essentially all portions of the institution’s assessment area. As shown in the following table, the bank operates two offices in moderate-income tracts in the assessment area. The percentage of offices in moderate-income tracts exceeds the percentage of residents that live in those tracts. Additionally, the bank maintains one standalone ATM in a moderate-income census tract in the assessment area.

Branch and ATM Distribution by Geography Income Level - Michigan City MSA								
Tract Income Level	Census Tracts		Population		Branches		ATMs	
	#	%	#	%	#	%	#	%
Moderate	9	29.0	29,717	26.4	2	33.3	1	25.0
Middle	13	41.9	54,928	48.9	4	66.7	1	25.0
Upper	7	22.6	24,662	21.9	0	0.0	2	50.0
NA	2	6.5	3,110	2.8	0	0.0	0	0.0
Total	31	100.0	112,417	100.0	6	100.0	4	100.0

Source: 2020 Census Data and Bank Data

Changes in Branch Locations

To the extent changes have been made, the institution’s opening and closing of branches has generally not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and to low- and moderate-income individuals. During the evaluation period, the bank closed one branch in the assessment area. The bank did not open any branches in

this assessment area. The one closed branch was in a moderate-income tract. The bank maintains another branch, located within the same moderate-income tract, less than one mile away. Given the proximity of another branch location, the one branch closure had minimal effect on the accessibility of banking services in low- and moderate-income tracts and to low- and moderate-income individuals.

Reasonableness of Business Hours and Services

Services and business hours do not vary in a way that inconveniences certain portions of the assessment area, particularly low- and moderate-income geographies and individuals. Business hours are generally consistent across all branch locations in the assessment area, and nearly all offices offer Saturday hours and drive-up services. The only two branches in moderate-income tracts offer Saturday hours and drive-up services. The only branch without Saturday hours and drive-up services is in a middle-income tract. All other branches offer Saturday hours and drive-up services.

Community Development Services

The bank is a leader in providing community development services. During the evaluation period, bank staff provided 95 instances of community development services and financial expertise within the assessment area. This represents an increase from the prior evaluation where the bank provided 68 services in this assessment area. The following table illustrates these services by year and purpose.

Community Development Services - Michigan City MSA					
Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Total
	#	#	#	#	#
2022 (Partial)	2	3	4	-	9
2023	14	17	11	1	43
2024	8	9	6	1	24
2025 (YTD)	2	9	7	1	19
Total	26	38	28	3	95
<i>Source: Bank Data</i>					

Examples of the bank’s community development services in this assessment area are as follows:

- An employee served on the board of an organization providing clothing to low- and moderate-income students in the area.
- Multiple employees provided financial literacy education to schools where the majority of students qualified for free or reduced-price lunch.
- An employee served on the board of an affordable housing organization.

INDIANAPOLIS METROPOLITAN STATISTICAL AREA – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE INDIANAPOLIS METROPOLITAN STATISTICAL AREA

The Indianapolis MSA assessment area includes three whole counties: Hamilton, Johnson, and Marion. This area encompasses all of the city of Indianapolis and a portion of the surrounding suburban area. Horizon operates eight offices in this assessment area.

Economic and Demographic Data

The assessment area contains 338 census tracts across the three counties. According to 2020 Census data, these tracts reflect the following income designations:

- 50 low-income tracts
- 86 moderate-income tracts
- 103 middle-income tracts
- 91 upper-income tracts
- eight tracts with no income designation

A substantial majority of the assessment area’s low- and moderate-income tracts are in Marion County, which includes Indianapolis.

The following table details select economic and demographic characteristics of the assessment area.

Demographic Information of the Assessment Area Horizon - Indianapolis MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	N/A* % of #
Geographies (Census Tracts)	338	14.8	25.4	30.5	26.9	2.4
Population by Geography	1,486,435	10.3	22.9	32.2	32.9	1.7
Housing Units by Geography	615,974	11.8	23.9	32.3	30.2	1.8
Owner-Occupied Units by Geography	342,592	6.1	17.3	35.2	40.2	1.3
Occupied Rental Units by Geography	216,041	17.8	32.3	29.3	18.1	2.5
Vacant Units by Geography	57,341	24.0	31.8	25.8	16.0	2.5
Businesses by Geography	211,259	10.3	21.6	30.6	34.0	3.5
Farms by Geography	1,369	2.4	9.6	41.6	44.3	2.0
Family Distribution by Income Level	340,437	21.8	17.6	19.7	40.9	0.0
Household Distribution by Income Level	558,633	24.6	16.9	18.3	40.2	0.0
Median Family Income MSA - 26900 Indianapolis-Carmel-Greenwood, IN MSA	\$80,333	Median Housing Value		\$ 182,305		
		Median Gross Rent		\$972		
		Families Below Poverty Level		8.6%		
<i>Source: 2020 Census And 2024 D&B Data (*) The NA category consists of geographies that have Not been assigned an income classification. Due to rounding, totals may not equal 100%.</i>						

As of August 2025, according to United States Bureau of Labor Statistics data, the unemployment rate in the Indianapolis MSA was 3.6 percent, a decrease from 4.1 percent in August 2024. At the county level, unemployment rates were 3.1 percent for Hamilton County, 3.3 percent for Johnson County, and 3.9 percent for Marion County.

According to Moody's Analytics, the assessment area's economy is regaining momentum in two key industries: manufacturing and professional services. The area also benefited from net domestic migration and should outperform the national average in terms of growth. Major employers in the assessment area include Indiana University Health, Ascension St. Vincent Hospital, Community Health Network, Indiana University, and Eli Lilly and Company.

The following table presents the Indianapolis MSA median family income levels for 2022, 2023, and 2024, as updated by the FFIEC.

Median Family Income Ranges – Indianapolis MSA (26900)				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2022 (\$91,900)	<\$45,950	\$45,950 To <\$73,520	\$73,520 To <\$110,280	≥\$110,280
2023 (\$97,300)	<\$48,650	\$48,650 To <\$77,840	\$77,840 To <\$116,760	≥\$116,760
2024 (\$98,600)	<\$49,300	\$49,300 To <\$78,880	\$78,880 To <\$118,320	≥\$118,320
<i>Source: FFIEC</i>				

Competition

The assessment area is a highly competitive market for financial services. According to FDIC Deposit Market Share data as of June 30, 2024, 38 banks operated 331 offices in the assessment area. Of these banks, Horizon ranked 14th, with a deposit market share of 1.1 percent.

According to 2023 HMDA aggregate lending data, Horizon ranked 28th with a market share of 1.1 percent by number of loans among institutions that reported home mortgage originations or purchases in the assessment area. According to 2023 CRA aggregate lending data, the bank ranked 30th with a market share of 0.3 percent for small business lending.

Community Contacts

Examiners reviewed recent interviews with a local government agency and an economic development organization in the assessment area. The contacts indicated that financing for small businesses is a credit need due to the rapidly expanding Indianapolis metropolitan area. Additionally, the contacts stated that access to home mortgages and affordable housing are needs due to limited housing supply and construction labor shortages.

Credit and Community Development Needs and Opportunities

Considering information from the community contacts, bank management, and demographic and economic data, examiners determined that small business and home mortgage lending represent primary credit needs in the assessment area. While the contacts did not identify any major unmet credit needs, opportunities to facilitate affordable housing, community services, and economic development, and revitalization and stabilization of low- and moderate-income areas remain.

CONCLUSIONS ON PERFORMANCE CRITERIA IN INDIANAPOLIS MSA

LENDING TEST

Horizon demonstrated good performance under the Lending Test in the Indianapolis MSA assessment area. The institution's excellent performance under the community development lending and innovative and flexible criteria bolster the otherwise adequate performance under the lending activity, geographic distribution, and borrower profile criteria.

Lending Activity

Lending levels reflect adequate responsiveness to assessment area credit needs. Home mortgage lending volumes have declined since the previous evaluation, reflecting industry trends driven by interest rate increases during the evaluation period. The bank's small business lending volumes have also declined since the previous evaluation.

Based on 2023 lending data, Horizon ranked 28th for home mortgage loans (1.1 percent) and 30th for small business loans (0.3 percent). This performance is comparable to the bank's 1.1 percent deposit market share as of June 30, 2024. Regarding small business lending, the top five lenders are all national institutions, commanding over 65.0 percent of the total market share. The average loan amount for these lenders was \$11,200, indicating these loans are likely business-purpose credit cards. Horizon boasted an average loan amount of \$327,000, evidencing loans that are generally more impactful.

The following table details Horizon's 2022, 2023, and 2024 originations by loan type in the assessment area.

Lending Activity – Indianapolis MSA						
Loan Product	2022 #	2022 \$(000)	2023 #	2023 \$(000)	2024 #	2024 \$(000)
Open-End Home Mortgage	614	76,181	306	40,659	295	41,453
Closed-End Home Mortgage	259	55,640	158	20,806	88	50,516
<i>Subtotal: Home Mortgage</i>	873	131,821	464	61,465	383	91,969
Small Business	116	25,466	103	27,386	91	19,613
TOTAL	989	157,287	567	88,851	474	111,582

Source: Bank Data

Geographic Distribution

The geographic distribution of loans reflects adequate penetration throughout the assessment area. The bank demonstrated adequate performance across all three products reviewed.

Open-End Home Mortgage Loans

The geographic distribution of open-end home mortgage loans reflects adequate penetration throughout the assessment area. As shown in the following table, Horizon's lending within the low-income tracts was slightly less than, but comparable to the lending by reporting institutions for each year reviewed. Within the moderate-income tracts, the institution's lending trailed the aggregate performance in 2022 and 2024, while slightly exceeding the aggregate in 2023.

Geographic Distribution of Open-End Home Mortgage Loans Horizon – Indianapolis MSA						
Tract Income Level	% of Owner Occupied Housing Units	HMDA Aggregate % of #	#	%	\$(000s)	%
Low						
2022	6.4	2.6	14	2.3	1,143	1.5
2023	6.4	3.4	7	2.3	440	1.1
2024	6.1	3.5	7	2.4	413	1.0
Moderate						
2022	18.6	10.7	49	8.0	4,039	5.3
2023	18.6	12.8	40	13.1	4,072	10.0
2024	17.3	12.6	21	7.1	1,479	3.6
Middle						
2022	35.2	32.6	216	35.2	21,677	28.5
2023	35.2	33.6	99	32.4	9,554	23.5
2024	35.2	34.3	96	32.5	12,493	30.1
Upper						
2022	38.5	53.5	332	54.1	49,073	64.4
2023	38.5	49.6	157	51.3	26,151	64.3
2024	40.2	48.9	170	57.6	26,625	64.2
NA						
2022	1.3	0.6	3	0.5	249	0.3
2023	1.3	0.6	3	1.0	442	1.1
2024	1.3	0.7	1	0.3	443	1.1
Total						
2022	100.0	100.0	614	100.0	76,181	100.0
2023	100.0	100.0	306	100.0	40,659	100.0
2024	100.0	100.0	295	100.0	41,453	100.0
<i>Source: 2020 Census; Imported Bank Data; 2024, 2023, 2022 HMDA Aggregate Data; HMDA Filters: Open-end Line of Credit=Open-end LOC Due to rounding, totals may not equal 100.0%.</i>						

Closed-End Home Mortgage Loans

The geographic distribution of closed-end home mortgage loans reflects adequate penetration throughout the assessment area. In 2022, Horizon’s lending within the low-income tracts exceeded the aggregate performance; however, in 2023 and 2024, the bank’s lending levels fell and significantly trailed aggregate performance, which remained fairly stable. Horizon’s lending in moderate-income tracts slightly trailed aggregate performance in 2022 and 2023; performance in 2024 exceeded aggregate lending levels.

Geographic Distribution of Closed-End Home Mortgage Loans Horizon - Indianapolis MSA						
Tract Income Level	% of Owner Occupied Housing Units	HMDA Aggregate % of #	#	%	\$(000s)	%
Low						
2022	6.4	7.0	22	8.5	2,016	3.6
2023	6.4	8.3	8	5.1	1,522	7.3
2024	6.1	7.5	3	3.4	364	0.7
Moderate						
2022	18.6	19.1	48	18.5	4,852	8.7
2023	18.6	19.9	25	15.8	1,839	8.8
2024	17.3	18.9	20	22.7	1,841	3.6
Middle						
2022	35.2	37.9	88	34.0	15,918	28.6
2023	35.2	38.5	63	39.9	5,496	26.4
2024	35.2	38.0	31	35.2	40,407	80.0
Upper						
2022	38.5	34.7	99	38.2	32,762	58.9
2023	38.5	32.0	61	38.6	11,668	56.1
2024	40.2	34.4	34	38.6	7,904	15.7
NA						
2022	1.3	1.3	2	0.8	92	0.2
2023	1.3	1.4	1	0.6	281	1.4
2024	1.3	1.1	0	0.0	0	0.0
Total						
2022	100.0	100.0	259	100.0	55,640	100.0
2023	100.0	100.0	158	100.0	20,806	100.0
2024	100.0	100.0	88	100.0	50,516	100.0
<i>Source: 2020 Census; Imported Bank Data; 2024, 2023, 2022 HMDA Aggregate Data; HMDA Filters: Open-end Line of Credit=Not an Open-end LOC Due to rounding, totals may not equal 100.0%.</i>						

Small Business Loans

The geographic distribution of small business loans reflects adequate penetration throughout the assessment area. As shown in the following table, Horizon’s performance in the low-income tracts was significantly less than the aggregate performance in 2022 and 2023. In 2024, the institution’s performance in the low-income tracts was consistent with its performance in both prior years. Horizon’s performance in the moderate-income tracts only slightly trailed the aggregate performance in both 2022 and 2023. In 2024, the institution’s performance slightly increased from its performance in 2023. Performance based on the dollar amount of lending is more comparable to the aggregate performance, especially in the moderate-income tracts.

Geographic Distribution of Small Business Loans Horizon - Indianapolis MSA						
Tract Income Level	% of Businesses	CRA Aggregate % of #	#	%	\$(000s)	%
Low						
2022	10.2	6.8	3	2.6	928	3.6
2023	10.6	6.7	2	1.9	1,400	5.1
2024	10.3	--	2	2.2	800	4.1
Moderate						
2022	22.4	18.0	16	13.8	3,518	13.8
2023	22.7	16.8	14	13.6	5,199	19.0
2024	21.6	--	14	15.4	4,166	21.2
Middle						
2022	30.5	34.0	38	32.8	7,482	29.4
2023	30.6	34.1	40	38.8	8,102	29.6
2024	30.6	--	32	35.2	5,771	29.4
Upper						
2022	33.4	38.6	56	48.3	11,613	45.6
2023	32.7	40.1	46	44.7	12,435	45.4
2024	34.0	--	41	45.1	7,126	36.3
NA						
2022	3.5	2.7	3	2.6	1,925	7.6
2023	3.5	2.4	1	1.0	250	0.9
2024	3.5	--	2	2.2	1,750	8.9
Total						
2022	100.0	100.0	116	100.0	25,466	100.0
2023	100.0	100.0	103	100.0	27,386	100.0
2024	100.0	--	91	100.0	19,613	100.0
<i>Source: 2024, 2023, 2022 D&B Data; Bank Data; 2023, 2022 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%.</i>						

Borrower Profile

The distribution of borrowers reflects adequate penetration throughout the assessment area. Good performance with respect to closed-end home mortgage lending and adequate performance in small business lending support this conclusion.

Open-End Home Mortgage Loans

The distribution of open-end home mortgage loans reflects poor penetration to borrowers of different income levels. As shown in the following table, Horizon's lending to low- and moderate-income borrowers significantly trailed the aggregate performance in all years reviewed.

Distribution of Open-End Home Mortgage Loans by Borrower Income Level Horizon - Indianapolis MSA						
Borrower Income Level	% of Families	HMDA Aggregate % of #	#	%	\$(000s)	%
Low						
2022	22.0	8.7	18	2.9	973	1.3
2023	22.0	10.3	12	3.9	717	1.8
2024	21.8	9.7	9	3.1	393	1.0
Moderate						
2022	17.8	16.6	67	10.9	4,903	6.4
2023	17.8	17.2	37	12.1	2,350	5.8
2024	17.6	18.1	29	9.8	1,902	4.6
Middle						
2022	19.8	22.0	118	19.2	12,427	16.3
2023	19.8	22.0	58	19.0	4,936	12.1
2024	19.7	22.4	54	18.3	5,550	13.4
Upper						
2022	40.5	49.4	408	66.5	56,812	74.6
2023	40.5	47.7	199	65.0	32,656	80.3
2024	40.9	47.3	201	68.1	33,425	80.6
NA						
2022	0.0	3.3	3	0.5	1,066	1.4
2023	0.0	2.9	0	0.0	0	0.0
2024	0.0	2.6	2	0.7	183	0.4
Total						
2022	100.0	100.0	614	100.0	76,181	100.0
2023	100.0	100.0	306	100.0	40,659	100.0
2024	100.0	100.0	295	100.0	41,453	100.0
<i>Source: 2020 Census; Imported Bank Data; 2024, 2023, 2022 HMDA Aggregate Data; HMDA Filters: Open-end Line of Credit=Open-end LOC Due to rounding, totals may not equal 100.0%.</i>						

Closed-End Home Mortgage Loans

The distribution of closed-end home mortgage loans reflects good penetration to borrowers of different income levels. As shown in the following table, Horizon’s lending to low-income borrowers exceeded aggregate performance in each year reviewed; with 2022 performance nearly tripling the aggregate performance. The institution’s lending to moderate-income borrowers slightly trailed the aggregate performance in 2022; however, Horizon’s performance in 2023 and 2024 was consistent with the aggregate performance among moderate-income families.

Distribution of Closed-End Home Mortgage Loans by Borrower Income Level Horizon - Indianapolis MSA						
Borrower Income Level	% of Families	HMDA Aggregate % of #	#	%	\$(000s)	%
Low						
2022	22.0	11.9	79	30.5	18,855	33.9
2023	22.0	9.8	18	11.4	1,810	8.7
2024	21.8	9.2	11	12.5	664	1.3
Moderate						
2022	17.8	22.4	47	18.2	4,532	8.2
2023	17.8	22.0	37	23.4	3,020	14.5
2024	17.6	21.0	19	21.6	1,840	3.6
Middle						
2022	19.8	20.2	38	14.7	3,998	7.2
2023	19.8	20.4	39	24.7	2,894	13.9
2024	19.7	19.6	21	23.9	2,110	4.2
Upper						
2022	40.5	28.0	87	33.6	17,945	32.3
2023	40.5	28.9	57	36.1	11,566	55.6
2024	40.9	27.1	33	37.5	8,734	17.3
NA						
2022	0.0	17.5	8	3.1	10,310	18.5
2023	0.0	19.0	7	4.4	1,516	7.3
2024	0.0	23.1	4	4.6	37,168	73.6
Total						
2022	100.0	100.0	259	100.0	55,640	100.0
2023	100.0	100.0	158	100.0	20,806	100.0
2024	100.0	100.0	88	100.0	50,516	100.0
<i>Source: 2020 Census; Imported Bank Data; 2024, 2023, 2022 HMDA Aggregate Data; HMDA Filters: Open-end Line of Credit=Not an Open-end LOC Due to rounding, totals may not equal 100.0%.</i>						

Small Business Loans

The distribution of small business loans reflects adequate penetration overall to businesses of different sizes. As shown in the following table, Horizon’s lending performance to businesses with GARs equal to or less than \$1 million slightly trailed the aggregate performance in 2022 and significantly trailed the aggregate performance in 2023. The institution’s performance in 2024 rebounded and was the highest of all years reviewed.

Distribution of Small Business Loans by Gross Annual Revenue Category						
Horizon - Indianapolis MSA						
Gross Revenue Level	% of Businesses	CRA Aggregate % of #	#	%	\$(000s)	%
≤ \$1,000,000						
2022	92.0	49.8	50	43.1	8,119	31.9
2023	91.9	53.1	40	38.8	6,289	23.0
2024	90.0	--	42	46.2	6,185	31.5
> \$1,000,000						
2022	2.6	--	66	56.9	17,347	68.1
2023	2.6	--	63	61.2	21,097	77.0
2024	2.6	--	48	52.8	13,354	68.1
Revenue Not Available						
2022	5.5	--	0	0.0	0	0.0
2023	5.5	--	0	0.0	0	0.0
2024	7.4	--	1	1.1	74	0.4
Total						
2022	100.0	100.0	116	100.0	25,466	100.0
2023	100.0	100.0	103	100.0	27,386	100.0
2024	100.0	--	91	100.0	19,613	100.0

*Source: 2024, 2023, 2022 D&B Data; Bank Data; 2023, 2022 CRA Aggregate Data; "--" data not available.
Due to rounding, totals may not equal 100.0%.*

Innovative and Flexible Lending Practices

The bank makes extensive use of innovative and flexible lending practices to serve assessment area credit needs. As shown in the following table, the bank originated 74 innovative and flexible loans totaling \$20.1 million during the evaluation period. These loans provided credit to individuals and businesses that may not have otherwise qualified for traditional bank financing.

Innovative or Flexible Lending Programs – Indianapolis MSA										
Type of Program	2022		2023		2024		YTD 2025		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Home Mortgage	8	981	16	2,026	10	1,365	19	2,641	53	7,013
Small Business	0	0	9	5,381	5	680	7	6,996	21	13,057
Consumer	0	0	0	0	0	0	0	0	0	0
Totals	8	981	25	7,407	15	2,045	26	9,637	74	20,070

Source: Bank Records

Community Development Loans

The institution is a leader in making community development loans in this assessment area. The bank originated \$101.1 million in community development loans, the majority of which supported

revitalization and stabilization of low- and moderate-income areas. The number and dollar volume are consistent with performance at the previous evaluation when the bank was also noted as a leader. The percentage of total community development lending in this assessment area exceeds the percentage of total bank deposits in the assessment area. Additionally, the level of community development lending in this assessment area was the highest among all 17 assessment areas.

The following table details the bank’s community development lending in this assessment area by year and purpose.

Community Development Lending – Indianapolis MSA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2022 (Partial)	0	0	0	0	0	0	3	5,000	3	5,000
2023	2	23,935	1	600	1	2,435	8	19,245	12	46,215
2024	0	0	2	1,200	0	0	7	26,042	9	27,242
YTD 2025	0	0	1	2,000	0	0	6	20,660	7	22,660
Total	2	23,935	4	3,800	1	2,435	24	70,947	31	101,117

Source: Bank Records

Examples of the bank’s community development loans in this assessment area are as follows:

- In 2022, the bank originated a \$3.5 million loan to finance the purchase and improvements to an elementary school located in a low-income tract.
- In 2023, the bank originated a \$1.9 million loan to a plasma donation center, located in a low-income tract. The facility helps stabilize the area while providing a source of income for area residents.
- In 2024, the bank originated an \$18.6 million line of credit to construct a 105-unit multi-family housing complex in a low-income tract. This loan provided affordable housing for low- and moderate-income individuals and helps stabilize a low-income area.
- In 2025, the bank renewed a \$4.0 million line of credit for a large medical facility. This loan helped to revitalize a moderate-income tract.

INVESTMENT TEST

Horizon demonstrated poor performance under the Investment Test in the Indianapolis MSA assessment area. The bank’s poor level of qualified investments supports this conclusion.

Investment and Grant Activity

The institution made a poor level of qualified community development investments. The bank made four investments and 119 donations totaling \$1.8 million in this assessment area, representing 3.3 percent of the bank’s total qualified activity by dollar volume. This level of investment is well below the bank’s overall operations in the assessment area and represents a significant decline from the prior evaluation of \$5.3 million in investments and donations. As of June 30, 2024, the Indianapolis MSA assessment area contained eight of the bank’s 71 banking locations (11.3 percent), and 14.7 percent of total bank deposits. The new and prior period investments promote

affordable housing. Qualified donations and grants totaling approximately \$298,000 supported affordable housing, community services, and economic development efforts. The following table details the qualified investments and donations in this assessment area by year and purpose.

Qualified Investments – Indianapolis MSA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	3	1,378	0	0	0	0	0	0	3	1,378
2022 (Partial)	0	0	0	0	0	0	0	0	0	0
2023	0	0	0	0	0	0	0	0	0	0
2024	0	0	0	0	0	0	0	0	0	0
2025 (YTD)	1	160	0	0	0	0	0	0	1	160
Subtotal	4	1,538	0	0	0	0	0	0	4	1,538
Qualified Grants & Donations	20	71	84	199	15	28	0	0	119	298
Total	24	1,609	84	199	15	28	0	0	123	1,836

Source: Bank Data

Examples of the bank’s qualified investments in this assessment area include:

- Two prior period investments totaling \$1.1 million provided funding for multifamily affordable housing projects in low- and moderate-income census tracts within Marion County, one specifically designed for low-income seniors.
- One prior period low-income housing tax credit totaling \$277,966 within Marion County.
- Two donations totaling \$75,105 provided funding for programs at a high school in Marion County where a majority of students qualify for free or reduced-cost lunch.

Responsiveness to Credit and Community Development Needs

The institution exhibits adequate responsiveness to credit and community development needs. Examiners identified affordable housing, community services, economic development, and revitalization and stabilization efforts as significant needs in the assessment area and many of the bank’s efforts supported these initiatives. For example, investments supported affordable housing and community service initiatives in Marion County, an area containing a large percentage of the assessment area’s low- and moderate-income census tracts and families.

Community Development Initiatives

The institution occasionally uses innovative or complex investments to support community development initiatives such as an investment in a tax credit fund and various grant programs that support affordable housing and down payment assistance initiatives.

SERVICE TEST

Horizon demonstrated good performance under the Service Test in this assessment area. Performance under each Service Test criterion supports this conclusion.

Accessibility of Delivery Systems

Delivery systems are reasonably accessible to essentially all portions of the institution’s assessment area. As shown in the following table, the bank operates three offices in moderate-income tracts in the assessment area. The percentage of offices in moderate-income tracts exceeds the percentage of residents that live in those tracts. One of the bank’s branches is located near low-income tracts. While the bank does not maintain any branches in low-income tracts, they do have a branch which can serve some low-income tracts in the assessment area.

Branch and ATM Distribution by Geography Income Level - Indianapolis MSA								
Tract Income Level	Census Tracts		Population		Branches		ATMs	
	#	%	#	%	#	%	#	%
Low	50	14.8	152,470	10.3	0	0.0	0	0.0
Moderate	86	25.4	340,169	22.9	3	37.5	0	0.0
Middle	103	30.5	478,678	32.2	4	50.0	0	0.0
Upper	91	26.9	489,394	32.9	1	12.5	0	0.0
NA	8	2.4	25,724	1.7	0	0.0	0	0.0
Total	338	100.0	1,486,435	100.0	8	100.0	0	0.0
<i>Source: 2020 Census Data and Bank Data</i>								

Changes in Branch Locations

The bank did not open or close any branches in this assessment area during the evaluation period. Therefore, this criterion did not affect the Service Test conclusion for this assessment area.

Reasonableness of Business Hours and Services

Services and business hours do not vary in a way that inconveniences certain portions of the assessment area, particularly low- and moderate-income geographies and individuals. Business hours are generally consistent across all branch locations in the assessment area, and nearly all offices offer Saturday hours and drive-up services. The three branches in moderate-income tracts offer Saturday hours and drive-up services. The three branches without Saturday hours and drive-up services are in middle- and upper-income tracts. All other branches offer Saturday hours and drive-up services.

Community Development Services

The bank is a leader in providing community development services. During the evaluation period, bank staff provided 102 instances of community development services and financial expertise within the assessment area. This represents a substantial increase from the previous evaluation where the bank provided 30 services in this assessment area. The following table illustrates these services by year and purpose.

Community Development Services - Indianapolis MSA					
Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Total
	#	#	#	#	#
2022 (Partial)	3	9	-	-	12
2023	13	15	6	1	35
2024	7	15	5	1	28
2025 (YTD)	4	20	2	1	27
Total	27	59	13	3	102
<i>Source: Bank Data</i>					

Examples of the bank’s community development services in this assessment area are as follows:

- An employee served on the board of an organization that meets the pressing needs of low- and moderate-income individuals in the area.
- Two employees provided financial literacy education to low- and moderate-income individuals.
- An employee served on the board of an organization providing mentorship and support to low- and moderate-income children.

GARY METROPOLITAN DIVISION – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE GARY METROPOLITAN DIVISION

The Gary MD assessment area includes all of Lake and Porter counties, which encompass two of the four counties in the MD. Horizon operates nine offices in this assessment area.

Economic and Demographic Data

The assessment area contains all 175 tracts in Lake and Porter Counties. According to 2020 U.S. Census data, these tracts reflect the following income designations:

- 24 low-income tracts
- 35 moderate-income tracts
- 62 middle-income tracts
- 46 upper-income tracts
- eight tracts with no income designation

All but one of the low- and moderate-income tracts are in Lake County, in the Gary, Indiana area. The following table details select economic and demographic characteristics of the assessment area.

Demographic Information of the Assessment Area						
Horizon - Gary MD						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	N/A* % of #
Geographies (Census Tracts)	175	13.7	20.0	35.4	26.3	4.6
Population by Geography	671,915	7.5	17.1	41.2	33.1	1.2
Housing Units by Geography	282,950	10.4	19.0	40.8	28.3	1.4
Owner-Occupied Units by Geography	180,960	4.9	14.3	42.7	36.8	1.3
Occupied Rental Units by Geography	72,839	19.2	24.5	41.3	13.7	1.3
Vacant Units by Geography	29,151	22.8	34.7	28.3	12.3	1.9
Businesses by Geography	66,033	8.3	17.2	39.6	34.1	0.8
Farms by Geography	543	1.8	4.1	36.1	57.8	0.2
Family Distribution by Income Level	167,591	22.1	16.9	20.1	41.0	0.0
Household Distribution by Income Level	253,799	24.6	16.1	17.6	41.7	0.0
Median Family Income MD - 29414 Lake County-Porter County-Jasper County, IN MD	\$75,625	Median Housing Value		\$ 158,590		
		Median Gross Rent		\$889		
		Families Below Poverty Level		10.7%		
<i>Source: 2020 Census And 2024 D&B Data (*) The NA category consists of geographies that have Not been assigned an income classification. Due to rounding, totals may not equal 100%.</i>						

As of August 2025, according to United States Bureau of Labor Statistics data, the unemployment rate in the Gary MD was 4.7 percent, a decrease from 5.7 percent in August 2024.

According to Moody's Analytics, the MD's economy is in a precarious position. Manufacturing payrolls have been stagnant due to policy shifts. Logistics have declined sharply and affected the local labor market. On the other hand, strong gains in healthcare kept top-line employment from falling. Major employers in the assessment area include Franciscan Health System, U.S. Steel, and Methodist Hospital.

The following table presents the Gary MD median family income levels for 2022, 2023, and 2024, as updated by the FFIEC.

Median Family Income Ranges – Gary MD (previously 23844; now 29414)				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2022 (\$85,100)	<\$42,550	\$42,550 To <\$68,080	\$68,080 To <\$102,120	≥\$102,120
2023 (\$91,900)	<\$45,950	\$45,950 To <\$73,520	\$73,520 To <\$110,280	≥\$110,280
2024 (\$91,100)	<\$45,550	\$45,550 To <\$72,880	\$72,880 To <\$109,320	≥\$109,320
<i>Source: FFIEC</i>				

Competition

The assessment area is a highly competitive market for financial services. According to FDIC Deposit Market Share data as of June 30, 2024, 18 banks operated 170 offices in the assessment area. Of these banks, Horizon ranked 10th, with a deposit market share of 3.1 percent.

According to 2023 HMDA aggregate lending data, Horizon ranked 11th with a market share of 1.9 percent by number of loans among institutions that reported home mortgage originations or purchases in the assessment area. According to 2023 CRA aggregate lending data, the bank ranked 18th with a market share of 0.8 percent for small business lending.

Community Contact

Examiners reviewed a recent contact interview with a community development organization active in the assessment area. The contact stated that the area has seen a recent increase in new home construction to accommodate an influx of Chicago area commuters, but housing stock in the area remains an issue. Additionally, the area is seeing an increase in younger residents that would benefit from first-time homebuyer financial assistance programs. Furthermore, the area has seen an increase in the Hispanic population in recent years, and financial literacy education in Spanish is a community need. Lastly, the contact stated that small business lending and infrastructure improvements are needs in the area.

Credit and Community Development Needs and Opportunities

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that affordable housing, small business lending, revitalizing and stabilizing activities, community services, and financial literacy education are primary needs in the area.

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE GARY METROPOLITAN DIVISION

LENDING TEST

Horizon demonstrated good performance under the Lending Test in the Gary MD assessment area. The institution’s excellent performance under the community development lending and innovative

and flexible criteria bolster the otherwise adequate performance under lending activity, geographic distribution, and borrower profile criteria.

Lending Activity

Lending levels reflect adequate responsiveness to assessment area credit needs. Home mortgage lending volumes have declined since the previous evaluation, reflecting industry trends driven by interest rate increases during the evaluation period. The bank’s small business lending volumes have also declined since the previous evaluation.

Based on 2023 lending data, Horizon ranked 11th for home mortgage loans (1.9 percent) and 18th for small business loans (0.8 percent). This performance is comparable to the bank’s 10th place deposit market share (3.1 percent) as of June 30, 2024. Regarding small business lending, the top five lenders are all national institutions, commanding over 67 percent of the total market share. The average loan amount for these lenders was \$12,800; indicating these loans are likely business-purpose credit cards. Horizon boasted an average loan amount of \$233,000, evidencing loans that are generally more impactful.

The following table details Horizon’s 2022, 2023, and 2024 originations by loan type in the assessment area.

Lending Activity – Gary MD						
Loan Product	2022 #	2022 \$(000)	2023 #	2023 \$(000)	2024 #	2024 \$(000)
Open-End Home Mortgage	215	24,088	133	19,514	137	18,731
Closed-End Home Mortgage	288	77,811	180	36,346	161	49,439
Subtotal: Home Mortgage	503	101,899	313	55,860	298	68,170
Small Business	85	21,768	100	23,809	89	21,935
TOTAL	588	123,667	413	79,669	387	90,105

Source: Bank Data

Geographic Distribution

The geographic distribution of loans reflects adequate penetration throughout the assessment area. This conclusion is supported by a variety of performance levels within each category, including adequate performance with respect to closed-end home mortgage lending and small business lending, and poor performance with respect to open-end home mortgage lending.

Open-End Home Mortgage Loans

The geographic distribution of open-end home mortgage loans reflects poor penetration throughout the assessment area. As shown in the following table, Horizon’s lending in low-income tracts was slightly less than, but comparable to reporting lenders, who also demonstrated limited lending in

low-income tracts over the same time. Within the moderate-income tracts, the institution’s lending significantly trailed the aggregate performance in all years reviewed. The bank’s lending decreased each year while the aggregate’s performance improved.

Geographic Distribution of Open-End Home Mortgage Loans						
Horizon - Gary MD						
Tract Income Level	% of Owner Occupied Housing Units	HMDA Aggregate % of #	#	%	\$(000s)	%
Low						
2022	4.9	1.8	2	0.9	155	0.6
2023	4.9	1.9	2	1.5	3,556	18.2
2024	4.9	1.9	0	0.0	0	0.0
Moderate						
2022	14.3	7.6	9	4.2	575	2.4
2023	14.3	7.9	4	3.0	372	1.9
2024	14.3	8.8	3	2.2	120	0.6
Middle						
2022	42.7	40.1	68	31.6	6,472	26.9
2023	42.7	41.7	41	30.8	3,282	16.8
2024	42.7	40.5	35	25.6	3,605	19.3
Upper						
2022	36.8	49.7	136	63.3	16,886	70.1
2023	36.8	47.8	85	63.9	12,264	62.9
2024	36.8	48.1	99	72.3	15,006	80.1
NA						
2022	1.3	0.8	0	0.0	0	0.0
2023	1.3	0.7	1	0.8	40	0.2
2024	1.3	0.8	0	0.0	0	0.0
Total						
2022	100.0	100.0	215	100.0	24,088	100.0
2023	100.0	100.0	133	100.0	19,514	100.0
2024	100.0	100.0	137	100.0	18,731	100.0
<i>Source: 2020 Census; Imported Bank Data; 2024, 2023, 2022 HMDA Aggregate Data; HMDA Filters: Open-end Line of Credit=Open-end LOC</i>						
<i>Due to rounding, totals may not equal 100.0%.</i>						

Closed-End Home Mortgage Loans

The geographic distribution of closed-end home mortgage loans reflects adequate penetration throughout the assessment area. In 2022 and 2024, Horizon’s low level of lending within the low-income tracts was slightly less than, but comparable to the low level of lending by reporting institutions. The bank’s lending performance in 2023 was consistent with the aggregate. At the same time, the institution’s lending in moderate-income tracts slightly trailed the aggregate performance in for each year reviewed. The following table details the geographic distribution of closed-end home mortgage lending.

Geographic Distribution of Closed-End Home Mortgage Loans Horizon - Gary MD						
Tract Income Level	% of Owner Occupied Housing Units	HMDA Aggregate % of #	#	%	\$(000s)	%
Low						
2022	4.9	2.6	4	1.4	463	0.6
2023	4.9	3.9	8	4.4	987	2.7
2024	4.9	3.8	4	2.5	602	1.2
Moderate						
2022	14.3	12.5	28	9.7	3,370	4.3
2023	14.3	14.3	20	11.1	2,498	6.9
2024	14.3	14.4	18	11.2	4,004	8.1
Middle						
2022	42.7	46.7	106	36.8	23,900	30.7
2023	42.7	45.1	75	41.7	13,326	36.7
2024	42.7	44.0	49	30.4	12,303	24.9
Upper						
2022	36.8	37.6	150	52.1	50,078	64.4
2023	36.8	36.3	77	42.8	19,535	53.8
2024	36.8	37.3	90	55.9	32,530	65.8
NA						
2022	1.3	0.6	0	0.0	0	0.0
2023	1.3	0.5	0	0.0	0	0.0
2024	1.3	0.5	0	0.0	0	0.0
Total						
2022	100.0	100.0	288	100.0	77,811	100.0
2023	100.0	100.0	180	100.0	36,346	100.0
2024	100.0	100.0	161	100.0	49,439	100.0
Source: 2020 Census; Imported Bank Data; 2024, 2023, 2022 HMDA Aggregate Data; HMDA Filters: Open-end Line of Credit=Not an Open-end LOC Due to rounding, totals may not equal 100.0%.						

Small Business Loans

The geographic distribution of small business loans reflects adequate penetration throughout the assessment area. As shown in the following table, Horizon’s performance in the low-income tracts was consistent with the aggregate performance in 2022 and 2023. The institution’s performance in 2024 slightly increased from its performance in 2023. Horizon’s performance in the moderate-income tracts slightly trailed the aggregate performance in 2022 and slightly exceeded the aggregate performance in 2023. In 2024, the institution’s lending in the moderate-income tracts decreased significantly from its 2023 performance. When performance in low- and moderate-income tracts is taken together, performance is reasonable.

Geographic Distribution of Small Business Loans						
Horizon - Gary MD						
Tract Income Level	% of Businesses	CRA Aggregate % of #	#	%	\$(000s)	%
Low						
2022	8.3	5.5	4	4.7	1,962	9.0
2023	8.4	5.7	7	7.0	3,412	14.3
2024	8.3	--	7	7.9	3,254	14.8
Moderate						
2022	17.4	13.5	9	10.6	3,300	15.2
2023	17.4	13.2	16	16.0	3,540	14.9
2024	17.2	--	5	5.6	2,177	9.9
Middle						
2022	39.2	39.9	36	42.4	9,884	45.4
2023	39.4	38.4	46	46.0	11,540	48.5
2024	39.6	--	38	42.7	9,318	42.5
Upper						
2022	34.4	40.2	36	42.4	6,622	30.4
2023	34.0	42.0	31	31.0	5,317	22.3
2024	34.1	--	39	43.8	7,186	32.8
NA						
2022	0.8	0.8	0	0.0	0	0.0
2023	0.8	0.8	0	0.0	0	0.0
2024	0.8	--	0	0.0	0	0.0
Total						
2022	100.0	100.0	85	100.0	21,768	100.0
2023	100.0	100.0	100	100.0	23,809	100.0
2024	100.0	--	89	100.0	21,935	100.0
<i>Source: 2024, 2023, 2022 D&B Data; Bank Data; 2023, 2022 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%.</i>						

Borrower Profile

The distribution of borrowers reflects adequate penetration throughout the assessment area. This conclusion is supported by a variety of performance levels within each category, including excellent closed-end home mortgage lending, adequate small business lending, and poor open-end home mortgage lending performance.

Open-End Home Mortgage Loans

The distribution of open-end home mortgage loans reflects poor penetration to borrowers of different income levels. As shown in the following table, Horizon's lending to low-income borrowers trailed the aggregate performance in each of the three years reviewed. Performance in lending to moderate-income borrowers slightly trailed aggregate performance in 2022 and 2023;

however, lending in 2024 significantly trailed aggregate performance. Poor performance to low-income borrowers and the sudden decrease in lending to moderate-income borrowers supports poor performance overall.

Distribution of Open-End Home Mortgage Loans by Borrower Income Level Horizon - Gary MD						
Borrower Income Level	% of Families	HMDA Aggregate % of #	#	%	\$(000s)	%
Low						
2022	22.1	10.0	12	5.6	489	2.0
2023	22.1	10.2	4	3.0	257	1.3
2024	22.1	10.0	8	5.8	375	2.0
Moderate						
2022	16.9	18.2	29	13.5	1,963	8.2
2023	16.9	19.8	23	17.3	1,392	7.1
2024	16.9	17.9	7	5.1	415	2.2
Middle						
2022	20.1	25.5	39	18.1	3,402	14.1
2023	20.1	24.6	28	21.1	2,385	12.2
2024	20.1	24.6	23	16.8	1,930	10.3
Upper						
2022	41.0	42.6	134	62.3	18,195	75.5
2023	41.0	41.0	74	55.6	10,668	54.7
2024	41.0	44.3	98	71.5	15,939	85.1
NA						
2022	0.0	3.7	1	0.5	39	0.2
2023	0.0	4.3	4	3.0	4,812	24.7
2024	0.0	3.3	1	0.7	72	0.4
Total						
2022	100.0	100.0	215	100.0	24,088	100.0
2023	100.0	100.0	133	100.0	19,514	100.0
2024	100.0	100.0	137	100.0	18,731	100.0
<i>Source: 2020 Census; Imported Bank Data; 2024, 2023, 2022 HMDA Aggregate Data; HMDA Filters: Open-end Line of Credit=Open-end LOC Due to rounding, totals may not equal 100.0%.</i>						

Closed-End Home Mortgage Loans

The distribution of closed-end home mortgage loans reflects excellent penetration to retail customers of different income levels. As shown in the following table, Horizon’s lending to low-income borrowers in 2022 and 2023 significantly exceeded the aggregate performance. Performance in 2024 was comparable to the aggregate performance. The institution’s performance in lending to moderate-income borrowers trailed the aggregate performance in 2022 and 2023. Performance improved in 2024 as Horizon’s lending levels exceeded the aggregate performance. The significant lending to low-income borrowers supports excellent performance.

Distribution of Closed-End Home Mortgage Loans by Borrower Income Level Horizon - Gary MD						
Borrower Income Level	% of Families	HMDA Aggregate % of #	#	%	\$(000s)	%
Low						
2022	22.1	8.7	114	39.6	32,510	41.8
2023	22.1	8.2	39	21.7	6,672	18.4
2024	22.1	7.9	14	8.7	1,136	2.3
Moderate						
2022	16.9	21.9	39	13.5	4,903	6.3
2023	16.9	21.8	30	16.7	3,149	8.7
2024	16.9	18.6	39	24.2	6,362	12.9
Middle						
2022	20.1	22.9	39	13.5	7,037	9.0
2023	20.1	23.6	42	23.3	7,873	21.7
2024	20.1	22.6	31	19.3	5,745	11.6
Upper						
2022	41.0	26.1	89	30.9	28,820	37.0
2023	41.0	24.2	63	35.0	17,795	49.0
2024	41.0	26.2	73	45.3	35,611	72.0
NA						
2022	0.0	20.5	7	2.4	4,541	5.8
2023	0.0	22.1	6	3.3	857	2.4
2024	0.0	24.7	4	2.5	585	1.2
Total						
2022	100.0	100.0	288	100.0	77,811	100.0
2023	100.0	100.0	180	100.0	36,346	100.0
2024	100.0	100.0	161	100.0	49,439	100.0
<i>Source: 2020 Census; Imported Bank Data; 2024, 2023, 2022 HMDA Aggregate Data; HMDA Filters: Open-end Line of Credit=Not an Open-end LOC Due to rounding, totals may not equal 100.0%.</i>						

Small Business Loans

The distribution of small business loans reflects adequate penetration overall to businesses of different sizes. As shown in the following table, Horizon’s lending performance to businesses with GARs equal to or less than \$1 million slightly trailed the aggregate performance in 2022 and 2023. The institution’s performance in 2024 decreased from its 2023 performance.

Distribution of Small Business Loans by Gross Annual Revenue Category						
Horizon - Gary MD						
Gross Revenue Level	% of Businesses	CRA Aggregate % of #	#	%	\$(000s)	%
≤ \$1,000,000						
2022	91.0	53.2	42	49.4	7,585	34.8
2023	90.9	54.1	49	49.0	10,961	46.0
2024	89.5	--	36	40.5	6,360	29.0
> \$1,000,000						
2022	2.6	--	43	50.6	14,183	65.2
2023	2.6	--	51	51.0	12,848	54.0
2024	2.6	--	50	56.2	15,271	69.6
Revenue Not Available						
2022	6.4	--	0	0.0	0	0.0
2023	6.4	--	0	0.0	0	0.0
2024	7.9	--	3	3.4	304	1.4
Total						
2022	100.0	100.0	85	100.0	21,768	100.0
2023	100.0	100.0	100	100.0	23,809	100.0
2024	100.0	--	89	100.0	21,935	100.0

*Source: 2024, 2023, 2022 D&B Data; Bank Data; 2023, 2022 CRA Aggregate Data; "--" data not available.
Due to rounding, totals may not equal 100.0%.*

Innovative and Flexible Lending Practices

The bank makes extensive use of innovative and flexible lending practices to serve assessment area credit needs. As shown in the following table, the bank originated 144 innovative and flexible loans totaling \$30.9 million during the evaluation period. These loans provided credit to individuals and businesses that may not have otherwise qualified for traditional bank financing.

Innovative or Flexible Lending Programs – Gary MD										
Type of Program	2022		2023		2024		YTD 2025		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Home Mortgage	7	930	34	6,027	37	6,052	28	4,985	106	17,994
Small Business	0	0	3	435	15	7,300	8	5,144	26	12,879
Consumer	1	1	6	7	2	4	3	4	12	16
Totals	8	931	43	6,469	54	13,356	39	10,133	144	30,889

Source: Bank Records

Community Development Loans

The institution is a leader in making community development loans in this assessment area. The bank originated \$29.1 million in community development loans which supported all four

community development initiatives. The number of community development loans increased since the previous evaluation, when the bank was also noted as a leader. The percentage of total community development lending in this assessment area is comparable to the percentage of total bank deposits in the assessment area.

The following table details the bank’s community development lending in this assessment area by year and purpose.

Community Development Lending – Gary MD										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2022 (Partial)	1	400	1	3,409	0	0	0	0	2	3,809
2023	2	5,432	0	0	0	0	2	2,399	4	7,831
2024	1	184	0	0	1	2,500	5	7,288	7	9,972
YTD 2025	1	166	2	4,789	0	0	2	2,519	5	7,474
Total	5	6,182	3	8,198	1	2,500	9	12,206	18	29,086

Source: Bank Records

Examples of the bank’s community development loans in this assessment area are as follows:

- In 2023, the bank funded a \$3.4 million SBA loan to renovate a historic building in downtown Hammond, Indiana. The building provided affordable housing for low- and moderate-income individuals.
- In 2023, the bank provided \$2.0 in funding for the city of Hammond’s TIF bonds. This loan provided remodeling of a longtime vacant property in a low-income tract, therefore revitalizing the area.
- In 2025, the bank originated a \$3.5 million loan to the city of Gary to purchase new equipment for the local police and fire departments. This loan supported community infrastructure in an area with many low- and moderate-income tracts.

INVESTMENT TEST

Horizon demonstrated good performance under the Investment Test in the Gary MD assessment area. The bank’s significant level of qualified investments and good responsiveness to community development needs supports this conclusion.

Investment and Grant Activity

The institution made a significant level of qualified community development investments. The bank made 14 investments and 125 donations totaling nearly \$9.4 million in this assessment area, representing 16.8 percent of the bank’s total qualified activity by dollar volume. This level of investment is comparable to the bank’s overall operations in the assessment area. As of June 30, 2024, the Gary MD contained nine of the bank’s 71 banking locations (12.7 percent), and 10.5 percent of total bank deposits. The new and prior period investments promote affordable housing and community services initiatives. Qualified donations and grants totaling approximately \$280,000 supported affordable housing, community services, and economic development efforts.

The following table details the qualified investments and donations in this assessment area by year and purpose.

Qualified Investments – Gary MD										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	1	278	11	5,695	0	0	0	0	12	5,973
2022 (Partial)	0	0	0	0	0	0	0	0	0	0
2023	0	0	0	0	0	0	0	0	0	0
2024	0	0	0	0	0	0	0	0	0	0
2025 (YTD)	2	3,137	0	0	0	0	0	0	2	3,137
Subtotal	3	3,415	11	5,695	0	0	0	0	14	9,110
Qualified Grants & Donations	19	87	72	138	34	55	0	0	125	280
Total	22	3,502	83	5,833	34	55	0	0	139	9,390

Source: Bank Data

Examples of the bank’s qualified investments in this assessment area include:

- Eleven prior period bonds totaling \$5.7 million provided funding to a school district where a majority of students are eligible for free or reduced-cost lunch.
- Two new bonds totaling \$3.1 million provided funding for affordable housing initiatives in low- and moderate-income areas of Lake County.
- Fifteen affordable housing grants totaling \$85,187 provided down payment assistance to low-and moderate-income borrowers.

Responsiveness to Credit and Community Development Needs

The institution exhibits good responsiveness to credit and community development needs. Examiners identified affordable housing, community services including financial literacy education, economic development, and revitalization and stabilization efforts as significant needs in the assessment area. The bank’s investments and donations primarily supported affordable housing, community service, and economic development efforts.

Community Development Initiatives

The institution occasionally uses innovative or complex investments to support community development initiatives, such as an investment in a tax credit fund and an in-house downpayment assistance grant program.

SERVICE TEST

Horizon demonstrated good performance under the Service Test in this assessment area. Performance under each Service Test criterion supports this conclusion.

Accessibility of Delivery Systems

Delivery systems are reasonably accessible to essentially all portions of the institution’s assessment area. As shown in the following table, the bank operates one office in moderate-income tracts in the assessment area. The percentage of offices in moderate-income tracts trails the percentage of residents that live in those tracts. Four of the bank’s branches in this assessment area are located adjacent to or near additional low- and moderate-income tracts. Given the proximity of branch locations to low- and moderate-income census tracts, delivery systems are reasonably accessible to essentially all portions of the assessment area.

Branch and ATM Distribution by Geography Income Level - Gary MD								
Tract Income Level	Census Tracts		Population		Branches		ATMs	
	#	%	#	%	#	%	#	%
Low	24	13.7	50,081	7.5	0	0.0	0	0.0
Moderate	35	20.0	115,122	17.1	1	11.1	0	0.0
Middle	62	35.4	276,505	41.2	3	33.3	2	100.0
Upper	46	26.3	222,457	33.1	4	44.5	0	0.0
NA	8	4.6	7,750	1.2	1	11.1	0	0.0
Total	175	100.0	671,915	100.0	9	100.0	2	100.0
<i>Source: 2020 Census Data and Bank Data</i>								

Changes in Branch Locations

The bank did not open or close any branches in this assessment area during the evaluation period. Therefore, this criterion did not affect the Service Test conclusion for this assessment area.

Reasonableness of Business Hours and Services

Services and business hours do not vary in a way that inconveniences certain portions of the assessment area, particularly low- and moderate-income geographies and individuals. Business hours are generally consistent across all branch locations in the assessment area, and nearly all offices offer Saturday hours and drive-up services. The only branch in a moderate-income tract offers Saturday hours and drive-up services. The only branch without drive-up services is in a middle-income tract. All other branches offer Saturday hours and drive-up services.

Community Development Services

The bank is a leader in providing community development services. During the evaluation period, bank staff provided 200 instances of community development services and financial expertise within the assessment area. This represents a substantial increase from the prior evaluation where the bank provided 84 services in this assessment area. The following table illustrates these services by year and purpose.

Community Development Services - Gary MD					
Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Total
	#	#	#	#	#
2022 (Partial)	3	7	2	1	13
2023	11	35	12	5	63
2024	10	39	20	5	74
2025 (YTD)	4	34	10	2	50
Total	28	115	44	13	200
<i>Source: Bank Data</i>					

Examples of the bank’s community development services in this assessment area are as follows:

- An employee served on the board of an organization providing affordable housing in the assessment area.
- An employee served on the board of an emergency shelter providing services for victims of domestic violence.
- Multiple employees provided financial literacy education to low- and moderate-income elderly residents in the area.

INDIANA NON-METROPOLITAN STATISTICAL AREA – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE INDIANA NON-METROPOLITAN STATISTICAL AREA

The Indiana non-MSA assessment area includes seven whole counties: Cass, DeKalb, Fountain, Grant, Kosciusko, LaGrange, and Noble. These areas are mostly contiguous and located near each other in north-central Indiana. Examiners reviewed the bank’s performance in each non-contiguous portion of the assessment area and determined that the bank’s performance was similar across each. Therefore, examiners presented these areas collectively as one assessment area for purposes of this evaluation. Horizon operates nine offices in this assessment area.

Economic and Demographic Data

The assessment area contains 81 census tracts across the seven counties. According to 2020 Census data, these tracts reflect the following income designations:

- two low-income tracts
- 13 moderate-income tracts
- 49 middle-income tracts
- 17 upper-income tracts

Grant County contains both low-income tracts and six of the moderate-income tracts. Cass County and Kosciusko County each contain two moderate-income tracts. DeKalb, Fountain, and Noble counties each have one moderate-income tract. LaGrange County does not contain any moderate-

income tracts. The following table details select economic and demographic characteristics of the assessment area.

Demographic Information of the Assessment Area							
Horizon - Indiana Non-MSA							
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	N/A* % of #	
Geographies (Census Tracts)	81	2.5	16.1	60.5	21.0	0.0	
Population by Geography	332,431	2.2	14.7	60.4	22.8	0.0	
Housing Units by Geography	147,349	2.5	15.7	60.1	21.8	0.0	
Owner-Occupied Units by Geography	96,209	2.0	12.5	61.6	23.9	0.0	
Occupied Rental Units by Geography	31,665	4.1	25.5	54.1	16.3	0.0	
Vacant Units by Geography	19,475	2.6	15.3	62.0	20.2	0.0	
Businesses by Geography	28,036	2.0	16.9	57.0	24.2	0.0	
Farms by Geography	1,818	0.1	6.2	69.9	23.9	0.0	
Family Distribution by Income Level	86,921	17.3	18.4	23.5	40.7	0.0	
Household Distribution by Income Level	127,874	20.8	16.9	19.3	43.0	0.0	
Indiana Non-MSA Median Family Income		\$66,091	Median Housing Value			\$ 133,942	
			Median Gross Rent			\$720	
			Families Below Poverty Level			8.4%	
<i>Source: 2020 Census And 2024 D&B Data (*) The NA category consists of geographies that have Not been assigned an income classification. Due to rounding, totals may not equal 100%.</i>							

As of August 2025, according to United States Bureau of Labor Statistics data, the average unemployment rate in the Indiana non-MSA counties was 3.8 percent, a decrease from 4.6 percent in August 2024.

For August 2025, the unemployment rates for the individual counties were 4.1 percent (Cass), 3.4 percent (DeKalb), 3.7 percent (Fountain), 4.7 percent (Grant), 3.7 percent (Kosciusko), 3.6 percent (LaGrange), and 3.6 percent (Noble).

The assessment area’s economy relies heavily on small business and agriculture. Various larger employers also operate throughout the assessment area. Major employers in the assessment area include Tyson Fresh Meats (Cass County), Steel Dynamics (DeKalb County), Master Guard Corporation (Fountain County), General Motors Marion Metal (Grant County), Zimmer Biomet Holdings Incorporated (Kosciusko County), Champion Home Builders (LaGrange County), and Dexter Axle (Noble County).

The following table presents the Indiana non-MSA assessment area median family income levels for 2022, 2023, and 2024, as updated by the FFIEC.

Median Family Income Ranges – Indiana Non-MSA (99999)				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2022 (\$74,500)	<\$37,250	\$37,250 To <\$59,600	\$59,600 To <\$89,400	>=\$89,400
2023 (\$82,700)	<\$41,350	\$41,350 To <\$66,160	\$66,160 To <\$99,240	>=\$99,240
2024 (\$81,800)	<\$40,900	\$40,900 To <\$65,440	\$65,440 To <\$98,160	>=\$98,160

Source: FFIEC

Competition

The assessment area is a highly competitive market for financial services. According to FDIC Deposit Market Share data as of June 30, 2024, 29 banks operated 110 offices in the assessment area. Of these banks, Horizon ranked third, with a deposit market share of 7.2 percent.

According to 2023 HMDA aggregate lending data, Horizon ranked seventh with a market share of 2.9 percent by number of loans among institutions that reported home mortgage originations or purchases in the assessment area. According to 2023 CRA aggregate lending data, the bank ranked 18th with a market share of 0.8 percent for small business lending.

Community Contact

Examiners reviewed a recent contact interview with a local economic development corporation. The contact stated that the area needs housing for varied price ranges, and primary credit needs include home mortgage and small business loans.

Credit and Community Development Needs and Opportunities

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that small business, open- and closed-end home mortgage, and small farm loans are primary needs in the area. Additionally, affordable housing is a community development need.

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE INDIANA NON-METROPOLITAN STATISTICAL AREA

LENDING TEST

Horizon demonstrated adequate performance under the Lending Test in the Indiana non-MSA assessment area. The institution’s performance under the lending activity, geographic distribution, borrower profile, and community development lending criteria primarily support the adequate performance assessment.

Lending Activity

Lending levels reflect adequate responsiveness to assessment area credit needs. Home mortgage lending volumes have declined since the previous evaluation, reflecting industry trends driven by interest rate increases during the evaluation period. The bank's small business lending volumes have also declined since the previous evaluation.

Based on 2023 lending data, Horizon ranked seventh for home mortgage loans (2.9 percent) and 18th for small business loans (0.8 percent). This performance trails the bank's third-ranking deposit market share (7.2 percent) as of June 30, 2024. However, examiners noted that Horizon's lending levels were comparable to the third, fourth, fifth, and sixth highest lenders, whose market shares represented between 4.5 percent and 3.0 percent, respectively.

Regarding small business lending, the top five lenders are all national institutions, commanding over 68 percent of the total market share. The average loan amount for these lenders was \$11,400; indicating these loans are likely business-purpose credit cards. Horizon boasted an average loan amount of \$165,000, evidencing loans that are generally more impactful.

The following table details Horizon's 2022, 2023, and 2024 originations by loan type in the assessment area.

Lending Activity – Indiana Non-MSA						
Loan Product	2022 #	2022 \$(000)	2023 #	2023 \$(000)	2024 #	2024 \$(000)
Open-End Home Mortgage	127	11,115	108	7,960	124	9,567
Closed-End Home Mortgage	153	41,903	113	36,374	86	14,025
Subtotal: Home Mortgage	280	53,018	221	44,334	210	23,592
Small Business	27	4,317	29	4,778	16	3,105
TOTAL	307	57,335	250	49,112	226	26,697

Source: Bank Data

Geographic Distribution

The geographic distribution of loans reflects adequate penetration throughout the assessment area. Adequate performance with respect to closed-end home mortgage lending and small business lending, and good performance with respect to open-end home mortgage lending supports this conclusion.

Open-End Home Mortgage Loans

The geographic distribution of open-end home mortgage loans reflects good penetration throughout the assessment area. As shown in the following table, Horizon's limited lending within the low-income tracts was comparable to the aggregate, which also exhibited limited lending each year.

Within the moderate-income tracts, the institution’s lending exceeded the aggregate for each year. Lending performance in 2023 was especially notable as Horizon’s lending performance more than doubled the aggregate’s performance.

Geographic Distribution of Open-End Home Mortgage Loans Horizon - Indiana non-MSA						
Tract Income Level	% of Owner Occupied Housing Units	HMDA Aggregate % of #	#	%	\$(000s)	%
Low						
2022	2.0	0.6	0	0.0	0	0.0
2023	2.0	0.3	1	0.9	32	0.4
2024	2.0	0.4	2	1.6	60	0.6
Moderate						
2022	12.5	5.3	9	7.1	579	5.2
2023	12.5	6.6	15	13.9	642	8.1
2024	12.5	8.2	18	14.5	853	8.9
Middle						
2022	63.8	65.2	94	74.0	7,340	66.0
2023	63.8	63.8	69	63.9	4,971	62.5
2024	61.6	59.2	68	54.8	5,276	55.2
Upper						
2022	21.7	28.9	24	18.9	3,196	28.8
2023	21.7	29.4	23	21.3	2,315	29.1
2024	23.9	32.2	36	29.0	3,378	35.3
Total						
2022	100.0	100.0	127	100.0	11,115	100.0
2023	100.0	100.0	108	100.0	7,960	100.0
2024	100.0	100.0	124	100.0	9,567	100.0
<i>Source: 2020 Census; Imported Bank Data; 2024, 2023, 2022 HMDA Aggregate Data; HMDA Filters: Open-end Line of Credit=Open-end LOC Due to rounding, totals may not equal 100.0%.</i>						

Closed-End Home Mortgage Loans

The geographic distribution of closed-end home mortgage loans reflects adequate penetration throughout the assessment area. As shown in the following table, Horizon’s lack of lending in low-income tracts is comparable to the aggregate’s limited lending in the same tracts. The institution’s performance in the moderate-income tracts lagged the aggregate performance in 2022 and 2024, while lending levels in 2023 slightly exceeded the aggregate.

Geographic Distribution of Closed-End Home Mortgage Loans Horizon - Indiana non-MSA						
Tract Income Level	% of Owner Occupied Housing Units	HMDA Aggregate % of #	#	%	\$(000s)	%
Low						
2022	2.0	0.8	0	0.0	0	0.0
2023	2.0	1.0	0	0.0	0	0.0
2024	2.0	1.0	0	0.0	0	0.0
Moderate						
2022	12.5	12.5	13	8.5	721	1.7
2023	12.5	13.1	16	14.2	11,804	32.5
2024	12.5	14.8	9	10.5	1,050	7.5
Middle						
2022	63.8	62.2	111	72.6	16,686	39.8
2023	63.8	62.7	72	63.7	20,560	56.5
2024	61.6	59.9	49	57.0	8,316	59.3
Upper						
2022	21.7	24.6	29	19.0	24,496	58.5
2023	21.7	23.3	25	22.1	4,010	11.0
2024	23.9	24.3	28	32.6	4,659	33.2
Total						
2022	100.0	100.0	153	100.0	41,903	100.0
2023	100.0	100.0	113	100.0	36,374	100.0
2024	100.0	100.0	86	100.0	14,025	100.0
<i>Source: 2020 Census; Imported Bank Data; 2024, 2023, 2022 HMDA Aggregate Data; HMDA Filters: Open-end Line of Credit=Not an Open-end LOC Due to rounding, totals may not equal 100.0%.</i>						

Small Business Loans

The geographic distribution of small business loans reflects adequate penetration throughout the assessment area. As shown in the following table, Horizon’s lack of lending in the two low-income tracts is comparable with the limited aggregate lending and percentage of businesses located in low-income tracts. Performance in the moderate-income tracts significantly trailed the aggregate performance in 2022 but improved significantly in 2023 and was consistent with aggregate performance. In 2024, the institution’s performance in the moderate-income tracts slightly decreased from its 2023 performance.

Geographic Distribution of Small Business Loans Horizon - Indiana Non-MSA						
Tract Income Level	% of Businesses	CRA Aggregate % of #	#	%	\$(000s)	%
Low						
2022	2.0	1.7	0	0.0	0	0.0
2023	2.0	1.8	0	0.0	0	0.0
2024	2.0	--	0	0.0	0	0.0
Moderate						
2022	16.8	14.7	1	3.7	100	2.3
2023	16.8	13.5	4	13.8	1,099	23.0
2024	16.9	--	2	12.5	318	10.2
Middle						
2022	58.4	58.9	17	63.0	2,431	56.3
2023	58.8	60.2	17	58.6	1,956	40.9
2024	57.0	--	7	43.8	1,857	59.8
Upper						
2022	22.9	24.8	9	33.3	1,786	41.4
2023	22.5	24.6	8	27.6	1,723	36.1
2024	24.2	--	7	43.8	930	30.0
Total						
2022	100.0	100.0	27	100.0	4,317	100.0
2023	100.0	100.0	29	100.0	4,778	100.0
2024	100.0	--	16	100.0	3,105	100.0
<i>Source: 2024, 2023, 2022 D&B Data; Bank Data; 2023, 2022 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%.</i>						

Borrower Profile

The distribution of borrowers reflects adequate penetration throughout the assessment area. The bank demonstrated adequate performance across all three products reviewed.

Open-End Home Mortgage Loans

The distribution of open-end home mortgage loans reflects adequate penetration to borrowers of different income levels. As shown in the following table, Horizon's lending to low-income borrowers was consistent with the aggregate performance in 2022 and slightly exceeded the aggregate performance in 2023 and 2024. The institution's lending to moderate-income borrowers exceeded the aggregate performance in 2022 and was consistent with the aggregate performance in 2023 and 2024.

Distribution of Open-End Home Mortgage Loans by Borrower Income Level Horizon - Indiana Non-MSA						
Borrower Income Level	% of Families	HMDA Aggregate % of #	#	%	\$(000s)	%
Low						
2022	17.7	9.2	9	7.1	384	3.5
2023	17.7	11.5	16	14.8	716	9.0
2024	17.3	9.8	16	12.9	530	5.5
Moderate						
2022	18.7	16.5	28	22.1	1,192	10.7
2023	18.7	20.9	20	18.5	919	11.6
2024	18.4	20.6	26	21.0	1,161	12.1
Middle						
2022	23.6	26.0	31	24.4	2,673	24.1
2023	23.6	28.1	30	27.8	2,384	30.0
2024	23.5	27.6	32	25.8	2,299	24.0
Upper						
2022	40.0	45.4	57	44.9	6,366	57.3
2023	40.0	36.2	39	36.1	3,831	48.1
2024	40.7	38.8	46	37.1	5,275	55.1
NA						
2022	0.0	2.8	2	1.6	500	4.5
2023	0.0	3.3	3	2.8	110	1.4
2024	0.0	3.2	4	3.2	302	3.2
Total						
2022	100.0	100.0	127	100.0	11,115	100.0
2023	100.0	100.0	108	100.0	7,960	100.0
2024	100.0	100.0	124	100.0	9,567	100.0
<i>Source: 2020 Census; Imported Bank Data; 2024, 2023, 2022 HMDA Aggregate Data; HMDA Filters: Open-end Line of Credit=Open-end LOC Due to rounding, totals may not equal 100.0%.</i>						

Closed-End Home Mortgage Loans

The distribution of closed-end home mortgage loans reflects adequate penetration to borrowers of different income levels. As shown in the following table, Horizon’s lending to low-income borrowers was consistent with aggregate performance in 2022 and 2024; performance in 2023 slightly exceeded aggregate performance. The institution’s lending to moderate-income borrowers was consistent with aggregate performance in 2022, slightly trailed the aggregate performance in 2023, and significantly exceeded the aggregate performance in 2024.

Distribution of Closed-End Home Mortgage Loans by Borrower Income Level Horizon - Indiana Non-MSA						
Borrower Income Level	% of Families	HMDA Aggregate % of #	#	%	\$(000s)	%
Low						
2022	17.7	11.6	18	11.8	2,810	6.7
2023	17.7	12.4	17	15.0	841	2.3
2024	17.3	9.0	6	7.0	418	3.0
Moderate						
2022	18.7	23.2	33	21.6	2,790	6.7
2023	18.7	27.0	24	21.2	2,171	6.0
2024	18.4	26.5	36	41.9	4,003	28.5
Middle						
2022	23.6	23.3	32	20.9	5,173	12.4
2023	23.6	22.9	27	23.9	3,927	10.8
2024	23.5	22.5	18	20.9	2,409	17.2
Upper						
2022	40.0	27.9	27	17.7	5,285	12.6
2023	40.0	23.4	32	28.3	8,704	23.9
2024	40.7	23.7	25	29.1	7,108	50.7
NA						
2022	0.0	14.1	43	28.1	25,845	61.7
2023	0.0	14.3	13	11.5	20,731	57.0
2024	0.0	18.3	1	1.2	87	0.6
Total						
2022	100.0	100.0	153	100.0	41,903	100.0
2023	100.0	100.0	113	100.0	36,374	100.0
2024	100.0	100.0	86	100.0	14,025	100.0
<i>Source: 2020 Census; Imported Bank Data; 2024, 2023, 2022 HMDA Aggregate Data; HMDA Filters: Open-end Line of Credit=Not an Open-end LOC Due to rounding, totals may not equal 100.0%.</i>						

Small Business Loans

The distribution of small business loans reflects adequate penetration overall to businesses of different sizes. As shown in the following table, Horizon’s lending performance to businesses with GARs equal to or less than \$1 million trailed the aggregate performance in 2022 and 2023. The institution’s performance in 2024 continued an increasing trend from 2022 and 2023.

Distribution of Small Business Loans by Gross Annual Revenue Category Horizon - Indiana Non-MSA						
Gross Revenue Level	% of Businesses	CRA Aggregate % of #	#	%	\$(000s)	%
≤ \$1,000,000						
2022	86.6	53.1	12	44.4	1,290	29.9
2023	86.7	55.9	14	48.3	1,325	27.7
2024	85.3	--	8	50.0	1,839	59.2
> \$1,000,000						
2022	3.7	--	15	55.6	3,027	70.1
2023	3.7	--	15	51.7	3,453	72.3
2024	3.6	--	7	43.8	1,089	35.1
Revenue Not Available						
2022	9.7	--	0	0.0	0	0.0
2023	9.6	--	0	0.0	0	0.0
2024	11.1	--	1	6.3	177	5.7
Total						
2022	100.0	100.0	27	100.0	4,317	100.0
2023	100.0	100.0	29	100.0	4,778	100.0
2024	100.0	--	16	100.0	3,105	100.0
<i>Source: 2024, 2023, 2022 D&B Data; Bank Data; 2023, 2022 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%.</i>						

Innovative and Flexible Lending Practices

The bank makes extensive use of innovative and flexible lending practices to serve assessment area credit needs. As shown in the following table, the bank originated 136 innovative and flexible loans totaling \$12.3 million during the evaluation period. These loans provided credit to individuals and businesses that may not have otherwise qualified for traditional bank financing.

Innovative or Flexible Lending Programs – Indiana Non-MSA										
Type of Program	2022		2023		2024		YTD 2025		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Home Mortgage	11	1,073	35	4,015	38	4,210	21	2,921	105	12,219
Small Business	0	0	0	0	0	0	0	0	0	0
Consumer	4	6	16	23	1	1	10	12	31	42
Totals	15	1,079	51	4,038	39	4,211	31	2,933	136	12,261
<i>Source: Bank Records</i>										

Community Development Loans

The institution made an adequate level of community development loans in this assessment area. The bank originated \$4.6 million in community development loans, most of which supported an affordable housing initiative. The level of loans is consistent with the adequate performance noted at the previous evaluation. The percentage of total community development lending in this assessment area is below the percentage of total bank deposits in the assessment area.

The following table details the bank’s community development lending in this assessment area by year and purpose.

Community Development Lending – Indiana non-MSA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2022 (Partial)	0	0	0	0	0	0	0	0	0	0
2023	1	4,500	0	0	0	0	1	50	2	4,550
2024	0	0	0	0	1	20	0	0	1	20
YTD 2025	0	0	0	0	0	0	0	0	0	0
Total	1	4,500	0	0	1	20	1	50	3	4,570

Source: Bank Records

As an example of the bank’s community development lending in this assessment area, in 2023, the bank originated a \$4.5 million loan to renovate an apartment community in Warsaw, Indiana. This loan provided affordable housing for low- and moderate-income individuals.

INVESTMENT TEST

Horizon demonstrated reasonable performance under the Investment Test in the Indiana non-MSA assessment area. The bank’s adequate level of qualified investments and good responsiveness to community development needs support this conclusion.

Investment and Grant Activity

The institution made an adequate level of qualified community development investments considering the limited opportunities within the assessment area. The bank made 23 investments and 39 donations totaling nearly \$1.3 million in this assessment area, representing 2.3 percent of the bank’s total qualified activity by dollar volume. This level of investment activity represents a significant increase from the prior evaluation when the bank had \$112,000 in qualified investments and donations. As of June 30, 2024, the Indiana non-MSA assessment area contained nine of the bank’s 71 banking locations (12.7 percent), and 9.2 percent of total bank deposits. The new and prior period investments promote community service and economic development initiatives. Qualified donations and grants totaling approximately \$34,000 supported affordable housing, community services, and economic development efforts. Given the area’s rural nature and limited investment opportunities, the bank’s qualified investment activity is adequate.

The following table details the qualified investments and donations in this assessment area by year and purpose.

Qualified Investments – Indiana non-MSA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	0	0	0	0	2	102	0	0	2	102
2022 (Partial)	0	0	2	570	0	0	0	0	2	570
2023	0	0	0	0	19	570	0	0	19	570
2024	0	0	0	0	0	0	0	0	0	0
2025 (YTD)	0	0	0	0	0	0	0	0	0	0
Subtotal	0	0	2	570	21	672	0	0	23	1,242
Qualified Grants & Donations	3	8	22	14	14	12	0	0	39	34
Total	3	8	24	584	35	684	0	0	62	1,276

Source: Bank Data

Examples of the bank’s qualified investments in this assessment area include:

- Nineteen new bonds totaling \$570,000 provided funding for economic development efforts in Mills Township (Marion, Indiana) where 54.4 percent of the census tracts are low- and moderate-income.
- Two new school bonds totaling \$570,000 provided funding to a school district where a majority of students qualify for free or reduced-cost lunch.
- Three donations totaling \$3,000 to a non-profit organization that provides school supplies and meals to children facing food scarcity throughout the year.

Responsiveness to Credit and Community Development Needs

The institution exhibits good responsiveness to credit and community development needs. Examiners identified affordable housing and community services as primary needs within the assessment area. Horizon’s investments and donations supported these needs along with economic development efforts.

Community Development Initiatives

The institution occasionally uses innovative or complex investments to support community development initiatives, such as investments in conjunction with economic and community development corporations and in-house downpayment assistance grants.

SERVICE TEST

Horizon demonstrated good performance under the Service Test in this assessment area. Performance under each Service Test criterion supports this conclusion.

Accessibility of Delivery Systems

Delivery systems are reasonably accessible to essentially all portions of the institution’s assessment area. As shown in the following table, the bank operates two offices in moderate-income tracts in the assessment area. The percentage of offices in moderate-income tracts exceeds the percentage of residents that live in those tracts. One of the bank’s branches is located directly adjacent to one low-income tract and near the other low-income tract within this assessment area. This branch can reasonably service the low-income tracts in the area.

Branch and ATM Distribution by Geography Income Level - Indiana non-MSA								
Tract Income Level	Census Tracts		Population		Branches		ATMs	
	#	%	#	%	#	%	#	%
Low	2	2.5	7,139	2.2	0	0.0	0	0.0
Moderate	13	16.1	48,712	14.7	2	22.2	0	0.0
Middle	49	60.5	200,896	60.4	5	55.6	1	100.0
Upper	17	21.0	75,684	22.8	2	22.2	0	0.0
Total	81	100.0	332,431	100.0	9	100.0	1	100.0

Source: 2020 Census Data and Bank Data

Changes in Branch Locations

To the extent changes have been made, the institution’s opening and closing of branches has not adversely affected the accessibility of its delivery systems particularly in low- and moderate-income geographies and to low- and moderate-income individuals. During the evaluation period, the bank closed one branch in the assessment area. The bank did not open any branches in this assessment area. The one closed branch was in a middle-income tract. The bank maintains another branch, located within the same middle-income tract, less than one mile away. The closed branch is surrounded by only middle- and upper-income census tracts. Given the proximity of another branch location and the income designations of the surrounding tracts, the one branch closure did not negatively affect the accessibility of banking services in low- and moderate-income tracts and to low- and moderate-income individuals.

Reasonableness of Business Hours and Services

Services and business hours do not vary in a way that inconveniences certain portions of the assessment area, particularly low- and moderate-income geographies and individuals. Business hours are generally consistent across all branch locations in the assessment area, and nearly all offices offer Saturday hours and drive-up services. The only two branches in moderate-income tracts offer Saturday hours and drive-up services. The two branches without Saturday hours are in middle-income tracts. All other branches offer Saturday hours and drive-up services.

Community Development Services

The bank provides a relatively high level of community development services. During the evaluation period, bank staff provided 73 instances of community development services and financial expertise within the assessment area. This represents a substantial increase from the prior evaluation where the bank provided 22 services in this assessment area. The following table illustrates these services by year and purpose.

Community Development Services - Indiana non-MSA					
Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Total
	#	#	#	#	#
2022 (Partial)	1	4	5	-	10
2023	1	13	10	-	24
2024	2	13	6	-	21
2025 (YTD)	-	11	7	-	18
Total	4	41	28	-	73
<i>Source: Bank Data</i>					

Examples of the bank’s community development services in this assessment area are as follows:

- Multiple employees provided financial literacy education to schools where the majority of students qualified for free or reduced-price lunch.
- An employee served on the board of an organization providing services to low- and moderate-income women and children.
- An employee served on the board of a food pantry serving the area.

LAFAYETTE METROPOLITAN STATISTICAL AREA – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE LAFAYETTE METROPOLITAN STATISTICAL AREA

The Lafayette assessment area includes the entirety of Carroll and Tippecanoe counties, encompassing two of the four counties in the MSA. Horizon operates five offices in this assessment area.

Economic and Demographic Data

The assessment area contains 50 census tracts. According to 2020 Census data, these tracts reflect the following income designations:

- three low-income tracts
- 10 moderate-income tracts
- 23 middle-income tracts
- 10 upper-income tracts
- four tracts with no income designation

All low-income tracts and nine of the 10 moderate-income tracts are located in Tippecanoe County. The following table details select economic and demographic characteristics of the assessment area.

Demographic Information of the Assessment Area						
Horizon - Lafayette MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	N/A* % of #
Geographies (Census Tracts)	50	6.0	20.0	46.0	20.0	8.0
Population by Geography	206,557	5.6	16.8	44.3	24.7	8.5
Housing Units by Geography	86,771	6.7	17.6	47.9	23.4	4.4
Owner-Occupied Units by Geography	46,001	2.4	12.3	51.4	33.9	0.0
Occupied Rental Units by Geography	33,808	12.3	23.3	44.6	10.0	9.8
Vacant Units by Geography	6,962	8.3	24.4	40.5	19.0	7.8
Businesses by Geography	17,332	7.5	23.6	39.6	26.1	3.2
Farms by Geography	725	0.6	5.2	65.2	28.6	0.4
Family Distribution by Income Level	45,807	21.4	17.1	20.6	41.0	0.0
Household Distribution by Income Level	79,809	26.0	15.3	16.7	42.1	0.0
Median Family Income MSA - 29200 Lafayette-West Lafayette, IN MSA	\$73,007	Median Housing Value		\$ 147,569		
		Median Gross Rent		\$888		
		Families Below Poverty Level		8.2%		
<i>Source: 2020 Census And 2024 D&B Data (*) The NA category consists of geographies that have Not been assigned an income classification. Due to rounding, totals may not equal 100%.</i>						

As of August 2025, according to United States Bureau of Labor Statistics data, the unemployment rate in the Lafayette MSA was 3.9 percent, the same as it was in August 2024.

According to Moody’s Analytics, the assessment area’s economy is stuck in a rut. Payrolls are down year-over-year in the first half of 2025, in contrast to moderate growth in Indiana. Purdue University will remain a key source of stability but will not drive short-term growth due to uncertainty about enrollment and funding. Major employers in the assessment area include Purdue University, Subaru of IN Automotive Inc., and Caterpillar Inc.

The table below presents the Lafayette MSA median family income levels for 2022, 2023, and 2024, as updated by the FFIEC.

Median Family Income Ranges – Lafayette MSA (29200)				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2022 (\$78,100)	<\$39,050	\$39,050 To <\$62,480	\$62,480 To <\$93,720	>=\$93,720
2023 (\$85,900)	<\$42,950	\$42,950 To <\$68,720	\$68,720 To <\$103,080	>=\$103,080
2024 (\$83,100)	<\$41,550	\$41,550 To <\$66,480	\$66,480 To <\$99,720	>=\$99,720
<i>Source: FFIEC</i>				

Competition

The assessment area is a moderately competitive market for financial services. According to FDIC Deposit Market Share data as of June 30, 2024, 18 banks operated 51 offices in the assessment area. Of these banks, Horizon ranked third, with a deposit market share of 8.8 percent.

According to 2023 HMDA aggregate lending data, Horizon ranked 18th with a market share of 1.6 percent by number of loans among institutions that reported home mortgage originations or purchases in the assessment area. According to 2023 CRA aggregate lending data, the bank ranked 16th with a market share of 0.9 percent for small business lending.

Community Contact

Examiners reviewed a recent contact interview with a local housing organization. The contact stated that the area has seen challenges with affordable housing and housing availability. Additionally, the contact stated that the area is in need of community service organizations to aid in community development.

Credit and Community Development Needs and Opportunities

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that home mortgage and small business loans represent credit needs in the assessment area. Additionally, community services supporting low- and moderate-income individuals and affordable housing are primary community development needs in the area.

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE LAFAYETTE METROPOLITAN STATISTICAL AREA

LENDING TEST

Horizon demonstrated adequate performance under the Lending Test in the Lafayette MSA assessment area. The institution's good performance under the geographic distribution, borrower profile, and innovative and flexible criteria bolster the otherwise poor performance under the lending activity and community development lending criteria.

Lending Activity

Lending levels reflect poor responsiveness to assessment area credit needs. Home mortgage lending volumes have declined since the previous evaluation, reflecting industry trends driven by interest rate increases during the evaluation period. The bank's small business lending volumes have also declined since the previous evaluation.

Based on 2023 lending data, Horizon ranked 18th for home mortgage loans (1.6 percent) and 16th for small business loans (0.9 percent). This performance significantly trails the bank's third-ranking deposit market share (8.8 percent) as of June 30, 2024. Examiners considered the presence of large, nationwide lenders as well as non-bank entities; however, many of the competitors outperforming Horizon were similarly situated regional banks.

Regarding small business lending, the top five lenders are all national institutions, commanding over 69 percent of the total market share. The average loan amount for these lenders was \$12,400; indicating these loans are likely business-purpose credit cards. Horizon boasted an average loan amount of \$305,000, evidencing loans that are generally more impactful. Despite the marginally positive small business lending, the bank's lagging home mortgage performance represents poor lending activity for this assessment area.

The following table details Horizon's 2022, 2023, and 2024 originations by loan type in the assessment area.

Lending Activity – Lafayette MSA						
Loan Product	2022 #	2022 \$(000)	2023 #	2023 \$(000)	2024 #	2024 \$(000)
Open-End Home Mortgage	62	6,237	37	2,850	53	4,517
Closed-End Home Mortgage	83	11,824	34	4,186	31	4,667
Subtotal: Home Mortgage	145	18,061	71	7,036	84	9,184
Small Business	23	6,960	23	6,842	2	5,450
TOTAL	168	25,021	94	13,878	86	14,634
<i>Source: Bank Data</i>						

Geographic Distribution

The geographic distribution of loans reflects good penetration throughout the assessment area. Good performance with respect to all three products supports this conclusion.

Open-End Home Mortgage Loans

The geographic distribution of open-end home mortgage loans reflects good penetration throughout the assessment area. As shown in the following table, Horizon's limited lending within the low-

income tracts was comparable to the aggregate, which also exhibited limited lending each year. Within the moderate-income tracts, the institution’s lending exceeded the aggregate for each year. Lending performance in 2023 and 2024 was especially notable compared to the aggregate performance.

Geographic Distribution of Open-End Home Mortgage Loans Horizon - Lafayette MSA						
Tract Income Level	% of Owner Occupied Housing Units	HMDA Aggregate % of #	#	%	\$(000s)	%
Low						
2022	2.4	2.0	1	1.6	47	0.8
2023	2.4	2.3	1	2.7	100	3.5
2024	2.4	1.3	0	0.0	0	0.0
Moderate						
2022	12.3	9.3	6	9.7	379	6.1
2023	12.3	9.1	6	16.2	499	17.5
2024	12.3	11.0	7	13.2	320	7.1
Middle						
2022	51.4	50.0	38	61.3	3,311	53.1
2023	51.4	47.9	18	48.7	1,363	47.8
2024	51.4	49.3	29	54.7	2,532	56.1
Upper						
2022	33.9	38.7	17	27.4	2,500	40.1
2023	33.9	40.5	12	32.4	888	31.2
2024	33.9	38.4	17	32.1	1,665	36.9
NA						
2022	0.0	--	0	0.0	0	0.0
2023	0.0	0.2	0	0.0	0	0.0
2024	0.0	--	0	0.0	0	0.0
Total						
2022	100.0	100.0	62	100.0	6,237	100.0
2023	100.0	100.0	37	100.0	2,850	100.0
2024	100.0	100.0	53	100.0	4,517	100.0
<i>Source: 2020 Census; Imported Bank Data; 2024, 2023, 2022 HMDA Aggregate Data; HMDA Filters: Open-end Line of Credit=Open-end LOC Due to rounding, totals may not equal 100.0%.</i>						

Closed-End Home Mortgage Loans

The geographic distribution of closed-end home mortgage loans reflects good penetration throughout the assessment area. As shown in the following table, Horizon’s limited lending within the low-income tracts was comparable to the aggregate, which also exhibited limited lending each year. Within the moderate-income tracts, the institution’s lending exceeded the aggregate for each year. Lending performance in 2023 and 2024 was especially notable compared to the aggregate performance.

Geographic Distribution of Closed-End Home Mortgage Loans Horizon - Lafayette MSA						
Tract Income Level	% of Owner Occupied Housing Units	HMDA Aggregate % of #	#	%	\$(000s)	%
Low						
2022	2.4	3.0	3	3.6	211	1.8
2023	2.4	3.6	2	5.9	179	4.3
2024	2.4	3.7	0	0.0	0	0.0
Moderate						
2022	12.3	15.1	13	15.7	1,309	11.1
2023	12.3	14.9	7	20.6	594	14.2
2024	12.3	16.0	6	19.4	507	10.9
Middle						
2022	51.4	47.2	44	53.0	5,432	45.9
2023	51.4	48.2	13	38.2	1,949	46.6
2024	51.4	46.1	20	64.5	3,661	78.4
Upper						
2022	33.9	34.7	23	27.7	4,872	41.2
2023	33.9	33.1	12	35.3	1,464	35.0
2024	33.9	34.1	5	16.1	499	10.7
NA						
2022	0.0	0.1	0	0.0	0	0.0
2023	0.0	0.2	0	0.0	0	0.0
2024	0.0	0.2	0	0.0	0	0.0
Total						
2022	100.0	100.0	83	100.0	11,824	100.0
2023	100.0	100.0	34	100.0	4,186	100.0
2024	100.0	100.0	31	100.0	4,667	100.0
<i>Source: 2020 Census; Imported Bank Data; 2024, 2023, 2022 HMDA Aggregate Data; HMDA Filters: Open-end Line of Credit=Not an Open-end LOC Due to rounding, totals may not equal 100.0%.</i>						

Small Business Loans

The geographic distribution of small business loans reflects good penetration overall throughout the assessment area. As shown in the following table, Horizon’s performance in the low-income tracts trailed the aggregate performance in both 2022 and exceeded the aggregate performance in 2023. The institution’s performance in 2024 slightly decreased from its performance in 2023. Horizon’s performance in the moderate-income tracts significantly exceeded the aggregate performance in 2022 and slightly exceeded the aggregate performance in 2023. In 2024, the institution’s performance increased significantly from its 2023 performance and was consistent with 2022 performance.

Geographic Distribution of Small Business Loans Horizon - Lafayette MSA						
Tract Income Level	% of Businesses	CRA Aggregate % of #	#	%	\$(000s)	%
Low						
2022	7.3	7.0	0	0.0	0	0.0
2023	7.4	6.8	4	17.4	1,042	15.2
2024	7.5	--	3	15.0	264	4.8
Moderate						
2022	23.3	21.2	12	52.2	4,085	58.7
2023	23.5	18.9	5	21.7	476	7.0
2024	23.6	--	10	50.0	2,240	41.1
Middle						
2022	40.1	43.2	6	26.1	866	12.4
2023	39.8	42.9	8	34.8	2,881	42.1
2024	39.6	--	3	15.0	733	13.5
Upper						
2022	25.8	26.8	5	21.7	2,009	28.9
2023	26.0	28.9	6	26.1	2,443	35.7
2024	26.1	--	4	20.0	2,213	40.6
NA						
2022	3.6	1.8	0	0.0	0	0.0
2023	3.3	2.5	0	0.0	0	0.0
2024	3.2	--	0	0.0	0	0.0
Total						
2022	100.0	100.0	23	100.0	6,960	100.0
2023	100.0	100.0	23	100.0	6,842	100.0
2024	100.0	--	20	100.0	5,450	100.0
<i>Source: 2024, 2023, 2022 D&B Data; Bank Data; 2023, 2022 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%.</i>						

Borrower Profile

The distribution of borrowers reflects good penetration throughout the assessment area. This conclusion is supported by a variety of performance levels within each category, including excellent performance with respect to closed-end home mortgage lending, adequate performance with open-end home mortgage lending, and poor small business lending performance.

Open-End Home Mortgage Loans

The distribution of open-end home mortgage loans reflects adequate penetration to retail customers of different income levels. As shown in the following table, Horizon's lending to low-income borrowers was consistent with the aggregate performance for all three years reviewed. The institution's lending to moderate-income borrowers slightly trailed the aggregate performance in

2022, was consistent with the aggregate performance in 2023, and significantly exceeded the aggregate performance in 2024.

Distribution of Open-End Home Mortgage Loans by Borrower Income Level						
Horizon - Lafayette MSA						
Borrower Income Level	% of Families	HMDA Aggregate % of #	#	%	\$(000s)	%
Low						
2022	21.4	9.7	7	11.3	478	7.7
2023	21.4	8.9	4	10.8	79	2.8
2024	21.4	6.1	3	5.7	169	3.7
Moderate						
2022	17.1	16.7	8	12.9	384	6.2
2023	17.1	19.6	7	18.9	577	20.3
2024	17.1	17.9	14	26.4	735	16.3
Middle						
2022	20.6	24.1	17	27.4	1,746	28.0
2023	20.6	25.7	10	27.0	692	24.3
2024	20.6	26.0	13	24.5	1,175	26.0
Upper						
2022	41.0	45.7	29	46.8	3,474	55.7
2023	41.0	41.6	15	40.5	1,422	49.9
2024	41.0	47.0	23	43.4	2,438	54.0
NA						
2022	0.0	3.8	1	1.6	155	2.5
2023	0.0	4.1	1	2.7	80	2.8
2024	0.0	3.1	0	0.0	0	0.0
Total						
2022	100.0	100.0	62	100.0	6,237	100.0
2023	100.0	100.0	37	100.0	2,850	100.0
2024	100.0	100.0	53	100.0	4,517	100.0
<i>Source: 2020 Census; Imported Bank Data; 2024, 2023, 2022 HMDA Aggregate Data; HMDA Filters: Open-end Line of Credit=Open-end LOC</i>						
<i>Due to rounding, totals may not equal 100.0%.</i>						

Closed-End Home Mortgage Loans

The distribution of closed-end home mortgage loans reflects excellent penetration to borrowers of different income levels. As shown in the following table, Horizon’s lending to low- income borrowers substantially exceeded the aggregate performance in each of the three years reviewed. Lending to moderate-income borrowers slightly trailed aggregate performance in 2022 but was consistent with aggregate performance in 2023 and 2024. Performance to low-income borrowers was especially positive, supporting excellent performance overall.

Distribution of Closed-End Home Mortgage Loans by Borrower Income Level Horizon - Lafayette MSA						
Borrower Income Level	% of Families	HMDA Aggregate % of #	#	%	\$(000s)	%
Low						
2022	21.4	9.6	35	42.2	5,456	46.1
2023	21.4	9.2	12	35.3	1,476	35.3
2024	21.4	4.5	6	19.4	392	8.4
Moderate						
2022	17.1	21.6	13	15.7	991	8.4
2023	17.1	21.6	8	23.5	476	11.4
2024	17.1	19.8	6	19.4	892	19.1
Middle						
2022	20.6	21.8	11	13.3	975	8.3
2023	20.6	23.5	7	20.6	648	15.5
2024	20.6	21.9	9	29.0	1,473	31.6
Upper						
2022	41.0	33.3	22	26.5	4,067	34.4
2023	41.0	32.9	7	20.6	1,586	37.9
2024	41.0	34.0	8	25.8	1,648	35.3
NA						
2022	0.0	13.7	2	2.4	335	2.8
2023	0.0	12.8	0	0.0	0	0.0
2024	0.0	19.8	2	6.5	262	5.6
Total						
2022	100.0	100.0	83	100.0	11,824	100.0
2023	100.0	100.0	34	100.0	4,186	100.0
2024	100.0	100.0	31	100.0	4,667	100.0
<i>Source: 2020 Census; Imported Bank Data; 2024, 2023, 2022 HMDA Aggregate Data; HMDA Filters: Open-end Line of Credit=Not an Open-end LOC Due to rounding, totals may not equal 100.0%.</i>						

Small Business Loans

The distribution of small business loans reflects poor penetration overall to businesses of different sizes. As shown in the following table, Horizon’s lending performance to businesses with GARs equal to or less than \$1 million significantly trailed the aggregate performance in 2022 and 2023. The institution’s performance in 2024 improved to the highest level for all years reviewed; however, the lending in 2022 and 2023 reflects poor performance.

Distribution of Small Business Loans by Gross Annual Revenue Category						
Horizon - Lafayette MSA						
Gross Revenue Level	% of Businesses	CRA Aggregate % of #	#	%	\$(000s)	%
≤ \$1,000,000						
2022	89.1	53.5	6	26.1	1,379	19.8
2023	88.9	55.5	9	39.1	1,006	14.7
2024	87.3	--	9	45.0	1,212	22.2
> \$1,000,000						
2022	2.5	--	17	73.9	5,581	80.2
2023	2.5	--	14	60.9	5,836	85.3
2024	2.5	--	11	55.0	4,238	77.8
Revenue Not Available						
2022	8.3	--	0	0.0	0	0.0
2023	8.6	--	0	0.0	0	0.0
2024	10.2	--	0	0.0	0	0.0
Total						
2022	100.0	100.0	23	100.0	6,960	100.0
2023	100.0	100.0	23	100.0	6,842	100.0
2024	100.0	--	20	100.0	5,450	100.0

*Source: 2024, 2023, 2022 D&B Data; Bank Data; 2023, 2022 CRA Aggregate Data; "--" data not available.
Due to rounding, totals may not equal 100.0%.*

Innovative and Flexible Lending Practices

The bank uses innovative and flexible lending practices to serve assessment area credit needs. As shown in the following table, the bank originated 40 innovative and flexible loans totaling \$5.2 million during the evaluation period. These loans provided credit to individuals and businesses that may not have otherwise qualified for traditional bank financing.

Innovative or Flexible Lending Programs – Lafayette MSA										
Type of Program	2022		2023		2024		YTD 2025		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Home Mortgage	2	298	10	1,218	13	1,205	11	1,508	36	4,229
Small Business	0	0	2	568	1	362	0	0	3	930
Consumer	1	1	0	0	0	0	0	0	1	1
Totals	3	299	12	1,786	14	1,567	11	1,508	40	5,160

Source: Bank Records

Community Development Loans

The institution did not make any community development loans in this assessment area. This lack of lending represents a significant decrease from the previous evaluation when the bank made three

qualified loans totaling \$11.8 million. This assessment area represents the fifth largest concentration of deposits.

INVESTMENT TEST

Horizon demonstrated poor performance under the Investment Test in the Lafayette MSA assessment area. The bank’s poor level of qualified investments and poor responsiveness to community development needs support this conclusion.

Investment and Grant Activity

The institution has a poor level of qualified community development investments. The bank made 46 donations totaling \$63,000 in this assessment area, representing 0.1 percent of the bank’s total qualified activity by dollar volume. This level of investment is significantly below the bank’s overall operations in the assessment area. As of June 30, 2024, the Lafayette MSA included five of the bank’s 71 banking locations (7.0 percent), and 6.7 percent of total bank deposits. Donations supported affordable housing, economic development initiatives, and community services to low- and moderate-income areas and individuals. Given the bank’s notable operations as well as the needs and opportunities in the assessment area, the level of qualified investments and donation activity is poor. The following table details the qualified investments and donations in this assessment area by year and purpose.

Qualified Investments – Lafayette MSA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	0	0	0	0	0	0	0	0	0	0
2022 (Partial)	0	0	0	0	0	0	0	0	0	0
2023	0	0	0	0	0	0	0	0	0	0
2024	0	0	0	0	0	0	0	0	0	0
2025 (YTD)	0	0	0	0	0	0	0	0	0	0
Subtotal	0	0	0	0	0	0	0	0	0	0
Qualified Grants & Donations	6	10	29	28	11	25	0	0	46	63
Total	6	10	29	28	11	25	0	0	46	63

Source: Bank Data

Responsiveness to Credit and Community Development Needs

The institution exhibits poor responsiveness to credit and community development needs. Examiners identified affordable housing and community services as primary needs within the assessment area. The bank made limited donations to support these needs along with economic development efforts.

Community Development Initiatives

The institution does not use innovative or complex investments to support community development initiatives. Qualified investments were in the form of donations and grants.

SERVICE TEST

Horizon demonstrated adequate performance under the Service Test in this assessment area. Performance under each Service Test criterion supports this conclusion.

Accessibility of Delivery Systems

Delivery systems are accessible to essentially all portions of the institution’s assessment area. As shown in the following table, the bank operates two offices in moderate-income tracts in the assessment area. The percentage of offices in moderate-income tracts greatly exceeds the percentage of residents that live in those tracts. Three of the bank’s branches are located directly adjacent to or near the three low-income tracts within this assessment area. These branches can reasonably service the low-income tracts in the area.

Branch and ATM Distribution by Geography Income Level - Lafayette MSA								
Tract Income Level	Census Tracts		Population		Branches		ATMs	
	#	%	#	%	#	%	#	%
Low	3	6.0	11,604	5.6	0	0.0	0	0.0
Moderate	10	20.0	34,774	16.8	2	40.0	0	0.0
Middle	23	46.0	91,501	44.3	3	60.0	1	100.0
Upper	10	20.0	51,030	24.7	0	0.0	0	0.0
NA	4	8.0	17,648	8.5	0	0.0	0	0.0
Total	50	100.0	206,557	100.0	5	100.0	1	100.0

Source: 2020 Census Data and Bank Data

Changes in Branch Locations

The bank did not open or close any branches in this assessment area during the evaluation period. Therefore, this criterion did not affect the Service Test conclusion for this assessment area.

Reasonableness of Business Hours and Services

Services and business hours do not vary in a way that inconveniences portions of the assessment area, particularly low- and moderate-income geographies and individuals. Business hours are generally consistent across all branch locations in the assessment area, and nearly all offices offer Saturday hours and drive-up services. One branch in a moderate-income tract offers Saturday hours and drive-up services. The only branch without Saturday hours is in a moderate-income tract. This branch has an interactive teller machine (ITM) available Mondays through Saturdays, which

provides banking services despite the bank lobby being closed on Saturdays. This branch is in a downtown area and the variation in business hours is consistent with the institution’s other branch offices in downtown business districts. All other branches offer Saturday hours and drive-up services.

Community Development Services

The bank provides an adequate level of community development services. During the evaluation period, bank staff provided 40 instances of community development services and financial expertise within the assessment area. This represents an increase from the prior evaluation where the bank provided 19 services in this assessment area. The following table illustrates these services by year and purpose.

Community Development Services - Lafayette MSA					
Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Total
	#	#	#	#	#
2022 (Partial)	1	4	3	-	8
2023	1	8	3	-	12
2024	-	9	7	-	16
2025 (YTD)	1	3	-	-	4
Total	3	24	13	-	40

Source: Bank Data

Examples of the bank’s community development services in this assessment area are as follows:

- An employee served on the board of an organization providing transportation services to low- and moderate-income seniors and disabled residents in the area.
- An employee served on the board of an organization providing educational programs to low- and moderate-income students.
- An employee served on the board of an affordable housing organization.

FORT WAYNE METROPOLITAN STATISTICAL AREA – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE FORT WAYNE METROPOLITAN STATISTICAL AREA

The Fort Wayne MSA assessment area includes all of Allen and Whitley counties, which encompass two of the three counties in the MSA. Horizon operates three offices in this assessment area.

Economic and Demographic Data

The assessment area contains 104 census tracts. According to 2020 Census data, these tracts reflect the following income designations:

- eight low-income tracts

- 24 moderate-income tracts
- 45 middle-income tracts
- 24 upper-income tracts
- three tracts with no income designation

All of the low- and moderate-income tracts are in Allen County. The following table details select economic and demographic characteristics of the assessment area.

Demographic Information of the Assessment Area Horizon – Fort Wayne MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	N/A* % of #
Geographies (Census Tracts)	104	7.7	23.1	43.3	23.1	2.9
Population by Geography	419,601	5.8	18.9	41.5	33.1	0.6
Housing Units by Geography	174,335	6.2	20.6	44.9	27.8	0.5
Owner-Occupied Units by Geography	112,193	3.2	16.1	45.3	35.3	0.1
Occupied Rental Units by Geography	48,672	11.2	28.7	45.2	13.6	1.3
Vacant Units by Geography	13,470	13.6	28.2	41.0	16.4	0.7
Businesses by Geography	49,121	4.6	17.1	43.9	30.5	4.0
Farms by Geography	889	0.3	4.7	56.4	37.5	1.1
Family Distribution by Income Level	102,856	19.0	18.6	22.2	40.2	0.0
Household Distribution by Income Level	160,865	22.4	17.0	19.5	41.2	0.0
Median Family Income MSA - 23060 Fort Wayne, IN MSA		\$71,179	Median Housing Value		\$ 135,161	
			Median Gross Rent		\$787	
			Families Below Poverty Level		9.0%	
<i>Source: 2020 Census And 2024 D&B Data (*) The NA category consists of geographies that have Not been assigned an income classification. Due to rounding, totals may not equal 100%.</i>						

As of August 2025, according to United States Bureau of Labor Statistics data, the unemployment rate in the Fort Wayne MSA was 3.6 percent, a decrease from 3.9 in August 2024.

According to Moody’s Analytics, the area’s local economy is in a precarious position. Key industries, including manufacturing, logistics, and healthcare, have been struggling. Net domestic migration turned negative in 2024 which improved the unemployment rate despite weak job growth. Major employers in the assessment area include Parkview Health Systems, General Motors Truck Group, and Lutheran Health Network.

The table below presents the Lafayette MSA median family income levels for 2022, 2023, and 2024, as updated by the FFIEC.

Median Family Income Ranges – Fort Wayne MSA (23060)				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2022 (\$79,100)	<\$39,550	\$39,550 To <\$63,280	\$63,280 To <\$94,920	>=\$94,920
2023 (\$86,000)	<\$43,000	\$43,000 To <\$68,800	\$68,800 To <\$103,200	>=\$103,200
2024 (\$86,900)	<\$43,450	\$43,450 To <\$69,520	\$69,520 To <\$104,280	>=\$104,280
<i>Source: FFIEC</i>				

Competition

The assessment area is a highly competitive market for financial services. According to FDIC Deposit Market Share data as of June 30, 2024, 23 banks operated 97 offices in the assessment area. Of these banks, Horizon ranked 19th, with a deposit market share of 0.8 percent.

According to 2023 HMDA aggregate lending data, Horizon ranked 36th with a market share of 0.7 percent by number of loans among institutions that reported home mortgage originations or purchases in the assessment area. According to 2023 CRA aggregate lending data, the bank ranked 29th with a market share of 0.2 percent for small business lending.

Community Contact

Examiners reviewed a recent contact interview with a representative of an economic development organization active in the assessment area. The contact stated that the demographics of the area include a lot of moderate-income individuals and a population that is younger than the national average who work in the area. Additionally, the contact stated that organizations and local governments have made investments in the downtown neighborhoods to improve housing affordability. However, housing demand exceeds current inventory levels, creating high prices for housing and a need for affordable housing. Furthermore, the contact stated that community-based events targeted to boost small business opportunities and services for start-up small businesses are a primary need.

Credit and Community Development Needs and Opportunities

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that home mortgage and small business financing are primary credit needs in the community. Additionally, affordable housing and community services targeted towards low- and moderate-income individuals are primary community development needs in the area.

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE FORT WAYNE METROPOLITAN STATISTICAL AREA

LENDING TEST

Horizon demonstrated adequate performance under the Lending Test in the Fort Wayne MSA assessment area. The institution’s performance under the lending activity, geographic distribution, and community development lending criteria primarily support the adequate performance assessment.

Lending Activity

Lending levels reflect adequate responsiveness to assessment area credit needs. Home mortgage lending volumes have declined since the previous evaluation, reflecting industry trends driven by interest rate increases during the evaluation period. The bank’s small business lending volumes have also declined since the previous evaluation.

Based on 2023 lending data, Horizon ranked 36th for home mortgage loans (0.7 percent) and 29th for small business loans (0.2 percent). This performance is comparable to the 0.8 percent deposit market share as of June 30, 2024. Regarding small business lending, the top five lenders are all nationally recognized institutions, commanding over 68 percent of the total market share. The average loan amount for these lenders was \$12,600; indicating these loans are likely business-purpose credit cards. Horizon boasted an average loan amount of \$186,000, evidencing loans that are generally more impactful.

The following table details Horizon’s 2022, 2023, and 2024 originations by loan type in the assessment area.

Lending Activity – Fort Wayne MSA						
Loan Product	2022 #	2022 \$(000)	2023 #	2023 \$(000)	2024 #	2024 \$(000)
Open-End Home Mortgage	64	5,262	51	4,476	61	5,924
Closed-End Home Mortgage	45	7,096	23	3,520	19	4,251
Subtotal: Home Mortgage	109	12,358	74	7,996	80	10,175
Small Business	26	3,700	15	2,792	14	3,783
TOTAL	135	16,058	89	10,788	94	13,958
<i>Source: Bank Data</i>						

Geographic Distribution

The geographic distribution of loans reflects adequate penetration throughout the assessment area. The bank demonstrated adequate performance across all three products reviewed.

Open-End Home Mortgage Loans

The geographic distribution of open-end home mortgage loans reflects adequate penetration throughout the assessment area. As shown in the following table, Horizon’s limited lending in low-income tracts was consistent with the aggregate performance for each year reviewed. Within the moderate-income tracts, the institution’s lending trailed the aggregate performance in 2022 and significantly trailed the aggregate performance in 2023. The bank’s lending improved in 2024, slightly exceeding the aggregate performance. The consistent performance in low- income tracts and improving performance in moderate-income tracts support adequate performance overall.

Geographic Distribution of Open-End Home Mortgage Loans						
Horizon – Fort Wayne MSA						
Tract Income Level	% of Owner Occupied Housing Units	HMDA Aggregate % of #	#	%	\$(000s)	%
Low						
2022	3.2	1.5	1	1.6	50	1.0
2023	3.2	1.0	0	0.0	0	0.0
2024	3.2	1.4	2	3.3	141	2.4
Moderate						
2022	17.6	9.0	3	4.7	137	2.6
2023	17.6	9.7	1	2.0	80	1.8
2024	16.1	9.3	7	11.5	321	5.4
Middle						
2022	45.1	40.0	23	35.9	1,641	31.2
2023	45.1	41.9	27	52.9	2,545	56.9
2024	45.3	43.4	26	42.6	1,554	26.2
Upper						
2022	34.0	49.4	37	57.8	3,434	65.3
2023	34.0	47.4	23	45.1	1,851	41.4
2024	35.3	45.8	26	42.6	3,908	66.0
NA						
2022	0.1	0.2	0	0.0	0	0.0
2023	0.1	--	0	0.0	0	0.0
2024	0.1	0.2	0	0.0	0	0.0
Total						
2022	100.0	100.0	64	100.0	5,262	100.0
2023	100.0	100.0	51	100.0	4,476	100.0
2024	100.0	100.0	61	100.0	5,924	100.0
<i>Source: 2020 Census; Imported Bank Data; 2024, 2023, 2022 HMDA Aggregate Data; HMDA Filters: Open-end Line of Credit=Open-end LOC</i>						
<i>Due to rounding, totals may not equal 100.0%.</i>						

Closed-End Home Mortgage Loans

The geographic distribution of closed-end home mortgage loans reflects adequate penetration throughout the assessment area. As shown in the following table, Horizon’s limited lending in low-

income tracts was comparable to the aggregate performance in each year. Though Horizon made no loans in low-income tracts in 2022 or 2024, reporting institutions made very few loans in these same tracts. Horizon’s lending in the moderate-income tracts trailed the aggregate performance in 2022 and 2024. The institution’s performance in 2023 was consistent with aggregate performance.

Geographic Distribution of Closed-End Home Mortgage Loans Horizon – Fort Wayne MSA						
Tract Income Level	% of Owner Occupied Housing Units	HMDA Aggregate % of #	#	%	\$(000s)	%
Low						
2022	3.2	2.0	0	0.0	0	0.0
2023	3.2	2.8	1	4.4	75	2.1
2024	3.2	3.0	0	0.0	0	0.0
Moderate						
2022	17.6	15.7	5	11.1	592	8.3
2023	17.6	18.9	4	17.4	391	11.1
2024	16.1	15.3	2	10.5	205	4.8
Middle						
2022	45.1	42.4	24	53.3	3,015	42.5
2023	45.1	40.3	8	34.8	1,081	30.7
2024	45.3	43.1	9	47.4	877	20.6
Upper						
2022	34.0	39.7	15	33.3	3,332	47.0
2023	34.0	37.7	10	43.5	1,973	56.1
2024	35.3	38.5	8	42.1	3,169	74.6
NA						
2022	0.1	0.1	1	2.2	157	2.2
2023	0.1	0.2	0	0.0	0	0.0
2024	0.1	0.1	0	0.0	0	0.0
Total						
2022	100.0	100.0	45	100.0	7,096	100.0
2023	100.0	100.0	23	100.0	3,520	100.0
2024	100.0	100.0	19	100.0	4,251	100.0
<i>Source: 2020 Census; Imported Bank Data; 2024, 2023, 2022 HMDA Aggregate Data; HMDA Filters: Open-end Line of Credit=Not an Open-end LOC Due to rounding, totals may not equal 100.0%.</i>						

Small Business Loans

The geographic distribution of small business loans reflects adequate penetration overall throughout the assessment area. As shown in the following table, Horizon made no small business loans in the low-income tract during the evaluation period; however, reporting institutions made very few loans in the low-income tract, indicating little opportunity to lend. Within moderate-income tracts, Horizon’s performance significantly exceeded the aggregate performance in 2022 and trailed the

aggregate performance in 2023. Performance in 2024 improved to levels exceeding the percentage of businesses operating in moderate-income tracts.

Geographic Distribution of Small Business Loans Horizon – Fort Wayne MSA						
Tract Income Level	% of Businesses	CRA Aggregate % of #	#	%	\$(000s)	%
Low						
2022	4.6	3.2	0	0.0	0	0.0
2023	4.5	3.2	0	0.0	0	0.0
2024	4.6	--	0	0.0	0	0.0
Moderate						
2022	18.6	18.2	10	38.5	1,504	40.7
2023	18.2	17.8	1	6.7	200	7.2
2024	17.1	--	3	21.4	411	10.9
Middle						
2022	41.8	40.6	7	26.9	1,132	30.6
2023	43.0	39.8	4	26.7	621	22.2
2024	43.9	--	1	7.1	75	2.0
Upper						
2022	31.0	33.8	8	30.8	1,014	27.4
2023	30.4	35.3	8	53.3	1,891	67.7
2024	30.5	--	10	71.4	3,297	87.2
NA						
2022	4.0	4.2	1	3.9	50	1.4
2023	4.0	3.9	2	13.3	80	2.9
2024	4.0	--	0	0.0	0	0.0
Total						
2022	100.0	100.0	26	100.0	3,700	100.0
2023	100.0	100.0	15	100.0	2,792	100.0
2024	100.0	--	14	100.0	3,783	100.0
<i>Source: 2024, 2023, 2022 D&B Data; Bank Data; 2023, 2022 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%.</i>						

Borrower Profile

The distribution of borrowers reflects good penetration throughout the assessment area. Excellent performance with respect to closed-end home mortgage lending and adequate performance with respect to open-end home mortgage lending overcome the institution's poor performance in small business lending to support the overall conclusion.

Open-End Home Mortgage Loans

The distribution of open-end home mortgage loans reflects adequate penetration overall to borrowers of different income levels. As shown in the following table, the bank’s lending to low-income borrowers slightly trailed the aggregate performance in 2022 and was consistent with the aggregate performance in 2023 and 2024. The institution’s lending to moderate-income borrowers slightly trailed the aggregate performance in 2022 and was consistent with the aggregate performance in 2023. In 2024, Horizon’s lending to moderate-income borrowers declined from its 2023 performance while trailing the aggregate performance.

Distribution of Open-End Home Mortgage Loans by Borrower Income Level Horizon – Fort Wayne MSA						
Borrower Income Level	% of Families	HMDA Aggregate % of #	#	%	\$(000s)	%
Low						
2022	19.3	10.8	5	7.8	204	3.9
2023	19.3	9.6	5	9.8	160	3.6
2024	19.0	8.6	4	6.6	204	3.4
Moderate						
2022	18.8	20.7	10	15.6	580	11.0
2023	18.8	21.6	11	21.6	691	15.4
2024	18.6	19.9	9	14.8	429	7.2
Middle						
2022	22.3	21.6	18	28.1	1,237	23.5
2023	22.3	24.5	10	19.6	698	15.6
2024	22.2	26.5	18	29.5	853	14.4
Upper						
2022	39.6	43.6	31	48.4	3,241	61.6
2023	39.6	40.7	25	49.0	2,927	65.4
2024	40.2	41.9	29	47.5	3,648	61.6
NA						
2022	0.0	3.2	0	0.0	0	0.0
2023	0.0	3.5	0	0.0	0	0.0
2024	0.0	3.1	1	1.6	790	13.3
Total						
2022	100.0	100.0	64	100.0	5,262	100.0
2023	100.0	100.0	51	100.0	4,476	100.0
2024	100.0	100.0	61	100.0	5,924	100.0
<i>Source: 2020 Census; Imported Bank Data; 2024, 2023, 2022 HMDA Aggregate Data; HMDA Filters: Open-end Line of Credit=Open-end LOC Due to rounding, totals may not equal 100.0%.</i>						

Closed-End Home Mortgage Loans

The distribution of closed-end home mortgage loans reflects excellent penetration to borrowers of different income levels. As shown in the following table, Horizon’s lending to low-income

borrowers exceeded the aggregate performance in all three years reviewed. Performance in 2022 and 2023 was especially positive. The institution’s lending to moderate-income borrowers was consistent with the aggregate performance in 2022 and 2023. The bank’s lending in 2024 significantly exceeded the aggregate performance.

Distribution of Closed-End Home Mortgage Loans by Borrower Income Level						
Horizon – Fort Wayne MSA						
Borrower Income Level	% of Families	HMDA Aggregate % of #	#	%	\$(000s)	%
Low						
2022	19.3	12.2	12	26.7	1,669	23.5
2023	19.3	11.8	6	26.1	1,000	28.4
2024	19.0	10.9	3	15.8	135	3.2
Moderate						
2022	18.8	24.1	10	22.2	1,261	17.8
2023	18.8	24.7	6	26.1	849	24.1
2024	18.6	24.0	7	36.8	638	15.0
Middle						
2022	22.3	22.4	13	28.9	1,767	24.9
2023	22.3	23.0	4	17.4	348	9.9
2024	22.2	22.2	2	10.5	474	11.2
Upper						
2022	39.6	26.7	9	20.0	2,329	32.8
2023	39.6	26.0	7	30.4	1,323	37.6
2024	40.2	25.4	7	36.8	3,004	70.7
NA						
2022	0.0	14.7	1	2.2	70	1.0
2023	0.0	14.5	0	0.0	0	0.0
2024	0.0	17.5	0	0.0	0	0.0
Total						
2022	100.0	100.0	45	100.0	7,096	100.0
2023	100.0	100.0	23	100.0	3,520	100.0
2024	100.0	100.0	19	100.0	4,251	100.0
<i>Source: 2020 Census; Imported Bank Data; 2024, 2023, 2022 HMDA Aggregate Data; HMDA Filters: Open-end Line of Credit=Not an Open-end LOC</i>						
<i>Due to rounding, totals may not equal 100.0%.</i>						

Small Business Loans

The distribution of small business loans reflects poor penetration overall to businesses of different sizes. As shown in the following table, Horizon’s lending performance to businesses with GARs equal to or less than \$1 million was consistent with the aggregate performance in 2022 but significantly trailed the aggregate performance in 2023. The institution’s performance in 2024 declined further from its performance 2023. Despite the comparable performance in 2022, the poor performance in 2023 and continued downward trend reflects overall performance that is poor.

Distribution of Small Business Loans by Gross Annual Revenue Category Horizon – Fort Wayne MSA						
Gross Revenue Level	% of Businesses	CRA Aggregate % of #	#	%	\$(000s)	%
≤ \$1,000,000						
2022	89.1	52.2	14	53.9	1,488	40.2
2023	89.3	54.9	5	33.3	1,413	50.6
2024	87.6	--	4	28.6	821	21.7
> \$1,000,000						
2022	3.4	--	12	46.2	2,212	59.8
2023	3.4	--	10	66.7	1,379	49.4
2024	3.2	--	10	71.4	2,962	78.3
Revenue Not Available						
2022	7.5	--	0	0.0	0	0.0
2023	7.3	--	0	0.0	0	0.0
2024	9.2	--	0	0.0	0	0.0
Total						
2022	100.0	100.0	26	100.0	3,700	100.0
2023	100.0	100.0	15	100.0	2,792	100.0
2024	100.0	--	14	100.0	3,783	100.0
<i>Source: 2024, 2023, 2022 D&B Data; Bank Data; 2023, 2022 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%.</i>						

Innovative and Flexible Lending Practices

The bank uses innovative and flexible lending practices to serve assessment area credit needs. As shown in the following table, the bank originated 25 innovative and flexible loans totaling \$5.6 million during the evaluation period. These loans provided credit to individuals and businesses that may not have otherwise qualified for traditional bank financing.

Innovative or Flexible Lending Programs – Fort Wayne MSA										
Type of Program	2022		2023		2024		YTD 2025		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Home Mortgage	0	0	3	537	4	544	14	2,273	21	3,354
Small Business	0	0	0	0	1	315	2	1,905	3	2,220
Consumer	0	0	0	0	1	2	0	0	1	2
Totals	0	0	3	537	6	861	16	4,178	25	5,576
<i>Source: Bank Records</i>										

Community Development Loans

The institution made an adequate level of community development loans in this assessment area. The bank originated \$10.9 million in community development loans, most of which supported revitalization and stabilization of low- and moderate-income areas. The percentage of total community development lending in this assessment area is below the percentage of total bank deposits in the assessment area.

Community Development Lending – Fort Wayne MSA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2022 (Partial)	0	0	0	0	0	0	1	1,000	1	1,000
2023	0	0	0	0	0	0	0	0	0	0
2024	0	0	0	0	0	0	0	0	0	0
YTD 2025	0	0	0	0	0	0	2	9,934	2	9,934
Total	0	0	0	0	0	0	3	10,934	3	10,934

Source: Bank Records

As an example of the bank’s community development loans in this assessment area, in 2025, the bank originated an \$8.6 million loan to construct a new school building, revitalizing a moderate-income tract.

INVESTMENT TEST

Horizon demonstrated good performance under the Investment Test in the Fort Wayne MSA assessment area. The bank’s significant level of qualified investments and good responsiveness to community development needs supports this conclusion. Investment and donation activity in this assessment area increased substantially since the prior evaluation.

Investment and Grant Activity

The institution made a significant level of qualified community development investments. The bank made two investments and 27 donations totaling nearly \$3.6 million in this assessment area, representing 6.4 percent of the bank’s total qualified activity by dollar volume. This level of investment is comparable to the bank’s overall operations in the assessment area but represents a notable increase from the prior evaluation of \$45,000 in donations. As of June 30, 2024, the Fort Wayne MSA contained three of the bank’s 71 banking locations (4.2 percent), and 1.3 percent of total bank deposits. The investments promote affordable housing initiatives. Qualified donations totaling \$43,000 supported affordable housing, community services, economic development, and revitalization efforts. The following table details the qualified investments and donations in this assessment area by year and purpose.

Qualified Investments – Fort Wayne MSA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	0	0	0	0	0	0	0	0	0	0
2022 (Partial)	0	0	0	0	0	0	0	0	0	0
2023	0	0	0	0	0	0	0	0	0	0
2024	0	0	0	0	0	0	0	0	0	0
2025 (YTD)	2	3,530	0	0	0	0	0	0	2	3,530
Subtotal	2	3,530	0	0	0	0	0	0	2	3,530
Qualified Grants & Donations	1	8	22	24	2	2	2	9	27	43
Total	3	3,538	22	24	2	2	2	9	29	3,573

Source: Bank Data

Examples of the bank’s qualified investments in this assessment area include:

- Two new mortgage-backed securities totaling \$3.5 million secured by mortgages to low- and moderate-income borrowers.
- Five donations totaling \$8,500 to a non-profit organization that provides home furnishings free of charge to financially vulnerable individuals and families trying to rebuild their lives after a natural disaster, personal tragedy, or those experiencing homelessness.

Responsiveness to Credit and Community Development Needs

The institution exhibits good responsiveness to credit and community development needs. Examiners identified affordable housing and community services as primary needs in this assessment area. The bank’s investments and donations supported these needs.

Community Development Initiatives

The institution does not use innovative or complex investments to support community development initiatives. The mortgage-backed securities are standard investment vehicles.

SERVICE TEST

Horizon demonstrated adequate performance under the Service Test in this assessment area. Performance under each Service Test criterion supports this conclusion.

Accessibility of Delivery Systems

Delivery systems are reasonably accessible to essentially all portions of the institution’s assessment area. The branch located in the census tract with a N/A income designation is adjacent to and surrounded by 16 low- and moderate-income tracts. While the bank does not maintain any branches in low- or moderate-income tracts, they do have a branch which can serve a significant portion of the low- and moderate-income census tracts in the assessment area.

Branch and ATM Distribution by Geography Income Level – Fort Wayne MSA								
Tract Income Level	Census Tracts		Population		Branches		ATMs	
	#	%	#	%	#	%	#	%
Low	8	7.7	24,493	5.8	0	0.0	0	0.0
Moderate	24	23.1	79,419	18.9	0	0.0	0	0.0
Middle	45	43.3	174,024	41.5	2	66.7	1	100.0
Upper	24	23.1	138,975	33.1	0	0.0	0	0.0
NA	3	2.9	2,690	0.6	1	33.3	0	0.0
Total	104	100.0	419,601	100.0	3	100.0	1	100.0

Source: 2020 Census Data and Bank Data

Changes in Branch Locations

The bank did not open or close any branches in this assessment area during the evaluation period. Therefore, this criterion did not affect the Service Test conclusion for this assessment area.

Reasonableness of Business Hours and Services

Services and business hours do not vary in a way that inconveniences portions of the assessment area, particularly low- and moderate-income geographies and individuals. Business hours are generally consistent across all branch locations in the assessment area, and nearly all offices offer Saturday hours and drive-up services. The only branch without Saturday hours is the branch located in a tract without an income designation, which serves the low- and moderate-income tracts surrounding the branch. This branch has an ITM available Mondays through Saturdays, which provides banking services despite the bank lobby being closed on Saturdays. This branch is in a downtown area and the variation in business hours is consistent with the institution’s other branch offices in downtown business districts. All other branches offer Saturday hours and drive-up services.

Community Development Services

The bank provides an adequate level of community development services. During the evaluation period, bank staff provided 26 instances of community development services and financial expertise within the assessment area. This represents a substantial increase from the prior evaluation where the bank provided 10 services in this assessment area. The following table illustrates these services by year and purpose.

Community Development Services – Fort Wayne MSA					
Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Total
	#	#	#	#	#
2022 (Partial)	-	5	-	-	5
2023	-	6	1	-	7
2024	2	8	1	-	11
2025 (YTD)	-	1	2	-	3
Total	2	20	4	-	26
<i>Source: Bank Data</i>					

Examples of the bank’s community development services in this assessment area are as follows:

- Three employees provided financial literacy education to schools where the majority of students qualified for free or reduced-price lunch.
- Two employees served on the board of an organization providing household furnishings to low- and moderate-income individuals.

OTHER ASSESSMENT AREAS – Limited-Scope Review

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE LIMITED-SCOPE ASSESSMENT AREAS

The following table summarizes the conclusions for the four Indiana assessment areas reviewed using limited-scope examination procedures. Examiners drew conclusions regarding the institution’s CRA performance from reviewing available facts and data, including performance figures, aggregate lending data comparisons, and demographic information. Performance in each limited-scope assessment area was generally consistent with bank performance in the six full-scope Indiana assessment areas. These conclusions did not alter the bank’s overall performance rating.

Assessment Area	Lending Test	Investment Test	Service Test
Elkhart MSA	Consistent	Above	Consistent
South Bend MSA	Consistent	Above	Consistent
Columbus MSA	Consistent	Below	Consistent
Kokomo MSA	Consistent	Consistent	Consistent

Facts and data that support conclusions for the limited-scope assessment areas are included in this section, beginning with a summary of Horizon’s operations and activities in each area, followed by geographic distribution and borrower profile tables by loan type. Additional demographic data and market share information for the limited-scope assessment areas are included in the appendices.

Elkhart MSA

The Elkhart MSA assessment area includes all of Elkhart County, Indiana. Horizon operates one office in this assessment area. Branch distribution and alternative delivery systems in this assessment area are consistent with overall bank performance. Service hours and loan and deposit

products are convenient to the area, including low- and moderate-income geographies and individuals. The following table summarizes the bank’s lending and community development activities in this assessment area during the evaluation period.

Activity	#	\$(000s)
Closed-End HMDA Loans (2022-2024)	190	39,112
Open-End HMDA Loans (2022-2024)	99	9,738
Small Business Loans (2022-2024)	41	9,811
Innovative/Flexible Loans	21	3,579
Community Development Loans	1	3,031
Investments (New)	2	1,581
Investments (Prior Period)	0	0
Qualified Grants & Donations	5	15
Community Development Services	21	-
<i>Source: Bank Data</i>		

Geographic Distribution and Borrower Profile

Geographic Distribution of Open-End Home Mortgage Loans Horizon - Elkhart MSA						
Tract Income Level	% of Owner Occupied Housing Units	HMDA Aggregate % of #	#	%	\$(000s)	%
Low						
2022	2.3	1.6	0	0.0	0	0.0
2023	2.3	2.1	0	0.0	0	0.0
2024	2.3	1.8	0	0.0	0	0.0
Moderate						
2022	16.9	10.7	5	11.9	493	12.6
2023	16.9	11.9	4	14.8	602	21.2
2024	16.9	12.5	4	13.3	430	14.4
Middle						
2022	53.5	51.3	19	45.2	1,546	39.6
2023	53.5	51.4	17	63.0	1,496	52.6
2024	53.5	52.8	17	56.7	1,534	51.3
Upper						
2022	27.3	36.4	18	42.9	1,866	47.8
2023	27.3	34.6	6	22.2	747	26.3
2024	27.3	32.9	9	30.0	1,024	34.3
Total						
2022	100.0	100.0	42	100.0	3,905	100.0
2023	100.0	100.0	27	100.0	2,845	100.0
2024	100.0	100.0	30	100.0	2,988	100.0
<i>Source: 2020 Census; Imported Bank Data; 2024, 2023, 2022 HMDA Aggregate Data; HMDA Filters: Open-end Line of Credit=Open-end LOC</i>						
<i>Due to rounding, totals may not equal 100.0%.</i>						

Distribution of Open-End Home Mortgage Loans by Borrower Income Level Horizon - Elkhart MSA						
Borrower Income Level	% of Families	HMDA Aggregate % of #	#	%	\$(000s)	%
Low						
2022	19.2	11.2	1	2.4	73	1.9
2023	19.2	7.6	0	0.0	0	0.0
2024	19.2	7.8	2	6.7	118	4.0
Moderate						
2022	18.5	19.9	4	9.5	221	5.7
2023	18.5	19.6	1	3.7	32	1.1
2024	18.5	21.0	5	16.7	337	11.3
Middle						
2022	22.7	28.1	10	23.8	703	18.0
2023	22.7	29.5	8	29.6	925	32.5
2024	22.7	29.0	7	23.3	609	20.4
Upper						
2022	39.7	37.8	27	64.3	2,908	74.5
2023	39.7	41.1	18	66.7	1,888	66.4
2024	39.7	40.3	16	53.3	1,924	64.4
NA						
2022	0.0	3.0	0	0.0	0	0.0
2023	0.0	2.2	0	0.0	0	0.0
2024	0.0	1.9	0	0.0	0	0.0
Total						
2022	100.0	100.0	42	100.0	3,905	100.0
2023	100.0	100.0	27	100.0	2,845	100.0
2024	100.0	100.0	30	100.0	2,988	100.0
<i>Source: 2020 Census; Imported Bank Data; 2024, 2023, 2022 HMDA Aggregate Data; HMDA Filters: Open-end Line of Credit=Open-end LOC Due to rounding, totals may not equal 100.0%.</i>						

Geographic Distribution of Closed-End Home Mortgage Loans Horizon - Elkhart MSA						
Tract Income Level	% of Owner Occupied Housing Units	HMDA Aggregate % of #	#	%	\$(000s)	%
Low						
2022	2.3	2.7	1	0.9	246	1.0
2023	2.3	2.8	1	2.4	54	0.9
2024	2.3	3.0	3	7.1	459	5.1
Moderate						
2022	16.9	16.5	21	19.8	3,995	16.6
2023	16.9	18.9	10	23.8	1,249	21.2
2024	16.9	19.0	9	21.4	1,171	12.9
Middle						
2022	53.5	51.8	58	54.7	11,633	48.2
2023	53.5	52.1	21	50.0	3,156	53.5
2024	53.5	52.5	21	50.0	5,951	65.5
Upper						
2022	27.3	29.1	26	24.5	8,247	34.2
2023	27.3	26.1	10	23.8	1,440	24.4
2024	27.3	25.6	9	21.4	1,511	16.6
Total						
2022	100.0	100.0	106	100.0	24,121	100.0
2023	100.0	100.0	42	100.0	5,899	100.0
2024	100.0	100.0	42	100.0	9,092	100.0
<i>Source: 2020 Census; Imported Bank Data; 2024, 2023, 2022 HMDA Aggregate Data; HMDA Filters: Open-end Line of Credit=Not an Open-end LOC Due to rounding, totals may not equal 100.0%.</i>						

Distribution of Closed-End Home Mortgage Loans by Borrower Income Level Horizon - Elkhart MSA						
Borrower Income Level	% of Families	HMDA Aggregate % of #	#	%	\$(000s)	%
Low						
2022	19.2	12.2	41	38.7	11,022	45.7
2023	19.2	8.5	7	16.7	1,102	18.7
2024	19.2	8.9	6	14.3	443	4.9
Moderate						
2022	18.5	26.6	15	14.2	1,605	6.7
2023	18.5	28.3	11	26.2	927	15.7
2024	18.5	27.1	8	19.1	1,310	14.4
Middle						
2022	22.7	25.6	18	17.0	3,009	12.5
2023	22.7	26.8	12	28.6	1,966	33.3
2024	22.7	25.6	9	21.4	2,145	23.6
Upper						
2022	39.7	20.2	32	30.2	8,485	35.2
2023	39.7	23.4	12	28.6	1,904	32.3
2024	39.7	23.4	18	42.9	4,984	54.8
NA						
2022	0.0	15.4	0	0.0	0	0.0
2023	0.0	13.1	0	0.0	0	0.0
2024	0.0	15.0	1	2.4	210	2.3
Total						
2022	100.0	100.0	106	100.0	24,121	100.0
2023	100.0	100.0	42	100.0	5,899	100.0
2024	100.0	100.0	42	100.0	9,092	100.0
<i>Source: 2020 Census; Imported Bank Data; 2024, 2023, 2022 HMDA Aggregate Data; HMDA Filters: Open-end Line of Credit=Not an Open-end LOC Due to rounding, totals may not equal 100.0%.</i>						

Geographic Distribution of Small Business Loans Horizon - Elkhart MSA						
Tract Income Level	% of Businesses	CRA Aggregate % of #	#	%	\$(000s)	%
Low						
2022	2.9	1.5	0	0.0	0	0.0
2023	2.8	1.4	0	0.0	0	0.0
2024	2.8	--	0	0.0	0	0.0
Moderate						
2022	20.1	17.8	5	38.5	481	21.0
2023	20.1	15.7	8	42.1	1,064	21.2
2024	20.1	--	5	55.6	581	23.2
Middle						
2022	54.2	54.3	7	53.9	1,633	71.4
2023	54.5	44.5	10	52.6	3,591	71.6
2024	54.4	--	4	44.4	1,927	76.8
Upper						
2022	22.8	26.4	1	7.7	174	7.6
2023	22.6	38.4	1	5.3	360	7.2
2024	22.7	--	0	0.0	0	0.0
Total						
2022	100.0	100.0	13	100.0	2,288	100.0
2023	100.0	100.0	19	100.0	5,015	100.0
2024	100.0	--	9	100.0	2,508	100.0
<i>Source: 2024, 2023, 2022 D&B Data; Bank Data; 2023, 2022 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%.</i>						

Distribution of Small Business Loans by Gross Annual Revenue Category						
Horizon - Elkhart MSA						
Gross Revenue Level	% of Businesses	CRA Aggregate % of #	#	%	\$(000s)	%
≤ \$1,000,000						
2022	86.7	49.0	5	38.5	489	21.4
2023	86.6	44.4	8	42.1	2,037	40.6
2024	85.4	--	2	22.2	875	34.9
> \$1,000,000						
2022	5.0	--	8	61.5	1,799	78.6
2023	5.0	--	11	57.9	2,978	59.4
2024	4.8	--	7	77.8	1,633	65.1
Revenue Not Available						
2022	8.3	--	0	0.0	0	0.0
2023	8.4	--	0	0.0	0	0.0
2024	9.8	--	0	0.0	0	0.0
Total						
2022	100.0	100.0	13	100.0	2,288	100.0
2023	100.0	100.0	19	100.0	5,015	100.0
2024	100.0	--	9	100.0	2,508	100.0

*Source: 2024, 2023, 2022 D&B Data; Bank Data; 2023, 2022 CRA Aggregate Data; "--" data not available.
Due to rounding, totals may not equal 100.0%.*

South Bend MSA

The South Bend MSA assessment area includes all of St. Joseph County, Indiana. Horizon operates one office in this assessment area. Branch distribution and alternative delivery systems in this assessment area are consistent with overall bank performance. Service hours and loan and deposit products are convenient to the area, including low- and moderate-income geographies and individuals. The following table summarizes the bank’s lending and community development activities in this assessment area during the evaluation period.

Activity	#	\$(000s)
Closed-End HMDA Loans (2022-2024)	264	46,623
Open-End HMDA Loans (2022-2024)	64	6,654
Small Business Loans (2022-2024)	43	10,816
Innovative/Flexible Loans	101	13,772
Community Development Loans	1	1,188
Investments (New)	10	995
Investments (Prior Period)	1	67
Qualified Grants & Donations	28	101
Community Development Services	23	-

Source: Bank Data

Geographic Distribution and Borrower Profile

Geographic Distribution of Open-End Home Mortgage Loans Horizon - South Bend MSA						
Tract Income Level	% of Owner Occupied Housing Units	HMDA Aggregate % of #	#	%	\$(000s)	%
Low						
2022	4.1	2.5	0	0.0	0	0.0
2023	4.1	3.3	0	0.0	0	0.0
2024	4.1	2.9	0	0.0	0	0.0
Moderate						
2022	18.5	13.2	1	4.6	20	1.0
2023	18.5	14.0	1	5.6	5	0.2
2024	18.5	14.6	2	8.3	52	2.2
Middle						
2022	38.9	34.1	14	63.6	1,023	50.1
2023	38.9	37.7	6	33.3	725	32.5
2024	38.9	37.1	13	54.2	1,442	60.7
Upper						
2022	38.1	50.0	7	31.8	1,001	49.0
2023	38.1	44.7	11	61.1	1,504	67.3
2024	38.1	45.0	7	29.2	817	34.4
NA						
2022	0.4	0.2	0	0.0	0	0.0
2023	0.4	0.4	0	0.0	0	0.0
2024	0.4	0.3	2	8.3	65	2.7
Total						
2022	100.0	100.0	22	100.0	2,044	100.0
2023	100.0	100.0	18	100.0	2,234	100.0
2024	100.0	100.0	24	100.0	2,376	100.0
<i>Source: 2020 Census; Imported Bank Data; 2024, 2023, 2022 HMDA Aggregate Data; HMDA Filters: Open-end Line of Credit=Open-end LOC Due to rounding, totals may not equal 100.0%.</i>						

Distribution of Open-End Home Mortgage Loans by Borrower Income Level Horizon - South Bend MSA						
Borrower Income Level	% of Families	HMDA Aggregate % of #	#	%	\$(000s)	%
Low						
2022	20.4	25.6	2	9.1	122	6.0
2023	20.4	15.9	0	0.0	0	0.0
2024	20.4	15.3	3	12.5	132	5.6
Moderate						
2022	17.1	15.8	2	9.1	121	5.9
2023	17.1	25.0	2	11.1	35	1.6
2024	17.1	22.6	6	25.0	196	8.3
Middle						
2022	22.0	20.3	5	22.7	395	19.3
2023	22.0	23.9	5	27.8	575	25.7
2024	22.0	22.8	3	12.5	289	12.2
Upper						
2022	40.4	34.9	11	50.0	1,270	62.1
2023	40.4	32.8	10	55.6	1,595	71.4
2024	40.4	37.9	12	50.0	1,759	74.0
NA						
2022	0.0	3.5	2	9.1	136	6.7
2023	0.0	2.4	1	5.6	29	1.3
2024	0.0	1.4	0	0.0	0	0.0
Total						
2022	100.0	100.0	22	100.0	2,044	100.0
2023	100.0	100.0	18	100.0	2,234	100.0
2024	100.0	100.0	24	100.0	2,376	100.0
<i>Source: 2020 Census; Imported Bank Data; 2024, 2023, 2022 HMDA Aggregate Data; HMDA Filters: Open-end Line of Credit=Open-end LOC</i>						
<i>Due to rounding, totals may not equal 100.0%.</i>						

Geographic Distribution of Closed-End Home Mortgage Loans Horizon - South Bend MSA						
Tract Income Level	% of Owner Occupied Housing Units	HMDA Aggregate % of #	#	%	\$(000s)	%
Low						
2022	4.1	3.0	2	1.8	249	1.2
2023	4.1	4.0	5	6.2	502	4.1
2024	4.1	3.7	6	8.6	746	5.4
Moderate						
2022	18.5	20.9	22	19.5	2,510	12.2
2023	18.5	23.3	22	27.2	2,261	18.7
2024	18.5	22.5	14	20.0	1,574	11.3
Middle						
2022	38.9	39.4	43	38.1	6,261	30.4
2023	38.9	38.0	27	33.3	3,370	27.8
2024	38.9	38.5	27	38.6	5,387	38.7
Upper						
2022	38.1	36.2	46	40.7	11,565	56.2
2023	38.1	34.1	26	32.1	5,907	48.7
2024	38.1	34.6	23	32.9	6,209	44.6
NA						
2022	0.4	0.4	0	0.0	0	0.0
2023	0.4	0.6	1	1.2	82	0.7
2024	0.4	0.7	0	0.0	0	0.0
Total						
2022	100.0	100.0	113	100.0	20,585	100.0
2023	100.0	100.0	81	100.0	12,122	100.0
2024	100.0	100.0	70	100.0	13,916	100.0
<i>Source: 2020 Census; Imported Bank Data; 2024, 2023, 2022 HMDA Aggregate Data; HMDA Filters: Open-end Line of Credit=Not an Open-end LOC Due to rounding, totals may not equal 100.0%.</i>						

Distribution of Closed-End Home Mortgage Loans by Borrower Income Level Horizon - South Bend MSA						
Borrower Income Level	% of Families	HMDA Aggregate % of #	#	%	\$(000s)	%
Low						
2022	20.4	12.6	54	47.8	9,476	46.0
2023	20.4	15.1	24	29.6	3,429	28.3
2024	20.4	12.1	8	11.4	590	4.2
Moderate						
2022	17.1	22.6	13	11.5	1,221	5.9
2023	17.1	26.5	21	25.9	2,461	20.3
2024	17.1	24.9	24	34.3	3,316	23.8
Middle						
2022	22.0	21.7	12	10.6	1,878	9.1
2023	22.0	19.6	11	13.6	1,429	11.8
2024	22.0	19.8	12	17.1	2,019	14.5
Upper						
2022	40.4	28.1	33	29.2	7,850	38.1
2023	40.4	23.9	24	29.6	4,788	39.5
2024	40.4	24.2	25	35.7	6,803	48.9
NA						
2022	0.0	15.0	1	0.9	160	0.8
2023	0.0	14.9	1	1.2	15	0.1
2024	0.0	19.1	1	1.4	1,188	8.5
Total						
2022	100.0	100.0	113	100.0	20,585	100.0
2023	100.0	100.0	81	100.0	12,122	100.0
2024	100.0	100.0	70	100.0	13,916	100.0
<i>Source: 2020 Census; Imported Bank Data; 2024, 2023, 2022 HMDA Aggregate Data; HMDA Filters: Open-end Line of Credit=Not an Open-end LOC Due to rounding, totals may not equal 100.0%.</i>						

Geographic Distribution of Small Business Loans Horizon - South Bend MSA						
Tract Income Level	% of Businesses	CRA Aggregate % of #	#	%	\$(000s)	%
Low						
2022	6.8	5.0	0	0.0	0	0.0
2023	6.8	4.7	0	0.0	0	0.0
2024	7.1	--	0	0.0	0	0.0
Moderate						
2022	26.0	22.9	1	11.1	150	6.6
2023	26.4	22.1	4	21.1	985	21.8
2024	26.5	--	7	46.7	1,071	26.7
Middle						
2022	35.3	36.3	4	44.4	1,577	69.4
2023	35.4	35.0	5	26.3	1,785	39.4
2024	35.4	--	4	26.7	1,346	33.5
Upper						
2022	31.2	35.2	4	44.4	545	24.0
2023	30.8	37.8	10	52.6	1,758	38.8
2024	30.2	--	4	26.7	1,599	39.8
NA						
2022	0.7	0.6	0	0.0	0	0.0
2023	0.7	0.4	0	0.0	0	0.0
2024	0.8	--	0	0.0	0	0.0
Total						
2022	100.0	100.0	9	100.0	2,272	100.0
2023	100.0	100.0	19	100.0	4,528	100.0
2024	100.0	--	15	100.0	4,016	100.0
Source: 2024, 2023, 2022 D&B Data; Bank Data; 2023, 2022 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%.						

Distribution of Small Business Loans by Gross Annual Revenue Category						
Horizon - South Bend MSA						
Gross Revenue Level	% of Businesses	CRA Aggregate % of #	#	%	\$(000s)	%
≤ \$1,000,000						
2022	88.3	51.2	2	22.2	215	9.5
2023	88.3	54.7	7	36.8	984	21.7
2024	86.6	--	4	26.7	1,555	38.7
> \$1,000,000						
2022	3.3	--	7	77.8	2,057	90.5
2023	3.3	--	12	63.2	3,544	78.3
2024	3.2	--	8	53.3	2,158	53.7
Revenue Not Available						
2022	8.5	--	0	0.0	0	0.0
2023	8.4	--	0	0.0	0	0.0
2024	10.2	--	3	20.0	303	7.5
Total						
2022	100.0	100.0	9	100.0	2,272	100.0
2023	100.0	100.0	19	100.0	4,528	100.0
2024	100.0	--	15	100.0	4,016	100.0
<i>Source: 2024, 2023, 2022 D&B Data; Bank Data; 2023, 2022 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%.</i>						

Columbus MSA

The Columbus MSA assessment area includes all of Bartholomew County, Indiana. Horizon operates one office in this assessment area. Branch distribution and alternative delivery systems in this assessment area are consistent with overall bank performance. Service hours and loan and deposit products are convenient to the area, including low- and moderate-income geographies and individuals. The following table summarizes the bank’s lending and community development activities in this assessment area during the evaluation period.

Activity	#	\$(000s)
Closed-End HMDA Loans (2022-2024)	28	2,999
Open-End HMDA Loans (2022-2024)	47	3,980
Small Business Loans (2022-2024)	22	6,368
Innovative/Flexible Loans	4	3,043
Community Development Loans	4	1,621
Investments (New)	0	0
Investments (Prior Period)	0	0
Qualified Grants & Donations	10	10
Community Development Services	8	-
<i>Source: Bank Data</i>		

Geographic Distribution and Borrower Profile

Geographic Distribution of Open-End Home Mortgage Loans Horizon - Columbus MSA						
Tract Income Level	% of Owner Occupied Housing Units	HMDA Aggregate % of #	#	%	\$(000s)	%
Moderate						
2022	15.0	12.3	1	4.0	50	2.5
2023	15.0	12.0	1	6.3	45	3.4
2024	15.0	11.5	2	28.6	207	33.7
Middle						
2022	72.5	71.6	21	84.0	1,704	84.2
2023	72.5	73.1	13	81.3	986	73.5
2024	72.5	72.9	5	71.4	408	66.3
Upper						
2022	12.5	16.2	3	12.0	270	13.3
2023	12.5	14.9	2	12.5	310	23.1
2024	12.5	15.6	0	0.0	0	0.0
Total						
2022	100.0	100.0	25	100.0	2,024	100.0
2023	100.0	100.0	16	100.0	1,341	100.0
2024	100.0	100.0	7	100.0	615	100.0
<i>Source: 2020 Census; Imported Bank Data; 2024, 2023, 2022 HMDA Aggregate Data; HMDA Filters: Open-end Line of Credit=Open-end LOC Due to rounding, totals may not equal 100.0%.</i>						

Distribution of Open-End Home Mortgage Loans by Borrower Income Level Horizon - Columbus MSA						
Borrower Income Level	% of Families	HMDA Aggregate % of #	#	%	\$(000s)	%
Low						
2022	21.9	13.8	2	8.0	55	2.7
2023	21.9	14.8	1	6.3	45	3.4
2024	21.9	10.6	0	0.0	0	0.0
Moderate						
2022	17.6	23.5	5	20.0	289	14.3
2023	17.6	19.4	6	37.5	330	24.6
2024	17.6	25.0	1	14.3	65	10.6
Middle						
2022	21.8	24.1	10	40.0	1,198	59.2
2023	21.8	27.4	3	18.8	431	32.1
2024	21.8	23.4	2	28.6	225	36.6
Upper						
2022	38.8	35.8	7	28.0	432	21.3
2023	38.8	36.1	5	31.3	485	36.2
2024	38.8	39.0	4	57.1	325	52.9
NA						
2022	0.0	2.8	1	4.0	50	2.5
2023	0.0	2.3	1	6.3	50	3.7
2024	0.0	2.1	0	0.0	0	0.0
Total						
2022	100.0	100.0	25	100.0	2,024	100.0
2023	100.0	100.0	16	100.0	1,341	100.0
2024	100.0	100.0	7	100.0	615	100.0
<i>Source: 2020 Census; Imported Bank Data; 2024, 2023, 2022 HMDA Aggregate Data; HMDA Filters: Open-end Line of Credit=Open-end LOC Due to rounding, totals may not equal 100.0%.</i>						

Geographic Distribution of Closed-End Home Mortgage Loans Horizon - Columbus MSA						
Tract Income Level	% of Owner Occupied Housing Units	HMDA Aggregate % of #	#	%	\$(000s)	%
Moderate						
2022	15.0	17.4	5	45.5	503	34.7
2023	15.0	20.4	3	30.0	291	28.5
2024	15.0	20.1	3	42.9	297	56.1
Middle						
2022	72.5	71.1	6	54.6	945	65.3
2023	72.5	69.3	7	70.0	731	71.5
2024	72.5	69.4	4	57.1	232	43.9
Upper						
2022	12.5	11.5	0	0.0	0	0.0
2023	12.5	10.3	0	0.0	0	0.0
2024	12.5	10.5	0	0.0	0	0.0
Total						
2022	100.0	100.0	11	100.0	1,448	100.0
2023	100.0	100.0	10	100.0	1,022	100.0
2024	100.0	100.0	7	100.0	529	100.0
<i>Source: 2020 Census; Imported Bank Data; 2024, 2023, 2022 HMDA Aggregate Data; HMDA Filters: Open-end Line of Credit=Not an Open-end LOC Due to rounding, totals may not equal 100.0%.</i>						

Distribution of Closed-End Home Mortgage Loans by Borrower Income Level Horizon - Columbus MSA						
Borrower Income Level	% of Families	HMDA Aggregate % of #	#	%	\$(000s)	%
Low						
2022	21.9	15.6	3	27.3	490	33.8
2023	21.9	12.8	3	30.0	518	50.7
2024	21.9	9.1	2	28.6	91	17.2
Moderate						
2022	17.6	23.9	1	9.1	15	1.0
2023	17.6	24.4	2	20.0	72	7.0
2024	17.6	25.6	1	14.3	18	3.4
Middle						
2022	21.8	23.0	3	27.3	358	24.7
2023	21.8	21.1	1	10.0	15	1.5
2024	21.8	23.3	2	28.6	78	14.7
Upper						
2022	38.8	21.1	4	36.4	585	40.4
2023	38.8	23.0	3	30.0	224	21.9
2024	38.8	24.1	0	0.0	0	0.0
NA						
2022	0.0	16.4	0	0.0	0	0.0
2023	0.0	18.7	1	10.0	193	18.9
2024	0.0	17.9	2	28.6	342	64.7
Total						
2022	100.0	100.0	11	100.0	1,448	100.0
2023	100.0	100.0	10	100.0	1,022	100.0
2024	100.0	100.0	7	100.0	529	100.0
<i>Source: 2020 Census; Imported Bank Data; 2024, 2023, 2022 HMDA Aggregate Data; HMDA Filters: Open-end Line of Credit=Not an Open-end LOC Due to rounding, totals may not equal 100.0%.</i>						

Geographic Distribution of Small Business Loans Horizon - Columbus MSA						
Tract Income Level	% of Businesses	CRA Aggregate % of #	#	%	\$(000s)	%
Moderate						
2022	25.4	19.6	1	20.0	54	3.1
2023	25.9	18.8	3	33.3	98	5.0
2024	26.0	--	1	12.5	400	14.9
Middle						
2022	61.9	66.4	4	80.0	1,679	96.9
2023	61.7	65.8	6	66.7	1,853	95.0
2024	61.5	--	7	87.5	2,284	85.1
Upper						
2022	12.8	14.0	0	0.0	0	0.0
2023	12.4	15.4	0	0.0	0	0.0
2024	12.6	--	0	0.0	0	0.0
Total						
2022	100.0	100.0	5	100.0	1,733	100.0
2023	100.0	100.0	9	100.0	1,951	100.0
2024	100.0	--	8	100.0	2,684	100.0
<i>Source: 2024, 2023, 2022 D&B Data; Bank Data; 2023, 2022 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%.</i>						

Distribution of Small Business Loans by Gross Annual Revenue Category Horizon - Columbus MSA						
Gross Revenue Level	% of Businesses	CRA Aggregate % of #	#	%	\$(000s)	%
≤ \$1,000,000						
2022	86.4	51.2	2	40.0	533	30.8
2023	86.3	53.5	3	33.3	98	5.0
2024	84.7	--	1	12.5	20	0.8
> \$1,000,000						
2022	4.1	--	3	60.0	1,200	69.2
2023	4.2	--	6	66.7	1,853	95.0
2024	3.9	--	7	87.5	2,664	99.3
Revenue Not Available						
2022	9.5	--	0	0.0	0	0.0
2023	9.5	--	0	0.0	0	0.0
2024	11.4	--	0	0.0	0	0.0
Total						
2022	100.0	100.0	5	100.0	1,733	100.0
2023	100.0	100.0	9	100.0	1,951	100.0
2024	100.0	--	8	100.0	2,684	100.0
<i>Source: 2024, 2023, 2022 D&B Data; Bank Data; 2023, 2022 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%.</i>						

Kokomo MSA

The Kokomo MSA assessment area includes all of Howard County, Indiana. Horizon operates one office in this assessment area. Branch distribution and alternative delivery systems in this assessment area are consistent with overall bank performance. Service hours and loan and deposit products are convenient to the area, including low- and moderate-income geographies and individuals. The following table summarizes the lending and community development activities in this assessment area during the evaluation period.

Activity	#	\$(000s)
Closed-End HMDA Loans (2022-2024)	51	5,118
Open-End HMDA Loans (2022-2024)	32	1,895
Small Business Loans (2022-2024)	7	1,217
Innovative/Flexible Loans	21	2,321
Community Development Loans	1	8,197
Investments (New)	2	581
Investments (Prior Period)	1	278
Qualified Grants & Donations	12	6
Community Development Services	6	-
<i>Source: Bank Data</i>		

Geographic Distribution and Borrower Profile

Geographic Distribution of Open-End Home Mortgage Loans Horizon - Kokomo MSA						
Tract Income Level	% of Owner Occupied Housing Units	HMDA Aggregate % of #	#	%	\$(000s)	%
Low						
2022	2.3	1.9	1	8.3	5	0.7
2023	2.3	2.7	1	12.5	8	2.3
2024	2.3	2.2	1	8.3	40	4.6
Moderate						
2022	18.3	11.4	2	16.7	86	12.7
2023	18.3	10.6	1	12.5	12	3.4
2024	18.3	10.3	1	8.3	20	2.3
Middle						
2022	42.6	32.3	5	41.7	231	34.2
2023	42.6	38.1	2	25.0	148	42.1
2024	42.6	38.9	3	25.0	132	15.2
Upper						
2022	36.9	54.5	4	33.3	353	52.3
2023	36.9	48.7	4	50.0	184	52.3
2024	36.9	48.6	7	58.3	676	77.9
Total						
2022	100.0	100.0	12	100.0	675	100.0
2023	100.0	100.0	8	100.0	352	100.0
2024	100.0	100.0	12	100.0	868	100.0
<i>Source: 2020 Census; Imported Bank Data; 2024, 2023, 2022 HMDA Aggregate Data; HMDA Filters: Open-end Line of Credit=Open-end LOC Due to rounding, totals may not equal 100.0%.</i>						

Distribution of Open-End Home Mortgage Loans by Borrower Income Level Horizon - Kokomo MSA						
Borrower Income Level	% of Families	HMDA Aggregate % of #	#	%	\$(000s)	%
Low						
2022	20.1	9.3	3	25.0	88	13.0
2023	20.1	13.0	3	37.5	37	10.5
2024	20.1	6.3	1	8.3	44	5.1
Moderate						
2022	16.8	20.6	4	33.3	173	25.6
2023	16.8	20.4	0	0.0	0	0.0
2024	16.8	19.4	1	8.3	40	4.6
Middle						
2022	22.5	27.8	1	8.3	38	5.6
2023	22.5	29.8	3	37.5	203	57.7
2024	22.5	29.2	4	33.3	193	22.2
Upper						
2022	40.6	40.0	4	33.3	376	55.7
2023	40.6	33.0	2	25.0	112	31.8
2024	40.6	40.4	6	50.0	591	68.1
NA						
2022	0.0	2.4	0	0.0	0	0.0
2023	0.0	3.8	0	0.0	0	0.0
2024	0.0	4.7	0	0.0	0	0.0
Total						
2022	100.0	100.0	12	100.0	675	100.0
2023	100.0	100.0	8	100.0	352	100.0
2024	100.0	100.0	12	100.0	868	100.0
<i>Source: 2020 Census; Imported Bank Data; 2024, 2023, 2022 HMDA Aggregate Data; HMDA Filters: Open-end Line of Credit=Open-end LOC Due to rounding, totals may not equal 100.0%.</i>						

Geographic Distribution of Closed-End Home Mortgage Loans Horizon - Kokomo MSA						
Tract Income Level	% of Owner Occupied Housing Units	HMDA Aggregate % of #	#	%	\$(000s)	%
Low						
2022	2.3	2.7	1	5.6	40	2.0
2023	2.3	4.0	1	5.6	95	5.9
2024	2.3	2.9	1	6.7	15	1.0
Moderate						
2022	18.3	18.6	2	11.1	191	9.4
2023	18.3	22.1	6	33.3	514	31.8
2024	18.3	27.6	0	0.0	0	0.0
Middle						
2022	42.6	44.9	6	33.3	467	23.1
2023	42.6	42.8	7	38.9	462	28.5
2024	42.6	40.9	11	73.3	832	56.4
Upper						
2022	36.9	33.8	9	50.0	1,325	65.5
2023	36.9	31.1	4	22.2	548	33.9
2024	36.9	28.7	3	20.0	629	42.6
Total						
2022	100.0	100.0	18	100.0	2,023	100.0
2023	100.0	100.0	18	100.0	1,619	100.0
2024	100.0	100.0	15	100.0	1,476	100.0
<i>Source: 2020 Census; Imported Bank Data; 2024, 2023, 2022 HMDA Aggregate Data; HMDA Filters: Open-end Line of Credit=Not an Open-end LOC Due to rounding, totals may not equal 100.0%.</i>						

Distribution of Closed-End Home Mortgage Loans by Borrower Income Level Horizon - Kokomo MSA						
Borrower Income Level	% of Families	HMDA Aggregate % of #	#	%	\$(000s)	%
Low						
2022	20.1	12.7	8	44.4	1,080	53.4
2023	20.1	13.7	6	33.3	391	24.2
2024	20.1	9.7	3	20.0	114	7.7
Moderate						
2022	16.8	22.8	5	27.8	231	11.4
2023	16.8	24.7	6	33.3	445	27.5
2024	16.8	20.1	3	20.0	477	32.3
Middle						
2022	22.5	24.6	2	11.1	239	11.8
2023	22.5	23.8	4	22.2	361	22.3
2024	22.5	23.3	5	33.3	312	21.1
Upper						
2022	40.6	24.2	3	16.7	473	23.4
2023	40.6	22.0	2	11.1	422	26.1
2024	40.6	24.0	4	26.7	573	38.8
NA						
2022	0.0	15.8	0	0.0	0	0.0
2023	0.0	15.8	0	0.0	0	0.0
2024	0.0	22.9	0	0.0	0	0.0
Total						
2022	100.0	100.0	18	100.0	2,023	100.0
2023	100.0	100.0	18	100.0	1,619	100.0
2024	100.0	100.0	15	100.0	1,476	100.0
<i>Source: 2020 Census; Imported Bank Data; 2024, 2023, 2022 HMDA Aggregate Data; HMDA Filters: Open-end Line of Credit=Not an Open-end LOC Due to rounding, totals may not equal 100.0%.</i>						

Geographic Distribution of Small Business Loans Horizon - Kokomo MSA						
Tract Income Level	% of Businesses	CRA Aggregate % of #	#	%	\$(000s)	%
Low						
2022	7.4	7.6	0	0.0	0	0.0
2023	7.5	6.0	0	0.0	0	0.0
2024	7.8	--	0	0.0	0	0.0
Moderate						
2022	20.3	19.2	0	0.0	0	0.0
2023	20.6	17.2	0	0.0	0	0.0
2024	20.9	--	0	0.0	0	0.0
Middle						
2022	42.2	37.6	1	100.0	25	100.0
2023	41.6	38.0	3	100.0	775	100.0
2024	41.5	--	3	100.0	417	100.0
Upper						
2022	30.1	35.7	0	0.0	0	0.0
2023	30.2	38.8	0	0.0	0	0.0
2024	29.8	--	0	0.0	0	0.0
Total						
2022	100.0	100.0	1	100.0	25	100.0
2023	100.0	100.0	3	100.0	775	100.0
2024	100.0	--	3	100.0	417	100.0
<i>Source: 2024, 2023, 2022 D&B Data; Bank Data; 2023, 2022 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%.</i>						

Distribution of Small Business Loans by Gross Annual Revenue Category Horizon - Kokomo MSA						
Gross Revenue Level	% of Businesses	CRA Aggregate % of #	#	%	\$(000s)	%
≤ \$1,000,000						
2022	87.2	53.0	1	100.0	25	100.0
2023	87.1	60.1	1	33.3	475	61.3
2024	85.6	--	1	33.3	225	54.0
> \$1,000,000						
2022	2.7	--	0	0.0	0	0.0
2023	2.7	--	2	66.7	300	38.7
2024	2.7	--	0	0.0	0	0.0
Revenue Not Available						
2022	10.1	--	0	0.0	0	0.0
2023	10.2	--	0	0.0	0	0.0
2024	11.7	--	2	66.7	192	46.0
Total						
2022	100.0	100.0	1	100.0	25	100.0
2023	100.0	100.0	3	100.0	775	100.0
2024	100.0	--	3	100.0	417	100.0
<i>Source: 2024, 2023, 2022 D&B Data; Bank Data; 2023, 2022 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%.</i>						

MICHIGAN

CRA RATING FOR MICHIGAN: SATISFACTORY

The Lending Test is rated: High Satisfactory

The Investment Test is rated: Low Satisfactory

The Service Test is rated: High Satisfactory

DESCRIPTION OF INSTITUTION'S OPERATIONS IN MICHIGAN

Horizon operates 27 offices in the Michigan rated area. This area contains a little over one-third of all bank offices and lending activity and carries less weight than the Indiana rated area. Within Michigan, the bank has seven delineated assessment areas: Michigan non-MSA, Niles MSA, Grand Rapids MSA, Kalamazoo MSA, Lansing MSA, Midland MSA, and Warren MD.

SCOPE OF EVALUATION – MICHIGAN

The scope of evaluation in the Michigan rated area is largely identical to the overall scope of evaluation for the institution. Examiners conducted full-scope reviews of the Michigan non-MSA, Niles MSA, Grand Rapids MSA, and Kalamazoo MSA. The Michigan non-MSA contains approximately half of the bank's branches and deposits within the state and nearly a quarter of all loans during the evaluation period. Therefore, greater weight is assigned to the Michigan non-MSA when determining overall performance for the Michigan rated area. The Niles MSA area is weighted second, followed by the Grand Rapids MSA and Kalamazoo MSA.

CONCLUSIONS ON PERFORMANCE CRITERIA IN MICHIGAN

LENDING TEST

The Lending Test rating is High Satisfactory for the Michigan rated area. Excellent performance in community development lending and innovative and flexible Lending helps bolster the otherwise adequate performance in lending activity, geographic distribution, and borrower profile. Horizon demonstrated generally consistent performance overall across all assessment areas in the Michigan rated area. Performance was strongest in the Michigan non-MSA, which carries the greatest weight in determining conclusions within the state.

Lending Activity

Lending levels reflect adequate responsiveness to assessment area credit needs. The bank demonstrated adequate performance in each of the full-scope review areas in the Michigan rated area. Lending levels decreased from highs seen in 2020 and 2021 when lower interest rates drove home mortgage demand and government sponsored lending programs kept small businesses afloat during the COVID-19 pandemic. Refer to the separate assessment area sections of this evaluation for additional information, including market share analysis.

Geographic Distribution

The geographic distribution of loans reflects adequate penetration overall throughout the Michigan rated area. With respect to the full-scope assessment areas, the bank demonstrated good performance in the Michigan non-MSA and Grand Rapids MSA areas. This performance helped bolster the adequate performance noted in the Niles MSA and poor performance in Kalamazoo. Collectively, the limited-scope areas were consistent with this conclusion. Refer to the separate assessment area sections of this evaluation for more detailed information.

Borrower Profile

The distribution of borrowers reflects adequate penetration overall among borrowers of different income levels and businesses of different sizes. The bank demonstrated good, adequate, and poor performance under this criterion in the full-scope areas. Performance within the limited-scope assessment areas remained consistent with the adequate conclusion. Refer to the separate assessment area sections of this evaluation for more detailed information.

Innovative or Flexible Lending Practices

Horizon makes extensive use of innovative and flexible lending practices to serve assessment area credit needs. Other than loans originated through Indiana state government programs, all innovative and flexible loan programs described previously are offered throughout the Michigan rated area. As shown in the following table, the bank originated 275 loans totaling \$65.0 million through innovative and flexible programs during the evaluation period. Refer to the separate assessment area sections of this evaluation for more detailed information.

Innovative or Flexible Lending Programs – Michigan Rated Area			
Loan Type	Loan Program	Totals	
		#	\$(000s)
Home Mortgage	HomePride	62	7,516
	Neighborhood Improvement Program	3	32
	HomeReady	15	2,557
	HomeStyle	0	0
	FHA	46	9,408
	VA	10	2,484
	USDA	4	621
	IHCDA	0	0
	MSHDA	20	3,257
	FHLB Rate Advantage	3	601
Small Business	SBA 504	8	5,146
	SBA 7(a)	45	24,561
	SBA Express	35	5,767
	MEDC	7	1,771
	USDA (non-housing)	1	1,280
Consumer	Fresh Start	16	19
Totals		275	65,020
<i>Source: Bank Records</i>			

Community Development Loans

The institution is a leader in making community development loans in this rated area. The bank originated 162 community development loans totaling \$400.6 million throughout Michigan, which represents approximately two-thirds of the bank’s total community development lending. Horizon satisfactorily met the community development lending needs of its Michigan assessment areas, while also originating a large volume of community development loans within Michigan but outside of the assessment areas. Collectively, the high volume of total community development lending supports excellent performance under this criterion.

The following table details the bank’s community development loans by assessment area and purpose.

Community Development Lending by Assessment Area – Michigan Rated Area										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Niles MSA	0	0	6	7,964	1	1,575	8	20,554	15	30,093
Michigan non-MSA	3	1,025	4	544	0	0	29	95,176	36	96,745
Kalamazoo MSA	1	500	7	3,925	0	0	10	12,350	18	16,775
Grand Rapids MSA	11	1,804	3	592	0	0	14	36,827	28	39,223
Lansing MSA	0	0	4	5,423	0	0	4	14,849	8	20,272
Midland MSA	2	7,000	2	770	0	0	12	53,232	16	61,002
Warren MD	0	0	0	0	0	0	10	27,513	10	27,513
Statewide/Regional	1	1,695	2	1,300	0	0	28	105,985	31	108,980
Total	18	12,024	28	20,518	1	1,575	115	366,486	162	400,603
<i>Source: Bank Records</i>										

Among the loans originated outside the assessment areas, the bank originated loans throughout Michigan in cities such as Detroit, Battle Creek, and Bay City. For example, in each year reviewed, the bank renewed a \$10 million line of credit to an organization located in a moderate-income tract in Battle Creek. The organization focuses on manufacturing and provides stability to the moderate-income area.

Refer to the separate assessment area sections of this evaluation for more information.

INVESTMENT TEST

The Investment Test rating is Low Satisfactory for the Michigan rated area. The bank’s adequate level of qualified investments and adequate responsiveness to community development needs support this rating.

Investment and Grant Activity

The institution has an adequate level of qualified community development investments and grants. The bank made a total of \$6.2 million in qualified investments in the Michigan rated area, including new and prior period investments and qualified donations and grants. This level is below the adequate amount (\$9.9 million) made at the prior evaluation. Performance was strongest in the Niles and Kalamazoo MSAs. Conversely, the Michigan non-MSA, which received the heaviest weighting, showed poor performance.

The following table details the bank’s qualified investments and donations by assessment area and purpose. Refer to the separate assessment area sections of this evaluation for more information.

Qualified Investments and Donations by Assessment Area – Michigan Rated Area										
	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Michigan non-MSA	0	0	6	800	0	0	0	0	6	800
Niles MSA	0	0	0	0	0	0	14	3,035	14	3,035
Grand Rapids MSA	0	0	0	0	1	63	0	0	1	63
Kalamazoo MSA	3	1,747	0	0	0	0	0	0	3	1,747
Lansing MSA	0	0	0	0	0	0	0	0	0	0
Midland MSA	0	0	0	0	0	0	0	0	0	0
Warren MD	0	0	0	0	0	0	0	0	0	0
Subtotal	3	1,747	6	800	1	63	14	3,035	24	5,645
Qualified Grants & Donations	65	217	154	227	69	126	0	0	288	568
Total	68	1,964	160	1,027	70	189	14	3,035	312	6,213
<i>Source: Bank Data</i>										

In addition to investments within the assessment areas noted above, the bank retained 38 prior period investment totaling nearly \$7.3 million that supported affordable housing and revitalization initiatives in counties contiguous to the assessment area.

Responsiveness to Credit and Community Development Needs

The institution exhibits adequate responsiveness to credit and community development needs. Horizon’s qualified investments generally addressed identified community development needs throughout the rated area, primarily focusing on affordable housing and revitalization efforts. Refer to the separate assessment area sections of this evaluation for more information.

Community Development Initiatives

The institution occasionally uses innovative or complex investments to support community development initiatives. Some of the bank’s Michigan investments and grants exhibited complex or innovative characteristics. Refer to the separate assessment area sections of this evaluation for more information.

SERVICE TEST

The Service Test is rated High Satisfactory for this rated area. Performance was generally consistent across all assessment areas, and the bank’s performance under each Service Test criterion supports the overall rating.

Accessibility of Delivery Systems

Delivery systems are reasonably accessible to essentially all portions of the institution’s assessment area. Branch distribution and alternative delivery systems for the rated area are generally consistent with the overall institution. Please refer to the individual assessment areas for further detail.

Changes in Branch Locations

To the extent changes have been made, the institution’s record of opening and closing branches has improved the accessibility of its delivery systems, particularly in low and moderate-income geographies and to low- and moderate-income individuals. The bank opened one branch in the rated area and did not close any branches. Please refer to the individual assessment areas for further detail on the impact of the branch opening for low- and moderate-income geographies and to low- and moderate-income individuals.

Reasonableness of Business Hours and Services

Services and business hours do not vary in a way that inconveniences certain portions of the assessment area, particularly low- and moderate-income geographies and individuals. Business hours are generally consistent across all branch locations in the rated area, and nearly all offices offer Saturday hours and drive-up services. Performance in the rated area is consistent with the overall institution. Please refer to the individual assessment areas for further detail.

Community Development Services

The bank is a leader in providing community development services. During the evaluation period, bank staff provided 412 instances of community development services and financial expertise within the rated area. This represents a substantial increase from the prior evaluation where the bank provided 127 services in the assessment areas.

Community Development Services by Assessment Area – Michigan Rated Area					
Assessment Area	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Total
	#	#	#	#	#
Michigan non-MSA	-	92	57	-	149
Niles MSA	31	61	17	-	109
Grand Rapids MSA	46	18	10	-	74
Kalamazoo MSA	16	8	-	-	24
Lansing MSA	13	12	11	-	36
Midland MSA	-	14	3	-	17
Warren MD	1	1	1	-	3
Total	107	206	99	-	412

Source: Bank Data

MICHIGAN NON-METROPOLITAN STATISTICAL AREA – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE MICHIGAN NON-METROPOLITAN STATISTICAL AREA

The Michigan non-MSA assessment area consists of 11 whole counties: Arenac, Charlevoix, Crawford, Mecosta, Missaukee, Newaygo, Otsego, Roscommon, Shiawassee, St. Joseph, and Wexford. These areas are mostly contiguous and located near each other in north-central Michigan. Examiners reviewed the bank’s performance in each non-contiguous portion of the assessment area and determined that the bank’s performance was similar across each. Therefore, examiners presented these areas collectively as one assessment area for purposes of this evaluation.

Shiawassee County was part of the Lansing MSA at the prior evaluation but has since been designated as a non-MSA county. The bank maintains two branches in Shiawassee County. Horizon operates 14 offices in the Michigan non-MSA assessment area.

Among the assessment areas in the Michigan rated area, the Michigan non-MSA carried the most weight in arriving at overall conclusions based on the bank’s operations and lending activity.

Economic and Demographic Data

The assessment area contains all 118 tracts in Arenac, Charlevoix, Crawford, Mecosta, Missaukee, Newaygo, Otsego, Roscommon, Shiawassee, St. Joseph, and Wexford Counties. According to 2020 Census data, these tracts reflect the following income designations:

- zero low-income tracts
- 17 moderate-income tracts
- 82 middle-income tracts
- 14 upper-income tracts
- five tracts with no income designation

The following table details select economic and demographic characteristics of the assessment area.

Demographic Information of the Assessment Area Horizon - Michigan Non-MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	N/A* % of #
Geographies (Census Tracts)	118	0.0	14.4	69.5	11.9	4.2
Population by Geography	370,044	0.0	12.9	71.8	14.3	0.9
Housing Units by Geography	210,275	0.0	13.6	72.3	13.5	0.6
Owner-Occupied Units by Geography	120,254	0.0	9.9	74.2	15.6	0.3
Occupied Rental Units by Geography	32,744	0.0	27.2	63.3	7.9	1.6
Vacant Units by Geography	57,277	0.0	13.7	73.5	12.4	0.5
Businesses by Geography	30,482	0.0	16.4	68.9	14.1	0.7
Farms by Geography	1,492	0.0	4.6	79.2	16.1	0.1
Family Distribution by Income Level	100,532	18.4	19.4	22.9	39.3	0.0
Household Distribution by Income Level	152,998	21.9	16.9	19.3	41.8	0.0
Michigan Non-MSA Median Family Income	\$63,042	Median Housing Value		\$ 129,497		
		Median Gross Rent		\$715		
		Families Below Poverty Level		9.4%		
<i>Source: 2020 Census And 2024 D&B Data (*) The NA category consists of geographies that have Not been assigned an income classification. Due to rounding, totals may not equal 100%.</i>						

As of August 2025, according to United States Bureau of Labor Statistics data, the average unemployment rate in Michigan non-MSA counties was 5.8 percent, an increase from 5.7 percent in August 2024.

For August 2025, the unemployment rates for the individual counties were 6.7 percent (Arenac), 4.3 percent (Charlevoix), 5.8 percent (Crawford), 6.8 percent (Mecosta), 5.1 percent (Missaukee), 5.8 percent (Newaygo), 5.6 percent (Otsego), 6.5 percent (Roscommon), 5.7 percent (Shiawassee), 5.4 percent (St. Joseph), and 5.9 percent (Wexford).

Within the assessment area, major employers include ATD Engineering & Machine (Arenac), Boyne USA Inc. (Charlevoix), Mercy Hospital (Crawford), Ferris State University (Mecosta), Lake City Area Schools (Missaukee), Magna Mirrors Newaygo Division (Newaygo), Munson Healthcare (Otsego), Sparrow Health System (Roscommon), Memorial Healthcare (Shiawassee), LECO Corporation (St. Joseph), and Munson Healthcare Cadillac Hospital (Wexford).

The following table presents the nonmetropolitan assessment area median family income levels for 2022, 2023 and 2024, as updated by the FFIEC.

Median Family Income Ranges – Michigan Non-MSA (99999)				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2022 (\$71,500)	<\$35,750	\$35,750 To <\$57,200	\$57,200 To <\$85,800	≥\$85,800
2023 (\$79,800)	<\$39,900	\$39,900 To <\$63,840	\$63,840 To <\$95,760	≥\$95,760
2024 (\$78,300)	<\$39,150	\$39,150 To <\$62,640	\$62,640 To <\$93,960	≥\$93,960
<i>Source: FFIEC</i>				

Competition

The assessment area is a highly competitive market for financial services. According to FDIC Deposit Market Share data as of June 30, 2024, 23 banks operated 95 offices in the assessment area. Of these banks, Horizon ranked third, with a deposit market share of 13.7 percent.

According to 2023 HMDA aggregate lending data, Horizon ranked fifth with a market share of 3.3 percent by number of loans among institutions that reported home mortgage originations or purchases in the assessment area. According to 2023 CRA aggregate lending data, the bank ranked eighth with a market share of 2.7 percent for small business lending.

Community Contact

Examiners reviewed a recent contact interview with a community development organization active in the area. The contact stated the biggest need in the area is housing, specifically affordable housing, as home prices are too high for many living in the area. Additionally, housing development is a need to increase available housing stock. The contact also noted small business lending is a need in the area as most need assistance receiving SBA loans and there is no strong SBA lender in the area.

Credit and Community Development Needs and Opportunities

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that home mortgage and small business lending represent primary credit needs in the area. Community development opportunities exist for financial literacy education, and the community needs affordable housing.

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE MICHIGAN NON-METROPOLITAN STATISTICAL AREA

LENDING TEST

Horizon demonstrated good performance under the Lending Test in the Michigan non-MSA assessment area. The institution’s good performance under the geographic distribution criteria, and excellent performance under the community development lending and innovative and flexible criteria primarily support this conclusion.

Lending Activity

Lending levels reflect adequate responsiveness to assessment area credit needs. Home mortgage lending volumes have declined since the previous evaluation, reflecting industry trends driven by interest rate increases during the evaluation period. The bank's small business lending volumes have also declined since the previous evaluation.

Based on 2023 lending data, Horizon ranked fifth for home mortgage loans (3.3 percent) and eighth for small business loans (2.7 percent). This performance trails the bank's third-ranking deposit market share (13.7 percent) as of June 30, 2024. However, examiners noted that Horizon's lending levels were comparable to the third and fourth highest lenders, whose market shares represented were 4.0 percent and 3.9 percent, respectively.

Regarding small business lending, the top five lenders are all nationally recognized institutions, commanding over 65 percent of the total market share. The average loan amount for these lenders was \$9,600; indicating these loans are likely business-purpose credit cards. Horizon boasted an average loan amount of \$191,000, evidencing loans that are generally more impactful.

The following table details Horizon's 2022, 2023, and 2024 originations by loan type in the assessment area.

Lending Activity – Michigan non-MSA						
Loan Product	2022 #	2022 \$(000)	2023 #	2023 \$(000)	2024 #	2024 \$(000)
Open-End Home Mortgage	129	12,542	106	12,502	125	11,508
Closed-End Home Mortgage	227	29,356	166	23,348	120	30,431
<i>Subtotal: Home Mortgage</i>	356	41,898	272	35,850	245	41,939
Small Business	123	25,071	124	23,989	138	27,437
TOTAL	479	66,969	396	59,839	383	69,376

Source: Bank Data

Geographic Distribution

The geographic distribution of loans reflects good penetration throughout the assessment area. Excellent performance with respect to small business lending and good performance with respect to closed-end home mortgage lending supports this conclusion.

Open-End Home Mortgage Loans

The geographic distribution of open-end home mortgage loans reflects adequate penetration overall throughout the assessment area. As shown in the table that follows, Horizon's lending in the

moderate-income tracts exceeded the aggregate performance in 2022, slightly trailed the aggregate performance in 2023, and was consistent with the aggregate performance in 2024.

Geographic Distribution of Open-End Home Mortgage Loans Horizon - Michigan non-MSA						
Tract Income Level	% of Owner Occupied Housing Units	HMDA Aggregate % of #	#	%	\$(000s)	%
Moderate						
2022	17.3	14.3	25	19.4	2,295	18.3
2023	17.3	13.8	10	9.4	826	6.6
2024	9.9	8.3	9	7.2	647	5.6
Middle						
2022	78.0	78.6	99	76.7	9,821	78.3
2023	78.0	80.1	90	84.9	10,282	82.2
2024	74.2	70.7	97	77.6	8,440	73.3
Upper						
2022	4.4	6.6	4	3.1	407	3.3
2023	4.4	5.5	5	4.7	1,244	10.0
2024	15.6	20.5	18	14.4	2,321	20.2
NA						
2022	0.3	0.6	1	0.8	19	0.2
2023	0.3	0.6	1	0.9	150	1.2
2024	0.3	0.5	1	0.8	100	0.9
Total						
2022	100.0	100.0	129	100.0	12,542	100.0
2023	100.0	100.0	106	100.0	12,502	100.0
2024	100.0	100.0	125	100.0	11,508	100.0
<i>Source: 2020 Census; Imported Bank Data; 2024, 2023, 2022 HMDA Aggregate Data; HMDA Filters: Open-end Line of Credit=Open-end LOC</i>						
<i>Due to rounding, totals may not equal 100.0%.</i>						

Closed-End Home Mortgage Loans

The geographic distribution of closed-end home mortgage loans reflects good penetration throughout the assessment area. As shown in the following table, Horizon’s lending in the moderate-income tracts exceeded the aggregate performance for each year reviewed. Performance in 2022 was the most positive.

Geographic Distribution of Closed-End Home Mortgage Loans Horizon - Michigan non-MSA						
Tract Income Level	% of Owner Occupied Housing Units	HMDA Aggregate % of #	#	%	\$(000s)	%
Moderate						
2022	17.3	19.7	58	25.6	7,898	26.9
2023	17.3	20.0	39	23.5	5,660	24.2
2024	9.9	13.0	17	14.2	3,606	11.9
Middle						
2022	78.0	76.2	169	74.5	21,458	73.1
2023	78.0	76.2	123	74.1	16,710	71.6
2024	74.2	70.3	83	69.2	23,011	75.6
Upper						
2022	4.4	3.8	0	0.0	0	0.0
2023	4.4	3.4	3	1.8	792	3.4
2024	15.6	16.1	20	16.7	3,814	12.5
NA						
2022	0.3	0.3	0	0.0	0	0.0
2023	0.3	0.5	1	0.6	186	0.8
2024	0.3	0.7	0	0.0	0	0.0
Total						
2022	100.0	100.0	227	100.0	29,356	100.0
2023	100.0	100.0	166	100.0	23,348	100.0
2024	100.0	100.0	120	100.0	30,431	100.0
<i>Source: 2020 Census; Imported Bank Data; 2024, 2023, 2022 HMDA Aggregate Data; HMDA Filters: Open-end Line of Credit=Not an Open-end LOC Due to rounding, totals may not equal 100.0%.</i>						

Small Business Loans

The geographic distribution of small business loans reflects excellent penetration overall throughout the assessment area. As shown in the following table, Horizon’s performance in the moderate-income tracts exceeded both the aggregate performance in 2022 and 2023 and the percentage of businesses. Performance in 2024 decreased from 2023 and is consistent with the percentage of businesses.

Geographic Distribution of Small Business Loans Horizon - Michigan non-MSA						
Tract Income Level	% of Businesses	CRA Aggregate % of #	#	%	\$(000s)	%
Moderate						
2022	23.8	23.1	34	27.6	6,842	27.3
2023	23.0	22.4	43	34.7	9,694	40.4
2024	16.4	--	23	16.7	7,281	26.5
Middle						
2022	70.8	71.3	87	70.7	17,721	70.7
2023	71.6	71.6	81	65.3	14,295	59.6
2024	68.9	--	105	76.1	18,413	67.1
Upper						
2022	4.6	4.8	0	0.0	0	0.0
2023	4.8	5.2	0	0.0	0	0.0
2024	14.1	--	10	7.3	1,743	6.4
NA						
2022	0.8	0.8	2	1.6	508	2.0
2023	0.7	0.9	0	0.0	0	0.0
2024	0.7	--	0	0.0	0	0.0
Total						
2022	100.0	100.0	123	100.0	25,071	100.0
2023	100.0	100.0	124	100.0	23,989	100.0
2024	100.0	--	138	100.0	27,437	100.0
<i>Source: 2024, 2023, 2022 D&B Data; Bank Data; 2023, 2022 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%.</i>						

Borrower Profile

The distribution of borrowers reflects adequate penetration throughout the assessment area. Adequate performance with respect to all three products supports this conclusion.

Open-End Home Mortgage Loans

The distribution of open-end home mortgage loans reflects adequate penetration overall to retail customers of different income levels. As shown in the following table, Horizon's lending to low- and moderate-income borrowers was slightly less than, but comparable to the aggregate performance in each of the three years reviewed. Lending to low-income borrowers trended slightly upward while lending to moderate-income borrowers trended slightly downward.

Distribution of Open-End Home Mortgage Loans by Borrower Income Level Horizon - Michigan non-MSA						
Borrower Income Level	% of Families	HMDA Aggregate % of #	#	%	\$(000s)	%
Low						
2022	20.5	10.3	9	7.0	425	3.4
2023	20.5	11.5	9	8.5	288	2.3
2024	18.4	9.5	11	8.8	496	4.3
Moderate						
2022	20.7	19.3	24	18.6	1,411	11.3
2023	20.7	22.6	18	17.0	855	6.8
2024	19.4	19.2	21	16.8	1,144	9.9
Middle						
2022	23.2	25.0	33	25.6	2,746	21.9
2023	23.2	24.7	25	23.6	2,387	19.1
2024	22.9	25.3	31	24.8	2,466	21.4
Upper						
2022	35.7	43.2	59	45.7	7,339	58.5
2023	35.7	39.4	52	49.1	8,807	70.4
2024	39.3	44.0	55	44.0	6,858	59.6
NA						
2022	0.0	2.2	4	3.1	621	5.0
2023	0.0	1.8	2	1.9	165	1.3
2024	0.0	2.1	7	5.6	544	4.7
Total						
2022	100.0	100.0	129	100.0	12,542	100.0
2023	100.0	100.0	106	100.0	12,502	100.0
2024	100.0	100.0	125	100.0	11,508	100.0
<i>Source: 2020 Census; Imported Bank Data; 2024, 2023, 2022 HMDA Aggregate Data; HMDA Filters: Open-end Line of Credit=Open-end LOC</i>						
<i>Due to rounding, totals may not equal 100.0%.</i>						

Closed-End Home Mortgage Loans

The distribution of closed-end home mortgage loans reflects adequate penetration to borrowers of different income levels. Horizon’s lending to low-income borrowers slightly exceeded the aggregate performance in 2022 and 2023. Performance in 2024 decreased from 2023 and slightly trailed the 2024 aggregate performance. The institution’s lending to moderate-income borrowers trailed the aggregate performance in 2022 and 2023. Performance in 2024 was nearly identical to aggregate performance. The bank’s performance with respect to moderate-income borrowers showed a positive trend each year.

Distribution of Closed-End Home Mortgage Loans by Borrower Income Level						
Horizon - Michigan non-MSA						
Borrower Income Level	% of Families	HMDA Aggregate % of #	#	%	\$(000s)	%
Low						
2022	20.5	11.1	29	12.8	1,960	6.7
2023	20.5	10.6	22	13.3	1,119	4.8
2024	18.4	8.4	7	5.8	463	1.5
Moderate						
2022	20.7	23.8	39	17.2	2,410	8.2
2023	20.7	23.3	34	20.5	3,003	12.9
2024	19.4	21.0	25	20.8	2,473	8.1
Middle						
2022	23.2	21.8	42	18.5	4,735	16.1
2023	23.2	23.0	42	25.3	4,637	19.9
2024	22.9	23.0	26	21.7	2,817	9.3
Upper						
2022	35.7	30.6	60	26.4	9,611	32.7
2023	35.7	28.5	45	27.1	10,530	45.1
2024	39.3	32.2	51	42.5	14,114	46.4
NA						
2022	0.0	12.8	57	25.1	10,640	36.2
2023	0.0	14.6	23	13.9	4,059	17.4
2024	0.0	15.4	11	9.2	10,564	34.7
Total						
2022	100.0	100.0	227	100.0	29,356	100.0
2023	100.0	100.0	166	100.0	23,348	100.0
2024	100.0	100.0	120	100.0	30,431	100.0
<i>Source: 2020 Census; Imported Bank Data; 2024, 2023, 2022 HMDA Aggregate Data; HMDA Filters: Open-end Line of Credit=Not an Open-end LOC</i>						
<i>Due to rounding, totals may not equal 100.0%.</i>						

Small Business Loans

The distribution of small business loans reflects adequate penetration overall to businesses of different sizes. As shown in the following table, Horizon’s lending performance to businesses with GARs equal to or less than \$1 million slightly exceeded the aggregate performance in 2022 and slightly trailed the aggregate performance in 2023. The institution’s performance in 2024 increased from its performance in 2023.

Distribution of Small Business Loans by Gross Annual Revenue Category Horizon - Michigan non-MSA						
Gross Revenue Level	% of Businesses	CRA Aggregate % of #	#	%	\$(000s)	%
≤ \$1,000,000						
2022	82.5	53.1	69	56.1	8,287	33.1
2023	87.3	59.1	68	54.8	7,852	32.7
2024	87.1	--	82	59.4	10,088	36.8
> \$1,000,000						
2022	4.4	--	54	43.9	16,784	67.0
2023	3.1	--	56	45.2	16,137	67.3
2024	3.0	--	54	39.1	16,550	60.3
Revenue Not Available						
2022	13.1	--	0	0.0	0	0.0
2023	9.6	--	0	0.0	0	0.0
2024	9.9	--	2	1.5	799	2.9
Total						
2022	100.0	100.0	123	100.0	25,071	100.0
2023	100.0	100.0	124	100.0	23,989	100.0
2024	100.0	--	138	100.0	27,437	100.0
<i>Source: 2024, 2023, 2022 D&B Data; Bank Data; 2023, 2022 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%.</i>						

Innovative and Flexible Lending Practices

The bank makes extensive use of innovative and flexible lending practices to serve assessment area credit needs. As shown in the following table, the bank originated 73 innovative and flexible loans totaling \$12.3 million during the evaluation period. These loans provided credit to individuals and businesses that may not have otherwise qualified for traditional bank financing.

Innovative or Flexible Lending Programs – Michigan non-MSA										
Type of Program	2022		2023		2024		YTD 2025		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Home Mortgage	10	1,321	18	2,404	3	684	10	1,505	41	5,914
Small Business	0	0	1	62	10	2,772	11	3,578	22	6,412
Consumer	0	0	1	1	3	6	6	5	10	12
Totals	10	1,321	20	2,467	16	3,462	27	5,088	73	12,338
<i>Source: Bank Records</i>										

Community Development Loans

The institution is a leader in making community development loans in this assessment area. The bank originated more than \$96.7 million in community development loans, which were primarily

concentrated in revitalization or stabilization of low- and moderate-income areas. This represents a significant increase from the prior evaluation when the bank made two community development loans totaling \$3.4 million. The percentage of total community development lending in this assessment area is the second-highest concentration of loans and exceeds the bank’s percentage of total bank deposits in the assessment area.

The following table details the bank’s community development lending in this assessment area by year and purpose.

Community Development Lending – Michigan non-MSA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2022 (Partial)	0	0	0	0	0	0	2	9,500	2	9,500
2023	2	775	0	0	0	0	6	17,816	8	18,591
2024	1	250	1	91	0	0	9	26,950	11	27,291
YTD 2025	0	0	3	453	0	0	12	40,910	15	41,363
Total	3	1,025	4	544	0	0	29	95,176	36	96,745

Source: Bank Records

Examples of the bank’s community development loans in this assessment area are as follows:

- In 2022 and 2023, the bank renewed working capital lines of credit for \$6.0 million and \$4.8 million, respectively. These loans supported the retention of jobs in a moderate-income tract.
- In 2024, the bank performed a \$10.5 million cash-out refinance of a student housing complex. This loan helped stabilize a middle-income, distressed census tract.
- In 2025, the bank originated a \$1.0 million loan to finance the acquisition of a grocery store. This loan helped stabilize a middle-income, distressed census tract.

INVESTMENT TEST

Horizon demonstrated poor performance under the Investment Test in the Michigan non-MSA assessment area. The bank’s poor level of qualified investments supports this conclusion.

Investment and Grant Activity

The institution made a poor level of qualified community development investments. During the review period, the bank maintained six prior period investments and made 92 donations totaling \$903,000. This level of investment represents 1.6 percent of the bank’s total qualified activity by dollar volume. The bank operates 14 of its 71 banking locations (19.7 percent) in this assessment area and it accounts for 13.5 percent of total bank deposits. While much of the assessment area is rural, six of the 14 banking locations operate in counties with high percentages of distressed or underserved census tracts. These tracts portray negative economic characteristics such as high unemployment and poverty, and they often lack access to essential services and capital, making them strong candidates for community development efforts.

Although Horizon’s level of investment activity increased from the prior evaluation, it previously had a very limited presence in this assessment area as nearly all the banking offices were acquired late in the prior evaluation cycle. Considering the bank’s current presence and deposit volume in this assessment area and the need for community development initiatives, its activity level is poor.

The following table details the qualified investments and donations in this assessment area by year and purpose.

Qualified Investments – Michigan non-MSA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	0	0	6	800	0	0	0	0	6	800
2022 (Partial)	0	0	0	0	0	0	0	0	0	0
2023	0	0	0	0	0	0	0	0	0	0
2024	0	0	0	0	0	0	0	0	0	0
2025 (YTD)	0	0	0	0	0	0	0	0	0	0
Subtotal	0	0	6	800	0	0	0	0	6	800
Qualified Grants & Donations	12	36	45	43	35	24	0	0	92	103
Total	12	36	51	843	35	24	0	0	98	903

Source: Bank Data

Examples of the bank’s qualified investments in this assessment area include:

- Six prior period school bonds totaling \$800,000 provided funding for infrastructure improvements, transportation services, and technology upgrades in school districts where a majority of students are eligible for free or reduced-cost lunch.
- Eight donations totaling \$22,750 to four community foundations that provide scholarships, health and wellness programs, and essential services to the low- and moderate-income population including in distressed and underserved communities.
- Five grants totaling \$26,399 provided downpayment assistance to low- and moderate-income borrowers.

Responsiveness to Credit and Community Development Needs

The institution exhibits adequate responsiveness to credit and community development needs. Examiners identified affordable housing and community services, specifically financial literacy education as needs in the assessment area. The bank’s activities supported these needs along with economic development efforts.

Community Development Initiatives

The institution occasionally uses innovative or complex investments to support community development initiatives. While most of the investments were prior period non-complex investment vehicles, multiple grants under the in-house downpayment assistance program directly benefited low-and moderate-income individuals seeking homeownership opportunities.

SERVICE TEST

Horizon demonstrated excellent performance under the Service Test in this assessment area. Performance under each Service Test criterion supports this conclusion.

Accessibility of Delivery Systems

Delivery systems are accessible to essentially all portions of the institution's assessment area. As shown in the following table, the bank operates four offices in moderate-income tracts in the assessment area. The percentage of offices in moderate-income tracts exceeds the percentage of residents that live in those tracts.

Branch and ATM Distribution by Geography Income Level - Michigan non-MSA								
Tract Income Level	Census Tracts		Population		Branches		ATMs	
	#	%	#	%	#	%	#	%
Moderate	17	14.4	47,808	12.9	4	28.6	0	0.0
Middle	82	69.5	265,802	71.8	9	64.3	0	0.0
Upper	14	11.9	53,064	14.3	1	7.1	0	0.0
NA	5	4.2	3,370	0.9	0	0.0	0	0.0
Total	118	100.0	370,044	100.0	14	100.0	0	0.0

Source: 2020 Census Data and Bank Data

Changes in Branch Locations

The bank did not open or close any branches in this assessment area during the evaluation period. Therefore, this criterion did not affect the Service Test conclusion for this assessment area.

Reasonableness of Business Hours and Services

Services and business hours do not vary in a way that inconveniences certain portions of the assessment area, particularly low- and moderate-income geographies and individuals. Business hours are generally consistent across all branch locations in the assessment area, and nearly all offices offer Saturday hours and drive-up services. The four branches in moderate-income tracts offer Saturday hours and drive-up services. The four branches without Saturday hours are located in middle-income tracts. All other branches offer Saturday hours and drive-up services.

Community Development Services

The bank is a leader in providing community development services. During the evaluation period, bank staff provided 149 instances of community development services and financial expertise within the assessment area. This represents a notable increase from the prior evaluation where the bank provided six services in this assessment area. The following table illustrates these services by year and purpose.

Community Development Services - Michigan non-MSA					
Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Total
	#	#	#	#	#
2022 (Partial)	-	3	10	-	13
2023	-	14	18	-	32
2024	-	26	16	-	42
2025 (YTD)	-	49	13	-	62
Total	-	92	57	-	149

Source: Bank Data

Examples of the bank’s community development services in this assessment area are as follows:

- An employee served on the board of an organization providing mentorship and support to low- and moderate-income children in the area.
- An employee served on the board of an organization providing services for the low- and moderate-income individuals, including food assistance and emergency relief.
- Multiple employees provided financial literacy education to schools where the majority of students qualified for free- or reduced-price lunch.

NILES METROPOLITAN STATISTICAL AREA – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE NILES METROPOLITAN STATISTICAL AREA

The Niles MSA assessment area consists of Berrien County, Michigan. Horizon operates five offices in this assessment area.

Economic and Demographic Data

The assessment area contains all 54 tracts in Berrien County. According to 2020 Census data, these tracts reflect the following income designations:

- six low-income tracts
- seven moderate-income tracts
- 23 middle-income tracts
- 16 upper-income tracts
- two tracts with no income designation

The following table details select economic and demographic characteristics of the assessment area.

Demographic Information of the Assessment Area Horizon - Niles MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	N/A* % of #
Geographies (Census Tracts)	54	11.1	13.0	42.6	29.6	3.7
Population by Geography	154,316	9.1	15.6	42.8	31.5	1.1
Housing Units by Geography	77,645	9.2	15.3	43.2	31.3	1.1
Owner-Occupied Units by Geography	44,981	5.6	13.6	44.0	36.3	0.6
Occupied Rental Units by Geography	18,155	21.4	20.4	35.9	19.7	2.6
Vacant Units by Geography	14,509	5.2	14.1	49.8	30.1	0.9
Businesses by Geography	15,008	10.8	13.2	40.1	35.3	0.6
Farms by Geography	492	1.6	13.4	59.8	25.2	0.0
Family Distribution by Income Level	40,687	22.8	17.7	17.8	41.7	0.0
Household Distribution by Income Level	63,136	24.9	15.6	17.4	42.2	0.0
Median Family Income MSA - 35660 Niles, MI MSA		\$67,533	Median Housing Value		\$ 166,392	
			Median Gross Rent		\$754	
			Families Below Poverty Level		11.7%	
<i>Source: 2020 Census And 2024 D&B Data (*) The NA category consists of geographies that have Not been assigned an income classification. Due to rounding, totals may not equal 100%.</i>						

As of August 2025, according to United States Bureau of Labor Statistics data, the unemployment rate in this assessment area was 5.5 percent, a slight decrease from 5.6 percent in August 2024.

According to Moody’s Analytics, the area’s local economy is struggling. The metro area was one of only two in the state where total employment decreased, mostly due to the decline in key manufacturing. Healthcare has achieved modest growth while leisure and hospitality have slowed. Major employers in the assessment area include Whirlpool Corp., Lakeland Regional Health System, and Andrews University.

The following table presents the Niles MSA median family income levels for 2022, 2023 and 2024, as updated by the FFIEC.

Median Family Income Ranges – Niles MSA (35660)				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2022 (\$73,700)	<\$36,850	\$36,850 To <\$58,960	\$58,960 To <\$88,440	≥\$88,440
2023 (\$85,700)	<\$42,850	\$42,850 To <\$68,560	\$68,560 To <\$102,840	≥\$102,840
2024 (\$85,700)	<\$42,850	\$42,850 To <\$68,560	\$68,560 To <\$102,840	≥\$102,840
<i>Source: FFIEC</i>				

Competition

The assessment area is a moderately competitive market for financial services. According to FDIC Deposit Market Share data as of June 30, 2024, eight banks operated 34 offices in the assessment area. Of these banks, Horizon ranked fourth, with a deposit market share of 12.2 percent.

According to 2023 HMDA aggregate lending data, Horizon ranked seventh with a market share of 2.9 percent by number of loans among institutions that reported home mortgage originations or purchases in the assessment area. According to 2023 CRA aggregate lending data, the bank ranked 10th with a market share of 1.6 percent for small business lending.

Community Contact

Examiners contacted a representative of an economic development-related organization that operates in the assessment area. The contact indicated that foundations and philanthropic sources that generally fund programs for small businesses and entrepreneurs have redirected their financial resources to emergency programs for individuals and families who are struggling to make ends meet. As a result, economic growth has curtailed among small business owners and start-ups. The contact also stated that financial literacy and workforce development and retention present additional challenges especially in urban areas of the community.

Credit and Community Development Needs and Opportunities

Examiners determined that funding for economic development-related organizations, financial literacy for entrepreneurs and small businesses, and workforce development are all significant needs in the assessment area. Additionally, 24.1 percent of the census tracts and 40.5 percent of the families in the assessment area are low-and-moderate income indicating that opportunities exist for affordable housing, community-based services, and revitalization and stabilization efforts.

CONCLUSIONS ON PERFORMANCE CRITERIA IN NILES METROPOLITAN STATISTICAL AREA

LENDING TEST

Horizon demonstrated good performance under the Lending Test in the Niles MSA assessment area. The institution’s excellent performance under the community development lending and innovative and flexible criteria and good performance under borrower profile criteria support this conclusion.

Lending Activity

Lending levels reflect adequate responsiveness to assessment area credit needs. Home mortgage lending volumes have declined since the previous evaluation, reflecting industry trends driven by interest rate increases during the evaluation period. The bank's small business lending volumes have also declined since the previous evaluation.

Based on 2023 lending data, Horizon ranked seventh for home mortgage loans (2.9 percent) and 10th for small business loans (1.6 percent). This performance trails the bank's fourth-ranking deposit market share (12.2 percent) as of June 30, 2024. However, examiners noted that Horizon's lending levels were comparable to the third, fourth, fifth and sixth, highest lenders, whose market shares represented between 4.3 percent and 3.0 percent, respectively.

Regarding small business lending, the top five lenders are all national institutions, commanding over 72 percent of the total market share. The average loan amount for these lenders was \$11,400; indicating these loans are likely business-purpose credit cards. Horizon boasted an average loan amount of \$249,000, evidencing loans that are generally more impactful.

The following table details Horizon's 2022, 2023, and 2024 originations by loan type in the assessment area.

Lending Activity – Niles MSA						
Loan Product	2022 #	2022 \$(000)	2023 #	2023 \$(000)	2024 #	2024 \$(000)
Open-End Home Mortgage	91	11,022	40	4,804	39	3,789
Closed-End Home Mortgage	141	34,882	69	17,772	52	10,950
Subtotal: Home Mortgage	232	45,904	109	22,576	91	14,739
Small Business	42	9,470	37	9,470	60	14,508
TOTAL	274	55,374	146	32,046	151	29,247

Source: Bank Data

Geographic Distribution

The geographic distribution of loans reflects adequate penetration throughout the assessment area. Adequate performance with respect to all products reviewed supports this conclusion.

Open-End Home Mortgage Loans

The geographic distribution of open-end home mortgage loans reflects adequate penetration throughout the assessment area. As shown in the following table, Horizon's lending in low-income tracts was consistent with the aggregate performance, which also demonstrated limited lending levels during the same time. Within the moderate-income tracts, the institution's lending

significantly trailed the aggregate performance in 2022, was consistent with the aggregate performance in 2023, and only slightly trailed the aggregate performance in 2024.

Geographic Distribution of Open-End Home Mortgage Loans						
Horizon - Niles MSA						
Tract Income Level	% of Owner Occupied Housing Units	HMDA Aggregate % of #	#	%	\$(000s)	%
Low						
2022	5.6	2.0	3	3.3	72	0.7
2023	5.6	2.2	0	0.0	0	0.0
2024	5.6	3.2	0	0.0	0	0.0
Moderate						
2022	13.6	11.7	3	3.3	139	1.3
2023	13.6	10.9	4	10.0	912	19.0
2024	13.6	11.7	3	7.7	200	5.3
Middle						
2022	44.0	45.1	42	46.2	5,999	54.4
2023	44.0	45.3	24	60.0	2,689	56.0
2024	44.0	45.6	15	38.5	1,747	46.1
Upper						
2022	36.3	40.9	42	46.2	4,793	43.5
2023	36.3	41.4	12	30.0	1,203	25.0
2024	36.3	39.3	21	53.9	1,842	48.6
NA						
2022	0.6	0.3	1	1.1	19	0.2
2023	0.6	0.3	0	0.0	0	0.0
2024	0.6	0.2	0	0.0	0	0.0
Total						
2022	100.0	100.0	91	100.0	11,022	100.0
2023	100.0	100.0	40	100.0	4,804	100.0
2024	100.0	100.0	39	100.0	3,789	100.0
<i>Source: 2020 Census; Imported Bank Data; 2024, 2023, 2022 HMDA Aggregate Data; HMDA Filters: Open-end Line of Credit=Open-end LOC</i>						
<i>Due to rounding, totals may not equal 100.0%.</i>						

Closed-End Home Mortgage Loans

The geographic distribution of closed-end home mortgage loans reflects adequate penetration throughout the assessment area. As shown in the following table, Horizon’s lending in the low-income tracts greatly exceeded the aggregate performance in each year. Horizon’s lending in the moderate-income tracts trailed the aggregate performance in each year. The strong performance in low-income tracts supports the overall reasonable performance.

Geographic Distribution of Closed-End Home Mortgage Loans Horizon - Niles MSA						
Tract Income Level	% of Owner Occupied Housing Units	HMDA Aggregate % of #	#	%	\$(000s)	%
Low						
2022	5.6	2.6	9	6.4	797	2.3
2023	5.6	4.0	17	24.6	1,758	9.9
2024	5.6	3.6	13	25.0	1,362	12.4
Moderate						
2022	13.6	16.5	12	8.5	3,279	9.4
2023	13.6	16.6	4	5.8	285	1.6
2024	13.6	18.4	6	11.5	1,016	9.3
Middle						
2022	44.0	43.9	59	41.8	13,922	39.9
2023	44.0	43.4	24	34.8	5,374	30.2
2024	44.0	42.7	20	38.5	4,068	37.2
Upper						
2022	36.3	36.7	60	42.6	16,778	48.1
2023	36.3	35.6	22	31.9	10,180	57.3
2024	36.3	34.9	13	25.0	4,504	41.1
NA						
2022	0.6	0.3	1	0.7	106	0.3
2023	0.6	0.4	2	2.9	175	1.0
2024	0.6	0.5	0	0.0	0	0.0
Total						
2022	100.0	100.0	141	100.0	34,882	100.0
2023	100.0	100.0	69	100.0	17,772	100.0
2024	100.0	100.0	52	100.0	10,950	100.0
<i>Source: 2020 Census; Imported Bank Data; 2024, 2023, 2022 HMDA Aggregate Data; HMDA Filters: Open-end Line of Credit=Not an Open-end LOC Due to rounding, totals may not equal 100.0%.</i>						

Small Business Loans

The geographic distribution of small business loans reflects adequate penetration overall throughout the assessment area. As shown in the following table, Horizon’s performance in the low-income tracts significantly exceeded the aggregate performance in both 2022 and 2023. In 2024, the institution’s performance in the low-income tracts decreased from its 2023 performance and was consistent with the performance in 2022. Horizon’s performance in the moderate-income tracts trailed the aggregate performance in both 2022 and 2023. In 2024, the institution’s performance in the moderate-income tracts increased significantly from its 2023 performance.

Geographic Distribution of Small Business Loans Horizon - Niles MSA						
Tract Income Level	% of Businesses	CRA Aggregate % of #	#	%	\$(000s)	%
Low						
2022	10.0	7.4	7	16.7	2,000	21.1
2023	10.4	7.3	12	32.4	2,979	31.5
2024	10.8	--	12	20.0	2,306	15.9
Moderate						
2022	13.2	12.7	1	2.4	338	3.6
2023	13.0	10.6	1	2.7	50	0.5
2024	13.2	--	5	8.3	1,269	8.8
Middle						
2022	39.6	41.4	15	35.7	3,819	40.3
2023	39.9	41.6	12	32.4	2,821	29.8
2024	40.1	--	20	33.3	4,919	33.9
Upper						
2022	36.7	38.5	19	45.2	3,313	35.0
2023	36.2	40.4	12	32.4	3,620	38.2
2024	35.3	--	23	38.3	6,014	41.5
NA						
2022	0.5	0.1	0	0.0	0	0.0
2023	0.6	0.2	0	0.0	0	0.0
2024	0.6	--	0	0.0	0	0.0
Total						
2022	100.0	100.0	42	100.0	9,470	100.0
2023	100.0	100.0	37	100.0	9,470	100.0
2024	100.0	--	60	100.0	14,508	100.0
<i>Source: 2024, 2023, 2022 D&B Data; Bank Data; 2023, 2022 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%.</i>						

Borrower Profile

The distribution of borrowers reflects good penetration throughout the assessment area. Excellent performance with respect to closed-end home mortgage lending bolsters the otherwise adequate performance in open-end home mortgage lending and small business lending.

Open-End Home Mortgage Loans

The distribution of open-end home mortgage loans reflects adequate penetration to retail customers of different income levels. As shown in the following table, Horizon's lending to low-income borrowers slightly trailed the aggregate performance in 2022 and 2024; the bank's performance in 2023 significantly trailed the aggregate performance. The institution's lending to moderate-income borrowers significantly trailed the aggregate performance in both 2022 and 2023. However, in

2024, Horizon’s lending improved significantly and slightly exceeded aggregate performance. The positive trends in lending to low- and moderate-income borrowers in 2024 supports adequate performance overall.

Distribution of Open-End Home Mortgage Loans by Borrower Income Level						
Horizon - Niles MSA						
Borrower Income Level	% of Families	HMDA Aggregate % of #	#	%	\$(000s)	%
Low						
2022	22.8	12.6	7	7.7	384	3.5
2023	22.8	14.9	2	5.0	70	1.5
2024	22.8	15.7	4	10.3	220	5.8
Moderate						
2022	17.7	17.1	9	9.9	869	7.9
2023	17.7	19.1	3	7.5	114	2.4
2024	17.7	18.9	8	20.5	681	18.0
Middle						
2022	17.8	23.4	18	19.8	1,366	12.4
2023	17.8	22.8	7	17.5	558	11.6
2024	17.8	22.7	8	20.5	750	19.8
Upper						
2022	41.7	45.4	54	59.3	7,788	70.7
2023	41.7	41.0	27	67.5	3,963	82.5
2024	41.7	40.7	19	48.7	2,138	56.4
NA						
2022	0.0	1.6	3	3.3	615	5.6
2023	0.0	2.2	1	2.5	99	2.1
2024	0.0	2.0	0	0.0	0	0.0
Total						
2022	100.0	100.0	91	100.0	11,022	100.0
2023	100.0	100.0	40	100.0	4,804	100.0
2024	100.0	100.0	39	100.0	3,789	100.0
<i>Source: 2020 Census; Imported Bank Data; 2024, 2023, 2022 HMDA Aggregate Data; HMDA Filters: Open-end Line of Credit=Open-end LOC</i>						
<i>Due to rounding, totals may not equal 100.0%.</i>						

Closed-End Home Mortgage Loans

The distribution of closed-end home mortgage loans reflects excellent penetration to borrowers of different income levels. As shown in the following table, Horizon’s lending to low-income borrowers significantly exceeded the aggregate performance in each of the three years reviewed. The institution’s lending to moderate-income borrowers slightly trailed the aggregate performance in 2022 and was consistent with the aggregate performance in both 2023 and 2024. Performance to low-income borrowers was especially positive, supporting excellent performance overall.

Distribution of Closed-End Home Mortgage Loans by Borrower Income Level						
Horizon - Niles MSA						
Borrower Income Level	% of Families	HMDA Aggregate % of #	#	%	\$(000s)	%
Low						
2022	22.8	10.0	63	44.7	20,016	57.4
2023	22.8	11.2	19	27.5	1,786	10.1
2024	22.8	9.7	15	28.9	1,608	14.7
Moderate						
2022	17.7	18.2	17	12.1	2,191	6.3
2023	17.7	20.8	14	20.3	2,163	12.2
2024	17.7	20.7	10	19.2	1,345	12.3
Middle						
2022	17.8	21.1	22	15.6	2,594	7.4
2023	17.8	21.1	6	8.7	719	4.1
2024	17.8	18.9	9	17.3	1,218	11.1
Upper						
2022	41.7	39.9	36	25.5	9,645	27.7
2023	41.7	34.6	27	39.1	11,006	61.9
2024	41.7	36.8	17	32.7	6,654	60.8
NA						
2022	0.0	10.8	3	2.1	436	1.3
2023	0.0	12.2	3	4.4	2,098	11.8
2024	0.0	13.9	1	1.9	125	1.1
Total						
2022	100.0	100.0	141	100.0	34,882	100.0
2023	100.0	100.0	69	100.0	17,772	100.0
2024	100.0	100.0	52	100.0	10,950	100.0
<i>Source: 2020 Census; Imported Bank Data; 2024, 2023, 2022 HMDA Aggregate Data; HMDA Filters: Open-end Line of Credit=Not an Open-end LOC</i>						
<i>Due to rounding, totals may not equal 100.0%.</i>						

Small Business Loans

The distribution of small business loans reflects adequate penetration overall to businesses of different sizes. As shown in the following table, Horizon’s lending to businesses with GARs equal to or less than \$1 million slightly trailed the aggregate performance in 2022 and significantly trailed the aggregate performance in 2023. The institution’s performance in 2024 increased from its performance in 2023, returning to 2022 levels.

Distribution of Small Business Loans by Gross Annual Revenue Category						
Horizon - Niles MSA						
Gross Revenue Level	% of Businesses	CRA Aggregate % of #	#	%	\$(000s)	%
≤ \$1,000,000						
2022	84.0	52.2	20	47.6	3,677	38.8
2023	88.1	56.2	13	35.1	2,055	21.7
2024	87.7	--	28	46.7	6,626	45.7
> \$1,000,000						
2022	4.8	--	22	52.4	5,793	61.2
2023	3.6	--	24	64.9	7,415	78.3
2024	3.4	--	32	53.3	7,882	54.3
Revenue Not Available						
2022	11.2	--	0	0.0	0	0.0
2023	8.4	--	0	0.0	0	0.0
2024	8.9	--	0	0.0	0	0.0
Total						
2022	100.0	100.0	42	100.0	9,470	100.0
2023	100.0	100.0	37	100.0	9,470	100.0
2024	100.0	--	60	100.0	14,508	100.0
<i>Source: 2024, 2023, 2022 D&B Data; Bank Data; 2023, 2022 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%.</i>						

Innovative and Flexible Lending Practices

The bank makes extensive use of innovative and flexible lending practices to serve assessment area credit needs. As shown in the following table, the bank originated 77 innovative and flexible loans totaling \$10.9 million during the evaluation period. These loans provided credit to individuals and businesses that may not have otherwise qualified for traditional bank financing.

Innovative or Flexible Lending Programs – Niles MSA										
Type of Program	2022		2023		2024		YTD 2025		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Home Mortgage	8	1,155	28	3,737	15	1,811	8	1,169	59	7,872
Small Business	0	0	3	303	5	1,064	6	1,615	14	2,982
Consumer	0	0	3	3	0	0	1	2	4	5
Totals	8	1,155	34	4,043	20	2,875	15	2,786	77	10,859
<i>Source: Bank Records</i>										

Community Development Loans

The institution is a leader in making community development loans in this assessment area. The bank originated approximately \$30.1 million in community development loans, the majority of which supported revitalization and stabilization of low- and moderate-income areas. The number of community development loans increased since the last evaluation, when the bank was also noted as a leader. The percentage of total community development lending in this assessment area slightly exceeds the percentage of total bank deposits in the assessment area.

The following table details the bank’s community development lending in this assessment area by year and purpose.

Community Development Lending – Niles MSA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2022 (Partial)	0	0	0	0	0	0	1	2,000	1	2,000
2023	0	0	2	3,964	0	0	2	7,000	4	10,964
2024	0	0	2	1,000	0	0	2	3,500	4	4,500
YTD 2025	0	0	2	3,000	1	1,575	3	8,054	6	12,629
Total	0	0	6	7,964	1	1,575	8	20,554	15	30,093

Source: Bank Records

Examples of the bank’s community development loans in this assessment area are as follows:

- In 2023, the bank originated a \$5.0 million loan to pay off an existing development loan. The loan helped provide funding to revitalize and stabilize a low-income tract.
- In 2024, the bank renewed a \$2.0 million loan for the purchasing of distressed farms located in a moderate-income tract.
- In 2025, the bank renewed a \$1.5 million line of credit used as working capital. The loan provided funding for an organization that provides community services to low- and moderate-income individuals.

INVESTMENT TEST

Horizon demonstrated reasonable performance under the Investment Test in the Niles MSA assessment area. The bank’s adequate level of qualified investments and reasonable responsiveness to community development needs support this conclusion.

Investment and Grant Activity

The institution made an adequate level of qualified community development investments. The bank maintained 14 prior period investments and made 37 donations totaling \$3.1 million in this assessment area, representing 5.6 percent of the bank’s total qualified activity by dollar volume. This level of investment is comparable to the bank’s overall operations in the assessment area. As of June 30, 2024, the Niles MSA contained four of the bank’s 71 banking locations (5.6 percent), and 4.7 percent of total bank deposits. While the level of investment activity represents a 52.9

percent decline from the prior evaluation, it remains consistent with the bank’s presence in this assessment area. The prior period investments promote revitalization and stabilization efforts. Qualified donations and grants totaling \$103,000 supported affordable housing, community services, and economic development efforts. The following table details the qualified investments and donations by year and purpose.

Qualified Investments – Niles MSA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	0	0	0	0	0	0	14	3,035	14	3,035
2022 (Partial)	0	0	0	0	0	0	0	0	0	0
2023	0	0	0	0	0	0	0	0	0	0
2024	0	0	0	0	0	0	0	0	0	0
2025 (YTD)	0	0	0	0	0	0	0	0	0	0
Subtotal	0	0	0	0	0	0	14	3,035	14	3,035
Qualified Grants & Donations	17	77	12	9	8	17	0	0	37	103
Total	17	77	12	9	8	17	14	3,035	51	3,138
<i>Source: Bank Data</i>										

Examples of the bank’s qualified investments in this assessment area are as follows:

- Fourteen prior period bonds totaling \$3.0 million provided funding to improve infrastructure in a moderate-income census tract.
- Fifteen grants totaling \$74,743 provided downpayment assistance to low- and moderate-income borrowers.
- Five donations totaling \$13,500 to two organizations that promote small business development, entrepreneurship, and educational opportunities. The organizations help attract new investments to Southwest Michigan, focusing on economically distressed areas and under-represented business owners.

Responsiveness to Credit and Community Development Needs

The institution exhibits adequate responsiveness to credit and community economic development needs. Examiners identified financial literacy and workforce development as significant needs in the assessment area along with affordable housing, community services, and revitalization and stabilization efforts given the high percentage of low-and moderate-income families and census tracts. Horizon’s activities supported these needs.

Community Development Initiatives

The institution occasionally uses innovative or complex investments to support community development initiatives. While most of the investments were prior period non-complex investment vehicles, multiple grants under the in-house downpayment assistance program directly benefited low-and moderate-income individuals seeking homeownership opportunities.

SERVICE TEST

Horizon demonstrated good performance under the Service Test in this assessment area. Performance under each Service Test criterion supports this conclusion.

Accessibility of Delivery Systems

Delivery systems are reasonably accessible to essentially all portions of the institution’s assessment area. As shown in the following table, the bank operates one office in low-income tracts in the assessment area. The percentage of offices in low-income tracts exceeds the percentage of residents that live in those tracts. Three of the bank’s branches are located directly adjacent to two moderate-income tracts within this assessment area. These branches can reasonably service some of the moderate-income tracts in the area.

Branch and ATM Distribution by Geography Income Level - Niles MSA								
Tract Income Level	Census Tracts		Population		Branches		ATMs	
	#	%	#	%	#	%	#	%
Low	6	11.1	13,978	9.1	1	25.0	0	0.0
Moderate	7	13.0	24,111	15.6	0	0.0	0	0.0
Middle	23	42.6	66,049	42.8	1	25.0	1	100.0
Upper	16	29.6	48,548	31.5	2	50.0	0	0.0
NA	2	3.7	1,630	1.1	0	0.0	0	0.0
Total	54	100.0	154,316	100.0	4	100.0	1	100.0

Source: 2020 Census Data and Bank Data

Changes in Branch Locations

The bank did not open or close any branches in this assessment area during the evaluation period. Therefore, this criterion did not affect the Service Test conclusion for this assessment area.

Reasonableness of Business Hours and Services

Services and business hours do not vary in a way that inconveniences certain portions of the assessment area, particularly low- and moderate-income geographies and individuals. Business hours are generally consistent across all branch locations in the assessment area, and nearly all offices offer Saturday hours and drive-up services. The only branch in a low-income tract offers Saturday hours and drive-up services. The only branch without Saturday hours is located in an upper-income tract. All other branches offer Saturday hours and drive-up services.

Community Development Services

The bank is a leader in providing community development services. During the evaluation period, bank staff provided 109 instances of community development services and financial expertise within the assessment area. This represents an increase from the prior evaluation where the bank

provided 54 services in this assessment area. The following table illustrates these services by year and purpose.

Community Development Services - Niles MSA					
Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Total
	#	#	#	#	#
2022 (Partial)	1	5	-	-	6
2023	11	10	3	-	24
2024	14	25	9	-	48
2025 (YTD)	5	21	5	-	31
Total	31	61	17	-	109
<i>Source: Bank Data</i>					

Examples of the bank’s community development services in this assessment area are as follows:

- Multiple employees provided financial literacy education to low- and moderate-income students.
- Multiple employees provided homebuyer financial literacy education to low- and moderate-income individuals.
- An employee served on the board of an economic development entity promoting small business growth.

GRAND RAPIDS METROPOLITAN STATISTICAL AREA – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE GRAND RAPIDS METROPOLITAN STATISTICAL AREA

The Grand Rapids MSA assessment area consists of Kent and Ottawa counties, Michigan. Horizon operates two offices in this assessment area.

Economic and Demographic Data

The assessment area contains all 210 tracts in Kent and Ottawa Counties. According to 2020 Census data, these tracts reflect the following income designations:

- 10 low-income tracts
- 36 moderate-income tracts
- 105 middle-income tracts
- 55 upper-income tracts
- four tracts with no income designation

The following table details select economic and demographic characteristics of the assessment area.

Demographic Information of the Assessment Area Horizon - Grand Rapids MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	N/A* % of #
Geographies (Census Tracts)	210	4.8	17.1	50.0	26.2	1.9
Population by Geography	954,174	4.2	15.8	48.3	30.8	0.9
Housing Units by Geography	367,663	3.4	16.4	50.2	28.8	1.3
Owner-Occupied Units by Geography	254,191	1.5	12.1	50.0	35.3	1.2
Occupied Rental Units by Geography	95,190	8.2	26.4	51.4	12.4	1.5
Vacant Units by Geography	18,282	5.2	23.0	46.4	23.2	2.2
Businesses by Geography	100,873	2.3	16.1	42.0	38.8	0.8
Farms by Geography	1,464	0.4	5.7	52.9	40.6	0.5
Family Distribution by Income Level	237,965	17.6	17.6	23.0	41.8	0.0
Household Distribution by Income Level	349,381	21.5	16.4	19.5	42.6	0.0
Median Family Income MSA - 24340 Grand Rapids-Wyoming-Kentwood, MI MSA	\$79,594	Median Housing Value		\$ 200,140		
		Median Gross Rent		\$940		
		Families Below Poverty Level		6.2%		
<i>Source: 2020 Census And 2024 D&B Data (*) The NA category consists of geographies that have Not been assigned an income classification. Due to rounding, totals may not equal 100%.</i>						

As of August 2025, according to United States Bureau of Labor Statistics data, the unemployment rate in this assessment area was 4.8 percent, an increase from 4.5 percent in August 2024.

According to Moody’s Analytics, the area’s local economy is stagnating. Employment has been trending sideways since 2023. Steady gains in healthcare and, to a lesser extent, construction are offset by the free fall in manufacturing payrolls. The unemployment rate ticks higher while the labor force contracts. Major employers in the assessment area include Corewell Health, Trinity Health, and Meritage Hospitality Group Inc.

The following table presents the Grand Rapids MSA median family income levels for 2022, 2023 and 2024, as updated by the FFIEC.

Median Family Income Ranges – Grand Rapids MSA (24340)				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2022 (\$88,900)	<\$44,450	\$44,450 To <\$71,120	\$71,120 To <\$106,680	≥\$106,680
2023 (\$97,500)	<\$48,750	\$48,750 To <\$78,000	\$78,000 To <\$117,000	≥\$117,000
2024 (\$97,600)	<\$48,800	\$48,800 To <\$78,080	\$78,080 To <\$117,120	≥\$117,120
<i>Source: FFIEC</i>				

Competition

The assessment area is a highly competitive market for financial services. According to FDIC Deposit Market Share data as of June 30, 2024, 25 banks operated 214 offices in the assessment area. Of these banks, Horizon ranked 19th, with a deposit market share of 0.5 percent.

According to 2020 HMDA aggregate lending data, Horizon ranked 55th with a market share of 0.3 percent by number of loans among institutions that reported home mortgage originations or purchases in the assessment area. According to 2023 CRA aggregate lending data, the bank ranked 20th with a market share of 0.6 percent for small business lending.

Community Contact

Examiners reviewed a recent contact interview with a local housing and education organization. The contact stated local economic conditions are relatively strong and employers in the area are hiring locally. Additionally, the contact stated there is a need for affordable housing for low- and moderate-income individuals as local housing prices are outpacing incomes. Furthermore, there is a need for small business lending in manufacturing industries, which is a major employment sector for local residents.

Credit and Community Development Needs and Opportunities

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that affordable housing and small business lending are primary credit needs in the area. While there are no significant unmet community development needs, opportunities exist for affordable housing and community services targeted towards low- and moderate-income individuals.

CONCLUSIONS ON PERFORMANCE CRITERIA IN GRAND RAPIDS METROPOLITAN STATISTICAL AREA

LENDING TEST

Horizon demonstrated good performance under the Lending Test in the Grand Rapids MSA assessment area. The institution's good performance under the geographic distribution criteria, and excellent performance under the community development lending and innovative and flexible criteria primarily support this conclusion.

Lending Activity

Lending levels reflect adequate responsiveness to assessment area credit needs. Home mortgage lending volumes have declined since the previous evaluation, reflecting industry trends driven by interest rate increases during the evaluation period. The bank's small business lending volumes have also declined since the previous evaluation.

Based on 2023 lending data, Horizon ranked 55th for home mortgage loans (0.3 percent) and 20th for small business loans (0.6 percent). This performance is comparable to the 0.5 percent deposit market share as of June 30, 2024. Regarding small business lending, the top five lenders are all nationally recognized institutions, commanding nearly 65 percent of the total market share. The average loan amount for these lenders was \$13,800; indicating these loans are likely business-purpose credit cards. Horizon boasted an average loan amount of \$273,000, evidencing loans that are generally more impactful.

The following table details Horizon's 2022, 2023, and 2024 originations by loan type in the assessment area.

Lending Activity – Grand Rapids MSA						
Loan Product	2022 #	2022 \$(000)	2023 #	2023 \$(000)	2024 #	2024 \$(000)
Open-End Home Mortgage	49	7,399	34	10,536	30	8,663
Closed-End Home Mortgage	34	33,767	40	31,645	35	20,187
Subtotal: Home Mortgage	83	41,166	74	42,181	65	28,850
Small Business	117	36,644	77	18,950	85	26,459
TOTAL	200	77,810	151	61,131	150	55,309

Source: Bank Data

Geographic Distribution

The geographic distribution of loans reflects good penetration throughout the assessment area. Good performance with respect to closed-end home mortgage lending and small business lending and adequate performance with respect to open-end home mortgage supports this conclusion.

Open-End Home Mortgage Loans

The geographic distribution of open-end home mortgage loans reflects adequate penetration overall throughout the assessment area. As shown in the following table, though Horizon made no loans in the low-income tracts in the three years reviewed, reporting institutions made very few loans in these tracts. Within the moderate-income tracts, Horizon's lending slightly trailed the aggregate performance in 2022 and was consistent with the aggregate performance in 2023 and 2024. The bank's performance reflects an upwards trend.

Geographic Distribution of Open-End Home Mortgage Loans Horizon - Grand Rapids MSA						
Tract Income Level	% of Owner Occupied Housing Units	HMDA Aggregate % of #	#	%	\$(000s)	%
Low						
2022	1.9	0.9	0	0.0	0	0.0
2023	1.9	1.2	0	0.0	0	0.0
2024	1.5	1.2	0	0.0	0	0.0
Moderate						
2022	13.1	9.1	3	6.1	473	6.4
2023	13.1	9.9	3	8.8	1,060	10.1
2024	12.1	9.3	3	10.0	688	7.9
Middle						
2022	49.5	47.3	29	59.2	4,209	56.9
2023	49.5	48.1	14	41.2	5,623	53.4
2024	50.0	48.8	13	43.3	3,573	41.2
Upper						
2022	34.4	42.0	17	34.7	2,717	36.7
2023	34.4	39.9	17	50.0	3,853	36.6
2024	35.3	39.7	13	43.3	4,374	50.5
NA						
2022	1.2	0.8	0	0.0	0	0.0
2023	1.2	0.9	0	0.0	0	0.0
2024	1.2	0.9	1	3.3	28	0.3
Total						
2022	100.0	100.0	49	100.0	7,399	100.0
2023	100.0	100.0	34	100.0	10,536	100.0
2024	100.0	100.0	30	100.0	8,663	100.0
<i>Source: 2020 Census; Imported Bank Data; 2024, 2023, 2022 HMDA Aggregate Data; HMDA Filters: Open-end Line of Credit=Open-end LOC</i>						
<i>Due to rounding, totals may not equal 100.0%.</i>						

Closed-End Home Mortgage Loans

The geographic distribution of closed-end home mortgage loans reflects good penetration overall throughout the assessment area. As shown in the following table, Horizon’s limited lending in the low-income tracts was consistent with the aggregate performance for each of the three years reviewed. The institution’s performance in the moderate-income tracts significantly exceeded the aggregate performance in both 2022 and 2023. The institution’s performance in the low-income tracts in 2024 decreased from its 2023 performance and was consistent with the 2024 aggregate performance.

Geographic Distribution of Closed-End Home Mortgage Loans Horizon - Grand Rapids MSA						
Tract Income Level	% of Owner Occupied Housing Units	HMDA Aggregate % of #	#	%	\$(000s)	%
Low						
2022	1.9	2.9	1	2.9	106	0.3
2023	1.9	3.3	1	2.5	166	0.5
2024	1.5	2.5	0	0.0	0	0.0
Moderate						
2022	13.1	15.7	9	26.5	23,812	70.5
2023	13.1	16.6	14	35.0	3,298	10.4
2024	12.1	14.9	5	14.3	1,541	7.6
Middle						
2022	49.5	49.3	16	47.1	5,697	16.9
2023	49.5	48.8	18	45.0	15,244	48.2
2024	50.0	49.7	13	37.1	5,950	29.5
Upper						
2022	34.4	31.2	8	23.5	4,152	12.3
2023	34.4	30.5	7	17.5	12,937	40.9
2024	35.3	32.0	17	48.6	12,696	62.9
NA						
2022	1.2	0.9	0	0.0	0	0.0
2023	1.2	0.9	0	0.0	0	0.0
2024	1.2	0.9	0	0.0	0	0.0
Total						
2022	100.0	100.0	34	100.0	33,767	100.0
2023	100.0	100.0	40	100.0	31,645	100.0
2024	100.0	100.0	35	100.0	20,187	100.0
<i>Source: 2020 Census; Imported Bank Data; 2024, 2023, 2022 HMDA Aggregate Data; HMDA Filters: Open-end Line of Credit=Not an Open-end LOC Due to rounding, totals may not equal 100.0%.</i>						

Small Business Loans

The geographic distribution of small business loans reflects good penetration throughout the assessment area. As shown in the following table, Horizon’s performance in the low-income tracts slightly exceeded the aggregate performance in 2022 and was consistent with the aggregate performance in 2023. In 2024, the institution’s performance in the low-income tracts was consistent with its 2023 performance. Horizon’s performance in the moderate-income tracts significantly exceeded the aggregate performance in both 2022 and 2023. In 2024, the institution’s performance in the moderate-income tracts decreased from its 2022 and 2023 performance.

Geographic Distribution of Small Business Loans Horizon - Grand Rapids AA						
Tract Income Level	% of Businesses	CRA Aggregate % of #	#	%	\$(000s)	%
Low						
2022	2.3	2.2	5	4.3	439	1.2
2023	2.7	2.0	1	1.3	750	4.0
2024	2.3	--	2	2.4	1,630	6.2
Moderate						
2022	17.2	16.5	28	23.9	10,233	27.9
2023	16.8	16.2	24	31.2	8,255	43.6
2024	16.1	--	14	16.5	5,185	19.6
Middle						
2022	44.3	44.6	62	53.0	20,219	55.2
2023	43.1	43.5	42	54.6	7,922	41.8
2024	42.0	--	59	69.4	16,633	62.9
Upper						
2022	35.4	36.0	22	18.8	5,753	15.7
2023	36.7	37.7	10	13.0	2,023	10.7
2024	38.8	--	10	11.8	3,011	11.4
NA						
2022	0.8	0.8	0	0.0	0	0.0
2023	0.8	0.6	0	0.0	0	0.0
2024	0.8	--	0	0.0	0	0.0
Total						
2022	100.0	100.0	117	100.0	36,644	100.0
2023	100.0	100.0	77	100.0	18,950	100.0
2024	100.0	--	85	100.0	26,459	100.0
<i>Source: 2024, 2023, 2022 D&B Data; Bank Data; 2023, 2022 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%.</i>						

Borrower Profile

The distribution of borrowers reflects poor penetration throughout the assessment area. Poor performance with respect to open-end home mortgage lending and small business lending primarily supports this conclusion.

Open-End Home Mortgage Loans

The distribution of open-end home mortgage loans reflects poor penetration overall to borrowers of different income levels. As shown in the following table, Horizon's limited lending to low-income borrowers compares unfavorably to the aggregate performance in all three years reviewed.

Horizon's lending to moderate-income borrowers was consistent with the aggregate performance in 2022 but significantly trailed the aggregate performance in 2023 and 2024.

Distribution of Open-End Home Mortgage Loans by Borrower Income Level Horizon - Grand Rapids MSA						
Borrower Income Level	% of Families	HMDA Aggregate % of #	#	%	\$(000s)	%
Low						
2022	18.0	9.3	2	4.1	140	1.9
2023	18.0	8.5	0	0.0	0	0.0
2024	17.6	8.8	1	3.3	15	0.2
Moderate						
2022	17.9	19.3	9	18.4	480	6.5
2023	17.9	21.0	3	8.8	281	2.7
2024	17.6	20.2	2	6.7	103	1.2
Middle						
2022	23.2	25.1	6	12.2	744	10.1
2023	23.2	25.5	4	11.8	398	3.8
2024	23.0	25.2	6	20.0	843	9.7
Upper						
2022	40.9	43.5	31	63.3	5,785	78.2
2023	40.9	41.9	21	61.8	4,776	45.3
2024	41.8	43.6	20	66.7	7,552	87.2
NA						
2022	0.0	2.7	1	2.0	250	3.4
2023	0.0	3.1	6	17.7	5,081	48.2
2024	0.0	2.2	1	3.3	150	1.7
Total						
2022	100.0	100.0	49	100.0	7,399	100.0
2023	100.0	100.0	34	100.0	10,536	100.0
2024	100.0	100.0	30	100.0	8,663	100.0
<i>Source: 2020 Census; Imported Bank Data; 2024, 2023, 2022 HMDA Aggregate Data; HMDA Filters: Open-end Line of Credit=Open-end LOC Due to rounding, totals may not equal 100.0%.</i>						

Closed-End Home Mortgage Loans

The distribution of closed-end home mortgage loans reflects adequate penetration to borrowers of different income levels. As shown in the following table, Horizon’s lending to low-income borrowers significantly exceeded the aggregate performance in 2022. The bank’s performance trailed the aggregate performance in 2023 and made no loans to low-income borrowers in 2024. The institution’s performance to moderate-income borrowers significantly trailed the aggregate performance in 2022; however, the bank’s performance in 2023 slightly exceeded aggregate performance. Horizon’s performance in 2024 returned to 2022 levels, significantly trailing the aggregate performance.

Distribution of Closed-End Home Mortgage Loans by Borrower Income Level Horizon - Grand Rapids MSA						
Borrower Income Level	% of Families	HMDA Aggregate % of #	#	%	\$(000s)	%
Low						
2022	18.0	11.1	10	29.4	2,446	7.2
2023	18.0	8.9	2	5.0	479	1.5
2024	17.6	7.7	0	0.0	0	0.0
Moderate						
2022	17.9	24.6	3	8.8	663	2.0
2023	17.9	23.3	10	25.0	2,173	6.9
2024	17.6	22.8	3	8.6	737	3.7
Middle						
2022	23.2	22.5	1	2.9	20	0.1
2023	23.2	23.9	5	12.5	1,343	4.2
2024	23.0	22.8	8	22.9	1,924	9.5
Upper						
2022	40.9	29.5	2	5.9	1,540	4.6
2023	40.9	30.0	9	22.5	4,673	14.8
2024	41.8	32.5	20	57.1	14,223	70.5
NA						
2022	0.0	12.4	18	52.9	29,098	86.2
2023	0.0	14.0	14	35.0	22,977	72.6
2024	0.0	14.3	4	11.4	3,303	16.4
Total						
2022	100.0	100.0	34	100.0	33,767	100.0
2023	100.0	100.0	40	100.0	31,645	100.0
2024	100.0	100.0	35	100.0	20,187	100.0
<i>Source: 2020 Census; Imported Bank Data; 2024, 2023, 2022 HMDA Aggregate Data; HMDA Filters: Open-end Line of Credit=Not an Open-end LOC Due to rounding, totals may not equal 100.0%.</i>						

Small Business Loans

The distribution of small business loans reflects poor penetration to businesses of different sizes. As shown in the following table, Horizon’s lending performance to businesses with GARs equal to or less than \$1 million trailed the aggregate performance in 2022 and significantly trailed the aggregate performance in 2023. The institution’s performance in 2024 increased from 2023. Despite the improved performance in 2024, the institution’s performance in 2023 is less than half of the aggregate performance, reflecting poor overall performance.

Distribution of Small Business Loans by Gross Annual Revenue Category Horizon - Grand Rapids MSA						
Gross Revenue Level	% of Businesses	CRA Aggregate % of #	#	%	\$(000s)	%
≤ \$1,000,000						
2022	84.4	48.0	48	41.0	13,003	35.5
2023	89.8	51.4	17	22.1	3,287	17.4
2024	89.2	--	27	31.8	7,456	28.2
> \$1,000,000						
2022	5.9	--	66	56.4	23,015	62.8
2023	3.8	--	59	76.6	15,508	81.8
2024	3.6	--	57	67.1	18,778	71.0
Revenue Not Available						
2022	9.7	--	3	2.6	626	1.7
2023	6.4	--	1	1.3	155	0.8
2024	7.2	--	1	1.2	225	0.9
Total						
2022	100.0	100.0	117	100.0	36,644	100.0
2023	100.0	100.0	77	100.0	18,950	100.0
2024	100.0	--	85	100.0	26,459	100.0
<i>Source: 2024, 2023, 2022 D&B Data; Bank Data; 2023, 2022 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%.</i>						

Innovative and Flexible Lending Practices

The bank makes extensive use of innovative and flexible lending practices to serve assessment area credit needs. As shown in the following table, the bank originated 51 innovative and flexible loans totaling \$13.7 million during the evaluation period. These loans provided credit to individuals and businesses that may not have otherwise qualified for traditional bank financing.

Innovative or Flexible Lending Programs – Grand Rapids MSA										
Type of Program	2022		2023		2024		YTD 2025		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Home Mortgage	1	158	14	3,735	5	1,205	9	1,825	29	6,923
Small Business	0	0	10	3,026	9	2,105	3	1,627	22	6,758
Consumer	0	0	0	0	0	0	0	0	0	0
Totals	1	158	24	6,761	14	3,310	12	3,452	51	13,681
<i>Source: Bank Records</i>										

Community Development Loans

The institution is a leader in making community development loans in this assessment area. The bank originated \$39.2 million in community development loans, split mostly between affordable housing initiatives revitalization and stabilization of low- and moderate-income areas. The number of community development loans increased since the last evaluation, when the bank was also noted as a leader. The percentage of total community development lending in this assessment area is significantly higher than the percentage of total bank deposits in the assessment area.

The following table details the bank’s community development lending in this assessment area by year and purpose.

Community Development Lending – Grand Rapids MSA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2022 (Partial)	1	180	0	0	0	0	0	0	1	180
2023	2	380	1	292	0	0	3	5,600	6	6,272
2024	5	776	0	0	0	0	9	27,289	14	28,065
YTD 2025	3	469	2	300	0	0	2	3,938	7	4,707
Total	11	1,805	3	592	0	0	14	36,827	28	39,224

Source: Bank Records

Examples of the bank’s community development loans in this assessment area are as follows:

- In 2024, the bank originated an \$8.0 million loan for a university’s bond refinancing. This loan served to retain a major employer with long term job opportunities for low- and moderate-income residents.
- In 2024, the bank renewed a \$2.1 million loan for property renovation and debt repayment. The loan retained local jobs in a moderate-income tract.
- In 2025, the bank originated a \$2.2 million loan that financed the purchase of nine-unit strip mall located in a moderate-income tract. The purchase will help retain businesses and stabilize the area.

INVESTMENT TEST

Horizon demonstrated reasonable performance under the Investment Test in the Grand Rapids MSA assessment area. The bank’s adequate level of qualified investments and good responsiveness to community development needs support this conclusion.

Investment and Grant Activity

The institution made an adequate level of qualified community development investments within the assessment area. The bank maintained a prior period investment and provided 69 donations totaling \$261,000 in this assessment area, representing 0.5 percent of the bank’s total qualified activity by dollar volume. This level of investment is comparable to the bank’s overall operations in the

assessment area. As of June 30, 2024, the Grand Rapids MSA contained two of the bank’s 71 banking locations (2.8 percent), and 2.6 percent of total bank deposits.

The prior period investment supported a non-profit organization that offers start-up funding to small businesses in the Grand Rapids area. Qualified donations and grants totaling \$198,000 provided resources for affordable housing, community services, and economic development efforts. The following table details the qualified investments and donations in this assessment area by year and purpose.

Qualified Investments – Grand Rapids MSA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	0	0	0	0	1	63	0	0	1	63
2022 (Partial)	0	0	0	0	0	0	0	0	0	0
2023	0	0	0	0	0	0	0	0	0	0
2024	0	0	0	0	0	0	0	0	0	0
2025 (YTD)	0	0	0	0	0	0	0	0	0	0
Subtotal	0	0	0	0	1	63	0	0	1	63
Qualified Grants & Donations	18	70	44	102	7	26	0	0	69	198
Total	18	70	44	102	8	89	0	0	70	261

Source: Bank Data

Examples of the bank’s qualified donations and grants in this assessment area are as follows:

- Four grants totaling \$25,000 provided funding to an affordable housing organization that builds homes for low-and moderate-income families.
- Five donations totaling \$16,000 to a non-profit organization that purchases deteriorated or vacant homes in Grand Rapids, makes needed repairs, and sells the homes to income-eligible families, while also providing guidance on downpayment assistance programs.
- Three donations totaling \$7,500 to a non-profit organization that provides emergency shelter, basic health and wellness services, and housing assistance programs to unhoused individuals and families.

Responsiveness to Credit and Community Development Needs

The institution exhibits good responsiveness to credit and community development needs. Examiners identified affordable housing and community services as primary needs in this assessment area. The bank’s investments supported these needs along with economic development efforts.

Community Development Initiatives

The institution occasionally uses innovative or complex investments to support community development initiatives. Some of the bank’s investments exhibited innovative characteristics, such

as an investment in a venture capital fund to support early and mid-stage businesses owned or operated by diverse business leaders and an in-house downpayment assistance grant program.

SERVICE TEST

Horizon demonstrated adequate performance under the Service Test in this assessment area. Performance under each Service Test criterion supports this conclusion.

Accessibility of Delivery Systems

Delivery systems are reasonably accessible to essentially all portions of the institution’s assessment area. Both branches are located adjacent to or near low- and moderate-income census tracts. While the bank does not maintain any branches in low- or moderate-income tracts, they do have branches which can serve some of the low- and moderate-income census tracts in the assessment area.

Branch and ATM Distribution by Geography Income Level - Grand Rapids MSA								
Tract Income Level	Census Tracts		Population		Branches		ATMs	
	#	%	#	%	#	%	#	%
Low	10	4.8	39,699	4.2	0	0.0	0	0.0
Moderate	36	17.1	150,837	15.8	0	0.0	0	0.0
Middle	105	50.0	461,051	48.3	1	50.0	0	0.0
Upper	55	26.2	293,595	30.8	1	50.0	0	0.0
NA	4	1.9	8,992	0.9	0	0.0	0	0.0
Total	210	100.0	954,174	100.0	2	100.0	0	0.0

Source: 2020 Census Data and Bank Data

Changes in Branch Locations

The bank did not open or close any branches in this assessment area during the evaluation period. Therefore, this criterion did not affect the Service Test conclusion for this assessment area.

Reasonableness of Business Hours and Services

Services and business hours do not vary in a way that inconveniences portions of the assessment area, particularly low- and moderate-income geographies and individuals. Neither of the two branch locations offer Saturday hours or drive-through services. The branch in Holland, Michigan has an ITM available Mondays through Saturdays, which provides banking services despite the bank lobby being closed on Saturdays. Both branches are located in downtown areas and the variation in services and business hours is consistent with the institution’s other branch offices in downtown business districts.

Community Development Services

The bank provides a relatively high level of community development services. During the evaluation period, bank staff provided 74 instances of community development services and financial expertise within the assessment area. This represents an increase from the prior evaluation where the bank provided 39 services in this assessment area. The following table illustrates these services by year and purpose.

Community Development Services - Grand Rapids MSA					
Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Total
	#	#	#	#	#
2022 (Partial)	2	-	-	-	2
2023	18	5	2	-	25
2024	16	8	7	-	31
2025 (YTD)	10	5	1	-	16
Total	46	18	10	-	74
<i>Source: Bank Data</i>					

Examples of the bank’s community development services in this assessment area are as follows:

- An employee served on the board of an organization providing affordable housing in the area.
- An employee served on the board of an organization providing resources to low- and moderate-income individuals, including a food pantry.
- An employee prepared tax returns for low- and moderate-income individuals.

KALAMAZOO METROPOLITAN STATISTICAL AREA – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE KALAMAZOO METROPOLITAN STATISTICAL AREA

The Kalamazoo MSA assessment area consists of Kalamazoo County, Michigan. Horizon operates two offices in this assessment area.

Economic and Demographic Data

The assessment area contains all 68 tracts in Kalamazoo County. According to 2020 Census data, these tracts reflect the following income designations:

- six low-income tracts
- 17 moderate-income tracts
- 23 middle-income tracts
- 21 upper-income tracts
- one tract with no income designation

The following table details select economic and demographic characteristics of the assessment area.

Demographic Information of the Assessment Area Horizon - Kalamazoo MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	N/A* % of #
Geographies (Census Tracts)	68	8.8	25.0	33.8	30.9	1.5
Population by Geography	261,670	6.3	21.5	37.6	33.3	1.3
Housing Units by Geography	112,585	6.8	23.2	39.7	28.7	1.6
Owner-Occupied Units by Geography	67,255	2.8	18.4	42.7	36.0	0.1
Occupied Rental Units by Geography	37,023	12.0	31.4	36.1	16.9	3.7
Vacant Units by Geography	8,307	15.9	25.8	32.0	22.5	3.8
Businesses by Geography	23,026	7.0	18.3	39.0	35.2	0.4
Farms by Geography	361	2.8	10.5	48.5	38.2	0.0
Family Distribution by Income Level	62,664	21.5	18.3	19.7	40.5	0.0
Household Distribution by Income Level	104,278	23.3	16.9	17.1	42.7	0.0
Median Family Income MSA - 28020 Kalamazoo-Portage, MI MSA		\$80,439	Median Housing Value		\$ 165,059	
			Median Gross Rent		\$844	
			Families Below Poverty Level		8.3%	
<i>Source: 2020 Census And 2024 D&B Data (*) The NA category consists of geographies that have Not been assigned an income classification. Due to rounding, totals may not equal 100%.</i>						

As of August 2025, according to United States Bureau of Labor Statistics data, the unemployment rate in this assessment area was 5.2 percent, an increase from 4.7 percent in August 2024.

According to Moody’s Analytics, the local economy is on steady ground. Payroll growth is on par with the national average and is outperforming the rest of the state. Major employers in the assessment area include Bronson Healthcare Systems, Western Michigan University, and Stryker Instruments.

The following table presents the Kalamazoo MSA median family income levels for 2022, 2023 and 2024, as updated by the FFIEC.

Median Family Income Ranges – Kalamazoo MSA (28020)				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2022 (\$86,600)	<\$43,300	\$43,300 To <\$69,280	\$69,280 To <\$103,920	≥\$103,920
2023 (\$92,200)	<\$46,100	\$46,100 To <\$73,760	\$73,760 To <\$110,640	≥\$110,640
2024 (\$102,500)	<\$51,250	\$51,250 To <\$82,000	\$82,000 To <\$123,000	≥\$123,000
<i>Source: FFIEC</i>				

Competition

The assessment area is a moderately competitive market for financial services. According to FDIC Deposit Market Share data as of June 30, 2024, 14 banks operated 44 offices in the assessment area. Of these banks, Horizon ranked 12th, with a deposit market share of 1.8 percent.

According to 2023 HMDA aggregate data, Horizon ranked 14th with a market share of 1.7 percent by number of loans among institutions that reported home mortgage originations or purchases in the assessment area. According to 2023 CRA aggregate data, the bank ranked 11th with a market share of 1.7 percent for small business lending.

Community Contact

Examiners reviewed a recent contact interview with an economic development organization in the area. The contact stated that the area has seen significant investment from large businesses, which increased housing prices and competition in the area. Furthermore, the contact stated that there is a particular need for home mortgages for low- and moderate-income individuals. Additionally, the contact stated that small business credit is a need to support the expansion of small businesses and start-up/new businesses in the area.

Credit and Community Development Needs and Opportunities

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that home mortgage and small business financing are primary credit needs in the area. Additionally, due to rising housing prices affordable housing is a community development need and opportunity.

CONCLUSIONS ON PERFORMANCE CRITERIA IN KALAMAZOO MSA

LENDING TEST

Horizon demonstrated adequate performance under the Lending Test in the Kalamazoo MSA assessment area. The institution's excellent performance under the community development lending criteria and good performance under the innovative and flexible criteria help bolster the poor performance noted in geographic distribution criteria.

Lending Activity

Lending levels reflect adequate responsiveness to assessment area credit needs. Home mortgage lending volumes have declined since the previous evaluation, reflecting industry trends driven by interest rate increases during the evaluation period. The bank’s small business lending volumes have also declined since the previous evaluation.

Based on 2023 lending data, Horizon ranked 14th for home mortgage loans (1.7 percent) and 11th for small business loans (1.7 percent). This performance is comparable to the bank’s 1.8 percent deposit market share as of June 30, 2024. Regarding small business lending, the top five lenders are all nationally recognized institutions, commanding over 67 percent of the total market share. The average loan amount for these lenders was \$11,600; indicating these loans are likely business-purpose credit cards. Horizon boasted an average loan amount of \$243,000, evidencing loans that are generally more impactful.

The following table details Horizon’s 2022, 2023, and 2024 originations by loan type in the assessment area.

Lending Activity – Kalamazoo MSA						
Loan Product	2022 #	2022 \$(000)	2023 #	2023 \$(000)	2024 #	2024 \$(000)
Open-End Home Mortgage	47	6,394	37	7,066	27	3,368
Closed-End Home Mortgage	88	37,629	63	23,172	48	14,699
<i>Subtotal: Home Mortgage</i>	135	44,023	100	30,238	75	18,067
Small Business	57	14,756	61	15,270	50	15,401
TOTAL	192	58,779	161	45,508	125	33,468

Source: Bank Data

Geographic Distribution

The geographic distribution of loans reflects poor penetration throughout the assessment area. Poor performance with respect to open-end home mortgage lending and small business lending supports this conclusion.

Open-End Home Mortgage Loans

The geographic distribution of open-end home mortgage loans reflects poor penetration throughout the assessment area. As shown in the following table, Horizon made only one loan in a low-income tract which is generally consistent with reporting institutions, who made very few loans in low-income tracts during the same time. The institution’s lending in the moderate-income tracts significantly trailed the aggregate performance in 2022 but improved in 2023 to be consistent with

the aggregate performance. Horizon’s performance in 2024 significantly trailed the aggregate performance.

Geographic Distribution of Open-End Home Mortgage Loans Horizon - Kalamazoo MSA						
Tract Income Level	% of Owner Occupied Housing Units	HMDA Aggregate % of #	#	%	\$(000s)	%
Low						
2022	2.8	2.1	1	2.1	50	0.8
2023	2.8	2.1	0	0.0	0	0.0
2024	2.8	1.7	0	0.0	0	0.0
Moderate						
2022	18.4	12.7	3	6.4	74	1.2
2023	18.4	14.3	5	13.5	296	4.2
2024	18.4	16.5	1	3.7	30	0.9
Middle						
2022	42.7	40.8	15	31.9	2,001	31.3
2023	42.7	43.5	10	27.0	3,103	43.9
2024	42.7	40.1	14	51.9	1,255	37.3
Upper						
2022	36.0	44.5	28	59.6	4,269	66.8
2023	36.0	40.1	22	59.5	3,667	51.9
2024	36.0	41.6	12	44.4	2,083	61.9
NA						
2022	0.1	--	0	0.0	0	0.0
2023	0.1	0.1	0	0.0	0	0.0
2024	0.1	0.1	0	0.0	0	0.0
Total						
2022	100.0	100.0	47	100.0	6,394	100.0
2023	100.0	100.0	37	100.0	7,066	100.0
2024	100.0	100.0	27	100.0	3,368	100.0
<i>Source: 2020 Census; Imported Bank Data; 2024, 2023, 2022 HMDA Aggregate Data; HMDA Filters: Open-end Line of Credit=Open-end LOC</i>						
<i>Due to rounding, totals may not equal 100.0%.</i>						

Closed-End Home Mortgage Loans

The geographic distribution of closed-end home mortgage loans reflects adequate penetration throughout the assessment area. As shown in the following table, Horizon’s lending in the low-income tracts was consistent with the aggregate performance in 2022, exceeded the aggregate performance in 2023, and was again consistent with aggregate performance in 2024. Within the moderate-income tracts, the institution’s performance trailed the aggregate performance in 2022; however, performance in 2023 and 2024 were slightly less than, but comparable to the aggregate performance.

Geographic Distribution of Closed-End Home Mortgage Loans						
Horizon - Kalamazoo MSA						
Tract Income Level	% of Owner Occupied Housing Units	HMDA Aggregate % of #	#	%	\$(000s)	%
Low						
2022	2.8	4.3	3	3.4	3,670	9.8
2023	2.8	4.3	5	7.9	718	3.1
2024	2.8	3.6	1	2.1	164	1.1
Moderate						
2022	18.4	23.2	12	13.6	2,157	5.7
2023	18.4	22.8	13	20.6	2,384	10.3
2024	18.4	22.0	9	18.8	2,124	14.5
Middle						
2022	42.7	38.2	31	35.2	16,481	43.8
2023	42.7	39.4	19	30.2	11,728	50.6
2024	42.7	39.5	16	33.3	4,511	30.7
Upper						
2022	36.0	34.1	42	47.7	15,321	40.7
2023	36.0	32.9	26	41.3	8,342	36.0
2024	36.0	34.5	22	45.8	7,900	53.8
NA						
2022	0.1	0.2	0	0.0	0	0.0
2023	0.1	0.6	0	0.0	0	0.0
2024	0.1	0.4	0	0.0	0	0.0
Total						
2022	100.0	100.0	88	100.0	37,629	100.0
2023	100.0	100.0	63	100.0	23,172	100.0
2024	100.0	100.0	48	100.0	14,699	100.0
<i>Source: 2020 Census; Imported Bank Data; 2024, 2023, 2022 HMDA Aggregate Data; HMDA Filters: Open-end Line of Credit=Not an Open-end LOC</i>						
<i>Due to rounding, totals may not equal 100.0%.</i>						

Small Business Loans

The geographic distribution of small business loans reflects poor penetration overall throughout the assessment area. As shown in the following table, Horizon’s lending in low- and moderate-income tracts trailed the aggregate performance for 2022 and 2023. In the low-income tracts, the bank’s 2024 performance improved slightly from 2023’s performance. In the moderate-income tracts, the bank’s 2024 performance was consistent with the 2022 and 2023 poor performance.

Geographic Distribution of Small Business Loans Horizon - Kalamazoo MSA						
Tract Income Level	% of Businesses	CRA Aggregate % of #	#	%	\$(000s)	%
Low						
2022	6.7	7.8	1	1.8	350	2.4
2023	7.0	5.6	1	1.6	50	0.3
2024	7.0	--	2	4.0	535	3.5
Moderate						
2022	18.4	16.9	4	7.0	1,115	7.6
2023	18.9	16.1	5	8.2	1,433	9.4
2024	18.3	--	4	8.0	1,775	11.5
Middle						
2022	40.4	38.9	32	56.1	8,814	59.7
2023	39.3	39.3	35	57.4	9,076	59.4
2024	39.0	--	29	58.0	7,865	51.1
Upper						
2022	34.0	36.3	20	35.1	4,477	30.3
2023	34.5	38.8	20	32.8	4,711	30.9
2024	35.2	--	15	30.0	5,226	33.9
NA						
2022	0.5	0.2	0	0.0	0	0.0
2023	0.4	0.2	0	0.0	0	0.0
2024	0.4	--	0	0.0	0	0.0
Total						
2022	100.0	100.0	57	100.0	14,756	100.0
2023	100.0	100.0	61	100.0	15,270	100.0
2024	100.0	--	50	100.0	15,401	100.0
<i>Source: 2024, 2023, 2022 D&B Data; Bank Data; 2023, 2022 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%.</i>						

Borrower Profile

The distribution of borrowers reflects adequate penetration throughout the assessment area. Adequate performance with respect to closed-end home mortgage lending and small business lending outweighed the institution's poor performance in open-end home mortgage lending to support the overall adequate conclusion.

Open-End Home Mortgage Loans

The distribution of open-end home mortgage loans reflects poor penetration overall to retail customers of different income levels. As shown in the following table, Horizon's lending to low- and moderate-income borrowers significantly trailed the aggregate performance in 2022 and 2023.

The bank’s performance improved in 2024 but continued to trail the aggregate performance. The poor performance noted in 2022 and 2023 supports poor performance overall.

Distribution of Open-End Home Mortgage Loans by Borrower Income Level Horizon - Kalamazoo MSA						
Borrower Income Level	% of Families	HMDA Aggregate % of #	#	%	\$(000s)	%
Low						
2022	21.5	13.7	3	6.4	129	2.0
2023	21.5	12.1	0	0.0	0	0.0
2024	21.5	15.7	3	11.1	197	5.9
Moderate						
2022	18.3	21.2	4	8.5	148	2.3
2023	18.3	21.6	3	8.1	161	2.3
2024	18.3	23.5	4	14.8	360	10.7
Middle						
2022	19.7	23.0	5	10.6	314	4.9
2023	19.7	25.1	2	5.4	185	2.6
2024	19.7	24.8	5	18.5	419	12.4
Upper						
2022	40.5	39.4	34	72.3	5,753	90.0
2023	40.5	38.8	30	81.1	4,616	65.3
2024	40.5	33.5	14	51.9	2,367	70.3
NA						
2022	0.0	2.7	1	2.1	50	0.8
2023	0.0	2.4	2	5.4	2,104	29.8
2024	0.0	2.5	1	3.7	25	0.7
Total						
2022	100.0	100.0	47	100.0	6,394	100.0
2023	100.0	100.0	37	100.0	7,066	100.0
2024	100.0	100.0	27	100.0	3,368	100.0

*Source: 2020 Census; Imported Bank Data; 2024, 2023, 2022 HMDA Aggregate Data; HMDA Filters: Open-end Line of Credit=Open-end LOC
Due to rounding, totals may not equal 100.0%.*

Closed-End Home Mortgage Loans

The distribution of closed-end home mortgage loans reflects adequate penetration to borrowers of different income levels. As shown in the following table, Horizon’s lending to low-income borrowers significantly exceeded the aggregate performance in 2022 and 2023. The institution’s lending decreased in 2024 and trailed the aggregate performance. Horizon’s lending to moderate-income borrowers trailed the aggregate performance in all three years reviewed; however, an improving trend is noted. The positive performance noted in 2022 and 2023 lending to low-income borrowers supports adequate performance.

Distribution of Closed-End Home Mortgage Loans by Borrower Income Level Horizon - Kalamazoo MSA						
Borrower Income Level	% of Families	HMDA Aggregate % of #	#	%	\$(000s)	%
Low						
2022	21.5	13.4	35	39.8	9,802	26.1
2023	21.5	11.9	14	22.2	2,932	12.7
2024	21.5	12.9	4	8.3	385	2.6
Moderate						
2022	18.3	22.2	6	6.8	809	2.2
2023	18.3	23.9	8	12.7	1,294	5.6
2024	18.3	23.6	7	14.6	1,370	9.3
Middle						
2022	19.7	21.6	10	11.4	2,036	5.4
2023	19.7	22.4	9	14.3	1,537	6.6
2024	19.7	21.8	7	14.6	1,736	11.8
Upper						
2022	40.5	28.9	32	36.4	14,442	38.4
2023	40.5	28.8	24	38.1	7,625	32.9
2024	40.5	26.7	24	50.0	8,423	57.3
NA						
2022	0.0	13.9	5	5.7	10,540	28.0
2023	0.0	13.0	8	12.7	9,784	42.2
2024	0.0	15.0	6	12.5	2,785	19.0
Total						
2022	100.0	100.0	88	100.0	37,629	100.0
2023	100.0	100.0	63	100.0	23,172	100.0
2024	100.0	100.0	48	100.0	14,699	100.0
<i>Source: 2020 Census; Imported Bank Data; 2024, 2023, 2022 HMDA Aggregate Data; HMDA Filters: Open-end Line of Credit=Not an Open-end LOC Due to rounding, totals may not equal 100.0%.</i>						

Small Business Loans

The distribution of small business loans reflects adequate penetration overall to businesses of different sizes. As shown in the following table, Horizon’s lending to businesses with GARs equal to or less than \$1 million was consistent with the aggregate performance in 2022 and slightly exceeded the aggregate performance in 2023. The institution’s performance in 2024 decreased significantly from its performance in 2023.

Distribution of Small Business Loans by Gross Annual Revenue Category Horizon - Kalamazoo MSA						
Gross Revenue Level	% of Businesses	CRA Aggregate % of #	#	%	\$(000s)	%
≤ \$1,000,000						
2022	83.3	50.0	28	49.1	7,720	52.3
2023	88.3	50.5	32	52.5	7,538	49.4
2024	87.9	--	16	32.0	4,840	31.4
> \$1,000,000						
2022	5.6	--	29	50.9	7,036	47.7
2023	3.9	--	29	47.5	7,732	50.6
2024	3.7	--	32	64.0	10,311	67.0
Revenue Not Available						
2022	11.1	--	0	0.0	0	0.0
2023	7.8	--	0	0.0	0	0.0
2024	8.4	--	2	4.0	250	1.6
Total						
2022	100.0	100.0	57	100.0	14,756	100.0
2023	100.0	100.0	61	100.0	15,270	100.0
2024	100.0	--	50	100.0	15,401	100.0

Source: 2024, 2023, 2022 D&B Data; Bank Data; 2023, 2022 CRA Aggregate Data; "--" data not available.
Due to rounding, totals may not equal 100.0%.

Innovative and Flexible Lending Practices

The bank uses innovative and flexible lending practices to serve assessment area credit needs. As shown in the following table, the bank originated 34 innovative and flexible loans totaling \$8.3 million during the evaluation period. These loans provided credit to individuals and businesses that may not have otherwise qualified for traditional bank financing.

Innovative or Flexible Lending Programs – Kalamazoo MSA										
Type of Program	2022		2023		2024		YTD 2025		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Home Mortgage	2	252	13	2,384	6	1,065	3	521	24	4,222
Small Business	0	0	1	180	4	1,070	5	2,799	10	4,049
Consumer	0	0	0	0	0	0	0	0	0	0
Totals	2	252	14	2,564	10	2,135	8	3,320	34	8,271

Source: Bank Records

Community Development Loans

The institution is a leader in making community development loans in this assessment area. The bank originated nearly \$16.8 million in community development loans, the majority of which

supported revitalization and stabilization of low- and moderate-income areas. The number of community development loans increased since the last evaluation, when the bank was also noted as a leader. The percentage of total community development lending in this assessment area exceeds the percentage of total bank deposits in the assessment area.

The following table details the bank’s community development lending in this assessment area by year and purpose.

Community Development Lending – Kalamazoo MSA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2022 (Partial)	0	0	0	0	0	0	2	1,578	2	1,578
2023	0	0	0	0	0	0	2	3,890	2	3,890
2024	0	0	3	3,040	0	0	2	3,085	5	6,125
YTD 2025	1	500	4	885	0	0	4	3,796	9	5,181
Total	1	500	7	3,925	0	0	10	12,349	18	16,774

Source: Bank Records

Examples of the bank’s community development loans in this assessment area are as follows:

- In 2023, the bank originated a \$2.1 million loan for the purchase of a commercial building. The loan served to revitalize and retain jobs for residents in a moderate-income tract.
- In 2024, the bank originated a \$3.0 million loan for the purchase and renovation of an industrial building. The loan served to revitalize a low-income tract.
- In 2025, the bank originated a \$1.1 million loan for a commercial building purchase. The loan served to revitalize and retain jobs for residents in a low-income tract.

INVESTMENT TEST

Horizon demonstrated good performance under the Investment Test in the Kalamazoo MSA assessment area. The bank’s significant level of qualified investments and good responsiveness to community development needs supports this conclusion. Investment and donation activity in this assessment area more than tripled since the prior evaluation.

Investment and Grant Activity

The institution made a significant level of qualified community development investments within the assessment area. The bank made three investments and 18 donations totaling nearly \$1.8 million in this assessment area, representing 3.2 percent of the bank’s total qualified activity by dollar volume. This level of investment is comparable to the bank’s overall operations but represents a significant increase since the prior evaluation of \$534,000. With the new branch opening in August 2025, this assessment area now accounts for two of the 71 banking locations (2.8 percent). As of June 30, 2024, the Kalamazoo MSA accounted for 1.4 percent of total bank deposits. The investments promote affordable housing initiatives. The \$50,000 in qualified donations and grants supported economic development, entrepreneurship opportunities, and provided affordable housing and

community services to low- and moderate-income areas and individuals. The following table details the qualified investments and donations in this assessment area by year and purpose.

Qualified Investments – Kalamazoo MSA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	1	27	0	0	0	0	0	0	1	27
2022 (Partial)	0	0	0	0	0	0	0	0	0	0
2023	0	0	0	0	0	0	0	0	0	0
2024	0	0	0	0	0	0	0	0	0	0
2025 (YTD)	2	1,720	0	0	0	0	0	0	2	1,720
Subtotal	3	1,747	0	0	0	0	0	0	3	1,747
Qualified Grants & Donations	8	20	8	15	2	15	0	0	18	50
Total	11	1,767	8	15	2	15	0	0	21	1,797

Source: Bank Data

Examples of the bank’s qualified investments in this assessment area include:

- Two new mortgage-backed securities totaling \$1.7 million secured by mortgages to low- and moderate-income borrowers.
- Five donations totaling \$12,000 to an organization that provides a new pair of athletic shoes to elementary school students in Kalamazoo County where a majority of students qualify for free or reduced-cost lunch.
- Two donations totaling \$15,000 to an economic development organization focused on job creation and retention, workforce development, and small business and entrepreneur resources, with a focus on increasing economic opportunities in underserved communities in southwest Michigan.

Responsiveness to Credit and Community Development Needs

The institution exhibits good responsiveness to credit and community development needs. Examiners identified affordable housing, community services, and small business support as needs in this assessment area. The bank’s investments and donations support these needs.

Community Development Initiatives

The institution occasionally uses innovative or complex investments to support community development initiatives, such as an investment in a tax credit fund and an in-house downpayment assistance grant program.

SERVICE TEST

Horizon demonstrated adequate performance under the Service Test in this assessment area. Performance under each Service Test criterion supports this conclusion.

Accessibility of Delivery Systems

Delivery systems are reasonably accessible to essentially all portions of the institution’s assessment area. Both branches are located adjacent to or near low- and moderate-income census tracts. Notably, the branch located in the upper-income tract is surrounded by 20 low- and moderate-income census tracts. While the bank does not maintain any branches in low- or moderate-income tracts, they do have branches which can serve a significant portion of the low- and moderate-income census tracts in the assessment area.

Branch and ATM Distribution by Geography Income Level - Kalamazoo MSA								
Tract Income Level	Census Tracts		Population		Branches		ATMs	
	#	%	#	%	#	%	#	%
Low	6	8.8	16,405	6.3	0	0.0	0	0.0
Moderate	17	25.0	56,358	21.5	0	0.0	0	0.0
Middle	23	33.8	98,260	37.6	1	50.0	0	0.0
Upper	21	30.9	87,195	33.3	1	50.0	0	0.0
NA	1	1.5	3,452	1.3	0	0.0	0	0.0
Total	68	100.0	261,670	100.0	2	100.0	0	0.0
<i>Source: 2020 Census Data and Bank Data</i>								

Changes in Branch Locations

To the extent changes have been made, the institution’s record of opening and closing branches has improved the accessibility of its delivery systems, particularly in low and moderate-income geographies and to low- and moderate-income individuals. During the evaluation period, the bank opened one branch in the assessment area. The bank did not close any branches in this assessment area. The one opened branch is located in an upper-income tract. While the branch was opened in an upper-income tract, there are 20 low- and moderate-income census tracts located within a four-mile radius around the branch. This opened branch can reasonably service these low- and moderate-income tracts. The bank’s other branch in the assessment area is not located near these low- and moderate-income tracts and does not primarily serve those tracts. Given the proximity of the branch to low- and moderate-income census tracts, the one branch opening improved the accessibility of banking services in low- and moderate-income tracts and to low- and moderate-income individuals.

Reasonableness of Business Hours and Services

Services and business hours do not vary in a way that inconveniences portions of the assessment area, particularly low- and moderate-income geographies and individuals. The branch located in the upper-income tract, which services low- and moderate-income tracts, does not offer Saturday hours or drive-through services. This branch is located in a downtown area and the variation in services and business hours is consistent with the institution’s other branch offices in downtown business districts. The branch, located in a middle-income tract, offers Saturday hours and drive-through services. The bank relies on this branch to service the needs of the nearby branch on Saturdays.

Community Development Services

The bank provides an adequate level of community development services. During the evaluation period, bank staff provided 24 instances of community development services and financial expertise within the assessment area. This represents an increase from the prior evaluation where the bank provided 10 services in this assessment area. The following table illustrates these services by year and purpose.

Community Development Services - Kalamazoo MSA					
Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Total
	#	#	#	#	#
2022 (Partial)	3	-	-	-	3
2023	6	4	-	-	10
2024	6	-	-	-	6
2025 (YTD)	1	4	-	-	5
Total	16	8	-	-	24
<i>Source: Bank Data</i>					

Examples of the bank’s community development services in this assessment area are as follows:

- Two employees served on the board of an organization providing services to low- and moderate-income individuals.
- An employee provided financial literacy education to assist low- and moderate-income families in becoming first-time homebuyers.

OTHER ASSESSMENT AREAS – Limited-Scope Review

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE LIMITED-SCOPE ASSESSMENT AREAS

The following table summarizes the conclusions for the three Michigan assessment areas reviewed using limited-scope examination procedures. Examiners drew conclusions regarding the institution’s CRA performance from reviewing available facts and data, including performance figures, aggregate lending data comparisons, and demographic information. Performance in each limited-scope assessment area was generally consistent with bank performance in the four full-scope Michigan assessment areas. Conclusions in the limited-scope review areas did not alter the bank’s overall rating.

Assessment Area	Lending Test	Investment Test	Service Test
Lansing MSA	Consistent	Below	Consistent
Midland MSA	Consistent	Below	Consistent
Warren MD	Below	Consistent	Consistent

Facts and data that support conclusions for the limited-scope assessment areas are included in this section, beginning with a summary of Horizon’s operations and activities in each area, followed by

geographic distribution and borrower profile tables by loan type. Additional demographic data and market share information for the limited-scope assessment areas is included in the appendices.

Lansing MSA

The Lansing MSA assessment area includes all of Ingham County, Michigan. At the prior evaluation, Shiawassee County, where the bank has two branches, was part of the Lansing MSA but has since moved to the Michigan Non-MSA. Horizon now operates two offices in this assessment area. Branch distribution and alternative delivery systems in this assessment area are consistent with overall bank performance. Service hours and loan and deposit products are convenient to the area, including low- and moderate-income geographies and individuals. The following table summarizes the bank’s lending and community development activities in this assessment area during the evaluation period.

Activity	#	\$(000s)
Closed-End HMDA Loans (2022-2024)	13	4,335
Open-End HMDA Loans (2022-2024)	14	1,912
Small Business Loans (2022-2024)	72	23,962
Innovative/Flexible Loans	11	3,094
Community Development Loans	8	20,272
Investments (New)	0	0
Investments (Prior Period)	0	0
Qualified Grants & Donations	16	24
Community Development Services	36	-
<i>Source: Bank Data</i>		

Geographic Distribution and Borrower Profile

Geographic Distribution of Open-End Home Mortgage Loans Horizon - Lansing MSA						
Tract Income Level	% of Owner Occupied Housing Units	HMDA Aggregate % of #	#	%	\$(000s)	%
Low						
2022	4.7	2.7	0	0.0	0	0.0
2023	4.7	2.8	0	0.0	0	0.0
2024	4.7	2.7	0	0.0	0	0.0
Moderate						
2022	20.9	13.8	0	0.0	0	0.0
2023	20.9	16.7	0	0.0	0	0.0
2024	22.0	16.5	0	0.0	0	0.0
Middle						
2022	40.2	40.4	1	16.7	75	9.7
2023	40.2	37.9	1	14.3	203	20.6
2024	41.5	42.9	0	0.0	0	0.0
Upper						
2022	34.1	42.9	5	83.3	699	90.3
2023	34.1	42.5	6	85.7	785	79.5
2024	31.6	37.9	1	100.0	150	100.0
NA						
2022	0.2	0.2	0	0.0	0	0.0
2023	0.2	0.1	0	0.0	0	0.0
2024	0.2	0.1	0	0.0	0	0.0
Total						
2022	100.0	100.0	6	100.0	774	100.0
2023	100.0	100.0	7	100.0	988	100.0
2024	100.0	100.0	1	100.0	150	100.0
<i>Source: 2020 Census; Imported Bank Data; 2024, 2023, 2022 HMDA Aggregate Data; HMDA Filters: Open-end Line of Credit=Open-end LOC Due to rounding, totals may not equal 100.0%.</i>						

Distribution of Open-End Home Mortgage Loans by Borrower Income Level Horizon - Lansing MSA						
Borrower Income Level	% of Families	HMDA Aggregate % of #	#	%	\$(000s)	%
Low						
2022	23.6	10.5	0	0.0	0	0.0
2023	23.6	10.9	0	0.0	0	0.0
2024	23.9	7.6	0	0.0	0	0.0
Moderate						
2022	16.7	20.5	0	0.0	0	0.0
2023	16.7	22.0	0	0.0	0	0.0
2024	16.9	21.2	0	0.0	0	0.0
Middle						
2022	20.0	25.1	2	33.3	105	13.6
2023	20.0	25.7	0	0.0	0	0.0
2024	20.1	25.4	0	0.0	0	0.0
Upper						
2022	39.7	42.9	4	66.7	669	86.4
2023	39.7	39.4	6	85.7	908	91.9
2024	39.1	42.0	1	100.0	150	100.0
NA						
2022	0.0	1.0	0	0.0	0	0.0
2023	0.0	2.0	1	14.3	80	8.1
2024	0.0	3.8	0	0.0	0	0.0
Total						
2022	100.0	100.0	6	100.0	774	100.0
2023	100.0	100.0	7	100.0	988	100.0
2024	100.0	100.0	1	100.0	150	100.0
<i>Source: 2020 Census; Imported Bank Data; 2024, 2023, 2022 HMDA Aggregate Data; HMDA Filters: Open-end Line of Credit=Open-end LOC Due to rounding, totals may not equal 100.0%.</i>						

Geographic Distribution of Closed-End Home Mortgage Loans Horizon - Lansing MSA						
Tract Income Level	% of Owner Occupied Housing Units	HMDA Aggregate % of #	#	%	\$(000s)	%
Low						
2022	4.7	5.7	0	0.0	0	0.0
2023	4.7	7.0	0	0.0	0	0.0
2024	4.7	7.7	0	0.0	0	0.0
Moderate						
2022	20.9	23.8	0	0.0	0	0.0
2023	20.9	26.3	3	33.3	859	39.1
2024	22.0	26.6	0	0.0	0	0.0
Middle						
2022	40.2	40.8	3	75.0	1,263	59.1
2023	40.2	39.0	1	11.1	515	23.4
2024	41.5	39.6	0	0.0	0	0.0
Upper						
2022	34.1	29.4	1	25.0	874	40.9
2023	34.1	27.5	5	55.6	824	37.5
2024	31.6	25.9	0	0.0	0	0.0
NA						
2022	0.2	0.3	0	0.0	0	0.0
2023	0.2	0.2	0	0.0	0	0.0
2024	0.2	0.2	0	0.0	0	0.0
Total						
2022	100.0	100.0	4	100.0	2,137	100.0
2023	100.0	100.0	9	100.0	2,198	100.0
2024	100.0	100.0	0	0.0	0	0.0
<i>Source: 2020 Census; Imported Bank Data; 2024, 2023, 2022 HMDA Aggregate Data; HMDA Filters: Open-end Line of Credit=Not an Open-end LOC Due to rounding, totals may not equal 100.0%.</i>						

Distribution of Closed-End Home Mortgage Loans by Borrower Income Level Horizon - Lansing MSA						
Borrower Income Level	% of Families	HMDA Aggregate % of #	#	%	\$(000s)	%
Low						
2022	23.6	14.9	1	25.0	88	4.1
2023	23.6	15.6	2	22.2	80	3.6
2024	23.9	12.7	0	0.0	0	0.0
Moderate						
2022	16.7	25.3	0	0.0	0	0.0
2023	16.7	25.1	0	0.0	0	0.0
2024	16.9	24.9	0	0.0	0	0.0
Middle						
2022	20.0	21.3	0	0.0	0	0.0
2023	20.0	21.7	2	22.2	242	11.0
2024	20.1	21.8	0	0.0	0	0.0
Upper						
2022	39.7	24.6	1	25.0	874	40.9
2023	39.7	23.7	1	11.1	373	17.0
2024	39.1	27.1	0	0.0	0	0.0
NA						
2022	0.0	13.8	2	50.0	1,175	55.0
2023	0.0	13.9	4	44.4	1,503	68.4
2024	0.0	13.6	0	0.0	0	0.0
Total						
2022	100.0	100.0	4	100.0	2,137	100.0
2023	100.0	100.0	9	100.0	2,198	100.0
2024	100.0	100.0	0	0.0	0	0.0
<i>Source: 2020 Census; Imported Bank Data; 2024, 2023, 2022 HMDA Aggregate Data; HMDA Filters: Open-end Line of Credit=Not an Open-end LOC Due to rounding, totals may not equal 100.0%.</i>						

Geographic Distribution of Small Business Loans Horizon - Lansing MSA						
Tract Income Level	% of Businesses	CRA Aggregate % of #	#	%	\$(000s)	%
Low						
2022	7.6	7.6	4	12.9	1,048	8.6
2023	6.9	7.5	1	7.1	82	2.1
2024	4.5	--	2	7.4	321	4.1
Moderate						
2022	24.9	19.6	7	22.6	2,556	20.9
2023	26.0	19.7	3	21.4	600	15.6
2024	25.3	--	8	29.6	2,914	37.1
Middle						
2022	32.5	33.8	15	48.4	6,408	52.3
2023	36.1	32.4	4	28.6	1,391	36.2
2024	33.6	--	13	48.2	2,844	36.2
Upper						
2022	29.9	36.7	5	16.1	2,240	18.3
2023	27.5	38.0	5	35.7	972	25.3
2024	34.4	--	4	14.8	1,783	22.7
NA						
2022	5.1	2.4	0	0.0	0	0.0
2023	3.6	2.5	1	7.1	803	20.9
2024	2.2	--	0	0.0	0	0.0
Total						
2022	100.0	100.0	31	100.0	12,252	100.0
2023	100.0	100.0	14	100.0	3,848	100.0
2024	100.0	--	27	100.0	7,862	100.0
<i>Source: 2024, 2023, 2022 D&B Data; Bank Data; 2023, 2022 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%.</i>						

Distribution of Small Business Loans by Gross Annual Revenue Category						
Horizon - Lansing MSA						
Gross Revenue Level	% of Businesses	CRA Aggregate % of #	#	%	\$(000s)	%
≤ \$1,000,000						
2022	83.1	49.0	17	54.8	5,129	41.9
2023	90.1	53.5	7	50.0	2,510	65.2
2024	92.8	--	21	77.8	6,414	81.6
> \$1,000,000						
2022	4.9	--	13	41.9	6,123	50.0
2023	2.8	--	7	50.0	1,338	34.8
2024	1.7	--	6	22.2	1,448	18.4
Revenue Not Available						
2022	12.1	--	1	3.2	1,000	8.2
2023	7.1	--	0	0.0	0	0.0
2024	5.5	--	0	0.0	0	0.0
Total						
2022	100.0	100.0	31	100.0	12,252	100.0
2023	100.0	100.0	14	100.0	3,848	100.0
2024	100.0	--	27	100.0	7,862	100.0
<i>Source: 2024, 2023, 2022 D&B Data; Bank Data; 2023, 2022 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%.</i>						

Midland MSA

The Midland MSA assessment area includes all of Midland County, Michigan. Horizon operates two offices in this assessment area. Branch distribution and alternative delivery systems in this assessment area are consistent with overall bank performance. Service hours and loan and deposit products are convenient to the area, including low- and moderate-income geographies and individuals. The following table summarizes the bank's lending and community development activities in this assessment area during the evaluation period.

Activity	#	\$(000s)
Closed-End HMDA Loans (2022-2024)	62	16,233
Open-End HMDA Loans (2022-2024)	64	10,059
Small Business Loans (2022-2024)	69	14,018
Innovative/Flexible Loans	14	5,238
Community Development Loans	16	61,002
Investments (New)	0	0
Investments (Prior Period)	0	0
Qualified Grants & Donations	48	59
Community Development Services	17	-
<i>Source: Bank Data</i>		

Geographic Distribution and Borrower Profile

Geographic Distribution of Open-End Home Mortgage Loans Horizon - Midland MSA						
Tract Income Level	% of Owner Occupied Housing Units	HMDA Aggregate % of #	#	%	\$(000s)	%
Low						
2022	2.2	1.6	1	3.7	35	1.2
2023	2.2	1.1	0	0.0	0	0.0
2024	2.2	1.0	0	0.0	0	0.0
Moderate						
2022	16.5	11.3	2	7.4	130	4.4
2023	16.5	13.2	5	22.7	1,963	51.4
2024	16.5	11.9	2	13.3	83	2.6
Middle						
2022	58.9	55.9	13	48.2	1,331	44.6
2023	58.9	59.0	13	59.1	1,323	34.6
2024	58.9	67.7	11	73.3	2,683	82.4
Upper						
2022	22.5	31.3	11	40.7	1,486	49.8
2023	22.5	26.8	4	18.2	536	14.0
2024	22.5	19.4	2	13.3	489	15.0
Total						
2022	100.0	100.0	27	100.0	2,982	100.0
2023	100.0	100.0	22	100.0	3,822	100.0
2024	100.0	100.0	15	100.0	3,255	100.0
<i>Source: 2020 Census; Imported Bank Data; 2024, 2023, 2022 HMDA Aggregate Data; HMDA Filters: Open-end Line of Credit=Open-end LOC Due to rounding, totals may not equal 100.0%.</i>						

Distribution of Open-End Home Mortgage Loans by Borrower Income Level Horizon - Midland MSA						
Borrower Income Level	% of Families	HMDA Aggregate % of #	#	%	\$(000s)	%
Low						
2022	19.8	15.2	4	14.8	132	4.4
2023	19.8	14.2	2	9.1	55	1.4
2024	19.8	17.9	3	20.0	108	3.3
Moderate						
2022	18.1	17.6	4	14.8	245	8.2
2023	18.1	19.0	5	22.7	290	7.6
2024	18.1	27.4	2	13.3	108	3.3
Middle						
2022	22.0	23.4	3	11.1	274	9.2
2023	22.0	29.0	6	27.3	418	10.9
2024	22.0	23.9	6	40.0	711	21.8
Upper						
2022	40.1	43.0	16	59.3	2,331	78.2
2023	40.1	36.8	7	31.8	1,020	26.7
2024	40.1	27.4	3	20.0	403	12.4
NA						
2022	0.0	0.8	0	0.0	0	0.0
2023	0.0	1.1	2	9.1	2,039	53.4
2024	0.0	3.5	1	6.7	1,925	59.1
Total						
2022	100.0	100.0	27	100.0	2,982	100.0
2023	100.0	100.0	22	100.0	3,822	100.0
2024	100.0	100.0	15	100.0	3,255	100.0
<i>Source: 2020 Census; Imported Bank Data; 2024, 2023, 2022 HMDA Aggregate Data; HMDA Filters: Open-end Line of Credit=Open-end LOC Due to rounding, totals may not equal 100.0%.</i>						

Geographic Distribution of Closed-End Home Mortgage Loans Horizon - Midland MSA						
Tract Income Level	% of Owner Occupied Housing Units	HMDA Aggregate % of #	#	%	\$(000s)	%
Low						
2022	2.2	2.4	0	0.0	0	0.0
2023	2.2	1.9	0	0.0	0	0.0
2024	2.2	2.3	1	5.9	201	5.5
Moderate						
2022	16.5	19.2	5	17.2	442	4.4
2023	16.5	18.6	4	25.0	391	15.3
2024	16.5	16.8	1	5.9	181	5.0
Middle						
2022	58.9	56.0	17	58.6	5,127	51.2
2023	58.9	58.6	9	56.3	1,596	62.4
2024	58.9	59.7	11	64.7	2,138	58.5
Upper						
2022	22.5	22.5	7	24.1	4,453	44.4
2023	22.5	20.9	3	18.8	572	22.4
2024	22.5	21.2	4	23.5	1,132	31.0
Total						
2022	100.0	100.0	29	100.0	10,022	100.0
2023	100.0	100.0	16	100.0	2,559	100.0
2024	100.0	100.0	17	100.0	3,652	100.0
<i>Source: 2020 Census; Imported Bank Data; 2024, 2023, 2022 HMDA Aggregate Data; HMDA Filters: Open-end Line of Credit=Not an Open-end LOC Due to rounding, totals may not equal 100.0%.</i>						

Distribution of Closed-End Home Mortgage Loans by Borrower Income Level Horizon - Midland MSA						
Borrower Income Level	% of Families	HMDA Aggregate % of #	#	%	\$(000s)	%
Low						
2022	19.8	16.3	12	41.4	2,703	27.0
2023	19.8	12.4	3	18.8	312	12.2
2024	19.8	13.9	0	0.0	0	0.0
Moderate						
2022	18.1	24.2	2	6.9	348	3.5
2023	18.1	25.6	5	31.3	699	27.3
2024	18.1	25.1	4	23.5	594	16.3
Middle						
2022	22.0	21.7	5	17.2	455	4.5
2023	22.0	20.0	3	18.8	533	20.8
2024	22.0	21.6	5	29.4	933	25.6
Upper						
2022	40.1	24.5	4	13.8	940	9.4
2023	40.1	27.2	5	31.3	1,015	39.7
2024	40.1	22.7	4	23.5	1,092	29.9
NA						
2022	0.0	13.4	6	20.7	5,576	55.6
2023	0.0	14.8	0	0.0	0	0.0
2024	0.0	16.7	4	23.5	1,033	28.3
Total						
2022	100.0	100.0	29	100.0	10,022	100.0
2023	100.0	100.0	16	100.0	2,559	100.0
2024	100.0	100.0	17	100.0	3,652	100.0
<i>Source: 2020 Census; Imported Bank Data; 2024, 2023, 2022 HMDA Aggregate Data; HMDA Filters: Open-end Line of Credit=Not an Open-end LOC Due to rounding, totals may not equal 100.0%.</i>						

Geographic Distribution of Small Business Loans Horizon - Midland MSA						
Tract Income Level	% of Businesses	CRA Aggregate % of #	#	%	\$(000s)	%
Low						
2022	6.1	4.8	6	22.2	2,414	40.0
2023	5.3	3.8	3	11.1	213	3.8
2024	5.5	--	2	13.3	222	9.5
Moderate						
2022	20.4	18.6	5	18.5	789	13.1
2023	20.4	17.5	5	18.5	1,178	20.9
2024	21.2	--	2	13.3	95	4.1
Middle						
2022	46.9	49.1	10	37.0	1,946	32.2
2023	48.8	53.4	12	44.4	3,268	58.0
2024	49.2	--	5	33.3	1,190	50.9
Upper						
2022	26.6	27.4	6	22.2	894	14.8
2023	25.5	25.3	7	25.9	979	17.4
2024	24.2	--	6	40.0	830	35.5
Total						
2022	100.0	100.0	27	100.0	6,043	100.0
2023	100.0	100.0	27	100.0	5,638	100.0
2024	100.0	--	15	100.0	2,337	100.0
Source: 2024, 2023, 2022 D&B Data; Bank Data; 2023, 2022 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%.						

Distribution of Small Business Loans by Gross Annual Revenue Category Horizon - Midland MSA						
Gross Revenue Level	% of Businesses	CRA Aggregate % of #	#	%	\$(000s)	%
≤ \$1,000,000						
2022	83.7	57.2	16	59.3	2,645	43.8
2023	87.8	62.1	13	48.2	2,957	52.5
2024	87.4	--	8	53.3	1,326	56.7
> \$1,000,000						
2022	5.1	--	10	37.0	3,158	52.3
2023	3.7	--	14	51.9	2,681	47.6
2024	3.7	--	7	46.7	1,011	43.3
Revenue Not Available						
2022	11.2	--	1	3.7	240	4.0
2023	8.5	--	0	0.0	0	0.0
2024	8.9	--	0	0.0	0	0.0
Total						
2022	100.0	100.0	27	100.0	6,043	100.0
2023	100.0	100.0	27	100.0	5,638	100.0
2024	100.0	--	15	100.0	2,337	100.0
<i>Source: 2024, 2023, 2022 D&B Data; Bank Data; 2023, 2022 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%.</i>						

Warren MD

The Warren MD assessment area includes all of Oakland County, Michigan. Horizon operates one office in this assessment area. Branch distribution and alternative delivery systems in this assessment area are consistent with overall bank performance. Service hours and loan and deposit products are convenient to the area, including low- and moderate-income geographies and individuals. The table below summarizes the bank's lending and community development activities in this assessment area during the evaluation period.

Activity	#	\$(000s)
Closed-End HMDA Loans (2022-2024)	15	10,680
Open-End HMDA Loans (2022-2024)	20	9,412
Small Business Loans (2022-2024)	115	32,968
Innovative/Flexible Loans	15	11,543
Community Development Loans	10	27,513
Investments (New)	0	0
Investments (Prior Period)	0	0
Qualified Grants & Donations	8	31
Community Development Services	3	-
<i>Source: Bank Data</i>		

Geographic Distribution and Borrower Profile

Geographic Distribution of Open-End Home Mortgage Loans Horizon - Warren MD						
Tract Income Level	% of Owner Occupied Housing Units	HMDA Aggregate % of #	#	%	\$(000s)	%
Low						
2022	1.8	0.7	0	0.0	0	0.0
2023	1.8	1.0	0	0.0	0	0.0
2024	1.8	0.9	0	0.0	0	0.0
Moderate						
2022	11.9	7.0	0	0.0	0	0.0
2023	11.9	8.6	0	0.0	0	0.0
2024	11.9	9.4	0	0.0	0	0.0
Middle						
2022	35.2	31.2	0	0.0	0	0.0
2023	35.2	31.2	0	0.0	0	0.0
2024	35.2	31.9	1	33.3	100	16.7
Upper						
2022	51.2	61.1	7	100.0	1,619	100.0
2023	51.2	59.3	10	100.0	7,193	100.0
2024	51.2	57.9	2	66.7	500	83.3
NA						
2022	0.0	--	0	0.0	0	0.0
2023	0.0	--	0	0.0	0	0.0
2024	0.0	--	0	0.0	0	0.0
Total						
2022	100.0	100.0	7	100.0	1,619	100.0
2023	100.0	100.0	10	100.0	7,193	100.0
2024	100.0	100.0	3	100.0	600	100.0
<i>Source: 2020 Census; Imported Bank Data; 2024, 2023, 2022 HMDA Aggregate Data; HMDA Filters: Open-end Line of Credit=Open-end LOC Due to rounding, totals may not equal 100.0%.</i>						

Distribution of Open-End Home Mortgage Loans by Borrower Income Level Horizon - Warren MD						
Borrower Income Level	% of Families	HMDA Aggregate % of #	#	%	\$(000s)	%
Low						
2022	16.6	8.6	0	0.0	0	0.0
2023	16.6	9.0	0	0.0	0	0.0
2024	16.6	8.4	0	0.0	0	0.0
Moderate						
2022	15.2	16.2	0	0.0	0	0.0
2023	15.2	16.7	0	0.0	0	0.0
2024	15.2	17.0	1	33.3	100	16.7
Middle						
2022	20.5	22.4	1	14.3	228	14.1
2023	20.5	22.4	1	10.0	41	0.6
2024	20.5	22.8	0	0.0	0	0.0
Upper						
2022	47.7	50.8	5	71.4	1,291	79.7
2023	47.7	49.5	9	90.0	7,152	99.4
2024	47.7	49.2	2	66.7	500	83.3
NA						
2022	0.0	2.1	1	14.3	100	6.2
2023	0.0	2.5	0	0.0	0	0.0
2024	0.0	2.6	0	0.0	0	0.0
Total						
2022	100.0	100.0	7	100.0	1,619	100.0
2023	100.0	100.0	10	100.0	7,193	100.0
2024	100.0	100.0	3	100.0	600	100.0
<i>Source: 2020 Census; Imported Bank Data; 2024, 2023, 2022 HMDA Aggregate Data; HMDA Filters: Open-end Line of Credit=Open-end LOC Due to rounding, totals may not equal 100.0%.</i>						

Geographic Distribution of Closed-End Home Mortgage Loans Horizon - Warren MD						
Tract Income Level	% of Owner Occupied Housing Units	HMDA Aggregate % of #	#	%	\$(000s)	%
Low						
2022	1.8	2.0	0	0.0	0	0.0
2023	1.8	2.6	0	0.0	0	0.0
2024	1.8	2.2	0	0.0	0	0.0
Moderate						
2022	11.9	13.6	1	10.0	167	2.1
2023	11.9	15.1	0	0.0	0	0.0
2024	11.9	14.1	0	0.0	0	0.0
Middle						
2022	35.2	36.4	2	20.0	3,057	39.1
2023	35.2	36.4	0	0.0	0	0.0
2024	35.2	36.5	3	60.0	1,349	47.3
Upper						
2022	51.2	48.0	7	70.0	4,602	58.8
2023	51.2	45.9	0	0.0	0	0.0
2024	51.2	47.2	2	40.0	1,505	52.7
NA						
2022	0.0	--	0	0.0	0	0.0
2023	0.0	--	0	0.0	0	0.0
2024	0.0	--	0	0.0	0	0.0
Total						
2022	100.0	100.0	10	100.0	7,826	100.0
2023	100.0	100.0	0	0.0	0	0.0
2024	100.0	100.0	5	100.0	2,854	100.0
<i>Source: 2020 Census; Imported Bank Data; 2024, 2023, 2022 HMDA Aggregate Data; HMDA Filters: Open-end Line of Credit=Not an Open-end LOC Due to rounding, totals may not equal 100.0%.</i>						

Distribution of Closed-End Home Mortgage Loans by Borrower Income Level Horizon - Warren MD						
Borrower Income Level	% of Families	HMDA Aggregate % of #	#	%	\$(000s)	%
Low						
2022	16.6	10.3	3	30.0	1,964	25.1
2023	16.6	9.5	0	0.0	0	0.0
2024	16.6	8.3	0	0.0	0	0.0
Moderate						
2022	15.2	21.3	0	0.0	0	0.0
2023	15.2	19.9	0	0.0	0	0.0
2024	15.2	19.1	0	0.0	0	0.0
Middle						
2022	20.5	23.4	2	20.0	936	12.0
2023	20.5	22.3	0	0.0	0	0.0
2024	20.5	21.9	1	20.0	185	6.5
Upper						
2022	47.7	33.0	3	30.0	1,821	23.3
2023	47.7	36.1	0	0.0	0	0.0
2024	47.7	37.4	3	60.0	1,925	67.5
NA						
2022	0.0	12.1	2	20.0	3,105	39.7
2023	0.0	12.2	0	0.0	0	0.0
2024	0.0	13.3	1	20.0	744	26.1
Total						
2022	100.0	100.0	10	100.0	7,826	100.0
2023	100.0	100.0	0	0.0	0	0.0
2024	100.0	100.0	5	100.0	2,854	100.0
<i>Source: 2020 Census; Imported Bank Data; 2024, 2023, 2022 HMDA Aggregate Data; HMDA Filters: Open-end Line of Credit=Not an Open-end LOC Due to rounding, totals may not equal 100.0%.</i>						

Geographic Distribution of Small Business Loans Horizon - Warren MD						
Tract Income Level	% of Businesses	CRA Aggregate % of #	#	%	\$(000s)	%
Low						
2022	4.3	4.4	2	7.4	775	8.1
2023	4.3	3.9	0	0.0	0	0.0
2024	4.2	--	1	2.9	200	2.3
Moderate						
2022	13.3	13.1	2	7.4	435	4.5
2023	13.8	13.0	5	9.4	2,554	17.6
2024	13.3	--	2	5.7	1,065	12.1
Middle						
2022	32.1	32.0	10	37.0	4,892	51.0
2023	31.8	31.8	21	39.6	6,380	43.9
2024	33.2	--	15	42.9	4,929	55.8
Upper						
2022	49.5	49.7	9	33.3	2,455	25.6
2023	49.6	50.5	24	45.3	3,953	27.2
2024	48.8	--	17	48.6	2,644	29.9
NA						
2022	0.9	0.8	4	14.8	1,031	10.8
2023	0.6	0.8	3	5.7	1,655	11.4
2024	0.5	--	0	0.0	0	0.0
Total						
2022	100.0	100.0	27	100.0	9,588	100.0
2023	100.0	100.0	53	100.0	14,542	100.0
2024	100.0	--	35	100.0	8,838	100.0
<i>Source: 2024, 2023, 2022 D&B Data; Bank Data; 2023, 2022 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%.</i>						

Distribution of Small Business Loans by Gross Annual Revenue Category Horizon - Warren MD						
Gross Revenue Level	% of Businesses	CRA Aggregate % of #	#	%	\$(000s)	%
≤ \$1,000,000						
2022	87.6	48.3	17	63.0	6,351	66.2
2023	92.0	50.5	21	39.6	7,492	51.5
2024	91.3	--	11	31.4	3,630	41.1
> \$1,000,000						
2022	5.1	--	10	37.0	3,237	33.8
2023	3.2	--	32	60.4	7,050	48.5
2024	3.0	--	18	51.4	3,918	44.3
Revenue Not Available						
2022	7.3	--	0	0.0	0	0.0
2023	4.8	--	0	0.0	0	0.0
2024	5.8	--	6	17.1	1,290	14.6
Total						
2022	100.0	100.0	27	100.0	9,588	100.0
2023	100.0	100.0	53	100.0	14,542	100.0
2024	100.0	--	35	100.0	8,838	100.0
<i>Source: 2024, 2023, 2022 D&B Data; Bank Data; 2023, 2022 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%.</i>						

APPENDICES

LARGE BANK PERFORMANCE CRITERIA

Lending Test

The Lending Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) through its lending activities by considering a bank's home mortgage, small business, small farm, and community development lending. If consumer lending constitutes a substantial majority of a bank's business, the FDIC will evaluate the bank's consumer lending in one or more of the following categories: motor vehicle, credit card, other secured, and other unsecured. The bank's lending performance is evaluated pursuant to the following criteria:

- 1) The number and amount of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, in the bank's assessment area;
- 2) The geographic distribution of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, based on the loan location, including:
 - i. The proportion of the bank's lending in the bank's assessment area(s);
 - ii. The dispersion of lending in the bank's assessment areas(s); and
 - iii. The number and amount of loans in low-, moderate-, middle- and upper-income geographies in the bank's assessment area(s);
- 3) The distribution, particularly in the bank's assessment area(s), of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, based on borrower characteristics, including the number and amount of:
 - i. Home mortgage loans low-, moderate-, middle- and upper-income individuals
 - ii. Small business and small farm loans to businesses and farms with gross annual revenues of \$1 million or less;
 - iii. Small business and small farm loans by loan amount at origination; and
 - iv. Consumer loans, if applicable, to low-, moderate-, middle- and upper-income individuals;
- 4) The bank's community development lending, including the number and amount of community development loans, and their complexity and innovativeness; and
- 5) The bank's use of innovative or flexible lending practices in a safe and sound manner to address the credit needs of low- and moderate-income individuals or geographies.

Investment Test

The Investment Test evaluates the institution's record of helping to meet the credit needs of its assessment area(s) through qualified investments that benefit its assessment area(s) or a broader statewide or regional area that includes the bank's assessment area(s). Activities considered under the Lending or Service Test may not be considered under the investment test. The bank's investment performance is evaluated pursuant to the following criteria:

- 1) The dollar amount of qualified investments;
- 2) The innovativeness or complexity of qualified investments;
- 3) The responsiveness of qualified investments to available opportunities; and
- 4) The degree to which qualified investments are not routinely provided by private investors.

Service Test

The Service Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) by analyzing both the availability and effectiveness of the bank's systems for delivering retail banking services and the extent and innovativeness of its community development services.

The bank's retail banking services are evaluated pursuant to the following criteria:

- 1) The current distribution of the bank's branches among low-, moderate-, middle-, and upper-income geographies;
- 2) In the context of its current distribution of the bank's branches, the bank's record of opening and closing branches, particularly branches located in low- or moderate-income geographies or primarily serving low- or moderate-income individuals;
- 3) The availability and effectiveness of alternative systems for delivering retail banking services (*e.g.*, RSFs, RSFs not owned or operated by or exclusively for the bank, banking by telephone or computer, loan production offices, and bank-at-work or bank-by-mail programs) in low- and moderate-income geographies and to low- and moderate-income individuals; and
- 4) The range of services provided in low-, moderate-, middle-, and upper-income geographies and the degree to which the services are tailored to meet the needs of those geographies.

The bank's community development services are evaluated pursuant to the following criteria:

- 1) The extent to which the bank provides community development services; and
- 2) The innovativeness and responsiveness of community development services.

SCOPE OF EVALUATION

SCOPE OF EVALUATION	
TIME PERIOD REVIEWED	September 22, 2022 – October 6, 2025
FINANCIAL INSTITUTION	Horizon Bank
PRODUCTS REVIEWED	Closed-end home mortgage, open-end home mortgage, and small business loans

LIST OF ASSESSMENT AREAS AND TYPE OF EVALUATION			
ASSESSMENT AREA	TYPE OF EXAMINATION	BRANCHES VISITED	OTHER INFORMATION
Michigan City-La Porte, IN MSA	Full-Scope	None	None
Indianapolis-Carmel-Greenwood, IN MSA	Full-Scope	None	None
Lake County-Porter County-Jasper County, IN MD	Full-Scope	None	None
Indiana Non-MSA	Full-Scope	None	None
Lafayette-West Lafayette, IN MSA	Full-Scope	None	None
Fort Wayne, IN MSA	Full-Scope	None	None
Elkhart-Goshen, IN MSA	Limited-Scope	None	None
South Bend-Mishawaka, IN-MI MSA	Limited-Scope	None	None
Columbus, IN MSA	Limited-Scope	None	None
Kokomo, IN MSA	Limited-Scope	None	None
Michigan Non-MSA	Full-Scope	None	None
Niles, MI MSA	Full-Scope	None	None
Grand Rapids-Wyoming-Kentwood, MI MSA	Full-Scope	None	None
Kalamazoo-Portage, MI MSA	Full-Scope	None	None
Lansing-East Lansing, MI MSA	Limited-Scope	None	None
Midland, MI MSA	Limited-Scope	None	None
Warren-Troy-Farmington Hills, MI MD	Limited-Scope	None	None

SUMMARY OF RATINGS FOR RATED AREAS

Rated Area	Lending Test	Investment Test	Service Test	Rating
INDIANA	High Satisfactory	Low Satisfactory	High Satisfactory	Satisfactory
MICHIGAN	High Satisfactory	Low Satisfactory	High Satisfactory	Satisfactory

DESCRIPTION OF LIMITED-SCOPE ASSESSMENT AREAS

Rated Area: Indiana

Elkhart, IN MSA

The Elkhart MSA assessment area includes all of Elkhart County, Indiana. The following table details select demographic and economic information for the assessment area.

Demographic Information of the Assessment Area							
Horizon - Elkhart MSA							
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	N/A* % of #	
Geographies (Census Tracts)	45	4.4	22.2	48.9	24.4	0.0	
Population by Geography	207,047	4.2	20.5	49.7	25.6	0.0	
Housing Units by Geography	79,389	4.8	22.3	51.5	21.4	0.0	
Owner-Occupied Units by Geography	50,964	2.3	16.9	53.5	27.3	0.0	
Occupied Rental Units by Geography	21,398	9.4	31.4	49.1	10.2	0.0	
Vacant Units by Geography	7,027	8.6	33.8	45.0	12.7	0.0	
Businesses by Geography	18,470	2.8	20.1	54.4	22.7	0.0	
Farms by Geography	425	0.5	3.5	47.1	48.9	0.0	
Family Distribution by Income Level	50,204	19.2	18.5	22.7	39.7	0.0	
Household Distribution by Income Level	72,362	22.2	17.2	19.6	40.9	0.0	
Median Family Income MSA - 21140 Elkhart-Goshen, IN MSA	\$70,610	Median Housing Value				\$ 148,353	
		Median Gross Rent				\$809	
		Families Below Poverty Level				8.8%	
<i>Source: 2020 Census And 2024 D&B Data (*) The NA category consists of geographies that have Not been assigned an income classification. Due to rounding, totals may not equal 100%.</i>							

According to Moody’s Analytics, the Elkhart local economy is stable, although employment growth has been flat over the past year. Elkhart remains heavily dependent on manufacturing, particularly recreational vehicle manufacturing. As of August 2025, Elkhart County’s unemployment rate was 4.1 percent. Top employers include recreational vehicle manufacturers Thor Industries and Forest River Industries.

With respect to market share, Horizon ranked 11th in deposit market share, accounting for 0.7 percent of area deposits according to FDIC Deposit Market Share data as of June 30, 2024. The deposit market consists of 16 banks operating 52 offices within the assessment area. According to

2023 HMDA aggregate data, Horizon ranked 18th out of 191 HMDA lenders, with 1.4 percent of the market share. Finally, according to 2023 CRA aggregate data, Horizon ranked 18th out of 71 reporting lenders, with 0.6 percent of the market share.

South Bend, IN MSA

The South Bend MSA assessment area includes all of St. Joseph County, Indiana. The following table details select demographic and economic information for the assessment area.

Demographic Information of the Assessment Area Horizon - South Bend MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	N/A* % of #
Geographies (Census Tracts)	82	11.0	25.6	32.9	29.3	1.2
Population by Geography	272,912	7.0	23.7	38.2	30.3	0.7
Housing Units by Geography	117,050	7.1	26.0	38.4	27.9	0.6
Owner-Occupied Units by Geography	70,887	4.1	18.5	38.9	38.1	0.4
Occupied Rental Units by Geography	33,493	11.9	38.0	37.8	11.5	0.9
Vacant Units by Geography	12,670	11.3	36.0	37.3	14.2	1.3
Businesses by Geography	26,628	7.1	26.5	35.4	30.2	0.8
Farms by Geography	301	1.7	7.3	53.8	36.9	0.3
Family Distribution by Income Level	63,705	20.4	17.1	22.0	40.4	0.0
Household Distribution by Income Level	104,380	24.8	16.4	17.8	41.0	0.0
Median Family Income MSA - 43780 South Bend-Mishawaka, IN-MI MSA		\$70,437	Median Housing Value		\$ 128,492	
			Median Gross Rent		\$803	
			Families Below Poverty Level		10.6%	
<i>Source: 2020 Census And 2024 D&B Data (*) The NA category consists of geographies that have Not been assigned an income classification. Due to rounding, totals may not equal 100%.</i>						

According to Moody’s Analytics, the South Bend local economy is performing well, with nonfarm payroll growth in 2025 exceeding state and national averages. Recent top performing industries include manufacturing and professional and business services. The presence of the University of Notre Dame continues to provide a source of economic strength, and the university remains the area’s top employer. Other top employers include St. Joseph’s Regional Medical Center and Beacon Health System.

With respect to market share, Horizon ranked 13th in deposit market share, accounting for 0.4 percent of area deposits according to FDIC Deposit Market Share data as of June 30, 2024. The deposit market consists of 14 banks operating 58 offices within the assessment area. According to

2023 HMDA aggregate data, Horizon ranked 17th out of 284 HMDA lenders, with 1.5 percent of the market share. Finally, according to 2023 CRA aggregate data, Horizon ranked 20th out of 73 reporting lenders, with 0.5 percent of the market share.

Columbus, IN MSA

The Columbus MSA assessment area includes all of Bartholomew County, Indiana. The following table details select demographic and economic information for the assessment area.

Demographic Information of the Assessment Area Horizon - Columbus MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	N/A* % of #
Geographies (Census Tracts)	16	0.0	25.0	62.5	12.5	0.0
Population by Geography	82,208	0.0	22.4	64.8	12.8	0.0
Housing Units by Geography	34,480	0.0	24.7	63.0	12.3	0.0
Owner-Occupied Units by Geography	22,529	0.0	15.0	72.5	12.5	0.0
Occupied Rental Units by Geography	9,243	0.0	45.7	40.1	14.2	0.0
Vacant Units by Geography	2,708	0.0	33.8	62.4	3.9	0.0
Businesses by Geography	7,769	0.0	26.0	61.5	12.6	0.0
Farms by Geography	256	0.0	5.1	91.0	3.9	0.0
Family Distribution by Income Level	20,849	21.9	17.6	21.8	38.8	0.0
Household Distribution by Income Level	31,772	24.2	16.4	19.4	40.0	0.0
Median Family Income MSA - 18020 Columbus, IN MSA		\$79,194	Median Housing Value		\$ 173,114	
			Median Gross Rent		\$917	
			Families Below Poverty Level		8.8%	
<i>Source: 2020 Census And 2024 D&B Data (*) The NA category consists of geographies that have Not been assigned an income classification. Due to rounding, totals may not equal 100%.</i>						

According to Moody’s Analytics, the Columbus local economy has experienced lackluster performance over the past year. Employment growth has been weak in the manufacturing, healthcare, and hospitality industries. However, the unemployment rate remains relatively low at 3.6 percent as of August 2025. Major employers include Cummins Inc., Columbus Regional Health, and NTN Driveshaft.

With respect to market share, Horizon ranked 7th in deposit market share, accounting for 4.9 percent of area deposits according to FDIC Deposit Market Share data as of June 30, 2024. The deposit market consists of 9 banks operating 21 offices within the assessment area. According to 2023 HMDA aggregate data, Horizon ranked 20th out of 163 HMDA lenders, with 1.1 percent of the

market share. Finally, according to 2023 CRA aggregate data, Horizon ranked 16th out of 54 reporting lenders, with 0.8 percent of the market share.

Kokomo, IN MSA

The Kokomo MSA assessment area includes all of Howard County, Indiana. The following table details select demographic and economic information for the assessment area.

Demographic Information of the Assessment Area Horizon - Kokomo MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	N/A* % of #
Geographies (Census Tracts)	21	4.8	23.8	42.9	28.6	0.0
Population by Geography	83,658	4.3	21.6	40.8	33.4	0.0
Housing Units by Geography	39,662	5.2	22.1	43.9	28.9	0.0
Owner-Occupied Units by Geography	24,980	2.3	18.3	42.6	36.9	0.0
Occupied Rental Units by Geography	9,652	10.3	25.0	50.7	14.0	0.0
Vacant Units by Geography	5,030	10.0	35.4	37.0	17.6	0.0
Businesses by Geography	6,986	7.8	20.9	41.5	29.8	0.0
Farms by Geography	241	0.0	3.3	21.6	75.1	0.0
Family Distribution by Income Level	22,017	20.1	16.8	22.5	40.6	0.0
Household Distribution by Income Level	34,632	22.9	16.8	19.5	40.7	0.0
Median Family Income MSA - 29020 Kokomo, IN MSA		\$69,896	Median Housing Value		\$ 112,161	
			Median Gross Rent		\$725	
			Families Below Poverty Level		9.6%	
<i>Source: 2020 Census And 2024 D&B Data (*) The NA category consists of geographies that have Not been assigned an income classification. Due to rounding, totals may not equal 100%.</i>						

According to Moody’s Analytics, employment in the Kokomo MSA remains below pre-pandemic levels despite a relatively healthy labor market in 2025. As of August 2025, the unemployment rate in Howard County remained elevated at 6.2 percent. The area remains reliant on automobile and motor vehicle parts manufacturing. Top employers include Stellantis, Howard Regional Health Systems, and BorgWarner.

With respect to market share, Horizon ranked 6th in deposit market share, accounting for 3.9 percent of area deposits according to FDIC Deposit Market Share data as of June 30, 2024. The deposit market consists of 8 banks operating 20 offices within the assessment area. According to 2023 HMDA aggregate data, Horizon ranked 24th out of 185 HMDA lenders, with 1.2 percent of the

market share. Finally, according to 2023 CRA aggregate data, Horizon ranked 18th out of 47 reporting lenders, with 0.4 percent of the market share.

Rated Area: Michigan

Lansing, MI MSA

The Lansing MSA assessment area includes all of Ingham County, Indiana. The following table details select demographic and economic information for the assessment area.

Demographic Information of the Assessment Area Horizon - Lansing MSA							
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	N/A* % of #	
Geographies (Census Tracts)	84	8.3	26.2	31.0	21.4	13.1	
Population by Geography	284,900	6.3	24.4	35.5	26.1	7.6	
Housing Units by Geography	124,012	7.4	27.9	37.0	25.4	2.3	
Owner-Occupied Units by Geography	66,879	4.7	22.0	41.5	31.6	0.2	
Occupied Rental Units by Geography	46,799	9.9	34.4	32.2	18.5	5.1	
Vacant Units by Geography	10,334	13.8	36.6	29.9	16.3	3.4	
Businesses by Geography	55,325	4.5	25.3	33.6	34.4	2.2	
Farms by Geography	574	2.1	12.2	47.7	35.9	2.1	
Family Distribution by Income Level	61,107	23.9	16.9	20.1	39.1	0.0	
Household Distribution by Income Level	113,678	27.5	16.8	18.5	37.2	0.0	
Median Family Income MSA - 29620 Lansing-East Lansing, MI MSA	\$79,497	Median Housing Value				\$ 149,036	
		Median Gross Rent				\$917	
					Families Below Poverty Level	10.1%	
<i>Source: 2020 Census And 2024 D&B Data (*) The NA category consists of geographies that have Not been assigned an income classification. Due to rounding, totals may not equal 100%.</i>							

According to Moody’s Analytics, the local economy in Lansing is struggling. The area is heavily dependent on state government employment, which has struggled to add jobs due to budget constraints. As of August 2025, the unemployment rate was 5.6 percent in Ingham County. Major employers include Michigan State University, Sparrow Health System, Auto Owners Insurance Group, and General Motors.

With respect to market share, Horizon ranked 13th in deposit market share, accounting for 1.2 percent of area deposits according to FDIC Deposit Market Share data as of June 30, 2024. The

deposit market consists of 18 banks operating 52 offices within the assessment area. According to 2023 HMDA aggregate data, Horizon ranked 55th out of 279 HMDA lenders, with 0.3 percent of the market share. Finally, according to 2023 CRA aggregate data, Horizon ranked 21st out of 67 reporting lenders, with 0.4 percent of the market share.

Midland, MI MSA

The Midland MSA assessment area includes all of Midland County, Michigan. The following table details select demographic and economic information for the assessment area.

Demographic Information of the Assessment Area Horizon - Midland MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	N/A* % of #
Geographies (Census Tracts)	21	4.8	19.1	57.1	19.1	0.0
Population by Geography	83,494	2.8	18.4	54.8	24.0	0.0
Housing Units by Geography	37,065	2.8	20.6	53.6	23.0	0.0
Owner-Occupied Units by Geography	26,466	2.2	16.5	58.9	22.5	0.0
Occupied Rental Units by Geography	7,787	4.4	30.9	36.3	28.4	0.0
Vacant Units by Geography	2,812	3.9	31.0	51.6	13.5	0.0
Businesses by Geography	7,030	5.5	21.2	49.2	24.2	0.0
Farms by Geography	154	1.3	19.5	65.6	13.6	0.0
Family Distribution by Income Level	23,057	19.8	18.1	22.0	40.1	0.0
Household Distribution by Income Level	34,253	23.9	16.0	18.4	41.7	0.0
Median Family Income MSA - 33220 Midland, MI MSA		\$79,062	Median Housing Value		\$ 144,006	
			Median Gross Rent		\$829	
			Families Below Poverty Level		7.2%	
<i>Source: 2020 Census And 2024 D&B Data (*) The NA category consists of geographies that have Not been assigned an income classification. Due to rounding, totals may not equal 100%.</i>						

According to Moody’s Analytics, the Midland local economy is struggling, with payroll employment declining in 2025 and reversing the gains made in 2024. The healthcare industry remains relatively stable, but employment has declined in the goods-producing and government sectors. Unemployment has increased to 5.1 percent as of August 2025. Top employers include MyMichigan Health and Dow Chemical.

With respect to market share, Horizon ranked 2nd in deposit market share, accounting for 19.0 percent of area deposits according to FDIC Deposit Market Share data as of June 30, 2024. The deposit market consists of 8 banks operating 15 offices within the assessment area. According to

2023 HMDA aggregate data, Horizon ranked 13th out of 175 HMDA lenders, with 2.2 percent of the market share. Finally, according to 2023 CRA aggregate data, Horizon ranked 9th out of 44 reporting lenders, with 2.3 percent of the market share.

Warren, MI MD

The Warren MD assessment area includes all of Oakland County, Michigan. The following table details select demographic and economic information for the assessment area.

Demographic Information of the Assessment Area Horizon – Warren MD						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	N/A* % of #
Geographies (Census Tracts)	350	5.4	14.0	34.9	43.7	2.0
Population by Geography	1,274,395	4.5	13.7	35.5	46.1	0.2
Housing Units by Geography	542,094	5.3	15.3	36.6	42.8	0.0
Owner-Occupied Units by Geography	363,025	1.8	11.9	35.2	51.2	0.0
Occupied Rental Units by Geography	146,564	12.9	23.4	41.0	22.8	0.0
Vacant Units by Geography	32,505	10.6	17.2	33.4	38.7	0.0
Businesses by Geography	241,840	4.2	13.3	33.2	48.8	0.5
Farms by Geography	1,087	3.2	8.7	37.1	51.1	0.0
Family Distribution by Income Level	320,117	16.6	15.2	20.5	47.7	0.0
Household Distribution by Income Level	509,589	21.6	14.4	16.9	47.1	0.0
Median Family Income MD - 47664 Warren-Troy-Farmington Hills, MI MD		\$92,419	Median Housing Value		\$ 255,305	
			Median Gross Rent		\$1,142	
			Families Below Poverty Level		4.8%	
<i>Source: 2020 Census And 2024 D&B Data (*) The NA category consists of geographies that have Not been assigned an income classification. Due to rounding, totals may not equal 100%.</i>						

According to Moody’s Analytics, the local economy in the broader Detroit-Dearborn-Livonia MSA is struggling. Employment in most industries has declined since the beginning of 2025. The area remains heavily reliant on the manufacturing industry, with Ford Motor Company remaining by far the area’s top employer. Other major employers include Rocket Companies and Henry Ford Health. As of August 2025, employment in Oakland County was 3.1 percent, which was the second-lowest among the six-county Detroit MSA.

With respect to market share, Horizon ranked 26th in deposit market share, accounting for 0.1 percent of area deposits according to FDIC Deposit Market Share data as of June 30, 2024. The deposit market consists of 30 banks operating 273 offices within the assessment area. According to

2023 HMDA aggregate data, Horizon ranked 179th out of 478 HMDA lenders, with 0.1 percent of the market share. Finally, according to 2023 CRA aggregate data, Horizon ranked 35th out of 138 reporting lenders, with 0.1 percent of the market share.

GLOSSARY

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

American Community Survey (ACS): A nationwide United States Census survey that produces demographic, social, housing, and economic estimates in the form of five year estimates based on population thresholds.

Area Median Income: The median family income for the MSA, if a person or geography is located in an MSA; or the statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

Assessment Area: A geographic area delineated by the bank under the requirements of the Community Reinvestment Act.

Census Tract: A small, relatively permanent statistical subdivision of a county or equivalent entity. The primary purpose of census tracts is to provide a stable set of geographic units for the presentation of statistical data. Census tracts generally have a population size between 1,200 and 8,000 people, with an optimum size of 4,000 people. Census tract boundaries generally follow visible and identifiable features, but they may follow nonvisible legal boundaries in some instances. State and county boundaries always are census tract boundaries.

Combined Statistical Area (CSA): A combination of several adjacent metropolitan statistical areas or micropolitan statistical areas or a mix of the two, which are linked by economic ties.

Community Development: For loans, investments, and services to qualify as community development activities, their primary purpose must:

- (1) Support affordable housing for low- and moderate-income individuals;
- (2) Target community services toward low- and moderate-income individuals;
- (3) Promote economic development by financing small businesses or farms; or
- (4) Provide activities that revitalize or stabilize low- and moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies.

Community Development Corporation (CDC): A CDC allows banks and holding companies to make equity type of investments in community development projects. Bank CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community. Bank CDCs are also tailored to their financial and marketing needs. A CDC may purchase, own, rehabilitate, construct, manage, and sell real property. Also, it may make equity or debt investments in development projects and in local businesses. The CDC activities are expected to directly benefit low- and moderate-income groups, and the investment dollars should not represent an undue risk on the banking organization.

Community Development Financial Institutions (CDFIs): CDFIs are private intermediaries (either for profit or nonprofit) with community development as their primary mission. A CDFI facilitates the flow of lending and investment capital into distressed communities and to individuals who have been unable to take advantage of the services offered by traditional financial institutions. Some basic types of CDFIs include community development banks, community development loan funds, community development credit unions, micro enterprise funds, and community development venture capital funds.

A certified CDFI must meet eligibility requirements. These requirements include the following:

- Having a primary mission of promoting community development;
- Serving an investment area or target population;
- Providing development services;
- Maintaining accountability to residents of its investment area or targeted population through representation on its governing board of directors, or by other means;
- Not constituting an agency or instrumentality of the United States, of any state or political subdivision of a state.

Community Development Loan: A loan that:

- (1) Has as its primary purpose community development; and
- (2) Except in the case of a wholesale or limited purpose bank:
 - (i) Has not been reported or collected by the bank or an affiliate for consideration in the bank's assessment area as a home mortgage, small business, small farm, or consumer loan, unless it is a multifamily dwelling loan (as described in Appendix A to Part 203 of this title); and
 - (ii) Benefits the bank's assessment area(s) or a broader statewide or regional area including the bank's assessment area(s).

Community Development Service: A service that:

- (1) Has as its primary purpose community development;
- (2) Is related to the provision of financial services; and
- (3) Has not been considered in the evaluation of the bank's retail banking services under § 345.24(d).

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.

Core Based Statistical Area (CBSA): The county or counties or equivalent entities associated with at least one core (urbanized area or urban cluster) of at least 10,000 population, plus adjacent counties having a high degree of social and economic integration with the core as measured through commuting ties with the counties associated with the core. Metropolitan and Micropolitan Statistical Areas are the two categories of CBSAs.

Distressed Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as distressed if it is in a county that meets one or more of the following triggers:

- (1) An unemployment rate of at least 1.5 times the national average;
- (2) A poverty rate of 20 percent or more; or
- (3) A population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.

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. Other family 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).

FFIEC-Estimated Income Data: The Federal Financial Institutions Examination Council (FFIEC) issues annual estimates which update median family income from the metropolitan and nonmetropolitan areas. The FFIEC uses American Community Survey data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

Full-Scope Review: A full-scope review is accomplished when examiners complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (for example, 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 applicants; the amount of loan requested; and the disposition of the application (approved, denied, and withdrawn).

Home Mortgage Loans: Includes closed-end mortgage loans or open-end line of credits as defined in the HMDA regulation that are not an excluded transaction per the HMDA regulation.

Housing Unit: Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

Limited-Scope Review: A limited scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area.

Performance under applicable tests is often analyzed using only quantitative factors (for example, geographic distribution, borrower profile, 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.

Low Income Housing Tax Credit: The Low-Income Housing Tax Credit Program is a housing program contained within the Internal Revenue Code of 1986, as amended. It is administered by the U.S. Department of the Treasury and the Internal Revenue Service. The U.S. Treasury Department distributes low-income housing tax credits to housing credit agencies through the Internal Revenue Service. The housing agencies allocate tax credits on a competitive basis.

Developers who acquire, rehabilitate, or construct low-income rental housing may keep their tax credits. Or, they may sell them to corporations or investor groups, who, as owners of these properties, will be able to reduce their own federal tax payments. The credit can be claimed annually for ten consecutive years. For a project to be eligible, the developer must set aside a specific percentage of units for occupancy by low-income residents. The set-aside requirement remains throughout the compliance period, usually 30 years.

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 metropolitan area/assessment area.

Median Income: The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

Metropolitan Division (MD): A county or group of counties within a CBSA that contain(s) an urbanized area with a population of at least 2.5 million. A MD is one or more main/secondary counties representing an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

Metropolitan Statistical Area (MSA): CBSA associated with at least one urbanized area having a population of at least 50,000. The MSA comprises the central county or counties or equivalent entities containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

Micropolitan Statistical Area: CBSA associated with at least one urbanized area having a population of at least 10,000, but less than 50,000.

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 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 and less than 80 percent in the case of a geography.

Multi-family: Refers to a residential structure that contains five or more units.

Nonmetropolitan Area (also known as non-MSA): All areas outside of metropolitan areas. The definition of nonmetropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies. For example, there is generally urban and rural territory within metropolitan and nonmetropolitan areas.

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 lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

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

Rural Area: Territories, populations, and housing units that are not classified as urban.

Small Business Investment Company (SBIC): SBICs are privately-owned investment companies which are licensed and regulated by the Small Business Administration (SBA). SBICs provide long-term loans and/or venture capital to small firms. Because money for venture or risk investments is difficult for small firms to obtain, SBA provides assistance to SBICs to stimulate and supplement the flow of private equity and long-term loan funds to small companies. Venture capitalists participate in the SBIC program to supplement their own private capital with funds borrowed at favorable rates through SBA's guarantee of SBIC debentures. These SBIC debentures are then sold to private investors. An SBIC's success is linked to the growth and profitability of the companies that it finances. Therefore, some SBICs primarily assist businesses with significant growth potential, such as new firms in innovative industries. SBICs finance small firms by providing straight loans and/or equity-type investments. This kind of financing gives them partial ownership of those businesses and the possibility of sharing in the companies' profits as they grow and prosper.

Small Business Loan: A loan included in "loans to small businesses" as defined in the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$1 million or less and are either secured by nonfarm nonresidential properties or are classified as commercial and industrial loans.

Small Farm Loan: 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, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

Underserved Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as underserved if it meets criteria for population size, density, and dispersion indicating the area’s population is sufficiently small, thin, and distant from a population center that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs.

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

Urban Area: All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, “urban” consists of territory, persons, and housing units in places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin).

“Urban” excludes the rural portions of “extended cities”; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.