

Horizon Bancorp

Board Responsibilities and Guidelines

The Board of Directors of Horizon Bancorp (“Horizon”), its subsidiaries and affiliates (collectively, “Company”) has developed and adopted these Board Responsibilities and Guidelines (“Guidelines”) to promote the efficient and compliant functioning of the Board and its committees and to set forth a common set of expectations as to how the Board should perform its duties and responsibilities. These Guidelines apply to Horizon, Horizon Bank, and their subsidiaries and affiliates.

- 1. Board Composition.** From time to time, the Board will determine the appropriate size of the Board that is necessary to complete the work of the Board and to carry out its duties and responsibilities. The Corporate Governance and Nominating Committee (“Governance Committee”) periodically reviews the size of the Board in light of the needs of the Company and the demands on the directors. No limit on the number of inside directors has been established to provide the Board flexibility in responding to changing circumstances such as future acquisitions or management succession planning.
- 2. Director Independence.** A majority of the Board shall consist of directors whom the Board has determined have no relationship that would interfere with the exercise of independent judgment in carrying out responsibilities as a director of the Company and who otherwise qualify as “independent” under the listing standards of the NASDAQ Global Select Market. The Governance Committee shall confirm the independence of directors annually.

Notwithstanding the above, a director shall not fail to be deemed independent solely as a result of loan transactions (including principal advances and repayments and interest and fee charges and payments) made by our banking subsidiary in the ordinary course of its banking business with that director or his or her associates or immediate family members and in compliance with banking regulations.

- 3. Nominations of Director.** The Governance Committee selects a slate of director nominees and then recommends those nominees to the Board. The entire Board determines the nominees for election to the Board. Nominees must meet the qualifications set forth in the Company’s Amended and Restated Bylaws (“Bylaws”) and the applicable independence requirements under the SEC and NASDAQ rules.

The Governance Committee believes that it is in the best interest of the Company and its shareholders to obtain highly qualified candidates to serve as Board members. The Governance Committee will seek, and consider in response to properly-submitted shareholder recommendations, candidates for election and appointment who satisfy the procedural requirements and the nominee and director qualification requirements set forth in the Company’s Bylaws, in the Governance Committee Charter, and as adopted from time to time by the Board.

The Governance Committee will consider candidates who demonstrate excellent decision-making ability, have personal integrity, a positive reputation, and possess the business experience, technical, professional, or educational background that the Governance Committee determines to be necessary or advisable to fulfill the Committee's duties and responsibilities.

The Governance Committee recognizes the benefit of a Board that reflects the diversity of the Company's shareholders, employees, customers, and the communities in which it operates. Accordingly, the Committee will actively seek, and consider in response to properly submitted shareholder recommendations, qualified candidates for nomination and election to the Board who reflect such diversity.

4. Board Leadership.

- **Chairman of the Board.** The Chairman of the Board shall be chosen from among the directors, shall preside at all meetings of the Board and the shareholders and shall perform such other duties as the Board may from time to time assign.
- **Lead Independent Director.** If the offices of Chairman of the Board and Chief Executive Officer are held by the same person, the independent members of the Board shall appoint one of the incumbent, independent directors to serve as a Lead Director. The selection process, term, qualifications, authority, and responsibilities and other provisions governing the role of the Lead Director shall be set forth in a Charter of the Lead Independent Director adopted by the Board and as amended from time to time.
- **Chief Executive Officer.** The Chief Executive Officer of the Company, shall be chosen from among the directors, and shall report directly to the Chairman of the Board or if the same person holds both positions then to the Lead Independent Director.

5. Horizon Bancorp's Code of Ethics for Executive Officers and Directors.

One of the Company's most valuable assets is our unquestioned reputation for integrity. As professionals, we are judged by our conduct and we must act in a manner that merits public trust and confidence. The Company's Code of Ethics for Executive Officers and Directors supplements the Advisor Code of Conduct and Ethics and is intended in particular to:

- promote honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- promote full, fair, accurate, timely, and understandable disclosure in reports and documents that the Company files with, or submits to, the Securities and Exchange Commission ("SEC") and in other public communications made by the Company;
- promote compliance with applicable laws and governmental rules and regulations;
- promote prompt internal reporting of violations of this Code;

Annually, the directors and executive officers recertify their compliance with this Code of Ethics.

6. Duties and Responsibilities of Directors and Executive Officers. Directors and executive officers act on behalf of the shareholders and as such are expected to adhere to the following general principles:

- a. **Duty of Loyalty.** Each executive officer and director owes a duty of loyalty to the Company by making all decisions in their capacities as corporate fiduciaries and must act without personal conflict in the best interests of the Company. The duty of loyalty requires the director and executive officer to act with integrity and to act in the best interest of the Company. Integrity requires, among other things, being honest and candid.
- b. **Duty of Care.** Each director and executive officer in making all decisions in their capacities as corporate fiduciaries must act in the same manner as a reasonably prudent person in their position would in similar circumstances. They will act with watchfulness, attention, caution, and prudence that a reasonable person in their circumstance would. As directors and officers, you shall execute a reasonably informed, good faith, rational judgment without the presence of a conflict of interest.
- c. **Integrity.** To act with integrity and in the Company's best interest. Integrity requires, among other things, being honest, and candid.
- d. **Confidentiality.** The business of the Company is considered at all times confidential and as such is not to be disclosed.
 - a. **Attendance.** Directors are expected to attend 75% of meetings of the Board and Committees which they serve and to meet as frequently as necessary to properly discharge their responsibilities.
 - e. **Meeting Participation and Preparedness.** Directors and executive officers are expected to review meeting materials in advance and to participate in any discussion. In addition, it is the duty and responsibility of the directors and executive officers to place an issue on the table for discussion; especially if the issue is not on the agenda or has not been raised by another member of the Board and is relevant to the business of the Company.
 - f. **Quality of Information.** Management and third parties will provide respective information to the directors, which is (i) timely and relevant, (ii) concise and complete, (iii) well organized, (iv) supported by background or historical information in context to the subject matter, and (v) designed to inform directors of material aspects of the Company's business, performance, and strategic outlook. In addition, and when available, management will provide third party benchmarking metrics in

order to provide a reference point to compare Horizon's performance relevant to industry metrics and best practices.

- g. **Reliance on Information.** In performing these duties, a director shall be entitled to rely on information, opinions, reports, or statements, including financial statements and other financial data, in each case prepared or presented by:
- one or more officers or employees of the Company whom the director reasonably believes to be reliable and competent in the matter presented;
 - legal counsel, public accountants, or other persons as to matters which the director reasonably believes to be within such person's professional or expert competence; or
 - A committee of the Board upon which the director does not serve, duly designated in accordance with a provision of the Articles of Incorporation or Bylaws, as matters within its designated authority, which committee the director reasonably believes to merit confidence;
7. **Director Access to Management & Transparency.** Horizon supports full transparency between the Board and management and prides itself on its open, direct, timely, and candid communications. The Board has full access to officers and employees of the Company and its subsidiaries. However, the directors are to use their best judgment to ensure that any such employee contact is not disruptive to the business operations of the Company and will, as appropriate, communicate significant issues to the Chief Executive Officer.
8. **External Advisors.** While the information needed for the Board's decision making generally will be found within the Company resources and made readily available, from time to time the Board may seek (and may have the duty to seek) professional or expert advice from sources independent of management. Accordingly, the Board shall have authority in its sole discretion to engage, compensate, oversee, and terminate external advisors as it determines necessary to carry out its responsibilities. The Company shall provide appropriate funding (as determined by the Board) for payment of compensation to advisors engaged by the Board.

In addition, each committee of the Board shall have authority with approval of the Board, unless required otherwise under the listing standards of the NASDAQ Global Select Market or other governing authority, to engage, compensate, oversee, and terminate external advisors as it determines necessary to carry out its duties. The Company shall provide appropriate funding (as determined by each committee) for payment of compensation to advisors engaged by the committees. If the listing standards of the NASDAQ Global Select Market or other governing authority require that a committee have unrestricted authority to engage external advisors, then that committee shall have authority in its sole discretion to engage, compensate, oversee, and terminate external advisors as it determines necessary to carry out its responsibilities.

- 9. Conflicts of Interest.** A “conflict of interest” occurs when an individual’s private interest interferes or appears to interfere with the interests of the Company. A conflict of interest can arise when an executive officer or a director takes actions or has interests that may make it difficult to perform his or her Company work objectively and effectively. Any situation that would present a conflict of interest for an executive officer or director also would be likely to present a conflict of interest if the situation involves a member of the executive officer’s or director’s family. Except as otherwise provided in the Company’s Articles of Incorporation or Bylaws, the Company is not authorized to enter into any transaction that involves a potential conflict of interest unless: the material facts about the transaction and the executive officer’s or director’s interest in the transaction have been disclosed to, or are known by the Company’s Board, and a majority of the members of the Board, or of the Board Governance Committee, who have no interest in the transaction, have authorized, approved, or ratified the transaction in compliance with the requirements of the Indiana Business Corporation Law and the Company’s policies on related party transactions.
- 10. Director Education.** Annually, each director is to complete the Company assigned training programs. In addition, every two years each director is expected to attend at least one outside training program directly related to their Committee assignments or general banking industry knowledge.
- 11. Periodic Board and Committee Evaluations.** Annually, the Board and each Board Committee will assess their performance to determine if they completed their assigned duties and responsibilities in accordance with their respective charters. In addition, the Board’s Governance Committee will periodically review the performance of the Board, Board Committees, and individual director performance.
- 12. Director Compensation.** The Board’s Compensation Committee shall assess, from time to time, the adequacy and suitability of the compensation for members of the Board in relation to the competitive market and ability to recruit and retain directors. In determining the reasonableness of director compensation, at least every two years, the Board’s Compensation Committee will engage an independent compensation consultant to assist in their review.
- 13. Director and Executive Officer Stock Ownership Guidelines**

Horizon Ownership Guidelines require that members of the Boards of Directors of Horizon and Horizon Bank and Horizon’s executive officers attain and maintain a level of ownership of Horizon’s common stock having a value at least equal to the following ownership thresholds specified in the Guidelines:

<u>Participant</u>	<u>Ownership Thresholds</u>
Director	3 times amount of annual retainer
Chief Executive Officer	3 times base salary
Named Executive Officers (other than Chief Executive Officer)	2 times base salary

If a participant is not in compliance with the ownership threshold due to the number of shares of common stock owned or from stock price fluctuations, then until such time as the participant attains the ownership threshold, the participant is subject to additional restrictions. The additional restrictions include certain limitations on sale of current shares owned and additional shares acquired.

- 14. CEO Performance Evaluation, Compensation, and Succession Plan.** Annually, the Board's Compensation Committee will obtain input from each director related to the Chief Executive Officer's performance. In determining the CEO's compensation, the Compensation Committee will use among other things the input received from all the directors, qualitative results to plan and non-qualitative factors related to enterprise risk management, positioning the company for future growth, retention, and recruitment of top talent, and strategic planning. In addition, at least every two years, the Compensation Committee will engage an independent compensation consultant to compare the reasonableness of Horizon's total executive compensation, mix of compensation and compensation compared to a select peer group.
- 15. Executive Officer Succession Plans.** The CEO will periodically provide a written report to the Board and the Board Compensation Committee related to the succession plans for executive officers.
- 16. Board's Interaction with Investors, Media, and Third Parties.** Horizon's Board believes that the Company's executive officers or their designees are the official spokespersons for the Company. Directors may only represent the Company when speaking with third parties if prior approval is received from the Board.
- 17. Shareholder Communications with the Board.** Shareholders may communicate directly with the Board or individual members of the Board in writing by sending a letter to the Board at: Horizon Bancorp Board, 515 Franklin Square, Michigan City, Indiana 46360. All communications directed to the Board will be transmitted to the Chairman of the Board or other director identified in the communication without any editing or screening.

Shareholders also may communicate concerns, suggestions, or questions to any member of the Board or member of senior management by logging onto the www.ethicspoint.com website from any computer at any time or by calling the toll-free hotline number, 866-294-4694. Ethics Point is a worldwide, confidential, and anonymous web and telephone reporting system that allows shareholders, customers, vendors and employees the ability to report concerns, as well as pose questions and suggestions confidentially and anonymously. Ethics Point is fully compliant with reporting requirements such as those mandated by the Sarbanes-Oxley Act, Section 301. All communications received through Ethics Point, either by web or telephone, are transmitted directly to the Chairperson of the Board's Audit Committee, Governance Committee, and designated members of senior management, without editing or screening.

- 18. Other Directorships.** The Company values the experience directors bring from other boards on which they serve, but recognizes that those boards may also present demands on a director's time and availability and may present conflicts or other challenges. Directors are required to obtain prior approval from the Governance Committee prior to accepting membership on other boards of directors or other significant commitments involving affiliation with other businesses or governmental units. Directors will avoid overboarding.
- 19. Periodic Review of these Guidelines.** These Guidelines will be reviewed by the Board's Governance Committee annually.
- 20. Limitation.** These Guidelines are a summary of the detailed provisions of the Articles of Incorporation, the Bylaws, and of other governing documents of the Company. Nothing in these Guidelines is intended to alter in any way the standard of conduct that applies to any of the directors under Indiana law, as applicable, and these Guidelines do not impose, nor shall they be interpreted to impose, any duty on any director greater than or in addition to, the duties or standard of conduct established by such provisions.