

CERT # 22977 DIST/RSSD: 12 / 508878 HORIZON BANK BELLINGHAM, WA PAGE 11A  
 CHARTER # 0 COUNTY: CAPITAL ANALYSIS 10/1/2009 8:04:20 AM

	06/30/2009			06/30/2008			12/31/2008			12/31/2007		12/31/2006	
<b>RISK BASED CAPITAL (\$000)</b>													
<b>TIER ONE CAPITAL</b>													
TOTAL EQUITY CAPITAL ADJUSTED	45,317			126,305			116,322			125,004		117,028	
- INELIGIBLE DEF TAX ASSETS	0			0			0			0		0	
- INELIGIBLE INTANGIBLES	16			569			23			568		571	
- CUMUL CHANGE F.V. FINANCIAL LIAB	0			0			0			0		0	
NET TIER ONE	45,301			125,736			116,299			124,436		116,457	
<b>TIER TWO CAPITAL</b>													
+ QUALIF DEBT AND REDEEM PFD	0			0			0			0		0	
+ CUMULATIVE PREFERRED STOCK	0			0			0			0		0	
+ ALLOWABLE LN&LS LOSS ALLOW	14,716			16,903			16,289			16,154		14,074	
+ UNRL GAIN MKTBL EQY SEC (45%)	241			351			283			1,428		2,746	
+ OTHER TIER 2 CAPITAL COMP	0			0			0			0		0	
NET ELIGIBLE TIER TWO	14,957			17,254			16,572			17,582		16,820	
<b>TOTAL RBC BEFORE DEDUCTIONS</b>													
TIER ONE & TIER TWO	60,258			142,990			132,871			142,018		133,277	
TIER THREE & FIN SUB ADJ	0			0			0			0		0	
- RECIPROCAL CAPITAL HOLDINGS	0			0			0			0		0	
- DEDUCTIONS FOR TOTAL RBC	0			0			0			0		0	
TOTAL RISK-BASED-CAPITAL	60,258			142,990			132,871			142,018		133,277	
<b>RISK-WEIGHTED ASSETS</b>													
<b>ON-BALANCE SHEET</b>													
CATEGORY TWO - 20%	14,033			19,372			21,669			16,713		18,538	
CATEGORY THREE - 50%	77,369			60,468			67,622			66,003		76,976	
CATEGORY FOUR - 100%	1,063,438			1,243,339			1,186,884			1,185,776		1,007,512	
TOTAL ON-BALANCE SHEET	1,154,841			1,323,179			1,276,175			1,268,493		1,103,027	
MEMO: CATEGORY ONE - 0%	121,808			4,337			65,221			4,536		12,402	
<b>OFF- BALANCE SHEET</b>													
CATEGORY TWO - 20%	0			0			0			0		0	
CATEGORY THREE - 50%	0			0			0			0		0	
CATEGORY FOUR - 100%	22,452			29,056			26,937			23,833		22,889	
TOTAL OFF-BALANCE SHEET	22,452			29,056			26,937			23,833		22,889	
MEMO: CATEGORY ONE - 0%	0			0			0			0		0	
<b>ADJUSTMENTS TO RISK-WGT ASSETS</b>													
RISK-WEIGHTED ASSET BEFORE DED	1,177,293			1,352,235			1,303,112			1,292,326		1,125,916	
- INELIGIBLE DEF TAX ASSETS	0			0			0			0		0	
- INELIGIBLE INTANGIBLES	0			0			0			0		0	
- RECIPROCAL CAPITAL HOLDINGS	0			0			0			0		0	
- EXCESS ALLOWABLE LN&LS LOSS AL	36,783			2,246			9,020			1,737		1,895	
- ALLOCATED TRANSFER RISK RESERV	0			0			0			0		0	
+ MKT RISK ASSETS & FIN SUB ADJ	0			0			0			0		0	
TOTAL RISK-WEIGHTED ASSETS	1,140,511			1,349,989			1,294,092			1,290,590		1,124,022	
<b>RISK-BASED CAPITAL RATIOS</b>													
TIER ONE RBC TO RISK-WGT ASSETS	BANK	PG 2	PCT	BANK	PG 2	PCT	BANK	PG 2	PCT	BANK	PG 2	BANK	PG 2
TOTAL RBC TO RISK-WEIGHT ASSETS	3.97	10.80	2	9.31	10.48	25	8.99	10.41	16	9.64	10.69	10.36	10.78
TIER ONE LEVERAGE CAPITAL	5.28	12.10	2	10.59	11.67	30	10.27	11.70	14	11.00	11.83	11.86	11.99
	3.17	8.47	2	8.84	8.59	60	8.00	8.41	37	9.18	8.73	9.35	8.70
<b>OTHER CAPITAL RATIO:</b>													
DEF TAX ASSET TO TI CAP	0.00	4.11	23	5.49	3.57	69	10.43	4.25	87	4.37	2.80	1.77	2.89

NOTE: FROM MARCH 31, 2001 FORWARD RISK BASED CAPITAL RATIOS AND DATA DO INCLUDE ADJUSTMENT FOR FINANCIAL SUBSIDIARIES.  
 FOR BANKS WITH FINANCIAL SUBSIDIARIES PLEASE REFER TO CALL REPORT FOR INFORMATION ON THE ADJUSTMENT.