Heartland BancCorp
Consolidated Balance Sheets
June 30, 2012 and 2011

Assets	2012	2011
Cash and cash equivalents	$ 10,775,012	$ 14,302,152
Available-for-sale securities	144,751,190	117,844,375
Held-to-maturity securities	6,779,874	5,754,204
Loans, net of allowance for loan losses of $3,898,496 and $3,784,295 at June 30, 2012 and 2011	389,362,888	394,335,824
Premises and equipment	10,443,512	9,302,852
Federal Reserve and Federal Home Loan Bank stock	1,889,050	1,230,650
Foreclosed assets held for sale	2,521,882	2,276,085
Interest receivable	2,119,235	1,884,870
Goodwill	417,353	417,353
Prepaid FDIC Insurance premium	1,093,267	1,537,404
Other	1,532,951	2,539,411
Total assets	$ 571,686,214	$ 551,425,180
Liabilities and Shareholders' Equity		
Liabilities		
Deposits		
Demand	$ 66,710,814	$ 47,113,230
Saving, NOW and money market	172,094,692	157,500,816
Time	246,197,104	259,111,762
Total deposits	485,002,610	463,725,808
Short-term borrowing	25,552,362	33,633,430
Long-term debt	3,093,000	3,093,000
Interest payable and other liabilities	3,407,253	3,100,343
Total liabilities	517,055,225	503,552,581
Shareholders' Equity		
Common stock, without par value; authorized 5,000,000 shares; issued 2012-1,540,207, 2011-1,537,832 shares	23,094,861	23,080,347
Retained earnings	27,881,140	22,849,510
Accumulated other comprehensive income	3,654,988	1,942,742
Total shareholders' equity	54,630,989	47,872,599
Total liabilities and shareholders' equity	$ 571,686,214	$ 551,425,180

Heartland BancCorp and Bank Directors

I. Robert Amerine, Chairman, ISCO, Inc.
Arthur G.H. Bing, M.D. Plastic & Reconstructive Surgeon
William A. Dodson, Jr., EVP, Director of Community Relations Rhema Christian Center
Jay B. Eggspuehler, Esq. Wiles, Boyle, Burkholder & Bringardener Co., L.P.A.
Jodi L. Garrison, CPA, Partner, Hirth, Norris & Garrsion, LLP
John R. Haines, Retired, John R. Haines Insurance Agency
David C. Kotary, Principal, Brower Insurance Agency, LLC.
Gerald K. McClain, President, The Jerry McClain Company, Inc.
G. Scott McComb, Chairman, President & CEO, Heartland Bank
Robert C. Overs, EVP & COO, Technical Rubber Company, Inc.
Gary D. Paine, Owner, Pilot Freight Services
Richard A. Vincent, President & CEO of the Osteopathic Heritage Foundation and Osteopathic Heritage Foundation of Neslonville

Tiney M. McComb, Heartland BancCorp, Director Emeritus
Jack J. Eggspuehler, President, Aerosafe, Inc., Director Emeritus
Cheryl C. Poulton, President, Tech International, Director Emeritus

Heartland BancCorp Officers

G. Scott McComb, Chairman, President & CEO
I. Robert Amerine, Secretary
George R. Smith, Executive Vice President, Chief Financial Officer

Heartland Locations to Serve You

Corporate Office, Gahanna (614) 337-4600
Columbus, Capitol Square, 65 East State Street (614) 416-0244
Croton, 12 North Main Street (740) 893-2191
Dublin, 6500 Frantz Road (614) 798-8818
Gahanna, 850 North Hamilton Road (614) 337-4605
Gahanna, 67 North Stygler Road (614) 475-7024
Grove City, 2365 Old Stringtown Road (614) 875-1884
Johnstown, 730 West Coshocton Street (740) 967-6500
Newark, 6 North Park Place (740) 349-7888
Reynoldsburg, 6887 East Main Street (614) 416-0400
West Columbus, 130 North Wilson Road (614) 351-2100
Westerville, 450 South State Street (614) 839-2265

Heartland Client Services, (614) 416-BANK (2265), (800) 697-0049
Heartland Investment Services, (614) 839-2265
Heartland Insurance Services, (614) 918-2272

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HEARTLAND BANCCORP
2012 SECOND QUARTER REPORT

To Our Shareholders, Customers, and Friends:

I am pleased to report sharply higher earnings for the 2nd quarter and six months ending June 30, 2012. Earnings for both periods are at record levels. I am particularly encouraged to report Heartland BancCorp's strong year over year growth in shareholder's equity. Heartland's book value per share increased $4.34 or 14% to $35.47. In addition to an increase in earnings, total assets increased to $572 million up 4% or $20.3 million over 2011. Staying true to the core values of community banking has rewarded our shareholders and continues to increase our franchise value.

Net income increased 149% in the 2nd quarter 2012 over the same period in 2011. Net income of $3.2 million or $2.08 per diluted share for the three months ended June 30, 2012 compared to net income of $1.297 million or $0.83 per diluted share for the second quarter of 2011. Non-interest income of $2.579 million for the 2nd quarter of 2012 increased $1.9 million or two and half times higher over $725 thousand for the prior year 2nd quarter. Operating expenses of $3.823 million increased $147 thousand or 4% over 3.676 million for 2nd quarter of 2011.

Year to date 2012 net income increased 76% over the same period in 2011. Net income of $4.501 million or $2.90 per diluted share compares to earnings of $2.557 million or $1.65 per diluted share for the first six months of 2011. Net interest income after provision expense was $9.729 million for the first six months of 2012, up 4% compared to $9.378 million for the same period in 2011. The increase in net interest income was due to a 22% decrease in interest expense partially offset by a 3% decline in interest income on earning assets. Both declined as a result of continued low market interest rates. Noninterest income totaled $3.414 million for the 1st 6 months of 2012, up from $1.480 million for the same period in 2011. Non-interest expense of $7.736 million increased $395 thousand or 5% in 2012 over $7.342 million for the 1st 6 months of 2011. This increase reflects higher compliance related cost resulting from the increased burden of banking regulation such as Dodd Frank and expanded human resources and audit costs to comply with this as well as other emerging regulatory compliance directives.

Both 2nd quarter and year to date 2012 earnings include net tax exempt life insurance proceeds totaling $1.983 million recorded in other non-interest income from Heartland Bank's key-man insurance policies on its former Chairman and Founder, Tiney McComb, who lost his battle with cancer in April of this year. Excluding the net insurance proceeds noted above, net income for the 2nd quarter and 1st 6 months of 2012 was $1,242,417 down $55 thousand or 4% lower and $2,518,385 down $38 thousand or 1.5% lower than the 2nd quarter and 6 months ending June 30, 2011.

During their July 17, 2012 meeting, the Directors of Heartland BancCorp declared a 3rd quarter 2012 cash dividend of $0.3217 per share to shareholders of record September 25, 2012, payable October 10, 2012. Based on the closing price of our common stock on June 30, 2012, this dividend represents an annualized dividend yield of 5.00% to our shareholders.

In closing, I would like to thank you for investing in and banking with Heartland. We value your business and look forward to serving you today and in the future.

Sincerely,

G. Scott McComb
Chairman, President & CEO

Consolidated Financials

Heartland BancCorp
Consolidated Statements of Income
Three and Six Months ended June 30, 2012 and 2011

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
Interest Income				
Loans	$ 5,457,605	$ 5,718,534	$ 10,948,274	$ 11,376,964
Securities				
Taxable	564,667	589,255	1,108,869	1,200,678
Tax-exempt	448,053	414,124	873,093	819,232
Other	9,448	6,619	23,991	13,492
Federal funds sold	53	39	73	54
Total interest income	6,479,826	6,728,571	12,954,300	13,410,420
Interest Expense				
Deposits	992,783	1,341,389	2,122,472	2,750,061
Borrowings	88,881	100,110	176,338	193,353
Total interest expense	1,081,664	1,441,499	2,298,810	2,943,414
Net Interest Income	5,398,162	5,287,072	10,655,490	10,467,006
Provision for Loan Losses	480,000	544,500	926,100	1,089,000
Net Interest Income After Provision for Loan Losses	4,918,162	4,742,572	9,729,390	9,378,006
Noninterest income				
Service charges	535,829	557,244	1,012,042	1,105,575
Net Gains and commissions on loan sales	(519)	-	5,167	8,615
Net realized gains on available for sale securities	25,460	-	172,805	96
Net Realized Gain, (loss on sale) of foreclosed assets	(155,426)	11,489	(154,726)	36,283
Gains (Loss) on sale of premises and equipment	(6,568)	-	(6,568)	-
Other	2,180,378	156,725	2,385,294	329,411
Total noninterest income	2,579,154	725,458	3,414,014	1,479,980
Noninterest Expense				
Salaries and employee benefits	2,088,073	2,052,650	4,296,691	4,151,072
Net occupancy and equipment expense	449,155	415,814	870,601	836,010
Data processing fees	209,792	209,030	413,249	397,567
Professional fees	152,784	147,065	401,198	282,071
Marketing expense	100,050	107,505	200,100	215,010
Printing and office supplies	52,454	52,065	91,517	100,808
State franchise taxes	145,013	146,898	292,382	293,745
FDIC Insurance premiums	115,095	123,000	229,713	244,500
Other	510,587	421,962	940,768	820,809
Total noninterest expense	3,823,003	3,675,989	7,736,219	7,341,592
Income before Income Tax	3,674,313	1,792,041	5,407,185	3,516,394
Provision for Income Taxes	448,871	495,057	905,775	959,868
Net Income	$ 3,225,442	$ 1,296,984	$ 4,501,410	$ 2,556,526
Basic Earnings Per Share	$ 2.09	$ 0.84	$ 2.92	$ 1.66
Diluted Earnings Per Share	$ 2.08	$ 0.83	$ 2.90	$ 1.65