

**Heartland BancCorp**  
**Consolidated Balance Sheets**  
**March 31, 2011 and 2010**

<b>Assets</b>	<b>2011</b>	<b>2010</b>
Cash and cash equivalents	\$ 20,285,505	\$ 15,003,628
Available-for-sale securities	118,689,547	108,606,457
Held-to-maturity securities	5,755,516	5,904,329
Loans, net of allowance for loan losses of \$3,860,079 and \$3,486,371 at March 31, 2011 and 2010	394,241,662	393,002,362
Premises and equipment	9,420,239	9,557,855
Federal Reserve and Federal Home Loan Bank stock	1,230,450	1,230,300
Foreclosed assets held for sale	2,424,782	1,293,747
Interest receivable	2,151,570	1,975,976
Goodwill	417,353	417,353
Prepaid FDIC Insurance	1,648,649	2,591,856
Other	2,732,120	1,983,973
<b>Total assets</b>	<b>\$ 558,997,393</b>	<b>\$ 541,581,215</b>
<b>Liabilities and Shareholders' Equity</b>		
<b>Liabilities</b>		
Deposits		
Demand	\$ 47,420,773	\$ 42,594,399
Saving, NOW and money market	168,123,713	137,369,686
Time	253,193,450	284,998,820
<b>Total deposits</b>	<b>468,737,936</b>	<b>464,962,905</b>
Short-term borrowing	31,815,888	17,325,767
Long-term debt	3,093,000	3,093,000
Interest payable and other liabilities	9,250,796	11,897,512
<b>Total liabilities</b>	<b>512,897,620</b>	<b>497,292,563</b>
<b>Shareholders' Equity</b>		
Common stock, without par value; authorized 5,000,000 shares; issued 2011- 1,535,832 shares, 2010- 1,535,624 shares	23,047,347	23,043,724
Retained earnings	22,047,850	19,263,312
Accumulated other comprehensive income	1,004,576	1,987,454
Treasury stock at cost, Common; 2010-139 shares	-	(5,838)
<b>Total shareholders' equity</b>	<b>46,099,773</b>	<b>44,288,652</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 558,997,393</b>	<b>\$ 541,581,215</b>
Book value per share	\$ 30.02	\$ 28.84

**Heartland BancCorp and Bank Directors**

I. Robert Amerine, Chairman, ISCO, Inc.  
 Arthur G.H. Bing, M.D. Plastic & Reconstructive Surgeon  
 William A. Dodson, Jr., Executive Vice President and Director of Community Relations for Rhema Christian Center  
 Jay B. Eggspuehler, Esq. Wiles, Boyle, Burkholder & Bringardener Co., L.P.A.  
 Jodi L. Garrison, CPA, Partner, Hirth, Norris & Garrison, 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, President & CEO, Heartland Bank  
 Tiney M. McComb, Chairman & CEO

Jack J. Eggspuehler, President, Aerosafe, Inc., Director Emeritus  
 Cheryl C. Poulton, President, Tech International, Director Emeritus

**Heartland BancCorp Officers**

Tiney M. McComb, Chairman and CEO  
 G. Scott McComb, Vice Chairman & President  
 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**, North Stygler Road, 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**, 416-BANK (2265), (800) 697-0049,  
**Heartland Investment Services**, (614) 839-2265



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*Our Past has Prepared us well for  
 Today and Tomorrow.*

*Celebrating 100 years  
 of Community Banking in the Heartland*

**HEARTLAND BANCCORP**  
**2011 FIRST QUARTER REPORT**

*To Our Shareholders, Customers, and Friends:*

I am pleased to report strong year over year and record earnings for this 1st quarter of our 100th anniversary year of Heartland Bank. Overall, our asset quality remains strong. Coupled with both loan and deposit growth and an improved net interest margin, this provides the fundamentals for future earnings growth.

Heartland BancCorp reported a record 1st quarter 2011 net income of \$1.260 million or \$0.81 per diluted share up 18% over earnings of \$1.066 million or \$0.69 per diluted share for the 1st quarter of 2010. The recent quarter's earnings as compared with the first quarter of 2010 reflect higher net interest income, resulting from a widening of the net interest margin, higher non-interest income and lower or improved operating expense. Net interest income, after provision for loan loss, increased \$184 thousand or 4% for the 1st quarter of 2011 over the prior year. The increase in net interest income was due primarily to a 27% decline in the cost of funds partially offset by a 5% decline in interest income and a 4% increase in the provision for loan loss. The improved margin reflects the continued low and stable interest rates in effect during the quarter resulting in the downward repricing of funding costs as well as lower cost of new funds acquired.

Additional financial highlights for the first quarter of 2011 compared to the same period in 2010 include:

- Total assets increased \$17 million or 3% to \$559 million.
- Net loans increased \$1.2 million to \$394 million.
- Shareholders' equity increased \$1.8 million or 4% to \$46.1 million.
- Book value per share increased \$1.17 or 4% to \$30.02 per share.

As a result of our continued earnings growth, our Board of Directors declared a 2nd quarter 2011 cash dividend of \$0.3217 per share payable to shareholders of record June 25, 2011, payable July 10, 2011. This dividend results in a dividend payout ratio of 40% and based upon the closing value of Heartland BancCorp stock on March 31, 2011 a dividend yield of 5.09%.

As we continue to emerge into an expanding economy we are very encouraged about opportunities to advance our market share as we continue to fulfill the banking needs of the communities we serve while extending our franchise through technology based product offerings. Our years of consistent strong earnings have resulted in increases in our regulatory capital ratios. I believe we will have many opportunities in future years to profitably deploy this accumulated capital while rewarding our shareholders. Thank you for banking with Heartland. We value your business and look forward to serving you.

Sincerely,



Tiney M. McComb  
Chairman & CEO

# Consolidated Financials

**Heartland BancCorp**  
Consolidated Statements of Income  
Three Months ended March 31, 2011 and 2010

	<b>Three Months Ended March 31,</b>	
	<b>2011</b>	<b>2010</b>
<b>Interest Income</b>		
Loans	\$ 5,658,430	\$ 5,956,814
Securities		
Taxable	611,423	721,427
Tax-exempt	405,108	337,295
Other	6,873	11,033
Federal funds sold	15	22
Total interest income	<u>6,681,849</u>	<u>7,026,591</u>
<b>Interest Expense</b>		
Deposits	1,408,672	1,957,362
Borrowings	93,243	92,504
Total interest expense	<u>1,501,915</u>	<u>2,049,866</u>
<b>Net Interest Income</b>	5,179,934	4,976,725
<b>Provision for Loan Losses</b>	<u>544,500</u>	<u>525,000</u>
<b>Net Interest Income After Provision for Loan Losses</b>	<u>4,635,434</u>	<u>4,451,725</u>
<b>Noninterest Income</b>		
Service charges	548,331	514,723
Net gains and commissions on loan sales	8,615	12,088
Net realized gains on available for sale securities	96	128,588
Net realized gain (loss) on sale of foreclosed assets	24,794	(8,131)
Other	172,686	74,860
Total noninterest income	<u>754,522</u>	<u>722,128</u>
<b>Noninterest Expense</b>		
Salaries and employee benefits	2,098,422	2,011,305
Net occupancy and equipment expense	420,196	494,939
Data processing fees	188,537	182,087
Professional fees	135,006	152,377
Marketing expense	107,505	107,505
Printing and office supplies	48,743	54,918
State franchise taxes	146,847	136,784
FDIC insurance premiums	121,500	210,000
Other	398,847	342,836
Total noninterest expense	<u>3,665,603</u>	<u>3,692,751</u>
<b>Income Before Income Tax</b>	1,724,353	1,481,102
<b>Provision for Income Taxes</b>	<u>464,811</u>	<u>415,321</u>
<b>Net Income</b>	<u>\$ 1,259,542</u>	<u>\$ 1,065,781</u>
<b>Basic Earnings Per Share</b>	<u>\$ 0.82</u>	<u>\$ 0.69</u>
<b>Diluted Earnings Per Share</b>	<u>\$ 0.81</u>	<u>\$ 0.69</u>