

2006

Annual Report



WE'RE HERE
FOR YOU!

BLOOMINGTON-NORMAL

401 N. Hershey Rd., Bloomington
205 N. Main St., Bloomington
2231 W. Market St., Bloomington
1725 Fort Jesse Rd., Normal
Opening in April!
2111 E. Oakland Ave., Bloomington

CARLOCK

207 W. Washington St.

CHAMPAIGN

1101 W. Windsor Rd.
2101 W. Springfield Ave.

CHENOA

801 E. Cemetery Ave.

EL PASO

99 N. Elm St.
45 N. Fayette, IGA

EUREKA

108 N. Main St.
514 W. Center St., IGA
Opening in May!
1821 S. Main St.

GERMANTOWN HILLS

379 Old Germantown Rd.

GIBSON CITY

130 N. Church St.

LEXINGTON

302 W. Main St.

PEKIN

3400 Court St.
2807 Broadway Rd.

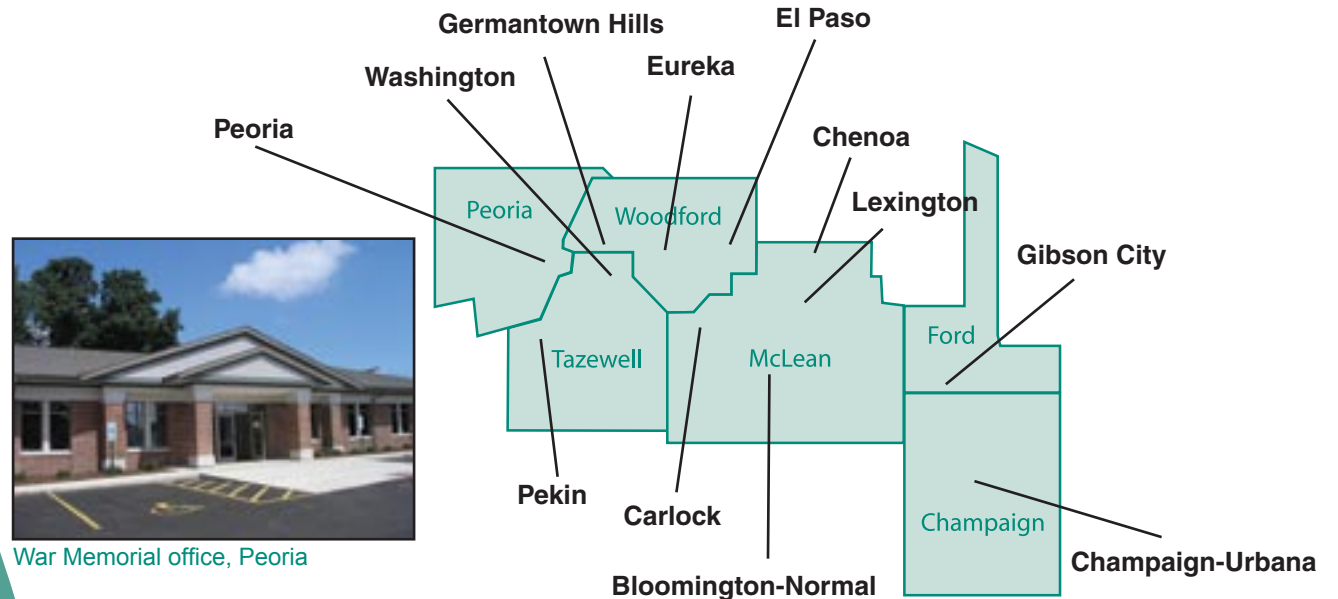
PEORIA

212 S.W. Adams St.
3501 W. War Memorial Dr.
7815 N. Knoxville Ave.
9010 N. Allen Rd.

WASHINGTON

130 S. Main St.
100 S. Cummings Ln.

Heartland Bank Communities



War Memorial office, Peoria



Hershey Road office, Bloomington



Windsor Road office, Champaign

Viewpoint

April 2007

Dear Friends,

2006 was another very good year for Heartland Bank and Trust Company. I am pleased to provide you with this report, so you can see why Heartland Bank is the best bank around!

As our results reflect, we are a growing bank. Our loan portfolio increased by 6%, consisting of loans made to support the business and personal needs of our communities. By offering competitive interest rates and products that work for our depositors, our deposit base increased by 3%. We serve a complete cross-section of people, businesses, and local governments. With convenient locations and an excellent product line, we are a true community bank!

Heartland Bank serves both population centers and rural areas. This is the fabric of our community! We help people finance their homes and renovations. We finance real estate development, farm operations, and all kinds of commercial businesses that employ people here at home.

Our local economy is strong and has potential to grow. We have a solid base of employers, very good transportation systems, and an excellent workforce. While some interest rates have increased, rates are still low enough to encourage businesses to expand and families to purchase a new home.

In 2006, we broke ground on three new branches and plan more for 2007. Our company purchased First Federal Bank, with eight offices in western Illinois and northeast Missouri. We plan to continue growing to provide better banking service for all our customers!

In some communities, it seems there's a bank on every corner. But Heartland Bank is growing and planning to stay—we are committed to our communities. After all, this is our home too!

In this report, we feature many of our fine bankers. We're a full service bank, and it takes a lot of dedicated people to do the job well! I am very proud to be associated with the great team we have at Heartland Bank. I hope you have the opportunity to meet and work with them as well.

A key member of our team, Allen Drake, announced his retirement as Chairman of our Board effective February 2007. Allen will continue to serve Heartland Bank as a member of our Board of Directors, and we appreciate his continued involvement.

Thank you for your support as we work to be the best bank we can be. I welcome your suggestions as we continue to grow. At Heartland Bank, we're here for you!

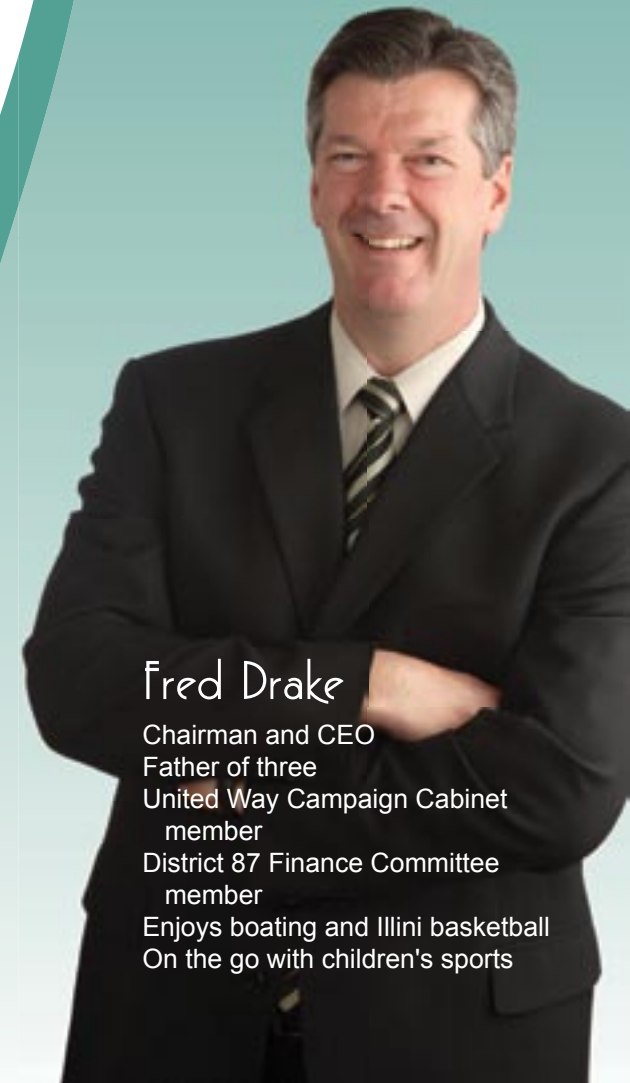
Best regards,



Fred L. Drake
Chairman and Chief Executive Officer
Heartland Bank and Trust Company
Heartland Bancorp, Inc.
Bloomington, Illinois

THE BANK FOR YOU

"For a true community bank relationship, turn to the people at Heartland Bank!"



Fred Drake

Chairman and CEO
Father of three
United Way Campaign Cabinet member
District 87 Finance Committee member
Enjoys boating and Illini basketball
On the go with children's sports

HOME MORTGAGES

"We make the home buying experience as simple as possible. It's great when customers are satisfied and return to us for additional financing needs."



Aaron Johnson

Vice President and
Lending Specialist
Father of one
Chamber member
History enthusiast
Enjoys watching
U of I sporting events

Tina Marlett

Assistant Vice President and
Mortgage Specialist
Mother of three
PTO volunteer
Church treasurer
Sports lover

About Heartland Bank

For more than a century, Heartland Bank has been dedicated to the growth of the communities we serve. We've helped families finance their homes and businesses to expand. We've helped parents invest for their children's education and assisted people in planning for retirement. We've given advice and, as a responsive community partner, we've taken advice too.

Heartland Bank is proud to be one of the strongest and most progressive banks in Central Illinois. With consolidated assets as of December 31, 2006, totaling \$925 million, Heartland Bank continues to grow in every product line.

Headquartered in Bloomington, we operate 23 offices in 12 communities, with more on the way! We offer a network of 31 ATMs in Central Illinois, bringing more banking convenience to our customers.

The key to our continued success is the quality of our people. We've built a dedicated team of strong, local managers and committed staff who offer a level of service that is frankly unmatched in Central Illinois. Throughout this report, you'll meet some of the employees who embody the personal and professional commitment needed to provide a superior customer experience.

To help in the prevention of identify theft, Heartland Bank sponsored Community Shred Days in Bloomington and Peoria in 2006. Bank customers and community residents were invited to bring their personal documents for free secure shredding. Due to the terrific response, we will offer the opportunity again in 2007 in even more of our communities!

Board of Directors



Fred L. Drake



Allen C. Drake



George E. Drake



Terry J. Brown



Eric E. Burwell



Patrick F. Busch



Stephen P. Drake



Dale S. Strassheim

Fred L. Drake
Chairman and CEO
Heartland Bank and Trust Company

Allen C. Drake
Chairman (Retired - February 2007)
Heartland Bank and Trust Company

George E. Drake
Vice Chairman
Heartland Bank and Trust Company

Terry J. Brown
State Bank of Lincoln (Retired)

Eric E. Burwell
Burwell Management Company

Patrick F. Busch
Executive Vice President
Heartland Bank and Trust Company

Stephen P. Drake
Executive Vice President
Heartland Bank and Trust Company

Dale S. Strassheim
The Baby Fold

PERSONAL SERVICE

“Not only do customers receive a free gift with a new personal checking account, it’s important to us that they are in the right account for them based on their habits and needs.”



Laura Russell
 Assistant Vice President
 NCNW volunteer
 Grandmother of one
 Loves to read and bake

Kim Smith
 Customer Service
 and Receptionist
 Busy mother of two
 Loves the outdoors

COMMERCIAL LENDING

“The relationship is key. Our customers have to trust us and our recommendations. They have to know we’re here to help them be successful.”



Don
Shafer

Executive Vice President-Peoria
President of Illinois State
University Alumni Association
Rotary Club member
Father of two
Peoria Chiefs fan

Pat Busch

Executive Vice President and
Senior Lender
Illinois Wesleyan University alumnus
Enjoys traveling and boating
Golf enthusiast

Better Service For You

- **Strategic locations.** With commercial and residential growth on the west side of Peoria, we saw a need for a west side location to offer a more complete delivery system in this thriving community. In July, our fourth Peoria office opened at 3501 W. War Memorial Drive. This full-service office is managed by long-time local bankers Don Shafer and Victoria Schell.
- **Product lines and services.** Heartland Bank offers a wide variety of financial products and services. We’ve made travel and gift giving even easier with our new Visa TravelMoney card and pre-paid Gift Card. Customers love the security and convenience these cards offer! We added ATMs in Bloomington and Champaign-Urbana, giving customers more choices for cash whenever they have the need.
- **The customer experience.** Our frontline employees receive customer service training to provide first class service at all of our offices. Customers can easily find the information they need on our new and improved web site. The site has information on our products, services, and locations and offers helpful tools such as mortgage and deposit calculators and a Simple Switch kit for moving a checking account to us. Visit us online at www.hbtbank.com.
- **Lending opportunities.** A leading mortgage lender, we offer competitive mortgage services and introduce programs that serve all income levels of borrowers in our communities. We now offer 40-year fixed-rate mortgages on affordable lending and low downpayment products for first-time homebuyers.
- **Core deposits.** By offering strong checking and savings accounts, we have seen good deposit growth in most markets. Totally Free Checking and all of our great personal checking accounts come with FREE online banking and Bill Pay. We’re here for you!

Our People Make the Difference

We are very proud of our people who, each and every day, provide a level of service excellence that has helped us be successful for more than a century. Our people really care and reach out to make a difference in their communities.

During 2006, Heartland Bank employees volunteered hundreds of hours of service. Whether serving as leaders, teachers, fund-raisers, organizers, or coaches, they extend a helping hand wherever needed. Many individuals, charities, groups, and organizations benefit from the talents and generosity of Heartland Bank people.

Following are just some of the many volunteer activities of our caring staff:

- United Way panel member
- Church volunteer
- Chamber of Commerce board member
- Park District volunteer
- Vacation Bible School director
- School PTO member
- Downtown Association board member
- Swim team treasurer
- Humane Society board member and volunteer
- Preschool board chairman
- Food pantry volunteer
- Parks & Recreation coach
- Fire Protection District trustee

El Paso Loan Officer Linda Haas (right) is President of the El Paso Chamber of Commerce while Personal Banker Mindy Roberts is Secretary. The two are pictured with Senator Dan Rutherford, who made a visit to El Paso in December 2006.



SMALL BUSINESS LENDING

"We are committed to helping business owners meet challenges. We keep trying until we have the right solution."



Lance Carter

Senior Vice President
Rotarian
United Way volunteer
Father of two
Sports enthusiast and Illini Fan

Chad Beaty

Vice President
Volunteer driver for Recycling for Families
Kiwanis Club member
Enjoys the outdoors and traveling
Sports fan

ASSET MANAGEMENT

"It's rewarding to develop
the right financial plan for
a customer's needs."



Cathy Benedict

Vice President and
Trust Officer
Officer of Chamber of
Commerce Women's Division
Mother and mother-in-law
Jogger

Larry Heacock

Executive Vice President -
Gibson City
Chamber and Lions member
Bellflower Fire Protection District trustee
Grain farmer
Antiques collector

Consolidated **Statement of Condition**

Heartland Bancorp, Inc. / Heartland Bank and Trust Company
December 31, 2006
(in thousands)

Assets	2006	2005
Cash and Equivalents	\$ 32,245	\$ 31,710
Fed Funds Sold	7,072	-
Fixed Income Securities	66,889	96,589
Loans, Net of Reserves	776,373	732,155
Fixed and Other Assets	43,078	38,285
TOTAL ASSETS	\$925,657	\$898,739

Liabilities and Capital

Total Deposits	\$787,018	\$765,080
Fed Funds/Repurchase Agreements	9,657	13,379
FHLB Advances	22,735	23,343
Other Liabilities	11,464	9,160
Trust Preferred Securities	20,000	20,000
Total Capital	74,783	67,777
TOTAL LIABILITIES & CAPITAL	\$925,657	\$898,739

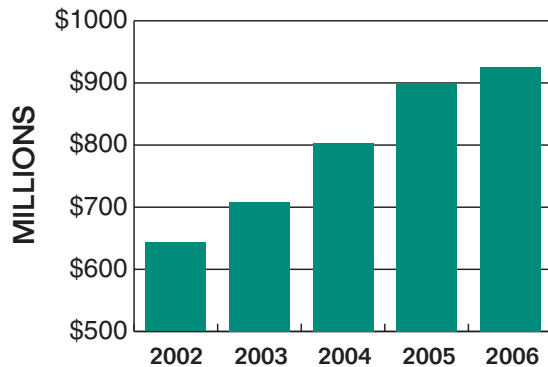
* Heartland Bancorp, Inc. is a one bank holding company.
Heartland Bank and Trust Company is a wholly-owned subsidiary of Heartland Bancorp, Inc.

5-Year Financial Trends

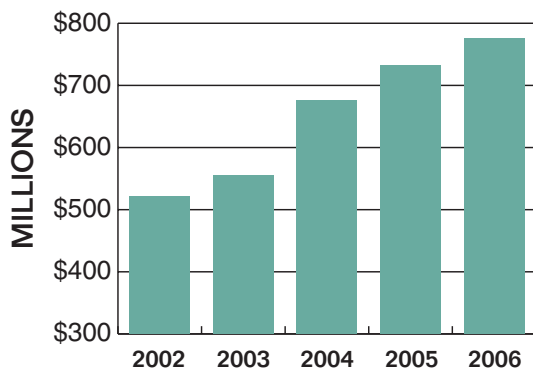
FARM MANAGEMENT

"Our customers depend on our knowledge and experience to help them make the right decisions. We won't let them down."

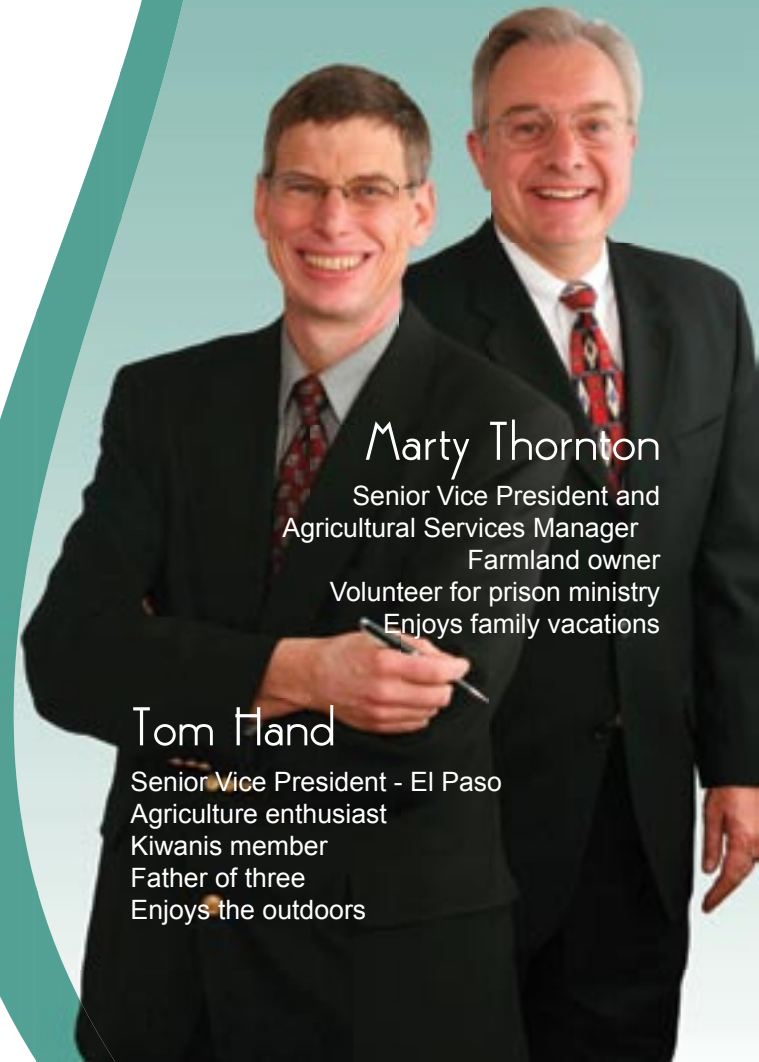
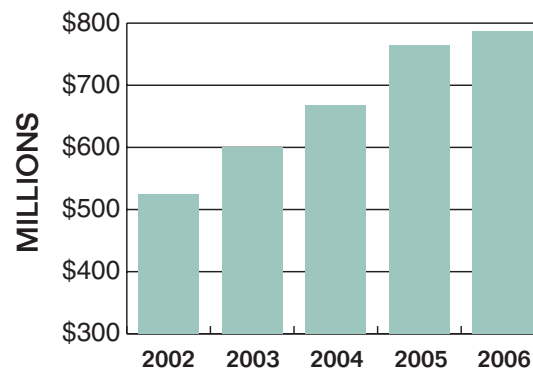
Asset Growth



Loan Trend



Deposit Trend



Marty Thornton

Senior Vice President and
Agricultural Services Manager
Farmland owner
Volunteer for prison ministry
Enjoys family vacations

Tom Hand

Senior Vice President - El Paso
Agriculture enthusiast
Kiwanis member
Father of three
Enjoys the outdoors

BUSINESS BANKING

"We're focused on the needs of local businesses and can provide all facets of services to help them grow and succeed."

Cheryl
Dawson

Vice President - Peoria
Chamber and Rotary
member
Mother
Enjoys family, photography,
and reading

Nancy
Ammerman

Customer Service Officer
Downtown Bloomington
Association volunteer
Mother and grandmother
Art enthusiast
Avid walker

Planning for Tomorrow

In 2007 and beyond, our focus will continue as it always has – better serving our customers and our communities.

We continue to look for innovations in technology, offering our customers additional options and increased flexibility and convenience. We constantly review our products and services to accommodate the area's ever-changing needs.

With three new offices currently under construction, Heartland Bank is expanding to better serve existing customers and new groups of residents and businesses. Our fifth Twin Cities office opens soon on busy East Oakland Avenue in Bloomington. In Eureka, a new office is coming soon in the new commercial development on South Main Street. We will bring full service banking to Lexington with our beautiful new office under construction on Main Street.

The board of directors, management team, and employees of Heartland Bank and Trust Company look forward to continued growth for our bank and our communities. Let us know how we can help you.

Meet Some More of our Great People

We've already introduced some of our employees throughout this report. Here are just a few more of our great people who provide high-quality, personal banking for Heartland Bank customers.



Barb Carr
Online Banking and Service Center Officer
 Mother and grandmother
 Blood donor
 Participant in Forestry Management Program



Lucy Moyer
Vice President - Germantown Hills
 Metamora/Germantown Hills Rotary member
 Snyder Village volunteer
 Wife and aunt
 Active in church



Diane Lanier
Senior Vice President and Marketing Director
 Humane Society board member and volunteer
 Amateur photographer

Randy Jacobs
Vice President - Lexington
 Father of three boys
 Involved with Lexington Education Foundation
 Hockey fan



Damon Piper
Senior Vice President - Washington/Pekin
 Chamber board member
 Rotarian
 Father of three
 Enjoys golf and basketball

Carol Madden
Vice President - Washington
 Grandmother of three
 Relay for Life participant
 Washington Rotary member



Gary Schoof
Senior Vice President - Eureka
 Father and grandfather
 Church volunteer
 Enjoys carpentry and landscaping
 Participant in local business group



Lorri Wolff
Loan Operations Officer
 Mother of two
 Heartland Theatre Company volunteer
 Bloomington Public Library volunteer
 Avid reader



Steve Drake
Executive Vice President - Champaign
 CERTIFIED FINANCIAL PLANNER™ certificant
 Active in the Champaign community for 30 years
 Married to Pat 29 years
 Boating enthusiast

Rebecca Nabakowski
Vice President
 Mother and grandmother
 Women's Division member
 FISA Board member
 Yoga student



Cindy Rahn
Assistant Vice President - Peoria
 Married 19 years to Joe
 Habitat for Humanity volunteer
 Junior Achievement volunteer
 Loves to travel

Victoria Schell
Assistant Vice President - Peoria
 St Jude Telethon Steering Committee member
 Race for the Cure participant
 Mother of four
 Amateur painter



Linda Krippner
Heartland Data Services Manager
 Mother of two
 School volunteer (Drama Mama)
 Travel enthusiast

Kregg Ummel
Vice President - Normal
 Father of four
 Community Center board member
 Jaycee member
 Youth sports coach



Don Wettstein
Senior Vice President and Trust Officer
 Downtown Bloomington Association Officer and Volunteer
 Grandfather of three



Tom Kahle
Executive Vice President - Chenoa
 Father of two
 School volunteer
 ISU Ag Alumni board member
 Avid golfer



Phil Duffy
Senior Vice President and Senior Loan Officer - Champaign
 Chamber member
 Husband, father, and grandfather
 Enjoys golf and Canadian fishing



Dorothy Lilienthal
Assistant Vice President and Lending Specialist
 Board member of Carlock/Danvers Food Resource Bank
 Carlock Christian Church Co-Treasurer
 Mother and grandmother
 Enjoys needlework projects



Marty Dudley
Executive Vice President and Operations and Technology Leader
 Father of four
 Church treasurer
 Former architect

Our Mission

Heartland Bank will be a true community bank in terms of local management, top quality service, and products that meet the changing financial needs of customers who value a community bank relationship.



and Trust
Company
MEMBER FDIC

888-897-2276 • www.hbtbank.com

