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Heartland BancCorp Earnings Increase 20.4% to \$1.9 Million, or \$1.22 per Diluted Share, in 3Q15, Declares Quarterly Cash Dividend of \$0.3724 per Share

Gahanna, OH – October 20, 2015 – Heartland BancCorp (“the company,” and “the bank”) (OTCQB: HLAN), today reported earnings increased 20.4% to \$1.9 million, or \$1.22 per diluted share in the third quarter of 2015 compared to \$1.6 million, or \$1.02 per diluted share, in the third quarter a year ago. In the preceding quarter, earnings were \$1.8 million, or \$1.15 per diluted share. For the first nine months of the year, Heartland’s earnings increased 20.2% to \$5.3 million, or \$3.36 per diluted share, compared to \$4.4 million, or \$2.82 per diluted share, in the first nine months of 2014.

The Company also announced its board of directors declared a regular quarterly cash dividend of \$0.3724 per share. The dividend will be payable January 10, 2016, to shareholders of record as of December 25, 2015.

“With above average wage growth and below average unemployment, the greater Columbus market continues to be one of the healthiest economies, not only in the region, but in the country.* We have been strategically positioned to leverage that growth,” said G. Scott McComb, Chairman, President and CEO.

Third Quarter Financial Highlights (at or for the period ended September 30, 2015)

- Net income was \$1.9 million, up from \$1.8 million in the preceding quarter and \$1.6 million in the third quarter a year ago.
- Net interest margin remained strong at 3.96% compared to 4.08% in the preceding quarter and 4.04% in the third quarter a year ago.
- Annualized return on average assets was 1.14%.
- Annualized return on average equity was 12.47%.
- Total deposits increased 12.0% to \$608.0 million from a year ago.
- Net loans increased 10.5% to \$529.7 million from a year ago.
- Non-performing assets decreased 29.8% to \$4.1 million, or 0.59% of total assets, at September 30, 2015, compared to a year ago, and increased from \$3.6 million in the preceding quarter.
- Tangible book value per share increased 8.0% to \$40.84 per share compared to \$37.80 per share one year earlier.
- Declared a quarterly cash dividend of \$0.3724 per share, which represents a 3.0% yield based on the September 30, 2015 stock price. (\$48.97)

*<http://money.cnn.com/2015/08/10/news/economy/cities-fastest-wage-growth/>

Balance Sheet Review

“Our strong loan growth during the quarter, particularly in the agricultural and commercial and industrial (C&I) portfolios, contributed to double digit year-over-year loan growth again this quarter,” said McComb. “We have taken advantage of the thirst for local community banking, and continue to develop relationships with new clients as they seek what we deliver.” Net loans increased 0.6% to \$529.7 million at quarter end, compared to \$526.4 million three months earlier and increased 10.5% compared to \$479.3 million a year earlier.

Total deposits increased 2.8% to \$608.0 million at September 30, 2015, compared to \$591.3 million at June 30, 2015 and increased 12.0% compared to \$543.0 million at September 30, 2014. Demand accounts represented 19.6%, savings, NOW and money market accounts represented 35.7%, and CDs comprised 44.6% of the total deposit portfolio, at September 30, 2015.

Total assets increased 2.4 % to \$700.5 million at September 30, 2015, compared to \$683.8 million three months earlier and increased 10.1 % compared to \$636.0 million a year earlier. Shareholders' equity increased 3.2% to \$64.2 million at September 30, 2015, compared to \$62.2 million at June 30, 2015 and increased 8.7% compared to \$59.1 million one year ago. At quarter end, Heartland's tangible book value increased 3.1% to \$40.84 per share compared to \$39.60 per share three months earlier and increased 8.0% from \$37.80 per share one year earlier.

Operating Results

"Our net interest margin contracted during the quarter, reflecting the continued margin compression that the industry is experiencing," said McComb. Heartland's net interest margin was 3.96% in the third quarter of 2015, compared to 4.08% in the preceding quarter and 4.04% in the third quarter a year ago. In the first nine months of the year, Heartland's net interest margin was 4.03%, a three basis point improvement compared to the same period a year ago.

Total revenues (net interest income before the provision for loan losses, plus non-interest income) increased 9.5% to \$7.3 million in the third quarter, compared to \$6.6 million in the third quarter a year ago. Year-to-date, total revenues increased 11.0% to \$21.1 million, compared to \$19.04 million in the first nine months of 2014. Net interest income before the provision for loan loss increased 8.3% to \$6.4 million in the third quarter of 2015, compared to \$5.9 million in the third quarter a year ago. In the first nine months of 2015, net interest income before the provision for loan losses increased 12.8% to \$18.9 million, compared to \$16.7 million in the first nine months of 2014.

Heartland's noninterest income was \$874,000 in the third quarter of 2015, compared to \$732,000 in the second quarter and \$734,000 a year ago. The increase in noninterest income reflects a \$124,000 net gain on sale of loans, which is more than triple the gains booked the prior periods. Year-to-date, noninterest income was \$2.28 million compared to \$2.33 million in the same period a year ago. In 2014, Heartland had substantial gains from sales of securities and foreclosed assets.

In the third quarter of 2015, noninterest expenses were \$4.3 million, which were unchanged compared to the preceding quarter, and up from \$4.1 million a year ago. In the first nine months of the year, noninterest expenses were \$13.0 million compared to \$11.9 million in the first nine months of 2014. The year-over-year increase is primarily attributable to costs associated with the new branch in Pickerington, Ohio, as well as higher employee and incentive costs due to higher loan production.

Credit Quality

"Credit quality continues to improve compared to a year ago, and all of our foreclosed assets have been cleared as of the end of the quarter. Nonaccrual loans and past due loans still accruing, however, were up in the current quarter for a few relationships that have been slow in making their payments," said McComb.

Heartland's nonaccrual loans were \$3.0 million at September 30, 2015, which was a slight increase compared to \$2.6 million three months earlier, and a decrease of 42.4% from \$5.2 million a year earlier. Loans past due 90 days and still accruing also increased to \$1.1 million from \$872,000 at the end of the second quarter and \$157,000 a year ago. Other real estate owned (OREO) and other non-performing assets were zero compared to \$127,000 at June 30, 2015, and \$517,000 a year earlier.

Nonperforming assets (NPAs), consisting of nonperforming loans, OREO, and loans delinquent 90 days or more, were \$4.1 million at September 30, 2015, compared to \$3.6 million three months earlier, and decreased 29.8% when compared to \$5.9 million a year ago.

Heartland's third quarter provision for loan losses was \$160,000, down from \$240,000 in the preceding quarter. This compares to \$275,000 in the third quarter a year ago. Year-to-date, the provision for loan losses totaled \$640,000 compared to \$1.03 million in the first nine months of 2014. As of September 30, 2015, the allowance for loan losses represented 190.8% of nonaccrual loans compared to 214.2% three months earlier, and 103.3% one year earlier.

Net charge-offs were \$8,000 in the third quarter compared to \$13,000 in the preceding quarter, and \$81,000 in the third quarter a year ago. The allowance for loan losses was \$5.6 million, or 1.06% of total loans at September 30, 2015, compared to \$5.5 million, or 1.03% of total loans at Jun 30, 2015, and \$5.4 million, or 1.11% of total loans a year ago.

About Heartland BancCorp

Heartland BancCorp is a registered Ohio bank holding company and the parent of Heartland Bank, which operates twelve full-service banking offices. Heartland Bank, founded in 1911, provides full service commercial, small business, and consumer banking services; alternative investment services; insurance services; and other financial products and services. Heartland Bank is a member of the Federal Reserve, a member of the FDIC and an Equal Housing Lender. Heartland BancCorp is currently quoted on the OTC Markets (OTCQB) under the symbol HLAN. Learn more about Heartland Bank at HeartlandBank.com.

In May 2015, Heartland was ranked #77 on the American Banker magazine's list of Top 200 Publicly Traded Community Banks and Thrifts based on three-year average return on equity ("ROE") as of 12/31/14.

Safe Harbor Statement

This release contains forward-looking statements that reflect management's current views of future events and operations. These forward-looking statements are based on information currently available to the Company as of the date of this release. It is important to note that these forward-looking statements are not guarantees of future performance and involve risks and uncertainties, including, but not limited to, the ability of the Company to implement its strategy and expand its lending operations.

Heartland BancCorp

Consolidated Balance Sheets

Assets	<u>Sept. 30, 2015</u>	<u>June 30, 2015</u>	<u>Sept. 30, 2014</u>
Cash and due from banks	\$ 29,736,396	\$ 18,276,394	\$ 25,105,558
Federal funds sold	-	-	-
Cash and cash equivalents	29,736,396	18,276,394	25,105,558
Available-for-sale securities	104,061,671	102,750,431	104,317,349
Held-to-maturity securities, fair value \$6,845,100 and \$7,097,981 at September 30, 2015 and 2014, respectively and \$6,912,734 at June 30, 2015	6,498,787	6,512,404	6,627,470
Loans, net of allowance for loan losses of \$5,649,773 and \$5,363,148 at September 30, 2015 and 2014, respectively and \$5,498,142 at June 30, 2015	529,733,539	526,378,261	479,316,638
Premises and equipment	13,458,703	13,052,320	12,252,675
Nonmarketable equity securities	2,658,239	2,658,239	1,941,839
Foreclosed assets held for sale	-	127,457	516,911
Interest receivable	2,374,220	1,835,510	2,185,004
Goodwill	417,353	417,353	417,353
Deferred income taxes	1,881,258	1,881,258	1,597,220
Life insurance assets	9,337,159	9,270,862	1,140,898
Other	322,333	686,528	607,778
Total assets	<u>\$ 700,479,658</u>	<u>\$ 683,847,017</u>	<u>\$ 636,026,693</u>
Liabilities and Shareholders' Equity			
Liabilities			
Deposits			
Demand	\$ 119,445,210	\$ 110,780,365	\$ 103,352,665
Saving, NOW and money market	217,336,061	214,830,174	204,394,936
Time	<u>271,254,619</u>	<u>265,725,425</u>	<u>235,257,990</u>
Total deposits	<u>608,035,890</u>	<u>591,335,964</u>	<u>543,005,591</u>
Short-term borrowings	23,620,874	26,121,461	28,740,469
Interest payable and other liabilities	<u>4,617,893</u>	<u>4,184,678</u>	<u>5,229,770</u>
Total liabilities	<u>636,274,657</u>	<u>621,642,103</u>	<u>576,975,830</u>
Shareholders' Equity			
Common stock, without par value; authorized 5,000,000 shares; issued 2015 - 1,561,781 shares 2014 - 1,552,922 shares and June 2015 - 1,560,121 shares			
	23,725,023	23,646,662	23,500,371
Retained earnings	39,765,320	38,403,912	35,062,394
Accumulated other comprehensive income (expense)	714,658	154,340	551,368
Treasury stock at Cost, Common; 2014- 1,665 shares	-	-	(63,270)
Total shareholders' equity	<u>64,205,001</u>	<u>62,204,914</u>	<u>59,050,863</u>
Total liabilities and shareholders' equity	<u>\$ 700,479,658</u>	<u>\$ 683,847,017</u>	<u>\$ 636,026,693</u>
Book value per share	<u>\$ 41.11</u>	<u>\$ 39.87</u>	<u>\$ 38.07</u>

Heartland BancCorp
Consolidated Statements of Income

	Three Months Ended			Nine Months Ended	
	Sept. 30, 2015	June 30, 2015	Sept. 30, 2014	Sept. 30, 2015	Sept. 30, 2014
Interest Income					
Loans	\$ 6,497,915	\$ 6,492,460	\$ 5,919,484	\$ 19,130,541	\$ 16,605,072
Securities					
Taxable	335,461	313,128	282,906	952,108	931,880
Tax-exempt	383,968	386,843	402,987	1,156,269	1,239,181
Other	15,443	11,301	8,056	35,037	30,284
Total interest income	<u>7,232,787</u>	<u>7,203,732</u>	<u>6,613,433</u>	<u>21,273,955</u>	<u>18,806,417</u>
Interest Expense					
Deposits	846,062	805,249	715,202	2,404,828	2,072,920
Borrowings	3,291	3,050	4,513	10,018	12,631
Total interest expense	<u>849,353</u>	<u>808,299</u>	<u>719,715</u>	<u>2,414,846</u>	<u>2,085,551</u>
Net Interest Income	6,383,434	6,395,433	5,893,718	18,859,109	16,720,866
Provision for Loan Losses	160,000	240,000	275,000	640,000	1,030,000
Net Interest Income After Provision for Loan Losses	<u>6,223,434</u>	<u>6,155,433</u>	<u>5,618,718</u>	<u>18,219,109</u>	<u>15,690,866</u>
Noninterest income					
Service charges	500,789	479,553	505,932	1,447,861	1,505,144
Net Gains and commissions on loan sales	123,793	43,802	36,098	207,121	89,004
Net realized gains on available-for-sale securities	-	8,500	-	16,934	136,701
Net realized gain/(loss) on sales of foreclosed assets	5,250	-	51,273	5,308	154,073
Other	244,580	199,914	140,263	607,690	441,031
Total noninterest income	<u>874,412</u>	<u>731,769</u>	<u>733,566</u>	<u>2,284,914</u>	<u>2,325,953</u>
Noninterest Expense					
Salaries and employee benefits	2,501,325	2,542,268	2,346,693	7,531,362	6,717,988
Net occupancy and equipment expense	478,053	466,576	422,382	1,386,353	1,291,626
Data processing fees	270,360	274,407	184,541	816,850	699,281
Professional fees	140,972	122,229	203,598	433,700	586,117
Marketing expense	135,000	135,000	131,250	411,000	398,750
Printing and office supplies	33,805	44,183	38,063	127,091	122,721
State franchise taxes	105,982	105,981	90,097	317,945	283,127
FDIC Insurance premiums	111,000	96,000	91,836	318,000	250,253
Other	564,992	534,157	595,943	1,667,520	1,573,688
Total noninterest expense	<u>4,341,489</u>	<u>4,320,801</u>	<u>4,104,403</u>	<u>13,009,821</u>	<u>11,923,551</u>
Income before Income Tax	<u>2,756,357</u>	<u>2,566,401</u>	<u>2,247,881</u>	<u>7,494,202</u>	<u>6,093,268</u>
Provision for Income Taxes	813,343	740,559	634,529	2,175,321	1,668,139
Net Income	<u>\$ 1,943,014</u>	<u>\$ 1,825,842</u>	<u>\$ 1,613,352</u>	<u>\$ 5,318,881</u>	<u>\$ 4,425,129</u>
Basic Earnings Per Share	<u>\$ 1.25</u>	<u>\$ 1.17</u>	<u>\$ 1.04</u>	<u>\$ 3.42</u>	<u>\$ 2.85</u>
Diluted Earnings Per Share	<u>\$ 1.22</u>	<u>\$ 1.15</u>	<u>\$ 1.02</u>	<u>\$ 3.36</u>	<u>\$ 2.82</u>

ADDITIONAL FINANCIAL INFORMATION*(Dollars in thousands except per share amounts)(Unaudited)*

	Three Months Ended			Nine Months Ended	
	Sept. 30, 2015	June 30, 2015	Sept. 30, 2014	Sept. 30, 2015	Sept. 30, 2014
Performance Ratios:					
Return on average assets	1.14%	1.10%	1.05%	1.01%	0.97%
Return on average equity	12.47%	11.93%	11.21%	10.96%	10.40%
Net interest margin	3.96%	4.13%	4.04%	4.03%	4.00%
Efficiency ratio	59.82%	60.70%	61.93%	61.58%	63.05%
Asset Quality Ratios and Data:					
	As of or for the Three Months Ended				
	Sept. 30, 2015	June 30, 2015	Sept. 30, 2014		
Non accrual loans	\$ 2,991	\$ 2,567	\$ 5,192		
Loans past due 90 days and still accruing	1,126	872	157		
Non-performing investment securities	-	-	-		
OREO and other non-performing assets	-	127	517		
Total non-performing assets	<u>\$ 4,117</u>	<u>\$ 3,566</u>	<u>\$ 5,866</u>		
Non-performing assets to total assets	0.59%	0.52%	0.92%		
Net charge-offs quarter ending	\$ 8	\$ 13	\$ 81		
Allowance for loan loss	\$ 5,650	\$ 5,498	\$ 5,363		
Non accrual loans	\$ 2,962	\$ 2,567	\$ 5,192		
Allowance for loan loss to non accrual loans	190.75%	214.18%	103.29%		
Allowance for loan losses to loans outstanding	1.06%	1.03%	1.11%		
Book Values:					
Total shareholders' equity	\$ 64,205	\$ 62,205	\$ 59,051		
Less, goodwill	<u>417</u>	<u>417</u>	<u>417</u>		
Shareholders' equity less goodwill	\$ 63,788	\$ 61,788	\$ 58,634		
Common shares outstanding	1,561,781	1,560,121	1,552,922		
Less treasury shares	-	-	1,665		
Common shares as adjusted	1,561,781	1,560,121	1,551,257		
Book value per common share	\$ 41.11	\$ 39.87	\$ 38.07		
Tangible book value per common share	\$ 40.84	\$ 39.60	\$ 37.80		

Note: Transmitted on Globe Newswire on October 20, 2015, at 9:10 a.m. EDT.