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## Heartland BancCorp Earnings Increase 15.7% to \$1.8 Million, or \$1.15 per Diluted Share, in 2Q15, Declares Quarterly Cash Dividend of \$0.3724 per Share

Gahanna, OH – July 21, 2015 – Heartland BancCorp (“the company,” and “the bank”) (OTCQB: HLAN), today reported earnings increased 15.7% to \$1.8 million, or \$1.15 per diluted share in the second quarter of 2015 compared to \$1.6 million, or \$1.01 per diluted share, in the second quarter a year ago. For the first six months of the year, Heartland’s earnings increased 20.1% to \$3.4 million, or \$2.13 per diluted share, compared to \$2.8 million, or \$1.79 per diluted share, in the first six 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 October 10, 2015, to shareholders of record as of September 25, 2015.

“Central Ohio’s economy is growing nicely and our bank and brand are uniquely positioned to capitalize on that synergy, as demonstrated by our strong financial performance in the first half of 2015,” said G. Scott McComb, Chairman, President and CEO. “We launched the Agribusiness Lending Group earlier this year, with a highly experienced team of Ag relationship managers, and we are confident this field will be very productive for us.”

### Second Quarter Financial Highlights (at or for the period ended June 30, 2015)

- Net income was \$1.8 million, up from \$1.6 million in both the preceding quarter and second quarter a year ago.
- Net interest margin improved 15 basis points to 4.08% compared to 3.93% in the second quarter a year ago.
- Annualized return on average assets was 1.10%.
- Annualized return on average equity was 11.93%.
- Total deposits increased 12.1% to \$591.3 million from a year ago.
- Net loans increased 15.6% to \$526.4 million from a year ago.
- Non-performing assets decreased 43.9% to \$3.6 million, or 0.52% of total assets, at June 30, 2015, compared to a year ago.
- Tangible book value per share increased 7.2% to \$39.60 per share compared to \$36.94 per share one year earlier.
- Declared a quarterly cash dividend of \$0.3724 per share, which represents a 3.1% yield based on the June 30, 2015 stock price.

### Balance Sheet Review

“Loan production was robust during the quarter, particularly in the Commercial Real Estate, C & I, and HELOC portfolios,” said McComb. “As a result, net loans increased 15.6% to \$526.4 million at quarter end, compared to \$455.2 million a year earlier. Additionally, we continue to be blessed with opportunities to meet new business clients and have significant potential for current and future growth in relationships in our marketplace.”

Total deposits increased 12.1% to \$591.3 million at June 30, 2015, compared to \$527.6 million a year earlier. Demand accounts represented 18.7%, while savings, NOW and money market accounts represented 36.3%, and CDs comprised 44.9% of the total deposit portfolio, at June 30, 2015.

Total assets increased 11.1% to \$683.8 million at June 30, 2015, compared to \$615.3 million a year earlier. Shareholders’ equity increased 7.8% to \$62.2 million at June 30, 2015, compared to \$57.7 million one year ago. At

quarter end, Heartland's tangible book value increased 7.2% to \$39.60 per share compared to \$36.94 per share one year earlier.

### **Operating Results**

"Heartland's solid second quarter net interest margin was a result of our improved earning asset mix, modestly higher yields on securities and stable cost of deposits," said McComb. Heartland's net interest margin improved three basis points to 4.08% in the second quarter of 2015, compared to 4.05% in the preceding quarter and increased 15 basis points compared to 3.93% in the second quarter a year ago. In the first six months of the year, Heartland's net interest margin was 4.06%, an eight 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 11.4% to \$7.1 million in the second quarter, compared to \$6.4 million in the second quarter a year ago. Year-to-date, total revenues increased 11.8% to \$13.9 million, compared to \$12.4 million in the first six months of 2014. Net interest income before the provision for loan loss increased 16.8% to \$6.4 million in the second quarter of 2015, compared to \$5.5 million in the second quarter a year ago. In the first six months of 2015, net interest income before the provision for loan losses increased 15.2% to \$12.5 million, compared to \$10.8 million in the first six months of 2014.

Heartland's noninterest income was \$732,000 in the second quarter of 2015, compared to \$923,000 in the second quarter a year ago. The quarter-over-quarter decline was primarily due to a net gain on available-for-sale securities of \$137,000 in the second quarter a year ago. Year-to-date, noninterest income was \$1.4 million compared to \$1.6 million in the same period a year ago.

In the second quarter of 2015, noninterest expenses were \$4.3 million, which were unchanged compared to the preceding quarter, and up from \$3.9 million a year ago. In the first six months of the year, noninterest expenses were \$8.7 million compared to \$7.8 million in the first six 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 has improved dramatically compared to a year ago. Nonaccrual loans, however, were up slightly in the current quarter primarily due to one commercial real estate lending relationship," said McComb. Heartland's nonaccrual loans were \$2.6 million at June 30, 2015, which was a slight increase compared to \$2.4 million three months earlier, and a decrease of 53.2% compared to \$5.5 million a year earlier. Other real estate owned (OREO) and other non-performing assets were almost unchanged at \$127,000 at June 30, 2015, compared to \$117,000 three months earlier and decreased 83.6% compared to \$772,000 a year earlier.

Nonperforming assets (NPAs), consisting of nonperforming loans, OREO, and loans delinquent 90 days or more, were \$3.6 million at June 30, 2015, compared to \$3.0 million three months earlier, and decreased 43.9% when compared to \$6.4 million a year ago.

Heartland's second quarter provision for loan losses was \$240,000, the same as in the preceding quarter. This compares to \$350,000 in the second quarter a year ago. Year-to-date, the provision for loan losses totaled \$480,000 compared to \$755,000 in the first six months of 2014. As of June 30, 2015, the allowance for loan losses represented 214.1% of nonaccrual loans compared to 221.2% three months earlier, and 94.3% one year earlier.

Net charge-offs were \$13,000 in the second quarter compared to \$319,000 in the preceding quarter, and \$280,000 in the second quarter a year ago. The allowance for loan losses was \$5.5 million, or 1.02% of total loans at June 30, 2015, compared to \$5.3 million, or 1.01% of total loans at March 31, 2015, and \$5.2 million, or 1.12% 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](http://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

<b>Assets</b>	<u>June 30, 2015</u>	<u>March 31, 2015</u>	<u>June 30, 2014</u>
Cash and due from banks	\$ 18,276,394	\$ 31,078,674	\$ 25,046,465
Federal funds sold	<u>-</u>	<u>-</u>	<u>99,000</u>
Cash and cash equivalents	18,276,394	31,078,674	25,145,465
Available-for-sale securities	102,750,431	100,811,843	107,813,882
Held-to-maturity securities, fair value \$6,912,734 and \$7,222,168 at June 30, 2015 and 2014, respectively and \$6,922,387 at March 31, 2015	6,512,404	6,453,351	6,598,997
Loans, net of allowance for loan losses of \$5,498,142 and \$5,169,910 at June 30, 2015 and 2014, respectively and \$5,271,174 at March 31, 2015	526,378,261	515,645,398	455,166,994
Premises and equipment	13,052,320	12,880,648	12,234,256
Nonmarketable equity securities	2,658,239	2,655,439	1,941,839
Foreclosed assets held for sale	127,457	117,457	772,398
Interest receivable	1,835,510	2,359,955	1,656,804
Goodwill	417,353	417,353	417,353
Deferred income taxes	1,881,258	1,881,258	1,731,311
Life insurance assets	9,270,862	1,215,898	1,140,898
Other	<u>686,528</u>	<u>92,304</u>	<u>725,442</u>
Total assets	<u>\$ 683,847,017</u>	<u>\$ 675,609,578</u>	<u>\$ 615,345,639</u>
<b>Liabilities and Shareholders' Equity</b>			
<b>Liabilities</b>			
Deposits			
Demand	\$ 110,780,365	\$ 109,641,986	\$ 93,737,565
Saving, NOW and money market	214,830,174	220,201,722	200,406,842
Time	<u>265,725,425</u>	<u>256,227,173</u>	<u>233,445,342</u>
Total deposits	<u>591,335,964</u>	<u>586,070,881</u>	<u>527,589,749</u>
Short-term borrowings	26,121,461	22,882,863	25,285,661
Interest payable and other liabilities	<u>4,184,678</u>	<u>4,769,023</u>	<u>4,783,030</u>
Total liabilities	<u>621,642,103</u>	<u>613,722,767</u>	<u>557,658,440</u>
<b>Shareholders' Equity</b>			
Common stock, without par value; authorized 5,000,000 shares; issued 2015 - 1,560,121, 2014 - 1,551,922 shares and March 2015 - 1,554,921 shares	23,646,662	23,577,337	23,460,714
Retained earnings	38,403,912	37,159,060	33,998,681
Accumulated other comprehensive income (expense)	154,340	1,150,414	291,074
Treasury stock at Cost, Common; 2014- 1,665 shares	<u>-</u>	<u>-</u>	<u>(63,270)</u>
Total shareholders' equity	<u>62,204,914</u>	<u>61,886,811</u>	<u>57,687,199</u>
Total liabilities and shareholders' equity	<u>\$ 683,847,017</u>	<u>\$ 675,609,578</u>	<u>\$ 615,345,639</u>
Book value per share	<u>\$ 39.87</u>	<u>\$ 39.80</u>	<u>\$ 37.21</u>

**Heartland BancCorp**  
Consolidated Statements of Income

	Three Months Ended			Six Months Ended	
	June 30, 2015	March 31, 2015	June 30, 2014	June 30, 2015	June 30, 2014
<b>Interest Income</b>					
Loans	\$ 6,492,460	\$ 6,140,166	\$ 5,432,679	\$ 12,632,626	\$ 10,685,588
Securities					
Taxable	313,128	303,519	309,243	616,647	648,974
Tax-exempt	386,843	385,458	405,647	772,301	836,194
Other	11,301	8,293	13,105	19,594	22,228
Total interest income	<u>7,203,732</u>	<u>6,837,436</u>	<u>6,160,674</u>	<u>14,041,168</u>	<u>12,192,984</u>
<b>Interest Expense</b>					
Deposits	805,249	753,517	683,201	1,558,766	1,357,718
Borrowings	3,050	3,677	3,340	6,727	8,118
Total interest expense	<u>808,299</u>	<u>757,194</u>	<u>686,541</u>	<u>1,565,493</u>	<u>1,365,836</u>
<b>Net Interest Income</b>	<u>6,395,433</u>	<u>6,080,242</u>	<u>5,474,133</u>	<u>12,475,675</u>	<u>10,827,148</u>
<b>Provision for Loan Losses</b>	<u>240,000</u>	<u>240,000</u>	<u>350,000</u>	<u>480,000</u>	<u>755,000</u>
<b>Net Interest Income After Provision for Loan Losses</b>	<u>6,155,433</u>	<u>5,840,242</u>	<u>5,124,133</u>	<u>11,995,675</u>	<u>10,072,148</u>
<b>Noninterest income</b>					
Service charges	479,553	467,519	517,989	947,072	999,212
Net Gains and commissions on loan sales	43,802	39,526	36,562	83,328	52,906
Net realized gains on available-for-sale securities	8,500	8,434	136,701	16,934	136,701
Net realized gain/(loss) on sales of foreclosed assets	-	58	77,031	58	102,800
Other	199,914	163,196	155,034	363,110	300,768
Total noninterest income	<u>731,769</u>	<u>678,733</u>	<u>923,317</u>	<u>1,410,502</u>	<u>1,592,387</u>
<b>Noninterest Expense</b>					
Salaries and employee benefits	2,542,268	2,487,769	2,139,971	5,030,037	4,371,295
Net occupancy and equipment expense	466,576	441,724	422,785	908,300	869,244
Data processing fees	274,407	272,083	272,884	546,490	514,740
Professional fees	122,229	170,499	228,123	292,728	382,519
Marketing expense	135,000	141,000	131,250	276,000	267,500
Printing and office supplies	44,183	49,103	34,679	93,286	84,658
State franchise taxes	105,981	105,982	90,097	211,963	193,030
FDIC Insurance premiums	96,000	111,000	79,836	207,000	158,417
Other	534,157	568,371	458,158	1,102,528	977,745
Total noninterest expense	<u>4,320,801</u>	<u>4,347,531</u>	<u>3,857,783</u>	<u>8,668,332</u>	<u>7,819,148</u>
<b>Income before Income Tax</b>	<u>2,566,401</u>	<u>2,171,444</u>	<u>2,189,667</u>	<u>4,737,845</u>	<u>3,845,387</u>
<b>Provision for Income Taxes</b>	<u>740,559</u>	<u>621,419</u>	<u>611,867</u>	<u>1,361,978</u>	<u>1,033,610</u>
<b>Net Income</b>	<u>\$ 1,825,842</u>	<u>\$ 1,550,025</u>	<u>\$ 1,577,800</u>	<u>\$ 3,375,867</u>	<u>\$ 2,811,777</u>
<b>Basic Earnings Per Share</b>	<u>\$ 1.17</u>	<u>\$ 1.00</u>	<u>\$ 1.02</u>	<u>\$ 2.17</u>	<u>\$ 1.81</u>
<b>Diluted Earnings Per Share</b>	<u>\$ 1.15</u>	<u>\$ 0.98</u>	<u>\$ 1.01</u>	<u>\$ 2.13</u>	<u>\$ 1.79</u>

HLAN Earnings Increase 15.7% in 2Q15

July 21, 2015

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**ADDITIONAL FINANCIAL INFORMATION**

(Dollars in thousands except per share amounts)(Unaudited)

	Three Months Ended			Six Months Ended	
	June 30, 2015	March 31, 2015	June 30, 2014	June 30, 2015	June 30, 2014
<b>Performance Ratios:</b>					
Return on average assets	1.10%	0.95%	1.05%	1.01%	0.94%
Return on average equity	11.93%	10.26%	11.25%	10.96%	10.04%
Net interest margin	4.13%	4.05%	3.99%	4.06%	3.98%
Efficiency ratio	60.70%	64.40%	61.62%	62.50%	63.66%

**Asset Quality Ratios and Data:**

	As of or for the Three Months Ended		
	June 30, 2015	March 31, 2015	June 30, 2014
Non accrual loans	\$ 2,567	\$ 2,383	\$ 5,485
Loans past due 90 days and still accruing	872	454	100
Non-performing investment securities	-	-	-
OREO and other non-performing assets	127	117	772
Total non-performing assets	<u>\$ 3,566</u>	<u>\$ 2,954</u>	<u>\$ 6,357</u>
Non-performing assets to total assets	0.52%	0.44%	1.03%
Net charge-offs quarter ending	\$ 13	\$ 319	\$ 280
Allowance for loan loss	\$ 5,498	\$ 5,271	\$ 5,170
Non accrual loans	\$ 2,568	\$ 2,383	\$ 5,485
Allowance for loan loss to non accrual loans	214.10%	221.19%	94.26%
Allowance for loan losses to loans outstanding	1.02%	1.01%	1.12%

**Book Values:**

Total shareholders' equity	\$ 62,205	\$ 61,887	\$ 57,687
Less, goodwill	417	417	417
Shareholders' equity less goodwill	\$ 61,788	\$ 61,469	\$ 57,270
Common shares outstanding	1,560,121	1,554,921	1,551,922
Less treasury shares	-	-	1,665
Common shares as adjusted	1,560,121	1,554,921	1,550,257
<b>Book value per common share</b>	<b>\$ 39.87</b>	<b>\$ 39.80</b>	<b>\$ 37.21</b>
<b>Tangible book value per common share</b>	<b>\$ 39.60</b>	<b>\$ 39.53</b>	<b>\$ 36.94</b>

Note: Transmitted on Globe Newswire on July 21, 2015, at 4:26 p.m. EDT.