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Heartland BancCorp Earnings Grow 14.7% to $1.8 Million in 1Q16 from 1Q15; Increases Quarterly Cash Dividend by 5% to $0.3910 per Share

Gahanna, OH – April 20, 2016 – Heartland BancCorp ("the company," and "the bank") (OTCQB: HLAN), today reported that first quarter net income increased 14.7% to $1.8 million, or $1.12 per diluted share, compared to $1.6 million, or $0.98 per diluted share, in the first quarter of 2015. Following a $879,000 life insurance benefit, earnings were $2.8 million, or $1.77 per diluted share, in the preceding quarter.

The company also announced its board of directors increased its regular quarterly cash dividend by 5% to $0.3910 per share. The dividend will be payable July 10, 2016, to shareholders of record as of June 25, 2016, providing a 3.34% current yield at recent market prices.

"Our first quarter results were a continuation of the momentum that we built in 2015. Earnings increased 15% for the quarter compared to the first quarter a year ago, propelled by solid loan and deposit growth," said G. Scott McComb, Chairman, President and CEO. "While we had a slight uptick in nonperforming loans during the quarter, we believe these to be isolated events and are keeping a careful eye on credit quality. The greater Columbus market continues to be one of the healthiest economies, not only in the region, but in the country. We remain well positioned to take advantage of opportunities in our marketplace, as we continue to grow in 2016."

First Quarter Financial Highlights (at or for the period ended March 31, 2016)

- Net income was $1.8 million, up from $1.6 million in the first quarter a year ago.
- Net interest margin remained strong at 3.98% compared to 3.99% in the preceding quarter and 4.05% in the first quarter a year ago.
- Annualized return on average assets was 0.97%.
- Annualized return on average equity was 10.76%.
- Total deposits increased 10.2% to $645.6 million from a year ago.
- Net loans increased 8.0% to $557.0 million from a year ago.
- Non-performing assets were $6.1 million, or 0.81% of total assets, at March 31, 2016, compared to $5.2 million, or 0.72%, three months earlier and $3.0 million, or 0.44%, one year earlier.
- Tangible book value per share increased 9.5% to $43.30 per share compared to $39.53 per share one year earlier.
- Increased its quarterly cash dividend by 5% to $0.3910 per share, which represents a 3.34% yield based on the March 31, 2016 stock price ($46.77).

In November 2015, Heartland completed a $5.4 million private placement of subordinated notes to accredited investors with fixed and variable rates producing a weighted interest rate of 4.986%. The proceeds give Heartland the opportunity to build out its business plan and meet the growing demand from clients and the marketplace.

Balance Sheet Review

"Our loan pipeline remains strong, and as a result, net loans were up $16.0 million, or 3.0% during the quarter. The agricultural and commercial and industrial (C&I) portfolios continue to show the most growth, increasing 38% and 11%, respectively compared to a year ago," said McComb. Net loans increased 3.0% to $557.0 million at March 31, 2016, compared to $541.0 million at December 31, 2015 and increased 8.0% compared to $515.6 million at March 31, 2015.

Total deposits increased 3.6% to $645.6 million at quarter end, compared to $623.0 million three months earlier and increased 10.2% compared to $586.1 million a year ago. Demand deposit accounts represented 19.8%, savings, NOW and money market accounts represented 37.2%, and CDs comprised 43.0% of the total deposit portfolio, at March 31, 2016.

Heartland's total assets increased 4.3% to $760.8 million at March 31, 2016, compared to $729.6 million three months earlier and increased 12.6% compared to $675.6 million a year earlier. Shareholders' equity increased 2.1% to $68.2 million at March 31, 2016, compared to $66.8 million at December 31, 2015 and increased 10.1% compared to $61.9 million one year ago. At quarter end, Heartland's tangible book value increased 2.1% to $43.30 per share compared to $42.4 per share three months earlier and increased 9.5% from $39.53 per share one year earlier.

Operating Results

Total revenues (net interest income before the provision for loan losses, plus non-interest income) increased 11.7% to $7.5 million in the first quarter, compared to $6.8 million in the first quarter a year ago, and were down compared to $8.3 million in the preceding quarter. Excluding the fourth quarter $879,000 benefit in excess of life insurance value, total revenues were $7.4 million in the preceding quarter. Net interest income before the provision for loan loss increased 10.5% to $6.7 million in the first quarter of 2016, compared to $6.1 million in the first quarter a year ago, and increased 1.9% compared to $6.6 million in the preceding quarter.

"We maintained a solid net interest margin during the quarter with only one basis point of contraction, due to continued loan and deposit pricing discipline," said McComb. Heartland's net interest margin was 3.98% in the first quarter of 2016, compared to 3.99% in the preceding quarter and 4.05% in the first quarter a year ago.

Heartland's noninterest income increased 22.3% to $830,000 in the first quarter, compared to $679,000 in the first quarter a year ago, largely as a result of the net gains and commissions on loan sales. In the preceding quarter total noninterest income was $1.7 million, following a $879,000 benefit in excess of life insurance cash value from a policy payout.

First quarter noninterest expenses were $4.8 million, compared to $4.5 million in the preceding quarter and $4.3 million in the first quarter a year ago. The year-over-year increase is primarily attributable to an increase in loan production, along with a management realignment to poise the company for continued growth, which led to overall higher employee and incentive costs.

Credit Quality

"Nonaccrual loans and past due loans still accruing increased again during the quarter, primarily due to a few individuals that were slow in making payments," said McComb. "However, we continued to have no foreclosed assets on the books at quarter end. We believe these few problematic loans are isolated and not indicative of the overall quality of the loan portfolio."

Nonaccrual loans were $3.6 million at March 31, 2016, compared to $3.3 million three months earlier, and $2.4 million a year earlier. Loans past due 90 days and still accruing also increased to $2.6 million from $1.9 million at the end of the fourth quarter and $454,000 a year ago. There were $700,000 in restructured loans included in nonaccrual loans at the end of the first quarter of 2016, as compared to $600,000 at March 31, 2015.

Performing restructured loans that were not included in nonaccrual loans at the end of the first quarter of 2016 remained at $4.3 million, the same as in the preceding quarter and a decrease compared to $4.5 million a year ago. Borrowers who are in financial difficulty and who have been granted concessions that may include interest rate reductions, term extensions, or payment alterations are categorized as restructured loans. "We present restructured loans that are performing separately from those that are classified as nonaccrual to provide more information on this category of loans and to differentiate between accruing performing and nonperforming restructured loans," added McComb.

There was no other real estate owned (OREO) and other non-performing assets on the books at March 31, 2016, the same as at the preceding quarter end. OREO was $117,000 at March 31, 2015.

Heartland's nonperforming assets (NPAs), consisting of nonperforming loans, OREO, and loans delinquent 90 days or more, were $6.1 million, or 0.81% of assets, at March 31, 2016, compared to $5.2 million, or 0.72% of assets, three months earlier, and $3.0 million, or 0.44% of assets a year ago.

The first quarter provision for loan losses was $240,000, compared to $120,000 in the preceding quarter and $240,000 in the first quarter a year ago. As of March 31, 2016, the allowance for loan losses represented 165.7% of nonaccrual loans compared to 172.1% three months earlier, and 221.2% one year earlier.

Heartland's net charge-offs were $51,000 in the first quarter compared to $54,000 in the preceding quarter, and $319,000 in the first quarter a year ago. The allowance for loan losses was $5.9 million, or 1.05% of total loans at March 31, 2016, compared to $5.7 million, or 1.04% of total loans at December 31, 2015, and $5.3 million, or 1.01% 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	March 31, 2016	Dec. 31, 2015	March 31, 2015
Cash and cash equivalents	$ 50,409,176	$ 36,994,171	$ 31,078,674
Available-for-sale securities	116,371,892	114,638,733	100,811,843
Held-to-maturity securities, fair value $6,368,233 and $6,922,387 at March 31, 2016 and 2015, respectively and $6,409,962 at December 31, 2015	5,988,749	6,044,094	6,453,351
Loans, net of allowance for loan losses of $5,904,718 and $5,271,174 at March 31, 2016 and 2015, respectively and $5,715,827 at December 31, 2015	556,966,762	540,958,372	515,645,398
Premises and equipment	13,614,047	13,506,350	12,880,648
Nonmarketable equity securities	2,658,239	2,658,239	2,655,439
Foreclosed assets held for sale	-	-	117,457
Interest receivable	2,537,113	1,958,082	2,359,955
Goodwill	417,353	417,353	417,353
Deferred income taxes	1,765,794	1,574,075	1,881,258
Life insurance assets	9,392,956	9,327,518	
Other	647,980	1,516,000	1,308,202
Total assets	$ 760,770,061	$ 729,592,987	$ 675,609,578
Liabilities and Shareholders' Equity			
Liabilities			
Deposits			
Demand	$ 127,783,871	$ 139,226,242	$ 109,641,986
Saving, NOW and money market	240,534,031	219,076,813	220,201,722
Time	277,293,146	264,651,203	256,227,173
Total deposits	645,611,048	622,954,258	586,070,881
Short-term borrowings	30,657,576	29,150,118	22,882,863
Long-term debt	5,460,000	5,460,000	-
Interest payable and other liabilities	10,883,276	5,270,849	4,769,023
Total liabilities	692,611,900	662,835,225	613,722,767
Shareholders' Equity			
Common stock, without par value; authorized 5,000,000 shares; issued 2016 - 1,564,581 shares 2015 - 1,554,921 shares and December 2015 - 1,564,581 shares	23,913,514	23,872,599	23,577,337
Retained earnings	43,187,045	41,991,488	37,159,060
Accumulated other comprehensive income (expense)	1,057,602	893,675	1,150,414
Total shareholders' equity	68,158,161	66,757,762	61,886,811
Total liabilities and shareholders' equity	$ 760,770,061	$ 729,592,987	$ 675,609,578
Book value per share	$ 43.56	$ 42.67	$ 39.80

Heartland BancCorp

Consolidated Statements of Income

	Three Months Ended		
Interest Income	**March 31, 2016**	**Dec. 31, 2015**	**March 31, 2015**
Loans	$ 6,801,720	$ 6,645,404	$ 6,140,166
Securities			
Taxable	435,385	424,204	303,519
Tax-exempt	410,970	395,358	385,458
Other	36,211	15,888	8,293
Total interest income	7,684,286	7,480,854	6,837,436
Interest Expense			
Deposits	891,924	851,796	753,517
Borrowings	74,222	39,234	3,677
Total interest expense	966,146	891,030	757,194
Net Interest Income	6,718,140	6,589,824	6,080,242
Provision for Loan Losses	240,000	120,000	240,000
Net Interest Income After Provision for Loan Losses	6,478,140	6,469,824	5,840,242
Noninterest income			
Service charges	454,649	477,606	467,519
Net Gains and commissions on loan sales	122,725	34,621	39,526
Net realized gains on available-for-sale securities	64,286	1,357	8,434
Net realized gain/(loss) on sales of foreclosed assets	-	-	58
Benefit in excess of life insurance cash value	-	879,488	-
Other	188,096	272,255	163,196
Total noninterest income	829,756	1,665,326	678,733
Noninterest Expense			
Salaries and employee benefits	2,934,564	2,800,345	2,487,769
Net occupancy and equipment expense	473,973	456,349	441,724
Data processing fees	265,536	265,293	272,083
Professional fees	112,039	64,706	170,499
Marketing expense	149,349	134,990	141,000
Printing and office supplies	44,197	31,786	49,103
State franchise taxes	139,500	105,981	105,982
FDIC Insurance premiums	98,000	93,000	111,000
Other	608,113	593,635	568,371
Total noninterest expense	4,825,271	4,546,085	4,347,531
Income before Income Tax	2,482,625	3,589,065	2,171,444
Provision for Income Taxes	704,420	780,246	621,419
Net Income	$ 1,778,205	$ 2,808,819	$ 1,550,025
Basic Earnings Per Share	$ 1.14	$ 1.80	$ 1.00
Diluted Earnings Per Share	$ 1.12	$ 1.77	$ 0.98

ADDITIONAL FINANCIAL INFORMATION

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

	Three Months Ended		
	March 31, 2016	Dec. 31, 2015	March 31, 2015
Performance Ratios:			
Return on average assets	0.97%	1.59%	0.95%
Return on average equity	10.76%	17.51%	10.26%
Net interest margin	3.98%	3.99%	4.05%
Efficiency ratio	64.48%	55.08%	64.40%

Asset Quality Ratios and Data:	As of or for the Three Months Ended		
	March 31, 2016	Dec. 31, 2015	March 31, 2015
Non accrual loans	$ 3,563	$ 3,320	$ 2,383
Loans past due 90 days and still accruing	2,564	1,919	454
Non-performing investment securities	-	-	-
OREO and other non-performing assets	-	-	117
Total non-performing assets	$ 6,127	$ 5,239	$ 2,954
Non-performing assets to total assets	0.81%	0.72%	0.44%
Net charge-offs quarter ending	$ 51	$ 54	$ 319
Allowance for loan loss	$ 5,905	$ 5,716	$ 5,271
Non accrual loans	$ 3,563	$ 3,320	$ 2,383
Allowance for loan loss to non accrual loans	165.73%	172.17%	221.19%
Allowance for loan losses to loans outstanding	1.05%	1.04%	1.01%
Book Values:			
Total shareholders' equity	$ 68,158	$ 66,758	$ 61,887
Less, goodwill	417	417	417
Shareholders' equity less goodwill	$ 67,741	$ 66,341	$ 61,469
Common shares outstanding	1,564,581	1,564,581	1,554,921
Book value per common share	**$ 43.56**	**$ 42.67**	**$ 39.80**
Tangible book value per common share	**$ 43.30**	**$ 42.40**	**$ 39.53**

Note: Transmitted on Globe Newswire on April 20, 2016, at 9:00 a.m. EDT.